HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 44

Tuesday, February 20, 2024

mint

Think Ahead. Think Growth.

mint primer

Why commercial card spending has been paused

GOPIKA GOPAKUMAR

The Reserve Bank of India has asked a card network to pause payments under a system that allowed companies to make card payments to certain other businesses. RBI did not name the network but Visa says it's got a missive. *Mint* explains the reasons for the move.

1 Why do companies use credit cards?

Commercial cards are used by corporates for making purchases on the company's behalf. This gives them interest free loans for a period of 30-40 days, which helps manage working capital. They can be used to pay for equipment rentals, office supplies etc. Corporates make the payment to, say, a fintech, using these cards, and the fintech then settles payments with vendors or merchants. A merchant discount rate (MDR) is charged to these merchants for accepting the payments, which are collected by the intermediaries (fintechs) and split between them, the card network and banks.

2 What are RBI's concerns?

Businesses typically pay their vendors by bank transfers or commercial credit cards, sometimes mediated by fintechs. The latter are called Business Payment Service Provider (BPSP) transactions, now suspended by RBI. According to RBI, fintechs are pooling large amounts of funds collected from corporates into accounts, which are not designated under the Payment System Settlement (PSS) Act. Typically, these funds should go through nodal or escrow accounts. and not current accounts. These funds are then transferred to vendors, who are not registered as merchants.

MINT

3 What is the extent of these transactions?

Banks and credit card firms do not disclose the number of commercial cards issued or volume of spend. According to estimates, as of December-end, BPSP transactions were 12.5% of total credit spending, or ₹20,000 crore per month. According to RBI, credit card spending among Indians rose to ₹1.65 trillion in December 2023 from ₹1.61 trillion in November.

4 Will businesses be impacted?

Macquarie Research says these cards were issued to drive volumes and never contributed much to profitability as margins were low. So, in the near term, while overall spending will come down for all players, the profitability impact will be low. It expects volume impact and lower card spending beginning in March 2024 to be reported by all banks and SBI Card. Industry officials say BPSP was a special arrangement brought in by Visa. RBI assured normal business cards used for travel booking, etc., will not be affected.

5 How is the industry trying to fix this?

Experts say businesses will look at alternative credit lines and ways to settle payments between businesses. Banks could continue issuing more normal business cards, where intermediaries are not involved, to make up for lost spending. Currently, card networks such as Mastercard, Visa etc and banks such as ICICI bank, Axis Bank, HDFC bank and Kotak Mahindra Bank are in dialogue with the central bank on this matter. Fintechs are awaiting RBI's clarifications in order to continue with this business.

QUICK EDIT

Freebies in the fray

In a highly fractious polity, convergence of views is a rarity. Yet, there are issues on which people across India's political divide agree. According to the latest round of the YouGov-Mint-CPR Millennial Survey, most urban Indians are united in their negative view of free goods and services given by governments to uplift the poor. Over 58% of the sample's 12,544 respondents said the likes of free gas cylinders, laptops and scooters could hurt the country's finances. Regardless of the political party they support, their displeasure over such giveaways is strong. That isn't surprising, though, given how cynically politicians often use such schemes to woo voters without consideration for what it would do to the exchequer and its ability to fund projects with long-term rewards worth waiting for. Politics being what it is, the use of freebies won't go away, and that is also where the sample's agreement ends. The survey uncovered polarized perceptions of welfare schemes run by the Bharatiya Janata Party and Congress. Supporters of each felt their preferred party's schemes were better for people than the other party's. Evidently, the final word on the freebie debate is yet to be said.

MINT METRIC

by Bibek Debroy

Without a helmet, he thought it right
To give the cop a mighty bite.
Syed Shafi, our Bengaluru man—
To evade arrest, had a simple plan.
Now in jail, quite contrite.

QUOTE OF THE DAY

...now that inflation is pretty much in control, I suspect we will soon see the reversal of the rate hikes starting in India, whether it happens in the next or the second monetary policy from now. I think it's only a matter of time.

PIYUSH GOYAL
COMMERCE AND INDUSTRY MINISTER

MINT PODCASTS

INVESTMENT INSIGHTS

Siddharth Srivastava from Mirae Asset discusses multi-factor investing, the small-cap 250 index, ETFs, and more. Learn about intriguing investment strategies and plans, perfect for beginners or those overwhelmed by options. Tune in to craft the ideal investment roadmap.

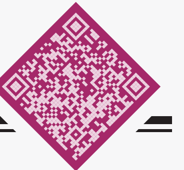
AI AND CYBERSECURITY

The year 2023 marked a significant milestone in the realm of artificial intelligence (AI) as it seamlessly integrated into households worldwide. Join Mr Dhananjay Ganjoo from F5 on the latest episode of Mint Techcetra podcast to explore AI's role in cybersecurity and its emerging risks.

MORNING ROUTINE

Top of the Morning is dedicated to delivering the latest updates and insights from the dynamic landscape of global markets and the business realm. Join us as we dive into the day's events, providing you with essential information to empower your morning routine with knowledge and awareness.

PLAIN FACTS



Freebie politics fails to impress urban Indians

BY SHUJA ASRAR & TANAY SUKUMAR

Most urban Indians, across party lines, hold a negative view about free goods and services given by the state and national governments for upliftment of the poor, the latest round of the biannual YouGov-Mint-CPR Millennial Survey showed. Over 58% of the 12,544 respondents said giving free gas cylinders, laptops, phones, scooters and the like could hurt the country's finances, and 52% said they were "unnecessary freebies".

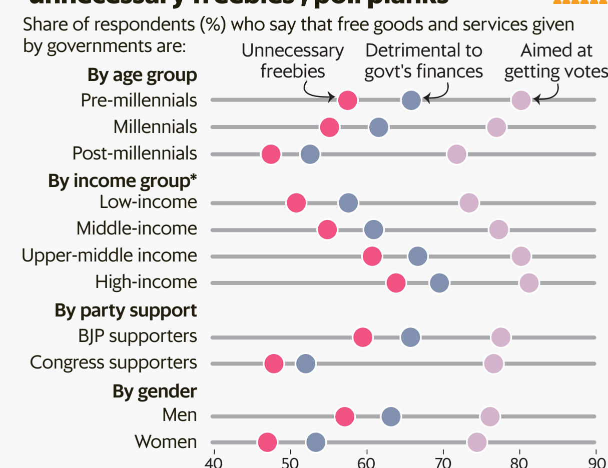
Older, richer, and north Indian respondents were more likely to criticize free public goods and services. Those living in southern states, the Gen-Z (born after 1996), and the unemployed were more tolerant, with fewer than half of them calling these policies "unnecessary freebies". The gender divide was sharp. Around 57% of men, but 46% of women felt such welfare spending was unnecessary. That said, all demographic groups were overwhelmingly certain (overall: 76%) that free goods and services were a vote-seeking ploy.

YouGov-Mint-CPR Millennial Survey
Part 4: Welfare or freebies?

The survey was held online with respondents across over 200 cities and towns 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 survey is held by *Mint* in association with survey partner YouGov India and Delhi-based think-tank Centre for Policy Research (CPR).

Most urban Indians junk free welfare as 'unnecessary freebies', poll planks

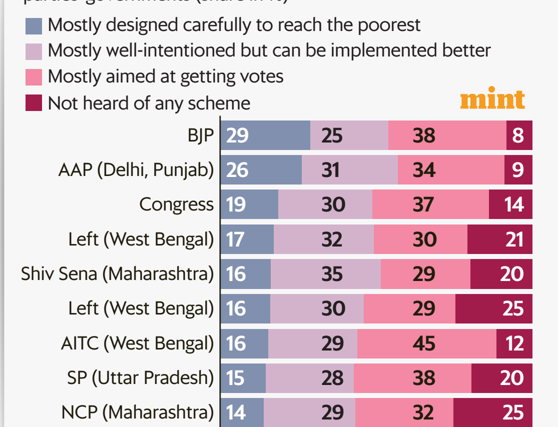
Share of respondents (%) who say that free goods and services given by governments are:



*Low-income: <₹20,000/month; middle: ₹20,000-50,000/month; upper-middle: ₹50,000-1 lakh; high: >₹1 lakh. Only 67% respondents revealed their income. The data refers to those who said 'agree' or 'strongly agree' to the given phrases; others were neutral, disagreed, or strongly disagreed. Post-millennials: born after 1996; millennials: born in 1981-1996; pre-millennials: born before 1981.
The survey had 12,544 respondents.

Trust is higher for subsidy schemes of BJP and AAP governments

Respondents' general view of subsidy schemes of these parties' governments (share in %)



All respondents were asked to assess BJP and Congress. For other parties, only those living in states where they are major parties were asked for their views (states mentioned in brackets). Analysis covers parties for which the sub-sample was >1,000.
Source: YouGov-Mint-CPR Millennial Survey (Dec 2023)

Votes Or Welfare?

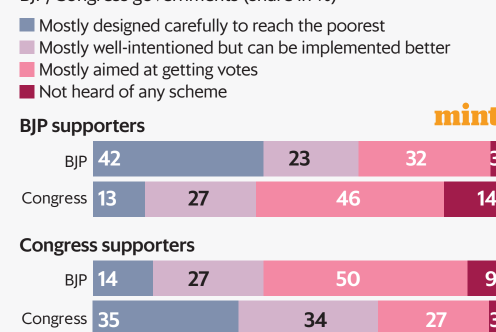
PRIME MINISTER Narendra Modi and the Bharatiya Janata Party (BJP) have earlier made the alleged 'revdi culture' (or freebie culture) a poll issue to target opponents. In line with that narrative, supporters of the BJP were the most likely to dismiss free welfare measures as unnecessary and detrimental to the country's finances. However, those aligned with the Congress and state-level regional parties were not too far behind in their criticism either. Around 59% of BJP supporters and 47% of Congress supporters said these were unnecessary freebies, and 66% and 52%, respectively, said these could hurt government finances.

The survey also asked the respondents for their opinions on subsidy schemes initiated by the governments of the BJP, Congress and the major parties of their respective states. Here, too, a large share equated subsidies with votes. The trust in subsidy policies was the highest for BJP-led and Aam Aadmi Party (AAP)-led governments, with 29% and 26% respondents, respectively, saying their policies were mostly designed carefully to reach the poorest. The Congress' subsidy schemes inspired trust in just 19% of the respondents.

Voters polarized on whose subsidy schemes work best

Respondents' general view of subsidy schemes of BJP/Congress governments (share in %)

Mostly designed carefully to reach the poorest
Mostly well-intentioned but can be implemented better
Mostly aimed at getting votes
Not heard of any scheme



Around 47% of the respondents were BJP supporters and 11% were Congress supporters.
The survey had 12,544 respondents.
Source: YouGov-Mint-CPR Millennial Survey (Dec 2023)

Polarized On Welfare

ON THE flip side, the All India Trinamool Congress (AITC) was the least trusted party, with 44% saying its subsidy measures were mostly aimed at votes. For the BJP and Congress, the share was close to 38%. (Note that for AAP and AITC, only respondents in states ruled by them were asked for their views on their policies.)

Some parties also found the middle ground. Over 35% respondents in Maharashtra said Shiv Sena's policies were mostly well-intentioned but could be implemented better.

As is evident, BJP supporters were highly supportive of subsidy policies launched by BJP governments, and distrusting of the Congress. The vice-versa was true for Congress supporters as well. With poverty alleviation being a key goal for India, the question of what is a freebie and what is genuine welfare is here to stay.

This is the fourth part of a series about the survey's findings. The fifth part will appear next week. More about the survey here: https://bit.ly/3NBu6b3.

YouGov BRAND DASHBOARD

How Indian consumers rate various brands

This monthly dashboard captures how leading brands in new-age sectors are perceived by urban Indian consumers. The sector in focus this month is **travel and shopping**. The numbers represent the **"Future Consideration" metric***, i.e. the share of respondents in a daily online poll who showed interest in using each brand in its respective category.

▲▼ **Quarter-on-quarter change in share** (in percentage points)

E-COMMERCE	amazon	Flipkart	M	meesho	AJIO
	72.5 ▼0.1	64.6 ▲0.1	40 ▼0.6	28.8 ▲1.1	23.8 ▼-0.8

ONLINE GROCERIES	Jio	bigbasket	Flipkart Supermart	Swiggy instamart	amazon pantry
	23.6 ▼1.3	19.5 ▼-2	17.1 ▲0.8	16.2 ▼0.3	14.5 ▼1.4

TRAVEL BOOKING	makemytrip	Booking.com	goibibo	EaseMyTrip	yatra
	49 ▲2.1	23.1 ▲5.2	19.7 ▼0.1	19.4 ▲3.3	16.2 ▲1.3

Respondents could select multiple options. The data is based on YouGov's proprietary brand tracking solution, BrandIndex.
*"Future Consideration" is one of the 16 metrics captured by the BrandIndex surveys. The data relies on ~3,500 interviews on average over a period of three months. The poll covered 180 cities. The survey period was Nov 2023-Jan 2024; the comparison is with Aug-Oct 2023.

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

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KVS Manian new joint MD of Kotak Mahindra Bank ▶P4

Hindalco hopes to meet clean power target early ▶P5

SENSEX 72,708.19 ↑ 281.55 | NIFTY 22,122.25 ↑ 81.55 | DOLLAR ₹83.02 ↔ ₹0.00 | EURO ₹89.38 ↔ ₹0.00 | OIL $84.16 ↑ $0.69 | POUND ₹104.71 ↓ ₹0.24

JSW Steel eyes $1 bn pie of Australian coal mine

Access to imported coal critical for company to meet capacity expansion target

Nehal Chaliawala
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JSW Steel Ltd is in talks with Australia's Whitehaven Coal to buy a 20% stake in its Blackwater mine for around $1 billion, two people aware of the matter said.

The companies are yet to decide on the final valuation. If the parties reach an agreement, a deal is likely by the end of March, the people said on condition of anonymity.

JSW Steel's talks with Whitehaven follow its failed bid to acquire a majority stake in the metallurgical coal business of Canada's Teck Resources in 2023, which was snapped up by mining and trading major Glencore.

A JSW spokesperson declined to comment, while Whitehaven did not respond to emailed queries.

Access to sufficient amounts of imported coal is critical for JSW Steel, India's largest steelmaker by capacity, to achieve its ambitious target of nearly doubling annual capacity to 50 million tonne by the end of this decade. India has only trace quantities of coking coal, a key input for steelmaking, and the country relies exclusively on imports primarily from Australia, Russia, and Canada.

RESOURCE CHASE

Sajjan Jindal, chairman and managing director, JSW Group. MINT

NEW VISTAS

- **JSW** and Whitehaven are yet to decide on final valuation of deal
- **IF** an agreement is reached the deal is likely by March
- **THE** talks follow a failed bid for stake in Teck Resources' arm

The development was first reported by *The Australian* newspaper. Japan's Nippon Steel is also in the race to pick up a stake in the mine, the report said.

Whitehaven Coal chief executive Paul Flynn earlier said that there was "strong interest" to possibly sell a 20% stake in the Blackwater mine to global steelmakers as strategic joint venture partners, *The Australian* reported.

Whitehaven had acquired Blackwater and Daunia, another coal mine, from BHP in October for $3.2 billion. At a $1 billion asking price for a 20% stake in Blackwater, the company could see a significant mark-up in the valuation of the asset in just a few months.

Volatility in coal prices in recent years, triggered more by geopolitics than economics, has created a planning nightmare for steelmakers, making their margins vulnerable to externalities.

"Steel business is raw material intensive in nature, and raw material costs account for a majority of the total cost of steel production. In addition, raw material prices, especially of coking coal, exhibit very high volatility at times," said Jayanta Roy, senior vice-president at Icra. "Therefore, access to captive sources of raw materials can benefit steel makers in terms of both availability as well as better control on costs," he said.

Among Indian steelmakers, Jindal Steel and Power, with an investment in Wollongong Coal Ltd in Australia, has access to coking coal through two mines. Despite production challenges, the company is working to ramp up output to use the assets as a hedge against volatile coking coal prices.

The Adani Group is another Indian business to have assets Down Under, where it mines for coal. The country has attracted a lot of global resources majors owing to its thriving mining industry, with minerals accounting for three-fourths of the company's total exports.

Shares of JSW Steel closed 0.26% lower at ₹818.35 on the BSE on Monday, while the benchmark Sensex index rose 0.39%.

Farmers listen to a leader at the Punjab-Haryana border during their 'Delhi Chalo' protest, near Patiala district, on Monday. PTI

Farmers to resume march tomorrow

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Farmers gathered at the Punjab-Haryana border rebuffed a limited government offer on price guarantees and vowed to press ahead towards New Delhi on Wednesday, resuming an agitation that was briefly suspended to consider the offer.

On Sunday night, government representatives had proposed five-year contracts with farmers to buy pulses, maize, and cotton from farmers at the minimum support price (MSP). However, farmers who have demanded legally guaranteed MSP for all crops, a loan waiver, social security benefits and a revamp of the crop insurance scheme, were not impressed.

Farmer leaders said the proposal was not in their interest, adding they want legal MSP guarantee for all 23 crops, not just pulses, maize, and cotton. Farmers are led by two umbrella bodies—Samyukta Kisan Morcha (SKM) and Kisan Mazdoor Morcha (KMM)—representing 200 farm unions.

"If the government takes care of assured procurement of only five-six crops at MSP, it is not fair to growers who cultivate other crops. The government can easily divide its fund

TURN TO PAGE 6

Farmers' battle for MSP law. Is it a fair ask? >P10
MSP law neither unthinkable nor a magic bullet >P12

DON'T MISS

Beating GDP growth not enough for Indian firms: McKinsey

The fastest growing major Indian listed firms outpaced the country's overall economic growth, according to a study by McKinsey & Co. It said companies need to set aggressive growth targets to outperform both peers and the economy. >P6

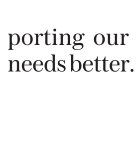
Standalone modern trade outlets pop up across India

Standalone modern trade outlets which are smaller than organized retail stores or supermarkets but larger than neighbourhood kiranas or groceries, are cropping up across India, not in large numbers yet, but enough to take notice. >P7

EDITOR'S NOTE

Dear Subscriber,

Thank you for responding to our subscriber interview campaign. We are closing the survey form at the end of business today.



For those who have not responded yet, you can still send us a response before the end of the day: *https://shorturl.at/inNW9* or scan this QR code. Thank you for supporting our efforts to understand your needs better.

Sincerely,
— Ravi Krishnan
Editor-in-Chief

China's economic slowdown is wreaking havoc on Hong Kong's luxury property market. AFP

HK's expensive luxury property turning cheaper

Elaine Yu
feedback@livemint.com

THE WALL STREET JOURNAL.

The most expensive homes in the city are changing hands at steep discounts to what they were worth just a few years ago. Chinese property tycoons, struggling to contain the fallout of their collapsing business empires, have become forced sellers. Bank lenders are seizing properties after luxury homeowners miss loan payments.

The average selling price of superluxury homes, defined as those worth more than the equivalent of $38 million, has fallen by more than a quarter since the middle of 2022, said Cherrie Lai, senior director and head of residential sales in Hong Kong at Savills. It will fall further this year as sellers accept reduced prices to cash out quickly, she said.

The slide in prices shows the fallout of China's sputtering economy, which is suffering from deflation, slowing exports and moribund consumer confidence. A continuing real-estate slowdown in China is proving particularly painful, since the country's big-spending property magnates were behind some of Hong Kong's biggest luxury-property deals in recent years.

Hong Kong's property market has also been squeezed by rising interest rates in the US. The Hong Kong dollar is pegged to the US dollar, and the city's de facto central bank matches Federal Reserve interest-rate increases. But the US market has held up much better: Nine-figure home sales in places such as California and Florida have skyrocketed, and luxury-home prices in the top 5% of the US market have soared over the past decade.

The luxury homes up for grabs in Hong Kong include three mansions linked to collapsed real-estate company China Evergrande, said Victoria Allan, founder of Habitat Property. Local media reported they were ultimately owned by Hui Ka Yan, the company's founder.

The three properties, which are adjacent mansions on a hillside road known as Black's Link, have been seized by creditors. House 10B was sold for about $115 million in 2019 but it is now valued by banks at

TURN TO PAGE 6

Valuations rise as Nifty hits new high, but earnings higher too

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The stock market's engines may have more steam left despite Nifty's new peak fuelling valuation jitters, analysts said. This is because even as valuations exceed the historic average, earnings of Nifty companies have raced ahead as well.

On Monday, bulls kept up the momentum amid thin volumes to drive the Nifty to a new high, led by ICICI Bank, Reliance Industries, Bharti Airtel, ITC, and Bajaj Finance.

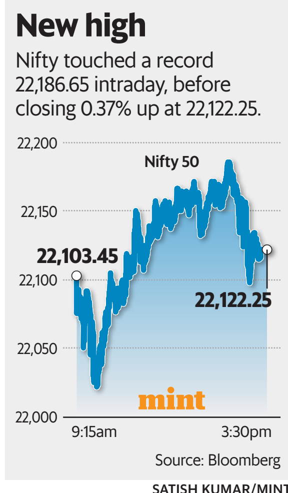
The index touched a record 22,186.65 points during the day, before closing 0.37% up at 22,122.25. Despite the benchmark making new life highs in a matter of weeks, analysts believe that valuations aren't stretched and markets could continue to move up at a gradual pace from current levels.

The index's previous life-high was 22,126.8 on 2 February, slightly above the previous high of 22,124.15 on 16 January. On a one-year forward basis, the Nifty trades at a price to earnings multiple of 18.1 times against the historic average of 16.96, shows *Bloomberg* data.

While prices have risen, earnings have grown, too, which has prevented the formation of a bubble. While revenue of 1,779 listed companies grew by 10.95% year-on-year in the December quarter, net profit surged 25.08% during the period, *Mint* data showed.

New high

Nifty touched a record 22,186.65 intraday, before closing 0.37% up at 22,122.25.



Source: Bloomberg
SATISH KUMAR/MINT

Excluding companies in banking, financial services and insurance space, revenue was up a tepid 5.29%, but profits soared 38.59%.

"Despite the market hitting new life highs at regular intervals, valuations look ok because of robust earnings growth," said Andrew Holland, CEO, Avendus Capital Public Markets Alternate Strategies. "We are factoring 15% earnings growth for FY25, which could be raised in H2 (second half), because of the multiplier effects of government spending (₹11.11 trillion)."

Nityanand Prabhu, ED and business head, LIC Mutual Fund agreed. "Earnings have been robust; even as Nifty has risen so have earnings, which have not stretched valuations to bubble territory."

TURN TO PAGE 4

Pay up Credit Suisse dues by 15 Mar, SC tells SpiceJet

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NEW DELHI

The Supreme Court on Monday slammed SpiceJet for failing to clear its dues to Credit Suisse, ordering the low-cost airline to pay up by 15 March and asking its chairman Ajay Singh to appear before it a week after making the payment.

The apex court took critical note of reports indicating that SpiceJet, in collaboration with Busy Bee Aviation Pvt. Ltd, had submitted a bid to acquire bankrupt airline Go First.

The court questioned Singh's capacity to finance the acquisition while neglecting SpiceJet's overdue payments, cautioning that further delays would not be tolerated.

The court directed SpiceJet to pay $1.25 million to Credit Suisse, a Zürich-headquartered global investment bank and financial services firm. This came after Credit Suisse informed the Supreme Court that it was to receive $15 million from SpiceJet by 15 February, but had received only $13.75 million.

Ajay Singh, chairman, SpiceJet.

In March last year, Credit Suisse had filed a petition to initiate contempt proceedings against SpiceJet and Singh, alleging intentional non-compliance with court directives and failure to settle outstanding dues.

The court issued a notice to SpiceJet in August in the case, but allowed it time until September to initiate payments of $1 million per month for six months to Credit Suisse towards meeting its dues, followed by monthly payments of $500,000.

Despite grappling with financial challenges and pending payments to various creditors, SpiceJet was in the news recently after Singh's joint bid with Busy Bee Aviation to acquire Go First.

According to people familiar with his plans, Singh sees potential in the land assets of Go First, estimated to be worth around ₹10,000 crore, and an expected compensation from engine manufacturer Pratt & Whitney for faulty engines.

The legal dispute with Credit Suisse traces back to November 2011 when SpiceJet, then under the ownership of Kalanithi Maran, entered into a 10-year aircraft servicing

TURN TO PAGE 4

The wait lengthens for Ratan Tata's authorized biography

Varun Sood
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BENGALURU

The long wait for the biography of one of India's foremost businessmen and philanthropists has become longer. And more uncertain.

The authorized biography of Ratan Tata by former bureaucrat Thomas Mathew is in limbo, two executives privy to the events said, two years after HarperCollins bagged its publishing rights for a record ₹2 crore, or 10 times what authors typically get paid for non-fiction work. According to these executives, people close to the Tata Sons chairman emeritus, including some Tata family members, continue to consider the material that should finally go in print.

Mathew had shared the manuscript of *Ratan Tata: The Authorised Biography* with Tata in January 2022, and HarperCollins had initially planned to release the book on 7 November 2022. The release date was deferred to 30 March 2023, and further to 5 February this year. The book has not come out yet, and HarperCollins does not have a date when it will release the book either.

"Family members of Mr Tata are considering what things he initially spoke (with the author) should be shared in public," said the first executive, declining to share details.

"Less than half a dozen people know the real reason behind this delay," said a second executive. "All I can say is that a man of his stature needs time to process all that should be published. But before you conclude on what parts are being objected (to), please appreciate that this is an authorized book and the author and the publisher will not have any objection to removing any content as asked by Mr Tata."

Ratan Tata, chairman emeritus, Tata group. GETTY IMAGES

"We can confirm that the publication of *Ratan Tata: The Authorised Biography* by Dr Thomas Mathew has been delayed," said a spokesperson for HarperCollins. "We will share the revised publication date as soon as we are able," said the publisher, adding that it does not have anything more to share.

Emails sent to Tata's office and Mathew remained unanswered.

"The writing process had its share of highs and lows," said the second executive, saying the book details Tata's childhood and personal life, and unreported events that led to the ouster of former Tata Sons chairman Cyrus Mistry.

After training to be an architect at Cornell university in the US, Tata joined the group in 1962 which was then led by his uncle Jehangir Ratanji Dadabhoy Tata. After becoming chairman of Tata Sons in 1991, Tata led the group through a journey of growth, consolidation and acquisitions, lifting its revenue from $5.9 billion to $100 billion, until he stepped down as chairman in 2012. Some of the group's big acquisitions during his stewardship of the group include Corus Steel (now Tata Steel UK), Jaguar-Land Rover and Tetley.

Tata, now 86, was also the group's interim chair between October 2016 and February

TURN TO PAGE 6

MINT SHORTS

Goyal confident of rate cut by Reserve Bank in coming months

New Delhi: Commerce and industry minister Piyush Goyal on Monday said he was confident the Reserve Bank of India will cut interest rates as inflation is under control. The RBI has been maintaining the benchmark interest rate at an elevated level of 6.5% since February 2023. **GIREESH CHANDRA PRASAD**

Govt gets 40 bids for coal mines put up for auction

AFP

New Delhi: India has received a total of 40 bids for some of the 32 commercial coal mines that were made available for auctioning in December, the government said on Monday, adding the bids would be opened on 20 February. The world's second largest coal user, India began auctioning coal blocks to private companies in 2018, ending restrictions on the sale and use of the fuel, which was dominated by Coal India Ltd until then. **REUTERS**

Economist Niranjan Rajadhyaksha declines SFC position

New Delhi: Economist Niranjan Rajadhyaksha, who was earlier appointed as a full-time member of the 16th Finance Commission (SFC) by the government, has expressed his inability to take up the position, citing unforeseen personal circumstances, the finance ministry said on Monday. The government will appoint a new member in his place, the ministry said. In January, the government appointed four members to the SFC, including three full-time members—Rajadhyaksha, who is executive director of Artha Global; A.N. Jha, a former expenditure secretary and member of the 15th Finance Commission; and Annie George Mathew, former special secretary in the department of expenditure. **RHIK KUNDU**

Sugar output falls 2.48% to 22.36mt till mid-February

BLOOMBERG

New Delhi: The country's sugar production dipped 2.48% to 22.36 million tonnes till 15 February of the ongoing 2023-24 marketing year, as per the industry body Isma's latest data. Sugar production stood at 22.93 million tonnes in the year-ago period. The sugar marketing year runs from October to September. **PTI**

Tea exports decline 1.17% to 207 mn kg in first 11 months of 2023

Kolkata: Tea exports from India have declined by 1.17% to 207.14 million kg in the January-November period of 2023, according to official data. The country shipped out 209.60 mkg of tea during a similar 11-month period of the previous year. During the calendar year 2022, the total tea exports were 231.08 mkg. **PTI**

Govt hikes rubber sector support by 23% to ₹708 cr for next 2 years

New Delhi: The government has increased the financial package for the rubber sector by 23% to ₹708.69 crore from ₹576.41 crore for the next two years to enhance natural rubber production, a senior official said on Monday. Under the scheme, the Rubber Board provides subsidies for new planting and replanting to growers. Commerce ministry additional secretary Amardeep Singh Bhatia said the funds will be used for forming rubber producers' societies. **DHIRENDRA KUMAR**

Tested organic food coming on your plate, courtesy govt

Unhappy with private labs, the Centre plans to upgrade 90 state labs for organic food testing

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NEW DELHI

The move comes as India's organic food market rapidly expands. MINT

The Centre plans to add organic food testing capabilities to two dozen central and state-owned testing labs, two people aware of the development said, in a ₹105 crore-step to improve the quality of organic food in the market and offer better prices to farmers.

Another 66 government-owned labs will be upgraded to handle organic food testing by India's food regulator, the people cited above said.

The move comes as India's organic food market rapidly expands in a setting of limited testing capacity, one of the persons cited above said on condition of anonymity.

As of 1 January, an estimated 67 labs were equipped to handle organic food testing and certification. These are mostly privately owned and affiliated to Apeda (agricultural & processed food products export development authority). Apeda and the government aren't satisfied with the private labs' testing outcomes, prompting the move to upgrade government-owned labs.

The country's apex certification body for testing standards, the Bureau of Indian Standards (BIS) under the ministry of consumer affairs, plans to fund institutes of states and the central government to upgrade their food testing labs.

₹105 cr Centre's investment plan for organic food testing

The programme will be implemented in partnership with Food Safety and Standards Authority of India (FSSAI), and over 90 labs are expected to be ready for organic products' testing in the next three months, said the other person, who also requested not to be named.

Financial and technological support will be extended to research institutes' food labs, including those affiliated with the BIS, the Council of Scientific & Industrial Research (CSIR), the Indian Council of Agricultural Research (ICAR), the Defence Research and Development Organisation (DRDO), the National Test House (NTH), and more.

Funds will be provided to laboratories in Kerala, Karnataka, Maharashtra, Uttar Pradesh, Rajasthan, and Haryana, encompassing 12 state labs and 12 central research institute labs. The other 66 labs will be upgraded by FSSAI.

67 labs currently handle organic food testing

The BIS has greenlit the proposal to procure advanced equipment for these labs, said the first person cited above.

Queries sent to BIS director general, secretary, spokesperson of the consumer affairs ministry, and chief executive of FSSAI remained unanswered till press time.

"Recently, Apeda banned some private agencies for their involvement in unethical practices," said Siraj Hussain, former agriculture secretary.

"So, it will be a good move by BIS and FSSAI for setting up their own labs for organic products. This will increase consumer confidence in organic products."

Apex court reluctant to interfere in Kerala

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The Supreme Court on Monday expressed its reluctance to interfere in a suit filed by the Kerala government against the limits imposed by the Centre on its borrowing powers. The court, which will hear the case next on 6 March, asked Kerala and the Centre to continue negotiations on the "purely financial" issue.

The SC's remarks came after the Kerala government on Monday informed the court that talks with the Centre had failed due to the condition imposed by the Centre that Kerala must withdraw the lawsuit if it seeks to borrow.

Senior advocate Kapil Sibal, representing Kerala, said the state's claim was ₹24,000 crore, with ₹11,000 crore being the entitlement, but the Centre insisted on withdrawal of the suit for even considering this amount. He said while all states in India had been receiving ₹5,000 crore for power sector reforms, Kerala was denied this allocation due to the lawsuit. Sibal said Kerala was over-borrowing due to investments in education and health, but was being "penalized" for its growth in human development. Additional solicitor general N. Venkataraman, arguing the Centre, called for negotiation and compliance with conditions rather than litigation.

India eyes Brazilian urad, tur supplies

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India and Brazil are working on a plan to increase supplies of Brazilian black matpe (urad) and pigeon peas (tur), a diplomat from the South American nation said, amid falling domestic production and a growing appetite by vegetarians looking for protein-rich food.

Indian government officials told Brazilians in a recent meeting that India was counting on Brazil as a partner and reliable supplier of pulses.

Indian govt officials told Brazilians that India was counting on Brazil as a partner and reliable supplier

"We discussed bilateral trade in pulses and strategies to foster collaboration of both nations aiming at food security related to pulses, especially black matpe and pigeon peas, and possible mechanisms to encourage the expansion of trade and cooperation," Angelo de Queiroz Mauricio, agricultural attaché at the Brazilian embassy in New Delhi, told *Mint*.

Last week, Union consumer affairs secretary Rohit Kumar Singh said India had imported 3,000 tonnes of black urad from Brazil in 2023 and was likely to buy another 20,000 tonnes this year.

The collaboration on pulses represents a significant area of opportunity for expanding agricultural bilateral trade, and Brazil can be positioned as a strategic supplier for India, said Mauricio.

"In general, all agricultural sectors [in India and Brazil] are eager to collaborate, and hope that the Indian and Brazilian governments can work together in perfect harmony and synchronicity to ensure mutually beneficial import policies and a stable and predictable long-term scenario for optimal bilateral trade," Mauricio said.

India's ministry of consumer affairs, food and public distribution did not immediately reply to queries.

Roadwork speeds up but will miss target

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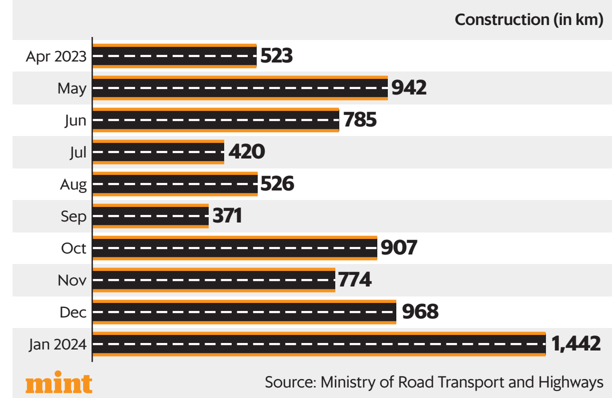
Road construction has once again picked up, with 1,442 km of highways readied in January—40% more than the 1,029 km laid in the same month last year when it was still struggling to recover from the pandemic.

The pace generated in January means the roads ministry has nearly touched its aspirational target of building 50 km of highways per day.

The ultimate aim is to take annual highway construction to over 18,000 km. That's a feat never achieved so far, but seems doable now with new construction techniques and measures to acquire land.

"These are best months (January to March) to achieve construction targets. Large amounts of unspent money, settlement of claims before financial year ending helps to mobilize funds for construction. I hope that the momentum gained now can be maintained," said P.C. Grover, director general, National Highways Builders Federation.

Even though highway construction reached record levels in January, construction activity for the entire financial year has remained sluggish.



SATISH KUMAR/MINT

According to the ministry's latest data, only 7,658 km of highways have been built up to January in FY24. With just two months to the end of the year, even with 50 km per day of construction, just about 11,000 km of highways may be built. That's almost 2,800 km short of the record 13,800 km targeted for FY24.

Slower pace of awards impacts the pipeline of projects that in turn hits construction

"There are signs that road construction activity would pick up pace hereon after a not-so-impressive last year. But, with elections in April-May and monsoon months thereafter, highway construction may again remain sluggish in the beginning few months of next fiscal year," said an executive from one of the big four audit and consultancy firms on condition of anonymity.

As per roads ministry data, the 7,658 km of highways built this year up to January is higher than the 6,803 km constructed during the previous year. The year 2022-23 ended with 10,331 km of highways being constructed.

Concern is also mounting from the slow pace of awarding new highways. Up to January, 3,481 km of highways had been awarded, less than half the 8,400 km sanctioned during the same period of the previous year. Though the government is still hopeful that about 10,000 km may get awarded in FY24, developers are bracing for a slowdown in construction activities in coming months and years.

Slower pace of awards impacts the pipeline of projects that in turn hits construction as fewer projects are available for construction.

Highway construction in the pre-pandemic period of FY20 spanned 10,237 km at a daily rate of 28.04 km. The pace increased during the first pandemic year (FY21), when lockdowns ironically helped accelerate construction, resulting in a record 13,327 km of highways built at 36.51 km per day. This slowed again in FY22, while FY23 ended with 28.3 km/day construction with overall 10,331 km of highways being built.

Petroleum exports drop sharply as West tightens squeeze on Russia

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Earnings from petroleum shipments fell steeply in April-January FY24 due to the global economic slowdown, a rise in domestic consumption, and shrinking discounts on Russian oil.

India had expanded its export markets for refined petroleum products during the last financial year.

According to data from the government's Niryat portal, earnings from exports of chemicals and petroleum products stood at $67.11 billion in the April-January FY24 period, down 11.29% from $75.65 billion in the year-ago period.

Earnings from exports to Europe, and the CIS region (republics of the former Soviet Russia) rose but not enough to balance out declines in shipments to Africa, West Asia-North Africa (Wana) and South America.

The price of Brent crude stood at $82.99 a barrel on Monday, up 1.07% over the year.

Following Russia's invasion of Ukraine in February 2022, the West imposed sanctions on Russia, forcing it to cut oil prices.

India is one of the largest oil refiners and exporters, despite importing most of its petroleum requirements. REUTERS

India emerged as a leading buyer of discounted Russian crude oil and an important exporter of refined petroleum products to Europe.

During FY23, Indian petroleum exports rose sharply to regions like Africa, West Asia-North Africa and South America, apart from Europe, on the back of the South Asian country's access to discounted Russian oil and volatility in Brent crude prices globally amid economic and geopolitical uncertainties. Earnings from exports of chemicals and petroleum products rose 43.67% annually to $91.17 billion during FY 23. However, data shows these earnings have declined during FY24 with discounts on Russian crude oil shrinking, higher domestic consumption and slow global growth leading to lower energy consumption in some advanced economies.

India emerged as a leading buyer of discounted Russian crude oil and a key petro products exporter

"The growth in domestic consumption (of crude oil) has risen since 2023, which could have impacted in lower exports," said Prashant Vashisht, vice-president of corporate ratings at ICRA. "Also, with the global economy not being in a very good shape, energy consumption, especially in Europe, has been lower," he added. With an annual installed capacity of 250 million tonnes across 23 refineries, India is one of the largest oil refiners and exporters, despite importing most of its petroleum requirements. According to *Reuters*, India's crude oil imports from its top supplier Russia fell for a second straight month in January to its lowest in a year amid tighter western sanctions.

The world's third-biggest oil importer and consumer boosted imports of Iraqi oil to offset the drop in Russian oil imports, it added. Data from LSEG and Vortexa showed a 4.2% and 9% decline in India's monthly intake of Russian oil in January from the previous month.

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MINT SHORTS

Electric vehicle maker Pure EV secures funding of $8 million

Bengaluru: Two-wheeler EV manufacturer Pure EV has raised $8 million from a host of investors. The funding was led by Bennett Coleman and Company Ltd, Hindustan Times Media Ventures, alongside Ushodaya Enterprises Pvt Ltd, existing investors and HNIs. In a statement, the startup also said that it is in the advanced stages of closing its Series A1 funding round at $25 million, which has seen contributions from a foreign institutional investor whose name was not disclosed. The startup will be expanding its pan-India sales network from 140 to 300 dealers in the next six months. Further, the firm plans to expand into Middle-east and African markets.

QuiD secures pre-seed funding from Mint Cap and others

ISTOCKPHOTO

Bengaluru: Business-to-business (B2B) embedded supply chain fintech startup QuiD has secured $602,443 (₹5 crore) in a pre-seed funding round from a host of investors including Mint Cap Enterprises and Stone Park Capital. Angel investors including Sushant Kumar of Omidyar Network, India, participated in the round. The funding will be used to improve the technological stack of the company as well as improve engagement with current clients and partner lenders. QuiD provides solutions to optimise the finances of distributors, retailers, manufacturers, and direct-to-consumer (D2C) brands, such as tech-driven financial float strategies, working capital financing discovery, accelerated collections through decision science systems and analytics-driven retailer discovery and profiling.

Houseware brand Basil raises seed funding of ₹3.6 crore

Bengaluru: Consumer houseware brand Basil has raised $433,758 (₹3.6 crore) in a seed funding round co-led by IIMA Ventures and Appreciate Capital. The round also saw participation from angel investors such as Mohit Sadaani (The Moms Co.), Aprameya Radhakrishna (Koo), Abhishek Goyal (Tracxn), Malini Adapureddy (Deconstruct) and Brij Bhushan (Magicpin). The funds will be allocated to expand its product portfolio, improve its reach through e-commerce channels and research and development (R&D) initiatives, according to its statement.

COMPILED BY K. AMOGHAVARSHA

Nvidia's staying power is the $2 tn question

It surpassed market values of both Amazon.com and Alphabet last week

Dan Gallagher
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Nvidia's next trillion dollars is proving easier than the first. That doesn't exactly put the ascendant chip maker on Easy Street.

It became the first semiconductor company worth $1 trillion about eight months ago—not long after its 30th birthday. The stock's momentum has continued; Nvidia is now worth just under $1.8 trillion and is the third most valuable U.S. company, after Microsoft and Apple.

It surpassed the market values of both Amazon.com and Google parent Alphabet last week, businesses with far more revenue that share two notable things in common—a vital need for Nvidia's chips to power their growing ambitions in artificial intelligence and capital budgets of tens of billions of dollars annually to put toward the effort.

Just how many billions will become abundantly clear Wednesday, when Nvidia reports its fiscal fourth-quarter results. Based on the company's forecast for the final quarter of the year, those results will show nearly $59 billion in revenue for the fiscal year ended in January—more than double what Nvidia generated in the previous year. None of Nvidia's megacap tech peers—Apple, Microsoft, Amazon and the parent companies of Google and Facebook—ever expanded revenue that fast in a single year from a similar starting point, according to data from S&P Global Market Intelligence. Nvidia will become the world's second-largest chip company based on annual revenue, surpassing Intel.

THE WALL STREET JOURNAL.

Such momentum explains why a chip company that drew most of its business from the niche market of gaming PCs less than five years ago is now approaching a market value of $2 trillion. Even in a market frothed by AI hype, that number isn't as outlandish as it might seem. At that value, Nvidia's stock would be trading around 38 times forward earnings—about 9% below its three-year average, according to data from FactSet. Seven of the 30 stocks on the PHLX Semiconductor Index currently carry higher multiples, including Advanced Micro Devices, which is challenging Nvidia for a piece of the lucrative market for AI chips in data centers.

Nvidia is worth just under $1.8 tn. REUTERS

Yet that meteoric rise—especially a jump of around 25% in the past month—naturally sets up risk heading into this week's quarterly report. The current earnings season has already been rough on tech companies that posted less than perfect results following big run-ups. In a report Friday, Vivek Arya of BofA said he wouldn't be surprised to see a "notable but brief pullback" on Nvidia's shares following earnings, given the "mix of fear and greed and indiscriminate investor chase for all things AI" that has fed the stock's sharp rise.

Even if Nvidia delivers a strong and well-received report, there is also the question of how long the boom can last. Investors are keenly focused on the question of how this year and next will shape up for AI chip demand, but Nvidia projects only one quarter at a time during its earnings reports. Wall Street is currently expecting the company to forecast revenue of $21.6 billion for the April quarter—a tripling compared with the same period last year.

Investors will still be listening closely for clues to longer-term trends. Analysts currently project revenue just under $92 billion for the current fiscal year ending in January 2025, a 56% jump from the just-ended fiscal year. More important clues might come next month during Nvidia's GTC conference, its flagship event for AI developers. It could feature new details on the company's next big AI system, called B100, which analysts expect to be launched later this year. In a report earlier this month, Morgan Stanley analyst Joseph Moore called the B100 "a strong advancement of state of the art" based on some early leaks about the system.

New products will be vital for Nvidia to address the growing competition and to maintain the earnings power that has kept its stock relatively cheap despite its huge run. BofA's Arya thinks Nvidia will be able to price its coming B100 products at least 10% to 30% higher than the company's current, highly popular H100 system.

"In our view, we are at-worst in middle innings of that upfront 3yr spending cycle, with demand likely stretching out to at-least mid-late CY25," Arya wrote.

Tim Arcuri of UBS sees Nvidia's per-share earnings hitting around $28 this year on the strength of its current chips that remain in tight supply plus new products like the B100. That is more than double what Wall Street estimates it earned during the just-ended year, but Arcuri wrote in a Feb. 12 note that demand keeps soaking up Nvidia's chips even as production lead times "have come in substantially" over the past few months. He also boosted his price target on the stock to $850, which would put Nvidia's market capitalization above $2 trillion.

The third-biggest tech stock has a big year ahead of it.

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NIIF invests $25 mn in Amicus Capital

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MUMBAI

India's quasi-sovereign fund, the National Investment and Infrastructure Fund Ltd (NIIF), has pledged ₹207 crore (around $25 million) to Amicus Capital Partners' second vehicle, an India-focused growth capital fund.

NIIF's Fund of Funds- I has so far invested in eight private equity and venture capital funds

The funds will be allocated from Fund of Funds – I, the debut fund under NIIF's private market business. The move underscores the intent of NIIF to back "fund managers who are executing well-defined investment strategy in a disciplined manner with a strong team", Anand Unnikrishnan, managing partner, private markets, NIIF, said in a release.

NIIF's backing, as one of the largest investors is expected to further boost Amicus Capital Fund II's fundraising momentum, Mahesh Parasuraman, co-founder of Amicus Capital, said. "Including NIIF's commitment, our second fund has raised $171 million (around ₹1,415 crore) as of today."

Amicus backs businesses across sectors such as speciality manufacturing, technology and business services, healthcare, and financial services. It is targeting a $200 million corpus for its second fund.

Mint reported on 18 January that Amicus had raised $146 million for its second fund.

NIIF's Fund of Funds- I has so far invested in eight private equity and venture capital funds. With the Amicas Capital investment, it has now fully invested its corpus, it added.

"With the commitment to Amicus Capital Fund II, PMF-I has utilised 100% of its aggregate capital commitments and has created a portfolio of eight complementary funds across various strategies like growth equity, venture capital, buyout and credit," NIIF said in a statement.

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	S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50		Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
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	72,426.64	72,627.60	22,040.70	22,103.45	20,164.90	20,244.25	58,586.15	58,838.30	22,540.90	22,611.65	39,930.08	40,203.81	45,659.30	45,964.83
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
	72,881.93	72,308.68	22,186.65	22,021.05	20,301.00	20,174.90	58,897.75	58,548.40	22,686.05	22,527.75	40,219.02	40,006.37	46,122.41	45,901.79

MINT SHORTS

Iron ore, copper slump in China as demand doubts persist

Iron ore tumbled following a five-day run of gains and copper declined as China's markets reopened, with investors weighing prospects for near-term demand in the world's largest metals consumer. Iron ore futures dropped from the highest close since the end of January, slumping as much as 3.4% before paring losses. While Premier Li Qiang called for "pragmatic and forceful" action to boost confidence in the economy, Beijing opted to keep the interest rate on its one-year policy loans steady. Iron ore has backtracked this year amid concerns over China's long-running property crisis, a sector that accounts for close to 40% of steel demand. Further insights into the outlook will come this week as major iron ore producers including BHP Group Ltd. and Rio Tinto Group are scheduled to unveil earnings. Steel consumption remains tepid, with profits in the industry poor. BLOOMBERG

The Japanese currency has dropped 6% against the dollar so far this year. BLOOMBERG

Bearish yen positions increase as Japan stocks hit record high

The rally in Japanese stocks toward record highs comes as asset managers increased bearish positions on the yen to the most in more than a year, suggesting investors remain cautious about currency risks. The correlation coefficient between the yen positions and the Topix 100 stood at minus 0.56 as of 13 February, the most since 2020, based on *Bloomberg* analysis of data from the Commodity Futures Trading Commission. This indicates currency positioning among asset managers has tended to shift in a bearish direction when the nation's large market-cap stocks have risen. It may point to international investors buying Japanese equities and then looking to lock in the exchange rate to avoid a weaker yen diluting their returns. The Japanese currency has dropped 6% against the dollar so far this year, moving contrary to forecasts that it's set to rebound in 2024. That's reflected a paring of bets of any near-term interest rate cut by the Federal Reserve. BLOOMBERG

Cement: After dull Q3, dreary outlook looms

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For cement companies, the December quarter (Q3FY24) was a mixed bag. Price increases had to be partially rolled back on weaker absorption during the latter part of the quarter. In effect, aggregate realizations growth was tepid. The growth in demand eased.

According to Jefferies India, the cement industry demand grew at around 5-6% year-on-year (y-o-y) in Q3FY24, sharply lower than 12-13% in H1FY24. State elections, unseasonal rain in some regions and labour shortage weighed on demand during Q3FY24.

Easing input costs brought relief last quarter. Prices of key fuels required to manufacture cement, petroleum coke and imported coal, fell from recent peaks. Fuel consumption costs for cement players declined 5-15% quarter-on-quarter (except for ACC and Ambuja Cements which reported 1-2% quarter-on-quarter increase) in Q3FY24, said a Motilal Oswal Financial Services report.

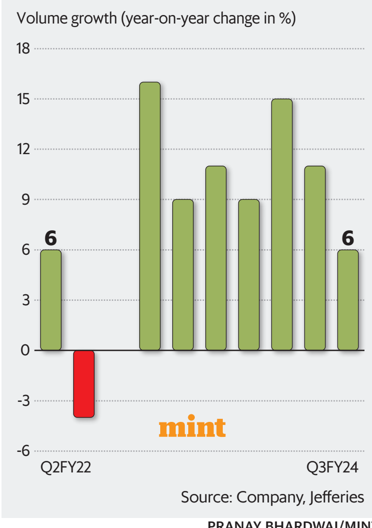
In Q4FY24, companies expect fuel cost to stay flat or decline 4-5%, it added.

In a bid to save operating costs and reduce their carbon footprint, cement companies are adopting green energy and alternative fuels in their fuel mix. But the benefits would reflect on the sector's earnings performance gradually.

In the near term, from a demand perspective, the quarter ending March is usually seasonally strong, but things could be different this time. Demand is expected to be tepid in Q4 in the run up to the national elections. The model code of conduct which is implemented before general elections tends to impact government spending on infrastructure and construction activities. So, Jefferies anticipates FY24 likely ending at near 9% y-o-y growth, a tad lower than 10% estimated earlier.

While demand prospects aren't robust in the foreseeable future, pricing trends seen in the quarter too, have been muted. All-India cement prices could not sustain at higher levels so far in Q4FY24, according to brokerages.

The cement industry demand grew at around 5-6% year-on-year. MINT



PRANAV BHARDWAJ/MINT

"Given that industry has missed taking price hikes in Feb'24 (so far) and March-end typically is seen as a 'volume-push' month (to meet year-end targets), price recovery can now be expected only in Q1FY25," said an ICICI Securities report dated 14 February.

With moderating demand, the industry's aggressive capacity additions could weigh on the sector's medium-term pricing outlook. Prices may not improve much for cement firms in regions like east India as compared to other regions.

It is worth noting that industry bellwether UltraTech Cement Ltd has revised its growth capital expenditure guidance to ₹9,000 crore per annum each in FY24/FY25 versus earlier guidance of ₹6,000-7,000 crore.

For now, as the fight between market share gains and realizations continue, improvement in margin may not be enough to trigger a meaningful re-rating. The volatility in cement prices could keep margin improvement in check.

To sum up, the threat of cuts to earnings estimates is lurking, at least for this quarter. "While earnings downgrades for Q4FY24E appear evident, the street may not tweak FY25E/FY26E earnings yet in the hope of a revival in Q1FY25 (mainly April 2024 – a key monitorable)," added the ICICI Securities report.

Meanwhile, the stock performance of key cement companies has been mixed so far this calendar year. The shares of UltraTech, Shree Cement and Dalmia Bharat declined 5-10%. While ACC Ltd and Ambuja Cements Ltd rallied by 20% and 10%. Valuations on an EV/Ebitda basis for FY25, range between 11 and 18 times, showed *Bloomberg*. Valuations don't provide comfort given near-term concerns on demand and pricing outlook.

CEMENTING DEMAND

STATE polls, rain in some regions and labour shortage weighed on demand during Q3FY24	**CEMENT** cos are adopting green energy, alternative fuels in their overall fuel mix	**BUT** the benefits would reflect on the sector's earnings performance gradually

Crompton Greaves in pain as Butterfly still to spread its wings

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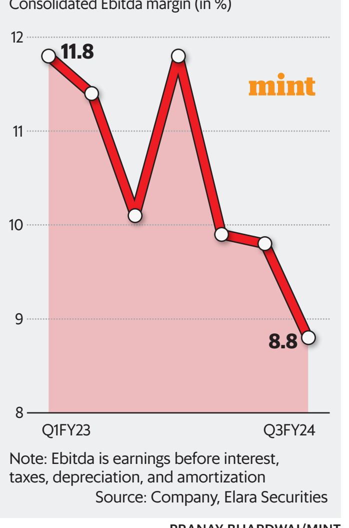
Crompton Greaves Consumer Electricals Ltd is facing challenges with the acquired portfolio, Butterfly Gandhimathi Appliances Ltd. Contrary to initial expectations, the Butterfly acquisition is unlikely to boost earnings per share in FY24. As of now, Butterfly remains a work-in-progress. Well established in southern India, efforts are underway to expand its presence nationwide. Additionally, there are plans to leverage Butterfly's manufacturing facilities for Crompton's products, such as mixers, which are currently produced by external suppliers.

In the nine months ended December (9MFY24), Butterfly hit an Ebit (earnings before interest and tax) of ₹34 crore but faced a loss of nearly ₹2 crore in the quarter ended December (Q3FY24). Weak corporate sales was only partly offset by the healthy traction in the retail and e-commerce channels in Q3. Plus, advertising expenses were higher.

Analysts cut Crompton's earnings forecasts due to Butterfly's performance. "We lower our earnings per share estimates by 7% for FY24E and 4% for FY25E on delay in Butterfly breakeven and continued advertisement expenses dragging margin," said Elara Securities (India) analysts in a 16 February report.

However, the steady performance across Crompton's core businesses—electrical consumer durables (ECD) and lighting products—is a bright spot. The ECD segment has seen notable revenue growth, outpacing peers. For instance, Crompton's revenue in this segment grew 13% year-on-year for the nine-months ended December, compared to 1% growth for Havells India Ltd. Crompton's fans benefited from focus on premium products. In Q3, lighting segment saw revenue growth after many quarters of decline.



Note: Ebitda is earnings before interest, taxes, depreciation, and amortization
Source: Company, Elara Securities
PRANAV BHARDWAJ/MINT

Also, Crompton has taken price hikes in fans and pumps in February, which will aid Q4 earnings. "While Crompton's performance has improved in patches, a more consistent and broad-based improvement is required to drive a re-rating of the stock," said Kotak Institutional Equities analysts in a 16 February report. Through its Crompton 2.0 strategy, the company aims to grow faster than the industry average and enhance its premium products.

Contrary to initial expectations, the Butterfly acquisition is unlikely to boost earnings per share in FY24

Investors seem to have taken note of the challenges the company faces. So far in 2024, Crompton's shares are down nearly 7%, and benchmark Nifty 50 index has gained 2%. Sure, valuations are not demanding. The stock trades at 32 times FY25 estimated earnings, according to *Bloomberg*. In comparison, larger peer Havells India's shares trade at 54 times.

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

Japan moves to let investment funds hold cryptocurrency

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Japan inched closer to allowing venture capital firms and other investment funds to hold digital assets directly, after Prime Minister Fumio Kishida's administration agreed to submit a revised bill to implement the change.

His cabinet approved the text of a bill on 16 February that seeks to partially amend the country's industrial competitiveness enhancement act, according to a statement published on the ministry of economy, trade and industry's website. The bill states that "measures will be taken to add cryptoassets to the list of assets that can be acquired and held by investment limited partnerships," referring to a vehicle used by venture capital firms to secure capital for investments.

Kishida's agenda for reinvigorating Japan's economy includes support for the growth of so-called web3 firms, a term that refers to a future, decentralized version of the internet underpinned by blockchain technology. Compared to other regions Japan is viewed as having strict regulations for the digital-asset sector, but has moved toward easing some crypto rules in areas like token listings and taxation.

Japan moved toward easing some rules in areas like token listings and taxation. BLOOMBERG

The government now plans to submit the bill for debate in the current session of the Diet, Japan's parliament.

Prime Minister Fumio Kishida's administration agreed to submit a revised bill to implement the change

Should the amendment be approved, the move would open up Japan's investment sector to greater exposure in digital assets. Investments in web3 startups typically include clauses that allocate tokens to backers, with cryptocurrencies acting as a way to exit bets earlier than provided by traditional routes such as a stock market listing.

SC tells SpiceJet to settle dues

FROM PAGE 1

agreement with SR Technics, a Swiss company providing maintenance, repair and overhaul services for aircraft.

The Swiss firm had issued invoices based on work done, while SpiceJet issued seven bills of exchange to cover the amount.

In September 2012, SR Technics formally handed over all rights to receive payments under the SpiceJet deal to Credit Suisse.

However, the airline failed to make payments and ran up dues of over $24 million, prompting Credit Suisse to file a winding-up petition against SpiceJet in 2021. (Ajay Singh took back ownership of the airline from Maran in 2015.)

SpiceJet's dispute with Credit Suisse started after the airline entered an aircraft servicing agreement with SR Technics. MINT

In January 2022, the Madras high court turned down an appeal by SpiceJet against a December 2021 order by a single-judge bench to wind up its operations after the airline failed to pay up the $24 million it owed.

When the matter moved to the Supreme Court, the apex court stayed a Madras high court order directing the winding-up of SpiceJet, and gave the airline some time to resolve its dispute with Credit Suisse AG. That process is yet to come to closure.

Valuations rise as Nifty hits new high, but earnings higher too

FROM PAGE 1

Though Prabhu has a "bullish" outlook for the long term, a pullback or correction of 5–10%, he said, would be "normal" and "healthy" and could be an "attractive entry point".

The 31% rise in the Nifty from its low of 16,828.35 on 20 March 2023 through Monday's closing of 22,122.25 was led by cumulative foreign and domestic institutional buying. While domestic institutional investors have pumped in a net ₹1.45 trillion so far this fiscal, FPIs have net-invested ₹1.67 trillion. Monday's rally lifted India's market capitalization to $4.78 trillion.

NSE's turnover stood at ₹950.51 bn on Monday. MINT

Retail investors on BSE who directly buy and sell on the exchanges have booked profit during the fiscal by net selling ₹773.77 billion.

The figure on NSE stands at a negative ₹53.88 billion in the fiscal through December. While provisional cash figures for FPIs and DIIs were unavailable until press time, FPIs covered part of their bearish cumulative index futures outstanding positions on Nifty. Their cumulative net short positions stood at 63,809 contracts on Monday, down from 68,790 contracts on Friday. NSE's turnover stood at ₹950.51 billion on Monday against the monthly average so far of ₹1.24 trillion.

Nirav Karkera, research head of online investment company Fisdom, cautioned that the relatively tepid top line growth in Q3 showed that there was stress in demand and that if raw material prices or wages increased, going forward, that could pressure the bottom line, which has so far been robust.

KVS Manian is new joint MD in Kotak Bank reshuffle

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Private sector lender Kotak Mahindra Bank announced significant leadership changes on Monday, including re-designating whole-time director KVS Manian as the joint managing director from 1 March.

Manian, an alumnus of the Indian Institute of Technology (BHU) - Varanasi, with a degree in electrical engineering and a postgraduate degree in financial management from Jamnalal Bajaj Institute of Management Studies, Mumbai, alongwith being a Cost and Works Accountant, brings three decades of experience within Kotak to his new role.

Earlier, Dipak Gupta was the joint MD. In September he was appointed interim MD and CEO after Uday Kotak stepped down. Gupta's tenure ended on 31 December.

Shanti Ekambaram has been named deputy MD, also from 1 March. Ekambaram has over 30 years of service at Kotak, is a commerce graduate, chartered accountant, and Cost and Works Accountant.

The bank said these appointments are subject to approvals.

KVS Manian was redesignated as the joint MD and (R) Shanti Ekambaram has been named deputy MD.

Meanwhile, the bank said it has appointed Devang Gheewalla as the chief financial officer and designated him as the president and group chief financial officer from April. His appointment will be effective after Jaimin Bhatt, the current group president and group chief financial officer superannuates on 31 March.

That apart, Kotak Mahindra Bank said it has appointed chief technology officer Milind Nagnur as the chief operating officer from April.

Devang Gheewalla is now the president and group chief financial officer from April

"It may be noted that Nagnur shall continue to be the bank's chief technology officer and will also be responsible for operations of the bank as also the group technology architecture and cyber Security," the bank said in a filing.

It also announced the appointment of chief risk officer Paul Parambi as group chief risk officer, from 1 March.

Last year, the bank announced that former Barclays veteran Ashok Vaswani will be the new CEO, taking over from founder and billionaire banker Uday Kotak.

The Reserve Bank of India approved a three-year term for Vaswani, who took over on 1 January.

Hindalco's goal to use 30% clean power may be met early

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Hindalco Industries is likely to reach its target of having 30% of renewable power in its overall energy mix a few years ahead of its original schedule of 2030, as the Aluminium producer presses ahead with its commitment to reduce greenhouse gas emissions.

"Once the first phase of the pumped hydro project (in Odisha) comes on stream, we believe it would pave the way for using this technology across our smelters and achieving 30% of our energy mix from renewable sources by 2030. This and our other sustainability projects might even help us achieve our target a couple of years earlier," said Satish Pai, managing director of the Mumbai-based company.

Hindalco aims to become carbon neutral by 2050, which means that the company would remove an equal quantity of carbon dioxide (CO2) that it would release into the atmosphere through its operations.

"Last quarter, we reported 19.6 tonnes of CO2 per tonne of aluminium and we believe in bringing it down below four, which is considered green if this pumped hydro plant works," said Pai, who also heads the executive committee of Vikaasa, a coalition of Indian businesses to drive the achievement of UN's Sustainable Development Goals.

Aluminium is not found in its pure form in nature and needs to be extracted. So, the metal has been facing increased scrutiny for its energy-intensive production and refinement processes that contribute significantly to global carbon emissions. Smelting is high on carbon emissions and requires a continuous power supply.

Hindalco managing director Satish Pai.

In 2022, the Aditya Birla Group company signed a pact with Greenko Group to set up a green energy project with a capacity of 375-400 megawatt (MW) in Odisha. "The renewable energy project is to be set up as a captive generation facility under a 25-year offtake arrangement and will supply power to Hindalco's Aditya Aluminium smelter in Odisha, enabling reduction of CO2 emissions by 680,000 tonnes annually," he added.

> **The firm aims to be carbon neutral by 2050, which means it would remove an equal quantity of CO2 it would release**

The company plans to enhance the 100-MW pumped hydro project in Odisha to 350 MW, as the project will lay the foundation for the production of low-carbon, green aluminium. The company is also planning to deploy a similar solar project with pumped hydrogen for its Madhya Pradesh smelter through Aditya Birla Renewables.

Additionally, the company is utilizing 2.87 million tonnes of red mud, 100% recycled at three out of four of its alumina refineries. "84% of our waste generated is recycled and our target is to be zero waste landfill by 2030 and we are spending north of ₹400 crore in a year. We are also testing the use of red mud in road construction across India," added Pai.

Hindalco is also running a pilot project to sequester carbon dioxide through advanced mineralization, and the company is trying to capture carbon in construction aggregates or RMC (ready-mix concrete). "Sequestering in India is hard to work out, you have to mineralize it or make it into something that does not go back into the atmosphere, but we are putting it and have got quite a few projects that we are looking at," Pai said.

Novelis, Hindalco's overseas arm, recycled 82 billion used beverage cans, amounting to 61% of the material used in aluminium production in FY23. The company is also in programmes with leading auto original equipment manufacturers (OEMs) that are projected to reduce carbon emissions by up to 100,000 tonnes per year.

Pai said that Hindalco currently deploys 25% of its ₹2,000-crore maintenance capital expenditure on sustainability projects every year.

Bosch to boost R&D, local e2w components

The firm sees significant electrification growth in the 2-wheeler segment

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Bosch Ltd is looking to boost investments in R&D and increasing local production of components such as hub motors used in electric two-wheelers (e2w), a top company official said, as adoption of green mobility widens in the world's fifth-largest economy.

The local arm of Germany's Bosch GmbH also aims to expand its research and development efforts for passenger car electrification in India.

"We are looking at continued investments in the passenger car segment. We have solutions already offered to several OEMs (original equipment manufacturers) and we are discussing with several more OEMs on electrification solutions. We will also enhance our investments in two-wheeler electrification," Guruprasad Mudlapur, president and managing director of Bosch Ltd, told *Mint*. "A significant part of our activity here is in R&D, and that continues."

He emphasized sustained investments in e-axles for passenger cars and substantial allocations for two-wheeler electrification, all complementing Bosch's global portfolio tailored for local customers.

Bosch is a supplier of key components to major Indian and global automakers, including Maruti Suzuki, Mahindra & Mahindra, Tata Motors, and the Volkswagen group. It has also been providing components for electric vehicles (EVs) manufactured by Bajaj Auto and TVS Motor Company. The mobility segment, constituting two-thirds of Bosch Ltd's India business, sees the highest content supplied to OEMs in the commercial and passenger vehicle categories.

"We believe certainly the two-wheeler commuter segment of scooters will have significant growth in electrification in the coming years. That's the fundamental statement, and we will work to make that happen. We have a good presence in this two-wheeler space right now. We supply hub motors to OEMs and we have new categories introduced in hub motors which are also offered now to OEMs in India. We have also localized lines for the motors, and this also helps OEMs get substantial PLI (production-linked incentives) benefits as a consequence," Mudlapur told analysts in a post-earnings conference call last week.

Bosch is a supplier of key components to major Indian and global automakers, including Maruti Suzuki, Mahindra & Mahindra, Tata Motors and Volkswagen. MINT

> **35%** jump in electric two-wheelers registration in 2023

More than 930,000 electric two-wheelers were registered in India 2023, a 35% jump from 2022.

While electrification will be an "essential part" of Bosch's "core future strategy", the MD admits the segment isn't immediately margin-positive.

In 2022, the mobility solutions provider had announced an investment of ₹1,000 crore in the localization of advanced automotive technologies in India over five-six years.

"There's been a significant investment (in EVs) over the last couple of years also. We don't look at it as a segment where a breakeven will happen overnight- we are in it for the long haul and we will look to improve margins as we go forward. There also have to be gains in volume - we are investing in manufacturing of hub motors, the line capacities have to reach optimal levels and then we will have cost economics coming in. So this is a game for the long-term and is an essential part of our future core strategy. A very high part of our turnover comes from traditional parts today, but we want to move to a significant part of electrification as well," he said.

Bosch Ltd's revenue increased 15% year-on-year in the December quarter to ₹4,205 crore. Its net profit came in at ₹518 crore, a 62% year-on-year jump.

However, he shared a muted outlook for the ongoing quarter, as national election looms. "We would expect it to be a flat quarter, or clock very minimal growth in Q4," he said.

Mitsubishi, TVS unit form India mobility JV

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TVS Mobility Pvt Ltd on Monday said it has formed a joint venture (JV) with the Japanese conglomerate Mitsubishi Corporation (MC) to establish a comprehensive vehicle mobility ecosystem in India.

As part of the collaboration, MC will initially invest ₹300 crore with both parties committed to support the growth of the joint venture. This investment is intended to propel both the parties' vision in relation to vehicle ownership in passenger cars, commercial vehicles and material handling equipment (MHE), TVS Mobility said in a statement.

The business model will have the potential to achieve $2 billion revenue in the next 3-5 years' time, it added.

With this, the dealership business of TVS Mobility will transform into TVS Vehicle Mobility Solution (TVS VMS) offering a complete portfolio of services to its customers.

"TVS Mobility, had pioneered the sales, service and distribution of vehicles market through its dealership business in India. The collaboration with MC will enable TVS to provide a range of solutions to the entire vehicle mobility ecosystem," TVS Mobility director R. Dinesh said. After integrated and digital platforms for the independent aftermarket, the vehicle mobility business will provide digitally-enabled solutions to customers. The partners would expand partnership with vehicle manufacturers to provide integrated solutions across vehicle sales, operating of vehicles and Vehicle-as-a-Service solutions, he said.

Ministry of Housing and Urban Affairs
Govt. of India
Where Development Values Nature
Delhi Development Authority
Inauguration
of
Island Fountains
(Sector 1/7 and Sector 2/6)
and
Rejuvenation of
Storm Water Channels 2 and 5
at
Dwarka
By
Shri Vinai Kumar Saxena
Hon'ble Lt. Governor, Delhi
Guests of Honour
Shri Parvesh Sahib Singh
Hon'ble MP, West Delhi
Shri Ramesh Bidhuri
Hon'ble MP, South Delhi
FOUNTAIN
4 cascade type horse fountains of 12 feet each
Redeveloped green areas, barrier free ramps
STORM WATER CHANNELS
To provide green and clean environment for walking, jogging, cycling etc.
Open air food court, open air theatre, yoga pavilion, children park, and public toilets along the channels
Sewerage Interception and treatment
Greenways developed along the channels for connectivity of the dwellers
River front activities like viewing decks, pergola bridges, check dams etc.
Date
Tuesday, 20th February, 2024
Time: 11:30 AM
Place
Exit Gate No. 1, Dwarka Sector-9, Near by Metro Station, Dwarka, New Delhi
ddaofficial official_dda official_dda_ official_dda
Please Visit DDA's Website: www.dda.gov.in or Dial Toll Free No. 1800-110332

'GDP growth no longer a benchmark for firms'

McKinsey said top 20% listed firms outpaced GDP growth during 2012-22

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The fastest growing major Indian listed firms outpaced the country's overall economic growth, in revenue terms, by almost 1.5 times between 2012 and 2022, according to a recent study by global consultancy McKinsey & Co.

The study covered 837 listed companies, which posted revenues of more than ₹750 crore in FY22. The top quintile (one-fifth) of this set of companies reported a compound annual growth rate (CAGR) of 15% or higher in revenue, while India's nominal gross domestic product (GDP) growth rate averaged around 10%, McKinsey said.

Based on the findings, McKinsey analysts said companies need to set aggressive growth targets to outperform both peers and the economy. "The biggest top-level insight we got from the analysis is that it is no longer enough for a company to say that they will grow faster than the GDP," Jaidit Brar, senior partner at McKinsey & Co, said in an interview. "Companies must start with high aspiration and seek to grow 2-3 times faster than their industry."

Moreover, there is no trade-off between growth rate and profitability, he said. Firms might not need to choose between investing capital for growth or booking profits, he said. This observation stemmed from a strong correlation between revenue growth and profits. "In fact, companies that didn't grow as fast during the study period actually saw profit erosion."

Brar said companies must prioritize cost efficiencies and reinvest the surplus accrued. "The biggest growth lever for managements is how thoughtful you are in resource allocation and reallocation."

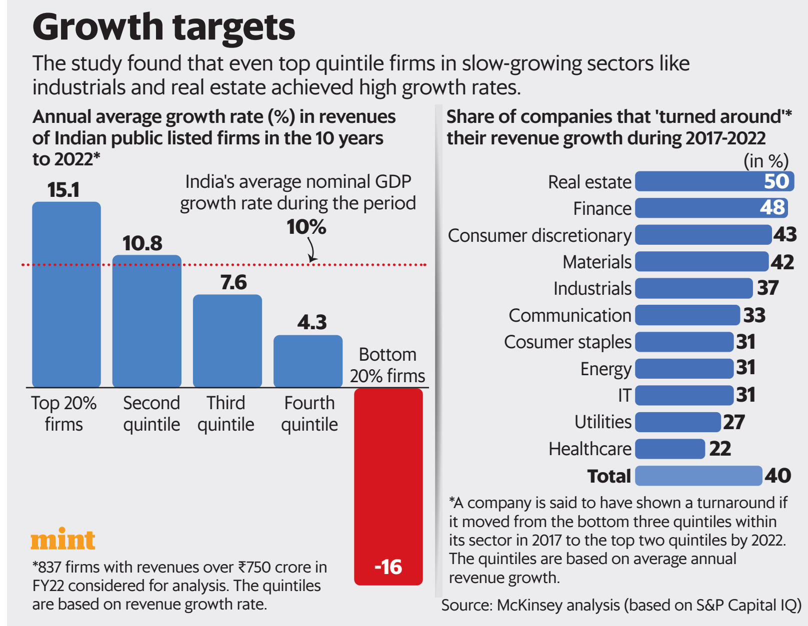
While agile resource management is one of the seven levers for high growth in India, others include utilizing digital technologies, enhancing leadership capabilities, pursuing adjacent opportunities, creating new breakout businesses, exports, and engaging in mergers and acquisitions, the report said.

Another key insight from the study, said Brar, is the importance of diversification. In rapidly expanding sectors, it's crucial for firms to occupy all the positions, including different price points and geography. For firms in slower-growing sectors, he recommended creating adjacencies or establishing breakout businesses in related sectors.

Pursuing adjacencies is one of the most common growth levers used by the fastest-growing firms across sectors, it said. "A lot of growth happens in new categories, Growth depends on how you play and not just where you play. Do not worry if you're not in a fast-growing sector with tailwinds."

The study found that top quintile firms even in slow-growing sectors like industrials and real estate achieved high growth rates. The study also found that the size of a firm had limited impact on the growth rate of Indian companies. Smaller firms accounted for the highest share of growth champions among the companies analysed. While part of this growth can be attributed to a low-base, disparity in average growth rates between companies with revenues less than ₹1,500 crore, and those with higher revenues was still significant.

The report also found encouraging evidence for companies trailing their peers. Two in every five companies in the bottom 60% managed to turn around their performance between 2012 and 2017 to feature in the top two quintiles in the latter half of the decade under review.



PARAS JAIN/MINT

STAYING AHEAD

THE study covered 837 listed firms, which posted revenues of more than ₹750 cr in FY22

TOP quintile (one-fifth) of this set of companies reported a CAGR of 15% or higher in revenue

THE study also found that the size of a firm had limited impact on growth rate of Indian firms

Farmers reject solution; to march ahead

FROM PAGE 1

of ₹1.75 trillion to ensure a legal MSP guarantee for all 23 crops, instead of spending it to import edible oils, especially palm oil, which affects human health. I don't see any burden here," SKM leader Jagjit Singh Dallewal told reporters.

"Also, the government talked about crop diversification. If that's the case, farmers who are switching to pulses from paddy will have assured purchase of their crops at MSP. For farmers who are traditionally cultivating pulses, their produce may not have an MSP-assured procurement. This is not in favour of farmers. Hence, we have decided to reject the government's proposal on MSP," Dallewal said, adding the "Delhi Chalo" march will resume on 21 February.

MSP is a price fixed by the government to protect farmers from any steep fall in crop prices. This guarantee acts as a safety net and prevents losses for farmers. The latest government proposal was made at the fourth round of talks with farmer representatives by three union ministers—Piyush Goyal, Arjun Munda, and Nityanand Rai.

"Guaranteeing MSP for all crops can lead to farmers moving to crops other than paddy and wheat, which see the maximum procurement," said Pushan Sharma, director of research, Crisil Market Intelligence & Analytics.

"Another critical aspect to consider is that procurement is concentrated in only a few states such as Punjab, Haryana, Madhya Pradesh, Chhattisgarh, Telangana, and Uttar Pradesh, so farmers in other states don't get the benefit of MSP," added Sharma. "Guaranteeing an MSP across crops will spread the benefit across the country. It will support farmers' incomes and boost consumption demand."

The latest round of farmers' protest follows muted farm earnings over the past year, during which the government placed export curbs on wheat, rice, sugar and onion, depressing local prices. Farm incomes were hit also because of repeated climate shocks such as heatwaves and uneven rains.

On the sixth day of their march on Monday, the farmers stayed put at the Shambhu and Khanauri points of the Punjab-Haryana border.

"The way farmers were treated at the (Shambhu) border is condemnable. The main reason for inviting Punjab CM Bhagwant Mann to the meetings was to raise the issue of barricading along the borders, and that people of his state (Punjab) are facing tear gas shelling from the neighbouring state. He promised to take notice of the situation, but didn't. He should have put this issue in front of ministers. And today, Haryana DGP in his statement said they did not use pellet guns and tear gas; we request Supreme Court to take suo moto cognizance against those who have done this act," Dallewal further said.

Farmers raise slogans as they march towards New Delhi as part of a protest, at the Punjab-Haryana border, on Monday. REUTERS

NCLT orders liquidation of Gitanjali Gems

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The National Company Law Tribunal (NCLT) has ordered liquidation of jewellery retailer Gitanjali Gems, promoted by absconding diamantaire Mehul Choksi, under Section 33 of the Insolvency and Bankruptcy Code, 2016.

The bench also appointed Santanu T Ray as the liquidator, who will complete the liquidation process as per the provisions of the IBC, 2016, according to an NCLT order, filed on BSE.

The resolution professional of the jewellery retailer, Vijay Kumar Garg, filed the application for liquidation in NCLT.

Garg informed the tribunal that on account of the alleged fraud perpetrated by Gitanjali Gems and its officers, the affairs were under investigation by multiple law enforcement agencies like the Enforcement Directorate (ED) and the Central Bureau of Investigation (CBI).

He said that the ED had issued orders attaching the properties of Choksi.

In his application, Garg informed the tribunal that immediately after the appointment he wrote to various investigation authorities (including the ED and the CBI) requesting for details and access to such properties, assets, stocks and records of Gitanjali Gems to proceed further with the CIRP.

The bench also appointed Santanu T. Ray as the liquidator, who will complete the liquidation process

However, the authorities denied Garg's request and refused to lift the attachment over the properties of Gitanjali Gems in CIRP.

Garg further said that as the 180-day duration of the CIRP had already expired in April 2019, and with the company lacking ongoing business operations, the chances of the company's revival were bleak.

Hence, he submitted an application to initiate the liquidation process. He also declined to serve as the liquidator. The NCLT, in its order, observed that due to the ongoing investigations, attachment of assets and the low likelihood of insolvency resolution, it was necessary to proceed with the liquidation of Gitanjali Gems.

Gitanjali Gems, with liabilities of over ₹12,558 crore, was admitted under the Corporate Insolvency Resolution Process (CIRP) in October 2018.

ED has not found forex breaches at Paytm bank unit

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An investigation into possible foreign exchange violations at Paytm Payments bank by the Enforcement Directorate (ED) has not yet found any breaches, a government official directly aware of the matter said on Monday.

Last week, the probe agency announced the investigation into overseas transactions by Paytm Payments Bank, a unit of One 97 Communications, popularly known as Paytm.

Paytm shares have plunged more than 50% since the Reserve Bank of India (RBI) announced on 31 January that Paytm Payments Bank could no longer accept new funds into its accounts or wallet. The rout has eroded around $3.1 billion in shareholders' wealth.

The investigation has found some lapses related so-called know-your-customer (KYC) rules that verify the profiles of users, said the person with knowledge on the matter.

But, the "ED has not yet detected any foreign exchange management act violations by Paytm Payments Bank," the person said.

The investigation has found some lapses related to so-called KYC rules that verify the profiles of users

There were also some issues with a suspicious transaction report not being generated by the bank, the person said, adding that the ED is still ascertaining whether to bring charges for any potential violations.

The Enforcement Directorate did not immediately respond to a request for comment.

Paytm, on Monday, replied with an earlier statement from last week saying it was providing information to the ED and other authorities.

One 97 Communication shares rose by the exchange-allowed maximum of 5% for a second session on Monday, taking total gains to a little over 10% in two days.

Paytm Payments Bank secured a 15-day extension for its wind-down to March 15 from the RBI on Friday. Also on Friday, Paytm said it signed on a new banking partner, Axis Bank, to try to keep some of its popular products running and survive its current crisis.

Analysts at Bernstein said the deadline extension would help smoothly transfer Paytm Payments Bank accounts and said Paytm's merchants being able to use the company's QR codes, soundbox and card machines is a "major positive".

Citi analysts expects more banking partnerships, like the one with Axis, calling them "significant positives for ongoing business". However, Citi kept its "sell" rating on the stock, while Bernstein maintained "outperform."

Jefferies, however, said it would stop coverage of Paytm until news on regulatory actions "settles". Two brokerages have dropped coverage in the past month, according to LSEG data.

Jefferies will stop coverage of Paytm until news on regulatory actions "settles". MINT

Whirlpool promoter to sell 24%

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Whirlpool of India Ltd's promoter, Whirlpool Mauritius Ltd, will sell 24% stake worth $451 million (₹3,745 crore) in the Indian appliance maker through a block deal on Tuesday, as per a term sheet reviewed by *Mint*.

The liquidity from the stake sale will help the American multinational company pare its debt and deleverage its balance sheet.

The block deal will be offered at a floor price of ₹1,230 per share, representing a 7.6% discount from Monday's closing price of ₹1,331.20 on the NSE.

Goldman Sachs is managing the sale on behalf of the promoter, the term sheet said.

Whirlpool Mauritius Ltd. held a 75% stake in Whirlpool of India as on 31 December 2023, stock exchange filings show.

In November last year, it had stated its intent to take some money off the table by selling 24% stake, while maintaining majority control in the Indian unit. Post the transaction, the parent will hold around 51% stake.

As per deal details, around 19 million shares in the Indian unit will be sold along with a provision to offer an additional 11.4 million shares, for a total $451 million ($282 million plus $169 million).

The deal has a 90-day lock-up on seller if the upsize option is not fully exercised; else, 12 months lock-up on the seller's residual stake, as per the terms of the deal.

According to an investment banker who is not part of the deal, the stake sale plans help the parent unlock some value in the Indian unit. "The parent is under debt obligation and the incoming investors see strong growth potential in the Indian market," he said on condition of anonymity.

Whirlpool of India, despite a 12% year-on-year (y-o-y) growth in consolidated net profit to ₹29.93 crore for the third quarter ended December 2023, has underperformed the market in terms of returns for investors. The company's annual return stands at 3.45%, significantly lower than the Nifty 50's 23.3% return in the same period.

The company's revenue also increased by 17.9% y-o-y to ₹1,536 crore in Q3 FY24; earnings before interest, tax, depreciation and amortization or Ebitda rose 42.5% y-o-y to ₹63 crore due to strong volume growth, and mix and cost productivity actions, among other things.

The liquidity will help the group to pare its debt. REUTERS

The wait lengthens for Ratan Tata's biography

FROM PAGE 1

2017, when he entrusted Natarajan Chandrasekaran as the boss.

The Tata group, the country's largest conglomerate, counts 29 listed companies, together valued at more than $360 billion, attracting the attention of rival business groups, analysts, journalists and authors. More than two dozen books in English have been penned on the Tata group, Ratan Tata and his uncle J. R. D. Tata, more than any other business group.

The authorized biography has been branded as the "only comprehensive, definitive and authorized account of Mr Tata's life and times". This was because of the access Mathew had, including being given private papers, confidential correspondences, and multiple meetings with Tata over two years.

Deepak Fertilisers, Equinor ink pact

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NEW DELHI

Deepak Fertilisers and Petrochemicals Corporation Ltd (DFPCL) on Monday said it has entered into a long-term agreement with Norway's Equinor for supply of Liquefied Natural Gas (LNG).

In a regulatory filing, DFPCL said the long-term LNG contract will strengthen its value chain from gas to ammonia to various downstream fertilisers, industrial chemicals, and mining chemicals.

This end-to-end tie-up shall establish a strong long-term foundation for all of DFPCL's product segments.

"This agreement is for annual supplies of up to 0.65 million tonne over a period of 15 years, beginning 2026. The tie-up provides room for trading some LNG parcels in the growing demands in India as well as accommodating DFPCL's growing captive needs," the company said. The LNG will be delivered to the west coast of India, it said.

This agreement is for annual supplies of up to 0.65 million tonne over a period of 15 years, beginning 2026

Equinor, erstwhile Statoil, is among the established leaders in the oil and gas sector over the last 50 years, with a market cap of $75 billion wherein majority shares are owned by the Norwegian government.

The agreement signed by Irene Rummelhoff, executive vice-president, Equinor, and Sailesh C Mehta, chairman and managing director, DFPCL, is one of the largest contracts signed by Equinor with a private sector company in India.

HK's expensive luxury property market is turning cheaper

FROM PAGE 1

roughly $55 million, said Allan. It has yet to find a buyer. The other two properties could be put on the market next month, she said.

Chen Hongtian, the mainland-Chinese founder of property-investment firm Cheung Kei Group, bought a luxury high-rise apartment occupying an entire floor in a building designed by architect Frank Gehry in 2015, paying about $49.5 million. It was later seized by a creditor, according to official records. In September, shipping magnate Kwai Sze Hoi bought the property for $53.4 million, records show, below what property agents said was a market valuation of about $87 million at the time.

Homes seized by creditors usually sell at a discount to market prices, property agents say.

A waterfront house at Residence Bel-Air, a luxury residential development, belonged to Mai Fan, the chief executive of Kaisa Group—another developer that defaulted as China's property crisis widened in recent years. He acquired the house through a company called Million Link Development in 2017, corporate and land records show, at a time when property prices were still climbing. Receivers were appointed to handle the property in 2021 and sold the house the following year for about $46 million, according to the land registry.

In one of Hong Kong's top sales in recent years, a local businessman sold his house for the equivalent of about $107 million last month, well below the initial asking price of $166 million, according to Savills. It is located on Hong Kong's Victoria Peak, a mountaintop neighbourhood that is home to business moguls and celebrities living in some of the city's most expensive properties.

"China still has very wealthy people, but they're a different group now," said Victor Cheng, a realtor in Hong Kong. "They're not the high-flying property moguls but those who may not have made as much when China grew rapidly but whose businesses grew steadily."

He said the new breed of luxury-home buyer in Hong Kong is cash-rich and less likely to load up on debt.

Some mainland Chinese homeowners have been forced or pressured to sell—often at around 20% below market prices—because they need cash to pay off debt, said Cheng. Some top executives from the mainland previously bought trophy homes and only used them occasionally without renting them out, he said.

Some mainland Chinese homeowners have been forced to sell—often at about 20% below market prices

Data analysed by online real-estate marketplace Spacious.hk suggest a tougher time ahead for luxury homes. The number of sale inquiries on the platform for homes priced at the equivalent of $10 million or above fell 45% in the past 12 months, said Spacious.hk Chief Operating Officer James Fisher. Inquiries for homes under $1.3 million and for those priced between that and $3.2 million fell by 8% and 25%, respectively.

The price index for private homes slumped to a seven-year low by the end of 2023, according to Hong Kong's Rating and Valuation Department.

Homes seized by creditors usually sell at a discount to market prices. AP

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Modern trade stores pop up across India

These independent stores offer more options for buying household items

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Standalone modern trade stores which are smaller than organised retail stores or supermarkets but larger than neighbourhood *kiranas* or groceries, are cropping up across India, not in large numbers yet but enough to take notice.

For consumers, stores like M.K. Retail in Bengaluru, ELT in Noida and Aksar in Mumbai, offer more options for buying household items, besides the convenience of being located closer home than larger supermarkets.

Data from various independent sources peg the number of these stores at 7,900 to 10,000. As per Love in Store, a store loyalty management firm, which works with large consumer goods companies, India had 7,914 such independent trade stores at the end of 2023.

Over 4,300 such stores are located in South India, followed by the North with over 1,536 such outlets, as tracked by the firm, which works with packaged goods companies that supply to modern trade as well as general, or *kirana*, stores.

"As per our data, standalone modern trade store count has gone from 3,000 to 8,000 stores over the last three years as a lot of new ones are opening and old ones are converting. This... will go [up] another 1.5x in the next three years," said Aditya Goel, co-founder, Love in Store.

"It is the fastest growing channel and looks like the target for all major fast-moving consumer goods companies," he said. This is despite rising high rentals and quick-commerce digital platforms posing potential challenges.

Such standalone stores typically exist as a single outlet in a neighbourhood or as part of a chain of stores in a particular city. Their growth contrasts with the struggles of smaller neighbourhood stores primarily because of cash-flow issues.

India had 7,914 such independent trade stores at the end of 2023, as per Love in Store. MINT

While general or *kirana* stores have reported low-single digit growth, standalone modern trade stores achieved 12-15% growth in sales through the 12 months to 31 December, according to Love in Store. Goel said more investments will flow into opening such stores over the next 12 months.

$25 bn
Estimated size of India's FMCG market

The Indian market for fast-moving consumer goods is estimated at $25 billion.

However, a bulk of packaged goods, such as soaps, tea, chips and soft drinks, are still sold through general trade stores.

Hindustan Unilever Ltd, the country's largest packaged consumer goods company, sells its products across nine million outlets in India—a majority of which are general stores.

But such stores are under pressure because of an overall slowdown in the packaged consumer goods sector, especially for mass-market products. New general store openings have been on a decline, according to industry observers.

"The rate of new stores opening in general trade has definitely gone down," said Krishnarao Buddha, senior category head, Parle Products. On the other hand, there is a significant rise in standalone modern trade stores across India, he said.

"Such stores are typically run by second-generation entrepreneurs who may have started with a small *kirana* store. It works out well for large FMCG companies because they are more flexible with product listing and are eager to on-board new brands, etc., when compared to large modern trade chains that often struggle with an overflow of brands," Buddha said.

"We are seeing a lot of such stores cropping up—they start as single stores and gradually open more in their city or catchment."

Such outlets also draw more discerning consumers. They offer a wider assortment of goods as well as high-margin imported products. As a result, ticket sizes in general are higher. This also means higher billings for companies.

HC restrains sale of GEAR trust's assets after loan default

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MUMBAI

The Bombay High Court has restrained Gifted Education and Research Foundation (GEAR) from disposing of its assets after the education trust defaulted on a ₹35-crore loan from Axis Finance, a non-banking subsidiary of private lender Axis Bank.

In its plea, Axis Finance sought the court's urgent intervention to "protect and preserve" the outstanding loan amount, pending the hearing and final disposal of its arbitration petition. The bank had filed the arbitration petition after the Bengaluru-based education trust defaulted on its dues in September.

Axis Finance filed a commercial arbitration petition on 20 December under Section 9 of the Arbitration and Conciliation Act in the Bombay High Court after the default. The section relates to preservation or inspection of any property or thing that is the basis of an arbitration.

Despite receiving the ₹35-crore loan, GEAR Foundation did not comply with the conditions, Axis Finance said

The lender said that despite receiving the entire loan amount, Gifted Education did not comply with the terms and conditions of the loan agreement.

Under the agreement, the tenor of the loan was eight years from the date of initial disbursement and attracted an interest rate of 9.75% per annum, payable quarterly.

Axis Finance had disbursed the loan in August 2022.

Moreover, the loan was to be backed by security that included the creation of a mortgage on land and building adjoining the Gear Innovative International School in Bengaluru measuring 2 acres which has a built-up area of 116,568 square feet and is owned by GEAR Foundation.

The bench ordered the trust to disclose account details. MINT

Besides, Muthusamy Srinivasan, founder of GEAR Foundation and a respondent in the matter, had given a personal guarantee in favour of Axis Finance through a guarantee deed in August 2022.

A bench led by Justice R. I. Chagla also ordered the trust to disclose bank account details along with all other movable and immovable assets held by it. Justice Chagla said cash flows from the school will be deposited in a designated escrow account.

The order, dated 13 February, was uploaded on the Bombay High Court's portal on Monday.

The case will be heard next on 13 March.

Advocates Karl Tamboly, Nishit Dhruva, Niyati Merchant, Yash Dhruva of MDP and Partners represented Axis Finance Ltd.

The maximum benefit per taxpayer will be withdrawal of demands totalling ₹1 lakh, the CBDT order said. MINT

CBDT drops small tax demands but not TCS, TDS claims

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NEW DELHI

Central Board of Direct Taxes (CBDT) on Monday ordered withdrawal of small tax demands that finance minister Nirmala Sitharaman had announced in her FY25 budget speech to improve ease of living.

CBDT said that tax demand up to ₹25,000 for assessment year up to 2010-11 and demands up to ₹10,000 from the next year up to assessment year 2015-16 will be extinguished.

However, any criminal action initiated or planned under any law will not be dropped. Any tax demand raised against taxes collected or deducted at source (TCS or TDS) will not be eligible for this relief, CBDT said. TCS and TDS leave a trail of transactions that the tax authority uses to keep an eye on transactions in the economy and to prevent any under-reporting of income.

Over the years, TDS and TCS have become an important mode of direct tax collection.

The maximum benefit per taxpayer will be withdrawal of demands totalling ₹1 lakh, the CBDT order said.

With the remission of the outstanding tax demand under the scheme, the provisions for levying interest for delayed tax payments under Section 220 (2) of the Income Tax Act will not apply and the same will not be considered in computing the upper limit of tax relief of ₹1 lakh per taxpayer.

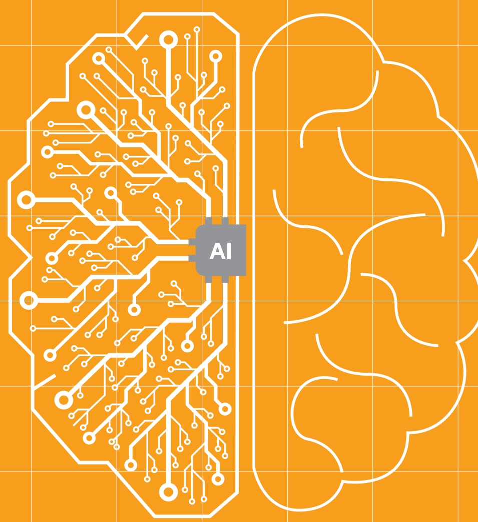
CBDT also explained in the order that tax liability arising from a provision in the Income Tax Act that gives an inclusive definition of income including subsidy, grant or cash incentive or duty drawback will also be eligible for the relief of remission.

The tax authority clarified that the waiver of tax demand does not entitle taxpayers to any claims for credit or refunds

The tax authority clarified that the waiver or cancellation of the tax demand does not entitle taxpayers to any claims for credit or refunds.

"The waiver or cancellation will not influence any ongoing, planned, or potential criminal legal proceedings against the taxpayer and does not grant any immunity under any legislation," said Maneesh Bawa, partner at Nangia Andersen India, a business advisory firm.

Evolve from
'Can AI take my job?'



to
'How can AI work for me?'

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Advertisement No.: Rectt/04/2024 **Date: 20.02.2024**
RECRUITMENT OF EXPERIENCED PROFESSIONALS
Applications are invited from eligible interested candidates for recruitment to various posts in Ramagundam Fertilizers & Chemicals Limited (RFCL), a Joint Venture of NFL, EIL and FCIL for its plant at Ramagundam, Telangana and Corporate Office, Noida as detailed below:

SN	Post	Pay Scale & Code	Number of Vacancies
		CHEMICAL	
1	Assistant Manager	₹ 50,000 - ₹ 1,60,000 (E-2)	02
2	Senior Manager	₹ 80,000 - ₹ 2,20,000 (E-5)	01
3	Chief Manager	₹ 90,000 - ₹ 2,40,000 (E-6)	02
		MECHANICAL	
4	Manager	₹ 70,000 - ₹ 2,00,000 (E-4)	02
5	Chief Manager	₹ 90,000 - ₹ 2,40,000 (E-6)	01
6	Deputy General Manager	₹ 1,00,000 - ₹ 2,60,000 (E-7)	01
		ELECTRICAL	
7	Senior Manager	₹ 80,000 - ₹ 2,20,000 (E-5)	01
		INSTRUMENTATION	
8	Chief Manager	₹ 90,000 - ₹ 2,40,000 (E-6)	01
		CHEMICAL LAB	
9	Assistant Manager	₹ 50,000 - ₹ 1,60,000 (E-2)	02
10	Deputy Manager	₹ 60,000 - ₹ 1,80,000 (E-3)	01
		MATERIALS	
11	Chief Manager	₹ 90,000 - ₹ 2,40,000 (E-6)	02
		FINANCE & ACCOUNTS (F&A)	
12	Assistant Manager	₹ 50,000 - ₹ 1,60,000 (E-2)	02
13	Chief Manager	₹ 90,000 - ₹ 2,40,000 (E-6)	02
		HUMAN RESOURCE (HR)	
14	Assistant Manager	₹ 50,000 - ₹ 1,60,000 (E-2)	01
15	Senior Manager	₹ 80,000 - ₹ 2,20,000 (E-5)	01
		MEDICAL	
16	Senior Medical Officer	₹ 50,000 - ₹ 1,60,000 (E-2)	02
17	Additional CMO	₹ 70,000 - ₹ 2,00,000 (E-4)	01
		SAFETY	
18	Assistant Manager	₹ 50,000 - ₹ 1,60,000 (E-2)	01
19	Manager	₹ 70,000 - ₹ 2,00,000 (E-4)	01
		TOTAL	27

Detailed advertisement shall be available on RFCL website: **https://www.rfcl.co.in >** Careers from 20.02.2024. Last date to apply online is 20.03.2024. Any corrigendum/addendum/ errata for this recruitment shall be published only on RFCL website.
DGM (HR)-I/c, RFCL

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Extension of Time
Ref. IFP No.: **WBSEDCL/TURGA PSP/CIVIL/PQ-ICB/06/23-24,** Dtd.: 29.11.2023 (Tender ID: **2023_WBSED_610841_1**) of the Chief Engineer, PSPD, WBSEDCL. **Bid Submission End Date** (online) is hereby extended up to **04.03.2024 (15:00 hrs.)**.
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R-87

The company could issue debt with a duration of 15 to 50 years, its chief financial officer Ziad Al-Murshed said. BLOOMBERG

Aramco likely to sell debt this year with longer-dated focus

Bloomberg
feedback@livemint.com

Saudi Aramco may sell bonds this year as financial markets have improved and the company looks to offer longer-dated debt, according to the state oil producer's finance chief.

The company could issue debt with a duration of 15 to 50 years, chief financial officer Ziad Al-Murshed said at a conference in Riyadh. The ability to sell debt with that duration indicates investors see Aramco, which already has one 50-year bond, remaining relevant in the business of selling oil and natural gas for transport and chemicals production through at least 2070.

"Markets are becoming more stable, so you can expect us to be active in the market," Al-Murshed said. "We're always prioritizing longer-term over short-term" maturities. When asked if the company could sell bonds in 2024, he said that was "likely."

Economies have been battered by persistent inflation and higher energy costs over the past few years as governments seeking to bounce back from the pandemic have contended with conflicts from Europe to the Middle East. As the world's biggest crude exporter and OPEC's leader, Saudi Arabia has been spearheading a cut in oil production to stop barrels from building up in storage and further pressuring prices.

Global oil markets have "sufficient" supply, Al-Murshed said. Spare crude production capacity is at about 3% of global demand, he added. He, however, declined to comment on the potential sale of Aramco shares by the Saudi government.

Aramco, which reports full-year earnings in March, has so far maintained its dividend to the Saudi government despite the lower production and oil trading below last year's peak. The Organization of Petroleum Exporting Countries and allied countries, including Russia, have extended output curbs into this year. Some members, including Saudi Arabia, have made additional voluntary cuts that they could extend in the second quarter.

> The company has maintained its dividend to Saudi govt despite lower production, oil trading below last year's peak

Even with lower production, Aramco has been able to support and even increase its dividends. The company's payouts are a key component of the Saudi government's income and are ever more vital as Crown Prince Mohammed bin Salman pursues expensive projects, while looking to diversify the economy from oil.

The company will continue to pay what it can afford and won't need to issue debt to support the dividend, Al-Murshed said. The base dividend will be "sustainable and progressive," meaning the company aims to increase it in coming years, he added.

Tech revival in San Francisco as leaders return after Covid

Many decamped to sunnier cities during pandemic, criticized San Francisco's governance and high cost of living

Berber Jin & Angel Au-Yeung
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In 2020, venture capitalist Keith Rabois urged startup founders to join him in ditching San Francisco for Miami, praising the city's safety, lower taxes and tech-friendly mayor.

The self-proclaimed contrarian investor, who made a fortune backing companies such as Airbnb and DoorDash, once tweeted that San Francisco was "miserable on every dimension."

The hard pivot to Miami has faltered. Several of the startups that Rabois backed are relocating or opening offices elsewhere to better attract engineering talent. Late last year, he was pushed out of his old venture firm, Founders Fund, after falling out with some colleagues. Now, he plans to spend one week a month in San Francisco for a new employer, Khosla Ventures, and is busy renovating a house there.

During the pandemic, scores of Silicon Valley investors and executives such as Rabois decamped to sunnier American cities, criticizing San Francisco's dysfunctional governance and high cost of living. Tech-firm founders touted their success at raising money outside the Bay Area and encouraged their employees to embrace remote work.

Four years later, that bet hasn't really worked out. San Francisco is once again experiencing a tech revival. Entrepreneurs and investors are flocking back to the city, which is undergoing a boom in artificial intelligence. Silicon Valley leaders are getting involved in local politics, flooding city ballot measures and campaigns with tech money to make the city safer for families and businesses. Investors are also pushing startups to return to the Bay Area and bring their employees back into the office.

San Francisco has largely weathered the broader crunch in startup funding. Investment in Bay Area startups dropped 12% to $63.4 billion last year. By contrast, funding volumes for Austin, Texas, and Los Angeles, two smaller tech hubs, dropped 27% and 42%, respectively. In Miami, venture investment plunged 70% to just $2 billion last year. "An ecosystem such as SF's that has been built over the last 50-plus years doesn't just die because of a pandemic for a few years," said Mo Koyfman, founder of venture firm Shine Capital. He pointed to the proximity of universities such as Stanford as reasons why top-tier venture firms need to maintain a presence in the Bay Area.

Tech institutions have expanded their footprint in the city, which is undergoing a boom in artificial intelligence.

Shine Capital, which is based in New York City, opened an office in San Francisco in January. Rabois, considered one of Silicon Valley's best startup pickers, is still singing Miami's praises, calling the city America's "best and most influential." He said he has discovered three companies in Miami funded by Khosla that he didn't know about previously. As for his San Francisco house, he says he has been trying to renovate it for nine years. "Since it is based in SF, it will likely take a decade to complete," he said, citing the city's cumbersome bureaucracy.

Across the tech industry, founders large and small are making the trek back to San Francisco despite the city's cloudier weather and its long-standing struggles with homelessness and drug overdoses.

Late last year, Henrique Dubugras and Pedro Franceschi, co-founders of fintech startup Brex, returned to San Francisco after facing pressure from investors to do so. The pair had moved to Los Angeles, New York City and then Miami during the pandemic, when the company's valuation soared to $12 billion. The company laid off 20% of its workforce earlier this year.

Howie Liu, chief executive of enterprise startup Airtable, has been spending more time in San Francisco to meet with sales customers after decamping to Los Angeles for much of the pandemic. Erik Torenberg, an investor in the startups Scale AI and Figma, recently moved from Miami to San Francisco, where he is working on a new media company.

THE WALL STREET JOURNAL.

Elon Musk, a vocal critic of San Francisco's progressive political culture who moved Tesla's headquarters to outside Austin from northern California during the pandemic, has been spending time in the city to oversee X, formerly Twitter, and xAI, the artificial intelligence startup he incorporated last year.

"The reality is that the brainpower is here" in San Francisco, said Max Gazor, a general partner at the venture firm CRV and board member at Airtable. "It's especially true for AI, given the light speed at which these companies have innovated."

In recent weeks, Bay Area tech companies have been pushing return-to-office mandates with more teeth. In January, the trading app Robinhood Markets announced that managers would be given permission to monitor employees' office attendance based on badge swipes after an earlier return-to-work policy at its Menlo Park, Calif., headquarters failed to yield results, according to internal messages viewed by The Wall Street Journal.

Fintech company Chime instituted return-to-work policies in January, requiring employees who live within a 30-mile radius of its city headquarters to come in two days a week.

Other tech institutions have expanded their footprint in the city. Last year, venture firm Y Combinator said it was moving its headquarters from Mountain View, Calif., to San Francisco and requiring founders to attend its startup accelerator program in person. ChatGPT creator OpenAI recently leased two new buildings in a cavernous office complex in the city's Mission Bay neighborhood, adding to its office footprint. Chief Executive Sam Altman's primary residence is in San Francisco's Russian Hill neighborhood.

Some tech leaders who left San Francisco over the past few years haven't returned. Ben Horowitz, co-founder of venture firm Andreessen Horowitz, moved to Las Vegas during the pandemic, where he still lives. Peter Thiel, a billionaire investor who started Founders Fund, resides in Los Angeles. And Block, the fintech firm co-founded by Jack Dorsey, is one of the more high-profile tech companies that have kept remote-work policies.

Rabois, an early PayPal executive who made a name in Silicon Valley for his outspoken opinions as much as his successful investments, moved to Miami one year after joining Founders Fund. There, he bought a $29 million waterfront property and opened a new office for the firm.

At the time, low interest rates were fueling a boom in startup funding and encouraging other venture firms to expand their footprint across the country. Miami's mayor, Francis X. Suarez, declared the city the world's crypto capital. Then the pandemic eased. Rate increases decimated startup funding and sparked a selloff in cryptocurrencies. Some of the Miami companies that Rabois backed for Founders Fund began relocating or opening offices elsewhere.

The AI startup Delphi recently moved to San Francisco, one year after raising funding from Rabois in Miami. Traba, a contracting startup that Rabois first invested in three years ago, opened up an office in New York, where most of its employees are now based. And OpenStore, an e-commerce company Rabois co-founded in 2021, opened a new engineering hub in the Bay Area last year, though he said two-thirds of the startup's employees are still based in Miami.

While negotiating an exit from Founders Fund, Rabois was given the option to start his own fund with the firm's financial backing. Instead, he decided to join Khosla Ventures, where he had previously worked for six years. This month, Rabois opened up a new Miami office for the venture firm. A Khosla spokeswoman said he would be the only one of the firm's five managing directors working from there.

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Spending spree, hefty debts. And world's mining cos are now stingy

The Economist

Mining companies have spent much of the past decade in investors' bad books. Throughout the 2000s and early 2010s the industry, betting that the surge in commodity prices brought on by China's economic rise would persist, splurged on investments and racked up hefty debts in the process. At the height of the frenzy in 2013 the combined capital expenditure of the world's 40 largest mining firms by market value reached $130bn, according to pwc, an advisory firm, nearly four-fifths of their earnings before interest, tax, depreciation and amortisation (EBITDA). That spending spree left mining bosses red-faced as economic growth in China slowed, causing commodity prices—and the industry's profits—to plummet.

Miners spent the years that followed cleaning up the mess. In 2015 more than $50bn-worth of assets were written down. BHP, the world's most valuable mining firm, spun off its least-loved sites to raise money and simplify its sprawling business. Others followed suit. Cash was used to pay off debts instead of financing new projects. Since then, profits and commodity prices have recovered. But investment has not. In 2022 the 40 largest miners together invested $75bn, equivalent to a mere quarter of EBITDA (see chart 1). BHP, which on February 20th reports its results for the second half of 2023, invested some $7bn last year, analysts reckon—a third as much as it spent in 2013.

That is a problem. Decarbonising the global economy will require 6.5bn tonnes of metal between now and 2050, according to the Energy Transitions Commission, a think-tank. Although much attention has been paid to the lithium and nickel needed for batteries, that is only one part of the picture. Fully 170m tonnes a year of steel, comprising mostly iron ore, will be needed for everything from wind turbines to electric vehicles (EVs)—more than ten times current global production. Vast amounts of copper will be required to expand and upgrade electricity grids. Demand for aluminium, cobalt, graphite and platinum will rise substantially, too. That will require a lot of blasting and drilling, which must begin now. Why isn't it happening?

One reason miners are reluctant to loosen the purse-strings is that they are still trying to win back the confidence of investors. The value of the MSCI world metals and mining index, which tracks share prices in the industry, has risen by about 10% in the past decade, compared with a doubling in the world's stockmarkets as a whole (see chart 2). Returns on new projects in the industry are currently around 7%. That is hard to sell to investors when the yield on investment-grade corporate bonds in America is above 5%.

Wary of risky new developments, miners are prioritising expanding or selectively acquiring existing sites. Last year BHP bought OZ Minerals, an Australian miner of copper, gold and nickel, for $6.4bn. Mining firms are also handing more cash back to shareholders through dividends and buybacks than at any time since 2007, according to S&P Global, a data provider.

In 2013, the combined capital expenditure of the world's 40 largest mining firms reached $130 billion, nearly four-fifths of their earnings. BLOOMBERG

Yet miners and their cautious investors are not entirely to blame for the dearth of activity. Mike Henry, chief executive of BHP, notes that doing business has become more difficult and expensive in recent years. Rising costs for labour and equipment have squeezed returns, says Jonathan Price, boss of Teck Resources, a Canadian mining giant. The nearly $9bn price tag to develop its Quebrada Blanca 2 copper mine in Chile, which opened last year, was almost double what it had estimated in 2019.

The scope of what miners are expected to do to minimise the environmental impact of sites has also widened considerably, says James Whiteside of Wood Mackenzie, a research firm. Companies can no longer simply rely on diesel generators to power sites. They are increasingly being told either to connect to the grid or to install renewable-energy sources such as solar panels. Governments worried about water use have compelled miners to build desalination plants. All that has further increased costs.

Miners, nervous of disappointing investors, have become more prone to pausing or cancelling projects when costs go up or prices come down. "You really have to have the stomach to think long-term," says Jakob Stausholm, the boss of Rio Tinto, the world's second-most-valuable miner. That is not always easy. On February 15th BHP said that it would write down the value of its Western Australian nickel business by $2.5bn in response to higher costs and a slump in the price of the metal due to an expansion of Indonesian supply.

Another reason for miners' lack of investment is woefully lengthy permitting processes, which delay projects and add uncertainty. In America obtaining permits often takes between seven and ten years, with companies required to consult a variety of government agencies and other interested parties. In some countries environmental concerns have led to approvals being withdrawn. The Serbian government revoked the licence of Rio Tinto, another mining behemoth, for a $2.4bn lithium mine after environmental protests broke out in 2022.

One thorny issue is access to the ancestral lands of indigenous populations. In America the majority of resources—97% of nickel, 89% of copper and 79% of lithium—are either on Native American reservations or within 35 miles (56km) of them. One example is the Resolution Copper project near Phoenix, Arizona. The site, jointly owned by BHP and Rio Tinto, could meet a quarter of America's current copper needs, but has encountered stiff resistance from the Native American community. In 2020 the former chief executive of Rio Tinto was forced to step down after the company blew up two ancient Aboriginal rock shelters in Australia, sparking public outrage. The chairman also resigned the next year. Few bosses want to tempt a similar fate; others are also put off by spending in far-flung jurisdictions where governance is poor, for fear of irking sustainability-minded investors.

Blasted

As Western miners have retreated, others have piled in. Cash-rich Gulf entities are taking an interest. International Resource Holdings, an Emirati mining firm, is buying a 51% stake in Mopani, a Zambian copper miner, for $1.1bn. The government of the United Arab Emirates has agreed to invest $1.9bn to develop at least four mines in the Democratic Republic of Congo. Manara Minerals, a Saudi Arabian mining fund, is hunting for more investments after buying a stake in the base-metals unit of Vale, a Brazilian miner, for $3bn last year. The kingdom is also scouring its own vast deserts for resources and has opened itself up to foreign miners. It is making it easier for miners to operate by supporting the development of infrastructure including railways and desalination plants, says Bandar Alkhorayef, the minister for mining and industry.

The bigger threat to Western miners, however, comes from China. In the first half of 2023 its firms invested $10bn abroad in mining, 130% more than in the first six months of the previous year. Nine of the world's 40 most valuable listed mining companies today are Chinese. Firms such as CMOC, Minmetals and Zijin Mining have snapped up assets from Bolivia and Botswana to Serbia and Suriname. Many of these firms are backed by state-owned banks or investment funds. Compared with the Western majors, they face less pressure from shareholders to rein in spending.

Western governments, alarmed by China's growing control over the commodities needed for the energy transition, have turned to diplomacy. In 2022 America established the Minerals Security Partnership (MSP) with various allies in order to channel investment into the extraction and processing of critical metals. This month Japan, under the auspices of the MSP, signed an agreement with the Democratic Republic of Congo to expand "business opportunities". America is also reportedly in discussions with the eu to team up with resource-rich countries and facilitate projects. Yet for as long as investors are timid, costs stay high and the permitting process glacial, all this will do little to get miners to dig in.

Israel sees 20% decline in GDP as war bites

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Israel's economy suffered one of its worst-ever slumps, after the Hamas war paralysed businesses, forced people to flee their homes and caused the military to call up hundreds of thousands of reservists.

GDP shrank an annualized 19.4% in the final three months of 2023, in seasonally-adjusted terms, preliminary figures released on Monday showed. That was worse than every estimate in a *Bloomberg* survey of analysts, whose median forecast was for a decline of 10.5%. The shekel weakened slightly on the news and was trading 0.4% down at 3.62 per dollar at 3:53 p.m. in Tel Aviv, heading for its first drop in four days. Stocks initially pared advances.

"The release highlights the degree to which the Israeli economy has been affected by the conflict, particularly on the private activity side," Goldman Sachs Group Inc. economists Tadas Gedminas and Kevin Daly said in a report. Though the war broke the economy's momentum toward the end of 2023, GDP still expanded 2% in the full year, matching the projection by the central bank's research department. The Bank of Israel's growth estimate for 2024 is the same at 2%, while the Finance Ministry sees it at 1.6%.

NEWS IN NUMBERS

54% THE PERCENTAGE of women in MENA who said their understanding of investments was low, despite the region's growing wealth, according to UBS.

77% THE PERCENTAGE of assets that Indian households on average hold in real estate, says BofA Securities. Besides, they hold 11% in gold, and 7% in durable goods.

$99.2 mn THE FUNDING raised by tech startups based in Telangana in 2023, down 78% from $459 million in the previous year, according to Tracxn Geo Annual Report.

30% THE STAKE Japanese giant Mitsubishi plans to acquire in car dealership TVS Mobility, to enter the Indian car sales market this summer.

153,870 THE NUMBER of houses sold in the Mumbai Metropolitan Region in 2023, up 40% from 109,730 units sold in the previous year, as per Anarock Research.

HOWINDIALIVES.COM

Kochhars' CBI arrest amounted to abuse of power: Bombay HC

Chanda Kochhar and her husband got interim bail in January last year

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The arrest of ICICI Bank's former managing director Chanda Kochhar and her husband Deepak Kochhar by the Central Bureau of Investigation (CBI) was made without application of mind and amounted to abuse of power, the Bombay High Court has ruled.

"To sum up, the investigating agency (CBI) has not been able to demonstrate the existence of circumstances or supportive material based on which the decision to arrest was taken," the court said.

Such routine arrests without the application of mind and due regard to the law amounts to abuse of power, a bench led by Justices N.R. Borkar and Anuja Prabhudesai said in their order of 6 February, which was made public on Monday.

The duo was arrested in December 2022 in connection with the alleged ₹3,250-crore Videocon loan fraud case. In an FIR registered in 2019, the CBI alleged that ICICI Bank, under the then managing director and CEO Chanda Kochhar, sanctioned credit facilities totalling ₹3,250 crore to Videocon group promoted by Venugopal Dhoot in violation of various regulations.

Aggrieved by the arrest, the duo moved the Bombay High Court seeking bail in the matter while contending that the arrest was 'illegal'. It was only in January 2023 that the high court granted the two an interim bail and directed them to cooperate with the CBI, while also asking them to be present before the probe agency whenever they were summoned.

> The duo was arrested in December 2022 in connection with the alleged ₹3,250-crore Videocon loan fraud case

The investigating agency had argued that a decision to arrest the couple was taken, as they did not cooperate with the probe and that the investigators needed to unearth the conspiracy and ascertain the names of any other co-conspirators of ICICI Bank. On 9 January last year, while granting the interim bail to Kochhar and her husband, a bench led by Justice Revati Mohite Dere came down hard on the investigating agency. "What was the reason to arrest the petitioners after four years is not spelt out in the arrest memos?" the court had asked. "The reason given in the arrest memos to arrest the petitioners...appears to us, to be casual, mechanical and perfunctory, clearly without application of mind," Justice Dere had said.

KHELO INDIA 2024

Artistes perform during the opening ceremony of the 4th edition of the Khelo India University Games (KIUG), in Guwahati, on Monday. The KIUG is a part of the government's '*Khelo India*' initiative, launched in 2016. Apart from Assam, Arunachal Pradesh, Nagaland, Mizoram, Meghalaya, Tripura and Sikkim will host the 4th edition of the games which will conclude on 29 February. PTI

Byju's share sale gets $300 million pledge

Edtech major Think and Learn, which operates under Byju's brand name, is learnt to have received a commitment of $300 million from investors for its ongoing rights issue which will close by the end of February, people aware of the development said.

Byju's floated a rights issue in January to raise $200 million at an enterprise valuation in the range of $220-250 million which is a 99% reduction in its peak valuation of $22 billion.

Sources also shared that Byju's has offered miffed investors to appoint two independent directors to enhance transparency but only after the rights issue and declaring its financial results for the 2023 fiscal. "Byju's has received a total commitment of around $300 million for the rights as on date. Some investors have also suggested increasing the rights issue size but the priority for the company is to close the existing issue successfully," a person familiar with the matter said. PTI

The two-day catalyst summit will feature a dynamic line-up of activities. HT

India, US defence summit begins

India and the US will explore ways to bolster their strategic cooperation at a two-day summit beginning Tuesday, which would be specifically focused on advancing bilateral defence innovation and collaboration.

The defence ministry said the 'INDUS-X' summit in Delhi marks a "significant milestone" in the collaborative efforts between the two countries. "Since its launch in June 2023 during the state visit of PM Narendra Modi to the US, the India-US Defence Acceleration Ecosystem (INDUS-X) has been at the forefront of expanding bilateral ties in defence innovation," the ministry said.

"Now, with the INDUS-X summit, stakeholders from both nations will converge in New Delhi to explore and capitalize on emerging opportunities," it said. The ministry said the summit aims to be a "pivotal" event driving strategic technology partnerships and defence industrial cooperation between India and the US. The two-day catalyst summit will feature a dynamic line-up of activities designed to foster collaboration, innovation, and knowledge exchange. PTI

FCL defaults on ₹133-crore NCDs

Future Consumer Ltd (FCL) has defaulted on the payment of ₹132.97 crore towards payment of principal and interest of Non-Convertible Debentures (NCD) issued by the company to CDC Emerging Markets. FCL had defaulted on payment towards interest amount of ₹32.97 crore and principal amount of ₹100 crore, according to a regulatory filing by the FMCG arm of the debt-ridden Future Group on Friday. "The company has been unable to service its obligations towards payment of principal and interest due on unlisted Non-Convertible Debentures issued by the company to CDC Emerging Markets Ltd," it said. The default happened on 15 February 2024.

Future Consumer had sought deferment for payment of principal and interest amount due towards NCDs, the filing added. It had NCDs of ₹200 crore for a tenure of seven years with a coupon rate of 11.07% per annum. PTI

The investments will generate around 1,600 jobs directly in Karnataka. BLOOMBERG

Air India, TASL to invest in Karnataka

Tata Group-owned carrier Air India and plane parts-maker Tata Advanced Systems Limited (TASL) will invest ₹2,300 crore in Karnataka, the state government said on Monday. Air India will conduct maintenance, repairs, and overhaul of planes at the Bengaluru airport, while TASL will set up manufacturing and research & development facilities in the state, the government said. The investments will generate around 1,600 jobs directly and more than 25,000 jobs indirectly in the state, it added.

TASL makes cargo and bulk cargo doors for European planemaker Airbus' A320neo family of aircraft, while Air India has the second-biggest market share among domestic Indian airlines as of 31 January. The investment comes a month after Tata Technologies pledged an investment of ₹15,000 crore in Telangana as part of the conglomerate's commitment to expand in the state. REUTERS

Ops unaffected by cyber issue: MOFSL

Motilal Oswal Financial Services (MOFSL) said on Monday its operations were unaffected following a cyber incident last week.

The company said it had detected malicious activity on the computers of some employees and remedied the issue within an hour. The financial services company did not provide details of the attack.

"This incident has not affected any of our business operations and IT environment. It is business as usual," the company said in an emailed statement to *Reuters*.

The breach was first reported last week by US news website *TechCrunch*.

LockBit, a cybercrime group which extorts its victims by stealing and releasing data unless a ransom is paid, was responsible for the attack on Motilal Oswal, *TechCrunch* reported. REUTERS

Hospitality sees 11% revenue growth

The hospitality industry is expected to clock 11-13% revenue growth in 2024-25 on steady domestic demand and a rise in foreign travellers, a report said on Monday.

This revenue growth will follow a likely 15-17% growth in the current financial year, backed by steady domestic demand and ramp-up in foreign travellers, Crisil Ratings said in a report.

The strong demand dynamics along with modest new supply will keep the operating performance of the industry healthy over the near term, the report added.

According to the report, the healthy operating performance will augur well for the industry profitability where the Ebitda, or earnings before interest, taxes, depreciation, and amortization will continue the strong momentum over the current and the next fiscal.

This, along with limited capital expenditure, will keep the credit profiles strong, the report noted. PTI

India hosts Milan naval exercise

The exercise began with arrival of 15 warships and one maritime patrol aircraft. PTI

India on Monday kick-started a nine-day mega naval exercise in Visakhapatnam with participation of around 50 navies that came amid the fractious geopolitical environment including growing global concerns over deteriorating security situation in the Red Sea.

Navies from the US, Japan, Australia, France, Bangladesh, South Korea, Vietnam, Indonesia and Malaysia, among others, are participating in the 12th edition of the 'Milan' exercise that is aiming to bolster maritime cooperation among like-minded nations.

The exercise commenced with the arrival of 15 warships and one maritime patrol aircraft from friendly foreign countries.

From the Indian Navy, nearly 20 ships including aircraft carriers Vikrant and Vikramaditya and nearly 50 aircraft including MiG 29K, Light Combat Aircraft Tejas and P-8I long-range maritime reconnaissance and anti-submarine warfare aircraft are participating in the exercise. Milan is a biennial multinational naval exercise which started in 1995 with the participation of Indonesia, Singapore, Sri Lanka and Thailand in consonance with India's 'Look East' policy. PTI

Minister of State for electronics and IT Rajeev Chandrasekhar. PTI

'Apple's reply on iPhones not clear'

The government is still waiting for a clear reply from iPhone maker Apple on iPhone alert sent to opposition political leaders around five months back on alleged hacking of their devices by state-backed hackers. In an interview to *PTI*, minister of State for electronics and IT Rajeev Chandrasekhar said the government has asked Apple two questions: whether their devices are safe, and if so the reason for the alert was sent to opposition members. "In my humble opinion, this is not something that any proprietary platform will completely concede whether they have vulnerabilities in their platform.

There's an instinct in any platform to deny that vulnerability exists," he said. "We are asking a clear question, is your phone vulnerable? The answer to that is not totally unambiguous," Chandrasekhar said.

In October, several opposition leaders claimed they have received an alert from Apple warning them of state-sponsored attackers trying to remotely compromise" their iPhones and alleged hacking by the government. Chandrasekhar rejected allegations that the government in any way is trying to transgress privacy of people or muzzle freedom of speech and expression. PTI

Balrampur Chini to invest ₹2,000 cr

Balrampur Chini Mills Ltd (BCML), a leading integrated sugar mill company on Monday announced a ₹2000 crore forward integration project which will be the first-ever "industrial bioplastic" plant in India.

The Kolkata-based company said this diversification with its upcoming PLA (Polylactic Acid) manufacturing venture is well-aligned with the sustainability goals envisioned in India, to combat climate change.

"The new project aims to propel India towards net zero emissions by 2070 with an estimated investment of ₹2,000 crore in phases over the next 30 months," Balrampur Chini executive director Avantika Saraogi said.

"Expected to be completed within 30 months, the new venture will mark the establishment of the first-ever industrial bioplastic plant in India. The state-of-the-art PLA factory will command a whopping capacity at a global scale of 75,000 tonne per annum," the company said. PTI

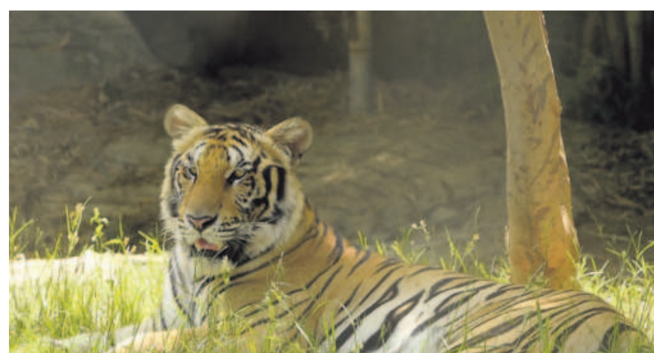
Cambodia aims to import Indian tigers to up big-cat numbers

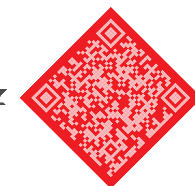
Cambodia hopes to import four tigers from India this year under an agreement signed with New Delhi aimed at reviving the population of big cats in the kingdom, an environmental official said on Monday.

Cambodia's dry forests were once home to scores of Indochinese tigers but conservationists say intensive poaching of both tigers and their prey has devastated their numbers.

The last sighting of a tiger in the Southeast Asian kingdom was from a camera trap in 2007 and the cats were declared "functionally extinct" in Cambodia in 2016. One male and three female tigers "could arrive in Cambodia at the end of 2024", Khvay Atitya, spokesman for the environment ministry, told *AFP*.

The cats will be sent to a 90-hectare forest inside the Tatai Wildlife Sanctuary in western Koh Kong province to acclimatize before being released into the wild, he said. He did not give details about what type of tiger would be imported from India. AF


Cambodia hopes to import four tigers from India in 2024 under an agreement signed with New Delhi, an official said. AFP



FARMERS' BATTLE FOR MSP LAW. IS IT A FAIR ASK?

Farmers are back on the streets. Their demand has sharply divided both public and expert opinion

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Farmers gather beside makeshift tents set up on tractors during a protest to demand legal status for MSPs, near the Haryana-Punjab state border at Shambhu in Patiala district on 18 February. AFP

On the afternoon of 13 February, a highway pit stop dividing the states of Haryana and Punjab in northwestern India, known to many now as the Shambhu border crossing, resembled a conflict zone. Thousands of farmers from Punjab tried to push their way into Haryana to reach the national capital, Delhi. The plan was to cover the 200km journey in a convoy of tractor-trolleys and cars.

Braving a steady stream of tear gas, water cannons, rubber bullets and pellet guns fired by the state police, the protesting farmers managed to break down a few layers of concrete barriers. The angry farmers also uprooted steel spikes which were cemented on the highway to prevent the convoy from entering Haryana. Eventually, they retired for the night following 'ceasefire' instructions from union leaders. Hopes were pinned on negotiations with the government, which began a day earlier.

On 18 February, the fourth round of talks took place in Chandigarh, where farm union leaders met three union government representatives—food minister Piyush Goyal, agriculture minister Arjun Munda and junior home minister Nityanand Rai. The government offered what Goyal termed an 'out of the box' solution. State agencies will purchase oilseeds, pulses and cotton grown by Punjab farmers at minimum support prices (MSP) for the next five years. The contract farming arrangement will aid growers move away from the wheat-rice cycle which has depleted soils and exhausted groundwater supplies, putting the once prosperous cradle of green revolution at grave risk.

MSP is the price at which the government buys non-perishable produce directly from farmers. So far, it has largely been limited to rice and wheat—because the government needs those grain supplies to run its massive food security scheme. Every year, the government announces support prices for 23 crops, providing a price signal to farmers before they plant.

Farmer leaders, however, rejected the proposal late evening on Monday and said they will push towards Delhi on the morning of 21 February. "We feel the government is not seriously looking at our demands... we are rejecting the offer of MSP-based contract farming. We will wait to hear the government's proposal on our other demand of a loan waiver," said Sarvan Singh Pandher, coordinator of Kisan Majdoor Morcha, the coalition of the farmer unions spearheading the agitation.

THE BACKDROP

In November 2020, tens of thousands of farmers had stormed their way into Delhi's borders, demanding a repeal of three farm laws enacted earlier that year. The laws were introduced to make room for more private sector involvement in purchase, processing and marketing of agricultural produce. The government hoped this would improve crop prices and farm incomes. But growers saw those as a weakening of state support systems. They were particularly worried that the price support scheme, which has continued for six decades, may be tapered down. In November 2021, the government repealed the farm laws following year long protests.

Farmers returned to their villages. But as it appears now, they had unfinished business. The government was yet to consider their other demand—to provide a legal sanctity to MSP. Presently, private buyers are allowed to purchase crops at lower than support prices. The obligation to honour MSPs only rests on the government.

Farmers also want MSPs to be fixed at a higher level, using a comprehensive method of calculating production costs which include the rental value of land.

The centre had set up a panel in July 2022 to suggest ways to make the MSP regime more 'effective and transparent.' Farmer unions refused to join the 29-member panel which they claimed were populated with government officials and experts in favour of the repealed farm laws. A year and a half later, the MSP panel is yet to submit its report. And farmers are back on the streets.

The farmer protests come on the backdrop of subdued agricultural production following repeated climate shocks including uneven rainfall last year. The agriculture sector is projected to grow at an estimated 1.8% in 2023-24, compared to a growth of 4% the year before. Farm incomes were also hit by export curbs placed on rice, wheat and onions, as the government rushed to tame consumer prices by reducing import duties. For farmers, who were promised that their incomes will be doubled by 2022—as per a government set target—the crisis of profitability has translated into a rallying cry for revamp of the MSP regime.

The main ask is to make support prices a legal entitlement. That means a stop to trade in grains, pulses and oilseeds below the floor prices announced by the government every year. The demand has sharply divided both public and expert opinion.

According to some, enforcing a minimum price across the country for 23 crops will be a logistical nightmare and impose a heavy burden on government finances. Others say it is a demand hardened by years of apathy hurting farm incomes, but not impossible to implement.

THE CONTEXT

It is dangerous for a country with India's population (over 1.4 billion) to take food security for granted, said Madhura Swaminathan, professor of economics at the Indian Statistical Institute, Bengaluru. "The support price policy was introduced in the 1960s when India faced a food shortage. It provided the right incentives for farmers to generate a surplus."

PTI

Swaminathan added that this MSP policy, which critics say distorts the market, has not outlived its purpose. Without such a procurement policy in place, the government would not be able to double the quantity of grains supplied to 800 million people under the food security scheme when the covid pandemic hit. It literally saved millions from starvation.

But how reasonable is the demand to make MSP a legal right? "It is not wrong on the part of farmers to expect a minimum or floor price for their produce which ensures reasonable returns. Think of it as (statutory) minimum wages, which even the private sector is supposed to pay," Swaminathan said.

The other benefit is that a legal backing will allow for more equitable procurement across regions and crops. It can be used as a tool for diversification—to incentivize farmers to grow more pulses and oilseeds where India is deficient.

Currently, farmers from Punjab and Haryana sell their entire marketable surplus to the government, a privilege not available to say, rice growers in Bihar and West Bengal. But they do not corner all benefits of this price policy. Data from National Statistical Office's Situation Assessment Survey for the year 2018-19 show that 15-19% of paddy growers from across India benefited from MSP purchases. In a poor state like Chhattisgarh, 75% of paddy farmers benefited from MSP. The rural economy of Madhya Pradesh got a facelift following the introduction of MSP-based wheat purchases.

Interestingly, this is not the first time that the issue of a legal backing to MSPs has come to the fore. Back in 2002, a high-level government committee chaired by the late Abhijit Sen on long-term foodgrain policy recommended a statutory status to MSP. It also suggested that costs must be strictly calculated after taking into account the value of unpaid family labour and rental value of land. The committee submitted its report to the Atal Bihari Vajpayee-led Bharatiya Janata Party government. But its recommendations were not implemented.

mint SHORT STORY

WHAT

Farmers from Punjab and Haryana want the government to make support prices for 23 crops a legal entitlement. This demand has sharply divided both the public and expert opinion.

WHY

One view is that enforcing a minimum price can impose a heavy burden on government finances. Others believe it would support farmer income and push consumption demand.

NOW

The government proposed to purchase oilseeds, pulses and cotton grown by Punjab farmers at MSP for the next five years. But, the proposal was rejected by farmer leaders.

THE CALCULATION

The costs of making MSP a legal right has also become a bone of contention. To enforce MSP across 23 crops, anything between ₹10 trillion and ₹15 trillion would be needed, some estimates have suggested. That would be comparable to the government's capital expenditure outlay for 2024-25 of ₹11.11 trillion.

However, a recent note by Crisil Research, a ratings agency, stated that if the government implemented a wider MSP policy in 2022-23, it would have needed a working capital of ₹6 trillion. However, since the crops purchased at MSP will also be sold in the market at a later date, the actual cost to the government will be ₹21,000 crore, a modest sum. These costs will shoot up if the government were to supply it by expanding the food security scheme. In this case, the loss will be on account of consumer subsidy.

To arrive at the actual costs, Crisil considered 16 out of 23 field crops, on which MSPs are declared, and which account for 90% of the production. The cost turns out to be modest as only eight out the 16 crops required an intervention—market prices for the rest were higher than respective MSPs.

Such a policy will give farmers the freedom to sow crops of their choice and be more amenable to their local conditions, the note by Crisil stated, adding, "guaranteeing MSP across crops will lead to percolation of the benefit across the country. It will support farmer income and thereby also give a push to consumption demand."

Going by wholesale crop prices in mid-February, an analysis by *Mint* shows that only four out of 13 major field crops require any MSP intervention. All four of these are oilseeds—where prices are significantly lower than MSP, not because of abundant domestic supplies but due to a heavy influx of cheap imported cooking oils. A pro-consumer bias in government policy—of curbing exports when international prices are higher and allowing duty free imports—is often referred to as an implicit tax on the Indian farmer.

> The other threat is that a legal MSP can drive private buyers away. During a glut, traders may be unwilling to pay farmers a premium.

It's wrong to say that the government will have to purchase the entire produce when prices of a crop dip below support prices, said Himanshu, associate professor of economics at Jawaharlal Nehru University, Delhi. Not all crops require a price intervention. And even for crops which do, government agencies only need to buy just a portion, say a fifth of the production, to lift market prices higher. As production of pulses and oilseeds are lower by volume (compared to rice and wheat), the procurement required will be lower too.

Himanshu added that MSP is a useful food price stabilization tool for both farmers and consumers. When used effectively, it can keep inflation within tolerable limits and help aid the central bank's interest rate policy. Lower interest rates, in turn, means lower government spending to service debt.

"That a wider MSP policy will bankrupt the government is a bogey. The same fears were raised when the National Food Security legislation was discussed in 2013."

THE CHALLENGE

Physical purchase of crops is not the only option to implement a MSP policy. Previously, the government of Madhya Pradesh experimented with deficiency price payments. Farmers, here, are paid the difference between MSP and market prices, for crops in which market prices are lower than support prices. But some studies showed the scheme was rigged by traders—they would collude to drag market prices lower as farmers would anyway recover their losses from government payments.

Most farm economists do not agree that the government should tinker more with how food markets function. Making way for an MSP law for 23 crops could also lead to producers of fruits, vegetables and milk demanding similar protections.

A Supreme Court appointed committee on farm laws—which had agriculture economists Ashok Gulati and Pramod Joshi as members—suggested a review of price policies in its report submitted to the top court in March 2021.

It recommended a cap on the union government's purchase of rice and wheat, a larger responsibility for states and allowing beneficiaries of the food subsidy scheme to opt for cash transfers. A cash transfer of food subsidy means that the government will cut down MSP-based purchase of rice and wheat, allowing resources to be diverted to ecologically sustainable crops.

Even if MSP is reframed as a legal right, it will be hard for the government to operationalize it, said Avinash Kishore, senior research fellow at the Delhi office of the International Food Policy Research Institute. "Farmers often perceive markets with distrust and repose more faith in government capacity. Typically, governments are not agile enough to respond to price volatility," Kishore added.

The other threat is that a legal MSP can drive private buyers away. During a glut, traders may be unwilling to pay farmers a premium over the market clearing price. "It can work in sugarcane (where private mills pay a statutory fair and remunerative price to farmers) because there are a limited number of organized players. But to enforce it on a basket of crops with numerous private buyers is very difficult. It is true that farmers have gotten a raw deal for a long time but an MSP act is not the answer."

The proposal slated for approval this week. BLOOMBERG

Europe to set first major rules for private credit funds

Bloomberg
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Private credit funds for professional investors are facing their first set of stricter rules under a European Union (EU) proposal slated for approval this week, as their growth has fuelled questions about potential risks.

EU governments are set to sign off on a regulatory update for managers of alternative investments such as direct lenders. It includes caps on leverage—the use of borrowed money to juice returns—for private credit funds and other restrictions that the industry warns will be onerous.

The new rules are arguably the biggest concerted effort by authorities to put guardrails in place for an asset class that has grown rapidly since the financial crisis, with private credit increasingly replacing bank lending in areas such as leveraged buyouts.

The idea is to get a handle on risks outside of banks before they precipitate a crisis, without choking off a still fledgling market that offers alternative sources of funding.

Recent bouts of market turmoil such as the dash for cash at the onset of the pandemic or the 2021 collapse of family office Archegos Capital Management brought the disparate group of firms formerly known as shadow banks into greater focus for watchdogs. The Financial Stability Board, which brings together regulators from around the world, is currently working on recommendations for addressing leverage at non-banks including private credit shops and hedge funds.

Private credit asset managers in the US and Europe are already subject to certain requirements for conducting their business and reporting data to regulators. The EU is going further with standards for funds targeting professional investors. Other rules already apply to funds for retail investors.

Earlier this month, the European Parliament signed off on the rules which have been more than two years in the making.

Is PPFAS MF's tax efficient 'debt' fund worth a look?

The fund will use a tax-efficient structure that will see LTCG taxed at 20% with indexation

Neil Borate
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The new year has seen the launch of several new fund offers catering to the growing interest of mutual fund investors. Parag Parikh Mutual Fund is launching a new 'debt' fund on 20 February: And its novelty: The fund will use a tax-efficient structure such that long term capital gains in it will be taxed at 20% with indexation.

The fund's new structure is aligned with an announcement in the 2023 Union budget. Finance minister Nirmala Sitharaman had then made debt mutual funds taxable at slab rate, regardless of the holding period. That was a shocker for India's mutual fund industry. Historically, debt mutual funds had enjoyed a lower rate of long term capital gains (LTCG) tax—20% with indexation if held for three years or more. However, Sitharaman defined debt mutual funds as those with equity less than 35% of assets.

According to the new tax rules, hybrid funds with equity between 35% and 65% of assets will continue to enjoy the old favourable tax rates for debt funds. They also allowed asset management companies (AMCs) like PPFAS to contemplate a new design—debt funds with 35% equity but using derivatives to bring it down further and make it truly debt-like.

Within the universe of hybrid funds, there already exist some categories that have fairly low equity exposure. First, let's take dynamic asset allocation or balanced advantage funds (BAFs) in general. These funds generally keep 65% gross exposure in equity, allowing them the benefit of equity taxation (10% LTCG after one year). Their net equity exposure (after hedging) can vary enormously from fund to fund. In the current environment, most large BAFs have brought it to the 30-50% range. However, the massive use of arbitrage in these funds creates a drag on this part of the fund's returns. Arbitrage returns mirror those of liquid funds and they tend to be lower than long- term debt.

In bullish markets, the arbitrage drag is relatively modest but, in bearish markets, arbitrage can underperform greatly compared to medium- to long-term debt. Despite having Dynamic Asset Allocation in its name, PPFAS DAAF will be different. Generally, Dynamic Asset Allocation Funds or BAFs have a lot of room to shift between equity and debt depending on the fund manager's market outlook. PPFAS DAAF will be constrained, keeping its effective equity exposure in a narrow 10-15% range.

Second, we can look at equity savings funds. Equity savings funds have a roughly one-third allocation to equity, debt and arbitrage.. An equity savings fund generally has 65% gross equity but uses derivatives to bring down the effective equity exposure to 30-35%. This category suffers from the same issue as BAFs—the drag imposed by arbitrage. Parag Parikh Mutual Fund's DAAF will be more conservative than a typical equity savings fund. Starting off with a 35% gross exposure, the scheme will generally pare it down to 10-15% of assets bringing it close to the structure of its Conservative Hybrid Fund (CHF). This is a more limited use of arbitrage in the scheme than a typical BAF or equity savings fund. BAFs also tend to have a large expense ratio, however according to persons with knowledge of the matter who declined to be named, the PPFAS DAAF may have a direct plan expense ratio of just 0.3% and regular plan expense ratio of 0.6%.

A number of other fund houses also have products that keep gross equity between 35% and 65%. But these fund houses such as White Oak, DSP and SBI take exposure to multiple assets including gold (these are categorized as multi-asset funds). Many of them also take exposure to international equity (categorised as debt for tax purposes). Hence they are structurally different from the PPFAS DAAF which will be for all practical purposes a debt mutual fund.

> Debt funds are generally used by investors with low risk appetite or who want more or less predictable returns

Debt funds are generally used by investors who have a low risk appetite or who want more or less predictable returns. The DAAF will have a portfolio similar to PPFAS CHF, largely invested in state government bonds (called SDLs) or PSU debt. The 10-15% equity exposure will be in mature companies will stable cash flows such as utilities.

How PPFAS CHF has done

Parag Parikh CHF was launched in May 2021 with a similar design. It would invest 10-15% of assets in the stocks of mature high dividend yielding companies, another 5-10% of assets in REITs (Real estate investment trusts) and InVITs and the balance 75%-80% of assets in debt, mostly state government bonds. However, it benefited hugely from the PSU rally in India over the past year that has lifted returns.

The PSU index has doubled in the past year and hence PPFAS CHF has a 1-year return of 16.8% and a return since inception of 10.6% (as of 14 Feb 2023). This may not be replicated going forward and this was not the expectation of investors when the fund was launched. However with an average yield of 7.6% on its bonds, returns in the long term may sit in the 7-9% range depending on how interest rates move.

The PPFAS DAAF is likely to give a similar return to the PPFAS CHF with two caveats. First, it will not have any REITs or InVITs. In the past 1-2 years REITs and InVITs have been flat and not added greatly to PPFAS CHF's return. However, this may change when interest rates drop. This benefit will not accrue to the new PPFAS DAAF. Second, about 15% of the scheme will be in arbitrage (hedging via derivatives). Arbitrage returns tend to mirror the return of liquid funds and hence tend to be a little lower than long-term debt returns. This can create a drag on the fund compared to PPFAS CHF, but this will be contained to just 15% of its assets. Even with these modifications, the fund is positioned well to compete in the debt mutual fund space.

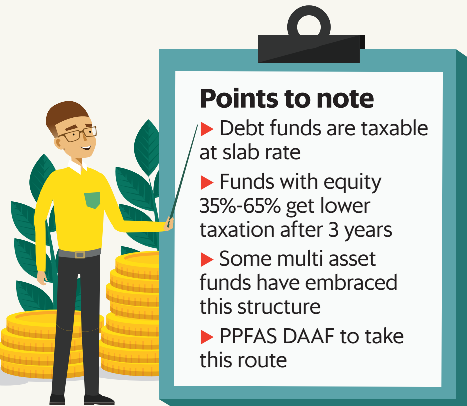
What should you do?

Financial advisors have taken a positive view of the offering. "The structure of funds like PPFAS DAAF is better than funds that are structured merely for tax advantage such as hybrid funds with 65% equity and encourages you to think of exit after 1 year even though the dominant asset class in it, equity, is not designed for a one-year investment horizon. The 3- year plus time horizon that this type of fund will instil is healthier, though equity is ideally structured more as a seven- to 10-year investment horizon asset class," said Vishal Dhawan, founder, Plan Ahead Investment Advisors.

Note that you should be prepared to stay invested for more than three years in order to reap the tax benefits of this fund. Investors in the existing PPFAS CHF may also see their scheme being merged with the PPFAS DAAF—at its December 2023 annual unit holders' meeting, PPFAS AMC did not rule out such a merger.

The ins and outs of PPFAS DAAF

This new offering from PPFAS AMC will embrace a tax efficient 'debt' fund structure



Gross vs net equity per fund category

	Gross	Unhedged*
BAF/DAAFs	65%+	30-55%
Equity Savings Funds	65%+	17-36%**
PPFAS DAAF (Proposed)	35%+	10-15%

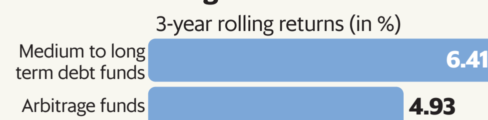
Other funds with 35-65 model

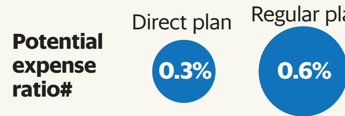
	Gross equity	Unhedged equity
SBI Multi Asset	42.15%	42.15%
Whiteoak Multi Asset	37.07%	28.25%
DSP Multi-Asset	42.80%	42.80%

Advantages of PPFAS DAAF model

- Tax benefit post 3 years, builds longer outlook
- Same broad portfolio as PPFAS CHF
- Uses debt over arbitrage (less drag from arbitrage)
- Equity in mature dividend yielding stocks

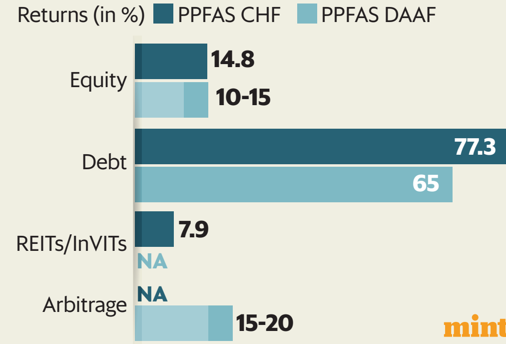
Over long periods debt returns>arbitrage returns





SBI MF data as per Dec 2023, others as per Jan 2024 factsheet
*Analysis of ICICI, SBI, HDFC & DSP Hybrid Funds; **General range as per current allocations in large equity savings schemes. Can vary from scheme to scheme; #As per industry sources
CHF: Conservative Hybrid Fund; DAAF: Dynamic Asset Allocation Fund
Data as of 14 Feb 2023

PPFAS CHF v PPFAS DAAF



PSU stock rallly has lifted the returns of PPFAS CHF

Launch date was 26 May 2021

Source: Primer Investor, MF factsheets

PARAS JAIN/MINT

POWER POINT

SANDEEP JHUNJHUNWALA

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

DIGITIZATION OF SECURITIES AND TRANSPARENCY

The inclination of the ministry of corporate affairs (MCA) to make corporate governance practices in India more robust witnessed a new milestone with an October 2023 notification making dematerialization of securities mandatory for private companies. Dematerialisation is a multi-purpose strategy, which, in the sweep of enhanced transparency, helps regulators keep a watch on benami share transactions, conduit or shell companies, back dated allotment of securities, appropriate payment of stamp duty on share issuance or transfers, clear title to securities in pledges, etc. For investors, this alteration strengthens credibility of securities when offered as collaterals, helps achieve consolidation of holdings in a demat account, minimizes risks associated with physical share certificates such as loss, theft, mutilation, etc., and facilitates swift investment exits. Investee companies may also eventually lure perks of seamless transaction handling.

A private company which is not a "small company" as on last day of financial year (FY) ending on or after 31 March 2023 as per audited financials (qualifying companies) is required to dematerialise its securities within 18 months from end of such FY (referred to as compliance date). Therefore, for qualifying companies existing as on 31 March 2023, the compliance due date is 30 September 2024. The notification inter alia casts obligation on qualifying company to ensure that entire holding of securities of its promoters, directors, KMPs is dematerialised where any corporate action (ie offer for issue of securities or buyback of securities, bonus issue or right issue) is proposed with respect to its securities after the compliance date. Alongside, once compliance date is lapsed, security holders should ensure dematerialised holding before effecting transfers or fresh subscriptions.

For investors, this move means mandatory opening and maintenance of demat accounts with depository participants (DP). Resident investors may be less effected by the development as they are reasonably equipped with India KYC norms for opening demat accounts. However, foreign investors could have some reservations, as opening demat accounts would require them to obtain Permanent Account Number (PAN) from income tax authorities. This, coupled with elaborate KYC formalities including KYC of foreign directors (in corporate shareholdings), would eventually increase lead time for investments.

> Private company demat rules may warrant cementing of some gaps

Companies may come to grips with the change and undertake initial transitionary compliances which include appointing a Registrar and Transfer Agent (RTA), paying admission fee and security deposit to RTA and DP, obtaining International Security Identification Number (ISIN) for each type of security and the like, in the run up to implementing this mandate. However, there would be recurring costs such as annual fee to RTA/ DP, compliance cost for observing provisions of Depositories Act, 1966, filing bi-annual PAS-6 form certified by a CS or CA in practice, which could mean alterations or re-allocation of budgets.

Be that as it may, private company demat rules and related practicalities may warrant cementing of some gaps. For instance, exemption to Wholly owned Subsidiaries (WoS) provided in demat rules for unlisted public companies seem to be absent for private company which is a WoS. Liberal provisions for public companies vis-à-vis private companies do not seem to synchronize with the overall tone of the Companies Act. A private company deemed to be a public company by virtue of it being a subsidiary of a public company may, therefore, require clarity on applicability of the provision.

Role of DPs and subtle discrepancies between Companies Act with Depositories Act is another area of debate. For instance, under demat regime, DPs can give effect to transfer of securities based on Delivery Instruction Slip (DIS) submitted by transferor without seeking the investee company's approval. This could put the elementary restriction on free transfer of private company's shares to jeopardy. Scaling up internal checks with special instructions to DPs for disposal of requests for transfers would thus become necessary. Undoubtedly, this move is expected to hit the right notes on transparency and ease of doing business. It would be paramount that intermediaries in demat area viz depositories, DPs, RTAs also buckle up resources and infrastructure facilities to embrace the shift gracefully and initiate the process of dematerialisation much in advance.

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Check how your NPS investments are faring

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). It is a market-linked, defined-contribution product that needs you to invest regularly in the funds of your choice. The returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to do that is by tracking the returns. Here is a breakdown of the performance of different funds—equity fund, government bond fund and corporate bond fund—of the private sector NPS.

Returns (in %): 1 year, 3 years, 5 years — Tier-1 account

Fund Manager	Equity fund 1 year	Equity fund 3 years	Equity fund 5 years	Government bond fund 1 year	Government bond fund 3 years	Government bond fund 5 years	Corporate debt fund 1 year	Corporate debt fund 3 years	Corporate debt fund 5 years
Aditya Birla Sun Life Pension	28.10	15.25	16.21	9.88	6.16	8.44	8.12	6.11	8.37
HDFC Pension Fund	26.50	15.36	16.90	9.73	5.87	8.41	8.04	6.28	8.55
ICICI Prudential Pension Fund	31.14	16.84	17.15	9.62	5.90	8.18	8.12	6.09	8.11
Kotak Pension Fund	28.31	16.46	17.17	9.96	6.11	8.37	8.03	5.96	7.56
LIC Pension Fund	26.65	16.32	16.28	9.64	6.00	8.58	7.94	5.89	8.26
SBI Pension Fund	26.62	14.82	15.57	9.89	5.89	8.23	7.92	5.91	8.16
UTI Retirement Solutions	28.22	15.84	16.24	9.82	5.92	8.18	8.16	5.79	7.86
Benchmark index	Nifty 50 Total Return 31.15	16.56	17.36	CCIL All Sovereign Bond-TRI 9.81	5.71	7.94	CCIL Bond Broad-TRI 8.02	6.19	8.75

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Returns as on 9 Febuay 2024; 1-year returns are absolute returns

PRANAY BHARDWAJ/MINT

Source: Npstrust.org

Does LRS limit apply to NRO account?

Harshal Bhuta

ISTOCKPHOTO

ASK MINT
NRI TAXATION

I am a businessman and run a clothing company in India. My daughter has gone to the US for her undergraduate studies. I want to gift her a sum of approximately ₹15 crore for her future security. I am aware that if I transfer money to her foreign bank account, I would be able to transfer only $250,000 in a financial year as per LRS (Liberalised Remittance Scheme) limits and it will be subject to TCS (tax collected at source). I have been advised that I can instead gift her this entire sum in her NRO (non-resident ordinary) account in India at one go and then she will be able to remit $1 million per financial year outside India. Is this correct? Would this route attract TCS too?

—Name withheld on request

I assume that your daughter has become a NRI (non-resident Indian) by now. Your understanding is correct that making a gift to your daughter in her US bank account would be subject to LRS limit of $250,000 per financial year and would attract TCS.

However, even making a gift of a rupee to her NRO account is treated as a transaction made under LRS and is subject to the annual LRS cap of $250,000 per financial year.

Therefore, you won't be able to transfer ₹15 crore to her NRO account outright and it will be subject to the same LRS limit of $ 250,000 per financial year.

Secondly, the Finance Act 2023 made an amendment whereby now gifts made to NRO accounts are also subject to TCS with effect from 1 July 2023.

Barring the initial threshold limit of ₹7 lakh, TCS at 20% (plus applicable surcharge and cess) would be levied on the rupee gifts made to the NRO account.

It may also be noted that though TCS was introduced on rupee gifts made to NRO accounts with effect from 1 July 2023, the initial threshold of ₹7 lakh is applicable for the entire financial year 2023-24.

Further, the CBDT (Central Board of Direct Taxes) has clarified that the exemption threshold of ₹7 lakh is a combined threshold across all categories of LRS except for overseas tour and programmes.

Harshal Bhuta is partner at P.R. Bhuta & Co. Chartered Accountants.

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

OUR VIEW

ISTOCKPHOTO

Aviation casts a K-like shadow on the ground

There's a boom in aviation fuelled by holiday demand amid a post-pandemic roar back to the skies. But this should not overshadow India's lumbering recovery in railway traffic

In the soaring air-fares encountered by would-be holidayers this summer, both demand and supply factors can be seen at play. Seat availability is held back not just by snarls left by covid in global aviation support systems and slow aircraft delivery by plane-makers, but also by domestic dynamics. Airport capacity, as in Mumbai, is under strain. With Indian skies under a near duopoly, we cannot count on rivalry to restrain fares from rising sharply in response to an upsurge in flying. This flier boom also appears to have an unusual blend of fuels, both springing from consumer behaviour. Easily identifiable is 'revenge travel,' an attempt at getting even with the pandemic lock-in. This impulse may well have merged with the 'Yolo mindset': You Only Live Once. The motive here, too, is to live it up. Taking a more expansive view, an echo of the West's 'Roaring 20s' (after the Spanish flu a century ago) may be upon us, a wave of relief exuberance that should boost the 'experience economy.' A less visible contributor to the urge to fly off on holiday, though, might be what's known as the 'wealth effect.' While anecdotes are all we have to back this, the satisfaction of an enlarged stock portfolio can cue a splurge on a getaway, even as market indices suggest that sizeable gains have been made in recent times, and that too, on a robustly expanded base of equity ownership. That India's local market for civil aviation is about to regain its peak size in 2023-24, thus, is not a surprise.

India's airline industry is expected to mark a full recovery from covid as it closes a record year. As many as 101 million people took domestic flights from last April to November, an ascent that will take this fiscal year's count past 150 million to surpass the 141.6 million recorded in 2019-20. What supports the notion of the wealth effect acting as a significant creator of discretionary demand for big-ticket purchases is the recent burst of interest in share ownership. Demat accounts more than trebled over the covid period, even as mutual funds drew large inflows. The trouble with the hypothesis of asset-earned holidays is that it's unclear if we have had a wide enough dispersal of sizeable gains. Retail investors with shares worth over ₹1 crore, for example, can possibly envision dividends (and/or notional capital gains) paying for a family holiday, but it is hard to picture new investors in the same league. As beginners, their holdings are probably modest and their reliance on shares to fund lifestyle needs is low. And the limits of an all-India upswell in vacations are exposed by other data on inter-city traffic. For every air traveller, we have 20 railway passengers on non-suburban trains. By current projections, Indian Railways can expect to carry 2,940 million travellers in 2023-24, a figure that's more than last year's total but still starkly below (by several hundred million) its pre-pandemic high. This slow revival offers a reality check on how our multitudes are faring.

There are ample signs that India's experience economy is in for an upper-end bonanza driven by a large consumer cohort with a favourably inclined psychographic profile. Aviation will surely make the most of it. But our lumbering railway recovery evokes one of Premchand's classic short stories in Hindi. Titled *Nasha*, or intoxication, it's about the high of travelling on a fancy ticket for the first time and a sudden descent to reality. That shifting shadow over the fields out there isn't an overhead plane. In the context of our economy's current shape, it looks more like a 'K.'

MY VIEW | TIGHTROPE WALK

Leaders must dump paradigms of the industrial era to succeed

Today's age of value generation requires corporations to overcome a factory-bred HR orientation

RAGHU RAMAN
is former CEO of the National Intelligence Grid, distinguished fellow at Observer Research Foundation and author of 'Everyman's War'.

The difference between successful and not-so-successful organizations eventually boils down to the degree of authenticity within them. This is the delta between what leaders profess and what the organization's unsaid behavioural expectation is. Here are some examples.

Almost every organization proclaims how it values its employee's mental health, physical well-being and family time, and yet many actually reward supposed workaholics who are at work regardless of hours or weekends. It is now a scientifically proven fact that multi-tasking or doing more than one demanding job simultaneously is sub-optimal, and yet, multi-taskers who are apparently juggling several balls are lauded as heroes. Similarly, it has been established that eight hours of sleep is essential for good health and cognitive sharpness especially in critical decision-making. Indeed, every hour of sleep deprivation from the eight is supposed to be the equivalent of having a drink of alcohol. While an employee would probably get fired for being drunk on duty, leaders who work 16-hour days are routinely extolled. Elaborate 'Delegation of Authority' documents are periodically crafted and issued. But on the ground, there is dilution of power and diffusion of decision-making. While there are constant proclamations of desired qualities like 'agility' and an 'ownership mindset', actual processes are becoming excruciatingly twisted and the ability to take initiative increasingly corralled. On one hand, there are declarations on the virtues of 'collaboration' and 'one team,' etc, but appraisal mechanisms pit one colleague against the other in fratricidal bell curves.

One of the reasons that some organizations have a high degree of double-speak is that they haven't really made the transition from an industrial era of thinking, where the industry is at the centre and employees just man the machines, into the intellectual era, where the employee is at the centre of the value chain, with the machines supporting her. Let me explain.

Frederick Taylor, the father of the assembly-line system, was clear about the roles of workers and management. His exact words were: "It is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assured. And the duty of enforcing standards and cooperation (of workers) rests with the management alone." In the industrial era, the employer 'bought' the time of the worker and units of work were 'enforced,' standardized and easy to measure. There were set planning tables of how long it would take to assemble a car or build a house. So much so that this sort of thinking percolated into our education system, with questions like "If it takes 10 men 20 days to lay 10km of road, how long will it take 15 men to do the same job?" This time and material kind of thinking, where the organization 'owned' the physical presence of the employee on the work premises worked well in the industrial era and still does in some labour-intensive industries. However, when it comes to intellectual work, this mindset fails.

It is relatively easier to measure and reward the work output of individuals in, say, a labour workforce or a sales team, but complex in an intellectual environment or a large conglomerate. In brainstorming for a creative idea, for example, or working on bleeding-edge technology, or driving an organizational transformation project, industrial era metrics simply fail to gauge the contribution of every individual in the team. For instance, which team member inspired the game-changing solution, or who galvanized the team's morale, or, for that matter, who committed an early-stage mistake that lost crores later, or whose toxicity killed the team's spirit.

Since individual contributions in the knowledge era require constructs alien to organizations with industrial mindsets, 'busyness' tends to become the proxy for productivity and proximity to power centres becomes the surrogate for status in the organization. Those who work late in office, reply to emails in the wee hours of the morning, or those who seem to be overwhelmed with reams of projects and committees become exemplars of the organization. Lauded and feted for basically continuing industrial-age paradigms in an intellectual era. An era where the leader is expected to create a garden with diverse flora and fauna, nurturing and tending to each employee as an individual with individual potentials, problems and aspirations, and not a homogeneous cubicle farm where the employee is a faceless, family-less and individuality-less fixture to fulfil a standardized role.

The academic answer to the question posed before is that 15 men will lay the road in about 13 days. But of course, the real-world answer is that it depends on who the men are, their experience, how purposefully they are led and motivated for the task. A few decades ago, there was a strong correlation between the value of a company and the number of its employees. That correlation is now broken, requiring sincere adoption of frameworks designed for the knowledge era instead of trying to navigate the new world with old mindsets while proclaiming otherwise.

10 YEARS AGO

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Telecom M&A norms likely by Feb end

815 MILLION ELIGIBLE TO VOTE IN 2014 POLLS

How valuable is your vote?

JUST A THOUGHT

> Treat your employees like they make a difference, and they will.
>
> JIM GOODNIGHT

MY VIEW | MUSING MACRO

An MSP law is neither unthinkable nor a magic bullet

AJIT RANADE

is a Pune-based economist.

Imagine if stock market investors agitate for regulation that imposes a minimum for stock prices. It is not as absurd as it sounds, and indeed many governments, even in rich market economies, have intervened to stop share prices from falling. If not a price floor, there is instead a ban on short selling, or intervention by state-owned agencies to prop up demand. This happened as recently as 2015, and later during the turmoil caused by the pandemic. Nobody calls this a "minimum price support" for stock prices, and it is justified for the sake of controlling volatility, or preventing a systemic crash that can spill over into a full-blown economic crisis. There have been minimum price support regimes for other sectors too, such as for telecom services to prevent a race to the bottom or predatory pricing.

The situation for minimum price support for crops is totally different, and has much stronger social, economic and political justification. In the absence of universal and adequate social security, or a universal basic income, the minimum support price (MSP) is a proxy for protecting the farmer, the seller of crops, just as the employment "guarantee" scheme is a proxy for formal unemployment insurance to rural folk. Since half of India's population depends directly or indirectly on agriculture, and since much of India's poverty is still confined to agriculture and in rural areas, this intervention is justifiably reasonable. Whether it has benefited farmers or made their income more secure is a matter for empirical research. As such, a reliable market mechanism to buy crop insurance does not yet exist. Forward markets and commodity derivatives are still nascent in India, and out of reach for most farmers.

The high-decibel debate on whether MSPs should be made into a legal guarantee and the fear mongering about fiscal bankruptcy has become a political hot potato, and is obfuscating the real issues.

First, even though MSPs apply to 23 crops, in practice it is applicable only to wheat and rice, and occasionally in smaller measure to pulses and soya. There is state-level support for sugarcane, and states like Maharashtra tried out monopoly procurement of cotton, but that is not relevant to the present discussion. Even the MSP regime as applied to wheat and rice works only in a few states and not for all farmers. Hence, a legal guarantee would spread it to all crops across India.

Second, by definition, the MSP is operative only when market prices fall below it. Hence, it is fair to say that roughly half the time, it is not even a binding constraint. The MSP law will impose a cost on the exchequer only when market prices fall below the floor.

> The cost of making it a legal guarantee isn't as large as made out to be, but it won't unshackle farmers either

Third, even though the law provides price support, it is often wrongly interpreted to mean quantity support. The government is not obliged to buy full quantities. It buys only the quantity offered, at the minimum assured prices. If prices move above MSPs, there is nothing to be done. Market dynamics ensure that whenever the government intervenes, prices will start moving up much before the full procurement quota is exhausted. Government procurement operates through *mandis*, outside the market mechanism. This is an option for the farmer, and used only when prices dip, or if the farmer fears getting cheated or bullied outside.

Fourth, the operative word here is 'option.' An MSP law will simply provide an option to the farmer. It is exercised only when needed. The true cost of providing this 'free' option to the farmer would be a very small fraction of the total value of Indian crop production.

Fifth, and most importantly, providing a legal guarantee is not supposed to be subjected to conventional cost-benefit analysis. It was not done for the country's guarantee of rural employment, nor for health insurance, or for other such social schemes.

The government procurement scheme and public distribution system (PDS), which is six decades old, tries to achieve three goals with one instrument. It is supposed to ensure food security through stocking in warehouses, price stability for consumers and adequate incomes for farmers. Since 2013, it has been almost wholly driven by the compulsion of the National Food Security Act (NFSA), which "guaranteed" almost two-thirds of India's population wheat, rice and coarse cereal at highly subsidized prices. Recently, NFSA prices were reduced to zero and the national free food scheme that covers 810 million people was extended for five years. Note that this has nothing to do with income security or protection of farmers, the original rationale of MSPs for crops. Besides, the PDS has always had an urban bias, often to the detriment of farmers, who need to earn windfall gains whenever crop prices zoom up.

The demand of a legal guarantee for MSP must be assessed not on fiscal cost alone. It has a signalling effect and will mean that the government is committed to extend the regime to all geographies and crops in a *de facto* sense, as it was meant to be.

How much recourse will be taken to such a legal guarantee can be assessed from empirical data. In almost 20 years of the National Rural Employment Guarantee Act, how often have people had to go to court to enforce their rights? But this assurance of jobs has proven to be a valuable safety net, especially in times of drought, famine and a pandemic. A legally-backed MSP is a good political signal, but it is not a magic bullet that will unshackle India's farmers from their many woes and unfreedoms.

THEIR VIEW

America's emulation of Chinese policy can reset mutual relations

Cooperation may be easier if both countries realize their policies are neither too different nor necessarily harmful to each other

DANI RODRIK
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It is common to think of US-China tensions as the inevitable result of stark differences between the two countries. The US has a fully capitalist market economy, whereas the Chinese government keeps a strong hand on the economic tiller. For all its faults, the US is a democracy, whereas China is a single-party regime that brooks no political challenge. Though the US remains the world's most powerful country, China's growing economic and geopolitical might threatens American hegemony. But while all this is true, many US-China conflicts stem from their increasing commonalities. America's relative decline has made it feel more insecure, prompting economic and national-security policies that are reminiscent of China's own decades-long strategy of prioritizing national economic strength and renewal over the requirements of an open, 'liberal' global economy. Paradoxically, as the US emulates strategies that served China quite well, the strains in the bilateral relationship multiply.

Even though China turned towards markets after 1978 and liberalized its economy, the Communist Party of China's policies reflected more than just a pursuit of economic growth. They were part of a national project of rejuvenation designed to re-establish China as a major power. Consequently, China played the globalization game by its own rules, sheltering and promoting its own industries while leveraging external markets. The state was never too shy to step in and subsidize what it saw as strategic industries (either from a commercial or national-security standpoint).

I once heard a Chinese policymaker describe this strategy as "opening the window, but placing a screen on it." The Chinese economy would get fresh air—foreign technologies, access to global markets, critical inputs—but it would keep out harmful elements such as destabilizing short-term capital flows, excessive competition that might harm its nascent industrial capabilities, or restrictions on the government's ability to conduct its own industrial policy.

China's phenomenal economic growth was ultimately a boon for the world economy, as it created a large market for other countries' firms and investors. Moreover, its green industrial policies have made a substantial contribution to the global low-carbon transition by lowering the prices of solar and wind energy.

Naturally, other countries have complained about China's interventionist and mercantilist practices. Most consequentially, the rapid expansion of Chinese exports—the so-called 'China shock'—wreaked economic and social havoc on hard-hit manufacturing communities and lagging regions in Western economies, creating fertile ground for the eventual rise of right-wing authoritarian populists such as Donald Trump. Yet, as long as advanced economies' policies were driven by a consumerist, market-fundamentalist logic, these effects did not cause huge strain on relations with China.

On the contrary, many intellectual and policy elites thought Western and Chinese approaches to the economy were complementary and mutually supportive. Historians Niall Ferguson and Moritz Schularick coined the term "Chinamerica" to describe the apparently symbiotic relationship in which China subsidizes its industries, and the West happily consumes the cheap goods China sends it. So long as this conception reigned in the West, workers and communities that lost out received little help or sympathy; they were told to retrain and move to areas with better opportunities.

But the situation was unsustainable, and the problems posed by the disappearance of good jobs, growing regional disparities and increased foreign dependence on strategically important industries became too big to ignore. US policymakers started to pay more attention to the production side of the economy, first under Trump and more systematically under Joe Biden, whose administration has embraced a different set of priorities that favours the middle class, supply-chain resilience and green investment.

The new US strategy revolves around industrial policies that are not so different from those China has long practised. New technologies and advanced manufacturing activities are subsidized, as are renewable technologies and clean industries. Local suppliers and domestic content are encouraged, while foreign producers are discriminated against. Investments by Chinese companies in the US are heavily scrutinized. Under the "small yard, high fence" doctrine, the US seeks to restrict Chinese access to technologies deemed critical to national security.

If these policies succeed in producing a more prosperous, cohesive and secure American society, the rest of the world will benefit, too—just as Chinese industrial policies benefited trade partners by expanding the Chinese market and reducing the price of renewables. The implication, then, is that these new policies and priorities do not necessitate a deepening US-China conflict; but they do require a new set of rules to govern the relationship.

A good first step is for each side to abandon hypocrisy and recognize the similarity of their approaches. The US continues to criticize China for allegedly pursuing mercantilist and protectionist policies and violating the norms of a 'liberal' international order, while Chinese policymakers accuse the US of turning its back on globalization and waging economic warfare on China. Neither side seems to be aware of the irony: China put a screen on its open window; the US is putting a high fence around a small yard.

A second important step is to pursue greater transparency and better communication about policy objectives. In an interdependent global economy, it is inevitable that many policies aimed at national economic well-being and domestic social and environmental priorities will have some undesirable side effects on others. When countries engage in industrial policies to fix market failures, their trade partners need to be understanding. Such measures should be distinguished from those that are explicitly beggar-thy-neighbour (meaning they generate benefits at home precisely because they harm others).

Third, restrictive national-security policies must always be well-targeted. The US characterizes its export controls as "carefully tailored" measures on "a narrow slice" of advanced technologies that raise "straightforward" national-security concerns. These self-professed limitations are praiseworthy, but questions arise over whether US policy on semiconductors actually fits this description. The US tends to define its national security in overly expansive terms.

The US will continue to put its economic, social, environmental and national-security concerns first, and China will not abandon its state-driven economic model. Cooperation will not be the order of the day. But it may become a bit easier if both countries recognize that their policies are neither too different nor necessarily harmful to the other side.

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MINT CURATOR

OpenAI is being too secretive about its new video generator

It has disclosed too little about a tool that can play havoc with polls

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OpenAI should hold Sora's public release until elections are over AP

Every new OpenAI announcement sparks awe and terror. Late last week, the maker of ChatGPT dropped its latest new gizmo, a text-to-video model called Sora that can create up to a minute of high-quality video. Cue a flood of remarkable AI clips going viral on social media, while stock video producers, filmmakers, actors and some startup founders likely fretted about their livelihoods.

AI video-generation has been around for more than a year, but Sora's examples look more realistic than previous efforts. The glitches are harder to spot and the humans look more human.

As usual, OpenAI won't talk about the all-important ingredients that went into this new tool, even as it releases it to an array of people to test before going public. OpenAI needs to be more public about the data used to train Sora, and less secretive about the tool itself, given the capabilities it has to disrupt industries and potentially elections.

OpenAI Chief Executive Officer Sam Altman said that red-teaming of Sora would start last Thursday, the day the tool was announced and shared with beta testers. Red-teaming is when specialists test an AI model's security by pretending to be bad actors who want to hack or misuse it. The goal is to make sure the same can't happen in the real world. When I asked OpenAI how long it would take to run these tests on Sora, a spokeswoman said there was no set length. "We will take our time to assess critical areas for harms or risks," she added.

The company spent about six months testing GPT-4, its most recent language model, before releasing it last year. If it takes the same amount of time to check Sora, that means it could become available to the public in August, a good three months before the US election. OpenAI should seriously consider waiting to release it until after voters go to the polls.

The impact of deepfakes on elections has already been well documented, and cloned voices of politicians can be the most insidious and hard-to-track uses of this new crop of generative AI tools. But faked videos can sow confusion and chaos too. "Imagine an adversary uses this tool to show unimaginably long lines in bad weather to convince people it's not worth it to head out to vote that day," Rachel Tobac, a security researcher and CEO of SocialProof Security, said on X.

OpenAI uses safety filters to keep its models from responding to any prompts for extreme violence, sexual content or hateful imagery, but it's impossible to know how these systems will be misused and used for propaganda until they're out in the wild. Sora's launch would make a bigger impact than other video-generation tools thanks to ChatGPT's ubiquity, with more than 100 million people using it each week. In the same way OpenAI folded its image-generation tool DALL-E 2 into ChatGPT, it'll likely do the same with Sora, instantly putting video generation into the hands of millions.

OpenAI is being frustratingly secretive about the source of the information it used to create Sora. When I asked the company about what datasets were used to train the model, a spokeswoman said the training data came "from content we've licensed, and publicly available content." She didn't elaborate further.

When Meta released a text-to-video model in 2022, it used 10.7 million Shutterstock videos and 3.3 million YouTube videos to train it. Revealing this information is critical to help outside researchers check for bias, and for creators to know if their work is being exploited. Some gaming and AI experts have suggested Sora was trained on the underlying physics engines of computer games—but no one knows for sure because OpenAI won't disclose that information, just as it didn't for its other powerful AI models.

The race that Altman set off when he released ChatGPT has fuelled OpenAI's secrecy as it seeks to stay ahead of leading AI competitors like Google and Meta. Altman's formula of increasing the amount of computing power used to train OpenAI's models is also working. The company's technical paper for Sora demonstrated that as it increased "training compute," its AI videos became more and more realistic.

Little wonder that Altman has been gunning to make more AI chips and seeking funding in the trillions of dollars. His stated goal is nothing less than the creation of AI that surpasses our own capabilities and he believes that to get there, the public needs to get to grips with ever more transformative tech by trying it out themselves. That's the 'open' part of OpenAI, but on that, he could be a little more closed.

The worrying part right now is that no one, not even Altman, knows what kind of impact such tools will have when they are released.

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THEIR VIEW

Sovereign credit: Give local rating agencies a chance

MADAN SABNAVIS

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India will likely retain its position as the fastest-growing large economy for the third successive year in 2024-25. Besides price stability, which has been achieved even under difficult global conditions, the post-covid fiscal rollback has been smooth because there were few cash giveaways. The upward adjustment of the monetary policy rate was done smoothly; it did not upset India's growth momentum, unlike in the West, where higher policy rates are going against growth. India is receiving high foreign direct investment. Foreign portfolio investor interest too is high, given this year's inclusion of Indian government bonds in the JPMorgan Bond index for emerging markets. Investors are more than eager to put their money on the table when it comes to India. Yet, our credit rating remains on the precipice of just about being investment grade. Clearly, something is amiss.

There is a consensus that there needs to be more competition in the credit rating space post-Lehman. But progress has been limited, even though attempts have been made by agencies in different countries to form new outfits based on partnerships. Sovereign ratings are still the hallowed domain of the Big Three ratings companies.

The main issue is one of acceptability. Investors should accept the ratings given by a rating agency. While domestic agencies do well in their domain of company ratings, the challenge is assigning sovereign ratings, and for these to find acceptance across geographies. Making a breakthrough on this is difficult, but not impossible. There have been some alliances, like ARC Ratings, which was set up by five domestic rating agencies including Care Ratings from India, which had a licence to operate in Europe. But the sovereign ratings business has not taken off. There were unsuccessful attempts in other geographies too.

The solution lies in more large domestic rating agencies issuing sovereign ratings. The methodologies need to be thorough, backed by a strong rationale. The ratings must be made public to obtain ratification from experts. Next, local central banks need to accept such ratings. The Reserve Bank of India (RBI) has a capital adequacy framework that requires weights to be given to different assets based on ratings assigned by credit-rating agencies. For domestic assets, it is in accordance with Basel 2 norms for an external domestic agency providing the same. However, Indian banks with overseas branches do invest in treasury bills of the sovereign. Or it could have dealings with foreign central banks, public sector entities and foreign banks. Here, RBI accepts the ratings of S&P, Moody's and Fitch Ratings. The question is why not also accept those given by accredited domestic credit rating agencies? Note that three of India's largest four rating agencies are part of the global Big Three and would not be in a position to offer separate ratings. The fourth, which is CARE Ratings, can be nudged, as also the other two other smaller agencies, to venture into sovereign ratings.

> **They can offer a good alternative to ratings by a global oligopoly whose actions often defy justification**

When it comes to ratings, there are broadly two areas that require such assignment. One, the debt market, and two, bank loans under Basel norms. Sovereign ratings form a different arena that covers the entire globe and is run by a virtual oligopoly. It's critical that domestic central banks accept sovereign ratings from domestic agencies to help them gain credibility.

These agencies can do similar assignments in other countries. In fact, when global deliberations take place, such as G20 or BRICS meetings, this could be an issue to discuss. Maybe 2-3 rating agencies could get global acceptance. India's IFC has grown to become a wholesome one-stop shop for all global transactions, and putting in this last piece of sovereign ratings would complete its offer basket. These ratings can also be used when there are deals made that need such data.

It has been observed that even a decade-and-a-half after the global financial crisis, nothing has quite changed in the rating space. There are incongruities like the US, which has perennially been on a point of a government shutdown, continuing to enjoy high ratings (though one agency has lowered the US to AA plus). Others that get into a recession for protracted periods do not witness any downgrade. While the argument of being an anchor currency is used to defend such oddly high ratings, there need to be limits.

On the other hand, countries like India which record big improvements on almost all parameters even over a consistent period of five years rarely witness an upgrade. The arguments given, such as inadequate labour reforms, privatization and high debt levels, are rarely used for countries in the West. The per-capita income argument is flawed, as one needs to look at growth rather than absolute levels, since the latter will always be optically low with a large population.

More conversation is needed at both the government and central bank levels. Global summits that have agendas related to politics and climate action should add this for discussion. Should RBI and others show recognition of sovereign ratings given by domestic agencies, the practice would spread. India can take pride in having competent local rating agencies and a strong regulatory structure put up by the Securities and Exchange Board of India even before the financial crisis. There is little reason to only look outside. Domestic players must get space to prove their expertise.

These are the author's personal views.

Finding gut health at the supermarket

A rising interest in gut health is spurring leading supermarket and retail chains in India to stock up on gut-friendly foods their customers want

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In a landscape saturated with wellness trends, the subject of gut health seems to soldier on—inspiring everyone from researchers to wellness gurus to study it and advocate diets focussed on it. And beyond the impact of social media platforms like TikTok and Instagram, where influencers endorse various products and unconventional diets, the "Good Gut" trend is evolving into more than a fleeting craze, signifying a fundamental change in our approach to wellness and healthcare.

"Gut health involves the effective functioning of the digestive system including organs like the stomach and intestines. It encompasses a balance of beneficial and harmful microorganisms in the gut and the overall integrity of the gut lining," explains Dr. Sreekanth Appasani, a consultant medical gastroenterologist in KIMS Hyderabad. The GI tract houses a significant portion of immune cells—up to 80%. Trillions of bacteria form a protective barrier, fostering immune tolerance. Which is why, as Appasani says, "a healthy gut is vital for proper digestion, absorption of nutrients, and plays a key role in supporting overall immune function."

Good gut health has been linked to alleviating conditions such as depression, anxiety, chronic ailments, allergies, and even boosting immunity. This is because the gut and the brain are closely interconnected and engage in continuous communication. "The gut microbiota plays a crucial role in regulating mood and emotions by producing and interacting with various substances, including neurotransmitters such as gamma-aminobutyric acid (GABA) and serotonin," says Dipti Patawari, counselling psychologist at Lissun, a tech enabled mental health startup in Gurgaon. Serotonin, often referred to as the "happy hormone" is primarily synthesized in the gut and influences mood, appetite, and sleep patterns, she adds.

> A healthy gut protects your body's immune system, regulates mood and alleviates depression and anxiety

While the subject has inspired books and shows, this rising interest in gut health among the public has globally caught the attention of a new, unlikely set of players—supermarket and retail chains.

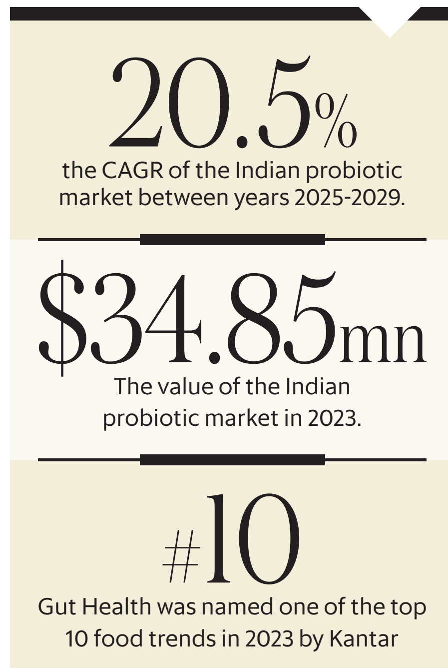
GUT HEALTH DOWN THE HEALTH AISLE

Yes, traditionally considered as purveyors of essential groceries, supermarkets and retail chains are now waking up to the potential business opportunity of gut wellness. In early January this year for instance, UK retail giant M&S Food teamed up with nutrition science company ZOE to launch a new drink – M&S Food x ZOE Gut Shot. The motivation? More consumers were focusing on gut health. 'Gut health' was named as a top food trend by UK-based data analytics firm Kantar in 2023, the retailer noted in their press statement. Priced at £2 (₹209), the M&S Food x ZOE Gut Shot is a 'creamy yet tart' milk drink with *kefir* and berries and does not contain added sugars or sweeteners, artificial gums or emulsifiers. Each shot contains over five billion live cultures from 14 strains of friendly bacteria and is high in fibre and a source of calcium, the retailer further revealed.

Later that month, another retail leader, the US-headquartered Target Corp, announced that it was introducing more than 1,000 new wellness products to "support guests on their wellness journey without stretching their budgets," as an article by Food Institute reveals. Among its offerings are non-alcoholic beverages and pre- and probiotic nutrition products.

While grocery and retail chains in the West seem well-poised to tap into the gut wellness trend, Indian retail stores are taking baby steps as well. And they have some good reason to if one were to go by a recent report by TechSci Research. Titled *India Probiotic Market - Industry Size, Share, Trends, Competition Forecast & Opportunities, 2029*, the study stated that the Indian Probiotic Market reached $34.85 million in 2023 and is expected to grow with by a compound annual growth rate (CAGR) of 20.5% between 2025 to 2029. Attributing the trend to a heightened focus on health among consumers, the report noted that the growing demand for probiotic products is 'driven by the perceived benefits of probiotics on digestive and immune system health'.

Prateek Raheja, a Delhi based fitness coach is representative of this health-conscious audience. "I prioritise maintaining a healthy gut, so when I shop at my neighbourhood supermarket, I make it a point to buy fermented foods such as *kimchi* and yogurt," he says adding that he shops for products like *kimchi*, *kefir* and *sauerkraut* as 'a well-balanced gut contributes to my overall well-being'.



20.5%
the CAGR of the Indian probiotic market between years 2025-2029.

$34.85mn
The value of the Indian probiotic market in 2023.

#10
Gut Health was named one of the top 10 food trends in 2023 by Kantar

Abhishek Gupta, marketing head, FIWA (Food Industries Welfare Association), has been observing the trend of retails chains in the country implementing various strategies to cater to health-conscious consumers. Reliance Fresh, a prominent supermarket chain, has established dedicated Health and Wellness Sections within its stores, he says. "These sections showcase a thoughtfully curated selection of products, with a specific focus on gut-friendly items like probiotic-rich yogurts, fermented foods, and dietary supplements." Spencer's Retail is another example. "In 2020, during the pandemic, Spencer's partnered with Dr. Path Labs to provide their customers with guidance on healthy food choices through in-store seminars, online content, or expert-recommended product selections," Gupta shares.

FUTURE GAZING

Nutritionist Shweta Shah, founder of EatFit247, too has observed traction among supermarkets and digital platforms who offer personalized nutrition advice based on microbiome analyses. She refers to Xume, India's AI-powered grocery scoring and recommendation platform partnering with gut microbiome research venture, Microbiome.in, and advanced diagnostics lab brand, TruDiagno in September 2023 to democratize preventive healthcare. "The partnership aims to provide personalized diagnostics focusing on gut health and key markers to empower individuals with informed choices for proactive healthcare," she says. Shah, however, believes that unlike retail brands in the West who've dived right in, Indian retail chains have only just begun to explore the path and there's a lot more to be done.

Integrative nutritionist and gut health coach Sheetal Bansal foresees Indian supermarkets and grocery stores becoming wellness enablers in the future. In the domain of online platforms and apps, major players in the grocery industry will implement user-friendly interfaces, she predicts. "These platforms will boast features like 'Nutrition Filters' and dedicated sections for 'Health and Wellness'. For instance, users will seamlessly filter products based on dietary preferences, including labels that highlight gut-friendly options."

Another noteworthy trend could involve leading supermarket chains collaborating with certified nutritionists or dietitians. Customers will have the opportunity to seek personalised advice on gut-healthy diets, Bansal observes before concluding on a hopeful note, "Beyond providing a valuable service to customers, these collaborations will establish supermarkets as trusted sources of health information."

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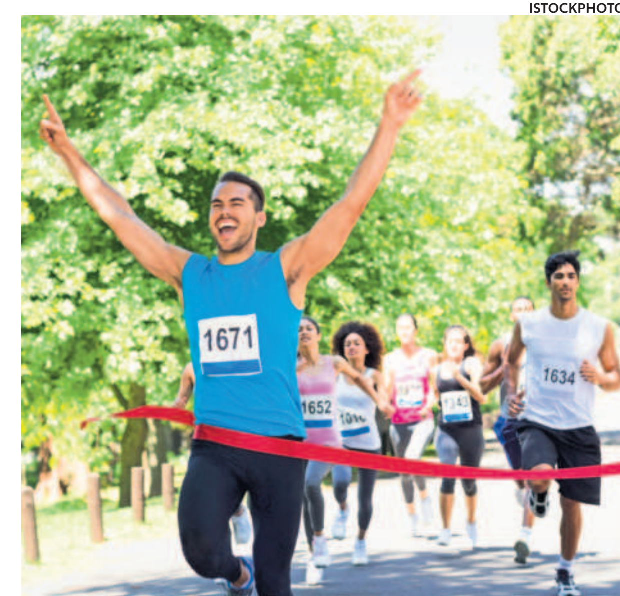

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What's the right way to carb load for a marathon?

From pasta to *poha*, nutritionists share the right carbs to eat for race day

Shrenik Avlani
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Back in 2009, when I ran my first Standard Chartered Mumbai half marathon, I kept hearing about carb loading. An online search told me I had to eat pasta, a lot of pasta, in the week leading up to the marathon. I don't particularly like pasta, but I also was a new runner and thought it prudent to listen to experienced runners. A lot has changed since then. Today, along with the growth of running, we have a lot more information about training, recovery and nutrition (including carb loading). And there's life beyond pasta: Plenty of dishes in both north and south Indian cuisines are excellent sources of carbohydrates, say runners and nutritionists.

WHAT IS CARB LOADING?

Carb loading is the phase in a training cycle where one significantly increases their carbohydrate consumption as race day approaches. "In this phase the runner loads the body with carbohydrates and reduces running and exercise closer to the event. This increases the stores of carbs in the liver and muscles, which can be used during a long duration activity like a marathon," explains Pooja Udeshi, consultant, sports nutritionist at Kokilaben Dhirubhai Ambani Hospital in Mumbai.

Carb loading creates a "super-compensation" effect by deliberately raising daily calorie intake to 70–90% of carbohydrates in the days preceding a race. This raises glycogen levels above average, says Chandni Haldurai, head of nutrition at Cult.fit.

> Indian staples like brown rice and *rotis* offer long-lasting energy needed for a marathon

When one runs distances such as half marathon and more, sustained carb loading is required because the body needs a lot of fuel to burn. This process should start at least four to six days before a race. "Increase your intake of carbohydrates gradually, aim for 5-10 grams of carbs per pound of body weight. To maximise glycogen storage, lower your training intensity," advises Haldurai.

While pasta remains the most popular dish for carb loading, there are plenty of options available in the Indian diet. Rice contains complex carbs that provide long-lasting energy. For more nutrients and fibre, eat brown rice, says Haldurai. Also, *phulka* and *roti* made from whole wheat flour are easily digestible and they provide long-lasting energy. *Poha* and *aval* (made with flattened rice) are easily digestible and make for the perfect pre-race meal.

Sweet potatoes are packed with beta-carotene and complex carbs and they offer long-lasting energy and health benefits from antioxidants. Fruits like bananas, mangoes and grapes are also excellent sources of absorbed minerals as well as carbohydrates, says Haldurai. Other reliable local foods include oats *idli*, *ragi dosa*, carrot and oats *upma* and *sooji dhokla*.

There is no one-size-fits-all solution to carb loading as every person's needs are different. Haldurai suggests trying out various sources of carbohydrates and seeking bespoke advice from a registered dietitian to find the best carb loading plan for you.

GROUP THERAPY: A SOLUTION FOR EMOTIONAL HEALING AND COMMUNAL BONDING

THERAPY DECONSTRUCTED
MALIKA NOOR MEHTA

Respond to this column at feedback@livemint.com

Group therapy may be one of the less explored modes of emotional healing in India, but it is slowly, surely finding its place in the mental health field. This form of therapy involves a group of people—usually between 8-12 in number—gathering under the guidance of one or more trained psychologists, psychotherapists and/or psychiatrists in order to explore particular issue(s).

While individual therapy focuses on one person's emotions, thoughts and behaviours, group therapy considers the collective, and leverages the dynamics of the group to facilitate individual learning and growth. If done in a thoughtful and ethical manner, therapists can use the group format to foster immense communal bonding and healing. For, there is a certain transformative power in knowing that you are not alone in your struggles, that other people understand what you are going through, and have possibly experienced a similar array of emotions.

TYPES OF GROUP THERAPY

Psychoeducational Group Therapy: Therapists might create such a group to help elucidate a particular mental health condition. Here, each group member would likely have the same diagnosis and the therapists would focus on helping them understand their symptomatology and giving them coping strategies. The benefit of creating such a space is the sense of universality that

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likely occurs when you discover how many other people are going through what you are going through. Suddenly, the stigma of the diagnosis is reduced and the individual is possibly able to feel a sense of hope.

Dialectical Behavioural Therapy: In instances where individuals are searching for a space to learn practical and emotional skills, therapists might create a dialectical behavioural therapy (DBT) group. Developed by American psychologist, Marsha Linehan, DBT is broken into four modules: mindfulness, distress tolerance, emotional regulation and interpersonal effectiveness. While DBT in its full form is extensive and complex, combining group skills training with individual therapy as well as phone consultations with the therapist, DBT-informed group therapy uses parts of the four modules and gives the therapist flexibility to decide what aspects of them are most relevant to the group participants.

In DBT groups that I have conducted, the participants struggled with several concerns such as lack of assertiveness professionally or personally, an inability to set clear boundaries with people, anger management, trauma of varying kinds and severity etc. While some group members were diagnosed with conditions such as Borderline Personality Disorder (BPD), others did not have a formal diagnosis and simply attended the group to learn the skills. Even though DBT was originally created keeping in mind individuals struggling with BPD and/or suicidality, this form of therapy has expanded beyond those bounds. Today, it is used widely to help individuals foster self-esteem, maintain healthy relationships and cope with varying levels of distress.

> Group therapy helps its participants realize that they are not alone in their struggles

Support Groups: Unlike DBT groups that have a certain flow and structure to them, support groups tend to be slightly less rigid. This type of group therapy fosters healing through active peer-to-peer support. For instance, Alcoholics Anonymous (AA) is a type of support group that creates a space for individuals to share stories about their struggles with addiction. Members of AA celebrate each other's progress while also holding each other accountable in their efforts to stay sober.

Support groups are less about direct treatment and more about community building. They might focus on overcoming substance abuse or other forms of addiction (such as gambling). They might help caregivers of addicts or chronically ill patients find peace, a space where their minds can simply focus on their own healing instead of that of another. Support groups might also help people deal with grief and bereavement after the loss of a loved one, or help individuals living with social anxiety or phobias practise how to interact with others in a safe, non-judgemental environment. These types of groups are unlimited in the scope of topics that they could address. My colleagues and I just ran a support group for individuals facing challenges with moving back to India after living abroad for an extended period of time.

Expressive Art Group Therapy: This form of group therapy employs creative expression and imagination to foster a connection between an individual's mind and body. It employs narrative practices through drawing, painting, photography, sculpture, writing and poetry alongside movement and sound to help with healing and recovery. Silence is also key to this kind of therapy, as it allows for deeper reflection after the process of artful creation. This gentle form of therapy is easily integrated with the support-group model in order to help those facing chronic conditions such as cancer, Alzheimer's disease, and other physical ailments as well as mental health conditions.

The forms of group therapy discussed here are only a few of the myriad of types that exist. Group therapy is powerful in its ability to destigmatize mental health strife by engendering a sense of universality among participants and building awareness that people heal in different ways. The process is never linear, giving way to catharsis through active reflection and discussion, and finally instilling hope that the future is an open playing field that does not need to be tackled alone.

Malika Noor Mehta is a psychotherapist and mental health advocate who runs her own private practice in Mumbai.

Therapy Deconstructed is a monthly column that aims to demystify all aspects of therapy.