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Tuesday, March 5, 2024

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SENSEX 73,872.31 ↑ 66.16 NIFTY 22,405.60 ↑ 27.20 DOLLAR ₹82.89 ↑ ₹0.25 EURO ₹89.93 ↓ ₹0.36 OIL $85.03 ↑ $1.48 POUND ₹105.08 ↓ ₹0.36

Fork in the road for Tata Motors units

Co to split, separately list PV, CV units; move to unlock value

Alisha Sachdev
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NEW DELHI

Homegrown automaker Tata Motors Ltd has decided to split its commercial and passenger vehicles businesses and separately list them, in a move aimed to unlock value and signalling its confidence in the prospects of both divisions.

While Tata Motors' commercial vehicles (CV) unit builds trucks, vans and buses, the passenger vehicles (PV) divisions makes cars, SUVs and electric vehicles (EV). The PV division also includes Jaguar Land-Rover (JLR), the British luxury carmaker that fetches over 80% of its revenue.

"The three automotive business units are now operating independently and delivering consistent performance. This demerger will help them better capitalize on the opportunities provided by the market by enhancing their focus and agility," Tata Motors chairman N. Chandrasekaran said.

While the PV unit of Tata Motors is led by Shailesh Chandra, the CV division is headed by Girish Wagh, and JLR is steered by Adrian Mardell.

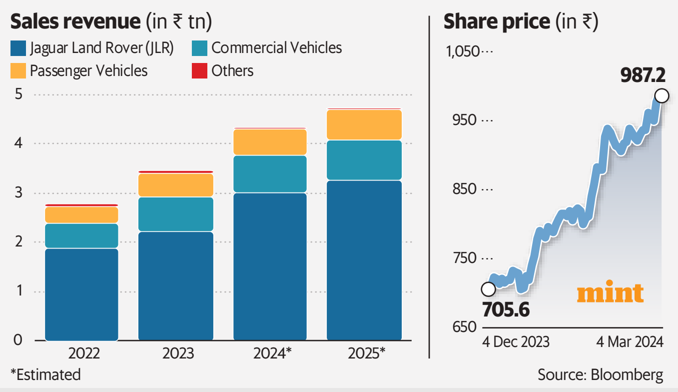
The demerger will be implemented through a scheme of arrangement to be filed before the National Company Law Tribunal, and the company hopes to complete the exercise over the next 12-15 months. All shareholders of Tata Motors will have identical shareholding in both the listed entities.

Starting out as a bus and truckmaker eight decades ago, Tata Motors ventured into passenger vehicles in 1991 with the Tata Sierra. This was followed by several models in the PV space, followed by the Tata Indica in 1998, marking a serious turn to car making. In 2008, Tata Motors acquired luxury carmaker JLR and rolled out Tata Nano, a

TURN TO PAGE 6

SPLIT SECOND

The demerger underlines Tata Motors' confidence in the independent future of its PV business, that was once reliant on the CV business



WHEELS OF FORTUNE

DEMERGER, listing may be complete in 12-15 months

CURRENTLY, 80% of Tata Motor's PV sales comes from JLR

DRIVEN by its Nexon EV, the electric car biz is close to profitability

SARVESH KUMAR SHARMA/MINT

Moody's lifts 2024 India GDP growth forecast to 6.8%

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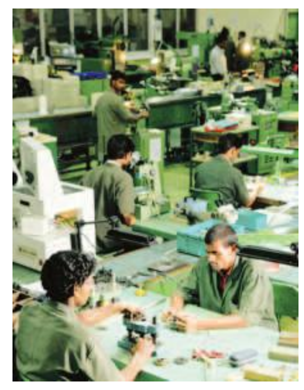
Rating agency Moody's Investors Service, Inc. on Monday raised its forecast for India's gross domestic product (GDP) growth in 2024, reflecting both global and domestic optimism in the country's economy on the back of robust manufacturing activity and infrastructure spending.

"India's economy has performed well and stronger-than-expected data in 2023 has caused us to raise our 2024 growth estimate to 6.8% from 6.1%," the agency said in its Global Macro Outlook 2024-25. "India is likely to remain the fastest-growing among G20 economies over our forecast horizon," it added.

The Indian economy soared in the December quarter (the third quarter of 2023-24) with a surprise growth of 8.4%, belying fears of tempering as its manufacturing, electricity and construction sectors put up a robust show. The statistics ministry has raised its GDP growth estimate for 2023-24 to 7.6% in its second revised estimate, up from 7.3% in its first advance forecast.


RBI's GDP growth estimate for 2023-24 is 7%. MINT

The Reserve Bank of India's (RBi's) GDP growth estimate for 2023-24 is 7%, while the International Monetary Fund (IMF) expects 6.7%.

"We believe that with global headwinds fading, the Indian economy should be able to comfortably register 6-7% real GDP growth and we therefore forecast around 6.8% growth in calendar year 2024, followed by 6.4% in 2025," Moody's said.

"Capital spending by the government and strong manufacturing activity have meaningfully contributed to the robust growth outcomes in 2023. We expect policy continuity after the general election and contin-

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International airlines covet the Indian globetrotter

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Indians are flying overseas like never before. And airlines are taking measures to cater to the rising demand.

This January has seen 6.52 million people take off for foreign destinations from India, 17% more than January 2023 and 0.5% higher than the pre-covid level of January 2020. So far this fiscal (April-January), international traffic from India has risen 24% on-year, and was just 1.7% lower than the same pre-covid period.

Going ahead, foreign airlines such as Emirates, Singapore Airlines, Qantas, Cathay Pacific and Etihad, among others, are anticipating demand to balloon further, and are planning accordingly.

Domestic carriers, too, are anticipating similar surge in demand for foreign travel. Rating agency Icra Ltd expects international passenger traffic for Indian carriers to surpass the peak levels of 2023-24.

To be sure, foreign carriers accounted for 56% share in international air traffic to and from India in 2022-23, and Indian carriers, 44%, as per

TURN TO PAGE 6

DON'T MISS

MINT

RBI asks IIFL Finance to stop sanctioning gold loans

The Reserve Bank of India (RBI) on Monday asked IIFL Finance to stop the sanctioning and disbursement of gold loans. It has cited "material supervisory concerns" observed in the non-bank financier's gold loan portfolio. >P5

SC ends lawmakers' immunity to take bribes for votes, speeches

A seven-judge bench of the SC has reversed the court's 1998 ruling that let lawmakers escape punishment for accepting bribes in exchange for voting or giving speeches on the floor of the House, holding that such actions cannot be shielded. >P9

Film studios tap external OTT platforms to unlock value

Media and entertainment companies like Zee Entertainment, Sony Pictures Entertainment, and Warner Bros Discovery, all of which have streaming platforms in India, are licensing movies and shows to OTT platforms to unlock greater value. >P7

Govt working on new plan to deter counterfeit products

The Centre is planning to create a system to identify and contain the flood of counterfeit goods in the retail market, two people said. The system will ensure that every good sold in the retail market meets the standards for which a licence was issued. >P2

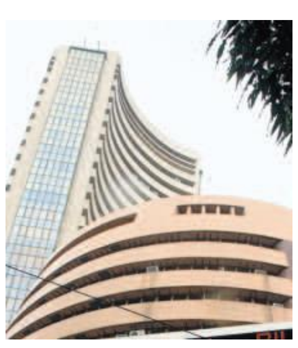
Retail investors ride the small-cap wave

Mayur Bhalerao & Ram Sahgal
MUMBAI

Retail investors appear to have turned savvier with stock trading, cashing out of small-cap counters while prices ruled high.

As a category, retail investors' share in these stocks declined between the March and December quarters, a period when many small-cap stocks generated sky-high returns. In the past, many retail investors used to burn their fingers, buying up overheated shares and selling lower.

For instance, stocks like BSE, Birlasoft, Zensar Technologies, Sonata Software and RBL Bank, which rose between 23% and 415% in the nine months through December, saw the share of the retail category falling 4.26-10.8%. The retail category comprises investors who


Many investors earlier suffered, buying high and selling low. MINT

buy shares up to ₹2 lakh.

In all, out of the 250 stocks comprising the Nifty Smallcap index, retail investors cut their stakes in 139, while increasing them in 108. Against this, mutual funds increased their stakes in 162 out of 250 stocks, while cutting them in only 86.

Valuations in some of these

TURN TO PAGE 6

Net banking for biz to get easier

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MUMBAI

Customers will soon be able to pay businesses through net banking irrespective of whether their banks and the merchants' payment aggregator are integrated, with the central bank ironing out one more wrinkle in India's rapidly evolving digital payments ecosystem.

"We have given approval for implementing such an interoperable system to NPCI Bharat BillPay Ltd. We expect the launch of this interoperable payment system for internet banking during the current calendar year," Reserve Bank of India (RBI) governor Shaktikanta Das said on Monday.

Das said such interoperability would facilitate quicker settlement of funds for merchants. At present, net-banking transactions are not interoperable, requiring banks to individually integrate and have bilateral arrangements with each payment aggregator servicing different online merchants. (Customers can pay merchants or businesses


Shaktikanta Das, governor, RBI. BLOOMBERG

TURN TO PAGE 6

The demoted MS worker gets his revenge

Robert Mcmillan
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Clippy, Microsoft 's unwanted, unloved Office assistant, once listed as one of Time's 50 Worst Inventions , is experiencing a renaissance.

You remember Clippy. He was the animated paper clip who would pop up, uninvited, in Microsoft Office to state the obvious and offer unwanted advice: "It looks like you're writing a letter. Would you like help?" Some found that annoying. He was later forced into retirement.

But today, ugly Christmas sweaters featuring Clippy are listed for hundreds of dollars on eBay. In December, he showed up on a handmade sign at a Las Vegas esports tournament ; in September he was stolen from a New York bar.

And in June, a software developer named Ayushmaan Bordoloi rebooted him as an AI chatbot. Thousands of people downloaded his Clippy app, which looked like the original, but had its chatting capabilities provided by OpenAI's GPT software.

That AI incursion was a step too far for Microsoft, which has a longstanding love-hate relationship with the sad-eyed paper clip. A few months after he released his code, Bordoloi received an email from Microsoft's Trademarks Team, asking him to confirm his software was "properly authorized."

It wasn't, and Bordoloi has since rebranded his chatbot as Paperclip, much to his chagrin. "They're really just doing it for the name, which they don't use, and that's basically unfair," he said.

"Clippy isn't just a paper clip, he's a legend," said a Microsoft spokesperson. "He may have been retired , but he never gave up," adding Clippy continues to be celebrated in memes, fan art and tattoos.

Paper-clip pariah

For a character whose whole purpose is to help, Clippy has endured a lot of controversy.

From the start, he was an underdog, said Kevan Atteberry, the graphic artist who created Clippy, while working as a contractor for Microsoft in the mid-1990s.

Clippy was one of 240 characters Atteberry and a group of designers whipped up for Microsoft Bob, an attempt to make

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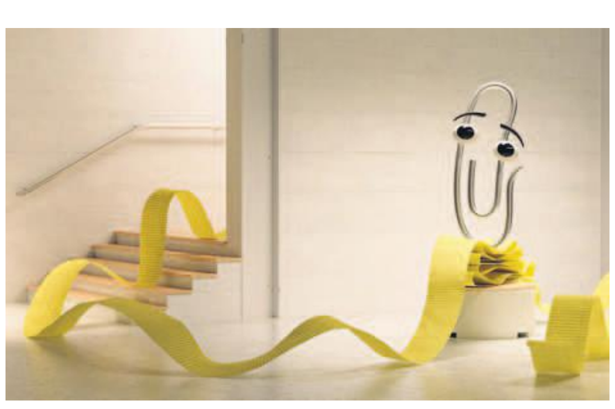
Clippy, the unloved animated paper clip who would pop up in Microsoft Office, now has a new fan following. MICROSOFT.COM

THE WALL STREET JOURNAL.

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Tuesday, March 5, 2024

mint

Think Ahead. Think Growth.

mint primer

Google vs Indian startups: What's next for users?

BY SHOUVIK DAS

Google dashed off notices to some startups and suspended their apps from Play Store, sending these firms into a tizzy. As they look to the Supreme Court and the Competition Commission of India (CCI) for a possible resolution, *Mint* asks: Could this row have a wider impact?

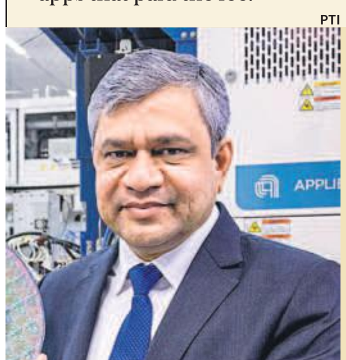
BLOOMBERG

1 Why did Google make such a move?

The fundamental reason for Google suspending Indian apps was the non-payment of its Play Store "service fee"—a charge that Google levies on apps that earn through subscriptions. At the moment, this fee ranges from 11% to 30%. Startups, including Bharat Matrimony and Shaadi.com, have refused to pay up. Since Indian startups also failed to win an injunction against this fee in an appeal against Google at the Supreme Court, the American tech major has decided to suspend over 10 Indian apps with over 100 million cumulative downloads. At the same time, it has restored the apps that paid the fee.

2 In what way did this affect India's startups?

Founders of all major suspended apps told *Mint* that Play Store is their primary discovery platform. It thus contributes to most of their revenue, and this suspension could reduce their earnings by half. The founders also said that they spend heavily to rank in Google's search, too. Therefore, adding the service fee to it means Google could get as much as 80% of the revenue earned by these Indian startups. This would make their businesses unviable. Startups won't need to pay any service fee if they accept payments outside of their app but startups say this process disrupts their user experience.



PTI

3 How soon could a resolution be worked out?

The competition commission is reviewing Google's compliance of its 2022 order on alleged anti-competitive practices, and a report on this could be published soon. The Supreme Court is expected to hear this matter and IT minister **Ashwini Vaishnaw** has stepped in. So, a resolution is expected either way. Google has temporarily restored the apps.

4 What are the key arguments?

Startups say the service fee amounts to abusing market dominance. Of the 700 million smartphone users in India, 85% use Google's Android, which also makes these startups dependent on Google for a vast part of their businesses. They claim Google's success is due to them. Google claims the policy of service fee was always clear, and that the fee isn't illegal. CCI's 2022 verdict pointed out it's not a pricing regulator. Lawyers said the startups' outreach to customers is because of Play Store's network.

5 Could this row have a wider impact?

Yes. Google's anti-competition lawsuits and regulatory scrutiny in the US influenced the CCI's inspection of the company's India practices. What precedent the dispute lays down will depend on the ministry of electronics and IT's interpretation, the CCI's follow-up order and the Supreme Court's verdict. With India being one of the largest markets alongside the US, the outcome could be key to deciding how anti-competition allegations are investigated around the world. A precedent is likely to be set for other app marketplaces.

QUICK EDIT

Bribery shield

The Supreme Court has held that lawmakers are not immune from prosecution in cases of bribery for making a speech or voting a certain way in Parliament or state legislatures. The verdict of the seven-judge bench sets aside the judgement in the 1998 Jharkhand Mukti Morcha case, in which a five-member bench of the apex court had upheld the immunity of lawmakers. While Articles 105 and 194 provide them a legal shield to enable them to work without fear, the court on Monday disagreed that this encompassed bribery. "To give any privilege unconnected to the functioning of Parliament or legislature will lead to creating a class that enjoys unchecked exemptions from the operation of law of the land," the court said. "Corruption and bribery of members of the legislature erode the functioning of democracy," it added. This rights a wrong judicial example that had been set in India. While lawmakers do need some privileges to better discharge their duties, this doesn't imply they can live above the law. Corruption, especially, should be dealt with sternly, whether it takes places outside or in Parliament. As representatives, lawmakers should welcome the ruling.

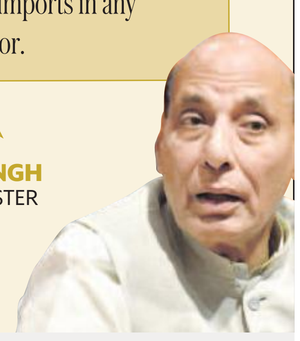
MINT METRIC

by Bibek Debroy

In Lucknow, a cop got married,
But the priest was slow and tarried.
Late for the wedding feast,
The constable beat up the priest.
Now wishing the tale hadn't carried.

QUOTE OF THE DAY

We will be able to maintain strategic autonomy only when arms and equipment are made in our own country, by our own people....A huge country like India cannot remain dependent on imports in any important sector.



RAJNATH SINGH
DEFENCE MINISTER

mint

PLAIN FACTS

New coats of growth in the paints business

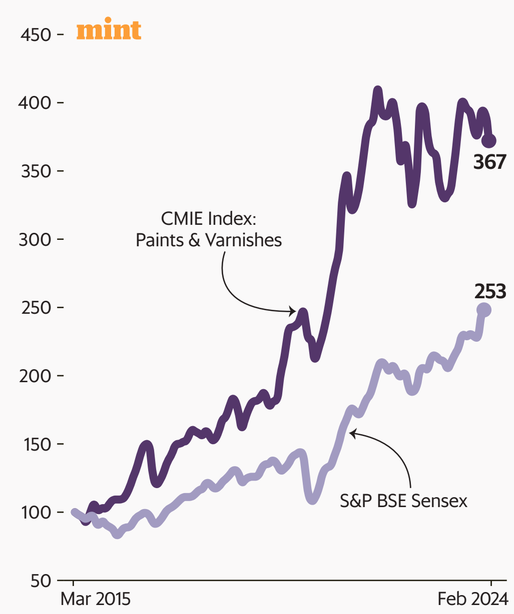
BY HOWINDIALIVES.COM

On the heels of the JSW Group in 2019 and Pidilite in 2023, the Aditya Birla Group has entered the paints business through group flagship Grasim and brand Birla Opus. Tellingly, this is the group's first major diversification foray in about 15 years. It plans to invest ₹10,000 crore and, by its estimates, add about 40% to industry capacity. Even as stocks of major paint companies took a hit in recent days, their long-term trajectory explains this beeline to get into the business. Since March 2015, an index of paint stocks has delivered a compounded annual return of 16%, against 11% delivered by the Sensex. This is despite the price-earnings ratio of paint stocks being well ahead of the Sensex, thus being more expensive.

The new players say this is an expanding industry. Announcing its foray late last year, the Aditya Birla Group said: "The paints industry is witnessing double-digit growth year-on-year driven by rising consumer aspirations and the government's push towards 'housing for all'." JSW Paints has a revenue target of ₹2,000 crore for 2023-24. Like most other industries, the paints sector saw a major bump after the pandemic, with net sales growing 63% between 2019-20 and 2022-23. However, higher raw material costs for much of 2021 and 2022 pulled down net profit margin, which ranged between 8.9% and 11.9% in these two years for the set of listed paints companies. This forced market leaders such as Asian Paints to raise prices. In the December 2023 quarter, net margin rebounded to 14.3%, against 11.5% a year ago.

Paint stocks have left the broader market behind over the past decade

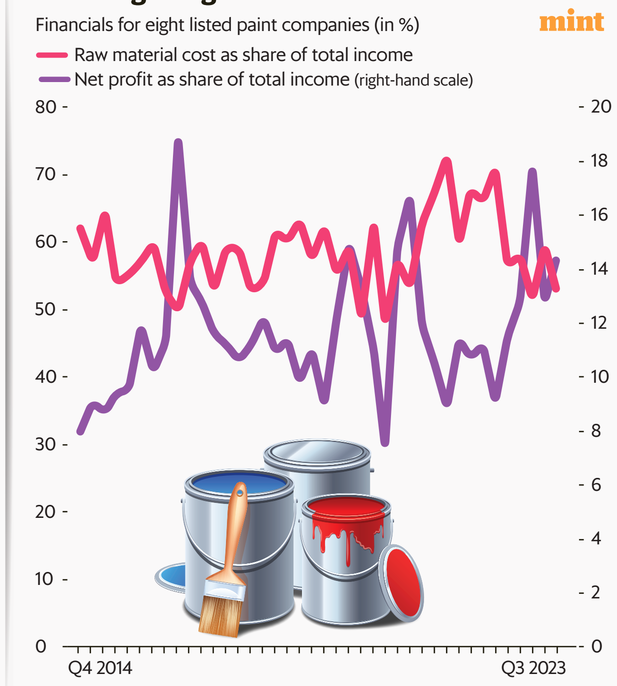
Rebased index values (March 2015 = 100)



CMIE Index: Paints & Varnishes comprises eight listed companies.

Raw material costs have cooled off, boosting margins

Financials for eight listed paint companies (in %)



Source: CMIE Prowess

The Incumbents

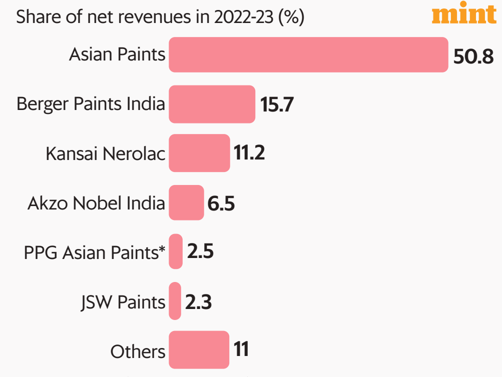
IN 2022-23, the paints industry in India recorded revenues of about ₹70,000 crore. The dominant player was Asian Paints, with a revenue share of about 51%.

One of the 30 stocks in the Sensex, Asian Paints' revenue share has grown by about seven percentage points in the past 10 years. Its net profit margin in 2022-23 was ahead of the industry average by about three percentage points, and it is valued at about ₹2.73 trillion.

Then, there are Berger Paints and Kansai Nerolac, which together account for another 27% of market share by revenues. New entrant JSW Paints accounted for 2% of net sales in 2022-23. Grasim wants to be the second-largest player in the paints sector in the next few years. Even as it pumps in capital into the business, new entrants have their work cut out in terms of extracting market share from the industry leaders, especially from Asian Paints.

Asian Paints had a revenue share of over 50% in 2022-23

Share of net revenues in 2022-23 (%)

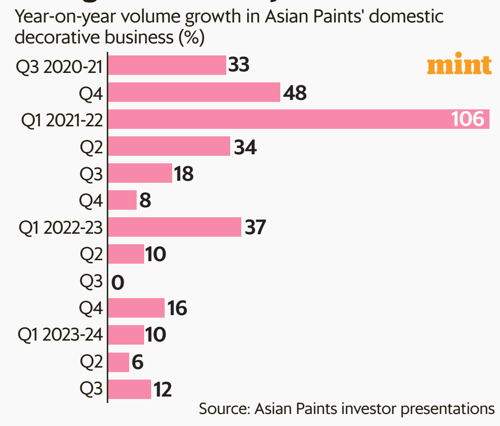


*A joint venture between PPG and Asian Paints.

Source: CMIE Prowess

Volume growth at Asian Paints has been good in recent years

Year-on-year volume growth in Asian Paints' domestic decorative business (%)



Source: Asian Paints investor presentations

Volume Growth

MARKET LEADER Asian Paints saw a major bump in both value and volume growth in the post-covid period as lockdowns eased, though the pace of growth has softened. The company's domestic decorative paints vertical, which accounts for a bulk of its overall sales, saw year-on-year volume growth exceed 10% in 10 of the last 13 quarters. In 2023-24, its volume growth is in the 6-12% band, despite major price hikes. Growth in the third quarter was driven by a strong Diwali festive season.

In a presentation to investors for the December quarter, Asian Paints highlighted recovery in rural markets. It also said that both rural and urban centres had posted double-digit growth over the last four years. The company sees new real estate construction and the 49% increase in government allocation for the flagship housing scheme in 2024-25 as growth drivers, which will expand the overall industry. That's what the new players are also looking to tap into.

Housing Uptick

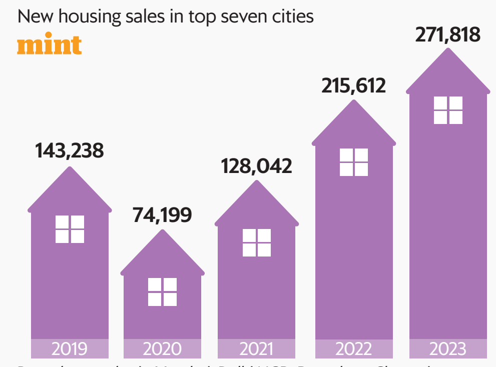
WHILE THE government flagship scheme operates at the lower end of the residential housing market, much is taking place in the middle and top end also. According to real estate consultancy Jones Lang LaSalle (JLL), 2023 saw "record-breaking sales", with about 271,900 units sold in seven metros, and residential launches were the highest ever, crossing 2010.

In 2024, sales are seen at 300,000-315,000 units if interest rates decline, inflation stays moderate and GDP growth remains strong. Further, residential launches—a direct growth driver for the paints industry—are seen rising 9-10% to 315,000-320,000 units. "Strategic land acquisition at prime locations as well as along growth corridors in cities is expected to strengthen the supply inflow across cities," JLL said. While this augurs well for new players like Birla, the competition will be interesting to see.

www.howindialives.com is a database and search engine for public data.

Housing sales have seen sharp jumps after the pandemic

New housing sales in top seven cities

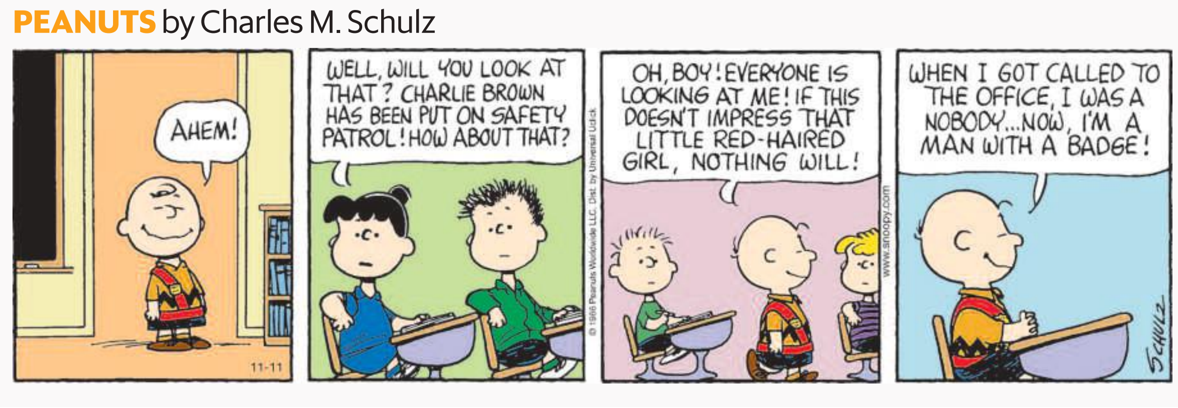


Data shows sales in Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata and Pune.

Source: Jones Lang LaSalle

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



MINT SHORTS

SBI moves SC seeking extension to disclose details of electoral bonds

New Delhi: State Bank of India on Monday moved the Supreme Court seeking an extension till 30 June to disclose details of each electoral bond encashed by political parties. In an application filed before the top court, SBI contended that retrieval of information from "each silo" and the procedure of matching the information of one silo to that of the other would be a time-consuming exercise. **PTI**

Auto cos' requests for quarterly incentives to be examined

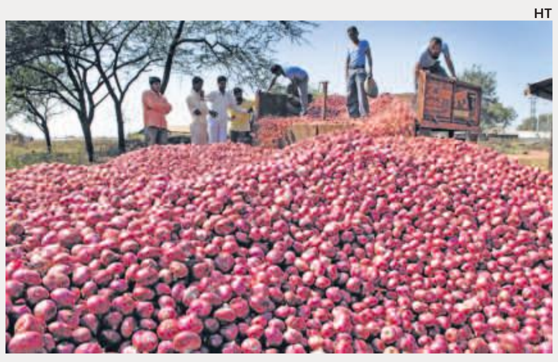
BLOOMBERG

New Delhi: A government-formed panel will examine requests from auto manufacturers seeking quarterly incentive payouts and inclusion of more components under the production-linked incentive scheme, according to an official on Monday. This year, the incentive (under Auto PLI) will be given annually but a committee has been formed in the ministry that will look into the requests of OEMs. **PTI**

Peak power demand estimated to rise 7% to 260 GW this summer

New Delhi: Peak power demand in the country is estimated to rise by 7% year-on-year to 260 GW this summer, according to a senior official. Peak power demand during the summer of 2023 touched 243 GW against a projection of 229 GW. "We expect the peak power demand this year (in summers) at 260GW," Central Electricity Authority chairperson Ghanshyam Prasad said. **PTI**

India allows export of 64,400 tonnes of onion to B'desh, UAE



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New Delhi: India on Sunday allowed the export of 64,400 tonnes of onions to Bangladesh and the United Arab Emirates despite the export ban on the commodity till 31 March, two notifications by the Directorate General of Foreign Trade read. While export of 50,000 tonnes of onion is permitted to Bangladesh, shipments of 14,400 tonnes were allowed to the UAE through the National Cooperative Exports Ltd (NCEL). **PUJA DAS**

Sugar output marginally declines 1.19% to 25.53 mt so far this year

New Delhi: India's sugar production declined 1.19% to 25.53 million tonne (mt) so far in the ongoing 2023-24 marketing year, industry body Indian Sugar Mills Association (ISMA) said on Monday. Sugar production stood at 25.84 mt till 29 February in the year-ago period. In its second estimate, ISMA has projected sugar output to decline by 10% to 33.05 mt in the 2023-24 marketing year. **PTI**

Health, Ayush ministry ties up for research centres across 4 AIIMS

New Delhi: The Union health and family welfare ministry has tied up with the ministry of Ayush for setting five integrated health research centres across four AIIMS, health minister Mansukh Mandaviya said on Monday. While AIIMS Delhi has been chosen for carrying out research in gastro-intestinal disorders and women and child health, AIIMS Jodhpur and AIIMS Rishikesh will conduct research in geriatric health, and AIIMS Nagpur in cancer care. **SOMRITA GHOSH**

Govt working on new plan to deter counterfeit products

The surveillance system will ensure that every product sold meets its licence standards

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NEW DELHI

The Centre is planning to create a new system to identify and contain the flood of counterfeit goods in the retail market, two people aware of the development said.

The surveillance system will ensure that every good sold in the retail market meets the standards for which a licence was issued, and also that only authorized products are manufactured, the people added.

If deviations are noticed, manufacturers' licences may be cancelled, and they may also have to pay hefty penalties.

The ministry of consumer affairs is revisiting its conventional sample collection mechanism by engaging scientists from the Bureau of Indian Standards (BIS) and developing a methodology that can identify counterfeit goods within a fixed time-frame, the first person mentioned above said.

BIS, a certification arm of the consumer affairs ministry, will be augmented to accomplish this task.

Samples will be collected soon after they get offloaded to the retail market from warehouses or manufacturing units. Multiple samples will be collected by a team of officials comprising BIS scientists, Centre and state government officials of different line-ministries and markets across the country. Quality reports of the collected samples will be made available to firms, and the concerned licencing authority or line ministry within a stipulated time frame.

The second person cited above said the number of testing labs would be increased, and more experts hired for sample collection and testing. "The objective of this work plan is to ensure a counterfeit-free market for our consumers," the person added.

Additionally, testing labs, including government and portable labs, and lab personnel will be strengthened.

Queries sent to the secretary and spokesperson of the consumer affairs ministry, and the director-general and spokesperson of the BIS remained unanswered at press time.

In the current set-up, manufacturers obtain a licence to make a product. However, licensing agencies such as BIS and FSSAI lack a proper system to check whether the manufacturer is producing just those goods for which it has a licence or has begun making unlicenced products as well.

"I belief that through collective engagement, sensitization and deployment of technological advancements, we will be able to effectively counter this invisible enemy," Anil Rajput, chairman of Ficci Cascade (the committee against smuggling and counterfeiting activities destroying economy) said.

Illicit trade, which includes smuggling and counterfeiting, has a "wide-ranging and disturbing" impact on both the domestic and global society and economy, Rajput added.

A recent Ficci report placed the global economic and social cost due to counterfeit products at $2.2 trillion in 2022, which accounts for a massive 3% of the world's GDP.

A Ficci Cascade study from 2022 reveals a 163% increase in tax losses for the Indian government over a period of 10 years, amounting to ₹58,521 crore across five key industries, from this scourge. Additionally, nearly 1.6 million domestic jobs were lost in these five industries—textiles, readymade garments, tobacco products, capital goods and consumer durables.

Nearly 1.6 mn domestic jobs were lost in these five industries—textiles, readymade garments, tobacco products, capital goods and consumer durables. MINT

COPYCAT CHECK

IF deviations are seen, manufacturers' licences may be cancelled along with hefty fines

THE ministry of consumer affairs is revisiting conventional sample collection mechanism

IT is developing a methodology that can identify counterfeit goods in a fixed time-frame

FICCI report placed global economic and social cost due to counterfeit products at $2.2 trillion in 2022

India will navigate Opec+ move: Puri

Rituraj Baruah
rituraj.baruah@livemint.com
NEW DELHI

India is in talks with several countries including Guyana, Suriname and Namibia to source crude oil to meet its oil demand at a time when the Organization of the Petroleum Exporting Countries and its allies have decided to extend production cuts.

India will also source oil from Venezuela in lieu of stuck dividends worth $600 million, Union minister for petroleum and natural gas, Hardeep Singh Puri, said on Monday.

The country will comfortably navigate through any market volatility and supply crunch arising as a result of the Opec+ cuts, he added.

India imports about 85% of its energy requirements and any supply crunch and eventual rise in global oil prices as a result of Opec's decision would increase India's import bill.

The Opec+ grouping, which includes Russia, extended its voluntary crude supply cuts until the end of June. Saudi Arabia will extend its voluntary crude output cut of 1 million barrels per day.

"Whatever decision Opec+ takes it is their sovereign decision. I speak with confidence as a representative of a country that we will navigate through this," Puri said.

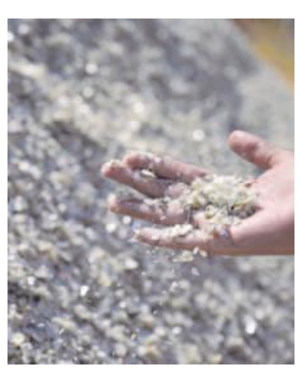
W. Australia working on critical minerals JVs with Indian firms

Shashank Mattoo & Rituraj Baruah
NEW DELHI

Major Indian mining firms are in talks with authorities in Western Australia exploring investments in the mineral-rich province, said Nashid Choudhury, the region's investment and trade commissioner for India and the Gulf. Choudhury said the province is currently mapping and building a pipeline of joint ventures with major Indian firms.

"There are a number of powerhouses across India who are definitely exploring Western Australia as a market. Alongside, our federal government colleagues are definitely working on a number of leads, which we are supporting them on. So I would say an absolute range of leading private houses and PSUs which are on that decarbonization journey, are interested," Choudhury told *Mint*.

"Not only are we a major supplier of critical minerals, we're also home to a buzzing ecosystem that is developing lithium and is looking at the future of lithium-ion technology for batteries and vanadium redox flow batteries, which will be a very key opportunity to grow and address the demands—be it for vehicles or for storage," she added. While Japan, Korea and European nations have been Australia's traditional partners, Choudhury sees an increasing opportunity for Indian firms.



Australia produces about half of the world's lithium. REUTERS

The focus of these emerging partnerships will be on lithium, vanadium and green steel as well as nickel, copper and magnetite.

Western Australia has already seen investments from major Indian mining firms. Legacy Iron Ore Ltd, a subsidiary of state-owned National Mineral Development Corporation (NMDC), has invested in a gold mine in WA's Mount Celia. NMDC has also struck a deal with Hancock Prospecting, a major Australian mining firm, for a joint venture deal to secure supplies of lithium and other critical minerals from Western Australia's Central Yilgarn area.

In 2021, India and Australia signed a Critical Minerals Partnership with a focus on securing supplies for India's energy transition. Earlier this year, this partnership announced that it had identified two lithium and three cobalt projects in Australia for due diligence. Australia is a major player in critical minerals and rare earths, producing about half of the world's lithium. It is also the fourth largest producer of rare earths and the second largest producer of cobalt.

Amid a global race to source critical minerals, all large economies including China and the US are eyeing international acquisition of critical mineral mines.

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Top exports fall in April-Jan

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Four of India's top five merchandise exports, in value terms, fell or were flat during the first 10 months of the current financial year.

These are: engineering goods, which comprise 25% of all exports in value terms, petroleum products (19%), gems and jewellery (8%), and chemicals (6%).

The outlier was electronic goods, which make up 6% of India's export value and showed significant growth in April-January to $22.64 billion from $18.78 billion a year ago.

The total export value of engineering goods remained flat at $88 billion during the period compared with the year-ago period.

Petroleum products declined to $67.11 billion during the first 10 months of the fiscal year, down from $75.65 billion in the year-ago period.

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

Gems and jewellery exports declined to $26.89 billion during the first 10 months from $31.61 billion in the year-ago period.

Export of chemicals, both organic and inorganic, in value terms, fell to $22.64 billion during the April-January of FY24, down 11.7% from the year-ago period.

Overall, India's export values across all commodities declined to $351 billion during April-January from $366 billion a year ago, underlining the impact of the global economic slowdown and tightening of interest rates in western countries.

Challenges like geopolitical tensions in Ukraine and West Asia, as well as trade route disruptions in the Red Sea region, have exacerbated the situation by increasing oil prices and transport costs, thus hurting India's exports.

Despite these setbacks, global trade is expected to stabilize in FY2025. "Many of the world's largest economies held up reasonably well considering the sheer breadth of the headwinds they faced in the last two years, including high interest rates, the stress in interest rate-sensitive and energy-intensive industries, volatile commodity prices, fiscal consolidation, a strong dollar and conflicts in places integral to the global economy," rating agency Moody's said in its latest global macroeconomic outlook report.

Slowing down

Overall, India's export values across all commodities declined to $351 billion.

Source: Ministry of commerce and industry

PRANAY BHARDWAJ/MINT

Quality Council to conduct sampling of Bharat rice, *atta* and pulses

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Subsidized rice, wheat-flour and pulses that account for a substantial portion of government spending will be checked randomly for quality and quantity to ensure there is no diversion or adulteration, a senior official said.

The checks, part of the government's track and trace plan, will be conducted by the Quality Council of India (QCI) at various points along the supply chain. The move aligns with the government's substantial expenditure on food subsidies, pegged at ₹2.05 trillion for the coming financial year and ₹2.12 trillion in FY24, higher than the budgeted estimate of ₹1.97 trillion for the current year.

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

Mint last month reported that the government was planning to track and trace Bharat rice, *atta* and pulses for their quality in collaboration with QCI, a move aimed at nipping the practice of unscrupulous traders mixing grit with grain.

"QCI made a presentation to the IMC (inter-ministerial committee) last month on collaboration for system strengthening for Bharat brand subsidized products, and briefly explained the various areas of intervention required for holistic vetting of sale of Bharat *atta* and rice by the Kendriya Bhandar, NAFED (National Agricultural Cooperative Marketing Federation of India Ltd) and NCCF (National Cooperative Consumers' Federation of India Ltd)," the official said.

The move aligns with the government's substantial expenditure on food subsidies. AP

"To ensure that public resources are being put to proper use, an agency such as QCI may be onboarded for third party validation."

The current mandate for third-party validation of Bharat *atta* and rice is to ensure correct prices, quality and seamless supply chain.

"After a long deliberation, it was decided that QCI will engage for random sampling of Bharat rice and *atta* at different nodes of the supply chain and seek feedback from end-users about price and quality until June 2024. The three agencies will share the required information, including details about their respective supply chain logistics, with QCI so that the third-party validation process may be operationalized at the earliest to ensure that there is no diversion."

QCI will have login access to the three agencies' data on millers and the amounts allocated to them, which can be used to ensure seamless last-mile supply of these subsidized products.

"Since an objective assessment of Bharat products is already in place through the quality control division of the food and public distribution department, the QCI may supplement this with a subjective assessment of quality as perceived by consumers. The food department clarified that this scheme is valid only till June. Therefore, long-term planning, inventory management etc. may be taken as a part of a separate study that could be assigned by the agencies directly. For now, QCI may restrict itself with price, quality and whether the quantity lifted is reaching the end-consumer," the official shared.

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

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MINT SHORTS

Healthtech startup Cardiotrack raises pre-Series A funding

Bengaluru: Uber Diagnostics Pvt.Ltd, which operates healthtech startup Cardiotrack, has raised $2 million (₹16.6 crore) in a pre-Series A funding round. The round was led by angel investor Girish Narasimhan, managing director and principal, Corporate Finance Associates Worldwide Inc., along with Y.S. Shashidhar, advisor, Dubai Holdings LLC. Cardiotrack provides healthcare screening technology and services to health and life insurance providers. In 2020, the startup had raised an undisclosed amount in an extended seed funding round led by private equity firm Frontline Strategy Funds.

FunFair backs cryptocurrency startup Onramp Money


AP

Bengaluru: Onramp Money secured an undisclosed amount in a seed funding round from FunFair Ventures, the venture capital arm of the pioneering FunFair Technologies Group. The startup will use the funding for product development along with expanding its market reach, according to its statement. Onramp Money is a cryptocurrency startup that offers fiat-to-crypto onramps and offramps, offering a secure way for users to trade cryptocurrencies using their fiat currencies.

Dubbing platform dubpro.ai raises $500,000 in seed funding

Bengaluru: Dubpro.ai raised $500,000 (₹4.1 crore) in a seed funding round from a host of investors, including existing ones like Anicut Capital, 9Unicorns, Venture Catalysts, and JJFO, along with FirstCheque. Dubpro.ai allows content creators and companies to localise their video content through AI-driven dubbing solutions. Using AI and human expertise, the dubbing platform offers vernacular content localisation that was previously inaccessible due to cost restrictions and time-consuming processes. Dubpro.ai's solution uses Large Language Model technology to slash human intervention in video dubbing by over 80%. "Dubpro.ai's technology is poised to set new benchmarks for quality and scalability, rendering efficiency across the video production value-chain," said Apoorva Ranjan Sharma, co-founder and managing director, Venture Catalysts.

COMPILED BY K. AMOGHAVARSHA

Apple fined nearly $2 bn by EU over music streaming

EU's first anti-trust penalty against Apple for 'unfairly favouring' own music streaming service

AP
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The European Union levelled its first antitrust penalty against Apple on Monday, fining the US tech giant nearly $2 billion for breaking the bloc's competition laws by unfairly favouring its own music streaming service over rivals.

Apple banned app developers from "fully informing iOS users about alternative and cheaper music subscription services outside of the app," said the European Commission, the 27-nation bloc's executive arm and top antitrust enforcer.

"This is illegal, and it has impacted millions of European consumers," Margrethe Vestager, the EU's competition commissioner, said at a news conference.

Apple behaved this way for almost a decade, which meant many users paid "significantly higher prices for music streaming subscriptions," the commission said.

The 1.8 billion-euro fine follows a long-running investigation triggered by a complaint from Swedish streaming service Spotify five years ago.

The EU has led global efforts to crack down on Big Tech companies, including a series of multbillion-dollar fines for Google and charging Meta with distorting the online classified ad market. The commission also has opened a separate antitrust investigation into Apple's mobile payments service.

Apple hit back at both the commission and Spotify, saying it would appeal the penalty.

"The decision was reached despite the Commission's failure to uncover any credible evidence of consumer harm, and ignores the realities of a market that is thriving, competitive, and growing fast," the company said in a statement.

It said Spotify stood to benefit from the decision, asserting that the Swedish streaming service that holds a 56% share of Europe's music streaming market and doesn't pay Apple for using its App Store met 65 times with the commission over eight years.

"Ironically, in the name of competition, today's decision just cements the dominant position of a successful European company that is the digital music market's runaway leader," Apple said. The commission's investigation initially centred on two concerns. One was the iPhone maker's practice of forcing app developers that are selling digital content to use its in-house payment system, which charges a 30% commission on all subscriptions.

But the EU later dropped that to focus on how Apple prevents app makers from telling their users about cheaper ways to pay for subscriptions that don't involve going through an app.

The investigation found that Apple banned streaming services from telling users about how much subscription offers cost outside of their apps, including links in their apps to pay for alternative subscriptions or even emailing users to tell them about different pricing options.

The fine comes the same week that new EU rules are set to kick in that are aimed at preventing tech companies from dominating digital markets.

The commission also has opened a separate antitrust investigation into Apple's mobile payments service, and the company has promised to open up its tap-and-go mobile payment system to rivals in order to resolve it.

EU's competition commissioner Margrethe Vestager addresses the media at EU headquarters in Brussels on Monday. AP

APPLE TO APPEAL AGAINST FINE

THIS is illegal, Margrethe Vestager, EU's competition commissioner, said at a news conference

APPLE behaved this way for almost a decade, the commission said

APPLE hit back at the commission and Spotify, saying it would appeal the penalty

EU has led global efforts to crack down on Big Tech companies, including Google

Govt to issue guidelines to curb gaming addiction

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The Union government has taken note of the growing addiction to online gaming, and has decided to frame guidelines to protect consumer interest after conducting a study on the issue.

Bengaluru's National Institute of Mental Health and Neurosciences (Nimhans) will conduct a study on the "disruptive impulse control behavioural patterns of online gaming that may cause vulnerabilities," the department of consumer affairs said in a statement. The research will be supported by the consumer affairs ministry.

The study will aim to build a predictive and pre-emptive model for the protection of the growing number of digital consumers on the internet of online gaming, the ministry said. The findings of the research will be used to frame guidelines for protecting consumers in online gaming. The report will also help the industry ensure the optimum use of technology to minimize risk, the ministry said.

This assumes significance given that online gaming addiction is on the rise, potentially leading to social isolation and neglect of real-life responsibilities. Consumer affairs secretary Rohit Singh chaired a meeting to discuss the issue on Monday, attended by Nimhans director Pratima Murthy.

Singh said online gaming often involves compulsive behaviour that can have detrimental effects on mental and physical health.

BluPine gets Acme's solar assets

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BluPine Energy Pvt. Ltd, a renewable energy platform established in India by the UK-based private equity firm Actis, on Monday said it has completed the acquisition of 369 megawatts (MW) solar power assets from Indian renewable energy producer Acme Group.

While, the companies declined to disclose transaction details of the deal, given the asset size, the enterprise value is likely to be around $200 million (₹1,658 crore).

The acquisition encompasses solar capacity assets dispersed across 14 special purpose vehicles (SPVs) located in Uttarakhand, Punjab and Karnataka. The deal will also propel BluPine Energy's cumulative renewable capacity to 2.4 gigawatts (GW), according to a company statement.

"The renewable energy sector in India continues to witness remarkable growth. With the high-quality solar assets in our portfolio, we aim to solidify our commitment to driving positive change in India's energy sector," said Neerav Nanavaty, chief executive officer of BluPine Energy.

BluPine Energy, formed by Actis with an $800-million investment from Actis' fifth energy-focused vehicle, is looking to develop a renewable energy portfolio exceeding 4GW in India.

"At Acme Group, we continue to strengthen our presence in the renewable energy space while simultaneously expanding the asset base," said Manoj Upadhyay, founder, chairman and managing director of Acme Group.

A proactive investor in India, Actis operates particularly within the infrastructure and renewable energy sector. It had a subdued year in 2023 after a dynamic 2022 where it closed deals exceeding $1 billion. Earlier this year, Actis monetized its local investment by acquiring four road assets from Patel Infrastructure in February. Founded in 2004, it has raised $24 billion for investment. Last year, *VCCircle* reported that Actis planned to focus on hybrid solar power generation projects via BluPine, its third renewable energy platform in India. Acme has a solar power portfolio with an aggregate capacity of over 5,500 megawatt-peak.


The renewable energy platform has acquired 369MW solar power assets. BLOOMBERG

VCCiRCLE

India launches fraud call reporting platform Chakshu

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India has rolled out a digital platform that will allow individuals to flag calls and text messages by fraudsters, adding a layer of protection against faceless criminals using tech to rob people of their money.

The department of telecommunication's new platform, Chakshu, simplifies reporting on fraud calls and messages, and allows for real-time intelligence-sharing among several stakeholders. "Chakshu will allow Indian citizens to report fraudulent communication–whether received on call or SMS or social media like WhatApp. Once such information is received, the platform will trigger re-verification, and failing re-verification the number will be disconnected," Union telecom and IT minister Ashwini Vaishnaw said on Monday.


The platform will add a layer of protection against faceless criminals. ISTOCKPHOTO

Several instances of fraud have come to fore with criminals impersonating bank or government officials calling people to update their details for their bank accounts or gas or electricity connections.

Last month, the Telecom Regulatory Authority of India published its final recommendations to introduce caller identification as a default feature across domestic telecom networks to help individuals guard against fraudsters.

Vaishnaw said Trai is working on building an app for Chakshu, and that the government is open to collaborating with private firms such as Truecaller to improve fraud protection through the platform. Chakshu, which is currently not accessible to people, will act as an information exchange and coordination agency among telecom companies, law enforcement agencies, banks and financial institutions, social media platforms, and authorities issuing identity documents. It will also contain information regarding cases detected as misuse of telecom resources.

The government will create a grievance redressal platform for reporting connections disconnected inadvertently, as well as for creating a mechanism for returning money frozen as a result, Vaishnaw said.


Union IT minister Ashwini Vaishnaw. PTI

IT ministers meet Google, startups on app suspensions

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A series of meetings was held on Monday to address the vexed issue of Google suspending more than 200 apps from its Android Play Store platform.

Officials from Google as well as a delegation of startups whose apps have been banned on the Play Store met Union information technology (IT) minister Ashwini Vaishnaw to discuss the issue. Separately, the startup delegation also met the Union minister of state for IT, Rajeev Chandrasekhar, to express their concerns of "discriminatory pricing by Google" towards them.

Two senior government officials said on condition of anonymity that the Centre is currently evaluating and understanding the matter, but is unlikely to issue a notice imminently. "We are first looking to understand in detail the allegations of discriminatory pricing that the startups have spoken about—and we will look to take any adequate step in this regard only after careful evaluation," one of the officials said.

Chandrasekhar said the government will "take it up with Google for a sustainable and long-term solution" to "create an ecosystem that will catalyse growth for startups."

On this note, Snehil Khanor, founder and chief executive of homegrown dating platform TrulyMadly, said: "Google does not levy a similar fee to the likes of Amazon or Uber, but is levying a steep fee towards a small number of apps on their platform that are dependent on them. This is a highly discriminatory pricing model, and the same has heavily affected our business model."

No solution yet with Indian companies accusing the US giant of abusing its dominant position

While Google has restored most of the apps on the Play Store that were suspended for non-payment of its service fee on Friday, startup founders allege that the restored apps do not have a way to accept payments from users for subscription services or one-time purchases.

Google charges apps a service fee of 11-30% depending on the services they sell through their platforms. Those that sell "real world" services, such as e-commerce or ride hailing, are exempted from the fee. Instead, Google charges the fee to only those that offer digital services, which the startups have claimed is discriminatory.

Edtech firms place big bets on upskilling, higher education

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The Indian edtech industry is set to attract more investments for upskilling, higher education and test preparation, driven by strong demand despite facing a post-pandemic funding downturn, investors and experts said.

This investment trend mirrors in a recent investment of $10 million by Blume Ventures in Upward & Onward's maiden fundraising round. The company operates Interview Kickstart, a platform for upskilling powered by software and artificial intelligence. Other significant transactions include Upgrad's $36.4 million fundraising through a rights issue in 2023, and Newton School's $25 million funding round led by Steadview Capital.

Karthik Reddy, co-founder Blume Ventures, highlighted the lucrative business models of companies like Upgrad and Emeritus, which boast higher gross margins. There are more opportunities in higher education and skilling considering that they are "largely driven by jobs or income-orientation".

Mujtaba Wani, principal at GSV Ventures, echoed similar sentiments, emphasizing the rising demand for upskilling and higher education driven by advancements in AI and a growing middle class. This trend is exemplified by companies like Emeritus, Physics Wallah, and Upgrad. "Each is growing and doing hundreds of millions in revenue with healthy unit economics."

This optimism is in stark contrast to the challenges the sector encountered over the past year, including a severe funding crunch, resulting in layoffs and office closures.

In 2023, funding for higher edtech dropped to $198.1 million from $330.8 million a year ago. Similarly, investments in upskilling, or continued learning, fell to $92.1 million, down from $370.4 million. Funding for test prep also witnessed a dip, declining to $12.1 million from $1.2 billion during the period under consideration.

Besides, the failure of Byju's, once the most valued edtech startup in Inda, contributed to more caution among investors and a more discerning investment approach for the sector.

While investors are actively looking at sectors like upskilling, test-prep and certificate-based platforms, they are more cautious about investments in the sector following the Byju's episode, said Vivek Mehta, partner at executive search and talent advisory, ABC Consultants.

The sector may see more consolidation as continued investor scepticism will push only the strong ones with a clear business model to survive, Mehta added.

Reddy also emphasized the need for sustainable market models to restore confidence of investors in edtech's potential for growth.

Despite these obstacles, the industry remains primed for growth, with a preference for digital-first learning among learners. The integration of artificial intelligence into education promises personalized learning experiences, optimizing costs and efficiency, said Ujjwal Singh, chief executive officer of Infinity Learn.

Akshay Munjal, CEO of online certification platform Hero Vired, shared similar views. There is a "pressing demand" for upskilling initiatives, AI and machine learning, which will attract significant investments in the future as they will play key roles in personalizing learning, he said

In 2023, funding for higher edtech dropped to $198.1 mn from $330.8 mn a year ago


Experts say there are more opportunities in the skilling segment since it's largely income-driven. MINT

Index	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	73,872.29	0.09	73,806.15	73,903.09	73,990.13	73,747.01
Nifty 50	22,405.60	0.12	22,378.40	22,403.50	22,440.90	22,358.30
Nifty 500	20,432.05	0.05	20,421.35	20,456.75	20,482.60	20,383.15
Nifty Next 50	59,944.20	0.27	59,783.70	59,936.00	60,045.60	59,648.85
Nifty 100	22,944.80	0.13	22,915.70	22,947.75	22,985.95	22,889.35
S&P BSE Mid-cap	40,025.84	0.16	39,962.59	40,101.79	40,116.09	39,843.62
S&P BSE Small Cap	45,495.26	-0.78	45,852.48	45,989.29	46,000.31	45,462.89

MINT SHORTS

Indonesia bonds are foreign funds' bet in Fed easing cycle

Global fund managers are betting on Indonesian bonds as they see them as a key beneficiary of the expected Federal Reserve easing cycle. Ashmore Group Plc says Indonesia's relatively high inflation-adjusted policy rate provides plenty of room for interest-rate cuts when the Fed starts easing. Fidelity International sees potential for carry in Indonesia's flat yield curve. Abrdn PLC cites healthy government finances as the reason to buy rupiah debt. "It's pretty hard to ignore a market like" Indonesian bonds, said Jerome Tay, an investment manager at Abrdn in Singapore. They are likely to outperform their regional peers this year, he said. Indonesia's inflation-adjusted interest rate is currently at 3.25%, the highest in Asia after the Philippines and Thailand, giving the central bank ample scope to cut borrowing costs to boost the economy. Moreover, the budget deficit at a 12-year low is also raising the appeal of the nation's bonds. BLOOMBERG


The blue-chip gauge rose 0.5% to close at 40,109.23 on heavy market turnover. REUTERS

Japan's Nikkei 225 breaches key 40,000 level for first time

Japan's Nikkei 225 stock average climbed above the psychological level of 40,000 for the first time, opening the door to further gains in its historic rally. The blue-chip gauge rose 0.5% to close at 40,109.23 on heavy market turnover. Technology-related shares, which have helped push equities higher over the past year, led the way, with Advantest Corp. among the top performers. The Nikkei rose as much as 1% earlier in the day. Domestic investors helped fuel the move on Monday as they joined global funds who have been the main drivers of the rally so far. One of Japan's biggest online brokerages, SBI Securities Co., said its stock-trading app briefly crashed as a flood of customers attempted to log in. "The Nikkei 225's 40,000 is certainly a key psychological level, which could offer some resistance for the index and bring volatility," said Charu Chanana, strategist at Saxo Capital Markets based in Singapore. The broader Topix index slipped down 0.1%. BLOOMBERG

Can 2-wheeler export surge in Feb sustain?

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In the automobile sector, the two-wheeler segment has been leading the pack for quite some time now, driven mainly by a revival in domestic demand. Exports were a worry. But in February, exports by two-wheeler makers grew substantially year-on-year in terms of volume, although helped by a low base. Sequentially, too, the growth rates surpassed estimates.

TVS Motor Co. Ltd's two-wheeler export volume in February grew sequentially by about 46%, and Bajaj Auto Ltd's by about 8%. A similar trend was seen for Hero MotoCorp Ltd and Eicher Motors Ltd's Royal Enfield motorcycles.

But this could be a one-time boost.

"We expect this volume (growth in exports) to be one-off due to aggressive inventory built up in anticipation of increasing freight costs ahead due to the Red Sea crisis," Antique Stock Broking analysts said in a report on 4 March.

Export markets continue to be plagued by high levels of inflation and currency availability issues. Thus, the trajectory of export volumes for two-wheelers needs to be keenly watched.

In any case, the domestic market for two-wheelers is on a strong footing.

The entry-level segment is reviving, evident from Hero's nearly 17% year-on-year growth in its domestic volumes in February. Hero's portfolio primarily caters to the mass segment.

Overall, Kotak Institutional Equities estimates the domestic two-wheeler segment volume to have grown over 20% year-on-year in February.

On the other hand, Kotak estimates the domestic passenger vehicle industry to have grown in low double digits in February, led by utility vehicles.

Mahindra & Mahindra Ltd clocked the highest growth rate of nearly 40% year-on-year (domestic) among publicly listed makers of passenger vehicles. While Maruti Suzuki India Ltd saw a nearly 83% jump in its utility vehicle volumes, the mini and compact segment saw a 15% drop.

Overall, "we estimate industry inventory at about 300,000, with some more scope for further channel filling until March-24. Thus, discounts have also started inching up earlier this year," said Nomura Financial Advisory and Securities (India) in a report on 1 March.

Channel filling refers to sales of vehicles by companies to retail dealers.

Meanwhile, commercial vehicles and tractors continued to be a drag. In February, commercial vehicle volumes of Tata Motors Ltd and Ashok Leyland Ltd fell by 4% and 6% year-on-year, respectively. This segment is likely to be under pressure until the general election and may see a pickup thereafter.

In the case of tractors, agriculture activities were impacted by insufficient monsoon. Mahindra's and Escorts Kubota Ltd's tractor volumes in February fell by 16% and 17%, respectively.

However, Mahindra expects demand for tractors to recover on the back of positive outlook for rabi crops as well as government support for the agriculture sector.

On the margin front, the commodity cost environment continues to remain favourable. Thus, further margin upsides would be company-specific and come from operating leverage, price hikes or cost-efficiency measures.

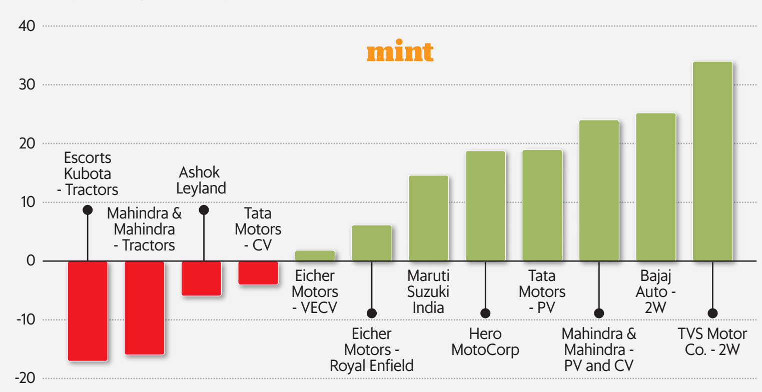
Meanwhile, investors in stocks of two-wheeler companies are riding high.

Shares of Bajaj, TVS, and Hero are up by 87-120% over the past year. This suggests that most positives appear to have been factored in, thus limiting significant upsides hereon.

Shares of Tata Motors, Mahindra and Maruti are flirting with their 52-week highs, while that of Ashok Leyland and Escorts are down by 10% and 15%, respectively, from their 52-week highs.

In cruise control

Two-wheeler companies continued their strong momentum in February led by domestic sales and exports



Note: a) PV, CV and 2W stands for passenger vehicle, commercial vehicle and two-wheeler, respectively. b) VECV is VE Commercial Vehicles Ltd, a joint venture between Eicher Motors Ltd and the Volvo group.

Source: Company data

PRANAY BHARDWAJ/MINT

REPORT CARD

TWO-wheeler export volume in February was ahead of estimates

BUT export markets continue to be plagued by high levels of inflation

PV volume grew in February but that of CVs and tractors declined

Excited about Wipro's stock? Beware, it faces challenges galore

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Shares of IT services company Wipro Ltd have rallied nearly 20% in the past six months, beating the Nifty IT index. This is surprising, considering Wipro is facing a double-whammy of internal and external issues.

To start with, global demand uncertainty on discretionary technology spending, mainly among crucial banking, financial services and insurance (BFSI) clients, has hurt the industry's revenue visibility. But Wipro's own problems are also clouding its growth outlook.

For one, its turnaround efforts are yet to have a meaningful impact on revenue growth. There is high attrition among the top management. Finally, large deal announcements have been muted of late.

"Wipro's woes in FY23 and FY24 are not limited to BFSI, where it has high consulting exposure. [Other] verticals have also struggled, notably manufacturing, in which its peers have done much better," said analysts at Kotak Institutional Equities. In the December quarter (Q3FY24), five of the seven reported verticals saw a drop in revenue growth. Among geographies, its performance in Asia Pacific and Middle East, and Africa and Europe was not encouraging. Among other parameters, the falling share of revenues from its top 5 and top 10 clients pointed to increased revenue pressures.

Against this backdrop, Wipro's subdued Q4 guidance of -1.5% to 0.5% sequential constant-currency revenue growth in IT services captures the cautious mood. Even so, expectations of an interest rate cut by the US Federal Reserve in 2024 has caused Indian technology stocks to rally despite global IT companies not yet seeing a material improvement in demand.

There is high attrition among top management. Large deal announcements have been muted of late

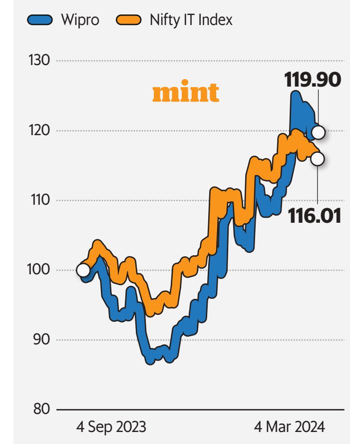
On the bright side, the latest management commentary points to green shoots in the consulting business, to which it has exposure through Capco. Cost-optimization measures have aided sequential margin expansion in Q3. But these few positives aren't enough to justify the stock's rally.

"Although we see signs of gradual improvements, Wipro is set to report a year-on-year decline in its top line for FY24–significantly below peers. We expect Wipro to underperform its peers, primarily due to the low correlation between its deal wins and top-line growth. The pain is accentuated by continuous top-level exits," said Vibhor Singhal, director, equity research, Nuvama Institutional Equities.

Meanwhile, on the valuation front, Wipro is trading at 22 times its projected FY25 earnings, showed *Bloomberg* data. This is a discount to its larger peers Tata Consultancy Services and Infosys, but does not offer comfort in the current scenario.

Heading north

Wipro's shares have gained slightly more than the Nifty IT index in the past six months



Note: Values rebased to 100

Source: Bloomberg

PRANAY BHARDWAJ/MINT

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

Energy stocks help shares surge again

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Indian shares logged modest gains on Monday, marking a third straight session of record highs, helped by a rise in energy stocks.

The blue-chip NSE Nifty 50 index added as much as 0.28% to a new record high of 22,440.90, before settling 0.12% higher at 22,405.60. The BSE Sensex rose 0.09% to 73,872.29. Both the benchmarks have recorded fresh closing highs for three consecutive sessions after data showed Indian economy grew at its fastest pace in six quarters in October-December.

Meanwhile, Moody's Investor Service significantly raised its 2024 growth forecast for India on Monday to 6.8% from 6.1% earlier.

"The macroeconomic narrative has further strengthened in favour of Indian equity markets," Neeraj Chadawar, head of research at Axis Securities, said, referring to the growth data and Moody's upgrade.

Eight of the 13 major sectors logged gains. Energy and oil and gas jumped about 2% each.

NTPC added 3.54% after the company approved an investment of ₹171.95 billion ($2 billion) for the Singrauli super thermal power project in Uttar Pradesh. Power Grid Corporation of India rose 2.72% to hit a new record high. The company approved a ₹12-billion fund raise proposal, on the day.

Information technology stocksdropped 0.77% while auto and consumer stocks shed about 0.5% each, capping index gains.

Nifty 50 index added 0.28% to a record high of 22,440.90. HT

The broader, more domestically focussed small-cap index dropped 0.51%, underperforming the blue-chip indexes, while the mid-caps mirrored benchmarks, even as concerns persist over excessive fund inflows into the segments.

"We suggest investors to reduce exposure in small and mid-caps and raise allocation in large-caps," G Chokkalingam, managing director of research at Equinomics Research, said, citing elevated valuations in the broader markets.

Among individual stocks, JSW Steel lost 2.44% while Tata Steel shed 1.38% after CLSA downgraded both the stocks, citing elevated valuations.

Adani launches $409 million bond sale

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The Adani group began marketing a $409 million bond in what would be its first dollar note after a report last year by short seller Hindenburg Research, adding to signs of a rebound in investor confidence.

The conglomerate's solar energy unit Adani Green Energy Ltd and associated firms are offering the 18-year bond at initial price guidance in the 7.125% area, according to a person familiar with the matter, who asked not to be identified because the matter isn't public.

Issuing the security would give Adani its latest boost and further allay fears it might have to pay dearly to raise overseas capital after the US short seller's claims—which it has denied—triggered a rout in the stock and bond prices of group firms.

Adani won fresh equity backing from investors including GQG Partners Llc last year and successfully refinanced $3.5 billion worth of debt for the acquisition of cement companies, helping its securities to recover.

Order books for the new bond totalled more than $1 billion as of midday in Asia on Monday, according to the person.

"We expect good demand for the paper," said Lakshmanan R., head of South and Southeast Asia corporates at research firm CreditSights.

It did not appear that the borrower would "have to pay a premium."

Nomura Holdings Inc. analyst Eric Liu sees fair value for the new bonds at about 6.825%.

Hindenburg levied accusations of fraud and stock manipulation in a report in early 2023.

Billionaire Gautam Adani's conglomerate, whose business dealings range from ports to airports and solar energy, has repeatedly denied the claims.

Adani Green's proposed Ba1/BBB- rated restricted group bonds may not offer much spread pickup versus the group's existing bonds, assuming it prices inside price guidance of 7.125%. It might trade broadly in line with Ba1/BB+/BBB- rated Adani Renewable's 4.625% 2039s.

Proceeds from the bond sale will be used to redeem $500 million of notes maturing in December.

Adani Green Energy and associated firms are offering the bond at initial price guidance in the 7.125% area

Nvidia's surge stokes talk of a bubble

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Nvidia's meteoric surge has helped push the stock market to record highs. It also has some on Wall Street saying the "B word."

Rising enthusiasm for artificial-intelligence technology has made Nvidia's chips a must-have product, and in turn, transformed Nvidia into the market's hottest stock.

The stock has risen more than sevenfold since Oct. 14, 2022, and Nvidia is now the third-most-valuable U.S. company, with a market value above $2 trillion. The chip maker added nearly $280 billion in value in just two trading sessions after reporting blowout fourth-quarter results on Feb. 21. It took just 180 trading days for Nvidia's value to rise to $2 trillion from $1 trillion; it took more than 500 trading days for both Apple and Microsoft to reach that milestone.

In the process, Nvidia has become one of the most popular stocks among everyday investors. Of the 59 Wall Street analysts who cover the stock, 54 rate shares a buy or outperform, according to FactSet.

Other chip stocks have come along for the ride. The PHLX Semiconductor Index has climbed 18% this year. Advanced Micro Devices has gained 37%, while Lam Research and Broadcom have each risen 25%.

The Nasdaq Composite on Thursday set its first new high since 2021, while the S&P 500 has already notched 15 record closes in 2024. Both indexes have risen in 16 of the past 18 weeks, bringing their year-to-date advances to 8.4% and 7.7%.

Rising enthusiasm for AI technology has made Nvidia's chips a must-have product. REUTERS

The surge has some Wall Street professionals wondering whether the enthusiasm is morphing into a classic stock bubble.

"We're getting a lot of calls from clients about AI stocks," said Emerson Ham III, senior partner at Sound View Wealth Advisors, who has recommended chip stocks for his clients since 2018. "Whenever anything goes too well, I get nervous. We're having conversations with clients about taking some cream off the top."

Others were more blunt: "The current AI bubble is bigger than the 1990s tech bubble," wrote Torsten Slok, chief economist at Apollo, in a note to clients last week. Bulls and bears on the stock agree on one thing: Nvidia's rise is accompanied by blowout profits. That sets the enthusiasm over artificial intelligence apart from speculative manias of the recent past, such as cannabis or blockchain stocks.

In the most recent quarter, Nvidia earned a profit of $12.29 billion, up from $680 million in the three months that ended in October 2022. Gross profit margins rose to nearly 76%, from 53.6% over that same period.

As a result, the stock has actually become cheaper by some measures: Nvidia trades at 32 times its expected earnings over the next 12 months, according to FactSet. The two-year average is 38 times. The S&P 500's multiple is 20.6.

"We can't call it a speculative mania because it trades at lower P/E than it did a year ago. Nvidia is talking the talk and walking the walk," said Joseph Zappia, principal and co-chief investment officer at LVW Advisors.

"This is all happening in the context of a bull market. Investors in general are feeling good because prices go up," he added. Others question whether Nvidia can maintain its torrid pace of growth. Analysts polled by FactSet expect $107 billion in revenue for the fiscal year that ends in January, up from $60.9 billion last year.

They worry that demand for chips from large tech companies might not hold up in the years ahead. Nvidia said one buyer accounted for nearly a fifth of sales last year. Others fret that fresh competition will emerge from other chip makers, resulting in fewer sales or lower margins.

"I think people are forgetting this is a boom-and-bust company," said Fred Hickey, editor of the High-Tech Strategist. He is betting against Nvidia through long-dated put options purchased after last month's earnings report, he said. Nvidia shares have fallen by 50% or more on 14 separate occasions since the company went public in 1999, according to Dow Jones Market Data. Most recently, the stock dropped 56% over a two-month period in 2018 and again over an eight-month period that ended in 2022.

"Eventually there is a cap on earnings. They're not gonna double every year, it just doesn't work that way," said Ham of Sound View.

Besides profits, bulls pointed to another key factor working in Nvidia's favour: the absence of new AI-themed initial public offerings.

"I was there for Webvan, I was there for Pets.com," said Michael Sansoterra, chief investment officer at Silvant Capital Management, which owns Nvidia shares. "And there's just nothing like that out there today," he said, referring to two disastrous IPOs in the dot-com era.

Few are lining up to bet against the company, despite the apprehension. Just over 1% of publicly available shares are sold short, according to Nasdaq data.

THE WALL STREET JOURNAL.

JSW-Volkswagen JV hangs in balance on localization, cost

JSW is pressing for localizing supply chain, and renegotiating prices with existing suppliers

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Homegrown conglomerate JSW Group and Europe's Volkswagen Group are currently at odds over key issues involving pricing of parts and localization as they negotiate a potential strategic deal for the German auto giant's India operations, said people privy to the discussions.

While JSW Group plans to enhance cost-efficiencies through localizing the supply chain, and renegotiating prices with existing suppliers, Volkswagen is yet to take a call on these issues, they added. JSW's move comes as it solidifies its alliance with Chinese auto giant SAIC Motor, parent of MG Motor India, which heavily relies on imported parts from China. As part of an agreement, JSW aims to boost local sourcing following the acquisition of a 35% stake in MG Motor India.

SAIC is planning to divest a 51% stake in MG Motor India to Indian entities. While JSW acquired 35%, 8% equity is earmarked for private equity fund Ever-Source, the remaining equity will be distributed among MG Motor's dealers and employees through employee stock ownership plans. An announcement is expected in the coming weeks, coinciding with the JSW investment, during a dealer conference aro-und 20 March.

According to the people, Volkswagen is looking for a partner to invest in its India operations as the German firm wants to build a production hub in the country for the next 10–15 years, besides looking to develop a low-cost electric vehicle (EV) for the global markets. However, to ensure profitability, JSW's contention is that both Volkswagen and sister brand Skoda needs to address the cost model in India, considering 60–70% of a vehicle's selling price is attributed to the bill of materials (BOM) cost, including raw materials and components, they said.

The move by JSW comes amid negotiations with China's SAIC Motor, aiming to boost local sourcing for MG Motor India. REUTERS

€1 bn
The investment VW planned under 'India 2.0' in 2018

Volkswagen Group aims to establish itself as the top-performing European carmaker in India, spearheaded by the Czech brand Skoda Auto, the company said in its annual report for 2022.

"Škoda Auto has been in an exploratory mindset looking for partners who can invest and help grow its volumes in India, as it is apprehensive about investing more, considering its past investments has not yielded desired volume growth," he said, adding that the two companies are in negotiations to iron out differences.

In fact, similar differences between Mahindra and Mahindra (M&M) and Volkswagen, led the Indian company to pull out of a potential joint venture with the Indian arm of Volkswagen AG, besides its slow decision-making among other factors.

High cost of parts and platform were key issues that prompted M&M to call off the deal, said a second person, adding that M&M's move was also influenced by the auto major's decreasing reliance on foreign original equipment manufacturers for technology.

In July 2018, the Volkswagen Group had announced €1 billion investment for the India 2.0 project. The initiative led to the development of the Kushaq, Slavia, and Taigun, which were built on top of its entry-level MQB AO platform, specifically for the Indian market.

35%
Stake has been acquired by JSW in MG Motor India

While the Sajjan Jindal-led $23-billion JSW Group has already inked the share purchase agreement with SAIC, for a 35% stake in MG Motor India, discussions with Volkswagen Group may result in a three-way deal, or two separate JVs, with the JSW Group acting as a common shareholder, the people said.

"Škoda is taking on crucial tasks, like developing new generations of the Superb and Passat, overall responsibility for the MQB AO Global entry-level platform, and regional leadership in emerging regions of India and Vietnam on behalf of the Group," the company said in its 2022 annual report.

HC to rule on taxability of corporate guarantees

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NEW DELHI

The Delhi high court will decide whether a holding company's corporate guarantees on behalf of its subsidiary are taxable under the Central Goods & Service Tax Act, 2017, potentially deciding the fate of an issue that has resulted in tax demand notices being sent to top Indian companies. The division bench issued notice to the central government on 28 February in response to an appeal by Vedanta Group's Sterlite Power Transmission.

The appeal sought to declare corporate guarantees to subsidiaries non-taxable under the current tax regime. It also contested the valuation criteria set by the finance ministry for the purpose of taxing such guarantees when there is no financial consideration involved. The court granted relief to the Vedanta group unit, restraining tax authorities from taking coercive action against the company before the high court passes its judgment. The next hearing is scheduled for 8 July.

A corporate guarantee is usually given by a company on behalf of its subsidiaries or associates to lenders, guaranteeing that they will honour the debt if the borrowing company fails to repay. This helps the borrowing company secure better terms from lenders.

It is a common business practice, and the parent company generally takes no money for providing the corporate guarantee. However, tax authorities view it as a service liable for taxation under GST.

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Nokia to divest if it sees no way to lead in the market: CTO

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The telecom gear maker is not looking to divest major businesses. AFP

Finnish telecom gear maker Nokia is willing to move out of or divest businesses where it sees no road map for taking market leadership, said chief strategy and technology officer Nishant Batra in an exclusive interaction with *Mint* on the sidelines of the Mobile World Congress last week.

"We're open to divesting certain businesses. We are looking at this portfolio all the time. If we divest a certain business, maybe as an exception, we'll keep some geography, but as a norm we will get out it, but we are not looking to divest major businesses," Batra said. The company divested from its joint venture with Huawei in China's wireless technology firm TD Tech.

In response to a question on whether it will move out of segments where it isn't leading, Batra said, "Either we are not leading, or we know that we can't lead. But there are businesses where we know we can lead. For instance, in optical business, we're not a market leader, third largest globally, but the profile of the business is good, on the back of good product and geopolitics," he said.

The company has divested from its joint venture with Huawei in China's wireless technology firm TD Tech

His comments came against the backdrop of Nokia's global restructuring in the fourth quarter last year where it overhauled operations, consolidated its major business of making network equipment, and laid off 14,000.

Nokia merged its sales and marketing teams with its business units of mobile networks, network infrastructure, cloud and network services, across all geographies, which will help the company position itself for longer-term growth amid market uncertainty and in turn save between $850 million and $1.3 billion by 2026.

The changes were reflective in India as well, where about 200-250 people were reportedly laid off and Tarun Chhabra, head of mobile networks, was made the new India head, from April 2024.

The senior executive said that the steps were taken in the interests of shareholders, since the stock that was getting a conglomerate discount would now be better valued since investors would have clarity on the company's structure as well as value of its individual businesses when compared to peers. A conglomerate discount is when markets value a group of businesses at less than the sum of its parts.

IIFL Fin barred from sanctioning gold loans

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The Reserve Bank of India (RBI) on Monday asked IIFL Finance to stop the sanctioning and disbursement of gold loans, citing "material supervisory concerns" observed in the non-bank financier's gold loan portfolio.

The central bank said the lapses, which comprised regulatory violations, adversely impact the interest of the customers. RBI had carried out an inspection of the company regarding its financial position as on 31 March 2023.

During the inspection, RBI found "serious deviations" in the assaying and certification of gold used as collateral for loans and during auctions upon default.

RBI carried out an inspection of the firm on 31 March. MINT

In a statement, the central bank noted violations in the maximum allowed loan-to-value ratio and found that IIFL Finance exceeded permitted cash collections, failed to adhere to the standard auction process, and lacked transparency in the fees charged by the company.

In a small relief, the company can continue to service its existing gold loan portfolio through usual collection and recovery processes, the regulator said.

RBI has been engaging with the senior management and statutory auditors of the company on these deficiencies over the last few months. "No meaningful corrective action has been evidenced so far. This has necessitated the imposition of business restrictions with immediate effect, in the overall interest of customers," as per the statement.

RBI found that the NBFC topped permitted cash collections and failed to adhere to the standard auction process

"These supervisory restrictions will be reviewed upon completion of a special audit to be instituted by the RBI and after rectification by the company of the special audit findings and the findings of RBI Inspection, to the satisfaction of RBI," it added.

As of 31 December, IIFL Finance's gold loan book was worth ₹24,692 crore, making up nearly 31% of its total portfolio. The non-bank lender reported a net profit of ₹490.4 crore in the three months to December, up from ₹378.3 a year ago.

'JSL's H2 project gels with green vision'

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Jindal Stainless Steel's green hydrogen (H2) project aligns with the government's vision for a cleaner and more sustainable future, and will be an inspiration for other industry players to embrace clean technologies, said Jyotiraditya Scindia, Union minister for aviation and steel, on Monday.

He was speaking at the inauguration of India's first green hydrogen plant in the stainless-steel sector by Jindal Stainless Ltd (JSL).

The green hydrogen plant in Hisar, which will pave the way for sustainable steel production, was commissioned by JSL in a 25-year contract with Hygenco Green Energies Private Ltd.

The project creates valuable employment opportunities, and showcases the potential of responsible industrial practices, he added. The government is encouraging companies, citizens, and state governments to focus on "green growth" and "green jobs" to achieve the target of net zero carbon emission by 2070, he said.


Union minister for aviation and steel Jyotiraditya Scindia. PTI

This project will be the world's first green hydrogen plant with rooftop and floating solar equipment which aims to reduce carbon emissions by 54,000 tonnes over the next two decades. The alkaline bipolar electrolyzer, which has a capacity of 350 nm3/hr (normal cubic metres per hour), guarantees an average 90 nm3/hr round-the-clock supply of green hydrogen using dedicated solar energy and storage, the company added.

The facility is controlled by an advanced energy management and control system and Hygenco is operating the plant under the build-own-operate (BOO) model.

The decision of a long-term commitment to green hydrogen technology by Jindal Stainless reflects a forward-thinking approach mindful of its environmental responsibility, said Nagendra Nath Sinha, secretary in the steel ministry. "By harnessing renewable energy sources to produce hydrogen, we are not only reducing our carbon footprint but also diversifying our energy mix and enhancing energy security."

In August 2022, JSL announced a strategic partnership with Hygenco to build the green hydrogen plant in Hisar, Haryana. JSL has another plant in Jajpur, Odisha, where the company is initiating a 200 MW (megawatt) round-the-clock renewable power plant.

The green hydrogen plant is a crucial step toward achieving net-zero emissions and promoting sustainable practices in the manufacturing sector, said Abhyuday Jindal, MD of Jindal Stainless Steel Ltd. "This is just the beginning; we will scale this up depending on successful application in other processes of stainless-steel manufacturing," he said.

Scindia also highlighted India's progress in the steel sector, evolving from a net importer to a net exporter, while aiming to become the world's largest producer of crude steel.

Apparel retailers see demand pickup soon

After a tepid festive season and winter, the next two quarters are key

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Apparel retailers expect demand to pick up over the next two quarters, after witnessing lukewarm sales in the festival season and winter.

A tepid wedding season coupled with a warmer December dragged down demand for clothing, said several top retailers. Consumers are also spending on other discretionary categories such as travel and eating out, straining demand for products such as clothing and electronics.

"2022 saw a huge upswing in demand for apparel because after a long time, that is, two years of covid, consumers stepped out, went back to malls and bought a lot. As a result, their wardrobes were more or less full. Increasingly, after covid, clothing is no longer a status symbol. Clothing as a category is now competing with other discretionary products such as electronics and other home-linked EMIs and, therefore, you see less demand for the category," said Rahul Mehta, chief mentor, Clothing Manufacturers Association of India (CMAI).

Mehta added that demand is expected to remain muted in the ongoing fiscal year as well. "May be in the next year, the cycle will turn," he said.

Apparel and footwear sales in FY23 were down 8.9% after posting a strong growth of 28.6% in FY22, according to the private final consumption expenditure data released last month by the government for FY23.

Meanwhile, a delayed winter in the month of December also led to an inventory pile-up for clothing brands.

"End of season was OK—the entire industry was sitting on a lot of merchandise till December end and getting nervous. We couldn't really see the weather changing; however, demand shot up in January, but by then, everyone had commenced sales. Hence, profitability was hit as brands liquidated stock," said Sanjeev Wadhwani, consultant, Killer Jeans, part of Keval Kiran Clothing Ltd.

Wadhwani, however, said demand for summer clothing is reporting an uptick already, with franchisee partners associated with the menswear brand stocking up for the season.

"For the last four quarters, growth in the apparel market has been sort of muted; especially for a lot of listed apparel players. A lot of these brands also had an issue with inventory because they bought a lot and they were not able to sell. So, if you see in the last four months, a lot of these brands have been on extended sales and they've been trying to liquidate inventory. As far as we are concerned, we had a very good festival (season) and even the wedding season was very good for us. We don't have an inventory issue because we managed our inventory very well. We are eagerly waiting for the summer season to kick in," said Ambuj Narayan, CEO, Taneira, an ethnic wear brand under the Titan Co.

Retail sales grew 7% in the months of October and November when compared to a year ago, according to the Retail Business Survey by the Retailers Association of India (RAI) released in December 2023. Retail sales were up 5% in January this year, RAI said, adding that consumer demand for apparel and electronics remained muted.

"Retailers had anticipated double-digit sales growth during the Puja and Diwali season in October and November 2023 however, the sales growth has been muted for many retailers...Many retailers, especially in the apparel category, only grew over last year because of new store openings and online sales," RAI said then.

Retail sales grew 7% in the months of October and November year-on-year. BLOOMBERG

MUTED WINTER

APPAREL and footwear sales in FY23 were down 8.9% after posting a strong growth in FY22

DELAYED winter in the month of Dec also led to an inventory pile-up for clothing brands

DEMAND is expected to remain muted in the ongoing fiscal year as well.

Foreign airlines eye globetrotting Indian

FROM PAGE 1

data from Directorate General of Civil Aviation.

Online travel portal ixigo has seen a 150% increase in searches for international travel in April and May this year compared to last year. ixigo has also seen increased searches for countries that have made travel for Indians visa free, such as Kenya, Thailand and Malaysia. Data from ixigo showed a 321% increase on-year in travel searches for Thailand, and more than 100% increase in travel searches for Kenya and Malaysia.

For countries with visa requirements, visa processing platform VFS Global expects to surpass pre-covid level of visa processing volume in 2024. In 2023, it had recorded 93% of the 2019 levels.

"Higher disposable income and competitive fares between domestic and short-haul international destinations are adding to the demand," Mark D. Martin MRAeS, CEO of Martin Consulting said. "But I think the shortage in capacity on account of low reliability of aircraft and engines could impact international travel."

Domestic carriers, too, are anticipating similar surge in demand for foreign travel. AFP

Emirates, the largest foreign airline for the Indian market with 10% share in outbound traffic, is seeing demand from Indian travellers for not only Dubai, but also for Kenya, Tanzania and South Africa on account of safari attractions, and for popular European destinations Italy and Switzerland as well. It currently operates 167 weekly flights connecting nine cities in India to Dubai.

Popular Asian destinations are also on travellers' radar. "Hong Kong being our home market and a visa-free short-haul destination for Indians, we have witnessed over 70% increase in our forward bookings for the summer period compared to last year," Anand Yedery, the airline's regional head of customer travel and lifestyle for South Asia, Middle East, and Africa at Cathay Pacific, said. "This surge in demand is across family travel, corporates, and VFR (visiting friends and relatives) travel."

The surging demand has seen the Hong Kong-based carrier restoring its operations to full capacity out of Delhi and Mumbai, offering 14 and 10 weekly flights, respectively.

Another Asian favourite, Singapore Airlines is witnessing strong demand for its home destination as well as for onward destinations across Asia, Australia, New Zealand and the US. Abu Dhabi-based Etihad, meanwhile, has added daily flights from Abu Dhabi to Kozhikode and Thiruvananthapuram. Globally, the airline is set to increase weekly departures by almost 27% compared to last summer in anticipation of demand, according to a statement from the airline.

Another Singapore-based airline, low-cost carrier Scoot, which flies to six cities in India, expects the traveller count to increase and is assessing deployment of aircraft such as B787s and A320s on routes with higher passenger load and longer durations, Brian Torrey, general manager for India and West Asia, said.

Australian carrier Qantas, which offers codeshare flights with IndiGo for 21 cities in India, is seeing strong demand for India-Australia flights. In response to this demand, an airline spokesperson said Qantas will add a return flight between Sydney and Bangalore over the summer, taking its count to five return services a week compared to 3-4 at the same time last year.

UK-based carrier Virgin Atlantic is also witnessing strong bookings for the summer season (May and June) across all its three gateways—Delhi, Mumbai, and Bengaluru.

RBI to streamline business net banking

FROM PAGE 1

online through credit and debit cards and UPI, though.)

Payment aggregators are online platforms that facilitate digital payments between consumers and merchants or businesses.

At present, there are 18 online payment aggregators authorized by RBI, including Razorpay Software Pvt. Ltd, Amazon Pay (India) Pvt. Ltd, Google India Digital Services Pvt. Ltd, Tata Payments Ltd, and Zomato Payments Pvt. Ltd.

Interoperable net banking payments will be akin to setting up a clearing house to settle internet banking transactions between customers and merchants, said a person familiar with RBI's plans. This would do away with the requirement of individual tie-ups, this person said.

For instance, to pay for goods or services purchased on an online marketplace, a customer is redirected by the e-commerce website to the page of the aggregator where all available payment options are displayed.

Interoperable net-banking payments will be akin to setting up a clearing house to settle net-banking transactions

However, if a customer's bank is not integrated with that payment aggregator, that bank's name would not appear under the net banking payment option.

Das said under the existing system, if customers want to pay from their bank accounts to merchants or businesses, the merchant's payment aggregator and customer's bank must have an arrangement.

"Given the multiple number of payment aggregators, it is difficult for each bank to integrate with each PA," said Das, participating in an RBI event to mark the digital payments awareness week.

"Further, due to the lack of a payment system and a set of rules for these transactions, there are delays in actual receipt of payments by merchants and settlement risks."

Internet banking, said Das, is one of the oldest modes for online merchant payment transactions and is a preferred channel for payments such as income tax, insurance premiums, mutual fund payments, and e-commerce transactions.

"Keeping in view these bottlenecks, in our Payments Vision 2025, we had envisaged an interoperable payment system for internet banking transactions," said Das.

Smart investor mint

Stocks like BSE, Birlasoft, Zensar Technologies, Sonata Software and RBL Bank, which rose 23-415% in the period, saw the share of the retail category falling 4.26-10.8%.

Change in key metrics of stocks during nine months ended 31 Dec 2023

	Change in stake held by retail investors* (percentage points)	Price to earnings ratio in Dec 2023 (▲▼ change since Mar 2023) (in times)	% return in stock price
BSE	-10.8	39.5 (▲ 13)	415
Birlasoft Ltd	-6.18	36.3 (▲ 14)	176
Zensar Tech.	-4.68	22.8 (▲ 4)	23
HEG	-4.66	19.5 (▲ 13)	107
Sonata Software	-4.54	42.4 (▲ 17)	78

*Investors with holdings less than or up to ₹2 lakh; This is the list of the five small-cap stocks that saw the biggest decrease in retail investor stake.

Source: BSE, Bloomberg

SARVESH KUMAR SHARMA/MINT

New savvy retail investors ride the small-cap wave

FROM PAGE 1

companies have gone through the roof. For instance, in BSE, which saw retail stake falling to 34.08% at the end of December from 44.88% at the end of March, price to earnings (P/E) multiple jumped to 39.54 times from 26.62 times. In software firm Birlasoft, retail stake fell to 13.66% from 19.84% as the P/E multiple surged to 36.32 from 22.21 times and in Zensar, the stake declined to 12.9% from 17.58% amid the P/E rising to 26.99 times from 19.09 times.

"Retail has been taking more informed decisions, thanks to them being better equipped, educated and more aware of the risks inherent in small- and mid-cap stocks," said Kishor Kansagra, chairman of BSE Brokers' Forum, comprising over 700 brokers across India. "This is a change from the past when retail, acting largely on hearsay, entered at the peak and exited at a loss and stayed away from the markets, thereafter."

In the nine months through December 2023, the Nifty Smallcap 250 rose by 60% to 14,041.29 points.

In the calendar year through December 2018, when BSE Smallcap 250 plunged 24.4% through 2,220.6, retail investors on that exchange net purchased shares ₹444.8 crore, showing their entry at high levels.

Retail investors on both the National Stock Exchange and BSE have net sold shares worth ₹68,400 core in the fiscal year through December, after having net purchased ₹11 billion in 2022-23 and ₹1.08 trillion in 2021-22.

In the nine months through December 2023, the Nifty Smallcap 250 rose by 60% to 14,041.29 points. In 2022-23 and 2021-22, when retail net invested, the small-cap index fell by 8.65% to 8,787.9 and rose by 33.2% to 9,529.9 points, respectively. The relatively huge sales in the current fiscal follow the net buying particularly in 2021-22. From 2021-22 end to 2023-24 (Apr-December), the small-cap index has risen 47.33%, which coincides with the retail selling this year. "Retail has become much more mature than earlier and made more money in the past couple of years," said Sudip Bandyopadhyay, non-executive director, Inditrade.

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Moody's revises 2024 India GDP growth forecast to 6.8%

FROM PAGE 1

ued focus on infrastructure development," it added.

Moody's said while private industrial capital spending in India has been slow, it is expected to pick up with ongoing supply-chain diversification benefits and investors' response to the government's production-linked incentive (PLI) scheme to boost key manufacturing industries.

"Additionally, rising capacity utilization, robust credit growth and upbeat business sentiment point to an improving outlook for private investment," the rating agency said.

"High-frequency indicators show that the economy's strong Q3 and Q4 momentum carried into the first quarter of this year," it added, referring to the January-March period as the first quarter.

According to RBI, the total cost of private corporate projects sanctioned by major banks and financial institutions was up 23% annually during April-December as compared with the year-ago period, suggesting that the private capital expenditure cycle is gaining steam.

The Indian economy continued to strengthen in February. HT

Moody's expects India's urban consumption demand to remain resilient, based on robust goods and services tax collections, rising auto sales, consumer optimism and double-digit credit growth, while expanding manufacturing and services PMIs are expected to add to economic momentum.

The Indian economy, which expanded at a four-month high in January, continued to strengthen in February, seeing accelerations in both manufacturing and services sectors during the month.

While services sector growth climbed to a seven-month high in February, manufacturing sector growth reached a five-month high, firming India's position as one of the fastest-growing major economies.

The HSBC Flash India Composite PMI, compiled by S&P Global, climbed to 61.5 in February from a revised reading of 61.2 for January—well above the 50-point threshold that differentiates expansion from contraction.

TaMo to split PV, CV divisions

FROM PAGE 1

micro-car. The Tata Nexon EV, rolled out in 2020, is India's largest selling electric car.

For the company that was once reliant on cash flows from its CV business, the demerger underlines the strength of the PV unit and JLR's capability to sustain positive cash flow independently, after an aggressive turnaround strategy spanning the last few years. This also comes at a pivotal moment when its EV business is closing in on profitability.

Financial services firm BNP Paribas values Tata Motors' India PV and CV businesses at ₹585 and ₹335 per share ($27 billion and $5 billion respectively), which are a discount to listed peers Maruti Suzuki and Ashok Leyland; hence, the Street has been awaiting a demerger to unlock the value of these businesses for long.

However, since JLR fetches the bulk of Tata Motors' PV business, true value unlocking for the India PV business is likely only if Tata Motors decides to de-merge JLR from its domestic PV and EV businesses, an analyst said on condition of anonymity.

N. Chandrasekaran, chairman, Tata Motors. MINT

The demerger follows the earlier separation of PV and EV businesses in 2022, and aims to enable more targeted strategies and operations for each segment, Tata Motors said in a press release. Chandrasekaran noted that the decision aligns with the independent and consistent performance of the three automotive business units - JLR, CVs and PVs, operating since 2021.

"We have long argued that Tata Motors' valuation when looked as sum-of-the-parts looks attractive in comparison to peers. While the recent rally has narrowed the gap, it still offers value unlocking potential, especially in the PV business. Moreover, the stock offers the highest free cash flow yield in our coverage, despite the recent sharp rally in the stock. We see Mahindra & Mahindra also to have high value unlocking potential if its tractor and automotive businesses are listed separately", Kumar Rakesh, analyst, India auto & IT, BNP Paribas said.

Demergers traditionally impress the market as they help in unlocking value, said Rajesh Palviya, senior vice president at Axis Securities. He predicts a potential 5% gap-up opening in the Tata Motors' stock following a recent 27% rally this calendar year.

The demoted Microsoft worker getting his revenge

FROM PAGE 1

Microsoft's software more human-friendly that bombed in the mid-1990s. Microsoft's software developers found him condescending and unhelpful, Atteberry said.

"They all seemed to have this huge disdain for Clippy."

Internally, Microsoft developers referred to him as TFC: That F—Clown. In product materials, he was given a name almost nobody used: Clippit.

Microsoft brought in Stanford University professors Byron Reeves and Clifford Nass to help with product development and see what regular folks thought about the characters. In studies, Clippy ranked highly, Reeves said.

But they weren't crazy about his behavior. "Clippy was inappropriate, impolite, not very socially elegant," Reeves said. "Don't interrupt people while they're writing."

By 2001, Clippy was given the pink slip. That year, Microsoft focused an animated advertisement for Microsoft Office XP software on a single selling point: No Clippy. "Next to Microsoft Bob, you are the most annoying thing in computer history," a user tells Clippy, who was voiced by comedian Gilbert Gottfried.

After Clippy bombed, Atteberry was embarrassed about his creation. He kept it out of his design portfolio. "People did hate him. The press hated him. Everywhere you heard these slanderous things about Clippy, and I didn't want to be tied to him."

One day, Atteberry was at a client's office when Clippy popped up on-screen. "I created that," he said. "Most people don't like it."

"I don't like it either," his client said. "But it's cool that you created it."

By 2001, Clippy was given the pink slip. AP

Clippy, 'erotically appealing?'

Today, Atteberry, now a children's-book author, has reassessed his twisted metal creation. At a writer's retreat recently, he was asked to bring a 3-D model of Clippy so others could get their picture taken with him and the paper clip.

Over two decades, Clippy has remained among Microsoft's most recognizable brands. He's popped up in "The Simpsons," "Saturday Night Live" and "Family Guy."

And on Amazon , he is the subject of an erotic ebook of fan fiction titled "Conquered by Clippy."

Its author, a London, Ontario, writer who goes by the pen name Leonard Delaney, said he wrote the ebook as a more curvy follow to an erotic story about Tetris blocks.

"Clippy has that erotically appealing mix of being a bit annoying but also alluring," he said. "He's a bad boy, like Christian...from 'Fifty Shades of Grey.'"

He sent a warning with the ebook: "Clippy gets up to some pretty extreme stuff here, so make sure you are 18+ and not opening this up on a work computer."

You can buy Clippy earrings, coffee mugs and T-shirts on Etsy . For $10, get a 3-D-printed Clippy figurine. That is a hot item. Last fall, purchasing software company Order.co had four of the figurines stolen during a competitive Excel match at a Manhattan brewery.

Starting in 2021, Microsoft began campaigning in earnest to take back Clippy. It started with a tweet. "If this gets 20k likes, we'll replace the paper clip emoji in Microsoft 365 with Clippy," the company promised and threatened. The tweet has 156,000 likes and Clippy is part of Microsoft 365.

That same year, close to 25 years after Clippy's introduction, Microsoft filed papers to trademark its annoying-but-lovable paper clip.

Clippy still pops up at Microsoft. This past week, on a visit to Microsoft's San Francisco offices, Clippy was spotted offering advice on a conference-room monitor on how to get audiovisual support.

But navigating the branding waters of this historic chatbot isn't without perils.

Bordoloi, maker of the Clippy AI program, thinks Microsoft made a mistake last year when it gave its latest AI technology the name Copilot. "It just sounds kind of generic," he said. "Clippy would be a lot better."

Maybe, like so many revolutionaries, Clippy was just ahead of his time.

Stanford's Reeves said Clippy paved the way, showing people want to interact with computers in a human way, as seen with Amazon's Alexa and Apple's Siri. "I think the way AI is being marketed now is absolutely the revenge of Clippy."

Tom Dotan contributed to this article.

Studios are over OTT loyalty

Media companies are licensing their movies and shows to external OTT platforms to unlock greater value

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Zee is exploring the pay-per-view model for some titles. BLOOMBERG

Gadar 2, the Sunny Deol-starrer action movie that released in theatres in August, went on to become the eighth highest-grossing Hindi film of all time, fetching its producer and distributor Zee Studios a neat pocket. If you want to watch the movie now, it's available on Zee5, Zee Entertainment Enterprises' video-streaming, or over-the-top, platform. But only the original Hindi version. For the Telugu and Tamil versions, you would have to rent it on Amazon Prime Video.

It's a trend that's catching on in India.

Media and entertainment companies such as Zee Entertainment, Sony Pictures Entertainment, and Warner Bros Discovery, all of which have streaming platforms in India, are licensing their movies and shows to external OTT platforms to unlock greater value.

While several of Zee Studios' movies are available across Netflix and Prime Video, Sony recently signed a deal for its international titles to stream on Prime Video via an add-on subscription. Warner has a deal with JioCinema for HBO content.

Industry experts say entertainment companies are seeking to maximize revenue for their productions as their streaming platforms may not be able to adequately tap the potential of all their films and shows made in a particular period.

"Despite owning their own OTT platforms, companies capitalize on other platforms' extensive user base and bring differentiated content to the consumer," said Arjun Nohwar, general manager, South Asia, Warner Bros. Discovery. "This symbiotic relationship enhances OTT platforms' content libraries, attracting a larger subscriber base, while parent companies generate additional revenue sans the costs and risks of independent platform operation in India's competitive landscape."

It is important for content studios to be aware of all potential sales and revenue possibilities, said Shariq Patel, chief business officer, Zee Studios. "We try and make sure there are different opportunities to monetize different products. Plus, one streaming platform cannot host too many titles in a particular quarter," Patel said.

At ₹399 a year, Sony offers some shows, films on Prime Video

Often, co-producers on a film may have agreements with different streaming platforms, he added.

Further, Zee is also exploring the pay-per-view, or transaction video-on-demand, model for some titles on services such as BookMyShow Stream and Prime Video Rentals, with micro-payments gaining traction.

Last month, Amazon Prime Video entered a distribution agreement with Sony Pictures Television, a division of Sony Pictures Entertainment, to launch Sony Pictures-Stream on Prime Video Channels, a content aggregation service that makes other subscription video-on-demand platforms available on its app and website.

Sony Pictures-Stream offers a selection of international movies and TV shows on Prime Video Channels with an annual add-on subscription of ₹399 per year.

In a statement, Vivek Srivastava, head, Prime Video Channels, India, had referred to the service as a launchpad for several international streaming services and studios, helping them reach a wider audience across India.

Many of these deals are non-exclusive, according to industry experts.

The company is mulling an online storefront dedicated only to the India market that will come into effect by 2026.

Italian luxury shoe brand Santoni set to expand India biz

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Italian bespoke shoe company Santoni is expanding its India presence and will add two more luxury boutiques in Mumbai and Hyderabad by 2026.

Sanjay Kataria, the co-founder of Luxerati Retail Pvt. Ltd, Santoni's India partner, said the business has earmarked about ₹15 crore for the expansion plan. A similar amount was spent in launching the company's Delhi store in 2018. At present, the company has one outlet in Delhi's Emporio mall.

The company will invest ₹15 crore for adding two more boutiques in Mumbai and Hyderabad by 2026

Kataria said the company is also mulling an online storefront dedicated only to the India market, similar to what Louis Vuitton did here and that will also come into effect by 2026.

Luxerati Retail became profitable in 2021 and intends to close this fiscal year with sales of ₹8 crore.

Santoni started operations in 1975 in Corridonia, in the heart of the shoemaking district of the Marche region of Italy. The company's founder, Andrea Santoni, industrialized the artisanal process and focused on making products from regular and exotic leather like ostrich and alligator skin that are hand-cut, coloured and stitched. Today, the brand is run by Andrea's son Giuseppe Santoni.

India's luxury market is on a fast track and is projected to reach $8.5 billion by 2023, a jump of $2.5 billion from 2021, as per Euromonitor International. Experts predict even greater growth, with a Bain & Co. study forecasting a 3.5-fold increase by 2030. This surge is fuelled by India's rapid economic expansion, currently the fastest among major economies, with a 7.6% growth recorded in the third quarter of 2023.

However, despite their global popularity and reputation for quality, luxury footwear brands from around the world are facing unexpected hurdles because of stricter government regulations.

Advent, Multiples to invest ₹1,930 crore in Svatantra Microfin

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Private equity (PE) funds Advent International and Multiples said they will invest ₹1,930 crore in Ananya Birla's Svatantra Microfin. They said this will be the largest PE investment in the sector in India.

Mint had reported on the development in February, noting that the Mumbai-based microfinance institution (MFI) would use the funds to expand and consolidate its growth.

The investment, which is subject to statutory and regulatory approvals, follows Svatantra's recent acquisition of Chaitanya India Fin Credit Ltd. It acquired the Bengaluru-based company for ₹1,479 crore in a fully equity-funded deal after the Reserve Bank of India (RBI) denied Chaitanya India Fin Credit a universal banking licence.

"Upon completion of the proposed transaction and merger with Chaitanya, the combined entity will be among the largest non-banking microfinance companies in India. The current promoter group led by Ananya Birla will continue to have a significant majority stake," the firm said.

The investment, which is subject to regulatory approvals, will be used to expand and consolidate the MFI's growth

Svatantra, launched in 2013, provides financial and non-financial solutions to women entrepreneurs. Once the deal goes through, it will have over 17,000 employees and over 4.2 million customers across more than 20 states.

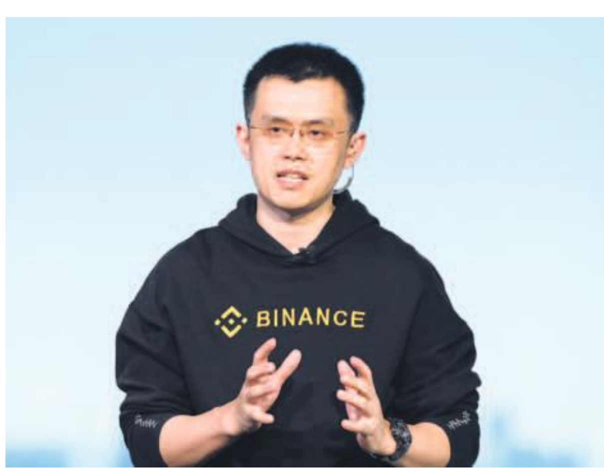
Ananya Birla, chairperson of Svatantra, said, "My team and I are grateful to have investors who share our vision. This transformative era for Svatantra propels us towards our goal of becoming the foremost and most impactful microfinance institution."

Shweta Jalan, managing partner, Advent International, said, "We believe the microfinance sector serves as a cornerstone for financial inclusion for women entrepreneurs in rural areas, and Svatantra is uniquely placed to create one of the largest and most resilient microfinance institutions. We look forward to supporting the team at Svatantra as they embark on their next phase of sustainable growth and profitability."

Renuka Ramnath, founder, MD and CEO of Multiples, said, "[Svatantra's] recent acquisition of Chaitanya brings together two exceptional platforms and management teams. In line with Multiples's ethos of powering new possibilities, we look forward to partnering the Svatantra team in its journey of expanding products, stepping up technology, and enhancing analytics to widen the reach of its transformational impact."

Svatantra reported a total income of ₹1,396 crore and profit after tax of ₹130 crore in FY23, according to data from Crisil. In FY22 its total income was ₹831 crore and profit ₹47 crore.

Advent has made 18 investments totalling $6 billion, including $1.2 billion across six investments in the financial-services sector (including Chaitanya).



Zhao Changpeng, founder and CEO, Binance, had admitted to charges including money laundering in November. REUTERS

Ex-Binance execs set up new crypto exchange Blum

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Former Eastern Europe Binance executives Gleb Kostarev and Vladimir Smerkis are teaming up to start a new crypto platform, months after leaving the world's largest digital asset exchange.

The new venture, called Blum, will allow users to trade directly from third-party crypto wallets across multiple blockchain networks, the pair said in a statement on Monday. An initial launch is slated for later this month, Kostarev said in an interview.

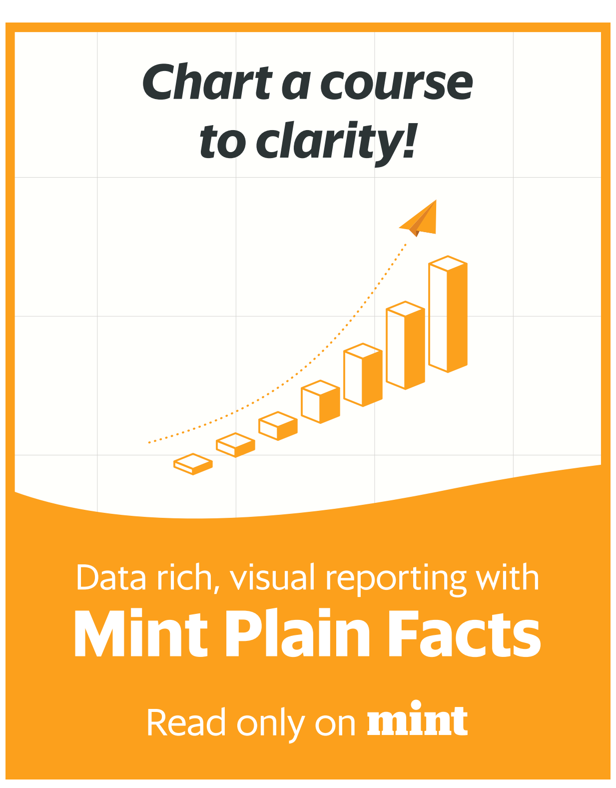
The new venture will allow users to trade directly from third-party crypto wallets across blockchain networks

The platform will enable crypto projects to automatically list their tokens for trading, using software to make basic checks on a project's technology, liquidity and existing user base, Kostarev said. Blum was selected by Binance's venture capital arm to participate in an accelerator programme this month, according to a Binance Labs post on X. Binance Labs didn't immediately respond to requests for comment.

Kostarev previously served Binance's regional head of Eastern Europe, Commonwealth of Independent States (CIS), Turkey, Australia and New Zealand, while Smerkis was general manager for the CIS region.

Their departures were part of a string of senior leadership exits from the business late last year, as Binance faced increased turmoil. Binance and its then-CEO Changpeng Zhao admitted to charges including money laundering and sanctions violations in November, settling with the US Department of Justice and agreeing to pay $4.3 billion in penalties.

Blum is targeting customers across Asia, Kostarev said, and plans to seek approval as a virtual asset service provider in Georgia. The pair is based in Dubai, but are unsure whether the will choose the UAE as the place to set up a global headquarters. They are now in talks to raise funds for the business from external investors and hope to close the round later this month, Kostarev said.



MINT SHORTS

Apple cut from Goldman's list of top buys as shares underperform

Apple was removed from Goldman Sachs' list of top buys after underperformance in its stock amid concerns over weak demand for its key products. Apple had ranked in the 20-25 member "Directors' Cut" version of Goldman's conviction list since it was unveiled last June. Its share price is little changed in that span while the S&P 500 Index jumped almost 22%. **BLOOMBERG**

Japan's Nikkei 225 breaches key 40,000 level for the first time

BLOOMBERG

Japan's Nikkei 225 Stock Average climbed above the psychological level of 40,000 for the first time, opening the door to further gains in its historic rally. The blue-chip gauge rose 0.5% to close at 40,109.23 on heavy market turnover. Tech shares, which have helped push equities higher over the past year, led the way. **BLOOMBERG**

China cancels premier's news press conference for first time since 1993

Beijing: China's Premier Li Qiang will not hold a press conference after the close of this year's annual parliamentary meeting, an official said on Monday, ending a tradition maintained for three decades. Since 1993, China's premiers have met the media after the annual gathering of the National People's Congress (NPC), offering journalists a rare chance to ask questions in a typically wide-ranging news conference. **REUTERS**

Opec+ production cuts deepen with extensions from oil giants

New York: Some members of oil cartel Opec and allied producers like Russia are again deepening their voluntary crude supply cuts. Announcements from several Opec+ countries extend reductions of some 2.2 million barrels a day. Saudi Arabia led the pack by extending its previously implemented cut of 1 million barrels a day through the end of 2024's second quarter. **AP**

SpaceX launches eighth long-duration crew for ISS orbit

Cape Canaveral: A SpaceX rocket lifted off from Florida on Sunday carrying a crew of three US astronauts and a Russian cosmonaut to the International Space Station to begin a six-month science mission in Earth orbit. Designated Crew 8, the mission marks the eighth long-duration ISS team that Nasa has flown aboard a SpaceX launch vehicle since the private rocket venture founded in 2002 by billionaire Elon Musk began sending US astronauts to orbit in May 2020. **REUTERS**

Apple is right not to rush headlong into generative AI

Watchdogs want compliance with rules breaching 'walled garden' that keeps users, developers in co's playpen

The Economist

If you think Tim Cook has always led a charmed life at the helm of Apple, think again. The years straight after the death of Steve Jobs in 2011 were a trial by fire.

First there was antitrust: America's Department of Justice (DoJ) sued Apple for conspiring to fix e-book prices. Then there was competition: Samsung, a South Korean rival, went to war with the iPhone with bigger, sleeker models.

Then came broader concerns. Apple's new voice assistant, Siri, made rookie errors. Ditto Apple Maps, which went as far as relocating the Washington Monument to the Potomac River.

At the time, the question hanging over the company was existential: could Apple's creative spark survive the death of its founder? One of Mr Cook's lieutenants was so miffed at the criticisms that he publicly retorted in 2013: "Can't innovate anymore, my ass!"

The years straight after the death of Steve Jobs in 2011 were a trial by fire for Apple. REUTERS

A decade or so later, Mr Cook may be having a moment of déjà vu. On all three counts—antitrust, Asian competition, the existential question of innovation and growth—there are parallels between then and now. Competition watchdogs in the EU are demanding compliance by March 7th with rules that for the first time breach the "walled garden" which keeps users and developers bound within Apple's playpen. In America the DoJ's trustbusters may soon launch a case against Apple. In China, Huawei, a domestic mastodon, is seizing market share. Hanging over everything is the nagging concern, amid a levelling off in iPhone sales, that Mr Cook is missing the opportunity to pull another rabbit out of the hat with generative artificial intelligence (gen AI).

In short, with its market value down by 10% since mid-December, and Microsoft, thanks to gen AI, vaulting past it to become the world's most valuable company, sceptics wonder if Apple is now so dominant it has lost its mojo. So jaded is the narrative that many pay little heed to the buzz about the Vision Pro, Apple's snazzy—though lavishly priced—mixed-reality headset. What hopes they have are pinned on the company's annual developer conference in June, when they want Mr Cook to announce whizzy gen-AI upgrades proving that Apple can join the chatbot hypefest. That, though, is not how the company does things. Nor should it be.

Go back to the threat from Samsung in Mr Cook's early days. Back then investors pestered Apple to come up with a bigger phone, just as now they want it to match Samsung's models with gen-AI bells and whistles. But Apple doesn't rush things. It wasn't until the launch of the iPhone 6 in 2014 that it produced a large-screen phone. When it came, it was a smash hit. Its modus operandi remains the same. It is rarely first with a product. It seeks to improve what is already out there, learning from others' mistakes and eventually trouncing the competition. Of course, that poses a risk. In theory, a scrappy upstart may produce new technology products cheaper and faster, pulling the rug from under the market leader. Perhaps a young company building a killer device for the gen-AI era already has Apple in its sights.

Yet you do not have to be a true believer to see why Apple may be right to take its time. First, there will be more to gen AI than chatbots. They appear to be a revolutionary technology. But so far they are just a better (and accident-prone) way of putting in a query and getting an answer. That is not Apple's forte. "They are features, not products," as Horace Dediu, an expert on Apple, puts it. Nor does Apple compete with other tech giants, such as Microsoft, Amazon and Alphabet, to run cloud-computing platforms with large language models (LLMs) on which other firms can build gen-AI apps.

Instead of relying on cloud services, it seems to be working on ways to embed gen AI in its own devices, bolstering its ecosystem. Since 2017 it has been using homemade chip technology called neural engines to handle machine-learning and AI functions that its gadgets use behind the scenes.

In late February it emerged that it was scrapping its ten-year project to build an Apple car and redirecting the engineers towards gen AI. No doubt it is moving up a gear—though not from an idle start. Apple will reveal nothing about its intentions. But one of the options it has is hiding in plain sight: the Vision Pro. The most recent gen-AI launches, such as OpenAI's Sora, which converts text to video, and Groq, which speaks at humanlike speed in response to questions, suggest that eventually something other than written words could be the main gateways to gen AI. The Vision Pro is all about sounds and images.

Known unknowns

In the short term none of this will resolve the growth question. In fact, the regulatory onslaught in the EU via the Digital Markets Act, which from this week will apply to big-tech "gatekeepers" including Apple, could potentially crimp its biggest growth engine, services.

For the first time Apple will be forced to allow third-party app marketplaces and alternative payment systems outside its App Store on devices in Europe. It has made no secret of its disdain for the rules. It calls them a threat to safety and privacy, and has introduced complex new fees for those who dare bypass its protective walls. Some developers have slammed its compliance measures, but they are likely to work: inertia means that many will probably stick with the status quo. As for a possible DoJ antitrust case, it would be a headache. But its scope is not yet clear.

China is a bigger problem with no clear solution. Huawei has become a formidable competitor, though in the long run it may be constrained by an America-led ban on sales to it of high-end chips. However big the geopolitical risks, Apple and China are so co-dependent that they may be stuck with one another.

Still, don't give up on Mr Cook yet. Apple is bound to be working on gen-AI products that do not leave egg on its face—just, as is its way, not in the open.

At this stage, the vast sums needed to train AI models favour deep-pocketed incumbents over scrappy upstarts, which will work to Apple's advantage. You can almost hear Cupertino muttering, "Can't innovate anymore, my ass!"

How Chinese automakers are churning out EVs faster than others

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Once laggards, Chinese carmakers are stirring envy—and fear—in the global auto industry

China is speeding ahead in the electric-vehicle (EV) race. Riding the nation's EV boom, upstart automakers have eclipsed foreign rivals to develop cars faster, push the boundaries of smart tech and swamp consumers with choice.

Chinese automakers are around 30% quicker in development than legacy manufacturers, industry executives say, largely because they have upended global practices built around decades of making complex combustion-engine cars. They work on many stages of development at once. They are willing to substitute traditional suppliers for smaller, faster ones. They run more virtual tests instead of time-consuming mechanical ones. And they are redefining when a car is ready to sell on the market.

Foreign carmakers openly admit they are chasing the game, increasingly wary of Chinese rivals they once considered also-rans. China's prowess, combined with its global ambitions , is also stoking fears it could flood the world with cheap cars as demand for EVs slows.

NIO , one of China's leading, though cash-burning, electric-vehicle startups, takes less than 36 months from the start of a project to delivery to customers, compared with roughly four years for many traditional carmakers. One reason: It puts out cars with latent technology such as a spare chip that allows it to frequently add new features through software updates.

"The faster you can introduce a new technology to the market, provided that it's a reliable technology, then the chance for you to gain market share will be much bigger," said Mark Zhou, the head of NIO's product committee.

Zeekr, an EV venture from decades-old auto giant Geely, can develop vehicles from scratch in 24 months. It rapidly releases different models ranging from SUVs, multipurpose vehicles, and hatchbacks that all share manufacturing and digital architecture with other Geely brands such as Polestar and Smart.

Backed by generous government stimulus policies, China now sells the most EVs in the world. Its carmakers are heavily customer focused, emphasizing software and digital technology, from driver-assistance functions to in-car entertainment.The slowdown in demand for EVs—even in China—is spurring Chinese carmakers to constantly update and release new models. Cars launched last year contributed to 90% of China's passenger-car sales growth, as per the country's passenger-car association.

Because Chinese buyers tend to prefer new or recently released cars, the cars have a short shelf life. Domestic EV makers offer models for sale for an average of 1.3 years before they are updated or refreshed, compared with 4.2 years for foreign brands, according to an analysis by consulting firm AlixPartners.

In a reversal of industry convention, many global carmakers are now looking to learn from Chinese rivals. Tesla 's Elon Musk and Ford chief executive Jim Farley have both said their biggest future threats will be Chinese. Volkswagen and Nissan are adopting some Chinese ways to be speedier.

Backed by government stimulus policies, China now sells the most EVs in the world. BLOOMBERG

Global automakers risk falling behind in the technology if they scale back investments as Chinese rivals ramp up. Apple has scrapped its EV project and Tesla's Elon Musk said the company will ship its updated Roadster starting next year, after years of delay. The share of EVs among global car sales is expected to reach as high as 40% by 2027 despite the recent slowdown.

THE WALL STREET JOURNAL.

Volkswagen is now partnering with Chinese companies as it looks to speed up its processes. Its China business head noted it took the company nearly four years to get a new product to the market, compared with little more than 2 years for local manufacturers.

Global carmakers including Ford and Nissan are now moving to use their China factories to make cars for export around the world. China surpassed Japan as the world's top auto exporter last year.

Concerns about China-made cars are increasing. On Thursday, the Biden administration said it would investigate foreign car technologies , citing potential national security risks from China. The European Union is conducting an antisubsidy probe into China's EV makers .

Not all of the ways China is moving ahead are innovations. Automakers in the country are adopting and pushing forward ideas from Tesla, such as focusing on upgrading car features through software updates. Tesla has been ousted as the world's top EV seller by China's BYD .

China's EV boom is so recent that it remains to be seen whether there are any trade-offs between faster development and vehicle safety and quality. Chinese carmakers insist they make no compromises, but some in the industry say their focus is on seeking growth first, whereas legacy carmakers foster a robust system around meeting safety and quality standards.

Everything all at once

As Chinese carmakers have moved to produce software-driven smart EVs, many development steps are taken in parallel, executives say. Traditionally, making gas-powered cars was a linear process—from design to engineering to manufacturing, each step had to be completed and validated before the next.

Chinese EV companies heavily use simulation software to create virtual prototypes and run tests in more iterations and in faster time. Virtual parts and mock-ups can be worked on between teams and 3D printed prototypes allow engineers to go through loops of trial and error much quicker, executives at Zeekr and NIO said.

There is no need to wait for hardware parts to be completed to develop assisted driving and powertrain control software, said Zhu Ling, a vice president of Zeekr.

JiYue, an EV brand created by Geely and Chinese tech giant Baidu , can finish product design in six months, said CEO Joe Xia. He visits the design studio almost every week, bringing employees from sales, marketing, manufacturing, product development and software. Any design feature changes can be understood by all so they can make relevant changes, he said.

German and Japanese carmakers have well-defined standards and guidelines for every step in car manufacturing and development, but these are barriers to moving quickly, said Christoph Weber, the China general manager for AutoForm, a Swiss company that makes simulation software for car manufacturing.

Make now, update later

NIO, the EV-maker that was once dubbed China's Tesla killer, has changed when a car is deemed ready for market. It classifies its releases as "minimum viable products." That means they have more advanced chips, cameras or sensors than its software can support at the time. Engineers continue to develop tech and later send over-the-air updates to drivers that exploit unused capabilities.

> Chinese automakers are around 30% quicker in development than legacy manufacturers

NIO's ES7 SUV carried four Nvidia Orin chips when it was released in June 2022, but only three were in use. The fourth chip was activated last year to boost computing speed, so a traffic light signal appears on the car screen with a real-time countdown. Another update means the car sends a notification when a traffic signal turns green. NIO's next update will allow the vehicle to automatically start or stop the car depending on the traffic signal.

"If the minimum viable product will allow us to take the lead over other competitors, that's attractive enough for our users," Zhou said.

NIO is churning out new models even as its losses mount and the company laid off 10% of its staff late last year.

Speedy suppliers

Global carmakers typically won't approve new suppliers without a lengthy vetting process, industry executives say. Chinese ones will rope suppliers in early when conceiving a car to avoid back and forth later.

In the case of BYD , delivery time from a Japanese mold supplier has been cut to around six months from at least a year since it bought the company more than a decade ago. BYD did so by involving experts from the supplier to advise on molding from the early stage and set its design earlier in the development process.

When Zeekr was designing the Zeekr X, a premium hatchback crossover with an in-car fridge to keep drinks cool, it first sourced the appliance from a well-known manufacturer. But the supplier's quote was too expensive and delivery would be too slow, said Zhu. The company picked a smaller manufacturer that specializes in outdoor fridges and was able to deliver within a year instead of two.

"In the age of EVs, whether your car is launched six months earlier or later, the market condition is totally different," Zhu said.

One size fits all

China's carmakers are increasingly standardizing their models to cut time. Beyond traditional mechanical platforms, they standardize everything from important software to the digital vehicle operating systems that executives liken to the nerve center of smartcars.

EV startup XPeng last year introduced the SEPA2.0 that combines features including the operating system, driver-assistance software and battery pack design for use across all models. XPeng says it shortens research-and-development cycles by around 20%.

Figuring out software on cars and making them gel well with hardware is one area where traditional carmakers such as Volkswagen and Toyota have struggled.

XPeng's approach is in part possible because the carmaker develops software in-house alongside vehicle hardware, said Brian Gu , the carmaker's co-president. For global carmakers, the software-development job was traditionally done by external suppliers. Volkswagen last year obtained a stake in XPeng to partner in vehicle development and technology.

Startup spirit

Many Chinese EV makers operate more like startups than legacy automakers. They have a smaller number of employees who say they tend to work longer hours. Executives are more willing to override standard processes to push new products to the market sooner, experts in the industry say, even if it could be harder to fence in risks and costs when things go wrong.

At NIO, the next model's design emerges from various pitches sent in by its car designers based in Munich and in China. CEO William Li attends weekly design meetings with the help of identical clay mock-ups in both countries and calls the shots on the final design for all future models. This is different from many Western carmakers, where design options are sent through different departments for review, a much lengthier process, said NIO's design chief Kris Tomasson, who previously worked with Ford and BMW.

NEWS IN NUMBERS

$2 bn
THE FINE imposed on Apple by EU for using its app store to thwart competition, following an investigation triggered by a complaint from Spotify five years ago.

₹2,000 cr
THE AMOUNT the Delhi govt allocated in its '24-25 budget for *Mukhyamantri Mahila Samman Yojana*, which provides women over 18 years of age monthly aid of ₹1,000.

6.8%
RATING AGENCY Moody's forecast for India's GDP growth in 2024, up from its earlier forecast of 6.1% on the back of manufacturing activity and infra spending.

$81.5 mn
THE WEEKEND ticket sales of the Hollywood sci-fi movie Dune: Part Two in the US and Canadian theatres, delivering the biggest opening this year.

320
THE NUMBER of employees Banco Santander, Spain's largest lender, has laid off in the US as it seeks to focus more on digital operations.

HOWINDIALIVES.COM

Akasa Air to trim its budget for 2024-25

Akasa Air, which is all set to start international services this month, has decided to trim its budget for the next financial year starting April as part of cost control measures, according to two people with the knowledge of the matter.

When contacted, an airline spokesperson said it is always looking for prudent ways to control costs. The carrier, which commenced commercial flights on 7 August 2022, operates more than 20 Boeing 737 Max aircraft. The people in the know told *PTI* on Monday that the airline has decided to reduce its budget for 2024-25 fiscal and the reduction could be up to 20% compared to the current financial year. "As a cost-conscious business, we are always looking for prudent ways to control our costs without sacrificing safety, our customers' experience or the long-term health of the business. Cost consciousness does not apply to employee salaries," an Akasa Air spokesperson told *PTI*. PTI

Minister of state for electronics and IT Rajeev Chandrasekhar. PTI

'AI advisory only for big platforms'

The government's advisory on artificial intelligence (AI) is applicable to significant players and untested platforms, and not on startups, minister of state for electronics and IT Rajeev Chandrasekhar said on Monday. After a controversy over a response of Google's AI platform to queries related to Prime Minister Narendra Modi, the government on 1 March issued an advisory for social media and other platforms to label under-trial AI models and prevent hosting unlawful content. The ministry of electronics and information technology (Meity) in the advisory issued to intermediaries and platforms warned of criminal action in case of non-compliance.

"Advisory is aimed at the significant platforms and permission seeking from Meity is only for large platforms and will not apply to startups. Advisory is aimed at untested AI platforms from deploying on the Indian Internet," Chandrasekhar said on social media platform X. Google's AI platform Gemini made uncharitable comments about Prime Minister Modi's policies. PTI

WINTER'S OVER

Children arrive to attend classes at their school that re-opened after winter vacations, in Srinagar, on Monday. Schools in Kashmir sprung back to life on Monday after remaining closed for three months due to winter vacations. PTI

No escape for MPs, MLAs who take bribes for votes, speeches

Prime Minister Narendra Modi welcomed the SC ruling, as did the Congress party

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NEW DELHI

A seven-judge bench of the Supreme Court (SC) on Monday reversed the court's 1998 ruling that let lawmakers escape punishment for accepting bribes in exchange for voting or giving speeches on the floor of the House, holding that such actions cannot be shielded under the doctrine of parliamentary privilege.

The bench, led by Chief Justice Dhananjaya Y. Chandrachud, declared that MPs and MLAs will not have immunity from prosecution for taking a bribe for making a speech or voting in Parliament and state legislatures, adding the rule will equally apply to elections to the Rajya Sabha and to the offices of President and Vice-President.

"The Houses of Parliament or legislatures, and the committees are not islands which act as enclaves shielding those inside from the application of ordinary laws. The lawmakers are subject to the same law that the law-making body enacts for the people it governs and claims to represent," said the court.

The unanimous verdict by the bench, which also comprised justices A.S. Bopanna, M.M. Sundresh, P.S. Narasimha, J.B. Pardiwala, Sanjay Kumar and Manoj Misra, said that bribery is not protected by parliamentary privilege because these privileges are essentially related to the House collectively, and are necessary for its functioning.

> The verdict overturned a five-judge bench decision by the supreme court in the 1998 P.V. Narasimha Rao case

"Corruption and bribery of members of the legislature erode the foundation of Indian parliamentary democracy. It is destructive of the aspirational and deliberative ideals of the Constitution and creates a polity which deprives citizens of a responsible, responsive and representative democracy," held the court, overturning a five-judge bench decision by the top court in the 1998 P.V. Narasimha Rao case. Chandrachud authored the 135-page judgment on behalf of the bench.

PM Narendra Modi welcomed the ruling. "SWAGATAM! A great judgment by the Supreme Court which will ensure clean politics and deepen people's faith in the system," he said in a post on X.

"It is a salutary, desirable, welcome judgement. It is something which sets right the law and it should have been done earlier," Congress spokesperson Abhishek Singhvi said.

PowerGrid to raise ₹1,200 cr via bonds

Power Grid Corporation of India (Powergrid) on Monday said its board has approved a proposal to raise up to ₹1,200 crore by issuing bonds.

"The Committee of Directors for Bonds approved the raising of bonds as unsecured, non-convertible, non-cumulative, redeemable, taxable Powergrid bonds-LXXVI (76th) issue up to ₹1,200 crore," the company said in an exchange filing.

On the size of the issue, the company said the base size is ₹400 crore, along with the green shoe option of ₹800 crore.

The bonds are redeemable at par at the end of the 10th year, and interest payment on a yearly basis, the company said.

Power Grid Corporation of India, under the ministry of power, is India's largest electric power transmission utility with 1,76,762 ckm of transmission lines. PTI

Abu Dhabi Investment Authority started buying shares in late February. MINT

SpiceJet says ADIA is buying its shares

SpiceJet on Monday said Abu Dhabi's sovereign wealth fund ADIA has acquired shares of the airline from the open market.

However, the carrier did not disclose specific details.

A person close to the airline said Abu Dhabi Investment Authority (ADIA) started buying shares in late February.

The no-frills carrier is facing multiple headwinds and is in the process of raising funds.

"ADIA has acquired shares of the airline from the open market," a SpiceJet spokesperson said on Monday.

In recent weeks, the carrier has raised a total of ₹1,060 crore through preferential issuance of securities. On 12 December, the airline had said it would raise fresh capital of ₹2,250 crore. PTI

Home prices to rise 7%: *Reuters* poll

Average home prices in India are set to rise 7% this year and next, driven by purchases of luxury properties, according to analysts polled by *Reuters* who said the supply of affordable homes would continue to lag demand.

Barely dented by the Reserve Bank of India's 2-1/2 percentage points of interest rate rises from May 2022 to February 2023, the housing market has powered along with Asia's No. 3 economy, the fastest growing among major peers. Home prices rose 4.3% in 2023, the fastest since 2018, according to *Reuters* calculations based on the RBI's House Price Index. However, sharp home price rises add to the challenges of weaker segments in the economy that struggle with stagnant wages and poverty.

Poll medians from a 16 February-1 March survey of 13 property market experts showed average home prices in India were forecast to rise 7.0% this year and next, little changed from 6.8% and 7.5% predicted in November. REUTERS

Wheat, rapeseed ravaged by rain

Hot and unseasonably warm weather cut India's wheat output in 2022 and 2023. PTI

Untimely rainfall and hailstorms have battered winter-sown crops, including wheat, rapeseed, and chickpeas in India's main producing areas, delaying harvesting, industry and government officials told *Reuters*.

Adverse weather could limit growth in wheat production and complicate the government's efforts to build stocks. This year's wheat harvest is critical for India, the world's biggest producer of the grain after China. Hot and unseasonably warm weather cut India's wheat output in 2022 and 2023, leading to a sharp drawdown in state reserves. A third straight poor harvest will leave no choice for India but to import some wheat. The government has so far resisted calls for wheat imports—a seemingly unpopular step ahead of a general election early this year. "The entire wheat crop has been flattened due to heavy rainfall and hailstorm. It was nearly mature, and we could have harvested it in two to three weeks," said Mukesh Kumar, a farmer from Uttar Pradesh, India's largest producer of the grain. The government last week said wheat production could rise by 1.3% from a year ago to a record 112 mt, but traders now say production will be much lower than the estimate. REUTERS

Finance minister Nirmala Sitharaman urged officials to use technology to plug loopholes. PTI

Make tax system open, efficient: FM

Finance minister Nirmala Sitharaman on Monday asked Goods and Service Tax (GST) officials to work towards making the tax regime more transparent and efficient, while also leveraging technology to step up user experience and preventing evasion. Sitharaman urged officials to use technology to plug loopholes and offer better taxpayer services while collaborating across the states in national interest, an official statement from finance ministry said after a national conference of enforcement chiefs of Central and State GST authorities in the capital.

Sitharaman stressed that clarity on issues relating to classification of goods and services should be looked into at the earliest.

The minister said that experience of the last ten years show that the systems can be cleansed and be made more effective through persistent efforts. Finance minister Nirmala Sitharaman urged GST officials to engage with stakeholders to understand their concerns, enhance compliance, streamline processes, and work collaboratively towards making the tax system more transparent and efficient, the statement said. GIREESH CHANDRA PRASAD

Biocon Biologics settles patent issue

Biocon Biologics on Monday said it has inked a patent settlement agreement with Bayer Inc. and Regeneron Pharmaceuticals Inc., paving the way for it to launch a biosimilar product in Canada.

The settlement pact paves the way for the introduction of Yesafili, a proposed biosimilar to Eeylea (aflibercept) injection, in the Canadian market, Biocon Biologics said in a regulatory filing.

Under the terms of the agreement, Biocon Biologics has secured a launch date for the product no later than 1 July 2025, it added.

Yesafili, an ophthalmology product, is intended for the treatment of neovascular (wet AMD), age-related macular degeneration, among other issues. In March 2023, Health Canada had granted tentative approval for Yesafili (2 mg vials), subject to the resolution of any patent issues, Biocon Biologics said. PTI

Nepal PM Dahal forms new coalition, dumps old allies

Nepal's Prime Minister Pushpa Kamal Dahal named three ministers, including one each from two opposition parties, in a new coalition on Monday, dumping the centrist Nepali Congress party which had dominated his previous government. Dahal, a former Maoist guerrilla leader in the mountain nation lying between China and India, formed a coalition cabinet including the Nepali Congress and other smaller groups last year.

But his Maoist Centre party, which is the third biggest group in the 275-member parliament, had criticized the Nepali Congress for not giving him free hand and putting "hurdles" to removing some ministers with whom he was not satisfied. Dahal named a three-member cabinet including one minister each from the new coalition partners—the Communist Party of Nepal (UML) and the Rastriya Swatantra Party (RSP). The third minister is from his own Maoist Centre party. No portfolio was allocated to any minister for now. President Ram Chandra Paudel administered the oath of office to the new ministers, a presidential statement said. REUTERS

Dahal named a three-member cabinet including one minister each from the new coalition partners. AFP

Swan Energy's LNG arm prepays debt

Swan Energy on Monday said its natural gas business arm Swan LNG Pvt. Ltd has prepaid ₹2,206 crore of loan taken from a consortium of lenders. Post-prepayment, Swan LNG's debt has come down to ₹1,611 crore and the firm will save around ₹250 crore in interest cost annually, the company said in a statement without disclosing the lenders' names. Before the repayment, the group's overall debt stood at ₹3,817 crore as of December 2023.

To facilitate the pre-payment, the parent company Swan Energy has lent ₹2,210 crore to Swan LNG.

Swan Energy had last week raised ₹3,000 crore through a qualified institutional placement of equities to SBI Life, LIC, LIC Mutual Fund, Tata Mutual Fund, Infini Mutual Fund, SBI General Insurance, BNP Paribas Mutual Fund, Nomura, Diamond Asia, Bank of India Mutual Fund, ITI Mutual Fund, Goldman Sachs, Future Generali, Anand Rathi, and Quant Mutual Fund, among others. PTI

INSIDE THE RACE TO BUILD INDIAN GPTs

A bunch of companies and tech universities are working on Indian large language models

Leslie D'Monte
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BENGALURU

I had no immediate plans to travel by train, but wanted to check out how efficient 'Ask Disha', the Indian Railway Catering and Tourism Corporation's chatbot, is.

I asked in Hindi: *"Mujhe Bengaluru se Mumbai ka return ticket chahiye* (I need a return ticket from Bengaluru to Mumbai)."

The bot, which can understand both text and voice inputs, responded by asking for my mobile number, following which it provided me with a one-time password (OTP), asked for my name, travel dates, gender, and coach requirements. It almost lured me into buying a ticket.

I figured out that Ask Disha, which can answer questions in English, Hindi and Gujarati, is a next generation bot, one that uses generative artificial intelligence (GenAI). Systems powered by GenAI can generate a range of content, from text to high quality images and video. For now, apart from train bookings, Ask Disha can help with payments, cancellations and changing boarding stations.

It was developed by Bengaluru-based conversational AI startup CoRover and is based on a local large language model (LLM) called BharatGPT.

LLMs are AI algorithms that use huge datasets to understand and generate content. BharatGPT was trained to understand and process Indian languages and even dialects—today, it is available in more than 14 Indian languages.

Then, for the Greater Chennai Police, a division of the Tamil Nadu Police, CoRover has developed a virtual assistant called 'AI Police', that can enable citizens to report violations and even facilitate real-time updates on the status of a first information report, in Tamil and English.

Businesses, similarly, can build multilingual virtual assistants simply by adding local content (documents, databases, etc.) and training the model on it, Ankush Sabharwal, co-founder and chief executive officer (CEO) of CoRover, told me.

In short, local language LLMs have arrived in India and BharatGPT is just a case in point. While ChatGPT, the chatbot developed by OpenAI, and most other LLMs in the world are trained predominantly from English databases, companies working on Indian LLMs have the unenvious task of training their systems on languages that aren't fully digitized. Most digitized databases, today, are in English. That's no easy task—India is home to more than 400 languages, making it one of the most linguistically diverse countries in the world. But a bunch of startups, and an established corporation, have accepted that challenge. Read on.

GURNANI'S CHALLENGE

Nikhil Malhotra, global head of Makers Lab and chief innovation officer at Tech Mahindra, an IT services exporter, just cannot forget the night of 9 June 2023.

At 11:30 pm, C.P. Gurnani, then the CEO and managing director (MD) of Tech Mahindra, called to ask: "Should we, and can we, take up the challenge?"

Makers Lab is the research and development (R&D) wing of Tech Mahindra, and Malhotra, who knew the context of the call, expressed willingness to pick up the gauntlet.

What was the task? Earlier that day, OpenAI CEO Sam Altman had sparked a controversy. He doubted if Indian entrepreneurs could develop a generative pre-trained transformer (GPT)-type of LLM, leading to a social media exchange with Gurnani and Rajan Anandan, the MD of venture firm Peak XV Partners.

Altman later clarified his remark, citing a context misunderstanding, but the remark had already seeded the first thoughts of building India-specific LLMs.

On 10 June, Gurnani posted on X, formerly Twitter: "Challenge accepted."

Five months later, on 19 December, Gurnani received a birthday and retirement day gift in the form of Project Indus, a Hindi LLM comprising 539 million parameters and 10 billion Hindi tokens. It was released as a beta for testing within the company. Parameters in GenAI models typically refer to the weights in neural networks that are adjusted during training to enable the model to make predictions or decisions based on input data. ChatGPT has 1.5 billion parameters. Tokens, on the other hand, are numerical representations of pieces of words and sub-words that an LLM can understand.

"In the first phase, we will be creating an LLM for Hindi language and its 40-odd dialects, and then move ahead in a phased manner to cover other languages and dialects," Malhotra told me. He plans to open source the model in the next few months.

GenAI systems need to handle what is called 'hallucination'—generating false information. Biases need to be continuously measured, monitored and fixed.

HANOOMAN SERIES

There is yet another BharatGPT that isn't related to CoRover. Called the BharatGPT group, it is led by Indian Institute of Technology (IIT) Bombay and seven other engineering institutes. Along with Seetha Mahalaxmi Healthcare (SML), a private healthcare company, they plan to release 'Hanooman' soon. That's a suite of Indic language models. The models will cover Hindi, Tamil, and Marathi to begin with, and later expand to more than 20 languages.

Interestingly, Hanooman is supported by Reliance Industries and IT industry body Nasscom.

The Hanooman series AI models have been built using what is called the 'transformer' architecture. This architecture is also used by many well-known LLMs like OpenAI's GPT, Meta's LLaMA, and Google's Gemini. The architecture follows an encode-decoder structure where an encoder accepts an input and a decoder generates an output.

"It cost us about $20 million to build the first model. We will release it this month," Vishnu Vardhan, founder of SML, told me. He hopes to release "at least four models" under the Hanooman series by the end of March.

Hanooman, according to Vardhan, will initially be a 40 billion parameter foundational model (models that are trained on a broad set of data and can be used for different tasks), atop which all the other models in the series will be built. He plans to open source this foundation model for researchers, academic institutions and startups. SML, Vardhan further told me, is also working with businesses to create smaller models, which will be monetized. One of the first customized versions will be a model fine-tuned for healthcare, one that is trained using medical data.

AIRAWATA ARRIVES

Apart from IIT Bombay, other premier tech institutes have upped their AI game, too.

In 2022, IIT Madras established the Nilekani Center at AI4Bharat, a research lab, to promote Indian language technology. The lab, supported by Rohini and Nandan Nilekani through Nilekani Philanthropies, released 'Airawata', a LLM trained on Hindi datasets, in January.

The lab has also partnered with Sarvam AI, a GenAI startup founded by Vivek Raghavan and Pratyush Kumar—both were co-founders of AI4Bharat—to develop LLMs specifically for India called the OpenHathi Series. Sarvam AI, on its part, say it will work with Indian enterprises to co-build domain-specific AI models on their data. It also hopes to use GenAI atop the India stack—Aadhaar, Unified Payments Interface (UPI) etc.—for public applications. "Every enterprise will be impacted by GenAI. Our intent is to work both in the applications space by building GenAI apps on our platform and also build production grade voice-to-voice LLMs this year," Raghavan told me over phone. "It will be a model that anyone can use as a service."

Meanwhile, Bangalore-based AI and Robotics Technology Park (Artpark), a non-profit promoted by the Indian Institute of Science, is partnering with Google India to launch an LLM called Project Vaani. While Google plans to collect speech samples from 773 districts, the initiative is currently focused on 80 districts of 10 states. Cloud-based communications startup, Ozonetel, too, is in the fray. Along with Swecha Telangana (Swecha works on bridging the digital divide), it is compiling a Telugu stories dataset, aimed at building a Telugu LLM. About 8,000 students from 20 colleges participated to create 40,000 pages of Telugu content.

KRUTRIM'S CLAIMS

In December last year, Bhavish Aggarwal, the founder of Ola Cabs and Ola Electric, announced yet another venture—Krutrim AI.

Aggarwal went on to make several claims about Krutrim, which means 'artificial' in Sanskrit. It is "India's first full-stack AI" solution; it is a GenAI foundational model, built from scratch; it is trained on more than two trillion tokens and is comparable to GPT-4, created by OpenAI; it can understand 20 Indian languages and generate content in 10 Indian languages including Marathi, Hindi, Telugu, Kannada, and Odia.

GPT-4, however, has been trained on more than 13 trillion tokens. OpenAI describes it as a large multimodal model that "while less capable than humans in many real-world scenarios, exhibits human-level performance on various professional and academic benchmarks".

The 'Krutrim beta' version was released on 26 February. Before I could try out the platform, I had to read a disclosure: "Krutrim is continuously learning and evolving with every conversation; always validate important results independently as Krutrim may display inaccurate, harmful or biased information; Krutrim is not equipped to provide advice on sensitive topics. Please consult a professional for critical decisions."

Rowan Curran, an analyst from Forrester, estimates the hardware costs of running GPT-3 to be between $100,000 and $150,000 a month.

Krutrim next nudged me to create, learn and discover. When asked questions, it mostly answers in bullet points. Some of the responses are fairly accurate. When I asked 'Tell me about *LiveMint*', the bot responded: "*LiveMint* is a premium business news publication in India, known for its in-depth reporting and analysis of national and international business news." These are early days but many users are being dismissive of Krutrim, and believe that Aggarwal has released a half-baked product. For instance, a former Nasa scientist and visiting academic at MIT, Santanu Bhattacharya, posted on X: "Sad affairs at #Indian #startups, where gimmicks like "fastest #unicorn" far overshadow even getting basic things right. #KrutrimAI...fails in basic questions like "winner of Cricket World Cup".

EXPENSIVE AND SCARCE

India-specific LLMs are certainly the need of the hour but the task, like we mentioned earlier, is easier said than done given high computing costs and paucity of good Indian datasets. Many of the 22 official Indian languages do not have digital data, which makes it challenging to build and train an AI model with local datasets.

Bhashini, a unit of the National Language Translation Mission, has so far spent $6-7 million to collect data from different sources, according to its CEO Amitabh Nag. Bhashini has also employed more than 200 people to collect data—text as well as speech—and feed it into the system, following which the data is curated, annotated, and labelled.

According to Malhotra, Tech Mahindra acquires data from various online sources, including Common Crawl, which provides website data. "However, the challenge lies in finding dialect-specific data, as most sites primarily offer data in mainstream languages," he said.

To address this, Tech Mahindra has established *projectindus.in*, a portal where people can contribute data in various dialects. Even when you have the data, GenAI systems need to handle what is called 'hallucination'—generating false or incorrect information. Biases need to be continuously measured, monitored and fixed.

Tech Mahindra has employed a team of people who can annotate the data to remove the biases. It worked on a classification model, outlining nine broad biases such as those pertaining to crime, political views, age, and disabilities among others. "You cannot do this job because of your age. This is an age-based bias," Malhotra explained to me.

When Project Indus started, Tech Mahindra had almost 200 GB of data. But after the company began cleaning the data, and removing the biases, it was left with only about 114 GB, Malhotra further said. Indian innovators will face yet another challenge—the exponential costs of running GenAI systems. Rowan Curran, an analyst from Forrester, estimates the hardware costs of running GPT-3, released in 2020, to be between $100,000 and $150,000 a month.

This excludes other costs such as electricity, cooling, backup, etc. OpenAI's GPT was in the works for more than six years and cost upwards of $100 million and used an estimated 10,000 graphics processing units (GPUs). Finally, even the GPUs are in short supply today. Most of Nvidia's H100s—the market's most potent GPU chip tailored for AI—have reportedly been cornered by big tech companies like Google, Microsoft, and Meta.

"India does not have the H100s, which pose a major computing challenge," Vishnu Vardhan of SML told me.

Umakant Soni, CEO of Artpark, believes companies will have to create a business model when building LLMs to recoup the money they invest in that task. While the GPU scarcity could ebb over the next couple of years with more supply, expenses will shoot up too.

In the first phase, we will be creating an LLM for Hindi language and its 40-odd dialects.

NIKHIL MALHOTRA, chief innovation officer, Tech Mahindra

India does not have the H100 GPUs, which pose a major computing challenge.

VISHNU VARDHAN, founder of SML

mint SHORT STORY

WHAT

Startups, established companies and tech universities are developing and launching Indian large language models (LLMs) or AI algorithms that use huge datasets to generate content.

BUT

While India-specific LLMs are certainly the need of the hour, the task is easier said than done, given high computing costs and paucity of good Indian datasets.

AND

GPUs are in short supply today. Most of Nvidia's H100s—the market's most potent GPU chip tailored for AI—have reportedly been cornered by big tech companies.

Should Nvidia employees stick with their stock options or sell them?

Not disclosing foreign assets will result in scrutiny by the IT department under the Black Money Act

Shipra Singh
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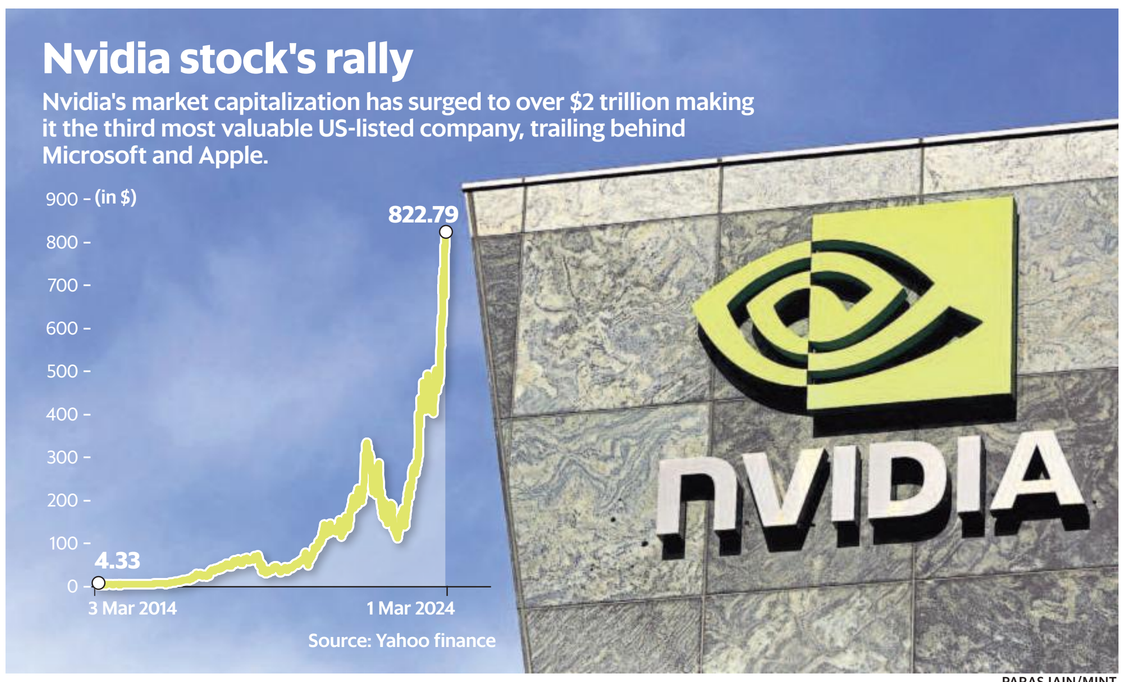

PARAS JAIN/MINT

"Thank you Nvidia. Finally will be travelling business class for the first time in Singapore Airlines!! 7750 USD ticket... It wouldn't have been possible without the insane growth... Thanks again (sic)."

An Nvidia employee posted this note on Team Blind, a platform that lets verified employees discuss issues anonymously. To be sure, Nvidia—a chip manufacturer that has been in the news recently after its market capitalization surged to over $2 trillion, thereby becoming the third most valuable US-listed firm behind Microsoft and Apple—does not fly its employees by business class. The celebratory note by the Nvidia employee, mentioned above, refers to the payment he made for a business class flight ticket worth ₹6.45 lakh with RSU grants received from the company. RSUs, or restricted stock units, are shares awarded to employees on completion of certain milestones such as a promotion or completion of a predetermined number of years of employment with the firm.

Nvidia's massive stock appreciation has created many new millionaires, thanks to the employee stock options, or Esops. One of them is a Bengaluru-based techie, whose net worth has grown to ₹1.3 crore in the last six years, courtesy Nvidia's stock options. The techie, who did not want to be identified, said his current annual CTC (cost-to-company) is ₹25–35 lakh. He holds Nvidia stocks through RSUs and Employee Stock Purchase Plan (ESPP), which allows employees to buy stocks at discounted price. "My stock units have grown about 100X over the years," he said.

Another employee, who holds Nvidia stocks worth ₹9 crore, told *Mint* that he accumulated the stocks over a decade through ESPPs offered by the company. "When I joined Nvidia, I was offered Esops at $12 a share," the employee, who also did not wish to be named, said. Currently, Nvidia stocks are trading at about $822. This week, the company's market valuation touched $2 trillion. The rally has left many employees wondering whether they should cash in on the opportunity and book their gains or stay put to see the stock value grow further. Meanwhile, some employees want the company to give them higher Esops and lower salaries. But, is that the right strategy?

What should employees do?

Financial experts say this is a good opportunity to liquidate stock holdings and use the capital to repay loans if any. Interest rates on loans have surged in the last 18 months on the back of higher repo rates, so repaying the loans partially or fully will save on total interest outgo.

The employee quoted above with stock units worth ₹9 crore did just that six years ago to repay his two home loans and car loan. "I had sold the units back then for 200% absolute returns, which would have otherwise grown meteorically today. But it doesn't matter, as liquidating the stocks then helped me pay off all my loans," he said.

Financial experts say this is a good opportunity to liquidate stock holdings and use the capital to repay loans if any

Those who don't need the capital should assess their situation depending on Nvidia stocks in their portfolio.

Sandeep Jethwani, co-founder of Dezerv—a wealth management startup, says employees should approach this issue from a risk management perspective. If a major portion of an investor's net worth or total financial assets is concentrated in a single stock, it becomes a high-risk situation. "During the dot-com bust which affected several companies, senior employees who held significant equity of their firms saw their net worth dwindling when the stock crashed. Periodical diversification is crucial to avoid a situation where several years of your hard work gets eliminated with one deep market correction," he said.

Jethwani said an effective strategy would be to make a withdrawal framework. "Investors should plan in advance to sell a certain part of their holding whenever the stock rises by a certain percentage. This is what some angel investors also do."

As for the question of more Esops or salaries, employees can decide on this depending on their life stage. Young professionals with fewer liabilities can opt for higher Esops as they may not need a higher disposable income unlike, say, those in their 40s with dependents and need for higher savings to meet their children's education and other financial goals.

Beware of the taxman

As per Indian income tax laws, foreign assets have to be disclosed in schedule Foreign Assets (FA) of the income tax return (ITR) every year. Stock options, including Esops, RSUs, and ESPP are also foreign assets. This means that if you hold stock options gifted by your employer, you need to report these in your ITR every year. Many taxpayers are not aware of this and report their stock holdings only when they sell the stocks.

Taxation of Esops and RSUs of foreign companies is the same as that for Indian companies—the tax is to be paid when the stock options are exercised and also when they are sold. At the time of exercising the option, the difference between the stock exercise price and the fair market value (FMV) of the shares is treated as a perquisite and is taxed at slab rates. The onus of deducting tax on the perquisite and submitting it with the government is on the Indian subsidiary of the foreign company. However, it is the employees' responsibility to declare the stocks in the ITR.

Disclosures should be done at all three stages–when the stock options are granted, exercised and sold.

When stock options are vested, the foreign company carries an automated sale to pay TDS, or tax deducted at source. This results in capital gains and hence, the employee has to identify the value of the shares sold in this automated sale and report these under the capital gains head. Employees miss reporting this as the sale is carried out by the employer. Also, in the case of sale, employees only declare the gains under capital gains section, whereas it should also be reported in the FA schedule.

Not disclosing foreign assets will result in scrutiny by the IT department under the Black Money Act and may attract up to ₹10 lakh penalty and even imprisonment in some cases.

Bitcoin tops $65k on ETF-led demand amid massive outflows

Bloomberg
feedback@livemint.com


AP

Few obstacles seem to be in the way of bitcoin's current rally. The largest cryptocurrency rose for the second straight day and marched closer to its all-time high, driven by expectations of exchange-traded funds' (ETFs') robust demand at the week's start.

The most liquid token rose to as much as $65,010—its first move above $65,000 since November 2021—before trimming back to $64,917 as of 8:28 am London.

At the heart of this frenzy for the largest crypto token lies seemingly insatiable demand from US-listed bitcoin ETFs, which began trading on 11 January. Bitcoin has jumped about 186% in the last 12 months.

Net inflows of $7.35 billion have been invested since the debut of US bitcoin ETFs from some of the biggest fund names, including BlackRock Inc. and Fidelity Investments. Even outsize outflows at one notable firm—nearly $9 billion at Grayscale Bitcoin Trust since the ETFs were listed—haven't swayed traders.

"Given the low liquidity over the weekend, markets are moving north in anticipation that tonight's ETF inflows will continue and prices will continue to rally," said Hayden Hughes, co-founder of social-trading platform Alpha Impact.

Traders are betting on the price to soon cross the record of almost $69,000, reached during the covid pandemic in November 2021, given the ETFs' strong demand and concern of missing out ahead of bitcoin halving, which is expected in April this year. After halving—when the reward for mining is cut in half—the supply growth of the coin could come down, adding to the demand squeeze.

Other tokens known as altcoins, including cardano and solana, also were up Monday 8% and 1% respectively.

Net inflows of $7.35 billion have been invested since the debut of US bitcoin ETFs from some of the top fund names

Small-cap tokens, known as meme coins, also rose on the back of bitcoin's rally. Dogecoin was up nearly 20% and shiba inu 34% in the last 24 hours.

"This is a situation reminiscent of the 2021 bull run, with retail traders looking to make quick profits from rising prices in very volatile tokens," said Caroline Mauron, co-founder of digital-asset derivatives liquidity provider Orbit Markets.

Trading in crypto derivatives, which reflects traders' positions, also signalled a bullish outlook. Open interest at Chicago-based CME Group's bitcoin and ether futures market is just 1.8% away from their respective record highs. The rise in the number of outstanding contracts hints at greater interest in crypto-related exposure and hedging among US institutions. "The all-time highs in bitcoin should get tested in the short-term, with the important 70,000 level providing strong resistance," Mauron said.

POWER POINT
ARIHANT BARDIA

We welcome your views and comments at
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COULD PORTFOLIO CHURNING HAVE A BRIGHT SIDE?

Top 10 equity funds by turnover ratio

Name of scheme	Category	Turnover ratio (in %)
Quant Large Cap Reg Growth	Large-cap	456
Quant Focused Fund Growth	Focused fund	436
Quant Flexi Cap Growth	Flexi-cap	346
Shriram Flexi Cap Reg Growth	Flexi-cap	341.9
Quant Large and Mid-Cap Growth	Large & mid-cap	334
Quant Mid Cap Growth	Mid-cap	334
Quant Active Growth	Multi-cap	210
Axis Focused 25 Growth	Focused fund	200
LIC MF Flexi Cap Growth	Flexi-cap	154
Motilal Oswal Midcap Reg Growth	Mid-cap	150

Upwisery Data Insights
PRANAY BHARDWAJ/MINT

There cannot be only one narrative that frequent churning is detrimental to a portfolio's health. For a mutual fund investor, the turnover ratio is always presented not in a very good light, despite it giving the desired returns.

A high turnover ratio can be a result of the fund manager taking a call on certain short-term opportunities emerging from global headwinds. It could be because certain sectoral and cyclical calls look promising. As seen in the recent past, the regulatory shift can also compel a fund manager to churn the portfolio.

It is true, though, that high churning without a substantial promising result can be counterproductive. In the absence of significant active management, the fund would appear to mimic the benchmark indices, and hence be more or less like a passive product with high expense ratio.

One may say that high churn demonstrates a fund manager's lack of conviction. But the construction of a foolproof portfolio that can meet its objective over a period, usually long, also demands certain tactical calls. For example, in the event of corporate governance issues in the recent past, a few major companies of a group witnessed a free fall on both Nifty 50 and Nifty Next 50. A portfolio turnover call in such a scenario should be seen in a positive light. It helped cushion the impact on the portfolio for investors. Similarly, a few fund houses were quick to change the funds' exposure to debt and equity, when the indexation benefit offered to debt fund was removed. The fund manager in this case was able to ensure that investors were able to meet portfolio objectives on time. Investors also got the flexibility to evaluate the portfolio based on risk and returns and accordingly decide to exit or continue with the churned scheme.

Higher turnover ratio is accompanied by higher returns and higher expense ratios

Need to be vigilant: As it is seen that there is a scope for alternative narrative, an investor should be sure that portfolio turnover ratio is not escorted by diminishing returns. The need is to keep a track of the fund's return against the turnover ratio.

What the data says: Analysis of funds that have been in existence for a year offers some interesting insights. While lower churn has favoured large-cap funds, the funds with the highest turnover ratio have delivered better returns in the small- and flexi-cap space. The high turnover ratio is justified more in case of flexi-cap and small-cap funds, considering the universe is very large. There is always scope for a better stock to be included in the portfolio.

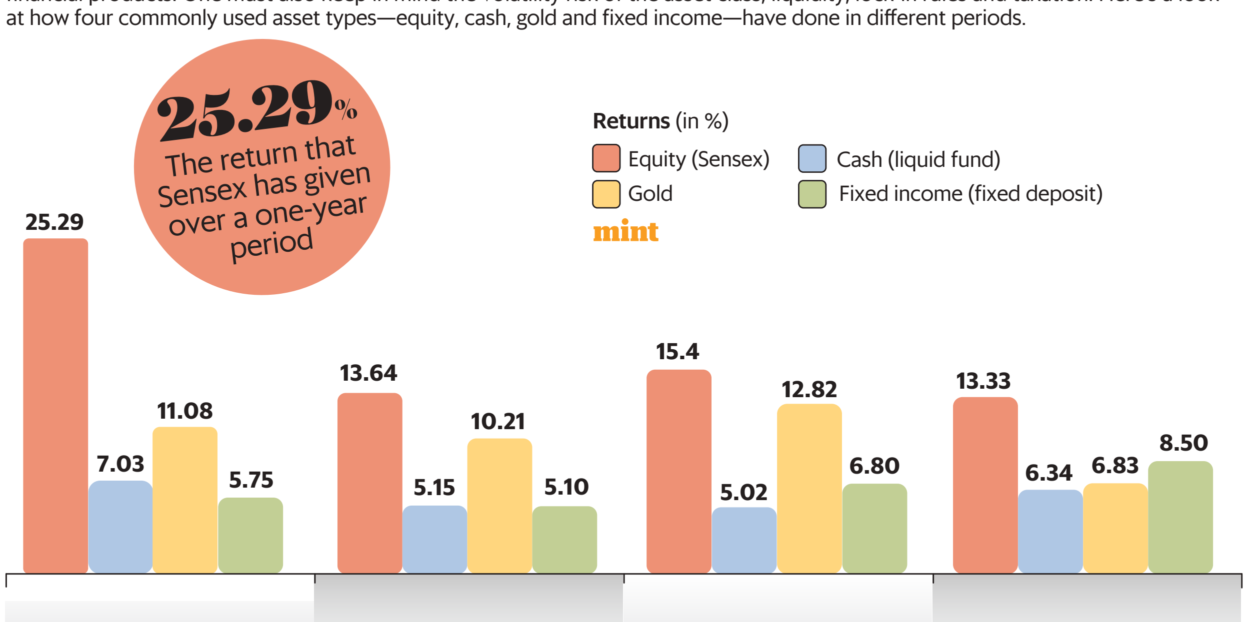
AUM size to turnover ratio: Funds with lower AUM, or assets under management, allow fund managers the space to churn portfolios, but in such cases, the composition is more inclined towards relatively stable businesses and longer holding periods. In the case of higher AUM, the turnover ratio decreases, and expense ratio gets spread out. But deployment of capital by higher AUM funds in small-cap stocks may increase their prices significantly, owing to which fund houses will have to stop taking further inflows to small-cap funds.

Higher turnover ratio is accompanied not only by higher returns, but also by higher expense ratios. Similarly, in the bullish phase, the funds with higher turnover ratio are seen to outperform. Investors must watch out for the phase in the market, as a bearish phase provides a true testimony for a fund with high turnover ratio.

Arihant Bardia is CIO and founder, Valtrust.

Returns on investments

Building a portfolio is a complex exercise, and it has to be maintained too. A person's portfolio holds different types of assets based on her financial goals, and each asset class gives different types of returns, which is why a portfolio must have an ideal mix of financial products. One must also keep in mind the volatility risk of the asset class, liquidity, lock-in rules and taxation. Here's a look at how four commonly used asset types—equity, cash, gold and fixed income—have done in different periods.



Data as on 1 March 2024. Equity is the benchmark Sensex return (price); cash refers to the average return for liquid funds category as defined by Valueresearchonline; gold refers to domestic gold prices available on Valueresearchonline; and fixed income is historic SBI fixed deposit rates. All returns are annualized.

PRANAY BHARDWAJ/MINT

Source: S&P Dow Jones Indices

Does paying a law firm in Dubai attract TDS?

Harshal Bhuta

ISTOCKPHOTO

ASK MINT
TAXATION

I have to make a payment to a law firm in Dubai for advising me on visas. Would such payment require TDS (tax deducted at source) and do I have to file Form 15CB while making the payment? Are there any other tax rules that I should keep in mind while making the payment?

—Name withheld on request

The legal fees that you are required to pay to the law firm situated in Dubai would be taxable in India under the provisions of the Income Tax Act, 1961, since such fees would qualify as "fees for technical services". However, the India-UAE double taxation avoidance agreement (DTAA) may provide benefit in your case if the services have been provided by the law firm directly from Dubai. This is because professional services income does not become taxable in India as per the provisions of the DTAA, if the law firm does not have any presence in India and if it provides the services directly from UAE.

To be eligible to avail benefits under the India-UAE DTAA, you must obtain tax residency certificate of the UAE law firm, Form 10F filed by them in India and declarations to safeguard yourself (for e.g., declaration of no permanent establishment under DTAA; declaration for satisfying the principal purpose test provision under multilateral instrument, etc.). If you have these requisite documents, then you may not deduct any TDS on their payments.

Coming to further documentation aspects laid down under the Indian tax law, you are required to obtain a CA certificate in form 15CB if the payments are chargeable to tax under the provisions of domestic tax law and the aggregate payments during the financial year exceed ₹5 lakh. If the payments are not chargeable to tax, then you are only required to furnish information partially under Form 15CA. However, if the remittance pertains to a current account transaction that qualifies under liberalized remittance scheme (LRS) and such payments are not chargeable to tax, then no documentation requirement applies to the case, and, consequently, no information even under form 15CA is required to be furnished. Since the legal fees are not chargeable to tax under India-UAE DTAA (subject to the conditions mentioned in the previous paragraph), the taxability provisions under the domestic tax law get modified to that extent and one can claim that the payments are not taxable under the provisions of domestic tax law itself. However, in practice, the authorized dealer bank may require you to obtain form 15CB and/or file form 15CA before allowing you to make the overseas remittance. Also, please note that since such payment qualifies under LRS, you will have to pay tax collected at source on the amount while making the remittance.

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

MINT

Inflation has a starring role in 2023-24 growth

This fiscal year's GDP deflator of 1.5% marks a drop from 7.2% in 2022-23 and contrasts with high CPI inflation. Revise price gauges—but for truth reflection, not bias confirmation

The Indian economy is growing from strength to strength, going by the most recent GDP data released by the statistics ministry. India's growth rate is likely to have accelerated from 7% in 2022-23 to 7.6% in the current fiscal year ending on 31 March. This pace is all the more remarkable given that much of the advanced world is struggling to either stave off recession or wring inflation out of their economies by squeezing growth. However, India's rapid rate of growth depends on inflation being a strikingly low 1.5%, the GDP deflator for 2023-24. This needs a closer look.

India's nominal growth rate in 2023-24, as per the Centre's second advance estimate of GDP, will be 9.1%. Real growth is estimated at 7.6%. The difference between the two is on account of economy-wide inflation, estimated at just 1.5%. This is remarkable, not only from the ordinary consumer's recollection of egg prices having gone up from ₹72 per dozen to ₹96 per dozen, of tomatoes and onions having become obscenely expensive, before settling down to more sober prices, but also from the vantage point of the previous year's deflator. Our economy's nominal growth rate in 2022-23 was 14.2% and real growth 7%, so inflation for the year was 7.2%. What the latest advance estimates imply is that inflation has dropped from over 7% last year to 1.5% this year. Retail inflation readings had no such drop. The Reserve Bank of India's policy rate for most of 2022-23 was 6.5%, which is where it stands today. So that remarkable reduction was not accompanied by monetary policy action, which aims at keeping the consumer price index (CPI) in control. A GDP deflation of 1.5%—done to adjust current data for a rising price ratio over a base-year—seems somewhat more plausible if one looks at inflation based on the wholesale price index (WPI), which has been in the negative zone for much of 2023-24, turning only mildly positive in recent months. There is also the question of how closely the CPI's basket of items reflects real patterns of what the country consumes. Although the results of India's 2022-23 survey of household expenditure on consumption cannot strictly be compared with those of previous such surveys, thanks to tweaks in methodology and the geography of rural and urban sites chosen for the sample, valid trends can be discerned. One such trend has been a decline in the share of food—particularly cereals—in the purchase basket of both rural and urban India. The share of food in the average rural basket has fallen from 59.4% in 1999-00 to 46.4% in 2022-23. The corresponding figures for urban areas are roughly 48.1% and 39.2%. This is a cue for us to reduce the weightage of food in the CPI. As food is its most volatile element, this would depress overall inflation.

It's odd to have a GDP deflator showing an inflation path at odds with RBI's policy focus. It suggests a need to revise our standard price gauges. In any such exercise, comparability with the past must not be sacrificed for a full reset. It could, for example, be argued that our lives revolve around phones and what we consume via these devices has gotten so affordable over the past decade that the inflation borne is lower than what the CPI says; phone price trends alone, adjusted for value offered, may have offset rising prices for other items. In other words, just as a low GDP deflator can make GDP growth dazzle, the prices it reflects could form a flashy picture of well-being.

GUEST VIEW

Boards ought to foster a culture of data privacy in organizations

They should go beyond law compliance to integrate privacy objectives with their business strategy

SHEFALI GORADIA & ANTHONY CRASTO
are, respectively, chairperson, Deloitte South Asia, and president, risk advisory, Deloitte South Asia.

The digital age has ushered in a new era of responsibility—to safeguard the core of our online existence: our data. The surge in cyber threats has made regulators formulate new laws or strengthen existing ones to safeguard the data privacy of individuals.

While compliance is essential, it is no longer sufficient. Data privacy, protection and its responsible use by enterprises demand a proactive and strategic approach, which needs board-level oversight. The recent enactment of India's Digital Personal Data Protection Act 2023 marks a significant step in this direction.

In the contemporary landscape, data privacy is a pervasive concern across all facets of operations. This must prompt enterprises to redefine their strategies and align themselves with the evolving dynamics of privacy. The shift requires cross-functional accountability, acknowledging the vital role that every individual and department plays in managing sensitive information. Recognizing that third parties are also involved in the custodianship of data, enterprises need to foster a culture where all stakeholders in the value chain understand and actively engage in good data practices. This also helps effectively confront emerging threats, ensuring a holistic commitment to data privacy. It is everyone's business responsibility, which necessitates a commitment right from the top.

The EU's General Data Protection Regulation has set off a global chain reaction, serving as a model adopted by numerous countries for crafting regulations for managing personal data. A study by the United Nations Conference on Trade and Development revealed that 70% of the world's countries now have data protection and privacy legislation in place. The US Securities and Exchange Commission has proposed rule amendments under its Privacy Act with the aim of clarifying and streamlining regulation. In India, regulatory bodies such as the Reserve Bank of India and Securities and Exchange Board of India advocate increased board involvement in cybersecurity discussions, emphasising collaboration between technical experts and those less familiar with cybersecurity. It is crucial for boards to familiarize themselves with terms like 'security posture and compliance,' 'risk assessment and management,' 'incident response plans' and 'privacy impact assessment' and for their agendas to incorporate these.

A cyberattack can harm an enterprise's reputation, causing loss of customer trust and lasting damage to its brand. In acknowledging the role of data privacy being integral to corporate governance and risk management, the board has a crucial role in not only ensuring that the enterprise meets legal obligations, but also establishing a bedrock of trust under its overall strategy and guiding managers to establish a work culture that makes all functions privacy-compliant.

At a time when artificial intelligence (AI) is being leveraged for social engineering attacks and spreading misinformation at scale, enterprises also share a social responsibility to protect users from exposure due to data breaches. Hence, boards must play a proactive role in the establishment and monitoring of data privacy programmes, going beyond compliance requirements and seeding changes right at the cultural level.

Fast-changing business, technology, threat and regulatory environments call for a rigour that boards must ensure as part of their corporate governance and trust-building responsibility.

First, boards must familiarize themselves with regulatory obligations and industry standards. Second, they need to recognize the significance of investment in privacy capacity-building and prompt enterprises to establish strong data protection practices. Third, with management support, boards can steer the creation of an executive committee for a robust, business-aligned and cross-functional data privacy programme. Fourth, boards can foster a culture of 'privacy first' by being vocal about responsible management of data, encouraging training and awareness programmes for employees and stakeholders. Fifth, it would add value if boards sensitize themselves with real-life scenarios and simulations to understand incident-response and data-breach handling measures. Finally, boards must ask for periodic audit reports that can help improve oversight and the effectiveness of data protection and privacy programmes over time.

In summary, boards have a crucial role in the top-down assimilation of a culture that holds 'data privacy' high in its order of priorities. The board can play a pivotal role in instilling privacy by design, where privacy is not an afterthought, but becomes a part of an enterprise's operational DNA. Building such an enterprise without compromising data-driven innovation requires a clear understanding of various possibilities, such as the use of privacy-enhancing technologies, fully-visible data flows, centralized controls and streamlined consent management.

Globally, corporate boards should go beyond regulatory compliance to integrate data privacy with their business strategy, helping everyone imbibe the principles and ethos of privacy in day-to-day operations.

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NIIT
ANALYTICS IS GOING TO BE THE PREMIER PROFESSION OF THE 21ST CENTURY.
IS IT GOING TO BE YOURS?

JUST A THOUGHT

Ultimately, saying that you don't care about privacy because you have nothing to hide is no different from saying you don't care about freedom of speech because you have nothing to say.

EDWARD SNOWDEN

THEIR VIEW

State-level litigation policies present a dismal picture

VIJAY L. KELKAR & PRADEEP S. MEHTA

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

Last time (*tinyurl.com/y58cfcny*), we wrote about the need of a national litigation policy so that state agencies in India curb their endless filing of appeals, which acts as a barrier to the ease of running a business and adds to delays in our justice system. The challenge is for the Centre and states to cut down litigation and unclog our adjudicatory system.

Following recommendations of the 13th Finance Commission and National Consultation on Strengthening the Judiciary in 2009, it was resolved that a national litigation policy would be formulated and state governments encouraged to draft their own. The Union government asked state governments to do so, but, in many cases, a failure to implement a state litigation policy (SLP) and apathy shown by key stakeholders has reflected poorly on state administrations.

A significant contributing factor to this problem is the presence of overly broad directives and complex procedures within SLPs. One such example is the case of *Lakshmi Prasad Yadav & Others vs The State of Bihar & Others* (9 March 2015), where the government did not even file a counter affidavit for eight years after the writ petition was filed. Similarly, in the case of *Prabhat Kumar Sinha vs The State of Bihar & Others*, the case was before the Patna high court, which found that the district magistrate was ignorant of the existence of any such policy at the state level.

The implementation status of SLPs varies widely across different states in India. While some states have actively implemented and updated their policies to address issues related to government litigation, others may have faced challenges in effectively implementing these policies.

All states have dedicated departments or agencies responsible for overseeing litigation management and ensuring compliance with policy guidelines. They may also conduct regular reviews and assessments to identify areas for improvement and refine their strategies accordingly.

Data-sets such as those provided by the National Judicial Data Grid offer a comprehensive overview of case types and their pendency at various tiers of the government, but does not provide disaggregated data for states and/or the Union government.

While some states have a litigation policy, Karnataka has taken a step forward by adopting a law, the Karnataka Conduct of Government Litigation Act, 2023, which provides a binding framework for state agencies to follow. The law is quite elaborate, but it is also freshly enacted, making it too early for anyone to comment on its success. Nevertheless, Karnataka's binding policy is welcome.

Less litigious administrations would relieve our justice system as well as Indians at large

Rajasthan too has the Rajasthan State Litigation Policy of 2018, which strives to develop a comprehensive framework and effective strategies to enhance the management and conduct of litigation by the state. Similarly, Madhya Pradesh drafted a state litigation policy in 2018. It has updated its Law and Legislative Affairs Department Manual too, outlining various powers and duties, including the advisory, legislative and other duties of officers, etc. Likewise, the Maharashtra State Litigation Policy, 2014, builds on foundations laid by the draft National Litigation Policy, outlining comprehensive guidelines for the litigation strategy to be adopted by the state and its agencies.

Indian ground reality, however, reveals that most SLPs suffer from a lack of explicit guidelines, effective accountability measures, impact evaluations and consequences for non-compliance. Hence, these policies have not been as effective as expected by those who drafted them.

The recent case of *State of Rajasthan and Others vs Gopal Bijawat* involved the state and a poor litigant who was compelled to file repeated litigation to obtain benefits awarded by the Labour Court. The district magistrate, who heads the district's legal affairs committee, was unable to handle it and the matter went to the Rajasthan high court before it landed in the country's Supreme Court. The apex court imposed a fine of ₹10 lakh on the State of Rajasthan for what it deemed as harassment of the poor litigant by dragging the case on for years and through various layers of the judiciary.

This decision underscores the Supreme Court's stance against unnecessary legal actions that burden individuals, particularly those with limited resources, and the Indian judicial system. Such cases go on to show that overall, the status of SLP implementation across different states remains far from satisfactory, which, in turn, underscores the need for sustained efforts to promote effective litigation management and improve the functioning of the justice system. Also, we need to publicize alternate dispute resolution methods, like conciliation, etc, which offers another avenue to reduce the burden on our courts and tribunals.

Indian data on litigation indicates that the state is the primary party involved in a majority of court cases and is responsible for a significant portion of pending litigation. Estimates of the financial cost of such litigation are hard to come by, but surely, it runs into multiple crores annually.

The core of the problem revolves around the fact that many SLPs contain excessively broad instructions and intricate procedures. In conclusion, we need a nationally convergent approach to reduce government litigation at all levels, so that everyone benefits.

Arima Pankaj of CUTS has contributed to this article.

THEIR VIEW

Don't let Indian agriculture turn into an unending tragi-comedy

Farms need a new deal: Combine direct transfers with state-level policies instead of persisting with a one-size-fits-all frame

SOMNATH MUKHERJEE
is chief investment officer at ASK Private Wealth.

MINT

The Ides of March came in February. Not in a tragic Shakespearean manner, but in a knotty way nevertheless. Last month saw a resurrection of India's trickiest vertical in India's economic policy-making—agriculture—via a political mobilization on the streets of Delhi's outskirts. Much of it is a throwback to the protests a couple of years ago against the country's now-withdrawn farm laws, but they do illustrate the unaddressed challenge of Indian agriculture.

Indian agriculture is more than just another vocation. Former prime minister Lal Bahadur Shastri's 'Jai Jawan, Jai Kisan' slogan still evokes mass resonance. This, despite agriculture being far less important in India's economic scheme of things today compared to 1965 and the Army's catchment areas for recruitment having diversified to urban centres, a contrast from decades earlier when recruits were largely from farming belts.

While a lot of bytes and decibels are spent on emotional pitches in favour of Indian agriculture, it's useful to look at the relevant data afresh.

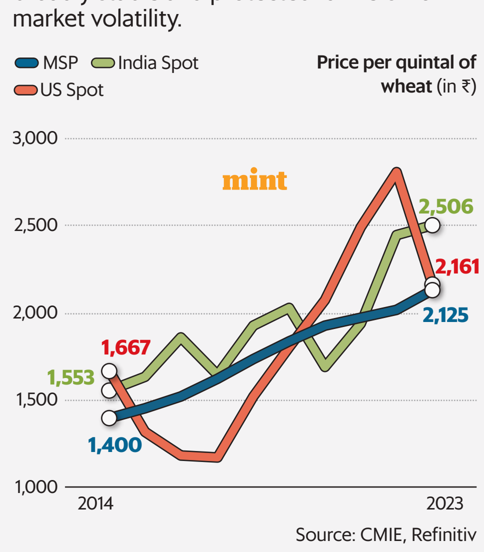
First, does India spend 'enough' on agriculture? In the Union vote-on-account for 2024-25, the total outlay for this sector—counting the fertilizer subsidy, food subsidy, PM-Kisan, interest subventions on agricultural credit, crop insurance, etc—topped ₹4 trillion. To put it in context, that is around 8% of the budget's total expenditure, second only to defence in its non-interest expenditure pie. Add to it separate outlays from state governments—state-level top-ups for minimum support prices (MSPs), power subsidies, etc—and the amount is likely to go up substantially. By international standards, India is a massive outlier.

As per the Food and Agriculture Organization (FAO), India spent 7.55% of total government expenditure on agriculture in 2022. Comparative numbers for both developed and developing countries are a lot lower: the US is at 0.39%, Australia at 0.59%, Brazil at 1.05% and Indonesia at 2% in the same period.

Besides direct fiscal support, in India there is also credit directed by policy towards agriculture, with banks given hard targets for Priority Sector Lending (PSL) and the bulk of such loan use-cases relating to agriculture. As a result, nearly 12% of total credit in 2022 was extended to agriculture. Comparable numbers elsewhere were lower: the US at 0.63%, Australia at 9.5%, Brazil at 2.1% and Indonesia at 7.6%. The policy results in an implicit burden of hard PSL targets on other borrowers and depositors, as the incremental cost of extending agricultural loans needs to be spread across a base of all bank customers, including non-agricultural as well. In other words, in monetary terms, the Indian taxpayer already spends quite a lot on support for the agricultural sector.

Chaff versus grain

India's wheat procurement price has stayed broadly stable and protected farmers from market volatility.



Source: CMIE, Refinitiv

SATISH KUMAR/MINT

Second, is this all eventually aimed at protecting the consumer instead of the producer (farmer)? As the popular cliché goes, it's complicated.

On one hand, it is true that the government tightly controls foreign trade in agricultural commodities, often via sudden export curbs as knee-jerk reactions to short-term price volatility in specific commodities. On the other hand, though, at least in major cereals, the long-term impact of such tight control seems to insulate the Indian farmer from global price volatility, rather than result in structurally lower prices for Indian consumers.

US spot prices of wheat (see graph) are roughly around the same level as Indian spot prices and not terribly higher than the central MSP for this cereal. The US 10-year average spot price, in fact, is marginally lower than the Indian 10-year average spot price. India's 10-year average MSP is slightly lower than the 10-year average US spot price. At the same time, price volatility is a lot higher in US spot prices than in Indian spot, while the MSP is largely stable. This suggests that India's policy framework does not lead to dramatically lower wheat prices for the Indian consumer (compared to the US consumer), but it does lead to more stable and predictable outcomes for the Indian farmer.

Third, agricultural spends have a targeting problem. Nowhere is it more acute than in the MSP system. Professor Ashok Gulati estimates that the MSP system's total coverage is limited to only 5.6% of Indian farmers and just 2.2% of our agricultural produce by value. Juxtapose this with the fact that agriculture today accounts for a much lower portion of rural household income than is usually imagined. As per the National Statistical Office's (NSO) *Situation Assessment of Agricultural Households Report 2019*, less than half the aggregate income of agricultural households is derived from agriculture. More importantly, the total number of households that derive most of their income from agriculture is less than 40%. In effect, most agricultural households are not farmers at all in terms of their primary occupation, but likely to be plumbers, electricians, cops, soldiers, construction labour and so on, while state policy spreads a large chunk of finite fiscal resources on a smaller (and likely needier) section of agricultural households.

We need a new deal in agriculture. It doesn't start with spending more, but re-purposing the expenditure. As per the NSO, there are 93 million agricultural households in India. If the entire Union budget outlay on farm subsidies—about ₹4 trillion—is converted into a direct cash transfer (DCT), it would mean about ₹45,000 sent to every agricultural household in the country. Properly targeted, would it have a better and more equitable impact on poverty relief than today's inefficient allocation of what Food Corporation of India procures? Or, can the outlay be devolved to states via a formula akin to the Finance Commission's tax devolutions? It will enable more bespoke formulae for agricultural support at the state level, instead of one-size-fits-all national subsidies. It will also take political negotiations on agriculture policy away from New Delhi and into state capitals, where each state can devise an appropriate political-economy response.

More of the same isn't the answer to India's problems in the primary sector, unless we want Indian agriculture to become a long-running Shakespearean tragi-comedy.

These are the author's personal views.

MINT CURATOR

Geological hydrogen hopefuls still haven't got a gusher going

Hydrogen extracted from the ground is showing very slow progress

DAVID FICKLING
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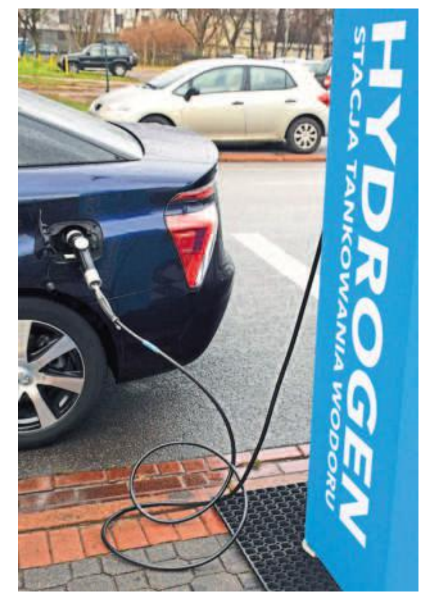

Geological hydrogen must compete with split-water supply ISTOCKPHOTO

Think of an iconic image of the petroleum age and you may well be picturing a fountain of crude spouting hundreds of feet into the air, scattering thousands of barrels around a smashed drilling derrick.

From Spindletop—the Texan oilfield whose 1901 blowout kick-started the oil era and sparked Houston's transformation into one of America's biggest cities—to the disaster 109 years later when a gusher on the seafloor of the Gulf of Mexico destroyed the *Deepwater Horizon* rig, such geysers have been synonymous with both the wealth and damage that hydrocarbons can bestow. Those who hope to remake the energy industry for a zero-emissions world are still looking for their equivalent.

Right now, the absence of a gas gusher is the main factor holding back geological hydrogen, a promising fuel that few had given any thought to just 12 months ago. For decades, chemists and engineers have argued that a hydrogen molecule might supplant the role of oil and gas in providing the heat, energy and chemical feedstocks on which modern society depends. Only recently have geologists realized the earth's crust might hold vast quantities of the stuff.

It was long assumed that hydrogen's reactivity would make it rare in nature. That view looks much less solid now. Natural processes are probably producing 23 million metric tonnes a year, according to a 2020 study. Unpublished research by the US Geological Survey suggests that's a gross underestimate: There might be 5 trillion tonnes below the surface, capable of producing 500 million tonnes a year, the *Financial Times* reported last month. That could be sufficient to displace about 40% of current natural gas consumption.

As with previous gold rushes, the experts in the field are veterans of former booms. Avon McIntyre and Benjamin Mee worked for Shell's gas business before setting up HyTerra, focusing on a region of Kansas where an oil driller found that hydrogen was making it harder to set the cement needed to seal up well holes. Their leases appear to contain about 238,000 tonnes of hydrogen and 470 million cubic feet of helium, according to a prospective resource assessment issued to the Australian Securities Exchange in December.

It's not simply a matter of transferring expertise, however. Petroleum geologists study the sorts of sedimentary rocks that trap oil and gas, but hydrogen appears to be produced when water interacts with iron-rich volcanic minerals, a quite different type of rock, according to Mengli Zhang, a former PetroChina geologist now working at the Colorado School of Mines. Finding promising resources is going to necessitate bringing in expertise from the mining industry and the geothermal power sector, she said. "There is the potential for such discoveries, but we don't know how likely it will be," she said. "So far, there are no world-class discoveries."

What's missing is a spindle-top. It is precisely the explosive potential of oil and gas reservoirs that makes them economically attractive, according to Arnout Everts, an independent energy consultant based in Kuala Lumpur. Gathering over millions of years in folded, impermeable rock formations deep below the earth, hydrocarbon deposits build up vast pressures that force their riches to the surface the moment a drill bit pierces the rock capping them.

Gushers are what guarantee the heavy-duty flow rates needed to supply our fuel demands. A study last month in the *Science* journal described a discovery of an Albanian mine exhaling about 200 tonnes of hydrogen a year as "one of the largest recorded H2 flow rates to date." But that would barely move the needle for a typical green ammonia plant, which would consume tens or even hundreds of thousands of tonnes of hydrogen a year. Hyterra and Gold Hydrogen—another company which reported a helium resource on a hydrogen exploration tenement near Adelaide last month—are yet to produce flow-rate data.

There's still a path for geological hydrogen to succeed, but it's not the only route to decarbonizing H2. Chinese companies already claim to be able to produce green hydrogen from splitting water molecules with wind and solar power for less than 20 yuan ($2.78) per kg, with prices worldwide expected to decline toward $1 per kg as the technology rolls out this decade. Mined green hydrogen will need to decisively undercut those numbers if it's to compete with water-split hydrogen.

Right now, there's a gold rush brewing in green hydrogen. If they don't hit pay dirt, though, the current wave of prospectors will move on to the next hot commodity. Geological hydrogen is enjoying its moment in the sun. It had better start showing results soon. ©BLOOMBERG

MY VIEW | IT MATTERS

Examine the impact of technology artefacts on politics

SIDDHARTH PAI

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Technological innovations are not merely about efficiency or progress but are deeply intertwined with the dynamics of power and control. Few discussions are as thought-provoking as those on the politics embedded within technological artefacts. An intricate dance is observable between tech advancements and their socio-political ramifications. Politics here does not refer to a particular political party or the political ethos of any country. It simply means arrangements of power and authority and the activities that occur within those.

First, I'll draw upon Adrian Daub's book, *What Tech Calls Thinking*, and also touch upon Langdon Winner's seminal work, 'Do Artifacts Have Politics?' from the anthology *Technology and Society*, edited by Deborah Johnson and Jameson Wetmore, to explore the inherently political nature of technological design and innovation. This anthology has pieces that channel theories ranging from those of Schumpeter to Marx and Engels, so it offers a comprehensive view of the ramifications of technology beyond the mundane view of tech for tech's sake alone.

Daub's book tackles the intellectual underpinnings of Silicon Valley's ethos. It tries to make us reconsider the assumptions and ideologies driving innovations that shape our world. He questions the narrative of innovative disruption that tech leaders champion, suggesting that such thinking often masks deeper political and economic interests. In his view, the 'disruption' of old businesses, the stuff of legend in global startup circles, is a sham. He claims the changes are nothing but points on a technological and social change continuum. Take the tech disruption of the cab business. Taxi drivers were individual contractors under the old paradigm; it is just that their guilds (and rules) had different power structures and contracts than what Lyft, Ola and Uber introduced. A good hard look at many start-ups' claims of 'disrupting' a market would produce similar results.

Winner's essay explains how tech artefacts are not merely tools but embodiments of specific world-views and power structures. What is critical here is his definition of politics. Integrating insights from Joseph Schumpeter, Karl Marx and Friedrich Engels, Winner illuminates the complex relationship between tech innovation, capitalism and social change. Schumpeter's 'creative destruction' concept highlights the relentless churn of capitalist innovation, where old industries and ways of life are continually dismantled to make way for the new. Marx and Engels elaborate on this theme, arguing that the capitalist mode of production fundamentally reshapes societal structures and relationships. In this view, technologies are not neutral tools but are deeply implicated in the economic and social transformation processes that underpin capitalist societies. And these wither as their tech artefacts age, only to be replaced with new technologies with their own artefacts.

We should pay close attention because what look like mere tech tools are political participants

Winner's analysis goes beyond the mere functionality of artefacts to examine how they can embody specific forms of power and authority. His most enduring contribution may be his concept of "technological politics," the idea that technology can be inherently political, not just in its use but in its design and implementation. This perspective challenges the neutral view of technology as merely a tool, highlighting how design choices can encode specific values and priorities. He cites the example of Robert Moses' low-hanging overpasses on Long Island, near New York City, designed to prevent buses (and thus poorer people) from accessing specific public beaches; as alleged, this was a case of design aimed at social segregation, since people with cars, mostly Caucasian back then, could easily reach those beaches.

Likewise, the design of social media platforms reflects and reinforces economic imperatives and power relations. These platforms are engineered to maximize user engagement and data extraction, often at the cost of user privacy and societal cohesion. The algorithmic curation of content can amplify certain voices and suppress others, shaping public discourse in ways that reflect the interests of platform owners and their commercial and political partners. The fact that politics is intricately woven into technological artefacts is particularly relevant to current debates around technology governance, data privacy and the digital divide. The march of artificial intelligence (AI), which requires separate thought, adds its own spin to these power structures.

As we grapple with new challenges and embrace opportunities presented by new technologies, we should also examine the political dimensions of technological artefacts and the interests they serve. Often, the interests start out being the company's commercial imperatives. These are often overtaken by efforts to re-order human associations that arrange power within a country or the globe. Elon Musk's takeover of X (formerly Twitter) is an example of one man's politics eclipsing the profit motive.

Both Daub's critique and Winner's analysis offer frameworks for understanding the politics of technology artefacts. As we continue to grapple with the profound impact of technology on society, we should remain vigilant about how these artefacts can shape and be shaped by the distribution of power and authority in society. I posit that politicians and technocrats across the world understand this intuitively. One hopes they focus on the common good rather than the interests of narrow constituencies.

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