HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 53

Friday, March 1, 2024

mint

Think Ahead. Think Growth.

mint primer

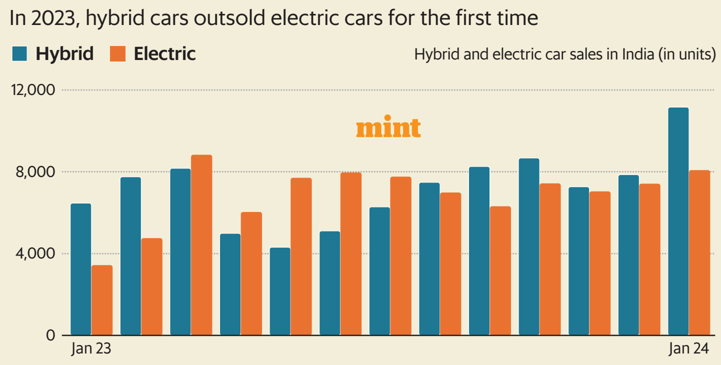
Whither green? Ditching electric cars for hybrids

BY SUMANT BANERJI

Hybrid sales overshadowed electric cars in India in 2023. This is in spite of the fact that hybrids do not get tax concessions or incentives—unlike battery-operated cars. Is this just a blip or a definitive shift in consumer preference? What is driving it? *Mint* explains:

Changing track

In 2023, hybrid cars outsold electric cars for the first time



Source: Vahan dashboard

PRANAY BHARDWAJ/MINT

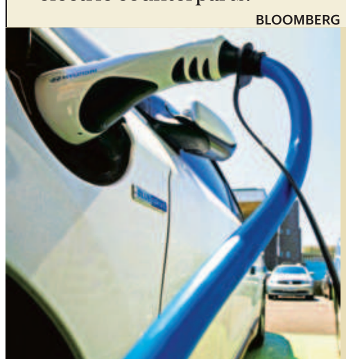
1 How are hybrid cars doing in India?

In 2023, sale of hybrid cars touched an all-time high of 82,607 units. This marked an over four-fold increase from under 20,000 units in 2022. In comparison, battery-operated electric car sales saw the tally nearly double to 81,710 units from round 41,675 units in 2022. This is the first time hybrid cars have outsold electric cars in one year. This, despite the fact that currently hybrid cars attract a GST of 43%—two percentage points lower than large petrol or diesel cars. Electric cars attract a much lower 5% GST. Due to the higher taxes hybrids are more expensive than their nearest electric counterparts.

2 What is fuelling this growth in hybrids?

Even though there are only six hybrid models available in India, the launch of the Maruti Suzuki Grand Vitara and Invicto and the Toyota Hyryder and Innova Hycross have led to the expansion of the segment. With its better fuel economy, Maruti Suzuki has used the hybrid version to offset the lack of a diesel powertrain in its line-up. Hybrid versions make up 22-23% of Grand Vitara's overall sales. Hybrid technology lacks the rock bottom running cost. And the zero tail pipe emissions have all the advantages of an EV. But at the same time, hybrids don't need to be plugged in for charging and there is no range anxiety.

BLOOMBERG



3 Are sales of electric cars on a decline?

Electric cars continue to be in demand, but the growth is beginning to moderate as the pool of early adopters is exhausted. Against an industry target of 100,000 units in 2023, sales fell short by nearly 20%. Range anxiety and uncertain resale value of the cars are a headache. Additionally, charging infrastructure has not been able to keep pace with sales growth.

4 How are other fuel options faring?

Petrol remained the fuel of choice for new car buyers with a 65% share of new car sales in 2023. But it has lost over a 3 percentage point market share, largely to compressed natural gas (CNG), which saw sales grow 30% year-on-year and market share go up to 13%. Diesel was the second most popular fuel of choice with an 18% share of sales, though its share has been largely stable since 2020. CNG is likely to upstage diesel in the future. Hybrids and electric cars equally split the remaining share between them.

5 Should hybrids be incentivized?

The industry is divided. Carmakers Maruti, Toyota and Honda claim hybrids are more practical right now and are demanding a reduction in GST. Due to the higher fuel economy, hybrids are greener than a regular petrol or diesel vehicle. There is opposition to this by firms that have already invested in EVs and unanimity that electric solves the problem of expensive imported crude oil. Until a decent charging infrastructure is in place, experts say, it may make sense for some incentives for plug-in hybrids.

QUICK EDIT

Economy stunner

India's official gross domestic product (GDP) growth data suggests the economy is on fire, even if not firing on all cylinders. At 7.6%, the latest growth estimate for 2023-24 is better than the 7.3% the government had earlier predicted, which itself was an upward surprise. At this rate, the current fiscal year will mark quite a pick-up from 2022-23, when the economy grew a revised 7% (down from 7.2%) and many had expected it to lose pace thereafter. A clearer picture emerges when we look closer. Growth in the October-December period, or third quarter of 2023-24, clocked 8.4% year-on-year. Estimated rates for previous quarters have been revised too, resulting in a momentum that places India in a position to report a distinct acceleration. Of course, this fiscal year still has a month left to go and it will be a long while before we'll have a final figure for 2023-24. Sector-wise data presents an uneven picture. Most sectors have posted robust value addition. Manufacturing grew 11.6% on that count in the third quarter. But agriculture is tottering. Its value addition was stagnant in the last quarter. Our growth needs to be broader based and we must stay vigilant on income divergences.

MINT METRIC

by Bibek Debroy

In Telangana, on a customer's request,
Cadbury chocolate sent for a lab test.
With white worms and webs spread,
"Unsafe to consume"—the report said.
Hyderabad's Ratnadeep Store clearly not the best.

QUOTE OF THE DAY

I am looking at India in a far broader way. I am lucky enough to look at innovators who can help with all kinds of problems—starting with health, but also agriculture, gender, and climate. We need fantastic Indian innovation.

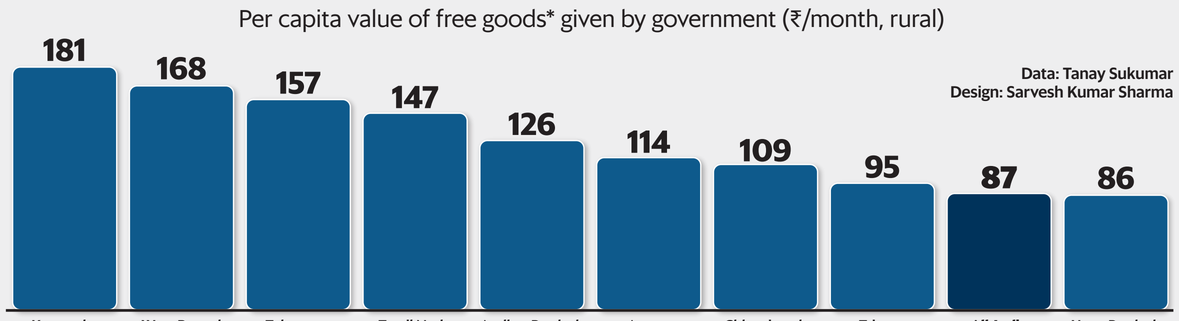
BILL GATES
MICROSOFT CO-FOUNDER

mint Data Bites

STATES WHERE WELFARE BENEFITS HAVE MAXIMUM IMPACT ON HOUSEHOLD FINANCES

Per capita value of free goods* given by government (₹/month, rural)

Data: Tanay Sukumar
Design: Sarvesh Kumar Sharma



*Imputed value of free items consumed by households, such as food, laptop/PC, tablet, mobile phones, bicycles, two-wheelers, school uniform, etc, attributable to both state and central governments. This doesn't include education and health services.

Source: Household Consumption Expenditure Survey, 2022-23, Mint calculations

mint

PLAIN FACTS

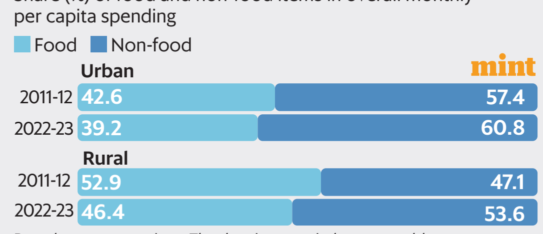
Data recap: Spending survey, Q3 results, NSE

CURATED BY PAYAL BHATTACHARYA

Every Friday, Plain Facts publishes a compilation of data-based insights, complete with easy-to-read charts, to help you delve deeper into the stories reported by *Mint* in the week gone by. The much-awaited household consumption expenditure survey (HCES) gave a snapshot of Indians' spending habits after a gap of 11 years. Corporate India showed a mixed report card in the third quarter of the financial year 2023-24, with divergent trends in profit and revenue growth.

Expense Tracker

Share (%) of food and non-food items in overall monthly per capita spending

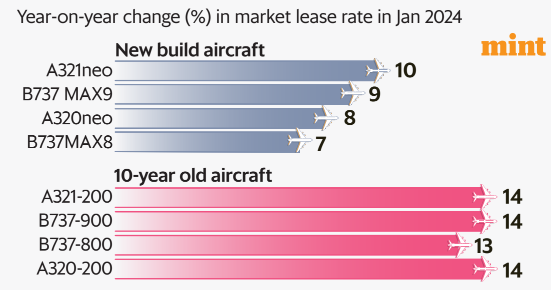


Based on current prices. The data is not strictly comparable across years because of different methodologies.
Source: Household Consumption Expenditure Survey

THE SHARE of food in rural Indians' household budgets slid below the 50% mark in the household consumption survey held in 2022-23. The previous survey, held in 2011-12, had recorded food's share in rural spending at 53.6%. Overall, the survey showed a rise in per capita consumer spending in rural areas to ₹3,773 per month from ₹1,430 in 2011-12 (not inflation-adjusted). However, some of the rise is likely to have come from the change in methodology as well, a Plain Facts article explained.

Costly Affair

Year-on-year change (%) in market lease rate in Jan 2024



Source: Ishka aviation

AIRCRAFT RENTALS have surged in response to high demand over the past year, with any given available plane attracting interest from four to five carriers, *Mint* reported. According to Ishka, a UK-based aviation research firm, the average market lease rate for a 10-year-old Airbus A320 rose 14% over a 12-month period to $177,000 per month in January. The lease rate for a used Boeing B737-800 increased 13% to $194,000 per month. This coincides with a global aircraft shortage in the sector.

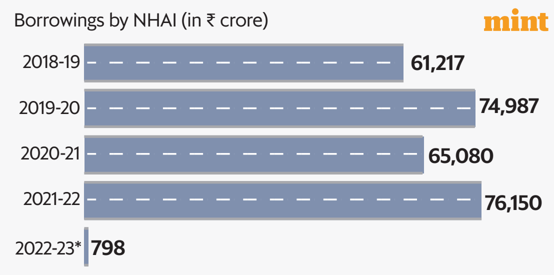
₹45,000 crore

Signal Boost

THAT'S THE amount of fund-raise for which cash-strapped Vodafone Idea got approval from its board of directors this week. The plan includes a ₹20,000-crore equity-based fund-raise from existing investors, for which the company plans to meet shareholders on 2 April. After their approval, the telco expects to complete the process by June. Later, Vodafone Idea will further look to raise debt—taking the total amount of funding up to ₹45,000 crore, the company said.

Trimming Debt

Borrowings by NHAI (in ₹ crore)

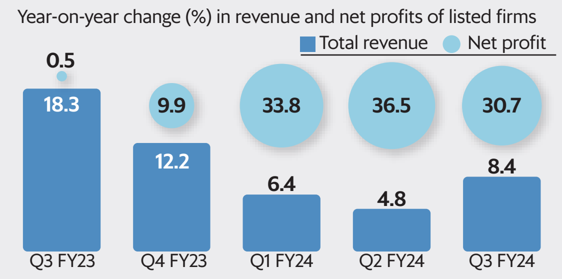


*₹798 crore was raised through the issue of 54EC bonds in 2022-23
Source: Ministry of road transport and highways

AFTER A two-year halt on new borrowings by the National Highways Authority of India (NHAI), the Centre is now considering prepaying a portion of its ₹3.4-trillion debt. The move would enable NHAI to allocate more capital for enhancing highway network and reduce interest payments. Several of NHAI's bond issues, including the one in 2021-22, are set to mature between 2025 and 2030. The objective is to prioritize repayment of these bonds before considering early exits for longer-term bondholders.

Earnings Report

Year-on-year change (%) in revenue and net profits of listed firms



Based on analysis of 3,478 BSE-listed companies
Source: Capitaline, Mint calculations

THE DECEMBER-quarter results of a *Mint* sample of 3,478 BSE-listed firms showed divergent trends in revenue and profit growth. While revenues expanded 8.4% on a year-on-year basis, the fastest in three quarters, profit growth slacked to 31%, the slowest in 2023-24 so far. Yet, the revenue growth is subdued as compared to four quarters ago (18%), and profits are swelling due to reduced input cost pressures. Unlike the last few quarters, firms came out of the shadow of a fast-growing BFSI sector.

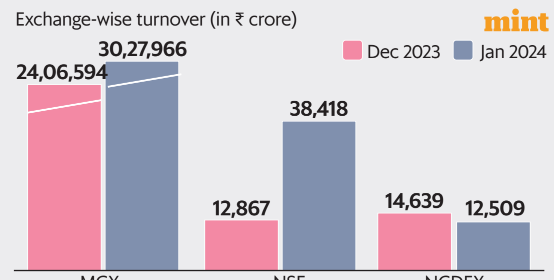
76%

Capex Track

THAT'S THE percentage of the full-year capex target that the Centre had spent till 31 January, with two months to go, data released on Thursday showed. According to the latest Union Budget, the Centre estimates a capex of ₹9.5 trillion in 2023-24. Earlier this week, a government source told *Mint* that the government was on track to achieve its capex target and was holding a modest cash balance to meet its commitments for the final three months of the fiscal year.

Marching Ahead

Exchange-wise turnover (in ₹ crore)

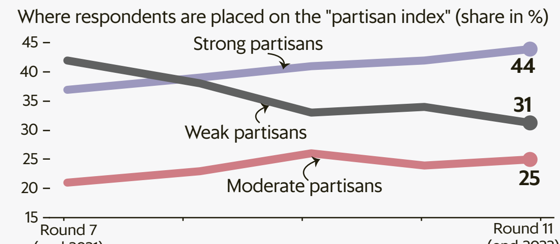


Source: Sebi

IN JANUARY, the National Stock Exchange (NSE) overtook the NCDEX to become India's second-largest commodity derivatives platform more than five years after it launched bullion futures. MCX remains the No. 1 in this list by far. The NSE recorded commodity derivatives volumes of ₹38,418 crore in January, surpassing NCDEX's ₹12,509 crore, data from the Sebi showed. Nearly all of NSE's turnover in January came from options on crude oil futures contracts.

Chart of the Week: Political Sides

Where respondents are placed on the "partisan index" (share in %)



The partisan index reflects how deeply one is attached to the party they identify with. Full details: https://bit.ly/49uPKHF.
Source: YouGov-Mint-CPR Millennial Survey

NEARLY 44% of 12,544 urban Indians interviewed in the latest edition of the YouGov-Mint-CPR Millennial Survey showed signs of intense passion towards one or the other political party. Such 'strong partisans' are also more likely to engage in political debates online.

Follow our data stories on the "In Charts" and "Plain Facts" pages on the Mint website.

PARAS JAIN/MINT

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SENSEX 72,500.31 ↑ 195.43 NIFTY 21,982.80 ↑ 31.65 DOLLAR ₹82.91 ↑ ₹0.02 EURO ₹89.98 ↓ ₹0.42 OIL $81.74 ↓ $0.15 POUND ₹105.02 ↓ ₹0.32

Tata takes the lead in ₹1.26 tn chip plan

Two Tata group projects among three to win Cabinet approval

Shouvik Das, Rituraj Baruah & Puja Das

NEW DELHI

India's chip-making ambitions took a giant leap on Thursday with the Centre greenlighting three projects worth ₹1.26 trillion, with the Tata group leading two of them.

While Tata Electronics Pvt. Ltd (TEPL) will build India's first semiconductor fab in Gujarat's Dholera for ₹91,000 crore along with Taiwan's Powerchip Semiconductor Manufacturing Co. (PSMC), Tata Semiconductor Assembly and Test Pvt. Ltd (TSAT) will build an assembly, testing, marking and packaging (ATMP) plant in Assam's Morigaon for ₹27,000 crore. Separately, CG Power Pvt. Ltd will build an ATMP unit in Gujarat's Sanand at an investment of ₹7,600 crore, along with Japan's Renesas Electronics.

A Union cabinet meeting chaired by Prime Minister Narendra Modi cleared all three projects, bringing chip investments approved so far to around ₹1.5 trillion, including Micron's ATMP plant cleared last June. Separately, the cabinet also okayed an incentive scheme for rooftop solar power with ₹75,000 crore outlay, set the stage for auctioning critical minerals by fixing their royalty rates, and approved subsidy rates for the next sowing season.

Ground-breaking for all three semiconductor projects is expected in the next 100 days, IT minister Ashwini Vaishnaw said, adding the Tata-PSMC fab may be ready in around two and a half years, producing around 3 billion chips a year across 28nm, 50nm, 55nm and 90nm nodes.

"The facilities combined will generate 1 lakh indirect jobs, and 26,000 direct jobs. A number of key component supply chain companies will also come to India, such as five key strategic companies that we

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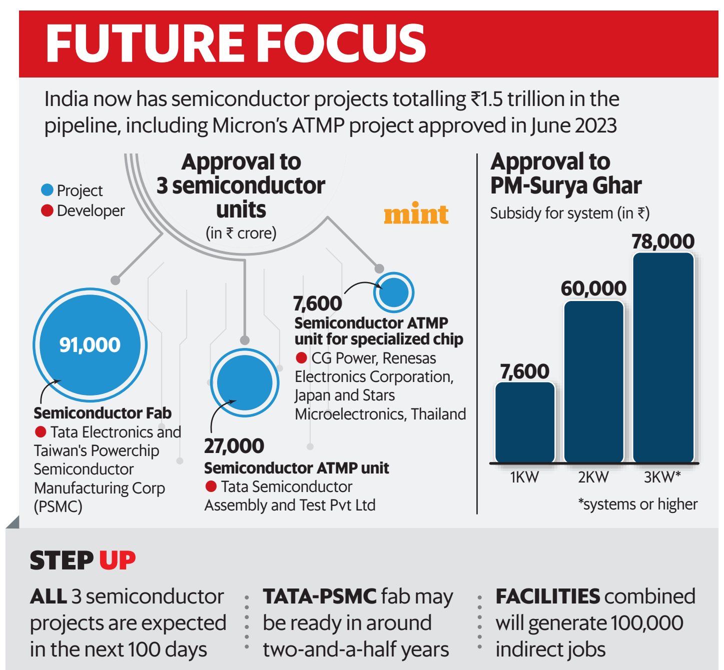

SARVESH KUMAR SHARMA/MINT

FY24 growth likely at 7.6% on investments, manufacturing

Gireesh Chandra Prasad & Rhik Kundu

NEW DELHI

India's economy may expand 7.6% in FY24 amid strong investment growth in plant and machinery, robust manufacturing growth and a slight improvement in trade, despite consumption and government spending growing slower than previously estimated, the second advance estimate released by the statistics ministry showed.

In January, the ministry had made a forecast of 7.3% growth in the fiscal. Gross fixed capital formation or investments in fixed assets is projected to grow at 10.2% in the current financial year, nearly at the level projected in the January estimate. However, both household spending and government expenditure adjusted for inflation are expected to grow only at 3% in the current fiscal, although in January, the former was projected to grow at 4.4% and the latter at 4%.

A key highlight of the second advance estimate is a decline in imports in rupee terms and a slight improvement in exports this year, from the level projected in January, which is helping to reduce the shock on account

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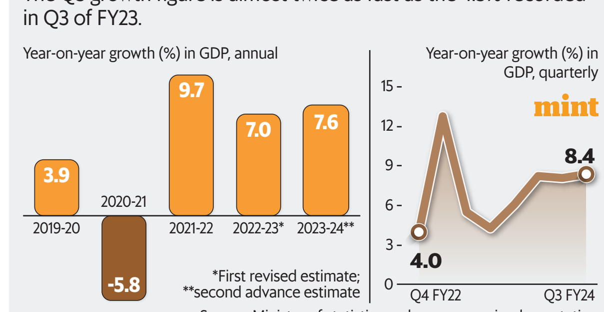
Charging ahead

The Q3 growth figure is almost twice as fast as the 4.3% recorded in Q3 of FY23.



Source: Ministry of statistics and programme implementation

SATISH KUMAR/MINT

GDP trumps forecasts with 8.4% jump in Q3

Subhash Narayan & Puja Das

NEW DELHI

The Indian economy roared ahead in the December quarter with a surprise growth of 8.4%, belying fears of a tempering as manufacturing, electricity and construction put up a robust show. In the process, India also retained its crown as the world's fastest-growing major economy.

The Q3 growth figure is almost twice as fast as the 4.3% recorded in Q3 of FY23. A *Mint* poll of 17 economists had thrown up a median of 6.6% growth. Other predictions, too, were similar. The Q3 figure is also higher than the 7.6% reported in Q2 of FY24; this number was revised to 8.1% on Thursday. In Q1, GDP growth was reported to be 7.8%.

However, Q3's gross value added (GVA) growth at a much lower 6.5% indi-

TURN TO PAGE 6

DON'T MISS

MINT

Sebi asks small, mid-cap funds to consider restricting flows

The Securities and Exchange Board of India (Sebi) has asked money managers to consider restricting one-off investments from clients in small- and mid-cap stock mutual funds and to cut commissions offered for their sale. >P6

ReNew in talks with Sembcorp to sell 350MW solar projects

ReNew Energy Global Plc is in talks with Sembcorp Industries Ltd to sell solar energy projects totalling 350 megawatts (MW), with the deal estimated to be valued at about $241 million at the enterprise level and around $121 million in terms of equity. >P2

Moglix eyes India domicile shift, initial share sale in two years

Business-to-business e-commerce unicorn Moglix is contemplating relocating its domicile to India, and launching an initial public offering within two years, amid a growing trend among startups favouring India as a listing destination. >P3

Humane AI Pin holds talks with Indian telcos to enter Indian mkt

Sam Altman's OpenAI backed Humane AI Pin is beginning early conversation with Indian telcos to bring the device to the Indian market, with the maximum number of inquiries on the device coming from India ever since it was launched. >P5

Apr-Jan fiscal deficit at ₹11 tn, 64% of FY24 target

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The deficit last year stood at ₹11.91 lakh crore. ISTOCKPHOTO

India's fiscal deficit during the first 10 months of FY24 stood at ₹11.03 trillion, or 63.6% of the revised annual estimate, according to data released by the Controller General of Accounts on Thursday.

The fiscal deficit for the corresponding period of the previous year stood at ₹11.91 trillion, or 67.8% of the annual estimate of ₹17.55 trillion for FY23.

The budgeted annual estimates for fiscal deficit, which was revised in the vote on account budget on 1 February, was at ₹17.87 trillion for FY24.

The narrowing of the fiscal deficit, despite a jump in government spending to fuel economic growth, was due to higher tax receipts and an increase in non-tax revenue.

The Centre aims to reduce the fiscal deficit—the difference between the government's income and expenditure—to 5.8% of gross domestic product (GDP) during FY24, from 6.4% in the previous fiscal year.

During the recently tabled vote on the interim budget presented on 1 February, the fiscal deficit target was revised from 5.9% of GDP for FY24.

The government is committed to lowering the fiscal deficit to 5.1% of GDP by FY25.

A higher fiscal deficit leads to a higher debt burden and more spending on debt servicing, which can be unhealthy for an economy and risks devaluing the currency and impacting private investments.

Capital expenditure rose to ₹7.21 trillion during April-January FY24, or 75.9% of the revised annual estimate, from ₹5.70 trillion in the same period in FY23.

Total receipts during the April-January FY24 period stood at ₹22.52 trillion, or 81.7% of the revised annual estimate, of which tax receipts stood at ₹18.80 trillion, or 80.9% of the revised annual estimate.

Non-tax revenue stood at ₹3.38 trillion, or 90% of the revised annual estimate.

Total expenditure rose to ₹33.55 trillion, or 74.7% of the revised annual estimate, from ₹31.68 trillion in the corresponding period in FY23.

Seeking right opportunity to cut stake in Vi: Telecom secy

The Union govt is the largest shareholder in Vodafone Idea, India's third-largest carrier

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The loss-making telco said it will meet shareholders on 2 April to seek permission to raise ₹20,000 crore in equity. MINT

The government will look at the right opportunity to pare its stake in Vodafone Idea (Vi), Neeraj Mittal, secretary in the department of telecommunications, said as he welcomed the approval given by the cash-strapped carrier's board to a fund-raise proposal.

"We'll have to examine everything, if there is an opportunity, there is a need for it, how do the next few months look like in terms of their operations," he said in an interview, adding that the government may not look at divestment immediately.

The Union government is the largest shareholder in Vodafone Idea, India's third-largest carrier, with a 31% stake.

Mittal said the government was looking for growth in the carrier, and hoping the firm will be able to sustain operations.

On Tuesday, the board of Vodafone Idea approved plans to raise ₹45,000 crore in equity and debt, including capital from its promoters.

The loss-making telco said it will meet shareholders on 2 April to seek permission to raise ₹20,000 crore in equity, and complete the process by the end of the June quarter. Following this, the company will look to raise debt, taking the total amount of funding to ₹45,000 crore. The carrier has a debt of over ₹2.1 trillion, most of it owed to the government from spectrum sales in the past years.

31%
Stake held by Union govt in Vodafone Idea

Mittal said the department was looking at enabling mechanisms for surrender of spectrum, including 3G, which is being shut down by carriers.

"By 2030, we will need another possibly 1-2 GHz of additional spectrum. So this is a continuous process and if there is an opportunity for refarming or surrendering, we will definitely look at it," he said. Sector experts said surrendering of spectrum can significantly reduce telco liabilities, particularly for 3G spectrum, which was bought at steep prices and high interest rates. The freed spectrum can be refarmed and used for 6G services.

The government has already laid out its 6G vision document which unveils plans to launch 6G services by 2030.

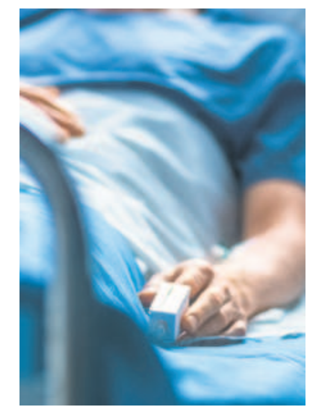
Mittal said the department of telecom was likely to bring out the first set of rules and regulations under the new telecom law in the next few months, but did not give a firm timeline. The new law was enacted in December last year, replacing three archaic laws.

₹2.1 tn
debt on carrier; most owed from spectrum sales

The government is also aiming to conduct the next round of spectrum auctions early in the June quarter, the seniormost official at the telecom department said. *Mint* had reported earlier this month that the auction is unlikely to fetch over ₹10,000 crore, as most of the purchases will be for spectrum renewals in small quantities.

The government is unlikely to heed requests from the industry to give out satellite spectrum prior to execution of rules under the new telecom law. Mittal said that while the regulatory process will take time, the government will attempt to proceed with rules for allocation of satellite spectrum at the earliest. The new Telecommunications Bill 2023 provides for allocation of airwaves for satellite broadband outside of auctions, a step away from the traditional practice of selling frequencies via auctions.

Asked about regulation of AI, Mittal said: "The role of AI is going to be very critical and the regulators also have to take note of the rapid changes that are happening. AI can be a double-edged weapon. We hope that it will be more on the positive side because all the applications we see here, make the networks more efficient, more secure, more responsive to the emerging needs—making networks more energy-efficient, connecting consumers more efficiently, improving the quality of service, securing the networks, and preventing attacks."



The meet with states is slated for next week. ISTOCKPHOTO

Centre calls meeting on pricing of medical treatments

Somrita Ghosh
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NEW DELHI

The health ministry has called for a meeting with state governments next week for the implementation of the Clinical Establishment Rules, said two officials aware of the development, after the Supreme Court took serious note of discrepancies in charges across government and private medical facilities.

The court on Tuesday strongly criticized the Centre for failing to enforce the 14-year-old Clinical Establishment (Central Government) Rules, which makes it mandatory for clinical establishments to display the charges for treatments and procedures.

"Some states are doing it well, whereas there are lapses in proper implementation of the scheme in certain states. The ministry had earlier written to states and asked them for proper implementation of the rule," said an official. As per the official, the meeting is likely to be kept virtual.

"It is mandatory for the state health secretaries to attend the meeting, this will help to resolve the matter and also know what exactly are the issues in the rules that the states are facing," another official added.

The Clinical Establishments Act was passed by Parliament in 2010 to provide for registration and regulation of all clinical establishments in the country with a view to prescribing minimum standards of facilities and services. The Act was notified in 2012 and initially came into force in four states -- Arunachal Pradesh, Himachal Pradesh, Mizoram and Sikkim – and all Union Territories except Delhi.

The Act covers all kinds of clinical establishments – both public and private, from hospitals to single-doctor clinics – and all recognized systems of medicine. The matter came to light after an NGO, Veterans Forum for Transparency in Public Life, filed a public interest litigation, asking that the Centre decide th amounts that can be charged from patients in accordance with Rule 9,

India opposes ban on e-commerce duty

Dhirendra Kumar &
Rhik Kundu
NEW DELHI

At WTO's 13th ministerial conference in Abu Dhabi, India and South Africa also opposed the inclusion of an IFD proposal. AFP

India on Thursday urged the World Trade Organization (WTO) to reconsider its ban on charging customs duties for e-commerce goods and services, arguing the moratorium particularly disadvantages developing and least developed countries.

On the final day of the WTO's 13th ministerial conference in Abu Dhabi, India along with South Africa also opposed the inclusion of an Investment Facilitation for Development (IFD) proposal in the outcome document of the conference.

The IFD proposal, which was moved by a group of 123 members led by China, seeks to improve transparency in investment regulations.

India stressed the need for digital industrialization as an emerging segment of the global economy due to its potential to play a key role in the economic development and prosperity of developing countries and LDCs, the commerce ministry said in a statement.

India reiterated its position on e-commerce, stating a few firms based in developed countries currently dominate the global landscape of e-commerce, thus creating challenges to increase the participation of developing countries in global e-commerce amid a huge digital chasm between developed and developing countries, it added.

India reiterated its position on e-commerce, said few firms now dominate global landscape of e-commerce

E-commerce was a major issue discussed at the ministerial. The WTO moratorium prevents countries from charging import duties on digital products and services.

WTO members have periodically agreed to extend the moratorium on customs duties on electronic transmissions, with the last extension agreed in June 2022.

At the current meeting, India and South Africa opposed extending the moratorium on customs duty on electronically transmitted products, a move that has been pushed by developed economies.

"India wants all policy options should be available for the WTO members to pursue for promoting digital industrialization," the commerce ministry said.

"At the WTO, India advocated for digital public infrastructure (DPI) for development, disciplining unfair competition and consumer protection," it added.

India's opposition to the inclusion of the IFD proposal in the meeting's outcome document highlights its concerns surrounding the agreement's potential impact, a senior government official said, requesting anonymity.

The IFD initiative was launched in 2017 by a group of developing and least-developed WTO members with a mandate to streamline investment procedures and facilitate cross-border investments.

However, it has attracted criticism for potentially favouring countries heavily reliant on Chinese investments and those with sovereign wealth funds, which India does not have. India has raised several concerns regarding the IFD agreement at the MC13, the official said.

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ReNew in talks with Sembcorp to sell 350MW solar projects

Utpal Bhaskar
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NEW DELHI

The deal is estimated to be valued at $241 mn. BLOOMBERG

Nasdaq-listed ReNew Energy Global Plc is in talks with Singapore's Sembcorp Industries Ltd to sell solar energy projects totalling 350 megawatts (MW), with the deal estimated to be valued at around $241 million at the enterprise level and around $121 million in terms of equity, two people aware of the development said.

This deal for 1.1 gigawatts (GW) comprising ReNew's solar (350MW) and wind power assets (750MW) was proposed earlier but couldn't be agreed due to a valuation gap on wind assets. Ahmedabad-based Torrent Power had also submitted a non-binding offer (NBO) for ReNew's solar and wind power assets totalling 1.1 GW.

The current proposed deal involves only the sale of solar power assets and not the wind power assets as was earlier planned. "The current deal in the works is only for 350 MW of solar projects, with the 750 MW wind assets not part of this proposed transaction," said one of the two people aware of the development.

Queries emailed to the spokespersons of ReNew Energy Global Plc, Sembcorp Industries and Torrent Power on Tuesday evening remained unanswered.

ReNew has a clean energy portfolio of 13.8GW. The proposed deal is part of its plan to sell operational, clean energy capacity and reinvest the proceeds in building new clean energy assets.

ReNew has been exploring several opportunities, including selling a 30% stake in its 2.3GW commercial and industrial projects. It has also announced an equal joint venture with Gentari Sdn Bhd to develop 5 GW capacity, wherein Gentari Renewables India Pte. Ltd will have a 50% equity stake in ReNew's utility-scale 5GW renewable energy portfolio comprising solar, wind and energy storage projects.

On its part, Singapore Exchange-listed Sembcorp has a renewable energy capacity of 13.8GW and has added 4GW to its portfolio since end-2022 through a mix of acquisitions and organic growth. It is targeting 25GW of installed capacity by 2028.

Given the growing demand for electricity in the country, and India's ambitious green energy trajectory, there are several deals in play as reported by *Mint*.

The latest case in point is Rahul Munjal-led Hero Future Energies Pvt. Ltd looking to hire JPMorgan for a pre-initial public offering (IPO) fundraising. The deal is expected to have an equity value of around $200 million.

MINT SHORTS

RBI issues revised norms to streamline bill payments

New Delhi: The Reserve Bank of India (RBI) on Thursday issued revised norms to streamline the process of bill payments, enable greater participation, and enhance customer protection. It issued the revised norms as it felt there was a need to update the existing regulations in view of significant developments in the payments landscape. **PTI**

MINT

Govt approves over ₹6,700 cr for 8 stretches on NH-913

New Delhi: The roads ministry has approved an allocation of ₹6,728.33 crore for constructing eight stretches on NH-913 (Frontier Highway) in Arunachal Pradesh as Intermediate Lane Road, spanning 305.50km on engineering procurement construction mode, an official statement said. Road transport and highways minister Nitin Gadkari said the development aims to enhance connectivity to border areas. **PTI**

India successfully flight tests VSHORADS missile

New Delhi: India has conducted two successful flight tests of a very short-range air defence missile off the coast of Odisha. The tests were carried out on Wednesday and Thursday. The Defence Research and Development Organization conducted the two successful flight tests of Very Short-Range Air Defence System (VSHORADS) missiles from a ground-based portable launcher off the coast of Odisha . **PTI**

ANI

'Sukhu takes responsibility of Singhvi's loss in RS polls'

PTI

Shimla: Congress central observer D.K. Shivakumar on Thursday said Himachal Pradesh chief minister Sukhvinder Singh Sukhu took responsibility for Abhishek Manu Singhvi's defeat in the Rajya Sabha polls and that all differences have been ironed out after speaking to party MLAs. He said the state government would last a full term when asked if Sukhu would continue as CM. **PTI**

Modi and Mauritius PM jointly unveil projects

PTI

New Delhi: Prime Minister Narendra Modi on Thursday inaugurated strategic projects in Mauritius' Agalega island, including a 3km airstrip and a naval jetty. These were jointly inaugurated with Pravind Jugnauth, the PM of the island nation, in a significant development in the bilateral relations of the two nations. **SHASHANK MATTOO**

Mexico keen to acquire DBT technologies from India

New Delhi: Mexico is keen to work with India to acquire know-how for the transfer of direct benefit transfer (DBT) technologies. India has worked to export its signature digital public infrastructure (DPI) technologies to a range of nations in the developing world. **SHASHANK MATTOO**

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First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

RAVI KRISHNAN (EDITOR); PUBLISHED/PRINTED BY **MANHAR KAPOOR** ON BEHALF OF HT MEDIA LTD, 18-20 Kasturba Gandhi Marg, New Delhi 110001

Printed at HT Media Ltd presses at •Plot No. 8, Udyog Vihar, Greater Noida, Distt Gautam Budh Nagar, Uttar Pradesh 201306; •MNSPrinters Pvt. Ltd, 345/4, Bhatrahalli, Near KR Puram RTO, Old Madras Road, Bangalore 560049; •Saraswati Print Factory Pvt. Ltd, 789, Chowbhaga (W), Near China Mandir, Kolkata 700 105; •MNSPrinters Pvt. Ltd, 76/1, Poonamallee High Road, Velappanchavadi, Chennai 600077; • Bhaskar Print Planet, Survey No. 148P, Changodar Bavla Highway, Sanand (Tal), Distt Ahmedabad, Gujarat. •Jagati Publications Ltd, Plot No. D75 & E52, APIE Industrial Estate, Balanagar, Rangareddy Distt. Hyderabad 500037 *Also available in Chandigarh, Pune and Lucknow.
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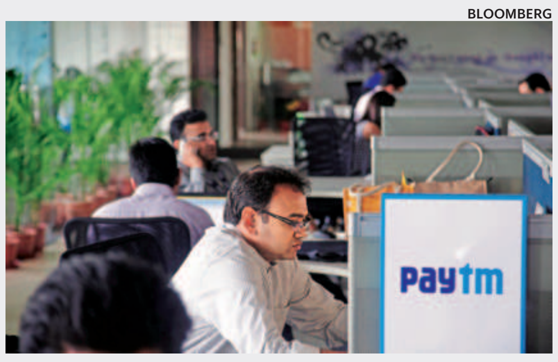
MINT SHORTS

Zepto rolls out paid subscription, ups rivalry in quick commerce mkt

New Delhi: Quick commerce firm Zepto on Thursday formally announced the launch of its paid subscription service, Zepto Pass, which will offer greater discounts to consumers and raise competition in India's growing quick commerce market. The subscription gives customers unlimited free delivery and up to 20% off on grocery products. It is intended to drive customer adoption of quick commerce, said Devendra Meel, VP of strategy, and head of Zepto Pass. Zepto hopes to draw a million customers into the program within a month of roll-out. **SUNEERA TANDON**

SoftBank Group's Paytm stake shrinks further to 2.83%

BLOOMBERG



Bengaluru: Japan's SoftBank Group has further reduced its stake in Paytm from 5.01% to 2.83%, an exchange filing showed on Thursday. The conglomerate, which held 17.5% stake in Paytm in September 2022, has trimmed its ownership for more than a year through multiple open market deals, with its most recent cut being in January. While some global investors like Warren Buffett's Berkshire Hathaway and China's Alibaba Group exited the firm in 2023, others, including a Netherlands-based unit of Chinese fintech firm Ant Financial cut their stake. **REUTERS**

Silence Lab secures pre-Series A funding from Pi Ventures, others

Silence Laboratories has raised $4.1 million (₹34 crore) in a pre-Series A funding round led by Pi Ventures. The round also saw participation from Kira Studio and undisclosed angel investors. The funding will be used to scale its technology and business team. It will also be used for research and development (R&D) and expand its presence across geographies. **K. AMOGHAVARSHA**

Edtech unicorn upGrad appoints Venkatesh Tarakkad as CFO

Bengaluru: Edtech unicorn upGrad appointed former DealShare executive Venkatesh Tarakkad as the chief financial officer, the company said in a statement on Friday. In his new role, Tarakkad will be responsible for overseeing upGrad's domestic and global financial strategies. Since upGrad's inception in 2015, this is the first time the firm has appointed a CFO. **PRIYAMVADA C.**

Moglix eyes India shift, IPO launch in two years

The firm is exploring other markets, too, but favours India over the others

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BENGALURU

Rahul Garg, founder and chief executive officer, Moglix.

Alpha Wave Global-backed Moglix, a business-to-business (B2B) e-commerce unicorn for manufacturing goods, is contemplating relocating its domicile to India, and launching an initial public offering (IPO) within two years, founder and chief executive officer Rahul Garg said in an interview.

"I think we will continue to evaluate 2026-27 as the sweet spot for going public," Garg said and added that Moglix will become "publicly ready" within 12 months.

The development comes amid a growing trend among several startups with reasonable scale and a clear path to profitability, such as Razorpay, Eruditus, and Groww, in favouring India as a listing destination.

This shift is propelled by improved accessibility to domestic capital markets and ease-of-doing-business, despite significant tax implications associated with such transitions.

For startups, a domicile change might involve creating a company in India, which would acquire shares of the foreign entity, incurring capital gains taxes. Alternatively, some may opt to acquire a bankrupt firm in India and execute a reverse merger with the foreign entity to reduce the capital gains outflow.

When asked about Moglix's potential tax implications in transitioning to India, Garg said there is no definitive information available as the process is still under way. Besides, he said, it is premature to comment on pursuing the acquisition route for the transition.

While Moglix is exploring opportunities in other markets as well, India appears to be the more favourable destination, he added. "India is a very attractive place to list as the company has the strongest brand presence in the country."

According to Garg, the Indian public market has become substantially larger compared to what it was 10 years ago, and there is sufficient investor capital available.

Founded in 2015, Moglix offers procurement, packaging, supply chain financing and integrated software services solutions. In addition to Alpha Wave, which spearheaded its unicorn round in 2021, the company counts Tiger Global, Jungle Ventures, Ward Ferry, IFC, and Accel among its investors.

Moglix operates in India, the US, Europe, and the UK, serving more than 500,000 small and medium enterprises (SMEs) and 1,000-plus large manufacturers. With a network of more than 16,000 suppliers and 40 warehouses, as well as associated logistics infrastructure, the company intends to strengthen its presence in all current markets.

Moglix, with 95% of its total revenues originating from India, seeks to deepen its presence in international markets, besides exploring entry into 2–3 new areas, Garg said. "Over the next 2–3 years, we will be hovering around 10–15% of our revenue from international markets."

While Moglix has allocated $100 million for acquisitions, and completed four deals in the past three years, it is also seeking opportunities to expand its omnichannel distribution, besides targeting areas where entrepreneurs have developed small private labels but are struggling to scale up, Garg said. In FY23, Moglix's operating revenues grew 83% to ₹4,595 crore from a year earlier. However, its losses widened by 12% to ₹193 crore. The company expects to turn profitable by the first quarter of FY25.

HOME RUN

GARG has said that the startup will become "publicly ready" within 12 months

MOGLIX'S plans come amid several startups favouring India as a listing destination

BETTER access to domestic capital and ease of doing business is getting startups to return

Infra.Market eyes funds to pare debt

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Infra.Market, a business-to-business (B2B) construction material marketplace, plans to secure funding from new institutional investors by selling a stake in one of its subsidiaries, RDC Concrete, ahead of its initial public offering (IPO), three people in the know said.

The firm is in talks to raise over ₹500 crore, to incorporate fresh equity at the parent level, said one of the people. However, a second person said the company is looking to secure ₹1,000 crore by taking its subsidiary RDC Concrete public.

VCCiRCLE

In 2021, it had divested 10% in RDC at a valuation of ₹1,500 crore. Backed by Tiger Global, Infra.Market seeks ₹200 crore for RDC, earmarking the funds for providing exits to its existing investors.

The startup, operated by Hella Infra Market Pvt. Ltd, is in discussions with 7–8 merchant bankers to formalize the listing process and is likely to file draft papers by June-July. The company is seeking a valuation ₹4,000 crore.

Last year, the firm was seeking to raise ₹1,200–1,300 crore to address its burgeoning debt, which now stands at ₹3,000 crore at the parent level.

For the Shalimar Paints deal it invested ₹200-300 crore, far exceeding its planned investment of ₹100 crore , all funded through debt, and intensifying pressure on its balance sheet.

Its rising debt is linked to a string of acquisitions since it became a unicorn in 2021. It acquired Strata Geosystem last year, and picked up stakes in construction equipment rental service Equiphunt in 2021 and in Shalimar Paints worth ₹270 crore in 2022.

An Infra.Market spokesperson was not immediately available for comment.

Established in 2016 by Sengupta and Aaditya Sharda, Infra.Market focuses on high-volume construction products for own brands besides offering solutions to its clients for improving quality, price transparency, and logistics infra.

'Defining use case key to tech adoption'

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NEW DELHI

Chief Information Officers (CIOs) face challenges such as crafting efficient digital transformation strategies and upholding enterprise security, to propel their organizations forward. In an interview, Vikas Vijaywargiya, CIO of Zensar Technologies, shared his views on leveraging technology to enhance stakeholder and employee satisfaction, drive innovation and optimize user experiences and highlighted the critical role of defining use cases before tech adoption. *Edited excerpts:*

Which technologies are you excited about for your organization and sector?

The most significant change this financial year was an overhaul of the enterprise resource planning (ERP) suite, adopting a software-as-a-service (SaaS) platform and integrating Oracle Fusion. Our FY23-24 focus was on enhancing stakeholder and employee experience, fostering excellence, and adopting an engineering mindset to offer a user-friendly experience. Incorporating Oracle products is the most impactful change in our multi-hybrid environment.

VCCiRCLE

Will Zensar increase tech budget this year?

This year has seen a significant increase due to the introduction of a new platform and growing investment in technology. But this growth aims to simplify the processes and enhance operational efficiency. We must strike a balance by automating mundane tasks and low-hanging fruits to a great extent. Simultaneously, we must ensure that technological advancements align with the introduction of new products or development efforts to guarantee scale, proper data governance, besides enhanced security measures. With the emergence of Gen AI, it is crucial we invest in appropriate directions to stay on track.

What is your focus area and why?

Gen AI is a high priority. We will explore how we can leverage its benefits. It is essential to have defined use cases for any technology we adopt to ensure it adds value. When we started digital transformation, we consolidated stand-alone data sets to establish a single source of truth, which enabled us to build analytics on top of integrated data.

Defining use cases is crucial for successful technology adoption.

> It is essential to have defined use cases for any technology we adopt to ensure it adds value.
>
> **Vikas Vijaywargiya**
> CIO, Zensar Technologies

Are you planning to expand your tech team, or upskill existing team members?

Talent building is a key for our organization. This year we are focusing on upskilling existing talent in cybersecurity, data analytics, and Gen AI, and ensure pro-per infrastructure investments.

How will you rank Zensar in terms of digital transformation journey on a scale of 1–10?

I would say we are at 8 or 9. Our focus will be on simplification, encouraging employee adoption and streamlining the systems for maximum benefits. Our digital transformation journey consists of seamless user experience, integrating stand-alone application and systems, and establishing a single source of truth for ERP, to enable effective data governance and security controls.

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
Close	72,500.30	21,982.80	20,090.05	58,991.35	22,526.30	39,346.98	45,225.10
Percent change	0.27	0.14	0.35	1.03	0.31	0.84	0.50
Previous close	72,304.88	21,951.15	20,020.40	58,387.30	22,457.65	39,019.19	44,998.14
Open	72,220.57	21,935.20	20,009.25	58,390.80	22,441.95	39,102.39	45,035.67
High	72,730.00	22,060.55	20,160.05	59,256.30	22,609.35	39,454.66	45,365.18
Low	72,099.32	21,860.65	19,901.30	57,803.70	22,358.20	38,668.50	44,449.05

MINT SHORTS

UK mortgage approvals hit a 15-month high in January

The number of mortgages given the green light by UK lenders rose to a 15-month high in January, adding to signs that the housing market is gathering momentum. Banks and building societies approved 55,227 home loans, up from 51,506 in December and the fourth straight monthly increase, according to data from the Bank of England. The figure was far higher than the 52,000 forecast by economists. The figures suggest a recent pick-up in activity in the property market has further to run after largely stagnating in 2023. Recent surveys have suggested that buyers are being enticed back into the housing market by lower interest rates. Economists expect data from Nationwide Building Society on Friday to show house prices growing year-on-year for the first time in over a year. "The interest rate landscape has changed in the last four months," said Tom Bill, head of UK residential research at Knight Frank. BLOOMBERG

Lingering geopolitical tensions have, in part, dented early gains in global trade in Vietnam. BLOOMBERG

Trade powerhouse Vietnam reports 5% fall in exports

Vietnam's exports unexpectedly contracted in February, belying hopes of a quick turnaround suggested by the previous month's data. The value of overseas shipments shrank 5% from a year earlier, data released by Hanoi-based General Statistics Office showed Thursday, compared with the median estimate for a 1.7% increase in a *Bloomberg* survey of economists. Imports rose 1.8%, slower than the 7% expansion expected by analysts. Trade-reliant Vietnam had initially reported a 42% increase in goods shipments last month, kindling hopes of a recovery in commerce. But lingering geopolitical tensions have, in part, dented early gains in global trade, with supply chain bottlenecks threatening to choke the recovery in exports. Consequently, the trade surplus narrowed to $1.1 billion in February from $2.92 billion a month ago. Exports account for about 100% of Vietnam's economy, making it one of the most trade-dependent nations in the world. BLOOMBERG

Mix, volume boost to shape JSPL

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Jindal Steel and Power Ltd (JSPL) appears to be in a sweet spot with expected improvement in product mix and volume growth. The company's planned capital expenditure (capex) is likely to boost volumes and push costs lower, driving future earnings growth.

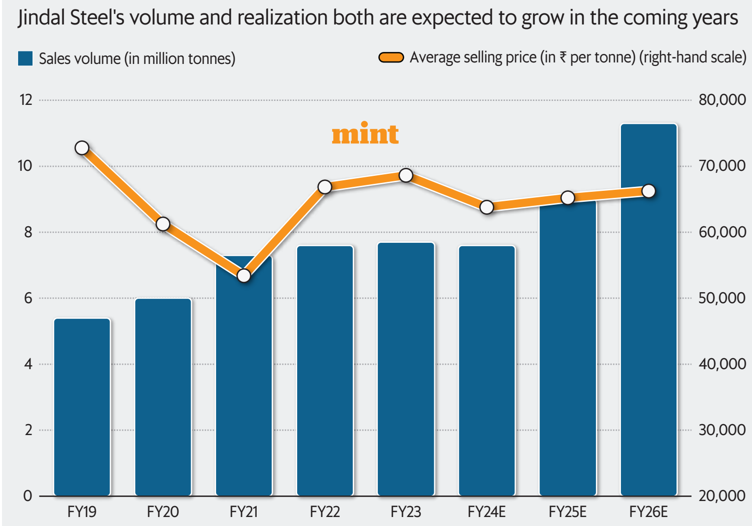
JSPL is in the midst of a ₹31,000 crore capex plan, set to wrap up by FY27, with funding mainly from internal accruals. The company will utilize 75% of the capex for capacity expansion at Angul (Odisha), 10% is slotted for ACPP-II, 5% for coal mines and 10% for new projects.

The capacity expansion at Angul plant will enhance JSPL's crude steel capacity by over 65% to 15.9 million tonnes (mt). The planned expansion, which is expected to be completed by Q3FY26, will catapult the company to the fourth largest steel manufacturer in India, said a Motilal Oswal Financial Services report dated 20 February.

As such, a better product mix will mean higher realization, leading to better margins. After the capex, share of high-margin flat steel products in the sales mix is expected to increase to approximately 55-58% from about 30-35% currently.

In tandem

Jindal Steel's volume and realization both are expected to grow in the coming years



Note: E stands for estimates

Source: Company, Motilal Oswal Financial Services

PRANAY BHARDWAJ/MINT

In the near term, it helps that the March quarter is typically the strongest quarter for steelmakers. Higher domestic sales in Q4FY24, along with additional volumes from the tie up with Rashtriya Ispat Nigam Ltd, and a foray into flat steel products at the recently commissioned hot-strip mill would aid profitability.

In its latest earnings call, JSPL said steel spreads could be affected by an additional $10–20 per tonne increase in coking coal costs and a 2-3% decline in realization in Q4.

Going ahead, lower coal costs with further ramp-up at captive coal mines Gare Palma IV/6 and Utkal block C, and slurry pipeline which is expected to be commissioned in Q1FY25 and the anticipated reduced cost of steel will bolster earnings before interest, taxes, depreciation, and amortization (Ebitda) margin in FY25. However, the anticipated rise in coking coal cost could dent margin slightly.

STRIDING HIGH

THE planned capex would boost volumes and push costs further down

A better product mix will mean higher realization, leading to improved margins

Kunal Kothari, analyst at Centrum Broking, believes that the on-time completion of the expansion plans will result in a 17% compound annual growth rate (CAGR) in volumes during FY23-26, reaching 12.4 mt in FY26. Over the same period, the Ebitda is expected to rise by 26% and profit after tax by 37% CAGR, added Kothari.

In Q3FY24, the steelmaker's production fell 6% year-on-year to 1.94 mt and sales declined 5% to 1.81 mt.

Meanwhile, steel demand in India is expected to remain robust aided by increased construction activity and focus on a number of infrastructure projects. The rising demand for automobiles, renewable energy, and consumer goods would also support demand.

Moreover, JSPL has followed a prudent deleveraging policy to fortify its balance sheet. As of December-end, JSPL's net debt stood at around ₹9,100 crore and the net debt-to-Ebitda ratio was at a comfortable level of 0.9 times. "JSPL has one of the strongest balance sheets among the domestic ferrous manufacturers," said Motilal Oswal's analysts.

However, despite these positive developments, the stock has yielded merely 15% returns over the past six months. The shares now trade at an enterprise value of nearly seven times estimated FY25 Ebitda, which implies there is still some steam left, said Tushar Chaudhari, analyst at Prabhudas Lilladher.

Going forward, investors should closely watch the progress of JSPL's capacity addition plans as any delay here could affect its growth trajectory.

Sunteck Realty investors seem to be in wait-and-watch mode

Harsha Jethmalani
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After a 35% up move in 2023, the momentum in Sunteck Realty Ltd stock has cooled off. Shares of the Mumbai-based real estate developer have gained a mere 3% so far in 2024. Investors seem to be in wait-and-watch mode.

Sunteck's March quarter (Q4FY24) performance will decide if it is able to meet FY24 pre-sales or bookings guidance of ₹2,000 crore. In 9MFY24, it clocked ₹1,237 crore pre-sales.

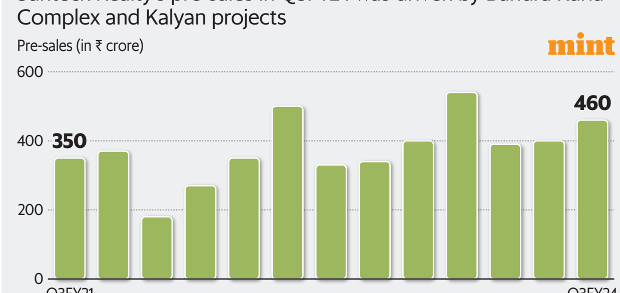
The current quarter will see the launch of a third tower at its Mira Road project and new phase in the Naigaon project. Sales sustenance at its ultra-luxury Bandra Kurla Complex and mid-income Kalyan project is also expected to generate higher pre-sales traction in Q4.

Recall that a sore point in Q3FY24 earnings were weak revenue recognition and unimpressive collections. Adjusted for the sale of treasury stock, collections at ₹160 crore slid to a 13-quarter low in Q3FY24, said Jefferies India analysts. The management expects collections to improve over the next two-four quarters, but the quantum of improvement hinges on demand for projects.

"The company's key projects such as Naigaon and Oshiwara District Centre are set for phase-wise completion over FY24-26E. The P&L is expected to improve beginning Q4FY24 with the delivery of the Maxx World project, which would contribute ₹750-800 crore to the topline," said Motilal Oswal Financial Services' analysts in a report dated 22 February.

Catching up

Sunteck Realty's pre-sales in Q3FY24 was driven by Bandra Kurla Complex and Kalyan projects



Source: Company, Jefferies India

PRANAY BHARDWAJ/MINT

In its annuity portfolio, both assets Sunteck Icon and Sunteck BKC 51 are completed, out of which one is leased out and another will be leased out in Q4.

In business development, the company continues to scout for opportunities in Mumbai Metropolitan Region. It aims to double its gross development value (GDV) to ₹60,000 crore in the coming three years.

Adoption of the asset-light model has helped to keep its balance sheet in a comfortable position with lower leverage, amid new project additions.

That said, the timely launch of its Nepean Sea Road Project slated in FY25, with a potential GDV of ₹2,500 crore would be a key stock trigger. Sunteck is also exploring opportunities in middle-income/affordable housing segment with global development institution IFC.

The affordable segment took a beating post pandemic as the purchasing power of buyers was hit and home loan rates soared. A new government-backed incentive scheme was expected to be announced to revive the segment, but so far, there is no clarity. This is a dampener given Sunteck's relatively higher exposure to this segment.

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

Sensex, Nifty close higher amid volatility

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MUMBAI

Benchmark stock indices Sensex and Nifty closed with gains on Thursday in a highly volatile trade amid the scheduled monthly expiry of derivative contracts.

The 30-share BSE Sensex rebounded 195.42 points or 0.27% to settle at 72,500.30. During the day, the benchmark oscillated between a high of 72,730.00 and a low of 72,099.32.

The broader 50-share Nifty of the National Stock Exchange gained 31.65 points or 0.14% to close at 21,982.80.

"Domestic benchmark traded near a flat-line trend throughout the session, but some buoyancy emerged by the end of the day. Investors adopted a cautious wait and watch approach on the verge of a heavy economic data week," said Vinod Nair, head of research at Geojit Financial Services.

Among Sensex shares, IndusInd Bank, Mahindra & Mahindra, HCL Tech, Power Grid, Maruti, State Bank of India, Titan, Asian Paints, Nestle and UltraTech Cement were the major gainers.

Reliance Industries climbed nearly 2% intra-day before closing more than half-a per cent higher after the company and Walt Disney announced the signing of binding pacts to merge their media operations in India to create a ₹70,000 crore behemoth.

Reliance Industries climbed nearly 2% intra-day. REUTERS

Hindustan Unilever, Bharti Airtel, Tata Motors, ITC, Tech Mahindra and Axis Bank were among the laggards.

"Markets traded volatile on the monthly expiry day but managed to end marginally higher," said Ajit Mishra, senior vice-president, technical research, Religare Broking.

In the broader market, the BSE mid-cap gauge climbed 0.84% and small-cap index went up by 0.50%. Among the indices, services jumped 1.46%, power climbed 1.01%, commodities (0.79%), industrials (0.74%), metal (0.74%) and capital goods (0.65%).

In Asian markets, Seoul, Tokyo and Hong Kong settled lower while Shanghai ended in the green.

European markets were trading mostly in the green. The US markets ended marginally lower on Wednesday.

Foreign institutional investors offloaded equities worth ₹1,879.23 crore on Wednesday, according to exchange data, while the BSE benchmark fell by 790.34 points or 1.08% to settle at 72,304.88.

REC to raise ₹5,000 crore

Reuters
feedback@livemint.com
MUMBAI

REC Ltd will tap a unique and uncommon structure to raise ₹5,000 crore through a private placement of bonds before the end of March, three sources directly aware of the development said on Thursday.

The state-run financier plans to raise the money through 10-year, deep-discount bonds and the issue is likely to see strong investor demand, the sources said.

"REC is in talks with the Central Board of Direct Taxes (CBDT) to provide some taxation benefit to investors and this will boost appetite for the issue, especially at a time when state-run companies have stopped issuing tax-free bonds," one of the sources said.

The sources requested anonymity as they are not authorized to speak to the media. REC did not immediately reply to a *Reuters* email seeking comment.

The state-run financier plans to raise the money through 10-year, deep-discount bonds

Deep-discount bonds are issued at a discount, generally over 20% less than their face value, and do not pay regular interest, a feature similar to zero-coupon notes that removes reinvestment risks.

Bankers expect a strong appetite for these papers even though they will be issued in the last month of the financial year, when most investors have completed their investment targets.

"Deep discount bonds are an attractive investment bet for corporate treasuries and high net worth individuals as they do not carry reinvestments and can even earn decent returns as interest rates are expected to fall in coming months," said Umesh Khandelwal, chief business officer at Tipsons Group.

Traders expect the 10-year bonds to be priced 6-8 basis points lower than other securities of REC. Shares of REC closed 3.68% up at 442.30 on BSE on Thursday.

HDFC Bank, ICICI Bank vie for slice of index flows into India

Bloomberg
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Large Indian lenders are vying with their global peers for a share of the billions of dollars that are expected to now flow following the inclusion of the nation's bonds in JPMorgan Chase & Co's emerging markets debt index.

ICICI Bank Ltd and HDFC Bank Ltd are planning meetings with investors in London, Singapore and Hong Kong in the coming months, seeking to woo them with a range of currency hedging products and custodian services, according to people familiar with the matter, who asked not to be identified as the discussions are private.

HDFC Bank is planning meetings with investors. HT

Spokespersons at ICICI Bank and HDFC Bank did not offer any immediate comments.

The private sector lenders join foreign banks and brokerages including Morgan Stanley and Deutsche Bank AG in engaging with global investors, who could potentially invest large amounts of money in the South Asian nation.

The inclusion is expected to attract up to $40 billion of inflows, which exceeds the size of Indian sovereign bonds currently held by foreigners.

"We are seeing early signs that certain types of institutional investors, including sovereign funds and central banks, might be interested in hiring asset management companies to manage their India allocation," said R. Sivakumar, head of fixed income at Schroders Plc-backed Axis Asset Management Co. in Mumbai.

Bitcoin's best month since 2020 revives crypto-linked stocks

Bloomberg
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A major rally in Bitcoin is refuelling gains in shares of cryptocurrency-linked mining and trading companies, putting the group back on track to add to last year's big run.

The world's largest crypto based on market value is on track to add 48% in February for its best monthly performance since December 2020. That's helped lift an index that tracks companies linked to digital assets up 36% in February, after slumping more than 20% the month before.

The cohort is now mostly in positive territory after a rough January, when a rally ahead of the US Securities and Exchange Commission's approval for exchange-traded funds that invest directly in Bitcoin weighed on crypto-linked companies.

Now, investors are rushing into Bitcoin ETFs, further fuelling the advance. The gains are a continuation of huge rallies across the sector in 2023.

"Interest in the sector is back," said Will Rhind, chief executive officer of Graniteshare Advisors LLC.

Optimism over the upcoming Bitcoin halving is further fuelling the rally. Coinbase on track to end February higher. ISTOCKPHOTO

"There was always going to be a bit of a sell the news aspect to the Bitcoin ETF, it got hyped so much, but hiding within the hype was something very real, and that was an institutionalization of the market and certainly the regulator kind of legitimizing the space."

On Wednesday, the broad crypto rally led to outages at US cryptocurrency exchange Coinbase Global Inc., which itself has jumped more than 56% in February for its best month since November after falling 26% last month.

Citron Research said that the site malfunction makes going long Bitcoin and short Coinbase a "compelling" trade.

Despite the one-day glitch, Coinbase and other crypto-linked stocks, including Marathon Digital Holdings Inc., Riot Platforms Inc. and Bit Digital Inc., are on track to end February higher now, reversing losses from earlier in the year.

Increasing optimism about the upcoming halving event, which reduces Bitcoin's supply and has lifted prices of the digital asset in past cycles, is also elevating the group. The halving is expected in late April.

Bitcoin "cycles have historically rhymed and the current cycle dynamics look very similar to the past two 3-year cycles with the strongest price appreciation occurring post-halving," Compass Point LLC analyst Joe Flynn wrote in a note dated 27 February. "We continue to like the set-up for BTC/Crypto and expect considerable upside."

Domestic postings trump global at IIMs

Rise in domestic postings for recruits signals revival in Indian deal scene

Sneha Shah & Devina Sengupta
MUMBAI


IIMs have seen consulting firms, consumer goods companies, banks and large conglomerates recruit management graduates in good numbers. MINT

For a sure sign that domestic deal-making is picking up in India, as is the economy, turn to the recruitment scene at the country's premier management schools. Investment banks and private equity firms are handing out more domestic postings than international gigs to graduating students of the Indian Institutes of Management, in a sign that the persistent funding winter perhaps is finally thawing.

Large domestic as well as global firms including DE Shaw, Goldman Sachs and Premji Invest are hiring graduates for functions across wealth management, institutional equities, asset management and investment banking profiles. But given listless global markets, few of these have been for international roles, show campus placements reports at the IIMs.

Domestic postings were instead made more attractive with higher-than-usual joining and retention bonuses. The roles were mainly in investment and market research, corporate, wholesale and retail banking, trading, and operations functions.

While graduating students who might have been hoping for international roles would likely be disappointed, there's a potential silver lining for homegrown companies in this shift in hiring patterns.

Investors and bankers expect the fundraising cycle to pick up again in 2024 after a funding winter that has prolonged for about two years, especially for early- and growth-stage companies. "Our investment banking business is growth-focused and we see a lot of tailwinds. We want to be ready for the structural long-term India growth story," said Anirban Banerjee, chief human resources officer at Avendus Group. The financial services firm recruited 15 associates from the batch of 2024 at the IIMs.

India's retained its crown as the world's fastest-growing major economy, growing at 8.4% in the December quarter and showing signs of expanding at 7.6% in FY24, as per the statistics ministry's latest data.

8.4%
Indian economy growth in the December quarter

Bucking initial fears of a poor placement season, the IIMs have seen consulting firms, consumer goods companies, banks and large conglomerates recruit management graduates in good numbers, but with a marked preference for students with work experience. While the established older IIMs have almost completed their placements, the newer ones are in their last leg.

Recruiters said the graduating students, cognizant of the global market conditions, as they should be, were keen on accepting domestic roles rather than hanker for international postings.

"The students from IIMs were more welcoming to the domestic firms including JM Financial and it was quite encouraging for us," said Anil Salvi, managing director and group head, human resource and administration, JM Financial.

"We feel the gap between the domestic versus international postings is getting narrower and students are clearer and realistic on their career expectations and aspirations."

The homegrown investment bank hired management analysts from the IIMs at Ahmedabad, Lucknow and Udaipur.

"The Indian economy has charted its growth path and is showing resilience so much so that the impact of global macro indicators is balanced with the domestic drivers," Salvi said.

According to a placement team member at IIM-Udaipur, the banking, financial services and insurance sector was surprisingly upbeat on hiring. "While consulting firms had taken the hit, the BFSI sector and investment banks that had profiles based out of India recruited with higher joining and retention bonuses," this person said.

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THE FINITE THAT HINTS AT THE INFINITE

A MATTER OF NUMBERS
DILIP D'SOUZA

Respond to this column at feedback@livemint.com

On my college campus again after several years, I'm consumed—as you can imagine—with nostalgia. Memories at this corner, that hostel looks so different, where did the warden's home go, and ice-cream for lunch, really?

Some things are the same, others have changed. When I was a student here back in the Neolithic era, there were 12 hostels. Now there are at least two or three more.

That, and some consolidation and addition of new wings, means not just more than 12 hostels now, but room for plenty more students than in my time.

How many students, I wondered idly one morning. Probably 3,000. That's an estimate, but I can conceive of ways to divine the actual number and, I'm sure, so can you. There is a definite count of students, and we can do that count.

Nostalgia apart, that also got me thinking—I have time on my hands, okay—of other numbers, perhaps a little more difficult to divine.

For example, and staying with the college: how many trees on this campus? I could wander the whole 300+ acres counting, but what's a shrub, what's a bush, what's a plant, what's a tree?

Deciding those questions is what makes this a tougher enumeration.

Or try this: how many leaves? Ah, now that's still tougher, in an entirely different way. There's far too many to count on even one tree, let alone a whole campus full of them.

And yet, think of this: as I write this, there is a number that answers that question. It may be 5,214,786, it may be something else, and I will never know it for sure. But there absolutely is such a number.

You may be wondering, in turn, whether this campus visit has touched me in the head a little. Bear with me, I'm going somewhere with this.

Most mornings, I have a hot cup of coffee first thing.

It wakes me up. I usually whisk the coffee before adding milk, to give it some additional foam. And once in a while, on a slow morning, I look down at the foam and wonder: how many bubbles?

Yes, on very slow mornings.

Still, think of it. There are bubbles in that foam. There are a lot of bubbles, both large and small. Like with the leaves, in fact, there are far too many to actually count.

And yet, there is an actual number that counts the bubbles in there. The foam is contained in the cup, and each bubble is of a finite size.

Thus it stands to reason that there is a finite number of them. Meaning, I could count them if I were so inclined.

Instead, I drink the coffee. The thousands of bubbles included.

What am I getting at here? These may seem to you like pointless musings, and they probably are.

But they intrigue me nevertheless. If not by actually counting, is there a way to estimate the number of bubbles in that cup? Certainly! I could make a quick guess at the size of an individual bubble, and then calculate how many would fit in the cup, in a layer that's one bubble thick.

It wouldn't be correct, of course. The bubbles are not all the same size.

They are probably more layers of them than just one. Still, it's a reasonable estimate. I'll take it.

There are other, and even more unknowable numbers around us. How many times have you blinked in your life? We could estimate that, given that on average we blink about once every four seconds. That's 15 times a minute, 900 times an hour, 21,600 times a day, and nearly 8 million times a year.

So if you're 35 years old, say, you've blinked nearly 300 million times.

But wait, surely that's an overestimate. For we humans sleep too, with no blinking happening then. Typically we sleep for about eight hours, or about a third of the day. So we need to reduce that 300 million count by a third, to 200 million. There you are, a reasonable first-pass attempt at divining this fairly useless piece of numerical information. We can make an estimate because we know it is a finite number and we know the average human's blink frequency.

But here's a different number that seems finite to me, in that its magnitude is bounded in the same way as trees on this campus. How many grains of sand on our planet Earth? Right at this instant, there is some gargantuan number that answers that question, though I have no idea what it is, nor how to get its value, nor even how to estimate it.

It would take a serious length of time to count the grains in just a simple handful of sand

I could just start counting, of course, next time I'm on a beach. It would take a serious length of time to count the grains in just a simple handful of sand. So you can imagine how long it would take to count the grains on an entire beach, and then on all the beaches in the world.

Yet if this was possible to do, you know there's a number at the end. The Earth holds exactly that many grains of sand right now. So it's a finite number. Unimaginably difficult to arrive at, but finite. Yet in that finitude, I want to suggest, is a hint of infinity. Because consider that the act of counting grains of sand will take a very long time, and in that time, even more grains will be formed and we'll have to count those and while counting them, still more will appear ... on and on without end.

In fact, counting this gigantic but apparently finite number is a process that will never end. And that endlessness is why it makes sense to think that when it comes to grains of sand, there's an infinity of them.

You could apply much the same reasoning to other apparently finite numbers: the stars in the sky, or the cells your body has ever produced, or the length of the coast between Mumbai and Goa. For one reason or another, it can make a lot of sense to think of those as infinite.

The thing is, it was on this college campus that I first started wondering how to grasp, to understand, the idea of infinity. Ah, the nostalgia! But no, I'm not about to count 5,214,786 leaves here.

Once a computer scientist, Dilip D'Souza now lives in Mumbai and writes for his dinners. His Twitter handle is @DeathEndsFun.

Real money gaming cuts back on ads, says report

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The structural changes taking place in the gaming industry are likely to have a significant impact on the advertising world by the end of FY24. Ad spends in India are expected to grow at a slower pace of 6%, down from 12% the previous year, by the close of the year touching $16-17 billion.

A decline in consumer spending over the past five to six quarters has reduced private equity and venture capital funding for various sectors. There has also been the drastic impact of the implementation of 28% GST on online gaming, according to a new report from RedSeer.

However, the report 'Breaking barriers: Rise of challenger platforms in the digital advertising landscape' also identifies some positive trends. The e-commerce sector is the only one expected to see a significant increase in advertisement expenditure (adex), estimated at 15% in FY24. The other sectors that spent on adex were consumer durables, and travel and hospitality. Others like gaming dropped considerably, so did education as a category. Additionally, advertisers are expected to increasingly turn to alternative platforms like retail media and content platforms for their high conversion potential and wider reach. E-commerce, travel and hospitality, and consumer durables will increase adex because they will attempt to retain customers through advertisements.

The report predicts a rebound in consumption only by 2029, leading to a projected advertising spend growth of 9-10% CAGR over this four-five year period. Digital advertising is expected to outperform the overall market, growing at 11-12% and capturing a larger share of the advertising pie.

Netflix announces new slate for India

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Netflix's aim is to get broader in terms of audience. AP

American streaming platform Netflix has announced a new slate—a set of new shows and movies—for India, most of which will be rolled out this year, with more titles likely to be added.

The latest announcements include primarily Hindi language movies and shows, such as *Maharaj* to be produced by Yash Raj Films starring actor Aamir Khan's son Junaid; Taapsee Pannu-starrer *Phir Aayi Haseen Dillruba*; Neeraj Pandey directorial *Sikander Ka Muqaddar*; *IC 814: The Kandahar Hijack* to be directed by Anubhav Sinha; besides returning seasons of shows like *Kota Factory*, *Mismatched* and *Yeh Kaali Kaali Ankhein*.

The idea is to progressively get broader in terms of the audience the platform caters to, Monika Shergill, vice-president, content, Netflix India, said in an interview. Upcoming titles like *Heeramandi: The Diamond Bazaar*, a period drama created by filmmaker Sanjay Leela Bhansali, and *The Great Indian Kapil Show* featuring comic Kapil Sharma and his team will complement this strategy of speaking to audiences across the spectrum and ensure the service continues to work on shedding its niche and upmarket tag.

The strategy follows 18-60% price cuts rolled out in December 2021. Netflix's mobile-only plan, earlier priced at ₹199 per month, has since cost ₹149. The basic plan that allows access to all content on one device is priced at ₹199 versus ₹499 earlier.

"2023 has been our most successful year till date in terms of growth of engagement, and our subscriber base is accelerating year-on-year," Shergill said. "We are on a very strong growth trajectory and continued momentum, which is different from what is happening with other services in the streaming world."

Media analysts estimate Netflix India's subscriber base to be between 8 million and 10 million

Netflix's Indian content is getting popular globally, too. Last year, in 49 out of 52 weeks, Indian titles *Mission Majnu*, *Kathal* and *The Railway Men* trended for several weeks individually on Netflix's top 10 global weekly lists of non-English titles. Media analysts estimate Netflix India's subscriber base to be between 8 million and 10 million, a significant increase from 5 million before the price slashes. While that is a huge jump, it is a fact that for most OTTs, more than 60% subscriptions comes from partnerships with telecom operators such as Airtel and Jio, and other aggregators such as Tata Play.

Besides, experts point out that a majority of Netflix's viewer base continues to return to the platform for tentpole international content, and local originals are yet to make a mark. "The latest strategy of acquiring big films post theatrical release is a risky one, because big studios and stars will not make films to meet Netflix's demand," the content head of a studio pointed out on condition of anonymity. "2024 is especially set to be a lean year with the likes of Shah Rukh, Salman and Ranbir unlikely to have a release." The OTT platform premiered a host of large-scale Bollywood and southern language films such as *Jawan*, *Animal* and *Leo* over the past few months, with entertainment industry experts estimating acquisition costs to have touched upwards of ₹100 crore.

Humane AI Pin in early talks with telcos to enter Indian market

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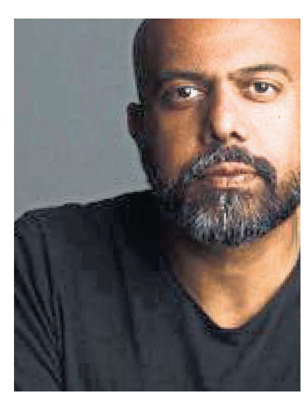
Sam Altman's OpenAI backed Humane AI Pin, is beginning early conversation with Indian telcos to bring the device to the Indian market. Co-founder Imran Chaudhri said in an interaction that ever since the introduction of the device, the maximum number of inquiries have come from India.

"The largest market that has been coming in with inquiries has been India. It's really exciting for Bethany and I were trying to figure that out the right way to come in because it's a very, very passionate audience when it comes to embracing technology, it's almost within the biology itself," he said.

"We're starting to have early conversations with Indian telcos at the moment. And we're hoping to be able to make some announcements in this industry," he added.

Founded by former Apple executives Bethany Bongiorno and Imran Chaudhri in 2017, Humane raised around $200 million from backers, including Microsoft, Qualcomm Ventures and OpenAI's Sam Altman.


Humane AI Pin co-founder Imran Chaudhri.

The Humane AI Pin is currently available in the US for $699 and requires telco plans beginning at $24 a month. It will start shipping out in March 2024 in the US. The monthly subscription gives users a phone number and unlimited data to power as many AI-powered queries. They've partnered with T-Mobile for launch in the US market and recently announced plans with South Korean carrier SK Telecom, for its first international market foray.

The AI Pin is a small device that can be clipped onto clothes or accessories. It can search the internet, draft and send emails, messages, and posts with verbal prompts, answer queries, and even share information about an object in front of the user.

It is powered by an unnamed Snapdragon chipset for on-device AI capabilities, paired with 4GB RAM and 32GB inbuilt storage. The AI engine on the device is OpenAI's GPT-4. On connectivity, it comes with support for 4G (eSIM), dual-band wi-fi 5, bluetooth 5.1, and GPS.

The AI Pin enables users to communicate with an AI chatbot through voice and laser ink technology. Chaudhari said it is working with partners to develop various use cases.

He noted that the technology enables integration of the device into users' lives and will not end up disrupting the smartphone market, rather it will complement it.

The reporter is in Barcelona to cover the Mobile World Congress at the invitation of Xiaomi.

Premium push: Radico Khaitan sees 6x rise in shareholder value in 5 yrs

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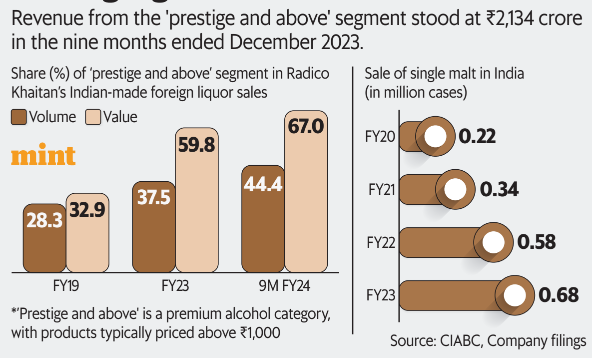
Radico Khaitan, the makers of Rampur single malt, is witnessing significant growth, driven by a strategic shift towards premium and luxury segments. The focus on high-margin products has resulted in a nearly six-fold increase in shareholder value, from ₹4,500 crore to ₹24,000 crore, managing director, Abhishek Khaitan told *Mint* in an exclusive interaction.

To cater to this significant demand for Indian single malts, the company has tripled its plant capacity over the years, and has expanded its premium product portfolio. Earlier this month, it introduced a new single malt variant, 'Spirit of Victory 1999 Pure Malt Whisky,' priced at around ₹5,000. Initially available in Uttar Pradesh, it will soon be introduced in other states.

"Now, our entire focus is on the premium and above segment, and we are one of the few brands to have created so many brands organically. This range is growing very well despite the regular range witnessing a decline," said Khaitan. The company is confident of catering to the premium segment, buoyed by its position as the largest exporter of single malts, he added.

Soaring high

Revenue from the 'prestige and above' segment stood at ₹2,134 crore in the nine months ended December 2023.



SATISH KUMAR/MINT

In FY24, Radico Khaitan derived 57% of its value from 'prestige and above' segment. In the current fiscal, it is up by 10%, to 67%. 'Prestige and above' is a classification used by spirits manufacturers to categorize products based on the selling price. This segment typically includes products priced above ₹1,000.

In the nine months ended December 2023, the company reported a gross profit of ₹11,984 crore, up 28% from ₹9368 crore a year ago. During this period, it sold 8.34 million cases of its prestige segment, which accounted for 44% of overall volumes, growing 22% over a year earlier. Revenue from the prestige category stood at ₹2,134 crore, up nearly 16% from the corresponding period of FY23.

BUILDING FOR FUTURE

TO CATER to the Indian single malts demand, the firm has tripled its plant capacity

IN FY25, the firm aims to produce 2.5-3 times the cases produced in FY24 at its new Sitapur unit

The company's journey started in 1998 with 8PM whisky, which gained in popularity. Over time, it diversified its product range and distribution network. However, the wafer-thin margins for regular spirits, prompted the company to shift towards premium products in 2016, and subsequently, it launched the Rampur single malt, Khaitan said.

"Indians are now proud drinkers of Indian single malts, which was never the case earlier. Foreign companies are also launching single malts, which is a testament to this fact," he said.

Today, the Rampur brand boasts seven 'expressions' or variants, following the expansion of both distillation and maturation capacity from the initial 2.6 lakh kiloliter per day (klpd) plant. It had set up another 5 klpd plant at the same location in 2018-19. Notably, its signature reserve variant commands an impressive ₹5 lakh in duty-free shops.

In FY25, the company aims to produce 2.5-3 times the cases produced in FY24 at its new facility in Sitapur. This facility has additional maturation capacity to support the anticipated volumes growth of Rampur in the coming years.

Sebi moves to curb inflows into small-, mid-cap funds

Regulator asks money managers to consider restricting one-off investments from clients

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The market regulator has asked money managers to consider restricting one-off investments from clients in small- and mid-cap stock mutual funds and cut commissions offered for their sale, two sources with direct knowledge of the matter said.

The Securities and Exchange Board of India (Sebi) communicated this to the money managers in a meeting earlier this month, the sources, who included a regulatory official, said.

The regulator did not specify the quantum of flows it wants restricted, they said.

Sebi's communication shows heightened regulatory concern on the surging inflows into Indian small- and mid-cap mutual funds and any potential ripple effects on the financial system if investors suddenly started to yank their money from them.

In India, small-cap stocks are defined as those with market capitalization of less than ₹5,000 crore ($603.05 million) while mid-cap stocks are those with market values of between ₹5,000 billion and ₹20,000 crore. Small- and mid-cap stocks are generally less liquid compared to their large-cap peers.

₹2.48 tn
Assets managed by small-cap funds in India as of end-Jan

Assets managed by small-cap funds in India vaulted 86.5% over a 10-month period to ₹2.48 trillion ($29.92 billion) as of end-January and mid-cap funds jumped 58.5% to ₹2.9 trillion. Their assets were not much lower than the ₹2.99 trillion managed by large cap funds.

Sebi's communication shows heightened concern over any potential ripple effects if investors suddenly start to yank money from small- and mid-cap mutual funds. MINT

The Nifty small-cap 100 index has surged 74% over the past 52 weeks and the Nifty mid-cap 100 index is up 60.86%, as of Wednesday's close. Those gains far exceed the benchmark Nifty's 26.21% rise over the same period.

"A nudge to institutional investors such as mutual funds will help soothe extraordinary exuberance building up particularly in small and mid-cap stocks," the regulatory official said.

Sebi did not respond to an emailed request for comment.

The market regulator's communication to money managers about one-off investments is not an official order. The industry has in the past almost always complied with messages from Sebi.

India's mutual fund assets have grown significantly over the years as investors have bought systematic investment plans that make regular contributions towards their portfolios. But domestic investors are also increasingly pumping in one-off, or lumpsum, funds to take advantage of the soaring stock market.

$2.9 tn
Assets managed by mid-cap funds in India as of end-Jan

Both the regulator and the asset management industry have made moves recently to tamp down the rapid asset growth.

Earlier this week, *Reuters* reported that Sebi wants small- and mid-cap funds to make additional risk disclosure to their investors. And the Association of Mutual Funds in India (Amfi), an industry lobby body, asked fund houses in a letter to protect investors "including but not limited to moderating inflows".

In another letter sent on Wednesday, Amfi asked funds to disclose to investors results of internal stress tests and details such as the time needed to liquidate 25% or 50% of the portfolio, a third source, who has reviewed the letter, said. These disclosures will need to be made by the 15th of each month, it said.

Amfi did not respond to a request for comment.

The market regulator is also encouraging moderating of fund inflows by other means, said the first two sources.

Some asset managers have reduced distributor commissions on small- and mid-cap funds by half, said the second source. "Sebi is encouraging other fund houses to slash on similar lines."

Sebi now also wants fund houses to have a plan in place for imposing additional costs on exiting investors in case of large outflows, the sources said.

"To control the cascading impact of large outflows the regulator wants asset managers to explore either imposing a temporary exit load on investors or impose swing pricing," said the second source.

An exit load is a fee imposed at the time of exiting a fund. Swing pricing allows fund managers to artificially adjust a scheme's value downwards to prevent a cascading of outflows and is prevalent in markets such as the US.

Adani says it sees no risks in refinance in near term

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The Adani group said cash balances have improved and it sees no refinancing risks in the near term as the conglomerate took more steps to shore up its finances following a withering short seller attack last year.

The group's Ebitda (earnings before interest, tax, depreciation and amortization) rose more than 60% to ₹19,475 crore in the third quarter ended 31 December with a bulk of that coming from the transport, infrastructure and energy units of the conglomerate.

The port-to-power conglomerate said there were "no material refinancing risk and near-term liquidity requirement," adding "near term debt maturities have been fully funded."

The latest numbers, posted in a statement on Thursday, cement the trajectory reported in the preceding quarter. Led by billionaire Gautam Adani, the group had seen its net debt drop by 3.5% to $21.72 billion in the six months through September alongside a fresh equity raise of close to $5 billion.

Cash balances have improved. The pile can fund long term debt repayments for more than 15 months with portfolio level cash balances at $5.36 billion as on 31 December, it said.

The conglomerate has often criticized in the recent years for its debt-fuelled growth frenzy.

MOVES

A weekly list of C-Suiters who have moved up the corporate ladder either within or outside their companies.

Alok Kedia	Appointed as **MD & CEO** at **Brickwork Ratings**
Apeksha Jain	Appointed as **Head of Human Resources** at **Siemens Smart Infrastructure**
Ashim Gupta	Appointed as **VP Corporate Communications** at **Salesforce**
Diana Monteiro	Appointed as **VP Corporate Communications** at **Star Health and Allied Insurance**
Mahesh Kanchan	Appointed as **Director Marketing** at **Bacardi India**
Manu Sahni	Appointed as **Joint President Corporate Finance** at **Aditya Birla Group**
Mudita Chaturvedi Tirkar	Appointed as **Vice President and Head - Corporate Communications & Public relations** at **Axis Mutual Fund**
Prasanna Kotian	Appointed as **Head - Group Corporate Communication** at **Kotak Mahindra Bank**
Rajeev Mantri	Appointed as **Chief Financial Officer** at **Bandhan Bank**
Ratika G	Appointed as **Senior Director -Head of HR and Talent Management** at **SolarEdge Technologies**
Ritika Chandhok	Appointed as **Senior General Manager & Head of Communications & Public Affairs - India, West Asia & Africa** at **RHI Magnesita**
Sachin Jain	Appointed as **CEO India** at **The World Gold Council**
Sagnik Ghosh	Appointed as **Head of Creative Strategy, Branded Content, Innovations, and Trade Marketing** at **The Times Group**
Samyukta Ganesh Iyer	Appointed as **Chief Experience Officer: VP & Head of Marketing** at **Sephora**
Sridhar Srinivasan	Appointed as **Chairman** at **Indian Overseas Bank**
Sumit Bhatia	Appointed as **Vice President & Head-Marketing & Communications** at **Finolex Industries**
Vikrant Gandhi	Appointed as **Chief Financial Officer** at **Avanse Financial Services**

Source: Accord India, executive search worldwide

Advent merges Cohance, Suven

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Global private equity firm Advent International has merged two of its pharmaceutical portfolio firms, Cohance Lifesciences Ltd. and Suven Pharmaceuticals Ltd, according to a joint announcement. The merged entity will have three distinct business units—Pharma CDMO, Spec Chem CDMO, and API+ (inclusive of formulations), the release said.

For every 11 shares of Suven, 295 shares of Cohance will be allotted, as per the terms of the merger. "The new shares of Suven so issued will be traded on the NSE and BSE. Advent entities shall own around 66.7% stake and the public shareholders will hold around 33% stake in the merged entity. This ratio is pre-ESOP dilution," the firms clarified in the release.

The overall transaction is expected to conclude over the next 12-15 months subject to receipt of relevant shareholder and regulatory approvals.

The merger further strengthens Suven's position with niche capabilities and scale benefits, the release said.

"The merger shall establish Suven's position as a diversified CDMO and API leader in India, transcending our current revenue base. The merged entity is expected to be amongst the leading integrated CDMO players in India. With an expanded capacity to ~2,650 kL and a significantly broadened customer base, scale and synergy benefits are substantial," the statement said.

CDMO is short for contract development and manufacturing organization, and API stands for active pharmaceutical ingredient.

Cohance is a leading CDMO and merchant API platform having developed low-mid volume molecules as well as capabilities in the form of its antibody drug conjugates platform.

India's growth in FY24 likely at 7.6%

FROM PAGE 1

of negative net exports. Exports are expected to grow at 1.5% in rupee terms this fiscal from the year-ago period, while imports are expected to grow at 10.9% annually, the second advance estimate showed. In January, the forecast was of a 1.39% export growth and a 13.1% import growth.

Strong growth in mining, manufacturing, construction and services sector are contributing the overall economic growth in the current year. Manufacturing output is projected to grow at a robust 8.5% this fiscal, although it comes on a low base, with FY23 manufacturing output projected to have contracted by over 2%, as per the first revised estimates for that year released on Thursday. Farm output is expected to grow only at 0.7% this fiscal on account of erratic monsoons, sharply lower than the 1.8% growth projected in January. However, agriculture production in the last fiscal has been revised to 4.7% on Thursday, up from 4% reported provisionally earlier.

Chief economic advisor V. Anantha Nageswaran. REUTERS

Separately, data released by the commerce ministry showed that the output of eight core infrastructure sectors expanded by 3.6% in January, the slowest monthly pace in 15 months. Six of the eight core industries reported a rise in production. Output in refinery products and fertilisers contracted.

Coal supported the core industries' output with a double-digit increase in production, while crude oil production expanded during the month after contracting in December.

The 7.6% economic growth estimated for the current fiscal comes on top of a slight downward revision in the growth rate for FY23 to 7% in the first revised estimates for that year, down from the 7.2% previously projected in the provisional estimates. The statistics ministry also reported an 8.4% GDP growth in the December quarter of this fiscal, against a 4.3% growth in the same period a year ago.

Experts highlighted the gap between 6.5% growth in gross value addition (GVA) and the 8.4% GDP growth in the third quarter as a result of a surge in the growth of net indirect taxes to a six-quarter high of 32% in the quarter, which they said may not be sustainable. India Ratings and Research said in an analysis that the 8.4% December quarter growth comes in the context of a downward revision of the growth in the previous comparable period to 4.3% from 4.5%.

Chief economic advisor V. Anantha Nageswaran said that after the festival season, there may be a slight lull in spending, but if one looks at the overall third quarter spending, some sectors of the consumption space are doing still quite well. For example, domestic passenger traffic.

"As a share of GDP, when other sectors begin to thrive, there is a better balancing of economic growth. It is not possible to expect that all sectors will be firing on all cylinders in which case the economy must be overheating. It is good to see that different sectors of the economy come into their own at different points in time. The big picture is that post-covid recovery is running at 7% or more for the three years including this year and is likely to continue next year."

Given that private consumption and government consumption growth are somewhat weak, growth in India is being driven almost entirely by domestic growth. There also, mostly, it is government and public sector investment growth, explained EY chief policy advisor D.K. Srivastava.

GDP beats forecasts with 8.4% Q3 surge

FROM PAGE 1

cates extraordinary GDP growth may not hold up in the coming quarters. "The October-December data on India's growth threw up a divergent trend, with the GVA growth moderating broadly on expected lines and the GDP expanding higher than anticipated," said Aditi Nayar, chief economist, ICRA. "This wide gap followed from a surge in the growth of net taxes to a six-quarter high of 32% in this quarter, which is unlikely to be sustainable," Nayar added.

The high GDP growth number has also meant a revision in the estimate for GDP growth in FY24 by the National Statistical Office (NSO), from 7.3% in the first advance forecast to 7.6% in the second revised estimate. The RBI's estimate for FY24 is 7%, while the IMF's forecast is lower than both the RBI and NSO estimates, at 6.7%.

"What is comforting to note is the fact that the robust expansion came despite the recurring spate of geopolitical flashpoints and was premised on a healthy double-digit expansion in manufacturing and investment," said CII director general Chandrajit Banerjee, while remaining confident that the Indian economy will "continue to grow at 7%+ growth rate over the medium term".

India's robust growth figures come at a time when major global economies are facing slowing growth and steep interest rates. The International Monetary Fund (IMF) has predicted that the Indian economy will outperform major economies like China (4.6%), the US (2.1%), Japan (0.9%), France (1%), the UK (0.6%) and Germany (-0.5%) in the FY24.

Manufacturing expanded 11.6% year-on-year in Q3. AFP

Manufacturing, which accounts for about 17% of the economy, expanded 11.6% year-on-year in Q3, but that came on the back of a negative 4.8% growth clocked in Q3 of FY23.

Agriculture sector growth receded 0.8% in the December quarter of this fiscal, down from 5.2% in the same quarter of the previous year due to uneven monsoon in parts of the country. "Agricultural GVA growth will impact rural consumption demand, which is already reflected in overall consumption growth of 3% in FY24. A longer period of low agriculture growth may translate to weaker consumption demand in the economy," said Devendra Kumar Pant, chief economist at India Ratings, adding that revival in rural consumption will be critical going forward.

Gross fixed capital formation picked up pace at 32.4% on an annual basis in the December quarter. But it slowed marginally from 34.3% reported in the previous quarter.

Cabinet okays chip projects, rooftop solar outlay, fert subsidy

FROM PAGE 1

welcomed to India after Micron's factory construction began," Vaishnaw added.

The Cabinet did not take up Tower Semiconductor's application for an $11 billion fab, minister of state for IT Rajeev Chandrasekhar said. "Tower's application spans a prolonged period and is a complex fab proposal, and is likely to be taken to the Cabinet in the coming months," Chandrasekhar said. He said the goverment has so far received $26 billion worth of semiconductor applications, including the Tower proposal.

Vaishnaw added that the Centre has offered electronics design automation (EDA) tools to 104 Indian universities, licensed from Cadence Design, Synopsys and Siemens. "These very expensive tools are helping us create a talent pool of 300,000 engineers, who will then work across chip design, fabs and ATMP facilities. These will then lead to a build-up of value addition in electronics manufacturing across India," Vaishnaw said.

Chandrasekhar said India now consumes $110 billion in semiconductors, making it the third largest consumer after China and North America.

Separately, the cabinet approved ₹75,021 crore subsidies for rooftop solar equipment for 10 million homes under PM Surya Ghar Muft Bijli Yojana, first proposed in the interim budget on 1 February. Equipment up to 1 kilowatt (kW) will get a ₹ 30,000 subsidy, while for 2 kW and 3 kW systems, they will be ₹ 60,000 and ₹78,000, respectively. Households covered by the scheme will get free power up to 300 units a month, as well as access to collateral-free, low-interest loans for installing solar power equipment. The government expects the scheme to fuel substantial household savings and reduce the strain on electricity grids.

The cabinet approved ₹75,021 crore subsidies for rooftop solar equipment. BLOOMBERG

The interim budget had said the scheme's beneficiaries would be able to save ₹ 15,000-18,000 per year on their electricity bills. The scheme will be implemented through special purpose vehicles established by central public sector enterprises designated for each state. State-run REC Ltd will be the implementing agency for the scheme.

The government will also develop a 'model solar village' in each district of the country to encourage adoption of rooftop solar power in rural areas, Union minister for information and broadcasting Anurag Thakur said.

In another key decision, the cabinet approved royalty rates for 12 critical and strategic minerals—beryllium, cadmium, cobalt, gallium, indium, rhenium, selenium, tantalum, tellurium, titanium, tungsten and vanadium—paving the way for auctioning blocks of these minerals. These minerals are key components for semiconductors, batteries and solar module manufacturing, playing an important role in India's net zero target of 2070 and the ambitious plan to become a manufacturing hub.

The government also approved a subsidy of ₹24,420 crore for phosphatic and potassic (P&K) fertilizers, adding three new grades to aid farmers and enhance the productivity of oilseeds and pulses. It also approved the fertilizer department's proposal to set nutrient-based subsidy (NBS) rates for the 2024-25 kharif sowing season, which runs from April to September. The subsidy on di-ammonium phosphate (DAP) will continue at ₹4,500 per tonne.

"Despite rising prices of fertilizers in the global market, we have decided to keep the prices the same as the last season," minister Anurag Thakur said. Per-kilogram subsidies for nitrogen (N), phosphatic (P) potassic (K) and Sulphur (S) fertilizers have been set at ₹47.02, ₹28.72, ₹2.38, and ₹1.89 respectively. The subsidy on phosphatic fertilisers has been increased to ₹28.72 per kg from ₹20.82 per kg in the 2023 rabi season; however, the subsidy on nitrogen (N), potassic (K) and Sulphur (S) remain unchanged.

DAP-based fertilizers will be available for ₹ 1,350 per bag, while muriate of phosphate (MOP) fertilizers will be available for ₹ 1,670 a bag, and NPK (nitrogen, phosphorus and potassium) for ₹ 1,470 per bag. For the 2023-24 kharif season, a subsidy of ₹ 38,000 crore was announced. The FY25 budget allocated ₹1.64 trillion for fertilizer subsidy, lower than the revised estimate of ₹1.88 trillion allotted for FY24.

Though India is moving toward gaining self-sufficiency in urea, it still depends on imports to meet demand for rock phosphate, the key raw material for DAP and NPK fertilizers.

India is dependent on imports for muriate of potash and imports nearly 5 million tonnes of phosphate rock, 2.5 million tonnes of phosphoric acid and 3 million tonnes of DAP annually.

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SEC probes if OpenAI investors were misled

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The US Securities and Exchange Commission is investigating whether OpenAI investors were misled as the startup went through a ferocious debate over leadership last year, the *Wall Street Journal* reported, citing people familiar with the probe.

The US regulator is studying internal communications by chief executive officer Sam Altman in relation to his ouster from the post in November, the report said. The SEC sent a subpoena to the company in December and asked senior OpenAI officials to preserve internal documents, according to the people.

To regain his job, Altman agreed to an internal investigation, among other conditions. The abrupt nature of his firing and a statement from the board saying that Altman hadn't been "consistently candid in his communications" set up expectations for the emergence of a smoking gun. Nothing like that has come out, though there have been revelations of tensions within OpenAI over his fund-raising for an outside chip venture, including seeking funding in the Middle East, and a dispute with former board member Helen Toner over a research paper she had co-written that was critical of the company.

It was Altman's pattern of behaviour, rather than a single egregious action, that caused the board to lose trust in him, according to a person with direct knowledge of the board's thinking, who asked not to be named discussing private business matters.

Local value addition may see rise in electronics mfg: Dixon

Founder and executive chairman says industry is seeking PLI scheme for parts manufacture

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NEW DELHI

Domestic electronics manufacturing is likely to see a ramp-up of local value addition—in terms of components being made locally instead of only the final product being assembled here. This is being done by localizing non-semiconductor components, which account for roughly half of the bill of materials (BoM) cost of a mobile phone. This can lead to domestic component value of up to 30% of the cost of a device, said Sunil Vachani, founder and executive chairman of Noida-headquartered contract manufacturer, Dixon Technologies, in an interview with *Mint*.

Sunil Vachani, founder and executive chairman, Dixon Technologies. MINT

To do this, the industry is seeking a production-linked incentive (PLI) scheme for component manufacturing, even as Vachani believes that contract manufacturers should start looking at how to expand their market share to export devices globally.

"It's important to understand that even China's domestic value addition in manufacturing is around 45%, because even China imports nearly all its semiconductors for mobile manufacturing. All this is work in progress, which will take time," Vachani said.

On Monday, share prices of the contract manufacturer hit an all-time high of ₹7,045 apiece, driven by the company winning a mobile phone manufacturing contract, and also opening an appliances factory in Dehradun last week. The company's share price has surged 2.6x in one year, as a Centre-backed push has seen India look for more localization in electronics production.

To do this, Vachani said the company is set to open a mobile phone manufacturing plant in Noida—a "megafactory" with "nearly 1 million sq. ft of space". "The plant with the capacity to manufacture 25 million mobile phone units annually, is expected to reach full capacity by March next year," Vachani said.

GOING LOCAL

ON Monday, shares of Dixon Technologies hit an all-time high of ₹7,045 apiece

DIXON'S share price has surged 2.6x in one year, amid the Centre's push for local manufacture

VACHANI said Dixon is set to open a ~1 million sq. ft mobile making plant in Noida

THE company is also looking to capture a large chunk of India's demand for laptop manufacturing

The company is also looking to capture a large chunk of India's laptop manufacturing demand, which has risen from the introduction of the revised IT hardware PLI scheme. "A lot of chip firms are working with local companies to design laptops here, which will lead to interesting results in the next two to three years. Dixon has a partnership with Acer for laptop manufacturing, while Lenovo's factory is being set up. Laptops represent a very large market in India—IT hardware imports are to the tune of $10 billion. This gives us a very large import substitution opportunity here," Vachani said.

Further value addition, however, will eventually come from the component manufacturing supply chain. "For smartphones, if you look at mechanicals, investments are going in, and the likes of the Tata group are investing in local manufacturing of mechanicals for the Apple ecosystem. Dixon, too, is making these. There are other components, too, such as camera modules, which we're making locally. Adapters and batteries are also being assembled here. What now needs to happen is display manufacturing, and we at Dixon are looking at display assemblies very seriously."

To do this, Vachani said, a PLI component scheme would be key. "Our inverted duty structure means a finished product comes with lower duties. We're working with industry bodies CII and Elcina to try and get support from the Centre for a support package for electronics components—which will also help us raise investments," he added.

Criticism for India's electronics PLI has been around, with former Reserve Bank governor, Raghuram Rajan, stating that India's domestic value addition has been limited. Union minister of state for IT, Rajeev Chandrasekhar, said India's domestic value addition is not too far from China's in an interview with *Mint* in December. The Centre has also expressed interest in incentivizing component supply chains for electronics and semiconductors in the long run—but Chandrasekhar has also warned that the industry should not be over-reliant on incentives to scale-up manufacturing. This leaves Dixon and Elcina's demands in a mixed bag of reactions from the Centre.

Brokerages have maintained a mixed view of Dixon Technologies, and the overall electronics manufacturing sector itself. On Tuesday, Jefferies downgraded Dixon Technologies, saying the firm's stock was overvalued after its valuation surged by more than 2x in margin over the past year.

Apple investors grow impatient on generative artificial intelligence

Aaron Tilley
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Over and over again, Apple Chief Executive Tim Cook has been asked the same question: What is Apple doing about generative artificial intelligence? His answer: Stay tuned.

Investors are getting impatient. "Apple really hasn't made a big splash in the AI space yet," said Brian Mulberry, client portfolio manager at Zacks Investment Management, an Apple shareholder. "AI is what most investors are really excited about. Almost all momentum in the market in general is being fueled by AI."

Apple has had the weakest stock performance in the past year among its Big Tech rivals. BLOOMBERG

That sentiment is why Apple's decision to shift some employees into AI and cancel its electric-car project—one of the most widely anticipated potential tech products in a decade—was greeted with almost universal investor enthusiasm Tuesday. Company shares rose by about 1%, an unusual sign after one of the world's most innovative companies decides to give up on an ambitious gambit.

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On Wednesday, Cook once again sought to address the investor concerns, as he has on every quarterly earnings call for the past year.

"We've been investing and innovating in AI for many, many years," he said at the annual shareholder meeting, pointing out several areas where Apple already uses the technology.

He added: "We also see incredible breakthrough potential for generative AI, which is why we're currently investing significantly in this area." Apple is expected to release generative-AI features in its software at its annual developer conference typically held in June.

Apple, for years one of the most beloved stocks held by famed investors such as Warren Buffett, has had the weakest stock performance in the past year among its big tech rivals.

A slowdown in the company's core iPhone business has played a major role, but a lack of new artificial-intelligence products has also been a factor.

"AI is the topic du jour," said David Wagner, a portfolio manager at Apple shareholder Aptus Capital Advisors. "The market nowadays tends to be driven by narrative more than anything else. Everybody is clamoring for Apple to have a story."

Microsoft has overtaken Apple as the most valuable company in the world earlier this year, a lead it looks poised to maintain for some time. Among large tech companies, Microsoft has found itself in the lead position in generative artificial intelligence as the largest investor in OpenAI, the startup behind ChatGPT.

While Apple's stock has increased at a clip of more than 20% in the last 12 months, Microsoft is up more than 60%. Nvidia, the leading chip provider in artificial intelligence, has more than tripled in value.

Siri's launch in 2011 made Apple an early entrant in consumer-focused AI products, but the company has since fallen behind in recent years. Siri struggled to keep up with rival voice assistants from Amazon and Google in accuracy and usefulness. Apple's strict stance on data privacy hampered development on more advanced models.

To help boost Apple's artificial-intelligence work, it hired John Giannandrea from Google in 2018 to lead overall efforts at the company. Giannandrea, a senior vice president at Apple, reports directly to Cook, a sign of the increased significance of the technology inside Apple. But since his arrival, Apple still hasn't made the kind of splashy announcements its rivals have touted.

Apple is expected to release Gen-AI features in its software at its annual developer meet typically held in June

Android competitors have begun introducing new artificial-intelligence features into phones. Rival smartphone-maker Samsung Electronics has recently introduced its latest high-end Galaxy phones that takes advantage of some of the latest advancements in generative AI, with features such as translating languages in real time on phone calls, summarizing notes and editing photos.

Even if Apple does succeed in introducing new AI features that make the company more competitive in this field, it's unclear if it will do much to increase sales for the company, said analysts and investors. New features will be necessary to keep up with Android rivals, but are unlikely to kick-start another wave of device sales.

"I still struggle with how early we are in AI," said Ben Bajarin, principal analyst at consumer-technology research firm Creative Strategies. "If you look at all the examples that people show for consumer AI, it's fine but none of this feels revolutionary yet."

Cook's signature new product is the Vision Pro, but its viability as a meaningful revenue generator is still many years away, said analysts. Artificial intelligence already plays a vital part in the headset with the mapping of three-dimensional spaces.

FORM IV
(See Rule 8)
MINT

1. Place of Publication : Delhi
2. Periodicity of its Publication : Daily (Except Sunday)
3. Printer's Name : Manhar Kapoor
   Nationality
   (a) Whether a citizen of India? : Yes
   (b) If a foreigner, the country of origin : Not Applicable
   Office at- : HT Media Limited, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi – 110 001
4. Publisher's Name : Manhar Kapoor
   Nationality
   (a) Whether a citizen of India? : Yes
   (b) If a foreigner, the country of origin : Not Applicable
   Office at- : HT Media Limited, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi – 110 001
5. Editor's Name : Ravi Krishnan
   Nationality
   (a) Whether a citizen of India? : Yes
   (b) If a foreigner, the country of origin : Not Applicable
   Address : HT Media Limited, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi- 110 001
6. Names and addresses of Individuals who own the newspaper and partners or shareholders holding more than one per cent of the total capital : **Owner of newspaper-** HT Media Limited, Hindustan Times House, 18-20, Kasturba Gandhi Marg, New Delhi-110 001
   Shareholders of HT Media Ltd holding more than 1% of the Total Capital as on 16.02.2024
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Sd/-
(Manhar Kapoor)
PUBLISHER
Dated: 01.03.2024

Fed governor who proved Larry Summers wrong

Influence of Christopher Waller, a Trump appointee, rises as he challenges economic orthodoxy

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USFederal Reserve governor Christopher Waller's name has been floated to chair the Fed one day. AFP

Federal Reserve governor Christopher Waller laid out a novel economic framework two years ago showing how the central bank could bring inflation back to its 2% target without the usual jump in unemployment, stirring furious pushback from economic heavyweights.

Two years later, with inflation edging closer to 2% and unemployment still near a half-century low, Waller is looking prescient. It is one of the reasons the academic economist-turned-central banker is one of the Fed's most closely watched officials and a name now floated to chair the Fed one day.

In recent years, Waller has been a hawk—a central banker who worries more about high inflation than high unemployment in setting interest rates. One of the reasons for this is a framework that gave him confidence inflation could be brought down without high unemployment, contrary to some standard economic theory.

His theory: In a hot labor market, tight monetary policy would lead employers to slow hiring by scrapping vacancies rather than by laying off employees they had worked so hard to hire.

At the time, in 2022, the Fed had just started raising rates rapidly from near zero after realizing inflation, contrary to its initial view, wasn't transitory. Critics accused Waller of putting lipstick on a pig of policy mistakes.

His supporting research was rife with "misleading conclusions, errors, and factual mistakes," wrote Lawrence Summers , a former Treasury secretary, and Olivier Blanchard, former chief economist at the International Monetary Fund, in an August 2022 essay that followed an earlier takedown of the work.

An extremely high 7% of jobs were vacant at the time. Summers and Blanchard showed how in every economic cycle since World War II, unemployment had risen notably two years after the job vacancy rate had peaked. Inflation wouldn't get close to 2% without sustained higher unemployment, they and other critics said.

Yet since then the vacancy rate has declined to 5.4%, while the unemployment rate is no higher. Inflation fell to 2.6% in December from 7.1% in June 2022, using the Fed's preferred price index.

In retrospect, the analysis by Waller and a fellow Fed economist "looks quite prescient," said Jonathan Pingle , a former Fed economist who is now chief U.S. economist at UBS. He said wage growth would probably have to drop further to ensure 2% inflation, "but, wow, they have made a lot of progress in what they foretold."

'A situation we've never seen'

Typically, job vacancies rise as unemployment falls and vice versa, a relationship called the Beveridge curve after British economist William Beveridge who researched the mismatch between jobs and workers in the 1930s and 1940s.

At his Oval Office interview, Waller said he was a free trader, a position at odds with President Trump's love of tariffs

A burst of demand greeted employers as the economy reopened from the pandemic in 2021. Pandemic disruptions meant they couldn't find workers, so vacancies soared. Inside the Fed, Waller had begun pushing for an earlier exit to the central bank's ultra-easy stimulus policies. While some colleagues worried that could upend the labor market, Waller argued demand for workers was so strong they wouldn't have to worry.

Fed Chair Jerome Powell began publicly echoing that view in early 2022 as officials prepared to raise rates from near zero.

At lunch with Powell that spring, Blanchard pointed to the textbook Beveridge curve in dismissing the Fed's rosy outlook. Staff briefings to senior Fed officials followed, including one by Andrew Figura , a Fed economist who specializes in labor dynamics, suggesting the Beveridge curve wasn't stable.

Figura's research reinforced Waller's earlier instincts, and he unfurled their conclusions in a May 2022 speech in Germany. They argued the Beveridge curve had become nearly vertical, at least temporarily, meaning vacancies were shooting up without unemployment dropping. Conversely, they predicted cooling labor demand could cause vacancies to plummet without the usual rise in unemployment.

"We've never seen this type of demand for workers, and that's what makes me think we could do it," Waller said.

'Waller was a mensch'

The episode has highlighted Waller's growing influence at the Fed. The Senate confirmed Waller, 64, in late 2020 after his nomination by then-President Donald Trump. Some analysts see him as a possible successor to Powell, whose term expires in May 2026, if Trump retakes the White House next year.

Waller, the first in his immediate family to attend college, planned to study accounting and business when he enrolled at Bemidji State University in northern Minnesota. He switched to economics after a professor captivated his interest, earning a D on his first exam but finishing with the highest score on the final. He went on to earn a Ph.D., taught at the University of Notre Dame, and in 2009 became research director at the St. Louis Fed.

Waller speaks in plain, conversational language with self-effacing humor, avoiding jargon. Former students say it is reminiscent of lectures he delivered without notes.

In 2019, Trump was upset that the Fed wasn't cutting rates faster but struggled to get the Senate to confirm a loyalist to the Fed board. Larry Kudlow, a White House adviser, sought counsel from the then-St. Louis Fed president, James Bullard , who had argued against raising rates and was now pushing to lower them. Bullard recommended Waller.

Waller, who had written papers extolling the Fed's independence from the White House, had never spoken with Trump before. At his Oval Office interview, Waller appeared to charm the president, according to a person with knowledge of the meeting.

For example, he told Trump he was a free trader, a position clearly at odds with the president's love of tariffs. When Trump boasted of how he had used tariffs in ways no president had done before, Waller wryly agreed, defusing any potential discord.

"Here's how I would characterize it: In that meeting, Waller was a mensch ," said Kudlow, who had arranged the interview. "And by the way, Trump likes mensches ."

A victory lap

Last month, Waller took what amounted to a victory lap. The recent episode "shows that good theory combined with good data analysis can lead to good policy outcomes, even if the predictions challenge conventional wisdom," he said.

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"It is clear that [Waller and Figura] were more right than we were," said Blanchard in an email. "The story is not over yet, but using a football analogy, at the end of the third quarter, they are clearly ahead."

In an interview, Summers said, "Certainly, the data so far has run in Waller's direction, but...we're still some substantial distance from confidence that we have enduring, 2% inflation."

In his speech last month, Waller also said his earlier framework argued for caution against keeping rates too high for too long. If the vacancy rate, instead of stabilizing, falls below 4.5%, unemployment would likely rise sharply, he said. While falling vacancies, as predicted, have yet to signal broader labor-market stress, Waller said, "We argued this couldn't go on forever."

'Audit deficiencies by accounting cos grow in latest inspections'

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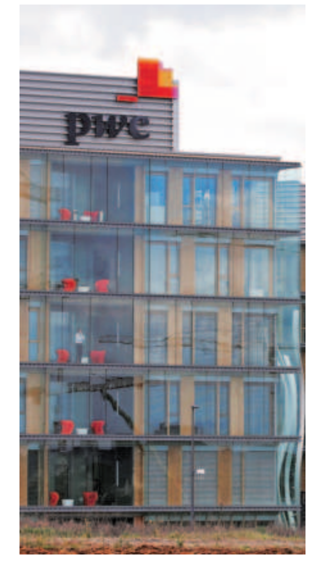

PwC, Deloitte and EY had an average deficiency rate of about 24%, up from roughly 13% a year earlier. REUTERS

Several U.S. accounting giants had greater deficiencies in their audits of public companies' 2021 financial statements compared to the previous year, according to annual inspection reports released Wednesday by the Public Company Accounting Oversight Board (PCAOB).

The regulator, which compiles its findings with a lag, inspected 215 audits conducted by the Big Four accounting firms in the U.S.—Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers—down from 220 a year earlier. Deloitte, EY and PwC had an average deficiency rate of about 24%, up from roughly 13% a year earlier.

The PCAOB inspects portions of selected U.S. public-company audits to evaluate firms' state of compliance and assess the controls they use to test the quality of their work. A deficiency means the audit firm failed to obtain sufficient evidence to back up its opinion.

The PCAOB has been working to clear a backlog of inspections, but thus far its reports are arriving at a two-year remove. KPMG's audit-deficiency rate was redacted from the PCAOB's inspection report on the firm. It couldn't be determined late Wednesday why it was redacted.

EY, Deloitte and PwC had previously disclosed these figures in their U.S. audit-quality reports.

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EY's U.S. unit had a deficiency rate of 46% based on the 54 audits the PCAOB reviewed, well up from 21%. Its audit shortcomings largely related to the testing of controls over revenue and related accounts, business combinations and inventory, the PCAOB said. In its December audit-quality report, EY called its 46% rate "unacceptable" and said it didn't reflect the firm's high standards.

Deloitte and PwC's U.S. units had rates of 17% and 9% on 53 and 54 audits in 2021, respectively, up from 13% and 4% a year earlier.

These deficiency rates are "unacceptably high," PCAOB Chair Erica Williams said, referring to the inspection reports for the Big Four and another 10 firms. Looking at firms beyond just the Big Four, the PCAOB said in July that it expected deficiencies in 40% of public-company audits covering 2021, up from 34% in 2020 and 29% in 2019.

But preliminary inspection results for 2022 audits show a "modest improvement" in audit quality at some of the U.S. divisions of global accounting firms, Williams said on Wednesday.

"It will take time for the quality-control improvements to take root, and firms will need to be diligent to ensure they translate into improvements in engagement performance," she said.

The firms have said they are working to further strengthen audit quality. PwC is continuing to invest in its audit approach, people and technology, a U.S. spokeswoman said. In September, its U.S. unit said it would stop providing certain consulting work to its audit clients to avoid potential conflicts of interest.

KPMG remains focused on continuously improving its audit approach, a U.S. spokesman said. EY's U.S. unit began an in-depth review of its audit practice after facing its 2021 rate, a spokesman said.

"We have taken several transformative actions to enhance audit quality and improve inspection results and are strengthening our foundation to drive consistent execution across our practice," he said.

Deloitte has made substantial, comprehensive investments to enhance audit quality, a U.S. spokeswoman said.

Detroit warned Apple about car making. It had to learn the hard way

Tim Higgins
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The Car Guys warned Apple that the metal-bashing business could be a tough, low-margin game. But nobody wanted to listen to a bunch of dinosaurs from Detroit.

Instead, Apple joined the hoopla in Silicon Valley around the idea that a new era of the automobile was emerging, one that would seamlessly marry software and hardware and make the old guard obsolete.

In the end, for Apple, it seems making its own car turned out to be as difficult as doing its own television set. The TV dream died years ago while Apple executives just told their team this week that the work to bring out an electric vehicle was canceled, too.

The latest retreat underscores just how unlikely Elon Musk's success with Tesla has been. To take an EV startup founded 20 years ago and turn it into a proper car company on pace to sell almost as many vehicles annually as BMW would have been hard to imagine when Apple began its own car project a decade ago.

But, Apple engineers looked jealously at the Tesla Model S, and probably thought to themselves: We can top that!

With sweeping curves, lightning acceleration and an iPad-like dashboard, Tesla's electric sedan was often called an iPhone-on-wheels and what many thought a car might look like if Apple had entered the industry.

Just a few years into his role as Apple chief executive, Tim Cook greenlighted a secret, ambitious plan—dubbed Project Titan—for the company to build its own car. When word of the project became public in 2015, it was greeted by a mixture of hysteria and disbelief.

"I think somebody is kind of trying to cough up a hairball here," General Motors' then-retired Chief Executive Dan Akerson told me around that time, echoing the same sort of sentiment entrenched players had when Apple was first getting into cellphones.

THE WALL STREET JOURNAL.

He thought Apple's investors should have second thoughts about the escapade, saying a lot of people underestimate how challenging building and selling cars can be.

For all of the buzz around Tesla in 2015, the young company's ultimate success didn't look so certain as it continued to struggle with the basics of building cars, and some questioned if the then Palo Alto-based company could survive.

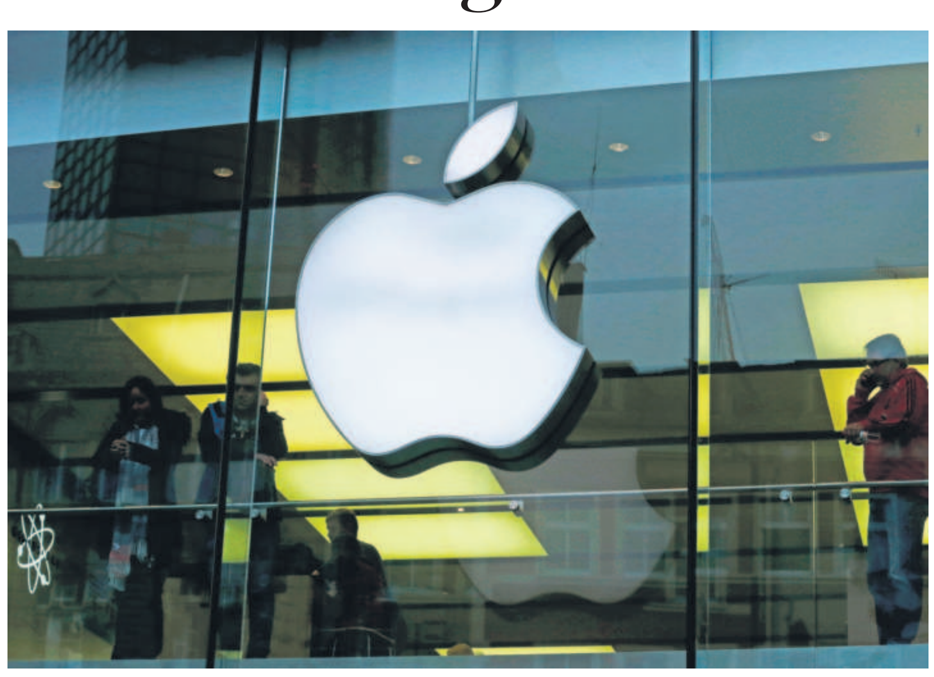
Google, too, had generated attention for its efforts developing software to drive cars. But its vague ambitions at the time seemed more like the playthings of its billionaire founders.

As news of Project Titan reverberated, it quickly made so much sense to so many. It wasn't a hairball idea but an obvious next step for Cook and a company coming off a remarkable stretch of reimagining and evolving the business first with the iPod, then iPhone followed by iPad as well as digital services such as music and its App Store. Apple would do to cars what it did to phones. And it would win, of course. Plus, Apple, thanks to the success of the fat margins on its iPhones, was then sitting on almost $200 billion in cash.

At one point, Gene Munster, a longtime Apple analyst, projected that entering the car business could help ignite Apple's revenue growth, suggesting if the company captured 10% of the autos market, it could boost revenue by 60%.

That was an exciting prospect for a company facing the law of large numbers and for another evolution.

In the years that followed, an arms race exploded among automakers, tech companies and others rushing to invest in technologies to compete in driverless and electric cars.



Apple executives told their team this week that the work to bring out an electric vehicle was canceled. REUTERS

Billions of dollars poured in while bold predictions were made about robot cars crawling through cities sometime soon.

Except, in the end, Apple's success wasn't as inevitable as so many thought.

Leaks in the press painted unusual uncertainty at Apple as timelines kept slipping, project leaders kept departing and remits kept evolving. Project Titan's ambitions became diminished, less compelling—from an electric, robot car, then just about perfecting autonomy, then just about an EV.

For a company so accustomed to winning, Apple seemed more and more like a lumbering giant.

Outsider skepticism began to build. Maybe, just maybe, that Akerson guy was right after all—making cars is hard.

Musk would agree. In the subsequent years after the Model S, Tesla narrowly avoided its own death before hitting on eventual success with the Model 3, a cheaper sedan that helped remake Tesla into a mainstream automaker and further ignited a rush of investment into EV rivals in the U.S. and, more importantly, in China where a price war has broken out.

Amid his darkest moments, in this period, Musk has said he even considered selling Tesla to Apple, but Cook eschewed his advances.

With all of its riches, Apple could afford to be a dilettante in the car business, spending billions of dollars only to change course because things weren't working out as hoped. For Tesla and others, such spending bets were life or death.

Apple's shifting car strategies mimicked the overall state of confusion in the automotive industry.

Driverless cars, which had appeared so imminent a decade ago, have proved a much tougher challenge than many anticipated. And EV sales in the U.S. aren't growing at the same rate as they once were, leading several companies to slow their plans. Even Tesla, which once had industry-defying margins, has seen its profitability narrow.

Apple's shifting car strategies mimicked the overall state of confusion in the automotive industry

"Looks like Apple finally came to the conclusion that although they could not get an acceptable profit margin, they weren't going to make that up with volume!" former Ford Motor Chief Executive Mark Fields said by email.

It all sounds like a repeat of Apple's TV-set adventure.

In the same year Apple's car ambitions became known, it also became clear that the company had shelved a near-decadelong effort to develop an ultra-high-definition television set.

For years, analysts and investors had talked about the potential for Apple to bring its iPhone magic to the living room. But ultimately, Apple pulled the plug because it couldn't imagine features compelling enough to enter the highly competitive market.

As it spent time considering a TV, the market was also rapidly evolving with an explosion of Chinese manufacturing. Prices dropped dramatically in subsequent years.

It turns out TVs, like cars, were a low-margin game.

Instead, Apple focused on developing streaming TV services. Similarly, Apple's car ambitions, for now, seem to sit squarely with CarPlay, a feature that mirrors iPhones to the dashboards of millions of new vehicles sold each year. And its investing dollars turn to another new Silicon Valley trend: advanced artificial intelligence being chased by the likes of OpenAI and Musk's xAI.

The latest shift by Apple reminded Akerson of GM's own history of trying to broaden its footprint into industries it knew nothing about only to be haunted by those decisions years later.

"The lesson," he told me late Tuesday, "reaffirmed in many instances: stick to your knitting."

NEWS IN NUMBERS

8.4%
INDIA'S ECONOMIC growth in the 3rd quarter of FY23-24, driven by the manufacturing and construction sectors, according to National Statistical Office.

₹75,021 cr
THE BUDGET approved by the Union cabinet towards subsidies for installing solar power equipment on the rooftops of 10 million homes.

₹30 lakh
THE FINE imposed by DGCA on Air India over a wheelchair unavailability incident in Feb at Mumbai airport that led to the death of an 80-year-old passenger.

650
THE NUMBER of staff facing layoffs at American video game publishing giant Electronic Arts, or 5% of its workforce, amid similar moves by peers.

₹21,780 cr
THE TOTAL inflows into equity mutual funds in Jan '24, marking 35th consecutive month of positive inflows into these funds, according to Prabhudas Lilladher.

HOWINDIALIVES.COM

Deposit growth risk to affect bank credit

Lagging deposit accretion poses the risk of constraining credit growth for banks in FY25, India Ratings and Research said on Thursday. Maintaining its "neutral" outlook on the banking sector for FY25, the agency said the deposit growth is likely to moderate to 12-13% in FY25 from the 13.8% estimated for ongoing fiscal year. The loan-to-deposit ratio for the sector is at a five-year high of 81%, which makes deposit growth as a crucial part in banks' credit book expansions, it said.

The agency said it expects credit growth to come at 20.5% in FY24, including the positive impact of the HDFC twins merger, and added that the same number will come at over 15% in FY25. The loan book mix for banks is likely to change in FY25 due to the dip in shares of exposures to the retail and non-bank lenders segments, the agency said, adding that a revival in private capex will help increase the share of corporate lending in the overall pie. PTI

Lessors' have approached the HC with a writ petition to deregister aircrafts from DGCA. REUTERS

Go First insolvency decision deferred

The National Company Law Tribunal (NCLT) on Thursday put on hold its decision in lessors' pleas in the Go First insolvency case, awaiting the Delhi high court's order in the aircraft deregistration case.

NCLT said the decision on whether the corporate affairs ministry's recent notification—exempting aircraft, engines, and airframes from a moratorium under the Insolvency and Bankruptcy Code (IBC)—should be applied retrospectively or only moving forward, falls under the jurisdiction of the Delhi high court.

The tribunal adjourned the case until April.

This verbal observation came during the hearing of pleas of aircraft and engine lessors seeking repossession of their assets from the bankrupt airline. While many lessors' pleas are pending before the NCLT, some have approached the high court with a writ petition seeking the deregistration of their aircraft from the Directorate General of Civil Aviation (DGCA), citing the government's notification. KRISHNA YADAV

ADDING FIREPOWER

Army soldiers during the precision firing of Anti-Tank Guided Missiles by the Eastern Command amid the arid expanse of the Teesta Field Firing Range, in West Bengal. The annual Eastern Command Anti Tank Guided Missile firing was conducted from 20 February to 28 February. PTI

Vedanta, Coal India, Ola Electric bid for critical mineral blocks

Govt receives more than 50 bids for the 20 strategic mineral blocks in the first tranche

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Mining majors Vedanta, Coal India and NLC India, apart from Ola Electric, Jindal Power and Dalmia Group, are among bidders for 20 blocks in the first tranche of auction for critical mineral blocks in the country.

The Union mining ministry on Thursday said it has received more than 50 bids for the 20 critical and strategic mineral blocks in the first tranche, which was launched on 29 November.

These blocks consisted of minerals like lithium, glauconite, nickel, PGE, potash, graphite, molybdenum, phosphorite and rare earth elements (REE). The blocks are spread across Bihar, Chattisgarh, Gujarat, Jharkhand, Odisha, Tamil Nadu, Uttar Pradesh and the Union Territory of Jammu and Kashmir.

"The bidders represent a wide array of sectors like mining companies, EV manufactures, cement producers, energy sector etc. Notable among them are Vedanta Ltd, Coal India Ltd, NLC India Ltd, Shree Cement, Orient Cements, Ola Electric, Dalmia Group, Rungta Group and Jindal power etc," the statement said.

The tender documents for these blocks were made available for purchase until 13 February. The last date for submission of bids was 26 February, and more than 180 tender documents were purchased by interested bidders.

> The blocks are spread across Bihar, Chattisgarh, Gujarat, Jharkhand, Odisha, Tamil Nadu, Uttar Pradesh and the Union Territory of J&K

Union mines minister Pralhad Joshi on Thursday also launched the second tranche of e-auction of critical and strategic minerals. A total of 18 critical mineral blocks would be auctioned in this tranche, out of which 17 mineral blocks are put up for grant of composite licence and one mineral block for grant of mining lease.

In August last year, Centre amended the Mines and Minerals (Development and Regulation) Act (MMDR Act) to classify 24 minerals as critical and strategic minerals. This amendment conferred power to the central government to grant mineral concession for mineral specified in Part D of the First Schedule. The revenue generated from these auctions shall accrue to state governments. The government has been making efforts to boost the mining of critical minerals that are key components for semiconductor, batteries and solar module manufacturing playing a key role in India's net-zero plans.

Tech Mahindra calls employees to office

Joining its Indian IT peers, Tech Mahindra Ltd has called employees to work from office for atleast three days a week from 1 April, according to an internal mail sent to employees and reviewed by *Mint*.

India's fifth largest IT services company in an internal mail to employees, said its employees missed out on "spontaneous interactions, collaborative environments" and the "desire for human connection" which was echoing across industries. "With this in mind, I am pleased to announce that Tech Mahindra is preparing to welcome you back to office. We recognize the value of face-to-face interaction and the benefits it brings to our team dynamics. Therefore, we have devised a plan to reintroduce office-based work gradually, starting with three days in-office per week (12 days per month) starting 1 April 2024," read the mail sent by Tech Mahindra's HR team. JAS BARDIA

The funds will allow states to finance social welfare measures and development schemes. ISTOCKPHOTO

'States get ₹1.42 tn tax devolution'

The centre on Thursday released two tranches of funds as tax devolution to the states, amounting to ₹1,42,122 crores, the finance ministry said in a statement.

The funds will allow the states to finance various social welfare measures and infrastructure development schemes, the finance ministry said.

The latest proceeds from the tax devolution are in addition to the tax devolution of ₹72,961 crores released to states on 12 February 2024.

"With this release, States have received total of three installments of tax devolution in February 2024," it added.

Among the state, Uttar Pradesh (₹25,495 crore), Bihar (₹14,295 crore), Madhya Pradesh (₹11,157 crore), and West Bengal (₹10,692 crore) received the highest amount from the centre as proceeds from tax devolution in the third tranche. RHIK KUNDU

SC junks Vedanta's plea on shut plant

In a significant setback for mining giant Vedanta, the Supreme Court on Thursday dismissed the company's plea to reopen its Sterlite Copper smelter plant in Tamil Nadu's Thoothukudi.

The top court upheld the decisions of the Tamil Nadu Pollution Control Board (TNPCB) and the Madras high court's 2020 ruling to close the plant due to violations of environmental norms. The plant was shut down following violent protests in 2018 that left 13 people dead. A three-judge bench led by chief justice D.Y. Chandrachud noted that while closing the industry is not the first course of action, the persistent breaches and severity of violations left authorities with no alternative but to shut the plant. According to the court, Vedanta was given opportunities for compliance but it failed to act upon previous warnings. KRISHNA YADAV

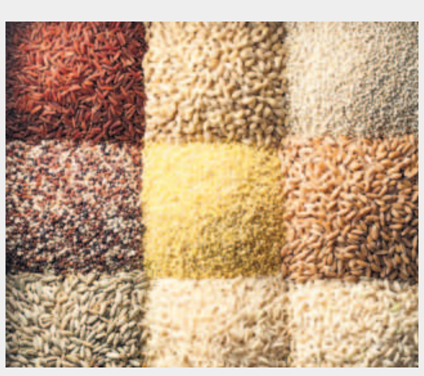
Procurement target for wheat lowered

The Centre on Thursday set the wheat procurement target at 30-32 million tonnes (mt) for the 2024-25 rabi marketing season, according to a statement from the food ministry. The procurement target comes amid expectations of a bumper wheat crop of 114 mt in the 2023-24 crop year.

Wheat production stood at a record 110.55 mt in the 2022-23 crop year (July-June), compared to 107.7 mt the previous year. In the 2023-24 marketing season, which starts April, the government procured about 26.2 mt of wheat, compared to a target of 34.15 mt. In 2022-23, purchases totalled a modest 18.8 mt against the target of 44.4 mt. Procurement fell due to a decline in output. India is the second-largest wheat producer and consumer after China.

Over the past two years, India's wheat production was hurt due to severe heatwaves during the time of the harvest. As a result, domestic supplies shrank pushing up wheat prices, which in turn saw the government deploy stocks from the central pool. PUJA DAS

El Nino hits 2023-24 foodgrain output



Total foodgrain production in 2023-24 is estimated to be 309 million tonnes. ISTOCKPHOTO

India's foodgrain production is estimated to be 6.1% lower in the 2023-24 crop year (July-June) because of poor monsoon caused by El Nino.

Total foodgrain production in 2023-24 is estimated to be 309 million tonnes (mt), according to the second advance estimates issued by the agriculture and farmers' welfare ministry on Thursday.

Foodgrain production in the 2022-23 crop year was pegged at 329.6 mt, as per the government's final estimates.

Despite the poor monsoon, the government has raised its kharif foodgrain production estimate to 154.1 mt from the 148.5 mt it had projected in October.

The agriculture ministry anticipates rabi foodgrain production in the current crop year to be 155.1 mt.

However, overall foodgrain production for both kharif and rabi seasons (monsoon and winter crops) has been pegged lower on year due to patchy monsoon, weighing on water reservoir levels and shifting the crop calendar.

Lower crop output may keep the prices of some crops such as rice, *tur*, *urad* and maize firm, adding to the inflationary pressure. PUJA DAS

The new rule will kick in three months from now to give the sector time to enhance infra for tests. MINT

DGCA mandates breathalyser test

The Directorate General of Civil Aviation, India's civil aviation regulator, has revised the rules to mandate breathalyser tests for 25% of personnel engaged in sensitive aviation work, up from the current 10%, in an effort to make flying safer.

The revised rule, which will come into effect from June, covers those involved in aircraft maintenance, air traffic control, aerodrome operations, and ground handling services.

The new rule will kick in three months from now to give the industry enough time to enhance the infrastructure for breathalyser tests at various locations, it said.

The DGCA had previously revised the rules on alcohol testing to include ground crew in September 2019, when it announced that breathalyser tests would be conducted on airside workers at all airports, including those involved in aircraft maintenance, air traffic control and ground handling. The revised rule will further improve the level of safety and is an effective step in view of the increase in air traffic and ground movement at airports, the DGCA said. ANU SHARMA

FanCode gets India F1 streaming rights

FanCode, the Indian Sports OTT platform, on Thursday, unveiled a groundbreaking partnership with Formula 1 (F1), the pinnacle of motor racing, securing exclusive broadcast rights for the Indian market for the 2024 and 2025 seasons.

The company in a press release said that the longest-ever F1 season, consisting of 24 races starting 29 February in Bahrain will be available to the Indian fans on FanCode across multiple devices including smart TVs, mobile phones, and tablets.

"Formula 1 is among the biggest sporting properties in the world, and we're thrilled to partner with them to bring all the exciting action to millions of fans in India. Aside from providing F1 fans with a world-class experience, we look forward to taking the sport to a wider audience across the country," said Yannick Colaco, co-founder of FanCode in the release. NAMAN SURI

'Leopard population estimated at 13,874, stable since 2018'

India's estimated leopard population rose from 12,852 in 2018 to 13,874 in 2022, but the number of rosetted felines declined slightly in the Shivalik hills and the Indo-Gangetic Plains, the Union environment ministry said on Thursday. The *Status of Leopards in India* report, launched by Union environment minister Bhupender Yadav, said Madhya Pradesh has the maximum number of leopards in the country at 3,907 (up from 3,421 in 2018).

The number of felines grew from 1,690 in 2018 to 1,985 in 2022 in Maharashtra, from 1,783 to 1,879 in Karnataka, and from 868 to 1,070 in Tamil Nadu. "Central India shows a stable or slightly growing leopard population (8,820 in 2022 against 8,071 in 2018), the Shivalik hills and the Indo-Gangetic Plains experienced a decline (from 1,253 in 2018 to 1,109 in 2022)," the ministry said. "If we look at the area which was sampled both in 2018 and 2022 across India, there is a 1.08% per annum growth. In the Shivalik hills and the Gangetic plains, there is a 3.4% decline per annum, while the largest growth rate was in central India and the Eastern Ghats of 1.5%," it said. PTI

Madhya Pradesh has the maximum number of leopards in the country at 3,907. PTI

WHY PUNJAB IS THE EPICENTRE OF FARMER PROTESTS

Farming in today's Punjab, despite the stellar productivity in cereal crops, is staring at an impending tragedy

mint SHORT STORY

WHAT

Farmers from Punjab are leading farm protests in India regularly, the latest being this month. The current ask is to make minimum support prices a legal right.

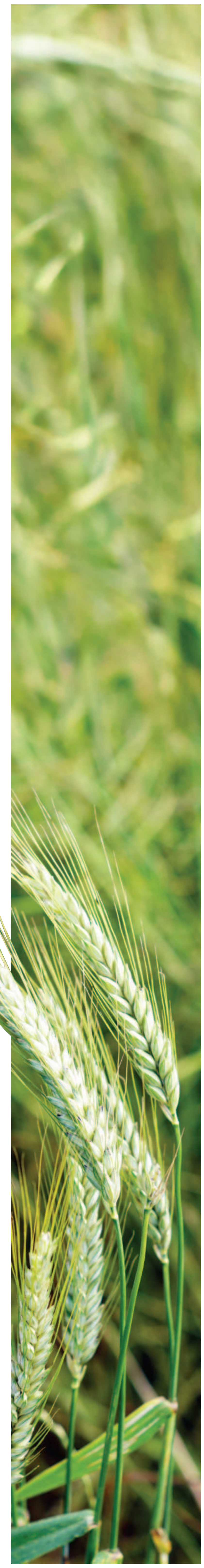
WHY

A groundwater crisis is likely to make growing paddy almost impossible, a decade from now. Farmers know this, but alternative crops cannot match the profits from paddy.

SO

Experts advocate a carrot and stick strategy: restrict supply of free electricity and paddy procurement at MSP. At the same time, incentivize farmers who switch to other crops.

A paddy field near the Chandigarh-Ludhiana belt in Punjab. MINT



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"I would like to pay particular tribute to the Punjab farmers," wrote C. Subramaniam in *The Hand of Destiny*, his memoir published in 1995. As India's agriculture minister when it embarked on the ambitious Green Revolution project, which made the country self-sufficient in food grains within a short time, Subramaniam wrote that Punjab farmers "were pioneers...but for them I am convinced we would not have made a success of it."

Subramaniam also observed that states like Uttar Pradesh and Bihar had the same benefits of suitable climate and soil but could not match the performance of the Punjabis. It was the enterprise of the Punjabi farmer which stood out. A large chunk of them, mostly Sikhs, had moved over to east Punjab when India was partitioned during Independence. They had left behind everything, arriving with almost nothing to call their own.

But, wrote Subramaniam, this was not the first time they faced adversity. They inhabited the border area for centuries and fought a steady stream of foreign invaders. Due to the sheer need to survive, they developed into a 'hardy lot of enterprising people.'

"When this new (green revolution) technology was offered to them, they took to it like fish to water. Everyone vied with one another to demonstrate that he was the best able...Many farmer organizations came into existence." One such organization was the prestigious Tonnage Club, where one could get entry only if they produced at least a ton of rice or wheat per acre of land. The green revolution strategy, due to involvement of farmers from Punjab, was nothing short of a "farmers' movement".

Six decades later, Punjab is the epicenter of another farmers' movement. In 2020, farmers from the state led year-long protests which forced the union government to repeal a clutch of farm laws. These laws were enacted with the aim to liberalize internal trade in agriculture and provide farmers more avenues to sell their produce, especially to private buyers.

Earlier this February, farmers from Punjab again took to the street. They are now camping 200km away from Delhi at the state's border with Haryana. The ask is to make minimum support prices (MSP) a legal right. MSP is announced by the union government on 23 non-perishable crops, but purchase is mostly limited to rice, wheat and cotton.

SPOILT AND PAMPERED?

The average farm household in Punjab earns over 2.5 times per month when compared to the national average. Punjab farmers are also the largest beneficiaries of MSP-based purchase of crops by the union government. Nearly all the rice and wheat they grow are purchased at the promised MSP. So, why are they on the streets? Shouldn't it be the farmers from Bihar, Odisha or West Bengal, who often sell their rice at less than support prices, be at the forefront?

Social media conversations on farmer protests are often emotive and loaded with polemics. Some have branded the protestors as a spoilt and pampered lot, always asking for more. Others, supporting the current demand, say the Punjabi farmer is speaking up on behalf of farmers from across India who are facing an income and profitability crisis.

The reality lies somewhere in between these extremes. Farming in today's Punjab, despite the stellar productivity in cereal crops, is staring at an impending tragedy. A groundwater crisis is likely to make growing paddy almost impossible, a decade from now. Farmers know this, but alternative crops like pulses, oilseeds, or maize, cannot match the profits from paddy, even at state announced support prices.

There are no blueprints for transition: farmers are often advised to grow high value fruits and vegetables. But stuck in the relative comfort of the paddy-wheat cycle, they are wary to take the plunge. They fear the brutality of markets—especially volatile prices of perishables. Instances of farmers dumping vegetables by the roadside or letting them rot in the fields, for want of a price which at least cover cultivation costs, are common.

PROSPERITY TO CRISIS

While support prices did benefit the Punjab farmer, the responsibility to supply to public food stocks for decades also ruined its soils, depleted water tables and increased disease incidence (due to overuse of chemical inputs), says Amandeep Sandhu, author of the book *Panjab: Journeys Through Fault Lines*.

"Paddy is a remunerative addiction, but not enough to get farmers out of debt. If a farmer wants to move to other crops who is going to pay for the losses and costs of transition. Where is the plan?" asks Sandhu. He adds that lack of jobs elsewhere means farmers are tied to their land. Now, they are like *parwanas* (flying insects), ready to crash and burn. That explains the doggedness with which they often pursue their demands.

Data from the National Statistical Office's Situation Assessment Survey shows that an average farm family in Punjab earned ₹26,701 per month—more than double the national average of ₹10,218 per month (during the 2018-19 crop year).

> During the 2018-19 crop year, an average farm family in Punjab earned ₹26,701 per month—more than double the national average of ₹10,218 per month.

But this evidence of relative prosperity is at odds with another tragic data point. Close to 9,300 farmers committed suicide between 2000 and 2018 in just six districts of the state which were surveyed, a study the Punjab Agricultural University, published in 2022, revealed. About 90% of the suicides were driven by debt, and most were small and marginal farmers. Crop failure in cotton, a financial squeeze due to rising living costs, and indebtedness following purchase of farm machines like tractors pushed farmers into a debt trap.

Interestingly, in Punjab, income from crop production accounted for 47% of the farm household income. This dependence on cultivation is lower, at 37%, at the national level, the Situation Assessment Survey stated.

The higher dependence on rice and wheat at assured prices is also what makes the Punjab farmers edgy. "People tend to agitate when they have something to lose. Punjab farmers have the most to lose if the policy of open-ended procurement (of government agencies buying all grains that are produced at MSP) ends. This fear is what is driving the protests," says Ajay Vir Jakhar, chairman, Bharat Krishak Samaj, and former head of the state farmers' commission.

A draft policy submitted by the farmers' commission to the state government in 2019 laid bare the fragile state of agriculture in Punjab. With 10 million acres of cultivated area, the requirement of short-term crop loan is ₹24,000 crore per season, but aggregate outstanding bank loans is much higher, at ₹60,000 crore. This implies farmers may be using crop loans to pay for consumption expenses. Aggregate ownership of tractors is also higher than required—average use is just 40% of the 1,000 hours per year required for a tractor to be economically viable. The report also said that the state policy of free power for agriculture together with the central policy favouring paddy cultivation paved the way for indiscriminate use of groundwater. The result? 110 out of 148 blocks reported groundwater 'overexploitation.'

DIVERSIFICATION DILEMMA

No one is more aware than farmers of Punjab on the need to move away from paddy, says Ramandeep Singh Mann, a farmer leader and activist who is part of the ongoing protests.

During talks with farm unions on 18 February, the Centre offered a diversification package. It said, the government will purchase five crops—three varieties of pulses, maize, and cotton—for five years, at announced support prices.

This out-of-the-box, innovative contract farming solution will help restore soil fertility while ensuring guaranteed returns to farmers, union food minister Piyush Goyal said after the meeting. A day later farmers rejected the proposal.

The reason? Union leaders said the new package is only for farmers moving away from paddy and not for those already growing these alternative crops. "That diluted our primary demand of ensuring support prices for crops other than rice and wheat. Besides, it will take a few years to implement the policy. The five-year limit means farmers will have no price protection after switching," Mann adds.

Another reason why the package failed to impress farmers is that returns from growing rice are way higher when compared to the proposed alternatives. A paddy grower from Punjab earns a gross return of ₹88,000 per hectare (without accounting for unpaid family labour and land rents), shows latest available data from the Commission for Agricultural Costs and Prices (Cacp). This is largely due to superior yields of over six tonnes per hectare. In comparison, yield of pulses and oilseeds are far lower, hovering between one-two tonnes per hectare. These low yielding crops are also more prone to damage due to uneven rains and pest attacks. The Cacp data shows that the best returns on pulses is for *tur dal*, at ₹58,000 per hectare. Similarly, in maize the best any Indian farmer could achieve was ₹61,000 per hectare.

High land rents in Punjab—between ₹50,000 to ₹60,000 per year, on which two crops can be planted—also means replacing paddy with alternative crops will impose a considerable burden on tenant farmers.

So, farmers will need additional incentives beyond just an MSP guarantee to induce them to move to other crops. However, that may not mean prohibitive costs for the government. Switching to other crops also means subsidy savings on chemical fertilizers (since pulses and oilseeds require fewer inputs), water and free electricity, plus the money spent on reducing the incidence of burning paddy stubble—which chokes north India every winter.

Someone must sit down, do the math, and propose a plan which makes economic sense for the Punjab farmer, says Avinash Kishore, senior research fellow at the Delhi office of the International Food Policy Research Institute. "At times, I am doubtful if policymakers honestly want farmers to switch. Are they worried that procurement for public stocks may be at risk if Punjab stops supplying rice?" Kishore asks.

In fact, the much-abused Punjab farmer continues to be the top rice supplier to central food grain stocks, which are used under the national food security programme. In 2022-23, Punjab supplied 12.2 million tonnes (mt) of rice, about 22% of the total public purchase of 57 mt. Interestingly, an estimated production shortfall of less than 10 mt prompted India, the world's largest rice shipper, to impose export curbs to increase domestic availability and cool retail prices. So, before the Punjab farmer moves away from rice, India will also have to ensure that other states cover the supply gap.

UNEASY SOLUTIONS

The way out is to use a carrot and stick strategy, says Ajay Vir Jakhar, the former head of the state farmers' commission, quoted earlier. This involves restricting supply of free electricity to farmers—which is used to draw groundwater for growing paddy—and costs the state government over ₹9,000 crore per year; limiting paddy procurement at MSP to five acres per family; creating market infrastructure for perishable produce and cash incentives for farmers who switch from paddy to other crops.

The Punjab farmer must realize that the money is not in the field but in the possibilities offered by the market, says Sukhpal Singh, professor at the Indian Institute of Management, Ahmedabad.

"It is a mindset problem perpetuated by years of selling to the government. High value horticulture and spices crops can provide them returns higher than rice and wheat. But for it to work, farmers need to understand that the market rewards quality. Currently, they do not even dry the harvested crop properly before taking it to the market, because the government is the sole buyer," adds Singh, who is also a member of the government committee set up in 2022, to make the MSP regime more 'effective and transparent.' The committee is yet to submit its report.

But these solutions are not easy to implement. When a fear of dilution of MSP protection brings farmers to the street, to persuade them to agree to a plan proposing to limit public purchase of rice, the most remunerative crop, will require more than just a dialogue. It would require a process that can earn their trust—not brute force to drown the protestor's voice.

Study abroad? Why it helps buying insurance from India

The health policies offered by Indian insurers are cheaper and also offer extensive coverage

Aprajita Sharma
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Insurance from India when studying abroad

Universities provide on-campus insurance but additional benefits available in student travel plans by Indian insurance are useful.

	University health insurance#	Student travel insurance*
US	~₹2 lakh per year	₹25,000-30,000
Canada	~₹70,000 per year	₹25,000-30,000
UK	Mandatory ₹81,000 enrollment under National Health Scheme	₹12,000-15,000
Australia	~₹50,000 for three years	₹12,000-15,000

*Annual premiums for $250,000 coverage for a 21-year old
#Data from University Living

STUDENT travel plans generally cover the age group of 16-40 years

PREMIUM depends on destination, coverages, age and duration

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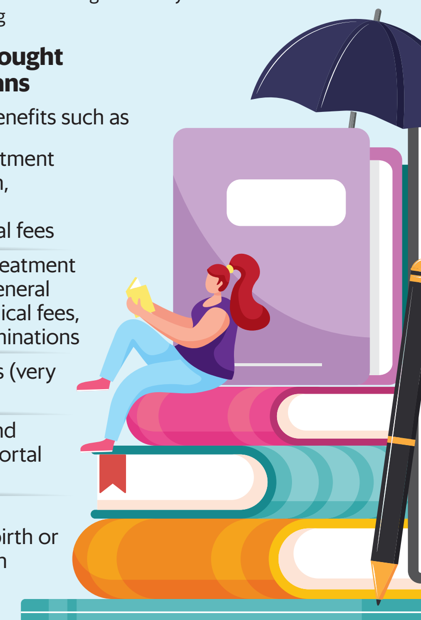
University/locally bought health insurance plans

Covers health-related benefits such as

- **IN-PATIENT** treatment like hospitlization, accommodation, physician, medical fees
- **OUT-PATIENT** treatment such as visit to general practitioner, medical fees, medication, examinations
- **DENTAL** services (very few insurers)
- **EVACUATION** and repatriation of mortal remains
- **COVERAGE** for maternity, child birth or any mental health disorder



Student travel insurance

Apart from medical cover, following are the non-medical benefits:

- **TRIP** and baggage related coverages: Flight delay, missed connections, baggage loss, passport loss etc.
- **STUDENT** specific benefits such as study interruption, sponsor protection, bail bond, tuition fees, loss of laptop/mobile phone/personal belongings etc.
- **DENTAL** treatment and eye care
- **COVERS** nearby regions apart from university campus

GRAPHIC: PARAS JAIN/MINT

Source: Policybazaar

Nishan Konan (36) had no inkling of the emergency that awaited him in the US. Barely a week after he moved there in July 2022 to do a Master of Science (MS) course in business analytics from the University of Texas, he suffered a heart attack and collapsed. Konan was hospitalized and had to undergo an emergency open-heart surgery. The hospitalization costs were huge but Konan had a health insurance plan, albeit one that was provided by his university and covered all his bills. "The insurance premium was part of the course fee that I had paid. After my recovery, I decided to discontinue the course and move back to India. The university returned the tuition fee, excluding the insurance premium," Konan says.

That episode involving Konan emphasizes the importance of health insurance plans for those going abroad to study. Some universities, particularly in the US, make it mandatory for students to buy the health plans that they offer as part of the course fee, while others allow private or third-party insurance. In the UK, international students pay IHS (immigration health surcharge), included in the visa fee, that gives them access to National Health Service (NHS), a publicly-funded healthcare system. They can purchase a private plan if they so wish.

To be sure, the university-backed insurance plans in the US are quite expensive. Anubhaw Goyal (29), who is doing MS in supply chain analytics from a university in New Jersey, says he paid $1,400-1,500 insurance premium for one semester of six months. The plan also had a fixed deductible of $100 and co-payment on various expenses. "One of my friends who had this policy was hospitalized recently and had to pay $550 from his pocket for a total bill of $11,000," says Goyal. Insurers say a private plan brought alongside the university plan would help in such cases.

Student travel insurance

Not many students or their parents and guardians are aware that Indian insurers offer travel-cum-health insurance plans. These so-called student travel insurance takes care of hospitalization costs and also offers additional benefits in terms of coverage for loss of baggage and delay in flights, among others, during their stint abroad.

Data released by Policy Ensure, an insurance broker, shows that student travel plans offered by Indian insurers come with a premium of ₹25,000-30,000 for two years and provides coverage of $100,000 in the US.

Despite this, the plans are not very popular. "Lack of awareness and convenience are reasons why parents tend to go with a university-backed plan. In my case, when my son went to the US last year, due to lack of time, I went with the insurance that the university provided for the first semester but I will buy a student international travel plan before the next semester starts," says Priya Deshmukh, head of health products, operations & services at ICICI Lombard.

Interestingly, some US universities also allow you to have a non-campus plan. However, in such private plans, it is necessary to have unlimited sum insured. Indian insurance companies do not offer such unlimited coverage, but that is something they have taken note of. "Many insurers are coming up with unlimited coverage plans that will meet the university requirements and we would be seeing a flurry of products during the June-July admission season," says Amit Chhabra, health business head, Policybazaar.com.

On campus insurance versus student travel insurance

When a university itself is offering a health insurance plan, it is obvious that parents will choose the on-campus plan instead of exploring other options, say some insurance experts. So, how does that affect student travel plans offered by Indian insurers?

Deshmukh says that at least 20% of all travel insurance policies sold at ICICI Lombard are student travel plans. Canada, US and Malta (Europe) account for the top three countries for which such plans are sold. Data from University Living, an education counsellor, shows a year-on-year jump of 74% in US-related student travel plans and 81% in Canada in 2023. The growth in student insurance plans was much higher in Europe and UK (particularly Ireland) at 163% and 273%, respectively.

"We have observed that university insurance is mandatory for undergrad and MS courses, but private plans are allowed for MBA and postgraduate courses. The US ranks first among countries for which students buy our health plans," says Aashish Sethi, head -health SBU and travel at Bajaj Allianz General Insurance.

Even in countries where government-backed insurance plans are available, such as NHS in the UK, education counsellors will still advice you to buy a private plan. "We highlight the importance of taking insurance from our own country in our pre-departure sessions with students. One, there is price arbitrage. Second, there are non-medical benefits. Even in case of countries where the health insurance premium cost is included in the visa itself, it is better to take a private plan because the government-backed health plans are not extensive. Consultations with doctors, or procedures such as dental or eye care are not covered in such plans. If one does not want a private coverage for the entire duration, we suggest they take it for at least a month while they settle down," says Mayank Maheshwari, co-founder & COO, University Living.

Sethi of Bajaj Allianz says the long waiting period for treatment within the government-funded healthcare system such as the NHS in the UK is a major concern. "A private plan allows you to get quick treatment."

> Indian insurers usually have a tie up with a global insurance firm or a TPA having a global network of hospitals

Moreover, on-campus insurance will not give you wider coverage. For instance, it will not offer coverage for events that happen outside the campus. "Student travel insurance extends coverage beyond the university campus, providing protection in unknown environments. If a student plans a trip to a nearby country such as Mexico or Cuba, having a student travel insurance ensures coverage for such excursions, enhancing their overall safety net," says Chhabra.

Non-medical benefits

Apart from medical cover, a comprehensive student travel plan also offers trip-related covers for common carrier delay, trip cancellation, trip abandonment, loss of baggage, and also loss of personal belongings. "These covers are equally important for students since most of them usually travel back home during vacation and might face inconvenience due to trip-related crisis. They can also get a cover for loss of personal belongings like laptop and mobile phone," says Vivek Chaturvedi, CMO and head of direct sales, Digit General Insurance.

Financial exigencies are also covered in such plans. For example, in case your studies are interrupted due to a medical reason or an emergency at home, a study interruption cover will take care of the financial losses. A sponsor cover ensures that the insurers will pay the fees if something untoward happens to your sponsor, Compassionate visitor is another important non-medical benefit that covers the travel and accommodation expenses of one immediate family member during medical emergencies.

Making a claim

Indian insurers usually have a tie-up with a global insurance company or a third-party administrator (TPA) having a global network of hospitals. "To make a claim, students can call the 24/7 helpline number for claims or mail the insurer for assistance. Digit has a dedicated 24/7 missed call facility for students. This enables them to seek quick assistance," says Chaturvedi.

Typically, global partners or TPAs request non-network hospitals to accept cashless hospitalization but it is at the discretion of the hospitals whether to accept it or not. "To ensure seamless healthcare access abroad, we have partnered with Allianz Partners, our assistance partner overseas. They facilitate payments to hospitals , both in-network and out-of-network, while we provide a guarantee of payment (GoP)," says Sethi.

If you are looking to buy a plan from an Indian insurer, check if pre-existing diseases (PEDs) are covered from day one. Also check for deductible or co-pay. "Choose a plan without PED waiting period, co-pay and deductible. Go with an Indian provider having a joint venture with a global firm so the hospital network coverage is wider," says Rahul M. Mishra, director and co-founder at Policy Ensure.

WHAT'S THE FOREX RATE?

Whether you are planning overseas travel or want to send money abroad, it is always a good idea to shop around for the best forex exchange rate. From banks, travel aggregators to money changers, various small and big players sell foreign exchange. To simplify your work, here is a list of INR to USD forex rates offered by some of the major banks and travel aggregators. We recommend that you also check the commission being charged by these players to ensure that you are getting the best deal.

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FOREX RATES (₹/$)

Bank/travel aggregator	Wire transfer*		Buy forex	
	inward	Outward	Forex/travel card	Cash
SBI	NA	NA	NA	NA
Bank of Baroda	82.47	83.29	83.70	84.10
Canara Bank	82.57	83.29	83.49	NA
IndusInd Bank	81.39	84.39	85.18	85.48
Kotak Bank	81.45	84.35	84.75	85.32
HDFC	81.61	84.23	84.48	85.05
ICICI	81.07	84.47	84.49	86.06
Axis Bank	80.76	85.40	84.60	85.85
Yes Bank	81.45	84.33	85.24	85.24
Thomas Cook	81.36	84.25	83.42	84.47

Note: Data collected from website of respective entities as on 28 February 2024; Rate mentioned in the table denotes INR/USD. The rate is as mentioned on the website of the Bank/FI and it may vary according to different amount slab; *Wire Transfer/TT Buying is Inward Rem to receive Forex & Wire Transfer/TT Selling is Outward Rem to send forex

Compiled by BankBazaar.com

Should I use a credit card for insurance premium payment?

Akshay Dhand

ISTOCKPHOTO

ASK MINT
INSURANCE

I recently came to know about the option to pay insurance premiums with a credit card. Are there any additional charges associated with using a credit card for such payments?

—Name withheld on request

The process to pay insurance premiums through credit card is very similar to the other digital payment processes. The customer can make payment for their underlying premium using credit cards physically at the insurance companies' branches or that of their distributors. The other option is to make payments through digital devices using online mode payments and adding the credit cards while making the final payments. Life insurance companies have been leading the pack by continuously increasing the modes of payment for insurance premiums thereby making it agile and easier for the customers to make timely payments. In addition, most insurance companies do not levy any additional charge for opting to pay through this mode.

I have recently started working and bought a health insurance policy. However, I'm uncertain about the coverage for diseases like cancer or heart attack, especially considering my family's history with these conditions. Are there dedicated critical illness insurance plans available, and is it necessary to maintain separate coverage specifically for critical illnesses in addition to a regular health insurance policy?

—Name withheld on request

A regular health insurance policy typically covers all kinds of hospitalizations including those from serious illnesses such as cancer or heart attack. However, it is important to note that there could be deductibles involved in such plans which means all the hospitalization costs may not be covered. Further, the treatment for diseases such as cancer often extends over reasonably long periods of time and a typical health policy may not have sufficient sum insured to cover the full costs of treatment. In addition, such conditions often lead to absence from work for extended periods of time which means support would also be needed for replacement of the lost income. Hence it is extremely useful to have fixed benefit health insurance policies in addition to regular health policies or mediclaim.

Such policies typically provide a lump sum on the occurrence of any of the covered critical illnesses thereby providing an extra protection needed in case of such diseases. Such lump sum can be used for a variety of purposes such as paying for the treatment of the condition, replacement of lost income, repayment of a loan or any other need which the policyholder deems necessary to fulfill using the funds made available. In addition, there is no requirement to raise bills or obtain extensive paperwork about prescriptions or tests signifying the costs incurred other providing the doctor's diagnosis proving that the condition has occurred. Hence, claiming under fixed benefit health insurance policies is much easier.

Akshay Dhand is appointed actuary, Canara HSBC Life Insurance.

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

OF TAX-SAVING INVESTMENTS: HERE'S HOW TO PICK THE RIGHT ELSS FUND

POWER POINT

VIJAY KUPPA

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

Tax-saving investments are an essential part of financial planning, and equity linked saving schemes (ELSS) have gained popularity for their dual benefit of tax savings and potential wealth creation through equity investments. However, picking the right ELSS fund is not that straightforward, given wide range of options available, across different fund houses.

Here is a checklist that can help to choose a suitable ELSS fund.

Fund performance: Look for a fund with a solid long-term track record across various market cycles. Consistent performance is a good indicator of the fund's reliability. Avoid selecting funds based on short-term performance. Look for three-, five-, seven- and 10-year period returns. A fund which has performed well over all periods would indicate consistent performance.

Investment framework: Opt for a fund that has a well-defined investment framework.

Passive funds: With passive equity funds outperforming active funds in the last few years, there is a strong argument to invest in passively managed funds. You may opt for passive schemes which track indices like Nifty 50 or Nifty LargeMidcap 250 Index. There are fund houses that have now started offering passive ELSS options.

Check expense ratios: High expense ratios can eat into your returns. Compare the expense ratios of different ELSS funds to choose a cost-efficient option.

Market cycles: Avoid selecting funds based on short-term performance. Fund managers may have different styles (like growth, value) and a style that has worked recently may not work in the future. Also, if the fund is managed with an aggressive investing style, it may not suit some investors' risk-profile, while a conservatively-managed fund would be more suitable for some investors.

Diversify: If you already invest in equity mutual funds other than ELSS, you may want to diversify for your ELSS investments. You can opt for a different fund house or a different style of investing for your ELSS.

Systematic investment plans (SIPs) or lumpsum?

ELSS funds are typically marketed near the end of the year as tax-saving instruments. Choosing between SIP and lumpsum depends on your risk-tolerance. SIPs provide a disciplined approach which helps to reduce the risk as SIPs are spread over a period rather than a particular date.

ISTOCKPHOTO

Stay or exit after lock-in?

ELSS funds come with a mandatory three-year lock-in period. While some investors exit after the lock-in period for liquidity, staying invested can harness the power of equity compounding.

The 'time in the market' is more important than 'timing the market'. The 'time in the market' aspect is taken care by the three-year lock-in to some extent. One can exit the fund if it is underperforming significantly compared to the broader indices. The proceeds may be reinvested in non-ELSS schemes with better potential.

ELSS versus other tax-saving avenues

ELSS is a pure equity product. So, it is bound to go through volatile phases. Risk-averse investors might prefer the stability of Public Provident Fund (PPF), Sukanya Samriddhi scheme, National Savings certificate, etc. If the Section 80C limit (₹1.5 lakh) of the investor is filled up by avenues like the ones mentioned above or other avenues like insurance schemes, home loan principal payments, etc, then the investor need not invest in ELSS schemes. The tax treatment on the returns of ELSS funds are the same as other equity funds, so there is no incremental tax-benefit on its returns.

> Tax savings and potential wealth creation have made ELSS popular

Keeping tabs

Contrary to common practice, ELSS funds require regular monitoring. Even if you may not redeem your investments in ELSS funds, you may opt to invest in a different funds for future investments.

In conclusion, pick the ELSS fund as per your objectives, risk-tolerance and horizon to hold the investments for at least three years.

Vijay Kuppa is the chief executive officer of InCred Money.

OUR VIEW

REUTERS

Look for romance in the Reliance-Disney union

This media joint venture will shake up India's online app and TV broadcast markets but the story to watch may be how they blend skills and converge on values held dear by showbiz

Unlike motorized carriages, motion pictures caught on like wildfire after they first showed up in India. This was more than a century ago, even before the 'talkies' era of movies. The difference lay not just in a mass-market desire to be moved by stories more than wheels. For a film, the cost of serving every extra customer is tiny compared to its production budget, so reaching far and wide is cheap and profitable; in contrast, car-making bears heavy variable costs in addition to fixed, as each car is costly to make, which limits how many are cranked out. Offering digital fare across the internet is cheaper still, so much so that it amplifies the classic cinema advantage of a widely cast net for eyeballs. Especially keen to capitalize on this returns-to-scale reset has been Reliance, with its digital pivot of the past decade. In US-based Disney, it has found a partner for a joint venture (JV) that could lead and possibly dominate India's web viewing and TV broadcast market. Look again, and we may even be able to spot a common backstory—like the twin-separation trope of Hindi cinema—that could give their alliance an air of romance.

This week, Reliance Industries Ltd and Walt Disney Company joined hands to create a JV worth over ₹70,000 crore. This will be a media business in which Reliance will hold over 16% directly and almost 47% via Viacom18 (in which it owns 74%). The rest, a minority stake, will be held by Disney, which got Star's Indian assets bundled along with its 2019 purchase of 20th Century Fox and has seemed keen on a local guardian ever since. As a parallel Sony-Zee merger proposal recently came apart, the Reliance-Disney JV will wield significant market influence. This would be thanks not just to its offer basket of popular TV channels (which includes Viacom's and Star TV's), but also on account of its online platforms; backed by Reliance's deep pockets, Hotstar plus JioCinema could keep Netflix and Amazon Prime at bay in a high-octane battle for India's click-and-watch audience. Overall, the JV's ad-slot sellers could boast of inventory covering about a third of all Indian eyeballs engaged by general entertainment. Given how finely splintered the viewership is, this share may prove enough to turn this part of the market from a buyer's into a seller's one. Meanwhile, Reliance's retail and telecom presence hints of outreach synergies as well. Yet, while advertisers may be wary of the JV's impact on their ad budgets, we can only guess how ad-rate dynamics will actually play out.

One reason why silent cinema had such high appeal in India was our long tradition of *nautanki* style entertainers, with their simplified scenarios and exaggerated movements. It was the contours of this basic concept, adapted to animation, that gave Disney its early success too. Of course, today's world of media content spans diverse genres, but this similarity evokes a separated-at-birth story of holding people in thrall that dates back to an era of showbiz innocence, imagined or otherwise. Why bother? For one, we all love tales told well, so long as fiction doesn't pretend to be true. For another, there's a whiff of nostalgia around in the country for old entertainers that seemed to have a twin motive: to not just keep us glued to our screens, but also make the world a better place for everyone. It's often what inspires the creativity we marvel at. So let's watch this union for a blend of skills and values to emerge under the JV board's oversight. After all, with every great attraction of eyeballs comes great responsibility.

MY VIEW | TECH WHISPERS

There's also a positive side of AI that can strengthen democracy

Its use in Pakistan shows AI isn't just about deepfakes and can also play a constructive role in polls

JASPREET BINDRA
is a technology expert, author of 'The Tech Whisperer', and a Masters in AI and Ethics from Cambridge University.

The tech narrative in the last two years has been dominated by artificial intelligence (AI) and the excitement and disruption generated by it. However, the narrative started to sour a little in the latter half of 2023, as ethical issues got thrown up—like copyright, bias, privacy and deepfakes. Now, with elections looming across most of the democratic world, 2024 promises to be the year when AI will experience its first major ethical test—whether it helps democracy or subverts it. Major democracies like India, the US, UK, Indonesia and others go for pivotal elections this year. While deepfakes existed before GenAI, products like Sora and Stable Diffusion have democratized their production, making them easier, faster and cheaper to make at scale. We are also at peak social media, with WhatsApp, TikTok and the like making their global distribution a piece of cake. Bangladesh and Slovakia went to polls earlier this year, and deepfakes came to the party. A Bangladeshi opposition leader was shown to be ambivalent about his support for Palestinians, a disastrous position to take in the country. In Slovakian elections, also earlier this year, a major contender reportedly talked about rigging the elections and, even more alarmingly, raising the price of beer, which reportedly contributed to his defeat. A fake voice of President Joe Biden urged people not to vote in the US primaries. With memories of the 2016 Cambridge Analytica debacle still fresh, these have set off alarm bells as the big elections near.

This is where I take a contrarian stance. Look at Pakistan, which went to polls recently with a former prime minister in jail, his party symbols taken away and candidates threatened and imprisoned. While eventually other parties were declared to have won, most reports claim that Imran Khan's party won convincingly despite heavy rigging and manipulation. Khan turned the narrative of AI subverting democracy on its head by leveraging GenAI to canvass across the country while behind bars. GenAI was used to create footage of his urging voters to come out and vote for his party, and this was widely shared on YouTube and other online channels. People heeded his call and came out in record numbers, handing astonishing victories to his party candidates. Without taking sides here, Pakistan showed how AI could be used in a role different from that of a democracy-destroyer.

I am not denying the destructive power of deepfakes, and I fear their use in Indian and other elections to inflame discourse and shape narratives. However, there is a lot of good that AI can also do to improve elections, a core pillar of democracy. The Pakistan example is one creative way. AI can also be used to enhance transparency, inclusivity and efficiency in elections. Its advanced data analysis capabilities can monitor election-related data in real-time, identifying any irregularities suggesting fraudulent activity. AI algorithms can detect patterns of irregularities in voter registrations or ballot submissions. AI can also improve the security of electronic voting systems. Additionally, threat-detection algorithms can help identify potential cyber threats.

Generative AI can help upgrade voter education and awareness by generating hyper-personalized content on candidates and their manifestoes, focused on local issues, in people's local dialects. This personalized approach could enhance political awareness and spur informed voting, especially among marginalized groups. GenAI can help do this at scale and much lower cost with higher efficiency, thus empowering even less-moneyed candidates.

AI-run systems can also enhance accessibility for voters with disabilities. AI-powered voice recognition systems, for instance, could assist visually impaired voters in casting votes. AI can parse the fire-hose of information on social media to gauge public opinion across demographic groups, ensuring that all sections of society are represented in the political conversation. Even something as mundane as the logistics of electioneering can be optimised and costs saved, something very important for large countries like India. AI can help make voter registration and verification more efficient, eliminating long queues by calling up the data needed to verify eligibility well in time.

AI is a dual-use technology, with huge benefits accompanied by immense destructive power. As we try and contain its adverse fallout on elections through deepfakes, we should also look at how it could improve our fragile democracies. Even if imperfectly, Imran Khan's party succeeded in pointing this potential out to the world.

QUICK READ

Ethical worries have surrounded the use of AI in elections but its creative deployment in Pakistani polls by Imran Khan to canvass votes while in jail shows it can be put to democratic ends too.

AI can also be used to detect irregular voting patterns and enable the visually impaired to cast their votes. As a dual-use technology, it offers us benefits even as it poses threats.

10 YEARS AGO

JUST A THOUGHT

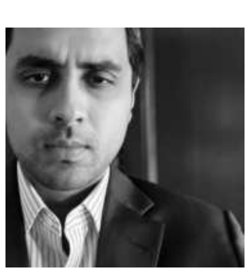
No computer has ever been designed that is ever aware of what it's doing but most of the time, we aren't either.

MARVIN MINSKY

THEIR VIEW

India-EU trade mustn't stumble on digital sovereignty

VIVAN SHARAN



is partner at Koan Advisory Group.

Last week, the European Union (EU) witnessed a surge in digital policy activity that could impact trade ties with India. On 17 February, the Digital Services Act (DSA), which mandates increased safety compliance for online platforms, took effect. Also, on 21 February, the EU brought out a white-paper on 'How to master Europe's digital infrastructure needs' advocating economic protection for its communication industry. Meanwhile, digital trade is a key part of the India-EU Free Trade Agreement (FTA), which saw its seventh round of negotiations conclude last week.

The EU's policy agenda centres on the concept of 'digital sovereignty,' or the desire to enforce its legal authority in cyberspace. This push for more regulatory levers, however, seems at odds with efforts to accelerate digital trade. For instance, the DSA requires online businesses that target EU customers to adhere to new obligations such as transparency mandates linked to algorithmic decision-making, and requires them to navigate a complex maze between national regulators and the European Commission. Many Indian internet companies will struggle to comply and may simply walk away from EU markets unless they have significant business interests at stake.

Similarly, the white-paper on EU communication infrastructure advocates more regulation of cloud and other digital services on the premise that exercising sovereignty through heavy-handed licensing is the only way for the EU to compete with foreign players. This approach echoes its '2030 Digital Compass' strategy which aims to reduce dependence on US and Chinese tech through regulation. Despite this regulatory zeal, only four European firms rank among the top 25 digital companies globally.

The EU's attempt to diversify trade relations via FTAs isn't easy to reconcile with its domestic rule-making. It seeks market access to India on one hand, and wants to raise the EU's entry barriers on the other. FTAs can sometimes help resolve such contradictions. For instance, it can enable the free flow of data between the two jurisdictions, as the UK-India FTA is likely to do, despite differences in data protection standards. However, the EU's hyper-vigilant regulatory and judicial oversight, designed to secure European citizens and protect the common market, turns an ambitious agreement elusive for two reasons.

First, EU courts tend to limit the types of exceptions to domestic rules that FTAs can enable because of an institutional preoccupation with legal sovereignty. This was evident in the annulment of the US-EU 'Privacy Shield' agreement by the European Court of Justice in 2015 on concerns about American surveillance laws. The Privacy Shield was meant to help bridge the gap in standards for data protection between the US and EU. Expansive legislation like the DSA, which seeks to further extend the EU's digital sovereignty over digital businesses, will likely trigger more judicial intervention in cyberspace, thus creating uncertainty for trade and investment.

Second, the EU has catalysed a global race to regulate digital markets using an ex-ante approach. Indian policymakers are already contemplating similar ways to regulate competition in digital markets via legislation akin to the EU's Digital Markets Act. But attempts to pre-empt harms in fast-evolving and heterogenous digital markets will inevitably complicate trade negotiations because states will forecast the future differently. As it is, India has historically maintained a cautious stance in negotiating international agreements involving services.

So what is the equilibrium here? The fact that both the EU and India see digital technology as a driver of economic progress could help find common ground. Indian software and services can undergird a resilient 'Industry 4.0' in Europe. A capable India can help drive a digital transformation in Europe, which large industrial economies like Germany and France sorely need. Also, the European consensus on pre-emptive regulation of digital markets is beginning to fray, as recently seen in Germany and France delaying an EU law to govern artificial intelligence (AI) over concerns of over-regulation stifling innovation.

Therefore, India must boldly advance the interests of its growing digital economy without obsessing about regulatory space. To do so, it should reconsider its reflexive urge to govern digital markets based on a European template of ex-ante regulation. There are plenty of opportunities to simultaneously trim regulatory fat. For instance, a new empirical study by Esya Centre, a think-tank, points towards an expectation among firms that the implementation of India's new data protection law may cause "considerable operational and technical burdens." Forthcoming data protection rules can easily help rationalize operational aspects.

Given these considerations, India should aim to inspire the EU's digital policymaking by designing more innovation-friendly regulations and pushing Europe to liberalize its digital markets. This will let Indian products and services thrive in Europe. India must also abandon its historical defensive posture in trade negotiations and begin proactive advocacy on behalf of its digital startups. The EU, on its part, must find ways to collaborate with India to reduce its dependence on Chinese hardware and American software. This requires a flexible policy strategy that will help the EU stay relevant in the digital space.

QUICK READ

The EU is seeking greater market access in India but raising its own trade barriers through digital rules that it considers a matter of its sovereignty. India-EU ties could become a casualty of this.

New Delhi should give up its defensive posture and nudge the EU to liberalize regulation so that trade with India can reduce its dependence on Chinese hardware and US software.

MY VIEW | THE LAST WORD

State-level rumbles in the Indian federation: Can the 16th FC help?

The kernel of states' disaffection needs to be addressed urgently for the federal structure of the national Union to be preserved

INDIRA RAJARAMAN
is an economist.

MINT

These are tumultuous times, with the resurgence of farmer unrest. Earlier in February, there was a state rebellion about unfair fiscal treatment by the Union government which was more worrying, and not just because the chief ministers of aggrieved states staged a street protest in Delhi.

All states in India get a percentage share of gross taxes collected by the Centre. The aggregate share, as well as the share of each state, is prescribed by a succession of Finance Commissions (FCs) for five years at a time. Once accepted in Parliament, each state's tax share becomes a statutory obligation, both the percentage payable as well as the dates on which payments fall due. I have often spoken of this statutory provision as being the Fevicol that has held the Indian federation together.

We are presently in the period 2021-22 to 2025-26 covered by the 15th FC, which set states' aggregate share at 41% of gross tax collections at the Centre (net of tax collection costs). Let us look at 2022-23 (FY23), for which we have audited final numbers (the current year FY24 figures are subject to further revision). When the FC provision is reconfigured after deducting costs of collection in FY23, the recalculated FC prescription moves down just a notch to 40.8 % of reported gross tax revenue of the Centre.

It is better to adjust the target in that manner, so that the reported gross tax revenue can be directly used thereafter to compare the percentage states actually got with the adjusted target. In FY23, states received in aggregate ₹9.5 trillion as their tax share, which was 31.1% of the reported gross tax revenue of the Centre, well below the adjusted target of 40.8 %.

The reason for that shortfall is that Central cesses and surcharges (education, health, familiar to all taxpayers), superimposed on the basic tax structure are excluded from the shareable revenue base because they are supposedly temporary add-ons. States accuse the Centre of using them as a stratagem to reduce the statutory payment to states.

An important caveat post the Goods and Services Tax (GST) is that a GST cess is levied and collected by the Centre, but only to pay compensation to those states which failed to reach a required revenue level during the first five years, till end-June 2022. The GST cess continues to be levied to cover deficits on compensation due to those states (my column of 4 August 2023; *tinyurl.com/2wsdpjvk*). So some part of the 'denied distance' is on account of a cess fully paid out to (some) states. If states' share is re-computed as a percentage of gross tax revenue of the Centre minus the GST cess, it goes up to 32.5% in FY23, still 8.3% below the FC target of 40.8 %.

In addition to the tax share (the dominant component), FCs also prescribe absolute statutory grants, unconnected to Central tax revenue. If we add grant payouts in FY23 to the tax share, states received a statutory flow at 38.4% of gross tax revenue (minus the GST cess).

Then there are non-statutory flows from the Centre to states through Centrally Sponsored Schemes (with co-payment by states), and other Central schemes. Although non-statutory, these still carry funding commitments, but there can be many grounds for state grievances here, including processing delays and imposition of politically fraught conditionalities. Adding these on, states' share climbs up to 57.8% of gross Central tax revenue (minus the GST cess). In addition, there are other flows, such as a 50-year interest-free loan with bullet repayment to states for capital expenditure, and externally funded grants routed through the Centre.

Adding up all the pieces, states received a total flow of ₹18 trillion in FY23. Despite that, the kernel of the present dissatisfaction has to do with the statutory tax share working out to 8.3 percentage points below the target calculated here of 40.8%, even after removing the GST cess from gross tax revenue (because it is shared, but differently).

The 16th FC is in place. Perhaps it could incentivize the Centre to merge cesses and surcharges into the basic tax structure (the GST cess has to be phased out in any case) in exchange for a lower aggregate share for states. It is only since FY16 that states' share got dramatically ramped up from 32% to 42% on the recommendation of the 14th FC (now at 41% with Jammu and Kashmir transferred from state to Union territory status). There is a lesson to be learnt from the present effective tax share languishing at 32.5%, near the nominal level at which it was pegged before the ramp-up.

Some states like Karnataka have individual grievances about their percentage of the aggregate having fallen over time. That is because the distribution formula for the tax share compensates for inter-state disparities. Tax revenues collected from states like Karnataka and Maharashtra are generated from economic activity all over the country, but paid from those jurisdictions because of corporate headquarters and high-income individuals located there. In the end, all states have a stake in belonging to the Indian Union, with the free movement of people and goods that it affords across a vast market.

QUICK READ

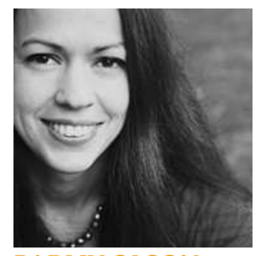
In FY23, states got a total of ₹9.5 trillion as their tax share, which was 31.1% of the reported gross tax revenue of the Centre, well below the target of 40.8% adjusted for collection costs.

The 16th Finance Commission could perhaps incentivize the Centre to merge cesses and surcharges into the basic tax structure in exchange for a lower aggregate share for states.

MINT CURATOR

Google's Gemini shows we are guinea pigs for generative AI

Google's bumbling new Gen-AI tool isn't too woke but too rushed



PARMY OLSON
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Google's Sundar Pichai should invest more in AI safety and quality BLOOMBERG

Did you hear? Google has been accused of a secret vendetta against Caucasians. Elon Musk exchanged tweets about this conspiracy on X more than 150 times this week, all on portraits generated with Google's new AI chatbot Gemini. Like Ben Shapiro, Musk reacted to its image diversity: Female popes! African-looking Nazis! Indigenous founding fathers! Google apologized and paused the feature. Clearly, the company did a shoddy job over-correcting tech that had a racist skew. No, CEO Sundar Pichai wasn't infected by a woke mind virus. Rather, he's growth obsessed.

Three years ago, Google got in trouble when its photo-tagging tool started labelling some African-American people as apes. It shut the feature and then fired two of its leading AI ethics researchers. These were the folks whose job was to make sure Google's tech was fair in how it depicted women and minorities. Not overly diverse like Gemini, but equitable and balanced.

When Gemini started spouting images of non-Caucasian German World War II soldiers, it was a sign that the ethics team hadn't become more powerful, but was being ignored amid Google's race against Microsoft and OpenAI to dominate generative web search. Proper investment would have led to a smarter approach to diversity.

People who test artificial intelligence (AI) systems for safety are outnumbered by those whose job is to make them bigger and more capable by 30-to-1, according to an estimate by Center for Humane Technology. Often they are shouting into a void and told not to get in the way. Google's earlier chatbot Bard was so faulty that it made factual errors in its marketing demo. Employees had warned about that, but managers didn't listen. One posted that Bard was "worse than useless: please do not launch," and many of the 7,000 staffers who viewed the message agreed, according to a Bloomberg News investigation. Not long after, engineers who'd carried out a risk assessment told their Google superiors that Bard could cause harm and wasn't ready. You can guess what Google did next: It released Bard to the public.

Google's rushed, faulty AI isn't alone. Microsoft's Bing chatbot wasn't just inaccurate, it was unhinged, telling a *New York Times* columnist soon after its release that it was in love with him and wanted to destroy things. Google has said that responsible AI is a top priority, and that it was "continuing to invest in the teams" that apply its AI principles to products. A spokeswoman for Google said the company is "continuing to quickly address instances in which [Gemini] isn't responding appropriately."

OpenAI, which kickstarted Big Tech's race for a foothold in generative AI, normalized the rationale for treating us all like guinea pigs with new AI tools. Its website describes an "iterative deployment" philosophy, where it releases products like ChatGPT quickly to study their safety and impact and to prepare us for more powerful AI in the future. Google's Pichai says much the same. By releasing half-baked AI tools, he's giving us "time to adapt" to when AI becomes super powerful, according to comments made in an interview last year.

Asked what keeps him up at night, Pichai said, with no trace of irony, that it was knowing that AI could be "very harmful if deployed wrongly." So what was his solution? Pichai didn't mention investing more in researchers who make AI safe, accurate and ethical, but pointed to greater regulation, a solution beyond his control. "There have to be consequences for creating deepfake videos which cause harm to society," he said, referring to AI videos that could spread misinformation. "Anybody who has worked with AI for a while, you know, you realize this is something so different and so deep that we would need societal regulations to think about how to adapt."

This is a bit like the chef of a restaurant saying, "Making people sick with salmonella is bad, and we need more food inspectors to check our raw food," when they know there are no food inspectors to speak of and won't be for years. It gives them licence to dish out tainted food. The same is true in AI. With regulations far off, Pichai knows the onus is on his company to build AI systems that are fair and safe. But now that he is caught up in the race to put generative AI into everything quickly, there's little incentive to ensure that it is.

We know about Gemini's diversity bug because of all the tweets on X, but the AI model may have other problems we don't know about—issues that may not trigger Elon Musk but are no less insidious. The female popes and non-Caucasian founding fathers are products of a deeper, years-long problem of putting growth and market dominance before safety. Expect our role as Big Tech guinea pigs to continue until that changes.

THEIR VIEW

There's a lesson for India in the wars going on overseas

HARSH V. PANT

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It should go without saying that fighting wars is a nasty business. The political, economic and moral corrosion that wars bring with their onslaught is often difficult for distant onlookers to decipher from the outside. In a contemporary context, this is especially true; for people who are not involved directly, wars are largely an audio-visual experience, to be imbibed merely as information or entertainment, devoid of their political and strategic contexts. And for a large part of the developed world, which had lulled itself into believing that wars would only be fought in faraway lands without imposing any significant costs directly, this is a moment of reckoning.

Europe is struggling to find an adequate response to the challenge of managing Russian aggression against Ukraine. When French President Emmanuel Macron recently suggested that while there was "no consensus" on sending Western troops to Ukraine, "nothing should be excluded," it resulted in a strong response not only from the Russians, but also from the US and France's European partners such as Germany and the UK.

The US promptly made it clear that the "path to victory" in Europe is to provide Ukraine with military aid, "so Ukrainian troops have the weapons and ammunition they need to defend themselves," and that "the US will not send troops to fight in Ukraine." The UK too underlined that it had no plans for a large-scale military deployment to Ukraine, beyond the small number of personnel already training Ukrainian armed forces. German Chancellor Olaf Scholz also reiterated that no European country or Nato member state would send troops to Ukraine.

This is a delicate moment in the Ukraine war. Two years into the conflict, Russia seems to have an upper hand on the battlefield. It has gained some ground in the last few weeks, though its strategic utility remains disputed. While Putin seems to have realized that he just needs to wait this out in the context of political polarization in the US and public disaffection in European countries, the West is still trying to work out a position that can convey with a degree of credibility that it would stand by Ukraine even as costs—both economic and political—might continue to rise. On one hand, while an American aid package for Ukraine is stuck in the US House of Representatives, Europeans are finding it difficult to even come out with consensus statements in support of Ukraine. Last week, Hungary blocked a statement shepherded by the European Council President Charles Michel, pledging "unwavering" support for Ukraine. So while Macron can maintain that "the defeat of Russia is indispensable to security and stability in Europe," it is not clear if the West has adequate means available to achieve this end.

Russia has no such constraints, as its war aims are being supported by its own economy on a war footing as well as its allies like North Korea and Iran.

The other war that is raging in the Middle East is also showing no signs of coming to a conclusion, despite US President Joe Biden's claims that he is hopeful of a ceasefire by next week. This war began when Israel launched a large-scale air and ground campaign in Gaza after Hamas terrorists killed about 1,200 people in southern Israel last October, and has now entered a phase where there is a worldwide focus on the humanitarian crisis Israeli actions have unleashed. Israel is now under pressure not to launch an offensive in Rafah, which its military believes is the last holdout of Hamas but where there are about 1.5 million Palestinians taking shelter as well.

But Israeli forces have struggled with getting their strategy right from the very beginning. Their tactics have resulted in a lot of destruction and some ostensible degradation of Hamas capabilities, but beyond that, Israel's Binyamin Netanyahu government has not offered any real coherent plan for moving forward in Gaza when it comes to governance and reconstruction.

Israel is having to fight on multiple fronts, with Hamas and Hezbollah militants as well as Iranian proxies in Syria, Iraq and Yemen targeting it. As a consequence, threat of escalation remains high and America's Joe Biden administration is under political pressure at home to restrain Israeli forces.

While support for Ukraine languishes in Western capitals, support for Israel is also wavering. Both are dependent on external support as a key variable in their battle strategies and both find themselves vulnerable. In both theatres, information is being deployed effectively to turn the tide of the war in favour of one side or the other. And in both cases, Western societies and politics are shaped by their aversion to casualties while the other side seems to have no such compunction. This means that both Ukraine and Israel are facing a challenge in bringing their ends, ways and means in sync to achieve sustainable battlefield and political outcomes. And it is this lack of strategic coherence that is now putting pressure on one country which saw its territorial sovereignty violated by a powerful neighbour and another that suffered a brutal terror attack on its citizens. It can only be hoped that Indian policymakers and military planners are learning the right lessons from these conflicts that show no sign of coming to a conclusive end anytime soon.

QUICK READ

People living far away from zones of global conflict may underestimate their stake in the violence but it's important to learn from the current moment of reckoning faced by the West.

Anti-war protests and casualty aversion in democracies backing Ukraine and Israel have made it harder for the two to achieve victory as pressure mounts on their backers to back off.

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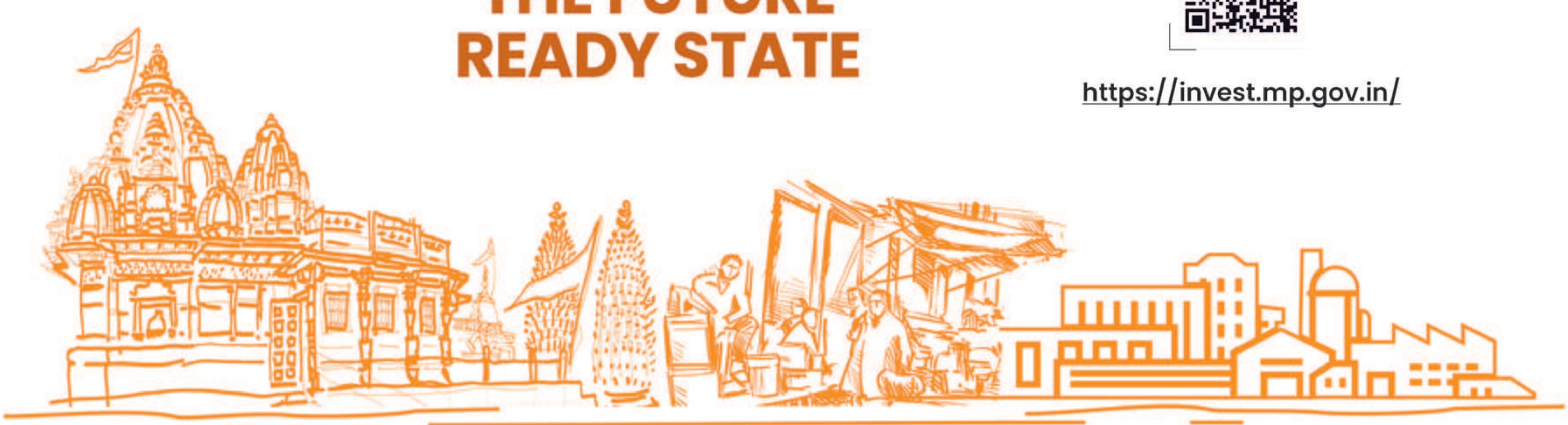

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