HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 73

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Think Ahead. Think Growth.

mint primer

Happiness report: Why it has raised eyebrows in India

BY N. MADHAVAN

The World Happiness Report 2024, a partnership of Gallup, the Oxford Wellbeing Research Centre, the UN Sustainable Development Solutions Network, and WHR's Editorial Board, is out. *Mint* evaluates its metrics to explain why it may not be the final word on happiness.

The happiness equation

The ranking looks at six variables, including per capita GDP, social support, healthy life expectancy, freedom, generosity and corruption.

The happiest nations (Rank)		The unhappy lot (Rank)		Others (Rank)	
1	Finland	143	Afganisthan	23	US
2	Denmark	142	Lebanon	48	Argentina
3	Iceland	141	Lesotho	100	Iran
4	Sweden	140	Sierra Leone	103	Palestine
5	Israel	139	Democratic Republic of Congo	126	India

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Source: The World Happiness Report 2024

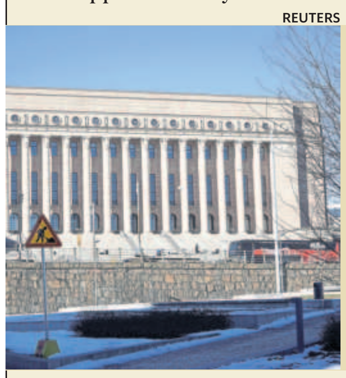
1 How has India fared in the happiness report?

India is ranked 126 out of 143 nations surveyed. The ranking, based on an individual's own assessment rather than any index, looks at six variables, including per capita gross domestic product (GDP), social support, healthy life expectancy, freedom, generosity and corruption. India fared poorly on most parameters. While the rank in 2024 is same as the previous year, it has slipped in its performance between 2006-10 survey period and 2021-23. None of the Asian countries have done well. Singapore, ranked 30, is the happiest nation in Asia. China is ranked 60. Afghanistan is the unhappiest country in the world.

2 Which are the world's happiest nations?

Finns are the happiest people in the world. For the seventh successive year, Finland has topped the ranking. In fact, Nordic nations, including Denmark, Iceland and Sweden, apart from Finland, continued to dominate this ranking, bagging the top four of the five spots. Israel has come fifth, followed by Netherlands, Norway, Luxembourg, Switzerland and Australia. Canada was ranked 15 and the UK at 20. For the first time, the US fell out of the top 20 ranking and was placed at 23, while Costa Rica and Kuwait entered the top 20 ranking. Germany and France came at 24 and 27, respectively.

REUTERS



3 What makes Finns happiest people in the world?

Finns are happy because they do not link happiness to financial prosperity, instead, develop a strong bond with nature and have well-kept work-life balance. It also has robust welfare system with free education and healthcare. Trust in government institutions is high and corruption is minimal. The society, thus, operates with a sense of trust, freedom and autonomy.

4 Does happiness vary with age?

It does. The young (below 30 years of age) are a lot happier in eastern Europe, especially in Croatia, Bosnia, Serbia and Montenegro. For instance, the young in Croatia are 66 places higher than the old (60 years and above). Older generation still bear the scars of war and genocide that followed in the early 1990s after the break-up of erstwhile Yugoslavia. In the US and Canada, the young are a lot unhappier than the old and the gap is wide—50 places or more. In India, the old are marginally happier than the young.

5 Why did the ranking raise many eyebrows?

The ranking outcome has been questioned by many for being out of touch with reality. Argentina, which is in recession and battling inflation of 160% is ranked 48. Iran, where human rights abuses are common, and freedom of expression is curtailed is ranked 100. Palestine, which, hobbled by years of conflict and destruction, survives on foreign aid is at 103, while Pakistan, a nation in political and economic crisis is ranked 108—all ranked way above India. Also, none of the populous nations are seen as happy in the ranking.

QUICK EDIT

Terror vs error

At least 133 people were killed and scores injured in a terror attack in Moscow late on Friday. Four men opened fire indiscriminately in a concert hall, setting a part of it on fire. Russian authorities are reported to have arrested the attackers. While an arm of the terrorist group ISIS claimed responsibility for the killings, the Kremlin has reportedly been exploring a Ukraine angle, dropping hints about the complicity of the country it invaded in 2022. Kyiv has said it had nothing to do with it. That it was just an ISIS hit is granted some credibility by a reported alert issued by the US a fortnight earlier and a long pre-war record of Chechen Islamist rebels striking civilians in Moscow. If no credible evidence emerges of Ukrainian involvement, then Russia's finger-pointing would acquire the air of a cynical attempt to make a state adversary's methods look depraved. Else, it might be a symptom of a common cognitive failure in embattled situations: of seeing self-created phantoms in justification of one's own violence. Even milder tilts at windmills have been seen to result in truth becoming a casualty of war. Sadly, in a deeply divided world, none of it bodes well for peace.

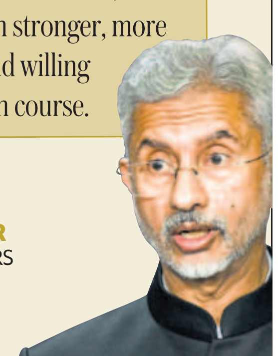
MINT METRIC

by Bibek Debroy

Wagon R converted into a chopper,
A plan that came a cropper.
In UP, two brothers cocked a snook
To give their car a jazzy look.
Impounded by cops, since this isn't proper.

QUOTE OF THE DAY

This is India which will not be pressured, which will state its mind. If it has to make a choice, we will make a choice for the welfare of our citizens... So, the idea is of a much stronger, more capable India and willing to take the tough course.



S. JAISHANKAR
EXTERNAL AFFAIRS MINISTER

THE WEEK AHEAD

26 MAR — APPLE LAUNCH
Apple likely to introduce next-generation iPad Pro and iPad Air.

27 MAR — ICICI BANK EGM
ICICI Bank to hold extraordinary general meeting to obtain approval for merger with ICICI Securities.

27 MAR — STAR-NOVI MERGER?
NCLT set to hear matter on merger of Star India and its subsidiary Novi Digital Entertainment.

27 MAR — NLC BOARD MEET
Board of NLC India—a Navratna PSU—to discuss plans for $600 million foreign currency loan.

28 MAR — T+0 BETA VERSION
Sebi is set to roll out beta version of T+0 settlement on an optional basis.

28-29 MAR — GOING INTERNATIONAL
Akasa Air's debut int'l flight to Doha on 28 Mar; IndiGo to start Bengaluru-Bali route from 29 Mar.

28 MAR — NIFTY50 REJIG
Shriram Finance will replace UPL Ltd in the Nifty50 index.

29 MAR — BYJU'S EGM
Byju's will hold EGM for increasing the authorised share capital following the recent rights issue.

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PLAIN FACTS

Fickle growth needs GDP math revamp

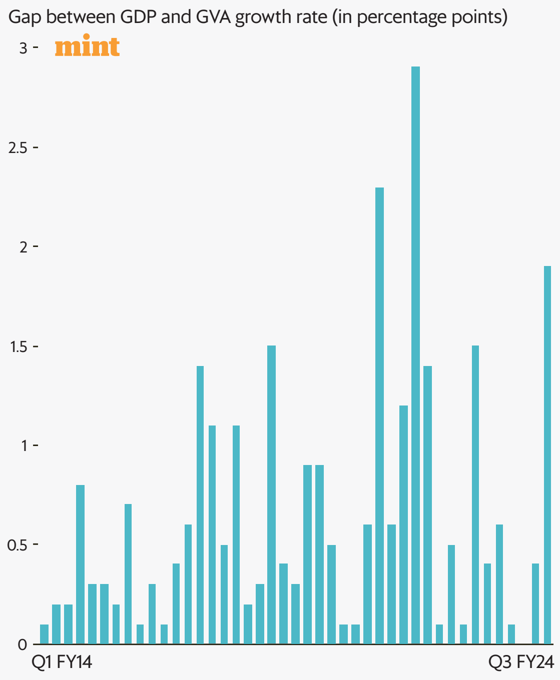
BY PRAGYA SRIVASTAVA

'Resilient' and 'strong' are two words often used to describe the Indian economy's growth. More so because the growth rate surpassed street estimates for much of 2023, helping Narendra Modi's government build an aura of being a global standout ahead of the crucial General Elections. However, the estimation of gross domestic product (GDP) is riddled with issues that keep showing up once in a while, with little to no solution possible without a structural overhaul. Take the quarter ended December 2023, during which the economy grew 8.4% as per an estimate released last month. At face value, it should bring cheer to all quarters. But greater scrutiny makes the story complex. Another indicator of output—gross value added (GVA)—grew just 6.5%. The gap between the two growth figures was the biggest since the January-March 2021 quarter. The problem is not limited to just the December quarter: the gap has become more pronounced since the pandemic due to the volatility in tax collections and subsidies, a Mint analysis shows. (GDP is GVA plus taxes on products minus subsidies.)

Another issue that gets overlooked but has had its fair share of influence on GDP growth is the head called 'discrepancies'. The statistics ministry estimates GDP using two methods (via income and via expenditure), which leads to different readings. To get over the inevitable mismatch, the gap gets labelled as 'discrepancies'. To be sure, the discrepancy is larger in initial estimates and gets somewhat corrected with subsequent revisions. But more often than not, this, too, has led to higher GDP growth figures.

GDP-GVA divide has become more pronounced since the pandemic

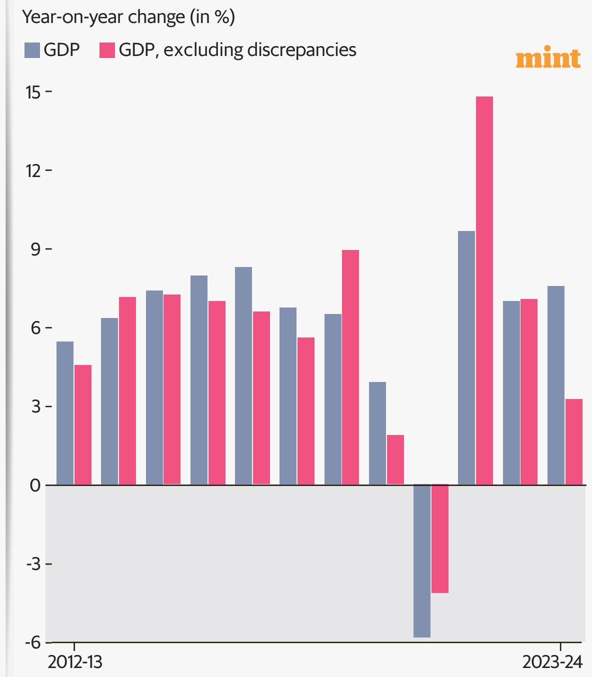
Gap between GDP and GVA growth rate (in percentage points)



Source: CMIE, Mint calculations

Mismatches in calculations have lifted GDP growth rate more often than not

Year-on-year change (in %)



Source: MoSPI, Mint calculations

Context Matters

THE DIFFERENCES between GDP and GVA and estimates arrived from the income and expenditure methods are some of the many problems in the current GDP series. While the headline GDP figure is generally looked at for economic growth, GVA, which is the value of goods and services produced in the economy, may show a more reliable picture when net taxes (taxes minus subsidies) become volatile, economists said.

Discrepancies are volatile too, with their share ranging from (-)3.4% to 3.4% of GDP since 2011-12. When discrepancy is negative, it lowers headline GDP estimates; when it is positive, it boosts the figure. Even as it tends to inflate GDP estimates more often, it can also lead to a lower estimate in some cases, pointing to limitations in methodology rather than a deliberate attempt to paint a rosy picture of the economy. Countries such as the UK and the US have also been criticized for persistently large discrepancies in the 1980s and 1990s, according to a report by the International Monetary Fund. While the mismatch can't be avoided, its size should be contained. Soon after the release of the 2011-12 GDP series (i.e. the GDP data with the 2011-12 base year), the then-chief statistician T.C.A. Anant had said the government was making efforts to reduce discrepancies—but it remains unaddressed. When discrepancy is particularly huge, excluding it while looking at the year-on-year growth could be beneficial. Some economists also look at growth in 'core GDP', which excludes volatile components such as discrepancies and valuables.

While the headline GDP growth figure is the main indicator of the growth in the Indian economy, closer scrutiny is essential under certain situations, owing to lack of data or volatility in data.

Revision Rage

THE MINISTRY releases six estimates for GDP for each fiscal year: two advance estimates while the year is still on, provisional estimates soon after the year ends, and three revised estimates over the next three years. While the latest quarterly and yearly growth usually gets everyone's attention, the revisions made to these initial numbers often go unnoticed.

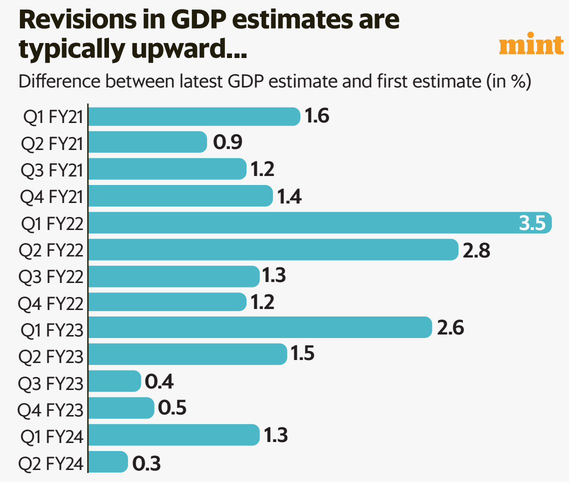
For example, the initial growth figures for Q1 and Q2 are calculated against provisional data for the respective year-ago periods. But by the time the Q3 data is released in the following February, not only do the numbers for the current year get revised but also the numbers for the past three years. All quarterly GDP numbers—both for the ongoing year and the preceding ones—then get shaken up, and the new growth rates can look different from the initial estimate. Even though the revisions usually lead to higher GDP estimates as more data gets captured with time, the growth rates depend on the changes made in the base year as well and can be revised in both directions.

Given the confusion these revisions cause, the statistics ministry last month announced that it was discontinuing the third revised estimate (it was scheduled to release the third and final revised estimate for 2020-21 last month, but didn't). Even as revisions in GDP data capture the economic activity better, it is the initial estimates that tend to stick in people's minds, a statistics ministry official said, adding that it was a step towards reducing the number of revisions in GDP data to reduce confusion.

While it may not be possible to perfectly capture the economic growth in the country, the issues in the current GDP series need to be looked at closely for any improvement possible but most of them will have to wait until we move from the 2011-12 series to a new series, the official added.

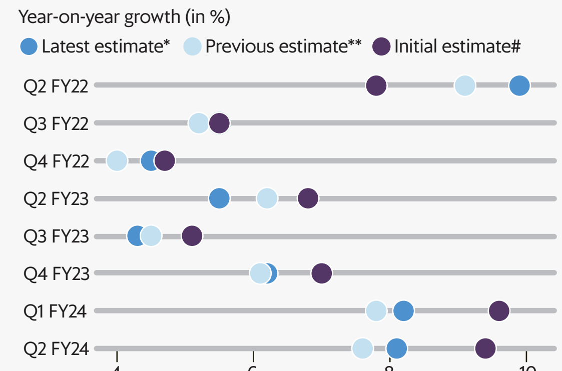
Revisions in GDP estimates are typically upward...

Difference between latest GDP estimate and first estimate (in %)



...but vastly different growth rates due to revisions create room for confusion

Year-on-year growth (in %)



*As per data released in February 2024. **As per data released in November 2023. #Like-to-like comparison between only initial estimates.

Source: MoSPI, Mint calculations

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

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Monday, March 25, 2024

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Capital markets ready for big trades: BoA's Balakrishnan ▶P6

UTI AMC's Subramaniam warns of market volatility ahead ▶P5

SENSEX 72,831.94 ↔ 0.00 NIFTY 22,096.75 ↔ 0.00 DOLLAR ₹83.42 ↔ ₹0.00 EURO ₹90.24 ↔ ₹0.00 OIL $85.44 ↑ $0.19 POUND ₹105.01 ↔ ₹0.00

Pvt InvITs to get bid rights for highways

Only private InvITs can bid in auctions for completed roads

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The Centre will auction completed road projects directly to private sector InvITs to encourage higher participation from global investors in India's infrastructure development programme, two people aware of the matter said.

In a policy shift, completed and revenue-generating highways under the toll-operate-transfer (ToT) mechanism will be directly and exclusively auctioned to private InvITs, the people said. Private-sector highway developers and funds such as sovereign wealth funds will not be allowed to participate in the auctions.

Earlier, such road projects were offered only to state-owned National Highways Authority of India's InvIT, the National Highways Infra Trust (NHIT). In the proposed system, once a road project or highway bundle is won by a private InvIT in a bidding process, it would mobilize global investments by offering subscriptions of its units, one of the two persons quoted above said on condition of anonymity.

An InvIT or infrastructure investment trust is a pooled investment vehicle—similar to a mutual fund—that is used for development of infrastructure projects such as highways.

"InvITs play a critical role in channelizing financial capital into the further development of Indian roads sector. And its basket needs to expand now given that increasing number of projects are coming up for monetisation," the first person cited earlier said. The projects up for monetization next fiscal year are yet to be identified.

"With highways already attracting private-sector developers—some with global fund participation—for operation and maintenance contracts of ToT projects, provision of such highways to InvITs would be a logical extension and would provide options for better valuation under a competitive process," said an official of the ministry of road transport and highways (MoRTH),

TURN TO PAGE 6

ROAD WORKS

Private-sector highway developers and investors such as sovereign wealth funds will not be allowed to participate in the auctions.

Expected value of highway asset monetization via different models by end of FY24 (in ₹ crore)

NEW WAYS

THE projects up for monetization next FY are yet to be identified

THREE modes of monetization for highways identified

NO window earlier for pvt InvITs to acquire completed projects

SARVESH KUMAR SHARMA/MINT

In September 2023, Isha Ambani's Reliance Retail bought a 51% stake in Alia Bhatt's kid and maternity-wear brand Ed-a-mama. PTI

How celeb brands reach point of sale

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You can start a business, but can you keep it going, even scale up? Nay seems to be the answer for several movie actors and sports personalities who launched their own brands and ended up selling stakes to bigger entities.

It's a trend that's likely to continue, said industry experts who cited recent deals to note that, often, such personalities may have limited entrepreneurial skills and time to run a full-fledged business.

"It's a valuation game at the end of the day. It will be a 'build valuation and cash-out strategy' and most celebrity brands will go this way in the future," said Vivek Mehta, partner at executive search & talent advisory firm ABC Consultants, adding that running a successful business requires full-time professional expertise, bandwidth and dedication.

For example, in September 2023, Reliance Retail Ventures bought a 51% stake in Alia Bhatt's kid and maternity-wear brand Ed-a-mama (founded 2020). In January 2022, Aditya Birla Fashion & Retail scooped up a 51% stake in designer and actress Masaba Gupta's House of Masaba Lifestyle, an entity that houses apparel, non-apparel, beauty and personal care and accessories business and was founded in 2014.

Earlier in July 2016, online fashion house Myntra had bought a majority stake in Hri-

TURN TO PAGE 6

State govts unlikely to meet FY24 SDL target

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State development loans (SDL), or bonds issued by state governments to manage their revenue and fund their fiscal deficit, are unlikely to meet the target for FY24, much like last fiscal.

That, however, may not be much of a worry, considering that state fiscal deficits are on the way down, thanks to higher tax collections and long-term interest-free loans from the Centre.

So far in FY24, states have raised about ₹9.76 trillion of the targeted ₹10.88 trillion, according to data from Reserve Bank of India (RBI). In FY23, the ₹7.78 trillion raised from SDLs had fallen short of the targeted ₹9.96 trillion.

In a case resembling a year-end sale, 18 states have offered to auction SDL stock for a cumulative ₹60,032.49 crore in the current fiscal's final weekly auction on 26 March, according to the RBI. But even that is unlikely to help achieve the target.

The more-than-expected proceeds from goods and services tax (GST) and release of a large chunk of 50-year interest-free loans from the Centre

TURN TO PAGE 6

DON'T MISS

AP

Elon Musk-owned Starlink's ops in India may face delays

The Indian government's approval to operations of Elon Musk-owned Starlink's satellite broadband services in the country is likely to be on the back burner for some time, despite the telecom department's clearance. >P7

Government plans stringent checks for offshore mining

Driven by security concerns, the Centre is preparing new rules that envisage stringent checks on operations of foreign entities, contractors and vessels in mining activities along the Indian coastline. The changes are being finalized by the mines ministry. >P2

Digital push helps postal department's life insurance biz

India's purportedly dormant postal department has been alive and kicking successfully in an unexpected quarter—life insurance. The Postal Life Insurance scheme, first introduced in 1884, has grown at 14.5% year-on-year so far this financial year. >P2

Amid RBI scrutiny, fintech sector bats for self-regulation

Self-regulation will go a long way in avoiding conflicts with the RBI, and in fostering trust between the regulator and fintech firms, said experts, amid escalating tensions between the central bank and certain industry stakeholders. >P4

Early summer and elections could drive up demand for chips, low-priced packs of cookies and beverages in the next quarter. MINT

Packaged food firms stock up ahead of polls

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Packaged food and beverage companies are stepping up supplies on the ground ahead of the coming general election, as large rallies and outdoor gatherings raise demand for low-priced biscuits, snacks and beverages.

The Election Commission of India (ECI) announced dates for the 2024 Lok Sabha election on 16 March. Voting will start on 19 April, and go on till 1 June, across seven phases.

"With upcoming elections and the dates declared, we expect buoyancy in the market and good spending on ground," said Krishnarao Buddha, senior category head, Parle Products. "Consumers also get more disposable incomes, different parties dole out freebies or even cash. For our category, it does have an impact. We will have to wait and watch. But it will be positive, given the number of rallies. Wherever rallies happen, we see a large congregation of people."

Election months typically see a 10-15% jump in demand for the company's brands as out-of-home mobility increases. "Accordingly, we are gearing up to stock as well," he said. Parle Products sells brands such as Parle-G biscuits and Hide & Seek cookies.

Dairy cooperative Gujarat Cooperative Milk Marketing Federation (GCMMF) that markets dairy products under the Amul brand said the general election, coupled with a strong summer, will help in an uptick in demand for low-priced beverages such as shakes, lassi and even ice-creams.

"Any economic activity has a direct impact on business," said Jayen Mehta, managing director, GCMMF. "Large congregations help the sale of soft drinks and other beverages. This is especially true in rural areas and among low-income classes." The company has also bolstered its range of beverages this summer.

Distributors said early summer and elections could drive up demand for chips, low-priced packs of cookies and beverages in the coming quarter.

"The season has started strong with an early summer, so yes, elections and rallies will benefit companies in the coming quarter. This will have an impact on demand for packaged foods and not much on personal care items," said Dhairyashil Patil, president, All India Consumer Products Distributors' Federation.

Steps to boost sunrise sectors, ease of living in 100-day plan

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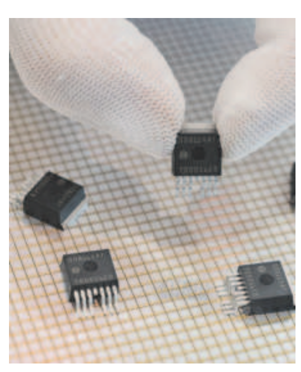
Measures to boost sunrise sectors such as semiconductors and artificial intelligence, and ways of making life easier for citizens will get priority in the 100-day programme the government is currently working on for implementation after the national elections running from April to June, two persons aware of the discussions said.

The 100-day programme will have policy steps needed for short-term and long-term growth. Secretaries of different departments have been asked by ministers to consult stakeholders over the next month to come up with fresh ideas. The proposals will be taken up in the first cabinet meeting after the polls, one of the persons quoted above said.

Sunrise sectors are in focus as they see fast growth, innovation, and have the potential for creating well-paying jobs for the youth, while also helping the country turn self-sufficient. While presenting the interim budget for next fiscal, finance minister Nirmala Sitharaman had announced a ₹1-trillion corpus for financing private sector research and innovation in sunrise sectors. The government's scheme for attracting investments into manufacturing through production-linked incentives, too, covers sectors like electronics, pharmaceuticals, telecom, medical devices and drones.



Sunrise sectors are in focus as they see fast growth. AFP

The measures being worked on broadly follow the NDA government's approach of undertaking reforms that help the overall economy and strengthen the exchequer for social transfers rather than offering upfront tax cuts or subsidies. This approach was evident from the interim budget for FY25 presented on 1 February, which chose not to be populist despite the impending national polls. Besides, the initial months of the new government will be the opportune time to pursue reforms, said the person, who spoke on condition of anonymity.

Experts said that one goal the government has to pull off would be to increase the tax-to-GDP ratio for raising resources for its programmes. "Tax-to-GDP ratio has to be raised from about 18% (Centre and states combined) to about 25%, which

TURN TO PAGE 6

When Cupid stepped up to Tourism Fin, but hesitated

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A strange sequence of events at small-cap companies Tourism Finance Corp. and Cupid Ltd, and the role of their biggest shareholder Aditya Halwasiya—whose elder brother's business partner Hari Shankar Tibrewala is under scrutiny—have puzzled investors and analysts. The Enforcement Directorate suspects Tibrewala is a hawala operator who has manipulated share prices of some companies.

On Saturday, contraceptives maker Cupid Ltd informed stock exchanges that it has withdrawn its plan to invest in Tourism Finance Corp., a company which offers finance to hotels and tour operators. Halwasiya is the biggest shareholder of both companies. Interestingly, when Tourism Finance Corp. had put the fund-raising plan to vote, Oriental Insurance Company, one of its three promoters with a 0.97% stake, had rejected the plan in a rare dissent. Nonetheless, the resolution was approved by over 95% of shareholders, according to voting disclosures reviewed by Mint.

Cupid Ltd managing director Aditya Halwasiya.

The story begins in September 2023 when Aditya Halwasiya and Halwasiya group company Columbia Petro Chem acquired Cupid, buying a 42% promoter stake for ₹160 crore, and becoming its biggest shareholder.

On 20 February, Aditya Halwasiya acquired 13.06% stake in Tourism Finance Corp. for ₹250 crore, becoming its single-largest shareholder. Within a week, Tourism Finance said it plans to raise Rs 200 crore from three entities—Cupid, whose biggest shareholder is Halwasiya; Columbia Petro Chem Pvt. Ltd, and Halwasiya himself—by issuing warrants.

Halwasiya agreed to invest Rs 50 crore, while Columbia Petro Chem Pvt. Ltd and Cupid would bring in ₹100 and ₹50 crore, respectively. After conversion of warrants, Halwasiya, Columbia Petro Chem and Cupid would have owned 14.13%, 4.48% and 2.24%, respectively. Put simply, Halwasiya and the companies where his family is the biggest shareholder, stood to own 20.85% of Tourism Finance

TURN TO PAGE 8

Jack Daniel's flowed during covid. Now comes the hangover.

Jennifer Maloney
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THE WALL STREET JOURNAL.

The biggest American whiskey is losing its punch.

Demand has been sliding for Jack Daniel's Old No. 7 for months and the company behind it, Brown-Forman, is forecasting a sluggish U.S. whiskey business for at least the next year.

Drinkers guzzled whiskey and other spirits during the pandemic, driving banner sales growth for Brown-Forman and other distillers, but the party has ended. Whiskey makers' revenue in the U.S. fell 2.2% in 2023 to $12.3 billion, according to the Distilled Spirits Council of the United States, while revenue was flat overall for makers of spirits.

"The phenomenal sales growth we saw during the pandemic was unprecedented and unpredictable but also unsustainable, and now, the spirits market is recalibrating," Chris Swonger, the group's president, said last month.

Consumers are under pressure from rising prices and interest rates hovering near their highest level in years. People have returned to their prepandemic activities and are spending less time at the home bars they stocked during Covid-19 lockdowns. Many people are cutting back on their alcohol consumption for health reasons—or choosing marijuana instead.

Some drinkers of Jack Daniel's Old No. 7 are trading down to cheaper alternatives while others are trading up. ISTOCKPHOTO

The whiskey market is also facing shifts in the types of products people buy when they opt for liquor. Cheaper canned cocktails and other spirits like tequila are growing in popularity. Some drinkers of Jack Daniel's Old No. 7—often used to make the cocktail Jack and Coke—are trading down to cheaper alternatives while others are trading up.

Brian Moran, a tile-setter who lives in the Chicago suburbs, used to order a Jack Daniel's and Co'ca-Cola whenever he went to a bar with friends. About a year ago, a client offered him a trade to tile a kitchen backsplash: five pricier bottles of bourbon, including Stagg, Eagle Rare and E.H. Taylor. From his first sips, Moran was enthralled.

"I don't know anyone who even drinks it anymore," he said of Jack Daniel's Old No. 7, which has a national average price of about $22. "You spend an extra $10 and you get something that's so much better."

Moran, 42 years old, now buys a variety of whiskeys and has returned to the Jack Daniel's brand for its higher-end offerings, including Jack Daniel's Single Barrel Barrel Proof and Jack Daniel's 12-Year-Old Tennessee Whiskey.

Brown-Forman is leaning into its pricier drinks, which are gaining fans among whiskey aficionados. Jack Daniel's Single Barrel Barrel Proof is priced around $64. Dollar sales of the product rose about 60% in the first two months of this year, according to Nielsen data analyzed by consulting firm Bump Williams. Those gains haven't made up for the decline in Old No. 7, however.

Brown-Forman, which is

TURN TO PAGE 6

STRAIGHT FORWARD

SHASHI SHEKHAR

Respond to this column at
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IS CORRUPTION BUT AN EXCUSE TO WIPE OUT OPPOSITION?

The coming general election will have a distinction. It will be the first ahead of which two chief ministers, a deputy chief minister, a member of parliament, and a minister are in prison on charges of corruption. There are dozens more who have either spent time in jail or are headed for it. Is this an outcome of Prime Minister Narendra Modi's declared anti-corruption agenda, or a plot to weaken the Opposition?

Let's analyse this starting with Delhi chief minister and Aam Aadmi Party (AAP) chief Arvind Kejriwal. In the early years of the last decade, Kejriwal emerged as a "crusader" for the truth. He had quit a coveted government job as an officer in the Indian Revenue Service to work for an NGO and as an RTI activist.

An agitation in which he joined Anna Hazare brought him recognition. His comrades and he himself had then proclaimed that they had nothing to do with politics and were merely fighting for truth, fraternity, and justice. So, Kejriwal's admirers were startled when he announced the launch of AAP. He argued then that cleaning politics required getting your hands dirty. He projected himself as an unconventional leader. He could be spotted sitting with auto-rickshaw drivers, or members of such other working classes. But after the first election, he took help from the Congress, a party he had previously accused of corruption, to gain power. AAP is fighting this election, too, with the Congress.

Over time, some of Kejriwal's colleagues started noticing inconsistencies between his words and deeds. Many either left the party or were dismissed, but Kejriwal stuck to his line. He has an incredible ability to understand voters from the underprivileged and middle classes. AAP won the hearts of the residents of Delhi through measures such as offering subsidies on water and electricity. His government also did well on education and health. In exchange, the people of Delhi gave him an overwhelming majority in two successive elections. His party also succeeded in forming the government in Punjab and was recognized as a national party, when it cornered 12.92% of the votes polled at the Gujarat Assembly elections.

The question now, though, is this: Despite these successes, how did Kejriwal's journey land him behind bars? Did it happen due to the high cost of contesting elections, where all parties require funding from known and unknown sources? If so, how does he differ from the others?

> Speculation is rife whether Kejriwal and Soren would gain from a sympathy wave

It's also notable that he was detained for the alleged excise scam. Kejriwal and colleagues developed an excise policy that made country-made English liquor cheaper in Delhi. AAP was gaining momentum by relaxing the liquor policy.

Vijay Nair, one of the new faces that emerged in AAP, had a say in the new alcohol policy. He was the first among Kejriwal's colleagues to be arrested, but is out on bail. Later, deputy chief minister Manish Sisodia and Rajya Sabha member Sanjay Singh were sent to ED custody. Kejriwal's detention has prompted numerous questions. AAP argues that their leaders were imprisoned despite no "money trail" being established, but they have yet to receive any justice from the courts.

Kejriwal, who is used to forging new paths, did so again this time. In the past, politicians suspected of corruption or other such charges, used to resign if they faced arrest. Jharkhand's Hemant Soren was the most recent example. Kejriwal's colleagues have indicated, though, that he will not step down. The question that arises in this context is: Can a government be run from jail? The Constitution is silent on this matter, but provisions in the jail manual will prove to be an impediment. In political circles, speculation is rife whether Kejriwal and Soren would gain from a sympathy wave. It's also said that only those who oppose the BJP are being detained. BJP is not a party, but a "washing machine". Is this a new trend? Certainly not. Who was in control when the Supreme Court referred to the CBI as a "parrot"?

Another difficulty arises. After Kejriwal and Sisodia are jailed, there is no popular figure who can keep AAP unified. Following Soren's imprisonment, his party, the Jharkhand Mukti Morcha, faces a similar predicament. Hemant's sister-in-law, Sita Soren, has sought refuge in BJP. If Soren remains in jail for an extended duration, how will his family keep the party in their control?

With general elections looming, both BJP and the Congress are hoping to see these movement-based parties become embroiled in scandals. They understand that bystanders reap maximum benefits when the market is plundered.

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

Government plans stringent checks for offshore mining

New rules will require govt nod for appointing overseas personnel, using foreign equipment

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NEW DELHI

Driven by national-security concerns, the Centre is preparing new rules that envisage stringent checks on operations of foreign entities, contractors and vessels in mining activities along the Indian coastline.

The new rules being framed for operationalizing offshore-area mining in the country will require prior approval of the Union government for appointing any overseas personnel and foreign equipment usage, two people aware of the plans said.

The changes would form part of the offshore areas operating rights rules 2024 that are being finalized by the mines ministry. The new rules, which will supersede the Offshore Areas Mineral Concession Rules, 2006, will provide the terms and conditions of operating rights in the country's territorial waters, continental shelf, exclusive economic zones and other maritime zones. The government amended the Offshore Areas Mineral (Development and Regulation) Act 2002, last year to auction mineral blocks in offshore areas for the first time to the private sector and offer both production and composite licence for all minerals excluding mineral oils, hydrocarbons and atomic minerals.

"As the areas in country's offshore areas are sensitive and strategic in nature with presence of several defence infrastructure, it is proposed that extra checks are maintained over employment of overseas entities and personnel. Therefore, we are proposing all such mining activities will be required to be constantly monitored by an Indian entity and its local representative with daily reports being maintained for government scrutiny," one of the two people said on condition of anonymity.

The changes would form part of the offshore areas operating rights rules that are being finalized by the mines ministry. ISTOCKPHOTO

Queries sent to the Union ministry of mines remained unanswered till press time.

The government has opened up mining in country's offshore areas to the private sector to explore and produce rich base of mineral resources lying on the country's ocean bed. It is estimated that 79 million tonnes of heavy minerals are lying untapped along the 7,517-km long coastline. The auction, therefore, will be for lime mud, construction-grade sand, heavy mineral placers, phosphorite, polymetallic ferromanganese (Fe-Mn) nodules and crusts.

According to the proposed changes in the operator ship rights for offshore mining, in case foreign domiciled entities or foreign entities or contractors, personnel, vessels or equipment are engaged or deployed for undertaking exploration operations, all applicable prior approvals shall be obtained from the relevant government authorities, including any specific approvals mandated by the central government from time to time, and any data shall be collected and work shall be carried out under the supervision and control of Indian representatives of the licencee, who shall ensure appropriate security safeguards.

Also, the licencee shall ensure that the data generated during exploration operations, including any geological data, is processed, including by foreign entities or contractors, in India and such processed and unprocessed data may be imparted to any foreign entity only with prior approval of the Administering Authority.

Moreover, exploration operations by the licencee himself or contracted companies, shall undergo and clear security inspection of the Indian Navy under the aegis of the Flag Officer Commanding-in-Chief of the concerned Naval Command and Flag Officer, Offshore Defence Advisory Group.

MINING POTENTIAL

THE govt amended the Offshore Areas Mineral Act 2002 last year	**IT** is proposed that extra checks are maintained over overseas entities and personnel	**THE** private sector has been invited to explore mineral resources lying on the ocean bed	**IT** is estimated that 79 mt of heavy minerals are lying untapped along the 7,517-km coastline

'Pak to consider restoring trade ties'

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Pakistan will "seriously" consider restoring trade ties with India that remained suspended since August 2019, Foreign Minister Muhammad Ishaq Dar has said, indicating a potential shift in diplomatic stance towards the neighbouring nation.

Dar made these remarks during a press conference in London following his participation in the Nuclear Energy Summit in Brussels, Geo News reported.

He highlighted the eagerness of cash-strapped Pakistan's business community to resume trade activities with India.

"Pakistani businessmen want trade with India to resume," the foreign minister said on Saturday.

Pakistan will consider restoring trade ties with India, he said. "We will seriously look into matters of trade with India," Dar was quoted as saying by the Express Tribune newspaper. His remarks indicated a potential shift in diplomatic stance towards India.

Pakistan downgraded its diplomatic ties with New Delhi after the Indian government abrogated Article 370 of the Constitution, revoking the special status of Jammu and Kashmir and bifurcating the State into two Union Territories.

Textile exports contract 4.2% on-year in 11 months of FY24

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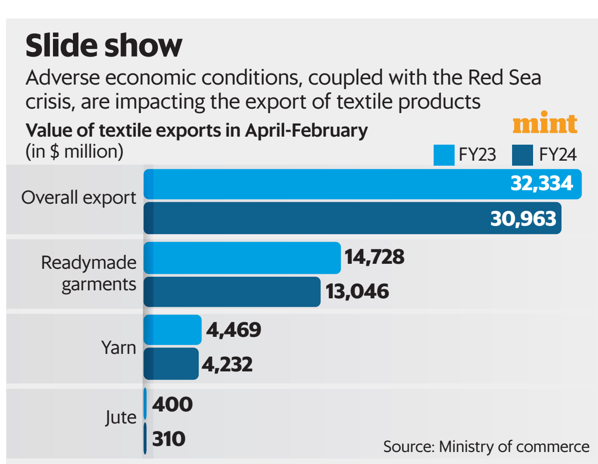
India's textile exports shrank 4.2% year-on-year (yoy) in the first 11 months of the current financial year, hurt by adverse economic conditions in major destinations such as the European Union (EU), the US, and West Asian nations, according to the commerce ministry data analyzed by *Mint*.

India exported textiles worth $30.96 billion during April 2023-February 2024, down from $32.33 billion in the corresponding period of the previous fiscal year.

"The possibility of a course-correction in the upcoming months is bleak, and the downward trend is expected to continue in March as well. Adverse economic conditions, coupled with the Red Sea crisis, are impacting the export of textile products, including readymade garments, to foreign destinations," a senior government official, who requested not to be identified, said.



PARAS JAIN/MINT

During the 11 months till February, the export of readymade garments fell to $13.05 billion from $14.73 billion in the corresponding months of the previous fiscal year.

Similarly, the export of jute declined to $310 million from $400 million, while yarn exports fell from $4.47 billion to $4.23 billion.

The export performance of different categories in the textile sector varied during the current fiscal year.

The export of readymade garments contracted by 11.4%, while jute exports saw a more significant contraction of 22.5%.

Yarn exports also experienced a contraction, albeit at a slower rate of 5.3%.

However, industry experts are hopeful that exports will improve in the upcoming months, especially with the US market showing signs of revival.

According to Crisil, India's textile industry is expected to grow in calendar year 2024, driven by a consistent improvement in domestic demand, gradual recovery in exports, and lower cotton prices.

Pulses imports decline 29%

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India has imported 516,223 tonnes of masur (lentil), tur (pigeon pea) and urad (black gram) so far this current calendar year, marking a nearly 29% decrease from a year earlier, a top government official told *Mint*. In January-March of 2023, India had imported 724,883 tonnes of these pulses.

The fall in imports of these three pulses is attributed to a tight supply globally amid likely hoarding on expectations of India's increasing import demand.

"In case of tur, production worldwide is lower than the previous year," said consumer affairs secretary Rohit Kumar Singh. "Sometimes, they hoard the crop on expectations of further price rise, but thankfully, we have been able to put a lid on rising prices, though prices are quite high now."

"They cannot hold the crop for long as storage cost is involved. Pulses is a basket and behave independently, but if you look at the mathematical model, it interplays in pulses. We controlled chana prices by launching Bharat Dal and opening imports of yellow peas.

The fall in imports of pulses is attributed to a tight supply globally. MINT

This is why tur price is in control now. People who are sensitive to price, they shifted to chana or diversified their pulses consumption."

Tur imports fell to 122,817 tonnes since January this year against 252,004 tonnes during the corresponding period last year.

> Tur imports fell to 122,817 tonnes since Jan this year against 252,004 tonnes during the corresponding period last year

This comes at a time India's tur production is estimated to fall to 3.3 million tonnes (mt) compared to 4.5 mt consumption.

"For pigeon peas (tur), India faces a significant shortfall...To meet this need, India looks to countries like Myanmar, Tanzania, Mozambique, and others in Africa for imports. As India does not have public or private carry-in stocks, higher prices are expected," Deepak Pareek, agriculture economist, told *Mint*.

Similarly, urad and masur saw a decline in imports during the same period. Urad imports to date since January this year fell to 128,120 tonnes from last year's 139,382 tonnes.

A 140-year-old policy puts its stamp on India Post's life insurance biz

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India's purportedly dormant postal department has been alive and kicking successfully in an unexpected quarter—life insurance.

The Postal Life Insurance scheme, a policy first introduced in 1884, has grown at 14.5% year-on-year so far this financial year—in terms of premium income between April and February. It's grown in double digits for the first time since FY21, far outpacing the rest of the industry.

Apart from a sense of security for funds invested in a state-run insurance plan, a key factor that has allowed the postal department to compete in India's highly competitive and yet under-penetrated market has been its digital push.

"The reformative steps taken by India Post have helped in pushing the growth story of postal life insurance. Now, the beneficiaries have the option to pay their premiums online, which was not happening a few years ago. Besides, claim settlement has also now become seamless," a senior postal department official said, asking not to be identified.

The reformative steps taken by India Post have helped in pushing the growth story of postal life insurance.

Overall, the postal department's life insurance business has edged out its private-sector competitors. Factoring in the much younger Rural Postal Life Insurance scheme as well, the department's insurance business has grown at nearly 16% until February this financial year, show postal department data accessed by Mint.

India's private life insurance sector has grown by 14% till February in FY24, while industry behemoth Life Insurance Corporation's premium base contracted by 8% during the period, according to CareEdge Ratings.

Postal secretary Vineet Pandey and Postal Life Insurance member Jitendra Gupta did not reply to Mint's queries till press time.

The overall industry's growth this financial year until February is 0.2%. The report attributed the slow pace to reduced single premiums, primarily from LIC, and changes in the tax regime.

The Postal Life Insurance scheme is a money-back policy with a maximum sum assured of ₹50 lakh, best suited for those who need periodical returns. It was established 140 years ago for the welfare of postal employees, and extended to Telegraph department employees in 1888. In November 2022, the PLI scheme was made available to all individuals.

The department introduced the Rural Postal Life Insurance scheme in March 1995, with a maximum sum assured of ₹10 lakh.

To be sure, the postal department's insurance business is considerably small given the size of the overall industry. As per Invest India data, premiums from India's life insurance industry are expected to reach $317.98 billion by FY31, from $104.4 billion in 2023.

Between April and February, the postal department earned ₹10,449 crore in premiums under the PLI scheme, and ₹4,138 crore under the Rural Postal Life Insurance scheme, adding up to ₹14,587 crore so far this year, as per the postal department's data.

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THE MONDAY QUIZ

1) WHAT is the name of the artificial intelligence (AI) chip announced by Nvidia during its GTC?

2) WHICH cybersecurity company did Cisco recently acquire for $28 billion?

3) WHICH tech giant is currently in talks to integrate Google's Gemini AI engine into the iPhone?

4) COGNIZANT and Nvidia BioNeMo are using gen AI to boost productivity in which area?

5) WHICH two technology firms have partnered to upskill 1,000 engineers in gen AI?

GLOSSARY

Cyber swatting: Cyber swatting is a dangerous and illegal cybercrime where someone makes a false report to emergency services about a serious crime in order to trick them into sending a special weapons and tactics (SWAT) team to the victim's location. The goal is to send an armed emergency response team to the victim's location.

Augmented connected workforce: Augmented connected workforce is the concept that leverages augmented technologies to improve workplace efficiency and productivity. Augmented reality (AR) plays a significant role in many use cases, including remote collaboration and workflow automation. Other technologies including mixed reality, artificial intelligence, collaborative robots, and exoskeletons are also a key part of augmented connected workforce.

Hopper architecture: Hopper architecture is a GPU architecture from Nvidia that uses the tensor memory accelerator (TMA) to support asynchronous memory transfer between shared memory and global memory. TMA allows applications to transfer up to 5D tensors. The Hopper architecture also includes the Transformer Engine, which speeds up the training of AI models.

Printed circuit board: A printed circuit board (PCB) is a non-conductive board that connects electronic components in a circuit using conductive pathways, tracks, or signal traces etched from copper sheets laminated onto a non-conductive substrate. PCBs are also known as printed wiring boards or etched wiring boards.

THE MONDAY QUIZ ANSWERS:
1) Blackwell 2) Splunk 3) Apple 4) Drug discoveries
5) L&T Tech and Nvidia

'Innovation will be key differentiator in SaaS'

Lightspeed partner highlights the struggle for profitability in SaaS sector

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Amid a downturn in the software-as-a-service (SaaS) market, marked by declining sales and delayed purchases, innovation-led differentiation has emerged as a key challenge for most SaaS firms, globally, including in India, a top executive at Lightspeed said in an interview.

Hemant Mohapatra, a partner at Lightspeed, focusing on SaaS, enterprise infrastructure, crypto, and space and satellite investments, said with rising competition, the sector has become crowded with "hundreds, if not thousands, of companies going after the same set of customers".

Around 80% of the SaaS market is now saturated, with every category witnessing several alternatives over the past two decades of the internet, he added.

"This is why every single sales cycle has gotten elongated, which is also why loyalty from the customers is a lot harder to find."

At the outset of the internet era, many companies prioritized innovation, he said. "When Dropbox came to the market, it was remarkable. It was very innovative. But over time, Dropbox is no different than, say, Box, or Drive, or Office 365. They all do the same thing. How do you differentiate?"

Besides, SaaS companies have been struggling due to extended timelines from customers, impacting growth.

In a June 2023 report, management consulting firm Zinnov and venture capital firm Chiratae Ventures had revised revenue projections for Indian SaaS startups from $100 billion to $26 billion.

According to Mohapatra, when interest rates were low, companies sought differentiation through discounts, marketing, branding, and product-led initiatives, rather than innovation, which impacted their profits. "That is what happened with the world of SaaS."

Hemant Mohapatra, partner, Lightspeed.

"The capital market has changed its attitude. Now they are saying, there's no free money. I need you to clamp down on your bottom line, and get profitable. So, people are now wondering, how they could differentiate, and innovate, and are going back to the basics."

Mohapatra believes the artificial intelligence (AI) wave is the new oil. "So, the opportunity for many of these companies is to take this new resource and build something that nobody has been able to build because this kind of AI was just not easily available."

It would be a mistake for companies not to use AI in their businesses, he said. "It's almost like being in the 1990s and saying the internet is stupid, let's not build anything on it."

A January 2024 report by SaaS-focused accelerator Upekkha and late-stage investor WestBridge Capital indicated that the use of Generative AI in SaaS and information technology) industry will help companies generate nearly $1.3 trillion in revenues by 2033, up significantly from $10 billion in 2024. Lightspeed is ramping up its AI investments. According to Mohapatra, it has backed over 75 AI startups worldwide in the last 18 months alone, marking one of its busiest years. "We typically do 19-20 deals in a year but last year we did 21."

STAYING AFLOAT

AROUND 80% of SaaS market is now saturated, with every category witnessing several alternatives

SAAS companies have been struggling due to extended timelines from customers

MOHAPATRA believes AI is the new oil. So, firms should focus on it to innovate further

Funding activity dips on a high base

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Private equity and venture capital investments during the five-day period between 18 and 22 March fell compared to the week before. Notably, the previous week's high funding value was driven by a major transaction involving global investor GIC buying a stake in the largest tobacco company, ITC.

While companies had raised $830 million during 11-15 March, $408 million was secured last week in a healthy mix of large and mid-sized deals. While overall funding volumes were steady at 22 over the previous week's 23, mergers and acquisitions activity declined further.

VCCiRCLE

In the week's largest transaction, Engrail Therapeutics, a biotech startup led by former Cipla executive Vikram Sudarsan raised $157 million (₹1,300 crore) in Series B round, co-led by healthcare-focussed VCs F-Prime Capital, and Forbion, besides growth equity investor Norwest Venture Partners.

Audio entertainment content platform Pocket FM followed with $103 million (₹857 crore) in a Series D round, led by Lightspeed Venture Partners, along with Stepstone. This latest round lifts Pocket FM's funding to $196.5 million.

Among key mid-sized deals, Nexus Venture-backed Ultrahuman secured $35 million (₹291 crore), in a mix of equity ($25 million) and $10 million in debt from its existing investors to ramp up its research and production capabilities.

The Good Glamm Group raised $30 million or about ₹245.5 crore in a bridge round from existing investors through a rights issue. This is the company's latest fundraise after its Series D round in November 2021.

The M&A space saw three deals led by Astrac Group's flagship firm Naxnova acquiring a 74% stake in Belgium's Quad Industries, a maker of customised printed electronicsfor ₹90 crore.

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Index	Close	1-week change (%)	1-month change (%)	3-month change (%)	6-month change (%)	1-year change (%)
S&P BSE Sensex	72831.94	0.26	-0.45	2.43	10.34	25.11
Nifty 50	22096.75	0.33	-0.54	3.50	12.31	28.83
Nifty 500	19994.60	0.85	-1.43	4.93	15.84	38.28
Nifty Next 50	59188.90	1.95	0.32	13.95	31.02	55.87
Nifty 100	22633.80	0.62	-0.40	5.23	15.39	32.94
S&P BSE Mid-cap	38801.23	1.44	-2.59	8.13	21.45	61.39
S&P BSE Small Cap	42771.27	1.81	-6.59	1.83	15.42	57.36

Small-cap surge divides Street

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Dangerously overbought or still a long way to the top? The exhilarating upswing in small- and mid-cap shares over the past year has left experts divided on the maintainability of this bull run.

Interestingly, buyers, too, are neatly arrayed on opposite sides of the aisle, with retail investors shovelling money into small-cap counters with an almost religious fervour while institutions are taking a more guarded approach.

The recent spell of profit-booking notwithstanding, mid- and small-cap stocks are the undisputed winners of the rally. Against the benchmark Nifty's 30% jump over the past 12 months, the Nifty Midcap 100 index has climbed 57% and the Nifty Smallcap 100 a cool 65%.

Some constituents seem to have escaped the Earth's gravitational pull altogether, including names like Indian Railway Finance Corp. Ltd (up 430%), BSE Ltd (416%), Suzlon Energy Ltd (397%) and Housing & Urban Development Corp. Ltd (328%).

What explains this ballistic run?

"When we look at the mid- and small-caps, we must understand two factors," Kranthi Bathini, director- Equity Strategy of WealthMills Securities, said. First, the increased liquidity, with retail investors pouring money into MF schemes at an accelerated pace, which in turn is driving stock prices higher. "The second aspect is most of these stocks have a low float, where even small inflows can cause exaggerated price movements," Bathini told *Mint*.

Not unsurprisingly, this dizzying rise has left many market watchers disoriented. "We find the valuations of the majority of the mid-cap and small-cap stocks to be quite expensive, especially in the context of their business models as well as their own history," Kotak Institutional Equities analysts said in a recent note.

Kotak also highlighted the peculiar nature of the current rally—price and time correction in better-quality stocks but a strong upmove in "low-quality and narrative stocks" in the past six months.

The debate around "low" and "high" quality stocks notwithstanding, this segment of the market has come under regulatory scrutiny in recent weeks. In an unusual move, Securities and Exchange Board of India (Sebi) last month directed mutual funds to undertake a stress test of their small-cap and midcap funds.

Sebi chairperson Madhabi Puri Buch, too, observed that there are "pockets of froth" in the market, adding that it is the nature of bubbles to burst.

Not just that, even the law enforcement agencies entered the fray, with the Enforcement Directorate (ED) freezing assets of a Dubai-based "hawala operator" who allegedly channelled illicit funds into mid, small and micro-cap stocks.

While letters like PE, PB and RoA are par for the course, even the staunchest of investors can get cold feet when the letters ED pop up on screen.

This drumbeat of alarming headlines triggered a sell-off in these counters, prompting some participants to fret over a repeat of 2018, when the small-cap index had crashed around 45%. But not everyone is so pessimistic. For one, domestic macro is much stronger now, with the GDP growth soaring to 8.4% in Q3FY24 and all engines of growth firing in unison.

The 2018 fall was also driven by broader market sell off (Nifty dropped 7% during Jan-Oct 2018) on peak valuations (23% premium to previous 5-year mean) while the broader market valuation is still palatable currently at around 8% premium to 5-year mean.

"2018 was a period of several other adverse events—Infrastructure Leasing & Financial Services Ltd (IL&FS) led crisis to LTCG tax to the global tightening cycle while in the current context there is hope of rate cuts in the second half of the year," HSBC Global Research said in a report on 21 March. HSBC added that it remains constructive on the broader market and any deep sell-off in midcaps from current levels seems unlikely.

Investors can also take heart from the fact that the smallcap show has not been 'all talk and no show'. During FY21-23, large-caps delivered earnings growth of around 21% compared to 31% for midcaps and 48% for small-caps. Even in Q3FY24, profit after tax growth of BSE500 at 25.5% year-on-year outpaced Nifty 50's 16.3%.

Fundamentals may just be in place, but does that justify the flights of fancy?

Adherents of the 'high risk high reward' style of investing point out that volatility is a feature, not a bug, when it comes to midcaps. Knee-jerk reactions to headlines will only harm investors.

"I think serious money can only be made in mid- and small-caps. But investors need to be highly stock-specific in this segment. They should prioritize companies with good earnings visibility, strong fundamentals and competent managements. If they follow these basics, the market will reward them generously," WealthMills' Bathini said.

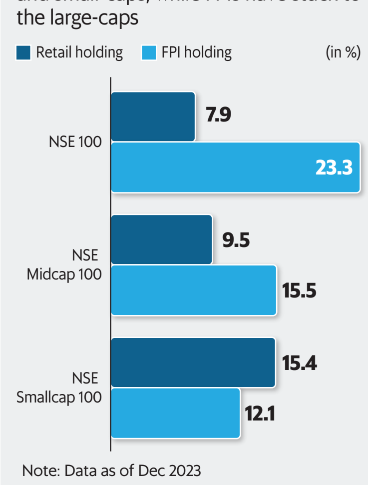
CAUTIOUS APPROACH

SEBI last month directed MFs to undertake a stress test of their small-cap, mid-cap funds

INVESTORS should prioritize companies with good earnings visibility, experts say

Different tastes

Retail investors have piled into mid- and small-caps, while FPIs have stuck to the large-caps



Note: Data as of Dec 2023

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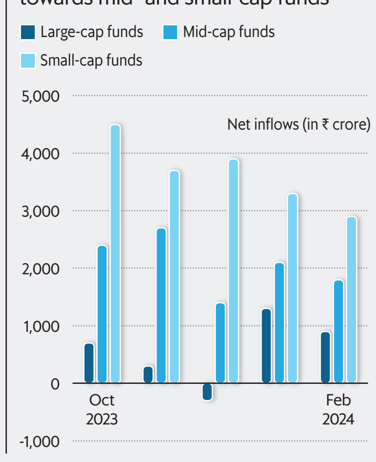
Retail favourite

Despite some moderation, retail investors are still heavily skewed towards mid- and small-cap funds



Source: Prime Infobase, Kotak Institutional Equities

PRANAY BHARDWAJ/MINT

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

MINT SHORTS

Hedge funds boost bearish yen bets after BoJ's dovish hike

Hedge funds ramped up bearish yen wagers in the week stretching through the Bank of Japan's March meeting, when officials ended the world's last negative rate-regime but pledged an accommodative stance that dragged the Japanese currency to 2024 lows. Leveraged speculators in the currency market increased their holdings of contracts tied to bets that the Japanese currency will fall to 80,805, approaching the six-year high of 83,562 reached last month, according to data through 19 March from the Commodity Futures Trading Commission—the week culminating in the day when BoJ ended its negative rates policy in Japan.The yen fell more than 1% against the dollar following the conclusion of the central bank's meeting. Hedge funds have been consistently short the yen since 2021, according to CFTC, with expectations that the BoJ's pursuit of policy normalization will remain accommodative. **BLOOMBERG**

Fed chair Jerome Powell emphasized the broader story of a gradual path for getting inflation back to target. AP

Inflation concerns persist as Fed maintains cautious view

The Federal Reserve's preferred measure of underlying US inflation probably remained uncomfortably high in February, showing why central bankers are wary about cutting interest rate too soon. The core personal consumption expenditures price index, which excludes food and energy costs, is seen rising 0.3% on the heels of its biggest monthly increase in a year. The overall measure is forecast to climb 0.4%, the most since September. That would leave annualized core price growth over the past three months running at the fastest pace since May. On a six-month annualized basis, the core PCE price index would also show an acceleration. What's more, some economists expect the January figures to be revised higher following recent government reports on consumer and producer prices. That stands in contrast to the end of 2023, when inflationary pressures were showing signs of settling back to the Fed's 2% goal. Fed chair Jerome Powell, after he and his colleagues kept interest rates unchanged for a fifth meeting, emphasized the broader story of a gradual yet bumpy path for getting inflation back to target. **BLOOMBERG**

Sterlite Power Transmission may consider listing post demerger

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Sterlite Power Transmission Ltd (SPTL), which will retain only its manufacturing vertical following the proposed demerger of the transmission business, may explore a public listing as part of its fundraising plans, said managing director Pratik Agarwal.

The Vedanta Group's manufacturing arm, Global Products and Services, produces power transmission components, such as conductors, power cables and overhead wire cables.

In November, the company announced the demerger of its transmission business into a separate entity. In an interview, Agarwal said the company is awaiting the approval for the demerger from the National Company Law Tribunal (NCLT) and expects the process to be completed by the second quarter of FY25.

"The most suitable business for the public markets is our manufacturing business. There are multiple listed players in that space—some are in B2B, some in B2C—and some are capitalizing on the Indian growth story. We are also riding a global growth wave, with 50% of our business coming from exports. We have 40 customers across the US, Europe, Latin America, Southeast Asia, and Australia. So, it is very suitable. Post-demerger, we will evaluate all fundraising options," he added.

"We have no urgency, but we will evaluate all options. If the markets are favourable and, depending on investor interest, we will surely consider a listing of the manufacturing business."

The company is also considering expanding its existing manufacturing facilities in India, besides setting up a new facility, Agarwal said. "The total investment for expansion (both brownfield and greenfield) should be in the range of ₹350-400 crore."

The manufacturing business is projected to grow by 20-30% in 2024-25, buoyed by the around ₹2 trillion worth of central sector transmission projects in India.

The company is also in talks with private equity investors for raising funds for its transmission business, he said.

"That is the business where we operate like a highway operator, where we build, own and operate transmission lines, providing transmission services to end users, generators, and consumers. That business is growing very, very fast. And then we're looking at closing a large transaction with a very large investor, which we also hope to finalize soon."

DLAI, FACE rally for fintech self-check amid RBI scrutiny

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Self-regulation within the fintech sector, RBI has said, is a preferred approach for achieving the desired balance. ISTOCKPHOTO

Self-regulation will go a long way in avoiding conflicts with the Reserve Bank of India (RBI), and in fostering trust between the regulator and fintech firms, said experts, amid escalating tensions between the central bank and certain industry stakeholders, sparked by RBI's actions against Paytm Payments Bank.

There's also a growing perception within the fintech industry of regulatory obstacles impeding sectoral growth.

Some fintech firms also put their support on record by writing to the finance minister and RBI governor after the central bank barred Paytm Payments Bank from accepting deposits.

While both self-regulatory organizations (SROs)—Digital Lenders Association of India (DLAI) and Fintech Association for Consumer Empowerment (FACE)—collectively representing around 120 fintech firms, do not have enforcement powers, they opine that the draft guidelines released by RBI on 15 January could help them enforce decisions among member firms.

To clear the air, RBI governor Shaktikanta Das, in a media interaction, said that the central bank's actions were against a regulated entity (Paytm Payments Bank) and not against any fintech.

Shiv Chatterjee, co-founder, DMI Finance, a non-banking financial company, and an executive committee member of DLAI, believes RBI is apprehensive of trusting digital lenders to act responsibly, considering that there have been numerous instances where, knowingly or unknowingly, entities have flouted norms.

There's a growing perception within the industry of regulatory obstacles impeding sectoral growth

"DLAI has tried, not always successfully, to highlight such instances, whenever it sees emerging practices that look antithetical to the regulations," he said. The core businesses of DMI Finance, which acquired lending fintech ZestMoney, is corporate lending, home finance, and digital consumer & small business loan.

The challenge, however, is to enforce action against serial violators, said experts. In fact, on 15 January, RBI said fintechs were reshaping the landscape of financial services, but they must ensure a balance between facilitating innovation and meeting regulations, to protect consumers.

Self-regulation within the fintech sector, RBI said, is a preferred approach to achieve the desired balance.

Despite lacking enforcement powers, DLAI maintains a code of conduct, and is trying to standardize the norms, while considering RBI's suggestions. Chatterjee hopes RBI will approve the SRO initiative in the early part of the next financial year. "For the SRO, we hope enforcement powers are not limited to just naming entities that are non-compliant. It would be more effective if it has more constructive role in shaping the sector, inculcating compliance as a cornerstone of good behaviour."

EMERGING MARKETS TRACKER

Launched in September 2019, Mint's Emerging Markets Tracker provides a summary of economic activity across 10 large emerging markets* based on seven high-frequency indicators. With a composite score of 83, India topped the EM league table in February. The Philippines and Brazil were second and third, respectively.

Better performance

TOP COUNTRIES

1 **INDIA** topped the chart yet again on the back of strong GDP growth, PMI reading and a recovery in export growth. Stock market performance was also one of the strongest among EM peers.

2 **THE PHILIPPINES** climbed one spot to secure the second rank with decent GDP growth and a relatively better stock market performance.

3 **BRAZIL** dropped one place to the third rank despite a strong PMI reading as a decline in the stock market capitalisation proved to be a drag.

Country	Composite index score, February 2024	Real GDP growth (y-o-y, in %)	PMI manufacturing	Export growth (y-o-y, in %)	CPI inflation (y-o-y, in %)	Import cover (no. of months)	Exchange rate movement** (m-o-m, in %)	Stock market capitalization** (m-o-m, in %)
INDIA	83	8.4	56.9	11.9	5.1	10.8	0.2	4.0
PHILIPPINES	65	5.6	51.0	9.1	3.4	10.1	-0.1	2.5
BRAZIL	64	2.1	54.1	16.3	4.5	18.3	-1.0	-1.7
CHINA	57	5.2	49.1	5.6	0.7	15.1	-0.4	-4.8
INDONESIA	51	5.0	52.7	-9.4	2.8	7.8	-0.2	0.2
MEXICO	47	2.5	52.3	-1.5	4.4	4.6	-0.1	0.8
MALAYSIA	36	3.0	49.5	-0.9	1.5	4.8	-1.8	0.0
THAILAND	35	1.7	45.3	10.0	0.8	8.6	-2.0	-2.3
TÜRKİYE	32	4.0	50.2	3.5	67.1	3.2	-2.4	11.6

Scoring method: The best-performing economy's value on any given indicator gets a score of 100, the worst one gets zero, and the rest are interpolated linearly for their relative scores. A country's composite index score is the simple average of its seven indicator scores. Latest available data used (as of 24 March 2024). Scores/ranks may change as more data comes in.
*Russia has been dropped from the tracker temporarily as some data has not been reliably available since the Ukraine war began.

Source: Bloomberg, Mint calculations

**Change in monthly average. Exchange rate is against US dollar.

Data: Payal Bhattacharya; Graphics: Paras Jain

P-E signals more volatility ahead in market: UTI's Subramaniam

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Amid the recent correction across small-cap counters, relative comfort on valuation is to be found in large-caps in sectors such as banking, financial services, and insurance (BFSI), pharma and healthcare over a one-year horizon, says Vetri Subramaniam, CIO at UTI AMC. Vetri terms the current phase in markets as one of those unusual times in his career where the Nifty Small Cap 250index on a price-to-book trades at premium to even the Nifty 50. *Edited excerpts*:

What do you make of the regulatory action on unsecured lending and more recently on NBFCs?

I would interpret this as each regulator doing what they are doing in terms of good housekeeping and making sure that rules are followed. Making sure that disclosures are adequate, and processes are in place. I don't know if there is a master plan which is suddenly combining everything together, but I would say each regulator is doing things in its domain. Like Insurance Regulatory and Development Authority (Irdai) is having ongoing discussion with companies about surrender value of policies.

This is part of regulatory review of things which are happening in the marketplace and then seeing how it can be made more foolproof. So, it will always be a combination of disclosure, new regulations, and processes and eventually perhaps an action against some people which we have seen in the case of the Reserve Bank of India (RBI) where there has been action against certain entities.

Are you worried that some of the sharp practices cited are more widespread?

No. There are systemic issues, like RBI raising risk weights on unsecured lending, which is part of typical prudence that you would expect from a central bank and many people have looked at this data of unsecured lending and said it was warranted. RBI has done the right thing in terms of acting on it. That is a systemic issue that one would worry about as it could have an impact on the financial system. Other issues may not be systemic in nature, being restricted to a few individual entities.

Is there irrational exuberance in small- and mid-cap stocks?

We always look at things from the prism of valuation. From that prism, mid- and small-caps have been looking richly valued for some time, though I could also argue that they've been looking richly valued for six months and they actually did very well over the last six months. So, it's very hard to figure out because valuations are not like a school bell. The school bell rings in the morning, you assemble; it rings in the evening, you disperse.

We have to be conscious of the fact that valuations were rich over there and in my experience of three decades, as far as market falls and rallies are concerned you should expect one fall of 10% for Nifty every 12–18 months and one fall of 20% in 2–3 years. This is the historical pattern. Once every 8–10 years it falls 30–50%.

INTERVIEW

Markets, by definition, are volatile. You should plan for volatility in your investment journey to achieve your goal. If you plan for zero volatility, you are asking for trouble. I don't have any specific view on the recent volatility, on whether it will persist or not, except to say volatility has historically been there. We have actually seen low volatility in some of these asset classes in the last year or two. You should certainly buckle up for more volatility, particularly when valuations are giving you that message. When I talked about the fact that volatility is part and parcel of the market, that's a statement I can make without reference to valuation. But when you have an orange light coming on in terms of valuation and you have a lack of volatility then you should worry.

Do you think there are pockets of value in small- and mid-caps even as we speak?

When you put an aggregate together and the aggregate gives you a particular signal, it tells you that people have either discounted the future potential quite significantly in the price and the margin for error is greatly reduced. So, when you look at it from that point of view, let's say index behaviour over the last one year, how much of the gain came from earnings and how much came from PE multiple expansion?

As you go down the market cap curve, what you will see is that more and more of the gains have actually come from a multiple expansion rather than from earnings growth. Another point is when I stand back and look at metrics like a price-to-book, which has nothing to do with earnings growth; you're just looking at a multiple of book, it can be interpreted as the future earnings potential of the companies, right? And I'm using the word companies, not company, because this is one of those unusual times in my career where I'm actually seeing the Nifty Small Cap 250index on a price-to-book trade at premium to even the Nifty 50.

Do impossible things happen in the stock market?

Of course they do at various points of time, but if you were to ask me can 250 small-cap companies as a basket over the next 10 years outperform the top 50 in terms of earnings growth given all the challenges that smaller companies face—access to capital, susceptibility to economic cycles, interest rate cycles, susceptibility to changes in regulations, management depth and breadth to manage the enterprise over such a long period—I would submit that historically they have been more vulnerable to those sort of cycles. When I look out 10 years if I'm going to pay premium to large caps then it gives us some bit of discomfort. Too much of future potential is already discounted into the price and margin for error is greatly reduced.

There is also a lot of excitement around PSUs, but here the argument is that there are paradigm shifts in management, tech efficiencies, etc. Your comment.

There's a cyclical element to everything in life. It could well be the case that the public sector undertakings (PSUs) had de-rated very significantly as a basket, but you know my preferred approach to this is not to look at PSUs as PSUs. It has to be based on the industry and company and the credentials of the company in the industry in which it competes. You and I will never have a discussion about Tata group, Birla group.... that's not the way it works, right? I mean, we may think one company in that group is outstanding because it's best in class. Another company may be best in class, it's just not the best in the industry. So, I would submit the same should be done even for PSUs.

> Each of the regulators is doing good housekeeping and making sure that rules are followed
>
> **Vetri Subramaniam**
> Chief investment officer at UTI AMC

Now, for a variety of reasons—weak governance, and so on—they were trading cheap. Maybe there has been a significant catch-up trade in terms of some of these things going away. But I would say on an ongoing basis you need to benchmark and see in every industry where is a company functioning relative to its peers, how well does it score in terms of its fundamentals—return on capital, return on assets (RoA), ability to redeploy capital at higher rates of return. That is what eventually creates value for those companies. There could be some areas in which the PSUs are not only dominant, they may be the only game in town, because if you take something like defence, it's dominated by PSUs.

But I would submit in many other sectors where there is both PSU and private sector company, in many cases we do find the private company's metrics and fundamentals are better than those of PSUs. Secondly, there is better alignment of eventual incentives between shareholders and management and that is what eventually creates value for us. So, I don't think the issue is so much of just who owns the companies, it is how well they stack up relative to their sector. But, there could have been a time when the basket had de-rated, irrespective of the fundamentals of the companies and maybe there's just been a cyclical move which has now caused some of that undervaluation to go away. But, I would submit that from here onwards you need to treat each company on merit rather than look at who's the owner because the fundamentals matter.

Just to add perspective, the top five private sector banks would have an RoA which is somewhere between 1.7% and 2% or higher. The best public central bank is barely at 100 bps of RoA. That certainly has an impact on your ability to absorb credit cost...that has an impact on your ability to generate enough profits to be able to drive your own growth. The minute you take that (RoA) into account, then you will understand why companies are valued differently from each other.

Dhruv Agarwala, CEO, REA India.

REA India not actively eyeing buys, says CEO Agarwala

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Proptech firm REA India, which owns Housing.com and PropTiger, is not actively looking for acquisition for further growth but the company is open to evaluate "interesting" opportunities that complement the business or help in securing new technologies, its CEO Dhruv Agarwala said.

REA India, which is part of Australia-based REA Group, will focus on consolidating its both businesses—real estate classified platform Housing.com and residential brokerage portal PropTiger.com, he added.

In an interview with *PTI*, Agarwala, who is also CEO of Housing.com and PropTiger, said there is no plan of acquisition in near future.

However, he said, "We always remain open if there is an interesting opportunity, which might help us bring in better talent or help us fulfil a product gap like we did for mortgage, or if we see an interesting technology. In that sense we are open, but not sort of actively seeking acquisitions..

He emphasized that the focus would be on growth of existing businesses, make them stronger.

Agarwala said the monthly web traffic on Housing.com is more than 20 million and the company would focus on increasing this number to have a significant lead over competitors.

That apart, he said the company would also focus on driving the traffic to Housing.com app, where consumer engagement is better leading to quality lead generation for its clients—real estate developers and property brokers.

The traffic on Housing.com app grew 43% in the first six months of 2023-24 fiscal ending June, Agarwala highlighted.

REA India's revenue grew 21% to 44 million Australian dollars (nearly ₹240 crore) during the July-December period.

In the year-ago period, the revenue stood at AUD (Australian dollar) 36 million.

Agarwala highlighted that revenue from its core businesses—advertising and housing brokerage—grew 32% to AUD 32 million.

Regional airways hit rail, road routes

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A new carrier, FLY91, will launch a flight between Bengaluru and Goa this month, as a couple of regional airlines seek to capitalize on the emerging trend of Indians flying to short-haul destinations that were earlier covered by road or rail.

These travel segments, connected by smaller ATR, Bombardier Q400s and Embraer aircraft, are not catered to by established carriers such as IndiGo and the Air India group despite increasing demand. IndiGo, India's largest carrier by market share, operates a fleet of around 45 ATRs and the Air India group does not have any regional aircraft in its fleet. SpiceJet offers regional flights with around 34 Bombardier aircraft. These airlines have clearly left the segment for regional carriers, who are now starting to move in.

FLY91 has started operations with a fleet of two ATR aircraft and plans to induct 30 more aircraft in the next five years. The space is underserved, and has a regional aircraft fleet of less than 10% of the total domestic fleet.

FLY91 has started operations with a fleet of two ATR aircraft and plans to induct 30 more aircraft in the next five years. @FLY91_IN/X

The entry of regional airlines with a sustainable and viable business model could give wings to this segment, industry experts said.

> Regional airlines with sustainable and viable business models could give wings to the short-haul flights segment

"Regional air transport in India has been quite neglected in the sense that no dedicated focused player ever really existed since Vayudoot in the 1980s or Indian Airlines up until 1995," said Mark D. Martin of Martin Consulting.

Currently IndiGo, and Kingfisher and Jet Airways in the past, provided more of a feeder service than being focused on regional connectivity along with their national network, Martin added. "With that in context, the launch of FLY91 and the expansion of Kolhapur-based Sanjay Ghodawat group's regional aviation venture Star Air are good signals for the regional segment," he said.

With major airlines in India going through challenges as there have been supply chain issues, regional connectivity would have never been on their growth plan and the entry of these carriers will help the segment, experts said.

The Union government in its 2016 policy introduced a new category of airlines, which were scheduled commuter airlines with a low capitalization threshold, and also allowed airlines operating on regional routes under its Ude Desh ka Aam Naagrik (Udan) scheme with viability gap funding to form code share partnerships with carriers operating on major routes to make regional airlines more viable. A code share is a business arrangement in which two or more airlines publish and market the same flight under their own airline designator and flight number as part of their published timetable or schedule.

Volkswagen taps rising premium car demand from smaller cities

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German carmaker Volkswagen is seeking to cash in on the increasing demand for its premium performance-oriented offerings in metro and tier-II and -III cities as it looks to grow sales by 15% in India this year, according to a senior company official.

Volkswagen is betting on demand for premium offerings.

Volkswagen Passenger Cars India, which sold around 44,000 units in 2023, sells premium performance-oriented variants of its models SUV Taigun and sedan Virtus with a 1.5-litre petrol engine under the 'GT' trim. It has now brought a 1-litre petrol engine in the GT lineup to increase affordability.

"Earlier, there was no sub-segment of a performance SUV or a performance sedan...So, when we introduced the GT on the Taigun and Virtus that basically created that space, which now everybody's coming into," Volkswagen Passenger Cars India Brand Director Ashish Gupta told *PTI*.

Bullish on the growth of the sub-segment, he said it has been fuelled by how the customer preferences are evolving over time with the top-of-the-line features, safety and performance topping their demand list and are willing to pay for it.

"They're not willing to compromise. So, definitely, this is a space which will continue to grow," Gupta asserted.

Earlier, the GT was available only in a 1.5-litre petrol engine option, and around 35–40 %^ of sales were from the GT on both Taigun and Virtus, he added.

The growth of GT sales is not limited only in the metros and cities, he said, adding that "if I look at the GTs even in the tier-II and tier-III towns, almost 20 to 25% of my sales are the GTs".

"The GT has become iconic as a brand for us, and we want to get the maximum leverage out of the GT badge," Gupta said. While the company has moved towards more premium offerings in the market with the "GT Edge", he said there has also been feedback from customers who wanted the GT badge at a more affordable price, and hence, the company has also brought the GT Line with a 1-litre petrol engine to address them.

On the sales outlook, Gupta said Volkswagen India has set a target of 15% growth this year, with the company focussing on expanding its presence in new tier-II and -III cities.

OTT content spending jumps 52% in '23, led by sports rights

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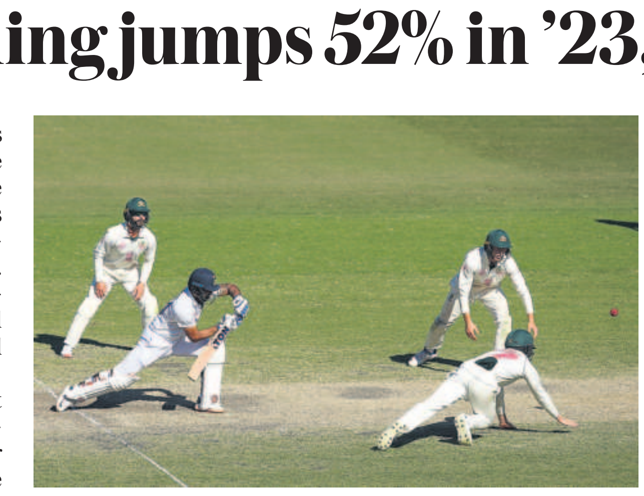
Over-the-top (OTT) content expenditure soared by 52% in 2023, driven by a more than twofold surge in sports rights values, which constituted about 51% of the ₹12,500 crore OTT content spending, according to the latest Ficci EY Media and Entertainment Report.

Moreover, while 24% of total OTT costs were allocated to acquiring film rights, only a quarter was spent on original content. However, streaming platforms saw minimal growth in total content hours, holding steady at 3,000 hours compared with the 2022 levels.

Sports rights, synonymous with high capital expenditure and limited monetization, are seasonal, with audiences spread thin across specific categories, players, and matches. In comparison, the cost of producing non-sport original content, such as shows and movies, are nominal.

Media and entertainment industry experts said streaming services must revamp their strategies, and invest in more compelling content slates before and after tournaments to stay relevant throughout the year.

"Sports is a category that comes with high input costs because of player fees, and expenses of hosting the event," said Sourjya Mohanty, chief operating officer, EPIC ON, an OTT platform owned by IN10 Media Network.



Sports rights are seasonal, with audiences spread thin across specific categories, players, and matches. GETTY

"However, there are multiple challenges to it, considering that the audiences are sliced based on interest in particular categories, or when a specific name or state is playing, often resulting in pushback from advertisers," he added.

"The cost of entertainment content is nothing compared with sports. While sports brings in large number of subscribers, it is seasonal, while other content is needed to drive profitability, which should be easy to do," Uday Sodhi, senior partner, Kurate Digital Consulting, said.

The Disney-Reliance joint venture, too, should have enough leverage to drive entertainment value despite the guaranteed focus on sports, said experts.

"The competition to establish a foothold in the sports genre is clearly evident. Platforms in most cases have a clear strategy of being present or not. Content budgets are limited and investment in sports may leave a lesser pie to focus on original content or movie acquisitions," said Chandrashekhar Mantha, partner, media and entertainment sector leader, Deloitte India.

"Where sports is momentary, original content and movies provide platforms with remarkable consistency in terms of viewership and long-term loyalty to subscriptions," he added.

Subscriber turnover is also likely since tournaments are seasonal, and platforms and content creators must prioritize concepts for sustained value, Mohanty said. "In fact, the period (during major tournaments), is a time to rejig strategies."

With the Reliance-Disney joint venture now going through, it is also likely that sports rights will rationalize as there are fewer players now.

'Capital mkts now able to absorb large trades'

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The capital markets in India have seen steady domestic flows, leading to its ability to absorb large trades, come rain or shine, said Raj Balakrishnan, co-head India Investment Banking, Bank of America (BoA) in an interview. Balakrishnan, who has been with the firm for more than two decades, said the Indian economy is in fine fettle and there seems to be no reason why there won't be 6-7% real GDP growth for the next 5-10 years. *Edited excerpts*:

How do you see the deal flow this year?

This year is looking quite good. We got off to a good start with a merger and acquisition (M&A) announcement, the Lodha qualified institutional placement (QIP), and British American Tobacco Plc (BAT) selldown in ITC. We also have a couple of initial public offerings (IPOs) filed out there. And then a number of others which are mandated... and literally every week, we have one or two IPOs we are invited to pitch for. So, lots of companies could look to have IPOs in the second half of this year. Then there is the follow-on capital raising that remains strong. There was a lot of sponsor-driven activity last year. And again this year, going by the number of processes that are on, financial sponsors, both in terms of investing and exits, remain extremely active.

INTERVIEW

M&A activity has been muted. What would you attribute this to?

I would say that the one segment in which we have not seen that much activity is foreign strategics (companies) putting fresh capital in M&A. We are seeing lots of foreign strategics putting fresh capital in greenfield assets or in their own businesses. So, it's not that there's no FDI coming in, but inbound strategic M&A activity has been muted.

We saw global strategics monetizing their stakes in India recently. Will this continue?

See, the cost of capital in the West has increased a lot while the Indian market has not seen such a steep increase. That has led to higher valuations in India versus valuations in the West. That is why for a western strategic doing an M&A deal in India is difficult today, because buying at these higher multiples (in India), when you are trading at a much lower multiple (back home), is difficult. And, therefore, taking some money off the table is attractive.

But the animal spirits of corporate India is missing. We don't see them investing enough even after the balance sheets have been cleaned up. What are your thoughts?

I would disagree with the perspective that animal spirits are missing. The lower investment seen in macro statistics is partly because the investment you make today is no longer in physical assets. In businesses such as e-commerce that people are investing in, an investment you make does not show up in investment statistics, it shows up as an expense. So, part of it is how the accounting works. One may ask, 'Where are people investing?'. People are investing a lot. For example, in electronic manufacturing services, you've seen quite a lot of investment taking place. Similarly, you have major investments in semiconductors, electric vehicles (EVs) and in lithium cell/battery manufacturing.

> We're seeing lots of foreign strategics putting fresh capital in greenfield assets or in their own biz
>
> **Raj Balakrishnan**
> Co-head, India investment banking, BoA

Your optimism about a lot of IPOs hitting the market this year and fund-raising activity being buoyant also comes from the fact that capital markets have deepened in India. What are your thoughts on this?

Today, there's a lot of depth in the Indian market. And that's a function of what's happened with Indian retail...So, you've got $2 billion a month coming into the markets rain or shine. And that's created a huge pool of capital. Which is why when foreign portfolio investors (FPIs) pulled out in the first half of last year, market didn't tank because Indian retail has become a counter cyclical buyer. When FPIs are pulling out, they put more money into mutual funds, and they buy directly as well. When FPIs come in, sometimes the flows into mutual funds have actually come down a little bit. So, the SIP flow is still there, but discretionary flow comes down. And that's what has made the Indian market so much more stable. And that's the beauty about where things are in India right now. That things are looking very good.

State govts unlikely to meet SDL target

FROM PAGE 1

in the current fiscal have likely given states the financial space without having to raise more from the markets, said a finance ministry official, who spoke under the condition of anonymity. "It's important for states to be fiscally prudent even in the face of looming elections," the official added.

In addition, as of 31 December 2023, (Q3, FY2024), the Centre had released about ₹60,104 crore in interest-free, capital expenditure loans to states, out of the ₹80,000 crore earmarked for this fiscal year, according to finance ministry data.

Meanwhile, the total gross GST collection so far during the current fiscal (April 2023-February 2024) stood at ₹18.40 trillion, 11.7% higher than the mop-up for the same period last fiscal. The budget estimates (BE) for FY25 has pegged states' share of tax devolution at ₹12.2 trillion, an increase of over 10.4% to the amount devolved in FY24, according to the revised estimates for the fiscal.

So far in FY24, states have raised about ₹9.76 trillion of the targeted ₹10.88 trillion, according to data from RBI. BLOOMBERG

A Union finance ministry spokesperson didn't respond to emailed queries.

An SDL is a bond that state governments issue and can be bought by mutual funds, pension funds, provident funds, commercial banks, insurance companies and even individual investors through an RBI platform. The RBI manages SDL issues and ensures that they are serviced by monitoring payment of interest and principal. SDLs offer interest rates that are usually higher than central government bonds and are considered risk-free since they are backed by a sovereign guarantee. The interest is paid twice a year, and the principal amount is repaid on maturity, which is usually 10 years but can also be issued with another maturity period.

A lower (interest) rate is driving states to borrow during the final quarter of the fiscal year as the central government borrowing has been front-loaded (borrowings being made in the first few quarters), said Venkatakrishnan Srinivasan, managing partner at Rockfort Fincap LLP, a financial advisory firm.

"If you see states' overall actual borrowing for this fiscal, it is still lower than the indicative borrowing amount mentioned in the calendar. However, maximum state borrowings are loaded in March and that, too, in the last 15 days," Srinivasan said.

"It's good to witness that the market has grown so much as the last auction cut-off pricing was within the range and, surprisingly, not moved up with oversupply," he added.

State government expenses usually increase during elections, due to increased spending on social welfare schemes during the election year. Most state governments have so far stuck to the path of financial prudence.

According to a recent India Rating report, the aggregate fiscal deficit of 26 states is estimated to shrink to 3% of GDP in the next fiscal (FY25) from 3.4% in FY24, with states' borrowings being primarily used for capital expenditure during the period. Aggregate fiscal deficit of states in FY23 was 3.6%.

Measures to boost sunrise sectors, living

FROM PAGE 1

will generate the necessary resources for the government to undertake both the physical and social infrastructure expansion projects. It is critical to chart out a path to reach that long term goal of tax-GDP ratio with medium term milestones," said EY chief policy advisor D.K. Srivastava, stressing the need for a wider tax base.

Ease of living will be a key element of the 100-day agenda. One of the measures the government is working on is making it easier for citizens to engage with various financial institutions as well as other agencies catering to the public to avoid multiple know your customer (KYC) verifications. Towards that goal, the use of a central KYC (CKC) registry by institutions like banks, insurers and other entities will be encouraged and streamlined.

> The 100-day programme will have policy steps needed for short-term and long-term growth

This will improve customer experience while reducing the cost of KYC verification for the institutions, said the person, adding that Prime Minister Narendra Modi is taking special interest in measures to improve ease of living.

Emails sent on Friday to the finance ministry, Prime Minister's Office, Cabinet Secretariat and to NITI Aayog requesting comments for the story remained unanswered.

CKC is maintained by the Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI), to which entities coming under Sebi, RBI, IRDAI and PFRDA now report customer information. According to a note posted on the website of CERSAI, more than 820 million KYC records of individuals and about 10 million records of legal entities have been uploaded by institutions to CKC as of December 2023. The number of records in the registry as well as its downloads are growing by the day, but an analysis of its usage suggests that over 71% of the records being uploaded are of customers whose KYC identifier is already issued by the registry.

Those entities that have digitized their customer onboarding and have integrated their business processes with the registry have benefited from lower cost of KYC verification, the note said. A second person, who also spoke on condition of anonymity, said that proposals will be finalized after the polls.

JD's flowed during pandemic. Now comes hangover.

FROM PAGE 1

based in Louisville, Ky., reported dismal sales over the critical winter holiday season and the hangover has lasted into 2024. In the eight weeks through Feb. 24, Jack Daniel's black-label whiskey sales in U.S. stores were down 1% compared with the same period last year, data show. The company's whiskey brands include Woodford Reserve, Benriach, Slane and Old Forester.

"Christmas stunk," Chief Executive Lawson Whiting said on a call with analysts in early March.

Brown-Forman is wooing younger legal-age drinkers to Jack Daniel's Old No. 7 with personalized labels and digital ads, Matias Bentel , the company's chief brands officer, said at an investor conference this week. A recent TV commercial set to the AC/DC song "Back in Black" featured cameos by musicians popular with young adults, including Christone "Kingfish" Ingram, St. Vincent and Este Haim.

Flavored versions such as Jack Daniel's Tennessee Apple and Jack Daniel's Tennessee Honey are bringing new drinkers into the fold, Bentel said. A canned Jack and Coke cocktail introduced in the U.S. last year allows people to try the whiskey for the first time without having to buy an entire bottle. The flavored and canned drinks appeal more to younger adults and women, Bentel said.

Sales of spirits-based, ready-to-drink cocktails such as High Noon and Cutwater climbed 32% in U.S. stores in the 12 weeks ended Feb. 24, compared with the same period a year earlier, according to a Goldman Sachs analysis of Nielsen data. Canned Jack and Coke is growing quickly but still represents a small piece of the category with 2.5% of dollar sales in U.S. stores.

Brown-Forman executives said they also see opportunities

Whiskey makers' revenue in the U.S. fell 2.2% in 2023. REUTERS

in tequila, the fastest-growing spirit category other than canned cocktails. Brown-Forman sells el Jimador and Herradura tequilas.

Analysts remain concerned about the slide in whiskey sales. They say Brown-Forman might have to offer discounts to entice consumers and that retailers could continue drawing down their overstock rather than placing new orders. Brown-Forman said that retailers' inventory levels, after growing too large, have normalized. Industry leaders are describing the moment as a reset.

Brown-Forman's leaders say their 154-year-old company takes the long view. The current sales dip is an anomaly, they say—as were the previous two years of double-digit-percentage growth.

The company has weathered Prohibition and the Great Depression, and has steadily built the Jack Daniel's brand since acquiring it nearly 70 years ago, Chairman Campbell Brown , a great-great-grandson of founder George Garvin Brown , told investors this week.

Finance chief Leanne Cunningham said: "We don't necessarily deliver that every year, like the year that we're having right now, but in fairness, if you look at [fiscal year 2023], that wasn't a really normal year for us either."

How celebrity brands are ripe for sale

FROM PAGE 1

thik Roshan's clothing and shoes brand HRX, which was launched in late 2013.

While some celebrity-backed brands have picked up pace in recent times, beauty and apparel platforms alike have been struggling with rising cost of acquiring customers in a market inundated with new-age brands.

To be sure, experts and industry watchers believe that onboarding a celebrity to the cap table or being backed by a known figure adds a layer of credibility, facilitates greater reach, and reduces the overall costs to some extent.

However, most of these brands may not actually be run by the celebrities themselves but merely endorsed by them, Ankur Bisen, head of retail at India's Technopak Advisors, explained. "There is a lot of fragmentation in the market with a plethora of brands today...so bringing a celebrity on board will help create a pull with the consumers and produce faster results with lesser

India's apparel market in 2024 is projected to reach $105.5 bn.

resources," he said.

Bisen added that if a brand does become a target for acquisition, it means it has moved in the right direction, addressed a gap in the market, and created a recall factor in the consumer's mind.

Other examples of celebrity-backed apparel brands include Nush by Anushka Sharma, Being Human by Salman Khan, Prowl by Tiger Shroff, Wrogn by Virat Kohli, True Blue by Sachin Tendulkar and Saaki by Samantha Ruth Prabhu.

Some of these brands, such as Nush, Wrogn and True Blue, have not become large-scale successes and have somehow faded with the onset of newer brands coming into the space, an industry watcher said.

"Brands may not get the desired results due to improper execution. Even if you have a celebrity backing the brand, you still need to do the basic hygiene, the usual go-to-market retail business strategy, and implement it," Bisen said.

For smaller brands to scale up beyond a certain threshold has been challenging and the association with a bigger company helps them maximise their reach, said Karan Taurani, senior vice-president of Elara Capital. He added that while online shopping has been growing at a faster pace thanks to pandemic-fuelled demand in recent times, about 80% of apparel sales continues to come from offline avenues.

According to Taurani, many startups have been able to reach their online target market through partnerships with the 4-5 main players in the space that already have a large digital and brand presence. After they see a significant scale at a 3-4x level, their growth tends to plateau as the online market has become intensely populated by newer brands alongside platforms launching their own private labels, he said. With rising competitive intensity and aggressive discounting to grab a larger share of the pie, brands will also need to evaluate and set up offline centres to have an edge and maximise their footprint, he added.

This, however, has been a challenge for even the bigger players as offline distribution or opening stores is a heavy investment for any business and there are several dynamics at play. This can be seen in the case of online beauty retailers such as Nykaa and Mamaearth as they look to open more offline centres to cater to consumers' evolving preferences through a hybrid model.

Meanwhile, India's apparel market this year is projected to reach $105.5 billion and is expected to grow annually by 3.81% till 2028, according to a report published by research firm Statista.

AI is key for climate battle: Apple's Cook

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Apple Inc. chief executive officer Tim Cook said artificial intelligence is an essential tool for helping businesses reduce their carbon footprint, as he joined a climate change dialog Sunday at the China Development Forum.

Cook took part in a discussion at the annual Beijing event as the culmination of a week of public displays of his company's commitment to China. He earlier met commerce minister Wang Wentao and announced plans to invest further in Apple's supply chain, stores and research in the country.

Apple has set some of the most ambitious targets among its peers for reducing its carbon footprint—with the Apple Watch touted as its first carbon neutral product. Cook focused on that theme in his remarks and for much of his visit.

Apple Inc. chief executive officer Tim Cook. REUTERS

"We are making great progress, we are not there yet, and the road ahead requires more innovation," Cook said of the company's environmental goals.

AI "provides an enormous toolkit for every company that's wishing to be carbon neutral or to lower their emissions by a substantial amount," the 63-year-old CEO said.

Like Apple, China's leading tech companies are racing to get ahead in the AI contest.

Private InvITs to get exclusive bid rights for ToT highways

FROM PAGE 1

also requesting anonymity.

The official added that NHAI has been asked to carve out road bundles that could be auctioned to private InvITs in the next financial year (2024-25) once a new government takes office at the Centre after the general elections.

Queries sent to the road ministry remained unanswered till press time.

According to ICICI Direct, as of December 2023, there are only 22 InvITs in India even though Sebi launched InvITs in 2014. Some of these are Cube Highways Trust, India Infrastructure Trust, IRB Infrastructure Trust, and IndInfravit Trust. Most of these InvITs either directly participate in the auction of ToT projects that are open for all (developers, InvITs, fund houses, etc.) or get projects that are transferred by their parent highway development companies. There is no separate window for InvITs to acquire completed road projects.

"Some existing listed private InvITs are directly participating in the ToT bids by NHAI; having a bid where ToTs are exclusively offered to InvITs will probably reduce competition as developers and funds (such as sovereign wealth funds) would not be able to participate in such bids," said Maadhav Poddar, Partner—Infrastructure Practice, EY India.

"Having said that, given that the cost of capital for InvITs is likely to be lower compared to developers and funds, the money generated on such bids may be comparable to the

Since 2018, NHAI has successfully completed six rounds of the road asset (bundle of roads) monetization through ToT mode. MINT

existing ToT bids. Secondly, such a structure will obviate the need for developers/ funds to first acquire the ToT bundles and then flip into InvITs," Poddar added.

The government has identified three modes for monetization of its vast highway assets. First, offering projects to private sector developers for running under ToT route; second, through InvITs (so far direct offering only to NHIT); and third, securitization of future toll earnings. But ToT route remains the mainstay of the monetization exercise.

Since its launch in 2018, NHAI has successfully completed six rounds of the road asset (bundle of roads) monetization through ToT mode and raised ₹26,366 crore. Letters of authority (LoAs) are issued under ToT bundles 11, 12, 13 & 14, and realization of ₹15,968 crore concession fee is expected in FY24. The LoAs for these four ToT bundles were issued by NHAI within one day of opening of their respective financial bids. Total asset monetization under this model is expected to be ₹42,334 crore by the end of the current fiscal.

NHAI set up an InvIT under the Sebi InvIT Regulations, 2014, in which NHAI has 16% stake apart from main investors—Canada Pension Plan Investment Board (CPPIB) and Ontario Teachers' Pension Plan (OTPP).

In the three rounds of monetization by NHIT (the third round, biggest so far, was completed just a week ago), the total realized value of the InvIT stands at ₹26,125 crore, and it holds a diversified portfolio of 15 operating toll roads with an aggregate length of about 1,525 km spread across the nine states of Assam, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Telangana, Uttar Pradesh and West Bengal, with concession periods ranging between 20 and 30 years.

To safeguard investors' interest, Sebi mandated InvITs to invest at least 80% of their total assets in completed infrastructure projects that can generate income.

Elon Musk-owned Starlink's ops in India may face delays

Additional approvals may be needed apart from the go-ahead from space authority In-Space

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The Indian government's approval to operations of Elon Musk-owned Starlink's satellite broadband services in the country is likely to be on the back-burner for some time, despite the telecom department having taken an internal decision to give them the green light.

Starlink will have to seek approvals from the ministry of home affairs as well as security agencies, according to two people aware of the details. This will be in addition to the approval from the department of telecom and the Indian National Space Promotion and Authorisation Centre (IN-SPACe), the designated single-window agency for space activity approvals in India.

"The commercial aspects have been cleared, but there continues to be the security overhang. Permissions from home ministry and law enforcement may be needed," said one of the two people, asking not to be named.

The second person, also asking not to be named, said that the telecom department's internal approval for allowing Starlink to operate in the cou-ntry alone will not be adequate for it to begin business here. "They have some ownership concerns for which they have given declaration but it would not be sufficient because of possibility of their presence in some other geographies," the official said, alluding to a some satellites in China and lack of clarity on its link with Starlink.

Mint reported in January that the department of promotion of industry and internal trade (DPIIT) had asked for details of its shareholding patterns. The company is learnt to have cited US regulations for not providing the complete disclosure of ownership, as required by the commerce ministry, in this case. But consequently it gave a declaration that it does not have investors from countries with which India shares land borders.

It is unclear at the moment as to what kind of pre-requisites will be sought by the ministry of home affairs or security agencies. Queries to the communications ministry, the nodal body that has to give final approval to Starlink, and SpaceX, the parent company of Starlink, did not elicit responses as of Sunday evening. The government on its part has amended the space sector foreign direct investment (FDI) rules which now allow up to 49% FDI under the automatic route for satellite launch vehicles and up to 100% FDI under automatic route for manufacturing of satellite sector components and sub-systems. It has permitted the allocation of spectrum for satellite broadband through a direct allocation or a non-auction basis, which means that players like Starlink need only pay a fee to get airwaves for its services if it plans to offer them in India or partner with a carrier that already has spectrum.

Starlink is the prime competitor to Eutelsat OneWeb's local subsidiary OneWeb India, backed by the Bharti Group, and Reliance's Jio Satellite Communications, that has a global JV with partner SES to access latest medium earth orbit (MEO) satellite technology, which can offer gigabit, a fibre-like service, from space.

While OneWeb has begun conducting trials of the service, after having received authorisation from IN-SPACe in November 2023 to launch its commercial satellite broadband services in India, Jio's satellite operations are yet to get the authorisation. Starlink may well be the laggard in this case, since it had applied for the licence for global mobile personal communication by satellite (GMPCS) services in November 2022.

Elon Musk's Starlink will have to seek approvals from the ministry of home affairs as well as security agencies. AP

CLEARING THE HURDLES

THE telecom department's internal approval for allowing Starlink will not be adequate

THE commercial aspects have been cleared, but there continues to be the security overhang

RULES now allow up to 49% FDI under the automatic route for satellite launch vehicles

STARLINK is the prime competitor to OneWeb India and Reliance's Jio Satellite Comms

TechM to merge two US-based subsidiaries

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IT services and consultation company Tech Mahindra said it plans to merge its two wholly-owned subsidiaries, Born Group and Tech Mahindra (Americas), to synergize business operations, optimize operational cost, and reduce compliance risks.

The merger is subject to regulatory approvals in the country of incorporation. According to a regulatory filing, the appointed date of the plan of merger is 1 April 2024.

"A Plan of Merger of Born Group, Inc., a wholly-owned step-down subsidiary of the Company with its parent company viz. Tech Mahindra (Americas) Inc., a wholly-owned material subsidiary of the Company, has been approved by the respective companies on Friday, 22 March 2024," the company said.

While Born specializes in providing Brand strategy, visual design, brand identity exploration, and more for digital products, mobile apps, and physical products in the US, TMA provides computer consulting, programming support services and IT Management & Consulting Services.

Tech Mahindra (Americas) (TMA) is a wholly owned material subsidiary of the company. Born is a wholly owned subsidiary of TMA and a step-down wholly owned subsidiary of the company.

As per the filing, the turnover of Born and TMA for the financial year ended 31 March 2023 is $55.08 million and $1,201.37 million respectively.

The shareholding pattern of the company will remain unchanged.

NCLT dismisses Smaaash founder's plea against RP

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Shripal Morakhia, founder, Smaaash Entertainment.

The National Company Law Tribunal (NCLT) has dismissed a plea by Smaaash Entertainment Pvt. Ltd's founder and former promoter Shripal Morakhia alleging misconduct against the resolution professional (RP) of the company.

"This tribunal does not have any jurisdiction to deal with misconduct, if any, of the RP and initiate disciplinary proceedings against him. The Insolvency and Bankruptcy Board of India (IBBI) is the appropriate authority to initiate the disciplinary proceedings against the RP," said a bench led by justices Laxmi Gurung and Charanjeet Singh.

The tribunal in its order on Saturday clarified that it does not have any 'supervisory' role on IBBI and so no directions could be issued to it. Therefore, the petition was rejected.

In May 2022, Smaaash was dragged into insolvency for non-payment of dues, following which Bhrugesh Amin was appointed as the company's RP.

> The tribunal, in its order on Saturday, clarified that it does not have any 'supervisory' role on IBBI

In his plea before the tribunal, Morakhia sought disciplinary proceedings against Amin to stop his undue influence over the corporate insolvency resolution process and stay his appointment as RP. Morakhia had proposed to conduct a transaction audit of Smaaash's accounts in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016.

The RP proposed to appoint Pipara & Co. Llp. Around the same time, Morakhia alleged that the RP demanded illegal gratification (essentially a bribe) to restrict the findings of the audit report.

In fact, it was alleged that the RP, while making the demand, threatened Morakhia by insinuating that he would operate and manage the gaming firm in such a way that it would be practically unable to resolve its financial issues.

On enquiring further with the RP, he was informed that Amin would proceed to launch challenges to transactions carried out by the erstwhile management of the corporate debtor should the applicant refuse to hand over the money demanded.

Amin argued that since the plea sought interim relief through a stay on his appointment, IBBI vested this power with the committee of creditors (CoC) not the tribunal.

Meanwhile, the court observed that the CoC, however, did not make any adverse comment against Amin's conduct and performance, thereby dismissing Morakhia's plea.

GHA sets sights on India's travel market

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Global Hotel Alliance (GHA), a player in the hotel loyalty programme business, has set its sights on India's booming travel market. The UAE-based company also expects hotel loyalty programmes to consolidate over the next 10 years, with AI playing a major role in data mining and creating more accurate customer preferences.

The company which works with independent hotel chains such as The Leela, Kempinski, Park Royal, Pan Pacific, Tivoli, and others, is looking to partner with more and more Indian hotel companies to capture a share of the country's 80 million projected international travellers by 2040.

Globally, the company has tie-ups with 40 brands with over 800 hotels across 100 countries.

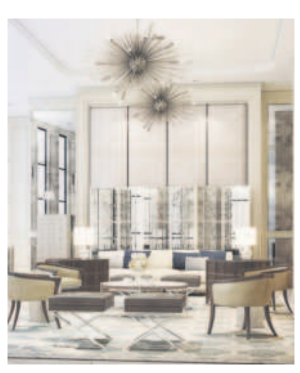
GHA's chief executive officer Christopher Hartley, who was in India recently, told *Mint* that its existing partnerships with Indian chains like The Leela, Araiya, and the Oaks brand generated $68 million in revenue in 2023, a majority of which came from The Leela.

Moreover, its Indian members spent $60 million in hotel revenues in India and around the world in the same year, up 46% year-on-year and surpassing the 2019 total of $41 million. This was evenly split between domestic and international travel.

Hartley says hotels need loyalty programmes to build direct relationships with guests by creating a positive experience and offering rewards.

The classic loyalty programmes reward guests with points for every stay and purchase. These points can then be redeemed for free nights, upgrades, or other perks. Points programmes can encourage direct bookings rather than using discounting platforms like online travel agencies.

GHA is actively seeking new Indian partners, particularly midmarket and smaller chains as well as independent owners who struggle to compete with larger loyalty programmes. Potential collaborations with airlines such as Air India and local banks could also be on the cards to expand the base further, the company feels.



The company has tie-ups with 40 brands globally.

'10% of HCVs in India to run on H2 by '30'

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India's booming automotive industry is ranked the third largest market, fuelled by a growing middle class seeking affordable, high-quality products. Guruprasad Mudlapur, president, Bosch Group, India, and managing director, Bosch Ltd, said technological innovation and localization will be crucial for ensuring continued success. By embracing digitalization, promoting localization, and adopting sustainable practices, it seeks to build a strong auto component sector. Bosch is also working toward greater adoption of EVs in India, said Mudlapur, adding that it is also considering green hydrogen to reduce emissions. *Edited excerpts:*

How are you using AI and other tech innovations to boost revenue and improve customer experience?

At Bosch, we believe AI has and shall continue to have profound impact on manufacturing and mobility. By automating tasks, optimizing process, and improving decision-making, AI is helping create a more efficient, productive, and sustainable future. At the Jaipur plant we use AI-enabled video analytics to optimize the work processes, improving product quality and productivity. AI controls parameters in heat treatment process resulting in energy saving and quality enhancements. At the Chakan plant, AI-based analytics analyse the wear pattern of grinding wheels, extending their life and ensuring stable quality in producing parts. At the Naganathapura plant, real-time analysis of process cycle times detects anomalies and identifies areas to optimize.

What are your investments in cutting-edge research and development for automotive and other sectors?

Bosch is committed to making significant investments in R&D. We continue to innovate with more investments in emerging technologies. These investments will be strategically directed towards pushing boundaries of automotives and other sectors. Besides, our commitment extends beyond R&D as we plan to complement the efforts with investments in manufacturing, aligning with the pace of localization, volume growth.

Tell us about Bosch's plans in hydrogen technologies?

Green hydrogen will be key to achieving a climate-neutral world. At Bosch India, we are leading the development of hydrogen engine technology with our parent firm, investing in infrastructure for engineering and testing. Our focus is on developing parts and systems for hydrogen engines, as well as safety regulations and standards. We have already introduced a demonstrator vehicle powered by a hydrogen engine in Bengaluru. Our next milestone is the unveiling of a Bharat Stage 6 Phase II hydrogen engine truck in 2024. And, by 2030, we expect 10-15% of heavy commercial vehicles in India to run on hydrogen.

> Our focus is on developing parts and systems for hydrogen engines, as well as safety regulations
>
> **Guruprasad Mudlapur**
> President, Bosch Group, India

What's the size and capability of your engineering and R&D teams?

We have one of the largest pools of engineering talent in automotive space in India, and pioneered many developments locally. It is home to our largest software division outside Germany that grew immensely in the recent past, turning 25 in 2022. Globally, Bosch employs around 90,000 associates in R&D, In India it is over 38,700.

TECHCIRCLE

NEWS IN NUMBERS

4

THE NUMBER of suspects caught by Russia over Friday's shooting massacre in a concert hall near Moscow, the worst terrorist attack in the city in two decades

$30.96 bn

THE VALUE of textiles exported by India between April 2023 and February 2024, down 4.2% from $32.33 billion during the same period in the previous fiscal

41

THE NUMBER of firms facing probes by government agencies such as CBI and ED that have donated the ruling BJP a total of ₹2,471 crore through electoral bonds

₹11.76 cr

THE AMOUNT paid by investor Rekha Jhunjhunwala, wife of late Rakesh Jhunjhunwala, for a 50-year-old luxury property, Rockside Apartment, in Mumbai

516,223 T

INDIA'S IMPORTS of lentils, pigeon peas and black gram so far this calendar year, down nearly 29% from a year earlier, due to a tight supply globally

HOWINDIALIVES.COM

Chinese firms may enter India's EV mkt

The Indian government's push to boost domestic manufacturing of electric vehicles (EVs) may lead to large-scale entry of Chinese auto firms in the local market, a report by think tank Global Trade Research Initiative (GTRI) said on Sunday. China's automotive industry, buoyed by substantial state support, has grown rapidly in electric vehicle technology, making it a leading exporter of EVs and related components, the GTRI said.

The renewed policy push to make India a hub for e-vehicle manufacturing and efforts of the private sector will lead to a sharp increase in dependence on auto component imports from China, the report said. India's auto component imports were $20.3 billion in 2022-23 of which 30% came from China. As the EVs are getting greater focus in the country, the auto component imports from China may increase further because it has a greater hold over the EV components' global supply chain. **PTI**

Mother Dairy has nine company-owned dairy processing plants. MINT

Mother Dairy eyes 30% demand surge

Mother Dairy will launch this summer 30 new products, mainly in ice cream and yoghurt categories, as it expects a 25-30% increase in consumer demand, a top company official said.

Mother Dairy, a leading milk supplier in Delhi-NCR, has nine company-owned dairy processing plants with a total capacity of more than 50 lakh litres per day. In an interview with *PTI*, Mother Dairy Fruits and Vegetables Pvt. Ltd MD Manish Bandlish said, "Summer is the most anticipated season for our business, especially for categories like ice creams, curd and beverages".

"With the Indian Meteorological Department's (IMD) prediction of above-normal temperatures and a hot summer this year, we are expecting a multifold surge in demand for these categories," he added. Already, Bandlish said there is an uptick in sales of ice creams compared to the previous year.

The company, he said, is fully prepared to match this growing demand and has invested up to ₹50 crore to augment capacities to ensure adequate availability of its products. **PTI**

HOLI HAI

Border Security Force personnel celebrating Holi at the India-Pakistan border, near Jammu, on Sunday. PTI

Nasa touts space research for drugs in fight against cancer

Pharma firm Merck has conducted research on ISS with Keytruda, an anti-cancer drug

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Experiments in the weightless environment of space have led to "crazy progress" in the fight against cancer, Nasa officials said at a recent event highlighting an important and personal initiative of US President Joe Biden.

Space is "a unique place for research," astronaut Frank Rubio said at the event in Washington.

The 48-year-old, a physician and former military helicopter pilot, conducted cancer research during his recent mission to the International Space Station (ISS), orbiting some 400 kilometers (250 miles) above the Earth's surface.

Not only do cells there age more rapidly, speeding up research, their structures are also described as "purer."

"They all don't clump together (as they do) on Earth because of gravity. They are suspended in space," enabling better analysis of their molecular structures, Nasa chief Bill Nelson said in an interview.

Research conducted in space can help make cancer drugs more effective, Nelson added.

Pharmaceutical giant Merck has conducted research on the ISS with Keytruda, an anti-cancer drug that patients now receive intravenously. Its key ingredient is difficult to transform into a liquid. One solution is crystallization, a process often used in drug manufacturing.

> The 48-year-old, a physician and former military helicopter pilot, conducted cancer research during his recent mission to the ISS

In 2017, Merck conducted experiments to see if the crystals would form more rapidly in space than on Earth. Nelson used two pictures to demonstrate the difference. The first showed a blurry, transparent spot. But on the second, a large number of clear gray spots had emerged.

That photo showed that smaller, more uniform crystals were forming in space—and "forming better," Nelson said.

Thanks to such research, researchers will be able to make a drug that can be administered by injection in a doctor's office instead of through long and painful chemotherapy treatments, he added.

Merck identified techniques that can help it imitate the effects of these crystals on Earth as it works to develop a drug that can be stored at room temperature. Still, it can take years between research in space and the wide availability of a drug developed there.

Bharti Hexacom IPO to open in April

Telecom operator Bharti Airtel's subsidiary Bharti Hexacom's initial share sale will open for public subscription on 3 April.The three-day initial public offering (IPO) will conclude on 5 April, and the anchor book of the offer will open for a day on 2 April, according to the Red Herring Prospectus (RHP) filed on Friday.

This will be the first IPO in the financial year 2024-25. The maiden public issue is purely an offer-for-sale (OFS) of up to 75 million shares (representing a 15% stake) by existing shareholder—Telecommunications Consultants India Ltd.

The OFS size has been reduced to 75 million from 100 million equity shares planned earlier.

Since the IPO is completely an OFS, the entire proceeds will go to the selling shareholders, and the company will not receive any funds from the issue. **PTI**

Vedanta has a pipeline of more than 50 active projects and expansions to drive growth. MINT

Vedanta plans $6 bn investment pipeline

Mining conglomerate Vedanta Ltd will invest $6 billion across businesses that span from aluminium and zinc to iron ore, steel and oil and gas as it looks to add at least $2.5 billion to annual Ebitda, its executives said in an investor meeting.

It has a pipeline of more than 50 active projects and expansions to drive growth, which is expected to generate incremental revenue of over $6 billion and boost Ebitda from an expected $5 billion in the current fiscal ending 31 March to $6 billion in the next and up to $7.5 billion by FY27, they added.

Vedanta chairman Anil Agarwal, according to a presentation made at the investor meeting, said the company "will get to a different level in the next 25 years". His brother and vice chairman Naveen Agarwal gave details of the plans. **PTI**

Five of top 10 firms shed ₹1.9 tn M-cap

The combined market valuation of five of the 10 most valued firms eroded by ₹1,97,958.56 crore last week, with IT majors Tata Consultancy Services (TCS) and Infosys taking the biggest hit amid volatile trends in equities.

Last week, the BSE benchmark climbed 188.51 points or 0.25%.

The market valuation of TCS tanked ₹1,10,134.58 crore to ₹14,15,793.83 crore, the most among the top 10 firms.

The valuation of Infosys tumbled ₹52,291.05 crore to ₹6,26,280.51 crore.

IT stocks fell on Friday after tech giant Accenture lowered its revenue forecast for the sector for the 2023-24 fiscal. Hindustan Unilever's market valuation fell by ₹16,834.82 crore to ₹5,30,126.53 crore and that of Life Insurance Corporation of India (LIC) declined by ₹11,701.24 crore to ₹5,73,266.17 crore. **PTI**

Bharat Biotech begins clinical trials of TB vaccine on adults

Bharat Biotech International Ltd on Sunday said it started clinical trials of the Tuberculosis vaccine Mtbvac on adults in India. This is the first vaccine against Tuberculosis (TB) derived from a human source by the Spanish biopharmaceutical company, Biofabri, a press release from Bharat Biotech said.

The release said that Mtbvac is being developed for two purposes; firstly, as a more effective and potentially longer-lasting vaccine than BCG (Bacillus Calmette Guérin) for newborns and secondly, for the prevention of TB in adults and adolescents, for whom there is currently no effective vaccine.

The trials are carried out by Bharat Biotech in close collaboration with Biofabri. Trials to evaluate the safety and immunogenicity of Mtbvac have started with a pivotal safety, immunogenicity and efficacy trial which has been planned to start in 2025, the release said. It is a giant step to test in adults and adolescents in the country where 28% of the world's TB cases accumulate. TB remains one of the world's leading infectious causes of death, especially in India, Esteban Rodriguez, CEO of Biofabri said. **PTI**

It is a giant step to test in adults and adolescents in the country where 28% of the world's TB cases accumulate. BLOOMBERG

Naveen Jindal quits Congress, joins BJP

Industrialist and former MP Naveen Jindal quit the Congress and joined the BJP on Sunday, saying he wants to contribute to Prime Minister Narendra Modi's agenda of 'Viksit Bharat'. He joined the BJP in the presence of its general secretary Vinod Tawde, who said Jindal's presence in the party will help the government's agenda of boosting the country's economy and prosperity.

Tawde noted that the Jindal Steel chairperson has a keen interest in sports and education as well.

Jindal represented Kurukshetra constituency in Lok Sabha between 2004-14. **PTI**

When Cupid stepped up to Tourism Finance, and then hesitated

FROM PAGE 1

Corp post-completion of warrants.

While Cupid had a market capitalization of ₹2,867 crore as of Friday, Tourism Finance Corp. was valued at ₹1,563 crore.

Columbia Petro Chem is the flagship company of Universal Halwasiya Group, a six-decade-old Kolkata-based business group founded by Madan Mohan Halwasiya. Madan Mohan Halwasiya's grandson, Ajay Halwasiya, is one of the shareholders of Three Musketeers Hospitality, a Dubai-based hospitality firm.

The two other co-founders are Hari Tibrewala and Surendra Bagri; their companies Zenith Multi Trading DMCC and JE Impex DMCC, are among the 13 entities whose assets were seized by the Enforcement Directorate earlier this month.

Emails and messages sent to Sethurathnam Ravi, chairman of Tourism Finance Corp. and who also served as the chair of BSE between November 2017 and February 2019, on why a promoter entity opposed the ₹200 crore preferential share issue and the road ahead, considering Cupid has walked away, went unanswered.

"Cupid walking out will have no bearing on our preferential share issue and we'll still go ahead with it," an executive of Tourism Finance Corp said on the condition of anonymity,

While Cupid had a market capitalization of ₹2,867 crore as of Friday, Tourism Finance Corp. was valued at ₹1,563 crore.

adding the company's capital adequacy ratio of over 60% is very healthy.

"Every shareholder has the right to vote as it deems fit and we respect the shareholder's decision," said the executive when asked why Oriental Insurance rejected Tourism Finance Corp's decision to issue shares on a preferential basis.

Aditya Halwasiya denied that Cupid was planning to invest any money it raised in a recent preferential issue in Tourism Finance Corp.

"The ₹385 crore preferential allotment at Cupid Ltd (of which over ₹96 crore has come as the first tranche from the Cupid allottees) is in no way linked to the preferential allotment of ₹50 crore at TFCIL," Aditya Halwasiya said in an email response. "The ₹385 crore is to be utilized for core Cupid Ltd business development and expansion. ₹50 crore that were assigned for TFCIL was already available as cash/investments with Cupid," he said.

"The change of mind has come about after a lot of deliberation and is a strategic decision to ensure we utilise capital where it is most value-accretive for Cupid," Halwasiya added.

But some market experts remain unconvinced.

"One of the reasons why Cupid decided to walk away from the preferential share issue of Tourism Finance Corp., which was not a good decision because they were investing in unrelated business, could be that the spotlight is on them over the promoters' ties with Hari Tibrewala," said Shriram Subramanian, founder and managing director of proxy advisory firm InGovern Research.

Lack of clarity about the source of funds of some investors seems to have thrown the entire SME market into mayhem, Subramanian added.

"A promoter like Aditya Halwasiya investing money along with the money of his company, Cupid, to buy shares of a company in an unrelated business (Tourism Finance Corp) is poor corporate governance. Especially when Cupid itself raised money from investors," said Nitin Mangal, a Mumbai-based Sebi-registered independent analyst.

Aditya Halwasiya, 29, became Cupid's managing director last year, while his elder brother Ajay Halwasiya joined as an additional director in February. Ajay Halwasiya is also managing director of Three Musketeers Hospitality.

"I, Aditya my family and business entities have received no communication from any statutory or investigative body regarding their investigation into Hari Tibrewala," said Ajay Halwasiya in response to a questionnaire.

"I believe in the business potential of TFCIL and would like to see the business get to the next level. We will look at what is best for all stakeholders across the board and will take a focused decision on this front as well," said Aditya. "Like Cupid Ltd, I see a great launchpad for TFCIL".

Ghost of Microsoft stalks Apple as DOJ takes a shot

Bill Gates has said his legal battle distracted him from the rise of mobile

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The ghost of old Microsoft hung in the air this past week as the Justice Department took aim at Apple, accusing the tech giant of an improper monopoly with its iPhone.

Chief Executive Tim Cook faces the likelihood that the next several years will be consumed with fighting antitrust lawyers intent on dismantling the pillars of the business empire he helped build after the death of Steve Jobs.

Cook, who has overseen extraordinary profit and revenue growth since becoming Apple CEO in 2011, can hardly afford the timing of the latest fight. It comes amid a slowdown in iPhone growth and investor jitters that he is behind in the current wave of excitement around advanced artificial intelligence.

It is a situation reminiscent of almost 25 years ago, when then-Microsoft CEO Bill Gates faced his own antitrust battle with the Justice Department.

It is a situation reminiscent of almost 25 years ago, when then-Microsoft CEO Bill Gates faced his own antitrust battle with the Justice Department. AP

On Thursday, the government invoked Microsoft's name several times in a lawsuit challenging Apple's iPhone business model. The lawyers accused the Silicon Valley giant of excluding rivals from its digital ecosystem—and are seeking changes to the way it operates. It is the latest legal effort by the Biden administration to curb the power of Big Tech.

For its part, Apple has long defended itself against monopoly claims, saying it faces intense competition from the likes of Samsung and Google's Android and enforces rules that limit the iPhone ecosystem to protect customers' privacy and security. Apple responded this past week that it will vigorously defend against the government's claims.

If history is any guide, Apple faces years of tedious litigation—including hearings, document discoveries and the sort of in-the-weeds legal maneuvering that mostly doesn't involve senior leadership. But the maelstrom will hang over Cook.

The Justice Department's case against Microsoft, filed in 1998, lasted three years before the software giant settled in 2001. That timing doesn't include appeals and legal battles in Europe, which dragged on until the end of 2009.

The U.S. settlement included a series of changes—such as greater freedom to install non-Microsoft products on new machines—to the company's contracts with computer makers.

That case happened when Apple was a very different company, a much smaller one that had narrowly averted bankruptcy and, as the new millennium dawned, was evolving.

"Apple itself was a significant beneficiary of that case," Jonathan Kanter, the Justice Department's assistant attorney general for antitrust, said this past week in announcing the new lawsuit. "The remedy paved the way for Apple to launch iTunes, the iPod and eventually the iPhone, free from anticompetitive restrictions, excessive fees and retaliation."

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Thursday's 88-page filing, too, went down memory lane. It suggested Apple's success with the iPod music player—which came before the advent of the iPhone—flourished in part because the previous antitrust case "constrained Microsoft's ability to prohibit companies like Apple from offering iTunes on Windows PCs."

Apple doesn't like the comparisons to Microsoft of old, when its rival then had more than 90% market share versus the iPhone's more than 65% hold of the smartphone market today, as alleged in the new lawsuit.

And the government's suggestion that the Microsoft case fueled Apple's rise had some techies collectively rolling their eyes, claiming revisionist history.

The Microsoft case had carried the specter of a court-ordered breakup of the company. In the end, the settlement left the giant intact, poised, as some thought at the time, to march easily into then-new tech frontiers such as online services, music distribution and telecommunications.

Except Microsoft stumbled and, for a time, lagged.

Gates has said the legal battle proved a distraction that contributed to Microsoft's falling behind in the then-emerging field of smartphones.

"There is no doubt that the antitrust lawsuit was bad for Microsoft," he said in 2019. "We would have been more focused on creating the phone operating system, so instead of using Android today you would be using Windows Mobile."

The U.S. govt on Thursday invoked Microsoft's name in a lawsuit challenging Apple's iPhone business model

"I was just too distracted," added Gates, who no longer works at the company. "I screwed that up because of the distraction."

Just as Gates found himself at a generational crossroads of technological change, Cook, too, is trying to find Apple's path to the next big thing beyond the iPhone.

His moonshot bets haven't worked out as some investors had hoped. Apple recently shelved a decadelong project to develop an electric, driverless car. And its newly released augmented reality headset, while winning some critical praise, is still far from overtaking the iPhone as Apple's bestseller.

Some investors worry Apple is behind on work to compete in the burgeoning areas of artificial intelligence being made popular by the likes of OpenAI, which is collaborating with Microsoft.

Microsoft's work in AI, along with its cloud business, has helped infuse a new swagger into the 48-year-old company.

Its stock price has soared, sending its market valuation beyond $3 trillion this year and dethroning Apple as the world's most valuable publicly traded company.

Meanwhile, Apple shares ended Friday down 7% for the year while the Nasdaq has risen 11%.

For his part, Cook has tried to reassure investors, recently saying that Apple sees "incredible breakthrough potential for generative AI." Apple has held discussions with OpenAI, Baidu and Google about using their AI technology to power the iPhone maker's mobile features.

And not everyone agrees that the fabled legal battle was to blame for Microsoft's post-antitrust funk. Gene Munster, a longtime industry analyst, this past week tweeted that the company's subsequent lackluster performance had little to do with the legal fight and "a lot to do with a culture that did not innovate."

In the end for Apple investors, that's the bet: The Apple of today isn't the Microsoft of yesterday.

Gucci's China shock echoes across the luxury landscape

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Kering saw $9 billion wiped off its market value after warning that sales of Gucci's products in China slumped. HT

Fears of a slowdown among Chinese shoppers have dogged the luxury industry for the better part of a year. Last week the scale of the problem hit home for one of fashion's biggest but most exposed brands, Gucci.

French group Kering SA saw $9 billion wiped off its market value after warning that sales of the Italian label's products in China have slumped this quarter. The slowdown is also starting to show up in other corners of the luxury industry.

A separate report showed Swiss watch exports to the country — a leading destination for high-end timepieces — tumbled last month. Analysts, meanwhile, are predicting China's luxury demand will cool further this year.

The spate of sobering news provides the latest evidence that an anticipated surge in spending by well-heeled Chinese freed from the world's strictest Covid lockdowns is failing to materialize. While some luxury companies are managing the fallout better than others, the rest could be forced to rethink how they do business in China — starting with Kering.

"I haven't bought any Gucci bags myself for years," said Wu Xiaofang, a 34-year-old banker living in Shanghai who was once so enamored with the brand she bought three bags during a trip to Italy in 2016. "The new designs are bad."

Wu is among a generation of Chinese luxury shoppers that has grown more selective about where to spend its cash. Rising unemployment and a property downturn have hurt consumer confidence, while deflationary pressures are fueling concern about growth in one of the world's largest consumer markets.

The bar to entice Chinese shoppers has therefore risen. Gucci has seen a significant drop in Chinese online sales in recent months — including from its official website and e-commerce platform on Tmall, said a person familiar with the situation who asked not to be identified discussing confidential matters.

Sabato De Sarno, who became Gucci's creative director last year, has adopted a more minimalist aesthetic than the flamboyant designs of his predecessor, Alessandro Michele. It's too soon to say whether his sleeker and more subdued fashions will resonate with Chinese customers, as they've only recently appeared in stores.

Yet some shoppers may find them less distinctive than before, said fashion consultant Mark Liu, and too similar in style to the likes of Valentino, Prada and Celine. Kering said early ready-to-wear products from the latest Ancora collection by De Sarno have been well received.

Gucci has long been one of the most volatile of the major luxury brands, its fortunes rising and falling based on buzz around designers like Michele and a predecessor, Tom Ford.

Analysts, meanwhile, are predicting that the country's luxury demand will cool further this year

That makes Kering highly vulnerable to shifts in taste, especially as the Italian brand accounts for about half of its sales and more than two-thirds of profit.

Gucci "seemed to have turned itself into a streetwear brand for a while, then tried to shift back to a high-end brand," said Wu. "Now I don't know who it wants to target."

Plunging shares

Kering stunned investors with its 19 March announcement that Gucci sales have fallen nearly 20% this quarter, led by the Asia-Pacific region. The share price fell the most in three decades.

The group started taking action to boost its struggling label two years ago when it named a new fashion head for Gucci in China and Hong Kong. Gucci then parted ways with Michele and hired De Sarno, a lesser-known designer from Valentino. Next, Kering replaced Marco Bizzarri, who'd headed Gucci for about eight years, with Jean-Francois Palus, a longtime lieutenant of Pinault.

More changes could be needed to reassure investors.

"Despite Kering's insistence that Jean-Francois Palus is the right interim CEO for Gucci, the market does not agree," wrote RBC Capital Markets analyst Piral Dadhania in a note Friday. "With financial performance deteriorating, the case for appointing a new figurehead with a proven track record would be welcome in our view, as it may enable faster pace of change and new external ideas."

Kering didn't respond to a request for comment.

The slowdown in China is affecting brands aside from Gucci as well, if not as dramatically. While top luxury houses such as Rolex, Hermes, Chanel and Louis Vuitton saw double-digit growth in 2023 in Hong Kong — a popular destination for Chinese shoppers — those sales slowed as early as October, said a person familiar with the matter, with second-hand prices for premium watches plunging 40% in January from the year before.

Few luxury goods are more exposed to changes in Chinese consumer sentiment than Swiss watches. Exports to China plunged by 25% in February from the year before, the Federation of the Swiss Watch Industry said last week, while shipments to Hong Kong dropped by 19%.

Together, exports to those two destinations surpass the US, the biggest single market for Swiss timepieces.

"There is a slowdown," said Nick Hayek, the chief executive officer of Swatch Group AG, whose brands include Omega and Tissot. China accounted for a third of the company's sales in 2023.

Shoppers in China and Hong Kong are visiting Swatch Group brand stores but they're more hesitant to pull the trigger on a major purchase, the CEO said.

This startup vowed to help fashion go green. Brands didn't want to pay

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When a Swedish startup launched a new material made from recycled textiles in late 2022, the fashion industry hailed it as a game changer in its efforts to lessen its environmental impact.

Last month, the company, Renewcell, filed for bankruptcy. While some big retailers, including H&M and Zara, were enthusiastic backers, not enough brands committed to buying its material. Having misjudged how quickly the fashion industry would switch to more sustainable sourcing, the company was left with a costly factory running far below capacity.

The plight of Renewcell illustrates the fashion industry's hesitancy in adopting new materials that may be better for the environment but typically cost more, at least in the short term. It is also another sign of how some companies are putting less emphasis on green initiatives amid a more challenging economic climate.

"There's a disconnect" between some companies' stated sustainability ambitions and what they actually do, said Tricia Carey, Renewcell's chief commercial officer. "Fashion brands have the intention," Carey said, "but many are lacking the road map to make it happen."

Making clothes uses a large and growing amount of the planet's resources. More than 100 billion garments are produced annually and that number is set to rise by one-third by 2030, according to the Ellen MacArthur Foundation, a nonprofit. It says the average garment is worn only 10 times before being discarded, often ending up in the trash. The fashion industry is responsible for as much as 8% of global greenhouse-gas emissions, according to the United Nations Alliance for Sustainable Fashion.

Fashion brands have come under growing pressure from consumers and regulators to reduce their environmental impact, posing a dilemma for an industry hardwired to keep increasing sales by churning out more clothes.

To burnish their green credentials, brands have encouraged consumers to repair, recycle or sell old clothes rather than throw them away. They have also invested in so-called next-generation materials that promise to use fewer resources and, in some cases, have the potential to be recycled again and again.

While some big retailers, including H&M and Zara, were enthusiastic backers, not enough brands committed to buying Renewcell's material made from recycled textiles. MINT

Inditex, the parent company of Zara, says it wants a quarter of the fiber it uses to be made from next-generation materials by 2030. To foster new materials, the company has worked with more than 300 startups, also including Renewcell, through a Sustainability Innovation Hub that it set up four years ago.

H&M says it wants recycled fibers to constitute half of the material it uses by 2030. The company has invested in more than 25 sustainability startups, including Renewcell.

THE WALL STREET JOURNAL.

So far, the uptake of greener material has been sluggish. Recycled materials made up 7.9% of global fiber production in 2022, down from 8.5% the year before, according to the Textile Exchange, a nonprofit that advocates the adoption of more environmentally friendly materials. Much of that came from recycled plastic bottles, with less than 1% of all fiber coming from recycled textiles.

That's despite next-generation materials attracting more than $3 billion of investment over the past decade, according to the Material Innovation Initiative, with dozens of new textile companies launched during that time.

Founded in 2012, Renewcell became the first chemical textile-to-textile recycler to start producing material on a commercial scale.

Its material is called Circulose, which is produced by treating old textiles with chemicals to create a cellulose pulp. This is dried into sheets, which fiber producers can then dissolve to produce viscose and other materials that are used to make clothes. Unlike mechanically recycled fibers, which fray and ultimately disintegrate, Renewcell's chemical process breaks old textiles down to the level of individual molecules from which strong, new fibers are made. These can be recycled indefinitely via the same process.

With many fashion companies pledging to invest in new textiles to be more sustainable, Renewcell bet on strong demand for its material.

The company raised $158 million, mostly through a 2020 listing in Stockholm, and invested $125 million to convert an old paper mill in eastern Sweden into a Circulose factory capable of producing 60,000 metric tons a year.

Renewcell also outlined plans for two additional factories that would increase its output sixfold by 2030.

Besides Inditex and H&M, Calvin Klein and Tommy Hilfiger owner PVH committed to buying significant quantities of fiber made from Circulose.

But Renewcell hit a brick wall in talks with other big brands. In meetings, brand executives would often express excitement and agree to pilot projects, only to balk at placing commercial-scale orders, said Carey.

The fashion industry is responsible for as much as 8% of global greenhouse-gas emissions

Jolts to the economy, such as Russia's invasion of Ukraine, and shaky consumer confidence had made brands risk averse.

Would-be customers fixated on how fiber made from Circulose cost 20% to 45% more than the virgin fibers they typically bought, as well as uncertainty about integrating a new material into their supply chains, Carey said. Fiber typically accounts for about 5% of the retail price of a finished garment.

Renewcell needed its factory to reach full output quickly to become commercially viable, but it achieved only 30% capacity last year as anticipated orders failed to materialize.

By October, the company was running out of cash, and in January it laid off a quarter of its 130 staff. It filed for bankruptcy in February after failing to secure fresh investment.

Renewcell is now seeking a buyer to repay its debts and restart production.

The company's predicament is a grim sign for a clothing industry that claims to want to transform itself, said Claire Bergkamp, managing director of the Textile Exchange.

"My hope is this will be a wake-up call for the industry," she said.

Unless fashion companies commit to paying higher prices for new, greener materials, other fiber startups could also struggle, Bergkamp added.

While the transition from gasoline cars to electric vehicles has benefited from billions of dollars in subsidies, the move to new textiles has received practically no government support, making startups reliant on private funding.

That has left some big clothing companies, notably H&M and Inditex, shouldering a relatively large share of the burden of supporting new-material startups.

H&M invested in Renewcell in 2017 and was the first retailer to launch products containing Circulose. It currently sells around three dozen products containing the material.

The retailer wanted to invest more but decided not to commit more cash in recent weeks because of the lack of support from other companies, said H&M Chief Executive Daniel Ervér.

Earlier this month, H&M announced a new investment in Syre, a startup developing a polyester-fabric recycling process, and pledged to buy $600 million worth of its material over seven years—assuming it achieves commercial production.

Demand for recycled polyester is already established, with material made from recycled bottles already commonly used to make clothes. But textile-to-textile recycled polyester is similar to Circulose in that the technology is untested at scale.

To drive a shift to next-generation materials, other companies need to invest and commit to buying new textiles at scale, Ervér said.

"H&M alone cannot provide the scale that is required," Ervér said. "The industry needs to commit."

Ed Ballard contributed to this article.

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FOR ISLAMIC STATE, ALL SIDES ARE TARGETS

The extremist group's ISIS-K affiliate has a record of attacking Russians, Chinese, Iranians—and Americans

People lay flowers at a makeshift memorial to the victims of a shooting attack at the Crocus City Hall concert venue in the Moscow Region, Russia, on Saturday. REUTERS

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The United States and its liberal democratic allies may be facing off with authoritarian powers Russia, Iran and China as wars in Ukraine and Gaza inflame global rivalries. But to Islamic State, they're all enemies of the Muslim faith that should be annihilated.

Friday's assault on a concert hall outside Moscow that killed at least 133 people, the worst terrorist attack in Russia in decades, drove home that point. Two months ago, Islamic State claimed responsibility for the deadliest strike in Iran in decades, a bombing in the city of Kerman that killed more than 80 people.

Major Islamic State attacks in the West peaked in 2017, though Islamic State militants claimed lethal stabbings and shootings in Belgium, France and Austria since then.

"Great-power competition is alive and well, but it matters not at all to Islamic State," said Colin Clarke, director of research at the Soufan Group, a consultancy that focuses on terrorist threats. "While we see big divisions between Beijing, Moscow and Washington, they look at us all as a target. This is a transnational threat."

Islamic State's official news outlet, Amaq, claimed the Moscow attack, saying that it is part of a wider "war between the Islamic State and countries fighting Islam."

The carnage in Moscow, terrorism analysts say, demonstrates the group's ability to reconstitute itself as a potent global network capable of activating supporters worldwide.

Islamic State's violence in Russia "tracks with the recent surge in plots foiled throughout the West and its renewed focus on external operations," said Lucas Webber, co-founder of Militant Wire, an independent outlet that tracks global militancy.

European security agencies prevented several planned Islamic State attacks in recent months, some planned by immigrants from Central Asia, according to officials there.

Russia has long been in the crosshairs of Islamic State. The group took responsibility for the 2015 bombing that killed 224 people aboard a Russian passenger plane leaving Egypt, and in 2022 carried out an attack that killed two Russian diplomats and four Afghans at the Russian Embassy in Kabul.

Islamist grievances against Moscow include the bloody occupation of Afghanistan in the 1980s and the suppression of Chechnya's autonomy in the initial years of President Vladimir Putin's rule.

Even more important, however, is the indispensable support that Russia—together with Iran, a Shiite Islamic Republic—continues providing to President Bashar al-Assad's regime in Syria. Russia's Wagner paramilitary group played a major role in ousting Islamic State from the Syrian city of Palmyra in 2017.

"The reason they are in Russia is because of the Russian role in Syria," said Rasul Bakhsh Rais, a professor of political science at Lahore University of Management and Science in Pakistan.

While Islamic State didn't specify which of its branches was behind Friday's slaughter in Russia, U.S. officials have blamed the organization's Islamic State-Khorasan Province, or ISIS-K, affiliate.

Khorasan is an ancient Islamic term for the lands that comprise today's Afghanistan and Central Asian countries that were once part of the Soviet Union.

In one of the deadliest atrocities since Islamic State's self-proclaimed caliphate was dismantled in Syria and Iraq in 2017, ISIS-K carried out the 2021 attack on the Kabul airport that killed 13 U.S. service members and at least 170 Afghans seeking to escape the country.

> ISIS-K's rise signals the terrorist organization's move away from its cradle of Syria and Iraq, where it has been thoroughly defeated.

Russian officials said the four perpetrators of Friday's slaughter in Moscow appeared to be natives of Tajikistan, the poorest Central Asian state.

Several million guest workers who have moved to Russia from Central Asia, particularly Tajikistan, Uzbekistan and Kyrgyzstan, have long provided a pool of recruits for Islamist militant groups. Many Central Asian fighters captured in Syria and Iraq during Islamic State's rule there said they had become exposed to radical preachers at construction sites and worker dormitories in Russian cities.

The number of Central Asian workers in Russia has been rising over the past two years because of the manpower shortage caused by the war in Ukraine, where hundreds of thousands of Russian men have been killed or injured, and many more serve as soldiers, often after an involuntary mobilization.

Central Asian migrants often speak little or no Russian, and are vulnerable to abuse. Russian police regularly raid their dormitories and work sites, often pressing them to join the Russian military in Ukraine.

"The attitude of law-enforcement and state organs in Russia toward these migrants definitely contributes somewhat to their radicalization and becoming extremist. It causes a lot of anger," said Kadyr Toktogulov, a former ambassador of Kyrgyzstan to Washington.

ISIS-K is one of Islamic State's most significant remaining affiliates, alongside a chapter in West Africa where it holds territory, and where Russian mercenaries play a prominent role in propping up the embattled governments of nations like Mali. ISIS-K's rise signals the terrorist organization's move away from its cradle of Syria and Iraq, where it has been thoroughly defeated.

ISIS-K initially emerged in 2015 in eastern Afghanistan, where Osama bin Laden once hid, after insurgents previously affiliated with Afghan and the Pakistani Taliban pledged allegiance to Islamic State's self-proclaimed caliph, Abu Bakr al-Baghdadi.

Numbering some 2,000 fighters at the time, ISIS-K drew recruits from the disgruntled ranks of the Pakistani Taliban, defectors from the Afghan Taliban and survivors of the battered al-Qaeda. It also drew support among extremist Salafis in eastern Afghanistan, Sunni militants from the Islamic Movement of Uzbekistan, and Uyghur militants hailing from the Xinjiang region of China. In 2022, the group took responsibility for gun attacks on the Chinese embassy in Islamabad and on a hotel housing Chinese guests in Kabul.

ISIS-K's aims were largely local at first. It targeted Afghanistan's Shiite community, which it considers to be heretics, and the Taliban, which it criticized for engaging in peace talks with the U.S.

As in Iraq, where some of Islamic State's worst attacks were carried out against Shiites, ISIS-K killed hundreds of people from Afghanistan's and Pakistan's Shiite communities, conducting suicide bombings of mosques and schools.

The group also launched multiple attacks against Iran, which for decades has funded Shiite militias throughout the Middle East. Iran recruited among Afghan Shiites to form the Fatemiyoun Brigade, which played a major role in the campaign against Islamic State in Syria and in Iraq.

After the Taliban took power in August 2021, Islamic State's overarching goal in Afghanistan became to "purify" the country of the new government. Bolstered by Central Asian, Uyghur and Chechen militants who had returned from Syria, ISIS-K has been waging a low-level insurgency, bolstered by resentment among Afghanistan's ethnic Tajiks and Uzbeks against the Taliban regime, which is almost exclusively Pashtun.

In the wake of the January attack in Iran, Islamic State's spokesman released a speech via one of its main media outlets, Al-Furqan, calling for a worldwide militant campaign against Jews, infidels and what he called Western crusaders. The 34-minute speech titled "Kill Them Wherever You Find Them," was the most direct call for Muslims to wage the global war issued by the group in years.

Following the January attack in Kerman, Iranian intelligence identified one of the attackers as a 24-year-old Tajikistan national who had received training in camps in the Afghan province of Badakhshan, which borders Tajikistan.

Since 2022, Islamic State has sought to use Moscow's invasion of Ukraine to recruit members, specifically calling for Chechen Muslims fighting for Russia and Crimean Tatar and Chechen Muslims fighting on the Ukrainian side to not to get involved in the war among "infidels," and to join Islamic State instead. There is little evidence of that occurring.

"The strategy of the Islamic State is to carry out fewer but more spectacular attacks," said Riccardo Valle, Islamabad-based research director of the Khorasan Diary, a nonpartisan platform that tracks jihadist groups.

By attracting global attention through major attacks, the group seeks to propagate an image of resilience and strength to potential followers, he said. "Islamic State is able to find the right moment for its attacks, and to patiently wait for the right opportunity."

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WHAT

Islamic State militants attacked a concert hall outside Moscow that killed at least 133 people on Friday, the worst terrorist attack in Russia in decades.

SO

Islamist grievances against Moscow include the occupation of Afghanistan in the 1980s and suppression of Chechnya's autonomy by President Vladimir Putin.

ALSO

Major Islamic State attacks in the West peaked in 2017, though its militants claimed lethal stabbings and shootings in Belgium, France and Austria since then.

Russia mourns deadly Moscow terror attack that claimed 133 lives

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Russia mourned the worst terrorist attack in Moscow for more than two decades as authorities said the death toll had climbed to 133 and rescue workers continued to search for victims.

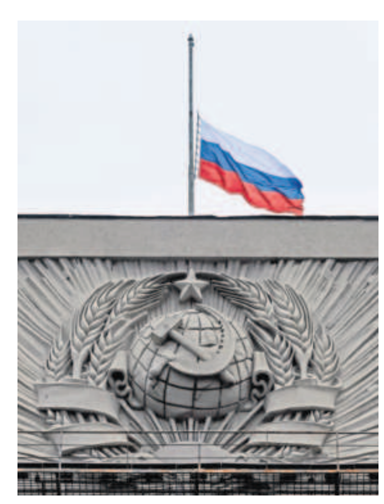
President Vladimir Putin told Russians in a televised address Saturday that the security services had captured four suspects who were trying to flee to Ukraine. While he didn't accuse Ukrainian authorities of involvement in the attack at the Crocus City Hall on the edge of Moscow late Friday, Putin said a "window" had been prepared for the men to cross the border, without offering evidence.

Ukraine denied any role and called the attack a false-flag operation by the Kremlin. Islamic State earlier claimed responsibility in a Telegram message and posted a photograph of four men it said carried out the assault.

It's the biggest single loss of life from terrorism in Moscow since Chechen separatists took hostages in 2002 at the Nord-Ost theatre, where at least 170 people including the dozens of attackers died during a botched rescue mission. Friday's assault took place days after Putin cemented his grip on Russia by claiming a fifth term with 87% of the vote in the presidential election.

Authorities cancelled public events and tightened security across the country following the tragedy that shattered the illusion of security in Moscow that Putin has sought to cultivate in the more than two years since he invaded Ukraine. It recalled an earlier period of his quarter-century rule, when suicide bombings, most blamed on Islamists from within Russia or its neighbours, killed scores of people.

"ISIS bears sole responsibility for this attack," Adrienne Watson, a spokesperson for the National Security Council at the White House, said in a statement Saturday. "There was no Ukrainian involvement whatsoever." She reiterated that the US shared information with Russia in early March "about a planned terrorist attack in Moscow" and pointed again to a public warning by the US Embassy in Moscow on 7 March. Putin said authorities had detained all those directly involved in the "barbaric" assault by gunmen who turned automatic weapons against people attending a rock concert at the Crocus City complex. He declared Sunday a national day of mourning and vowed to pursue anyone responsible for ordering and organizing the incursion.



A Russian national flag is seen lowered on the headquarters of State Duma, the lower house of parliament. REUTERS

The president spoke after the Federal Security Service announced that agents had detained the suspects in Russia's Bryansk region, which borders Ukraine. The men planned to cross into Ukraine where they "had contacts," the *Interfax* news service reported, citing a statement by the service known as the FSB that gave no more detail.

FSB director Alexander Bortnikov reported to Putin that a total of 11 people had been detained, including the four suspects, according to a Kremlin statement earlier Saturday.

Russia's Investigative Committee said Saturday the death toll was rising as emergency workers found more victims at the site of the attack. Officials earlier said at least 145 people had been wounded. Fire ripped through the massive venue after explosions were heard during the assault at Crocus City Hall, leading to a partial collapse of the roof.

Shouldn't have put initial savings in real estate: Sandeep Tandon

Quant CEO Tandon says investing that money in equity markets could have led to much larger wealth creation

Jash Kriplani
jash.kriplani@livemint.com

Sandeep Tandon, 54, chief executive officer and chief investment officer of Quant Mutual Fund, invests 100% of his equity investments in Quant MF schemes, which have been among the top-performing funds in various categories. As a result, Tandon has also seen strong returns on his investment portfolio: 55% over the past year.

Tandon says 30% of his asset allocation is in real estate, having bought multiple houses in the early stages of his career. In an interaction with *Mint* for the Guru Portfolio series, Sandeep Tandon says his wealth creation could have been much larger had he invested the same money in equity markets. In this series, leaders in the financial services industry, share how they manage their own money.

Asset mix

About 60% of his money is allocated towards equities, 30% in real estate and 10% is in liquid funds.

The real estate allocation is not for investing, but for personal consumption. "I own and live in one of these properties. The other two are family-owned. All these are in Mumbai only," he says. Tandon lives in Prabhadevi, an upscale locality in Mumbai, which is also close to his office.

The entire equity investments of Tandon are through Quant MF's schemes. Within the equity funds, his current allocation is 50% in large-caps, 23% in mid-caps and 27% in small-caps.

Tandon also owns nearly 100% of his company—Quant Money Managers and he is also the founder of the Quant group.

Investment style

Tandon believes in dynamic style of investing, which is driven heavily by data analytics models used at Quant MF. "Data points are continuously changing. That phase when India was in early stages of emerging markets or infancy stages is now over. India is also a reasonably mature market. And so is the case with the global market. So, in a dynamic world, the money management style cannot be static. Dynamic style of money management has led to superior risk-adjusted returns for us, which was also the case last year," says Tandon.

GURU PORTFOLIO
A MINT SERIES

Tandon says, while investors coming into equity funds must remain long term-oriented, as a fund manager he believes in being extremely agile with his investment calls in-line with his global macros and data indicators. He adds that his data model aims to mitigate medium- and short-term risks. "When you are able to do this, you not only protect your downside, but also generate alpha out of it," he says.

Rebalancing

Tandon rebalances his mutual fund holdings annually. He says he usually does this exercise at the time of tax-filing in March. He reviews his company ownership and real estate holdings once in five years, not with the aim of churning these investments but to take stock of his asset allocation. He has not tinkered much with his asset allocation over the past year and it has remained broadly in the same proportion across the three asset-classes.

Learnings

Tandon says had he invested in equities instead of real estate, he could have generated larger wealth creation. "There used to be that mindset that, as soon as you get your first savings, you should start building a house. In those early days, I took loan to purchase my first house. Then as a family, we bought a couple of more houses. However, if I had used those funds to invest in equities, the wealth created would have been much larger," he says.

Contingency fund

Tandon says he doesn't keep a contingency fund separately, as in any case he maintains 10% of his allocation in liquid funds.

He says he doesn't believe that one needs to be 100% invested in markets all the time. "In any case, I have a very large holding in equities. The liquid fund allocation gives me a huge psychological comfort," Tandon says.

Retirement corpus

Tandon says he doesn't plan to retire anytime soon. "I don't like to think of retirement as it has negative connotations for me. I believe in working till the last day of life. When you think like that, your involvement will be on the higher side, your reflexes will be on the higher side. The mental agility remains intact," he says.

He has not planned any separate retirement corpus. All his investments can be easily liquidated as and when he requires them.

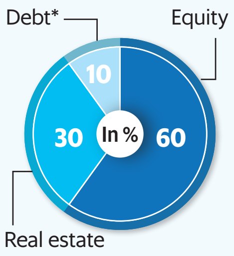
Loans

Tandon doesn't like the idea of personal loans. He says he doesn't like the burden of paying interest. My last loan was in 1998 to buy a house. It was a ₹5 lakh loan.

Advice for investors

Tandon says investors should assess their risk-appetite. "They should come into equity markets, only when they know their investment horizon. A lot of people say I come for the long-term, but within six months, if the market doesn't perform or give negative returns, they give up. So, their investment horizon was never for the long-term to begin with," he says.

1 WHAT'S YOUR CURRENT ASSET MIX?



*liquid funds
Excludes Tandon's majority ownership in Quant Money Managers via its unlisted shares.

2 IS THIS REAL ESTATE FOR INVESTMENT OR CONSUMPTION?

▶ These are all family-owned residential properties for family and office use only.

3 DO YOU PLAN TO LEASE THEM OUT FOR RENTAL INCOME?

▶ No plans as such

4 WHAT PER CENT OF YOUR EQUITY EXPOSURE IS VIA QUANT MF SCHEMES?

▶ **100%**

SANDEEP TANDON
CEO and CIO of Quant Mutual Fund

mint

5 WHAT'S YOUR SPLIT ACROSS LARGE-, MID- AND SMALL-CAP FUNDS?

A	Large-cap	50%
B	Mid-cap	23%
C	Small-cap	27%

6 WHAT'S YOUR OVERALL PORTFOLIO RETURNS IN THE PAST YEAR?

▶ About **55%**

7 ONE STRATEGY THAT WORKED FOR YOU IN THE PAST YEAR?

▶ Dynamic style of money management

8 ANY LEARNINGS FROM PAST MISTAKES?

▶ Instead of buying real estate, more money in equities would have led to higher wealth creation.

9 DO YOU HAVE HOME OR CAR LOANS?

▶ No outstanding loans. Took last loan in 1998 to buy a house. Don't like burden of paying interest.

10 DO YOU HAVE ANY LIFE INSURANCE COVER?

▶ Yes — high insurance cover. Can't disclose coverage.

11 DO YOU HAVE ANY CONTINGENCY FUND?

▶ Don't maintain one separately. Have 10% of portfolio in liquid funds.

12 AT 54, HOW DO YOU STAY FIT?

▶ I like to walk a lot and remain very active.

13 WHAT ARE YOUR PASSIONS?

▶ Data analytics is a passion. Also, like to travel, interact with different people across the world.

14 DO YOU HAVE ANY POST-RETIREMENT PLANS?

▶ I don't plan to retire anytime soon. I plan to stay active.

Each investor has their own preferences and risk appetite, do your own research before investing. *Mint* does not independently verify non-public data reported by interviewees.

PRANAY BHARDWAJ/MINT

POWER POINT
SAGNEET KAUR

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

WHERE DOES YOUR MONEY REALLY COME FROM?

One of the most common errors we make is visualising our income as arriving from a distant source like our organisation. We put a 'psychological distance', a gap between our income and ourselves. Sarah Newcomb, in her book *Loaded* highlights this phenomenon, which might resonate with those who perceive their income originating externally. "Our money doesn't simply flow from our 'jobs' or 'professions'; it emanates from our unique skills and talents." James Grubman, a psychologist and a financial expert who had spent several years counselling people through challenges of managing great wealth, stresses that those who sustain wealth transition from considering money in terms of income to viewing it as 'assets'. Your skills and talents are the true generators of income. When you lend your skilled labour to your employer— your time, energy, and intelligence— this amalgamation creates value. Moreover, possessing specialized knowledge or experience amplifies the value of your assets, offering substantial potential for income generation.

Shifting this paradigm of thinking empowers a sense of control over one's financial journey, fostering positive experiences and emotions with money. Therefore nurturing one's assets, like upskilling oneself or learning a new skill altogether becomes crucial. Also, skills lose their value if left stagnant, making continuous learning imperative to safeguard the worth of your assets. A recent survey conducted by PGIM in knowledge partnership with Nielsen, indicates a rising trend in Indians allocating a significant portion of their household income, approximately 5% towards enhancing their human capital—repaying education loans and enhancing skills. This trend is undeniably motivating.

The survey also underscores Indians' pursuit of additional income streams by monetising their passions, their hobbies and acquiring new skills, both pre and post retirement and they feel better prepared for their retirement if they have a secondary source of income—36% of respondents reported to have an alternate source of income, where 39% of Indians reported that they are planning to start it in near future, highlighting the fact that Indians acknowledge this as to be an important aspect of planning for now as well as future.

> Specialized knowledge or experience amplifies the value of your assets

Flipping the perspective of focusing solely on the income flow rather than its source equips us to make wiser financial decisions. Here's how. Beyond skilled labour, there exist three primary assets from which we can derive income: labour, land and capital. Labour translates into income when we exchange our time, energy and skills for monetary compensation. Land can yield income through renting, mining, farming, or even through appreciation in value if left untouched. Then there's capital, essentially our savings— investments, cash, bonds, gold—that can generate more money by accruing interest when we lend it to others such as individuals, banks or governments. Alternatively, capital grows through profits obtained from investments like mutual funds or company shares. Surprisingly, capital can extend into the social sphere as well by nurturing relationships, building networks, and maintaining a sterling reputation often yield favourable financial outcomes. Leveraging social connections for job references, recommendations for promotions or bartering services with friends significantly impacts our financial standing. Therefore, utilizing one's social network wisely opens the doors to financial advantages.

Understanding the bigger picture is the key to control of our financial well-being. The real game changer comes when we widen our view a bit more, by redirecting our focus from reliance on a single occupation, think about growing income from stuff you control- like land, capital, or even skills you are passionate about turning into a side hustle pre-retirement, It is all about consciously and holistically choosing your options for a more secure financial future.

Sagneet Kaur is senior vice president, behavioural finance & consumer insights, PGIM India Mutual Fund.

Data model: How Quant Mutual Fund makes its investments

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jash.kriplani@livemint.com

Quant Mutual Fund, which has a track record of six years, came into existence after Quant Capital acquired Escorts Mutual Fund. It manages ₹65,000 crore worth of assets and is the 20th largest fund house in the country.

Quant MF's investment process begins with its data model first identifying stocks using various quantitative factors. The analyst team, which comprises of 18 members, does qualitative analysis by quantifying the companies on various parameters. The stocks are then presented to fund managers and the chief investment officer (CIO). The final allocation call is taken by the money management team, but the CIO, Sandeep Tandon, has the veto power. Tandon has 33 years of investment and research experience.

Most of Quant MF's team has been working with Tandon before the mutual fund business was launched, on Quant's broking and investment banking platform.

One of the senior money managers, Ankit Pande, has been associated with Quant Global Research from 2012 itself. Another, Vasav Sahgal, has been with the fund house since its inception and had joined Quant Global Research before the launch of the MF business. Quant MF also has a separate data analytics team, which refines the data model on continuous basis.

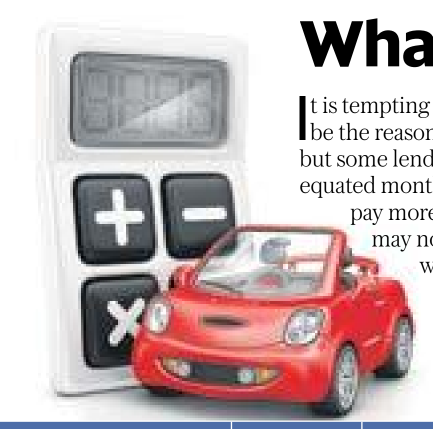
At Quant, money managers can choose stocks from the basket that their data model suggests but cannot override its suggestions, and exceptions are always on need basis.

Technology and data analytics play a key role at Quant MF, which also requires regular investments. Tandon has reportedly spent about ₹180 crore collecting wide-ranging data points including weather patterns, geopolitical happenings, and market sentiment analysis over the years.

The average age of Quant MF's fund management team is 36 years (excluding Tandon who is 54).

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

What a car loan costs you



It is tempting to buy a new car, be it an upgrade, a first car or another car for the family. Whatever be the reason, a car loan makes the purchase easier. Car loans are usually of three to five years but some lenders may offer loans for up to seven years too. A loan for longer may mean smaller equated monthly instalments (EMIs), which makes the car seem more affordable, but overall, you pay more as interest. Don't forget that a car is a depreciating asset, so taking a bigger loan may not be the best thing to do. But if you take a car loan for a short duration, the EMIs will be heavy and non-payment will mean a blot on your credit report. Conditions apply to the loan amount also. For instance, some lenders give a loan for the full ex-showroom price of the car, while others may offer a loan up to 80%. Apart from the interest rate on a car loan, also take a look at the applicable processing fee and other charges.

Loan amount = ₹1 lakh. Tenure = 5 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
Bank of Maharashtra	8.70-13.00	2,061-2,275	Nil
Canara Bank	8.70-11.95	2,061-2,222	**0.25%** (Min **₹1,000** + GST and Max **₹ 5,000** + GST;*
Central Bank of India	8.70-10.15	2,061-2,132	Completely waived till 31 March 2024
UCO Bank	8.70-10.05	2,061-2,127	Nil
Union Bank of India	8.70-10.45	2,061-2,147	**₹1,000**
Bank of Baroda	8.75-12.05	2,064-2,227	**₹1,000** + GST for up to **₹10 Lakh** & **₹2,000** + GST above**
Bank of India	8.75-10.75	2,064-2,162	Waiver of processing charges till 31 March 2024
Indian Bank	8.75-10	2,064-2,125	Nil
Punjab National Bank	8.75-9.60	2,064-2,105	**0.25%** (Min **₹1,000** and Max **₹1,500**)
State Bank of India	8.75-9.80	2,064-2,115	**₹750** to **₹1,500** + GST; **50%** concession for SBI GREEN CAR (EV)
CSB Bank	8.75-11.00	2,064-2,174	Not available on website
IDBI Bank	8.80-9.60	2,066-2,100	Up to **₹2,500**
Indian Overseas Bank	8.85-10.35	2,069-2,142	Waived till 31 March 2024
Punjab & Sind Bank	8.85-10.25	2,069-2,137	**0.25%** (Min **₹1,000** and Max **₹15,000**); Up to **50%** concession available
HDFC Bank	8.95	2073	**0.5%**, min **₹3,500** and max **₹80,000**.***

Banks that have not updated information on their websites are not included here. Data was taken from bank websites on 31 March 2024. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation, it may include other fees and charges. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure and as per bank's discretion.
*50% waiver Retail Loan Festival from 01.03.2024 to 31.03.2024. **Nil for Baroda Yoddha Loan Customer; Rs. 500 + GST for State/Central/PSU employees. ***NIL Processing Fees up to Rs. 5 Lakh availed by Micro & Small Enterprises subject to URC submission prior to disbursal.

PRANAY BHARDWAJ/MINT

Source: MyMoneyMantra.com

Can I get TDS relief with form 15H?

Parizad Sirwalla

I am a senior citizen and my income is between ₹3 lakh and ₹5 lakh. Will form 15H help me avoid tax deducted at source (TDS)?

—Name withheld on request

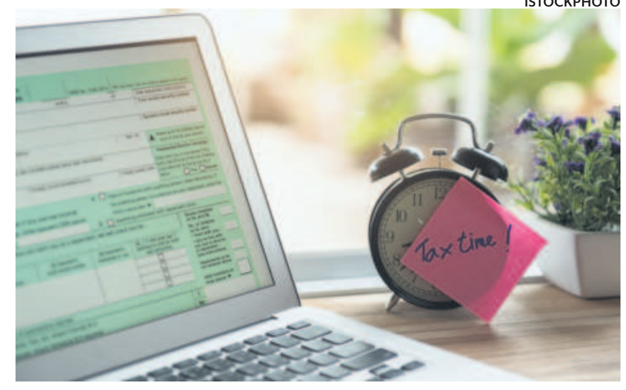
Form 15H is a self-declaration for non-deduction of taxes at source which can be submitted by an eligible person to the payor of specified incomes.

Specified incomes includes income from provident fund withdrawal, dividend incomes, interest on securities, other interest incomes, national savings scheme, insurance commissions, life insurance policies, etc.

The following criteria needs to be fulfilled by an individual for being eligible to file Form 15H and avail non deduction of tax at source from payor of aforesaid specified incomes:

The individual should be a tax resident in India for the relevant financial year (FY); a senior citizen—a person who has attained the age of 60 years or more at any time during the FY concerned; and total tax liability (after eligible exemptions/deductions) for the FY concerned should be nil.

ISTOCKPHOTO



ASK MINT
TAXATION

In the instant case, since the estimated tax on your total income (up to ₹5 lakh, after any eligible exemptions and deductions) is expected to be nil, you may submit declaration in Form 15H for the specified incomes, provided rest of the conditions as mentioned above are satisfied.

Content creators, particularly those earning from YouTube, are required to submit tax declarations confirming that they are neither US residents nor US tax residents to prevent a 15% withholding tax deduction from their payouts. To avoid this, they must also provide local jurisdiction paperwork such as a tax residency certificate (TRC). Simply uploading a PAN card is insufficient. As the number of content creators grows, many may be losing money due to taxes withheld at source. How does one obtain a TRC and what are the associated timelines for the application process?

—Narayan Kumar

We understand that you would like to understand the process of obtaining TRC in India. As per the income tax laws, individuals qualifying as a tax resident in India for a relevant financial year can file an application with the respective jurisdictional assessing officer (AO) in Form 10FA (the form can be downloaded online from the income tax website but needs to be submitted physically to the AO). Form 10FA requires specified information of the applicant, viz. name, nationality, address, email id, Permanent Account Number (PAN), basis of determination of residency, period of TRC, purpose of obtaining TRC, etc. to be furnished, along with the supporting documents substantiating such information. The form will need to be duly signed and verified by the applicant.

The AO, upon receipt of the above application, would verify the details and may request for additional information/ details/ clarifications, as may seem appropriate. Upon being satisfied with the information furnished and the tax residency claim, the AO may issue TRC in Form 10FB. Please note that issue of TRC and the timelines for issuing the same, is at the discretion of the AO.

Parizad Sirwalla is partner and head, global mobility services, tax, KPMG in India.

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

OUR VIEW

REUTERS

Apple Inc: A victim of its own digital revolution?

It once led a digital revolution but now stands accused of monopoly abuse by the US Justice Department. Has Apple's dream of empowering 'the rest of us' gone against our interests?

Are most revolutions doomed to become the very thing they sought to overthrow? In the world of business, this question arises in the case of Apple, widely seen as the world's top brand. It began with a mission to bust the paradigm of centralized big-frame computing by empowering "the rest of us" with personal computers of our own. This was the story captured by *1984*, a TV commercial it aired that year which showed it taking on Big Brother of George Orwell's novel by that name. Directed by Ridley Scott, this ad-film was 60 seconds of fantasy iconoclasm that made an icon of Apple, although the 'knowledge byte' of its logo also projected it as a champion of digital democracy. The company's real revolution, though, was wrought more than two decades later, and not by virtue of an easy-to-use computer, but a hand-held gadget called the iPhone that gave us access to the internet's wonders at the swipe of a thumb. Instead of one giant screen looming over everyone in an Orwellian metaphor for central authority, we have billions of little screens ready to run apps for us in a triumph of individual liberty. Or so it may seem till we consider the power that Apple wields over the apps we use and online spaces we reach. Is Apple Inc the Big Brother of our cyber lives today?

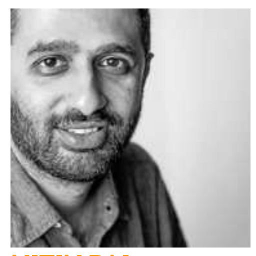
In India, such a charge may sound odd, since most smartphones are Android devices, loaded with Google's rival operating system. In the US, however, where Apple's iPhone has over two-thirds of the market, the Department of Justice (DoJ) last week charged the company with abusing its monopoly by acting in ways that throttle rivals and thwart innovation. Denying the charges, the iPhone-maker said it will defend itself in court. At the core of the dispute is the 'walled garden' of apps curated by the company. It's a diverse place, no doubt, and iPhone users who spend much of their waking lives there arguably do have reason to thank Apple for keeping it safe from bugs and other menaces. Yet, Apple's role as gatekeeper not only means that some apps are barred, those granted entry are charged a sizeable chunk of in-garden payments as service fees. As handsets are the dominant man-machine interface now and every business must get past that gate to reach the world's 2 billion iPhone users, or risk being left hard-to-reach, both aspects have drawn protests from app makers. As the DoJ's case alleges, among those kept out are super-apps that serve multiple ends and gaming apps that use cloud resources. On the face of it, this seems motivated less by safety concerns than by the profit potential in reduced rivalry for its own software services and hardware. The company is also alleged to make non-Apple gizmos sync so poorly with its phones that we need Apple's costly accessories. The matter of its chunky fee has attracted scrutiny beyond the US too. The EU's recent Digital Markets Act forced its walled garden open to apps with parallel payment systems. All in all, given Apple's undeniable dominance of rich-world markets, it has become harder for it to argue that none of the $97 billion it made last year on revenues of $383 billion was from rent earned off its fabled garden.

Many expect an AI inflexion to curtail Apple's power and the market to correct itself. If so, maybe antitrust authorities needn't intervene. The big problem of the digital age, however, is its winner-takes-all tendency. This makes every revolution vulnerable to its own success.

MY VIEW | THE INTERSECTION

The West's disregard for global norms is endangering the world

Its blatant retreat from multilateralism will have grave consequences for everybody on the planet



NITIN PAI
is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

In the summer of the year 416 BCE, an Athenian naval fleet turned up on the island of Melos and demanded that its population submit to slavery. The Melians argued that since they had refused to side with Sparta—Athens' main adversary in the ongoing conflict—and instead wished to remain neutral, it would only be right for the big powers to leave them alone. The Athenian response, one of the famous lines in world history, was "You understand as well as we do that in the human sphere judgements about justice are relevant only between those with an equal power to enforce it, and that the possibilities are defined by what the strong do and the weak accept." In Richard Crawley's classic 1874 translation of Thucydides's *History of the Peloponnesian War*, the words are punchier. "The strong do what they can and the weak suffer what they must."

We are seeing this in world affairs today as a rules-based international order crumbles under blows inflicted by the US, China and Russia. But I was reminded of the pithy Athenian statement reading a reflective essay by Angus Deaton for the International Monetary Fund. The 2015 Nobel laureate repudiates the economic benefits of globalization and immigration over the past 30 years. More worrying than this conclusion is his claim that he had "seriously underthought (his) ethical judgments about trade-offs between domestic and foreign workers. We certainly have a duty to aid those in distress, but we have additional obligations to our fellow citizens that we do not have to others." In other words, the eminent economist is telling us that it is ethical for rich countries to prefer their own citizens' interests over those of the world's poor. If you didn't know Deaton was a leftist, you would believe this argument came from a populist right-winger in the West.

The West's retreat from free trade and a rules-based international order has ominous prospects for the world. Simply put, it is no longer tenable to take any deal or norm at face value. Now realists will note that this has always been the case, and the West's preference for multilateralism and international law since the fall of the Berlin Wall has been on account of its own interests. Even so, there was—until perhaps a decade ago—an increasing belief that thorny issues of international politics and economics could be sorted out through international laws and institutions. This is not the case anymore. The World Trade Organization is dysfunctional because the US asphyxiated it. The United Nations has become a bit player because the West has stopped caring for its niceties. Russia and China cannot escape their share of the blame for this, but neither country claimed to be promoting a rules-based international system.

I do not think the trend in Western behaviour will change in the near future. The retreat from globalism seems to be bipartisan. Right-wing arguments are mostly weak, poorly constructed and wrapped in angry populism. The Left wraps its case in sanctimony and righteousness. The outcome is similar: restrictions on trade and immigration and disregard for international law. The rest of the world is noticing the West's disposition and is bound to act accordingly.

The biggest question is the one concerning climate change. A lot of developing countries around the world are already making painful compromises and expensive investments in the hope that the West will keep its end of the bargain. What if the West reneges on climate commitments? This is not far-fetched. It already happened before. The Donald Trump administration of the US, for example, withdrew from the Paris Agreement in 2017. The European Union is more committed to achieving climate goals, but its approach is to pass on the burdens to other countries without caring for the consequences. Worse, the world's governments and industries might have to simultaneously deal with an America that flouts international climate norms and a Europe that doubles down on them.

Indeed, if we were all to apply Deaton's ethical judgement, then every country would be justified in privileging the immediate interests of its own citizens over the rest of the world. They would be even more justified in doing so because it was the West that is largely responsible for dumping carbon into the atmosphere over two centuries.

Global economic policies cannot be disconnected from environmental policies. It is absurd to argue that it is ethical to be selfish in international trade while demanding others be selfless in environmental protection. Unfortunately, I do not see politics in Western countries throwing up leaders who can rejuvenate internationalism.

Tailpiece: After the negotiations in the 5th century BCE, the Athenians laid seige to Melos, walling the population in and cutting off food supplies. The Melians resisted for a while. But the following year, the Athenians broke through, killed all men and enslaved the women and children, before sending 500 settlers to colonize the island.

10 YEARS AGO


mint
Markets reach new highs as FIIs bet on India
CONTINUING RALLY
Malaysia says missing plane crashed in Indian Ocean

JUST A THOUGHT

I am a multilateralist. I am deeply convinced that there is no other way to deal with global challenges than with global responses, and organised in a multilateral way.

ANTONIO GUTERRES

MY VIEW | MODERN TIMES

Why the arrest of Kejriwal may have big consequences

MANU JOSEPH

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

There might be some people who think like this: India's Enforcement Directorate (ED) is an independent investigative body that has gone after some key people in the Aam Aadmi Party (AAP) purely to rid the nation of corruption. But I personally do not know a single person who thinks this.

There is a perception that Arvind Kejriwal was arrested on Thursday night for political reasons. Even so, people believe that the ED must have some sort of dirt on AAP to prove its claim that Kejriwal took kickbacks to devise a liquor policy that favoured some "wholesalers from the south." Otherwise, how could a sitting chief minister of Delhi be arrested from his home, and his former deputy, Manish Sisodia, spend so many months in jail?

As publicly known so far, what the ED has as evidence against them in the Delhi liquor policy case are statements of co-accused who turned approvers. If there is further evidence, we do not yet know.

While denying bail to Sisodia, who has been in prison since February 2023, the Supreme Court observed that just because a policy enriches some people, and it is natural for government policy to benefit some people, it does not automatically prove that politicians adopted it for kickbacks. The ED is yet to show a money trail establishing that AAP leaders received bribes.

The liquor policy case has demonstrated the ease with which the ED can put popular politicians in jail under the Prevention of Money Laundering Act (PMLA) and the reluctance of courts to grant bail. What is the consequence of this extraordinary phase in Indian politics? What is the consequence of Kejriwal finding himself in a lock-up on corruption charges?

I guess that the Bharatiya Janata Party's analysis is that it stands to gain. The typical BJP supporter may not be enraged by Kejriwal's arrest, but I am certain there are millions of voters who are.

People in general do not like bullying. Especially in South India. This is probably because when a person seems to be getting bullied, onlookers are reminded of their own bullies. Also, even though the BJP is clearly wary of Kejriwal's charms, it appears to underestimate an important aspect of his popularity. Many people who do not vote for him still like and admire him. Many people are found to admire Kejriwal, whose party has swept Delhi assembly elections more than once, for understanding what many Indians want—good education for their children and free quality healthcare. So the arrest of Kejriwal could have increased his heft as politician.

The high-profile nature of the case could draw popular attention to the importance of fairness

Another consequence of his arrest is not so obvious—the de-intellectualization of the sacredness of institutions.

It is now becoming clear to the average Indian why institutions are important, and this realization is dawning without the annoying mascots of institutions—sanctimonious scholars and activists. It is not an easy realization because from a voter's point of view, the government's right of way is strong and obvious. That institutions, like courts, investigative agencies and the Election Commission, should be equal counterweights to an elected government is usually a pious argument made by Indian intellectuals that seems more like an expression of their own fight for relevance. The government, however, is an expression of the people; how can it fulfil their broad wishes if institutions come in the way? Aren't institutions, after all, the fiefdom of eggheads whom people rarely elect?

In fact, aren't modern governments in all democratic countries an expression of mass distaste for the intellectual class and bureaucracy? And if a government appears to be unethical, isn't this just another reflection of human nature? How then can scholars and clerks hinder the actions of a government elected by the people? And on the question of ethics and morality, what right do some bureaucrats have to decide what they are?

But then, Kejriwal's arrest has amplified the importance of institutions as emphasized in civics lessons from school. In this way, the arrest of the AAP leader may have inadvertently done more to underline the importance of independent institutions, especially the courts, than any other event in recent memory.

If it comes to be that a court hears Kejriwal's plea for justice, and he comes to court himself to exploit the occasion as a politician, some ludicrous aspects of the money laundering act could be laid bare for the public. The Supreme Court may put the extraordinary powers that can be exercised under the PMLA to a test of consistency with basic principles. If the Court could deem electoral bonds illegal, as it recently did, perhaps a draconian law could get a similar look-in as well.

If that happens, it would demonstrate that unelected institutions could act in a more democratic way than a government. Ordinary people might then be able see that an institution is an election of ideas. There is campaigning and persuasion, even biases and superstars. Eventually, the fittest idea wins, and the fittest idea is usually the most ethical idea that has considerable public support.

There is an aspect of a nation's moral character that cannot be measured by votes, and need not be measured at all. It just wins. Because it protects everyone from bullies.

THEIR VIEW

Minimally disrupted schooling can reduce high drop-out rates

States must promote schools that go from the primary to higher secondary level to minimize transition ordeals in education

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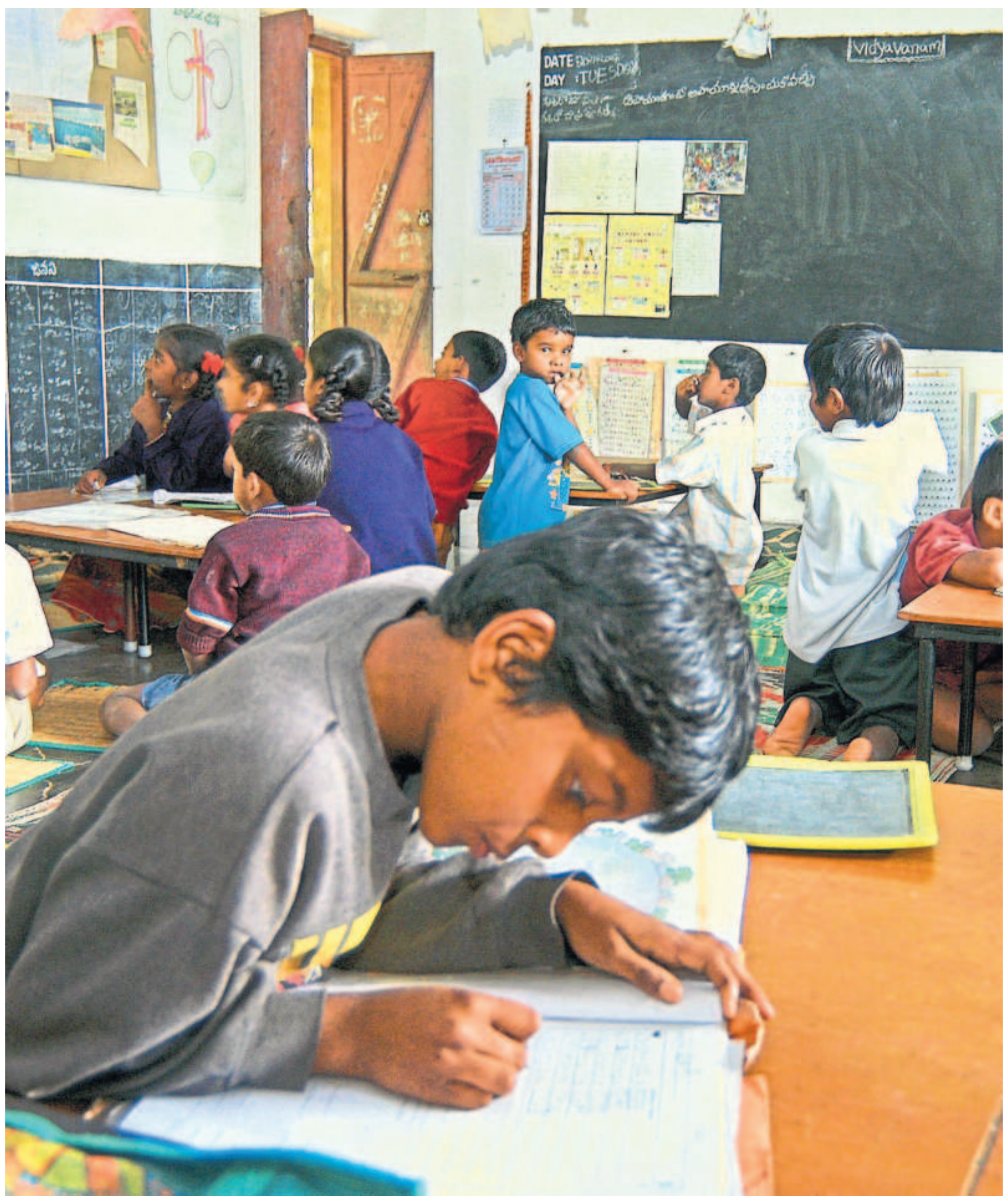


From 2014 to 2023, the education sector in India has witnessed notable strides in student enrolment and retention, with the gross enrolment ratio (GER) for secondary education increasing from 75.7% to 79.2%, and for higher secondary from 46.3% to 56.8%. Retention rates at the elementary level rose from 67.4% to 75.8%, and at the secondary level from 57.2% to 65.5%, signalling advances in educational engagement and policy efficacy. Nevertheless, the fact that neither the GER nor retention rates have reached 100%, a target that the National Education Policy aims to achieve by 2030, underscores the challenges that exist.

Attrition in the school system tends to occur at critical transition points, particularly during class changes at the 6th, 9th and 11th grades.

But why are there so many transition points? Not many know this, but in many states, students have to navigate through an array of 10 distinct school types, including high secondary schools (HSSs) for grades 6-12, HSSs for grades 1-12, HSSs for grades 9-12, secondary schools (SSs) for grades 1-10, HSSs for grades 11-12, SSs for grades 6-10, upper primary schools (UPSs) for grades 1-8, SSs for grades 9-10, UPSs for grades 6-8 and primary schools (PSs) for grades 1-5. Each school category represents a potential transition point, necessitating adjustments that can be challenging for students.

Data for 2023 from the Unified District Information System for Education (UDISE) also supports this hypothesis. It reveals a stark pattern of student attrition at pivotal transitional stages within the education system, with the most significant drop-outs occurring at junctures where students are required to change schools—specifically after classes 5, 8 and 10. Class 6 sees almost 1.7 million students drop out as they move from primary to upper primary school, while class 9 records nearly 2.5 million students leaving, likely due to the shift to upper secondary education and the associated increase in academic rigour. Class 11 has an even more pronounced attrition rate, with almost 4.2 million students not progressing from class 10 to 11. In total, these transitions contribute to an alarming annual drop-out figure of approximately 12.4 million students from an initial cohort of 250 million, indicating that nearly 5% of students are lost at transition points due to school changes. This highlights a critical need for structural reforms to reduce these educational disruptions.

It needs to be emphasized that composite schools offering a complete spectrum of classes from 1-12 boast a retention rate of nearly 100%, a stark contrast to the decline seen in institutions with a narrower grade range. Yet, a critical question arises: What drives the significant drop-out rates at these pivotal transition stages?

Ecological systems theory provides a useful framework for understanding this. According to this theory developed by psychologist Urie Bronfenbrenner, an individual's development is influenced by different environmental systems, ranging from the immediate surroundings, such as family and school, to broader societal factors, including education policy and cultural norms.

At each transitional phase, students must acclimatize to new educational environments, teaching methods and peer groups. These adjustments demand resilience and adaptability, which, if not adequately supported, can lead to disengagement and eventually drop-outs.

The fact that the GER and retention rates haven't reached 100% can be analysed through the challenges presented at transition points. As students move from one educational level to another, they are not just transitioning within the immediate environment of a school (the micro-system), but also navigating the larger educational structure (the exo-system), which encompasses various school types and educational policies that mandate these transitions.

The meso-system, which includes the interplay between various layers of a child's environment, is disrupted when students transition between the 10 different school types. The lack of continuity across these transitions can create friction in the meso-system, leading to a lack of engagement and increased drop-out rates, as highlighted by the stark drop-out figures at classes 6, 9 and 11.

Furthermore, data suggests that the complexity of navigating through different school types and the educational disruptions that occur as a result are contributing factors to the high drop-out rates. It indicates a need for systemic reform at the exo-system level to create a more seamless educational pathway and reduce friction within the meso-system. The near 100% retention rates in schools that operate all class levels indicate that a stable and consistent learning environment (i.e., a strong meso-system) holds the key to reducing drop-outs. This suggests that government policies at the macro-system level should focus on supporting schools that provide a comprehensive K-12 education, thereby minimizing transitions and stabilizing the meso-system for students.

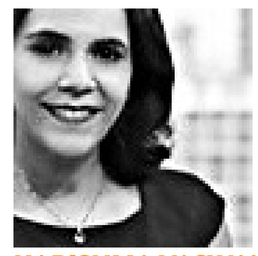
The primary reason for drop-outs at transition points can be traced to disruptions of the student's ecological system. When transition points are poorly managed and the educational system needs more cohesion, students can experience increased stress, decreased engagement and challenges that can overwhelm their ability to adapt, leading to higher drop-out rates. Thus, state governments should promote schools with all class levels and remove all transition points. This will significantly increase the schooling retention rate across the board.

These are the authors' personal views.

MINT CURATOR

We should listen to the Global South's outcry on the Gaza war

It's emerging as the world's conscience in a war that's gone too far



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Calls for a ceasefire and increase in aid need to be taken up urgently REUTERS

There is a rising chorus of voices, mostly from the Global South, calling for an immediate ceasefire in Gaza and the urgent provision of aid to a population that is facing imminent famine. Is anybody listening?

Singapore's foreign minister Vivian Balakrishnan is the latest to intervene, telling Israel that it had "gone too far" in its war against Hamas in Gaza. "I have communicated that both to the prime minister, to the foreign minister, and to the other Israelis whom we have met," he said last week on Wednesday.

The tiny island state has been grappling domestically about the sensitivities of dealing with this issue—just under a fifth of the population is Muslim. Like other leaders, Balakrishnan condemned the horrific events of 7 October, when Hamas militants killed 1,200 people and took more than 200 hostage. Since then, Israel's military has killed more than 31,000 Palestinians, the majority of them women and children, the health ministry in the Hamas-run territory says. An urgent solution is necessary, although there seems to be little hope of one anytime soon, despite ongoing talks in Qatar aimed at freeing the hostages and pausing fighting for several weeks. A famine will escalate the scale of death exponentially.

Which is why the Global South—a collection of post-colonial and developing countries that by some estimates represent 88% of the world's population—has taken on the cause of Gaza so passionately: It feels like no one is listening. Australia and Southeast Asian nations have also called for a lasting ceasefire, and the need to urgently upscale aid deliveries. Brazilian President Luiz Inacio Lula da Silva has advocated the recognition of Palestine as a sovereign state before the United Nations. There are domestic issues at play—Brazil is home to an estimated 60,000 Palestinian immigrants and refugees, including their descendants. Lula has described Israel's prosecution of the war as 'genocide'—a position taken by South Africa, too, in its case in the International Court of Justice, but also, further afield, by Ireland.

At a St. Patrick's Day celebration at the White House this week, Leo Varadkar—an outspoken critic of the impact on civilians of Israel's war—who until last week was Ireland's prime minister, called for a ceasefire and an increase in humanitarian aid. This conflict has particular resonance for the Irish, given their own history of resistance to British rule. Ireland is one of the more supportive European nations to Palestinians and was the first to call for a Palestinian state in 1980. "When I travel the world, leaders often ask me why the Irish people have such empathy for the Palestinian people," Varadkar said. "The answer is simple: We see our history in their eyes."

These comments have shone a light on the depth of feeling about the inhumanity of Israel's war in Gaza, not just among the political elite, but also with the youthful populations of the US and the UK including Scotland and Europe.

Their words bear weight and are worth listening to. US President Joe Biden, one of Israel's staunchest supporters and the global leader most able to influence the course of the ongoing war—by restricting weapons sales and pushing for an immediate ceasefire in the United Nations—should pay attention to this growing tide of dissent. Perhaps no one has said this as eloquently as Malaysia's Prime Minister Anwar Ibrahim, when he asked: "Where have we thrown our humanity, why this hypocrisy?" What he said struck a chord. In an interview on 16 March with *DW News*, the German public broadcaster, he asked why there is "selective amnesia"—suggesting that the difference in treatment and attitude from some Western governments to the extraordinarily high civilian death toll and destruction of hospitals, universities, mosques and churches in Gaza, compared to Ukraine, has something to do with skin colour and the Islamic faith.

Of course, Anwar Ibrahim has ideological reasons to support the plight of Palestinians, and has refused to cut ties with Hamas's political wing. Popular opinion is also causing him to speak out, given the strength of support domestically. It would be easy to dismiss his demands given his roots in Islamic student politics and the dependence of his government on the goodwill of the strong Parti Islam Se-Malaysia (PAS) party. But he has long been an articulate voice on human rights, and what he is asking for is a transparent, consistent and cohesive voice on these conflicts.

Ibrahim is not alone.

The Global South is stepping up as the world's conscience on Gaza. Their views are reflective of a far wider swathe of public opinion than ever before—and they need to be heard.

MY VIEW | GENERAL DISEQUILIBRIUM

Trust could be the cornerstone for this election season

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Courts across the country have been alluding to the word 'trust' a lot these days. Occasionally, they use the term directly. But even when they don't, it's presence can still be felt front and centre, especially when courts point to its deficit in public life or refer to its diminution in the social contract between citizens and various organs of the state. In case after case, courts are holding authorities to account for breach of promise, for violating individual rights enshrined in the Constitution, or for skewing the hierarchy of rights in favour of Corporate India. The courts seem concerned about plutocratic tendencies in which the individual citizen's concerns get short shrift. As election season rolls around in the middle of a scorching summer, it might be worth asking whether trust—or the lack of it—will play a role in influencing voter choices.

Many social scientists have pointed to trust and social capital as critical building blocks for national prosperity. Specifically, trust will become non-negotiable if India wants to become the world's third largest economy. The court's pronouncements are only a symptom of how the development process seems to be ignoring this critical element of trust. Its interventions on issues related to urban civic problems can help us understand how citizen rights are being de-prioritized and why trust is so important.

A dry and thirsty Bengaluru, short of drinking water, exemplifies the damage haphazard urban planning can wreak; indiscriminate construction, wanton destruction of natural water bodies to enable fresh construction and overuse of underground aquifers have all combined to create a 20-25% drinking water shortage in the city. The courts, including the Supreme Court, have in the past pulled up Bengaluru's municipal authorities for their failure to act in the interest of the city and its citizens but these admonitions made no difference. As summer progresses, the situation is likely to worsen. But, because it is election season, some politicians have instead been busy raking up sectarian issues rather than trying to address the crisis by working with the state government or municipal authorities.

On the West coast, the Bombay high court recently reprimanded the Brihanmumbai Municipal Corporation (BMC), the country's richest municipal body, for reneging on its promise to the court to reconstruct a skywalk between the suburban commuter station Bandra and business district of Bandra Kurla Complex. The high court's division bench, while expressing concern over the "pathetic" condition of the footpath, said that it was not fit for use by "humans in a civilised society." The court further observed: "To our surprise and dismay... the work of reconstruction of skywalk has yet not started. If that is so, assurances extended by BMC by filing an affidavit in reply clearly appeared to be farce... The responsibility, it is needless to say, is that of BMC to provide at least a clean and walkable footpath."

Courts have been chiding authorities repeatedly for overlooking the rights of Indian citizens

The Bombay high court was also compelled to intervene in a case related to rising pollution in Mumbai. The court asked the Maharashtra Pollution Control Board to start a rigorous audit of industries causing air pollution within the city's metropolitan limits. The court also asked the state government and municipal corporation whether it had a policy for shifting polluting industries out of residential areas. Local citizen welfare associations in Mumbai have been raising with BMC and local legislators the issue of polluting industrial units located within residential areas, but these appeals have gone largely unheeded, until the courts were forced to step in.

The BMC's disregard for pollution and its impact on public health was revealed recently when former municipal commissioner I.S. Chahal conceded during a press conference that city authorities had sanctioned 6,000 construction projects at the same time, over and above all the excavation related to the Metro and coastal road projects.

Actually, the BMC's attitude is perhaps reflective of a national trait. The *World Air Quality Report* for 2023 found Delhi to be the most polluted capital in the world. In India, Begusarai (Bihar), Guwahati (Assam) and Delhi were found to be the three most polluted cities. Blame-sharing and power-play between the Centre, states and municipal authorities routinely ignores the citizen, leaving her relatively disenfranchised.

The trivialization of trust was evident in the drama surrounding electoral bonds (EBs). After banning EBs, calling them unconstitutional, the Supreme Court ordered State Bank of India (SBI) to share details of all donors and recipients with the Election Commission for display on its website. The court felt citizens had a right to know which corporate organization had donated how much to which party. Oddly, SBI—in which the state holds 57.49% on behalf of all Indian citizens—trotted out what seemed like excuses to avoid revealing the details. The Supreme Court upbraided SBI and the subsequent data dump has provided citizens with a glimpse of the biases and distortions in campaign finance. SBI, by appearing to prioritize the government's political strategy over citizens' right to information, devalued trust.

In a country battling widespread poverty and chronic inequality, income support rather than gaps in social capital probably influence voting patterns. But, as history has taught us, never underestimate the voter.

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