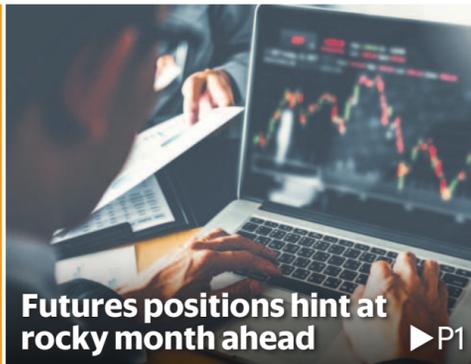


Monday, April 29, 2024

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Futures positions hint at rocky month ahead ▶ P1



HUL MD Rohit Jawa looks to beat India clock speed ▶ P1



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Monday, April 29, 2024

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Think Ahead. Think Growth.

mint primer

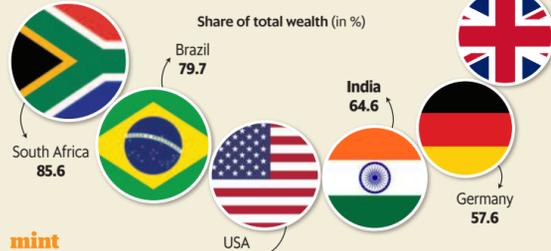
Redistribution: Can it benefit India's poor?

BY N. Madhavan

Theoretically, redistribution of wealth is a good way to bring down economic inequality. But implementing it is fraught with challenges. As debate on the topic rages, *Mint* looks at the concept, the pros and cons of implementing it, and the outcomes of past attempts.

The Scale of Inequality

Share (%) of top 10% in country's total wealth



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Data is for the year 2020.

Source: The World Inequality Lab

SATISH KUMAR/MINT

1 What is redistribution of wealth?

It is a process by which income and wealth are transferred from the rich to the poor through steps such as taxes, land reforms and welfare measures. This is done to bridge economic inequality in the system. This subject typically comes to the fore when inequality widens significantly as is the case today. A study by the Organization of Economic Co-operation and Development has revealed that the wealthiest 10% of households hold 52% of the total wealth while the least wealthy 60% hold just 12% across 38 member countries. Economists such as Thomas Piketty have called for greater redistribution of wealth.

2 Why is it a hot topic today?

The Congress election manifesto promises a nationwide socioeconomic and caste census to strengthen affirmative action for bridging inequality. While this statement in itself is benign, speeches of its leaders have hinted at a greater redistribution of wealth. Rahul Gandhi has talked of "historic assignment to distribute wealth of India, jobs and other welfare schemes" post census. Sam Pitroda has cited inheritance tax as a tool to redistribute wealth. The Bharatiya Janata Party has portrayed this idea as an attempt by the Congress party to grab people's wealth and redistribute it, especially to minorities.

PTI



3 Is redistribution a new concept?

No—it's already in play. Those earning more pay higher tax. The tax revenue is used to fund welfare measures, subsidies and direct cash transfers to the needy. State governments levy property tax. In the past, India had estate duty (a form of inheritance tax), wealth tax and gift tax. They were abolished as the cost of administering them was more than revenue generated.

4 Is there a need for more redistribution?

The wealth gap has widened in India in the recent years. According to a study published by The World Inequality Lab, the richest 1% of Indians now own as much as 40% of the country's wealth. Researchers say that this gap will not close on its own and needs specific policy interventions such as a super tax on billionaires and millionaires. They also say, their income apart, wealth of the rich must also be taxed. According to them, this is needed as wealthy people are not paying their fair share of taxes.

5 What do critics of the idea say?

Redistribution of wealth, they argue, will smother innovation and hit productivity, eventually causing the economy to slow. Inequality is inevitable in a growing economy as holders of capital reap the maximum benefit. Wealth creators contribute to economic prosperity and should not be penalized. Also, inequality is not a major concern as long as people's lives improve. Zimbabwe and Venezuela tried large scale redistribution and failed. India once had income tax rates of 97.75% plus wealth tax but failed to end poverty, they say.

QUICK EDIT

Gaza hits US image

The police crackdown on protests against the Gaza War in American universities, where students were staging sit-ins to demand a rollback of policies seen to be supportive of Israel's offensive that has left over 35,000 Palestinians dead so far, leaves one aghast. Reminiscent of how the 1960s' peace protests over the Vietnam War were thwacked back, cops used the sort of brutal force that makes the country's claims of free-speech tolerance ring hollow across a globe that the US says is seeing a clash of democracy and autocracy, with America on the side of freedom. Liberty for Palestinians, though, is a cry that was sought to be silenced with stun guns, rubber bullets and pepper balls, with non-violent students and even professors being roughed up. Social media has been buzzing with charges of US hypocrisy. India's foreign minister S. Jaishankar recently drew subtle attention to dissonance between US words and actions: "Democracies should display understanding in regard to other democracies. After all, we are all judged by what we do at home and not what we say abroad." America's claim to lead the 'free world' has long been contested. The wars it backs are a giveaway. Students get it.

MINT METRIC

by Bibek Debroy

Ninety-three per cent in tenth exam,
Hearing this, a boy's head swam.
So great was his shock,
In ICU he took stock,
News of his success taken as sham.

QUOTE OF THE DAY

For India, we expect credit growth, profitability and asset quality to remain robust reflecting strong economic growth. Loan growth is 1.5 times of nominal GDP growth, while deposit growth is in line with nominal GDP growth...

NIKITA ANAND
Director, South & South East Asia, S&P Global Ratings



THE WEEK AHEAD

THIS WEEK

Q4 EARNINGS

Ambuja Cements, Coal India, IOCL, and Dabur among firms set to declare Q4 results.

1 MAY

FED MEET

US Federal Open Market Committee will announce its decision on interest rates.

29 APR

KEJRIWAL PLEA

Supreme Court to hear Arvind Kejriwal's plea challenging his arrest in liquor scam.

1 MAY

BANK CHARGES

Yes Bank and ICICI Bank to implement a slew of revisions to fees for various services.

30 APR

PATANJALI HEARING

Top court to hear Patanjali case. The firm published a longer apology for misleading ads last week.

2 MAY

PMI DATA

S&P Global to release purchasing managers' index data for India's manufacturing sector.

1 MAY

AI A350 TO DUBAI

Air India will debut its A350 aircraft on Delhi-Dubai route.

3 MAY

RBI NORMS

RBI's new norms for exchange-traded currency derivatives market likely to come into effect.



The hits and misses of Modi's years in power

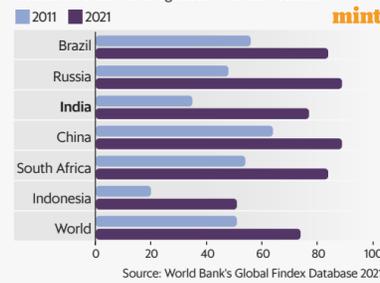
BY NANDITA VENKATESAN & PRAGYA SRIVASTAVA

In its one decade in power, the National Democratic Alliance (NDA) government has had its share of glides and stumbles in its path to implementing its reforms agenda. How close did it come to delivering on the promise of *achchhe din* (good days) through its various policies? In Part 7 and Part 8 of the "Election Pitch" series, we pick one significant reform from each year the government was in power, and give a status check of where things stand now. Part 8 appears tomorrow.

ELECTION PITCH
PART 7

1 PMJDY has helped improve financial inclusion in India

Share (%) of adults (15 years+) who report having an account in a bank or a regulated financial institution



2014: Banking the Unbanked

A DECADE after its launch, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has over 520 million accounts with a total balance of around ₹2.32 trillion. The scheme provides a zero-balance bank account, a RuPay debit card and ₹1 lakh accident insurance. Despite early scepticism, it has largely been successful in providing formal banking to unbanked individuals, particularly in rural India, and forms one of the three pillars of India's digital public infrastructure (the others being Aadhaar and 'mobile'). However, there are some humbling reality checks that warrant attention. By December 2023, nearly a fifth of these accounts had not seen any customer-initiated transaction for over two years (though that's similar to the overall banking sector, according to the government). The accident insurance component also has a sketchy record, with nearly a third of the claims being rejected since the scheme's inception, according to data shared in the Rajya Sabha.

2015: Pucca Housing for Poor

THE PRADHAN Mantri Awas Yojana (PMAY) aims to give financial aid for pucca housing to poor households. Its urban component (PMAY-U) was launched in 2015 as a scheme driven by states' demand. The rural piece (PMAY-R), which came in 2016, aimed to build 29.5 million pucca houses in two phases.

Under PMAY-U, nearly 12 million houses were sanctioned of which 8 million were built as of February. PMAY-R has met 88% of its target. Women individually or jointly own nearly 72% of the houses under PMAY-R, against the national figure of 43% reported by the 2019-21 National Family Health Survey.

On the flip side, a Parliamentary standing committee has pointed to limited contribution by several states, leaving nearly 60% of the house cost burden on the beneficiary, potentially defeating the scheme's goal. The scheme has also seen the exclusion of beneficiaries and fraudulent sanctions, according to an audit conducted in Tamil Nadu.

N-E states lagging in building houses under PMAY-R

State	Houses built	As a share of target (%)
Bihar	3,638,637	98
Uttar Pradesh	3,545,963	98
Jharkhand	1,554,774	98
Rajasthan	1,672,133	97
Kerala	33,547	95
Lagging states		
Manipur	23,334	23
Nagaland	11,337	23
Andhra Pradesh	71,635	29
Meghalaya	55,819	30
Mizoram	10,540	35

*Telangana is not part of the scheme, Union territories not considered. Data as of 20 April 2024. Source: Ministry of rural development

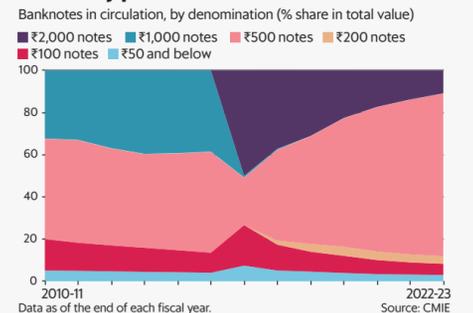
3 2016: The Notes Gamble

THE DECISION to pull high-value currency notes (₹500 and ₹1,000) out of the system and to bring in another high-value note (₹2,000) has been seen as one of the government's biggest policy blunders.

Supporters say demonetization helped speed up the digitization and formalization of the economy, but the period after demonetization also saw five million lost jobs, according to a 2019 report by researchers at Azim Premji University.

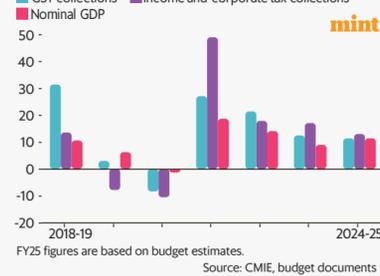
Nearly all the scrapped notes found their way back to the Reserve Bank of India (meaning that the initiative hardly removed any black money) and the new ₹2,000 note was eventually phased out last year (though it continues to be legal tender), raising more doubts about the purpose and success of the entire exercise.

The ₹2,000 currency notes were eventually phased out



Growth in GST collections has lagged that in income and corporate tax

Year-on-year (%) growth



4 2017: A Tax Game Changer

IT TOOK nearly two decades to implement the goods and services tax (GST) framework, which subsumed 17 types of indirect tax, but it became one of the biggest reforms under the Modi government.

Several teething issues of the new regime have been resolved over the years. Seen as a notable example of a successful centre-state partnership through GST Council meetings, the indirect tax regime has also witnessed differences over how much states should be compensated for foregone revenue, and for how long.

The growth in GST collections has stabilized, but remains lower than that in income and corporate tax, even as it has surpassed nominal GDP growth in the past couple of years. While the implementation and stabilization of the GST regime is a feather in the government's cap, it is still miles from simplifying the system as several tax slabs, input tax credit, and the compliance burden continue to attract criticism.

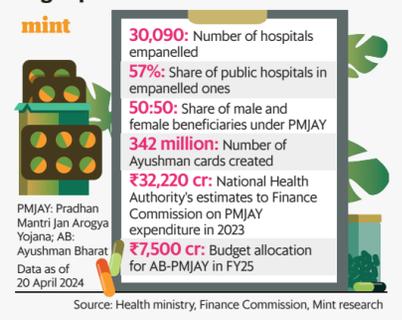
5 2018: A Pre-poll Booster Dose

THE AYUSHMAN Bharat scheme, launched months before the 2019 elections, has been the centrepiece of the government's affordable-healthcare initiative. Supporters say the scheme is an important step towards achieving the sustainable-development goal of universal health coverage. The scheme has provided for 65 million hospital admissions worth ₹81,979 crore so far, shows health ministry data.

Yet, hamstrung by low health spending, the scheme has faced teething issues on implementation, such as exclusion of eligible beneficiaries and under-utilisation of allocated funds, as highlighted in reports by the Comptroller and Auditor General and the Parliamentary panel on health.

This piece will continue tomorrow, when we look at the years 2019 to 2023. This is the seventh part of a series (<https://bit.ly/4aUpuHg>) on top poll issues and the government's 10-year report card.

A snapshot of the progress under govt's flagship health insurance scheme



PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



Monday, April 29, 2024

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The good, bad and ugly of the IT pack's Q4 show ▶ P10



HCL CEO Vijayakumar wary of macro pain in IT sector ▶ P7

Futures positions hint at rocky month ahead

April was unusually calm, but open interest shows volatility may rise soon

Ram Sahgal
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MUMBAI

April's subdued stock market volatility that has remained lower than in regular election years may just be the calm before the storm.

Outstanding positions in marketwide futures hit a record ₹4.38 trillion on Thursday when the May series of derivatives began, pointing to a volatile month ahead.

Marketwide futures include single stock futures and index futures (Nifty and Bank Nifty). While the market has priced in a victory for the ruling National Democratic Alliance when the results are announced on 4 June, the focus will be on the victory margins, as various election phases conclude during the month.

"May is gearing up to be an action-packed month with national elections on the horizon, and the anticipation of

STORM SIGNALS

Outstanding positions in marketwide futures touched a record ₹4.38 tn on Thursday when the May series of derivatives began



ROLLER COASTER?

VIX in April 2014 & 2019 traded at 34% & 29% respectively

MARKET focus will be on the poll & victory margins

RELATIVELY low volatility also hints at complacency

SARVESH KUMAR SHARMA/MINT

outcomes could lead to heightened volatility in the market," said Abhilash Pagaria, head of Nuvama Alternative & Quantitative Research.

"Election results, expected in the first week of June, will

likely be a focal point for investors, particularly with the current ruling government poised for another term. While the outcome seems certain, attention will shift to the margin of victory, which could spark market excitement."

Muted volatility in comparison to the 2014 and 2019 general elections also suggests complacency in the market.

In 2014 and 2019, Lok Sabha election results were announced in May. In the preceding month, April, fear gauge Vix traded at 34% and 29% respectively, signalling high volatility. Currently, the Vix is around 10%, which shows the market has discounted the NDA victory, said Rohit Srivastava, founder of IndiaCharts.

"While that could signal bullish sentiment, another parameter, which is the ratio of index futures to marketwide futures currently has been ruling at 19 times for the past two months, which is a signal of the market topping out. These are mixed signals and frankly are confusing, at least for now."

In 2008 and 2018, when the index futures to marketwide futures hit 18X, the market had topped out, explained Srivastava.

TURN TO PAGE 6

DON'T MISS

MFs oppose Embassy REIT plan

Two mutual funds and an AIF will oppose a Embassy Office Parks REIT resolution to raise ₹3,000 crore to buy a Chennai business park with ₹1,269 crore enterprise value. >P4

'9-12% increments this year'

A highly competitive job market where companies are looking for specialists is likely to push many employers to offer an estimated 9-12% increments this year. >P7

Indian MNCs face global tax

Indian MNCs in EU, UK, Vietnam and Korea may have to provide for top-up tax in their FY24 statements, after these jurisdictions rolled out a 15% global minimum tax rule. >P2

Adani eyes \$1 bn to scale airport, solar

Anirudh Laskar
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MUMBAI

Adani Enterprises Ltd is in advanced talks with about a dozen investors in the US and Europe to raise as much as \$1 billion for its Mumbai airport and solar panel businesses, two people aware of the plans said. Top executives of the port-to-power conglomerate have met investors in the past few weeks to gauge their interest, the people said on condition of anonymity.

The group flagship plans to expand area under the Mumbai airport and triple its passenger-handling capacity with the fresh funds, the people said. "The bonds will be raised in dollars, mostly from investors in the US and Europe," said the



The group flagship plans to expand area under the Mumbai airport. HT

first person, adding that 30-40% of the planned \$750 million-1-billion amount will go into the solar panel business.

Adani Enterprises owns airports through its subsidiary Adani Airport Holdings Ltd

TURN TO PAGE 6

Aim to beat India clock speed: Jawa

Suneera Tandon & Satish John
MUMBAI

Nine months into the role of CEO and MD of Hindustan Unilever Ltd (HUL), Rohit Jawa is clear about the job at hand, which is to nudge India's largest consumer goods company to move "faster than the clock speed of India". Earlier, Jawa, 57, had served as chief of transformation for Unilever in London, where he piloted its end-to-end transformation.

Jawa expressed surprise at the pace of change in India in an interview, a day after HUL announced its March quarter earnings. "Quick commerce is an example of how quickly the channels change. When I was



Rahul Jawa, CEO and MD of Hindustan Unilever Ltd.

in China, these changes happened like one big event a year.

But here, they're almost all happening at the same time,"

Jawa said. He also spoke about "atomizing" HUL, acquisitions, and its ice cream business.

Full interview on P6

Cool deals in fiery summer at 5-star hotels

Varuni Khosla
varuni.k@livemint.com
NEW DELHI

Indian hotel companies booked record profits in the just concluded financial year, riding the long tail of revenge tourism. But this summer has delivered a reality check.

Large hotel chains including Hyatt, Marriott and Radisson face a double whammy as they navigate a scorching summer as well as seasonal lulls amid the ongoing general elections. This has resulted in top hotel chains offering huge discounts especially for stays between April and September.

Demand at top domestic hotels typically wanes in summers as Indians opt to vacation with their families—with most schools and colleges on their annual holidays—at cooler international destinations. Besides, travellers have been complaining about a surge in



Large hotel chains have now slashed their prices by 15-50% for the summer and beyond. BLOOMBERG

domestic room rates of 25-50% in some cases in recent years.

It's not uncommon for hotel chains to announce summer offers. But the ongoing season presents an additional disadvantage apart from the creeping weariness of domestic travel—a lack of high-profile international events such as the G20 or the cricket World Cup. "This summer and autumn

will be challenging," said veteran hotelier Rattan Keswani, who has previously held senior positions at both domestic and international hotel chains, including Lemon Tree Hotels and Oberoi Hotels and Resorts. "Outbound travel has started in real earnest and, as a result, internal travel is shifting towards outbound as it was in the past, prior to covid."

TURN TO PAGE 6

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STRAIGHT FORWARD
SHASHI SHEKHAR

Respond to this column at feedback@livemint.com

Indian MNCs face global tax impact in EU, other nations

Joblessness in youth is transient: MPC's Goyal

Indian multinationals will be subject to a 15% global minimum tax rule, effective 1 Jan 2024

Gireesh Chandra Prasad
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NEW DELHI



Indian headquartered MNCs with a presence in 18 EU nations, UK, Vietnam and South Korea will be required to comply with the GloBE rules. **BLOOMBERG**

IS BIHAR CASTING ITS VOTE OR VOTING BACK ITS CASTES?

Im penning these words from Bihar, whose political dynamics are key to understanding India's intricate political landscape. Bihar's politics is a play full of twists and turns, where characters emerge unexpectedly and recede into the shadows without warning.

This is why the Bharatiya Janata Party did not hesitate to support Nitish Kumar when he broke with the grand alliance and formed a government with the party ahead of the 2020 assembly elections. This alliance fought and won the 2020 elections, but after 24 months, Nitish returned to Lalu Yadav, breaking free from the "natural partnership" and returning to the "old family".

Everyone knew then that the tide would turn again. Nitish, who had previously felt "suffocated" with BJP, agreed to form a government with the party a few months before the Lok Sabha elections. He is now a member of the National Democratic Alliance (NDA) and has stated, "Now I will not go anywhere; I will stay here." RJD and BJP also changed their tone on Nitish accordingly.

Bihar is the only state in recent times where the chief minister has changed political partners four times. But why are the RJD and BJP collaborating with Nitish without learning from previous mistakes? The answer is simple. Among Bihar's approximately 76.4 million voters, 8-10% choose to be with Nitish in all situations.

The reason behind such loyalty to Nitish is that after becoming CM for the second time in 2005, he took several revolutionary initiatives. His government gave away bicycles to girls in every town and village. This brought girls out of homes to pursue education, and ushered in a shift in society's lowest classes. He also envisioned schemes for providing water and electricity to every household.

Furthermore, through liquor prohibition in 2016, he won the hearts of underprivileged women in villages. The experiment has also been criticized, though, owing to the loss of lives caused by illicit liquor. Liquor smuggling is also commonplace now. The law was so harsh that people started calling it "devilish". It was

The opponents of Nitish argue that his recent shifts have damaged his reputation

softer to some extent as opposition mounted, but is still as hard as tortoise-shell.

The opponents of Nitish argue that his recent shift has done irreparable damage to his reputation. Some of his recent utterances have also drawn great outcry. The current election will be the most significant test of people's attitudes towards him.

It is necessary to mention Tejashwi Yadav here. He fought the 2020 elections with the Congress and the Left. In due course, his Rashtriya Janata Dal became the largest party in the Bihar Assembly. But five of his MLAs switched sides and the BJP is again the largest party in the assembly with 85 MLAs.

Needless to say, BJP plays political games carefully. The party understands when to be friendly and when to abandon someone. The Paswans are an example of this. Ram Vilas Paswan died while campaigning for the 2020 elections was under way, sparking a power struggle between his sons Chirag and younger brother Pashupati Kumar Paras. The latter broke away his faction of the party taking five out of six MPs of Lok Janshakti Party and was appointed to the Union cabinet. This stunned Chirag, who also calls himself "Modi's Hanuman". But prior to the current elections, the saffron party pivoted back to Chirag, leaving Paras high and dry. Former chief minister Jitan Ram Manjhi is among those who have joined and left the NDA. He has been shifting sides throughout time, which has been extremely beneficial for him.

The BJP has wisely balanced caste equations in the state. All its candidates intend to cross the river holding on to the hands of Prime Minister Narendra Modi, who is the most popular leader here, too. But the INDIA bloc will give NDA a tough fight. In the first phase of elections in Bihar, votes were polled for four seats. But voter turnout at the polls was 5% lower, just as in other states of the Hindi belt. This has made the NDA more alert.

The people of Bihar are undoubtedly politically sensitive, but they remain obstinate about voting on the basis of caste. In such a situation, will NDA be able to work its magic in the state, just as it had done in 2014 and 2019, or will caste equations become the overriding factor? When viewed from the top, the land of Chanakya and Chandragupta appears to be filled with apathetic silence, but the same questions are resonating in the minds of every Bihari at this time.

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

Indian multinationals with a presence in 18 EU nations, the UK, Vietnam and South Korea will be subject to a 15% global minimum tax rule after they implemented rules for the tax reform, experts said.

Some 130 countries, including India, have signed up for the global tax reform. But the countries mentioned above have implemented domestic rules, which are effective from 1 January 2024 or later.

In an analysis shared exclusively with *Mint*, Deloitte said that given the implementation of the Global Anti-Base Erosion (GloBE) rules in these countries from 1 January, Indian headquartered multinational business groups with a presence there will be required to comply with the GloBE rules even if New Delhi is yet to implement it.

Accordingly, Indian multinational groups will have to provide for top-up tax, if applicable, in their financial statements for the year ended 31 March 2024, Deloitte said in its analysis.

Eighteen of the EU's 27 nations have put in place domestic laws for the global minimum tax as per a EU directive, Deloitte said.

The 15% global minimum tax rule—agreed to by the 130 countries in 2021 to

prevent tax avoidance by multinationals—allows them to levy a 'top-up tax' on the intermediate holding company or the ultimate parent of an entity which artificially shows profits in a low-tax jurisdiction.

The global minimum tax regime is also referred to as pillar two of the drive against tax avoidance.

The top-up tax is the difference between the globally agreed minimum tax rate of 15% and the effective tax rate (ETR) the entity in the low-tax jurisdiction is subject to. If the low-tax country does not neutralize its tax advantage by introducing what is called a Qualified Domestic Minimum Top-up

tax (QDMTT), the intermediate holding company or the ultimate parent in other jurisdictions will be subject to a top up tax. Even in cases where the intermediate holding company or the ultimate parent is in a low-tax jurisdiction, the global tax deal allows a way of neutralizing the tax advantage by subjecting group entities in countries with above 15% tax rates to additional tax.

The consequences of failure to pay up the new tax "would be a top-up tax in the jurisdiction applicable," explained Rohinton Sidhwa, partner, Deloitte India.

"Ideally most headquarter jurisdic-



Panels set up for agri weather, crop yields

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The Centre has set up two scientific panels to assemble an advanced agricultural weather information system and introduce tech-enabled assessment of crop yields to check the impact of extreme weather linked to climate change, officials said.

The committees based in the Mahalanobis National Crop Forecast Centre in New Delhi comprise multidisciplinary experts and representation from states to step up the response to the climate crisis, which has cut yields and farm incomes.

Climate scientists have consistently warned that severe heatwaves, changing rainfall patterns and flooding will threaten India's food security, especially the rice and wheat cropping systems that are critical to feeding the world's most populous nation.

Heatwaves have dealt a blow to India's wheat output in recent years. In 2022 and 2023, spikes in temperatures, especially around harvest, crimped yields. Two years ago, India recorded its hottest March on record, which shaved off 3 million tonnes of wheat. Late surges in monsoon in the past 3 years have flooded several states, destroying oilseeds and pulses, and delaying rice harvesting.

Weather disruptions sent federally held wheat stocks to a 16-year low this month.

The first panel has the task of putting in place a string of high-tech, automatic weather stations to generate timely data and forecasts to help farmers and policymakers prepare better for changes in temperatures, drought and extreme rainfall events.

The second panel will work out faster ways to calculate yield losses due to extreme weather for quicker payouts of farm insurance.

Scientific panels will introduce tech-enabled assessment of crop yields to ward off climate impact

Policy boost for aircraft, ships, railways

Gireesh Chandra Prasad & Subhash Narayan
NEW DELHI

The government has started work on giving a policy boost to the manufacture of aircraft, ships and railway components under the 'make in India' drive with the goal of attracting investments and speeding up job creation, three people informed about the discussions said.

The idea is to create a policy package for these sectors which could include production linked incentives and viability gap funding.

With the political leadership busy in elections and a code of conduct in place, officials are doing the groundwork on proposals which could be taken up after the national polls, said one of the persons quoted above.

Giving a boost to manufacturing to propel India into a middle-income economy and then to a developed one is part of the economic agenda of both the ruling BJP and the opposition Congress party because of the sector's potential to create jobs.

For the ruling party, it is central to its 100-day agenda it



The aim is to attract investments and to speed up job creation, while boosting the 'Make in India' scheme. **MINT**

plans to implement if voted back to power, said the person quoted above. "Production linked incentives for these sectors are being explored," said

the person, who spoke on condition of anonymity. Manufacturing remains key to India's growth strategy as the agriculture-based economy transitioned to a services-led one

without the second phase of development—manufacturing-led growth—failing to take off in a big way in spite of suc-

cessive governments trying to raise the share of manufacturing in the economic output.

Though about 55% of India's workforce is engaged in agriculture, it accounted for only about 17.5% of gross value added in the economy at current prices during FY24. "A significant expansion of manufacturing activities is

required in the country to pull out people from low-paid agriculture jobs to relatively better paid employment," said Dev-

The idea is to create a policy package for these sectors which could include PLI and viability gap funding

endra Kumar Pant, chief economist at India Ratings and Research.

A slew of production-linked incentive (PLI) schemes tailored for manufacturing import substitution products, components and large-scale manufacturing of high-end trains, metros, ships and domestically built passenger aircraft are in the offing, said a second person, who also spoke on condition of not being named.

While the plan for infrastructure push in manufacturing may be taken up immediately after the elections, programmes on making India a global hub for manufacturing high-end and technically superior products would be implemented in phases with partial government support in the form of viability gap funding (VGF).

This would help to create centres of excellence in manufacturing in various critical infrastructure products, while projecting India as an attractive alternative to traditional manufacturing powerhouses. One of the plans is to have a PLI scheme for train component manufacturing.

Dharendra Kumar also contributed to the story.

ICMR institutes to take on broader role, embrace data science and AI

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NEW DELHI

The Centre has renamed and repurposed four institutes under the Indian Council of Medical Research (ICMR) to broaden their scope of work by incorporating data science, artificial intelligence and work on antimicrobial resistance.

The decision was taken following recommendations made by the Performance Evaluation Committee.

As a part of the plan, the National Institute of Medical Statistics which came into

existence in 2005 has been renamed as the National Institute for Research in Digital Health and Data Science.

The National Institute of Pathology which was set up in 1980 to collect and distribute teaching material in pathology, has been renamed as the National Institute of Child Health & Development Research given its strengths and close links with the Safdarjung Hospital in Delhi.

National AIDS Research Institute which was constituted in 1992 has been renamed as the National Institute of Translational Virology & AIDS Research to comple-



The broader scope of work is to incorporate data science, artificial intelligence and work on anti-microbial resistance. **MINT**

ment the National Institute of Virology to expand its scope beyond containing AIDS.

The National Institute of Cholera and Enteric Diseases,

which came into existence in 1979, is now the National Institute of Bacterial Infections to facilitate critical requirement to expand research in the area

of AMR. "The ICMR Institutes have been renamed and their scope broadened, garnering approval from the Governing Council of the ICMR during its March meeting this year," said an office memorandum reviewed by *Mint*.

"There is a committee tasked with assessing the performance of ICMR. This time, the committee recognized the need to enhance and update certain institutes in terms of their focus areas.

"For instance, Nari was originally established to combat AIDS. However, given the significant progress made in con-

trolling the disease, the committee deemed it necessary to expand the institute's scope beyond HIV/AIDS," said a government official who didn't wish to be named.

Similarly, the formation of a dedicated institute to address cholera was crucial in the 1960s, the official said, adding that with the availability of vaccines and treatments for cholera today, the committee proposes to redefine the roles of these institutes by broadening their areas of expertise.

"In line with the evolving healthcare sector, changes have been made to the names and mandates of ICMR insti-

tutes. Today, advancements such as AI and digital health which were not available 15-20 years ago, have become integral to our healthcare system now," he added.

The review initiated by a Performance Evaluation Committee overseeing the functioning of ICMR "aims to analyze various aspects including infrastructure, human resources, budget allocation, research output, impact on public health programs and ways to strengthen ICMR's contribution to address the evolving health research needs of the country," said an ICMR spokesperson.

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THE MONDAY QUIZ

- 1) WHICH** company did Indian IT firm Happiest Minds Technologies acquire for \$94.5 million?
- 2) NAME** the new AI venture set up by former TechM CEO CP Gurnani and IndiGo's Rahul Bhatia.
- 3) WHAT** is the latest version of Microsoft's 'light-weight' Small Language Model unveiled last week?
- 4) WHICH** Indian IT firm appointed Lee Fang Chew as its independent director last week?
- 5) WHICH** Indian telecom infrastructure firm secured its first external debt funding of ₹200 cr?

Dailyhunt parent hungry for acquisitions to drive core biz

VerSe Innovation is looking to strengthen its key verticals, including news and short-videos

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VerSe Innovation co-founder Umang Bedi.

VerSe Innovation, the parent of news aggregator Dailyhunt and short video sharing app Josh, is "acquisition hungry," embarking on a journey to expand its user base, explore monetization opportunities and diversify content offerings, co-founder Umang Bedi said in an interview.

Earlier this month, the firm clinched its largest deal to date, acquiring US-based subscription service Magzter in a cash-stock transaction of undisclosed value. This move was aimed at foraying into international markets, and enter the premium subscription segment.

"We have been looking at acquisitions to improve our tech capabilities, product functionality, etc. Now, we are M&A-focused than ever, and our criteria (for target companies) is to have significant revenue scale, besides being Ebitda-positive," Bedi added. Ebitda stands for earnings before interest, taxes, depreciation and amortization.

The company will finance the acquisitions using its existing cash reserves.

"We still have a lot of capital left over from the last fundraise," said Bedi, adding that VerSe has significant dry powder of over \$100 million and is in "no rush" to raise primary capital.

In April 2022, VerSe was valued at \$5 billion during its \$805 million round. It counts Goldman Sachs, Falcon Edge Capital, Sequoia Capital India, Omidyar Network India and Matrix Partners among its investors.

The company is targeting acquisitions to strengthen its core business, including news and infotainment, short-video content and ad-tech. The acquisitions will be funded with a combination of cash and stock, Bedi said.

Citing Meta's acquisition of Insta-

nature, they are looking to increase revenue-generating opportunities, and subscriber base. For instance, the Magzter acquisition in many ways is going to do them a lot of good as the company has an extremely extensive catalogue. With this acquisition, VerSe could see their

form Local Play, according to data sourced from Tracxn. It has spent less than \$100 million on each of its previous acquisitions.

VerSe has been in advanced discussions to acquire social networking startup Koo, according to news reports. Experts anticipate a surge in consolidation in the social media space, with companies struggling to generate revenues and sustain growth amid uncertain macroeconomic conditions, and declining advertising budgets.

The funding winter coupled with regulatory changes, such as a 28% goods and services tax on online gaming, along with bans on betting and gambling, have added to the woes of the advertising industry.

Even major players, such as Google and Meta, have seen stagnant or slower revenue growth, reflecting the broader industry trend.

However, according to Bedi, VerSe managed to buck the trend, and is witnessing steady revenue growth from online advertising and subscription services across its applications, influencer marketing and other online platforms. In FY23, its operating revenue grew 51% to ₹1,456 crore, the company's latest filings sourced from Tofler showed.

Innovation has been key to sustain growth. It launched Xpresso, an AI-driven newsfeed in local languages, tailored for young audiences, and signed licensing agreements with over 100,000 partners, including influencers and news portals, for aggregating content. It also employs AI algorithms to analyse content, leveraging browsing behaviour of users to provide personalized experiences.

Thyrocare founder sets up ₹50 cr startup fund

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BENGALURU

Thyrocare founder Dr. Arokiaswamy Velumani has joined forces with Young Entrepreneurs Association (YEA) and Magnificq Capital Trust to invest up to ₹50 crore in Indian startups.

As part of this initiative, Velumani will not only provide financial backing, but mentor promising startups, according to a statement issued by YEA on Sunday.

With his wealth of experience and expertise, Velumani plans to handpick seed-stage companies with considerable growth potential, and target entities with at least ₹5 crore in turnover, he said in an interview with *Mint*.

However, Velumani is not looking to increase the size of his investments in view of the lack of viable opportunities, considering that 90% of startups are yet to achieve desired scale, he added.

Velumani shot to fame following Thyrocare's public listing in 2016. Nearly 26 years after its launch, PharmEasy's parent company API Holding Ltd had acquired 66% stake in Thyrocare for approximately ₹4,546 crore in 2021.

When asked about the current synergies between the two firms, Velumani refrained from commenting.

Thyrocare's shares rose by 46% over the past year to ₹651 apiece. For the past two years, Velumani has been mentoring small business owners.

GLOSSARY

Network attached storage: Abbreviated as NAS, it is a file-level data storage on a network that enables users to retrieve data from a centralized capacity. It eliminates the need for every device to have own local storage or depend on external support. Users can use the shared storage on a local area network through an ethernet connection.



Content Classifiers: These sort information or unstructured data as per pre-defined rules. These take a piece of content and assign it to one or more categories based on the characteristics. The categories are established beforehand.

Codec: A portmanteau of coder-decoder, codec is a process that compresses and decompresses large amounts of data. A codec shrinks a large digital file into a smaller size for easier storage or transmission (encoding). At the destination, codec decompresses the file back to its original size (decoding). There are two types of codecs: lossless and lossy. Lossless shrink file without any impact quality. Lossy compress file dramatically and involves loss of quality.

Cloud Contact Center: It is a virtual hub used for managing and streamlining customer communication across multiple channels. It is hosted on cloud and supports or completely eliminates the need for physical servers. These are built around core technologies like ACD and IVR.

THE MONDAY QUIZ ANSWERS:
1) PureSoftware Technologies 2) AionOS 3) Phi-3-Mini 4) HCLTech 5) Cloudextel

Tesla chief Musk makes surprise China visit a week after nixing India

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Tesla Inc. chief executive officer Elon Musk made an unannounced trip to China on Sunday, just a week after postponing a visit to India to settle what he said were pressing issues at the automaker.

Musk met the head of the China Council for the Promotion of International Trade, Ren

Hongbin, in Beijing, according to China Central Television. He's expected to meet officials to discuss the rollout of Tesla's driver-assistance system, a person with knowledge of the matter said.

Musk's latest China visit comes during a volatile time for Tesla with slowing EV sales growth prompting a cost-saving drive and a reduction of more than 10% of its global workforce. He was scheduled to be in India

on April 21-22 on a much anticipated visit which included a meeting with Prime Minister Narendra Modi but called it off because of "very heavy Tesla obligations".

A Gulfstream registered to SpaceX landed in Beijing at about 2 p.m. local time. Reuters earlier reported Musk's plans during the visit.

Tesla is working on getting the most advanced version of its

Autopilot technology into new markets. Its vehicles have been banned from military compounds in China and some other government venues in the past, likely because of cybersecurity concerns over cameras installed in the vehicles to operate them.

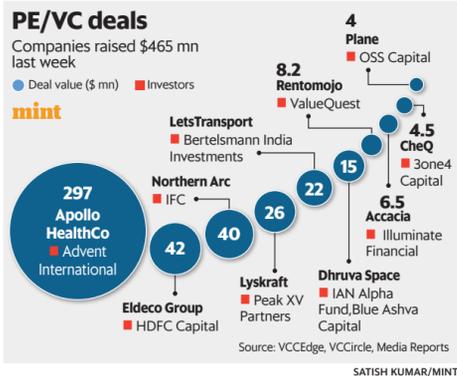
"We plan on, with the approval of the regulators, releasing it as a supervised autonomy system in any market that — where we can get regulatory approval for that,

which we think includes China," Musk said on Tesla's earnings call on April 23.

Advanced driver-assistance systems, or ADAS, are becoming increasingly common in China's EV market, where Tesla is losing market share. Many local players including Xpeng Inc., Xiaomi Corp. and manufacturing partners of Huawei Technologies Co. use sophisticated technology as a selling point for their vehicles,

while industrywide price cuts by rivals add pressure to the US company to do the same.

Tesla, the world's biggest seller of fully electric cars, is going through its biggest job cull, and losing key executives in the process. It's reduced prices of EVs in key markets such as the US and China. Investors overlooked dismal earnings as the company pledged to launch lower-cost EVs as soon as this year.



PEs drive up value even as volumes dip

K. Amoghavarsha & Malvika Maloo
BENGALURU

A large healthcare deal alongside a couple of mid-sized transactions drove the total value of private equity and venture capital deals beyond the \$400 million mark during the week ended 26 April. However, deal volumes fell week-on-week, data compiled by VCCircle showed.

The week saw Indian companies securing around \$465 million across 23 deals against the previous week's \$398 million in PE/VC funding across a multi-week high of 32 deals.

The number of mergers and acquisitions also declined on a week-on-week basis.

In the largest deal, Advent International invested ₹2,475 crore in Apollo HealthCo Ltd, a subsidiary of Apollo Hospitals Enterprise Ltd followed by HDFC Capital, which focuses

on affordable housing projects infusing about ₹350 crore in a joint project of Eldec Group.

Non-banking lender Northern Arc, which recently refilled its draft papers for a public listing, secured ₹333 crore from International Finance Corp., the private investment arm of World Bank. It raised \$40 million in debt from the investor.

Fashion platform Lyskraft, set up by Zomato co-founder Mohit Gupta, and Mynta and Cultfit founder Mukesh Bansal, raised \$26 million in a seed round led by Peak XV Partner. Prosus, Sofina and partners of DST Global also chipped in.

Trucking firm LetsTransport raised \$22 million Series E round led by Bertelsmann and participated by Rebright Partners, NB Ventures, Stride Ventures, ALES and CAC Capital.

Sub-\$10-million deals dominated volumes in the week with all but five transactions within this bracket.

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Performance Highlights Q4 & FY24 All-time high consolidated annual profit

Consolidated Results		(₹ In Crore)		
Particulars	Q4 FY24	Q4 FY23	FY24	FY23
Total income	1,222	106	1,713	527
Share of profits of associates	1,554	1,307	5,955	4,667
Profit before tax	2,731	1,368	7,493	5,012
Profit after tax	2,716	1,353	7,267	4,851

Standalone Results		(₹ In Crore)		
Particulars	Q4 FY24	Q4 FY23	FY24	FY23
Total income	1,258	96	3,176	1,937
Profit before tax	1,219	59	3,021	1,779
Profit after tax	1,204	45	2,896	1,712
Investments (at cost)	12,559	10,542	12,559	10,542
Investments (at market value)	2,10,707	1,32,034	2,10,707	1,32,034

BAJAJ HOLDINGS & INVESTMENT LIMITED | CIN: L65100PN1945PLC004656 | Website: www.bhil.in
Registered Office: C/o Bajaj Auto Limited Complex, Mumbai - Pune Road, Akurdi, Pune - 411 035
Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune - Ahmednagar Road, Viman Nagar, Pune - 411 014

This is an abridged representation of the audited financial results of Q4 and FY24 and is not for the purpose of legal compliance. As required by regulations, the results have been prepared as per Indian Accounting Standards (Ind AS).



S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE: 73730.16	CLOSE: 22419.95	CLOSE: 20839.35	CLOSE: 64134.55	CLOSE: 23232.10	CLOSE: 41587.77	CLOSE: 47239.29
1-WEEK CHANGE (%): 0.88	1-WEEK CHANGE (%): 1.23	1-WEEK CHANGE (%): 2.23	1-WEEK CHANGE (%): 3.63	1-WEEK CHANGE (%): 1.63	1-WEEK CHANGE (%): 3.96	1-WEEK CHANGE (%): 3.97
1-MONTH CHANGE (%): 1.74	1-MONTH CHANGE (%): 1.89	1-MONTH CHANGE (%): 4.17	1-MONTH CHANGE (%): 7.25	1-MONTH CHANGE (%): 2.79	1-MONTH CHANGE (%): 6.43	1-MONTH CHANGE (%): 10.56
3-MONTH CHANGE (%): 4.28	3-MONTH CHANGE (%): 5.00	3-MONTH CHANGE (%): 7.46	3-MONTH CHANGE (%): 18.13	3-MONTH CHANGE (%): 7.23	3-MONTH CHANGE (%): 10.18	3-MONTH CHANGE (%): 6.48
6-MONTH CHANGE (%): 16.76	6-MONTH CHANGE (%): 18.89	6-MONTH CHANGE (%): 25.88	6-MONTH CHANGE (%): 49.17	6-MONTH CHANGE (%): 23.70	6-MONTH CHANGE (%): 35.94	6-MONTH CHANGE (%): 30.48
1-YEAR CHANGE (%): 22.27	1-YEAR CHANGE (%): 25.86	1-YEAR CHANGE (%): 38.98	1-YEAR CHANGE (%): 64.92	1-YEAR CHANGE (%): 31.66	1-YEAR CHANGE (%): 66.16	1-YEAR CHANGE (%): 65.87

MINT SHORTS

Yen watchers ask where is Japan as currency losses rise

The yen has tumbled well past levels touted as red lines for Japan and at a pace that has traders asking when authorities might start buying the currency to support it—and why they haven't already done so. The currency fell to a 34-year low against the dollar Friday after the Bank of Japan indicated financial conditions will remain easy, with losses accelerating in late trading in New York. A public holiday in Japan on Monday may reduce liquidity in foreign-exchange markets and heighten the risk of further sharp moves in either direction. Policymakers have repeatedly warned that depreciation won't be tolerated if it goes too far too fast and finance minister Shunichi Suzuki reiterated after the BOJ meeting that the government would respond appropriately to foreign-exchange moves. Earlier this month he also flagged concerns over the yen's decline to US Treasury Secretary Janet Yellen.

BLOOMBERG



The expectation of higher rates for a prolonged period could pose challenges to capital inflows into Asia.

Fed repricing gives rise to new equities playbook in Asia

A higher-for-longer interest rate environment is burnishing the credentials of cheap Chinese stocks and driving value investment strategies in Asia. Corporate reforms in Japan and South Korea will support a value thesis, according to JPMorgan Asset Management and AllianzGL. Meanwhile, M&G Investment Management is attracted by near record-low valuations for Chinese stocks. Other haven plays are exporters and India's domestic-driven equities. Having started the year brimming with hopes that the Federal Reserve's easing will lift markets across Asia, multi-asset managers are now turning more selective under a drastically different environment. A hawkish pivot by the region's central banks to protect their currencies has sapped the appeal of bonds, a traditional safe haven, putting the onus on stocks to deliver returns. "Higher rates for longer do pose headwinds to capital flow into Asia," said Gary Tan, a portfolio manager at Allspring Global Investments. In this environment, "some domestic-focus sectors could be safe havens" such as Indian infrastructure stocks, Korean reform beneficiaries, etc.

BLOOMBERG

'India a stable oasis in today's polycrisis'

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MUMBAI

India has become an attractive destination for both global and domestic investors, said Swarup Anand Mohanty, vice chairman and chief executive officer, Mirae Asset Investment Managers. India has 100 stocks with market capitalization above \$10 billion, closer to China which has 124 large-cap members of the CSI 300 index, he said. The number of stocks with over \$10 billion cap in India is about 4-5 times the number in South Korea and Taiwan, underscoring India's growing significance among emerging markets. He believes that India stands out as a stable oasis in today's 'polycrisis', from growth, inflation, liquidity and policy perspective. *Edited excerpts:*

How have investment products evolved over time?

Indian investors stick to a market capitalization-based investment approach. However, the concept of investing in various themes hasn't gained much traction yet. Themes have shown long-term growth potential in India. Globally, investors prefer thematic and innovative investment strategies over traditional market cap strategies. Some examples are consumption, healthcare, and financials. A futuristic outlook includes themes like manufacturing.

How has thematic investing progressed?

Even today, there is confu-



...sion between sectors and themes. Themes are often mistaken for sectors. Sectors are a subset of a theme. Themes grow over time and can include various sectors. For instance, our Consumer Fund, launched in 2011, initially focused on FMCG but has since diversified considerably. Themes expand over time and can be long-term investment avenues. Sectors can be cyclical while themes can be secular. The mutual fund industry has ₹2.92 trillion in thematic funds, signalling growing recognition of this investment approach. We're confident that India will continue to thrive as a consumption-driven economy.

...he relied on pensions for his retirement. However, today, only 6% of India's workforce has pensions, while the rest are in the process of creating their own pension or retirement kitty. The approach to investing earlier was very safety-oriented and they were lucky having a fixed income regime that used to offer good returns. However, as India transitioned to floating rate from fixed income, interest rates started coming down and investors started seeking other investment avenues for higher returns. Hence, my investing process started including both debt and equity. But my son's generation has easy information due to the internet, their economic status is superior and hence their risk-taking

ability will be different. **In the equities versus fixed income debate, who wins?** Fixed income (debt) and equity are two very important financial asset classes serving different risk levels for investors. While debt aims at providing stable returns and higher safety, equity strives to deliver higher returns with higher risk over a period of time. In an economy that is going through a growth phase like India, the prospects of equity on a longer time horizon remain attractive. **How does India fare in the emerging market landscape?** India is one of the best, given its demographics, low debt and strong policy environment. India now has 100 stocks with market capitalization above \$10 billion, near China which has 124 large-cap members of the CSI 300 index. The number of stocks with over \$10 billion cap in India is about 4-5 times the number in South Korea and Taiwan. **What is your advice for new-age investors?** First, they must recognise the need for investing. If one invests with a purpose, then creating realistic portfolios that will lead to realizing life goals makes investing a tangible process. Today, the importance of money has grown substantially and hence one should begin investing as soon as possible.

The number of Indian stocks with over \$10 billion cap is 4-5 times the number in South Korea and Taiwan.

Swarup Anand Mohanty
Vice chairman & CEO,
Mirae Asset Investment Managers

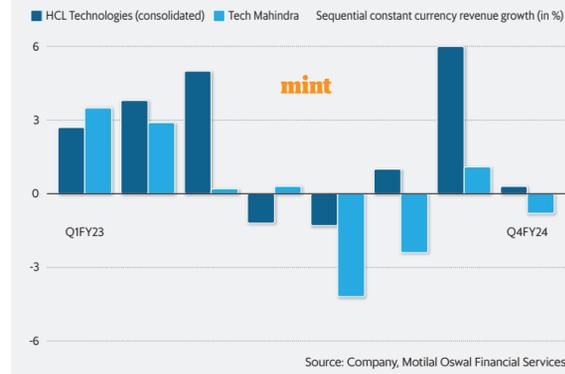
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IT investors scout for silver linings

The stock of HCL Technologies Ltd is standing out amid a tough demand environment for information technology (IT) companies. So far this year, HCL's shares have fallen under a per cent—better than most tier-1 competitors and also the Nifty IT index, which dropped almost 6%. Clients are delaying discretionary expenditure and it helps that HCL has a relatively higher exposure to cloud, which is more non-discretionary in nature. True, HCL's revenue growth guidance for FY25 is below analysts' expectations at 3-5% in constant currency (CC) terms. The lower guidance was due to higher offshoring at one of the clients in Q1, which is expected to lead to a 2% sequential decline in Q1FY25. Also, divestment of its State Street business will reflect in earnings from Q2FY25. Even so, the company is likely to fare relatively better. Motilal Oswal Financial Services expects HCL's FY25 revenue growth to be near the upper-end of its guidance band, which will put it ahead of its large-cap IT services peers except Tata Consultancy Services Ltd,

No cheer

HCL Technologies saw better revenue growth than Tech Mahindra in Q4FY24, but its performance was still subdued



Source: Company, Motilal Oswal Financial Services

and LTIMindtree Ltd. "While we expect some near-term pressure on the stock on account of weak FY25 revenue growth guidance, we continue to expect the stock to outperform its peers," wrote Motilal analyst Mukul Garg on 27 April. In the March quarter (Q4FY24) results on Friday, HCL saw muted consoli-

dated CC revenue growth of 0.3% sequentially. That said, its key IT and Business Services CC growth at 4% was ahead of consensus estimates. Further, new deal-wins at \$2,290 million rose year-on-year and sequentially. The deal pipeline continues to grow and remains healthy, the management said. But

wage hikes hurt Ebit (earnings before interest and tax) margin, at 17.6% in Q4. While the management has kept Ebit margin guidance of 18-19% for FY25, it believes FY25 to be a year of consolidation on demand and supply side. In the long run, HCL aims for a 19-20% margin. As such, the revenue performance of most tier-1 IT companies in Q4FY24 was nothing to write home about. Further, the subdued FY25 and Q1FY25 revenue guidance by Infosys Ltd and Wipro Ltd, paints a grim picture; keeping the sector's near-term revenue visibility low despite robust deal wins. In this backdrop, dejected IT investors can choose potential positives in management commentary and latch on to a sliver of hope. A case in point is Tech Mahindra Ltd. The stock jumped nearly 8% on Friday after the Street got enthused by its turnaround strategy. The struggling IT firm aims to achieve above peer average growth, 15% Ebit margin and 30%+ ROCE (return on capital employed) by FY27. Among steps to meet these goals, it launched Project Fortius to drive cost

efficiencies over the next three years. It expects average savings of \$250 million per annum from this.

Investors' excitement overshadowed Tech Mahindra's subdued Q4FY24 results wherein sequential CC revenue fell 0.8% with its key vertical of communications, media and entertainment's continuing dismal performance. Deal wins stood at \$500 million and included two large deals worth over \$100 million. Despite the sequential improvement, the deal win trajectory stays in slow lane and below the normalized range of \$800 million, says an ICICI Securities report. In Q4, Ebit margin at 7.4%, rose 200 basis points sequentially. However, the outlook for FY25 is unexciting as the company expects year-on-year revenue growth to turn positive by Q4FY25. This means investors should keep their earnings growth expectations low.

Overall, as investors scout for silver linings for IT stocks, it's important to bear in mind that earnings upgrades hinge on meaningful revenue growth revival, which has been elusive so far.

WHAT'S IN FAVOUR

HCL's stock has fared better than tier-1 peers so far in 2024 aided by better portfolio mix

INVESTORS seem to have high hopes from Tech Mahindra's turnaround plan

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

MFs plan to oppose Embassy REIT's proposal to raise ₹3,000 cr

Ram Sahgal & Sneha Shah
MUMBAI

Two mutual funds (MFs) and an alternate investment fund, that are unit holders of Embassy Office Parks REIT (Real Estate Investment Trust), will vote against its resolution to raise ₹3,000 crore to acquire a business park in Chennai with an enterprise value of ₹1,269 crore on Monday. The grounds for opposition are that the proposed fund raise will be higher than the acquisition cost and on concerns that units could be issued below the REIT's net asset value (NAV) and market price, according to

a person aware of the matter. ICICI Prudential Mutual Fund, HDFC Mutual Fund and Kotak Real Estate Fund, which jointly hold 17.29% in the REIT as per Bloomberg, would vote against a resolution "to consider and approve raising of funds through an institutional placement(s) of units of Embassy REIT not exceeding ₹3,000 crore to investors in one or more placements at a unitholders' meeting on Monday," said the person, speaking on condition of anonymity. While the resolution for acquisition will be passed by simple majority—votes cast in favour should be more than



Votes cast in favour of fundraising must be not less than one and a half times votes cast against the resolution, as per Sebi norms.

votes cast against—that for the fund raise will be passed by special majority—votes cast in favour need to be not less than

one and a half times votes cast against the resolution, as per Securities and Exchange Board of India regulations for REITs.

Queries sent to ICICI Pru, HDFC MF and Kotak Real Estate Fund were not answered till the time of going to press. An Embassy spokesperson in an emailed response said the company does not comment on market speculation. The fund raise is to acquire the rights, title and interests of a wholly-owned subsidiary of Embassy Property Builders and Developers in Embassy Splendid TechZone for ₹1,269 crore. The person cited earlier said that the mutual funds are primarily concerned about the fund-raise proposal being higher than the price of the property, and fear that units could be

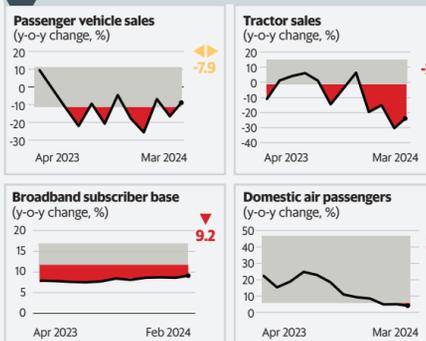
issued below their market price and net asset value. While the market price of Embassy Office Parks REIT was ₹362.02 per unit on the NSE as of Friday, the NAV per unit (948 million units) was ₹401.59 as of end-March. "We have discussed this issue multiple times with the management of Embassy REIT but have not received satisfactory response as to why it is raising higher equity than size of the acquisition when leverage is not a concern. If they raise equity capital at a discount to NAV or to market price, it can lead to dilution and reduction in per cent distribution," the person said.

MINT MACRO TRACKER

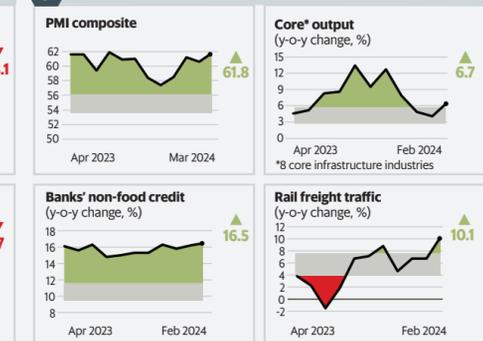
Launched in October 2018, Mint's macro tracker provides a monthly comprehensive report on the state of the economy, based on trends in 16 high-frequency indicators. For each indicator, the value in each month is assigned a colour-coding (red, amber and green) to denote where it lies relative to the five-year average (worse, in line, or better). As of March 2024, nine of the 16 indicators were in green, four in red, and three in amber, some improvement from six months ago when seven indicators were in green.



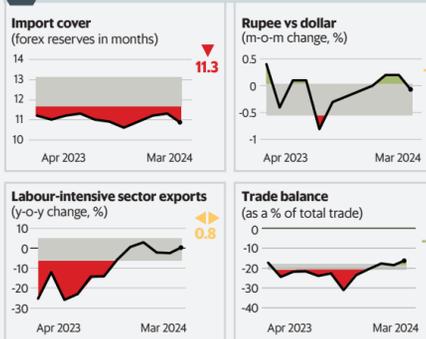
CONSUMER ECONOMY



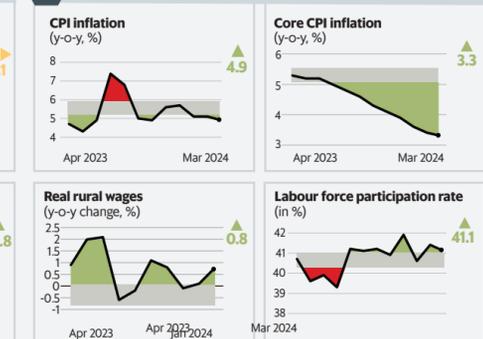
PRODUCER ECONOMY



EXTERNAL SECTOR



EASE OF LIVING



For each indicator, an average band (shown in grey) is constructed around the five-year average value. The size of the grey band rises with volatility. Values falling above this band are in green, those falling below are red, and those within this band are coded amber (the red/green coding is reversed for inflation). While calculating the five-year average, data for some indicators for April-May 2020 and 2021 have been removed to eliminate lockdown-induced skews in the trend. All data as of 28 April 2024. Source: Centre for Monitoring Indian Economy, Bloomberg, Mint calculations

Data: Payal Bhattacharya; Graphics: Paras Jain



Performance Highlights Q4 & FY24

All-time high consolidated total income and profit for the year

BAJAJ FINSERV LIMITED	Consolidated Results						(₹ In Crore)
	Particulars	Q4 FY24	Q4 FY23	% Change	FY24	FY23	% Change
	Total income	32,042	23,625	36%	1,10,383	82,072	34%
	Profit before tax	5,527	4,540	22%	21,375	16,811	27%
	Profit after tax (attributable to owners of the Company)	2,119	1,769	20%	8,148	6,417	27%

BAJAJ FINANCE LIMITED	Consolidated Results						(₹ In Crore)
	Particulars	Q4 FY24	Q4 FY23	% Change	FY24	FY23	% Change
	Total income	14,932	11,368	31%	54,983	41,418	33%
	Profit after tax	3,825	3,158	21%	14,451	11,508	26%
	Net NPA	0.37%	0.34%		0.37%	0.34%	
	Return on average equity (annualised)	20.5%	23.9%		22.0%	23.5%	
	Assets under management	3,30,615	2,47,379	34%	3,30,615	2,47,379	34%

BAJAJ HOUSING FINANCE LIMITED	Standalone Results						(₹ In Crore)
	Particulars	Q4 FY24	Q4 FY23	% Change	FY24	FY23	% Change
	Total income	1,996	1,586	26%	7,618	5,665	34%
	Profit after tax	381	302	26%	1,731	1,258	38%
	Assets under management	91,370	69,228	32%	91,370	69,228	32%

BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	Standalone Results						(₹ In Crore)
	Particulars	Q4 FY24	Q4 FY23	% Change	FY24	FY23	% Change
	Gross written premium	4,962	3,766	32%	20,630	15,487	33%
	Profit after tax	380	322	18%	1,550	1,348	15%
	Combined ratio	101.6%	97.3%		99.9%	100.5%	
	Return on average equity (annualised)	14.3%	13.7%		15.2%	15.0%	
	Assets under management	31,196	27,809	12%	31,196	27,809	12%

BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.	Standalone Results						(₹ In Crore)
	Particulars	Q4 FY24	Q4 FY23	% Change	FY24	FY23	% Change
	Gross written premium	8,183	6,434	27%	23,043	19,462	18%
	New business premium	3,953	3,297	20%	11,494	10,738	7%
	Net new business value	480	415	16%	1,061	950	12%
	Shareholders' profit after tax	106	26	308%	563	390	44%
	Assets under management	1,09,829	90,584	21%	1,09,829	90,584	21%

Bajaj Finserv Limited | CIN: L65923PN2007PLC130075 | Website: www.aboutbajajfinserv.com/about-us

Bajaj Finance Limited | CIN: L65910MH1987PLC042961 | Website: www.bajajfinserv.in/finance

Registered Office: C/o Bajaj Auto Limited Complex, Mumbai - Pune Road, Akurdi, Pune - 411 035

Corporate Office: Bajaj Finserv Corporate Office, Off Pune - Ahmednagar Road, Viman Nagar, Pune - 411 014

Bajaj Housing Finance Limited | CIN: U65910PN2008PLC132228 | Website: www.bajajhousingfinance.in

Registered Office: Mumbai-Pune Road, Akurdi, Pune 411 035 | Corporate Office: B2, Cerebrum IT Park, Kumar City, Kalyani Nagar, Pune 411 014

Bajaj Allianz General Insurance Company Limited | CIN: U66010PN2000PLC015329 and IRDA Registration No. 113 dated 2 May 2001

Bajaj Allianz Life Insurance Company Limited | CIN: U66010PN2001PLC015959 and IRDA Registration No. 116 dated 3 August 2001

Registered and Corporate Office: Bajaj Allianz House, Airport Road, Yerwada, Pune - 411 006 | Website: www.bajajallianz.com

Insurance is the subject matter of solicitation.

This is an abridged representation of the audited financial results of Q4 and FY24 and is not for the purpose of legal compliance.

As required by regulations, the results for Bajaj Finserv, Bajaj Finance and Bajaj Housing Finance Limited have been prepared as per Indian Accounting Standards (Ind AS).

The results of Bajaj Allianz General and Life Insurance Company Limited are as per Indian GAAP.

India, Europe 6G bodies to ink deal

Shashank Mattoo & Gulveen Aulakh

NEW DELHI

India's Bharat 6G Alliance and European telecom industry body Industry Alliance 6G are set to form a partnership that will pave the way for cooperation in developing 6G technology, two people aware of the matter said.

One of the persons said Bharat 6G and Industry Alliance 6G would sign an agreement soon. The second person said both sides were looking to define the contours of the collaboration quickly, but the actual agreements would be signed in the coming quarter.

The partnership could be in the form of a memorandum of understanding, similar to the one Bharat 6G signed with the US last September, the persons added, requesting not to be identified.

Launched in 2023 by the department of telecommunications, Bharat 6G Alliance was set up to bring industry players, academia and research organisations together to advance the Bharat 6G mission.

In September 2023, the Bharat 6G Alliance signed a MoU with America's Next G Alliance to work on 6G wireless technologies and build resilient supply chains. The two countries had said in a joint statement that they shared a vision of creating secure and trusted telecommunications and enabling global digital inclusion.

Both countries endorse an ambitious vision for 6G networks, including cooperation on standards and a desire to work together to promote research and development in 6G. Now, India and the European Union are expanding cooperation on high technologies under the EU-India Trade



The actual deal would be signed in coming quarter. MINT

and Technology Council. The two entities signed an MoU on semiconductor co-operation just a few months ago.

The telecom department announced last year, "B6GA aims to bring together Indian startups, companies, and the manufacturing ecosystem to establish consortia that drive the design, development and deployment of 6G technologies in India. By accelerating standards-related patent creation within the country and actively contributing to international standardisation organisations such as 3GPP and ITU, B6GA seeks to position India at the forefront of 6G innovation."

It also aims to open market access for Indian firms in foreign nations, the department said. The government is looking to forge coalitions with other 6G global alliances to better understand the business and societal needs of 6G beyond technical requirements, foster consensus on these needs, and promote R&D. Bharat 6G Alliance has also solidified India's presence in the International Telecom Union, which has accepted India's 6G vision document. This will give India a voice in setting standards, among other things.

shashank.mattoo@live-mint.com

'Aim to beat India clock speed'

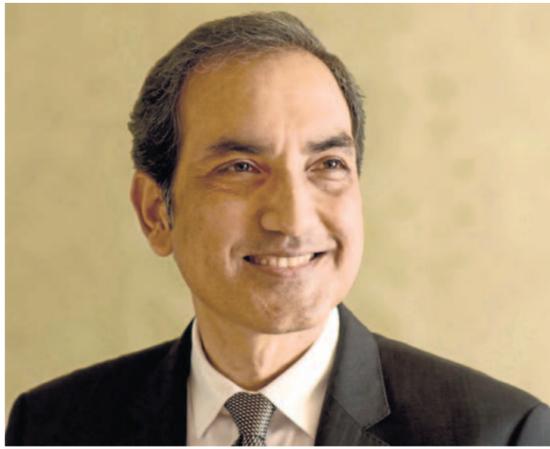
Suneera Tandon & Satish John
MUMBAI

Nine months into the role of CEO and MD of Hindustan Unilever Ltd (HUL), Rohit Jawa is clear about the job at hand, which is to nudge India's largest consumer goods company to move "faster than the clock speed of India". In an interview a day after HUL announced its March quarter earnings, Jawa expressed surprise at the pace of change in India. Comparing his stint in China—where he was Unilever chairman for five years—with India, Jawa said, "Quick commerce is an example of how quickly the channels change. When I was in China, these changes happened like one big event a year. But here, they're almost all happening at the same time."

These are early days for Jawa in India, who described his challenge thus: "How do we become more agile and stay big? How can we atomize our organization, because we are now a very big company?" Atomizing a very big company may sound like an oxymoron, but HUL will constantly be looking for targets that make a "strategic fit". On the ice-cream business, which parent Unilever plans to hive off, its Indian subsidiary will look for cues before deciding on the next course of action. Till then, HUL will take advantage of the hot summer to sell more Magnum ice-cream in India. Edited excerpts:

What is your projection of mid-to long-term volume growth for HUL?

We should disaggregate our performance in the last quarter where we delivered about 2% volume growth. We had a miss in skin cleansing, which dragged volumes down. However, you need to keep in mind that 75% of our business grew volumes, and half of our business grew mid-single digits. On the whole, there is inherently higher volume growth in the business when you disaggregate the portfolio. If you look back more as a trend rate, we were growing volumes around 4%



and price at about 3-4%, excluding M&A. So, that's been generally the norm because consumers also upgrade in value terms; volume is not the only way to grow the market. But it's a good indicator at this point because prices have been negative to flat.

So, volume is a good thing to chase at this time. It is the most virtuous thing to do to get more consumers, more consumption, and premiumizing them through product mix. That's what we are making our company stronger. We are focused at this stage on what we can really control, which is to drive more volume and go to fast-growth spaces. Growth is, however, unevenly distributed. It's somewhat slower in the rural markets, although they've come back. It's higher in the premium end of the market and organized trade.

Basically, we're moving our funds, resources and innovations into spaces with tailwinds. Overall, I do expect volumes to improve as we go forward. If the monsoons are good, that will also give us another bump on the agri side and clearly help the rural markets. Investors appear to be dissatisfied with the results, and despite being a heavyweight in the index, HUL has barely moved during the recent market rally. However, you

seem quite optimistic. Can you please explain what investors might be overlooking?

I'm optimistic about the consumer goods industry. I can speak on that first, but I cannot speak on the larger investment thesis—where the money is going, small caps, mid caps, and large caps. I think that's not an area of my expertise. We are focused on serving our shareholders, and the best way we can serve them is by doing them right in the long term, which is by being multi-stakeholder and remaining true to our belief—what is good for India is good for HUL. So, as India grows, we will grow. The second is that the per capita consumption of all the categories we play in consumer goods is one-fourth to one-sixth compared to that of countries such as Indonesia and Thailand. They are all going to infect. They have done so in the last 10 years; they will do for the next 10 years. Because growth is not smooth and straightforward, it is lumpy.

We, as the largest consumer goods company in this country with the deepest distribution and brand reach, with the highest capacity of R&D and supply chain, in what can be quite a complex market to navigate, with deep roots in communities, and a Unilever parent with a lot of brands and technology to transfer, are very well poised

to play this game. There is clearly a new India that's emerging, of course there are many Indias, I'm conscious of that, but there's a new India that is emerging. We've got to be where the growth is. We have to transform our portfolio, our channel salience, our capability and our culture to be right for the future. So, I see us being a very good investment, and people who are long-term investors probably think like that, too. Now, what happens in the ebbs and flows of overall asset management funds is they are moved by every factor, not just HUL.

HUL is also a generous dividend payer. But the other way of looking at it is that you don't have much to invest in, and that's the reason you are paying out more dividends.

We have very strong accumulated cash balances and we do pay well in

excess of 90%, because we do have a retail asset base of our investors who are looking for that dividend stream. If we get any good, attractive investment opportunity, we do have the funds and access to short-term and long-term financing for that. I don't see that as an issue. If we hadn't been committed to investment, we would not have done the largest M&A of consumer packaged goods (CPG) in this country (with the GSK acquisition). That was the largest M&A for HUL and for Unilever globally. There is definitely a high commitment, and we have funds to invest.

Are there any missing pieces in your portfolio?

We're always looking at targets that meet a strategic fit to that question. The preferred spaces are in beauty care and, perhaps, food. We have already made a big acquisition in foods with GSK. This must be a target with strong commercial logic, and it must offer us a niche segment or a capability we don't have. So, we have very strict guidelines, and much rigour is done. We are always on the lookout, and when something is appropriate, we have

invested—our small investments in health and well-being recently or previously with Indulekha, which is now five to six times the size when we acquired it and, of course, GSK. So, we keep investing programmatically over the years. When a good target arrives and fits these criteria, then we will look at an acquisition. We have many of our own brands, along with a stable of iconic Unilever brands. Our first port of call is to take 19 of our ₹1,000 crore-plus brands and look at extending them. The highest probability of success is to take our iconic brands and extend them into new spaces.

What do you plan to do with the ice cream business?

Globally, we have decided to split that as a separate company. Exactly what constitution it forms is still under evaluation at Unilever. We, as HUL, have an independent board, and with the independent board, plus the management, we are discussing options for what would be good for HUL. At some point in the future, when we have more clarity and we have decided where to go with it, we will then share that more publicly. At this point, it is truly under evaluation.

But if it is no longer part of Unilever's portfolio, would it make sense to have it in HUL's portfolio?

This is exactly what we are discussing. What form Unilever takes is still to be clear because they are evaluating various options. What is quite clear is it will have a separate entity and what form that entity takes is under consideration at Unilever. At the same time, we are also evaluating options of what would be the best way forward for our shareholders. Then we will go through the process, consultation, agreement and, if required, approval from the shareholders. So, there is some path to cover here. It's too early and too premature. At this stage, we focus on selling (more ice creams) this summer and growing the business.

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Marriott International expects to register a 5-6% growth in bookings as a result of its summer promotions in India. HT

Five-star hotels dish out cool deals in fiery summer

FROM PAGE 1

guests a ₹2,000 hotel credit per room per stay, in addition to offers on select beverages and a complimentary room upgrade for the next stay.

ITC Hotels is offering packages that would allow for up to 50% savings at about 80 of its hotels, with discounts on food, beverages and spa services, as well as double points for its members. The Oberoi is offering 15% savings at its resorts in Agra, Jaipur, Ranthambhore, New Chandigarh, Udaipur and Shimla. And Sarovar Hotels is offering a 25% discount at select hotels.

A spokesperson for Lemon Tree Hotels said the company is offering complimentary or discounted food and beverage and spa experience at its five-star brand, Aurika Hotels and Resorts, to boost revenue during the summer.

Marriott International expects to register a 5-6% growth in bookings as a result of its summer promotions in India. For its packages, it has bundled various components such as room upgrades, dining credits, spa treatments and recreational activities.

"While staycation packages are prevalent in the industry, our focus is more on crafting packages that are not arbitrary but backed by research and insights," said Khushnooma Kapadia, the company's vice president for marketing for

South Asia. "We know now that there is a notable inclination of people to travel domestically, with an interest in emerging destinations in tier-II and III cities, too."

Keswani highlighted this increasing trend of leaning on data to chase "direct" demand, curating packages based on learnings and feedback from customers that could minimise paying 12-22% in commissions to online travel agencies.

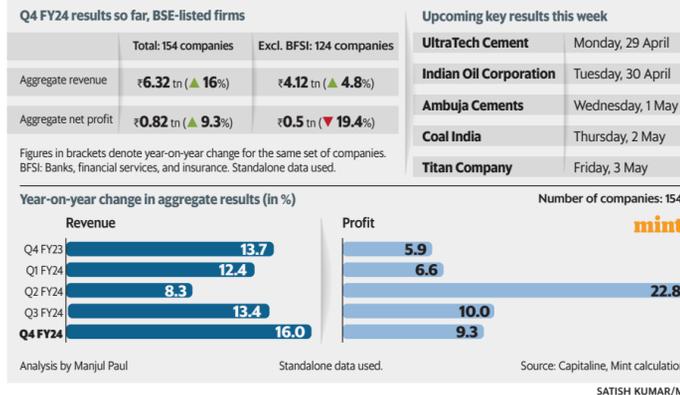
These savings can be diverted to increased spending on ads and promotions that could potentially deliver better yields, or return-on-marketing dollars. Also, for such offers, hotels prefer advertising on social media to traditional routes such as print media.

"Indians are deal-seekers and these kinds of offers help companies get a grip of customers for their loyalty programmes. Sometimes, the original offer may have a 30-minute spa treatment or a beer bucket free. But that, too, often converts into travellers trying out something new and potentially buying more," said Keswani.

India's branded hotel rooms are surging. In 2023, a record number of 14,000 new rooms were added in branded hotels, lifting the total to 183,000 rooms, according to Horwath HTL Consultants, a hospitality consulting firm. This growth is expected to continue, with projections estimating 250,000 hotel rooms by 2027.

MINT Q4 EARNINGS TRACKER

The combined revenue of the companies that have declared their March-quarter financial results so far has risen 16% year-on-year, while net profits have risen 9.3%, a Mint analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, the topline grew 4.8%, while profits were down 19.4%. The analysis covered 154 BSE-listed companies (including 30 banking and financial services firms) that had declared their results by Friday and whose data was available on Capitaline's database. Watch this space for updates every week as more companies announce their results in the ongoing results season.



Adani eyes up to \$1 bn for airport, solar panel biz

FROM PAGE 1

and solar manufacturing via Adani Solar, an arm of another wholly-owned subsidiary Adani New Industries Ltd. The money will be raised for these two subsidiaries.

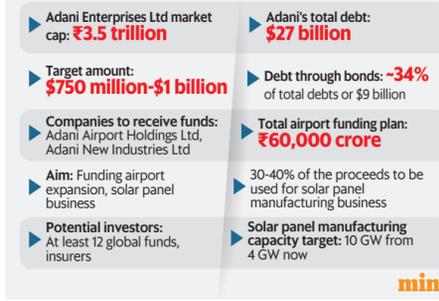
"Adani is enhancing its focus on the green energy ecosystem. The supply of solar PV units has to be improved to match the country's renewable energy target. That creates an opportunity," one of the two people said, adding the amount will be raised in the next six months. An Adani Group spokesperson declined to comment.

On Sunday, Adani said its data centre business joint venture, AdaniConneX, has secured commitment for a \$1.44-billion loan. The JV plans to build nine data centres with a total capacity of 1 GW by 2030.

"The financing has an initial commitment of \$875 million, with an accordion feature to extend commitment up to \$1.44 billion," the company said in a statement. Definitive agreements have been executed with eight international lenders—ING Bank NV, Intesa

Enhancing focus

Adani plans to use a part of the upcoming bond proceeds to further speed up its solar panel manufacturing business.



Sanpaolo, KfW IPEX, MUFG Bank Ltd, Natixis, Standard Chartered Bank, Societe Generale, and Sumitomo Mitsui Banking Corporation.

Around 34% of Adani group's total debt of about \$27 billion or ₹2.26 trillion, which is around \$9 billion, has been raised via bonds, mostly overseas ones. Some of Adani's existing investors include BlackRock, AIA, Pimco, Fidelity, Apollo Global, MetLife, Cigna, Bluebay, Goldman Sachs and Barings. According to the person cited

above, about 21 global investors purchased Adani's dollar bonds in the previous issuances, and many of them may join the coming issue as well.

Adani Enterprises had last raised about \$750 million via bonds in April 2022 through a private placement, which will mature in 2029 and are not listed. That amount too was raised for the Mumbai International Airport Ltd (MIAL) project. Adani group's 15 listed dollar bonds erased their losses in January after a favourable

Supreme Court ruling related to last year's Hindenburg Research report.

In March, Karan Adani, managing director of Adani Ports and Special Economic Zone (APSEZ) said the group will infuse about ₹60,000 crore in the next 5-10 years in airports, with almost 50% for expanding the air side that includes the terminal and runway capacity

of the two airports in Mumbai over the next five years. A part of it will go into the city-side of the Mumbai airport over 10 years. Adani will expand the airports' runways, taxiways, hangars and passenger terminals, apart from surrounding infrastructure such as hotels and shopping malls, said the two persons.

Adani, which owns eight major airports in India, is planning to grow its passenger-handling capacity from 73 million to 250-300 million passengers by 2040, Adani Airport Holdings CEO Arun Bansal had said last month. MIAL, which oper-



Foreign portfolio investors have turned cautious. ISTOCKPHOTO

Futures signal volatility in May

FROM PAGE 1

Apart from index futures, high networth individuals and retail investors, who come under NSE's Client category, have created historic high net open interest positions—1.68 million contracts.

"Such a decisive move by HNIs often results in the index trading within a narrow range, with more dynamic action unfolding across various sectors," added Pagaria of Nuvama, for whom auto, FMCG and PSUs are preferred sectors.

Meanwhile, the other dominant category—foreign portfolio investors (FPIs)—have turned cautious. While net selling shares worth ₹6,304 crore so far this fiscal, they are net short on index futures

(Nifty and Bank Nifty) to the extent of 53,522 contracts at the beginning of the May series, against net long of 70,641 contracts by Client.

"FPIs are hedging their portfolios, but the domestic players are adding leverage and consequently increasing momentum," said Kruti Shah,

quant equity analyst at Equirus, who expects fresh highs for Nifty in the coming sessions.

Srivastava expects the Nifty to trade in a narrow range of 22,100-23,000 in the current series, while Pagaria is betting on a 22,350-22,700 range initially.

'Macrotech to invest ₹5,000 cr'

PTI
feedback@livemint.com
NEW DELHI

Realty firm Macrotech Developers will step up its investment this fiscal year on construction of projects to over ₹5,000 crore in line with growth in sales and new supply, its MD and CEO Abhishek Lodha said.

Macrotech Developers, which sells properties under the Lodha brand, is targeting to deliver more than 10,000 apartments during 2024-25.

In an interview with PTI, Lodha highlighted that the company achieved all its major targets for 2023-24 related to pre-sales, new land acquisition and debt reduction amid strong housing demand.

He noted that demand would sustain as India's housing sector is probably in the third year of a long-term upcycle, driven by high economic growth and rising consumer preference towards home ownership over renting.

On Sunday, Adani said its data centre business JV, AdaniConneX, has secured commitment for a \$1.44 bn loan

Apart from airports, Adani plans to use a part of the upcoming bond proceeds to further speed up its solar panel manufacturing business, according to the two persons. With 4 GW manufacturing capacity, Adani owns India's largest green-field single-location solar cells and modules production facility in Mundra Special Economic Zone, Gujarat. "This fund from upcoming bonds will be used to build the world's first ever fully integrated ecosystem of 10 GW Solar PV manufacturing in Mundra," said the first person.



HCL an IT outlier, but CEO wary of macro pain

Shouvik Das
shouvik.das@livemint.com
NEW DELHI

HCL Technologies Ltd beat its closest rivals not only with better revenue growth in financial year 2023-24 but also as the only information technology (IT) services company to have actually add to its total employee count.

However, while the Noida-headquartered IT company's overall performance satisfied market expectations, a paltry revenue growth projection of 3-5% for FY25 because of decreasing spending on IT in key global markets has raised concerns.

Similar macroeconomic pressures could continue on India's \$254 billion IT services industry, said C. Vijayakumar, managing director and chief executive of HCL Technologies, in a post-earnings interview with

mint **INTERVIEW**
Nonetheless, the firm will work towards maintaining its profitability in light of the limited scope for the sector's recovery in FY25, he said. *Edited excerpts:*

Your operating margin dropped 2.2 percentage points in the last quarter of FY24, and there was no margin expansion through the last fiscal year. Is growth for HCL Technologies coming at the cost of profitability?

Not really. We've managed to maintain our margin year-on-year, so we grew at similar profitability (as FY23). (As) for the March quarter, a very strong December quarter for our software business every year increases our margin at the time—this is seasonal, and explains that drop in the March quarter.

Plus, in our services business, we'd given salary increments for mid- and senior management in the March quarter. Those are the high-level reasons.

But overall, we've guided for operating margin to remain the same as FY23 and FY24. So we're looking to grow at the same profitability, and not face a hit that many industry peers have (seen) over the past two years.

Do you expect any further pressures to maintain this profitability going for-



ward?
We've offered broad-level guidance for the year, and at this point I'd want to stick to just that instead of giving further directional indications.

Is there stress in terms of billing projects and executing them, given the cautious commentary for FY25?

Client caution depends on the type of programmes (that we're executing). Efficiency-led programmes have higher competitive intensity, but for any project involved in transformation, customers value capability.

Our pricing and execution of projects are dependent on the level of domain knowledge and capability that we bring to the table. It's difficult to have a single answer for all projects.

Can you influence clients in spending on larger discretionary tech projects?

Fewer discretionary deals are what we have assumed in our planning and guidance.

At the end of the day, it'll depend on how clients will prioritize tech programmes... This will be business-driven prioritization.

As service providers, I'm not sure if we can influence that.

Despite some optimism, your revenue growth guidance for FY25 is the lowest in three years. Could FY25 be even trickier than the previous two financial years?

We're assuming that a similar macroeconomic environment will continue, and didn't want to take a call on when the environment will rebound. Our guidance for revenue growth is still among the highest in the industry, despite taking all factors in.

You're the only one among the top four IT firms to have added net headcount through FY24. And you've spoken of hiring 10,000 freshers in FY25. Any specific hiring areas?

Yes. There are lots of new programmes we have on data analytics, SAP tools and cybersecurity—we'll continue to hire experienced talent in these domains. Outside of this, we'll largely hire fresh talent, who will fuel our internal training programmes and work on key growth areas.

India Inc to see 6-12% hikes this yr: study

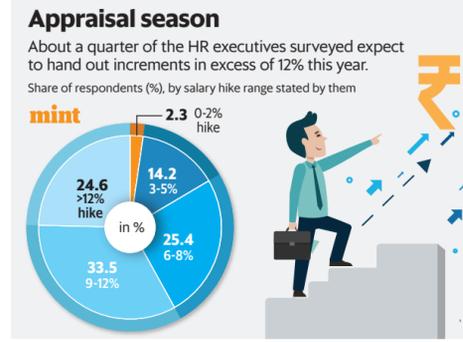
Devina Sengupta & Tanay Sukumar
MUMBAI/NEW DELHI

A highly competitive job market where companies are looking for specialists is likely to push many employers to offer an estimated 9-12% increments this year.

According to the Mint+Shine Talent Insights report, 34% of the human resource (HR) executives surveyed said they expected a hike of that range, possibly targeted to boost employee morale and prevent them from changing loyalties.

More than 3,000 HR executives and jobseekers were surveyed during the quarterly study conducted during the January-March period. Around 49% of the recruiters expressed a positive sentiment about the upcoming appraisal cycle.

Another sizeable segment of recruiters, roughly 25%, is planning more moderate raises of 6-8%. This aligns with the rising cost of living and acknowledges the value of experienced staff who contribute to the company's success,



the report said.

Among jobseekers, around 24% of those surveyed said they expected a 10-15% salary hike, while another 24% expected a more than 20% hike. This shows jobseekers and employees were hopeful of even bigger hikes than employers expect to give this year.

The proposed increments follow a drastic slowdown in hiring over the past year by India Inc. During 2021 and early 2022, firms across sectors hired at a breakneck speed to transform their traditional

businesses into digital ones. But since the second half of 2022, macroeconomic sluggishness, geopolitical tensions and private equity firms dialling down their investments had impacted the IT, startup and retail industries.

Some profiles are expected to get better hikes given their demand.

"Over the past few years, many sectors have seen a trend towards more substantial increments for tech and digital roles, while traditional roles may see steadier, moderate

increases. The increments would follow a similar pattern as the previous year," said Ruchira Bhardwaj, chief human resources officer at Kotak Life.

According to the Mint+Shine study, just 2% of the recruiters anticipate minimal raises of 0-2%. This comes on the back of economic challenges faced in certain industries and budget constraints limiting their ability to offer better increments.

However, even with stringent budgets, companies are ensuring that the top performers get a prominently higher raise and that can go as much as 1.7-1.8 times the average increment.

Companies like Tata Steel made changes in their appraisal process and organizational bands to offer more opportunities to their top performers.

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mint.com



Bain-backed Brillio to invest ₹2k cr in India

Sohini Bagchi
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NEW DELHI

Brillio, a digital consulting company backed by private equity firm Bain Capital and The Orogen Group, has set an ambitious goal to increase its revenue to one billion dollars within the next five years. Raj Mamodia, the Founder, Chairman, and CEO of Brillio, has revealed that the company intends to invest around ₹2,000 crore in India during this period.

Mamodia said that India plays a pivotal role in Brillio's growth strategy, given that the

company currently serves more than 150 customers across various industries. With over two-thirds, or 4,000-4,500, of Brillio's global workforce of nearly 6,000 professionals based in India, "We plan to expand our headcount in India to between 8,000 and 9,000, more than doubling our current numbers."

Furthermore, Brillio plans to enhance its presence in India by establishing new centres in NCR, Jaipur, and other cities within the next one to two years. Mamodia emphasized that the company will

continue to recruit specialized talent in India based on its business needs. However, the pace of hiring will also be influenced by the visibility of customers' technology plans.

It gets a significant portion of its revenue from the United States and Europe.

Mamodia highlighted that Brillio differentiates itself from traditional IT providers by avoiding outdated systems, enabling the company to adapt quickly to the ever-changing digital landscape.

"Since 2014, Brillio has focused on providing engineering and advisory services,

assisting businesses in harnessing the power of cloud computing, AI, IoT, and mobility. We have strengthened our capabilities in AI and generative AI by recruiting top talent and collaborating with various industries to develop innovative solutions. Additionally, more than half of Brillio's revenue comes from outcome-focused projects and engagements, with over 95% of our customers being repeat clients."

Mamodia also said that the company has plans to introduce 20 new industry solutions to cater to the diverse needs of customers.

No SFB likely to apply for universal bank licence soon

Gopika Gopakumar
gopika.g@htlive.com
MUMBAI

The Reserve Bank of India (RBI) on Friday announced new rules for conversion of small finance banks (SFBs) into universal banks, but it could be a year or two before an SFB applies for a universal banking licence.

That's because AU Small Finance Bank, the only one of India's 11 SFBs that currently meets all the criteria, which include asset quality, profitability and net worth, is in the process of merging with Fincare SFB. The merger could take 9-12 months.

Others such as Jana SFB, Capital SFB and Shivalki SFB don't meet RBI's asset quality criteria and will take at least a year or two to qualify. Jana SFB's net non-performing asset (NPA) ratio to total assets stood at 0.7% and Capital SFB's at 1.53% at the end of the December quarter, while Shivalki SFB's stood at 1.2% at the end of March 2023.

Uttam Tibrewal, executive director and deputy chief executive officer, AU SFB, said, "Prima facie it looks like we meet most of the criteria set out by the regulator. We are studying the circular in detail and will discuss the next course of action with our board soon. Currently, we are fully focused on ensuring a smooth integration with Fincare SFB and scaling our recently launched authorized dealer-I business of cross-border trade and forex for our customers."

SFBs were set up to boost financial inclusion by extending small loans to micro-enterprises and other entities. According to RBI's guidelines, only listed SFBs can qual-



Currently, AU SFB is the only one that meets the criteria to become a universal bank. **MINT**

ify for a universal banking licence. Those intending to convert must have a minimum net worth of ₹1,000 crore and a scheduled status with a satisfactory track record of at least five years.

They should also have been profitable, with gross NPAs of less than 3% and net NPAs of less than 1% in the previous two financial years. They must also meet the prescribed capital adequacy requirements and provide a detailed rationale for their transition.

Experts believe that even if many SFBs become eligible, they may want to scale their operations before transitioning to a universal bank. "While over time, many more SFBs may become eligible... They may continue to operate as SFBs, given their franchise. A mere conversion to a universal bank may not necessarily result into competitive deposit sourcing and hence their ability to move towards better borrower profile and secured asset class. As SFBs scale up and grow their franchise to a scale across the spectrum of customers, only then they will consider transitioning to a universal bank," said Anil Gupta, vice-president, IcrA Ratings.

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RESERVE BANK OF INDIA
www.rbi.org.in

AUCTION OF STATE GOVERNMENT SECURITIES

The following State Governments have offered to sell stock by way of auction, for an aggregate amount of ₹14,700/- crore (Face Value).

Sr. No.	State/U.T.	Amount to be raised (₹ Crore)	Additional borrowing (Green shoe option) (₹ Crore)	Tenure (years)	Type of auction
1.	Andhra Pradesh	1,000	-	12	Yield based
		1,000	-	17	Yield based
		1,000	-	20	Yield based
2.	Assam	1,000	-	10	Yield based
		1,000	-	10	Yield based
3.	Haryana	1,000	-	10	Yield based
		1,000	-	26	Yield based
4.	Kerala	2,000	-	08	Yield based
		1,000	-	28	Yield based
5.	Punjab	1,000	-	12	Yield based
		700	-	13	Yield based
		1,000	-	10	Yield based
6.	Rajasthan	1,000	-	13	Yield based
		1,000	-	15	Yield based
		1,000	-	20	Yield based
7.	Tamil Nadu	1,000	-	20	Yield based
		1,000	-	20	Yield based
Total		14,700			

The auction will be conducted on Reserve Bank of India Core Banking Solution (E-Kuber) in multiple-price format on **April 30, 2024 (Tuesday)**. Individual investors can also place bids as per the non-competitive scheme through the Retail Direct portal (<https://rbitdretdirect.org.in>). For further details please refer to RBI press release dated April 26, 2024 (Friday) on RBI website www.rbi.org.in.

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अर्थ: समाजस्य न्यायः

EXTRACT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31st MARCH, 2024
(₹ in Lacs except EPS)

Particulars	Quarter Ended			Year Ended	
	31.03.2024 (Audited)	31.12.2023 (Unaudited)	31.03.2023 (Audited)	31.03.2024 (Audited)	31.03.2023 (Audited)
Total income from operations	19529.17	18258.81	11798.51	65874.61	47318.99
Net Profit for the period (before Tax, Exceptional and/or Extraordinary Items)	4913.16	7600.06	3238.91	24070.84	13076.59
Net Profit for the period before Tax (after Exceptional and/or Extraordinary Items)	4960.76	7600.06	2786.04	24118.44	12623.72
Net Profit for the period after tax	3660.87	5646.45	2066.06	17897.30	9361.86
Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax))	3660.87	5646.45	2066.06	17897.30	9361.86
Paid up Equity Share Capital (Face value of Re. 1/- per share)	8980.44	4490.22	4490.22	8980.44	4490.22
Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting Year)	NA	NA	NA	123633.79	111427.05
Securities Premium Account	38091.52	38091.52	38091.52	38091.52	38091.52
Net worth	133682.71	131025.93	117490.73	133682.71	117490.73
Outstanding Debt	265539.69	242913.36	211718.82	265539.69	211718.82
Debt Equity Ratio	2.00	1.86	1.82	2.00	1.82
Earnings per Share (of Re. 1 each) (not annualised) Basic (In ₹):	0.79	1.26	0.46	3.87	2.10
Diluted (In ₹):	0.79	1.26	0.46	3.87	2.10
Capital Redemption Reserve	250.00	250.00	250.00	250.00	250.00
Debenture Redemption Reserve	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Debt Service Coverage Ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Interest Service Coverage Ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Notes:

- The key standalone financial information of the Company is as under:

Particulars	Quarter Ended			Year Ended	
	31.03.2024 (Audited)	31.12.2023 (Unaudited)	31.03.2023 (Audited)	31.03.2024 (Audited)	31.03.2023 (Audited)
Total income from operations	18184.04	17125.41	10406.91	60504.26	42297.19
Profit before tax	4859.45	7553.72	2624.19	23853.42	12383.02
Profit after tax	3589.15	5611.44	1933.49	17701.85	9169.25
- The above is an extract of the detailed format of Results filed with the Stock Exchange(s) under Regulations 33, 52 & 63 of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (the Listing Regulations), as amended from time to time. The full format of the Results are available on the website of the Company (i.e. www.paisalo.in) and on the websites of the Stock Exchange(s) (i.e. BSE-www.bseindia.com and NSE-www.nseindia.com).
- For the other line items referred in Regulation 52(4) of the Listing Regulations, pertinent disclosures have been made to the Stock Exchange(s) (i.e. BSE-www.bseindia.com and NSE-www.nseindia.com) and can be accessed on the website of the Company (i.e. www.paisalo.in).
- Figures for the quarter ended 31st March, 2024 and 31st March, 2023 are the balancing figures for the full financial year ended 31st March, 2024 and 31st March, 2023 and the published year to date figures upto the third quarter of the respective financial years.
- The Board of Directors has recommended dividend of 10 paise per equity share of Re. 1 each for the financial year 23-24 subject to the approval of shareholders at the ensuing Annual General Meeting.

Place : New Delhi
Date : 26.04.2024

For and on behalf of Board of Directors
Sd/-
(SUNIL AGARWAL)
Managing Director

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Why China keeps making more cars than it needs

Despite overcapacity, government officials keep supporting automakers

Yoko Kubota
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BEIJING

In 2019, a little-known Chinese carmaker named Zhido went bust after Beijing cut subsidies for the tiny electric cars it made, crushing its sales.

Now it is back. Earlier this month, the company released a boxy new mini-electric vehicle called "Caihong," or "Rainbow" in Chinese, which comes in seven pastel colors—including "Mint Mambo"—and has a starting price equivalent to around \$4,400.

Zhido's rebirth came after state-backed funds and dozens of other investors pumped fresh capital into the company late last year—despite widespread signs that China has too many carmakers to serve its needs. Local government officials cheered its revival.

"I hope Zhido can contribute to the sustainable and healthy development of the new energy vehicle industry!" the governor of China's Gansu province, who visited Zhido's plant there in March, was quoted as saying on the carmaker's website.

China has a long history of auto overcapacity, with more than 100 domestic brands churning out more vehicles than the country's drivers buy each year.

Yet the government continues to support companies such as Zhido and others, encouraging unprofitable carmakers to keep producing as officials try to boost economic growth, preserve jobs and expand China's role in the global electric-vehicle business.

Such encouragement, which also comes in the form of subsidies to automakers, is adding cars to a global market that risks becoming more oversupplied.

China currently has the capacity to produce some 40 million vehicles a year, though it sells only around 22 million cars domestically, according to capacity data from Shanghai-based strategy firm Automobility and sales figures from the China Passenger Car Association.

That situation has led to a brutal price war with Tesla and others cutting prices in China, while triggering fears in the U.S. and Europe that Chinese automakers would flood other countries with unsold cars.

Overcapacity is especially apparent for cars with internal combustion engines, which are falling out of favor as Chinese consumers switch to EVs.

But overcapacity is also an issue for Chinese EVs, with too many companies fighting for market share. Last year, 123 brands sold at least one electric vehicle in China, said Stephen Dyer, a Shanghai-based auto consultant at AlixPartners.

Washington is worried that Chinese companies will try to dump subsidized vehicles in the U.S., despite high Amer-



China's car exports have nearly quintupled over just three years to about five million vehicles in 2023. REUTERS

ican tariffs on imported Chinese cars. Europe last year opened a probe into Chinese electric-vehicle subsidies that is likely to result in import tariffs in the coming months.

China's car exports have nearly quintupled over just three years to about five million vehicles in 2023, partly triggering the American and European concerns. Three-quarters of the exports last year were internal-combustion-engine cars, with many going to Russia, though the number of EVs shipped overseas is also growing.

Chinese officials say that criticism of its auto-industry policies is unfair and that Chinese cars are innovative and offer good value—a point many auto-industry experts and foreign carmaker executives make as well. The U.S. also uses government support to promote its electric-vehicle industry, through the Inflation Reduction Act, which China has challenged at the World Trade Organization.

What is clear is that China's auto industry is in expansion mode, even as its domestic sales growth has slowed. At the Auto China exhibition in Beijing, the biggest car show in the country, which started Thursday, nearly 300 electric and plug-in vehicle models are being exhibited. They include a sporty electric sedan introduced by Xiaomi, a Chinese smartphone maker that has just entered carmaking and plans to deliver 100,000 of the vehicles this year.

Unleashing 'new productive forces' Beijing long ago identified EVs as an industry it wants to dominate, and

many local governments have competed to develop new automakers that can bring jobs.

The urgency to do so has increased over the past year, as other parts of China's economy have stagnated and Chinese leader Xi Jinping has called on local leaders to promote "new productive forces"—a buzzword in Chinese policy circles for the need to promote high-value manufacturing industries.

Government support for the industry includes below-market-rate loans and discounted steel and batteries for automakers, according to the Germany-based Kiel Institute for the World Economy in a report in April.

BYD, China's biggest electric carmaker, received about \$3.5 billion in direct government subsidies between 2018 and 2022, the institute said, citing BYD's annual reports. BYD didn't respond to a request for comment.

Overall, China spent roughly \$173 billion in subsidies to support the new energy-vehicle sector, which encompasses electric and plug-in hybrid vehicles, between 2009 and 2022, according to the latest estimate available by Scott Kennedy, a researcher of China's economic policies at the Center for Strategic and International Studies.

Only four EV brands in China's market sold more than 400,000 vehicles each last year—a volume viewed as a break-even point for EVs based on historical financials from Tesla. AlixPartners' Dyer said. The four were BYD, Tesla, Aion and Wuling.

Some Chinese EV makers have gone out of business in recent years, and top

officials have at times spoken openly about the need for more consolidation.

In March, Premier Li Qiang said in an annual government work report that China would consolidate and enhance its leading position in industries including new energy vehicles.

But Li also emphasized Beijing's intention to keep investing in high-end manufacturing, repeatedly using the phrase "new productive forces." Local governments, which take cues from Beijing on economic priorities, have responded by backing automakers in their areas.

Supporting struggling companies In February, the city of Zhengzhou in central China vowed it would foster "new productive forces" industries and become the "city of new-energy vehicles" with an annual capacity of 700,000 for such cars.

A month later, a state-backed entity in Zhengzhou temporarily took over the assets belonging to the local unit of Haima Auto, which has close to 3,000 employees and a plant there. In the first three months of the year, the struggling carmaker sold fewer than 2,000 cars, a company filing showed.

The five-year deal provided Haima with the equivalent of about \$27.5 million in needed cash. Haima said it would focus on boosting exports in markets such as Russia and Vietnam to drive growth.

At Zhido, the mood upon its recent restructuring was euphoric. At a packed mid-April event, the company's founder, Bao Wenguang, raised his hands in the air and exclaimed, "Zhido is finally back!" a video of the event showed.

Ren Zhenhe, the local Gansu governor who visited its plant, was quoted as saying then that he hopes the carmaker can play a role in enhancing "new productive forces."

At one point, between 2014 and 2017, Zhido was among China's best-selling electric-vehicle makers, specializing in mini electric cars. Back then, purchases of such small electric cars were subsidized by the government.

When Beijing ended that policy as it tried to encourage longer-range EVs, sales tanked, leaving Zhido with debts of around \$250 million, according to documents from an online platform run by Alibaba Group for judicial auctions.

After its restructuring in October, which involved a unit of state-owned company China Three Gorges and Chinese automaker Geely, Zhido is now aiming to double sales annually through 2026 and release 16 new models by 2028. It plans to expand production capacity at its plant in Gansu to 300,000 vehicles a year and "actively cultivate overseas business."

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The era of one-stop grocery shopping is over

Rachel Wolfe
feedback@livemint.com

Heading back to the days before supermarkets, Americans are dividing their food shopping among more stores to save money.

Consumers bought groceries from an average of 20.7 different retailers between March 2023 and February 2024 according to data firm Numerator, up 23% from the same months between 2019 and 2020. In addition to visiting more stores, shoppers are also traveling to cheaper ZIP Codes to shop and pursuing loyalty programs and promotions in greater numbers, retail analysts say.

Treasure-hunt grocery shopping is the latest example of consumers changing their behavior in response to the higher of prices in our lives, from the homes we live in to the daycares where we send our kids. Now, with groceries taking up the highest percentage of household budgets in 30 years, more shoppers are driving all over town in pursuit of deals.

Every Sunday, Lorin Augeri sits down at her Tampa, Fla., kitchen table with a pen and notebook to fastidiously plan her family of four's meals for the week and plot out where she'll purchase each ingredient. Some are from private-label brands only carried by certain retailers, while others are available in bulk or set to go on sale a certain day that week.

Keeping the household grocery bill under \$250 a week now requires stops at Costco, Target, Publix, Sprouts and more.

"There are other things I would love to be doing and spending my money on, but right now we need to be focusing on what's truly essential," says 35-year-old Augeri, who runs operations for a tourism company.

A new normal Grocery prices are up 21% in three years, according to the Labor Department, helping drive the trend toward multi-stop shopping, consumer researchers and retail analysts say. Overall, grocery shoppers are making 8% more trips than they did last year, says consulting firm AlixPartners, and buying fewer items at each stop.

Traditional grocers ate up 66% of total consumer spending on food at home in 2022 according to the U.S. Department of Agriculture, the most recent year for which data is available. That's down from



Sales of store brands were up 15% for the 52 weeks ended March 23. REUTERS

69% in 2017.

Roger Beahm, a marketing professor at Wake Forest University School of Business, says some food stores are now leaning into differentiation rather than trying to be all things to all people.

"Retailers are looking at specific categories that they can excel in and being able to offer consumers superior products in these," he says.

Lidl, a discount grocer, is trying to offer the best possible price on the item its shoppers are most likely to buy that week, and ideally hook them for the long haul. For Cinco de Mayo, that means six cans of beans for \$4 and two-for-\$5 bags of mixed cheese.

"We want to promote many items at cost or below to meet the customer where their preferences are," says Frank Kerr, shopping trier, compared with the 33% who said they used them in 2021.

THE WALL STREET JOURNAL

Stores are also putting a greater focus on their own private label or store brands, which are typically cheaper than national brand equivalents. Sales of store brands were up 15% for the 52 weeks ended March 23 over the same time in 2022, according to AlixPartners.

Worth the schlep Living in Brooklyn, N.Y., Michelle Young almost always chooses proximity over price when it came to food shopping. That was before her youngest daughter transitioned off formula at the same time organic whole milk surpassed \$6 a half gallon at her local corner store.

"She wouldn't want to sleep so she would just ask for more milk and then spit it up and it was so painful, like, 'No, not my expensive milk!'" says Young, a 41-year-old author.

Now, Young relies more on Target's store brand (where

Young says a gallon is usually around \$2 cheaper). The family will often use excursions to Young's parents' in Long Island, N.Y., or to their second home in the Berkshires to grocery shop for less.

Young's husband, Augustin Pasquet, has also made more of an effort to buy local eggs and meat straight from Massachusetts farmers. With grocery prices up so much, he says farm fresh no longer feels like a splurge.

Flight attendant Bahadir Senyurt has taken traveling for groceries to the extreme. While he's long picked up a few local treats to share with his partner, Scott Cocking, when he returns, he's more recently taken to filling half of his suitcase with staples he says cost less and taste better abroad.

Recent hauls have included the same rosé wine from Paris for \$7 that Trader Joe's was selling for \$17, \$2 European dish detergent available on Amazon for \$15, as well as bags of espresso, pasta, olive oil and bread.

"I'll survey the pantry before I head out to see what we're running low on and stock up while I'm overseas," says Senyurt, 48.

Shopping sales Roughly two-thirds of the 8,017 Americans consumers surveyed by retail marketing firm Advantage Solutions this past fall said they now lean heavily on in-store coupons before or during their shopping trips, compared with the 33% who said they used them in 2021.

Never one to pay attention to coupons until recently, Augeri in Tampa has turned shopping the sales into a game with her two young daughters. "We guess how much money Mommy can save," says Augeri. "The other day I saved \$60 and we were, like, screaming."

In Houston, 34-year-old Ashley McGary has taken the opposite approach. She threw out her grocery list and is now guided by what's on sale. McGary, who works at an energy infrastructure company, says she goes to one of a few local stores almost every other day to take advantage of as many different discounts as possible.

"I'm being more flexible, and I end up eating more seasonally, which I think is healthier," McGary says. "It's a good feeling and a way of still feeling like I got a deal."

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How to build a global business empire in the 21st century

The Economist

No firm is an island. All strike contracts and compete with others. Conversely, when bosses decide a relationship would be better governed by fiat, one firm may acquire another—as BHP, a \$150bn mining giant, proposed to do with a \$35bn rival, Anglo American, on April 24th. Yet between the poles of contract and total commitment are plenty of ways for firms to combine capital, knowledge or other resources, without fully tying the knot.

Such in-between arrangements are winning favour across the economy, from tech and artificial intelligence (AI) to carmaking and energy. While corporate takeovers stalled in 2023, a few megamergers notwithstanding, the number of joint ventures (JVs) and partnerships jumped by 40%, according to Ankura, a consultancy. They are especially popular in areas of rapid technological change and in places given to protectionism, which these days afflicts rich and poor countries alike. With barriers to commerce rising, high interest rates contorting to bite and regulators bridling at takeovers, such liaisons are becoming the go-to way to

enlarge a business empire, as the recent actions of companies including Disney, Ford and Microsoft illustrate. Call it the age of the quasi-merger.

When the scope of co-operation is clear, firms often choose to share ownership of a separate entity through a JV. In February Disney announced a new sports-streaming service bringing together its ESPN network with the content of two rivals, Fox and Warner Bros Discovery. Weeks later it made a similar move in India, joining forces with Reliance, a giant Indian conglomerate, in an \$8.5bn deal.

Many constructs are fuzzier. Microsoft has forged partnerships with some of the hottest makers of AI models: OpenAI of San Francisco, Mistral of Paris and, this month, G42 of Abu Dhabi. The investments give the world's most valuable firm minority stakes in Mistral and G42. After backing OpenAI to the tune of \$13bn, it holds a non-controlling interest in the ChatGPT-maker's for-profit subsidiary. In February Ford, an American carmaker, joined forces with CATL, a Chinese battery giant, to build a \$3.5bn battery factory in Michigan. CATL would bring the know-how via a licensing deal, but not own a stake in the project. If TikTok's Chinese owner, ByteDance, sells the app rather than shut-

ting up shop in America, as a new law dictates, the short-video time-sink may end up in the hands of a consortium of Western firms.

Quasi-mergers are not new. Firms have long teamed up to manage project costs, new technologies and manufacturing-obsessed governments. This year Renault of France and Nissan of Japan are celebrating a quarter-century of carmaking's biggest alliance, which Mitsubishi, another Japanese firm, joined in 2016. CFM International, co-owned by GE Aerospace, an American industrial giant, and Safran, a French one, has been making aircraft engines since the 1970s. In the 1990s, notes Melissa Schilling of New York University, companies scrambled to form partnerships to capitalise on the new technology of the day—the internet. Developing countries, including China, have often obliged foreigners looking to take advantage of cheap labour and vast markets to hand over technology through JVs with local partners.

Today's more complicated world is leading to more complicated arrangements. One hotspot is, again, carmaking. The industry is being remade by the shift from combustion engines to electric vehicles (EVs)—and by fears of deindustrialisation as Chinese firms dominate the market. In



Microsoft is in partnerships with some of the hottest AI model makers like OpenAI. AP

October Stellantis, formed by the merger in 2021 of Fiat Chrysler and PSA Group, owner of Peugeot and Citroën, announced the purchase of 20% of Leapmotor and the establishment of a JV to build and sell the Chinese firm's EVs abroad. (Stellantis's biggest shareholder part-owns The Economist's parent company.) The next month Renault and Nissan ratified a new, looser pact with more equal cross-shareholdings. In March Nissan and Honda, another Japanese rival, said they were exploring a strategic partnership to develop EVs.

Many of the new carmaking ventures are not about making cars—at least not directly. Last year Stellantis bought nearly 20% of McEwen Copper, a small miner, as part of a deal (which also involves Rio Tinto,

a giant one) to extract the red metal in Argentina. That copper may eventually make its way to Kokomo, Indiana, where Stellantis owns 49% of two battery factories being built with Samsung SDI, a South Korean battery firm part-owned by the electronics giant of the same name. Stellantis is also part of IONNA, a JV among seven carmakers that plans to build 30,000 charging stations in America.

Digital titans are building similarly intricate webs of co-operation. In contrast to those between lumbering carmakers, whose rationale is to spread costs, the AI deals have more to do with antitrust cops' conviction that big tech is already too big. In March Amazon said it had invested \$4bn in Anthropic, securing access to the AI firm's Claude 3 model for its customers and crowning itself the model-maker's "primary cloud provider for mission-critical workloads". Alphabet has promised Anthropic up to \$2bn and also crowed that the startup uses its cloud infrastructure.

Microsoft team-ups AI's most ambitious dealmaker, Microsoft, is well aware of the dangers posed by stickier red tape. Its full-blown acquisition of Activision Blizzard, a video-game developer, took nearly two years to complete and was nearly derailed

by trustbusters. The software behemoth first began working with OpenAI in 2016; \$13bn later and it is integrating OpenAI's models into its consumer and enterprise products. In the shadow of turbulence at the startup, which in November led to the swift firing and re-hiring of its boss, Sam Altman, Microsoft has begun to spread its bets.

The \$16m investment in Mistral, announced in February, may be tiny but helps bring France's best shot at becoming an AI superpower into Microsoft's orbit. In March the tech world was stunned by an even more creative "no-deal" deal whereby senior employees at Inflection AI, another model-maker, decamped to Microsoft. The startup's other investors are reportedly being compensated by an unusual licensing agreement. (One of Inflection's founders, who also moved to Microsoft, sits on the board of The Economist's corporate parent.) Microsoft's \$1.5bn G42 transaction is half partnership and half high-stakes diplomacy—the deal came with hope of closer co-operation on AI between the American and Emirati governments.

The success of the quasi-merger wave is hard to predict. Though alliances pass the desks of regulators more easily

than takeovers, they can still come unstuck. Last year American Airlines and JetBlue ended theirs on America's east coast after being sued by the Department of Justice. Disney's new sports venture is getting a close look from antitrust referees. Earlier this year the Federal Trade Commission, another American trustbuster, opened an inquiry into the AI deals. European and British regulators are making similar noises.

Cross-border deals, in particular, tread a narrow path. Teaming up in emerging economies has always needed careful management, lest politically connected locals turn on foreign partners or an entire jurisdiction becomes uninvestable. The turn away from free markets in the West has, to some extent, globalised this political uncertainty. The flexibility inherent in a partnership or JV but absent from a full-on takeover could make such structures more politically acceptable. But even transactions crafted to avoid tripping wires can come under scrutiny. Although CATL's partnership with Ford does not involve an equity investment by the Chinese firm, that hasn't stopped American lawmakers from calling for close scrutiny of the deal.

Perhaps the biggest threat to the new-fangled partnerships

is the partners. Aligning firms' incentives is notoriously tricky. The crucial fine print of quasi-mergers is kept secret, giving shareholders little insight into what bosses have actually agreed to. Disputes are ten a penny. In March an American judge ruled that Walmart could end its partnership with Capital One after the supermarket and credit-card provider fell out over the terms of their agreement. A fraught game of linguistic chess has the oil industry on the edge of its seat. ExxonMobil is warring with Hess, a smaller rival, over what should happen to their JV in Guyana should Hess sell itself to Chevron, Exxon's rival American supermajor.

A global slowdown in EV sales will put stress on carmakers' new constructs (Ford has already scaled back plans for its battery plant in Michigan). Being a novel technology, AI raises novel questions about things like safety or copyright that may not lend themselves to shared decision-making. Quasi-mergers are here to stay. Many may prove only quasi-successful.

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NEWS NUMBERS

₹6.3K cr

THE NET sales made by foreign institutional investors in Indian equities till 26 April following a net investment of ₹35,098 crore in March.

\$1.44 bn

THE AMOUNT raised by AdaniConneX, a 50:50 JV between Adani Enterprises and EdgeConneX, in India's largest sustainability-linked finance arrangement

₹230 cr

THE VALUE of mephedrone seized from 4 drug factories in Gujarat and Rajasthan in a raid by Gujarat Anti Terrorist Squad, and Narcotics Control Bureau

170 mn

THE NUMBER of Americans who have TikTok accounts, its owner ByteDance says, which is being forced by US to either sell its stake or face a ban in the US

200

THE NUMBER of students arrested from pro-Palestine encampments at three universities in the US on 27 April, as anti-Israel protests spread

HOWINDIALIVES.COM

'Talks with China going on smoothly'

Defence minister Rajnath Singh on Sunday said talks between India and China are going smoothly and in a good environment, and India will never bow down. Singh, who is in Ahmedabad to campaign for Bharatiya Janata Party (BJP) candidates contesting the Lok Sabha elections, said India has become a powerful country from a military standpoint and wants to maintain good relations with its neighbours.

"India is no longer a weak India. India has also become a powerful country from a military point of view. We want to maintain good relations with our neighbouring countries," the minister said when asked about Congress leader Rahul Gandhi's accusation against the Narendra Modi government over Chinese aggression.

Talks between India and China are going on smoothly and in a good environment over whatever issues there are, he said. **PTI**



Boult co-founder Varun Gupta said focus is to foray into offline markets. **VARUN GUPTA/LINKEDIN**

Boult to go public next yr: co-founder

Indian consumer tech brand Boult plans to go public next year, with a revenue benchmark of ₹1,000 crore in FY25, as it expands into international markets and new categories, according to its co-founder Varun Gupta.

In an exclusive interview, Gupta spoke in detail about his vision to make the company global, listing the homegrown brand on the stock exchange, and his targets for this fiscal year. "We are not focusing on IPO this year, our primary focus is to foray into offline markets, international geographies, and new categories, but possibly in the next year," he said.

The young entrepreneur said the company has set an internal touchstone for itself before it goes public. "... We have an internal benchmark, when we hit a ₹1,000 crore revenue, that's when we want to go for an IPO. Technically, we're eligible to go for an IPO today because we're profitable and comfortably over ₹500 crore. But we have an internal milestone of ₹1,000 crore, and that is when we will consider ourselves eligible for that (IPO)," Gupta said. He further said the bootstrapped brand expects to close FY24 at a touchdown of ₹650-700 crore. **PTI**

Not joining any party, says Lovely

Arvinder Singh Lovely on Sunday said he has only resigned as chief of the Congress' Delhi unit and is not joining any other political party. His clarification came after Congress ex-MLA Asif Mohammad Khan claimed that the BJP would field Lovely from the East Delhi constituency, replacing Harsh Malhotra.

"I have only resigned as Delhi Congress chief and I am not joining any political party," he said at a press conference at his residence. Lovely said his resignation reflected the pain of Congress workers saddened by the fact that the "ideals they had been fighting for during the last seven to eight years" were being compromised.

"We are fighting the elections together but never did the Congress workers say that we are giving a clean chit to them or giving them credit for building schools and hospitals, which is far from the reality," Lovely said, referring to the party's tie-up with the AAP in Delhi for the Lok Sabha polls. **PTI**

Study predicts faster Indian Ocean warming with fatal results

The Indian Ocean is expected to experience surface warming of 1.4°C to 3°C between 2020 and 2100, which will push it into a near-permanent heatwave state, intensify cyclones, affect the monsoon, and lead to a rise in sea levels, according to a new study.

The study, led by Roxy Mathew Koll, a climate scientist at the Pune-based Indian Institute of Tropical Meteorology, showed that marine heatwaves (periods of abnormally high ocean temperatures) are projected to increase from 20 days per year (during 1970-2000) to 220-250 days per year, pushing the tropical Indian Ocean into a basin-wide near-permanent heatwave state by the end of the 21st century. Marine heatwaves cause habitat destruction due to coral bleaching, seagrass destruction, and loss of kelp forests, affecting the fisheries sector adversely. They also lead to the rapid intensification of cyclones. The maximum warming will occur in the northwestern Indian Ocean, including the Arabian Sea, while there will be reduced warming off the Sumatra and Java coasts. **PTI**



Faster warming of the Indian Ocean will push it into a near-permanent heatwave state, intensify cyclones and lead to a rise in sea levels. **REUTERS**

OLYMPIC FLAME



The Belem, a three-masted sailing ship carrying the Olympic flame from Greece to France, crosses the Corinth Canal on Sunday, following the handover ceremony for the 2024 Olympic Games in Paris. The ship set out on a 12-day voyage from Piraeus to Marseille on Saturday. **REUTERS**

Govt to crackdown on tur, urad dal hoarders as prices shoot up

First crackdown is expected in major pulses producers like Maharashtra, MP, Gujarat

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Worried about the soaring prices of pulses amid the general elections, the Union government is planning to send senior officers to assess the ground situation in relation to stock disclosures of pulses, especially *tur* (pigeon pea) and *urad* (black matpe) beginning this week, two senior officials said.

The Centre fears that hoarding is taking place in anticipation of prices going up further.

The officials will visit warehouses, mills and *mandis* across the country to ascertain the ground reality. The first crackdown is expected in major pulses producing states of Maharashtra, Madhya Pradesh and Gujarat, one of the officials said.

"We are going to visit the entire country because we sense that trade entities are hoarding

pulses," the other official said.

"In the first round, we plan to visit five to seven states, including Maharashtra, Madhya Pradesh and Gujarat over this week from Monday. Although the move is aimed at all pulses, we will be focusing especially on *tur*, *urad*, yellow pea and

chana (gram). The plan is to sensitise states, their machinery and stakeholders, visit *mandis*, premises of millers and importers and hold meetings with trade entities." Both officials spoke on condition of anonymity, citing the Mode Code of Conduct amid the Lok Sabha elections.

The move is in line with the government's effort to augment pulses supply and stabilize prices amid shortfall of some pulses, especially *tur*

and *urad*, in the domestic market by allowing duty free imports of yellow peas from last December until June this year.

An import duty of 50% on yellow peas was first introduced in November 2017. However, as pulse prices rose, the Centre in early December 2023 allowed duty-free imports until March 2024 and later extended it till June. According to the second official, India so far has imported around 1.5 million tonnes of yellow peas since December. India largely imports yellow peas, used in place of *chana*, from Canada and Russia.

Queries sent to the agriculture ministry and the department of consumer affairs remained unanswered at press time.

The move is in line with the govt's effort to augment pulses supply and stabilize prices amid shortfall of some pulses, especially *tur* and *urad*

RCap urges IIHL to stick to deadline



Reliance Capital said it has to pay ₹9,650 crore to its lenders by 27 May. **MINT**

Concerned over slow progress, the lenders of debt-ridden Reliance Capital (RCap) have asked the Hinduja Group arm, IndusInd International Holdings Ltd (IIHL), to expedite the process of obtaining necessary regulatory approvals and stick to

the resolution plan deadline of 27 May.

In a meeting held in Mumbai on Friday with the senior officials of IndusInd International Holdings, the lenders of Reliance Capital said the company has to make a payment of ₹9,650 crore to them by the said date, a source said.

It is to be noted that the National Company Law Tribunal Mumbai, while approving the resolution plan on 27 February, directed the IIHL to implement the resolution plan within 90 days i.e. 27 May. As per the resolution plan, IIHL has to make an upfront payment of ₹9,650 crore to the Reliance Capital lenders.

According to people aware about the development, the lenders expressed concerns over the slow progress towards the implementation of Reliance Capital resolution plan, as IIHL is yet to receive the crucial Insurance Regulatory and Development Authority approval on the resolution plan. **PTI**



Hong Kong this month suspended sales of 3 MDH spice blends and an Everest spice mix. **ISTOCKPHOTO**

MDH assures its products are safe

Spice maker MDH said its products are safe for consumption, and the company has not received any communication from regulators and authorities in Hong Kong or Singapore about alleged contamination in its products. Hong Kong this month suspended sales of three MDH spice blends and an Everest spice mix for fish curries. Singapore ordered a recall of the Everest spice mix as well, saying it contains high levels of ethylene oxide, which is unfit for human consumption and a cancer risk with long exposure.

"We reassure our buyers and consumers that we do not use ethylene oxide at any stage of storing, processing, or packing our spices," MDH said in a statement on Sunday.

Reuters on Saturday reported the US Food and Drug Administration was gathering information on products of MDH and Everest.

MDH and Everest spices are among the most popular in India and are also sold in Europe, Asia and North America. Following the moves in Hong Kong and Singapore, the Food Safety and Standards Authority of India (FSSAI) is checking the quality standards of the two companies. **REUTERS**

Loan growth in FY25 may get slow: S&P

Indian banks' credit growth, profitability and asset quality would remain robust in current fiscal reflecting strong economic growth, but they may be compelled to slow down their loan growth as deposits are not growing at a similar pace, S&P Global Ratings has said.

In the Asia-Pacific 2Q 2024 Banking Update, S&P Global Ratings director SSEA Nikita Anand said the agency expects the sector's strong credit growth to moderate to 14% in FY25, from 16% in FY24, if deposit growth, especially retail deposits, remain tepid. Anand said there is a deterioration in loan-to-deposit ratio in every bank, with loan growth being 2-3 percentage points higher than deposit growth. "We expect banks to bring down their loan growth in FY25 and bring it in line with deposit growth. If banks do not do that, they would be paying higher to get wholesale funding, which will impact profitability," she said at a recent webinar. **PTI**



The bank's aim will be helped by the acquisition of Fincare SFB and growing consumption trend. **MINT**

AU Banks to double balance sheet: MD

AU Small Finance Bank is targeting to double its balance sheet size to ₹2.5 trillion in three years, helped by the acquisition of Fincare SFB and the growing consumption trend in the country.

The bank earlier this week operationalized Authorised Dealer (AD-I) license with a venture in forex with 'AU Remit' and cross-border trade with 'AU DigiTrade'.

"We are targeting a growth of 25% in the next three years and we should double the balance sheet size to ₹2.5 trillion by the time we complete one decade of existence," AU Small Finance Bank managing director Sanjay Agarwal said.

The bank started its business in 2017, with a balance sheet size of ₹10,000 crore, which has now crossed ₹1.25 trillion. Human resources has gone up from just 3,000 to 46,000 during the same period, he said. **PTI**

'Need to be careful about steel imports'

As steel imports continue to surge, Tata Steel CEO T.V. Narendran has said there is a need to be watchful about the situation. The comment comes at a time when India has reported a 38% surge in steel imports to 8.319 million tonnes, becoming a net importer of the commodity during FY24.

The industry executive said, "It would be a pity if the situation continues in the long run. We have to be watchful about imports." As long as it is unfair imports, the government needs to deal with it, Narendran said without elaborating further.

Steel consumption is expected to grow 8-10% in the ongoing FY25, he said in reply to a separate question on demand.

Steelmakers have been raising concerns about increasing imports from certain countries, including China and seeking the government's intervention on the issue. **PTI**

3 AMC's seek nod for special scheme

Asset management firms are showing enthusiasm for special opportunities funds, with three such firms submitting draft papers with markets regulator Sebi to float schemes based on this theme recently.

During March-April, three asset management companies (AMCs)—WhiteOak Capital, Kotak Mahindra and Samco—filed draft papers for the Special Opportunities Fund or Special Situation Fund, data with the Securities and Exchange Board of India (Sebi) showed.

At present, Aditya Birla Sun Life MF, ICICI Prudential MF, Axis MF are the fund houses that offer special situation funds.

Special Opportunities Funds are mutual fund schemes that intend to take advantage of the opportunities created by special situations in the market.

These situations are unique situations, opportunities or challenges faced by a company, sector, or economy as whole. **PTI**

THE GOOD, BAD AND UGLY OF IT PACK'S Q4 SHOW

Indian IT services exporters have run into a maelstrom of challenges but not all is lost

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mint
SHORT
STORY

WHAT

The Indian IT services sector is staring at a second consecutive year of muted revenue growth due to modest increase in tech spends in Europe and the US.

WHY

Stubborn inflation and higher interest rates are leading to cautious spending. Global markets were earlier confident of four rate cuts in 2024 but have scaled back their expectations.

BUT

Multi-billion-dollar deal wins and cutting-edge AI projects might provide investors a much-needed shot of optimism. Revenue growth from BFSI is likely to be better this fiscal.

When sorrows come, they come not single spies, but in battalions."
—William Shakespeare, Hamlet
The higher the climb, the harrowing the descent.

If there is one sector which is experiencing this truism, it is information technology.

From the heady days of the pandemic-triggered digital boom, to the current slowdown due to growth headwinds in the West, the country's \$250-billion IT sector has traversed a full cycle over the past few quarters. Elevated interest rates and weak consumer sentiment in the US and Europe—the bread-and-butter markets for India's software services exporters—have wreaked havoc on the sector's performance. Add to that, generative artificial intelligence (GenAI) is precipitating an epochal shift in the industry and beyond, further queering the pitch for firms more reliant on legacy processes and models. Investors, meanwhile, are divided on whether to take a contrarian bet on the embattled sector or wait for the storm to pass. IT firms' March-quarter numbers provide the perfect opportunity for stakeholders to assess not only their current predicament but also gauge the managements' expectations for the immediate future. Here's the good, bad and ugly of the IT sector's fourth quarter (Q4) performance so far.

THE GOOD

Deal wins: One of the most heartening trends of the Q4 results was that despite uncertain macroeconomic conditions, companies' deal wins remained robust. India's largest IT services company, Tata Consultancy Services (TCS), logged its highest-ever deal wins at \$13.2 billion (up 32% year-on-year), while that of Infosys stood at a healthy \$4.5 billion—the only silver lining in an otherwise dismal set of numbers. More importantly, the key deal wins came across industry verticals and geographies.

"IT firms have been reporting record deal wins for the past three-four quarters now. It shows that India's IT sector has been maintaining its market share dominance, not just currently but this has been the story over the past 20 years. The status of the industry remains intact, although the global environment has turned challenging," Chirag Kachhadiya, lead IT analyst at Ashika Stock Broking Ltd, told *Mint*. "That said, we should look beyond the headlines and see how and when these deal wins translate to revenue growth. Most companies are witnessing flat-to-negative revenue growth due to client caution and a tough operational environment," he added.

Operational metrics: Reduced subcontracting costs, increased efficiency and better utilization gave a fillip to companies' margins, though wage hikes and travel costs capped the gains.

TCS posted an earnings before interest and taxes (EBIT) margin of 26%—the highest in the last 12 quarters and within the firm's aspirational band of 26-28%.

Mid-cap IT players too posted some encouraging numbers. Persistent Systems logged a healthy revenue growth of 13%, while Cyient saw deal wins from marquee clients like Airbus and Deutsche Bank.

"Mid-cap IT companies are witnessing increased chances to compete for larger deals. Although verticals like banking and financial services (BFSI) and high-tech are currently facing challenges, there is significant demand in healthcare, life sciences, manufacturing, and engineering research and development (ER&D), areas where the tier-II companies can excel," Anil Rego, chief executive officer (CEO) and founder of investment advisory and wealth management firm Right Horizons, told *Mint*.

AI boost: The prevailing sentiment some quarters back was that Indian IT firms have been caught unawares by the sudden emergence of GenAI. Some doom-sayers even predicted the end of the software outsourcing industry altogether. However, an ounce of execution trumps tonnes of hyperbole. As the Q4 performance has demonstrated, Indian IT companies are going full throttle to reap the benefits of AI,

which is also emerging as the top priority for clients. IT firms have prominently highlighted their AI efforts during their post-result calls. TCS reported doubling of its GenAI pipeline to \$900 million and noted that many AI deals have moved from proof of concept stage to larger, actual contracts. Pharma and life-sciences are some of the segments where TCS has garnered several AI-led projects. Infosys said it has generated over three million lines of code using one of the GenAI large language models in the public domain. HCL Tech CEO C. Vijayakumar asserted that global enterprise technology spend will only grow with adoption of AI.

"GenAI is witnessing massive investments with a promise of various cost-saving use cases across industries. We are in the camp that see GenAI as a huge opportunity rather than disruption. This is like a situation when cloud computing, blockchain, etc. were introduced. All such technological advancements have only led to larger opportunities for the Indian IT companies that excel in system integration," said Mohit Khanna, fund manager at Purnartha Investment Advisers, an investment advisory and portfolio management service firm.

THE BAD

Western headwinds: The common thread running through the Q4 results was that the demand environment remains uncertain amid macroeconomic turbulence in the mainstay markets of US and Europe.



TARUN KUMAR SAHU/MINT

"Challenges such as economic slowdown, soft recession, high interest rates, geopolitical tensions continued to put pressure on the consumer business group vertical throughout 2023-24," TCS CEO K. Krithivasan said during the company's earnings call. Revenue from North America, which accounts for around half of TCS's topline, slipped 2.3% in the fourth quarter, while that for Infosys dropped 2.1%. The trend was seen in most other IT players as well. Wipro's management commentary around discretionary spend was akin to peers and "indicates continued caution in the demand environment. In the absence of discretionary spend, deal conversion to revenue has been poor in the past couple of quarters. Hence, healthy deal wins fall short to support strong growth visibility," ICICI Securities said in a note.

Tech Mahindra's Q4 net profit plunged 41% on-year to ₹661 crore, weighed by tepid demand in its key verticals telecom, communications and media. Its full-year profits plunged 52%—its steepest decline on record.

"Q4 marks the low point in our year-on-year growth trajectory," the firm's CEO and MD Mohit Joshi said, adding that there will be improvement from the next quarter.

BFSI downturn: Just like North America is the most important geography for domestic IT firms, BFSI is the biggest vertical for most companies, accounting for around a third of the topline. When the BFSI vertical wobbles, it sends alarm bells ringing throughout IT services firms.

During Q4, TCS saw BFSI revenue drop 3.2% on-year, while that of Infosys tumbled 7.1%. Wipro posted a nearly 9% fall.

At its post-earnings concall, the Infosys management highlighted that the macroeconomic effects of stubborn inflation and higher interest rates are leading to cautious spending, even as clients are actively looking to move workload to cloud.

THE UGLY

Headcount hit: As the original sunrise sector of post-liberalization India, the IT industry has been the crowning jewel of the domestic economy for decades.

A job in the IT sector has been, often literally, the passport to a better life for millions of young graduates and professionals. Any slowdown in hiring in this crucial sector, therefore, should serve as a red flag for policymakers.

2023-24 was the first time in 20 years that the three leading IT organizations—TCS, Infosys, and Wipro—reported a cumulative headcount decline, that too by a massive 64,000. In the March quarter alone, the three firms together saw their headcount shrink by over 13,000.

However, HCL Tech-

nologies bucked the trend by adding 2,725 employees in the quarter. But with the sector grappling with demand uncertainties and other challenges, the hiring model is seeing some serious adjustments.

"We no longer hire all the freshers from campus. We hire less than half of them from campus and the rest we hire off campus. So, we have that agile model. We will look at hiring as the year goes through. We do not have a number to give at this point in time," Infosys' chief financial officer Jayesh Sanghrajka said at its earnings call.

Not just that, experts say that with the rise of AI, machine learning and other new-age technologies, a lot of IT roles in areas like testing, routine coding and maintenance are at the risk of being automated.

Specifying stings: Not just sectoral headwinds, investors also had to deal with a couple of company-specific issues. Infosys reported a sequential revenue decline of 2.2% (on constant currency basis) at \$4.56 billion in Q4.

This was partially driven by a one-off hit from re-scoping part of the work the company does for a large BFSI client. As a result, its 2023-24 revenue growth stood at a measly 1.4%—the lowest in the company's over 40-year history.

Despite recording the highest-ever deal total contract value of \$17.6 billion during the year, the company has given out a muted revenue guidance for 2024-25, disappointing analysts.

"Amid persistent weakness in discretionary spending due to caution on macro recovery, Infosys provided an underwhelming USD CC revenue growth guidance of 1%-3% year-on-year (y-o-y) for 2024-25, significantly below our estimates," domestic brokerage house Motilal Oswal said in a note.

Another company which disappointed the Street was Wipro. The sudden resignation of the company's CEO and managing director Thierry Delaporte, barely two weeks before the Q4 results announcement, had spooked investors and laid bare the leadership tumult and cultural clashes hobbling the firm's turnaround efforts for a long time now.

True to investors' fears, the company delivered a grim performance. Its Q4 revenue declined 6.4% on-year to \$2.6 billion, while deal wins dropped 14% to \$3.6 billion. Barring health, all verticals saw a y-o-y drop in topline. Revenue on a constant currency basis fell for the fifth straight quarter.

The management's revenue growth guidance for the first quarter of 2024-25 of (-)1.5% to -0.5% further dampened sentiment.

THE ROAD AHEAD

Multi-billion-dollar deal wins and cutting-edge AI projects might provide investors a much-needed shot of optimism, but the writing on the wall is clear—the IT pack has run into a maelstrom of challenges.

The Indian IT services sector is staring at a second consecutive year of muted revenue growth due to modest increase in tech spends in Europe and the US, Crisil Ratings said on 24 April. The rating agency expects the sector to grow at 5-7% this year, after a growth of 6% in 2023-24.

The global macro signals too remain lacklustre.

US gross domestic product (GDP) increased at a 1.6% annualized rate in January-March 2024—the slowest pace in two years as consumer and government spending cooled amid a sharp pickup in inflation.

Inflation, in turn, is delaying the much-awaited rate cut from the US Federal Reserve.

Global markets, which last year were confident of four rate cuts in 2024, have now scaled back their expectations to three, at best.

Meanwhile in the domestic equity market, 'smart money' has made its preference clear.

The IT sector witnessed the highest selling by foreign portfolio investors (FPIs) during 1 April-15 April at ₹4,658 crore, according to data from the National Securities Depository Ltd (NSDL). This came after FPIs offloaded IT shares worth ₹1,659 crore in March.

FPIs had sold IT stocks worth ₹7,066 crore in 2023, the second highest sectoral outflow for the year after oil and gas.

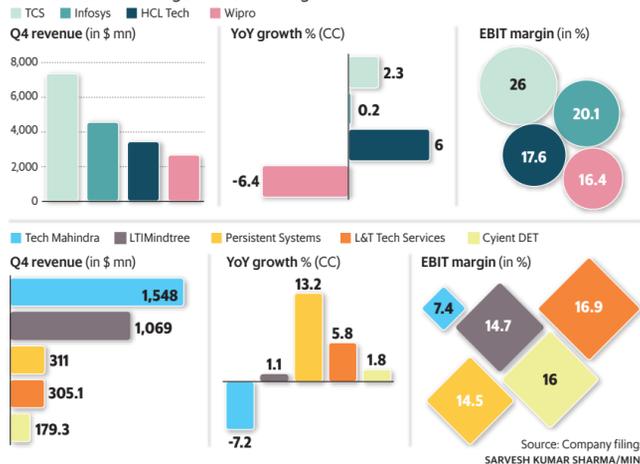
Which raises the question: with the entire sector engulfed in gloom, isn't this the most opportune time to buy IT stocks?

"No one can predict the exact bottom, but I would say we are somewhere near it, perhaps it's one to three quarters away. In this context, if you are a long-term investor, I recommend looking at large-cap IT, particularly TCS and Infosys due to their robust deal pipeline and top-class quality of management," Chirag Kachhadiya of Ashika Stock Broking said.

"In the mid-cap space, one can look at Persistent on the back of its target to double its turnover to \$2 billion in the next three years. That said, investors would do well to temper their return expectations in the near-term," he added.

Q4 REPORT CARD

Mid-sized IT cos have posted higher revenue growth on a small base, but the Big Four still retain their edge in terms of margins





How 'Safal Niveshak' founder still follows Charlie Munger's advice

Vishal Khandelwal says he tries to be useful, through his own writing and everything else that he does.

Jash Kriplani & Neil Borate
MUMBAI

When investing legend Charlie Munger was once asked in an interview what he wanted his epitaph to read, he replied, "I tried to be useful". Munger, who along with Warren Buffett built Berkshire Hathaway into an investing powerhouse, died late last year. His legacy lives on through millions of investors who continue to swear by his investment philosophy.

Vishal Khandelwal, founder of 'Safal Niveshak'—a popular blog on investing that is now into its fourteenth year—is one such investor. Khandelwal says Munger's words struck a chord with him and he has since made it his life motto—to try and be useful, through his own writing and everything else that he does. "While I have been following both Buffett and Munger for several years, Munger's teachings hold a very special place in my life," he says.

In an interaction with Mint for the Guru Portfolio series, Khandelwal shares how he has applied Buffett and Munger's investing lessons to his personal investment portfolio. In this series, leaders in the financial services industry share how they are handling their finances and investments.

Asset Mix: Khandelwal says Indian equities comprise 90% of his asset allocation. The remaining is invested in other financial products, including liquid funds, public provident funds and gold jewellery. While a bulk of his equity investments—60% of the equity portfolio—are held in direct stock holdings, 20% is held in equity mutual fund (Parag Parikh Flexicap Fund). The remaining 20% is in two portfolio management services (PMSes).

Khandelwal, whose portfolio delivered a 35% return in the past year, says he tries to make sure that there are not more than 15-16 stocks in his portfolio at any given point in time. When it comes to investing in stocks, he likes to look for high-quality businesses available at reasonable valuations.

Khandelwal adds that once he buys a high-quality business, he likes to stick with it for the long-term. "I have become much more empathizing of the business managers now and that has made me a long-term owner of the businesses. I have shifted to being a 'buy-and-never-sell' investor now. Never sell doesn't mean buy and forget; it means buy and keep reviewing. But don't do anything till the business managers are not doing anything wrong, till the business is doing fine," he says.

Learnings from Munger: Khandelwal says Buffett was in the initial years a lot more quantitative in his

VISHAL KHANDELWAL
Founder, SafalNiveshak.com

- WHAT'S YOUR ASSET MIX?**
 - A Equities 90%
 - B Liquid funds + PPF + family gold 10%
 - Excludes primary residential property
- HOW ARE EQUITIES SPLIT ACROSS PRODUCTS?**
 - A Direct stocks 60%
 - B Mutual funds (PPFAS Flexicap) 20%
 - C PMS 20%
- HOW HAS YOUR PORTFOLIO PERFORMED IN PAST YEAR?**
 - It has delivered 35% returns
- HOW MANY STOCKS DO YOU TYPICALLY HOLD?**
 - I make sure the number of stocks doesn't exceed 15-16.
- SO, YOUR STOCK PORTFOLIO IS HEAVILY CONCENTRATED?**
 - The top-5 stocks would be around 70% of my stock portfolio and 30% would be rest.
- WHAT WERE THE WORST DRAWDOWN PERIODS FOR YOU?**
 - For me, it was 2015 and 2020. In 2008, I was investing, but with small amount of money.
- HOW DEEP WERE THE DRAWDOWNS?**
 - It was not that bad as I focused on owning high-quality stocks. I have not ventured much into micro-caps or extreme low-end of market caps.
- WHEN DID YOU START YOUR STOCK INVESTING JOURNEY?**
 - I started in 2003.
- WHAT'S THE MARKET-CAP SPLIT IN YOUR STOCK PORTFOLIO?**
 - Small-caps 20%
 - Mid-caps 40%
 - Large-caps 40%
- WHICH STOCKS HAVE BEEN IN YOUR HOLDING FOR THE LONGEST PERIOD?**
 - Pidilite and Titan, I am holding these stocks from 2011.
- WHAT PROVISIONS DID YOU MAKE BEFORE QUITTING YOUR JOB?**
 - Most of my savings were in equities. I withdrew that to pay off my home loan.
 - Writing books, blogging, teaching on investing, took care of household expenses.
- CAN STOCK DIVIDENDS TAKE CARE OF YOUR DAILY EXPENSES?**
 - Not really. Still at 75%-level.
- WHEN DO YOU PLAN TO REACH FINANCIAL INDEPENDENCE?**
 - I plan to sell a property, which I don't use anymore and buy equities from that. In 4-5 years, I should have dividend income to fully take care of daily expenses.
 - Mentally, I stopped fearing money the day I quit my job in 2011.
- DO YOU HAVE A TERM LIFE COVER?**
 - I have term life cover of ₹1.5 crore, spread across 3 policies of ₹50 lakh each with different maturities.
 - My insurance agent, who is also a friend, suggested this to me.
- WHAT ABOUT HEALTH COVER?**
 - So, I have an individual health cover of ₹30 lakh. I also have a family floater of ₹20 lakh.

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.

analysis. "It was Munger's influence that pulled him more in the direction of quality. I also had the same focus on numbers when I started my career as an analyst. Reading more of Munger's writings helped me appreciate the importance of a high-quality business and finding the right balance between valuations and quality," he says.

He adds that value and growth investing should not be looked at contrasting styles, but as parameters that need to co-exist in identifying a

good investment. "There is a lot of confusion between value investing and growth investing, if people were to use that differentiation. But I have learnt from Munger and Buffett and also practised in my own stock analysis—you only find value where there is growth. If the business is not going to grow in the future, if the business doesn't have a long runway of growth, then cheap price does not mean that you should go and buy it," Khandelwal explains.

"I am conscious of the valuations at

which I am willing to buy the stock, but also highly conscious of the quality of the business. I may still pay what might appear to be expensive but that is only for very high-quality businesses," he adds.

Life lessons: "From Munger's writings, I have not only learnt about investing but about life as well. I have learnt about the idea of not doing what can kill me, the idea of communicating my ideas in the simplest manner, the idea of also focusing on what really makes you

happy," he says. "Both Buffett and Munger have led long lives, well into their 90s despite certain negative traits such as eating junk food; simply because they have led their lives on their own terms. Buffett says they used to tap dance to work. I have also sort of tap danced to work for the last 13 years, which has helped me immensely," he says.

"Munger had to deal with a lot more tragedies in his life. Early in his life, he had to go through a messy divorce, which wiped away almost all his savings. He lost his son to leukemia. A botched surgery also led to blindness in one of his eyes. In spite of all this, he has never given into self-pity. Had Munger delved into self-pity, he would not have risen to such heights," Khandelwal points out.

Beyond stocks: Taking a leaf out of Munger's book, Khandelwal says that he, too, does not look at stocks as a full-time activity. "As he grew older, Munger spent much of his time on things unrelated to investing or stock-picking. That's something which I also want to do gradually. Stock-picking is still going to be a part of what I am because it is something that I have done for the last 20 years. But I have a very limited universe. I have never tried to increase my circle of competence. I don't go to complex industries, complex businesses or complex investment strategies," he says.

"I am going to keep 10-15 stocks. I have one mutual fund and I can go up to a maximum of three. I have term insurance and health insurance. That's the entire personal finance I have, and I have maintained that for a few years now," he says.

He says people should avoid becoming full-time investors. "This is not a full-time activity. The less time you give to it, the better off you are because then you are not taking action all the time and you are not focusing on stock price fluctuations and companies all the time. I don't see myself as a full-time investor. I see myself as more of an educator, blogger and an illustrator and then an investor. Investing is what I do when I have money from all other things I do," Khandelwal says.

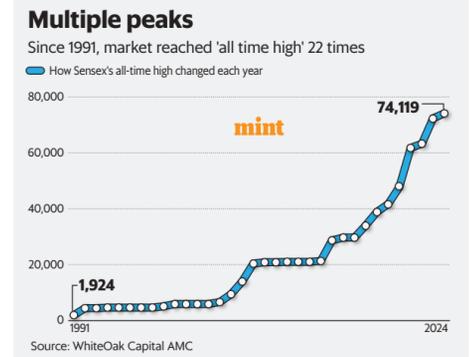
Today, he has enough dividends coming from his stock holdings that can take care of 75% of his household expenses. "All household expenses may be taken care of by dividends in the next 4-5 years. I bought a house which I am not using anymore. Once I sell it, I will invest that money in equities as well," Khandelwal says.

"I lost the fear of money the day I quit my job. Thankfully, my writing, my blog and teaching has helped run the house," he says.
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(For an extended version of this story, go to livemint.com)



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

INVESTING IN THE MARKETS AT AN 'ALL-TIME HIGH'



Making an "All-Time High" is a characteristic of a market in a growing economy. We often face a dilemma when investing at the "All-Time High" of a market. However, when we examine the data from 1991 to March 2024, out of a total of 33 years and 3 months, the market reached an "All-Time High" 22 times. This means the market reached an "All-Time High" approximately every 1.5 years. The most astonishing data to note is that the market has reached an "All-Time High" every calendar year for the last 8 consecutive years.

Since 1991 to March 2024, the nominal GDP has grown by approximately 12% CAGR, and the Sensex has grown by 14% CAGR. So, how does the mathematics work? Growth in nominal GDP consists of the growth of real GDP plus inflation. Therefore, if the demand for goods and services increases along with the prices of goods and services, the profitability increases for providers of these goods and services companies. This increase is eventually reflected in stock prices. And well-managed businesses grow faster than the overall economy, which is eventually reflected in the growth of Sensex. Thus, growth in nominal GDP translates into profitability, which eventually reflects in a rising stock market.

In 2000, when India was the 13th largest economy, the Sensex reached its all-time high of 5,934 points. Ten years later, when India became the 10th largest economy, the Sensex had notched 21,005. In 2020, when we were the sixth largest, the all-time high was 47,751. As of March 2024, the Sensex had leaped to 74,119.

India has just surpassed the UK to become the fifth largest economy and is expected to become the third largest by 2030, surpassing Germany and Japan. However, this journey towards the third biggest economy may be very different from the earlier jump. During this journey until 2030, India may witness noticeable growth in per capita income and hence consumption, which is the biggest component of our nominal GDP, followed by investment, government spending, and net exports.

What is more important is when the economy moves beyond *roti, kapda and makan* (food, clothing and shelter) to 'eat well, look well, and live well', which is led by so-called discretionary spending, the nominal GDP may grow at an unprecedented rate and all this will eventually be reflected in the stock market level.

It's worth noting that the stock market doesn't always sync with nominal GDP growth in the short term. At times, the stock market can outpace nominal GDP significantly. While nominal GDP tends to grow steadily, the stock market can occasionally surge, even by 12% in a single month. Such scenarios mark an overvalued market during extreme optimism, which can also swing to being undervalued during uncertain times. These fluctuations constitute market cycles. So, in the short run, it is sentiment like greed and fear, demand and supply that decide the market level. Over the medium to long run, it is profitability that decides the growth of the market, but over the very long term, it is India's aspirations and dreams that decide the growth of the economy and hence the market.

Chirag Patel, is co-head-products, WhiteOak Capital AMC.

Best home loan rates

A home loan is probably the biggest loan that one takes. Not only in terms of the loan amount, but also tenure, which can be 15 years or more. The total final amount that one pays can be double of what was borrowed. But a home loan is among the cheapest loans available, and usually it is the only way a person can buy a house. A home loan is called a 'good' loan because it helps you acquire a tangible asset that can appreciate over the long term. It makes sense to buy a house if you plan to live in it. Given the fact that the construction of several housing projects in India continues to be delayed or stalled by many years, financial advisers say that one should buy a ready-to-move-in house. Here's a look at the lowest home loan interest rates of some leading banks.

Loan amount = ₹30 lakh. Tenure = 20 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
City Union Bank	8.25-10.50	25,562-29,951	0.20%-0.35% + GST
Bank of Maharashtra	8.35-10.50	26,283-30,762	0.25% (Max. ₹25,000)
Central Bank of India	8.35-9.50	26,283-27,964	0.50% (Max. ₹20,000) + GST
Union Bank of India	8.35-10.75	26,283-30,457	0.50% (Max. ₹15,000) + GST
South Indian Bank	8.35-11.44	26,283-31,869	0.50% (Min. ₹10,000) + GST
Bank of Baroda	8.40-10.60	25,845-30,153	Nil; Subject to recovery of up to ₹10,000 + GST (Per Property)
Bank of India	8.40-10.85	25,845-30,660	0.25% (Min. ₹1,500 and Max. ₹20,000) for Individuals*
Canara Bank	8.40-11.25	25,845-31,478	0.50% (Min. ₹1,500 and Max. ₹10,000);**
Indian Bank	8.40-10.35	25,845-29,650	Up to 0.25%
Indian Overseas Bank	8.40-10.60	25,845-30,153	Up to 0.50% (Max. ₹25,000) + GST
Punjab National Bank	8.40-10.10	25,845-29,150	0.35% (Min. ₹2,500 and Max. ₹15,000)
Nainital Bank	8.40-11.00	25,845-30,966	Not updated
IDBI Bank	8.45-12.25	25,940-33,557	₹5,000 to ₹15,000; Nil for Inward Balance Transfer and PMAY Cases
UCO Bank	8.45-12.60	25,940-34,296	0.5% (Min. ₹1,500 and Max. ₹15,000)
Punjab & Sind Bank	8.55-10.00	26,130-28,951	Full waiver of processing charges

Data taken from banks' websites as on 24 April 2024. EMI range is indicative and calculated on the basis of interest rate range; it may include other charges and fees. Actual applicable interest rate may vary based on the credit profile of the loan applicant.
*0.50% (Min. ₹3,000 and Max. ₹40,000) for other than individuals.
**50% waiver from 1 April 2024 to 30 April 2024 under Retail Loan Festival

PRANAY BHARDWAJ/MINT

Source: MyMoneyMantra.com

ELSS taxation on death of primary holder

What will be taxation on capital gains if the primary holder of a joint account for mutual funds (MFs) dies and the survivor decides to redeem the units soon after. Consider a scenario where the joint account holders invested in an MF equity linked savings scheme (ELSS) on 1 January 2023. Soon after the death of the primary holder in early 2024, the units are transferred to the second account holder's folio. There is a lock-in period of three years for ELSS MF but this is not valid post the transmission of units. What is the taxation if the survivor receives the MF units on 10 April and redeems it within 10 days?
—Gurtejinder

From the facts provided, we understand that as per the joint holding policy of the fund (anyone or survivor), units of the ELSS fund would be transmitted to or inherited by the surviving account holder. Also, the lock-in period of three years is not applicable for the survivor. As per the provisions of the Income-tax Act, inheritance does not qualify as "transfer" and hence, no capital gains would arise at the



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time of transmission of the MF units. And when such units are further sold (subject to any specified lock-in provisions of the fund), the survivor would need to pay capital gains. Any gain or loss arising from sale of ELSS funds held for a period of more than 12 months prior to

their sale is considered as long-term capital gain (LTCG) or long-term capital loss (LTCL). Else, the same shall be considered as short-term capital gain (STCG) or short-term capital loss (STCL).
Cost indexation
LTCG in excess of ₹1 lakh is taxable at the rate of 10%, whereas STCG is taxable at 15%. Please note that for calculating the period of holding of such inherited units, the

period for which the asset was held by the previous holder, in this case, the deceased, shall be considered. For the purpose of calculating LTCG, the cost of acquisition shall be the actual cost borne by the deceased. Accordingly, since the period of holding exceeds 12 months for inherited and survivor's share, the same shall be considered to be a sale of long term capital asset and any gains shall be taxable at 10% (for LTCG exceeding ₹1 lakh). No benefit of cost indexation is available while calculating tax on LTCG of such securities transaction tax (STT) paid ELSS.

Please note that the above is subject to the lock-in provisions applicable for the scheme. In case the ELSS fund is sold within the specified lock-in period, any impact of tax benefit or deduction claimed at the time of investing of the fund will need to be separately evaluated.

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

OUR VIEW



Higher-for-longer rates pose a peculiar problem

Interest rates will probably stay higher for longer not just in the US, but here in India too. It could restrain a revival in private investment and constrain what the government can spend

As nations, both India and the US have shared civilizational values, especially the unshakeable belief in democracy as a just and equitable political model. There is another critical area where commonality seems to be emerging: the path that leads from monetary policy to the political economy. The US central bank, the Federal Reserve, and the Reserve Bank of India (RBI) are both confronted with a quandary that has implications for the theatre of politics. Both central banks are under pressure to cut benchmark interest rates, but find their hands tied by an odd growth-inflation dynamic. Wall Street, for example, looks convinced that US inflation data for March—at 2.7%, up from February’s 2.5%—may prolong the wait for interest rate cuts. In the face of strong growth impulses and robust hiring numbers, the US Fed is likely to keep its principal policy rate—currently at 5.33%—higher for longer. This has sparked off a debate over the utility of restrictive rate structures and whether policy has been tightened sufficiently over the past few months to rein in growth impulses, consumption expenditure and their feedback loop with inflation.

India’s central bank faces a somewhat similar conundrum. RBI initiated rate hikes around the same time as the Fed in 2022, coupled with a bespoke liquidity play. This disinflationary strategy did yield dividends, but only up to a degree, given that Indian inflation right now is primarily a supply-side phenomenon. So, while the rise of India’s consumer price index has slowed from 5.7% in December 2023 to 4.9% in March 2024, its volatile elements remain elevated. The rate of food inflation, for instance, was 7.7% in March, slightly lower than Febru-

ary’s 7.8%. Concerns shadow the winter harvest; the prognosis of a harsh summer has spelt worries of crops in short supply, especially vegetables and pulses—though, if it happens in time, a Pacific pivot towards La Niña later this year could enhance monsoon rains. RBI acknowledges that volatility in food and fuel prices—the latter on account of geopolitical flashpoints—has put its disinflationary push at risk. An added wrinkle is our post-pandemic recovery in economic activity and a 7% GDP growth forecast for 2024-25. Minutes of the last monetary policy committee meeting reveal that its members view the current growth-inflation dynamic with some unease and would like to tread with caution. Or, higher-for-longer in India too.

This poses a peculiar problem for the Indian political economy. The government’s front-loading of capital expenditure, with spending on it from April 2023 to February 2024 having grown by over 36%, has failed to achieve the desired effect of inducing the private sector to invest and broad-basing the economy’s revival. With policy rates unlikely to go down anytime soon, the private sector might stay reluctant to open purses for longer too. While rates alone do not guide investment decisions, they do tilt the balance, as a higher cost of capital demands a larger return on capital employed to justify credit uptake. Unless markets for goods and services buck up to promise a significantly broader boom ahead, uneven private investment would keep job generation at sub-par levels. With rural stress also in evidence, this could dampen growth impulses as we go along, which would restrict the Centre’s revenue below what’s imperative for India’s development and welfare enlargement.

THEIR VIEW

Allot or auction satellite telecom spectrum? Signal clarity, please

The rationale of insisting on auctions has weakened as technology and global norms have evolved



VIVIAN SHARAN & TAMANNA SHARMA are technology policy experts with the Koan Advisory Group

ambiguous determinations of public interest, which is not defined. Economic welfare considerations go beyond revenue maximization, but until this is spelt out in laws, administrative decisions would be vulnerable to judicial intervention.

The pricing of public goods or services must help ensure a fair distribution of resources to those able to make the best use of them. If the primary focus of allocating public goods is maximizing revenues from private bidders, pushing them to squeeze most profits out of what they acquire this way, it would risk these resources being monopolized by the richest few, retail prices getting inflated and consumer access declining.

Exceptions to the auction route are practical necessities. Take the case of satellite spectrum, a shared global resource. Unlike terrestrial spectrum used for communication signals between mobile-phone towers and users on the ground, satellite-based communication involves transmission of signals to and from assets in space. This necessitates global coordination to prevent signal disruptions between senders and receivers.

The International Telecommunication Union (ITU), the oldest United Nations agency, coordinates cross-border management of satellite spectrum. It works with 193 member countries, including India, through an international treaty—Radio Regulations. These guide members on regulating relevant bands of spectrum, including shared satellite spectrum. They recognize that satellite spectrum and geostationary-satellite orbits are limited natural resources and “must be used rationally, efficiently and economically.”

The agency bolsters state capacity to oversee the complexities of satellite spectrum management. National telecom regulators don’t have the capacity to replicate what the ITU does, as Radio Regulations are hard to enforce. They are revised every three or four years at its World Radiocommunication Conferen-

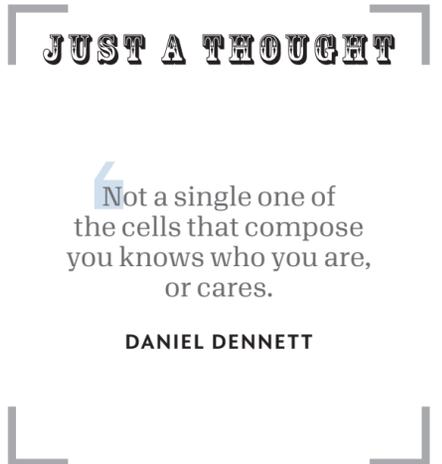
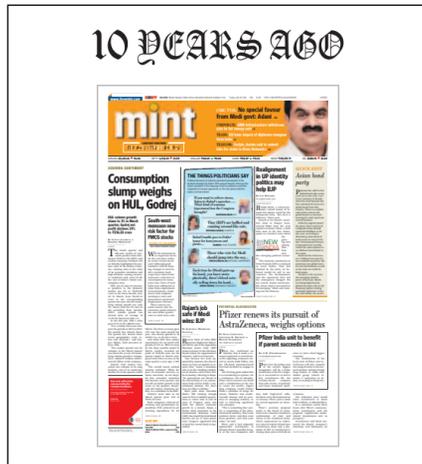
ces (WRCs), which involve nearly 5,000 experts and country representatives who negotiate spectrum allocation and frequency coordination, and also develop strategies to ensure efficient and equitable use.

Allocating satellite spectrum is likely to fail in the absence of international coordination. Auctions may also lead to a violation of Radio Regulations that require member states to avoid harmful disruptions to signal transmissions. International precedence is in favour of administrative allocation in the case of satellite spectrum for these reasons. No country holds such auctions without considering their international impact, and all experiments to do otherwise so far have failed.

The US, for instance, was conducting auctions for satellite orbital resources for domestic broadcasting needs, but ceased this practice and passed the more up-to-date Orbit Act in 2000, which banned such auctions. Other attempts to auction satellite spectrum in countries such as the UK and Thailand also failed on account of insufficient bidder interest.

India must emerge from the long shadow of the 2G case because the evolving nature of technology and international cooperation demands a more responsive regulatory framework. The post-liberalization establishment of over a dozen economic regulators, including for the telecom industry, was party meant to ensure that rigidities of the public sector don’t spill over to the private sector and throttle progress and innovation.

Indian laws should offer clearer guidance to regulators. This will ensure that they have the clarity necessary for effective governance. As courts don’t always have what’s required to interpret ambiguous statutes and optimize economic gains, we need better legislation to guard against the repeated erosion of economic value. We must not forget this important lesson from India’s economic history.



MY VIEW | MODERN TIMES

Let’s accept it: Life is beautiful and without any magic

MANU JOSEPH



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

An odd quality of the Western intellectual world is that its giants take simplistic questions very seriously. It is as though social equality makes it hard for them to be dismissive of majority opinions that are usually very naive. For instance, almost every Western intellectual superstar finds the need to denounce God. But how sophisticated can any argument against God be? Stripped of all ornaments of articulation, such debates cannot be qualitatively any different from what we used to have in high school. But there is a related question that Western intellectuals are obsessed with, which is more complex and for that reason highly entertaining: Is there magic? Is life mystical? Are some things, plainly, spooky?

In my view, most people who are called philosophers are not that at all. Most of them are fans of philosophy, or actors who simulate thinkers. But I have for several years grown to accept what Daniel Dennett suspected about himself—that he was a philosopher, even though he was also known as a

‘cognitive scientist.’ Dennett died last week of what some people would call old age. But he was only 82.

He said there is no magic, and even as he persuaded us to let go of our last hope of a mystical world, he somehow made it seem that the alternative was more entertaining. He said there was no magic in the mind, especially the human mind which can perceive itself as a mind. He said the mental can be physically explained; every aspect of the mind can be explained as we understand more and more about our physical body. If there is a human soul, it would not faze him. To him, the soul was probably more of a semantic problem. Whatever it might be, it’s made up of millions of tiny robots called cells, and smaller robots inside these cells, robots inside robots inside robots, all of them together creating the idea of the self, of consciousness, of a life that regards itself as life. No magic is required. He found this more beautiful than a mystical world where the Universe has a point to its existence.

We should not have happened. Human life was a freak accident. “Evolution is a process that depends on amplifying things that almost never happen,” he wrote in one of his many books, *From Bacteria to Bach and Back*. A mutation in DNA almost never hap-

pens. “Not once in a billion copyings—but evolution depends on it.”

The fact that we happened is astonishing. But having happened, it is not so astonishing that we think we did not happen by chance. We look at our rare occurrence and marvel at how many things had to go right, against steep odds, and wonder if there is someone out there who is responsible, or “some force” as some people say to sound scientific.

Dennett points out that many complex things in nature are so exquisite that they appear to have purpose but are a series of logical accidents. For instance, the intricate and exquisite colonies of termites. These insects don’t know what they are doing. They build their cathedrals robotically because they are programmed to do that. There is something individually ‘mindless’ about the hive-mind. The termite colony is an architectural phenomenon that has ensured the survival of a species, yet it has no purposeful design, Dennett says, unlike Antoni Gaudi’s church in Barcelona.

The human brain is more like a termite colony than a magnificent church. Our brain is the evolution and synchronization of millions of mindless robots called neurons, the cells that form our nervous system. Dennett writes that neurons were once organisms with their own plans, but now they constitute the brain. Modern neurons “are in effect the domesticated descendants of very ancient eukaryotes... Composed of billions of idiosyncratic neurons that evolved to fend for themselves, the brain’s functional architecture is more like a free market than a ‘politburo’ hierarchy where all tasks are assigned from on high.”

The fact that millions of tiny robots can create not just the brain, but also the idea of the self, made him worry about artificial intelligence (AI). He could never underestimate what a cluster of lifeless things can eventually become. Even there, even in the possibility of AI simulating human life, there is no magic. It can be perfectly explained.

For someone who denounced magic, Dennett also said there was no free will. At first brush, that sounds like a nod to magic. One day, you step out of the house for a walk and instead of taking a left turn, you turn right. Was it inevitable? But why should the universe make that decision; doesn’t it have grander things to do? We can see all of universe as deterministic; filled with dominos whose fates are preordained by an event from the beginning of time. But doesn’t life break that? Isn’t life chaotic enough for random actions to determine outcomes?

Dennett was probably not so interested in microcosmic free will—what made you turn right. He couldn’t have known, anyway. His idea of free will concerned the larger arcs of life. When we make a choice, he said, we appear to use information to make a rational decision, or a rebellious one. But that is not what led to our choice. Our mind is a cauldron of emotions and biases; it already knows what it is going to do, but is not aware of it. Many human decisions, he argued, were pre-ordained, a continuation of long chains of events. Choices are made for us by forces that are too strong for us to control.

So, maybe yes, there was a powerful reason why you turned right. It was inevitable that you would turn right. But even in that, there is probably no magic.

Our perception of a soul or even vulnerability to events beyond our control can be explained without magic



THEIR VIEW

MINT CURATOR

Universities can drive economic expansion around campus towns

More public investment in developing world-class institutions of learning would attract students and boost local economies



YUGANK GOYAL & KARISHMA K. SHAH are, respectively, associate professor at FLAME University and research associate at the university's Centre for Knowledge Alternatives.



ISTOCKPHOTO

Boston University (BU), a mid-sized private research university in the US, has around 700 Indian students who pay an average of ₹50 lakh annual fee and spend another ₹20 lakh on living expenses. The total money coming from these students into Boston from BU alone comes to about ₹490 crore. Northeastern University, in the same city with similar fee, has around 2,000 Indian students who bring about ₹1,500 crore annually to Boston. For a city of 650,000, this implies that Indian students from these two universities alone are stuffing ₹30,000 into every Bostonian pocket, in a manner of speaking. And these are just two of the 44 institutions of higher education in this city with a sizeable Indian student community. If one sums up the city's total international student population, its universities will look like the spinal cord of its urban growth. For an estimated 465,000 Indian students pursuing their higher education in the US, the country collects almost \$19.24 billion annually from us (by way of comparison, Himachal Pradesh's state GDP last year was about \$23 billion). No wonder that after covid (when foreign students couldn't go), many American universities removed the requirement of a four-year undergraduate degree for qualification to their Masters' programmes.

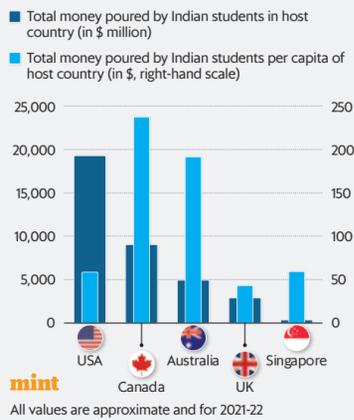
What economic needs do universities fulfil in modern societies? Prominent scholarly responses to this question focus on employment opportunities for graduates, learning that may lead to innovation, startups by graduates and so on. In that way, universities provide an impressive range of positive externalities, benefitting third parties that get to enjoy the fruits of a more educated society. While all this is indeed true, the prevailing discourse eclipses another crucial factor: universities and colleges serve as growth engines for local economies. The benefits of knowledge spillovers are spread over time and space: their employment benefits materialize over time and accrue to communities across the world.

We argue that there are substantially large and immediate benefits to local economies where colleges and universities are located that are hardly considered in policymaking.

People do talk about how colleges could spur economic growth in small towns. We see buzzing economic activity around a college or university. This is not only about shops, paying-guest hostels or taxi services around campuses, but also visible in the way student crowds go about the city living their daily lives. Every year, hundreds of thousands of students leave their homes and move to a new town to pursue higher education, infusing a new energy into those local economies. During summer breaks, many of those places look as if their lifeline

India's educational outflows

The money that Indian students spend on universities abroad amounts to a commercial bonanza for host countries and campus towns.



All values are approximate and for 2021-22

Source: Authors' calculations using ministry of external affairs data and other publicly available sources

SATISH KUMAR/MINT

is gone. Indeed, the prosperity of local businesses in such towns is closely linked to the presence and activities of a student community.

But these discussions are anecdotal. The more important question is: Have we recognized the full potential of a university as a growth engine for a town?

Western countries have recognized the significance of hosting both local and international students. According to 2022 data from India's ministry of external affairs, there are 1.33 million Indian students pursuing education abroad and 60% of them study in English-speaking countries. The US has about 465,000 Indian students, followed by Canada, with around 183,000. Australia and the UK have roughly 100,000 and 55,000 Indian stu-

dents, respectively. When we estimate the total amount of money pumped into these countries' economies (assuming the average fee structure and living expenses mentioned earlier), the numbers are telling. For instance, the US earns around \$19 billion from Indian students alone. Measured per head, this is like saying every American earns an average of \$57 annually from Indian students alone. The aggregate value of income from all foreign students per capita would be much higher. According to estimates, the per capita annual inflow from international students ranges from \$43 in the UK to \$237 in Canada. In rupee terms, this implies that Indian students are putting some ₹1,600 into every Canadian's pocket every month.

This is not simply a positive externality. This is direct earning. Universities need to be seen as a powerful engine of economic growth locally. It is no surprise that in most parts of the world, fees for international students are significantly higher than that for local students. Attracting foreign students, or even local ones, can therefore be seen as an effort in generating greater opportunities for local businesses.

In India, we only see such benefits in the form of *dhabas*, *chai* stalls and other small eateries near our campuses that are sustained by students. What we don't see is the huge underexploited opportunity.

India suffers from what we can call a sizable international student deficit. While we sent 1.33 million students abroad in 2021, we received only around 47,000 (and mainly from countries with lower per capita income). To unlock the potential of our universities and revitalize local economies, we need world-class institutions, with substantial investments in human capital (higher salary for faculty), infrastructure (where learning spaces flourish), and interdisciplinary collaboration (for large research projects).

India's budget allocation for education is about 3%, with only one-third of it for higher education. In countries with far lower international student deficits, the share is much higher. The solution lies in high public investment in higher education. As they say, build it and they will come. Only, this time, we must build excellent universities.

Google's Pichai has firmly put down an employee rebellion

It can't afford disruption over crucial defence-sector opportunities



DAVE LEE is Bloomberg Opinion's US technology columnist.



Sundar Pichai doesn't want employee time spent on debating politics

It has become clear over the last year that Silicon Valley companies, which could keep Wall Street happy with enormous growth alone, finally had to embrace the real world. This meant layoffs, cost savings and doubling down on profit. It also meant trimming wild moonshot ideas that sounded cool but burnt cash. And it meant ending the myth that these companies cared about employees bringing their "whole selves" to work. That was the stern message from Alphabet Inc CEO Sundar Pichai's recent memo to workers, sent amid the latest round of discontent at the company—this time over its \$1.2 billion contract (shared with Amazon) to provide cloud services to Israel. At least 50 Google employees have been fired for involvement in protests at its offices.

Pichai's tone was a stark departure from the company's old touchy-feely approach to employee activism. Not now, Pichai wrote: "This is too important a moment as a company for us to be distracted."

For most of his tenure, Pichai has been described in many quarters as a "peacetime CEO," a highly capable executive steering a ship whose course had already been set by the visionaries who came before him—in his case, Google co-founders Sergey Brin and Larry Page.

That changed when OpenAI fired the first salvo in the artificial intelligence wars in late 2022 with the release of ChatGPT, beating Google to that breakthrough. Microsoft CEO Satya Nadella, who quickly invested in OpenAI, laid down the battle lines after that, making it clear he thought Google's business model was now at risk. "They have to defend it all," he said.

With a fight on Alphabet's hands, the pressure is on the mild-mannered Pichai to get things in order. This hasn't been going altogether well. The company's rollout of AI has been confused, controversial and suffering from the perception it is lagging behind competitors. Its cloud business remains a distant third in market share behind Microsoft and Amazon. It's telling that Brin has recently returned to Google, like a retired old general "back in the trenches," as the *Wall Street Journal* put it.

So when Google employees held sit-ins and other protests against the company's involvement in Project Nimbus, the company did not hesitate to force out the unruly. "Every single one of those whose employment was terminated was personally and definitively involved in disruptive activity inside our buildings," Google said in a memo to employees. The 'No Tech for Apartheid' group disputes this, saying

some "non-participating bystanders" were also let go.

Would things have been handled differently had it been several years ago?

It's difficult to say. Sit-ins are an egregious form of business disruption. And it's not the first time Google has fired workers who have become outspoken on company ethics, offered poorly researched treatises on the differences between male and female engineers or claimed that the company's AI had become sentient.

What seems certain, however, is that Google is not considering heeding the protesters' demands, unlike in 2018 when it decided to back away from Project Maven, a Pentagon contract involving the use of AI. That episode provoked a fresh debate on what role American tech companies should play, or perhaps be obliged to play, in bolstering the tech capabilities of the US and its allies. Google erred on keeping its employees happy and the "don't be evil" culture intact.

Jeff Bezos' Amazon took a different approach: "This is a great country and it does need to be defended," he said at the time as the company was jostling with Microsoft for a lucrative Pentagon cloud contract. Employees not on board with that could work somewhere else. Google is now directing its employees to consider the same. Defence money is flowing to technology companies. "America's military-industrial complex has been rapidly expanding from the Capital Beltway to Silicon Valley," concluded a recent report from the Watson Institute for International and Public Affairs at Brown University. From 2018 to 2022, Alphabet received \$4.3 billion from US defence spending compared with \$13.5 billion for Microsoft and \$10.2 billion for Amazon. As the defence sector, like every other industry, works to integrate cutting-edge AI, venture capital is pouring into defence tech startups: \$100 billion between 2021 and 2023, according to *Pitchbook*, more than the amount in the previous seven years combined.

There's opportunity on the table. Google wants it and fears missing out. There is no time for employees to spend work time talking about "disruptive issues" or "debate politics," Pichai has decreed.

Looking at Google's predicament, he's probably right.

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GUEST VIEW

Viksit panchayats offer us a pathway to Viksit Bharat

SWATI PIRAMAL & MANMOHAN SINGH



are, respectively, vice chairperson of Piramal Group and head of Aspirational Bharat Collaborative, Piramal Foundation

Decades before the term 'Viksit Bharat' was coined, Rabindranath Tagore's *Gitanjali* held out an Indian vision: "Where the mind is without fear and the head is held high; Where knowledge is free; Into that heaven of freedom, my Father, let my country awake." This encapsulates Viksit Bharat. With visible changes in many sectors, India is moving rapidly towards becoming a developed nation by 2047. Though urbanization is making rapid strides, 64.1% of our rural population (as per World Bank) governed by Gram Panchayats still has miles to go. The current Amrit Kaal cusp calls for us to examine the crucial role of Panchayats led by Sarpanches. As they play a pivotal role in grassroots empowerment and societal progress, it is essential to keep them at the centre of India's developmental agenda, anchored by the decentralization of authority.

Devolution of power: A Reserve Bank of India report highlights that states with a higher devolution index perform better on socio-economic development. So, for Viksit

Bharat, Gram Panchayats (GPs) need to operate independently. They must identify, plan and implement projects with agility, aligning them with local needs established through community consultations. The government has categorized Sustainable Development Goals (SDGs) into neatly defined Local Sustainable Development Goals (LSDGs) and issued guidelines for theme-based planning. The GP Development Plan (GDPD) necessitates the formation of a GP Planning Facilitation Team (GPPFT) at each GP as a forum to facilitate the participation of various community stakeholders and departmental representatives and guide the planning and implementation of initiatives.

For achieving LSDGs, the devolution of three Fs (funds, functions and functionaries) is crucial. This will empower GPs and make their functioning transparent, accountable and efficient. The devolution of powers and functions to GPs varies considerably across the country. Kerala, for example, has devolved major functions to GPs. Its welfare programme Kudumbashree has made a significant difference in the lives of citizens. Similarly, Karnataka has devolved powers to GPs and introduced a system of preparing a GP Human Development Index. We need collective effort in various states to devolve

authority to GPs and leverage their capacity to achieve our collective aspirations.

Data for democratic decisions: India is leading the way for the world with digital technology to transform citizen services, exemplified by innovations like Aadhaar, UPI, Co-win and ABHA. Another useful innovation, the Universal Citizen Interface is expected to act as an interface between citizens and government welfare schemes at the GP level. This tool's data orientation can guide the village Sarpanch on domain and locality-specific issues, enabling prioritization, planning and alignment with state and central schemes. By disseminating information on various welfare schemes in local languages, GPs can use its potential for hyper-local problem-solving at a scale.

Empower women leaders: for a Viksit transformation: With women comprising nearly half of India's population, the participation of women at all levels of governance is the need of the hour. The 73rd Constitutional

Amendment Act mandates 33.3% reservation for women and marginalized communities in Panchayati Raj Institutions (PRIs) nationwide. Various instances show how decisions taken by empowered women have led to a profound societal transformation.

Take the case of Jyoti Behar Devi, Sarpanch from Gumla, Jharkhand, who stopped the sale and consumption of alcohol in her panchayat and directed people towards livelihood opportunities. Anita Devi, Sarpanch from Gaya, Bihar, converted her vehicle into a 24x7 ambulance, mobilized multiple stakeholders and led last-mile convergence, which reduced home deliveries from 65% to 8% in less than a year.

India has an opportunity to harness the potential of elected women representatives at PRIs to drive crucial social behaviour changes in health, education, water, agriculture, sanitation and more. Empowering these women with additional support can spark millions of micro innovations required to address local challenges.

Create motivation and competence: India has some of the world's best policies, legislation and welfare schemes. The efficacy of these is determined by an effective team with an enabling structure to drive the delivery of quality services on time. Top leaders at all levels can deliver on their development agendas thanks to such teams. This needs to happen just as efficiently at the rural level.

Andhra Pradesh has enabled the setting up of a 'village secretariat' at the GP level to induct teams for good governance, streamline administrative processes, enhance service delivery and empower local communities. If scaled up, this model, with appropriate customization as per local contexts, can empower more GPs across the country.

Our national aspiration of Viksit Bharat will require collective reflection aimed at a re-imagining of how Gram Panchayats are enabled to deliver services to citizens.

Viksit Panchayats can lead us to Tagore's Heaven of Freedom: Viksit panchayats and Viksit Bharat are two sides of the same coin, as the goal implies that every citizen of our country must have access to quality public services and government schemes and benefits. It is only when no one is left behind that we can say with pride that we are citizens of a developed country.

Developed country status requires that no citizen gets left behind. Empower rural institutions



Why women need to build networking circles



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Workspaces remain largely patriarchal, leading women professionals to turn to dedicated networking groups to learn and grow

Shrenik Avlani

Veni Jain, 30, had an idea she believed in. Before she could act on it, however, she got married and moved to Kolkata from Delhi, where she knew no one except her husband and his family. She signed up for a Youth Ficci Ladies Organisation (Y-Flo) meeting in 2022. Two years and several Y-Flo meetings later, she has a thriving social life and is about to launch a business curating gourmet cheese and grazing boards for parties and dinners.

On International Women's Day last month, Neha Sharma, 41, attended her first-ever women's support-cum-networking group event at Lead Like Her Club, a group exclusively for women in leadership roles in human resources. Gurugram-based Sharma, head of human resources for market operations at Airtel, found the gathering useful as she met many like-minded people at a similar stage in their careers. "Everyone wanted to come together as a community to figure out ways in

which we can give back to working women," says Sharma.

Jain and Sharma are among a growing number of women who are turning to women-only groups because regular networking groups don't do enough for them. "Women frequently encounter the double bind dilemma, where they are expected to be assertive but not aggressive, nurturing but not weak. Gender pay gaps and lack of representation in leadership roles further exacerbate these challenges, making it crucial for women to have spaces where they can discuss and address these issues," says Aparna Acharekar, 46, co-founder of women's networking platform Coto. Coto started in

October 2022 and has 400,000 members and 7,000 communities, or groups based on various interests. Community heads decide how often they meet. "Further, responsibilities like childcare and household management disproportionately fall on women, creating a constant tension between work and home."

All business owners need like-minded people to consult, create, caution and celebrate, says Elisha Saigal, 40, the Mumbai-based founder and CEO of El Sol Strategic Consultants, who has been part of multiple women's networking groups, including Ladies Who Lead, for five years. "Your teams share your vision, wins and annual goals, but you need a closed circle to course correct, reflect and motivate," she says. "We brainstorm, co-create,

party, unlearn and learn from each other. We share similar business hiccups and help each other navigate them."

Women-only support groups foster empathy through shared experiences, says Radhika Yuvraj Iyengar, 47, India country director for Women In Tech Global, an organization championing diversity in STEM. The group has 528 members in India and 10,000 globally. The India arm started six years ago, and its members meet once a week. A global meet-up is held once in two months; they use both virtual and in-person meetings. "The struggles faced by Indian working women are widely acknowledged, yet not universally

comprehended. Issues such as achieving work-life balance, managing work and family obligations, addressing health and wellness concerns, navigating adversity including toxic work environments, all while striving to maintain dignity and break barriers, remain complex and often misunderstood. By participating in women-centric groups, individuals can freely express themselves, find common ground, and grow together," explains Hyderabad-based Iyengar.

Such groups are also a good way to build a community of friends for oneself in a new city. They also helped working women navigate the challenges of the pandemic, bringing them closer. "Surviving and thriving in 2020 wouldn't have been possible without this sup-

Women-only groups foster empathy through shared experiences and provide strength through community

A RIPPLE EFFECT

Research shows women-led networking helps build better companies.

A 2023 report by women's membership network Chief, in collaboration with business intelligence company Morning Consult, said: "Networking not only plays pivotal roles in achieving nearly every career milestone, from achieving a board seat to breaking into the C-Suite, but also drives broader operational and revenue benefits for their organizations." The report was based on a survey of 751 women leaders at and above management level in the US. It added: "... intentional forums like networking events or professional networking groups helped them (the interviewees) land C-Suite and board positions, secure raises, and find new jobs with better work-life balance."

port," says Saigal.

CREATING COMMUNITY

Workspaces and culture remain largely patriarchal, which is why women often turn to groups that understand their unique circumstances and challenges as well as get advice. "Studies have shown that women are interrupted more frequently, receive less credit for their ideas, and are underrepresented in decision-making positions. They face microaggressions and gender biases that hinder their professional growth and networking opportunities," says Acharekar, who is based in Mumbai.

One word that consistently comes up among founders and members of women-only networking groups is "community"—for both work and fun. Garima Dhamija, 50, and five others co-founded Lead Like Her in Gurugram in 2022 with the aim of creating and giving back to the community of working women. It now has 50 members and they meet fortnightly. The group is restricted to the National Capital Region (NCR).

"Post covid, while talking to working women, I found that all of them felt the need for a community. Community is one of the foundational pillars of well-being and progress," observes Dhamija.

Ficci Ladies Organisation (Flo), for women over the age of 40, helps women who have spent years on familial responsibilities and want to return to the workforce. Flo was founded in 1983 and has 19 chapters across India. It has about 11,000 members across India, and 1,250 in Bengaluru alone. Typically, Flo Bengaluru conducts two meetings a week in other chapters decide their calendars as per their needs. Many of them have good ideas but don't know how to execute them. "At Flo, our members find mentorship, industry-specific knowhow, legal and financial assistance and help at every step for their venture," says Yashodhara Shroff, 61, chairperson of Flo's Bengaluru chapter. "While they can find similar help at regular networking groups, there is a certain level of comfort when women are dealing with other women."

Shrenik Avlani is a writer and editor and the co-author of *The Shivfit Way*, a book on functional fitness.

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MONDAY MOTIVATION

'Hiring women is just a step to inclusive culture'

Mahindra Last Mile Mobility's CEO Suman Mishra on taking chances

Shail Desai

While growing up in Rourkela, Suman Mishra, 45, observed how manufacturing could transform cities and provide large-scale employment. A degree in computer engineering further fuelled her ambition to pursue innovation and technology on a global scale, after which she focussed on the manufacturing sector.

When the opportunity to join the Mahindra Group arrived in 2015, Mishra was well aware of the gender disparity in the automotive industry. At home, she had another full-time job of tending to a nine-month-old. But she knew the world of electric mobility would be fulfilling. "While the shift to automotive was unplanned, I am thrilled to be contributing to this industry which is so important for India's GDP and supports over 37 million jobs," says Mumbai-based Mishra, Managing Director and Chief Executive Officer at Mahindra Last Mile Mobility, who manufactures vehicles.

She took up her current role in mid-2021, after covid resulted in a significant downturn in the company's core business of electric three-wheelers. The global semiconductor shortage had also hit them. It took strategic planning to navigate the challenges of the electric vehicle market. "Our focus shifted towards understanding customer needs. The electric three-wheeler has democratised technology and allowed us to offer lower running costs and potentially higher earnings. And I find this purpose very inspiring, no matter the hurdles that come," she says.

Mishra talks to *Mint* about mentorship and why women shouldn't shy away from opportunities.

What does being a mentor mean to you?

I view mentorship as an opportunity to empower colleagues to reach their full potential, both personally and professionally, by lending a listening ear and boosting their confidence.

What is your advice for women who aspire to take up leadership positions, especially in the automobile space?

They should be confident and not shy from opportunities. Women often are hesitant to raise their hands for opportunities, but my advice is to embrace challenges and step into those opportunities. While women in auto leadership are still a minority, inspiring figures like Mary Barra, CEO of General Motors, are paving the way. Creating a truly inclusive culture is crucial. Hiring women is just the first step.

What's your morning schedule like?

My morning schedule is quite hectic and involves getting my kid ready for school. I try to wake up early and practice yoga. I also spend some time journaling my thoughts over a cup of tea.

Any book or podcast you would recommend about mentorship and growth?

Podcasts that I am fond of are *A Bit Of Optimism* by Simon Sinek and *The Knowledge Project* with Shane Parish.

Monday Motivation is a series in which business leaders and creative individuals discuss their mentors and their work ethics.

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Why moonlighting is not always like cheating on your job

Doing side gigs only makes sense if the employee can pursue their genuine interests outside of work

Pavan Soni

Imagine that your application for a teaching position has been rejected by a number of universities and teaching institutions in Europe. You advertise private tuitions but no pupils turn up. You settle for a job as a third-division clerk at a patent office, reading patent applications from nine in the morning till five in the evening, six days a week. Back home, your marriage is in trouble. And yet, you churn out no less than five theoretical papers on science, three of which will give a new lease of life to physics for another century. That was Einstein in 1905. He was a technical expert—class III at the Federal Office for Intellectual Property in Bern between 1902 and 1909, and with no access to any scientific instruments, literature, colleagues, or inspiration. He was all by himself, consumed by his thought experiments. By today's standards of work culture, Einstein was moonlighting.

Every few months, there's a storm in a

teacup about moonlighting—or working at another job while holding a steady one. The term hit headline soon after the pandemic, when work-from-home became the norm and employees logged in without the supervision of their bosses. Is it indeed "cheating" as some leaders have declared? It depends on what you do—if you do the very same work for a competitor, it is wrong. But, if the side hustle is a creative pursuit that gives you a shot at creating history, why not?

Steve Wozniak was creating the future of Apple years before he left HP to set up the company with Steve Jobs. He would develop new hardware and systems with no direct relevance to the HP of the day. During the late 1980s, Tim Berners-Lee took on the side gig of automating information sharing between scientists in universities and institutes around the world, which led to the creation of the World Wide Web. If there is a pent-up creative capacity which is not adequately channelised by the employer, the person should be allowed to do justice to it.

There are three conditions under which moonlighting makes sense, and, in fact, must be encouraged. First, when an employee's talent is not fully utilized or developed, the employee must be allowed to take up additional tasks within or outside the formal setup. After all, it is an employer's responsibility to tap into the



ISTOCKPHOTO

resource or they run the risk of the asset eroding. It's not just utilization of talent, but also development and enhancement through exposure. The mythologist and writer Devdutt Pattanaik spent his early years at Sanofi Aventis and Apollo Group of Hospitals honing his skills as a writer, alongside his day job as a medical practitioner. That allowed him to craft a creative

career for himself as well as entertain and inform a huge number of readers.

Second, when the cause the employee is working for is broader than the firm's immediate interest or relevance. If an employee is creating a solution that could potentially shift the paradigm of the market as a whole, the firm should be willing to fund such a venture. That's how Intel

encouraged its engineer, Ajay Bhatt, to create the USB standard that didn't just benefit the firm but became an industry standard for data communication. It was not exactly what Intel, the chip maker, was known for.

Third, moonlighting makes for a great investment if the employee helps the firm

develop new skills and competencies. If an employee is working on a similar domain that the firm excels in then where is the firm learning from? It's a circular flow of knowledge. It is possible that through a side-gig the employee develops new competencies that would become mainstream in the organization. This way the firm can transform to become future ready.

The early experiments that the internal IT team did at Amazon with its infrastructure and computational capacity laid the foundation of AWS, which has become the biggest profit engine for the company. All such experiments were planted years before the company made any profits from its core business.

Side gigs or moonlighting makes sense if the employee can pursue genuine interest outside of work. If it is about making a quick buck, doing the same work at a similar setup, then it is rightfully criticized, but not all moonlighting is bad. Who knows if the next Einstein is sitting in a cubicle down the corridor, hiding their creations from you? Time for you to unleash such talent without getting insecure.

Pavan Soni is the founder of *Inflexion Point*, an innovation and strategy consultancy. He's the author of *Design Your Thinking: The Mindsets, Toolsets and Skill Sets for Creative Problem-solving*.

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