HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 115

Monday, May 13, 2024

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mint

Think Ahead. Think Growth.

mint primer

An OpenAI search engine? Decoding the growing buzz

BY LESLIE D'MONTE

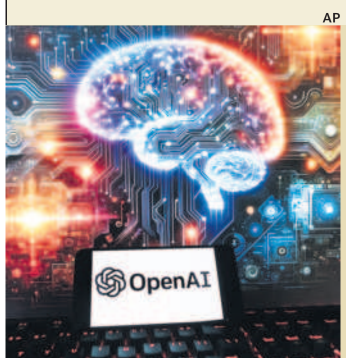
OpenAI CEO Sam Altman has managed to keep the buzz going around the release of a generative pre-trained transformer (GPT)-5 and a ChatGPT search engine by calling previous versions "dumb". Here's why enterprises would do well to seek alternatives.

1 Are we misreading OpenAI's tea leaves?

OpenAI published a blog in March, hinting at the release of GPT-4.5 Turbo, while Altman referred to a new ChatGPT model this year when asked by a podcaster about GPT-5. On 6 May, Altman posted: "im-a-good-gpt2-chatbot", adding to the buzz. This model, which can be accessed at "chat.lmsys.org", has two windows that display responses by competitors (for example, GPT-4 and LlaMA-3) when you ask a question and rate the models 'good', 'bad', or 'tie'. The 'good-gpt2-bot' outperforms OpenAI's GPT-4 and Claude Opus on some tasks, suggesting that OpenAI will soon release a new GPT model.

2 And what about the new search engine?

OpenAI is set to announce "some ChatGPT and GPT-4 updates". Some believe it will release a ChatGPT search engine, aimed at stealing the thunder from Google whose I/O 2024 event begins on 14 May. Recent reports on Y Combinator's Hacker News community also suggest that OpenAI has registered a domain name, search.chatgpt.com. Besides, ChatGPT Plus users can already access real-time information using the Bing option. But Altman has queered the pitch by posting that the demo will "...not (be) gpt-5, not a search engine", but "...some new stuff we think people will love..."



AP

3 What do these developments imply?

If OpenAI releases a search engine, it will compete with not only Google (the market leader with over 80% share) but also with Microsoft's Bing that is anyway powered by ChatGPT. But not everyone is happy about Altman's mixed messages. On 7 May, cognitive scientist Gary Marcus posted on X: "...It's been 14 months and nothing that merits the name GPT-5 has emerged..."

4 Why is Microsoft wooing OpenAI rivals?

Microsoft has invested over $10 billion in OpenAI, and uses its GPT models to power Copilot and Bing. This dependence demoralized Microsoft's in-house AI team, according to *Business Insider*, prompting it to invest $16 million in French AI startup Mistral AI that rivals OpenAI. Microsoft is also building its own AI model, MAI-1, says *The Information*. This team is led by Mustafa Suleyman, former CEO of Google's DeepMind and AI startup Inflection before Microsoft acquired Inflection for $650 million.

5 Why must firms hedge their LLM bets?

Marcus added in the above-cited post: "... How long before we acknowledge that alternative approaches are needed?" Other than OpenAI's GPT-3 and -4, enterprises can access Meta's LlaMA-2 and -3, Anthropic's Claude 3 model family (Haiku, Sonnet, and Opus), Google's Gemini 1.0 Ultra and Gemini 1.0 Pro, and large language models (LLMs) from the likes of Mistral, Cohere, and Falcon too. Abacus AI CEO Bindu Reddy said, "...the prudent thing to do is not to be married to any one single LLM."

QUICK EDIT

The Sun and us

The weekend spectacle of "northern lights" across a vast patch of the northern hemisphere, with its colours caught vividly by smartphone cameras, was truly extraordinary. The last such event was about two decades ago. It posed a minor threat to sat-com links, but wasn't linked to climate change; nor was it anthropogenic in any other way. It was on account of a major spike in solar activity—a Sun storm with its flares making a geomagnetic impact on Earth. Clouds of ionized gas and magnetic fields had shot out of a cluster of sun-spots to magnify what's usually a tame "aurora borealis" in polar regions. The Sun is about 4.6 billion years old, with a life expectancy of some 5 billion years more. The planet we inhabit is a few hundred million years younger, but how long it survives would depend on how we define survival. At the current pace of global warming, a man-made disaster like none other, how habitably will the Earth survive and for how many life-forms? Surviving differs from thriving; often, starkly so. Our collective future demands that we duly rise above narrow domestic walls to focus on this challenge. The Sun's doing fine. Sadly, we can't say the same for us.

MINT METRIC

by Bibek Debroy

200 the maximum marks you can get,
Limits a Gujarat school happily reset.
In Gujarati, maths and similar core,
A student scored that and more.
Such errors schools happily forget.

QUOTE OF THE DAY

There are many parts where the government should work closely with businesses to understand what the constraints are and improve the ease of doing business. Of course, India made progress on that...

ALBERT PARK
CHIEF ECONOMIST, ASIAN DEVELOPMENT BANK

THE WEEK AHEAD

13-17 MAY — Q4 EARNINGS
Bharti Airtel, DLF and Crompton Greaves among companies set to declare Q4 results.

13 MAY — CPI DATA & PHASE 4 POLLS
Retail inflation data for April set to be released. Phase 4 of polling for Lok Sabha elections to be held.

13 MAY — TRANSACTION FEE HIKE
BSE hike on transaction charges on Bankex, Sensex options set to come into effect.

15 MAY — CANARA STOCK SPLIT
Canara Bank to determine shareholders' eligibility for stock split.

15 MAY — DIGIT IPO
Virat Kohli-backed Go Digit Insurance to launch initial public offering (IPO).

16 MAY — AI TEL AVIV FLIGHT
Air India to restart Delhi-Tel Aviv flights. The airline had halted services due to West Asia tensions.

17 MAY — JSW FUNDRAISING
JSW Steel board to take up raising long-term funds.

18 MAY — DISRUPTION TEST
NSE and BSE to conduct a special trading session to test disruption preparedness.

PLAIN FACTS

How HCLTech bucked the fall in headcount

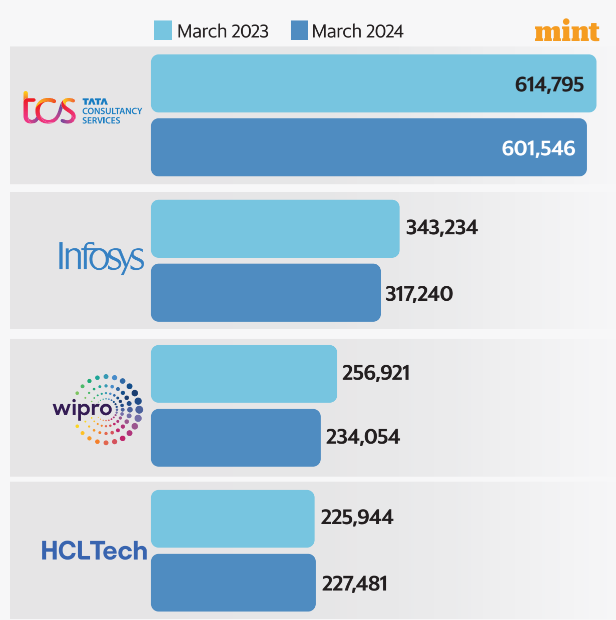
BY HOWINDIALIVES.COM

For over two decades, top software services companies such as Tata Consultancy Services Ltd and Infosys Ltd have been driving technology employment in India. However, in the just-concluded financial year, their collective headcount shrank. The employee strength of TCS dropped by 13,000 in FY 2023-24, that of Infosys by about 26,000, and Wipro Ltd by 23,000. The only exception among the top four Indian tech services companies by market capitalization was HCL Technologies Ltd—its headcount increased by 1,537 in FY24. Industry watchers pay attention to changes in headcount as a proxy for sales. Billings of IT services companies are based on the number of hours that employees spend on a project.

While artificial intelligence threatens to reduce employee hours, the link between headcount and sales continues to hold, at least for the present. To some extent, this explains how HCLTech bucked the trend. Its revenue growth outpaced that of Infosys and Wipro in all four quarters of the previous fiscal year, while it beat that of TCS in two quarters, and nearly equalled it in one. TCS's human resources head said the company has been "focusing more on utilising the capacity that we have built over the prior years". Still, the HCLTech stock has dropped by 11% so far this year, compared with a 4% drop for Wipro, and gains by TCS and Infosys. This is partly because HCLTech's guidance for FY 2024-25 was muted. At a projection of 3-5% growth, it was a "tad lower than Street/our expectations of ~4–7%", said ICICI Securities. HCLTech during its earnings call also suggested that clients' discretionary spending was yet to pick up.

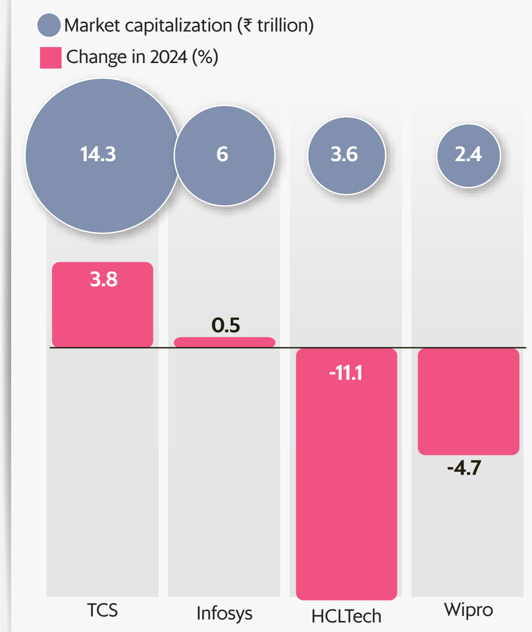
HCLTech bucked the drop in IT services headcount

Number of employees as of:



Source: Companies' financial statements

HCLTech's stock has trailed that of peers this year



Data as of 9 May. Companies arranged in descending order of market capitalization.

Source: Google Finance

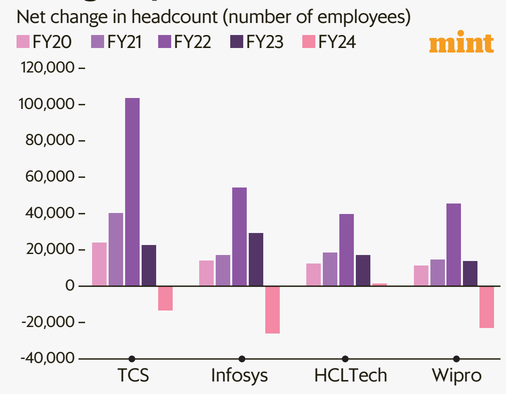
Hiring Moderation

WHILE HCLTECH has outpaced its larger rivals in revenue growth in the past two quarters, it is not the key reason why it bucked the trend of shrinking headcounts. The key reason is the hiring behaviour of tech majors in the previous two fiscal years, especially in 2021-22. During the pandemic, due to mobility and other restrictions, companies globally started rolling out digital transformation projects taking the help of Indian IT service firms.

To service those projects, domestic IT companies hired in large numbers, expanding their employee base significantly. In 2021-22, the employee count of TCS grew by about 100,000, that of Infosys by about 50,000 and Wipro by 45,000. HCLTech's headcount growth in absolute terms in the previous four financial years has been lower than that of both TCS and Infosys. In 2021-22, HCLTech's headcount growth was lower than Wipro's by about 5,000 people. This moderation showed in headcount additions in FY24.

IT companies' staff expansion peaked during the pandemic

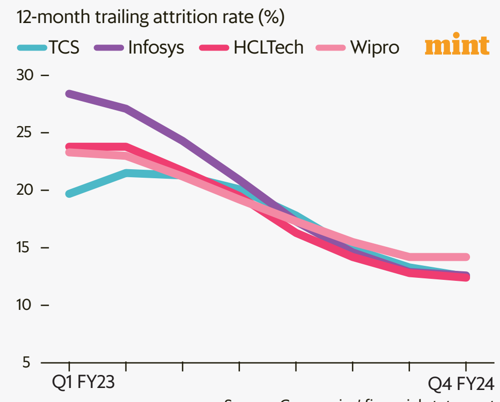
Net change in headcount (number of employees)



Source: Companies' financial statements

Top IT firms have brought attrition under control

12-month trailing attrition rate (%)



Source: Companies' financial statements

Attrition Down

THE FIGHT for talent in India's IT sector also showed up in high attrition numbers in 2022 and 2023. Attrition rates at Infosys jumped to a high of 28.4% in the first quarter of FY23, from 13.9% during the first quarter of the year before.

Similarly, TCS saw its peak attrition rate a quarter later, at 21.5% during the second quarter of FY23. HCLTech, too, experienced its peak attrition rates during those two quarters, at 23.8%. As demand for IT services weakened, attrition across these companies dropped.

The employee base shrank due to this voluntary attrition, coupled with a change in hiring strategy.

Now, companies are hiring for specific skills that are in demand. They are also hiring with the intention to keep their cost structure low. In HCLTech's recent earnings call, chief executive C. Vijaykumar pointed out that the company had almost doubled its fresher hiring between 2020-21 and 2022-23.

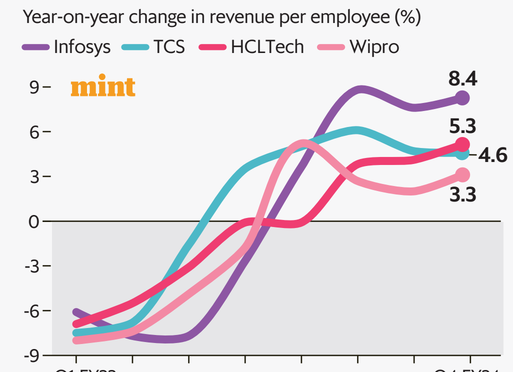
Productivity Gains

HIRING CHANGES impact productivity (revenue per employee). In FY23, it fell in each quarter for all the four companies. In FY24, productivity started picking up, but still lags pre-pandemic (FY19) levels, *Mint* reported last week. One reason for the recovery in productivity for all four companies in FY24 was higher utilization rates (share of staff engaged in active projects). For Infosys, utilization grew to 82% in the latest fourth quarter from 76.9% a year earlier. For Wipro, utilization (without trainees) rose to 86.9% from 81.7%. However, utilization rates get saturated after a point. IT firms allocate more people in projects than they bill to provide an assurance for clients. Thus, they need to have bench strength to readily deploy into upcoming projects. All four companies are hoping to get more of them in the coming quarters.

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

IT services' productivity improved in 2023-24

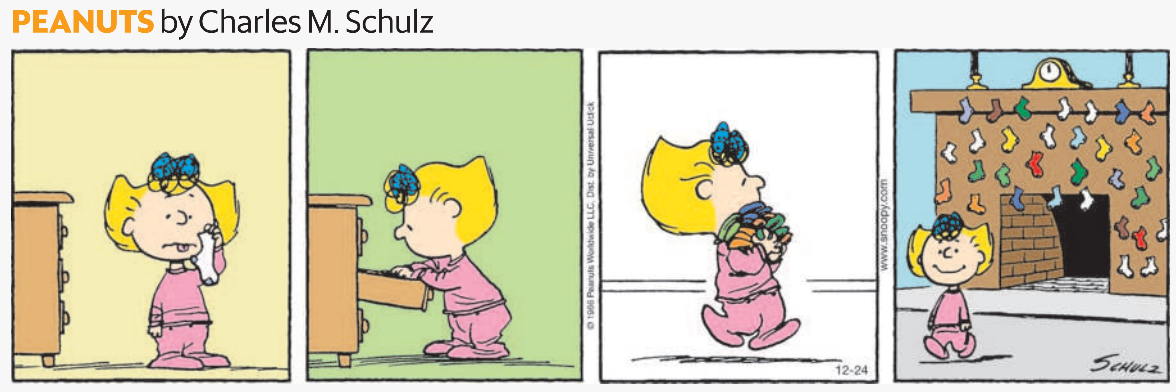
Year-on-year change in revenue per employee (%)



Source: Companies' financial statements

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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Monday, May 13, 2024

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How Andhra's poll descended into a class war ▶P10

Mkt expecting positive end to the polls: Andrew Holland ▶P4

SENSEX 72,664.5 ↔ 0.00 | NIFTY 22,055.2 ↔ 0.00 | DOLLAR ₹83.5 ↔ ₹0.00 | EURO ₹90.02 ↔ ₹0.00 | OIL $82.66 ↓ $1.71 | POUND ₹104.62 ↔ ₹0.00

Telcos turn FPI darlings on tariff hopes, Vi FPO

Market sees tariff hike this year; Vi upgrade plans fuel tower, equipment firms

Dipti Sharma
dipti.sharma@livemint.com
MUMBAI

Foreign investors poured nearly a billion dollars into telecom stocks in April, their most-favoured sector for the second month in a row, as optimism returns to a sector blighted by flat tariffs, steep debt and protracted litigation. Market experts believe that many of the factors that revived interest in the sector are here to stay, signalling further momentum.

After investing about $960 million in telecom services and equipment companies in March, foreign portfolio investors (FPIs) pumped $991 million in April, a *Mint* analysis showed, betting on the revival of Vodafone Idea Ltd, expected tariff hikes and rising phone usage.

FPIs jostled for shares in Vodafone Idea's ₹18,000 crore follow-on public offering (FPO), India's largest, also sparking interest in tower company Indus Towers, which stands to gain from the telco's planned rollout of 4G and 5G networks. Bharti Airtel picked up as well, as investors eye long-awaited tariff hikes later this year.

"In April, foreign investors showed interest in telecom stocks, likely due to their participation in the FPO of Vodafone Idea," said Abhilash Pagaria, head, Nuvama Alternative & Quantitative Research.

The debt-laden telco's FPO anchor book attracted prominent names like GQG Partners, Fidelity Investments, UBS Fund Management, Jupiter Fund Management, Abu Dhabi Investment Authority, Morgan Stanley Investment Funds and Societe Generale. Other than FPIs, mutual funds and domestic financial institutions also queued up for Vodafone shares.

FPIs remain bullish on No.2 telecom operator Bharti Airtel and Indus Towers on hopes of higher average revenue per user (ARPU), Pagaria said.

"According to Nuvama Alternative math, Indus Towers is expected to make it to the MSCI Standard Index in the May review, potentially attracting close to $250 million in further investments," said Pagaria, who believes that overall, optimism prevails in the sector.

Shares of Bharti Airtel and Indus Towers have surged 26% and 66% respectively so far in 2024, while Vodafone Idea's stock has dropped 21%.

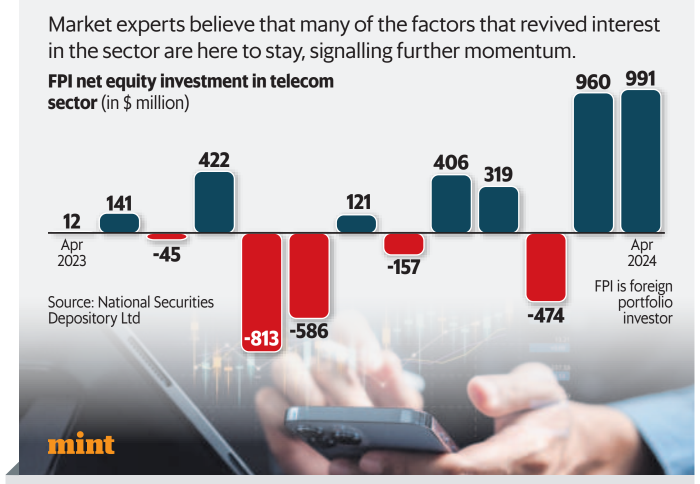
In the past, various factors have kept investors away from telecom stocks. Apart from cut-throat competition and tariffs that are the lowest in the world, telcos are capital-guzzlers due to costly airwaves and network upgrades. Litigation over adjusted gross revenues ended with a Supreme Court order in 2019 ordering stiff payouts by telcos, and was followed by a government-backed relief package in 2021 and a new telecom law in 2023. Meanwhile, one-time spectrum use fees is still in the courts.

Prashant Singhal, EY's emerging markets technology, media & entertainment and telecommunications sector leader, said, "There are several positives for the sector in the near to medium term, and potential tariff hikes is the most important one."

TURN TO PAGE 6

CALLING INDIA

Market experts believe that many of the factors that revived interest in the sector are here to stay, signalling further momentum.



SPEED DIAL

THE sector has been most-favoured for two months in a row

INVESTORS remain bullish on Bharti Airtel & Indus Towers

BROKERAGE firms see telcos making 2 rounds of tariff hikes

SARVESH KUMAR SHARMA/MINT

Wipro aims to end acrimony with its former top execs

Varun Sood & Jas Bardia
BENGALURU

New CEO, new chapter. Less than a month after Srinivas Pallia replaced Thierry Delaporte in the corner room of Bengaluru-headquartered Wipro Ltd, the company is attempting to settle lawsuits it had filed against two former senior executives, according to a review of court filings and two executives aware of the development.

Jatin Dalal, former chief financial officer of Wipro, and Mohd Ehteshamul Haque, the company's former senior vice president and head of healthcare and medical devices business, were sued by India's fourth-largest IT services company for breach of employment contracts.

Both had joined rival Cognizant Technology Solutions Corp less than 12 months after resigning from Wipro. The company has now initiated processes in the courts to close the lawsuits.

Dalal, who quit as CFO on 21 September 2023, joined Teaneck, US-headquartered Cognizant last December. Earlier, in August 2023, Haque had joined Cognizant as its chief commercial officer shortly after leaving Wipro in June 2023.

Wipro had sued Jatin Dalal and Mohd Ehteshamul Haque citing breach of contract. MINT

"I believe the change of leadership has promulgated a different approach to former executives," said Ray Wang, founder of Constellation Research, a California-based technology research and advisory firm.

"The services business ultimately comes down to relationships and capability. A combative approach is a short-term approach, not a long-term approach. Great companies know that their alumni can be a great asset when treated well. I believe that Srini and the team are taking a different and wise approach," added Wang.

Wipro had sought ₹25.1 crore in damages from Dalal in a suit filed in Bengaluru civil

TURN TO PAGE 6

DON'T MISS

HT

TCS signals strategic shift with merger of AI, cloud units

Tata Consultancy Services Ltd (TCS) has become the first Indian information technology (IT) services company to merge its artificial intelligence (AI) and cloud businesses into one entity, named Ai.Cloud. >P3

Mango prices jump as weather shocks batter crop

India's favourite fruit is facing a problem—heatwaves and unseasonal rains have hit crops, potentially disrupting supplies. There's a silver lining of sorts, though. Despite all this, mango exports are unlikely to be hit, according to trade analysts. >P2

Consumer affairs ministry seeks action against illegal betting ads

The consumer affairs ministry has sought action against indirect and surrogate ads promoting illegal betting and gambling—on the rise in the cricket and election season. The Centre wants a crackdown as these ads are in clear violation of the CCPA guidelines. >P2

Rooftop solar could be $1bn opportunity for Tata Power

The central government's rooftop solar subsidy scheme for households could present a $1 billion-plus business opportunity for Tata Power, the company's managing director Praveer Sinha said. >P6

'For mid-income level, education crucial for India'

Gireesh Chandra Prasad
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NEW DELHI

Asian Development Bank chief economist Albert Park.

India's ascent to middle income-economy status hinges on better education and continued focus on infrastructure creation, Asian Development Bank (ADB) chief economist Albert Park said, citing the successful experience of other developed economies.

India should also commit to remain an open economy and review import tariffs that may be making inputs costlier for sectors where it has an advantage, Park said on the sidelines of ADB's annual meeting in Tbilisi last week.

Park said that if ADB were to do an economic diagnosis of the country, education would be among the priority areas where it should really improve the quality since becoming a middle-income country means moving up the technology ladder.

"And you're trying to start producing more and more sophisticated goods. And that's going to require more skilled labour," Park said, adding that it entails training more people to higher levels and raising average attainment levels. That is one thing China did very well, Park said, quoting China's high score in Organisation of Economic Cooperation and Development's (OECD) Programme for International Student Assessment or PISA.

Education is a long-term investment as the results of teaching children today will only be seen when they enter the labour market, Park said. "In terms of the ambitions of India to reach these goals by 2047, I still think these are good investments," said Park, adding human capital investment is important because learning outcomes in India are still relatively poor compared to more successful economies.

None of India's higher education institutions made it to the top 100 in the latest QS World University rankings, which was topped by the Massachusetts Institute of Technology. IIT Bombay came in at 149, followed by Delhi University at 407 and Anna University at 427.

Park also made a strong case for India to make policies, reform subsidies and adopt technology so that farmers are encouraged to shift to more sustainable and less water-dependent farming, which will make India's farm sector more resilient to climate shocks. That would include reforms in the pricing of inputs like fertilizer, the production and non-optimal use of which could be carbon-intensive.

The economist said that India's infrastructure investment is on right track, but there are still opportunities for bringing in foreign direct investment into the economy, participating more in global value chains, and boosting manufacturing because those are the areas where catching up to global technologies will deliver fast productivity

TURN TO PAGE 6

mint Election Bites

Poll trends: How metros vote, in numbers

By Niti Kiran
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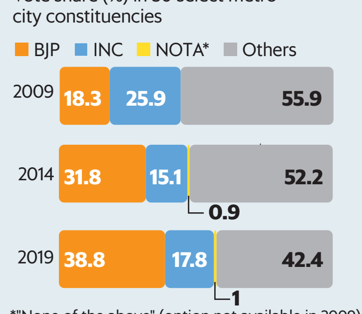
Metro cities often appear to take on a prime role in shaping the political discourse. Who do they vote for in the Lok Sabha elections? Some of these urban centres have already voted in the first two phases, while seats in Hyderabad go to polls on Monday. In 30 selected constituencies spanning six metro cities, the vote share of the Bharatiya Janata Party (BJP) rose from 18% in 2009 to nearly 39% in 2019, showed a Mint analysis. The Congress party's share, meanwhile, fell from 26% to 18%. In 2009, these metros were slightly less enthusiastic about the Congress (the eventual single-largest party) than the rest of India. But in 2014 and 2019, the metros' preference for the winning party (BJP) was almost in line with the final result. That said, these cities have been grappling with declining voter turnouts.

BJP grabbed over one-third of metro cities' pie in 2019

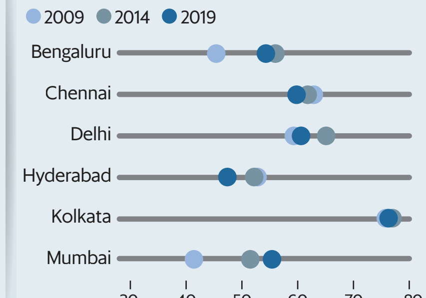
Vote share (%) in 30 select metro city constituencies



*"None of the above" (option not available in 2009).

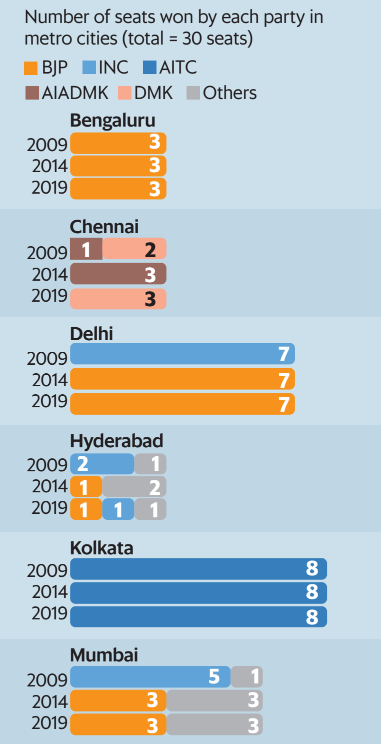
Five of the six selected metros lag national average on voter turnout

Voter turnout (%) in metro cities (India: **67.4%** in 2019)



BJP had a 100% strike rate in Bengaluru and Delhi in 2019

Number of seats won by each party in metro cities (total = 30 seats)



The 30 constituencies picked for the analysis are spread in Mumbai (6), Delhi (7), Hyderabad (3), Chennai (3), Bengaluru (3) and Kolkata (8). Full analysis and more election-related data on livemint.com/topic/in-charts.

Sources: Trivedi Centre for Political Data, Election Commission of India, Mint analysis

PARAS JAIN/MINT

Liberalized visas lure Indians to new spots

Varuni Khosla
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NEW DELHI

Radhika Khanijo is busy planning vacations this summer for a few uber-wealthy clients to a destination that hadn't been on her luxury travel firm's radar ever before: South Korea. The Asian country is suddenly on the map of Indian travellers, says the founder of Welgrow Travel, and part of the reason is its easy visa process.

"South Korea is seeing a big rise in travel demand from discerning travellers. We were never catering for travel to this country till last year," said Khanijo, also explaining why the visa process is a boon for last-minute planners. "There is no appointment procedure and clients can just submit their visas (online). Their visas take just seven working days to process, with low rejection rates."

Khanijo is also bundling in travel to Japan for one client.

Vietnam registered a 25% jump in bookings during April and May. ISTOCKPHOTO

As the process of obtaining Schengen visas for travel to European countries such as Greece, Italy and Switzerland became exasperating, Indians turned to other destinations that have easier visa processes.

Thailand set the ball rolling in November, when it eliminated visa requirements for Indian travellers and permitted a 30-day stay until May this year. Last week, it extended this

TURN TO PAGE 6

The man whose musings fuel Elon Musk's nightmares

Tim Higgins
feedback@livemint.com

THE WALL STREET JOURNAL.

Elon Musk's bedtime routine is giving him nightmares.

To hear him in public is to catalog a running list of his greatest fears: end-of-the-world type stuff, killer AI threats and, in recent years, the scourge of what he calls the Woke Mind Virus.

"I listen to podcasts about the fall of civilizations to go to sleep," Musk said this past week during an appearance at the Milken Institute conference. "So perhaps that might be part of the problem."

One provocateur, in particular, has caught his attention of late: Gad Saad, a marketing professor at Concordia University in Montreal, and author of the book "The Parasitic Mind: How Infectious Ideas Are Killing Common Sense."

To read the book, which was first published in 2020, is to see reflections of Musk's most contentious comments during the past few years, as the billionaire has increasingly expressed concerns about diversity, equity and inclusion efforts and illegal immigration overtaking the U.S.

Along the way, Musk and Saad have developed something of a public bromance. AFP

"I read your insightful book on the parasitic woke mind virus," Musk tweeted praise to Saad earlier this year. "It gave me nightmares."

Both men share a common embrace of social media. On X, Saad has almost 900,000 followers and on YouTube more than 300,000 subscribers. Both men have separately appeared on the popular Joe Rogan podcast several times.

Along the way, Musk and Saad have developed something of a public bromance. This year alone, Musk has interacted with Saad's X account more than 140 times.

All of the attention has apparently helped boost interest in the book. Since going on sale, it has sold more than 120,000 copies across all formats, according to Skyhorse Publishing, which acquired the book's original publisher, Regnery Publishing. Paperback sales jumped 94% in the first four months of 2024 compared with a year earlier, while the digital version rose 254%.

"We just did an unexpected rush reprint of 10,000 copies and I anticipate another very soon," Tony Lyons, president of Skyhorse Publishing, said in an email.

The book is an extension of Saad's career exploring how human evolution informs modern consumer behavior—a controversial way of looking at the world that is sometimes called evolutionary psychology.

Over the years, his academic writings have covered a range of disciplines, including, for example, how menstrual cycles influence food and appearance-related consumption; and how the use of waist-to-hip ratios in online escort ads illustrate what Saad describes as "near-universal" preferences among men for certain female attributes.

TURN TO PAGE 6

STRAIGHT FORWARD

SHASHI SHEKHAR

Respond to this column at feedback@livemint.com

ELECTION RESULTS ARE NOT TETHERED TO VOTER TURNOUT

The recently concluded third phase of the ongoing general election has reaffirmed a consistent trend: The Hindi heartland states, along with Maharashtra, continue to lag behind in participation in the grand festival of democracy. Why is this happening?

Let us examine this starting with Noida, a city in Gautam Buddha Nagar district of Uttar Pradesh, where I reside. By midday, the polling stations here were deserted. Only 53.63% of registered voters exercised their franchise in this recently populated, forward-looking metropolis. Women's participation was also quite low, though literacy and self-reliance rates among women in Noida are greater than in the rest of the country. Noida was not alone; this was pretty much the situation throughout the country.

Why did they not carry out their democratic responsibility?

Election Commission of India data shows that only 66.14% of votes were cast in the first phase, and 66.71% in the second phase. Some blamed the excessive heat for the low voter turnout in the third phase, too, but that is far from reality. Statistics show that vote percentage had grown at all four general elections held between 2004 and 2019. The previous two elections showed a significant increase in this regard.

Fans of Prime Minister Narendra Modi credited him with this. When BJP announced Modi as its prime ministerial candidate in 2013, many were drawn to his oratory skills and the "Gujarat Model". The saffron party won the majority for the first time ever then. Modi repeated this in 2019. But now, given that the turnout was low in the first two phases, should the opposition's claims that his magic has diminished be considered true? Not at all.

According to a survey conducted by an English magazine shortly before the elections, Modi was the top choice of 52% of people. It also claimed that no one has been able to compete with Modi in the last decade. Many other surveys also made almost identical announcements. Besides, one other fact needs to be considered. Kerala, like North and West India, saw a lower turnout. The BJP is not anywhere in the primary contest there.

What could be the cause of this?

> Low turnout in the first two phases, may not be a signal that Modi magic is wearing off

There are numerous explanations for this. One is the carelessness of certain members of the party, including MPs, leading to the revival of factors such as castes at the election. Modi had "bulldozed" caste boundaries in the last two elections. Another is the rapid formation and breaking of coalitions, and the preference given to leaders from the "outside". It has broken party workers' morale. Until the last election, these people had left no stone unturned to get voters to the polling booth.

The scenario is no different in other parties, too. The opposition has not been able to forge a working alliance. Also, parties such as those led by Sharad Pawar and Uddhav Thackeray saw their rebel factions joining the NDA. Rahul Gandhi and his Congress party are now contesting the election on the shoulders of regional satraps. His Kanyakumari-to-Kashmir yatra, which ended early last year, made some ripples but failed to inspire the passion that the Congress requires.

Besides, some leaders' alleged misconduct has also offended voters. Former prime minister H. D. Deve Gowda's son H. D. Revanna and grandson Prajwal Revanna stand accused in a sex scandal. Janata Dal (Secular) has ousted Prajwal and party leader H. D. Kumaraswamy has stated that if they are proven guilty by the SIT investigation, stricter measures will be taken. Further, incidents like as the last-minute withdrawal of a Congress candidate from Indore and the earlier cancellation of a Congress candidate's nomination from Surat, as well as the withdrawal of other candidates, harmed public trust in democracy. The huge amount of money recovered from a Jharkhand minister's associates, as well as the poisonous language used by the politicians, have also shaken the common man's belief in democracy.

Political parties should take these issues seriously.

In the current election, is the low turnout an indication of a shift in voters' trust? Answering this question is impossible as turnout does not determine success or defeat. Indira Gandhi returned to power with an overwhelming majority in 1971, despite a drop in voter turnout of about 6%. In the following election, in 1977, the vote share climbed by more than 5%, but she lost. We should also note that there was an improvement at the national level during the third phase. What is the guarantee that this trend will not gain further momentum?

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

Govt plans action on ads for illegal betting, gambling apps

The move comes amid a rise in indirect and surrogate advertisements during poll, IPL time

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NEW DELHI

The Centre wants a crackdown on these advertisements as they are in clear violation of the Central Consumer Protection Authority guidelines. ISTOCKPHOTO

The consumer affairs ministry has sought action against indirect and surrogate advertisements promoting illegal betting and gambling – on the rise in the cricket and election season.

The Centre wants a crackdown as these ads are in clear violation of the Central Consumer Protection Authority (CCPA) guidelines, two people aware of the matter said.

This move comes in response to the widespread use of betting apps, particularly during events, including Indian Premier League (IPL) and general elections, despite clear guidelines prohibiting such activities.

The consumer affairs ministry has written to the ministry of electronics and information technology (Meity) to identify all violators and take appropriate legal action, including imposing penalties and banning the operations of betting and gambling apps.

Betting and gambling are prohibited under the Public Gambling Act of 1867 and are illegal in most parts of India. Despite regulations, online betting platforms continue to advertise their services, leading to concerns about the financial and socio-economic implications, especially among the youth.

> $3.1 bn
> The size of India's gambling market expected in FY3

According to estimates, India's gaming market was expected to reach $3.1 billion in FY23 and is projected to grow to $7.5 billion by FY28. India is the second-largest gaming market, with 15.4 billion game downloads in FY23. The largest is China.

"We don't want to regulate regulators. Online gaming falls under Meity's purview, so we have asked them to review compliance issues with gaming apps and prepare a list of violators and the trend of its users," one of two people cited above said.

After reviewing compliance adherence, a stakeholder consultation would be held to seek comments from online gaming platforms for strengthening regulations. This is aimed at protecting the targeted audience from addiction and falling into debt traps.

Queries sent to the secretaries and spokespersons of both ministries went unanswered.

Online gaming carries risks such as addiction, health problems from prolonged screen time, social isolation, financial loss due to in-game purchases, privacy and security concerns, cyberbullying, and negative influence from violent or aggressive games.

> $7.5 bn
> The size of India's gambling market expected by FY28

"Betting through online gaming apps is a serious issue, and the consumer affairs ministry should take a strong stance on it. Betting apps are preying on vulnerable individuals, and the CCPA should implement stricter regulations to protect consumers and address their concerns. Surrogate advertising to catch unaware consumers as detected by ASCI every month needs to be tackled with a firm stand, specially the overseas operators," said Ashim Sanyal, CEO and secretary, Consumer Voice.

The ministry is also supporting Bengaluru's National Institute of Mental Health and Neurosciences (Nimhans) to conduct a study on disruptive impulse control behavioural patterns of online gaming that may cause vulnerabilities.

"The findings of the research will be used to frame guidelines for protecting consumers in online gaming," the second person said, adding the report will also help the industry ensure the optimum use of technology to minimize risk.

The ongoing study aims to develop a predictive and pre-emptive model to protect the rising number of digital consumers who are into online gaming. Meity has scrapped the idea of a self-regulatory body for online gaming and is working on establishing an independent regulator that will permit only registered entities to offer e-gaming services in India.

Asean-India FTA review talks to start on 29 July

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NEW DELHI

The next round of talks for a free trade agreement (FTA) with the 10-nation bloc of South-east Asian nations—Asean—is scheduled to be held in July to review the existing deal with India, a senior government official said on Sunday. A delegation from South-east Asian nations, including high-ranking officials, will meet on 29-31 July in Jakarta, Indonesia, the official said, asking not to be named.

The review will focus on the Asean Trade in Goods Agreement (ATIGA), which has been in place for over a decade, and will include more goods and services under non-tariff barriers, the official said.

Signed in 2009, ATIGA came into effect in 2010. The decision to review it came at the 16th Asean-India Economic Ministers Meeting in September 2019, following multiple requests from member nations.

The review's scope was finalized in September 2022 and the discussions for review started in May 2023 to make it more trade-facilitating and beneficial for businesses across the region. The last round of the three-day negotiations concluded on 9 May in Putrajaya, Malaysia. A joint committee, which is undertaking the review, has so far met four times.

37,000 med students cite mental ailments

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NEW DELHI

A staggering 37,000 medical students have told the government's medical education authority that they are suffering from potentially risky mental health ailments, alarming the body into prescribing a phalanx of measures, including regulated duty hours and suicide watch.

A psychiatrist at the All Indian Institute of Medical Sciences, New Delhi, described the shocking figures as "the tip of the iceberg".

The National Medical Commission (NMC) had launched an online survey after finding that 130 medical students had taken their lives in the last five years. In the survey, medical students and faculty submitted details about the mental health illnesses they were suffering from. Concerned over the number of students suffering from mental illness, NMC formed a 15-member panel to discuss the issue and draft recommendations.

> NMC formed a 15-member panel to discuss and draft measures based on results of a mental health survey

NMC's suggestions based on the overwhelming response to the online survey include gatekeeper programmes to prevent suicide and for identifying vulnerable students, regulating duty hours for postgraduate students, better student facilities, friendlier work environment, and round-the clock professional counselling services.

These recommendations will be submitted to the Union health and family welfare ministry this month to be rolled out across medical colleges in the country.

"Some of the universal recommendations which are in discussion includes adjustment support and orientation in medical colleges for new students to understand their role & duties...," said a government official requesting anonymity.

Queries sent to the Union health ministry spokesperson remained unanswered till press time.

RBI dividend likely to stay at FY24 level

Rhik Kundu & Subhash Narayan
NEW DELHI

The dividend Centre will receive from public sector banks during FY25, though, could be higher than what it received in FY24. MINT

The dividend that the Reserve Bank of India (RBI) transfers to the central government in FY25 will likely be in the same range or slightly more than in the previous fiscal (FY24), two people aware of the matter said.

Meanwhile, the dividend that the Centre will receive from public sector banks (PSBs) during FY25 could be higher than what it received in FY24 as profits reported by state-owned banks were higher in FY24, compared with the previous year, the people mentioned above said.

Profits of state-owned banks crossed ₹98,000 crore in the first three-quarters of FY24 and are likely to exceed ₹1.3 trillion by FY24-end.

"The Centre expects dividend income from the RBI during FY25 to remain consistent, at the same level or slightly more compared with the last year," the first person mentioned above said, requesting anonymity.

"The dividend from PSBs are expected to be over ₹15,000 crore during FY25," the person added. Dividend from the RBI is usually released to the Centre in May.

During FY24, the government had pegged a 17% higher dividend at ₹48,000 crore from the RBI, public sector banks and financial institutions.

> PSBs' profits beat ₹98,000 crore in the first three quarters of FY24 and may exceed ₹1.3 trillion by FY24-end

However, this target was surpassed with the transfer of ₹87,416 crore as surplus to the Central government for FY23 by the RBI, which was paid in May 2023 and accounted for in FY24 by the government. The dividend payout from public sector banks for FY24 has been about ₹15,000 crore.

The vote on account budget presented in February states that the government expects ₹1.02 trillion in dividends from the RBI and state-owned banks in FY25 but doesn't give a breakup.

Meanwhile, the actual dividend from RBI and state-owned banks could exceed the budgeted targets during FY25 and help the Centre stick to its fiscal deficit glide path and bring down the fiscal deficit to 5.1% in FY25 or even better it, said the second person mentioned above.

"There is a likelihood that the dividend income will be higher than the provisions made in the vote on account budget, similar to last year when the actual dividend proceeds exceeded the budgeted target," the person added.

Spokespersons of the finance ministry and RBI didn't respond to emailed queries.

"Over the last couple of years, RBI's income has seen a rise on account of its interest income from holding securities (both foreign and domestic) and on loans provided to commercial banks funding the Indian economy expansion and growth appetite," said Anish Mashruwala, Partner, JSA Advocates and Solicitors.

"[G]iven the current geopolitical realities, I am bullish on India's continued upward trajectory and though the upcoming election results will certainly have an impact on the pace of this trajectory, RBI's dividend payout for FY25 will remain strong and with higher foreign capital inflows, should be higher," he added.

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Weather shocks spell sour start to mango season, but exports not hit

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NEW DELHI

India's favourite fruit is facing a problem—heatwaves and unseasonal rains have hit crops, potentially disrupting supplies. This, coupled with a prolonged dry spell and depleting water levels, is expected to impact mango yields which could send prices zooming in domestic markets.

There's a silver lining, though. Of sorts. Mango exports are unlikely to be hit, according to trade analysts.

India is the world's largest producer of mangoes, celebrated nationally as the king of fruits. But the flowering of mango trees has been impacted this year, and the fruit's size and weight is likely to be smaller, too, depending on region.

"Because of unseasonal rainfall during winter (December-January) in some parts of West Bengal, flowering was affected," said Sandipan Biswas, a mango grower from Ichapur of North 24 Parganas in West Bengal who has 2 acres of mango orchards.

Biswas added, "This season, the crop is less. I am expecting the harvest from my orchard to be around 50 baskets (1 basket=40 kg) against the typical 150-200 baskets. Prices are already up and may rise further as produce is low this year."

Despite the poor harvest, trade analysts do not expect India's mango exports to suffer as it has shipment commitments. HT

Kalachand Dutta, another grower from the same region, said that not only the quantity but also the size and weight of mangoes could be affected due to inadequate precipitation before the flowering season.

"Weight of some varieties such as Amrapali, Fazli, and Langra are about 200-250 gm each against their original of 450-500 gm. This is going to pinch our pocket this season as we will have to put more produce in the basket when we sell it to traders in the market."

Similarly, growers in Tamil Nadu will bear the brunt of a poor harvest in terms of margin as heatwaves have slashed the crop at least by a half.

"In Tamil Nadu, mango crop is poor because excess heat and less water availability for irrigation causing flower and fruit to drop. As a result, we lost more than 50–60% of the crop. Now the hot windy weather condition for the past 3–4 days is causing fruit drop rapidly," said Prabhuram Rajagopal, who runs a nursery in Krishnagiri and is a member of the Tamil Nadu Mango Growers Federation. "To make up for the loss, farmers must get ₹400–500 per kg," Rajagopal said.

Currently, prices of Bombay Suruli and Gopal Bhog varieties are quoted at ₹45 and ₹50 a kg compared with ₹20 and ₹25–28 per kg in the corresponding period last year.

The best-quality Alphonso is priced at around ₹200 per kg, the B-grade at ₹60–70 and C-grade ₹40–50 a kg.

Despite the poor harvest, trade analysts do not expect India's mango exports to suffer as it has shipment commitments and exporters draw higher prices from the international market.

"I don't see any impact of less produce on exports in terms of volume and value. Most of the mangoes have already been shipped because they are done well in advance. The export starts from March onwards," said Ajay Sahai, director general and CEO of the Federation of Indian Export Organizations.

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THE MONDAY QUIZ

1) WHICH firm partnered with IBM to establish joint Generative AI Center of Excellence?

2) WHICH digital product engineering firm did Happiest Minds Technologies acquire last week?

3) WHICH global IT and professional services firm recently changed its logo under the name 'Innovate'?

4) WHICH tech veteran did Wipro elevate to head APAC, India, Middle East, Africa business?

5) WHICH homegrown Generative artificial intelligence platform is now live in 98 languages?

GLOSSARY

Vishing: A portmanteau of voice phishing, vishing is a type of social engineering-based attack that tricks people into sharing sensitive information. These details are then exploited for criminal activities such as fraud and financial theft. Attackers use toll-free numbers or voice-over-internet protocol to appear as a trustworthy party.

Mean squared error: A metric used in statistics, mean squared error is used to determine the quality of a prediction model. As the name suggests, it measures the average squared difference between the predicted and the actual values. A lower mean squared error value indicates a better fit for the model. It shows that the prediction made by the model is closer to the actual value.

Container: Containers are executable units of software packages that include everything needed to run an application – code, libraries, dependencies, and system tools, among others. This allows the application to run in different environments from laptops to the cloud. Containers are lightweight and faster to start up than virtual machines, making them critical to IT infrastructure in hybrid multicloud setups.

Avalanche effect: In cryptography, the avalanche effect describes a significant change to the output as a result of even a small change applied to the input of a function. It is a desirable quality of a cryptographic algorithm, particularly hash functions. It makes brute-force attacks on encryption algorithms much more difficult.

THE MONDAY QUIZ ANSWERS:
1) LTIMindtree 2) Aureus 3) Cognizant Technology Solutions Ltd 4) Vinay Firake 5) Hanooman

TCS signals strategic shift with AI, cloud unit merger

The firm's move might pave the way for other Indian IT services companies to follow suit.

Jas Bardia
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BENGALURU

Tata Consultancy Services Ltd (TCS) has become the first Indian information technology (IT) services company to merge its artificial intelligence (AI) and cloud businesses into one entity, named Ai.Cloud.

The merger signals a strategic shift towards innovation and client-centricity, allowing TCS to seize emerging opportunities in the digital transformation landscape. Siva Ganesan, a TCS veteran who oversaw the company's Microsoft business unit, will spearhead the Ai.Cloud unit.

While TCS traditionally provided cloud services through a centralized approach, tailoring IT solutions for various industries, this integration, completed in the fiscal year ended March, marks a significant change in its operational structure.

The consolidation aims to improve efficiency and streamline operations, offering clients a seamless integration of AI and cloud solutions under one banner, instead of maintaining smaller teams, catering to individual clients.

TCS, a key player in the global IT industry, serves Fortune 500 companies in banking, healthcare and retail sectors. It closed FY24 with robust revenues of $29.1 billion.

While TCS historically refrained from disclosing revenues for cloud or AI initiatives, recognizing the growing importance of data and cloud for its generative AI (GenAI) business, chief executive officer (CEO) K. Krithivasan decided to reveal that the company's GenAI pipeline had doubled to $900 million from a year ago in the quarter ended March.

"Cloud adoption is a catalyst for innovation, and a strategy for business and growth. It provides the unifying digital fabric that forms the foundation for a connected future—one that continues to unfold with each technological advancement, including GenAI," Krithivasan had said in a letter to shareholders after its FY24 annual results.

TCS chief executive K. Krithivasan. PTI

TCS's decision to disclose its GenAI revenues follows Accenture PLC, led by CEO Julie Sweet, which was the first to announce GenAI revenues of $600 million for the December-February quarter. "You have to remember that you can not just jump to the great data foundation. You need to be in Cloud. You've got to have modern platforms," Sweet said during a post-conference analyst call after announcing the results for its financial second quarter.

While such disclosures underscore the proactive commitment to transparency of leading IT services firms, it also points to the growing competitive landscape in emerging technologies.

In May 2019, *Mint* had reported that Accenture, which earns twice as much as TCS in annual revenues, had taken a swipe at TCS's digital offerings under Business 4.0. "Stop playing catch-up and start applying digital at the core of your business to reinvent for a new era of industry. Go beyond Industry 4.0: If you think Industry 4.0 is the epitome of industrial digitization—think again. The fact is the very notion of the industry itself is evolving," according to a post on the official website of Dublin-headquartered Accenture XO.

"TCS clearly wants to ensure it provides Global 2000 enterprises with a serious alternative to Accenture in Cloud, AI data and strategy areas, and not just large, low-cost outsourcing," said Phil Fersht, CEO of US-based outsourcing research firm HfS Research, in an emailed response to *Mint*'s queries.

"With the oncoming AI wave, Krithivasan and his team clearly want to move faster to lead with Accenture, and not fall in the category of "another low-cost Indian follower" like past technological innovation waves, he added.

TCS's move might pave the way for other Indian IT firms to follow suit.

DYNAMIC SYNERGIES

THE consolidation aims to improve efficiency and streamline operations

SIVA Ganesan, who oversaw TCS's Microsoft business unit, will spearhead the Ai.Cloud unit

TCS's GenAI pipeline had doubled to $900 million from a year ago in the March quarter

THE IT services firm serves Fortune 500 companies in the banking, healthcare and retail sectors

Auditor of Zomato's subsidiaries resigns

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NEW DELHI

Zomato on Sunday said the auditor of its subsidiaries Zomato Hyperpure and Blink Commerce has resigned with immediate effect, paving the way for the food tech platform's auditor Deloitte Haskins & Sells to be appointed in its place to make the audit process more efficient.

Batliboi & Associates, who was appointed as statutory auditors of the two wholly-owned subsidiaries for five years beginning April 1, 2023, till the conclusion of the 13th AGM, resigned w.e.f. May 12, 2024, Zomato said in a filing.

"Further to our various discussions and email dated May 8, 2024, from the Global Controller Finance, Zomato Limited, we understand that the holding company's management wants to align the statutory auditor of the company with the auditors of the holding company responsible for the audit of consol accounts to avoid some duplication and bring some efficiencies in the audit process at group level," Batliboi & Associates stated.

In the regulatory filing, Zomato informed that the reason for resignation is to allow for the appointment of the current statutory auditor of the company, Deloitte Haskins & Sells LLP, as the statutory auditor of Zomato Hyperpure Private Limited and Blink Commerce Private Limited as well, to make the audit process more efficient.

The Zomato's board is slated to meet on Monday to consider and approve the results for the fourth quarter and financial year ended March 2024.

Education sees surge in AI skill adoption

PTI
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NEW DELHI

Artificial intelligence (AI) is playing a pivotal role in reshaping learning experiences in the rapidly evolving educational landscape, with universities and edtech platforms at the forefront of this transformation.

Industry leaders report a surge in demand for AI skills, with enrolments skyrocketing and a focus on up-skilling individuals across stages.

Educational institutions are swiftly adapting and offering specialised AI courses to cater to the evolving skill requirements, reflecting a paradigm shift in the educational landscape toward embracing technology.

Institutions are offering specialised courses to cater to skill requirements. ISTOCKPHOTO

According to a report by industry body Nasscom, India ranks first in AI skill penetration with a score of 3.09, driven by higher-than-average compensation and growth prospects. Its another report said that data and AI could add ₹450-500 billion to India's GDP by 2025.

upGrad co-founder and MD Mayank Kumar said GenAI is on track to become an "excel-like phenomenon".

"The market is already showing a high demand for specialised skills, reflected in our enrolment figures. This trend is not limited to mid-career or senior professionals; even freshers are keen on developing basic AI skills, regardless of their industry ecosystem.

"Enrolments in Tech, Data, and GenAI courses on upGrad reached 6,000 per quarter in FY24, with 1.4 lakh learners joining free courses in a year," Kumar said.

Raghav Gupta, MD, APAC and India, Coursera, echoed the sentiment of surging demand for AI skills. "Roughly, every 3 minutes in 2023, someone in India enrolled for GenAI content on Coursera. In 2024, this demand quadrupled with enrolment every minute," he added.

He added AI will be both a disruptor and an enabler.

STATEMENT OF AUDITED FINANCIAL RESULTS (STANDALONE & CONSOLIDATED) FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2024

Particulars	Standalone				Consolidated			
	Quarter Ended		Year Ended		Quarter Ended		Year Ended	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED
1. Total Income from Operations	27,294.07	6,072.73	87,518.87	34,691.61	27,458.50	6,165.06	87,988.53	35,248.49
2. Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items#)	7,151.06	2,125.84	20,029.00	7,980.95	7,154.37	1,962.49	19,840.89	7,701.42
3. Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items#)	7,151.06	2,125.84	20,029.00	7,980.95	7,154.37	1,962.49	19,840.89	7,701.42
4. Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items#)	5,278.74	1,563.84	14,893.57	5,940.66	5,418.45	1,227.53	14,804.08	5,533.27
5. Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period(after tax) and Other Comprehensive Income (after tax)]	5,286.93	1,564.03	14,871.71	5,942.40	5,426.64	1,227.72	14,782.22	5,535.01
6. Equity Share Capital	2,082.99	2,081.48	2,082.99	2,081.48	2,082.99	2,081.48	2,082.99	2,081.48
7. Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-		23,852.55	9,061.74	-		21,142.74	6,432.56
8. Earnings Per Share (of Rs. 10 /- each) for continuing and discontinued operations) -								
1. Basic:	5.07	1.50	14.30	5.71	5.20	1.18	14.22	5.33
2. Diluted:	5.06	1.50	14.29	5.69	5.20	1.18	14.21	5.31

Note :
The above is an extract of the details format of audited financial result for the quarter & year ended March 31, 2024 and it is not a statutory advertisement required under SEBI guidelines. The detail financials is available on the website of the company at www.waareertl.com

For and on behalf of the Board of Directors
Waaree Renewable Technologies Limited
Sd/-
Hitesh Mehta
Executive Director - DIN: 00207506
Place : Mumbai | Date : May 10,2024

All Figures are in Rs Lakhs except for EPS

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
Close	72664.47	22055.20	20469.10	63934.20	22909.10	41027.75	45396.99
1-week change (%)	-1.64	-1.87	-2.34	-2.79	-2.03	-3.27	-3.80
1-month change (%)	-3.16	-3.07	-2.13	0.96	-2.41	-0.20	-1.63
3-month change (%)	1.49	1.25	2.54	11.32	2.97	3.69	-0.55
6-month change (%)	11.96	13.54	18.62	39.83	17.82	25.98	18.29
1-year change (%)	17.31	20.42	32.35	57.66	26.08	56.65	54.20

MINT SHORTS

A $600 bn wall of debt looms over market's riskiest stocks

US small-cap stocks are as cheap as they've been in decades, but with a more than half-trillion dollar mountain of debt looming over the next five years, it's going to take a significant risk-on signal from the Federal Reserve to entice investors. Firms in the small-capitalization Russell 2000 Index hold a total of $832 billion in debt, 75% of which—or $620 billion—needs to be refinanced through 2029, data compiled by *Bloomberg* shows. For comparison, companies in the big-cap S&P 500 Index have just 50% of their obligations due by then. "No, despite attractive valuations, we won't be buying yet," said Marija Veitmane, senior multi-asset strategist at State Street Global Markets. "We don't like small caps as they are much more sensitive to an economic slowdown, have much higher cost of funding, and margins are likely to be squeezed more." In particular, smaller companies tend to have a considerable amount of floating-rate debt. **BLOOMBERG**

Upbeat first-quarter results have pushed Wall Street to boost profit projections. AP

Wall Street is sending a bullish signal for S&P 500 earnings

Analysts are ratcheting up earnings forecasts for the current quarter at the swiftest pace in two years, suggesting that the worst of Corporate America's profit slump may be firmly in the rear-view mirror. With nearly 90% of S&P 500 Index companies having reported for this earnings season, upbeat first-quarter results have pushed Wall Street to boost profit projections for the three months through June, *Bloomberg* Intelligence data show. A resilient economy and robust consumer demand are poised to support earnings growth for a third straight quarter, following three quarters of profit contraction. Two key groups with strong links to the economic cycle—energy and materials companies—have led the upward adjustments for profits, according to *Bloomberg* Intelligence data. "This is a good sign for the direction of US stocks this year because it signals that more analysts are revising company estimates higher after realizing prior forecasts might be too pessimistic," said Wendy Soong, senior analyst at BI. The benchmark gauge for American equities is on track to post 7.1% earnings growth for the January-March period. **BLOOMBERG**

SBI stock factors edge adequately

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The State Bank of India (SBI) has achieved what most public sector undertakings (PSUs) would envy in any sector—to beat their top four largest private sector peers in terms of achieving higher RoE (return on equity). The most prominent feature of SBI's FY24 results is its RoE of 20.3%, ahead of peers.

This was made possible by following a strategy of increasing its total assets/equity or financial leverage to the highest at 16x among the banks. The chart in the story has the details. Investors have rewarded the performance. After all, SBI's market capitalization grew by nearly 55% from FY23-end to Thursday when FY24 results were announced.

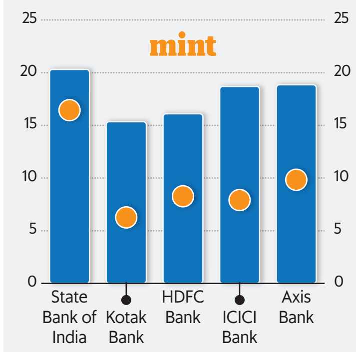
While the bank's net interest margin (NIM) of 3.28% for FY24 is certainly at the lower-end versus other banks, its cost efficiency is also at the bottom with cost-to-income ratio of 56% including wage revision. Rather than comparing multiple ratios, the comprehensive measure of RoA indicates that the bank is at the bottom of the table at 1.04%.

It is pertinent to note that the private sector banks may not want to go for high financial leverage to achieve high RoE despite having superior RoA. A low equity strategy might backfire if there is any sudden rise in non-performing assets (NPA) due to downturn in the local/global economy or for any other reason. The memories of skepticism about private sector banks due to episodes such as the Citibank crisis during the global financial crisis of 2008 are still fresh. Recall, during the time, rumours of liquidity problems at ICICI Bank had led to many clients queuing outside ATMs to withdraw money. Given this, private sector banks would not like to have excessive financial leverage in the form of borrowings or deposits as it is risky.


SBI's FY24 results indicate its RoE of 20.3%, ahead of peers. MINT

Favourable position

SBI's high financial leverage has helped it clock better return on equity versus private peers



Note: Figures for FY24; financial leverage refers to total assets divided by total equity of a bank
Source: Presentations of banks
PRANAY BHARDWAJ/MINT

The question that was posed multiple times during the analyst interaction with the SBI management was how long and how far RoE can be stretched without diluting equity. The management appears confident of avoiding equity dilution and articulated well to convey that cost of equity is much higher than cost of debt as the equity investor expects higher returns than the debt investor. In their opinion, the existing capital adequacy position should be able to support about 20% expansion in loan book from ₹37 trillion as of March 2024. Considering that it has set a target of 13-15% loan growth for FY25, it may be able to avoid equity dilution at least in FY25. Apart from loan growth, the focus would be to sustain NIM at the current level and the correction of bloated cost-to-income ratio would be achieved more through increasing income rather than cutting costs. The management's outlook on asset quality remains sanguine.

DEPOSIT ADVANTAGE

SBI has the largest share of 23% of total bank deposits in India as of March

THAT'S because people still prefer government banks for parking money

Deposits are the raw material for any bank or lending company, which is where SBI has a competitive advantage. SBI still enjoys the confidence of depositors with the largest share of 23% of total bank deposits in India as of March even in the face of stiff competition from private sector banks. While it is possible to argue that a wide branch network is still helpful in the digital era, the other reason for dominance in deposits is that people still prefer government banks for parking money despite the DCGC fund that guarantees all kinds of deposits of any bank up to ₹5 lakh.

Considering the competitive advantage of deposit mobilization, the valuation of SBI appears reasonable vis-à-vis private sector peers on a price-to-adjusted book value (P/ABV) basis. If one excludes value per share of SBI's listed subsidiaries (₹160 per share) and other unlisted subsidiaries like SBI AMC and SBI Caps put together (₹200 per share) from SBI's current market price of ₹817.35 apiece, the stock has caught up with its private sector peers at a P/ABV valuation of 1.8 times based on FY24.

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

Cooling core inflation in the US will offer minimal relief to Fed

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Underlying US inflation probably moderated in April for the first time in six months, offering a ray of hope that price pressures will start to ease again after a string of upside surprises.

The core consumer price index, which excludes food and fuel, is seen rising 0.3% from a month earlier after 0.4% advances throughout the first quarter. The Bureau of Labor Statistics will issue its CPI report on Wednesday.

Compared with April 2023, the core CPI is projected to rise 3.6%. While that annual increase would be the smallest in three years, it's still running too fast to placate Federal Reserve policymakers, who want evidence inflation is slowing consistently as they debate the timing of interest-rate cuts.

The overall CPI probably climbed 0.4% for a third straight month as gasoline prices reached a six-month high. While core goods prices have largely been retreating, underlying services costs remain elevated and explain why inflation proved stubborn in the first quarter.

Part of the difficulty the Fed has had in bringing inflation down toward its 2% goal rests with the resilient American consumer. Retail sales in February and March advanced solidly, although economists' projections for April suggest households took a breather. Those figures are also due on Wednesday.


Federal Reserve policymakers want evidence inflation is slowing consistently. AP

On Tuesday, economists will parse the government's report on producer prices to assess the impact of categories such as health care and portfolio management that feed into the Fed's preferred inflation gauge — the personal consumption expenditures price index.

Other reports in the coming week include housing starts and industrial production for April.

Fed chair Jerome Powell is scheduled to speak Tuesday at a foreign bankers event in Amsterdam. Regional Fed presidents Loretta Mester of Cleveland and Raphael Bostic of Atlanta—who both vote on policy this year—are also slated to speak.

Turning north, Canadian data on existing home sales for April will reveal whether the spring market is heating up as buyers anticipate rate cuts.

Elsewhere, numbers on the strength of the Chinese and Japanese economies, wage data in the UK and the latest European Union forecasts will keep investors busy in coming days.

China publishes a slew of data Friday that's expected to show the second quarter got off to a solid start, with growth in industrial output, retail sales and fixed asset investment accelerating year on year.

'Market expecting positive end to the elections'

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Poll rhetoric notwithstanding, the market expects the incumbent to return to power, and once that happens, the focus will shift to the budget due in July, says Andrew Holland, chief executive officer (CEO), Avendus Capital Public Markets Alternate Strategies LLP. Earnings so far, he says, have been in-line, if not a little disappointing, with earnings downgrades across sectors. The worst seems to be behind the banking sector, with net interest margins (NIMs) normalizing, but information technology (IT) still faces headwinds. *Edited excerpts:*

A National Democratic Alliance (NDA) victory had been discounted by markets, but focus has shifted to the margin of victory. How would markets respond were the 400-seat target not be met or if there were an NDA loss?

Following the big gains made by the ruling party in state elections in November, the market rallied strongly and, in some respects, brought forward a pre-election rally. The expectations before the election got underway was for the governing party and its allies to increase their number of seats, but, with lower turnout, there are some jitters in the market around the expected margin of victory.

It is too early to say, but looking at previous elections, the patterns look somewhat similar, namely, high expectations in the beginning, some nervousness during and a positive end.

At the end of the day the market is still expecting the incumbent government to win and secure policy stability and continuity.

In our view, as soon as the polls are over the market will quickly focus on the budget, due in July, with possible increase in capital gains tax as a major concern.

INTERVIEW

What sense are you getting from foreign investors? Apart from the election outcome, will 'higher for longer' interest rates or anything else determine their behaviour? Are you sensing that foreign funds are unwinding the long India short China trade?

FPIs (foreign portfolio investors) continue to view India positively given the ongoing consumption/capex story playing out over the medium term. That said, the sentiment has changed over the past few months. China is being looked at more positively and the belief is that the worst may be over for the economy and consequently the markets. Given the huge underweight stance by most foreign portfolio investors in China and the very cheap valuations, there is a 'fear of missing out' (Fomo) on a strong market rally. Hence, we believe funds have reallocated from India to China over the past month or so.

What's your observation on quarterly numbers underway? Any major upsets or have they been in line?

The earnings season has so far been mainly in line, if not a little disappointing.

Coming into the earnings season, the focus has been towards the IT and banking industries, and if the narrative moved towards the worst being behind, then the market would move higher.

This has played out for the banking sector with NIMs starting to normalize and the re-rating of the sector we believe has just started, albeit the recent Reserve Bank of India (RBI) regulatory intervention has once again dampened sentiment. For the IT sector, there still seem to be headwinds, and our view remains that US interest rate cuts are important to turn sentiment positive and, as we are aware, this is being pushed back to the latter part of the year.

There is one trend we are seeing across sectors; earnings are being downgraded or analysts are cutting target prices or reducing their position from buy to hold.

> As soon as the polls are over, the market will quickly focus on the budget, due in July
>
> **Andrew Holland**
> CEO, Avendus Capital, Public Markets Alternate Strategies LLP

The current bull run has seen sector rotation where traditionals like fast-moving consumer goods (FMCG), etc., have fallen comparatively out of favour to infrastructure and capex heavy names. Your views?

FMCG companies surprised analysts on the upside with strong earnings and margins and, more importantly, a changing narrative that the rural economy was starting to pick up.

As a result, we have seen a strong rebound in sector sentiment from being wholly unloved to a more neutral/positive stance. We are not convinced about the rural spending pickup and would rather play the premiumization theme through the beverage stocks.

We still like the infra sector, but again would look for companies with strength in railways, and smart cities/manufacturing.

In terms of global and domestic interest rates, what is the sense you're getting?

The (US) Federal Reserve (Fed) in their latest monetary policy stated, "that whilst inflation and jobs data was stronger than expected, the committee felt that interest rates are restrictive enough to have the desired effects albeit it would take longer than anticipated."

This has moved expectations of any interest rate cuts to September at the earliest, but consensus is now November/December.

Fed chair (Jerome) Powell also dismissed questions about the possibility of hiking rates (which the market liked), and at the same time ruled out the possibility of stagflation. What this means is that we will remain data dependent and perhaps the recent selloff in US equities reflects the reality of higher rates for longer, and in this respect we would caution for "unintended" consequences.

For India, there is obviously no rush for the RBI to reduce rates ahead of the Fed, but maybe flows from India's inclusion in the JPMorgan Bond index may have the desired effect of reducing bond yields in India

MINT Q4 EARNINGS TRACKER

The combined revenue of the companies that have declared their March-quarter financial results so far has risen 14.4% year-on-year, while net profit has risen 24.7%, a Mint analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, revenue grew 6.9%, while profit was down 8%.

The analysis covered 645 BSE-listed companies (including 123 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.

Q4 FY24 results so far, BSE-listed firms

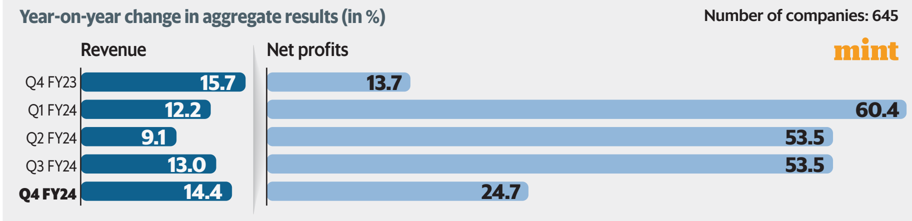
	Total: 645 companies	Excl. BFSI: 522 companies
Aggregate revenue	₹26.88 tn (▲ 14.4%)	₹17.83 tn (▲ 6.7%)
Aggregate net profit	₹2.70 tn (▲ 24.7%)	₹1.53 tn (▲ 8%)

Figures in brackets denote year-on-year change for the same set of companies.
BFSI: Banks, financial services, and insurance. Standalone data used.

Upcoming key results this week

Zomato	Monday, 13 May
Colgate Palmolive (India)	Tuesday, 14 May
Bharti Airtel	Wednesday, 15 May
Mahindra & Mahindra	Thursday, 16 May
JSW Steel	Friday, 17 May

Year-on-year change in aggregate results (in %) Number of companies: 645



Analysis by Manjul Paul. Standalone data used. Source: Capitaline, Mint calculations
SATISH KUMAR/MINT

Gold ETFs see first net outflow after March 2023 at ₹396 crore

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Gold exchange-traded funds (ETFs) witnessed a net outflow of ₹396 crore last month, marking the first withdrawal since March 2023, owing to profit booking.

Despite the decline, the assets under management (AUM) of gold funds rose 5% to ₹32,789 crore at April end from ₹31,224 crore in the preceding month, according to data with the Association of Mutual Funds in India (Amfi).

Gold ETFs saw a net withdrawal of ₹396 crore in April compared to an inflow of ₹373 crore in the preceding month, as per the data. The last time this asset class saw a net outflow was in March 2023, when ₹266 crore was withdrawn.

"In INR terms, gold has done fairly well over the last year but dwarfs in comparison to how equities have fared. Given this backdrop, flows in the gold ETF category have been somewhat patchy relative to the equity asset class. That said, investors could have opted to book some profits in this segment which has resulted in the asset class witnessing net outflows despite the rise in prices," Melvyn Santarita, an analyst at Morningstar Investment Research India, said.

Gold prices have scaled new high in both US dollar and rupee terms recently. With ongoing geopolitical tensions and US inflation still higher than desired, the appeal of gold as a safe haven and hedge against inflation is expected to continue, Santarita added.

India to make quarter of all iPhones by 2028

Apple is building a network of local vendors, cutting inputs from China

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The majority of Apple's production will be undertaken by Foxconn Technology Group and Tata Electronics, which will scale up their manufacturing capacities as well. REUTERS

Apple aims to broaden its production base in India, and targets to make a quarter of all its iPhones in the country over the next 3–4 years as it builds a network of local vendors instead of sourcing inputs from Chinese suppliers.

People aware of the company's plans told *Mint* that the Cupertino-headquartered tech giant has already begun work on building the supply chains even as the majority of its production will be undertaken by Foxconn Technology Group and Tata Electronics, which will scale up their manufacturing capacities as well.

"India is an important market for them. Till December 2023, they are already doing 14% of their total iPhone production from India that is being supplied locally and for exports. They're now planning to raise the levels to 24–25% by the end of 2027 or 2028," one of the people said, asking not to be named as the discussions were private.

JP Morgan analysts had estimated in 2022 that a quarter of all Apple products would be made outside China by 2025, from 5% then. As of FY24-end, about $14 billion worth of iPhones were made in India, making up 14% of the global total. India produces iPhone models 12, 13, 14, and 15.

$14 bn
Worth of iPhones made in India as of FY24 end

Taiwan's Foxconn Technology Group, the world's largest contract manufacturer and the largest one for Apple, accounts for the lion's share of iPhones made in India. Last year in October, Tata Electronics acquired Taiwanese iPhone maker Wistron's manufacturing unit in India, Wistron InfoComm Manufacturing (India) Pvt. Ltd, for $125 million. Tata Electronics currently makes a far smaller number of iPhones, but intends to scale its manufacturing capacities. It is also in discussions to acquire Indian operations of another iPhone maker Pegatron. The Taiwanese company has one existing iPhone production plant and another under construction, in Tamil Nadu.

A second person aware of the discussions said that the acquisition may be completed within the next few months, which will give the Tata Group company significant foothold in the Apple supplier ecosystem. "It will make Tata the only Indian EMS (electronics manufacturing and services) player for Apple. With Tatas making their own chip fabrication and assembly units, supplies of chips to Apple can also be explored," the person said, asking not to be identified.

"Apple makes roughly 200 million iPhones a year. A quarter or 50 million iPhones from India within three to four years seems steep, since the premiumization trend won't last long. Even if it is 30 million units, it would be substantial, and it is the most likely candidate to cross ₹1 trillion revenue from India operations," said Faisal Kawoosa, chief analyst and founder at research firm Techarc.

Emails to Apple, Foxconn and Tata Electronics did not elicit a response till press time.

Analysts tracking Apple and the India market said that building a local ecosystem would be crucial for raising the production levels. Apple has been expanding its base of suppliers in India, which now includes Flex Ltd, Jabil Inc, Cheng Uei Precision Industry Company Limited (Foxlink), Interplex Holdings Pte. Ltd, Lingyi iTech (Guangdong) Company, ON Semiconductor Corporation, Shenzhen YUTO Packaging Technology Company Limited, TDK Corp, Zhen Ding Technology Holding Limited, besides Tata Electronics and Foxconn.

A third person privy to the plans added that 40-100 suppliers would form part of the supply chains that Apple intends to create within India over the years. "While they have about 400 odd suppliers globally, not all would be able to come to India. They want to create local suppliers that can scale up and form an alternative supply system to China," the person said, asking not to be named.

'Influencer marketing to be ₹3,400 cr industry by 2026'

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Massive digitization and high social media penetration have fuelled growth in consumer affinity to influencer marketing. MINT

India's influencer marketing industry is expected to swell to ₹3,400 crore by 2026, from ₹1,900 crore in 2023, as businesses increasingly turn to social-media influencers to drive sales and deepen brand connect, a recent Ficci-EY report said.

While Instagram and YouTube are the platforms of choice, smaller platforms such as Snapchat will also increasingly be used to reach out to niche audiences.

Massive digitization, a surge in internet access and high social media penetration have all fuelled growth in consumer affinity to influencer marketing. However, with the growth of regional and micro-influencers, the stage is set for these creators to start receiving compensation based on how individual posts and videos drive specific outcomes like, say, brand sales.

"Influencers are uniquely positioned to provide audiences with exactly what they want compared with brand-led advertising. The space of celebrity-hood in the world of advertising and entertainment that was primarily dominated by actors, sportspeople, models, musicians and so on, has given way to include people who started their careers as creators and influencers," said Tusharr Kumar, chief operating officer of media and entertainment organization OML Entertainment.

While Instagram and YouTube are the platforms of choice, smaller platforms will also be used to reach niche audiences

Brands are working with influencers to create regular content and collaborate on product launches, with dedicated teams and budgets for influencers, said Rushabh Shah, lead, paid collaboration at OPPORTUNE, a data-driven influencer-marketing platform. Instead of solely focusing on macro influencers, brands are now tapping into the power of region-specific influencers who hold a strong sway within a particular geographic area, Shah said.

"Brands and streaming platforms are fully embracing influencer partnerships. They're cost-effective, reach the right audiences, and feel genuine—like receiving recommendations from a friend," Rahul Khanna, founder of influencer marketing agency Barcode, said.

While influencers are already reaping the benefits of social e-commerce, gifting, subscription-based content and livestream shopping, there could also be an increase in offline communities that come together thanks to online conversations, such as health and fitness groups.

Mayank Vora, co-founder of digital marketing agency Logicloop, said influencers can explore emerging sectors such as sustainable living, mental health advocacy... and eco-friendly enterprises.

To be sure, apart from Instagram and YouTube, several niche platforms are gaining popularity in the Indian influencer market.

Apps like Snapchat, and Moj are making waves, especially among younger audiences of different niches by offering short-form video content and augmented reality filters.

"Additionally, platforms like Reddit and Discord are becoming increasingly popular for gaming influencers and communities," said Pranav Agarwal, co-founder, SW Network (Sociowash), a digital marketing agency.

Industry experts point out that currently, brands typically evaluate influencers based on several key metrics, including the influencer's audience demographics, views, average engagement rate, likes, and comments.

However, as competition heats up, the revenue model is pivoting towards performance and smaller influencers are demanding an equitable chance with a focus on results, Mitesh Kothari, co-founder and chief creative officer at digital agency White Rivers Media, said.

State-run fuel retailers post bumper FY24 profits

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State-owned fuel retailers Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) reported bumper profits totalling about ₹81,000 crore in FY24, which far exceeded their annual earning in pre-oil crisis years.

The combined stand-alone net profit of IOC, BPCL, and HPCL in April 2023 to March 2024 (FY24) was better than their annual earning of ₹39,356 crore in pre-oil crisis years, regulatory filings by them showed.

All the three companies posted the highest ever stand-alone and consolidated net profit in FY24. The retailers have resisted calls to revert to daily price revision on grounds that prices continue to be extremely volatile and that they needed to recoup losses incurred in the year when they kept rates lower than cost.

IOC in 2023-24 posted a stand-alone net profit of ₹39,618.84 crore compared with ₹8,241.82 crore annual net profit in 2022-23, company filings show. While the company could argue that FY23 was impacted by the oil crisis, the FY24 earnings are higher than even the pre-crisis years—₹24,184 crore net profit in 2021-22 and ₹21,836 crore in 2020-21.

BPCL posted a net profit of ₹26,673.50 crore in FY24, higher than ₹1,870.10 crore earning in 2022-23 and ₹8,788.73 crore in FY22. HPCL's 2023-24 profit of ₹14,693.83 crore is compared with a ₹8,974.03 crore loss in FY23 and a profit of ₹6,382.63 crore in 2021-22, according to the filings.

Tata Power sees $1 billion biz scope in rooftop solar plan

Opportunity to unfold over 3 years; co eyes a fifth of the local market for solar modules

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Tata Power managing director Praveer Sinha. BLOOMBERG

The central government's rooftop solar subsidy scheme for households could present a $1 billion-plus business opportunity for Tata Power, the company's managing director Praveer Sinha said. The opportunity will play out over the coming three years, as the company looks to corner a fifth of the domestic market for solar modules, Sinha added.

"One place where we will have lot of momentum is the new program of Prime Minister *Surya Ghar*, where the target is about 10 million homes," Sinha said in an interview. "That's a huge upside that will come to us."

The PM *Surya Ghar Muft Bijli Yojana*, established this February, looks to provide subsidies for rooftop solar installation to 10 million households. Sinha reckons the scheme could generate demand for 25-30 GW of solar modules over its duration. Tata Power wants to cater to 5-6 GW of this demand, he said.

At an estimated price of 20 cents per watt, according to Sinha, this could translate to a business opportunity of $1-1.2 billion (₹8,350-10,000 crore).

Sinha, who says Tata Power holds 13% of India's solar module market, wants to ramp it up to 20% on the back of its new solar cell and module manufacturing unit in Tirunelveli, Tamil Nadu. Built with an investment of ₹3,000 crore, the unit can manufacture 4 GW of solar cells and modules each year.

"The manufacturing plant will be fully operational this year. The module (manufacturing unit) will be fully operational (throughout the year) while the cell will be operational for, say, about 9 months," Sinha said.

The new plant will also give the company an advantage in the rooftop solar scheme, as the scheme mandates the use of domestically manufactured solar cells and modules.

"Since we have put up the plant, we will be at a huge advantage, because we will be able to use our own domestic cell and module for this scheme," he said. "There is just one other domestic manufacturer with a 2 GW domestic cell manufacturing capacity and another one with 2 GW is coming up."

ReNew Power has a 2 GW solar cell manufacturing unit in Gujarat and an Adani Enterprises unit is setting up another 2 GW plant in the state.

After Tata Power's new plant goes live, the company's total installed solar module capacity would be 4.9 GW including 600 MW annual capacity at its Bengaluru plant. The company also executes EPC (engineering, procurement and construction) projects for solar power through its subsidiary Tata Power Solar.

Tata Power will be relying on its network of 500+ channel partners across 450 cities for the sale of its rooftop solar units, Sinha said. The company is looking to double its network to 1,000 partners this year, he added.

Tata Power shares have nearly doubled over the past year to close at ₹444.75 on the BSE on Friday. The scrip has lost nearly 10% in the last five trading sessions after the company's Q4 profit missed street estimates. The power major reported a 15% year-on-year growth in profit at ₹895 crore.

A solar cell is a photovoltaic unit containing semiconducting materials that convert sunlight into electrical energy. These cells are connected in chains to form larger units known as modules.

SOLAR OPPORTUNITY

THE scheme mandates the use of domestically manufactured solar cells and modules

TIRUNELVELI plant built in Tamil Nadu will give the firm an advantage in the scheme

AFTER the plant is live, Tata Power's total installed solar module capacity would be 4.9 GW

TATA Power will rely on its 500+ channel partners across 450 cities for sale of its rooftop solar units

Telcos turn FPI darlings on tariff hopes, Vi FPO

FROM PAGE 1

Both global and domestic macro trends are fuelling investment in telecom. MINT

Brokerage houses expect all telcos—Airtel, Vodafone Idea and Jio—to go for two rounds of tariff hikes, roughly 20-25% each, one immediately after general elections and the second one next year, lifting Arpu, a key profitability metric for telcos.

According to BofA Securities, Indian consumers have the capacity to absorb a 20-25% increase, and continued government support and potential investments in data centers to leverage AI-driven opportunities will help the sector.

"We are turning more optimistic on the near-term sector momentum as we 1) estimate magnitude of expected tariff hike to be higher at 20-25% vs our earlier expectation of 10-15%; 2) Improving cash-flows on back of hikes to be utilized by telcos to grow high margin fiber broadband, enterprise/data-center offerings; 3) No telco keen to disrupt the market dynamics," BofA Securities said in a 2 May report.

Telecom equipment manufacturers Tejas Networks and GTL Infra have surged by 29% and 21% respectively this year, while state-run ITI Ltd has fallen 9%. The telecom equipment sector includes manufacturers of wireless 4G/5G radio access networks, satellite communication and broadcast radio, wireline products like switches, routers and optical transport networks, designled manufacturing companies, and network management & monitoring firms.

Both global and domestic macro trends are fuelling investment in telecom, said Chintan Bhatt, director - listed investments, Waterfield Advisors.

Globally, the US 'Rip and Replace' scheme requires US telcos to replace Chinese equipment with non-Chinese alternatives. The US Congress has allocated $1.9 billion for the scheme, with the potential addition of another $3 billion for successful execution. "This global move to replace Chinese equipment (China+1) opens the door for Indian telecom equipment makers to earn international revenue which is more profitable," Bhatt said.

The Indian government has set aside ₹1.4 trillion for BharatNet, touted as the world's largest rural broadband connectivity programme, leveraging optical fiber and satellite communications. Additionally, the railways' upgrade of the anti-collision system Kavach to LTE (4G/5G-based system) presents a ₹30,000 crore opportunity for telecom equipment makers, Bhatt added.

Besides, the PLI scheme for local manufacturing of telecom and networking products provides eligible companies with a 4-6% incentive on incremental sales.

Srinivas Pallia, chief executive officer of Wipro Ltd. BLOOMBERG

Wipro wants early settlement with former top execs

FROM PAGE 1

court. After initially opposing his request for arbitration, as prescribed in the employment contract, Wipro is now working to settle this dispute with its former employee, according to two executives who spoke on condition of anonymity.

"This (arbitration proceedings) matter should end soon," said one of the executives. "I will not get into details of the case but please appreciate that Wipro could see the return of many of its former employees who for various reasons had moved out of the company. No management would want to have these unnecessary distractions of lawsuits against former employees."

Email queries sent to Wipro's attorney, Lomesh Kiran Nidumuri, partner at Cyril Amarchand Mangldas; and Dalal's lawyer, Karan Joseph, Partner at Shardul Amarchand Mangaldas & Co, went unanswered till press time.

Separately, on 6 May, Wipro requested a New Jersey Court for 60 days to settle its case with Haque.

"Plaintiff (Wipro) also wants to inform the Court that the parties (Wipro and Mohd. Haque) have agreed to settle this matter. The parties are still finalizing the settlement agreement and will file a stipulation once the settlement agreement has been executed," Wilson Sonsini Goodrich & Rosati, the law firm hired by Wipro, said in a filing dated 3 May before the New Jersey court.

Emailed queries to Palo Alto-based Wilson Sonsini Goodrich & Rosati, and Haque's legal team representative at Saiber LLC, the New Jersey-based law firm, remained unanswered till press time.

To be sure, analysts and former executives said Pallia faces a difficult task in bringing about a turnaround at Wipro, which ended FY24 with $10.8 billion in revenue, a 3.8% decline.

"Wipro is at a junction (not an unfamiliar territory) with the risk of a false start," HDFC Securities analysts Apurva Prasad, Vinesh Vala and Amit Chandra wrote in a note dated 20 April. "Wipro lags peers across a large number of metrics which cannot be reversed soon. The new CEO is likely to make small tweaks, the repercussions of which may not prolong—good thing (vs. an extended period of senior management attrition earlier)."

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'Education, infra creation key for India'

FROM PAGE 1

Park said that if ADB were to do an economic diagnosis of the country, education would be among the priority areas AFP

growth.

India is currently pursuing over 10,000 infrastructure projects at various stages with a total project cost of $1831 billion, to be executed by 2025 as per the national infrastructure pipeline. The central government, which in recent years scaled up its capital expenditure, hopes the economy to benefit from its multiplier effect and expects private sector investments to further pick up.

According to Park, India needs to focus on improving the ease of doing business and keep tariffs low. "There are many parts where the government should work closely with businesses to understand what the constraints are and improve the ease of doing business. Of course, India made progress on that. After the elections, when there is the political space, tougher reforms could come. The other point is that to enter the global value chain, India really needs to make a commitment to being open, especially on the import tariff side. There is a need to simplify tariffs, reduce them and certainly make sure that the subsectors, where India has the comparative advantage, are not suffering from having to pay higher costs of intermediate inputs because of tariffs."

"I'm familiar with a lot of research using Chinese data where they found that companies that are using more imported inputs tend to have higher productivity growth and are more innovative because they are part of global value chain by importing and exporting," he said.

Park said that India is definitely involved in the global economy, though a lot of the exports are in petroleum products and gold, while exports in manufacturing-intensive sectors such as electronics are not growing as fast as in other more dynamic parts of Asia. "But India is making progress. Investments and manufacturing growth is happening...We are seeing both public and private sector investment at pretty high levels. The Indian government last year (FY24) increased its capital expenditure by 28%. The budget is planning an increase of central government capital expenditure by 17% for FY25. And state governments are also doing their own investments," said Park.

According to Park, India needs to focus on improving the ease of doing business and keep tariffs low

India exported goods and services worth $776.68 billion in FY24, little changed from a year earlier, while overall imports at $854.80 billion showed an annual contraction of about 4.8%, according to commerce ministry data. Policy makers have been trying to step up exports so that the manufacturing sector receives a boost.

Making agriculture sector resilient to weather shocks is important as climate change impact is quite severe for India, Park said. The ADB chief economist suggested pricing reforms on farm inputs and on farm produce and replacing sensitive subsidies with less distorting social transfers so that farmers are encouraged to shift to less water-consuming and more sustainable produce. India cannot give up on reforms in the sector because it is related to resilience, he said.

Liberalized visas lure Indians to new travel destinations

FROM PAGE 1

Malaysia has declared visa-free entry for Indian and Chinese citizens till Dec. PTI

scheme till November this year.

According to a spokesperson for travel agency Thomas Cook India, the elimination of the visa cost for Thailand is an important consideration for the value-conscious Indian.

Then, Sri Lanka rolled out a similar scheme, offering visa-free access to Indians as well as nationals from six other countries till the end of May. Malaysia has declared visa-free entry for Indian and Chinese citizens till December.

MakeMyTrip registered a 33% year-on-year growth for bookings in April across newly minted visa-free destinations as well as countries allowing e-visas, such as Kazakhstan, Angola and Japan.

A spokesperson for MakeMyTrip said Kazakhstan and Azerbaijan are two major draws this summer, followed by Georgia, Langkawi, and Kuala Lumpur in Malaysia. Bhutan, Hong Kong, Sri Lanka, Thailand, and Kenya.

"Surprisingly, many European nations that are in recession are putting visa restrictions instead of easing them up. Slowly Indian travellers are realising these issues and are opting to travel elsewhere," said Subhash Goyal, chairman of STIC Travel, one of India's largest travel agents.

The surge in outbound travel from India is emblematic of the country's growing middle-class and increase in their disposable incomes. Outbound travel from India is projected to grow at a compound annual growth rate (CAGR) of 11.4% between 2023 and 2032 to $44.8 billion, according to a report titled 'Outbound Tourism in India' by business advisory Nangia Andersen Llp. In 2022, the market stood at $15.16 billion.

For this year's summer, Thailand, Mauritius, Maldives, Malaysia, Nepal, Bhutan, Sri Lanka and Vietnam have collectively registered a 30-40% increase in travel bookings by Indians as compared with a year earlier, according to travel agency Yatra Online Ltd.

Thailand and Sri Lanka have seen a 35% year-on-year increase in bookings for this year's summer travel. Vietnam registered a 25% jump in bookings during April and May.

Bharatt Malik, senior vice president for flights and hotel business at Yatra Online, said Indian travellers are opting for destinations with simpler visa requirements and straightforward travel arrangements.

"A lot of the economies that have recently made visas free are dependent on tourism, and so have become very liberal with their visas, at least in the short run," said Goyal of STIC. "Indians, with their growing discretionary incomes, are now becoming more liberal spenders when travelling and shopping abroad."

The man whose musings fuel Elon Musk's nightmares

FROM PAGE 1

Saad wrote that "The Parasitic Mind" was inspired, in part, by his experience in academia, where he described a herd mindset that chastised innovative thinkers. He described pushback he encountered, including his ideas being labeled as "sexist nonsense" and his efforts to use "biologically-based theorizing" to explain consumer behavior being dismissed as too reductionistic.

"The West is currently suffering from such a devastating pandemic, a collective malady that destroys people's capacity to think rationally," the 59-year-old Saad wrote at the beginning of his book. "Unlike other pandemics where biological pathogens are to blame, the current culprit is composed of a collection of bad ideas, spawned on university campuses, that chip away at our edifices of reason, freedom, and individual dignity."

His outspoken statements—such as last year on the Rogan podcast, in which he mocked the Quebec French accent as "an affront to human dignity"—have drawn criticism back home in Canada.

"There are several accents in Quebec and this is what sets us apart around the world," Pascale Déry, Quebec's minister of higher education, responded in French. "This is what makes us special and we are very proud of it!"

Another inspiration for his book, Saad writes, was his experience as a boy fleeing with other Jews from his home in Lebanon during that country's civil war. In the book, he detailed some of the horrors he experienced, including the kidnapping of his parents.

"The Lebanese war taught me early about the ugliness of tribalism and religious dogma," Saad wrote. "It likely informed my subsequent disdain for identity politics, as I grew up in an ecosystem where the group to which you belonged mattered more than your individuality."

Musk has said his concerns about Woke Mind Virus, his way of labeling progressive liberal beliefs that he says are overly politically correct and stifling to public debate and free speech, helped fuel his desire to acquire the social-media company Twitter turned X in late 2022. It is on that platform where Musk, 52 years old, has aired many of his concerns.

Saad wrote that "The Parasitic Mind" was inspired, in part, by his experience in academia. X/@GADSAAD

His increasingly public stance on contentious social issues has had an effect on his companies. Some advertisers have fled X in the midst of concerns about the drama around his ownership, and data suggests car buyers who identify as Democrats were turned off last fall from buying vehicles made by Tesla, where he is chief executive, after his outbursts.

For his part, Musk says his politics are "fairly moderate"—what he describes as his supporting safe cities, secure borders, a neutral judiciary and sensible spending. And, he adds, what he calls being "pro environment."

Still, Musk is prone to painting risks at their most extreme and gravitating to others with similar world views.

"For many years now, I have warned that the path that the West is taking will result in civil war. It might take 5 years, 50 years, or 100 years but it is inevitable," Saad tweeted on the day of Tesla's quarterly earnings call last month.

ONLINE STATS

ON X, Saad has almost 900,000 followers and on YouTube more than 300,000 subscribers

THIS year alone, Musk has interacted with Saad's X account more than 140 times

Before joining that call, Musk was on X, agreeing with Saad in a thread of responses. "War will come whether we want it or not," Musk posted.

The full extent of their relationship couldn't be learned, though Saad has suggested that the two trade emails and private messages.

At one point this year, Saad shared online that Musk had slipped into his private messages a sassy question: How is that you're surviving in Canada amidst the infestation of the woke mind viruses?

"I thought, 'Oh my god, what a cool life I lead that I can just receive out of the blue such a DM from Elon.'"

'Our aspiration is to get into double-digit revenue growth'

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INTERVIEW

Parachute oil maker Marico reported a 3% rise in the March quarter volumes in its India business, while revenue from operations increased 2% year-on-year. *Mint* spoke to Saugata Gupta, MD & CEO, Marico Ltd, on the company's plans to improve top-line in the coming quarters—after successive price cuts in its Saffola edible oil portfolio impacted revenues. The company has also announced investments to ramp up direct distribution in a move to reach more rural markets. It is working on expanding its food distribution. *Edited excerpts:*

Nielsen just announced improvement in rural demand in the March quarter. Is Marico seeing better sales in villages?

We saw some green shoots (in rural)...towards the end of the March quarter. It's a combination of a few factors—inflation is largely under control. I think the government continues to support direct benefit transfers, the monsoon predictions are pretty good. So, a combination of all these factors gives us hope.

You just announced plans to improve direct distribution. Were you late to the direct distribution play?

For companies in mass categories, direct distribution will be a source of long-term competitive advantage. Now in the last five to seven years, due to the growth of organized trade, smaller brands have proliferated. So we believe that in a post-GST world and with the formalization of the economy, and especially when we have a lot of challenger brands, the quality of distribution needs to improve. We were under-indexed in certain states and therefore, over the next three years, we want to move our direct distribution from 1 million to one-and-a-half million. Our dependence on indirect distribution was more than other companies. We have an outlay of ₹70 to ₹100 crore over a three-year period, which is largely self-funded.

By the end of 2027, we will be in the top quartile in terms of our direct reach. This is largely for rural markets; in urban areas there is scope for expanding presence in channels such as chemists, beauty stores and food outlets.

Your value-added hair oil portfolio (Nihar, Parachute gold coconut hair oil) was down 7% year-on-year in value terms last quarter. How do you plan to fix that?

We have seen significant competitive intensity at the bottom of the pyramid, so we have lost share in that. However, since the last quarter, we have started focusing far more on the mass premium-end (of hair oils) where our share is far lower.

The value-added hair oil performance has been a little disappointing, but in the last three to four months, we are now getting our act right in the premium end of it.

What is your short- to long-term goal on domestic volumes?

We expect volumes to improve. Our aspiration is to get into double-digit revenue growth.

Now, the exact mix between volume and pricing would also come because of premiumization (products becoming more expensive on enhanced quality) of the mix. There will be slight inflation in our portfolio, which will give us revenue growth.

> For companies in mass categories, direct distribution will be a source of competitive advantage
>
> **Saugata Gupta**
> MD & CEO, Marico Ltd

Marico has set targets to double categories like foods, premium personal care and digital-first brands over the next three years. How are you going about that while also ensuring profitability of new-age brands?

This year, we have actually not grown so much in foods. The reason was that we did a reset in terms of our gross margins; in foods we grew gross margins by 800 bps (basis points) last year. And the reason we did this is because food becomes a significant portion of our portfolio, it's important that we have a margin which is in line. Similarly within our digital portfolio, in Beardo (Marico's male grooming brand), we have started making some money.

We have reduced the cash burn substantially in other digital brands too. In Plix and Just Herbs, the cash burn is very, very marginal. So overall, the digital business should turn positive this fiscal; and then we should get it to double-digit Ebitda (earnings before interest, taxes, depreciation, amortization) over the next three years. Ultimately if food and digital are 25% of our business, they should also start delivering Ebitda.

There was some news around exits at Beardo, can you help clarify?

There was one issue with an old distributor of Beardo that is sub-judice, so I don't want to comment on that. On exits—there was one CXO (at Marico) who also happened to be handling Beardo, he left.

The other was a planned exit, he has gone on a sabbatical, he is still on our rolls (Sujot Malhotra). And there was one more person who has left, that's about it.

Are there any missing pieces in your portfolio?

In digital, maybe one or two spaces which we would like to look at. We look at categories where we believe there are adjacencies.

There could also be some white spaces in foods and in premium personal care. I don't think our food journey is over. We have not explored everything in healthy snacking, for instance.

We are test-marketing dried coconut powder under Plix; it is priced at ₹20 to ₹30 and can be consumed after mixing with water.

What is so bad about fixing global crude oil prices?

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The Federal Trade Commission accused former Pioneer Natural Resources Chief Executive Scott Sheffield earlier this month of colluding with the Organization of the Petroleum Exporting Countries. That sounds sinister, but is it?

Antitrust laws prohibit collusion, and mostly for good reason. It leads to a lack of competition, causing higher prices that harm consumers. The only winners are the companies involved that get to maximize their own profits at the expense of consumers. In more-recent decades, industries accused of collusion have included airlines and credit cards. Yet oil is a commodity for which that neat equation—more competition, less harm—is frequently complicated.

Oil's history is full of attempts at stabilizing prices. Petroleum is an essential commodity that has high capital needs and long lead times: That lends itself to boom-and-bust cycles that are painful for consumers, governments and companies. There is no immediate cure for price spikes or plunges because it is impossible to turn on significant new oil supply or to turn off demand for it on short notice. Storage helps, but oil must be kept underground or in specialized tanks.

THE WALL STREET JOURNAL.

When done effectively, managing oil supply tames volatility. The wild boom-and-bust cycle between 1859 and 1879, for example, was followed by a period of relative price stability, when John D. Rockefeller's Standard Oil monopoly reigned.

In fact, the most stable period of oil prices was between the 1930s and 1970s when the Railroad Commission of Texas tightly controlled supply, according to analysis from consulting firm Rapidan Energy Group. At the time, Texas set the rate at which every well in the state could produce, using the military to monitor compliance and coordinating with other states. OPEC is the most recent example of supply management, though it has been less effective.

Legal considerations aside, passing judgment on price fixing ultimately comes down to whether one believes oil-price volatility causes more harm in the longer term than good.

Proponents of oil supply management say that the boom-and-bust cycles are too painful. Rapidan founder Bob McNally says the only thing worse than oil supply management is the lack of oil supply management. Price swings can complicate monetary policy, make national budget planning difficult and even trigger social unrest in oil-dependent countries, he argues in the book "Crude Volatility."

Energy economist Anas Alhajji said in his newsletter that high oil-price volatility leads to a "waste of resources, higher costs, and a deterioration of efficiencies in oil production and consumption."

But stable prices also mute market signals. High oil prices in the 1970s following the Arab oil embargo and Iranian Revolution encouraged the development of high-cost oil resources such as those in Alaska, the North Sea, Mexico and Canada, ultimately helping the world become less reliant on OPEC for oil.

And high prices in the 2010s helped U.S. producers pursue fracking aggressively. The bust that followed pushed frackers to find efficiencies. Proponents of supply management, though, say stable prices are more conducive to long-term investment than up-and-down cycles. Looking forward, price signals are also an important nudge for alternative energy sources, says Arjun Murti, partner at energy research and investment firm Veriten.

There are a few reasons price fixing seems less necessary today. First, for all the alarm bells that go off when pump prices rise, volatility hurts a lot less—at least for some countries. The U.S. went from importing twice as much oil as it produced in 2006 to becoming a net exporter starting in 2020. And fuel now takes up a smaller portion of Americans' budgets: Households on average also are wealthier than they used to be and cars are more fuel efficient. Second, fracking itself has helped supply respond faster because shale wells using the method can be brought online in a matter of months rather than years. U.S. shale has helped reduce global oil-price volatility, according to a working paper by economists at the Dallas Fed. And there is at least some evidence that demand itself has become slightly more responsive to high fuel prices—possibly because more people have the option to work from home. This applies to only a fraction of the world's population, though.

Associating "OPEC" and "collusion" with an American energy CEO sounds bad, but it is also hard to see how effective Sheffield could have been. Oil production is so scattered: There are thousands of producers in the U.S. alone. And OPEC itself, which comprises many countries with diverging goals, has failed many times to collude.

Moreover, some of the few successful initiatives have come from consumers. In 2020, it was then-President Donald Trump himself, a champion of free markets, who helped broker an OPEC+ deal when prices had plunged. Thankfully for consumers, price-fixing isn't only less necessary today but also a lot harder to do.

Streaming was supposed to rescue the TV ad business. It hasn't

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When Mondelez sought to promote a limited edition of its Oreo cookie earlier this year, it did something that would have been unthinkable not that long ago: It didn't spend a dime advertising on TV.

The snack company had a simple reason for that decision. The people it was looking to reach—Gen Z members, multicultural audiences and households with children— aren't watching enough television .

"You have no single shows pulling together a big enough audience like 'Friends' or 'Seinfeld' used to do," Jonathan Halvorson, Mondelez's global senior vice president of consumer experience, said of the current state of TV.

And streamers such as Netflix aren't a perfect alternative: Their nascent advertising platforms charge too much and don't yet reach enough people, he said.

The maker of Ritz crackers and Sour Patch Kids candy is spending about 15% of its U.S. ad budget on TV this year, down from 42% three years ago.

Halvorson said an additional 9% is going to streaming, meaning that more than three-quarters of its ad spending will go elsewhere.

To promote its new Oreo Space Dunk, Mondelez turned to social-media sites such as Instagram and TikTok, Halvorson said. It also relied heavily on ads that appear where people already are in a shopping mood: the websites of large retailers, including Amazon and Walmart.

'People think streaming might be a salvation'

The move marks an important inflection point. TV commercials have long stood as the cornerstone of modern advertising.

This dominance was owed, in part, to TV's capacity to reach vast and diverse audiences through ads that leverage sound, sight and motion to evoke emotional responses.

These vast audiences aren't tuning in anymore.

"There is no longer that single lever you can pull," said Vinny Rinaldi, Hershey's U.S. head of media and analytics, referring to the role that television once played in advertising. The chocolate giant said the share of advertising dollars it spends on TV fell to about 30% from roughly 80% in five years.

Brands have been preparing for the inevitable decline of television for years, but many had held out hope that the rise of ad-supported streaming TV would plug the gap. So far, that isn't happening.

"A lot of people think streaming might be a salvation," said ad analyst Brian Wieser . "But no, all of TV is in secular decline." Excluding political advertising, marketers are expected to spend over $60 billion, combined on traditional and digital television in the U.S. this year, down from more than $64 billion five years earlier, according to Madison and Wall, Wieser's firm.

Despite the sharp drop in TV ad spending, Mondelez and Hershey remain far-bigger believers in TV advertising than the industry as a whole. The share of their ad budgets that the candy makers will spend on TV and streaming this year trumps the 17% that all marketers are expected to spend in the U.S. this year, according to GroupM data.

Today, companies "have to build reach across multiple platforms," said Rinaldi, who cited YouTube and Meta —the parent of Facebook and Instagram—as the next best ways to reach large audiences.

Live sports are ever more popular—and expensive

The scale of television's reach remains a major selling point for entertainment titans as they present their programming plans for the coming TV season to advertisers—a process known as the "upfronts," which begins in earnest on Monday in New York City.

Network owners will host star-studded presentations that tout their new TV shows and streaming offerings, while Billie Eilish is expected to star in YouTube's pitch to brands. Netflix will let advertisers participate in an interactive experience at New York's Chelsea Piers, and upfront newcomer Amazon.com will entertain brands at Pier 36.

Streamers such as Netflix charge too much and don't yet reach enough people. ISTOCKPHOTO

One of the few things that still brings large numbers of viewers in front of their TV is live sports, which accounted for 96 of the 100 most-watched broadcasts last year, according to Nielsen.

That, in turn, has made advertising during live sporting events more expensive. And a larger amount of sports content is being watched on streaming platforms instead of TV every year, as tech giants such as Amazon and Apple nab exclusive rights to more games. Traditional TV conglomerates are preparing to launch a joint streaming platform dedicated nearly entirely to sports.

THE WALL STREET JOURNAL.

"It is now clear that outside of sports advertising, there should no longer be expectations of a recovery for linear TV advertising," analyst Michael Nathanson wrote in a recent note to investors.

Brewer Molson Coors said it went from spending about half of its TV advertising money on sports programming five years ago to roughly 80% this year, even if these ads are more expensive.

"Sports seems to be holding its own, and audience ratings in some cases are going up," said Brad Feinberg, Molson's North America vice president of media and consumer engagement.

The brewer said it spent about 40% of its U.S. ad budget on traditional TV in 2023, compared with 50% five years ago and about 85% in 2013. Although streaming services such as Paramount+, Peacock, Netflix and Hulu have picked up some of these TV-ad dollars, Molson Coors shifted a larger portion of that money to digital channels such as Instagram and Snap, Feinberg said.

Not allowing enough ads

The streaming landscape remains "too fragmented," Feinberg said. Another problem: Streaming audiences won't tolerate as many ads as they do on traditional television.

Seemingly every major streaming service launched an ads-supported tier over the past year and a half, vastly expanding the inventory of commercials that can run on these platforms. But many of them have promised to limit the commercial interruptions on their services. Wieser estimated that commercials take up about four minutes per hour on some premium streaming platforms, compared with about 14 minutes for some TV networks.

"No matter how much streaming grows, it can never make up for the lost linear ad inventory so long as ad loads remain light and consumers exhibit preferences for ad-free options," Wieser said.

In the U.S., only 7.5 million Netflix subscribers—or 10% of its U.S. customer base—paid for the ad-supported version of the platform in the first quarter, according to a joint analysis by Antenna and Wieser. The streaming platform with the biggest advertising reach currently is Amazon's Prime Video, which recently defaulted its entire user base to the ad-supported version.

Many brands have also been turned off by the high ad prices that many of the premium streaming services charge. Streaming ads often are three times as expensive and up to twice as expensive as ads running during entertainment programming on cable and broadcast TV, respectively, according to ad buyers and advertisers.

The streaming prices are declining amid growing competition between ad-supported services, they said.

Complicating matters further for marketers: Some streaming platforms measure viewership and ad performance differently. What's more, advertisers often can't find out where their commercials ran, a risky proposition for brands that typically want to stay away from content they deem unsuitable.

The rise of 'retail media'

Digital players including YouTube, Meta and TikTok and retail juggernauts such as Amazon and Walmart have emerged as the main beneficiaries of streamers' failure to grab all the ad dollars that left traditional TV.

Fast-food giant Taco Bell has been shifting more of its TV-ad dollars toward social-media advertising, predominantly TikTok, because users on the platform engage with ads and content online.

The one-way communication of TV, where brands talk to consumers about something, doesn't work as well anymore, said Taco Bell Chief Marketing Officer Taylor Montgomery.

Taco Bell wants its ads to generate a two-way dialogue, with consumers going to social media to post and comment on videos about products they like or join in on the discussion.

Mondelez's Halvorson said the company will spend roughly 20% of its U.S. ad budget this year on "retail media," a category that includes the ad platforms of retailers. Their growing popularity is fueled by the troves of data that retailers have about their customers' shopping habits and their ability to easily measure when an ad has led to a sale.

Ad spending in the U.S. retail media sector is expected to overtake traditional TV ad spending next year, according to GroupM.

Microsoft significantly pulled back from traditional TV advertising last year, partly because the tech giant was seeking to save money to fund its expansion into generative artificial intelligence and decided to lean more heavily on digital ads that offer better ad measurement, according to people familiar with the matter. Microsoft declined to comment.

Halvorson said the decline in TV ad spending would happen even faster if longtime advertisers weren't getting significant discounts for their TV ads, the result of grandfathered agreements reached decades ago that give them an incentive to keep buying TV commercials.

If Mondelez was forced to buy ad time in the U.S. at current pricing levels, Halvorson said: "We'd be out."

AI startups are making their home in New York. Can they turn it into an AI powerhouse?

New class of startups setting up shop in NYC, hoping to tap its concentration of businesses ready to buy AI apps

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New York gained more relocated tech workers than any other U.S. city in 2023, according to an analysis of LinkedIn data by venture firm SignalFire. ISTOCKPHOTO

Artificial intelligence is transforming the technology sector in New York City—into a booming one worth billions and rivaling San Francisco in innovation, investment and talent.

The Big Apple is making a bid to become a premier hub for generative AI, according to investors, founders and businesses with ties to the region. That's because of a combination of public and venture-capital funding, tech worker migration and, most important, a critical mass of companies eager to buy the technology.

New York City-based generative AI companies raised $2.7 billion since the start of 2021, according to PitchBook Data. So far this year, investors have put $200 million through 27 deals into generative AI startups in New York City, compared with $400 million through 35 deals in the category in San Francisco, the data provider said.

Funding for all AI firms in New York City was $26.8 billion from 2021 to the first quarter of 2024, compared with $54 billion in San Francisco, PitchBook said. San Francisco and New York are in first and second place among all cities worldwide for AI investment, followed by Beijing and London, according to the data provider.

In January, New York state announced plans to build up its AI research bona fides through a $400 million public-private partnership dubbed "Empire AI." Data center operator DataBank unveiled a new facility in Orangeburg, N.Y., last week with CoreWeave, a New Jersey-based cloud startup valued at $19 billion , as its anchor tenant.

Since the generative AI boom kicked off in late 2022, businesses in New York have become some of the first paying customers of large-language models and tools such as OpenAI's ChatGPT and Microsoft 's Copilot assistant, even as they remain error-prone and expensive to use.

Customers, customers, customers

Whereas prior technology booms such as social media and mobile set off innovation in the consumer market, tech leaders say generative AI favors businesses because it is ideally suited for transforming large organizations. Generative AI can create various types of content, from text to video, because of the vast amounts of data it has been trained on—allowing developers to build applications like chatbots and design tools that can boost worker productivity.

Industries heavily present in New York, including financial services, healthcare and law, have been among the first to adopt generative AI. Because those sectors are regulated, and therefore have a good handle on their internal data, they can more quickly apply large-language models to their operations, said Matt Wood, vice president of AI products at cloud business Amazon Web Services.

AI startups have flocked to New York to tap that customer base, and be hands-on in helping chief information officers use the technology, said Grace Isford, a partner at NYC-based venture firm Lux Capital.

Andrew Hoh, co-founder and chief product officer of LastMile AI, rents office space in the Empire State Building for his nine-person startup, which makes a platform to help developers build generative AI applications. Founded in 2023, LastMile AI uses the space as a hub for meeting financial services customers, who are often just a few blocks away.

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"It's a little bit easier when you're able to shake someone's hand in-person, especially for a traditional business," Hoh said. "That's the strategic advantage that we had."

Many AI startups in New York aren't developing massive models like San Francisco's OpenAI is. Instead, they're selling ready-to-use AI tools for sectors like banking and healthcare, said New York-based Insight Partners Managing Director Lonne Jaffe .

Cristóbal Valenzuela, co-founder and chief executive of Runway, said the startup's media and advertising customers are primarily in New York, where he and his co-founders met. Runway, which has raised $237 million for its generative AI video-editing and -creation tools, moved from Tribeca to a larger office in Union Square.

"New York is actually better suited to drive a lot of innovations for the next couple of years," Valenzuela said. "You're going to move through stages of application use cases that require people to have a deeper understanding of the industry they're working on, and in San Francisco, it's just too much tech."

Talent and research

New York gained more relocated tech workers than any other U.S. city in 2023, according to an analysis of LinkedIn data by venture firm SignalFire. But San Francisco continues to draw in AI talent at a faster rate. AI engineers based out of New York accounted for about 15% of all AI engineers working at startups last year, second to San Francisco, where more than 41% were located, the SignalFire report said.

Many AI startups in New York aren't developing massive models. Instead, they are selling ready-to-use AI tools

Edo Liberty, founder and CEO of Pinecone, said New York has for years been underappreciated as an AI talent hub. The five-year-old firm, which builds database technology that helps businesses use their private data with large-language models, occasionally opens its Midtown office to younger startups in need of a corporate crash pad.

"I can't say how many times a month an AI startup asks me if they can hang out in our office for a week or two until they find a space," Liberty said.

The AI research labs of public tech companies, including Meta Platforms, DeepMind Technologies, a subsidiary of Google parent Alphabet , and Palantir Technologies , have been key sources and anchors of talent, along with local academic institutions such as Cornell Tech, Columbia University and New York University, where Meta chief AI scientist Yann LeCun is a professor.

New York is also a top destination for AI talent from Europe, Israel and Asia, who prefer to live in the city over San Francisco and other emerging tech hubs , some founders say. Runway's Valenzuela, who moved from his hometown in Chile, said the company has sponsored work visas for about 20 researchers and engineers—roughly a quarter of the employees—all of whom want to live in New York.

Will AI 'save New York'?

Development of the generative AI sector couldn't come soon enough for New York, said Dylan Reid, a New York-based partner at Zetta Venture Partners, a venture firm based in San Francisco.

"I think AI will save New York way more than San Francisco," he said. "The New York startup ecosystem was really hurting."

New York had been home to numerous high-profile startups in e-commerce, media, crypto and fintech that underperformed , Reid said. In recent years, the successful public offerings of database-software companies MongoDB in 2017 and Datadog in 2019 , have been cited as proof for entrepreneurs to take a leap of faith in New York.

"In 2014, a lot of people doubted that we could build a big, successful tech company in New York," said Dev Ittycheria , MongoDB 's CEO.

"But I've always found that access to both high-quality customers and investors is second to none in New York."

San Francisco—home of OpenAI and many of its researchers—remains the de facto generative AI watering hole and startup capital. But new AI labs and venture- capital offices in the Big Apple are drawing people in. Over 150 AI firms are based or have satellite offices in New York, according to Lux Capital.

"I expect we'll see a ton of really exciting AI startups out of New York," Reid said. "Right now, it's more talent-heavy and less startup-heavy."

Hugging Face, developer of the popular open-source AI model-sharing platform, opened up shop in Brooklyn's Dumbo neighborhood—a decision co-founder and CEO Clem Delangue described as "you don't need to follow the Silicon Valley hype and move there to succeed."

Martin Kon, chief operating officer of OpenAI rival Cohere, said the company's recent decision to open a New York office was a no-brainer. "We need to be where our customers, top AI talent, partners and investors are, and New York is a top priority," Kon said.

Threats to Europe's economy are mounting. Finance can help fortify it

The Economist

UniCredit, one of Italy's largest lenders, outperformed Meta in share price this year. REUTERS

A sense of disquiet is sweeping over the old continent. Innovative, low-cost Chinese producers are taking on Europe's venerable industries and unsettling its policymakers. Europe has played only a bit-part in the tech revolution: the market value of America's "magnificent seven" tech giants is about the same as that of the combined stockmarket capitalisation of the eu's 27 members. In an interview with us last week, President Emmanuel Macron offered his own diagnosis. There can be no great power without economic prosperity and technological sovereignty, but "Europe does not produce enough wealth per capita." It must become an attractive place to invest and innovate. This requires vast amounts of capital—and a well-oiled financial system that channels savings to promising investment opportunities across the continent.

The trouble is that European finance remains inefficient and bound by national borders. Pressing ahead with banking and capital-market reforms is thus more important than ever.

A decade ago European banking was on its knees. The sovereign-debt crisis in the south exposed an infernal doom loop. Because banks held a lot of sovereign debt and governments had to bail out banks in difficulty, trouble at one infected the other. Lenders were unprofitable, unloved by investors and saddled with non-performing loans. Today those bad loans have been shed and profits have recovered. The share price of UniCredit, one of Italy's largest lenders, has outperformed that of Meta this year. Big banks are now subject to European supervision and regulation, rather than a patchwork of national measures. Yet banking on the continent remains cumbersome and parochial.

Europe's banking union, first proposed in 2012, remains incomplete, mainly because a common deposit-insurance scheme has yet to be set up. One result is that the doom loop retains its power. Another is that too little cross-border activity and consolidation takes place. Regulators fear that if a bank collapses, they will be on the hook for loans made to dodgy borrowers beyond their borders. Without a common deposit-insurance scheme, governments require banks to use ring-fencing regimes to hoard liquidity that could have been more profitably deployed elsewhere. The time to press on with such a scheme is surely now, when non-performing loans are low everywhere and even southern banks are in good health.

Banks are not the only source of finance. More must also be done to create a European capital market, which can help spread risks. National markets are underdeveloped: according to the imf, only 30% of companies' financing comprises tradable securities in the euro area, compared with two-thirds in America. As a consequence, Europeans' vast savings are locked up in bank deposits, small firms struggle to obtain finance and entrepreneurs bear too much risk. By one estimate, a shock of one percentage point to national GDP growth results in a 0.8-point fall in consumption in the eu, but only a 0.18-point fall in America, where the pain is shared by investors, creditors and the government. No wonder Americans are more go-getting.

Although a proposal for a European capital-markets union was put forward in 2015, not much has been achieved. That is because regulations touching things like insolvencies, tax and disclosure have to be harmonised for an investor to see no difference between a security in Greece and one in Germany. Compared with whacking tariffs on Chinese cars, this is neither eye-catching nor easy. It is the spinach of public policy.

Eat your greens

Tariffs cheat European consumers by raising the cost of otherwise good and cheap products. By comparison, financial reforms channel Europe's large pot of savings into profitable investments. They should encourage innovation and make the economy more resilient, by spreading risk more widely. Europe rightly worries that it is falling behind as America and China charge ahead in the race for technological supremacy. But, as with the two superpowers, one of its main strengths is size. To keep up, Europe should make the most of it.

Inside the 21st century gold rush

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Eric Vazquez, a lineman for a power company in southwest Florida, says he's holding a lot more gold than most financial advisers would recommend. Not just in his portfolio, but also in bars and coins spread between several secret locations.

It is a strategy for a world that he worries is growing more chaotic. The government keeps spending beyond its means. Stock prices can crash from a tweet. Ensuring his wife and children go to bed at night in peace, Vazquez said, requires owning tangible assets, not just a claim on them through some exchange-traded fund.

"At least in my adult life, nothing's gotten better," said Vazquez, who is 33. "And I just feel like I want to take as much of my own livelihood, my own safety, my own family's safety, into my own hands."

Worries about war, discord and mounting government debt have fueled a worldwide rush by individuals and institutions into what Wall Street calls "physical gold"—bars, coins, jewelry and nuggets. Widespread stockpiling has helped lift prices more than 40% since October 2022, to $2,367 a troy ounce.

THE WALL STREET JOURNAL.

The climb has at times perplexed analysts, because it didn't coincide with a typical feature of prior rallies: mounting bullish bets in futures, options and ETF markets. Also, gold pays no income, and generally becomes less attractive to investors when rising interest rates drive up the payouts from other relatively safe assets, like bonds. Yet the metal's sharpest ascent occurred between this past February and April, just when the Fed started signaling

Global demand for bars and coins, typically bought by individuals, grew by 36% between 2019 and 2023. BLOOMBERG

that rates might stay higher for longer then Wall Street expected.

Now, many think prices were boosted by legions of Chinese consumers. Nervous about their country's shaky economy and seeking hard assets outside its collapsed property market, they recently have hoarded physical gold. Customs data showed the country racked up 194 metric tons of gold imports in March, a 40% increase over February and the biggest monthly inflow in at least seven years.

But people the world over are scooping up the precious metal. They are paying premiums to buy gold in Asia and the Middle East, Nicky Shiels, metals strategist at MKS PAMP, wrote in a note to clients last month. Costco's business selling bullion is booming in the U.S. Worldwide demand for bars and coins, which are typically bought by individuals rather than institutions, grew by 36% between 2019 and 2023, according to the World Gold Council trade organization.

People tossing bars and coins into their shopping carts don't usually have Wall Street-levels of concern about the path of monetary policy, analysts say. They often want something they can stash or carry, to shield themselves from potential catastrophes.

Investors' rush to gold has compounded demand from central banks, which stockpile stacks of bars as monetary reserves. The banks roughly doubled the pace of their gold purchases after Russia invaded Ukraine in 2022, according to the WGC, aiming to diversify their portfolios. Some, including China's, were also spooked by sanctions imposed on Russian central bank reserves and are now retreating from dollar-based assets like Treasurys, analysts say.

The acceleration in central bank and consumer buying has broken a traditional tendency of gold prices to fall when inflation-adjusted interest rates rise, said David Wilson, senior commodity strategist at BNP Paribas. Prices would be about $1,000 lower were it not for all the metal being accumulated, according to his modeling.

The banks roughly doubled the pace of gold purchases after Russia invaded Ukraine in 2022, as per the WGC

"There's just growing uncertainty, whether it's economic uncertainty or geopolitical uncertainty," said Wilson.

Waves of new buyers emerged after the Covid market crash and last year's regional banking crisis, said Alex Ebkarian, chief operating officer of precious metals dealer Allegiance Gold. More recently, new trade agreements between countries such as Russia and China have spawned anxiety about the U.S. dollar's diminishing role in the world, prompting some investors to seek stability in the currency favored by the pharaohs.

"They're asking themselves the what-if question," said Ebkarian. "'What if the dollar continues to devalue? I don't want to have all of my assets be paper based.'"

Ballooning global debt is also luring investors away from government-issued currencies and into the precious metal, said Aakash Doshi, Citigroup's head of commodities research in North America. Global debt grew by 24% to $313 trillion between the beginning of 2020 and the end of last year, according to the Institute of International Finance.

Hedge funds and other speculators have begun ramping up bullish futures and options bets. Doshi believes the financial market will catch up to the physical one, propelling the price of gold to $3,000 in the next six to 18 months.

"It might be that [the market's] just realizing that 'Hey, gold prices were probably too low,'" he said.

Soaring debt is one reason Barry Kitt buys gold. The Dallas-based 69-year-old said his calculations show it has beaten inflation since 1913 and the S&P 500 since 2000.

A former hedge-fund manager who now runs a family office, Kitt is comfortable with financial products and uses ETFs when he wants to trade quickly. Nonetheless, most of his gold is physical, including several large crystalline nuggets.

With ETFs, he said, "You don't own gold, you own a piece of paper. I want to own it. I want to know it's mine."

NEWS IN NUMBERS

₹220 cr
NET PROFIT reported by JK Cement in the March 2024 quarter, up 101% from ₹109.52 crore during the same period last year

₹3,400 cr
THE PROJECTED size of India's influencer marketing industry by 2026, up from ₹1,900 crore in 2023, according to a Ficci-EY report

₹80K cr
THE AMOUNT Adani Enterprises plans to spend in capex across businesses in FY25, a bulk of it on its new energy businesses and airports

37,000
THE NUMBER of medical students who said they were suffering from mental health ailments in a survey by the National Medical Commission

315
THE NUMBER of people killed in flash floods that hit multiple provinces in Afghanistan, primarily Northern Baghlan, on Friday, triggering a humanitarian crisis

HOWINDIALIVES.COM

First patient to get pig kidney dies

The first living patient to receive a genetically modified pig kidney transplant has died two months after the procedure, the US hospital that carried it out said.

"Mass General is deeply saddened at the sudden passing of Mr Rick Slayman. We have no indication that it was the result of his recent transplant," the Boston hospital said in a statement issued late Saturday.

In a world first, surgeons at Massachusetts General Hospital in March successfully transplanted the genetically edited pig kidney into Slayman, who was 62 years old at the time and suffering from end-stage kidney disease.

"Slayman will forever be seen as a beacon of hope to countless transplant patients worldwide and we are deeply grateful for his trust and willingness to advance the field of xenotransplantation," the hospital statement said. PTI

SBI is in the process of onboarding up to 12,000 freshers in the roles of POs and associates. MINT

SBI's 85% hires to be engineers in FY25

Of about 12,000 freshers set to join the country's largest lender SBI in FY25 85% are going to be engineering graduates, its chairman Dinesh Khara has said. SBI is in the process of onboarding up to 12,000 freshers in the roles of probationary officers (POs) and associates in FY25, and there is no bias towards onboarding engineers in the ranks, Khara said, stressing that this is not by design.

After training the over 3,000 POs and over 8,000 associates with some banking knowledge, they will be channelized into various business roles. It can be noted that this comes at a time when the banking sector is increasing its dependency on technology as it looks for newer ways of enthralling the customer, while some players are also grappling with challenges on this front.

"We expose them into banking and thereafter, channelize them into various roles in business and IT, depending on their aptitude and temperament, and that is something which is helping us ensure that there is a continuous supply of tech manpower to the bank," Khara told *PTI*. PTI

ELECTIONS ROLL ON


Vehicles on poll duty parked at the Birsa College stadium, which was converted into a distribution centre, on the eve of the fourth phase of ongoing Lok Sabha election, in Jharkhand's Khunti district on Sunday. PTI

'Elections haven't slowed down the Centre's capex plan in Q1'

Govt's capex has been rising since pandemic even as pvt sector investment stayed low

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The plans for FY25 are on track, as per the announcements made in the vote on account budget, despite anticipation of muted government spending during April-June 2024 due to the ongoing general elections, a senior government official said. "The Centre has not carried out any spending cuts during the Q1 FY25 (April-June 2024) period due to the general elections," the official said requesting anonymity.

The person added that the Union government's spending on large infrastructure projects hasn't slowed down due to the ongoing elections.

The interim budget, presented on 1 February, pegged a capex of ₹11.1 trillion for FY25, marking an increase from FY24's budgeted estimates of ₹10 trillion and revised estimates of ₹9.5 trillion.

Higher capex is largely proposed for infrastructure sectors such as roads, shipping and railways. The capital allocation for these ministries has also been scaled up substantially in the budget, allowing them to complete work under the Vision 2027 plan.

Capital spending by the government has been on the rise since the pandemic, even as private sector investment remained tepid.

Although private sector investment gathered some momentum in the current fiscal, economists recommended doubling down on government capital spending to help steer the economy through any turbulence, including a feared global slowdown in 2024.

Presenting the budget proposals for FY25, the finance minister Nirmala Sitharaman said the capex outlay was 3.4% of GDP. The capex is almost 3.3 times that in FY20.

"The 11.1% growth may look lower than the previous four years but it is coming on the back of a higher base of last year. The Central capex was being provided to also trigger private sector investment and now we are seeing signs of private sector investment coming in," Sitharaman said during a post-budget press conference. The infrastructure sector is set to become the biggest driver for the country that aspires to become a $5-trillion economy soon and a developed nation by 2047.

> The infrastructure sector is set to become the biggest driver for the country that aspires to become a developed nation by 2047

A finance ministry spokesperson has not yet responded to emailed queries.

Nijjar killing: Fourth Indian arrested

A fourth Indian national has been arrested by Canadian authorities in connection with the killing of Khalistan separatist Hardeep Singh Nijjar, a week after police arrested three Indians linked with the high-profile case that has severely strained India's relations with Canada.

Amandeep Singh, 22, a resident of Brampton, Surrey, and Abbotsford areas of Canada, has been charged with first-degree murder and conspiracy to commit murder.

Nijjar, 45, was killed outside Guru Nanak Sikh Gurdwara in Surrey, British Columbia on 18 June 2023.

The Integrated Homicide Investigation Team (IHIT) of the Royal Canadian Mounted Police (RCMP) said that Singh was arrested on 11 May for his role in the killing of Nijjar. He was already in the custody of the Peel Regional Police for unrelated firearms charges, the release said. PTI


The oscillation between El Nino and La Nina brings above normal rain, causing flood-like situation. AFP

La Nina to form in June-August: NOAA

El Niño, which began in June 2023, resulting in insufficient rainfall in India, and leading to water scarcity in some regions, besides droughts and prolonged dry periods across Asia is likely to transition into El Niño–Southern Oscillation (ENSO)-neutral next month and the cooler phase, known as La Niña as early as in June-August or by July-September, said the Climate Prediction Centre of the National Oceanic and Atmospheric Administration (NOAA) of the US.

The oscillation between El Nino and La Nina is not only important for farmers in India, but globally. Additionally, this assumes significance as it brings above normal rainfall, causing a flood-like situation during the monsoon season.

"A transition from El Niño to ENSO-neutral is likely in the next month. La Niña may develop in June-August (49% chance) or July-September (69% chance)," NOAA said. PUJA DAS

Large PSUs spend ₹50,200 cr in capex

Large public sector firms have spent over ₹50,200 crore towards capital expenditure in April FY25 alone, which is 6.46% of their full fiscal target of ₹7.77 trillion, an official said. The pace albeit is slower than ₹54,177 crore capex spent in April FY24, about 7.3% of the full year budget target of ₹7.42 trillion.

"The capex spending will pick up going forward. Also, the numbers for April are still provisional and will go up in the revised final numbers," the official told *PTI*.

The capital expenditure during the first month of FY25 was driven by railways, road, and oil and gas sectors. The Indian Railways and sector PSUs spent ₹26,641 crore in April, followed by National Highways Authority of India at ₹6,645 crore. Among oil and gas sector PSUs, ONGC incurred capex of ₹2,318 crore, Indian Oil Corp. ₹2,423 crore in the first month of the current fiscal. PTI

Hoping to resolve remaining issues with China: Jaishankar

As the eastern Ladakh military standoff entered its fifth year, external affairs minister S. Jaishankar said India hopes for a resolution of the remaining issues with China and asserted that a return to normal bilateral ties hinges on peace and tranquillity at the border.

In an exclusive interview to *PTI*, Jaishankar said the remaining issues mainly pertained to "patrolling rights and patrolling abilities".

Specifically asked when a resolution to the dragging row can be expected in the backdrop of Prime Minister Narendra Modi's remarks to *Newsweek magazine* last month, Jaishankar said that he only provided a "big-picture" viewpoint on the matter.

"We would hope that there is a resolution of the remaining issues out there. These issues mainly pertain to patrolling rights and patrolling abilities there," he said. "I would not link it to the prime minister's interview *per se*. I think the prime minister was giving a big-picture viewpoint and his big-picture viewpoint was a very reasonable viewpoint which is—after all as neighbours, every country wants good relations with its neighbours," he said. PTI


External affairs minister S. Jaishankar. PTI

Anarock FY24 revenue rises 36%

Real estate consultant Anarock Group has posted a 36% increase in its revenue to ₹566 crore in the last financial year, helped by better earnings from housing brokerage and other services. During 2022-23, the company posted a revenue of ₹416 crore.

In an interview with *PTI*, Anarock chairman Puri said, "Real estate markets, particularly residential, across cities, are doing well with sales and launches at a 15-year high." Inherently, he said, this is being driven by a younger working population wanting to buy their first home rather than rent it. PTI

Russian lawmakers vote to reappoint Mishustin as PM

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Russian lawmakers voted to reappoint Mikhail Mishustin as prime minister after President Vladimir Putin nominated him to continue in the post he's held for more than four years.

Mishustin was backed by 375 deputies in the lower house of Russia's parliament at a hearing on Friday, with none against and 57 abstentions. Communist Party leader Gennady Zyuganov earlier announced that the fraction would abstain.

Putin named Mishustin, 58, as prime minister in January 2020, shortly before he changed the Russian constitution to allow himself two more terms as president. The government formally resigned after Putin's inauguration on Tuesday for his fifth term. Other ministerial appointments are expected in the coming days.

Acting finance minister Anton Siluanov and acting economy minister Maxim Reshetnikov are set to continue in their posts, the *RBC news* site reported Friday, citing people familiar with the situation that it didn't identify.

> Acting finance minister Siluanov and acting economy minister Reshetnikov are also set to continue

Putin, who's ruled Russia for the whole of the 21st century so far, is beginning another six-year term after gaining a record 87% in March's tightly controlled presidential election in which he faced no serious competition. The 71-year-old president is already the longest-serving Kremlin ruler since Soviet dictator Josef Stalin.

China credit shrinks for first time, loan growth worsens

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China's credit in April shrank for the first time as government bond sales slowed, while loan expansion was worse than expected in a sign of weak demand.

Aggregate financing, a broad measure of credit, decreased by almost 200 billion yuan ($27.7 billion) in April from the last month, according to *Bloomberg* calculations of data released by the People's Bank of China on Saturday. That's the first time the measure has declined since comparable data began in 2017, reflecting a contraction in financing activity.

Looking back further, using a smaller data set that excludes things like government funding, it was the first decrease since October 2005, according to *Bloomberg Economics*.

A breakdown of the data shows that more government bonds were repaid than sold in the month, contributing to the decline. Financing from shadow banking—which refers to activities outside the formal banking system—also recorded a drop, weighing on overall credit.

Financial institutions offered 731 billion yuan of new loans in April, lower than a projected 916 billion yuan. The year-on-year growth rate of outstanding loans edged down to 9.1% from 9.2% in March. "The volatility in this month's data is tolerable because the government will issue ultra-long government bonds soon, so credit expansion in May and June may make up for it," said Bruce Pang, chief economist for Greater China at Jones Lang LaSalle Inc.


Aggregate financing, a broad measure of credit, has declined for the first time since 2017, reflecting shrinking in financing activity. AFP

The government has sold bonds at a slower-than-expected pace so far this year, helping fuel a rally in sovereign bonds as demand outpaced supply. China's top leaders at a Politburo meeting last month called for faster issuance of special sovereign and local government special bonds—a major source of funding for infrastructure projects. Beijing plans to issue 1 trillion yuan worth of special sovereign bonds this year.

Pang said the drop in shadow financing shows authorities' focus on preventing risks, as the PBOC has stressed in recent months its intention to avoid money idling in the financial system.

April is typically a slow month of borrowing activity, as banks are not in a rush to meet their quarterly lending targets.

HOW ANDHRA'S ELECTION DESCENDED INTO A CLASS WAR

The outcome of the elections will determine if unbridled welfarism, as is the case now, will continue in the state

(Left) Andhra Pradesh chief minister Y.S. Jagan Mohan Reddy, leader of YSRCP, at a recent election rally. (Right) PM Modi with TDP president N. Chandrababu Naidu (left) and Jana Sena party president Pawan Kalyan (right), during an election roadshow in Vijayawada. PTI

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VIJAYAWADA/GUNTUR/AMARAVATI

Bulla Kiran, an 18-year-old first time voter from Namburu village, about 25km from Vijayawada in Andhra Pradesh, is keen to exercise his maiden democratic right. He is in the final year of a diploma in mechanical engineering and wants to start working to support his family. His father is a farm labourer, his mother is a housewife and a younger brother is still in school. Kiran is worried.

"Most of my seniors have not got jobs yet. There are no jobs as few factories have come up in Andhra Pradesh," he says. He wants to vote for Telugu Desam Party (TDP). Its leader, former chief minister Chandrababu Naidu, will be able to drive more industrialization, he believes.

"He was the one who brought Korean car maker Kia into the state. We need more such investments," he adds.

In April 2017, Kia India signed a memorandum of understanding with the state government of Andhra Pradesh to build a new manufacturing facility at Anantapur district. The car maker, which has invested over $2 billion in the production facility and a vendor park, commenced mass production in August 2019 with an annual capacity of about 300,000 units.

Many miles away, Sivaparvati is selling tender coconut, braving the unbearable summer heat in old Guntur, a town famous for chilli and tobacco. Sivaparvati is a single mother and has a son, daughter-in-law and two granddaughters in the household. "I will vote for Jagan," she says emphatically, referring to incumbent chief minister Y.S. Jagan Mohan Reddy, leader of Yuvajana Sramika Rythu Congress Party (YSRCP).

The reason? She has benefitted from the numerous welfare schemes the chief minister had announced. Among them are a widow pension scheme and support for educating her granddaughters.

Nonetheless, she also complains. About poor roads, lack of street lights, proliferation of mosquitoes due to open drainage. "Despite all this, my loyalty is still to Jagan. He has given us a lot of money," she reasons.

Kiran and Sivaparvati underline the welfare versus development divide that has come to the fore in Andhra Pradesh, ahead of the simultaneous polls—for the Lok Sabha and the state assembly—on 13 May. At stake are 25 Lok Sabha seats and 175 state assembly seats. TDP has aligned with Bharatiya Janata Party (BJP) and Jana Sena, a local party to take on YSRCP. Indian National Congress became a non-entity after people of the state punished it for carving out Telangana from Andhra Pradesh in 2014. In the 2019 general elections, Congress had a vote share that was less than the NOTA (none of the above) category *(see chart)*. This election, Congress has tied up with the communist parties.

The YSRCP government, in the last five years, chose to spend as much as ₹4.56 trillion on welfare schemes. It did not, however, give a similar thrust to development. On the other hand, TDP has pitched for development. Three-term chief minister Naidu argues that without development there is no economic growth, no jobs and no funds for welfare schemes.

Jagan Reddy, meanwhile, has painted the elections as a class war—a war between the poor and the rich. Those wanting development and economic growth have been portrayed as pro-rich and enemies of the poor.

"Coming elections are a war between classes. Between poverty and wealth. We are representatives of the poor. If we lose, it is a loss for the poor," the chief minister said while addressing his party cadre in December. "I take the side of the poor and Naidu is leading the feudal forces," he added.

> Andhra Pradesh's finances are already under stress. The state's debt to GSDP ratio, when off-budget borrowings are included, is a high 43%.

This battle, therefore, promises to be an engrossing one. Its outcome will have implications not just for the two big parties but also on the state's finances, already under stress. More on this later.

"The outcome of the elections will determine if unbridled welfarism, as is the case with the present government, will continue at the cost of development or a balance will be struck between economic growth and welfare measures," says Jayaprakash Narayan, general secretary, Foundation for Democratic Reforms, a Hyderabad-based think tank.

TALE OF 38 SCHEMES

YSRCP came to power in 2019 with a huge mandate having won 151 of the 175 state assembly seats. The party also won 22 of the 25 Lok Sabha seats. TDP, which had 102 seats in the previous assembly, managed to win just 23 seats. People voted out Naidu for failing to deliver on the promise of getting the state a special status as part of the bifurcation deal. They also wanted change and hoped that Jagan Reddy would make their lives better.

Reddy did bring about change. He took a different approach to governance, not just by focusing on welfare measures but also putting in place systems to ensure they were delivered. The state government launched as many as 38 welfare schemes targeting the poor, especially women and farmers. They included schemes such as *Amma Vodi* (every mother of school-going children got ₹15,000 per year); *Rythu Bharosa* (a guaranteed income support of ₹13,500 per year for farmers); YSR Pension *Kanuka* (social security pension for those above 60 years, disabled and widows); free housing sites and *Vahana Mitra* (interest subsidy scheme for commercial auto, taxi and truck buyers).

The government then went on to appoint 300,000 village volunteers and 15,004 village secretariats. "Every 50 households had a volunteer who ensured that beneficiaries did not miss out on any welfare scheme. Some benefits were delivered on the doorstep," says Kesineni Srinivas, YSRCP leader and Lok Sabha candidate from Vijayawada.

About 90% of the state's households have benefitted from one or more of the 38 schemes. Reddy keeps reminding people on the amount of money his government has spent on welfare. As of April this year, ₹2.71 trillion was pumped in through direct benefit transfer (DBT), and non-DBT spend amounted to ₹1.84 trillion, aggregating ₹4.56 trillion, the state government had stated.

"With such a record, the poor and lower middle class, especially in the rural areas, are firmly with YSRC and that will tilt the scale in our favour," hopes Srinivas.

WHERE'S AMARAVATI?

Nonetheless, the lack of development has upset a lot of people.

P. Rajashekar runs a cab service in Vijayawada. He questions the usefulness of the *Vahana Mitra* scheme. Many a time, the interest subsidy he gets because of the scheme, goes towards repairing the vehicle—the roads, he says, are bad. He would much rather prefer good roads to the subsidy.

"Roads are so bad that I end up replacing the car's bearings, tyre and oil a lot more now than before. In the last five years, there has been little infrastructure development," he says.

Rajashekar voted for Reddy in 2019. This time, he is batting for Naidu.

Similarly, a cross-section of people *Mint* spoke to felt that the government was taking away more than what it was doling out. Power costs have risen sharply; petrol/diesel prices are higher than that in other states as the YSRCP government did not reduce taxes on it.

Even in rural Andhra Pradesh, not everyone is happy. Take the case of three mandals—Tulluru, Thadapalli and Mangalagiri—not far from Vijayawada. About 29,000 farmers from 29 villages had agreed to give away 35,000 acres for the development of Amaravati, once touted to be the state's new capital. TDP was in power back then. However, the YSRCP government junked the idea.

"We were promised 1,250 square yards in the fully developed capital as compensation for every acre (4,840 square yards) we gave," says P. Poorna, a resident of Tulluru town.

The farmers now have a protest site in the town, a thatched pandal with large pictures of freedom fighters. "We have been protesting continuously for the last 1,599 days against the YSRCP government's decision to scrap Amaravati as the state's capital," says V. Madhu, a farmer who is from Lingayapalem, a village five kilometre from Tulluru.

Farmers have also taken the government to court. The High Court of Andhra Pradesh, in March 2022, ordered the Amaravati master plan to be implemented. But the state government has appealed to the Supreme Court.

The land is still with the government and most farmers have taken up menial work or are selling off their other assets to make a living.

"We have been cheated. From landowners, we have been reduced to landless labour," says Poorna.

Pattabhi Ram Kommareddy, national spokesperson for TDP, says anti-incumbency is high. "Farmers are unhappy as they have not been compensated for various natural calamities in the last five years; state government employees are upset as their salaries have been delayed; the youth are unhappy due to the lack of jobs; law and order has deteriorated," he explains.

SHOW THE MONEY

The YSRCP government's short-sighted policies, Kommareddy says, are to be blamed. "Welfare and development must go hand in hand. Only when wealth is created can it be shared with the poor. In the absence of development, the state government has borrowed heavily and pushed the state deeper into debt without any productive assets to back the debt," he says.

Investment is another weak area. "When we were in power between 2014 and 2019, major companies such as Kia India and Motor established their facilities here. Not a single major investment has come in the last five years," the TDP spokesperson says.

YSRCP's Kesineni Srinivas disagrees. "Andhra's GSDP (gross state domestic product) has grown by 50% in the last four years. Per capita income has risen from ₹1.5 lakh in March 2019 to ₹2.1 lakh in 2022-23. This has been possible on account of strong industrial growth," he says.

Meanwhile, the state continues to rank high when it comes to the ease of doing business. In the latest Business Reform Action Plan 2020, unveiled by union finance minister Nirmala Sitharaman, Andhra Pradesh was categorized as top achiever along with six other states such as Tamil Nadu, Gujarat and Telangana. Investments worth ₹13.5 trillion were garnered at the Global Investors Summit in March 2023.

The Adani group has begun work on setting up data centres in Visakhapatnam and has announced plans to set up two cement units. Reliance Industries is setting up a 10 gigawatts solar park, he adds.

So, what explains the perception of zero development? "I think we have been very poor in marketing our achievements," says Srinivas.

SUPER SIX AND A TRAP

Welfarism, by now, is deeply entrenched in Andhra Pradesh. So much so, even the pro-development Naidu has been sucked into promising welfare schemes. And YSRCP doesn't miss a chance to point it out.

TDP has announced 'Super Six Guarantees' in its manifesto. This includes free bus travel for women; ₹3,000 per month unemployment allowance for the youth till they get employed (TDP has promised to create 2 million jobs); ₹15,000 allowance for every school going kid in a family; ₹20,000 per year income support for the farmers; three gas cylinders per year and ₹1,500 per month to women aged 18 to 59.

According to chief minister Reddy, TDP's promises will cost the state ₹1.21 trillion over five years, over and above what is already being spent—way beyond the capacity of the exchequer.

"Naidu is desperate to come back to power and has been promising schemes which he knows cannot be delivered. That is not new to him. In 2014, he made over 600 promises, including farm loan waiver. He did not keep most of them," says Srinivas.

Andhra Pradesh's finances are already under stress. The state's debt to GSDP ratio, when off-budget borrowings are included, is a high 43% (2022-23 revised estimate). That leaves very little room for further borrowing.

The quality of expenditure, measured as a ratio of capital outlay to total expenditure, is 9.2% in the 2018-19–2022-23 period. This is low compared to Tamil Nadu's 12%.

With a revenue deficit of 2.2% of GSDP, the state is already borrowing ₹29,000 crore just to meet its revenue expenditure. This could worsen as growth in welfare expenses is galloping faster than growth in revenue receipts.

"The state's finances do not allow much leeway for more welfare spending than what is already being made," says Paras Jasrai, economist, India Ratings & Research, a provider of credit ratings.

Post liberalization, in 1991, it was accepted that economic growth was critical to tackling poverty. There was a consensus among most political parties. This consensus, Narayan adds, is now under threat and the battle for Andhra Pradesh is a prime example.

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mint SHORT STORY

WHAT

A welfare versus development divide has come to the fore in Andhra Pradesh, ahead of the polls on 13 May. At stake are 25 Lok Sabha seats and 175 state assembly seats.

WHY

The YSRCP government, in the last five years, chose to spend as much as ₹4.56 trillion on welfare schemes. It did not, however, give a similar thrust to development.

NOW

TDP pitched for development. However, YSRCP has painted the election as a class war. Parties in favour of economic growth are being portrayed as pro-rich and enemies of the poor.

THE LANDSLIDE

YSRCP came to power in Andhra Pradesh with a huge mandate

State assembly result, 2019

Party	Seats won	Vote share (in %)
YSRCP	151	49.95
TDP	23	39.17
Jana Sena	1	5.53
INC	0	1.17
BJP	0	0.84
Others	0	2.06
NOTA	0	1.28

Clean sweep

In 2019, TDP finished a distant second

Lok Sabha result, 2019

Party	Seats won	Vote share (in %)
YSRCP	22	49.15
TDP	3	39.59
Jana Sena	0	5.79
INC	0	1.29
BJP	0	0.96
Others	0	1.73
NOTA	0	1.49

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Source: Election Commission of India

SATISH KUMAR/MINT

How this senior citizen couple is able to travel the world every year

Kumar and his wife have covered 31 countries so far; South America and Antartica are next in their bucket list

Jash Kriplani
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It has been 15 years since K.S. Kumar, 70, retired from an active corporate life but that has not stopped him and his wife—Radha K. Kumar, 62—from travelling across India and the world. The couple budgets 60% of their annual expenses for travelling. "We now travel much more than before as we have fewer commitments now," says Radha.

Kumar, who is based in Bengaluru, says he and his wife have already visited 31 countries across five continents, while South America and Antartica are still in their bucket list. The couple just got back home last month from a trip to Uzbekistan in Central Asia "We travel 4-5 times every year and include multiple international destinations in our travel itinerary," he adds.

Kumar says he was able to retire early, at the age of 54, after his financial planner analysed his retirement portfolio and signalled the go-ahead. By then, the liquidity in his portfolio had also improved. It helped that he was getting good rental income from his real estate investment.

Asset mix

Kumar met his financial planner for the first time in 2005, at which time real estate made up for about 85-90% of his portfolio. The remaining was in debt. There was zero equity exposure. Gradually, more financial assets were added to his portfolio. As of 31 December 2010, Kumar's portfolio had 56% exposure to real estate, and 32% to debt, while the remaining 12% was invested in equities.

Lovaii Navlakhi, a Sebi-registered investment adviser (RIA) and chief executive officer of International Money Matters (IMM), recalls that clients who approached him earlier were not so aware about goal-based financial planning or other investment products such as mutual funds.

"In such cases, we would explain to the client that they cannot merely sell a part of their property to meet their financial goals. They needed investments that would be easy to redeem and are also linked to a particular financial goal. Gradually, we introduced them to mutual funds," he says.

As of 31 December 2023, Kumar's portfolio had 53% exposure to equity mutual funds (including some exposure PMS), 31% to debt mutual funds, 12% hybrid mutual funds and 3% to gold and jewellery. By 2019, Kumar had sold off his real estate investments.

The retirement goals

In Kumar's case, the rental income that he was receiving from his second property played a critical role in taking the retirement decision. In 2009, Kumar decided to retire as his job began to demand late-night shifts and extended work trips. The rental income from his second property was more than sufficient to cover his household expenses at that point.

> Kumar met his financial planner in 2005, by which time real estate made up for about 85-90% of his portfolio

Since he had only worked in one organization throughout his career, his retirement benefits, namely employee provident fund (EPF) and gratuity, had also grown to a sizeable amount. From 85-90% of his portfolio being in real estate, the liquidity profile of his assets had improved, with 44% of his assets being in financial assets around this time.

Kumar later secured a job in a not-for-profit organization, where he worked till 2018. It was for a short project that paid much lower than his corporate salary but it was deeply satisfying. Kumar says these two income streams—rental income and the remuneration from the news job—not only helped him meet his day-to-day household expenses but also fund his elder daughter's wedding and also their travel plans without the need to dip into his savings.

His two daughters—Maya and Nidhi—were 23 and 19, respectively, at the time of Kumar's retirement in 2009. "By this point, all my liabilities were over. The home loan had been paid off. My elder daughter had finished her education and was now working and the younger one was pursuing her chartered accountancy (CA). I had provisioned for her overseas education as well but she didn't want to pursue that," he says.

As a result, Kumar didn't need to redeem much of his investments. Both his daughters have now been married off. And he started systematic withdrawal plan (SWP) for his daily expenses only in 2019.

Withdrawal strategy

Over the years, Kumar's corpus has compounded significantly. As things stand, the family's annual withdrawal rate is anywhere around 3-4% of the entire retirement corpus. The corpus is further broken down into different buckets—liquid, short-term and long-term. The liquid bucket includes cash flow requirements for the next two years and accounts for 10% of the retirement corpus. This also includes provision for the couple's travel holidays.

For household expenses, a monthly systematic withdrawal plan has been put in place. The remaining expenses are funded through redemptions from the liquid bucket as and when those expenses are required. All these are in short duration and corporate bond funds.

The short-term bucket includes cash flow and goal requirements coming up in the next 3-5 years. This bucket accounts for 13.5% of the entire corpus. These investments are held in hybrid funds, dynamic asset allocation, and equity savings funds.

The long-term bucket includes cash flow requirements and goal requirements coming up after five years. These funds are kept in equity mutual funds and PMS (portfolio management service) to let it compound over the long-term. As the long-term bucket grows, the profits are moved to other buckets, to make sure the overall portfolio's asset mix is maintained at 60:40 equity-debt allocation.

In the bucketing strategy, the corpus gets rotated each year from long term bucket to short bucket and from short bucket to liquid bucket, to replenish the funds for next two years. At any given time, the liquid bucket maintains corpus for two years, short bucket for 3-5 year requirements and long bucket for requirements beyond five years. According to his financial planner, Rohini Priyanka of IMM, the medical corpus is also divided into the three buckets as it is unlikely that the family would need such a large sum immediately. "We let the larger part of the medical corpus grow in the long-term bucket," she says.

Major decisions

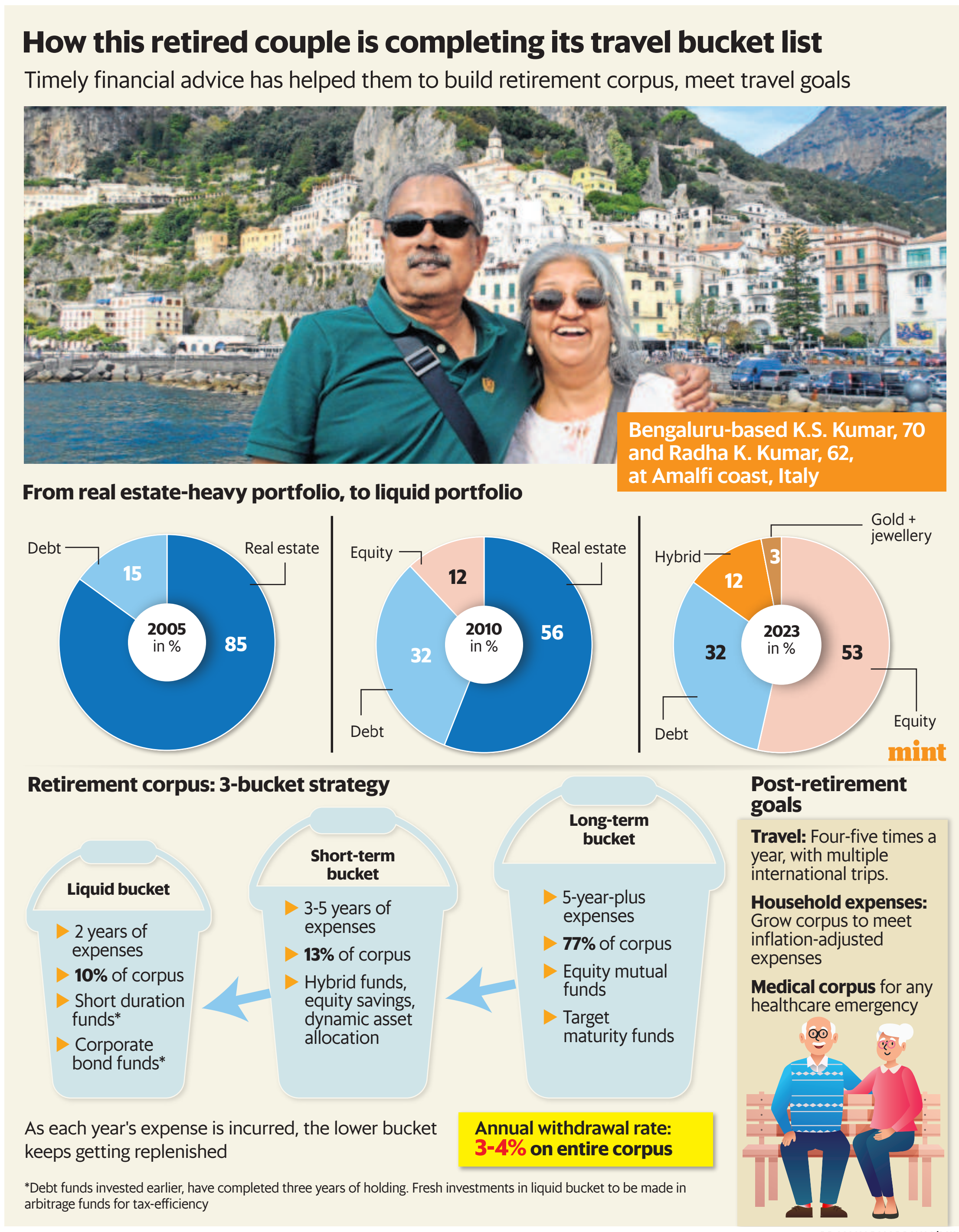
Kumar, who was born and brought up in Mumbai, moved to Gurgaon with his family in the 90s after his company was acquired by a multinational engineering firm. In 2004, he got a transfer to Bengaluru. He sold off his Gurgaon flat to buy a house in Bengaluru. Thereafter, he used a mix of down-payment and loan to buy a second property there.

Throughout his career, the health insurance provided by his employer covered all his family members.

Re-balancing

Kumar has an annual review session with his financial planner to check whether their spending pattern had changed, any new expenses had to be taken care of, and the investment returns to be targeted to beat inflation. The investment portfolio is also reviewed to check whether it is aligned to the 60:40 equity:debt allocation mix.

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



POWER POINT
JOYDEEP SEN

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

THE IMPORTANCE OF FIXED INCOME IN YOUR PORTFOLIO

The term fixed income implies there is a defined coupon (interest). The returns are relatively more stable than other asset categories like equity or gold. The portfolio of fixed income mutual funds (MFs) comprise defined-return bearing instruments like corporate bonds, government bonds, bank certificates of deposit, corporate commercial papers, etc.

For MFs, there a daily net asset value (NAV), based on which fresh investors come in and some existing investors exit. The NAV reflects the market price level for that day. Hence, on the one hand, you have the proportionate coupon (interest) for one day 'accrued' or added to the NAV for that day. On the other hand, there is a certain market price fluctuation. The combination of the two gives the NAV. The 'accrual' largely takes care of market volatilities, provided you remain invested in the fund for an adequate period and unless the market volatility is severe. The ballpark guidance for adequate time period may be taken as the portfolio maturity of the fund, which is available in the monthly fact sheet.

Investors should look at fixed income investments for its benefits, and it should form a part of every investment portfolio. The extent, say for instance 80% or 20% of the portfolio, will vary as per the requirements of the investor. There are certain advantages to be reaped from allocation to fixed income: smoother investment journey, relative stability in returns; optimum risk-adjusted returns over the investment horizon; preservation of capital particularly for senior citizens; laddering of investments (i.e.. matching the maturities with cash flow timings); better visibility on returns which allow you to plan better; and suitability for short-horizon deployments or the liquid component of the portfolio.

Given these advantages, it should form an appropriate component of every portfolio. For retail investors, MF is the preferred route for fixed income investments. The bond market is largely wholesale or institutional, where trades take place in large lots, out of reach for retail investors. MFs offer the reach and portfolio diversification. Usually conservative investors, say, senior citizens, allocate a larger component to fixed income funds, but there should be a conservative component in any portfolio.

> The portfolio of fixed income MFs comprise defined-return bearing instruments

In the wealth accumulation phase, when the investor is, say, 40 years old, the allocation to fixed income may be 40%. That, however, depends on the extent to which the investor wants to insulate the portfolio returns from the volatility of other investments such as equity or gold. In the consolidation phase of one's career, when the person is, say, 55 years old, it is time to gradually enhance the proportion of fixed income. If the portfolio allocation is, say, 80% to equity and 20% to fixed income, at 55-60 years, it is time to gradually move to 40% equity and 60% fixed income. In the decumulation phase, when the investor is say 70 years old, the majority component of the portfolio should be in fixed income. At this stage, it is about preservation of capital. The growth of capital is relevant, but secondary in this stage.

Currently, we are in a sweet spot for fixed income investments. As mentioned earlier, for your returns, market price movement add (when prices move up) or take away from (when prices come down) the accrual in your fixed income fund. Interest rate and bond prices move inversely. When we expect interest rates to ease, it is an even better time to invest in fixed income funds. The major variable, inflation, is under control. In March 2024, consumer price-based inflation was 4.85%, the lowest since May 2023. The Reserve Bank of India (RBI) projects CPI inflation for the year 2024-25 at 4.5%. The CPI target for RBI is 4%, and it is projected to ease to 4% by January-March 2026. Given that our real interest rate, net of inflation, is on the higher side—RBI repo rate is at 6.5%, there is a strong probability of interest rate reduction sometime this year.

We have discussed the advantages of investment in fixed income. Currently, given the view of interest rates coming down, you can allocate slightly higher to fixed income to reap the benefit.

Joydeep Sen is a corporate trainer (financial markets) and author.

What a personal loan costs you

Personal loans are a way to use tomorrow's income today, and the process involved is simple. But you must note that the interest rates are much higher than, say, for a car loan. This is because personal loans are unsecured loans. This means that the loan is not backed by any asset. The loan amount and interest rate depend on parameters such as your income, existing credit, repayment capacity, and others. As personal loans come with high interest rates, continuous default will put you on a downward spiral. Here are some of the lowest personal loan interest rates offered by various banks.

Loan amount: ₹1 lakh; tenure: 5 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
Union Bank of India	9.30-13.40	2,090-2,296	Up to **0.50** (Min **₹500**) + applicable GST;*
Bank of Maharashtra	10.00-12.80	2,125-2,265	**1%** + GST
Indian Bank	10.00-11.40	2,125-2,194	Not updated on site
Federal Bank	10.49-17.99	2,149-2,539	Up to **3%**
Punjab & Sind Bank	10.75-13.50	2,162-2,301	**0.50** to **1%** + GST
Axis Bank	10.75-22.00	2,162-2,649	**Up to 2%** + GST
HDFC Bank	10.75-24.00	2,162-2,877	Up to **₹4,999**
ICICI Bank	10.80-16.15	2,164-2,440	Upto **2%**
Bank of India	10.85-14.85	2,167-2,371	**1%** (Min **₹1,000** and Max **₹10,000**)
Indian Overseas Bank	10.85-13.00	2,167-2,275	**0.40** to **0.75%**
Karnataka Bank	10.93-13.43	2,171-2,297	**0.25%** (Min **₹250**)
Canara Bank	10.95-16.25	2,172-2,445	Not updated on site
UCO Bank	10.95-13.95	2,172-2,324	**1%** (Min **₹750**)
IDFC First Bank	10.99-23.99	2,174-2,876	**2.00%**
IDBI Bank	11.00-15.50	2,174-2,405	**1%** (Min **₹2,500**) + taxes

Data as on 8 May 2024, as per banks' websites. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation, it may include other fees and charges. The interest rates are for salaried individuals and pensioners for unsecured personal loan. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure, company you work for and as per bank's discretion.

PRANAY BHARDWAJ/MINT

MyMoneyMantra.com & bank websites

Tax time: Reporting Reits, Invits, and RSUs

Parizad Sirwalla

ISTOCKPHOTO

How can we report income from real estate investment trusts (Reits) and infrastructure investment trusts (Invits) in the income tax return (ITR)? Also, how do we fill up Schedule FA (foreign assets) for Restricted Stock Units (RSUs) of the same company (as in the case of Amazon) awarded over multiple years? Should they be aggregated or reported separately each year?

—Name withheld on request

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TAXATION

The income from Reits and Invits (collectively referred to as 'business trusts') are accorded the status of pass-through income (PTI). Any income distributed by a business trust to its unitholders is deemed to be of the same nature and in the same proportion as it had been received by or accrued to the business trust.

The reporting of PTI is required to be done by the unitholder under the Schedule PTI of ITR 2 (as notified for FY23-24) along with the reporting under the schedule for the respective heads of income, depending on the nature of income. For e.g., in case the nature of income accrued in hands of the vusiness trust is that of short-term capital cain, such income would be required to be reported by the unit holder in Schedule CG - Pass Through Income/ Loss in the nature of Short-Term Capital Gains and in Schedule PTI. Any exempt income would be required to be reported under schedule PTI, along with Schedule EI (Exempt Income). Any tax deducted at source against the income should be reported in the respective TDS schedule of ITR-2.

Reporting of RSUs in Schedule FA depends on the stage of vesting. Typically, shares against the RSUs are allotted immediately upon vesting of the units.

In case RSUs are only awarded but not vested, the same shall not be considered as an asset until the units are vested, and hence not required to be reported under the Schedule FA of the ITR form till vesting. In cases where RSUs have vested/ shares are allotted against the RSU awards, the same is required to be reported at cost in Schedule FA of the ITR -2. As the date of acquisition is required to be reported here, thus vested RSUs/ shares will need to be reported based on the individual dates of allotment and not on an aggregate basis.

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

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

OUR VIEW


MINT

Stock market shudders are not hard to fathom

Volatility may seem odd amid today's positive economic narrative, but poll uncertainty and indifferent business earnings could explain it. Weak savings are a point to ponder as well

Markets, contrary to popular belief, are not autonomous organisms. Markets are defined by the actions of participants. Outcomes are the cumulative effect—the sigma, i.e.—of multiple moves made by a heterogeneous crowd with differing investment goals, time horizons and often also future expectations. The unexpected stock market tumble of 9 May, with the S&P BSE Sensex losing 1,062 points and NSE Nifty shedding 370 points, got analysts scrambling to decipher market signals and interpret red flags. It seemed counter-intuitive, given the popular narrative of unbridled economic growth and policy continuity. Typically, stock markets tank when there is an immediate trigger (such as a national security crisis or natural disaster like a tsunami) or a proximate economic event (like a hike in the policy rate of interest). Last week's market shudders amid sunny forecasts, therefore, led to some confusion over probable causes. While there is no official reason for the spike in volatility, two explanations seem plausible: Nervousness over election results and its impact on policy, and indifferent corporate results that suggest continuing stagnation in consumer markets combined with waning pricing power of leading companies. Bearish sentiment is also reflected in the derivatives segment of the stock market, as current positions indicate expectations of a further fall in indices during the weeks ahead.

The immediate concern seems to be a somewhat low voter turnout in the first three phases of the ongoing seven-phase general elections. Election Commission data for the first two phases, released on 26 April—after due revisions that generated some controversies—showed phase-I turnout at 66.1% and phase II at 66.7%. Preliminary estimates for the turnout in the third round of voting on 7 May also indicate a lower turnout than previous polls. Market participants interpreted lower voter participation as a sign of relative political apathy, taken by some to augur fewer Lok Sabha seats for the ruling party than expected. While it appears premature to make any conclusive assessment, with half the polls still to go, nervousness over a potential upset—even if just a whiff of it—may have induced impulse selling of equities. This market twitchiness might have been aided by unimpressive corporate results for 2023-24. An analysis of 378 company results by Bank of Baroda shows that while their topline grew 9.3% in the fourth quarter of the year, profit-after-tax expanded only 5.8%.

In the weeks till the final election results on 4 June, even as the remaining corporate results are announced, markets will also try to decode another confusing signal from investor action: The rising share of systematic investment plans (SIPs) in mutual fund (MF) investments. Gross inflows through SIPs during April 2024 crossed ₹20,000 crore, the highest ever. This comes amid other data from the government showing that net household financial savings in 2022-23 shrank from the previous year, as borrowings jumped over 70% and physical assets grew 17%. These numbers are for a period more than a year ago and so the trend might have shifted in the ensuing 12 months, but if not, gross MF inflows rising every passing month while net financial holdings diminish would create big-picture dissonance for market participants. This, over and above political uncertainty and corporate sluggishness, could also weigh on investment decisions in the near term.

THEIR VIEW

Stock market indices have little to say about economic growth

Share prices do reflect the profits of companies but linking them to an economy's health is fallacious

MADAN SABNAVIS
is chief economist at Bank of Baroda and author of 'Corporate Quirks: The Darker Side of the Sun'.

Stock markets are an enigma from which there is little escape. At times, it seems as if the S&P BSE Sensex and NSE Nifty have become synonymous with everything that is happening in the country, including events that transcend the economy. High readings of the purchasing managers' index (PMI) are routinely interpreted as a sign that the economy is buoyant, and this leads to stock-index gains. Surprise news on election outcomes or of tighter capital norms for lending applied by the bank regulator can create an upheaval as share prices respond. These are micro responses that are discussed endlessly in the media on a daily basis. But the bigger picture often painted relates to the state of the economy. It is often assumed that a rising stock index is indicative of broad confidence in the economy and acts as a foreteller of its performance. How far is this true?

A stock index represents the shares of a specific set of companies. The Nifty's formula includes 50 such firms. Therefore, when the Nifty moves up by 5%, say, it is akin to saying that the cumulative market value of the shares of these 50 businesses has risen by 5%. This being so, using this metric to represent the entire economy is an overstretch of the logic of representation. The economy is much bigger than these 50 firms (30 in case of the Sensex). Even indices that include the country's top 100 or 500 companies cannot represent all commerce across the economy. While the market value of these businesses is very large and all big news developments that impact the economy also tend to affect these indices, at least for a few trading sessions, they do not form any kind of representative sample.

Those who swear by markets are usually driven by Adam Smith's version of them. Many cite the 'efficient markets hypothesis' which argues that publicly traded equity prices take into account all possible information on economic conditions and prospects in real-time and so stock-price trends can tell us how the economy is faring in the medium term. There can be short term variations due to announcement or news effects, but, at the end of the day, an equilibrium will reflect the state of an economy. Or so goes the argument.

Let's map India's GDP growth rate against important business numbers. For a practical comparison, apart from the Nifty, let's also look at growth in the net profits of Nifty companies. Stock prices, after all, are supposed to reflect the financial position of these companies as measured by their profits.

If we map out changes on three major variables—GDP growth, the Nifty and net profits of this index's constituent companies—the picture that emerges is mixed. Take the first two. In 2015-16, when the economy did very well, the Nifty declined by nearly 9%. In 2020-21, the pandemic caused a GDP contraction, but the Nifty registered its highest increase in a decade. In 2022-23, a GDP growth rate of 7% was accompanied by a marginal decline in the Nifty. The coefficient of correlation between these two variables was -0.56. This makes it hard to convincingly argue that stock market movements reflect the overall growth of our economy. In fact, a negative correlation means that high growth in one variable tends to go along with low growth in the other.

However, a strong link is seen between the latter two variables; that is, when Nifty movements are compared with growth in the earnings of its component companies (as represented by net profits). This is only to be expected, as there is a direct connection between the market valuation of a company and its performance in terms of earnings. Here, the coefficient of correlation is a high 0.79.

Another indicator we can use is the elasticity of Nifty changes to profit changes. This shows responsiveness. Excluding 2016-17, which was an outlier in terms of company profits, affected as it was by a demonetization slowdown, this elasticity has been as high as 2.31. This means that the stock index tends to increase by more than a commensurate increase in net profits.

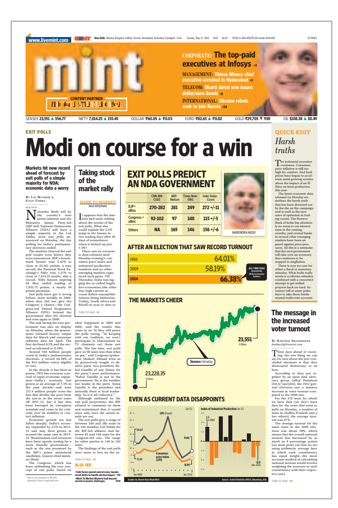
This analysis argues for moderation in how we interpret stock index movements. They certainly reflect the health of listed companies, especially constituents, which is logical. The profit orientation of stock markets is not in doubt. But extending the explanatory power of index movements to cover the growth prospects of an economy is inadvisable.

In case we spot an occasional lock-step, it would be more on account of a coincidence than any causal relationship. Hence, while indices may rise in response to dribs and drabs of good news on some aspect of commercial activity in the country, we can expect them to revert to their mean levels soon. This phenomenon is visible whenever there is news on monsoon prospects, with the Nifty going one way or another and companies related to the farm sector affected more than others.

It would be tempting to conclude that analysts tend to exaggerate the role of stock-index movements when they project the course of an economy. On a lighter note, it could even be said that an excessive emphasis placed on market indices by the media does us a favour, as it forces us to place index movements in the context of the bigger picture—which is the country's economy.

These are the author's personal views.

10 YEARS AGO



JUST A THOUGHT

The stock market is a device for transferring money from the impatient to the patient.

WARREN BUFFETT

MY VIEW | MODERN TIMES

The fabled charms of heritage red-light areas are bogus

MANU JOSEPH

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

I don't know if Sanjay Leela Bhansali has been to Heera Mandi, but I have. This olden-day bazaar and red-light district of Lahore is the subject of a Netflix show by him. It is set decades before my visit. By the time I got to Heera Mandi, it could have been the sets of a Ram Gopal Varma production, not Bhansali.

I was in Pakistan in 2004 to cover a historic cricket series. In Lahore, it was inevitable that someone would offer to take me to Heera Mandi. By then, the place had gentrified enough for the offer to be respectable, but still something of its 'red-light' part was alive enough for Indian cricketers not to visit, at least publicly. For instance, Rahul Dravid, who had thrilled Pakistanis by demonstrating his curiosity by visiting Mohenjo Daro, stayed away from Heera Mandi.

I was a bit nervous because of an incident a few days earlier. I had noticed that on street corners, hawkers sold pornographic CDs whispering, "Indian, Indian." Mystified, I asked what happened to Pakistani films. Such a thing, I soon understood, was not asked even by locals. No matter the actual provenance of the movies on sale, they were all called 'Indian.' Worse, it was clear I was Indian. I had to leave immediately. So I wondered how an average Pakistani on the street in Heera Mandi would react to an Indian entering a house of ill-repute. I wondered how long I would take to say in Hindi that I was there just for the dance performances, assuming that was okay.

At the time of my visit, and probably even now, Heera Mandi was bustling with life till the early hours, which was not unusual for Lahore because it had a thriving late-dining scene, probably to compensate for having no public drinking. Lahore had places that looked like pubs, where a hunk in a small tee would sit on a high stool, holding a mug, but with cola inside. Its restaurant scene, though, was way ahead of Delhi's or Mumbai's. There was a place where you could eat as many groundnuts as you wanted and throw their shells on the floor, while Pakistanis dressed as cowboys gave you dirty looks to sustain the cowboy theme.

There were such posh restaurants in and around Heera Mandi. As I got talking to the locals there, an odd recurring element emerged. Several people claimed to be descendants of famous Pakistani men in history who had visited Heera Mandi. Now, Pakistanis are among the funniest people I know, so I wonder if that was a part of their poker-faced humour or they were trying to con a journalist. Or were they serious?

Heera Mandi was a network of narrow lanes near a mosque built by Aurangzeb. Music filled the air. Flanking the lanes were old houses with little rooms filled with dozens of people watching Indian cable TV, except news channels, which were banned. In some rooms, three TV sets played with the audio of all at high volume. I was taken to one such room, where there were some musicians and a decorated young woman in a *kurta* and *churidaar*. I had recently learnt the difference between a *churidaar* and *salwaar*. A Pakistani fashion designer had told me that Indians didn't know how to cut a *churidaar* and Pakistanis didn't know how to cut a *salwaar*.

When I entered, the musicians came alive, and they shut the doors, of which there were several. And suddenly, we were alone with them and the woman in a room. They began to play what to my South Indian ears was nautch-girl music, and the woman began to dance in a ridiculous fashion, as though she was a feminist mocking me. It was the opposite of seduction. But then, even done right, that is the dance of nautch girls. She twirled, and we arrived at a Mughal cultural mystery. When you twirl, the *kurta*'s hem forms a ring. What was the big deal? It was just physics. Why was this some cultural high-point? I had seen the twirl in *Mughal-e-Azam*, and I am certain it is there in Bhansali's films. The woman in the room kept dancing. I was 29, and I was bored.

Do historians over-rate history? In many places, history is the first to go. It erodes at the speed of time

Maybe I had been suckered into a tourist trap. Maybe behind some other door, there was something more sensuous, something straight out of a Hindi film. From what I could see, Heera Mandi was dull, and it was not as though I was from an exciting place—I lived in Mumbai then. I wondered where all the history had gone. People had told me that Heera Mandi was once filled with the most beautiful women in the world. And that they were well-versed in many arts. For some mysterious reason, courtesans in many countries were intellectually versatile, as though that was what men who went to red-light districts wanted—the renaissance woman.

In that place, there was no history. Of the history I had heard and read, there was no influence. Do historians overrate history? In many places, history is the first thing that goes. It erodes almost at the speed of time. Heritage survives only in all the things that are dear to the elite. Everywhere else, people don't own their heritage, no matter how beautiful it is, and they replace it with something modern and grotesque.

Bhansali is often accused of making the past more beautiful than it was and his characters more spectacular than real. But there is a Bhansali in everyone who takes a tour of an old red-light district. There is something bogus about its charms, maybe because the people who love dead red-light districts would never tolerate a live red-light district. They are more in love with the deceased part than the red-light part. They wish to borrow some safe notoriety, or safe seediness, to make up for bad overpriced food.

THEIR VIEW

India's inclusive innovation can shape the world's digital future

Our experience with tech solutions built from the bottom upwards and at scale could guide the use of AI for public purposes

DEBJANI GHOSH
is president of Nasscom.

BLOOMBERG

At a time when the world is grappling with shifting global narratives and macroeconomic challenges, India is experiencing a remarkable transformation. Strong demand, resilient supply chains, relentless innovation, rapid digitization at scale, energetic entrepreneurship and a conducive policy-and-investment climate are shaping a new wave of global optimism over India. From governments across Europe and the US to power centres in the Global South, India's name resonates in discussions on alliances and strategic partnerships. 'Incredible India' is now being seen as 'Inevitable India.'

Hence, it's no surprise that Goldman Sachs forecasts that India could become the world's second-largest economy by 2075, with its GDP potentially reaching $52.5 trillion, trailing only China's projected $57 trillion. EY predicts that India's GDP will grow sixfold to $26 trillion by 2047, the 100th year of Independence, while Martin Wolf of the *Financial Times* sees India's purchasing power surpassing that of the US by 30% by 2050.

But the narrative of an 'Inevitable India' isn't just about numbers. It's about a qualitative and inclusive digital transformation reshaping the nation's social, economic and cultural fabric. With over 1.2 billion internet users, the third-largest startup ecosystem, a $250 billion technology industry and a 5 million-plus technology workforce, India is transforming itself into a young, vibrant and tech-savvy digital economy where no one is left behind. That is the real highlight of India.

Innovation in the West often caters to the top of the pyramid, focusing on the best before trying to reach out to the rest. India, however, has forged its own path in innovation, starting from the bottom and working its way up. This approach is incredibly challenging, especially given the complexities of a billion-plus population, diverse languages and cultures, and high levels of illiteracy at the grassroots. Many experts dismissed it as a 'Mission Impossible.' Yet, India has defied those odds to make it possible.

Over the past decade, India has invested well in creating the world's largest Digital Public Good (DPI) infrastructure, establishing digital highways that connect the entire country and facilitate the delivery of essential services—from financial transfers to life-saving vaccines. This infrastructure is built on robust design principles, emphasizing interoperability, an open ecosystem and inclusive scalability from the outset.

India's DPI could serve as a valuable case study for the world on how best to build inclusive technology in this age of artificial intelligence (AI). It demonstrates the importance of prioritizing open ecosystem-driven approaches (making it hard for monopolies to emerge), interoperability and inclusivity right from the start. This has become even more essential as AI continues to advance rapidly, promising to reshape almost everything it impacts, from global supply chains to the dynamics of global leadership and influence.

It is heartening to see these principles being applied to the recently launched India AI Mission. Government support for the development of local compute capacity, data systems, models, use cases and talent underlines the need for India to democratize AI from the very onset.

In sum, the true measure of India's technological prowess lies not just in its success stories, but in the way we have harnessed technology at scale to address the pressing needs of our vast and diverse population. Most importantly, in the way we have driven innovation to solve last-mile challenges so that nobody is left out of the benefits that a digital economy has to offer.

In India, we do not obsess about technology. We obsess about what it can do and the impact it can create at scale. This is the single biggest lesson the world must learn from India.

As we move beyond hype and towards reality, the next few years will be dedicated to harnessing AI's capabilities and putting them to work. Our primary focus will be on identifying significant problems that AI can solve, and deploying it at scale. This shift will prioritize return-on-AI-investment, with a growing emphasis on governance and security as such technology becomes pervasive.

This is where India's DPI learnings can be of value to other countries. Impact creation has long been the focus of India's digital transformation journey. From using deep-tech, satellite imagery and AI to improve agricultural productivity to deploying tele-medicine solutions to bring healthcare to the remotest corners of the country, India has demonstrated how technology can be a powerful tool for inclusive growth.

As many countries grapple with an economic slowdown and productivity decline, they are expected to adopt AI at scale to boost output. India is prominently positioned to help shape AI roadmaps that focus on inclusion and public impact. Learning from the development and population-scale deployment of technologies like Co-Win for vaccination and the Unified Payments Interface (UPI) for online bank transfers, India offers a narrative in which digital facilities are offered by a broad ecosystem and not by private monopolies. From climate change to healthcare for all, this approach can tackle some of the world's steepest challenges.

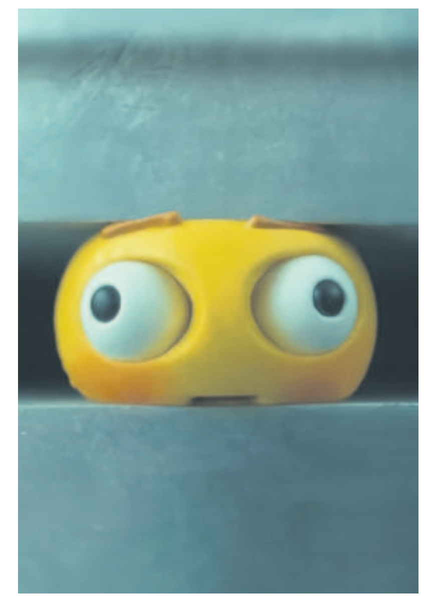
As I look at the future, I see an India that is not only a tech superpower, but also a beacon of hope for technology resilience, innovation and determination. In other words, an India that is inevitable and unstoppable.

MINT CURATOR

Apple's iPad ad triggered our darkest fears of an AI takeover

It's a tone-deaf stunner of an ad from a brand that gave us '1984'

DAVE LEE
is Bloomberg Opinion's US technology columnist.



The iPad's 'Crush!' ad showed beloved creative tools being crushed

I find it hard to believe that no one on Apple Inc's marketing team saw this coming. Maybe they were too timid to speak up. Perhaps they were overruled. Surely someone [should have objected to] the grim imagery of the company's latest iPad ad, *Crush!*, in which a giant crushing machine squeezes a pile of beloved creative tools. First, a trumpet, buckling. Then paint splattering everywhere. An upright piano, crushed, strings and hammers flying out with a horrific crunch. Camera lenses shattering.

The ad's intended message was to suggest that all these wonderful tools could now be faithfully re-created using one of the new iPads announced last week. But many saw something different, and a backlash [was in evidence online before Apple chose to apologise: "We missed the mark with this video and we're sorry."]

"Thank you to Apple for providing this excellent visualisation of how AI is made," I half-joked on Threads. Others had the same thought. "Just a terribly cruel image," one user wrote in response to chief executive officer Tim Cook's post of the ad on Twitter. "How embarrassing," wrote artist HappyToast. "Apple have mixed up their new iPad advert with one for their AI tools showing all human creativity being crush out of existence."

It was Apple's worst marketing *faux pas* since it forced everyone to listen to U2. The ad speaks to our broad fears that recent drastic advancements in technology are a grave risk to the joy, authenticity and spontaneity of human creativity.

For decades, Apple's advertising has played on optimism around technology. Its iconic Orwell-inspired TV commercial *1984*, directed by Ridley Scott, showed Apple as the saviour of individualism against conformity—and we believed it (or at least, the people alive back then).

Later, consumers were treated to some excellent iPod advertising, with those distinctive white headphones dangling and a pumping soundtrack. It heralded a world where our treasured music was becoming easier to buy, listen to and take with us.

As Apple has matured, its advertising has become mundane. Soft hues and cheerful scenes display the core features of the iPhone *et al* in an informative if uninspiring manner.

With this latest effort, it seems Apple decided to get a little bolder to push its new iPads. As I wrote earlier in the week, the iPad is a product line in need of a shake-up, given falling sales and something of an identity crisis over what exactly it is meant to be used for.

Apple ended up running an ad campaign that, for want of a better word, triggered its audience. Over the course of Apple's lifetime, public sentiment towards technology has changed profoundly. We're now more sceptical about the longer-term harms to our well-being or the effects of tech-enabled political division.

The breakthrough moment of ChatGPT in 2022 supercharged our fears. For the first time, we were having serious discussions about what it might mean for us once a computer develops broad abilities to surpass even the brightest humans. Staring at countless unanswered questions, there seemed only one sure bet: the growing power of unstoppable tech giants.

Apple is spending massively on AI initiatives and has started trumpeting its products as being best-in-class for AI. We'll hear more about the company's AI work next month at its annual developers' conference, where the company will be under pressure to show it hasn't fallen behind Microsoft-OpenAI, Google and others.

In these early stages, the creative arts have felt more vulnerable than most.

More than half of American adults have concerns about the effects of AI on music, according to a recent YouGov poll, with the primary concerns being a lack of originality and impact on the livelihoods of human musicians. More than one in 10 adults said they would support AI artists.

Meanwhile, OpenAI and other AI creators are being taken to court over their brazen collection of work that does not belong to them and using it to train AI. Overall, a separate Pew study suggests, more Americans are concerned rather than excited by AI.

It's staggering to think that Apple was unable to read the market. I doubt that the company intended it to be this way—I approached them for comment. A spokesperson will probably say the iPad device is a friend of creativity as it lowers barriers to recording music or producing art.

This is true, of course, but it's the bigger picture we're talking about here. If Apple wants to sell stuff to creative professionals, it needs to show it understands them. As a metaphor, the crushing machine has been a publicity disaster.

THEIR VIEW

The Iran-Israel conflict was a non-event for oil prices

KARAN MEHRISHI

is the author of 'The India Collective: What India is Really All About'

When Iran shot off rockets at Israel, analysts across the world waited with bated breath in anticipation of an oil-price spike. Some expected crude oil to cross $100 per barrel within days and hurt a global economy already reeling from supply chain bottlenecks. The 'First Oil Shock' of 1973 was recalled, when an Arab oil embargo disrupted Western economies. In this instance, however, oil prices went in the opposite direction. By the first week of May, oil was trading at a 3-month low.

In what turned out to be a benign geo-political event, both oil spot and futures prices assumed normalcy quickly and they again seem range-bound, at least for now. Amid the chaos, what spike-fearing analysts may have overlooked is the state of the global economy and evolution of oil supply chains.

Broad assessments reveal that the world's three major oil consumers have significantly diversified their supply chains and are less vulnerable than they were back in 1967 or 1973.The world today is a different place.

Consumer countries are not only more technologically advanced, but strategically agile. Taking lessons from the 1973 embargo imposed by Organization of the Petroleum Exporting Countries (Opec), big consumers have succeeded in not only securing their own supplies, but also forging alliances with non-Opec producers. Consider the hydrocarbon strategy of the US, the world's largest consumer of oil. With the help of advanced exploration and 'fracking' techniques, the US has emerged as the world's largest oil producer ahead of Saudi Arabia, which controls Opec. The US production capacity is estimated at 22 million barrels a day, above its demand placed at 21 million barrels, but its shale-oil is expensive to extract and it imports over a quarter of its requirement, varying it to 40%, depending on prices. Since 1973, the US has sought to depend on domestic sources for over half its needs. Opec's share in its imports has declined significantly over the past 50 years. By my calculations based on data available from the US Energy Information Association, the share of Opec suppliers (excluding Venezuela) in US imports has fallen to 11% today from 29% in 1973, while the share of non-Opec producers like Canada and Mexico has significantly increased. This was an early instance of supply diversification. Advances in fracking technology, of course, have been a big assurer of US energy security. Such oil is costlier, but its capacity turns profitable above a certain oil-price point and keeps global oil prices in check, as supply can easily increase to ease market shortfalls.

The world's second biggest oil consumer China is reportedly trying to upgrade and better utilize its refining capacities in the province of Shaanxi even as its builds strategic reserves, a process that started even before the recent bout of Israel-Iran hostility and signals China's intent to diversify a portion of its oil shipments away from the contested waters of Indian Ocean region as well as the South China Sea. The Russia-Ukraine war situation helped Russian oil make a decisive case for itself in Beijing, and for an energy-hungry China with close Moscow ties, this works out well. While Russian oil flowing to China via ships from the Russia's east (Primorski Krai) is currently less than 3% of China's total daily consumption, this nexus is now expected to strengthen. Like Shaanxi, Chinese refining capacities in the province of Shandong are witnessing upgradation action. Beijing seems resolved to steadily diversify its oil supply chains.

The world may have changed beyond what oil analysts expected and we should examine how

Moreover, a significant investment in oil exploration technology has allowed China to emerge as the world's fifth largest oil producer, boasting of over 5.2 million barrels as its daily output capacity. China's gas needs are already almost fully covered by Russian 'Power of Siberia' network of gas pipelines.

All these efforts show that Beijing has used geopolitical alliances to work at insulating the Chinese economy from West Asian oil supply shocks. China's slowing economy is a reason some analysts cite for oil-price moderation. But even if its domestic oil demand returns to a path of fast growth, Chinese policymakers, who have also focused on renewable-power options, can claim to have a strategy in place for energy security.

India, the world's third largest oil consumer, has been shipping in vast quantities of discounted Russian oil. Thankfully, these shipping lines have been relatively free of geopolitical threats in the Red Sea, perhaps because of a Tehran-Moscow nexus ranged against Western powers that does not seem inclined to trouble a neutral country.

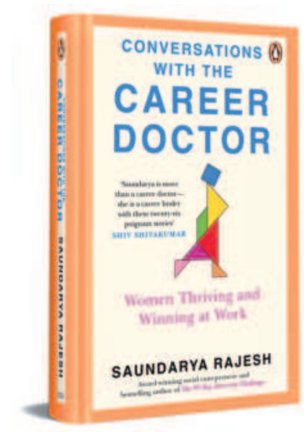
Some oil forecasters expect the extraction-cost advantage of the Middle East to enhance the region's global market-share once carbon charges come to bear on hydrocarbon producers and fossil fuels start being squeezed by climate-action policies worldwide. Across the Arabian Sea, India has a significant chunk of Asia's refining capacity, with advanced technology that allows a large part to process almost any type of crude on offer. This, combined with global neutrality, provides us an unparalleled advantage.

The West Asian conflict has not disrupted the world's top three oil consuming markets, and seems unlikely to, unless something dramatic alters current conditions. Some uncertainty cannot be ruled out, of course, but expectations of which way oil prices will move henceforth may need a broad rethink. As commodity prices impact inflation and other variables, how the world is changing always needs to be kept under watch.

EXTRACT

How to leave behind the guilt-edged life

ISTOCKPHOTO



Conversations With The Career Doctor: *By Saundarya Rajesh, Penguin Random House India, 288 pages, ₹399*

Guilt plays a huge role in the lives of Indian women, but rather than getting bogged down by it, one can harness it to do better

Saundarya Rajesh

I was asked about 'guilt' for the first time when I addressed a women's day event at Accenture in 2007. Those were days when the Indian woman's career was just emerging and we were talking about everything that would make or break them. Once we opened the box of guilt, the questions flew fast and furious: Is guilt a negative emotion? How do I erase guilt from my mind? Which is worse, guilt or regret?

It was a discussion I will never forget. We spoke about the anatomy of guilt, how it manifests, the difference between guilt and shame and the route to walking the razor's edge of winning society's approval while simultaneously being who you want to be. Ever since that energetic discussion in March 2007, there has been no discussion about women or women's careers that I lead, where guilt has not come up.

Guilt plays a very big role in the lives of women, especially Indian women. It starts when you are a young girl, travels with you during teenage and adolescence, gets entrenched when you are a mother and unless you make a lot of effort to become self-aware and shake off its hold, guilt is your forever companion. It takes many forms—motherly guilt, daughterly guilt, guilt of being a less-than-perfect wife, guilt of being a not-too-great professional—yeah, all kinds. We lead guilt-edged lives, indeed.

I had taken a career break simply because of the guilt I felt at leaving my nine-month-old son with my then-recently widowed mother-in-law, who was grieving her husband's loss. I am not alone. Over my years in women's workforce participation, I have seen that nearly half the women who take a break do so out of guilt. Women professionals often lead subpar lives because they feel guilty about some aspect of their lives, where they feel they are failing in their duty....

When the former prime minister of New Zealand, Jacinda Arden, referred to her constant feeling of guilt over not being there for her daughter, she conveyed the challenge that most women go through. Guilt is a strange phenomenon. ... The deep conditioning of daughters as caregivers for the family compels us to feel that if something or someone else isn't all right, it is our duty to fix it. If we want something for ourselves, that makes us guilty too, as if, by so wanting, we are failing in our care for everyone around us. We feel guilty for falling ill, for being silent, for being less than perfect, for pursuing careers, for not pursuing careers—quite simply, for almost everything. It seems that our most frequent expressive state is guilt.

What guilt feels like: Guilt presents itself as anxiety, a knot in the stomach, a constant preoccupation with the past, sleeplessness and even depression. Guilt takes its origins from various influences—religion, early childhood experiences, culture and societal moorings. Guilt is a tiring emotion. It saps our energy, eats our bandwidth, affects our mental and physical health, causes irreparable damage to our lives. So how do we manoeuvre our way through the maze?

Get to the source: Whenever you feel guilty, ask yourself whether you should listen to the voices in your head that tell you what to do or to your own voice? Reflect on why you feel guilty about not attending the 15th family event, even though you attended the last 14. Ask yourself why, even after spending time with your kids, you feel like a failed mom for not picking them up from school. Ask yourself why even though your body is begging for rest, you must cook 28 dishes for four days and stack them in the fridge. Get to the root of these thoughts. ... Start the process of becoming self-aware by recording your feelings in a journal. Over time, you will realize that your guilt is a reaction to a belief system that is largely irrelevant.

Take charge of rating yourself: Our guilt stems from the way people around us—those very close to us—determine what is good and bad. Our early childhood conditioning leaves deep imprints, which make us give away our right to create an identity that is our own. While the advice of our mothers, teachers or mentors has been for our good... not everything needs to be embedded within your belief system. Start taking charge of your scorecard. This may be challenging at first, but over time, as your intentions are clear to those who matter to you, the scorecard will swing in your favour. Communicate simply but powerfully that your identity is your choice and that your parenting, daughterly duties or wifely pursuits are entirely dependent on your determination.

Self-compassion is essential to being your best: Self-compassion, or self-love, is a highly neglected concept in many Indian cultures. The stereotype of the sacrificing mom is so glorified that if we set aside an hour each morning to refresh our bodies or minds, we view that as a luxury. Guilt can be countered only by creating a positive narrative for yourself. What are good things you've accomplished? Have you secured your child's future with your income? Have you helped colleagues through tough times?

Another crucial step is to build empathy and compassion for yourself. The former head of a leading bank said she would look at herself in the mirror every day and state three positive traits of her reflection. Is it that simplistic? Perhaps, yes. But it is also amazingly reassuring.

Guilt as a corrective mechanism: At Accenture, when I was asked if guilt is a negative emotion, my answer was 'No'. Guilt may be provocative, but it is also a healthy emotion—a feeling that pushes you to think. Experiencing guilt reveals you have been raised with values. It means you developed a sense of right and wrong in your childhood, and that you paid attention to what influential figures in your life had to say.

Ask yourself these five questions: 1) Have you violated your moral standards? 2) Was the situation within your control? 3) Are you feeling guilty because you have failed to meet societal expectations? 4) Are your expectations from yourself reasonable? 5) Do the people you feel you have let down really need your support?

Understanding your feelings of guilt by writing down what you feel is of tremendous help. Explore your emotions with curiosity instead of judgement. Remember this: when approached constructively, guilt is a reminder that you can do better. Rather than getting caught in its trap, not knowing what to do or rushing into hasty actions, if you detach yourself from its thrall and observe what your guilt is trying to tell you, there can be a lot to learn.

Write to us at businessoflife@livemint.com

HOW TO DEAL WITH GUILT

1. Understand where your guilt stems from and question its validity.

2. Develop your own way of assessing yourself—you are the arbiter of your scoreboard.

3. Practice self-compassion—go easy on yourself.

4. Utilize the learning moments guilt provides—it reveals that you have standards you abide by.

—Adapted from *Conversations with the Career Doctor*

MONDAY MOTIVATION

Mahesh Girdhar on keeping his work-life balance

EverEnviro's MD on the power of active listening and value of resilience

Shail Desai

The fields around his village in Haryana were the early inspiration for Mahesh Girdhar, 57, to pursue a career in agriculture. A Master of Science in agriculture from Haryana Agriculture University helped him gain a better understanding of its potential. "Agriculture was not just a way of life, but the essence of our community's existence. I was drawn towards how it could not only be a means of sustenance, but also a catalyst for economic growth," says Gurugram-based Girdhar, managing director and chief executive officer of EverEnviro Resource Management.

As a leading compressed biogas developer (CBG), EverEnviro is currently executing 20 projects around the country, where their plants utilize everything from press mud, municipal solid waste and paddy straw to produce clean fuel. Over the years, they have collaborated with governments, municipal corporations and other industry players to build a robust CBG ecosystem.

For instance, working with paddy straw in Punjab has been critical in curtailing the stubble burning that leaves neighbouring Delhi NCR engulfed in smog. They have established a supply chain for paddy straw, and are also working on education, training and capacity building, while engaging local communities in sustainable practices.

Girdhar talks to *Mint Lounge* about the importance of promoting creativity and why he enjoys being in nature. Edited excerpts:

> 'I prioritize spending time in nature as it refreshes my mind, lowers my stress levels'

One insight you worked on with your mentor's guidance?

The importance of delving deeply into situations. Sailesh C. Mehta (chairperson and managing director of Deepak Fertilisers and Petrochemicals) has consistently emphasized the value of resilience in addressing challenging circumstances.

How do you mentor colleagues?

I see my role as one of empowerment, challenging status quo and allowing experimentation. I practise active listening to understand individual needs, and offer constructive feedback.

What's your morning schedule like?

I prioritize spending time in nature with an early morning walk as it refreshes my mind, helps lower my stress levels, and enables me to make more effective decisions.

A work routine you developed during the pandemic?

I found it essential then to prioritize tasks and maintain a healthy work-life balance. Adopting brevity in communication and streamlining processes has been instrumental in maximizing productivity while ensuring adequate time for rest.

How do you unwind?

By spending quality time with family and immersing myself in the tranquillity of nature. And exploring diverse cuisines.

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

Write to us at businessoflife@livemint.com

Why it's time to drop the ball on perfectionism at work

Employees who take on work beyond their job roles are glorified. But this impacts one's well-being and productivity

Geetika Sachdev

ISTOCKPHOTO

Practice makes a man perfect—that's the mantra Mumbai's Preeti Kukreja has lived by since she passed out of college in 2011. But she insists, over the years, her desire for "perfectionism" has only brought down her productivity. "To be honest, my obsession with perfectionism has caused delays in my delivery," says the 34-year-old who works in an advertising agency. "I want to put my best foot forward because of which I end up staying long hours at work even over the weekend. I check my work a million times before submitting it to my manager. In advertising, pushing out campaigns quickly is key. I constantly question myself and take longer than I should."

Our society hinges on the culture of perfectionism, with the education system giving preferential treatment to those with high grades. At work, those who strive to take on more work beyond their job roles are glorified. Perfectionism stems from the cultural and societal internationalisation of the fear of failure, says Delhi-based Akanksha Chandele, a trauma-informed counselling psychologist and founder of I Am Wellbeing, an organization dedicated to trauma healing and prevention. "People cling to perfectionism because they don't know any other way of living. Whether a child is scolded for getting lower grades or rewarded excessively for scoring well, the message that is passed on is that getting good grades will bring acceptance and love," she says. "The child grows up to be the adult in the corporate world who strives to achieve that same level of acceptance and eventually becomes the employer who rewards the same excellence."

Kolkata's Parth Chatterjee, 37, who works as a sales lead in a multinational, has frequent bouts of anxiety, especially after he submits any task to his boss. The fear that his mistakes may bring down his credibility in the company has been giving him sleepless nights. "I have no one else to blame but myself. If I make an error, I go to extreme lengths to question myself—it's almost as if I fear losing my job," he says. "I have had multiple chats with my manager, who has largely been supportive, but it's people who are workaholics who get the highest incentives. They are the ones who eventually get rewarded."

While perfectionism has been idolized, it is a beguiling trap, particularly in the corporate world, says Dr Mamta Mohapatra, professor and head of organizational behaviour area at the International Management Institute in Delhi. "For employees, this pursuit can be mentally taxing as the relentless quest for the unattainable breeds stress, anxiety, and a detrimental impact on well-being. The incessant pressure to deliver perfect work can erode job satisfaction and self-worth, leading to burnout," she says.

While some degree of perfectionism may bring results, it is important for employees to foster a work culture that values progress over perfection.

"There's no denying that perfectionism ostensibly sets the stage for excellence—perfectionism, when positioned as an ideal goal, overlooks the importance of timeliness, creating an imbalance where deadlines are frequently not met due to an exaggerated emphasis on detail," she says. That's why employers need to recognize the detrimental effects that the pursuit of perfectionism has on employee well-being and productivity.

"Excessive pursuit of perfection can hinder productivity, elevate stress, and hamper innovation," says Piyali Bandopadhyay, people experience and operations manager at US-based Progress, an infrastructure software company, with offices in Hyderabad, Bengaluru and New Delhi. "By setting realistic goals, fostering open communication, and providing feedback, companies are encouraging employees to prioritise growth and development over immaculate outcomes."

Work can be inherently associated with an individual's identity and self-worth. To help deal with this, it's essential to acknowledge not just the wins but also everyday tasks and challenges, advises Chandele. At the same time, employees at all levels need to reflect on their emotions. She says, "Be a witness to yourself, your struggles and achievements and also to those around you. Acknowledge the efforts of each individual while making them feel seen because, at the end of the day, we all just want a witness, to our pains or our joys."

Employers, too, can adopt certain strategies that promote a balanced approach that encourages good work while supporting employees' well-being, creativity, and growth, mentions Hyderabad-based Gunjandeep Kaur, director (human resources) business partner at Model N, a US-based cloud-based platform offering revenue management solutions for high-tech and life sciences industries. "Encouraging employees to embrace a growth mindset where they see challenges as opportunities for growth and learning rather than fixed limitations is crucial," she says.

They can also enforce practical measures like offering constructive feedback and valuing effort over results to help move focus from perfection to progress. "Utilizing project management tools that provide real-time feedback can help employees adjust their work promptly and avoid the last-minute rush to perfect a project," recommends Dr Mohapatra.

Besides, employers must set realistic expectations for tasks and projects apart from encouraging open communication.

"Today's employer is yesterday's employee and today's employee is tomorrow's employer. It starts with the identification of one's ideologies. Bring in curiosity about what can be done differently. Slow implementation with regular check-ins with self and others goes a long way," says Chandele.

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