NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 136

Thursday, June 6, 2024

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NDA picks Modi as leader; stage set for swearing-in ▶P1

100-day agenda not just a BJP show as allies want tweaks ▶P1

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Le Travenues Technology Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, an initial public offer of its Equity Shares and has filed the the Red Herring Prospectus dated June 4, 2024 with the Registrar of Companies, Delhi and Haryana, at New Delhi. The Red Herring Prospectus is available on the website of the Company, the Securities and Exchange Board of India, the BRLMs i.e. Axis Capital Limited, DAM Capital Advisors Limited and JM Financial Limited at www.ixigo.com, www.sebi.gov.in, www.axiscapital.co.in, www.damcapital.in and www.jmfl.com, respectively, as well as on the websites of the Stock Exchanges at www.nseindia.com and www.bseindia.com. Any potential investors should note that investment in equity shares involves a high degree of risk and for details refer to the Red Herring Prospectus, including the section titled “Risk Factors” on page 33 of the RHP.

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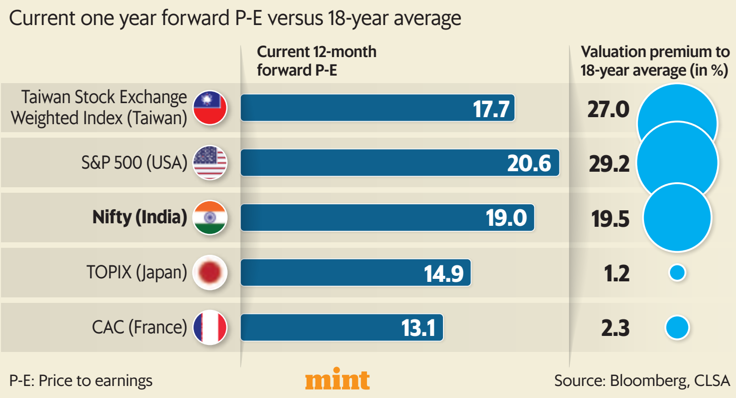
Think Ahead. Think Growth.

mint primer

Why the market doesn't like the election results

BY RAM SAHGAL

The BJP-led NDA scored a victory in the Lok Sabha polls, but the saffron party was unable to secure a simple majority on its own. The age of coalition politics is back and this queers the pitch for the market in the short term. *Mint* explains why.



SATISH KUMAR/MINT

1 Why are investors jittery?

The Indian stock markets was counting on a 350-plus seat victory for the BJP and 400 for the NDA. But, unlike in the earlier two Lok Sabha polls, the BJP failed to get even a simple majority of 272 seats, and the NDA won only 291 seats. This would make the Modi 3.0 government reliant on Chandrababu Naidu and Nitish Kumar who joined the NDA only in the past six months. There is also a feeling that the new government would have to resort to populist measures to address the distress faced by rural voters in states like Maharashtra, where assembly elections are due in six months.

2 What could this mean for stocks?

Many of the 'Modi stocks' plunged on Tuesday, eroding ₹31 tn investor wealth, the biggest-ever absolute loss. Among them were stocks of public sector units like NTPC, infra and capex plays like Adani Ports and L&T, O&G (Reliance), which went through re-ratings premised on economic continuity and political stability. These stocks could now be under pressure with brokerages like CLSA replacing L&T with HCL Tech in its India focus portfolio. 'Defensive' sectors like consumer goods, pharma and IT could gain. Kotak Institutional Equities has eliminated capital goods stocks and PSU banks from its model folio.

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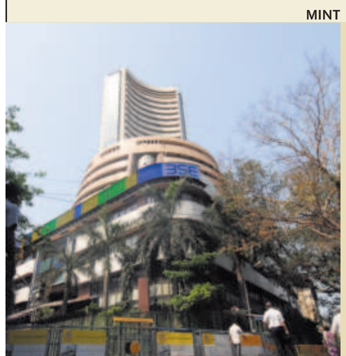

3 What could fuel a continued correction?

Any delays in fast-tracking of projects like Bullet train slated for August 2026 or Navi Mumbai International Airport by March 2025 could sour market sentiment. Even after Tuesday, markets trade at a one-year forward price to earnings multiple of 19 times, a 19.5% premium to its 18-year average. This makes valuations vulnerable to a pullback if uncertainty rises.

4 How are investors positioned now?

As of April end, equity assets of foreign institutional investors (FII) equity stood at ₹66.28 trillion while those of mutual funds were at ₹24.78 trillion. Mutual funds are domestic institutional investors or DIIs. To protect their holdings, FIIs and DIIs hedge themselves on the equity derivatives segment of NSE, the world's largest derivatives exchange. On Tuesday, FIIs were net short 355,379 index futures contracts (Nifty and Bank Nifty) while DIIs were net long 10,346 contracts. This means FIIs are very cautious and DIIs bullish.

5 How will the market move now?

FIIs, sitting on $800 billion of assets, sold Nifty and Bank Nifty Index futures on Tuesday in response to the poll results. On Wednesday, they appear to have covered some of their derivatives bets, enabling the Nifty to recoup over half of Tuesday's losses. Excluding the wild swings of the past two days, Nifty closed Wednesday just 90 points above Friday's closing. Markets could rise a bit more before portfolio allocations, likely on Saturday. The movement will depend on how the ministries are allocated.

QUICK EDIT

PMIs face the heat

The heatwave across India has hurt economic activity, with its level in both the manufacturing and service sectors recording a slowdown. According to survey results released on Thursday, the HSBC India services purchasing managers' index (PMI) compiled by S&P Global dipped to 60.2 last month from 60.8 in April. The reading for the manufacturing sector, released earlier this week, also showed a decline to 57.5 from 58.8. Both are blamed on the hot weather that led companies to reduce working hours, while demand saw a cool-off. Though heatwave conditions are expected to subside, more disruptions in June when temperatures peak can't be ruled out. That said, the indices still are well in expansionary territory (PMI readings under 50 imply a contraction). Further, while domestic conditions may take time to settle, overseas demand is expected to improve amid flux in global trade patterns. It's important for both manufacturing and service businesses to explore any new export opportunities that may emerge. While India's rapid post-pandemic output growth may suggest we are doing fine, the economy's emergence needs far better export performance in the decades ahead.

MINT METRIC

by Bibek Debroy

In Lucknow, a poor thief
Found the AC provided relief.
Sozzled and tired,
He dozed and retired.
Nabbed by cops, he came to grief.

QUOTE OF THE DAY

The fight against corruption is becoming tougher by the day. Corruption is being shamelessly glorified for political interest. In our third term, NDA will focus a lot on rooting out corruption of all kinds.

NARENDRA MODI
PRIME MINISTER

MINT PODCASTS

AI PRODUCTIVITY

In this episode of AI Rising, hosts Jayanth N. Kolla, co-founder and principal analyst at Convergence Catalyst, and *Mint's* Leslie D'Monte discuss potential game-changer announcements such as the launch of Microsoft's Copilot+ PCs with NPUs and boosting AI model efficiency.

NRI PROPERTY PITFALLS

Mint's Shipra Singh explains why the India tax department is sending out a flurry of notices to non-resident indians (NRIs) who have sold property in India. Join Shipra as she navigates the complexities of tax compliance, offering insights and implications for NRIs caught in the crossfire.

MORNING NEWS BRIEFS

In this podcast adaptation of the Mint Primer, host Rohan delivers concise, digestible question-and-answer sessions on headline stories. Every morning, gain valuable insights into major, intricate narratives for a comprehensive understanding of the news.

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PLAIN FACTS

How an undercurrent shook BJP: in 3 charts

BY TANAY SUKUMAR & PRAGYA SRIVASTAVA

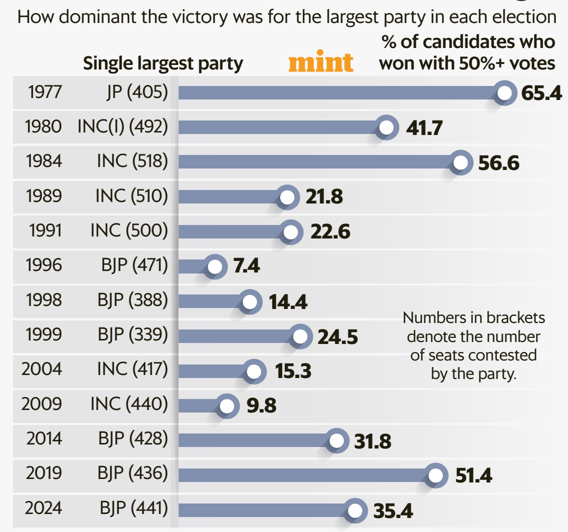
Prime Minister Narendra Modi's hopes to return to power with a bigger mandate for a historic third term and a sense of invincibility were rooted in the success he had tasted in 2019. That year, as many as 51% of the Bharatiya Janata Party's (BJP's) candidates garnered a majority of votes. The 2024 election results were an eye-opener for the BJP. The party failed to cross the halfway mark in terms of seat share, but over one-third of the party's candidates still got over 50% vote share, a *Mint* analysis shows.

In historical context, this is the second-best feat (after 2019) achieved by the single-largest party in any election since sentiment-driven polls took centre stage in 1984. India's first-past-the-post electoral system allows candidates to win even if most voters in their constituencies vote against them, hence the ability to go the extra mile and win big in individual seats is remarkable. (For context, in 2009, just 10% of Congress candidates won with a majority, nearly an all-time low for a winning party.) The BJP's feat shows there were pockets of strongholds, if not a pan-India Modi wave.

But this is not to say that there weren't any uncomfortable takeaways from the incumbent's performance, more prominently in rural India, which faced high inflation and low wages. The BJP's tally came down dramatically from 2019 numbers, more seats saw vote share declining, and victory margins shrank. Of course, the Congress gained from BJP's miseries, which saw a reversal of fortunes and helped its umbrella alliance with regional parties reach unexpectedly close to the BJP's tally.

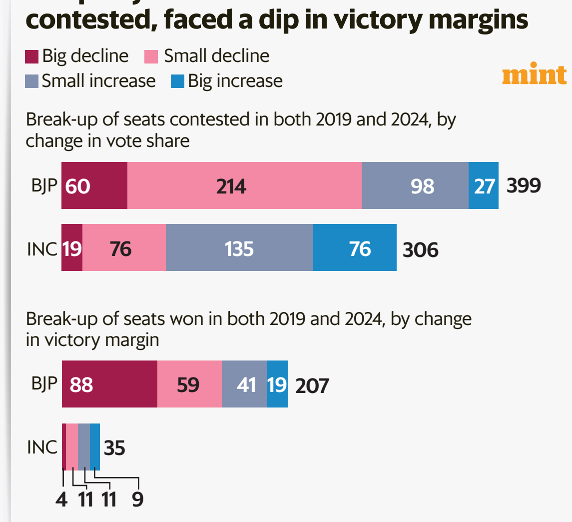
BJP's dominance shrinks, but it crossed the 50% mark in one-third of the seats it fought

How dominant the victory was for the largest party in each election



JP: Janata Party; INC(I): Indian National Congress (Indira); INC: Indian National Congress; BJP: Bharatiya Janata Party.

The party lost momentum in most seats it contested, faced a dip in victory margins



Big decline: down by >10 percentage points (pp); small decline: down by 0-10 pp; Small increase: up by 0-10 pp; Big increase: up by >10 pp.

Source: Trivedi Centre for Political Data, Election Commission of India, Mint calculations

INDIA Undercurrent

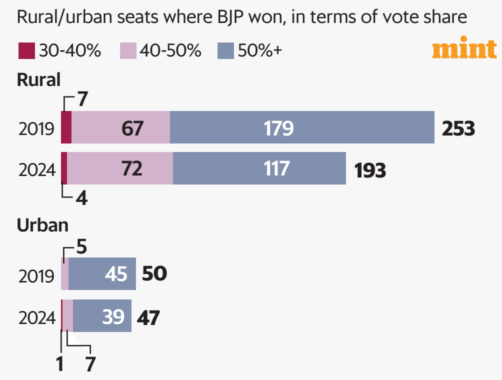
COMPARED WITH the Modi wave in 2019, the election this year was defined by the INDIA bloc undercurrent, which all major pollsters failed to see. The alliance, which came together in 2023 with the aim to tame the Modi wave, succeeded as it stopped the BJP below the halfway mark, contrary to the expectations of 400+ seats for its alliance.

The BJP won 156 seats by majority vote in strongholds, but actually lost many more—201 seats out of 441 contested. That marks a reversal of its 2019 exploits, when it had lost just 133 seats and won with a majority on 224. Of the 399 constituencies where the BJP contested in both years, it lost vote share in 274 and gained in just 125. Of the 207 seats where it won in 2019 and 2024, its victory margin shrank in 147—by more than 10 percentage points in 88.

Conversely, Congress, which emerged as the party with the highest seat tally in the INDIA bloc, recorded a big rise (by more than 10 percentage points) in its vote share on 76 of the 306 seats it contested in both 2019 and 2024. The BJP's drubbing came from Uttar Pradesh, where 13 seats recorded a big decline in vote share and 19 saw the same in winning margin.

BJP retains some of its urban appeal, but gets a hard blow from rural voters

Rural/urban seats where BJP won, in terms of vote share



A constituency is classified as urban if more than 50% of its population was urban during the 2011 Census.

Source: Trivedi Centre for Political Data,Election Commission of India, Census 2011, howindialives.com, Mint calculations

The Rural Rout

EARLIER THIS year, BJP delivered on its more-than-three-decades-old promise of a grand Ram temple in Ayodhya, but the ploy failed to impress voters in the constituency. Modi himself won his Varanasi seat but by a margin of a mere 13.5%. Beyond these high-stakes areas, the BJP also faced a massive setback in rural India as key issues such as inflation, unemployment, and low wages, likely overshadowed Modi and the mandir. Even as the BJP managed to hold up in urban areas, rural areas were behind the setback seen by the party.

The party's tally in rural-heavy constituencies fell from 253 in 2019 to 193 in 2024, with victories with majority vote share diminishing. The distress in rural areas wasn't unknown, or unheard of, before the elections, but it was left unseen behind the shining growth numbers.The BJP has suffered losses but is set to form the government with its alliance. However, the rural setback may force it to rethink its economic strategy to address the unresolved economic issues.

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YouGov BRAND DASHBOARD

How Indian consumers rate various brands

This monthly dashboard captures how leading brands in new-age sectors are perceived by urban Indian consumers. The sector in focus this month is **travel and shopping**. The numbers represent the **"Future Consideration" metric***, i.e. the share of respondents in a daily online poll who showed interest in using each brand in its respective category.

Quarter-on-quarter change in share (in percentage points)

E-COMMERCE	amazon 69.9 ▼1.8	Flipkart 63.7 ▼0.4	Myntra 41.5 ▲3.3	meesho 31 ▲2.8	AJIO 25.1 ▲1.3
ONLINE GROCERIES	Jio 27.5 ▲3.9	bigbasket 22.4 ▲2.8	Swiggy instamart 20.0 ▲3.8	Flipkart Supermart 19.4 ▲2.6	amazon pantry 16.7 ▲2.5
TRAVEL BOOKING	make my trip 49.6 ▲0.2	goibibo 21.2 ▲0.7	Booking.com 21.1 ▼1.2	EaseMyTrip 21.0 ▼0.4	yatra 15.9 ▲0.5

Respondents could select multiple options. The data is based on YouGov's proprietary brand tracking solution, BrandIndex.
*"Future Consideration" is one of the 16 metrics captured by the BrandIndex surveys. The data relies on ~3,964 interviews on average over a period of three months. The poll covered 180 cities. The survey period was Mar-May 2024; the comparison is with Dec 2023-Feb 2024.

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 136 Rs. 10.00 . Price with Hindustan Times Rs. 15.50 18 PAGES

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NDA picks Modi as leader; stage set for swearing-in

Parties yet to discuss cabinet, coalition convenor, common minimum programme

Smriti Kak Ramachandran
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NEW DELHI

Narendra Modi is all set to be sworn in as Prime Minister for the third time on Saturday, after securing the support of 14 allies who have assured their cooperation in running the Bharatiya Janata Party led National Democratic Alliance coalition government at the Centre.

A meeting of 21 leaders, including two chief ministers—Bihar's Nitish Kumar and Maharashtra's Eknath Shinde and one chief minister-designate, TDP leader Chandrababu Naidu—took place on Wednesday at the PM's 7 Lok Kalyan Marg residence to seal the 15-member coalition.

The BJP, which won 240 seats in the Lok Sabha, will need support from the allies to form the next government. With support from 16 TDP MPs, two from the Jana Sena, 12 from the JD(U), seven from the Shiv Sena (Shinde) and five from the LJP, the NDA has the requisite numbers to form government.

Earlier in the day, PM Modi called upon President Droupadi Murmu to submit his resignation.

PTI

NEW WORLD

ALL SET

- **BJP** to lead coalition govt after failing to cross majority mark
- **KEY** partners will be regional parties JD(U) and TDP
- **MODI MAY** meet the President on Friday to form the govt

The President asked him to continue till a new government assumes office, Rashtrapati Bhavan said in a communique.

The PM is learnt to have told the leaders that a narrative attacking institutions and India's democracy should not be brooked. "He was cordial to the leaders and said the NDA will work together for the betterment of the people. He said there can be narratives targeting him personally but expressed dismay over attempts to run down the democratic functioning of institutions," said a person privy to the meeting.

Leaders of 14 parties signed the letter of support for PM's swearing in and a meeting of the NDA lawmakers will take place in the Central Hall of the old Parliament Building on Friday. The new cabinet is expected to be sworn-in a day later at the Rashtrapati Bhavan.

"We are all proud that the NDA fought the 2024 Lok Sabha polls unitedly under the leadership of Prime Minister Narendra Modi and won. We, the leaders of the NDA, unanimously elect Narendra Modi as our leader," said a three-paragraph resolution in Hindi passed at the meeting.

The resolution said that people have seen the country being developed in every sector in the last 10 years due to the pro-people policies of the NDA government under PM Modi and underlined the government's commitment to serving the poor, women, youths, farmers and deprived sections of society.

Discussions at the meeting on Wednesday were cordial, with members hailing the leadership of the PM and the NDA's victory in the Lok Sabha polls. Contentious issues of berth allocation and roles for the leaders were off the table. "There was no discussion on the

TURN TO PAGE 6

100-day agenda not just a BJP show as allies want tweaks

Subhash Narayan,
Dhirendra Kumar &
Gireesh Chandra Prasad
NEW DELHI

The Narendra Modi government may rework its 100-day agenda to accommodate its partners' wishes, after failing to secure an outright majority in the just-concluded national elections. The Bharatiya Janata Party (BJP) may also have to incorporate policy prescriptions in state manifestos where it contested along with allies.

The latest plan is to discuss the 100-day agenda with all coalition partners, said senior leaders of Telugu Desam Party and Janata Dal (United), two key partners of the National Democratic Alliance (NDA) led by Modi. Other NDA allies, including the Lok Janshakti Party (Ram Vilas) and the Shiv Sena, would also give inputs for the agenda.

"We were not part of the discussions while the previous government was finalizing the 100-day agenda of the new dispensation after elections. We would like the new government to review and reshape it taking our inputs into consideration," JDU spokesperson

Agenda items
- Infrastructure
- Manufacturing
- Semiconductors
- Renewable energy
- Housing schemes

and senior party leader K.C. Tyagi said.

A BJP spokesperson did not respond to a query.

The existing 100-day agenda has five key elements—infrastructure, manufacturing, semiconductors, renewable energy and housing. It was finalized with inputs from ministries on key initiatives that could be announced and implemented in the first 100 days of the new government. The exercise brought out hundreds of suggestions, which were filtered to include a few dozen key quickly implementable programmes. Political formations outside the NDA were not consulted for the agenda.

"We have our own set of priorities and our own manifesto, which has been approved by our alliance partner, the BJP.

TURN TO PAGE 6

DON'T MISS

REUTERS

UAE's Adnoc offers India stake in its new LNG terminal

State-run Abu Dhabi National Oil Co. (Adnoc) has offered India a stake in its upcoming LNG liquefaction terminal at Ruwais in Abu Dhabi. Also, Indian Oil Corp. Ltd plans to sign a long-term LNG deal to buy 1 mmtpa of clean fuel from Adnoc. >P5

Services sector growth softens to a five-month low in May

India's services sector growth softened to a five-month low in May following stiff competition, price pressures, and a severe heatwave. The HSBC India Services Purchasing Managers' Index fell to 60.2 in May and stayed below February's 60.6. >P2

boAt reassesses playbook amid stiff competition in wearables

Startup boAt has decided to downsize its wearables business. It plans to steer its focus towards audio—which contributes more than 80% of its total revenue—while it figures out how to regain momentum in wearables. >P3

Regulatory delays, testing may hold up satcom launch

Satellite communications, or satcom-based internet connectivity, may come to you later than expected. Satcom services in the mainstream fold entail satellite operators that have launched and deployed satellite constellations in low-earth orbit (LEO). >P6

Disinvestments may face coalition hurdle

Gulveen Aulakh
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NEW DELHI

Privatization may take the backseat in the coming coalition government as a reduced majority forces the pro-reform Bharatiya Janata Party (BJP) to work alongside allies with different priorities, officials and experts said.

Strategic sales already in advanced stages like IDBI Bank, Shipping Corp. of India and BEML may take off in the second half of 2024-25, but other transactions and fresh disinvestments may not be as lucky, they said. In the past too, resistance from states was a key reason for the slow progress of divestments.

"Some of the state government entities (that are not aligned with the BJP and now with the NDA) have submitted bids for some of the strategic sales of PSUs knowing well that the rules do not permit it. In some cases, they've gone to courts to prevent or stall the sale, which leads to further erosion of whatever value the asset may hold at that time," an official said.

In the past, divestments faced resistance from states. MINT

TURN TO PAGE 6

Maruti remaking small car strategy

Alisha Sachdev
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NEW DELHI

Maruti Suzuki may consolidate its entry-level small car lineup in the next three to four years, as India's largest carmaker reworks strategy for what was once its bread-and-butter business. According to two people aware of the plans, the company may also cap investments in the mid-size sedan segment, where it sells the Ciaz.

The company that built its business on small cars has made a big splash in the SUV segment in recent years, launching models such as Grand Vitara, the new Brezza and Fronx. Meanwhile, sales of small cars such as Alto, Celerio and S-Presso have declined.

Queries sent to Maruti Suzuki remained unanswered till press time.

Maruti will strengthen its presence in segments such as SUVs, EVs (electric vehicles) and hybrids as its doubles annual capacity to 4 million units by the end of the decade, the people cited above said on the condition of anonymity.

It now plans to consolidate its portfolio of small cars. MINT

TURN TO PAGE 6

Succession rift: Nisaba Godrej leaves VIP

Varun Sood &
Suneera Tandon
BENGALURU/MUMBAI

In a rare case of a business family scion exiting the board of another family-owned company, Nisaba Godrej has resigned as an independent director from the board of VIP Industries Ltd.

The development comes over differences in succession planning with Dilip Piramal, the founder-chair of the country's second-largest luggage maker, which had a market capitalization of $830 million on 5 June.

"As discussed, due to my differing view on leadership accountability and succession planning, I will be resigning from the Board effective June 3rd, 2024," Godrej, who is the executive chairperson of Godrej Consumer Products Ltd (GCPL), said in her resignation letter to Piramal, according to a disclosure made by the company to the exchanges.

Nisaba Godrej, executive chairperson, Godrej Consumer Products Ltd.

"Ms Nisa Godrej was not in agreement with our succession planning as also our leadership accountability," Dilip Piramal, who turns 75 in December, told *Mint* when contacted. "We are aware of these issues and we had certain plans which got delayed due to some operational problems. We have been working with Boston Consulting Group for management consultancy. However, Ms Godrej is not satisfied with the speed of our actions. In the circumstances, she has decided not to continue to remain on the board." An email sent to Godrej remained unanswered till press time.

At the heart of the current issue is the reluctance of Radhika Piramal, VIP's London-based vice-chairperson and Dilip's daughter, to continue running the business. This has prompted the family, which owns 51.76% of the company, to look at selling its stake.

Godrej, who was inducted into the nine-member board of VIP Industries in April 2019, was one of the four members of the nomination and remuneration committee or NRC, the board-appointed panel that oversees succession planning and remuneration of the chief executive and other senior executives inside a firm.

Tushar Jani, the founder of Blue Dart Courier Services, is the chairman of the NRC, and Dilip Piramal and Amit Jatia, the proprietor of McDonald's franchise in the country, are the two other members.

Until a few years ago, VIP

TURN TO PAGE 6

MINT SHORTS

Steel ministry against import curbs on low ash metallurgical coke

New Delhi: The ministry of steel is against limiting imports of low ash metallurgical coke, a steelmaking ingredient, according to a person familiar with the matter and a government note, in a potential blow for local producers of the raw material. After complaints from local producers about rising imports since 2019/20, the Directorate General of Trade Remedies (DGTR), under the trade ministry, in April backed capping imports of low ash metallurgical coke at 2.85 million metric tonnes for one year. **REUTERS**

CIL's contribution to exchequer drops 2.2% in Apr-May

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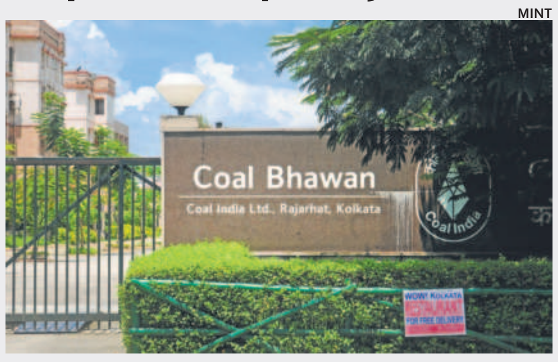

New Delhi: State-owned Coal India Ltd's (CIL's) contribution to the exchequer dropped 2.2% to ₹9,560.28 crore in April-May. CIL, which accounts for over 80% of domestic coal output, paid ₹9,777.64 crore to the government exchequer in the year-ago period, according to provisional figures of the coal ministry. Total levies paid to the government in May went up to ₹4,763.20 crore from ₹4,716.5 crore paid in the year-ago period. **PTI**

NPCI Int'l partners with Reserve Bank of Peru for UPI-like system

New Delhi: NPCI International Payments Ltd (NIPL) and the Reserve Bank of Peru have announced a partnership to enable a UPI-like real-time payments system in the South American country. This collaboration marks a significant milestone, making Peru the first country in South America to adopt the Unified Payment Interface (UPI) technology, NIPL said in a statement. **PTI**

India seeks arbitration with Australia on services trade issue

ISTOCKPHOTO

New Delhi: India has sought arbitration proceedings under World Trade Organization (WTO) rules against Australia to resolve an issue with regard to the services sector, as it could impact New Delhi's trade in services, an official said. On 17 November 2023, Australia had notified the WTO secretariat about its intention to modify its schedule of specific commitments under the GATS (General Agreement on Trade in Services) to incorporate additional commitments relating to services domestic regulation. **PTI**

CBIC starts electronic disbursal of duty drawback direct to exporters

New Delhi: The Central Board of Indirect Taxes and Customs (CBIC) on Wednesday said it has started electronic disbursal of duty drawback amounts directly to exporters' bank accounts using the Public Finance Management System (PFMS). The payments into the exporters' accounts will be facilitated through PFMS automatically, CBIC stated. **PTI**

RBI's rate-setting panel begins deliberations; decision on Friday

Mumbai: The rate-setting panel of RBI, the Monetary Policy Committee (MPC), on Wednesday started deliberations to decide the next monetary policy. Reserve bank governor Shaktikanta Das will announce the decisions of the panel on Friday. Experts are of the view that the central bank is unlikely to cut the benchmark interest rate (repo) as inflation still remains a matter of concern. **PTI**

New govt advised to focus on jobs, migrant gig workers

Experts call for focus also on getting women to join the formal workforce in large numbers

Devina Sengupta
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MUMBAI

The unambiguous political message from Tuesday's Lok Sabha election verdict, which saw the ruling BJP fall short of a majority, is that the incoming government will need to focus sharply on jobs in a country where roughly two-third of the population is under 35 years, many of them unemployed, analysts said.

They said the focus now needs to be on creating better-paid jobs, and getting companies, especially small and medium enterprises (SMEs), to hire on a big scale. The new government will also need to encourage women to join the formal labour force in large numbers, and create opportunities and infrastructure in poor states such as Uttar Pradesh and Bihar that are a huge source of migrant labour.

Migrant workers are a significant vote bank, but they often lack access to healthcare facilities or social security. AFP

"The government has to prioritize job-creation in its economic policy and break from the old, defeated narrative of growth first and jobs later—jobs must fuel sustainable growth. For this, we need an industrial policy that supports sectors that absorb more labour," said Sabina Dewan, president and executive director, JustJobs Network, a research firm.

6.7% Urban joblessness for those aged >15 yrs in Jan-Mar 2024

Dewan said that there needs to be an immediate focus on "effective labour regulations, including for the gig economy, implementation of a statutory minimum wage and provision of social security".

The latest Periodic Labour Force Survey (PLFS) shows unemployment rate in urban areas for those aged 15 years and above fell to 6.7% in January–March 2024, from 6.8% a year ago. But that's not enough, experts said.

"Accelerating capex investments into creating employment, specially in the manufacturing, construction, e-commerce and BFSI (banking, financial services and insurance) sectors in tier-II and -III cities is needed. Changes need to be made in the Shops and Establishments Act to include more policies for gig workers, which in turn will attract more workers," said Guruprasad Sreenivasan, executive director and chief executive officer of staffing firm Quess Corp.

6.8% Urban jobless rate for those aged >15 yrs in Jan-Mar 2023

The Bharatiya Janata Party won 240 seats, less than the simple majority of 272 in the 543-seat Lok Sabha needed to form a government on its own. But, the National Democratic Alliance it leads secured 295 seats, entitling the coalition to form the next government.

"Based on pre-election reports, it was understood that the labour codes would be implemented, at least in part, during the first 100 days of the new government taking charge. Now that we have the results of the elections, it would be prudent for employers to start reviewing relevant internal practices and policies in anticipation of the impending implementation of the labour codes," said Bishen Jeswant, partner, Cyril Amarchand Mangaldas.

Migrant workers also form a significant votebank, and the new government would need to pay attention to them. Many of them join the informal workforce and often do not have access to healthcare facilities and safety nets such as provident funds.

"Improving healthcare and housing along migration corridors from UP, Bihar, Jharkhand, West Bengal and some north-eastern states to the western and southern regions is also essential. These steps will create an equitable labour market and strengthen the economy," Kartik Narayan, CEO, staffing, TeamLease Services, said.

Rosa Abraham, assistant professor at Azim Premji University, expects the government to work on getting more women to join the formal labour force. "While employment numbers have gone up for women, many are self-employed...The investments that should have jumpstarted employment have not happened yet policies need to come in to bring in employment via SMEs," she said.

Fitch fixes stable rating outlook for India

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NEW DELHI

Rating agency Fitch reaffirmed India's stable outlook on Wednesday, and cited a credible fiscal strategy, higher medium-term investment, and robust economic growth as key factors for a potential positive rating.

Despite these strengths, however, India's sovereign credit rating remains at BBB-, its lowest investment-grade rating, reflecting concerns over weak public finances.

Fitch highlighted India's sound economic fundamentals, strong growth momentum, and significant government spending while maintaining its sovereign credit rating for India.

"India's rating is underpinned by a robust medium-term GDP growth outlook and sound external finances, which remain intact as the country has effectively navigated a fraught external environment in the past few years," the rating agency said.

Fitch noted that weak public finances, characterized by high deficits, debt, and interest/revenue ratios, remain the largest constraints on India's rating.

Additionally, lagging structural metrics, such as World Bank governance indicators and GDP per capita, also weigh on the rating.

Central posting likely for Bihar, AP officers

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Top civil servants from Andhra Pradesh and Bihar may be moved up in the coming days with the Telugu Desam Party (TDP) and Janata Dal (United) [JD(U)] becoming potentially key to government formation at the Centre, according to two senior ex-bureaucrats who have served at the Centre.

"It is expected that bureaucrats from Andhra Pradesh and Bihar cadres may receive significant and influential postings as the new alliance government comes into power," the first official said, requesting not to be named.

Nitish Kumar may like to get some trusted IAS officers who have worked with him to Delhi, an official said

"There are several trusted IAS officers who have closely worked with (JDU chief) Nitish Kumar, and the Bihar CM may like to accommodate them in the Central government," said the former official, who retired in 2023.

Similarly, experienced officers from the Andhra Pradesh cadre may also get the opportunity to serve in the Centre, aligning the policy frameworks with the alliance's common minimum programme.

"When a government changes, it often affects the bureaucracy. Leaders of the ruling party tend to bring along their trusted officers, those who have worked closely with them for an extended period and understand their working style," said the second person, Dinesh Tyagi, a retired IAS officer who last served as managing director of CSC E-Governance India.

Currently, only a handful of the more- than-70 secretary-level posts in the Central government are held by bureaucrats from Bihar and Andhra Pradesh.

Most high-ranking bureaucrats heading Central departments hail from Odisha, Uttar Pradesh, Madhya Pradesh, Tamil Nadu and Gujarat.

Services PMI at five-month low in May

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India's services sector growth softened to a five-month low in May following stiff competition, price pressures, and a severe heatwave.

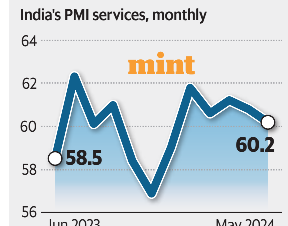
The HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 60.2 in May from 60.8 in April and 61.2 in March and remained lower than February's 60.6. The reading, however, remained above the 50 mark, which separates expansion from contraction, for 34 months.

Services PMI reading has remained above the 50 mark for 34 months. MINT

Below projection

May services PMI figure was below HSBC's projection of 61.4, mentioned in its Flash Services PMI Business Activity Index.

India's PMI services, monthly



Note: A reading above 50 denotes expansion, while one below 50 indicates contraction.

Source: S&P Global, HSBC

SATISH KUMAR/MINT

The index had hit a six-month peak of 61.8 in January.

May services PMI figure was below HSBC's projection of 61.4, mentioned in its Flash Services PMI Business Activity Index last month.

While both input costs and output charges rose, new orders from international markets expanded at the steepest pace since the inception of this series nearly ten years ago, the survey said.

"Growth was reportedly supported by rising sales, productivity gains and demand strength. The upturn was somewhat hampered by competitive and price pressures," it added.

India's services sector—among the world's fastest-growing—accounts for more than half of the country's gross domestic product.

The HSBC India Services PMI fell to 60.2 in May from 60.8 in April and remained lower than February's 60.6

The robust performance in recent months helped the country achieve its targeted economic growth for the fiscal year that ended on 31 March.

While the Reserve Bank of India (RBI) in February raised its GDP growth forecast for FY24 to 7% from the previous 6.5%, Gross domestic product (GDP) for FY24 expanded at a blistering 8.2%, ably supported by January-March quarter growth of 7.8%, according to government data released last week.

The RBI expects India's GDP growth for FY25 to be at 7%.

"India's service activity rose at a slightly softer pace in May, with domestic new orders easing slightly, but remaining robust, implying strong demand conditions and successful advertising. New export orders surged at a record pace, with broad-based demand from across the globe," said Maitreyi Das, Global Economist at HSBC.

"On the price front, cost pressures ticked up in May led by higher raw material and labour costs. Firms were only able to transfer a part of the price rise to customers," it added.

In terms of overall activity, aggregate output across both the manufacturing and service sectors fell in April, albeit at a slightly slower pace, indicating sustained health in these sectors.

Meanwhile, the HSBC India Composite PMI Output Index fell to 60.5 in May from 61.5 in April, and down from 61.8 in March and February's 60.6.

"Good news is the level of optimism about the year-ahead outlook rose at the fastest pace in eight months, leading service firms to increase their staffing levels," said HSBC's global economist Das.

"Overall composite output rose at a slightly slower pace, led by slower rises in both factory production and service activity," Das added.

MONETARY POLICY: THINGS TO WATCH OUT FOR IN THE COMING MONTHS

EXPERT VIEW

SUVODEEP RAKSHIT

Respond to this column at feedback@livemint.com

In what is expected to be a status quo policy, the main takeaway from the Reserve Bank of India's (RBI's) June policy will be any signal for the start of the rate-cut cycle. However, it is unlikely that the RBI will sound dovish just yet. In fact, much of the macro construct remains broadly similar to the April policy. Growth remains steady, which will continue helping RBI focus on the 4% inflation target.

Several events will play out over the next few months, including the Union budget, bond index inclusion, monsoon outturn, US Federal Open Market Committee (FOMC) decision, and other major central bank policies. A wait-and-watch policy in June will be ideal to monitor and evaluate the impact of these events.

The RBI Monetary Policy Committee (MPC) goes into the June meeting with global disinflation facing last-mile challenges and the global monetary policy cycle starting to become asynchronous.

The European Central Bank is expected to start its rate-cut cycle in June, while the Bank of Japan remains on the edge of rate hikes. The US Fed's rate-cut cycle is some time away, possibly starting in September or November. Global growth outturns have been better than expected over the past few quarters, but concerns about durability will linger. The impact of positive growth impulses on commodity prices will also need to be monitored.

Domestic inflation has come off durably below 5% and has been panning out as per RBI's expectation. Core inflation at around 3% will provide comfort to the MPC, though we expect it to pick up over the next few months.

The IMD predicts the monsoon to be above average, with La Niña conditions developing later in the season. This bodes well and will provide greater clarity on the food inflation trajectory. However, based on the current trends, we estimate inflation to average around 4.5%. Unless there is a sharp disinflation in food prices, a more durable move towards 4% seems possible only in FY26.

Domestic inflation has come off durably below 5%, in line with RBI's hopes

As confirmed by the prints of around 7.5–8%, GDP growth remains strong, while GVA growth around 6.5–7% is muted. Activity indicators continue to signal robust near-term growth prospects. Robust growth prints coupled with benign core inflation prints pose questions about where RBI lies in the monetary policy cycle.

The central bank will continue to evaluate the output gap closely. Some MPC members have opined that the output gap has closed (though that should not necessarily imply inflationary pressure risks). GDP growth is likely to average around 7% in FY25, with investments remaining one of the primary growth drivers. An above-normal monsoon and modest improvement in rural demand could add to the growth prospects.

For the RBI, the support from a strong growth trajectory provides space to focus on pushing inflation durably towards the 4% target. While the RBI does not have to be in sync with the Fed, a delayed rate-cut cycle by the Fed, too, helps align with global rate cycles without compromising on domestic priorities.

We continue with our long-held call that the RBI will maintain the repo rate at 6.5%, at least until Q3FY25. The June policy will most probably continue, with the RBI remaining in a wait-and-watch mode.

The author is chief economist at Kotak Institutional Equities. The views and opinions expressed in the column are personal and do not necessarily reflect the opinion of the organization or the Kotak Group.

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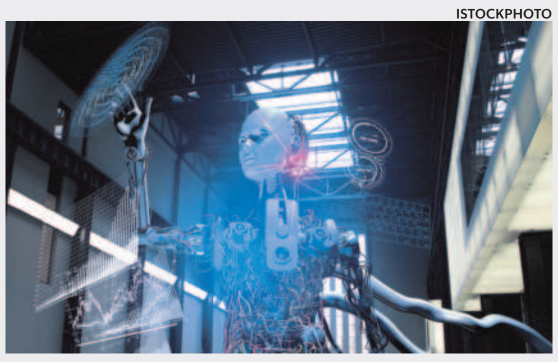
MINT SHORTS

Testsigma raises $8.2 million from MassMutual Ventures, others

Bengaluru: Artificial intelligence (AI)-based low-code test automation platform Testsigma has raised $8.2 million (₹68.4 crore) in a funding round led by MassMutual Ventures. The round also saw participation from existing investors like Accel, Strive and BoldCap. The company previously raised $4.6 million in a funding round led by Accel along with Strive and BoldCap in 2022. **K. AMOGHAVARSHA**

Cisco arm launches $1 billion AI investment fund

ISTOCKPHOTO



New Delhi: Cisco Investments, the corporate venture investment arm of Cisco, has launched a $1 billion global AI investment fund to drive the development of secure and reliable AI solutions. Cisco has already allocated nearly $200 million from the fund, in Cohere, Mistral AI, and Scale AI. "We believe we are well positioned to be the best strategic partner for our customers in the AI era as they look to build, secure, and power AI, Mark Patterson, Chief Strategy Officer at Cisco, said. **PTI**

Intel to sell 49% of Irish venture to Apollo Global for $11 billion

Intel Corp. agreed to sell a stake in a venture that controls a plant in Ireland to Apollo Global Management Inc. for $11 billion, helping bring in more external funding for a massive expansion of its factory network.Under terms of the deal, the investment firm will take a 49% share of a joint venture that operates Intel's Fab 34, the chipmaker said in a statement Tuesday. It's the second such investment program that Intel has announced, part of an effort to lessen the burden on its already-stretched finances. **BLOOMBERG**

Lupin arm completes acquisition of two brands from Sanofi

New Delhi: Drug maker Lupin on Wednesday said its European arm has completed the acquisition of two brands from Sanofi.Lupin Atlantis Holdings SA has completed the acquisition of Aarane in Germany and Nalcrom in Canada and the Netherlands, along with the associated trademark rights. **PTI**

Lenders file bankruptcy suit against 3 Byju's guarantors

Petitions have been filed in the US against Epic! Creations, Neuron Fuel and Tangible Play

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A majority of edtech company Byju's lenders have filed petitions in the US to initiate involuntary Chapter 11 bankruptcy proceedings against three US-based guarantors of their $1.2 billion term loan.

The petitions have been filed against Byju's reading platform Epic! Creations Inc., Neuron Fuel Inc. and Tangible Play Inc., the lenders said in a statement on Wednesday. Glas Trust Co. Llc, a US-based non-banking loan agency representing more than 85% of the lenders, has been appointed as an administrative agent for the loan.

"Since Byju's began to default on its term loan obligations shortly after we provided Byju's Alpha (the US subsidiary of Byju's) with financing in 2021, we have made every effort possible to work productively and collaboratively to help Byju's cure its multiple defaults," the lenders said.

"However, it is clear that Byju's management has no intention or ability to honour its obligations. Indeed, Byju's founders, who also serve as the three directors of the overall enterprise—Byju Raveendran, Riju Ravindran and Divya Gokulnath—unlawfully diverted $533 million in loan proceeds, the whereabouts of which are still unknown."

In February, soon after the company's key investors initiated moves to oust co-founder and CEO Raveendran, Alpha Inc. filed for bankruptcy after defaulting on the debt of $1.2 billion.

Byju's US subsidiary initiated Chapter 11 proceedings in a Delaware court stating that it lacked funds to defend itself against litigation.

Byju Raveendran, co-founder of edtech company Byju's. MINT

Alpha listed its assets in the range of $500 million to $1 billion, with estimated creditors numbering between 100 and 199, according to the court documents.

A person familiar with the latest petition by the lenders said bankruptcy proceedings hadn't been initiated against Epic, although in the Chapter 11 proceedings against Alpha, the lenders have asked Epic to produce documents.

A spokesperson for Byju's did not immediately respond to *Mint*'s queries.

In September, *Mint* reported that the edtech firm had placed two of its businesses—Epic and higher-education platform Great Learning—up for sale to pay its term loan B lenders. Byju's had acquired these companies during the funding rush of 2021 to build its empire that had come to be valued at $22 billion.

The company's valuation has since significantly eroded, with Byju's itself diluting its estimated worth for its controversial $200 million rights issue.

Byju's had raised $1.2 billion through a term loan B from overseas investors in November 2021, when interest rates were low. However, relations between Byju's and its lenders have soured since, and interest rates have surged. The matter came to a head in June last year, when the company skipped an interest payment and took its lenders to court to prevent an acceleration of the repayment.

"As a result of Byju's failed leadership and mismanagement, significant harm has been done to its businesses and the value of its assets. Shareholders and lenders of the company have seen the value of their investments deteriorate, employees and vendors have not been paid in a timely manner, and customers have suffered," the lenders said in Wednesday's statement.

They added that they were taking action to preserve the value of these assets. "We remain committed to their success and are ready to infuse the capital necessary to reorganise the businesses. Under the supervision of the court, the lenders hope that Epic, Neuron Fuel and Tangible Play will benefit from much-needed oversight while a plan is developed to maximise the value of these assets for the benefit of all stakeholders."

Byju's, once India's highest-valued startup, has been struggling to repay creditors and pay employees since students returned to in-person learning after the pandemic waned. It debt has increased to more than $200 million in India and $200-250 million in the US, including the $40 million it's supposed to pay bondholders every quarter. The company has defaulted on payments to these bondholders since June 2023, and has been negotiating with them over the repayment of the $1.2 billion term loan B.

The company is also embroiled in legal tussles with other investors, including Prosus Ventures and Peak XV, over governance, financial mismanagement and compliance issues. Investors are also pushing for a change of leadership and a new board of directors.

FINANCIAL TURMOIL

SHAREHOLDERS, lenders of the firm have seen the value of their investments deteriorate

THE lenders said that they were taking action to preserve the value of their assets

ONCE India's highest-valued startup, Byju's has been struggling to repay creditors

BYJU'S is also embroiled in legal tussles with other investors including Prosus, Peak XV

Fibe raises $90 mn in Series E round

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Lendingtech startup Fibe (erstwhile EarlySalary) on Wednesday said that it has raised $90 million in its Series E funding round led by TR Capital, Trifecta Capital and Amara Partners.

The company's existing investors TPG Rise Fund, Norwest Venture Partners, Eight Roads Ventures and Chiratae Ventures also participated in the round which included both primary and secondary transactions. Founded in 2015 by Akshay Mehrotra and Ashish Goyal, Fibe offers personal loan and impact loans including categories like healthcare loans, edtech loans, insurance financing, school fee financing, and more.

The company claims that it has been able to offer lower credit costs to consumers with its focus on lending technology and risk management systems. It also recently launched a number-less co-branded credit card."Over the last few years, we have launched multiple financing solutions for healthcare, insurance and education besides our core personal loan offering to provide affordability to customers," said Ashish Goyal, co-founder and chief financial officer, Fibe, adding that "the fresh funds will be deployed to further strengthen the existing product lines at Fibe."

Fibe plans to deploy the funds for business expansion, market outreach and to curate more products.

Asset-backed debt sales at $175 billion

Bloomberg
feedback@livemint.com

Some $175 billion worth of debt backed by assets such as cars, credit cards and consumer loans have been sold in the US and Europe so far in 2024, according to data compiled by *Bloomberg*, in what is shaping up to be the busiest half of issuance for the sector in at least six years.

Asset-backed securitization deals, where loans are packaged up and sold in bond-like instruments, have grown in popularity as banks seek ways to offload risk and refinance loans taken out during the easy-money era. If sales continue at the current pace, the first six months of 2024 will be the best half since at least 2018, the earliest year for which data compiled by *Bloomberg* is available.

The uptick in issuance this year comes amid a general rally across credit, fuelled by the prospect of rate cuts in the second half of 2024. ABS deals' appeal comes from the high yields they offer in exchange for debt secured against a wide pool of assets. This is especially true in a higher-for-longer environment because such instruments typically have floating rates.

"We've seen a fantastic rally so far this year," Owen Muller, a director in Natwest's Securitised Products and Alternatives Syndicate business, said during a panel session at the Invisso Global ABS conference in Barcelona.

Rise in AI-driven deepfake videos a concern

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About a month ago, Yamini Malhotra noticed her followers tagging her and sharing a video from an account, @rotahaler, with her. To the 30-year-old's shock, artificial intelligence was used to switch her face with that of actress Kajal Aggarwal in one of her videos. Malhotra was a victim of deepfake.

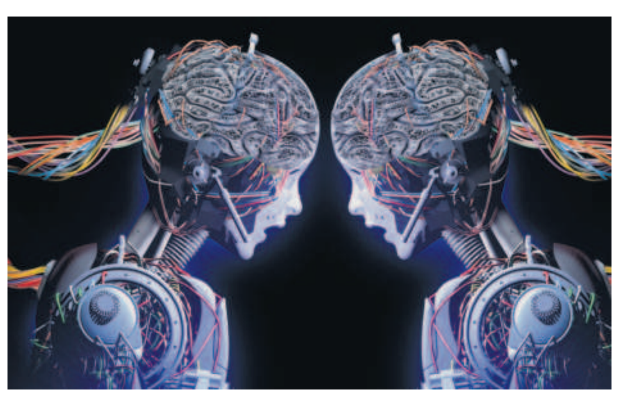
"Followers on Instagram just download my videos and repost them to increase their reach. This time, someone had used my body and Kajal Aggarwal's face," she told *Mint*.

The video started becoming popular. More than 32,000 followers have shared it in the past four weeks. After this incident, several more unidentified Instagram accounts created deepfake videos of Malhotra, adding unknown women's faces to a video of her walking in a green saree.

"I cannot do anything and, at the most, send a copyright strike to Instagram. Whether they remove it or not, it is up to them," says Malhotra, who has over 853,000 followers on Instagram, expressing her concerns over the infringement of her privacy and tampering with her content. Copyright strike is a legal copyright removal request for using their copyright-protected content.

Deepfakes, which are real-looking fake videos created using artificial intelligence, are not only on the rise but also becoming more sophisticated with advances in AI and machine learning technologies.According to a 25 April computer security company McAfee's survey on the impact of AI, 3 in 4 Indians recently came across deepfake content, and almost 64% of the respondents feel AI has made it harder to spot online scams.

While some creators are leveraging the blurring lines between real and synthetically generated content to gain more traction, the industry, overall, views them as a threat to content creators. "Deepfakes are dangerous, and content creators need to license their identities to prevent misuse of their content," said Anshul Khandelwal, chief technology officer of text-to-video-generative AI platform, Invideo, at an HT Smartcast event last week.



According to McAfee's survey on the impact of AI, 3 in 4 Indians recently came across deepfake content. ISTOCKPHOTO

Rubin Chheda to be Neo Asset MD

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Rubin Chheda was formerly an executive at True North.

Mumbai-based Neo Group's asset management arm, Neo Asset Management, has roped in former True North executive Rubin Chheda as its managing director (MD) to lead the firm's special situations credit strategy, the company said on Wednesday.

VCCircle first reported on Chheda's appointment last month.

"As a managing director at Neo Asset Management, I will be leveraging my experience in managing institutional money for India credit strategies leading the flagship special situations strategy and further enhancing and deepening the overall Neo Credit Platform," said Chheda.

"This role perfectly aligns with Neo's vision to build a preferred alternatives platform that delivers superior risk-adjusted yields and address clients evolving income needs."

Chheda will likely work alongside Puneet Jain, the chief investment officer of Neo Wealth and Asset Management, and Hemant Daga, the co-founder and chief executive officer of Neo Asset Management. The former True North executive was one of the founding members of the private equity firm's private credit strategy, which was launched in 2021 with the onboarding of former KKR & Co. executive Kapil Singhal.

Meanwhile, True North, which raised ₹1,000 crore as of November last year marking its first close, has wrapped up fundraising for its maiden private credit fund at about ₹1,300 crore, *VCCircle* reported last month.

In his previous stints, Chheda helmed the Piramal-CPDQ Structured Credit Opportunities Fund for about half a decade. He also headed the wholesale lending non-banking financial company (non-real estate) at Piramal Capital. Prior to that, he was a director at Fairwinds Private Equity. He has also worked in the transaction advisory and underwriting verticals at companies such as Ernst & Young, PwC and GE Capital.

Neo Asset Management floated its maiden vehicle under the special situation strategy in June 2022 and marked its first close at ₹625 crore in September that year. The fund's target corpus is ₹2,000 crore.

boAt reassesses playbook amid stiff competition in wearables

Sowmya Ramasubramanian & Samiksha Goel
BENGALURU

At a time when smartwatches and earpods were still aspirational accessories for most Indians, boAt helped transform the domestic market for wearables and wireless audio sets by unleashing a range of affordable devices.

The startup began gaining prominence as it built up its market share. But as more Indians began using smartwatches and earpods from Garmin or Apple, more domestic companies saw an opportunity in making affordable wearables with the entry barriers lowered.

"You can now buy a smartwatch for ₹999. It's unheard of anywhere in the world," boAt's co-founder and chief executive officer (CEO) Sameer Mehta told *Mint*, adding that the company has decided to downsize its wearables business. boAt's market share in smartwatches slipped to 14% in 2023 from nearly 19% in the previous year, while rivals Fire-Boltt and Noise secured the top two positions, as per estimates by market intelligence firm IDC.

In wearables, boAt also faces stiff competition from the Tata group's Titan and Pristyn Care's BeatXP, which has forced the company to reassess its playbook.

"The average selling price over the last two years has tanked by about 68-70% in this space, which isn't sustainable," said Mehta, adding that the slump in market growth has pushed the company to "take it slow."

Founded in 2016 by Mehta and Aman Gupta, boAt's earphones and smartwatches rose in popularity marked by its affordable prices, successfully penetrating a country with price-conscious users. boAt is backed by marquee investors such as Warburg Pincus and Qualcomm Ventures, and has secured upwards of $170 million in private funding till date at unicorn valuation.

In October 2022, the consumer electronics firm shelved plans to raise ₹2,000 crore through an initial public offering, citing tough market conditions.

The public-listing plan is still 18-20 months away, Mehta said, stating that the firm wants to perfect its internal metrics first.

boAt will now steer its focus towards audio—which contributes more than 80% of its total revenue—while it figures out how to regain momentum in wearables, Mehta noted.

While the firm projects business from audio products to grow roughly 15% next year, it is expecting a haircut in top-line growth in the wearables segment.

In the true wireless stereo (TWS) segment, boAt is a market leader, as per IDC estimates.

While hearables are perceived as a consumer tech product, consumers still perceive smartwatches as a fashion accessory, according to Anshika Jain, a senior analyst at market research firm Counterpoint Research.

"With declining profit margins, downscaling seems like the right move for now. The brand can align its resources in the hearables segment where the brand is leading by far and can compete with other players," Jain added.

According to Mehta, innovation will play a crucial role in creating differentiation in the smartwatch category. To this end, the company has partnered with digital navigation provider MapMyIndia to offer maps on its smartwatch.

"We got a product where you can do turn-by-turn navigation without having GPS at about 10% premium over entry price point on a ₹1,300-1500 watch," Mehta said.

It is also working on QR codes and smartwatch-enabled payments along with a GPS lock feature for children, among other things.

"The idea is to build something very different rather than simply going to China and bringing some random hardware and selling it, because hardware by itself is too competitive a space. Unless you do software level differentiation, there is no right to win," Mehta said, adding that while most players have grown volumes beyond 100% in the last one year, the actual value growth is only about 2%.

"There will be players who will leave the market very soon. Only three-four firms will remain and we believe we can win in the space," he added.

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boAt will now steer its focus towards audio, which accounts for more than 80% of its revenue

boAt was founded in 2016 by Aman Gupta (above) and Sameer Mehta.

Read an extended version of this story.

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE	74382.24	22620.35	21054.4	66835.40	23550.75	42585.97	46277.55
PERCENT CHANGE	3.20	3.36	3.59	4.39	3.57	4.41	2.93
PREVIOUS CLOSE	72079.05	21884.5	20323.85	64022.15	22739.6	40788.1	44958.48
OPEN	73027.88	22128.35	20570.75	65266.6	23027.7	41386.65	45251.22
HIGH	74534.82	22670.4	21092.15	67079.5	23597.2	42721.66	46327.1
LOW	71879.44	21791.95	20116.6	62764.25	22563.65	40202.55	44026.74

Will mkt focus turn to earnings?

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Equity markets managed to recover some ground on Wednesday, with the benchmark Nifty 50 index rising 3.3%. However, this did not fully offset Tuesday's massive losses.

The outcome of the Lok Sabha election 2024– a fractured mandate and coalition government—was far from the Street's lofty expectations of a clear majority for the Bharatiya Janata Party (BJP). Unsurprisingly, the benchmark index slid almost 6% on Tuesday.

Despite Wednesday's gains, concerns linger. Investors will take cues from the government and cabinet formation in the next few days. Beyond that, there are concerns the BJP may find it tough to push aggressively on transformational reforms under a coalition government owing to increased reliance on allies this time compared to the single-party majority seen in the previous two terms. As such, the broad policy direction may not materially change, but a potential tug-of-a-war between driving consumption and capital expenditure (capex) could keep equity investors on tenterhooks.

Kotak Institutional Equities expects the new government to continue with its investment-led economic agenda, but it may tweak its priorities to support consumption and employment.

Amid elevated inflation, rural incomes have been under pressure. To fix the ailing rural economy, there may be increased spending on welfare schemes to boost demand in rural areas. This will be a shift from the earlier stance, which focused on infra development that led to sharp re-rating in industrials, railways, defence, and public sector stocks.

The government may utilize some fiscal space for a welfare spending boost in the near term, though a broad shift from high infra spending is unlikely, say Jefferies India analysts. The brokerage does not see much change from 6.5-7.0% GDP growth path.

Nonetheless, focus hereon could turn to earnings growth visibility and fundamentals, which were largely being ignored. "The 2024 election results may finally compel investors (institutional and non-institutional) to focus more on numbers and less on narratives," said the Kotak report dated 5 June. "We would watch for any change in the stance of retail investors, who have been the major force behind the market in terms of flows," it added.

So far in 2024, domestic institutional investors have been net buyers of Indian equities worth ₹2 trillion, and FIIs net sellers.

Plus, the Indian equity markets have been at a steep premium to Asian peers mainly due to political and macro-economic stability. Valuations may taper if fiscal prudence loses to populism.

On the earnings front, the progress of monsoon, movement in cost inflation and trajectory of interest rates will be crucial. India Meteorological Department has forecast above-normal monsoon this year, but spatial distribution is key. Movement in global crude oil prices and commodities are important variables for profitability outlook.

A Nuvama Research report said that in FY24 Nifty earnings per share grew 16%, but with a large divergence in Q1 (with over 25% PAT growth) and Q4 (with lower than 5% PAT growth). PAT is profit after tax. Consensus earnings growth estimates for FY25/26 are largely maintained at mid-teens, but downgrade risks loom, cautioned Nuvama. So, 'A rising tide lifts all boats' scenario–which drove stocks up irrespective of fundamentals–may change now.

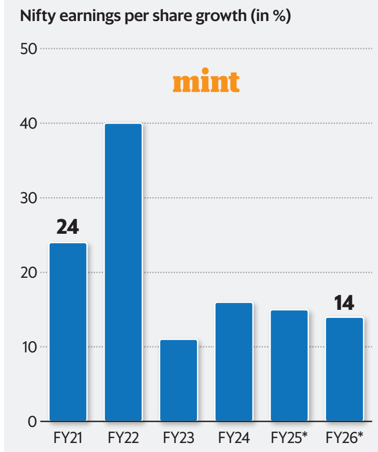
"Amid increased risk aversion post the election result, investors are likely to get more selective in stock picking. Stocks are likely to get rewarded mainly based on their earnings performance," said Nishit Master, portfolio manager at Axis Securities. "When risk perception goes up investors tend to look at earnings growth more minutely."

TOUGH TERRAIN

INVESTORS will take cues from the government and cabinet formation in the next few days

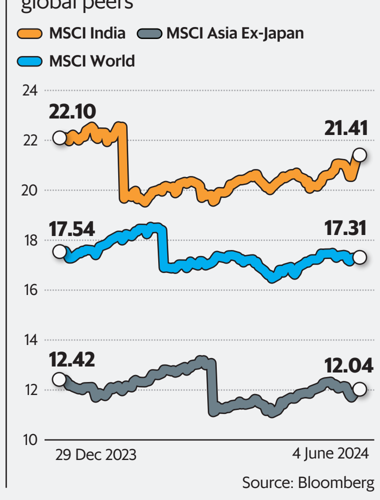
THERE are concerns the BJP may find it tough to push aggressively on reforms

High hopes
Consensus earnings growth forecasts for FY25 and FY26 seem elevated amid looming risk of downgrades



*Estimated
Source: Bloomberg, Nuvama Research

Racing ahead
The Indian equity market continues to trade at a premium to Asian and global peers



Source: Bloomberg

PRANAY BHARDWAJ/MINT

Aurika Mumbai, renovations hold the key for Lemon Tree

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Investors in Lemon Tree Hotels Ltd shares will closely watch how its Aurika, Mumbai SkyCity hotel, among the country's largest, shapes up in 2024-25, its first full year of operation. A successful ramp-up of Aurika Mumbai, which opened in October, is key to Lemon Tree's earnings growth over the next couple of years.

For now, Aurika is not yet stable, Lemon Tree said while announcing its fourth-quarter and annual results. This cast a shadow on Lemon Tree's occupancy rate, which came in at 72% in the fourth quarter ended 31 March, lower year-on-year, but up sequentially.

The occupancy rate and average room rate (ARR) at Aurika Mumbai was lower than expected, at about 66% and ₹9,000 per day, respectively. Its ARR was muted owing to the impact of a large base of airline crew rooms in Q4, the share of which the company plans to reduce and replace with segments such as corporate and retail.

Lemon Tree's consolidated revenue in Q4 was ₹327 crore, up 30% year-on-year. But its Ebitda margin, at 52.4%, contracted almost 300 basis points because of higher renovation expenses at its Keys hotels, expansion of its business development team, and payroll increases.

Lemon Tree aims to spend ₹100 crore each on renovations in FY25 and FY26, which it expects would pay rich dividends as it would be able to increase its room rates and improve its margins. The first Keys hotel to be more than 50% renovated, Keys Pimpri, Pune, saw its ARR rise to about ₹4,600 in Q4, up 21% from a year earlier.

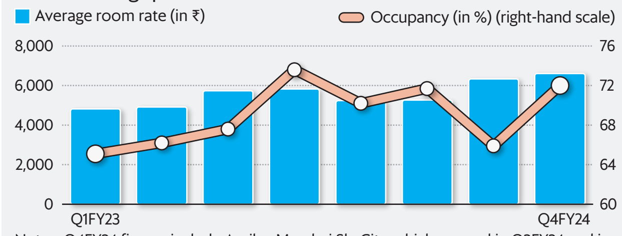
Against this backdrop, FY25 and FY26 would be crucial for Lemon Tree as it reaps the rewards from its renovated portfolio and better occupancy rates at Aurika Mumbai. In FY24, on a high base, revenue and Ebitda growth rates had slowed.

Lemon Tree's debt rose to ₹1,889 crore in FY24 from ₹1,746 crore in FY23 due to borrowing against Aurika Mumbai. The company expects to be debt-free in four years. "Further consequent debt repayment will be an added positive, bringing down interest costs," Dolat Capital Market said in a 30 May report.

Lemon Tree's high debt, moderation in ARR in Mumbai and Bengaluru, and the lower-than-expected performance of Aurika Mumbai are key risks, Dolat Capital said.

The company's shares have had a good run over the past one year, gaining close to 50%, suggesting that optimism in the stock is largely factored in. This, along with subdued demand due to the election and an extreme summer, can limit significant upsides for the stock in the near future.

Room for more?
Lemon Tree's various efforts to improve ARR should show results in the coming quarters



Notes: Q4FY24 figures include Aurika, Mumbai SkyCity, which opened in Q3FY24 and is yet to stabilize
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Source: Company presentation

PRANAY BHARDWAJ/MINT

MINT SHORTS

Japan's real wages decline for 25th month in a row in April

Japan's inflation-adjusted real wages fell in April from a year earlier but slowed the pace of decline as the Bank of Japan looks for early signs of achieving a positive cycle of rising wages and inflation that would allow it to lift interest rates. Labour ministry data out on Wednesday showed real wages fell 0.7% year-on-year in April, extending a record streak of 25 consecutive monthly declines as higher living costs outweighed pay raises. But it was a slower pace of decline than the preceding month's 2.1% drop. The previous record was a 23-month run of declines in real wages from 2007 to 2009 during the global financial crisis, which had led to millions of job losses. This time, stubborn inflation was to blame for sliding real wages, with consumer inflation of 2.9% outpacing nominal wages. The central bank closely scrutinizes strength of wage growth, which is a prerequisite for policy normalization. **REUTERS**

Copper hit a record above $11,000 a tonne last month on fears of a looming shortage. BLOOMBERG

China's unusually large copper stockpiles fuel demand worries

China's copper inventories are growing at exactly the time of year when they should be shrinking fast—an anomaly that underscores concerns about demand in the world's biggest market. Stockpiles of the metal held in Shanghai Futures Exchange warehouses ended last week well above 300,000 tonnes. That's not the biggest volume ever, but it is the most for any end-of-May date on record. In China's highly seasonal economy, inventories typically peak in March and slide lower as factories ramp up activity heading into the summer. Recent data on Chinese manufacturing has painted a mixed picture. The official factory gauge for May slipped into contraction, while a private survey—more focused on smaller and export-oriented firms—showed a modest improvement. The rise in China's inventories reflects what some analysts see as a divergence between the global mood on copper, which hit a record above $11,000 a tonne last month on fears of a looming shortage. **BLOOMBERG**

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

India bonds still a 'buy' for foreign investors

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India's government bonds will continue to attract foreign flows even as a narrower-than-expected victory margin for Prime Minister Narendra Modi-led alliance could prompt a shift in policy, fund managers said.

Foreign investors have piled on bonds this year and remained on the buying side on Tuesday, despite the unexpected election outcome hitting stocks, bonds and the rupee on concerns over populist spending and a stalling of reforms.

"The knee-jerk response of higher yields and some currency weakness could indeed be an attractive opportunity to add risk," Kenneth Akintewe, head of Asian sovereign debt at abrdn, said.

In spite of a risk of more populist policies, the fiscal "starting point is much stronger than expected" and the election results do not do much to derail the positive outlook for bonds, Akintewe said.

Expectations of a burst of populist spending soon after the elections may be unfounded, Adarsh Sinha, co-head, Asia FX & rates strategy at Bank of America, said.

"For the government, what would be the incentive to splurge after the election in the near term?"

India's fiscal deficit for the current financial year should settle around 5% of GDP against a budget target of 5.1%, Sinha said, pegging the benchmark 10-year bond yield to ease to 7% by the end of 2024.

Demand from overseas investors and long-term domestic buyers had pushed bond yields down until Monday. Indian bonds are also set to be added to JPMorgan's emerging market debt index later this month, which should help stabilise yields.

Bank of America's Sinha expects passive inflows of $21 billion into Indian bonds until March 2025.

"Despite potential near-term outflows, India's long-term growth trajectory remains compelling, which is likely to attract inflows into government bonds over the medium term," Manish Bhargava, a fund manager at Straits Investment Management, said.

Foreign investors have piled on bonds this year. HT

Sebi proposes raising BSDA threshold

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The Securities and Exchange Board of India (Sebi) on Wednesday proposed enhancing the threshold for basic service demat accounts (BSDA) to ₹10 lakh from the current ₹2 lakh in a bid to boost participation from retail investors in the securities market.

A BSDA is a more basic version of a regular demat account. The facility was introduced by the capital market regulator in 2012 to reduce the burden of demat charges on investors with small portfolios.

At present, an individual can hold debt securities worth up to ₹2 lakh and other than debt securities worth up to ₹2 lakh in a single demat account to be eligible for a BSDA.

In order to further boost participation in the securities market and to facilitate the ease of doing investments, the BSDA facility has been comprehensively reviewed, Sebi said in a consultation paper.

The regulator proposed that the value of securities held in the demat account should not exceed ₹10 lakh for debt and other than debt securities combined at any point of time. Listing out the eligibility criteria, Sebi said an individual needs to have only one demat account where they are the sole or first holder, and the individual needs to have only one BSDA in their name across all depositories.

The BSDA facility was introduced in 2012 to reduce the burden of demat charges on investors with small portfolios

The threshold may be raised to ₹10 Lakh. REUTERS

Investors return to Indian equities with consumption sectors in the spotlight

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Indian investors enthusiastically returned to the market on Wednesday, with defensives such as fast-moving consumer goods (FMCG), automobile and some information technology names continuing to advance. Market experts are confident that themes such as consumption, banking, healthcare and automobile are poised to gain momentum in the days ahead.

While the focus on the existing reforms related to domestic manufacturing, infrastructure development, etc. are likely to continue, there could be an incremental shift of focus to support employment generation and domestic consumption, especially rural consumption, highlighted Milind Muchhala, executive director, Julius Baer India.

Market experts suggest that while a significant change in the Bharatiya Janata Party's (BJP's) governance agenda is unlikely, the pace of reforms might ease. Many anticipate the continued emphasis on manufacturing, particularly due to its role in job creation.

"Despite short-term volatility, in the medium to long term, Indian markets are on a structural growth path, and themes such as consumption, private sector banks, and healthcare are likely to do well, given their comparatively reasonable valuation," said Swarup Mohanty, vice chairman & CEO, Mirae Asset Investment Managers.

He believes that there has been consistent infrastructure development in India while the focus on manufacturing is also beginning to yield results. So, on the policy front, Mohanty expects continuity, which will keep India's position as one of the fastest growing economies intact.

On Wednesday, Nifty 50 ended 3.4% or 735.85 points higher at 22,620.35 points and the S&P BSE Sensex closed at 74,382.24 points, up 3.2% or 2,303.19 points. Bluechips such as HDFC Bank, ICICI Bank, Reliance Industries, M&M, Axis Bank, ITC and Infosys led today's upsurge. Meanwhile, all sectoral indices ended in the green today with automobile and fast-moving consumer goods stocks extending their gains from Tuesday. That said, "The outcome can probably put the government on some sort of a backfoot in terms of policy measures, with possible shifts in equations in political alliances," Muchhala of Julius Baer India said.

The BJP fell far below the majority mark of about 272, clinching 240 seats, a drop of 63 seats from its previous tally of 303 seats five years ago.

Investors are apprehensive of the new government's ability to enact tough reforms with coalition partners. While the expected NDA government formation aligns with market expectations, the BJP and NDA's seat tally differed significantly from the exit poll predictions and market anticipations, raising concerns among investors. Consequently, all major sectors, except FMCG, suffered significant losses on Tuesday, with public sector undertakings, energy, and metals taking the hardest hits.

Despite the widespread sell-off, certain FMCG and auto stocks remained resilient on Tuesday, suggesting investors are seeking refuge in defensive bets in a highly volatile market.India VIX index, also known as the fear gauge, dropped 29% on Wednesday.

In the short term, equity flows are expected to be volatile, with attention possibly shifting to large-cap and defensive sectors such as staples. However, flows are likely to stabilize with more clarity over the government's formation process and its agenda.

In the near term, the distribution of government portfolios, particularly among key NDA allies, will be crucial, pointed out market expert Ajay Bagga. He added that the Union Budget in July and bond inflow levels following the inclusion in the JPM Global Bond indices will also be closely monitored.

Meanwhile, Aashish P. Sommaiyaa, CEO of WhiteOak Capital Asset Management, believes that the narrative will now quickly move on to the budget related expectations and first 100 days plan of the the new government. "In the initial stages it will be investment and capex sectors but later one expects it to spill over to other sectors: top one likely to be banking," he said.

Meanwhile, a Citi Research report dated 4 June said, "Status quo in the June RBI MPC policy is an even more likely outcome now". Maintaining its broad macro forecasts, the brokerage stands by its initial rate cut prediction in October. However, it acknowledges the need for a more proactive approach towards fiscal policies.

Big gainers
Top 10 contributors to Nifty 50 from Tuesday to Wednesday

Name	Points	in %
Hindustan Unilever	50.02	7.77
Mahindra & Mahindra	23.24	3.61
Infosys	19.60	3.05
ITC	14.98	2.33
Hero MotoCorp	14.68	2.28
Nestle India	12.53	1.95
Tata Consumer Products	10.45	1.62
Tata Consultancy Services	10.02	1.56
Asian Paints	9.75	1.52
Britannia Industries	8.54	1.33

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Source: Bloomberg

Novelis postpones plan to raise up to $945 mn in US IPO

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The IPO would have been one of the biggest in US in 2024. AP

Aluminium producer Novelis Inc. has postponed a plan to raise as much as $945 million in an initial public offering that would have been one of the biggest listings in the US this year.

The unit of billionaire Kumar Mangalam Birla's Hindalco Industries Ltd will continue to evaluate the timing of the offering, it said in a statement. Novelis, based in Atlanta, didn't elaborate on the adverse market conditions that it said had led to the halting of the sale.

The metals company has been on a decade-long drive to boost production capacity and is the world's largest aluminium recycler, operating 14 scrap-processing plants across North America, Europe, Asia and South America. It's also the world's biggest maker of flat-rolled aluminium products ranging from cars to soda cans, and said in February it had filed confidentially for the listing with regulators.

The delay comes as the stock market has been roiled after the BJP lost its majority in Parliament

The delay comes as India's stock market has been roiled after Prime Minister Narendra Modi's ruling party lost its majority in parliament in a major upset, forcing him to rely on allies to form a government for the first time since he took power a decade ago. The Mumbai benchmark index dropped the most in more than four years on Tuesday.

Shares of Hindalco plunged as much as 6.5% in early Mumbai trading on Wednesday even as India's benchmark stock index rose. They slumped 6.7% on Tuesday amid the broad market selloff.

Novelis had planned to sell 45 million shares for $18 to $21 each, it said in a filing last week. Hindalco would have owned about 92.5% of the company after the IPO. At the top of the indicated range, Novelis would have a market value of about $12.6 billion, based on the outstanding shares listed in its filing with the US Securities and Exchange Commission.

The offering was being led by Morgan Stanley, Bank of America Corp., Citigroup Inc., Wells Fargo & Co., Deutsche Bank AG and the Bank of Montreal.

"The decision to delay the IPO is a bit disturbing given that Hindalco's management is usually very thoughtful," Kunal Kothari, an analyst who covers the parent company for Centrum Broking Ltd, said in a phone interview. "There could be a view at Hindalco that they think internal accruals could be enough for financing future projects and they don't need external sources of funds."

UAE gas terminal stake for India

Adnoc stake will mark India's first acquisition in an overseas LNG terminal and add to energy-security efforts

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With a growing presence in India's energy security architecture, Adnoc is the only company to commit to India's crude oil reserve programme. REUTERS

State-run Abu Dhabi National Oil Co. (Adnoc) has offered India a stake in its upcoming LNG liquefaction terminal at Ruwais in Abu Dhabi. In a related development, Indian Oil Corp. Ltd (IOC) plans to sign a long-term LNG deal to buy one million metric tonnes per annum (mmtpa) of clean fuel from Adnoc, said two people aware of the development.

If concluded, this would be India's first equity stake in an overseas LNG terminal, adding heft to energy-security efforts by the world's third-largest energy consumer.

The development comes amid a growing partnership between India and the UAE, an Opec member. Prime Minister Narendra Modi has visited the country seven times in nine years and UAE President Sheikh Mohamed bin Zayed Al Nahyan has visited India four times. India has also signed a free-trade agreement with the UAE.

"Conversations are on at the government-to-government level," said one of the two people cited above.

The LNG project at Al Ruwais Industrial City will have two 4.8-mmtpa LNG liquefaction trains with a total capacity of 9.6 mmtpa. This will double Adnoc's LNG production capacity to around 15 mmtpa.

Adnoc has already signed three LNG agreements from the project with Germany's SEFE Marketing & Trading Singapore Pte Ltd, EnBW Energie Baden-Württemberg AG (EnBW), and China's ENN Natural Gas. An Adnoc spokesperson wrote in an emailed response to *Mint's* queries, "We don't comment on market speculation," adding, "Adnoc's lower-carbon Ruwais LNG project continues to progress toward the final investment decision, expected this year."

India imports around 55% of its gas requirement to meet the growing demand from its fertiliser, power, and city gas distribution sectors. According to Petroleum Planning and Analysis Cell (PPAC), India's LNG imports increased 17.5% year-on-year by volume in FY24 to 23.5 mmtpa.

55% of India's gas requirement is imported

"Indian Oil Corp will also sign a long-term LNG deal to buy 1 mmtpa from Adnoc," said one of the people cited above. IOC had signed a deal with Adnoc for the supply of 1.2 mmtpa of LNG from 2026.

The proposed deal is part of India's efforts to fortify its imports of LNG.

IOC previously signed a long-term contract with France's TotalEnergies for 1 mmtpa of LNG for around 10 years, as *Mint* reported. Petronet LNG also extended its contract with QatarEnergy LNG in February by signing a long-term agreement for 7.5 mmtpa of LNG.

"This is about securing a toe-hold outside the country. It will help Indian state-run firms become world-class companies. Adnoc has been a good partner and has been offering India opportunities. The relationship between the two governments at the highest level has helped," said one person cited above.

With a growing presence in India's energy security architecture, Adnoc is the only company to commit to India's strategic crude oil reserve programme to date. In February 2018, an Indian consortium comprising ONGC Videsh, Indian Oil Corp and Bharat PetroResources Ltd was awarded a 10% participating interest in Abu Dhabi's offshore Lower Zakum Concession – a first for India.

Queries emailed to spokespersons for India's ministry of petroleum and natural gas and IOC did not elicit a response.

OTT platforms no longer keen on keeping their content exclusive

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Video streaming platforms are no longer insistent on keeping original content entirely exclusive and are syndicating it to rival players in some form or the other. While shows from Atrangii, an app owned by film, television and web content producer Vibhu Agarwal, are available on MX Player as well as Star Bharat, a TV channel, hoichoi shows are dubbed in Hindi for JioCinema. Earlier, ZEE5 and Ekta Kapoor-owned ALTBalaji, too, had announced a content alliance. Media and entertainment industry experts say the move is aimed at improving distribution, reach, and monetization at a time when paid subscriptions have plateaued for all platforms and advertising is yet to take off. However, content costs are escalating and services have to keep a regular flow going, which such partnerships help with.

"It takes time and investment to create new content and we're increasingly seeing that our Hindi dubbed business is big," Soumya Mukherjee, chief operating officer of Bengali streaming service hoichoi, said. While the platform's original Bengali programming remains its bread and butter, Mukherjee said it is a good idea to explore dubbed versions of this content on other services that give consumers easy access to the company's huge library.

Industry experts say the move is aimed at improving distribution, reach, and monetization

Sharing their originals with other OTT platforms helps the original IP (intellectual property) provider to ensure his content reaches a larger audience, agreed Rajat Agrawal, director of Ultra Media & Entertainment Group that operates Marathi language OTT platform Ultra Jhakaas. "This not only helps in garnering new and more eyeballs for their content but also ensures that the brand equity of original content is enhanced. It helps the original owner to measure the success of their content and plan strategies for the future," he said.

Syndication is the future for all OTTs, both national and regional because national players watch out for good regional content which they can get from local OTTs, said Sandeep Bansal, managing director, Chaupal OTT, a platform specializing in Punjabi, Haryanvi and Bhojpuri content. Amazon Prime Video has added Chaupal to Prime Video Channels, its content aggregator offering. "The benefits are that the reach of the brand increases and you get more revenue, and the challenges are that you need smarter and good content to satisfy that particular audience," he said.

Without doubt, while bigger streaming players will fight to keep their content exclusive, a lot of smaller entities will need to look at these new means of monetization, Mehul Gupta, co-founder and CEO of independent digital agency SoCheers, said.

Read an extended version of this story at livemint.com.

Maruti Suzuki to consolidate small car portfolio

FROM PAGE 1

In 2023, Maruti Suzuki's parent Suzuki Motor Company said it would bring in 10 new models for India between FY25 and FY31. Four of these will be battery EVs, a segment in which Maruti has no car at present.

At the same time, the people cited above said that Maruti Suzuki's internal studies project hatchback volumes for the industry to stabilize close to 1.5 million units and account for a quarter of all passenger vehicle sales in 2030.

This would happen as affordability of the segment grows with rising incomes, and the impact of regulatory cost increases remains relatively limited. This also means that its portfolio of hatchbacks will likely require a different set of models to appeal to new buyers.

This is prompting a rethink on some models, which might likely be replaced with micro-SUV styled products to rival Tata Punch and Hyundai Exter, one of the persons cited above said. Some entry-hatch models could even be replaced with a new hatch brand to appeal to first-time buyers upgrading from two-wheelers, the person added.

In FY25 so far, hatchbacks, including premium models such as Baleno and Swift, accounted for 51% of Maruti Suzuki's total domestic sales, compared to more than 60% over the same period last year, indicating that the share of hatchbacks in Maruti Suzuki's total sales has been giving way to SUVs.


The sales of entry and mid-sized hatchbacks fell to 785,923 units in FY24. MINT

"It is possible Maruti Suzuki will have a different vehicle to address upgraders in the market. Some models going forward may have to be relooked and replaced with fewer models, but those which can serve different types of consumers. The company will need many products to address all buyers, as the volumes in the hatch segment continue to be extremely high for Maruti Suzuki," one of the people cited above said. "It is unlikely, though, that the Alto brand will be let go, given it has sold close to 20 million units globally."

By the end of the decade, Maruti will instead strengthen its presence in segments like SUVs, EVs & hybrids

In the overall market, sales of entry and mid-sized hatchbacks dropped substantially from 952,817 units in FY23 to 785,923 units in FY24, according to data from JATO Dynamics. The drop can be attributed to significant declines in sales of Maruti Suzuki's Alto 800 variant, and the absence of sales in Hyundai Santro and Datsun Go, Ravi Bhatia, president, JATO Dynamics said.

Regulatory delays, testing may hold up satcom launch

Industry stakeholders say the launch could even be stalled till the end of next year.

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ISTOCKPHOTO


Companies maintain that the only hurdle for satcom services in India is regulatory.

Satellite communications, or satcom-based internet connectivity, may come to you later than expected.

Industry stakeholders and close watchers said while satcom service providers are ready to launch their own services in India, multiple regulatory roadblocks and subsequent testing are almost certain to delay the launch of satellite internet beyond the end of this year—and could even stall its rollout until the end of next year.

Satcom services in the mainstream fold entail satellite operators that have launched and deployed satellite constellations in low-earth orbit (LEO). These satellites subsequently work in a relay formation to ensure that they cover the entire planet with their bandwidth. As a result, satcom internet services have been pegged as one that can work even in extreme terrain—such as in flights, maritime activities and in extremely dense forests or in high mountains.

To deploy this, in December last year, erstwhile Union telecommunications minister Ashwini Vaishnaw tabled the Telecommunications Bill, 2023, which passed the Parliament and became an Act. The Act gave way for satcom services to start operating in India, with the government choosing administrative spectrum allocation for satellite services as well as for instances where the spectrum used for satellite broadband relay is shared across various services.

However, the erstwhile government failed to notify rules under the Act prior to the seven-phase elections that began on 19 April—leaving the allocation process in limbo.

"The Telecom Regulatory Authority of India (Trai) is now working towards floating a consultation process for the draft rules that will define how spectrum allocation would work under the Centre. Once this consultation is closed, a set of draft rules will be presented for a final set of consultation—following which the final rules will then be notified. It is only after all this that spectrum allocation can take place from the Centre, following which the satcom operators will also undertake their own testing before the service is launched. Overall, this is unlikely to take anything below six months, even if a streamlined process is followed," said Anil Prakash, director-general of industry body, Satcom Industry Association of India (SIA).

WEAK SIGNAL

TRAI is working towards floating a consultation process for the spectrum-allocation draft rules	**ONCE** consultation is closed, a set of draft rules will be presented for a final set of consultation	**SPECTRUM** allocation can take place only after the final rules are notified	**AFTER** that satcom operators will undertake their own testing before the service is launched

Prakash's assessment vindicates *Mint*'s report of 6 May, which cited a senior government official saying that the department of telecommunications (DoT), under which Trai operates, is likely to take at least six months until commencing the notification process of all the rules within the Telecommunications Act, 2023.

All of this means that satcom internet services, both for consumers and enterprises, are unlikely to commence within this year itself.

A second concern has been a potential lack of enterprise interest in the technology. A senior executive in the IT services industry, who requested anonymity, said demand for satcom-driven analytics, connectivity and backhaul services have "declined or at least remained flat in the past 18 months". "The impact of the global macroeconomic environment, coupled with the uncertainty of elections in major economies globally including India, have led to enterprises across industries stalling worldwide tech spending en masse. While the IT services industry is the biggest affected entity due to this, satcom services could also face an early impact right at its onset in India due to its high cost at the moment—which is off-putting in a weak macroeconomic environment," the executive added.

Companies, however, maintain that the only hurdle for satcom services in India is regulatory. A senior telecom industry executive said the likes of Bharti Airtel and the UK-based OneWeb, as well as Reliance Jio and Luxembourg-based SES, are ready with their licences and technology. "The only thing that remains is a regulatory go-ahead and the allocation of the spectrum—the operators are ready to fire," the executive added.

Questions sent to Reliance Jio did not receive responses. Bharti Airtel did not respond to a request for a comment, and a Starlink representative was unavailable until press time.


Neetu Kashiramka took over as VIP CEO role last August.

Nisaba resigns from the board of VIP Industries

FROM PAGE 1

Industries was the country's largest luggage maker. But last year, the world's largest luggage maker, Samsonite overtook it in India. In calendar year 2023, Samsonite's revenue in India of $273.7 million was higher than VIP Industries' $263 million, per Samsonite's global annual filings.

VIP Industries has faced the double-whammy of competition from cheaper Chinese manufacturers and its own inability to garner a larger share of the premium market.

Moreover, the company has also seen a slew of top-level exits. In fact, in August 2023, Anindya Dutta resigned as managing director of the company after assuming the role in February 2021. In January 2021, Sudip Ghose had resigned as the company's managing director with effect from 31 January 2021. Ghose took over as MD in April 2018.

To revive its fortunes, the company entrusted Neetu Kashiramka with the CEO role last August. Kashiramka, who joined the company as the chief financial officer in April 2020, and Radhika, promised that the company would do better in the current year, as they outlined a four-pronged approach. Under this strategy, VIP Industries plans to expand its product range, scale up its presence in the premiumization space, build a stable leadership team, and improve profitability.

"I would like to reassure all our investors that in the quarter gone by, there have been many changes and many inputs. A lot of good work has happened in many different departments and in the company, and it will start to show in the current quarter that is Q4 and then further in Q1 as our MD gets more time to make decisions and then implement those decisions," Radhika said in a post-earnings analyst call on 31 January. "I am extremely confident that there will be much better performance in the calendar year 2024."

VIP's revenue rose 7.5% in FY24 to ₹2,256.7 crore, compared to a 58% jump in the year ended March 2023.

Profit slumped 64.3% in the same period, from ₹152.34 crore to ₹54.30 crore. This was primarily because it sold fewer bags than what it manufactured and last year saw the company deducting costs on bags made in the year ended March 2023.

VIP's shares closed 7.7% higher at ₹491 on Wednesday.

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Coalition hurdle awaits disinvestments

FROM PAGE 1

For instance, the Kerala State Industries Development Corp. submitted a bid for HLL Lifecare Ltd located in the state, which the Centre rejected in 2022. In 2020, the Chhattisgarh assembly adopted a resolution to buy NMDC's Nagarnar Steel Plant if it was divested.

According to a second official, since the PSUs are located in states, the Centre needs states' cooperation to provide approvals, and maintain and hand over the assets.

Besides IDBI Bank, where the government and LIC are jointly selling nearly 61% stake, divestment of NMDC's steel plant in Nagarnar in Chhattisgarh; SAIL's Salem steel plant; Indian Medicines Pharmaceuticals Corp. Ltd; Ferro Scrap Nigam Ltd; HLL Lifecare Ltd and Project & Development India Ltd are in various stages. The Union cabinet has approved the sale of Container Corp. of India Ltd, but the process is yet to begin. The Centre also plans to list NTPC Green Energy Ltd, and has begun the process to list Indian Renewable Energy Development Agency Ltd.


Strategic sales already in advanced stages may take off in the second half of 2024-25. MINT

Suresh Ganapathy, managing director and head of financial services research at Macquarie Capital said in a client note that the merger of public sector banks and disinvestment plans would take a back seat. "Yes, they (would). Look, any unpopular move will be avoided clearly for the near term due to reduced mandate," he wrote the note to clients. The Union budget in July would be "more populist", and the narrative would shift towards welfarist schemes, Ganapathy said, adding the dividend bounty from the central bank that could have gone into capex would now move towards consumption schemes.

Some of the state govt entities have submitted bids for some of the PSUs knowing well that the rules do not permit it

Tuesday's election results were a rude surprise for the stock markets, which had built up hopes of a thumping win for the Bharatiya Janata Party. While the National Democratic Alliance crossed the half-way mark, the numbers fell far short of Prime Minister Narendra Modi's call for 400-plus seats and pollsters' predictions of above 350.

Jeremy Zook, director and primary sovereign analyst for India at Fitch Ratings said a weakened majority could pose challenges for more ambitious reforms. "As the BJP fell short of an outright majority and will need to rely more heavily on its coalition partners, passing contentious reforms could prove more difficult, particularly around land and labour, which have recently been flagged as priorities by the BJP to boost India's manufacturing competitiveness," he said in a note.

According to Bank of Baroda's chief economist Madan Sabnavis, though, divestments may not be as hard as feared. "In my opinion, the fact that there are coalition partners may not be a significant challenge when going ahead with disinvestment, as they have a record of being pro-reforms," he said. However, he noted that disinvestments will get more challenging, as the low-hanging fruits have been already sold, and any further programme will have to weigh the pros and cons involved as some large PSUs serve a larger purpose for society as a whole, like oil marketing companies that control fuel prices.

NDA chooses Modi as leader, swearing-in likely on Saturday

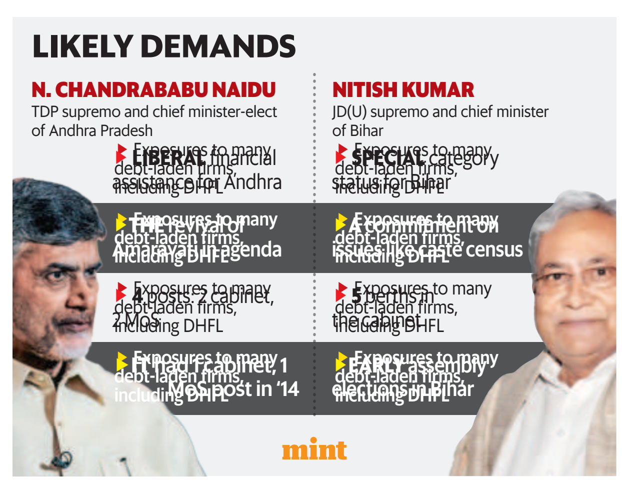
FROM PAGE 1

cabinet formation, no negotiations. Nitish Kumar said since the election was long and spread over seven phases, the process of government formation should be expedited," said the member privy to the details.

Naidu, who will be sworn-in as chief minister of Andhra Pradesh following a spectacular comeback in the state, hailed the PM's "leadership". "He said the NDA members contested under his leadership and the winning the election third time in a row is not an ordinary event...he said the swearing-in ceremony should be a grand affair," the person quoted above said.

A second person said no decision has been taken about the appointment of the NDA convenor and whether there will be a common minimum agenda for the coalition.

"For now, there is a broad understanding that there should be a mechanism in place for members to discuss contentious issues. "There are some issues on the BJP's agenda that some members may disagree with that will need wider discussions and such issues should not be discussed in the public eye, but an effort an effort should be made to reach a consensus," said the second person.



The contentious issues being referred to are the implementation of the uniform civil code that the BJP and its ideological mentor, the Rashtriya Swayamsevak Sangh support. In his response to the law commission in 2017, Kumar had said, the UCC, which proposes a common set of law for all communities and faiths must be seen as a measure of reform for people's welfare, not as a "political instrument".

The meeting was attended by Chandrababu Naidu, TDP; Nitish Kumar, Rajiv Ranjan Singh and Sanjay Jha of the JDU; Eknath Shinde, SHS; HD. Kumaraswamy, JD (S); Chirag Paswan, LJP(RV); Jitan Ram Manjhi, HAM; Pawan Kalyan, JSP; Sunil Tatkare and Praful Patel, NCP; Anupriya Patel, Apna Dal(S); Jayant Chaudhary, RLD; Pramod Boro, UPPL; Atul Bora, AGP; Indra Hang Subba, SKM; Sudesh Mahto, AJSU.

100-day agenda not just a BJP show, NDA partners want tweaks

FROM PAGE 1

Therefore, any 100-day agenda must align with our manifesto," said Jyothsna Tirunagari, national spokesperson for the TDP.

"We will review the growth-oriented 100-day agenda of the new government, not to stall the exercise, but to further strengthen it to bring growth with equity," another NDA leader said on the condition of anonymity.

A common minimum programme (CMP) could be one of the demands by Nitish Kumar's JD(U), *News18* reported on Wednesday. The CMP would decide the governance roadmap, and accommodate the demands of some of the NDA-ruled states such as special financial packages, grant of special status and government representation.

Sachchidanand Shukla, group chief economist at Larsen & Toubro Ltd said, "India should be able to deliver a growth rate of about 7% sustainably. There could be some course correction on policies to accommodate the views of alliance partners, but I believe the new government will continue with its investment-led growth agenda. The priorities can get slightly adjusted but will political expediency trump economic logic? I do not think so. The broader economic trajectory remains the same. Some modifications, yes, but no U-turn is likely to happen."

Experts believe the government's revenue spending may receive a boost because of the changed political reality. Emkay Global Financial Services Ltd said in an analysis on Tuesday that an altered power equation and possible political compulsions could lead to a policy rethink, though no material change in the broad macro backdrop is expected. There may be some skew in the spending mix in favour of revenue expenditure over capital expenditure compared to the FY25 interim budget, the analysis said. It also said there is no merit in the government cutting its FY25 fiscal target using the RBI fiscal bonanza and that the election result increased the probability of it being spent instead, implying fiscal deficit could stay at 5.1% in line with interim budget projections.


A common minimum programme (CMP) could be one of the demands by Nitish Kumar's JD(U). PTI

Political observers, however, do not read too much into the 100-day programme. "Today is a new day. We don't know how power will be shared. We can't predict the policy plans of the new government yet," said Manisha Priyam, a political analyst. According to her, the 100-day plan was nothing but a political statement by a cabinet at the end of its term, many of whose members have lost their seats.

The CMP will decide the governance roadmap and accommodate the NDA-ruled states' demands

One of the highlights of the 100-day agenda in its current form is to strengthen 'Make in India' efforts in key infrastructure sectors. The agenda had proposed a slew of production-linked incentive (PLI) schemes specifically tailored for manufacturing import substitution products, and components and large-scale manufacturing of high-end trains and metros, ships and a locally built passenger aircraft. Changes in the legal framework of BIS Act and Consumer Protection Act to strengthen market surveillance for certain products and measures to redress consumer grievances before they reach courts are also expected to be included in the agenda.

A pet project of Prime Minister Narendra Modi to provide health security to the elderly was also part of the 100-day agenda. Modi had earlier promised that the scope of Ayushman Bharat Health would be expanded to everyone above 75. The agenda also entails a Viksit Bharat Vision 2047 blueprint that would provide direction to reforms in various sectors to transform India into a developed economy by 2047.

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Priyanka Sharma, Puja Das and Rhik Kundu in New Delhi contributed to the story.

Air India blames tech flaws for flight fiasco

The carrier received a show-cause notice from the DGCA last month

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Air India CEO and MD Campbell Wilson. MINT

Following long delays, cancellations and technical glitches involving several Air India flights in the past week, chief executive officer (CEO) and managing director (MD) Campbell Wilson said the airline could have better handled this 'unusual combination of events".

On 31 May, the Directorate General of Civil Aviation (DGCA) issued a show-cause notice to Air India for inordinate delays of at least two international flights—AI 183 from Delhi to San Francisco on 30 May and AI 179 from Mumbai to San Francisco on 24 May—and its failure to take care of passengers. Then on 2 June, an Air India flight from Delhi to Vancouver took off after a nearly 22-hour delay. More than 50 passengers of this flight protested against the airline inside the terminal.

In the case of the Delhi-San Francisco flight, Wilson said an auxiliary unit that was meant to power the plane's air-conditioning had stopped working. The alternative, a jet starter unit, was unable to generate enough power to start the aircraft's engines. This was partly due to the extreme heat in Delhi, where temperatures have approached 50 degrees Celsius this summer.

A few hours later, the aircraft returned to the bay for some angry passengers to deplane. When it started to taxi again, the replacement jet starter unit also proved ineffective, forcing the plane to return once again and offload more passengers.

Wilson told *Mint* on the sidelines of the 80th annual general meeting of the International Air Transport Association, "...by the time you get to San Francisco, they're not going to be on duty, so you won't be able to offload the passengers. Then, you have to cancel the flight. There are a lot of circumstances that lead to this – technical issues with the aircraft, technical issues with the ground handling units that are supplied by third parties, the capability of the air conditioning at the airport, the temperature in Delhi, and the wish of some people not to travel."

"Our people need to be able to handle that better. So, whether it's better compensation or better communication, there are things that we can learn to do better. But, it is an extremely unusual situation," he added.

In the case of the delayed Delhi-Vancouver flight, Wilson blamed state-run Air India Engineering Services Ltd (AIESL) for delivering an unfit aircraft. The airline was forced to cancel the flight after an inspection revealed that the plane lacked a nozzle, essential for filling drinking water.

"I guess we have a concern that there's not the kind of performance, discipline and focus on quality that there should be. This is the evidence of it. Whether or not third parties are letting us down, whether we're letting ourselves down, ultimately it's the customer that has to experience it," he added.

The Tata Group acquired Air India under a government-led divestment exercise in January 2022.

The airline unveiled a five-year transformation plan called Vihaan in September 2022. Over the next 18 months, Air India hopes to kickstart its in-house line-maintenance and set up base maintenance facilities for narrow-body and wide-body aircraft in Bengaluru, in partnership with Singapore Airlines Engineering Company Ltd.

FLIGHT UPHEAVAL

THE 2 June flight delay led to a protest by over 50 passengers inside the terminal

WILSON blamed state-run Air India Engineering Services Ltd for delivering an unfit aircraft

THE flight was cancelled after an inspection revealed that the plane lacked a nozzle

Akasa Air cautions about high airfares

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Akasa Air founder and chief executive officer Vinay Dube PTI

India's youngest airline Akasa Air is concerned about some markets such as Dubai where the bilateral rights, which fix the number of seats or flights that can be operated between two countries, are exhausted, and plans to urge the government for expansion of such rights, its top executive said.

"I think our government is smart enough to figure out what needs to be done to protect India's future in a manner that does not necessarily saddles Indians today with unusually high fares. For example, if we don't open up Dubai for the next 10 years, because we think we are flowing a lot of international traffic via Dubai, I can assure you that airfares to Dubai can reach to ridiculous levels. I think the government knows that, I think they will find a way to navigate," Akasa Air founder and chief executive officer Vinay Dube said.

The bilateral rights on India-Dubai route were last amended in 2015, when both governments agreed to allow a maximum of 65,000 seats in each direction per week by the airlines. A bilateral air service agreement mandates a limit on the number of seats or flights that airlines can allocate between two countries. India currently has bilateral air service agreements with 116 countries.

The airline, which commenced operations in India in August 2022, recently ventured into the overseas segment

The airline, which commenced operations in India in August 2022, recently ventured into the overseas segment. In March this year, it launched international operations with its maiden overseas destination as Doha. From July, Akasa will add Jeddah as its second international destination.

"We will continue to petition to increase bilaterals but in the mean time, we will focus on the ones that have the bilaterals available. We have already got bilaterals for Kuwait, Abu Dhabi allotted for us. There are bilaterals available for Sri Lanka, Nepal, Bangladesh, Indonesia, etc," he said.

Dube reiterated that the airline's sole focus is on following the money trail of profitability and it does not have an emotion or target associated with its network. He was speaking at a roundtable discussion on the sidelines of CAPA India Aviation Summit 2024 in New Delhi. Dubai-based Emirates has also voiced concerns over restricted seats on flights on India-Dubai sector, one of the busiest routes for the airline.

Currently, carriers on both sides are operating at full permissible capacity or 65,000 weekly seats. Hence, new carriers such as Akasa Air are unable to get slots for Dubai.

With the new BJP-led NDA government expected to be formed shortly with the help of the Telugu Desam Party (TDP), there are renewed hopes among stakeholders about an assessment on increase in bilateral rights for some markets such as Dubai. It is understood that the TDP, a member of the NDA during 2014-19, was one of the political voices in support of the bilateral expansion in 2015.

Kotak bank can sell stake in insurance arm

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The lender can sell a 70% stake in its general insurance arm to Zurich Insurance Company. MINT

Kotak Mahindra Bank on Wednesday said it has received the Reserve Bank of India approval to sell a 70% stake in its general insurance arm to Zurich Insurance Company.

In November last year, Zurich Insurance Company announced plans to acquire a 51% stake in Kotak Mahindra General through a combination of capital infusion and share purchase, followed by a subsequent acquisition of an additional stake of 19% within three years from the initial acquisition for ₹5,560 crore.

"...the Reserve Bank of India has, vide its letter dated 4 June 2024...conveyed its approval for the transaction. All regulatory approvals required for the transaction have now been received...," Kotak Mahindra Bank said in a regulatory filing.

Shares of Kotak Mahindra Bank closed at ₹1,718.75 apiece, up 4.89% over the previous close on the BSE.

Kotak Mahindra General Insurance is a 100% subsidiary of Kotak Mahindra Bank.

As per the current regulatory guidelines, a foreign entity can own up to 74% in an insurance venture in India.

Earlier this month, the Competition Commission of India (CCI) approved the acquisition of a 70% stake by Zurich Insurance Company Ltd in the insurance company.

The acquirer is a wholly-owned subsidiary of Zurich Insurance Group Ltd (Zurich Insurance Group).

It is a leading multi-line insurer serving people and businesses in more than 200 countries and territories.

The case against Elon Musk's $46 billion pay deal at Tesla

The company's board is asking shareholders to approve a substantial dilution of their stakes for no good reason

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If this column had a vote, which it doesn't, it would cast it against Elon Musk's gargantuan pay deal at Tesla's coming annual general meeting.

Worth $46 billion at the latest share price, the chief executive's contested 2018 packet is disproportionate in every way. It is almost 300 times as much as what America's best-paid CEO for 2023 earned ($162 million). It is also more than twice the annual free cash flows Tesla has generated in its entire existence, including expectations for this year ($22.5 billion).

And, crucially for shareholders, who would pay for it through the dilution of their holdings, it is about 8% of the company's market value ($557 billion).

Why would they vote for such an outcome?

One argument is that Musk did a fantastic job and deserves to be compensated for it. As the biggest beneficiary of Tesla's meteoric stock-market rise in 2020 and 2021, though, he was—so fantastically that he became the world's richest man for a while. The roughly 505 million shares he already owned at the end of 2017, before the stock-option plan now in question was on the table, increased in value by $171 billion by the time he started selling some in April 2022 to pay for Twitter, since rebranded as X.


The Tesla chief's pay package is almost 300 times as much as what America's best-paid CEO for 2023 earned. AP

A more reasonable point is that the 2018 plan was dependent on Musk hitting market-value milestones that seemed fanciful at the time; denying it after the fact because the crazy bet paid off reflects hindsight bias. This explains why some longtime Tesla shareholders such as Scottish fund manager Baillie Gifford, which voted for the deal back in 2018, have said they will support it again. Agreeing to something you don't think will happen and then changing your position when it does isn't a good look.

THE WALL STREET JOURNAL.

But getting caught up in the convoluted backstory also seems like a trap. Not every shareholder was around in 2018. Since Tesla, responding to a successful legal challenge against the original deal, has asked investors to vote on it again with the benefit of hindsight, it would be insane not to use that hindsight.

Finally, there is the question of keeping Musk motivated. The mercurial CEO tweeted in January that he felt "uncomfortable" growing Tesla "to be a leader in AI & robotics" with less than 25% of the voting rights and threatened to "build products" outside of Tesla. He recently raised $6 billion for his generative AI startup, xAI, at a $24 billion valuation.

However, the threats ring somewhat hollow given that Musk still owns $72 billion worth of Tesla shares. That is a large proportion of his net wealth, even if his stake in SpaceX may now be comparable following the recent decline in Tesla's stock. Also, Tesla has already invested massively in AI and generates huge amounts of visual data for AI training. Musk couldn't easily jump ship.

The coming vote is hardly the final word in the matter of the CEO's pay. It is no more than a tactic Tesla is using to challenge the Delaware court ruling that in January voided the 2018 compensation plan. The legal games will continue whatever the outcome.

Take another step back and the spectacle of Tesla's board, led by Chairwoman Robyn Denholm, trying to whip up support for Musk's pay only highlights the corporate-governance problem that led to the deal's dismissal in court: the domination of Tesla's board by the CEO it is supposed to oversee. Put another way, Musk runs Tesla like a family business.

This isn't always a bad thing: Family businesses have impressive stock-market records in developed markets, precisely because they have strong leaders with "skin in the game" like Musk. But corporate governance does exist for a reason, which is to protect minority shareholders from being exploited by powerful insiders. This seems like a case in point: Musk seemingly wants to take money from Tesla's minorities to fund projects such as X and xAI.

With Tesla's board under Musk's thumb, shareholders have nobody to look after their interests but themselves.

New Texas stock exchange takes aim at New York's dominance

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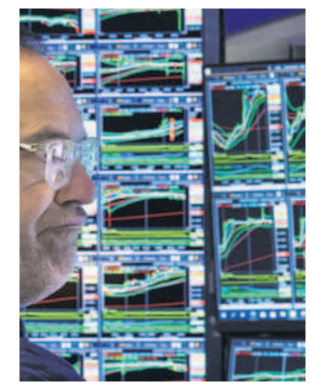
A group backed by Wall Street heavyweights BlackRock and Citadel Securities is planning to start a new national stock exchange in Texas, aiming to take on what they see as onerous regulation at the New York Stock Exchange and Nasdaq.


Texas Stock Exchange raised $120 mn from individuals and large investment firms. REUTERS

The Texas Stock Exchange, which has raised approximately $120 million from individuals and large investment firms, plans to file registration documents with the Securities and Exchange Commission later this year, CEO James Lee told *The Wall Street Journal*. The goal is to begin facilitating trades in 2025 and host its first listing in 2026.

The exchange is aiming to tap in to disaffection with increasing compliance costs at Nasdaq and NYSE and newer rules like one setting targets for board diversity at Nasdaq. Backers of the TXSE, as it is known, pledge it will be more CEO-friendly.

THE WALL STREET JOURNAL.

Also behind the move is a shifting U.S. corporate landscape, with dozens of companies moving to states with more favorable regulatory and taxation policies. Texas is now home to more Fortune 500 companies, including Exxon Mobil, AT&T and American Airlines, than any other state. Goldman Sachs broke ground last year on a Dallas campus that it said could house more than 5,000 employees.

"Dallas has become one of, if not the most, dominant financial centers in the country, if not the world," Lee said.

For months, talk has been swirling in trading communities about an upstart, "anti-woke" exchange launching in Texas. Lee says the exchange is apolitical.

TXSE plans to compete for primary and dual listings, hopes to attract listings of exchange-traded products

TXSE will be entirely electronic, but it plans to have a physical presence in downtown Dallas, said Lee, a Texan who has worked in finance and trading for around three decades. The exchange plans to compete for primary and dual listings. The TXSE also hopes to attract listings of exchange-traded products.

Getting the new exchange off the ground would be no mean feat. NYSE and Nasdaq have an effective duopoly in U.S. corporate stock listings. Other exchanges, including IEX and Cboe Global Markets, have tried to break into the stock-listings business but they have gained little traction.

The Long-Term Stock Exchange, which was approved by the SEC in 2019, has two listings.

Decades ago, there were dozens of regional stock exchanges outside of New York, but they either shut down or were acquired by larger players. The Boston Stock Exchange, the Chicago Stock Exchange and the Philadelphia Stock Exchange are among those that were folded into the parent companies of the NYSE and Nasdaq in the last 20 years.

Attracting trading volumes to a new exchange is also challenging. Traders often direct orders to exchanges that have the greatest volumes. TXSE hopes its backers will help.

Citadel Securities is one of the world's biggest electronic-trading firms, and BlackRock is the world's largest asset-management firm. BlackRock and Citadel Securities have a history of backing upstart exchanges, including MEMX, which handles between 2% and 3% of the stock market's volume, according to Cboe data.

Upstarts also benefit from SEC rules that effectively force large brokers to link to every exchange—even ones that have small market share—and pay for connections and market data.

This isn't the first attempt to bring more financial business to the Lone Star State. Texas Gov. Greg Abbott, a Republican, met with exchange officials in 2020 to pitch a move by their electronic-trading centers to the state from New Jersey, which at the time was considering a tax on financial transactions. The move never materialized.

The newly formed Texas Business Courts, established as an alternative to the Delaware Court of Chancery system, is another sign of the state's growing stature, Lee said.

The courts are center stage right now as Elon Musk's Tesla holds a shareholder vote on whether to move its incorporation to Texas from Delaware.

"Never incorporate your company in the state of Delaware," Musk tweeted after the Delaware Court of Chancery struck down his multibillion-dollar pay package earlier this year.

Alexander Osipovich contributed to this article.

Climate risks: Fines for euro zone banks

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The European Central Bank confirmed that it's preparing to fine a number of lenders after they failed to make adequate progress in addressing risks posed to their business by climate change.


The European Central Bank said a few lenders have not met interim milestones. BLOOMBERG

"We have notified a few banks that, based on our current assessment, they have not met the interim milestones, which means they face the prospect of having to pay a so-called pecuniary penalty," Kerstin af Jochnick, a member of the ECB's Supervisory Board said.

The comments follow a report by *Bloomberg* last week, which stated that as many as four banks face fines after not meeting deadlines set by the ECB for assessing their exposure to climate risks. Though likely to be largely symbolic in size, the fines represent an historic step and distinguish the ECB from the US Federal Reserve in its approach to addressing climate change.

The fines distinguish the ECB from the US Federal Reserve in its approach to addressing climate change

Jochnick said the process has yet to be concluded, according to a transcript of the interview with Cinco Dias published on the ECB's website.

"Supervisors will need to assess the documents that banks submit and the total number of days that they might have failed to comply past the deadlines we gave them," she said. "This will form the basis for any potential penalty, which would need to be decided upon by the Supervisory Board."

US trade watchdog says Meta withheld info on WhatsApp, Instagram deals

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Meta Platforms Inc. withheld information from federal regulators during their original reviews of the Instagram and WhatsApp acquisitions, the US Federal Trade Commission said in a court filing as part of a lawsuit seeking to break up the social networking giant.

Meta bought Instagram in 2012 and WhatsApp in 2014. AP

The company formerly known as Facebook bought photo-sharing app Instagram in 2012 and the messaging app WhatsApp in 2014. Both transactions were scrutinized by the FTC at the time before they closed—Instagram as part of an in-depth review and WhatsApp with a simple 30-day one.

In the years since, the agency has faced significant criticism for allowing the deals to move forward. In 2020, the antitrust agency sued Meta alleging that it monopolized the personal social networking market by buying up emerging rivals. Meta is seeking to have the case thrown out before a trial, arguing that it has invested billions in the apps and that the FTC shouldn't be able to renege on its prior approval of the mergers.

In its filing Tuesday, however, the FTC said the case involves "information Meta had in its files and did not provide" during the original reviews.

"At Meta's request the FTC undertook only a limited review" of the deals, the agency said. "The FTC now has available vastly more evidence, including pre-acquisition documents Meta did not provide in 2012 and 2014."

Meta says it has invested billions in the apps and the FTC shouldn't be able to renege on its prior nod to the mergers

A Meta spokesperson said the FTC has failed to provide evidence to support its claims.

"The evidence instead shows that Meta faces fierce competition and that Meta's significant investment of time and resources in Instagram and WhatsApp has benefited consumers by making the apps into the services millions of users enjoy today for free," spokesperson Chris Sgro said in a statement. "The FTC has done nothing to build its case over the past four years, while Meta has invested billions to build quality products."

Instagram's popularity has been key to Meta's continued success. Instagram produced $16.5 billion in the first six months of 2022, bringing in almost 30% of the company's overall revenue, according to court filings in the case. Meta doesn't break out Instagram revenue during its quarterly earnings reports.

Tuesday's court filing isn't the first allegation that Meta failed to turn over information that might have impacted the initial merger reviews. In 2017, European antitrust regulators fined Meta 110 million euros ($122.1 million) for providing misleading information about the WhatsApp deal.

Meta has also degraded its platform for users most reliant on their apps, significantly increasing the ad load on first Instagram and then its flagship product Facebook, the agency said in the filing. It also "chronically deprived Instagram of resources to innovate and improve features," the FTC said.

US district judge James Boasberg in Washington, who is overseeing the lawsuit, hasn't indicated when he may rule on Meta's request nor has he set a trial date for the case.

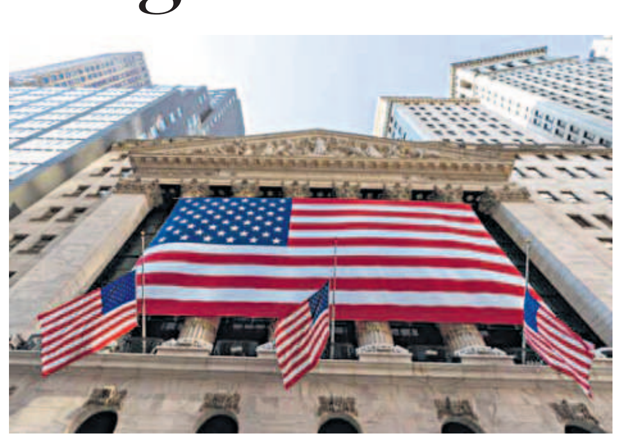
Is America's economy heading for a consumer crunch?

The Economist

Nothing has been able to stop American consumers. At first they splashed covid-19 savings on home-exercise bicycles; now they are more likely to plump for beachside holidays. Predictions, made by bank bosses last summer, that households would be squeezed by inflation have been confounded. Instead, their outlays have powered American GDP ever higher, at a pace beyond the country's G7 peers.

But are the predictions at last coming true? Monthly consumer-spending growth fell from 0.7% in March to just 0.2% in April. Overall spending shrank in real terms. Retail sales have weakened, with brands from McDonald's, a burger purveyor, to 3M, a maker of sticky tape, warning that customers are closing their wallets. The recent spending data, released on May 31st, helped wipe almost a percentage point off the prediction of annual gdp growth from the Atlanta branch of the Federal Reserve, cutting its "nowcast" for the second quarter of the year to 1.8%.

Nowhere is the pain clearer than in credit-card data. According to the San Francisco Fed, households burned through the last of their $2.1trn of pandemic-era excess savings in March. The drawdown has pushed more and more to rely on credit cards to meet their outgoings, and some are now struggling to repay debts. Paul Siegfried of Transunion, a credit bureau, estimates that since April last year, 440,000 credit-card holders have been downgraded to subprime status. Accounts are becoming delinquent at a pace last seen in 2011. People who have taken out loans to buy cars are falling behind on repayments almost as fast, causing some to sell their vehicles. According to Kelley Blue Book, a sales platform, used-car listings were up 6% in May from a year earlier.


Overall spending shrank in real terms, and retail sales weakened. AP

Florida is at the heart of the trouble. The state is home to lots of low-income workers and has the highest delinquency rates of a sample analysed by the New York Fed. Esther Lopez has worked at ACE Cash Express, a pay-day lender in Little Havana, Miami, for 15 years. She says that her store is handing out fewer loans than before covid—but only because so many competing lenders have recently opened, in anticipation of a rise in demand. The city's residents will take longer than those anywhere else in the country to repay their credit-card debt, reckons WalletHub, a personal-finance firm. Aptly, Miami's baseball stadium is named loanDepot Park.

Some remain bullish about the country as a whole, however. Eric Wallerstein of Yardeni Research, a consultancy, views rising delinquency rates as a return to normality, rather than as an harbinger of worse to come. True, higher interest rates mean poor creditors are more likely to fall behind on repayments. And at 5.25-5.5% the Fed's benchmark rate is over double what it was in 2019. Yet delinquency rates are much lower than they were in 2007—the last time interest rates were this high—and indeed at any time from 1991 to 2011. Banks are relaxed about the current level of stress and are raising credit limits faster than customers can use up their balances.

Plenty of Americans remain supremely comfortable. Big spenders on large incomes—the sort more commonly found in Miami's South Beach than in Little Havana—have little problem repaying credit-card debts. Despite the rise in interest rates, overall debt-servicing costs on homes remain low, since many mortgage-holders are on long-term fixes. All told, one-third of mortgage debt was refinanced in 2020-21, as borrowers took advantage of low rates, meaning that households are spending a smaller share of income on paying down debts than at any point in the 2010s. Those who own homes and stocks are also enjoying rising asset prices and associated rental and dividend incomes. The S&P 500 index of large American companies is up by 11% this year, for instance.

What matters for the overall economy is how many consumers end up struggling to make ends meet. Rising incomes, along with pandemic savings, were what really fuelled America's rip-roaring spending. With savings rates low and excess savings exhausted, continued spending will have to be fuelled by still-higher incomes. Employment remains strong and initial jobless claims are steady. Although in April monthly nominal wage growth crept down, the figures also suggest that inflation may have resumed its descent, which would provide a boost to real incomes. Households' balance-sheets have weakened, but with a bit of luck America might keep dodging a consumer crunch.

NEWS IN NUMBERS

20%

THE RISE in the share price of Heritage Foods on Wednesday, following the election win of TDP chief Chandrababu Naidu, who founded the company in 1992.

$600 mn

THE LOSSES Indian airline industry is likely to report in FY25, up from a loss of $300-400 million in the previous year, according to CAPA India, a consultancy.

$1 bn

THE AMOUNT for which Databricks, a privately held analytics platform, is buying data-management startup Tabular, amid growing demand for custom AI apps.

$182 mn

THE TOTAL funding into the Indian edtech sector in the first five months of 2024, compared to $312 million in 2023, according to Tracxn.

2.71 mt

QUANTITY OF soybeans damaged due to recent floods in Brazil's southernmost state of Rio Grande do Sul, according to estimates by crop agency Emater.

HOWINDIALIVES.COM

SpiceJet to raise $250 million soon

SpiceJet chief Ajay Singh on Wednesday said the airline will be raising around $250 million in the next couple of months as the budget carrier works on boosting its operations. The airline is tackling multiple headwinds, including lessor and debt woes, with Singh saying the carrier has faced "significant black swan events". "It is difficult to kill SpiceJet ... and we are trying to fix the problems," he said and added that the airline's balance sheet will be cleaned up over the next two quarters. Recently, the airline raised $150 million and is looking for more. The airline plans to raise $250 million in the next couple of months and there is a bright enough future, Singh said at the CAPA India Aviation Summit in the national capital. Currently, the carrier has wet leased some aircraft as many of its planes are grounded due to various reasons. "We will grow our own fleet," Singh, the chairman and managing director of the airline, said. PTI

The group will infuse ₹125 crore fund to start construction of stalled projects in Delhi-NCR. MINT

Suraksha takes over Jaypee Infratech

In a big relief to over 20,000 homebuyers, Suraksha Group has taken over the debt-ridden realty firm Jaypee Infratech by constituting a three-member board and will soon infuse ₹125 crore equity fund to start construction of stalled housing projects across Delhi-NCR. The takeover follows insolvency appellate tribunal NCLAT decision on 24 May, upholding Suraksha Realty's bid to acquire Jaypee Infratech while directing it to pay an additional ₹1,334 crore as farmers' compensation.

According to a regulatory filing by Jaypee Infratech on Wednesday, Suraksha Group informed the IMC (Implementation and Monitoring Committee) that 24 May 2024, i.e., the date of the NCLAT order should be treated as the 'Approval Date' as defined in the approved resolution plan.

The IMC in its meeting held on Tuesday approved the appointment of Sudhir V. Valia as a non-executive director. It also approved the appointment of Aalok Champak Dave as executive director and Usha Anil Kadam as independent director. PTI

IN DEEP WATER

Fire and emergency services personnel carry out rescue operations in Guwahati, Assam, on Wednesday. More than 400,000 people across 10 districts were affected by widespread flooding in the northeastern state as of Tuesday night. PTI

India plans new shipping firm, eyes expansion of fleet

Country is seeking a bigger chunk of revenue from surging trade, govt officials say

Reuters
feedback@livemint.com
NEW DELHI

India plans to set up a new shipping company to expand its fleet by at least 1,000 ships in the next decade, as Asia's third-largest economy seeks a bigger chunk of revenue from surging trade, two government officials said.

The South Asian nation is spending billions of dollars to refurbish infrastructure in its race to become a world-class manufacturer with Prime Minister Narendra Modi, who won a third term this week, aiming for it to be a developed nation by 2047.

The yet-to-be-named firm will be jointly owned by state-run companies in the oil, gas and fertiliser industries, which would provide it with business, along with the state-run Shipping Corp of India and foreign companies.

India's oil and shipping ministries did not respond to requests for comment.

The aim is to reduce freight outgoings to foreign firms by at least a third by 2047, said the sources, who sought anonymity as they were not authorised to speak to the media.

"Current estimates show freight costs will rise to $400 billion as we boost our exports and imports by 2047," said one of the sources, who has direct knowledge of the matter.

> The yet-to-be-named firm will be jointly owned by state-run companies in the oil, gas and fertiliser industries

Indian companies paid freight costs of $85 billion in the financial year 2019/20, of which $75 billion was paid for use of foreign vessels, the source added.

The turn to foreign carriers comes as India's shipping fleet has not kept pace with its surge in trade, including imports of energy and exports of refined oil products.

India has a fleet of about 1,500 large vessels including tankers, gas carriers, container ships and dry bulk carriers, the sources said.

In January India's oil and shipping ministries agreed that all state-run oil companies and the planned company work together, a government document seen by *Reuters* showed.

They would draw on the expertise of the Shipping Corp. of India in "tanker acquisition and ownership, operations and other areas of shipping", it added.

On 16 May, the two had ministries formed a joint working group of government and industry officials to devise a roadmap, the document showed.

'NDA's slim victory may delay reforms'

Rating agency Moody's on Wednesday said the victory of the BJP-led National Democratic Alliance (NDA) in the recently concluded Indian general election would result in policy continuity. But the 'slim' margin of victory, and loss of outright majority in Parliament, it said, could delay more far-reaching economic and fiscal reforms, which could impede progress on fiscal consolidation.

"We expect policy continuity, especially... budgetary emphasis on infrastructure spending and boosting domestic manufacturing, to support robust economic growth," the rating agency said.

The election results on Tuesday showed that the BJP-led NDA's tally stood at 293 seats, while the Opposition INDIA bloc secured 233 seats in the lower house of Parliament. As many as 272 of the 543 Lok Sabha seats are required to stake a claim to form the government. RHIK KUNDU

The IPO received bids for 785,449,390 shares against 6,699,000 shares on offer. BLOOMBERG

Kronox Lab IPO subscription spikes

The initial public offer (IPO) of Kronox Lab Sciences garnered 117.25 times subscription on the closing day of bidding on Wednesday. The IPO received bids for 785,449,390 shares against 6,699,000 shares on offer, as per NSE data.

The portion for non-institutional investors fetched a whopping 301.92 times subscription while the quota for Qualified Institutional Buyers got subscribed 89.03 times. The category for Retail Individual Investors received 54.23 times subscription.

The IPO has an offer for sale of up to 9,570,000 equity shares. The price range for the offer is ₹129-136 a share.

Kronox Lab Sciences has raised ₹39.04 crore from anchor investors. Pantomath Capital Advisors is the book-running lead manager to the offer. The firm's equity shares are proposed to be listed on BSE and NSE. PTI

'Govt to build on past success in tech'

As the NDA is set to form the government for a third term, tech initiatives are expected to maintain pace, with IT secretary S. Krishnan on Wednesday saying that Meity will take up a slew of new initiatives as planned while building on the legacy of past successes and outcomes.

The comments assume significance as the crucial pieces of legislative and regulatory frameworks are being given shape in the IT ministry over the past months, amid the rapid advance of AI, and new-age technologies globally. Krishnan, speaking on the sidelines of a Software Technology Park of India event, also said the ministry has a "number of initiatives which have been planned and are in the works" and those will be taken up by the new government. To a question on whether the work on Digital Personal Data Protection rules and shaping Digital India legislation framework will continue at speed, he said, "The legacy in terms of what we have in the organisation in terms of...institutional memory continues." PTI

Boeing's Starliner deploys astronauts

The trip by Butch Wilmore (left) and Sunita Williams was expected to take 25 hours. AFP

Boeing launched astronauts for the first time Wednesday, belatedly joining SpaceX as a second taxi service for Nasa.

A pair of Nasa test pilots blasted off aboard Boeing's Starliner capsule for the International Space Station, the first to fly the new spacecraft.

The trip by Butch Wilmore and Indian-origin Sunita Williams was expected to take 25 hours, with an arrival Thursday. They will spend just over a week at the orbiting lab before climbing back into Starliner for a remote desert touchdown in the western US on 14 June.

Years late because of spacecraft flaws, Starliner's crew debut comes as the company struggles with unrelated safety issues on its airplane side.

Wilmore and Williams—retired Navy captains and former space station residents—stressed repeatedly before the launch that they had full confidence in Boeing's ability to get it right with this test flight. Crippled by bad software, Starliner's initial test flight in 2019 without a crew had to be repeated before Nasa would let its astronauts strap in. Wednesday's launch was the third attempt with astronauts since early May. PTI

The ruling leaves the protection for the McDonald's traditional beef Big Mac intact. MINT

Trademark for 'Big Mac' axed in EU

McDonald's Corp.'s lost the European Union trademark rights to chicken versions of its iconic 'Big Mac' burgers after judges ruled that the fast food giant failed to do enough to claim exclusive rights.

In a ruling that leaves the protection for the traditional beef Big Mac intact, the EU's General Court in Luxembourg ruled that McDonald's didn't serve up evidence showing its use of the label for chicken products over a continuous period of five years in the 27-nation bloc.

The burger is regarded as a special edition in the EU, being more widely available in the US and the UK. It features two chicken patties, special sauce, lettuce, cheese, and pickles on a sesame seed bun.

"The evidence which was submitted by McDonald's does not provide any indication of the extent of use of the mark in connection with those goods, in particular as regards the volume of sales, the length of the period during which the mark was used and the frequency of use," the EU court ruled on Wednesday. The decision can still be appealed to the EU's highest court in Luxembourg. BLOOMBERG

'IndiGo looking at financing options'

IndiGo is looking at various financing options for wide-body planes that are expected to join the airline's fleet in 2027.

Speaking at a session at the CAPA India Aviation Summit 2024 in Delhi, IndiGo CEO Pieter Elbers on Wednesday said having a strong balance sheet is an asset.

In April, IndiGo announced placing a firm order for 30 A350-900 aircraft and also the option to buy 70 more such planes.

"We keep all options open...we are already (looking) at various financing options," Elbers said with respect to wide-body aircraft.

At present, IndiGo has a fleet of more than 360 planes apart from two Boeing 777 aircraft leased from Turkish Airlines. The wide-body planes are expected to come in 2027 while the A321 XLR aircraft will join the fleet next year. With XLRs, IndiGo can operate more routes and destinations, Elbers said. PTI

NSE transactions hit 1,971 cr/day record

The National Stock Exchange (NSE) on Wednesday created a world record by processing 1,971 crore transactions in a single day, its MD and CEO Ashishkumar Chauhan said.

"@nseindia handled the highest ever - world record - number of transactions in a single day today on June 5, 2024, in a 6 hours and 15 minutes (915 am to 330 pm) single trading day - 1,971 crore (19.71 billion) orders per day. 28.55 crore (280.55 million) trades per day," Chauhan said on X platform (formerly Twitter).

Sensex and Nifty made a strong comeback on Wednesday, surging over 3% each after facing heavy drubbing in the previous trade on below-expectation Lok Sabha poll results. Bouncing back from Tuesday's debacle, the 30-share BSE Sensex jumped 2,303.19 points or 3.2% to settle at 74,382.24 on value buying in banking, auto and oil shares. The NSE Nifty index climbed 735.85 points or 3.4% to 22,620.35. PTI

Meropenem drug can cause adverse reactions: govt panel

Widely used life-saving antibiotic Meropenem manufactured by Pfizer and other leading pharmaceuticals firms, can have adverse reactions, the Union government's Indian Pharmacopoeia Commission (IPC) has found. It advised doctors and patients to be careful while using the drug.

The Union health and family welfare ministry body says that Meropenem can lead to adverse reactions in the form of Acute Generalized Exanthematous Pustulosis, which can be life-threatening. The medication is largely prescribed by doctors for the treatment of pneumonia, UTI, intra-abdominal infection, skin infection, meningitis, septicaemia and gynecological infections among others. Meropenem is available under various brand names in India. It falls under the schedule H and H1 of the drugs and cosmetic rules, 1945, and required to be sold by retail only under the prescription by a doctor. "The analysis of adverse drug reactions from Pharmacovigilance Programme of India database revealed that Meropenem drug to cause adverse drug reaction," stated IPC's drug safety alert reviewed by *Mint*. PRIYANKA SHARMA

The medication is used in treating pneumonia, UTI, meningitis, etc. MINT

INSIDE TECH MAHINDRA'S TURNAROUND PLAN

The $6.2 billion company has punched below its weight. Can CEO Mohit Joshi catapult it into the big league?

Shelley Singh
feedback@livemint.com
NEW DELHI

A file photo of Mohit Joshi, the chief executive officer of Tech Mahindra. Joshi, an Infosys veteran, took over as the CEO in December 2023.

BLOOMBERG

Mohit Joshi, 50, is a man on a mission. He wants to transform Tech Mahindra and make it one of India's top-flight IT services companies. Joshi, who took over as the company's chief executive officer (CEO) late in 2023, got down to the task quickly. He has chalked out multiple strategies around margin improvement, cost optimization, and cross-selling services to existing and new clients. At the same time, he is looking to widen Tech Mahindra's business beyond its core domain, telecom, and drive growth in BFSI (banking, financial services and insurance), manufacturing, life sciences and other verticals.

The rejig at Tech Mahindra comes in the wake of a less-than-spectacular performance by the company, which has consistently punched below its weight. The company's Q4 FY24 net profit crashed 40.9% year-on-year (y-o-y) to ₹661 crore due to a slowdown in key verticals. Net revenue for the full year declined 5% to $6.27 billion, while net profit plummeted 52.2% to $284 million, down from $598 million a year ago.

To be fair, the last 12 months have been tough for the industry as a whole. But Tech Mahindra suffered a margin decline far worse than its peers. The company's Ebit margin fell from 11.2% in March 2023 to 7.4% in March 2024, a decline of 380 basis points (bps). TCS's Ebit margin rose 151 bps, while Infosys suffered a 94 bps decline; LTIMindtree, meanwhile, saw a decline of 164 bps.

With $6.27 billion in revenue, Tech Mahindra is by no means small. "But Tech Mahindra does not command the kind of position that a company of such scale should have," said Yugal Joshi, partner at Everest Group, a consultancy. That is something the top-tier IT services companies are capable of and Tech Mahindra is now making a serious attempt to break into that league.

The $250 billion IT services industry is fairly mature with companies such as TCS and Infosys counted among the leading global tech services providers. Even so, the current anaemic growth environment, slowdown in tech spending and artificial intelligence-led disruptions, which are resetting future growth drivers, give Tech Mahindra the space to refresh and reinvest to improve both its revenue and margins.

Joshi is looking to do just that. He aims to transform Tech Mahindra with a 36-month roadmap that will be the most disruptive change that the company has seen in its 38-year history, one with organic growth and deeper customer engagement at its core.

VISION 2027

Under the company's Vision 2027 strategy, which Joshi unveiled during the earnings presentation, Tech Mahindra will look to achieve 15% growth in operating profit and higher revenue over the next 36 months. The vision includes a programme to get more business out of key accounts and another aimed at cost optimization. In the post-earnings call, Joshi said the company is seeking to increase its revenue "faster than the top six or seven IT firms".

Positives of the revamp plan, according to Gaurav Vasu, CEO of Unearthinsight, a Bengaluru-based consultancy, include "doubling down on telecom, BFSI, healthcare; a realistic margin goal of 15% and a phased approach to the turnaround". The market has given the revamp plan a thumbs up with 'buy' calls on the stock increasing from 14 to 21 and 'sell' calls dropping from 18 to 14. Morgan Stanley has upgraded Tech Mahindra's rating from 'underweight' to 'overweight'. HSBC noted that the challenge will be in execution and kept a 'hold' rating with a price of ₹1,300.

But the hard part begins now. Can Joshi execute the plan and deliver the Vision that the market has bought into? If he does, Tech Mahindra will no longer depend on one vertical and instead become a diversified services provider, much like its peers. And it will get a position at the tech services high table, one that it covets, but that isn't even within shouting distance.

BACKOFFICE ORIGINS

Back in 1986, Mahindra & Mahindra started a joint venture with British Telecom as a technology outsourcing firm. At the time, the company was called Mahindra British Telecom (MBT). Later, it was renamed as Tech Mahindra. In December 2012, British Telecom sold its remaining 9.1% shareholding in MBT and exited the joint venture. But the company's telecom focus continued and today it remains the largest vertical, accounting for around 36% of Tech Mahindra's business.

"Tech Mahindra's growth was led by telecom when it was a sunrise industry and created digital disruption across countries. However technology budgets have remained stagnant for large telecom players and Tech Mahindra has also experienced increased competition in the space," observed Unearthinsight's Vasu.

Historically, single-vertical companies have been unable to build more diversified practices. A lot of the companies in the Indian tech services domain, such as iFlex (later acquired by Oracle Financial Services), Polaris, Nucleus Software and others could not expand much beyond their core vertical of financial services.

During Tech Mahindra's Q4 2024 post-earnings call, Joshi said, "We are mindful of the fact that we have not delivered predictability of our financials in the past. We're now very focused on driving that predictability. There will be volatility through FY25 since we're in the middle of a turnaround, but everything that we're doing right now is focused on bringing that volatility down."

> Nearly four decades into its existence, telecom remains Tech Mahindra's largest vertical, accounting for around 36% of its business.

In 2023, Manish Vyas, who was spearheading the telecom vertical, quit to join private equity-backed Prodapt, which is headquartered in Chennai. Another senior executive, Satish Pai, quit to join consulting major Deloitte as partner. Other Tech Mahindra veterans, including Jagdish Mitra, who spearheaded strategy and Vivek Agarwal, head of corporate development, have also quit the company in recent months.

LEADERSHIP REJIG

For Tech Mahindra the way ahead will be to widen rather than shrink telecom and other verticals, says Atul Soneja, the company's chief operating officer (COO). "However, the percentage of telecom will come down as others increase in the overall pie," said Soneja, 51, who joined Tech Mahindra 10 months back from Infosys, where he held various positions over 25 years, spearheading the BFSI vertical for about eight of them. Tech Mahindra did not have a COO before Soneja joined and this critical role will help in strengthening the company's operations.

Apart from Soneja, Joshi brought in Richard Lobo, another Infosys veteran to spearhead HR early this year. The company's chief people officer, Harshvendra Soin, was elevated as president and now heads the Asia Pacific Japan region from Australia. Peeyush Dubey, another Infosys executive, who has also had stints at LTIMindtree and an AI analytics firm was roped in by Joshi as chief marketing officer last November.

Joshi, a history graduate from Delhi University's St Stephen's College with an MBA from the Faculty of Management Studies, Delhi, began his career at ANZ Grindlays Bank before joining Infosys, where he spent almost 23 years and was president overseeing the BFSI business. Joshi's wide experience at India's second-largest IT services provider is expected to come in handy as he seeks to transform Tech Mahindra over the next three years.

THREE-YEAR VISION

Tech Mahindra's revamp will focus on organizational restructuring, improvements and investments. It will also look at harnessing synergies with other Mahindra Group businesses in verticals such as manufacturing, where the group has a strong presence.

Under the plan, said Soneja, FY25 will be a pivotal year in the company's attempt to turn itself around and it will focus on engaging with its largest customers and building on its business with them. FY26 will be the stabilization phase, during which it will continue these efforts and develop key businesses, including telecom, manufacturing, BFSI and AI. By FY27, Tech Mahindra expects to get ahead of its peers and start reaping returns with accelerating revenue growth and an Ebit margin of 15%.

Under Vision 2027, the company's Turbocharge and Fortius initiatives will play a key role in driving growth. Project Fortius, which means 'stronger', will use multiple levers to improve margins, utilization, offshoring and productivity, and reduce costs. The company will focus on organic growth, which will allow it to invest in new capabilities and help build new revenue-contributing verticals by FY26.

Interestingly, this is a departure from the acquisition-led strategy that the company has pursued for many years. "We are changing our capital allocation policy to pursue organic growth rather than acquire assets. You can never say no to a good buyout target but that is not our focus. We want to build new capabilities within the organization," said Soneja.

According to investment tracker Tracxn, Tech Mahindra has made 36 acquisitions, spending $1.69 billion on the buyouts. These include Lodestone and BrainScale (both in 2021), Thirdware and Geomatic.AI (both in 2022) and Orchid Cybertech, a provider of customer experience solutions, in February 2024.

The company's Turbocharge programme will focus on its top clients (who bring in $20 million or more in revenue annually)—doing more for them, adding value and getting a bigger bang for its buck. Under this programme, a dedicated internal strategy team will focus on top accounts to drive high growth.

Beyond telecom, the company wants to drive businesses from other segments, including manufacturing, healthcare & life sciences and banking & financial services, where both Soneja and Joshi have deep expertise, having run these businesses at Infosys. For Tech Mahindra, BFSI in the quarter ended March 2024 stood at $253 million, almost 9x smaller than TCS's $2.3 billion and 5x smaller than Infosys' $1.2 billion in the same quarter.

"We believe some of the nextgen capabilities in AI and GenAI are in high demand in areas like BFSI and if they have to scale at speed, we can be leaders in that," said Soneja. He believes this is where Tech Mahindra can leapfrog some of the competition.

But even as Tech Mahindra tries to expand its non-telecom verticals, telecom remains the heart of the company. "There's no way we are going to defocus or deprioritize telecom," said Soneja. The company's telecom business (telecom, communications and entertainment) marginally increased from $653 million in March 2022 to $668 million in March 2023 and decreased to $558 million in the quarter ended March 2024. For TCS it was $489 million in March 2022; $511 million in March 2023 and $486 million in March 2024. For Infosys, it was $548 million, $537 million and $561 million, respectively, in the same period. While Tech Mahindra will continue to grow the telecom business, if the turnaround plan succeeds, the sector's overall share will reduce from the current 36% as other verticals become bigger.

EXECUTION CHALLENGE

Despite the positive outcomes that Tech Mahindra is hoping for, it may not be smooth sailing. In its core domain, telecom, communications and media, the technology budgets of large telecom players have remained stagnant. There are pockets with high margins but a lot of the business is commodity-type, low-margin work. To be sure, this year looks better than the last fiscal year but clients continue to be cautious about spending on new tech. This could adversely impact Tech Mahindra's plans to expand its manufacturing, BFSI and other businesses.

"In the next 12-18 months, competitors will be building their AI/GenAI capability and while Tech Mahindra will be focused on turnaround, it might lose out on positioning itself as an AI/GenAI first player," said Unearthinsight's Vasu.

But Tech Mahindra is playing down the risks. "In our Vision 2027 we have factored in the risks to a large extent. There are obviously unknown factors, which could be a geopolitical, pandemic kind of situation. Also, customer spending is still weak, but based on what we know, this year is going to be better than last," said Soneja.

Tech Mahindra wants to focus on building AI inhouse. It is imparting AI skills to its trainable workforce. As of now, 45,000 have been trained on foundational AI technologies, including Generative AI.

WILL IT WORK?

If the recent history of leadership changes at technology services companies is anything to go by, the turnaround plan may just work. "Companies that have attracted senior leaders from much larger IT services companies have managed turnarounds quite successfully," said Ramkumar Ramamoorthy, partner, Catalincs, a growth advisory firm. For example, ITC Infotech, Mindtree, LTI Infotech, Firstsource, Hexaware, Coforge and WNS attracted heavy hitters from larger companies such as Cognizant, Infosys, HCL, Syntel and Genpact.

The reason for the turnaround is that "these leaders have the ability to cross-pollinate best practices in governance, risk management, organizational structure, deal wins, client relationship management, delivery management, sales and marketing, among others. And given their long and successful track record, they have the ability to inspire multiple generations of employees within the company, rev up the mojo fairly quickly, and align everyone to a shared purpose," added Ramamoorthy.

Even Salil Parekh came from a much-larger Capgemini to lead Infosys. But a strategy will work only if it is executed well. The quarterly numbers that Mohit Joshi rolls out over the next three fiscal years will be closely watched.

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mint SHORT STORY

WHAT

Tech Mahindra is looking to go beyond its core domain, telecom, which accounts for the bulk of its topline and become a diversified services provider, much like its peers.

SO

Under its Vision 2027 strategy, Tech Mahindra will look to widen its Ebit margin to 15% over the next 36 months through organic growth and deeper engagement with large customers.

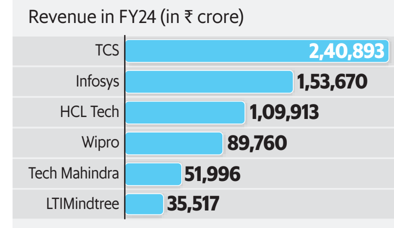
AND

The company hopes the turnaround strategy will diversify its business mix and finally give it a position at the high table of the $250 billion IT services industry.

THE PECKING ORDER

Can Tech Mahindra break into the top league?

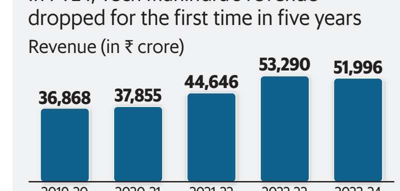
Revenue in FY24 (in ₹ crore)



Tough times

In FY24, Tech Mahindra's revenue dropped for the first time in five years

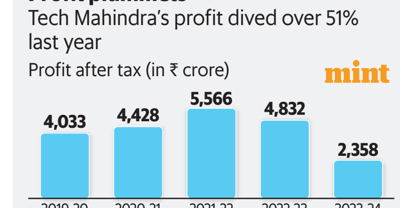
Revenue (in ₹ crore)



Profit plummets

Tech Mahindra's profit dived over 51% last year

Profit after tax (in ₹ crore)



Source: Company annual report

SATISH KUMAR/MINT

How this Mumbai family planned for retirement

Many prioritize current expenses over future security, underscoring the need for planning

Anil Poste
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Ensuring financial independence and security in the later years of life is a cornerstone of financial planning.

In India, where the traditional joint family system is evolving, and the burden of elderly care is increasingly shifting to individuals, retirement planning has become even more critical.

Yet, many Indians remain unprepared, prioritizing current expenses over future security measures. A 2020 survey by PGIM India Mutual Fund revealed that the majority of Indians prioritize immediate spending over long-term safeguards like retirement and health insurance.

The report highlighted a troubling reality: more than half of the urban Indian population is unprepared for retirement. Cultural factors contribute significantly to this oversight. Many Indians rely on their children for support or assume their inheritances will suffice, often underestimating the potential for unforeseen expenses and inadequate savings.

A different approach

Sushant Navale, a Mumbai-based IT professional, stands out as someone who proactively planned his finances without assuming support from his parents.

Navale's portfolio was heavily weighted towards real estate—about 70%—a common investment choice but not always the best for retirement planning. Realizing the potential pitfalls of relying solely on property for future security, he sought professional advice from financial advisor Harshad Chetanwala in 2021 to craft a comprehensive financial plan. This decision prompted Navale to diversify his investments, ensuring a more balanced portfolio for a comfortable retirement.

"Many times when we interact with families, they tell us about possible inheritance they expect in the future. Our suggestion is simple: we should not consider it in the plan at present and add it when such an event takes place," said Chetanwala, an investment advisor registered with the Securities and Exchange Board of India (Sebi) and co-founder of Mywealthgrowth.com.

Initially, Navale managed his finances independently, with most of his portfolio in real estate. The family made a significant investment in commercial real estate in 2014-15 to start a healthcare facility business, but eventually rented out the property instead. This investment formed a major part of their portfolio, almost 70%.

"Before seeking help from a professional advisor, we were making haphazard investments, especially in real estate," said Navale.

From real estate to mutual funds

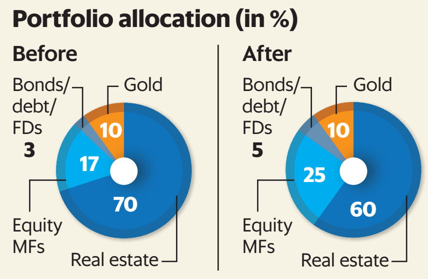
Recognizing the need to align his investments more closely with his long-term goals, Navale began allocating a greater portion of his funds to equity mutual funds. Earlier, his portfolio consisted of 70% real estate, 17% equity, 10% gold and 3% bonds.

He realized that his previous conservative approach needed diversification for better long-term returns. Navale's allocation in real estate is now reduced to 60%, and his investment in equity mutual funds has increased to 30%. He also plans to sell off the real estate on finding a suitable buyer.

How seeking professional advice helped the Navales

Sushant, 43, husband. An IT professional
Snehal, 43, wife. A doctor
Shomili, 14, daughter
Shamit, 8, son
Location: Mumbai
Family risk appetite: Aggressive

Portfolio allocation (in %)



How seeking advice helped?

- **Adequate term plan:** Sushant has a cover of **₹2.5 cr** with **₹55,000** premium. Snehal has a **₹2 cr** cover with **₹45,000** premium.
- **Health cover apart from employer:** For Sushant: private health cover of **₹14 lakh + ₹10 lakh** topup with **₹38,000** premium. For Snehal: **₹15 lakh** with **₹10,000** premium.
- **Critical illness cover:** **₹10 lakh** with **₹2,700** premium for each.
- **Structured portfolio:** Moving from real estate to equity MFs; building asset mix that aligns with financial goals.
- **Planned an emergency corpus:** **₹15 lakh**, 6 months.
- **Disciplined investment approach:** Started investing **30%** of monthly income via SIPs.

*All premiums are annual

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Financial goals

Retirement Plan — **₹10 cr** corpus in next 17 years

Children's education — Creating a sizable corpus for daughter's higher studies in medicine, and son's further studies

Vacation every year — Investing in short-term FDs

Advice from: Harshad Chetanwala, a Sebi-registered investment advisor and co-founder of Mywealthgrowth.com

PRANAY BHARDWAJ/MINT

"If we get an opportunity, we would like to move out of that. Our plan is to invest 25% of that amount in FDs (fixed deposits) to plan a bigger home, and the balance 75% of that amount we would like to reinvest into equity MFs," said Navale.

This transition involved a careful selection of funds that matched his risk tolerance and financial objectives. "Initially the market cap allocation was mostly large cap, now it has shifted more towards midcap and flexi-cap funds," added Navale.

> A 2020 report highlighted that more than half of the urban Indian population is unprepared for retirement

Financial goals

After Chetanwala's advice, Navale decided to build a corpus for each financial goal. The family plans to accumulate a corpus of ₹10 crore for a comfortable retirement, 17 years from now.

For his children's education, Navale aims to accumulate a sizable corpus for Shomili, his elder daughter, to meet her higher education expenses in medical school, and son Shamit's future studies.

Apart from this, the family plans a vacation once a year, usually investing in short-term bank deposits for this goal.

Strategic approach

Previously, the family lacked a structured approach to their financial goals. However, after receiving Chetanwala's advice, Navale and his wife Snehal made a conscious decision to allocate a fixed amount every month towards their goals. Both initiated investments through systematic investment plans (SIPs), marking a significant shift towards a more organized and goal-oriented financial strategy.

"Earlier, there was no planning per se. There used to be anxiety about whether we were saving enough. Given that this is all goal-based planning now, that anxiety is no more there," said Navale.

"We now set aside a certain sum monthly, calculated as income minus investments, before allocating for monthly expenses at the start of the month. This approach brings us a lot of peace of mind. Together, we invest around 30% of our monthly income. Additionally, whenever I receive bonuses, which are half-yearly or yearly, we invest that additional corpus into mutual funds," he said.

Safety and protection

As both Navale and Snehal are earning, they decided to ensure they have sufficient life cover. Navale pays a premium of ₹55,000 a year for a cover of ₹2.5 crore, while Snehal pays approximately ₹45,000 annually for a cover of ₹2 crore.

Regarding health cover, until the last financial year, Navale primarily relied on corporate health insurance. Now, both have separate health covers of ₹10 lakh each, in addition to the corporate cover, following Chetanwala's advice. Previously, this cover was ₹5 lakh each.

Navale and Snehal also opted for an additional critical illness cover, providing ₹10 lakh for serious health conditions. The annual premium for this cover is ₹2,700 each.

The family has also set aside a six-month emergency corpus of about ₹15 lakh, invested in FDs. This corpus was about ₹7-8 lakh four years ago.

Lessons learned

Navale emphasizes that people should start planning their finances early in life to minimize uncertainties and invest more effectively.

"One thing always at the back of our mind is that maybe we could have planned this a little earlier. So, maybe at the age of 35 or between 30 and 35, as a family, if we could have planned this, probably we would have invested more," he said.

Navale also stresses the importance of having adequate cover. "I think having adequate cover is an absolute must. Knowing that we are sufficiently covered in terms of life and health gives us a lot of comfort," he says.

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EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	14.97	14.92	16,695
HDFC Index Fund - Nifty 50 Plan	14.87	14.73	13,788
Category average	**14.28**	**14.41**	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	15.80	17.20	12,325
Parag Parikh Flexi Cap	20.94	23.94	63,934
Category average	**16.79**	**17.34**	
EQUITY SMALL AND MIDCAP			
Axis Midcap	20.32	22.42	26,637
SBI Small Cap	22.67	25.53	27,760
Category average Midcap	**24.04**	**23.36**	
Category average Smallcap	**24.89**	**24.99**	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	16.77	18.93	7,761
Mirae Asset Tax Saver	16.75	19.19	22,472
Category average	**19.10**	**18.21**	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	13.37	14.64	11,136
ICICI Prudential Balanced Advantage	12.71	12.70	56,709
Category average	**12.75**	**12.41**	
ARBITRAGE			
Kotak Equity Arbitrage	5.88	5.38	43,515
Tata Arbitrage	5.47	5.28	11,606
Category average	**5.52**	**5.07**	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	5.40	23-Jul-20	13,425
Motilal Oswal S&P 500 Index Fund	17.98	28-Apr-20	3,157

Returns as on 3 June 2024; Corpus data as of April 2024; Growth option in regular plans has been used
Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to:
Keep a smart, flexible and minimalist MF portfolio
https://www.livemint.com/money/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-11638378827521.html
Download mint app for latest in Business News - https://bit.ly/32XEfFE
*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research
Compiled by Neil Borate

What steps should I take to build the ideal retirement corpus?

Harshad Chetanwala

ISTOCKPHOTO

ASK MINT
INVESTMENT

I work in the IT industry and have plans to retire in the next 10 years. I have already planned for my daughter's education and kept ₹50 lakh aside for this. I have also invested in two properties that are valued at ₹1.2 crore today, and on which I will be paying EMIs (equated monthly instalments) of ₹34,000 for three more years. Other than this, I have ₹12 lakh in mutual funds (MFs) and ₹10 lakh in my provident fund account. I not only want to retire with adequate money for my post-retirement life, but I also want to travel every year for the first seven years, for which I will need ₹5 lakh every year. Kindly help me in planning for this. Which funds can I invest in?

—Name withheld on request.

One of the best ways to work on your retirement corpus is to look at your current expenses and add inflation to them. If we assume today that you are retiring, and to maintain your lifestyle, you and your spouse will need ₹75,000 every month, then after 10 years with an annual inflation rate of 6%, you will need ₹1.35 lakh at retirement to take care of the same expenses.

Inflation will continue even after your retirement, and to evaluate the corpus, we will also need to add the post-retirement years. If we assume that as 30 years, you will need a corpus of close to ₹3.20 crore to take care of your monthly expenses after retirement. You will need an additional ₹24 lakh for your annual post-retirement travel plan. Hence, you can consider a goal amount of ₹3.5 crore for your retirement.

You will have to factor in investments in real estate and plans to use it for retirement. As real estate is subjective and growth rates differ based on location and other factors, you must try to evaluate your prospective growth and rental income if you plan to retain these investments.

Your present MF portfolio could help accumulate ₹37 lakh if it grows at an average of 12% per year, and provident fund of ₹20 lakh. Equity MFs can work better as you have 10 years to build the corpus. Some you can consider are Parag Parikh Flexicap, ICICI Prudential Bluechip Fund, HDFC Large & Mid Cap Fund, Nippon India Growth Fund and 360 One Focused Equity Fund.

Harshad Chetanwala is a co-founder of Mywealthgrowth.com.

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

FRACTIONAL OWNERSHIP AND HOW IT BOOSTS LIQUIDITY IN COMMERCIAL REAL ESTATE

POWER POINT

ARYAMAN VIR

Respond to this column at
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Real estate has long been a cornerstone of wealth accumulation for high-net-worth individuals (HNIs) and institutional investors. Historically, these groups had the capital and resources to invest in entire properties, reaping substantial returns and providing steady income streams.

However, the advent of fractional ownership is transforming this landscape, making commercial real estate accessible to a broader spectrum of investors.

Fractional ownership provides real estate owners and developers with a source of stable finance while offering potential investors and stakeholders end-to-end investment management and execution. This enables them to redevelop trust in this asset class and reposition the Indian real estate market on a global platform.

Democratizing commercial real estate

For the emerging class of HNIs, and retail and affluent investors, fractional ownership is a paradigm shift. This model democratizes commercial real estate, allowing investors to own a fraction of high-value properties.

It democratizes commercial real estate (CRE) by empowering retail investors to participate in institutional-grade investment opportunities that were previously dominated majorly by HNIs and institutional investors due to the large investment minimums.

Notably, investors can achieve returns nearly threefold compared to residential properties, with the internal rate of return ranging from 11% to 19%. Additionally, real estate is not a market-linked asset, meaning it can provide more stable and potentially higher returns compared to more volatile investments like stocks.

Rise of fractional ownership platforms

The post-covid era witnessed a proliferation of fractional ownership platforms. These platforms have been instrumental in bridging the gap between investors seeking lucrative real estate opportunities and A-grade developers in need of capital. By institutionalizing the framework, they manage properties, handle maintenance and tenant relations, and ensure seamless distribution of rental income.

This model has opened doors for smaller investors to participate in high-quality real estate ventures, facilitating a mutually beneficial ecosystem for both investors and developers.

Investing in real estate via fractional ownership

Investing in real estate through fractional ownership offers a plethora of benefits to investors:

• Affordability: Lower entry barriers make high-value investments feasible for more investors.

• Institutional grade investments: A-grade assets are assessed and listed for retail investors.

• Diversification: Investors can mitigate risk by diversifying their portfolios across multiple properties.

• Higher returns: Commercial real estate typically yields higher returns compared to residential investments.

• Easy exit: Fractional shares can be traded more fluidly, enhancing liquidity.

• Property management: Professional management ensures a hassle-free investment experience.

Choosing the right platform

Despite its advantages, fractional ownership necessitates careful consideration. Investors must align their investment objectives and conduct meticulous due diligence.

Selecting the right platform is crucial for success in fractional ownership investments. Investors should look for platforms that offer transparency, robust property management and a strong track record. Evaluating the platform's reputation, fees and the quality of properties it offers is essential.

Role of technology and regulations

> The post-covid era witnessed a proliferation of fractional ownership platforms

Technology has been instrumental in the ascent of fractional ownership. Digital platforms provide convenience, enabling investors to monitor their investments in real time, access comprehensive property data and manage their portfolios with ease.

Additionally, regulatory bodies like the Securities and Exchange Board of India (Sebi) have introduced guidelines to ensure a level playing field, thereby adding layers of liquidity and transparency to the market.

Following Sebi's introduction of regulations for small and medium real estate investment trusts (SM Reits), we are poised for a transformative shift.

The Indian fractional ownership market, set to evolve into SM Reits, is projected to grow from $500 million to over $5 billion in assets under management (AUM) by 2030, indicating a significant expansion and bright prospects for SM Reits.

Aryaman Vir is chief executive offier at WiseX.

Read an extended version of this column at livemint.com.

OUR VIEW

PTI

Coalition governments serve the economy well

Stock-market investors should not miss the impressive record of coalitions in driving India's economic growth. Nor the fact that even single-party governance can fail on major reforms

India's stock market bared a case of frayed nerves on Tuesday, with election results denying any single party a majority in Parliament and necessitating coalition rule. People worry that coalitions crimp governance, given how conflict and compromise could arise from bargaining by and accommodation of diverse partners and interests. Such worries are exaggerated. Our experience shows that coalitions can yield good policymaking and governance, even as they appear fractious. The record also shows that the virtues of single-party rule are often overstated. India has had coalition governments since 1989, although the National Democratic Alliance (NDA) regime of the last 10 years was run by a single party, as the BJP had a majority on its own. Governments since then have heralded, expanded and presided over India's economic reforms to produce the economy's best period of growth in history.

The Narasimha Rao government was in a minority when it launched the country's economic reform programme in 1991. It did away with industrial licensing and mandatory clearances from a monopoly watchdog, opened up trade, liberalized the exchange rate, joined the World Trade Organization and overhauled the securities market. The United Front government that ran the country over 1996-98 was short-lived and given to internal squabbles, but it dematerialized shares, allowed foreign investors into debt, brought in a structured exploration and licensing regime for hydrocarbons, set up a statutory regulator for telecom and reduced personal income tax rates to levels that still hold. After that, Atal Bihari Vajpayee led two NDA coalitions that took reforms forward. The Centre rationalized customs and excise rates, laying the ground for value added taxation later. It initiated highway development and built rural roads, bringing the hinterland closer to commercial hubs. It reformed telecom policy to ease regulatory shackles over technological potential, dissolving rigid rules to transform the sector from a low-volume, high-margin business to a low-margin, high-volume one. A successor coalition of the United Progressive Alliance (UPA) took that reform forward, issued more telecom licences to intensify competition, brought down telecom tariffs and made services widely affordable. Greater tele-density and lower charges expanded digital networks for a boom led by information technology. The UPA also baked inclusion into policy, with laws to institute the right to information and a distress dole in the guise of a rural job guarantee, apart from forest dweller rights. For infrastructure, it innovated with public-private partnerships, which yielded modernized airports in Delhi and Mumbai, several large power plants and networks of tolled highways, among other projects. The UPA initiated Aadhaar and laid the foundation for UPI services and other aspects of our digital public infrastructure. It also got rid of a global tech-denial regime by signing a nuclear deal with the US in the teeth of stiff opposition. It sustained an impressive compound annual growth rate of 6.8% over its 10 years in office.

The de facto single-party regime of the last 10 years dodged tough decisions, first on land acquisition and then on farm policy reform. Among its big successes, while bankruptcy easing and inflation targeting may have had the party's signature, the GST rollout came about only because a coalition-style search for consensus was employed to win other parties over. Evidently, it is political nous, rather than a brute majority, that gets things done.

GUEST VIEW

Modi 3.0 could establish Indian leadership in climate resilience

His Panchamrit vision and policy interventions lay down a clear path to sustainable development

TUHIN A. SINHA & KAVIRAJ SINGH
are, respectively, national spokesperson, BJP, and founder and managing director, Earthood.

As India looks set for a third Lok Sabha term under the leadership of Prime Minister Narendra Modi, the nation is poised to solidify its status as a global climate leader. India's rising role in global environmental stewardship will be driven by the PM's visionary 'Panchamrit' strategy. This initiative, combined with India's impressive climate action, can set a benchmark for the world in sustainable development and innovative solutions.

The Panchamrit vision: This is central to Modi 3.0's climate strategy and outlines five key elements that will drive India's climate policies and set global standards. The vision includes reaching 500GW of non-fossil energy capacity, sourcing 50% of India's energy requirements from renewable sources and reducing projected carbon emissions by 1 billion tonnes and decreasing the carbon intensity of the economy by 45% over the 2005 level, all by 2030, apart from achieving net-zero emissions by 2070. These targets underscore India's commitment to climate action.

Major determinants and actions: India faces unique challenges and opportunities, as environmental sustainability must be balanced with economic development. The country's climate actions are science-driven and evidence-based. New Delhi has initiated several international forums for climate action, including the International Solar Alliance (ISA) and Coalition for Disaster Resilient Infrastructure (CDRI), both of which show how India has rallied other countries for the cause. The country is also advocating a global alliance on biofuels among G20 nations to accelerate the world's energy transition. This initiative mirrors the ISA, which aims to make clean and affordable solar energy accessible to all. The Global Biofuels Alliance (GBA), launched during the 2023 G20 summit, has obtained support from 19 countries and 12 international organizations already.

The GBA is expected to enhance global biofuel trade and promote best practices, driving its development and deployment while positioning it as a crucial element in the energy transition, one that can contribute to job creation and economic growth as well. It can turn farmers from food producers into energy providers, potentially providing them with an additional source of income and significantly reducing our dependence on diesel and petrol.

Prime Minister Modi has underscored the broader vision of using a 'green GDP' to measure economic progress. He has also emphasized the global need to embrace renewable energy (RE) sources like solar, wind, and green hydrogen to tackle climate change. The concept of green GDP, which reflects the environmental impact of economic activities, can help countries align their economic development with sustainability goals.

Renewable energy accomplishments: India's RE sector has seen remarkable growth. The country's solar capacity has increased over 26 times in the last decade and its wind energy capacity has doubled. With the fourth-largest installed wind capacity and the fifth-largest solar capacity globally, India achieved its target of 40% installed power-generation capacity from non-fossil fuels many years ahead of schedule. This highlights India's commitment to RE and its ability to meet and exceed expectations.

The way forward: Despite these achievements, India faces significant challenges in its climate mitigation efforts. The country's heavy reliance on coal, which accounts for most of our energy needs, poses a substantial hurdle. Substantial new investments in RE, infrastructure and sustainable land-use practices are required to meet India's ambitious climate goals. However, with innovative initiatives like the Green Credit Programme and the GBA, India is well positioned to overcome these challenges and lead by example.

To decarbonize India's economy, the Indian government plans to set up an Indian Carbon Market (ICM) by establishing a national structure. The draft framework for the Indian Carbon Credit Scheme, notified by the Union government last year, aims to lower the emission intensity of India's GDP by 45% by 2030. Aligned with India's goal of achieving net-zero carbon emissions by 2070, the ICM will be instrumental in decarbonizing commercial and industrial segments of the economy.

As India strives to strike a delicate balance between its economic needs and environmental concerns, a vibrant carbon trading mechanism will be crucial to creating a sustainable future. Again, this initiative not only reaffirms India's commitment to combating climate change, but also sets a precedent for other nations to follow.

Conclusion: Modi 3.0 marks a major moment in India's journey towards global climate leadership. The PM's Panchamrit vision, combined with a robust policy framework and impressive RE achievements, sets a new standard for sustainable development.

As India navigates the complexities of climate action, its commitment to inclusive growth, poverty eradication and environmental sustainability remains unwavering. By fostering innovation, encouraging international cooperation and leveraging its rich cultural heritage, India is not only securing a sustainable future for itself, but for the world.

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JUST A THOUGHT

> This is not a partisan debate; it is a human one. Clean air and water and a liveable climate are inalienable human rights. And solving this crisis is not a question of politics, it is our moral obligation.

LEONARDO DICAPRIO

GUEST VIEW

The priorities that Modi might set to transform India

DHANENDRA KUMAR

is former chairman, Competition Commission of India, and executive director for India at the World Bank.

As Prime Minister Narendra Modi embarks on his third term, let's call it 'Modi 3.0,' expectations run high of transformative policies aimed at solidifying India's position as an economic powerhouse. Modi's letter to the nation after his 45-hour meditation in Kanniyakumari suggests Modi 3.0 plans to hit the ground running. Here, in brief, is what we can expect:

Strengthening manufacturing will be on the radar with 'Make in India 2.0' that focuses on advanced manufacturing, including Industry 4.0 technologies such as artificial intelligence (AI), Internet of Things, robotics and big data. We can also expect the development of specialized manufacturing clusters for sectors such as electronics, automobiles, textiles and pharmaceuticals to help enhance efficiency and develop specialized skills, apart from tax breaks, subsidies and facilities to attract investment, and expanded production-linked incentive (PLI) schemes to cover more industries, with a commitment to create new jobs.

Boosting the economy will be done through infrastructure development by making more highways, airports, ports and logistical parks, and via the use of technology to improve quality and safety. The National Infrastructure Pipeline (NIP) will get a renewed thrust, smart cities mission will be expanded to more urban areas and high-speed rail and highway links will be built to improve connectivity in Jammu and Kashmir, the Northeast and other remote areas.

Stronger defence preparedness will be on the agenda, done by focusing on modernization and the local production of aircraft, weaponry and other military hardware.

Financial sector reforms may be initiated by addressing non-performing assets and modernizing public sector banks. Digital transactions and fintech innovations will be promoted to improve financial inclusion and efficiency all the way to last-mile links.

Job creation will be promoted through skill development and vocational training, especially in futuristic areas including AI, robotics, machine learning, drones, chip manufacturing. The aim will be to enhance skill sets through the Skill India Mission in alignment with industry needs and also apprenticeship programmes that encourage private-public collaborations for training.

Support for micro, small and medium enterprises (MSMEs) will be stepped up by enabling easier access to credit and state incentives. Simultaneously, doing business will be eased by simplifying regulatory procedures and reducing bureaucratic hurdles.

Economic diversification will drive GDP growth as the administration promotes sectors beyond traditional industries. Renewable energy, tourism and services will likely be in the spotlight and focus will be placed on developing tourism infrastructure, even as India is promoted as a global services hub.

> **We can expect a burst of action aimed at laying an economic foundation for Viksit Bharat by 2047**

Tax reforms to simplify tax structures can be expected, and maybe another corporate tax rate cut to attract investment.

Public expenditure, including on health, education and social infrastructure, would likely be stepped up to boost productivity.

Exports may be boosted through trade agreements and diplomacy, with new deals helping open up new markets, including bilateral and multilateral trade pacts with key partners such as the EU, Asean and African nations. The centre may also strengthen export promotion councils to provide exporters with targeted support and market intelligence, apart from export incentives to boost export-oriented manufacturing through duty drawbacks, subsidies and other measures aimed at making Indian products globally competitive. Logistics and port infrastructure upgradation could reduce costs and raise export efficiency.

Inflation containment could see action by way of agricultural reforms, greater use of technology and supply chain improvements, especially by enhancing India's cold storage capacity to reduce post-harvest losses, even as roles are played by food processing parks and market reforms. A strengthened National Agriculture Market (e-NAM) could offer farmers better price discovery.

Energy and transport will be focus areas for energy efficiency and cost reduction. This goes with India's RE drive.

Digital India 2.0 will make a mark by encompassing more areas and expanding e-governance for better efficiency and transparency. Broadband will likely reach every village. Innovation will be encouraged and also research and development.

The space sector will notch up new successes. We have a manned mission and new exploration programmes coming up. Commercial launches can also be expected to make gains in a lucrative global market.

Research grants and funding for scientific innovation would help create a vibrant base that allows thousands of startups to flourish. Expect more support from incubators, accelerators and venture capital.

Regulatory reforms could focus on streamlining regulations to enhance business competitiveness and the ease of living. India must further simplify procedures and reduce compliance burdens; labour reforms need to be implemented to create a flexible market that allows adjustments.

In a recent statement, Prime Minister Modi, while talking about his vision for India over a thousand-year span, said, "If you want to achieve big, then think big."

We can expect his leadership to work at laying a solid foundation for a strong and developed country by 2047.

THEIR VIEW

Disparities in schooling quality need to end for better outcomes

Never before has it been more urgent to close educational gaps and elevate the quality of education across all Indian states

BIBEK DEBROY, SANJAY KUMAR & ADITYA SINHA
are, respectively, chairman of the EAC-PM, secretary of the department of school education & literacy at the ministry of education, and officer on special duty at EAC-PM.

MINT

Access to school is not sufficient; the quality of education is equally critical. While the Right to Education (RTE) Act of 2009 effectively addressed access issues, the quality of education remains heterogeneous across states in India. Empirical studies, including the National Achievement Survey (NAS), illustrate these disparities and emphasize the necessity of prioritizing learning outcomes.

NAS 2021 highlights significant disparities in educational outcomes, with leading states like Punjab, Rajasthan and Haryana consistently outperforming others in Mathematics and Science (in Class 10). Conversely, states such as Meghalaya, Mizoram, Nagaland and Chhattisgarh lag significantly behind. This stark contrast underscores systemic issues in India's education system, revealing the fact that despite improvements in access, quality remains uneven and needs improvement across the board.

Further, NAS 2021 also indicates a decline in student performance compared to NAS 2017, highlighting significant learning losses due to a shift from rote learning to competency-based assessments, and the impact of the covid pandemic. For Class 3, the average scores dropped by 3.9% in Language, 4.7% in Mathematics and 4.4% in Environmental Studies (EVS). Class 5 saw declines of 3.1% in Language, 8.4% in Mathematics and 8.7% in EVS. Class 8 experienced decreases of 1.6% in Language, 5.2% in Mathematics, 8.8% in Science and 8.3% in Social Science. For Class 10, the average scores fell by 13.4% in Mathematics, 18.6% in Science and 9.1% in Social Science, while Indian Language saw a 2.4% increase and English improved by 9.5%.

NAS 2021 also reveals a worrying trend in the learning outcomes of Indian students. The average scores of students drop significantly as they progress from Class 3 to Class 10 across all subjects. For instance, in Language, the average score declines from 64.6% in Class 3 to 52% in Class 10. Similarly, in Mathematics, the average score plummets from 61.2% in Class 3 to a mere 44% in Class 10. The pattern is consistent across other subjects, including EVS and Science, with the lowest scores observed in higher classes. This sharp decline highlights a critical issue: the foundational skills that students acquire in their early years are not being adequately built upon as they advance through the educational system. The performance of students at the foundational level is better, but still far from optimal, indicating that even at the lowest levels, there is considerable room for improvement.

Jerome Bruner's Spiral Curriculum Theory, which advocates the recurrent revisitation of fundamental ideas, building progressively until full conceptual mastery is achieved, demands special attention in the context of NAS data indicating a sharp decline in scores from Class 3 to Class 10. This pattern suggests that existing educational strategies may be inadequately reinforcing these essential concepts, resulting in progressively pronounced gaps in knowledge over time. Insights from Benjamin Bloom's educational psychology also underscore the necessity of securing mastery in lower-order cognitive skills before advancing to higher-order thinking skills. This may also explain the emphasis placed on Foundational Learning and Numeracy in the National Education Policy (NEP), 2020. The noted decline in academic performance across grades suggests a premature progression to complex tasks without the requisite foundational knowledge and skills, something that Bloom's mastery learning theory criticizes, emphasizing the importance of comprehensive understanding before academic advancement.

The NEP 2020 outlines several key strategies to address the decline in learning outcomes and enhance foundational learning. One of its primary goals is to ensure that all children attain foundational literacy and numeracy by Grade 3. This involves providing appropriate support and resources to young learners, and a shift from rote learning to a more holistic, integrated and experiential learning approach. By periodically revisiting core concepts and building upon them, the policy aims to develop a deep understanding of foundational knowledge that can be applied in more complex scenarios. This helps to mitigate the gaps in knowledge that contribute to the decline in performance observed in higher classes.

Further, the NEP 2020 highlights the importance of continuous professional development for teachers. It mandates regular in-service training programmes and the establishment of National Professional Standards for Teachers (NPST) to ensure high-quality teaching practices across all levels of education. The policy also introduces a robust system of formative assessment that provides timely and constructive feedback to students. Additionally, the NEP 2020 promotes competency-based education, shifting the focus from memorizing content to achieving specific learning outcomes. This approach ensures that students master essential skills before progressing to more advanced topics, thus preparing them for the challenges of higher education and the workforce.

The National Curriculum Framework (NCF) for School Education 2023 employs a technical and structured approach to define learning standards by systematically aligning educational aims, curricular goals, competencies and specific learning outcomes that are measurable. This alignment ensures each educational objective is traceable to the NEP 2020's core vision, providing a transparent and accountable framework crucial for addressing educational quality disparities highlighted by NAS 2021. The NCF's detailed articulation of learning outcomes allows for precise assessment and targeted interventions, enabling educators to monitor and address learning gaps effectively. The framework also has operational guidelines for adapting learning outcomes to diverse contexts and customizing teaching strategies, ensuring all students achieve defined competencies and contributing to a more equitable and effective education system.

To address disparities in learning outcomes, states must take decisive action with the help of the Union government's Samagra Siksha Abhiyaan. States should use NAS data to pinpoint and target lagging areas, ensuring focused interventions and resource allocation. Teacher training through rigorous, continuous professional development and mentorship programmes, emphasizing modern and competency-based teaching methods, should be prioritized. States should also engage parents and communities actively, making them partners in the educational process. They should also align their efforts with NEP 2020.

These steps are essential to close educational gaps and elevate the quality of education across all states. Never before has this been so urgent.

MINT CURATOR

Inflation would feel bad even if it's redefined to be less harsh

The US shouldn't need to argue about standard economic metrics

CLAUDIA SAHM
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Elevated prices that are no longer rising fast are often seen as 'inflation' AFP

The people who experience the US economy disagree with the people who measure it, and the most likely reason is inflation: Most Americans still see it as a major problem, while economists don't. But this debate recently veered from economics to semantics. Has the common definition of 'inflation' changed, and do economists just need to accept it?

Felix Salmon of Axios answers 'yes' to both questions. "The meaning of the word 'inflation' has changed," he writes. "It used to mean rising prices; now it means high prices." This helps explain the disconnect between Americans' perceptions of the economy and economists' assessment of it.

I would answer 'no' to both questions, and not because I am an economist. Both people and economists—and I might point out that there is 100% overlap between these two groups—agree on what inflation is. The confusing part is timing. According to Merriam-Webster, inflation is "a continuing rise in the general price level." When Americans complain that prices are high, they are implicitly comparing prices now to those of 2021, when inflation took off. When economists point out that inflation is lower, they're implicitly comparing prices now to 12 months ago.

Both time frames are informative, and prices rose in both periods, so both are inflation. Redefining 'inflation' would be both unnecessary and counterproductive, when all we need to do is make the implicit parts explicit.

This may be a case in which the often-maligned 'Fedspeak' is a model. At the US Federal Reserve, where I worked for almost a decade, the time frame was always specified: the percent change in prices over 12 months, four quarters, one month, and so on. Why? Those are all measures of inflation, but without a frame of reference, it is confusing. Moreover, the Fed defines its mandate as "inflation at the rate of 2%, as measured by the annual change in the price index for personal consumption expenditures." That's quite a mouthful, and it makes sense to use '2% inflation' as a shorthand.

So economists don't need to accept a new meaning for inflation so much as accept that we must communicate more clearly. That might help avoid these distractions over language.

A far more productive use of our time is to try and understand why people are extra gloomy now. The key word is 'extra.' Economists would agree that, all else being equal, the 16% increase in overall prices from January 2021 through March 2023 would be cause for gloom. But all else is not equal. Unemployment in the US has been under 4% for more than two years, while median wages are up 18%, and more for low-wage workers. And even with higher prices, consumer spending is up 11%, in nearly every major category, including food at restaurants.

Another way to contextualize the current gloom in the US is to look at past gloom. The 1970s and early 1980s were another period when prices rose rapidly for multiple years. In 2022, when year-over-year inflation peaked, consumer sentiment, as measured by the University of Michigan, hit its lowest level since 1980. From 1978 to 1981, the price level rose 30%, about twice the increase now. In addition, unemployment averaged almost 7%. Yet consumer sentiment in 2022 was lower.

One more puzzling development now is the disconnect between people's assessment of their own finances and their assessment of the US economy. The Fed's Survey of Household Economics and Decisionmaking shows that clearly.

Last fall, 72% of respondents said they were financially "doing okay" or "living comfortably." That's relatively close to pre-pandemic levels. However, when asked about their local economy, only 42% said it was "good" or "excellent." And then, when asked about the national economy, there was a big divergence: Only 22% said it was "good" or "excellent." That's a 50-percentage-point gap—among the same people. Moreover, the gap widened in 2020 and has been relatively stable since.

It is hard to pin the divergence in 2020 on inflation that arrived a year later. Something happened, surely—but the extra gloom likely goes beyond economics. It may be trauma from covid upending our lives, social media amplifying what was already a bias toward negative news, a hyperpartisan environment, geopolitical events, or fears about what comes next.

Words are not the problem. Nor are economists' tools especially well-suited to sorting out non-economic explanations.

So maybe the best way forward is fewer words from economists, less argument over the meaning of common economic terms, and more discussion about all the non-economic reasons for our gloom. That's my hope.

THEIR VIEW

Women-led philanthropy will improve the act of giving

GEORGE SKARIA

is a columnist and co-author of the recent book 'Beyond Three Generations: The Definitive Guide to Building Enduring Indian Family Businesses'.

Philanthropy has been practised by Indian companies for more than a century. Over the last few decades, some of it came to be led by women spouses of business leaders through corporate foundations, often with corporate social responsibility (CSR) activities playing a supportive role. But today, women in India and overseas are playing independent and impactful roles of leadership in philanthropy, bringing to their work distinctive styles and refreshingly innovative approaches.

A few days back, Melinda French announced that she will be disengaging from the Bill and Melinda Gates Foundation following a lag of three years after her divorce with Bill Gates in 2021. She will now be the recipient of $12.5 billion, which she would like to deploy on causes like gender development that she has been passionate about. After divorcing Gates, she founded the non-profit Pivotal Philanthropies Foundation. Analysts have said it is possible that a part of Melinda's future philanthropy will take on a political colour at some point.

MacKenzie Scott, former wife of Amazon founder Jeff Bezos, received a 4% stake in the online retailer after her divorce with him in 2019. In the last five years, MacKenzie has distributed 49% of her shares in Amazon worth $16.6 billion to over 2,000 non-profit organizations (NGOs) worldwide through a 'no strings attached' giving policy. This is revolutionary because the NGOs that received this money had full control over how, when and to whom benefits would be given. This was radically different from the traditional practice of putting in place detailed systems and processes to track and review the impact of funds awarded. Today, she is the poster-child of a new era in global philanthropy.

Back home, Rohini Nilekani, wife of Infosys co-founder Nandan Nilekani, has been a pioneer in the art and science of philanthropy. Although she has been involved in charitable giving for many years, she has also changed course along the journey. With wealth for this purpose largely generated from her and her family's stake in Infosys, Rohini Nilekani Philanthropies and other institutions she founded have been so active under her charge that she has been honoured as the "most generous woman" for three consecutive years by the *Hurun India Philanthropy Report*. Her work has been trailblazing on many accounts: The wealth she gave was not from a family business, as has traditionally been the case in India; she has done this independently from what her husband Nandan has been doing; and finally, through foresight, some of what she focused on quite early are causes like the environment and climate change, acknowledged now as critical areas in need of attention. In a recent *Economist* article, echoing MacKenzie Scott, Rohini Nilekani said that the recipient and not the donor is best suited to decide how to use the money.

Women leading big-budget philanthropic missions has enlivened this field with a wave of new ideas

Another well-known woman who played a pioneering role in Indian philanthropy has been Rajashree Birla, who led the group's CSR initiatives after her husband Aditya Birla passed away in 1995.

What is driving this new landscape of high-impact women-led philanthropy in the country?

First, with a proliferation of professional-led companies and startups, as opposed to traditional family businesses, substantive chunks of equity shares in many new-age firms are held by couples rather than just males. Even though Infosys started this trend more than 30 years ago, it is only in recent times that this model has gained traction. This has meant that women now have money of their own and are free to redistribute it the way they would like. It also helps for these young high net-worth individuals to have role models in Rohini Nilekani, Rajashree Birla and Anu Agha.

Data from GivingPi, a family philanthropy network in India, says that women-led philanthropy is gaining prominence because women show greater accountability and a clearer focus on complex societal challenges. A Bain and Company-Dasra study of 2024 found that women have high involvement in giving aimed at directly obtaining better outcomes (65% versus 43% for men). Early insights from this study also suggest that women tend to give away a greater proportion of their net worth than men do.

Second, the government is doing its bit by nudging companies subtly and not-so-subtly, directly and indirectly. In a related role, industry associations like the Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry have special units or foundations that help channel their members' CSR funds. These special units are also often led by women who have specialized knowledge and understanding of philanthropy.

Finally, with greater prosperity on the whole, many women now have the financial means and freedom to give up their corporate jobs and focus on their passion of giving. This is what Vidya Shah of EdelGive did. At the same time, the emergence of women billionaires like Savitri Jindal, Rohiqa Cyrus Mistry and Rekha Jhunjhunwala has given another step-up to women's philanthropy. What they have in common is that all three lost their husbands in an untimely manner and inherited large sums of wealth, including equity stakes in their business groups, parts of which are going into philanthropy.

Women-led altruism is steadily on its way to changing this field for the better.

New exhibition redraws maps and assumptions

Warli Art on mushroom (source: Manisha Dhinde); Gallery view, 'A Forest in the City: Living Within Sanjay Gandhi National Park/Aarey Colony in Mumbai' JEHANGIR NICHOLSON ART FOUNDATION, MUMBAI

'A Forest in the City' is an unusual yet powerful exhibition centred on tribal rights and the boundaries of a forest within a city

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On display is a light metre, identity cards, deer droppings and other objects that may seem misfits in an art exhibition space. Yet, *A Forest in the City: Living within Sanjay Gandhi National Park/ Aarey Colony in Mumbai* tells stories of the struggles, triumphs and culture of people living in a forest within a metropolis.

The exhibition at the Chhatrapati Shivaji Maharaj Vastu Sangrahalay's Jehangir Nicholson Art Foundation gallery (till 17 July) is an outcome of a three-year research project at Mumbai's Kamla Raheja Vidyanidhi Institute for Architecture and Environmental Studies (KRVIA) in collaboration with Pani Haq Samiti, an NGO that advocates universal access to water. The project explores issues of access to infrastructure by poor and marginalised communities within SGNP and Aarey Colony.

It is a collaboration between different institutions, activists, community groups and individuals, including architects, urbanists, anthropologists, activists, community members, cultural practitioners and archivists, led by Rohan Shivkumar, a teacher at KRVIA, and his colleague Lisa Bjorkman, a political ethnographer and anthropologist.

A Forest in the City tells us how we have made misfits of the people who live there, protecting and nurturing the forest while we strip them of their basic human rights. It's a way to "begin to consider questions concerning the categories of 'folk', 'contemporary', 'research' and 'tribal' art," says Shivkumar.

It was in 1984 that the government extended the boundaries of Sanjay Gandhi National Park (SGNP), rendering thousands of tribals and non-tribals living here as illegal inhabitants. Over 10 years later, in 1997, the court recognised their rights and ordered the government to rehabilitate them, says Sitaram Shelar, one of the founders of the Pani Haq Samiti. Each family had to pay ₹7,000 to get their new homes. But after almost three decades, only 11,000 families have been rehabilitated and the remaining 14,000 live without electricity, water or sanitation.

The irony is that the SGNP has many government houses, which have access to tap water. "But when it comes to the tribals, they are told that the pipes disturb the animal life, hence they can't have it," says Shelar.

This constant struggle and conflict with the establishment have marked several key events in the history of SGNP and Aarey. One time, the forest department seized the tribals' goats, claiming they were the reason behind a disease spreading amongst the deer of the forest. A few days later, after the tribals released two goats inside the Mumbai Mantralaya complex as a sign of protest, their goats were released.

In another instance, the tribals carried an electric meter in a palanquin in a procession around SGNP to make a statement about their years of struggle to get electricity. There are songs of protest written and produced by the tribals over the years, and the artwork can be seen in the exhibition.

The exhibition has two sections. "Mapping the Forest" explores acts of representation, each one presenting a different notion of the forest, as a bounded defined space separated from the city, as the space of everyday life as lived by the inhabitants of the forest, and as a space within a virtual reality—an artificial immersive three-dimensional terrain.

The second section is called "A Forest of Claims". Here, objects through which the forest is imagined and claimed by a variety of stakeholders are placed in a conversation with one another.

These include works of art, music, letters, religious totems and political banners. Identity cards, water taps, electric meters, each represents a claim of what the forest is or can be—a home, a park, property, livelihood, memory, a wilderness retreat. These claims play out in the forest, often in contradictory ways, some sanctioned, some prohibited or deferred.

> The maps made by various state agencies trace a history of the shifting boundary of the forest in the city

One of the highlights of the exhibition is a huge Warli wall that artist Dinesh Barap, a resident of SGNP, paints live at the gallery. He reacts to the exhibits installed in the gallery, explains Sonal Sundarajan, a researcher on the project from KRVIA.

The space and time within a Warli painting challenges conventional cartographic readings of the relationship between the city and the forest. It collects within its picture plane narratives that join landscape, myths, memories and the practices of everyday life.

State agencies produce maps delineating forest boundaries. These symbolise notions of what is considered civilised and uncivilised, the tamed and the wild. They also dictate what resources the city can exploit and what it must preserve for posterity.

The maps made by various state agencies trace a history of the shifting boundary of the forest in the city. They reveal the shape and definition of the forest as imagined, drawn and imposed by several different agencies, often simultaneous and contradictory, morphing over time and jurisdiction. The map-set aims to reveal conflicting forest definitions, to identify spaces of anomaly, deviation and contention, within institutional perceptions, says Sundarajan.

In that context then, what actually is a forest? To whom does it belong? Why does a section of society fight for basic rights whereas another group living in the same space has all the privileges?

There are also many misconceptions about tribals. They are labelled poachers and destroyers of the forest. But the historic reality is that they protect, conserve and live with the forest. "They don't have ambitions of commercialising it," says Shelar. "They take only what is needed for their survival. This holistic reality is never presented and this exhibition is a great way to challenge these conceptions."

A Forest in the City opens a dialogue that's never gotten its due. With the rapid advance of climate change and an urgent need to conserve forest-specific traditional knowledge, it becomes even more relevant.

Old Ibadi manuscripts being scanned at the library AFP

AI assist for Tunisians trying to save heritage

Zinki, an AI software, is able to read and simplify ancient Arabic writings

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In an unassuming house on the Tunisian island of Djerba, Said al-Barouni embarked on a mission to safeguard his Muslim community's little-known heritage, using technology and AI to save age-old religious manuscripts. The 74-year-old librarian and member of the Islamic offshoot Ibadism took up the reins of his family's six-generation library in the 1960s and has been in a race against time to preserve whatever manuscripts he can find.

Today, the library holds over 1,600 ancient Ibadi texts and books on various topics, including astrology and medicine, dating from as early as 1357. But Barouni is still on a quest to gather more literature, which has been scattered for centuries among families after they resigned themselves to practising their faith in secret.

After disagreeing on the succession following the death of Prophet Muhammad in 632 AD, Ibadis were considered Kharijites, a divergent branch of Islam whose adherents were labelled heretics. They fled to remote areas in modern-day Oman —where most Ibadis today live—as well as Libya, Tunisia and Algeria.

"In order to preserve their existence, Ibadis took refuge on the island of Djerba, in the desert in Algeria, or in the difficult (to access) Nafusa mountains in Libya," Zohair Tighlet, an author and expert on Ibadism, told AFP.

> In order to preserve their existence, Ibadis took refuge on the island of Djerba

Today most of their manuscripts are held in family libraries, said Barouni. "All families in Djerba have libraries, but a lot of the manuscripts were sold or exchanged among different people." In the small conservation room, heaps of weathered books stand amid the humming of ozone generators, which help mitigate paper deterioration. The manuscripts are dusted and scanned for digital copies.

Because old Arabic cursive is challenging to modern readers, Barouni also started using Zinki, an AI software able to read and simplify the ancient writings. For Feras Ben Abid, a London-based Tunisian software engineer who founded Zinki, the tool enables access to a myriad of manuscripts the average reader couldn't decipher. It is also a way to "change misconceptions some have had on certain topics", like Ibadi heritage.

Presenting themselves as "democrats of Islam", Ibadis have a tradition of entrusting a council of elders to oversee the community's social and political issues "with the goal of preserving Ibadite society", said Tighlet. That system was brought to an end under the French protectorate of Tunisia.

Those in present-day Tunisia found safety in Djerba—a haven for minorities that was added to the UNESCO list of World Heritage Sites last year for its unique settlement pattern. The resort island is also home to a Christian Catholic group and one of the region's biggest Jewish communities outside of Israel, with over 1,500 members of the faith. Nestled on their Mediterranean island, the Ibadis settled for a new and quiet life, contributing to its modern-day cultural kaleidoscope and accounting for two-thirds of its population, said Tighlet.

Sweet and savoury raw mango recipes from Lucknow

Lucknow is known for an array of dishes made with raw mango, from *kacche aam ka qeema pulao* to *gudamba*

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There is an array of sweet and savoury raw mango specialities cooked in Lucknow homes during this season. These recipes are commonly made in homes that either have a mango tree in the backyard or buy their fruit from vendors. The most popular use of raw mango in homes is sun-drying the slices and seeds into a *khatayi*, a souring agent for curries and *dals*. *Khatayi* differs from *amchur*, a powdered dehydrated mango with a more intense flavour used heavily in Punjabi dishes. Sometimes, the raw mango is salted and dried. It is believed that the salt helps with a longer shelf life, and the *khatayi* can be used year-round.

Fresh raw mango replaces *khatayi* in savoury dishes until they are available in the market. The tartness of fresh fruit enhances staple summer recipes like dal and vegetable stir fry. In Hindu homes of Lucknow, yellow *arhar dal* becomes *aam ki dal* when cooked with grated raw mango and tempered with cumin and dry red chilli. Similarly, summer gourds, which are infamous for being bland, like *parwal*, are cooked with a stuffing of grated raw mango and whole spices like nigella seeds, cumin, fennel seeds and coriander powder.

However, raw mango's role isn't limited to being a flavouring agent—*aam ki subzi* becomes a seasonal addition to the vegetable repertoire and forms a formidable holy trinity with *dal-chawal* for a light lunch.

Nayan Jain, a capital market lawyer in Delhi, grew up enjoying *kairi ki subzi* made by her mother in a Thakur-Jain household in Lucknow. She now replicates the dish in the memory of summers at home. "Slices of *kairi* (baby mango) are sauteed in smoked mustard oil with spices like asafoetida, nigella seeds, cumin, turmeric and red chilli powder and a sprinkle of sugar to balance the zing."

Achraj, a popular dish made with raw mangoes and minced mutton, regularly features in the Lucknowi Muslim dastarkhwan. The mince is cooked in a masala base of onion, ginger, garlic and whole spices. Raw mango is added at the end to retain its tartness and complement the savouriness of the meat. Sometimes, the leftover *achraj* is repurposed, turned into a simple pulao, and served with accompaniments like *raita* and *kachumbar* salad.

ISTOCKPHOTO

TAIYABA ALI

Raw mango is used in the souring agent *khatayi*; (right) and the sweet dish *gudamba*.

The sweetness from the *birista* (crisp fried onions), tangy raw mango and savoury meat, make it a delectable and balanced dish.

The harmony of flavours is a crucial element in understanding Lucknowi culinary traditions. The spices and seasonings enhance and complement the flavours of the meat and vegetables, not overpowering them, making the food *khush rang* (attractive) and *khush zaiqa* (delicious).

A popular raw mango sweet dish made in the summertime is *gudamba*, a sweet and tangy dessert. Fewer ingredients, less cooking time and refreshing flavours make *gudamba* a favourite with children and elders alike. Whole-wheat flour or fine semolina is toasted in *ghee* and then cooked with sugar syrup and water, and enjoyed as a hot *halwa*.

Gudamba is also the name of a beverage made in Amroha, a town in Uttar Pradesh, about 300km from Lucknow. "We extract the raw mango pulp and cook it down to a concentrate with equal amounts of sugar. Once cooled, it is stored in an airtight jar and diluted with cold water for a refreshing, sweet and tangy summer drink," shares Summaiya Javed Akhtar, whose hometown is Amroha.

It is interesting to see how Lucknow's love for mangoes and its dishes isn't limited to the traditional. Chefs and mango aficionados are constantly innovating their food, giving hero status to this ingredient.

Mohsin Qureshi, head chef at Azrak, a fine-dine restaurant in Lucknow, is being lauded for his most recent addition to the menu, Kacche Aam ke Murgh Kawab. The dish is created by marinating chicken breast fillets with a spiced raw mango mix and a stuffing of grated raw mango and honey, then grilled and served with a chutney.

Lucknow-based food entrepreneur Jyotsna Kaur Habibullah started a mango cooking competition as a part of her annual mango festival at the city's farmer's market. This year, the mango festival will run from 8-9 June. She came up with Kairi Gosht in one of the editions of the festival, using jaggery to counteract the tartness of the raw mango. Additionally, *achari* (pickling) spices like fennel, nigella, mustard seeds, cumin seeds and mustard oil further enhance the flavour of this mutton curry. She has an archive of over 300 mango recipes collected from the locals who participated in the competition over the last ten years. Her initiative aims to restore people's love for mangoes, not just as food but also for their place in Lucknow's culture, language and poetry.