NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 137

Friday, June 7, 2024

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Think Ahead. Think Growth.

mint primer

Alliance dharma: What reforms will work, what won't

BY SUMANT BANERJI

After two terms of absolute majority, the Indian electorate has given a fractured mandate to the Narendra Modi-led BJP. The era of coalition politics is back with a bang. Does that also mean an end to the promise of big-ticket reforms? *Mint* explains.

PTI

1 Will green energy reforms continue?

Renewables and electric mobility are two of the biggest focus areas of the Centre, and irrespective of politics, this will likely continue. In his post-election speech, Modi referred to green energy several times. In its 2nd term, the government rolled out production-linked incentive (PLI) schemes to boost local manufacturing of EVs and lithium cell batteries among other things. This scheme will see more sector-specific incentives being formulated. The third phase of the Faster Adoption and Manufacturing of Electric vehicles (FAME) scheme could be among the first to be announced by the new government.

2 What about reforms on labour and land?

India's prickly labour laws and difficulties in acquiring land are two of the biggest challenges for industry. Though governments have tried to address these in the past, they have had to face a backlash. The NDA government also wanted to usher in reforms in these two areas. However, the compulsion of taking its allies into confidence means wholesale changes are now unlikely. In 2019-20, labour laws were consolidated into four codes but these are yet to be notified pending legislation in the states. Reforms such as digitization of land records will continue but an overhaul is almost certainly out.

3 Will farm laws make a comeback?

Unlikely. Since the prolonged protests and rollback of the farm bill, little has changed on the ground. Farmers have stuck to their demand of price guarantee while the government remains non-committal. With a brute majority, there was a chance of a watered-down version being implemented but with a fractured verdict, it is too risky a political gamble.

4 What other reforms may get stalled?

Privatization may lose momentum. The Centre was also hoping to launch two other big reforms—uniform civil code and synchronized elections. Both may be shelved as building consensus may be difficult. Then, there are other smaller reforms—like bringing petroleum products under GST. This one is unlikely as states depend on oil for offsetting any revenue shortfall. The delimitation exercise, which would have skewed the balance of power towards northern states, is also likely to face resistance.

5 What might still get done?

History shows reforms do happen in coalitions. It may be possible for the new government to rationalize direct and indirect taxes, some experts feel. Buoyancy in the economy and strong GST revenue have offered enough elbow room to the government to tweak personal income tax slabs. There will likely be no opposition to restarting the stalled GST rationalization plan to overcome the problem of embedded taxes especially in exempted sectors like healthcare where taxes paid on inputs cannot be offset.

QUICK EDIT

Market scam?

Congress leader Rahul Gandhi wants a joint parliamentary committee probe of comments made by Prime Minister Narendra Modi and home minister Amit Shah on India's stock market and its drop on Tuesday, the day of election results. Gandhi alleged that the two leaders' comments were an attempt at talking up the market, with potential roles on their part in a "stock market scam". The exact allegations seem unclear, although insider information seems to be what Gandhi wants looked into. The Congress leader also hinted at exit polls being used for market manipulation. To be sure, politicians making potentially market-moving comments on non-policy matters isn't common. But what the two leaders said was in response to questions of market shudders seen as caused by fears of power shift, so there was a political context to the statements. This, in itself, is not evidence of any conspiracy. It is unclear if this is a matter for which we should consult the model code of conduct. Still, given how market volatility can act as a cesspool of scandals, it's about time we considered it improper for politicians to comment on stock market swings. Leave it to its own devices.

MINT METRIC

by Bibek Debroy

In Jhansi, a case quite bizarre,
A helmet-less man driving a car
Charged Rs 100 as fine.
Bahadur Singh Parihar too shocked to whine,
The incident has made him a star.

QUOTE OF THE DAY

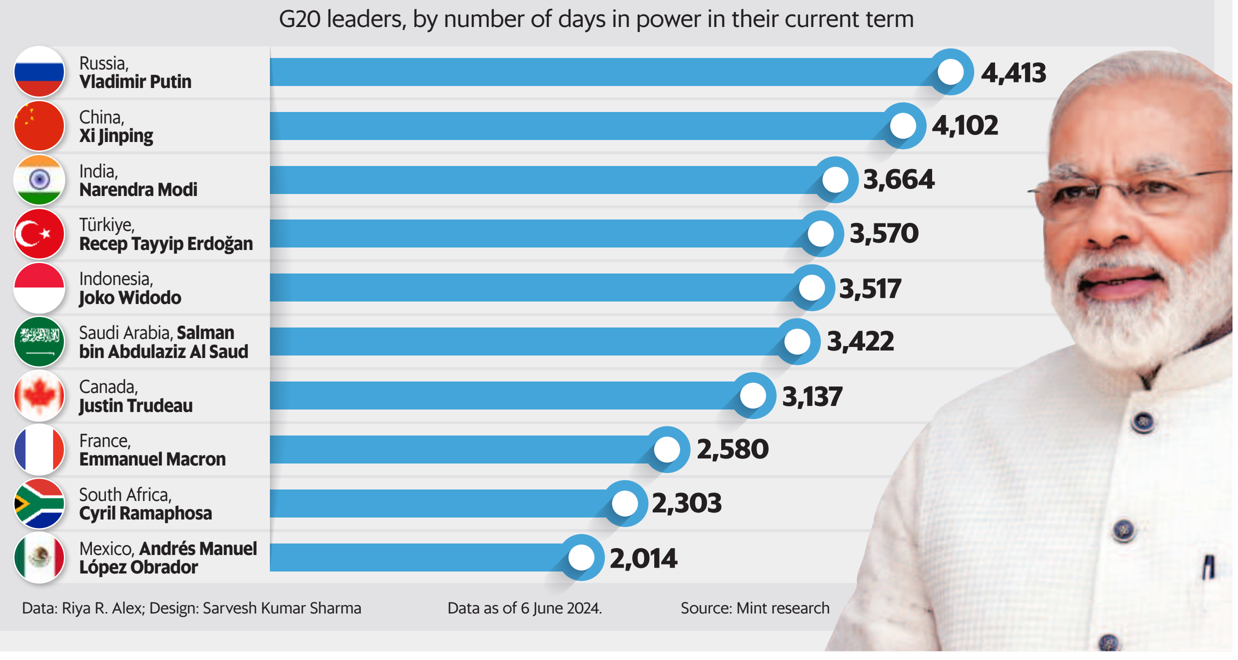
I think the (Indian banking) sector is being overlooked by investors, given the interest-rate cycle going forward.

ANDREW HOLLAND
CEO, AVENDUS CAPITAL ALTERNATE STRATEGIES

mint Data Bites

MODI SET TO EXTEND HIS RUN AS 3rd LONGEST-SERVING G20 LEADER

G20 leaders, by number of days in power in their current term



Data: Riya R. Alex; Design: Sarvesh Kumar Sharma

Data as of 6 June 2024.

Source: Mint research

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PLAIN FACTS

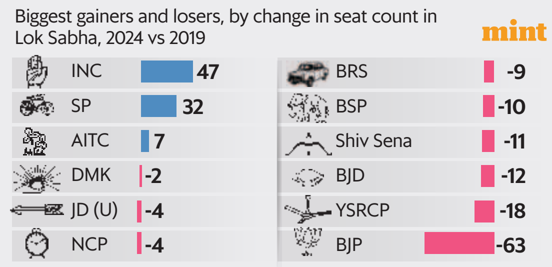
Data recap: Election surprise, slower PMI

CURATED BY TANAY SUKUMAR & PRAGYA SRIVASTAVA

Every Friday, Plain Facts publishes a compilation of data-based insights, complete with easy-to-read charts, to help you delve deeper into the stories reported by *Mint* in the week gone by. The results of the 2024 Lok Sabha election have brought back the era of coalition governments as the ruling Bharatiya Janata Party (BJP) suffered losses and couldn't win a majority by itself. India's manufacturing and services activity remained strong despite slowing down in May.

Election Upset

Biggest gainers and losers, by change in seat count in Lok Sabha, 2024 vs 2019



Only parties that won at least four seats in 2019 considered. Some of these did not win any seat in 2024. Source: Election Commission of India

IN WHAT came as a surprise to India and the world, the incumbent BJP fell short of the majority mark at the 2024 general election as the opposition INDIA bloc put up a tough fight. BJP won 240 seats as opposed to the 303 seats it had won in 2019. Although BJP is expected to form the government with the help of its allies in the National Democratic Alliance (NDA), the decline in the number of seats and vote share indicates that the popularity of Narendra Modi is waning.

Sensex See-saw

Change in Sensex values on Lok Sabha election counting days (in %)

	Result day change	Change at highest point	Change on previous day
2004	0.8	2.4	0.6
2009	17.3	17.3	2.5
2014	0.9	6.2	0.4
2019	-0.8	2.6	0.4
2024	–5.7	0.2	3.4

2009: The counting took place on a market holiday. The result day figures refer to the next trading day. Source: BSE, Mint calculations

THE BJP was confident of consolidating the mandate it had received in 2019 in the latest Lok Sabha polls, and when all major exit polls predicted a tally of 350-400 seats for its alliance, the Sensex jumped 3.4%, or 2,500 points, on Monday. However, the surprise result, with the BJP falling short of majority, caused a bloodbath on Tuesday as the benchmark index fell 5.7%, or nearly 4,400 points, wiping out nearly ₹30 trillion in investors' money but only to correct the next day by 3.2%.

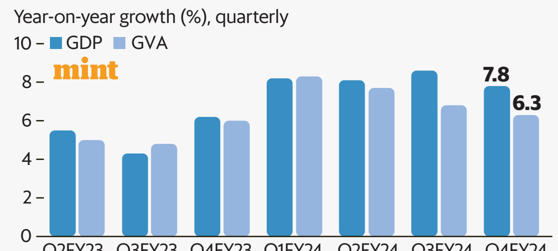
$11.77 billion

Inbound Funds

THAT'S THE foreign direct investment (FDI) India received from Singapore in 2023-24, the largest from any country, even as overall capital inflows shrank by about 3.5% due to global economic uncertainty, *PTI* reported, citing government data. FDI from Singapore, too, dipped by 31.6%. FDI equity inflows decreased from major countries last year, including Mauritius, Singapore, the US, and the UK.

GDP Blitz

Year-on-year growth (%), quarterly

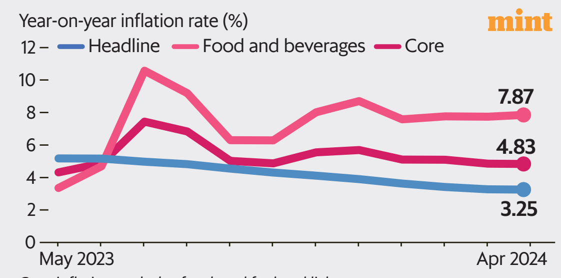


GDP is derived by adding net taxes (taxes minus subsidies) to GVA.
Source: Ministry of statistics and programme implementation

THE INDIAN economy grew 7.8% in the quarter ended March, against analysts' estimate of 7%, according to data released last Friday. However, the growth was in part driven by a dip in the Centre's subsidy expenses. Gross value added (GVA) grew just 6.3%. The Centre's expenditure on subsidies declined 23.8% year-on-year in 2023-24, which could have led to the gap. The gap narrowed in comparison with Q3, but still remains. Meanwhile, in the full year, GDP grew 8.2%.

Hawk Mode

Year-on-year inflation rate (%)



Core inflation excludes food, and fuel and light group.
Source: Ministry of statistics and programme implementation, CMIE

THE RESERVE Bank of India's (RBI's) monetary policy committee will announce its next policy review on Friday. With GDP growth holding up despite a global slowdown, RBI is expected to be more hawkish as its main mandate—bringing inflation close to the 4% mark—is still a work in progress. At the last meeting, all but one member of the panel voted to keep the policy repo rate unchanged, with a hawkish commentary. The same may recur, given the growth-inflation dynamics.

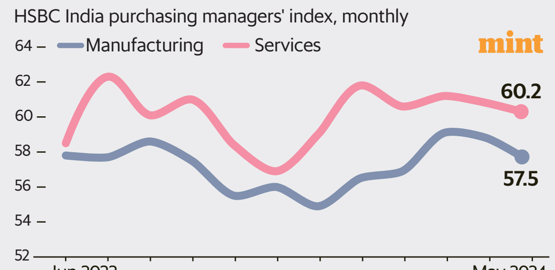
45%

Comeback Trail

THAT'S THE rise in pre-tax profits of Adani Group companies in 2023-24, as their earnings before interest, taxes, depreciation, and amortization (Ebitda) grew to ₹82,917 crore in the year. The group's market value had crashed in early 2023 in the wake of a damning report from a US short seller. The company focused on containing debt, reducing founder share pledge and consolidating the business in core competencies in FY24, *PTI* reported.

Robust Activity

HSBC India purchasing managers' index, monthly



Source: S&P Global

INDIA'S MANUFACTURING and services purchasing managers' index (PMI) slowed to 57.5 and 60.2, respectively, in May. But, the numbers are still far above the 50-mark that separates expansion from contraction, indicating a strong pace of growth. While business activity is robust, cost pressures are rising, reflecting a trend of correction in the commodities market. The strong rise in PMI (55 or above) has been a constant phenomenon at least since September 2022.

Chart of the Week: Losing Face

Predictions of 2024 election results by select exit polls (number of seats; majority mark: 272)

	NDA	INDIA
ABP-CVoter	353-383	152-182
India Today-Axis My India	361-401	131-166
Jan ki Baat	362-392	141-161
Republic-Matrize	353-368	118-133
News Nation	342-378	153-169
News24-Today's Chanakya	385-415	96-118
Final tally	293	233

Source: Polling agencies

EXIT POLLS failed spectacularly in their prediction of the Lok Sabha election results. Most agencies predicted a comfortable victory and an increase in majority for the National Democratic Alliance from the last election. But while the alliance lost over 50 seats, the opposition gained.

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

PARAS JAIN/MINT

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Friday, June 7, 2024

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Politics has changed. Should your portfolio too? ▶P10

Edtech firms must work out a code of conduct: Pai ▶P3

SENSEX **75,074.5 ↑ 692.26** NIFTY **22,821.4 ↑ 201.05** DOLLAR **₹83.48 ↓ ₹0.10** EURO **₹90.82 ↓ ₹0.14** OIL **$78.7 ↑ $1.43** POUND **₹106.72 ↓ ₹0.19**

Digital competition law may hit how you Google

Moving from search results page to maps, reaching specific sites may turn harder

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Soon, you may not be able to hop from Google search results to a hotel's website to make a reservation, or even to Google Maps once you find the place you are looking for.

Allowing users to head straight to Google Maps or a hotel's website from the results page goes against the tenets of the draft Digital Competition Bill, say industry executives and experts.

The draft bill, which seeks to prevent anti-competitive behaviour, proposes prohibiting the intermixing and cross-use of personal or business user data across different products or services without user consent.

Google and other search engines might also have to stop surfacing sponsored links to products and services in search results, as the bill proposes prohibiting what's called 'self-preferencing'.

This is broadly defined as giving preference to a digital platform's own products or service, to those of related parties, or to third parties with whom it has an arrangement, an industry executive said on the condition of anonymity.

SEARCH PARTY

The bill has proposed prohibiting intermixing and cross-use of user data across different products or services without user consent

759 mn: Active internet users in India

THE BILL proposes: A code of conduct or ex-ante regulations for digital giants

THE BILL covers: Digital firms above a specified financial threshold, with specified user base, or the ones CCI believes are significant

FINANCIALS: Cos with India sales worth ₹4,000 cr or global sales worth $30 bn or India GMV of ₹16,000 cr or global m-cap of $75 bn or fair value of $75 bn

USER-BASE: Companies with 10 million end users or 10,000 business users in India

PENALTY FOR violations: Up to 10% of global turnover

mint

"The idea of the digital competition law is to ensure competitiveness in digital markets, which will ultimately benefit users and consumers. However, many of the big tech companies and Indian digital entities are concerned that in the pursuit of ensuring competitiveness in the market, the law should not lose sight of the end goal, i.e., better products and services," said Pranjal Prateek, partner at law firm Khaitan & Co.

"Some of the widely worded prohibitions under the draft bill could potentially diminish user experience and product usefulness."

Google, and the ministry of corporate affairs, which introduced the draft bill in March, did not reply to emails sent on Wednesday.

Users unwilling to allow Google to use their personal or business data might find their experience on the tech giant's platforms highly diminished, said one of the industry experts mentioned earlier.

Finding an address on Google Search and hopping to the location on Google Maps could involve multiple steps if the proposed legislation takes effect in its current form. A user would have to copy the address from the results page and paste it on Google Maps for the route, explained a technology expert.

The proposed Digital Competition Bill has good intentions and seeks to protect competition in the market, preventing network effects and entry barriers that reinforce the incumbent player.

Network effect allows a product or service—a search engine, an e-commerce platform, or a digital navigation tool—to gradually become more accurate and predictable as more users engage with it, attracting even more users to it. This, however, could potentially shift the market dynamics in its favour.

Industry experts worry about potential unintended consequences of the Digital Competition Bill, which could hinder efficiency, innovation, and user experience.

According to Navneet Sharma, director general of CUTS Institute for Regulation and Competition, a non-profit research body, digital platforms seeking user consent for different individual services within their ecosystem—say, an online travel company seeking consent separately for booking air tickets, hotels and cabs—will lead to consent fatigue.

TURN TO PAGE 4

CPPIB, Cube reach final lap for NIIF's Athaang road assets

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Canada Pension Plan Investment Board (CPPIB) and Cube Highways are in the final lap for the road assets of National Investment and Infrastructure Fund's Athaang Infrastructure Pvt. Ltd, two people aware of the matter said. The two entities are expected to submit their binding bids shortly.

JP Morgan is running the transaction, which is expected to have an equity value of around ₹4,000 crore. Final bids are expected in two weeks.

While CPPIB is among Canada's largest pension funds, Cube is one of India's largest private toll road operators.

The portfolio on sale includes five road assets totalling 230 kilometres.

The Economic Times had earlier reported that as many as 10 global and domestic infrastructure funds, including CPPIB, KKR, Spain's Abertis, France' Vinci Highways, Edelweiss' Sekura Roads and Caisse de dépôt et placement du Québec (CDPQ), had signed non-disclosure agreements for the deal.

"CPPIB and Cube Highways are the final two companies in fray for Athaang's road assets.

The deal could have an equity value of around ₹4,000 cr. MINT

The final bids are expected within two weeks," said one of the two people on the condition of anonymity.

Spokespersons for CPPIB and JP Morgan declined comment, while spokespersons for NIIF and Cube Highways didn't respond to queries emailed on Wednesday.

The investor interest comes against the backdrop of rapid road construction in the country, with the government front-loading its ₹2.72 trillion capital expenditure in 2024-25. *Mint* earlier reported that in just the first month of the fiscal year, more than 20% of the capex allocated to the road ministry had been spent. In the previous fiscal year, this

TURN TO PAGE 6

DON'T MISS

Zoho applies for chip foray; sets $200 mn for fabrication unit

Chennai-based Zoho Corp. has applied for a licence to build a compound semiconductor fabrication plant, or fab, besides earmarking $200 million for the project. Co-founder Sridhar Vembu said that Zoho was awaiting government clearance for the project. >P3

Act against ICICI Bank staff who called I-Sec investors, says Sebi

Sebi has asked ICICI Bank to act against staff who had reached out to ICICI Securities shareholders to press for its delisting, and asked the bank to submit an action taken report. The Sebi move follows complaints it received from I-Sec investors. >P5

A new excise law set to make life easier for oil companies

A law proposed to replace the eight-decade-old Central Excise Act will cut the compliance burden on oil and gas firms that are governed by the excise duty regime. The proposed Bill aims to align excise duty regime with the modern GST and customs frameworks. >P2

Struggling MX Player to offload key assets to Amazon

Amazon.com Inc. is set to acquire some key assets, including the content library from *Times Internet*-backed MX Player to bolster its streaming footprint in India. The transaction, however, is not yet complete, said Karan Bedi, CEO, MX Player. >P5

Big star vehicles such as *Bade Miyan Chote Miyan*, *Maidaan* and *Fighter* have underperformed at the box office. MINT

Pricey stars, fickle viewers hit Hindi film production

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Bollywood studios have halted fresh projects amid steep star fees and fickle audiences, as the industry struggles to find a way forward after multiple big-budget films hit the dust.

Actor fees, which jumped by 20% following the pandemic outbreak, remain elevated despite thinning theatres, industry executives said. Many stars are not keen on revenue-sharing models proposed by filmmakers. At the same time, the industry has not been able to find new winning formulas, and bets on big stars have not always worked out.

The Bull, an action film starring Salman Khan, has been stalled indefinitely, while Ranveer Singh recently exited *Rakshas*, which was to be directed by Prashant Varma of Telugu hit *HanuMan*. The sequel to Tiger Shroff's *Ganapath* and another action film of his, *Rambo*, too have made no progress.

At the same time, projects that have begun production such as *Raid 2* and *Sitaare Zameen Par* are trying to cut costs by shifting to locations offering tax rebates, while others are controlling marketing expenses. Industry experts said there is a major crisis across studios and companies at a time when revenues from streaming platforms and the sale of other rights have dried up.

"Things have come to a standstill, and everyone is putting their heads together to figure out how to bring costs down. The talent, especially, needs to take stock of the situation to come on board as co-producers because otherwise nobody has money to pump in," a senior film producer said on the condition of anonymity.

Star fees are the biggest expense for most filmmakers, while location, equipment rentals and other costs make up a tiny share. The producer cited above said though everyone is aware of the malaise, star fee correction hasn't happened across the board because top names are in no rush to sign films. They would rather wait since they already have a regular stream of income in the form of brand endorsements and social media collaborations, he added.

Star fees took off as streaming platforms snapped up movies at steep prices when

TURN TO PAGE 6

Acko versus Acko: Insurer cries trademark violation in China

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After Tesla versus Tesla in India, it is Acko versus Acko in China.

Bengaluru-headquartered Acko General Insurance has asked the Indian government to intervene in a case of potential trademark violation in China, two people aware of the matter said.

The Amazon-backed insurer objected before Chinese authorities after Shenzhen MengLang Technology applied for the Acko trademark in China under a category meant for insurance and financial services, the people said on the condition of anonymity.

The objection was rejected, but it is unclear if Shenzhen MengLang's application has been granted.

The Indian insurer then wrote to the Union corporate affairs ministry that the Chinese entity has no affiliation with it and requested it to intervene, the people added.

CHINA TRAP

- **Shenzhen** MengLang seeks Acko trademark in China
- **Indian** company files objection, which is rejected
- **China** grants trademark to first applicant under its IP laws
- **The** Indian company moves corporate affairs ministry
- **Experts** say the government has little role in the matter

Acko is keen to avoid any suspicion that it is linked to any country other than India, the people said, adding the insurer has told the government that it is spending significant time, resources and efforts to protect its trademark.

Queries emailed to Acko General Insurance and a corporate affairs ministry spokesperson remained unanswered.

In a similar case, the Delhi High Court recently barred India's Tesla Power from publishing advertisements with a Tesla trademark, after Elon Musk-led Tesla Inc. sued it for using its trademark. Tesla Inc. argued that Tesla Power's use of the trademark was causing confusion among consumers and potentially harming its business interests. On 30 May, Tesla Power asked its partners and vendors to remove the Tesla logo from their e-scooters. The case hearing is still on.

Acko's application was rejected in China because unlike countries that recognize well-known international trademarks, China grants them to whoever applies first, the people cited above said. Acko Technologies, the parent of Acko General Insurance, has owned the trademark Acko in it

TURN TO PAGE 6

Differing views among NDA partners on UCC, Agnipath

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The Uniform Civil Code (UCC) long favoured by Bharatiya Janata Party (BJP) is not a priority for its coalition partners, many of whom are also displeased with the two-year-old Agnipath army recruitment scheme.

The UCC has been a pet project of the BJP; however, the lack of a Lok Sabha majority makes it reliant on allies more than earlier, even as Narendra Modi is set to become India's prime minister for a third consecutive term. The UCC is proposed to replace India's personal laws based on religion, customs and traditions with one common law.

"We have just entered into the alliance for government formation. So, let things settle down first," said a senior leader of Janata Dal (United), one of the larger constituents of the BJP-led National Democratic Alliance (NDA). "However, we want to make it very clear that the JD(U) will not support any legislation that may dishonour the social fabric of the country."

The NDA chose Narendra Modi as its leader on Wednesday. PTI

K.C. Tyagi, national spokesperson for the JD(U), added: "Our stand on the UCC remains unchanged. We still believe in consulting all stakeholders. Once the government is formed, we will call a stakeholders' consultation to discuss it further."

A senior TDP politician said the UCC was not a priority for the party. "Our manifesto is very clear. We have received the mandate for development and social welfare, and this will remain our top priority," the TDP leader said, also requesting anonymity. "The UCC is not on our agenda."

TDP spokesperson Jyothsna Tirunagari and the BJP's national general secretary, Arun Singh, declined to comment, while queries emailed to JD(U)'s spokesperson and BJP president J.P. Nadda remained unanswered.

Many NDA partners are also not happy about the Agnipath recruitment scheme, which had sparked widespread protests after its launch in June 2022 as youth agitated over potential lack of job security. In his election rallies, Congress leader Rahul Gandhi had highlighted the problems with the scheme.

TURN TO PAGE 6

How Apple fell behind in the artificial intelligence arms race

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THE WALL STREET JOURNAL.

For those who saw them, the demonstrations inside Apple earlier this decade of a revamped Siri offered a showcase of the amazing capabilities a powerful AI voice assistant could have.

The famed assistant, one of the last projects Apple co-founder Steve Jobs worked on before his death, had been given a total overhaul. Capable of running on an iPhone and without an internet connection, the new Siri impressed people with its improved speed, conversational capabilities and the accuracy with which it understood user commands. Code-named Project Blackbird, the effort also imagined a Siri with capabilities built by third-party app developers, according to people familiar with the work.

Yet a competing project won out in an internal contest ahead of the 10-year anniversary of Siri's launch. Known as Siri X, the more-modest upgrade involved moving more existing Siri software onto iPhones from remote servers to improve the voice assistant's speed and privacy. The Siri X enhancement was unveiled in 2021.

Next week, at Apple's annual Worldwide Developers Conference, the company is set to join an AI arms race that many think will define the future of technology. The iPhone maker is trying to catch up with Microsoft, Alphabet's Google and other rivals that have begun to integrate generative AI into their core products.

Next week, at Apple's annual Worldwide Developers Conference, it is set to join an AI arms race. BLOOMBERG

Apple's caution and characteristic secrecy, as well as the care it takes in upgrading devices—where hardware and software are seamlessly integrated—have hobbled its early efforts in the AI arena, the people said. It now finds itself in the unusual position of having to take risks.

The company is set to announce an array of generative AI features and software products, including Siri, said people familiar with its plans. The AI features include assistance in message writing, photo editing and summarizing texts.

While Apple isn't expected to catch up with leading AI innovators soon, the company is preparing to unveil AI features with impressive capabilities that also maximize privacy for users—a concern that will be central to unlocking the full potential of AI assistants. Apple is also expected to unveil one or more potential partnerships with major AI developers after holding talks with OpenAI, Google and Cohere, the people said.

Apple has long prided itself on perfection in its product rollouts, a near impossibility with emerging AI models. While OpenAI systems have dazzled more than 180 million users with their generation of writing, images and video, they are prone to occasional errors, often called hallucinations. Apple has had limited tolerance for such issues. "There's no such thing as 100% accuracy with AI, that's the fundamental reality," said Pedro Domingos,

TURN TO PAGE 6

Govt to buy 1 mt of gram at mkt price to replenish buffer

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The Centre is planning to purchase one million tonnes (mt) of chana (gram) under its price stabilization fund (PSF) at market prices or even higher to replenish its buffer, a senior official said.

Pulse stocks are falling, and the government has so far been unable to procure in desired quantities amid sticky prices.

Chana prices in wholesale markets of key producing states have shot up significantly and are in the ₹6,900-7,075 per quintal range, well above the minimum support price of ₹5,440 a quintal, according to spot traders.

This has taken the retail price of chana up by 16.5% from the previous year at nearly ₹87.1 a kg as of Thursday, data from the consumer affairs ministry showed.

"Procurement of chana under PSF has already been started by our two agencies (Nafed and NCCF) last month at the prevailing market rate. The procurement will be of current rabi season's crop and from farmers, PACs (primary agricultural credit societies), cooperatives, FPOs (farmer producer organizations), FPCs (farmer producer companies), millers and private players at MAPP (minimum assured procurement price) which will be available in the Agmarknet and UPAG portals daily. In case MAPP is not possible, we have directed the procuring agencies to purchase the crop at 10% higher than MAPP," the official said.

The Centre has been able to purchase only under a third of the buffer stock of chana dal. HT

"We are estimating the cost of the operation could be about ₹600 crore and we have paid the amount to both agencies equally in advance to procure one million tonnes of chana," the official added.

The government has so far been able to purchase about 300,000 tonnes of chana, less than a third of the buffer requirement. Overall, only 1.6mt of pulses are available in the central pool, including 340,000 tonnes of chana, against the norm of 3.1mt.

Chana prices started rising in anticipation of lower production this year due to low rainfall and a prolonged dry spell last year. Acknowledging it, the agriculture ministry on Tuesday revised its estimates downwards to 11.57mt from its February estimates of 12.1mt.

A new excise law set to make life easier for oil companies

The Central Excise Bill 2024 aims to align excise duty regime with GST, customs frameworks

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A new law proposed to replace the eight-decade-old Central Excise Act will cut the compliance burden on oil and gas companies that are currently governed by the excise duty regime.

The proposed Central Excise Bill 2024 aims to align the excise duty regime with the modern Goods and Services Tax (GST) and customs frameworks. If passed, experts say, compliance requirements for companies such as Oil and Natural Gas Corp. Ltd, Oil India Ltd and Indian Oil Corp. would be aligned with those of the GST regime.

If the new law gets enacted, compliance requirements for companies such as Oil and Natural Gas Corp. Ltd would be aligned with those of the GST regime. REUTERS

The Central Board of Indirect Taxes and Customs (CBIC) has sought public feedback on the proposed bill. Businesses have until 26 June to offer their suggestions on the proposed law, which includes some sweeteners.

When it comes to duty refunds, interest on delayed refunds will begin accruing after 60 days from the date of the refund application, instead of the three-month period outlined in the current excise law, explained Rachit Jain, partner at Lakshmikumaran & Sridharan Attorneys.

26 June
Deadline for biz to offer suggestions regarding the law

There is also some relaxation for the taxman. Tax authorities will have three years to raise duty demands, as opposed to the two-year time limit prescribed in the existing excise law, said Jain.

"This bill may lead to a reduction in compliance burden, and provide a comprehensive legal framework better suited to the current economic landscape," said Jain.

While GST has subsumed most goods into it, five products in the oil and gas sector—crude oil, petrol, diesel, natural gas and jet fuel—were left in the excise duty regime as states were not prepared to bring these high-revenue-earning items into the GST regime. Tobacco attracts both GST and central excise duty.

The Centre collected more than ₹3 trillion from central excise in the financial year 2023-24, a bit lower than the ₹3.19 trillion collected in the year before. States levy value-added tax on petroleum products, not state GST.

₹3 tn
Central excise collected in the fiscal year 2023-24

The proposed Central Excise Bill 2024 seeks to eliminate outdated provisions and incorporate certain regulations into the law itself. Tax credit-related provisions in the excise duty regime are proposed to be included in the new bill itself.

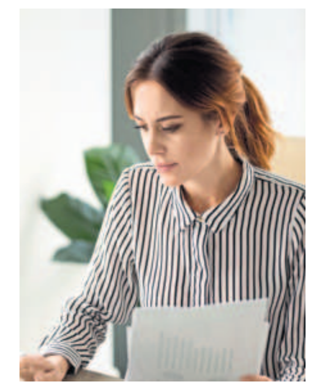
Experts see the effort to modernize the excise law as a sign of the inclusion of petroleum products into GST. In 2015, the service tax law underwent modifications that facilitated a smooth transition to the GST regime for services, said Sanjay Chhabria, lead, indirect taxation, at Nexdigm, a business and professional services company.

"In the same way, the government is now focusing on modernising the Central Excise Act with the goal of promoting 'ease of doing business' and ultimately transitioning the left-over commodities to GST," explained Chhabria.

Oil exploration and production companies such as ONGC and Oil India are subject to GST on purchases such as capital goods and materials used in their operations, but the crude oil they produce is subject to excise duty.

Similarly, refiners such as Indian Oil Corp. are subject to GST on purchases of capital goods, materials and services used in their business, but the sale of refined petroleum products is subject to excise duty. This makes them tax-inefficient as credit for taxes paid in one system is not available under another tax system.

Given that excise duty applies only to a limited number of products, a lengthy and outdated law is unnecessary, said Rajat Mohan, executive director at accounting and advisory firm Moore Singhi, adding that a new excise law was long overdue. "The government has rightly proposed a practical and relevant draft tailored for these specific sectors," he said.



EASE reforms include special banking services for women entrepreneurs. ISTOCKPHOTO

EASE to aid women who plan to start or scale up enterprises

Subhash Narayan
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NEW DELHI

Public sector banks (PSBs) will soon launch tailor-made financial schemes for women, especially entrepreneurs and startup founders, who often fail to attract funding through existing channels, according to people aware of the development.

The department of financial services has asked banks to devise a strategy to support women customers as part of the Enhanced Access and Service Excellence (EASE 7.0) reforms agenda, these people said. EASE 7.0 focuses on assessing risk, managing non-performing assets, financial inclusion, customer service, and digital transformation.

Women played a key role in the recent general elections, accounting for around 312 million voters. According to pollsters, more women turned out to vote than men, and more women voted for the National Democratic Alliance (NDA), which looks set to form the new government.

The latest EASE reforms include special banking services for women entrepreneurs and "loan melas" for those seeking financial support for their ventures. PSBs will also organize programmes to connect women founders with startup incubators to help them scale their ventures.

Banks will also organize camps to provide financial education to women, bring them into the banking system, help them tap the benefits of various government schemes, and teach them about investing and financial planning.

"Women support programmes will be the theme of EASE 7.0. We see a lot of potential in our female customer base to move up the ladder and become successful entrepreneurs. Banks will be ready to support this through new and innovative financial products," said the head of a public sector bank on the condition of anonymity.

Queries sent to the finance ministry remained unanswered. EASE reforms have been a key priority for the banking industry since FY19.

India-EU FTA talks resume on 23 June

Dhirendra Kumar & Rhik Kundu
NEW DELHI

India and the European Union (EU) will resume talks for a free trade agreement (FTA), with the eighth round slated to start on 23 June, two people aware of the matter said.

The two sides will likely take up sticky issues such as the carbon tax, services, and India's demand for the EU to relax its rules on the maximum level of pesticide residues allowed in agricultural commodities, one of the persons mentioned above said requesting anonymity.

"India intends to take a firm stand on persistent challenges such as non-tariff barriers. To that extent, Indian negotiators have prepared an elaborate list of roadblocks and challenges in key sectors," the person added.

Non-tariff barriers hinder trade in sectors such as agricultural commodities, pharmaceutical items, engineering goods, and electrical items.

However, defining non-tariff barriers can be tricky. Some rules enforced by the EU to protect the health and safety of its citizens, such as those over pesticide levels, are described as non-tariff barriers by India.

The India-European Union talks may cover sticky issues such as carbon tax, and rules on pesticide residue levels. BLOOMBERG

The matter centres on the EU's maximum residue level (MRL) rule. MRL is the highest level of a pesticide residue that is legally tolerated in food or feed when pesticides are applied correctly.

The negotiators will also discuss sticky issues such as stringent EU safety standards for agricultural commodities and drugs, and high tariffs, the second person added.

The last round in February focused on services and investments, building on talks on goods, public procurement

As things stand, a phytosanitary certificate is necessary for exporting agricultural products to the EU. This certificate confirms that the produce is free from pests and diseases and complies with health standards. Geographical indications (GIs) will also be on the agenda, with both sides aiming to advance discussions, the second person mentioned above said, requesting anonymity.

The previous round of talks, held for about a week in New Delhi from 19 February, discussed services and investments, building on earlier talks that covered goods and public procurement.

Interestingly, the government has restructured its negotiating team to expedite the deal, assigning senior bureaucrat Darpan Jain to lead the negotiations.

Other key issues likely to be discussed include India's trade disputes with the World Trade Organization regarding products like mobile phones and components, as well as integrated circuits and optical instruments. India is also pushing for its labour-intensive textiles and apparel products to be exempt from duty.

EU nations impose import duties, at about 10–12%, on textile products, placing India at a disadvantage compared with China, the EU's leading supplier of apparel and textiles.

Meanwhile, the EU is aiming to bargain hard to gain access to India's services and public procurement markets, ensure the protection of geographical indications, and uphold its commitments on trade and sustainable development, including imposing MRL limits on agricultural products.

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India has scope for clean energy investment of $500 bn by 2030

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NEW DELHI

India has substantial investment opportunities totalling over $500 billion by 2030, particularly in the clean energy value chain, including renewables, green hydrogen, electric vehicles (EV), and infrastructure transition, commerce secretary Sunil Barthwal said.

He was addressing the inaugural Indo-Pacific Economic Framework for Prosperity (IPEF) Clean Economy Investor Forum in Singapore.

During the IPEF forum, 13 IPEF members signed fair and clean economy agreements. India did not sign these agreements as domestic approval processes are still under way but these will be completed after the formation of the new government, said the commerce ministry in a statement.

The Lok Sabha elections got over this week.

These agreements, talks for which concluded in November last year, were signed in Singapore in the presence of trade ministers and senior officials of the 14-member countries in the ministerial meet. The Indian delegation was led by Barthwal.

Sunil Barthwal, secretary, ministry of commerce and industry. PIB.GOV.IN

The IPEF bloc was launched jointly by the US and partner countries of the Indo-Pacific region on 23 May 2022, in Tokyo. Together, they account for 40% of the world's economic output and 28% of trade.

The framework is structured around four pillars—trade, supply chains, clean economy and fair economy. India has joined all the pillars except trade.

The bloc comprises Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, the US, and Vietnam.

The Indian delegation highlighted key reforms introduced around ease of doing business in India to improve the business environment over the last decade.

In the sustainable infrastructure track, four Indian companies—ReNew Power, Avaada Energy Pvt. Ltd, Indusbridge Capital Advisors LLP, SEIP (Founder), and Powerica Ltd—were short-listed after the screening process to pitch their concepts to global investors, the commerce ministry said.

The agreement on a clean economy aims to accelerate the efforts of IPEF partners towards achieving energy security and transition, enhancing climate resilience and adaptation, and mitigating greenhouse gas (GHG) emissions, it said.

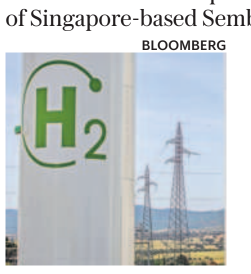
It seeks to find and develop innovative ways to reduce dependence on fossil fuels, promote technical cooperation, workforce development, capacity building, and research collaborations, the ministry's statement said.

MINT SHORTS

Sembcorp signs deal for green ammonia offtake from India

New Delhi: Sembcorp Green Hydrogen Pte Ltd, an arm of Singapore-based Sembcorp Industries, has tied up with Japanese companies Sojitz Corp. and Kyushu Electric Power Co. Inc. for green ammonia offtake from India, the company said in a statement on Thursday. It paves way for a definitive green ammonia offtake agreement.

BLOOMBERG



GIREESH CHANDRA PRASAD

BJP's inability to get majority could hurt reforms: Fitch

New Delhi: A weaker mandate for the Bharatiya Janata Party (BJP) in the general election, even as the party and its allies are set to form the next government, could make pushing their ambitious reform agenda challenging, according to rating agency Fitch. A third successive term for the BJP-led National Democratic Alliance, however, will support broad policy continuity, Fitch Ratings said in a report.

RHIK KUNDU

India needs to invest $385 bn to meet RE target: Moody's

Bengaluru: India will have to invest as much as $385 billion to meet its target of 500 gigawatt (GW) of renewable energy by 2030, but coal will remain a key source of electricity generation for the next decade, Moody's Ratings said on Thursday. India, a major greenhouse gas emitter, has said it aims to ramp up non-fossil fuel capacity set by 50 GW each year to help meet its 500 GW target. It has already missed the target of 175 GW by 2022.

BLOOMBERG

REUTERS

Demand for non-ferrous metals to be healthy

BLOOMBERG

New Delhi: The demand for non-ferrous metals, including copper and aluminium, is likely to remain healthy at around 10% in the current financial year, significantly surpassing the expected growth of 2% in global demand, ratings agency Icra said on Thursday. Moreover, the moderation in price of coal is likely to ease input cost pressures to an extent.

PTI

India-Qatar joint task force on investment to strengthen ties

REUTERS

New Delhi: The finance ministry on Thursday said the first meeting of the joint task force on investment of India and Qatar reaffirmed the vow to strengthen bilateral ties. DEA secretary Ajay Seth, and Qatar's undersecretary of the ministry of commerce and industry Mohammed bin Hassan Al-Maliki chaired the meeting.

PTI

Govt trains officials to bolster livestock data collection

New Delhi: The Union animal husbandry and dairying ministry on Thursday conducted a workshop to train officials from Himachal Pradesh, Jammu and Kashmir, and Ladakh, on improving data collection on major livestock products. The training comes amid efforts by the government to boost the country's livestock sector. PTI

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MINT SHORTS

Maino.ai raises funding from IndiaQuotient, angel investors

Bengaluru: Maino.ai has raised $1.8 million (₹15 crore) in a funding round, led by IndiaQuotient. The round also saw participation from angel investors including Karan Bedi and Janhavi Parikh. The startup will use the funding to expand its presence across geographies and strengthen its technology, product development, design and strategy teams by hiring talent across the aforementioned teams. Maino.ai is a marketing technology startup that uses artificial intelligence and machine learning technologies to develop an end-to-end automated and return on investment-driven marketing platform.

Skincare brand Chosen raises $1.2 million in seed funding

ISTOCKPHOTO

Bengaluru: Chennai-based skincare startup Chosen has raised $1.2 million (₹10 crore) from undisclosed investors in a seed funding round. This follows an equity-free grant of $100,000 from Peak XV Partners as part of the Spark programme for women entrepreneurs. The startup plans to utilize the funds to grow its headcount and improve its supply chain capabilities. Founded by cosmetic dermatologist Renita Rajan, Chosen develops skincare products through patents and formulations while expanding into Internet of Things-based skincare solutions.

Docplix secures bridge funding from Inflection Point Ventures

Bengaluru: Docplix has raised $143,746 (₹1.2 crore) in a bridge funding round from early-stage investment firm Inflection Point Ventures. The funding raised will be used for product development and market expansion, according to the company's statement. It plans to expand globally, starting with the USA in late 2024. Docplix has built an AI-based electronic health record system for doctors that ensures secure and interoperable management of patient data. DocPlix's integrated decision support system helps healthcare professionals make informed decisions through data analytics. Its visualization tools make patient data easy to understand. DocPlix claims to serve over 2,000 doctors, extending its reach through programs and remote clinics in tier-II and tier-III cities.

COMPILED BY K. AMOGHAVARSHA

Zoho earmarks $200 million for compound chip fab unit

Firm's compound fab proposal is expected to draw net investment of around $600 million

Sneha Shah & Shouvik Das
AUSTIN, TEXAS/NEW DELHI

Sridhar Vembu, cofounder and chief executive of Zoho Corp.

Chennai-based Zoho Corp. has applied for a licence to build a compound semiconductor fabrication plant, or fab, besides earmarking $200 million for the project, the company said on Thursday.

According to two senior industry officials familiar with the matter, the Zoho compound fab project could attract around $600 million in net investment, and will involve a technology partner.

"We have applied for the licence and are awaiting government clearance. We will make a formal announcement once we get the approvals," said Sridhar Vembu, cofounder and chief executive, Zoho Corp, on the sidelines of the firm's annual event in Texas, US.

Zoho is "hoping that the government will finance the project equally under the compound semiconductor manufacturing scheme", Vembu added.

According to one of the officials cited above, Zoho's fab project aims to bring Silicon carbide (SiC) chip manufacturing to Tamil Nadu. The company plans to license the technology from Scotland-headquartered Clas-SiC, he said, seeking anonymity.

Subsidies for compound semiconductor fabs are part of the government's programme to develop the semiconductor and display manufacturing ecosystem in India. The programme guidelines were modified in June 2023. Under the scheme, applicants for a fab can receive fiscal support of 50% of their capital expenditure, provided they meet a "threshold value" for the capex.

Silicon carbide compound chips are used for various industrial applications, including in electric vehicles (EVs). In October, Vembu had told Mint that the company is looking to invest in advanced chemistry cells—the core component of batteries used in electronics and EVs.

"We are looking at this space and are in talks with some stakeholders. It's too early to announce, but we need to build deep tech and manufacturing capabilities in India. There is scope here, too, with advanced cell chemistry production-linked incentive (PLI) schemes. We need good people with experience in cell R&D, and we're talking to some right now," Vembu had said.

The two initiatives are likely linked, the second official said also seeking anonymity. Zoho did not respond to queries till press time.

Emailed queries to Clas-SiC did not elicit any response till press time.

Zoho also announced the revamp of a primary revenue source, Zoho CRM, amid slower growth in the key US market. The updates include AI-powered CRM analytics and support for businesses to use open-source AI models.

Zoho's global growth has slowed after reaching an annual revenue run-rate of $1 billion in November, chief executive Sridhar Vembu said on the sidelines of a company event in Austin, Texas. Revenue run-rate is an indicator of future performance extrapolating from current revenue.

With its new software, Zoho is looking to undercut established enterprise tech companies, including US-based ServiceNow Inc. and Salesforce Inc., Vembu added.

The global CRM market was valued at $89 billion in FY24, according to market researcher Statista. Salesforce commands the largest market share at 22%, while Microsoft Corp., Adobe Inc., SAP SE, and Zoho have a global market share of 3-5%, each.

Zoho's new suite, CRM for Everyone, will allow sales teams to implement customised modifications for other teams, including solutions engineering, contract management, customer onboarding, and advocacy.

The new features will "improve visibility for every stakeholder" and reduce turnaround times in customer queries—a critical factor in the CRM industry, Zoho said. "Traditionally, the CRM system is built by IT and built for sales workflow," said Mani Vembu, chief operating officer, Zoho. "Over the years, it has accumulated a wealth of customer context, but access to the CRM is strictly rationed, and teams are forced to operate on their islands with limited context. We are looking to break down these silos... enabling different teams in a sales process to contribute by reducing CRM complexity."

Zoho, however, isn't adopting widespread AI integration, a trend picking up since the public launch of OpenAI's ChatGPT. "Zoho prefers contextually integrating AI tools and solutions into its CRM suite instead of using a broad-based approach," Sridhar Vembu said.

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THE FAB-ULOUS PROJECT

THE fab project for a compound semiconductor venture may take SiC chip-making to Tamil Nadu

THE firm is likely to be licensing the chip technology from SiC compound chip foundry, Clas-SiC

GOVT subsidies for fabs fall under the Centre's programme for development of semiconductors

AS per the scheme, fiscal support of 50% of capex will be offered to applicants of the fab

Last month, Simpl fired more than 100 employees across verticals. HT

Second round of layoffs at Simpl in two months

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NEW DELHI

Buy-now-pay-later platform Simpl has handed out pink slips to a second set of employees, as part of the Valar Ventures-backed startup's continued cost-cutting measures, people aware of the development told *VCCircle*.

Last month, Simpl fired more than 100 employees across verticals. This time around, the Bengaluru-based company has laid off around 50 mid-management employees, one of the people aware of the matter said.

"Today's decision to let 30 of our employees go is a continuation of our organisation-wide efforts to become a fiscally prudent company and achieve profitability by mid-2025," said Ashish Kulshrestha, head of communications at Simpl.

"Over the last few years, we have scaled our business exponentially and in order to drive this growth in a sustainable manner, we have been undertaking a series of measures to improve operational efficiencies," he added.

VCCIRCLE

Founded in 2016 by Nityananda Sharma and Chaitra Chidanand, Simpl offers customers a credit line for online purchases, allowing them a few days to repay without additional charges. It has partnered with over 26,000 online stores, including Zomato, BookMyShow, Goibibo and redBus, enabling users to pay via Simpl at these outlets.

For the financial year ending in March 2023, Simpl, operated by One Sigma Technologies Pvt. Ltd, reported a revenue of ₹87.4 crore, up from ₹31.6 crore the previous year, according to VCCEdge, the data intelligence platform of *VCCircle*. However, its net loss increased to ₹356.7 crore from ₹144.3 crore.

Bigbasket eyes quick commerce for electronics, appliances with Croma tie-up

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BENGALURU

CEO Hari Menon says a deal with Croma will be struck soon. MINT

Tata-backed Bigbasket is in discussions with sister entity Croma to sell electronics and appliances through its quick commerce vertical.

"We will hopefully strike a deal with them to sell via quick commerce. Imagine getting a washing machine delivered in 15 minutes," Bigbasket co-founder and chief executive officer (CEO) Hari Menon said at an event in Bengaluru on Thursday.

While acquiring new online users has been a challenge, the average order value for quick-commerce platforms has increased in recent months, with an expansion in their range of offerings, including home improvement products, electronics, beauty and toys.

"Buying habits are also rapidly changing thanks to quick commerce. I was myself a bit sceptic about this model a few years ago, but I've completely changed my mind. Now, we at Bigbasket are completely focusing on this," Menon said, adding that people don't pre-plan their purchases anymore.

"This business is here to stay. Companies, including Bigbasket, have proven that it is commercially viable, and businesses have scaled really fast. Going forward, you'll see significant investments in the sector," Menon said.

This comes as the grocery startup announced in February that it expects its quick commerce arm—the last of its three main businesses still in the red—to become profitable in six months.

BB Now, BigBasket's quick-commerce division, leverages the same dark stores, or warehouses, and infrastructure it uses for its other two divisions to ensure orders are delivered in under 30 minutes.

Its other two verticals include its main grocery app, which provides slotted delivery, and its subscription-based grocery delivery app, BBDaily, which together contribute 60-70% of revenue.

Quick commerce has witnessed significant churn over the past year as firms wrestle with exits, layoffs, pay delay

Quick commerce, largely a five-player sector in India, has witnessed significant churn over the past year as companies wrestle with top-level exits, layoffs and delayed payments amid a sustained liquidity crunch since the pandemic years.

BB Now's competitors include Zepto, Zomato-backed Blinkit, Dunzo and Swiggy Instamart. With funding drying out, these quick commerce companies have been on a quest for profitability.

Maintaining a tight lid on costs is crucial for profitability in the hyper-competitive space, where most quick commerce companies such as Swiggy (Instamart) and Zomato (Blinkit) grapple with high cash-burn rates. Growth, in effect, comes on the back of significant losses.

BigBasket, which views its quick commerce arm as a "marketing channel", is looking to become profitable by achieving two key metrics: revenue per dark store and average order value.

Over the past two years, BigBasket has opened about 350 dark stores, some of which are already profitable. With the remaining stores, the company aims to either resize, relocate or merge them to ensure they all have a minimum order value to become profitable. This would roughly translate to a growth of 50-60% over the next year, co-founder Vipul Parekh said in February.

Though Tata Digital, a Tata Sons unit, has acquired a majority stake in BigBasket, it continues to operate as an independent entity.

Edtech firms must work out a code of conduct: Pai

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T.V. Mohandas Pai is set to step down from advisory council of embattled Byju's. MINT

The edtech sector should prioritise value creation, establish an association and adopt a code of conduct to self-regulate, said Mohandas Pai, who is set to step down as Byju's advisory council member. Amid controversies, such as mis-selling and layoffs, Pai also urged companies to evaluate their offerings critically, and ensure they deliver tangible benefits to students.

In a conversation with *Mint*, Pai said: "Self-regulation is the best regulation. The important thing (for edtech firms) is to work out their revenue model. They have to ask: what are we providing our students? Why should they pay us? And what is that extra bit we are doing?"

They also must find ways to deliver value, ensuring that costs incurred result in a viable model, he added.

"After covid, people started going back to school, and some edtech firms blew up because of governance issue. One must appreciate that school education is different. You are catering to young minds growing up and finding their place in the world. Most children need a teacher to talk to, to tell them what to do, how to work things out as their ability to self-learn is very limited."

Pai's observations come at a time edtech startups are struggling with declining sales and muted investor interests. Consequently, the sector has witnessed a sharp fall in funding. According to data collated by Tracxn investment had surged from $599 million in 2019 to $4 billion in 2021 during covid but dropped to $312 million in 2023, before clocking just $182 million in the first five months of 2024.

Startups need higher standard of corporate governance, especially once they go public, he added.

Last year, Byju's established an advisory panel onboarding Infosys' former chief financial officer turned investor Pai, and former chairman of State Bank of India Rajnish Kumar as its members to help founder Byju Raveendran address the challenges and reassure investors following a series of exits from its board, besides rising financial and legal troubles.

In May, *Mint* reported that both plan to quit after the one-year tenure ends on 30 June. "Good corporate governance is to have independent directors on the board who would ensure that all stakeholders' interests are protected. They matter when the company gets into crises," he said but refused to comment on the controversies involving Byju's.

On Wednesday, a majority of Byju's lenders filed petitions in the US to initiate involuntary bankruptcy proceedings against three US-based guarantors of a $1.2 billion term loan availed by Byju's in 2021. The petitions were filed against its reading platform Epic! Creations Inc., Neuron Fuel Inc., and Tangible Play Inc.

Pai says edtech firms must find ways to deliver value, ensuring that costs they incur result in a viable model

Pai also highlighted corporate governance issues involving Paytm. According to him, independent directors should have taken charge of the company when the Reserve Bank of India imposed restrictions on Paytm Payments Bank in March, hinting at serious violation of rules. "Independent directors should have told the CEO that they will take charge, set things right and restore the confidence. Even now, nobody knows who they are and what they are doing. Corporate governance standards should be higher for all the companies."

Other experts echoed similar views. Prateek Toshniwal, co-founder, IVY Growth Associates, said: "Earlier, entrepreneurs in edtech focused more on building brands rather than a profitable business, (ignoring) corporate governance. It led to layoffs, accusations of unfair trade practices, and gaps in bookkeeping. However, due to recent shifts and valuation corrections, importance is being given to corporate governance."

A more focused approach will help the edtech sector clear allegations of poor corporate governance, helping them navigate the funding winter more effectively, Toshniwal added.

Sagar Gosalia, chief operating officer at JITO Incubation and Innovation Foundation, said: "Lessons for startups are to prioritise honesty and transparency in operations, financial reporting; and prioritising the needs of students."

	S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50		Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
Close / Percent change	75074.51	0.93	22821.4	0.89	21365	1.48	68224.45	2.08	23806.95	1.09	43555.73	2.28	47693.81	3.06
Previous close / Open	74382.24	75078.70	22620.35	22798.6	21054.4	21253.7	66835.4	67567.55	23550.75	23754.95	42585.97	43089.75	46277.55	46914.03
High / Low	75297.73	74474.94	22910.15	22642.6	21462.8	21193.2	68790.3	67553.7	23917.05	23627.45	43861.19	43052.82	47836.14	46885.09

MINT SHORTS

US payroll gains not as robust as reported, BLS data suggests

The US job market may be a lot less vibrant than Federal Reserve chair Jerome Powell and his colleagues seem to think. Data published Wednesday by the Bureau of Labor Statistics suggest payrolls might have grown about 60,000 less per month on average last year than the roughly 250,000 run-rate derived from the agency's monthly employment report. The new figures, from the Quarterly Census of Employment and Wages, cover more than 95% of US jobs. and are eventually used in annual revisions to the monthly data. The QCEW release, as it's known, adds to uncertainty surrounding the state of the labor market as the US central bank deliberates over when to begin cutting interest rates. While some indicators — such as monthly payrolls and weekly unemployment insurance claims— suggest the market remains robust, others— such as rising unemployment— point to cracks developing. **BLOOMBERG**

Global funds bought $511 million of Thai bonds last month. ISTOCKPHOTO

Political risks stifle Thai bonds, keeping global funds wary

A litany of political risks in Thailand are keeping foreign investors cautious of the nation's bonds, even as they tiptoed back into the market in May for the first time in six months. Global funds bought $511 million of Thai bonds last month, but that amount pales in comparison to their purchases in Indonesia, India and South Korea—Asian peers that provide updated foreign flow data. A gauge of foreign positioning relative to historical trend also shows Thailand at the bottom of the regional pack. Escalating tensions between the central bank and the government are adding to the risk in local markets. A legal case that threatens Prime Minister Srettha Thavisin's position and concern over heavy government borrowing have already been casting a shadow over Thai bonds and the baht. "This short-term political uncertainty adds some volatility to the market which could prevent foreign investors from buying more Thai assets," said Poon Panichpibool, a strategist at Krung Thai Bank in Bangkok. **BLOOMBERG**

What's on the horizon for IndiGo?

Manish Joshi
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InterGlobe Aviation Ltd is in a sweet spot. The shares have skyrocketed a whopping 80% in the past one year, driven by its strategic position in the underdeveloped Indian aviation market.

InterGlobe runs the IndiGo airline, which is India's largest and also among the top five aviation companies across the world by market capitalization.

FY24 was a milestone in the company's journey as it swung to profit after incurring losses for four consecutive years. Net profit of over ₹8,000 crore was its best yet.

FY25 could be better than last year with the management expecting an early double-digit capacity growth, provided prices of fuel, which form a large chunk of operating costs of airlines, remain stable.

In Q1FY25, the company is likely to see 10-12% growth year-on-year. This growth would restore capacity to levels seen before the accelerated inspection of engines due to the powder metal issue, which had grounded 35 aircraft (12% of its fleet) in Q4FY24. By the end of FY24, the company operated 367 aircraft.

The company plans to launch business-class service on India's busiest routes by the end of the year, a move aimed at increasing revenue rather than attracting a larger customer base.

Currently, IndiGo operates flights without differentiation. With high load factors exceeding 80% over the past two years, this move aims to boost yield through premium pricing rather than merely attracting more passengers. Yield is the price per passenger for one kilometre.

Further details about the business-class offering, routes, and launch dates will be disclosed in August. Initially, the pricing for business class may not be significantly higher to avoid competition with Tata group airlines, potentially resulting in a muted impact on the airline's yield.

There are also plans to start business class service on international routes, including flights from Delhi to the Gulf. The pertinent question here: Why the need for this initiative when the airline has been doing well on operational and financial parameters?

Even when the yield remained flat in FY24, the volume growth in terms of revenue per kilometer (RPK) stayed strong at 27%.

Profit was aided by lower aviation turbine fuel costs, a derivative of crude oil. The average Brent crude price for FY24 was $82/barrel, down from $95/barrel in FY23. Consequently, IndiGo's aircraft fuel cost dropped to ₹1.72 per available seat kilometer (ASK) from ₹2.07 in FY23, significantly improving profit margins (spreads) to ₹0.43 from a negative ₹0.11.

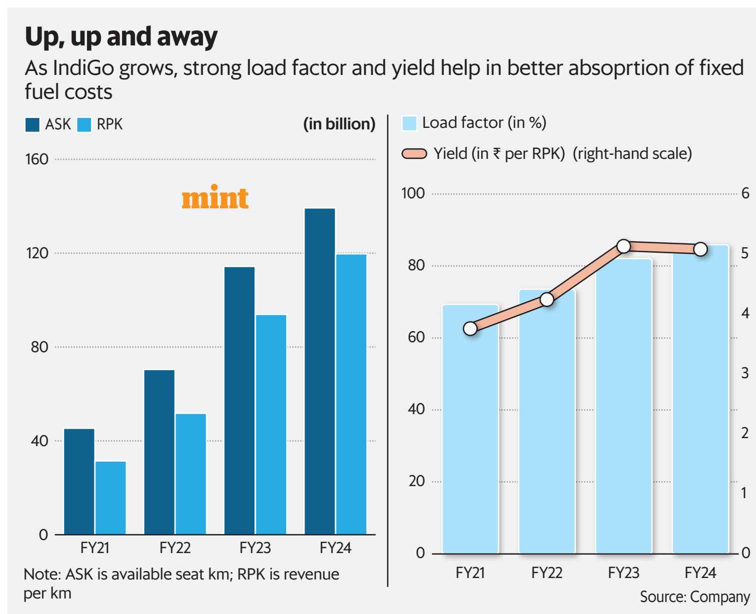
To be sure, crude oil prices are volatile and unpredictable. IndiGo's earnings are highly sensitive to these fluctuations, which is one reason for the stock's low valuation multiple. Thus, it is necessary for the management to consider yield enhancement strategies.

If crude price rises sharply, there is limited scope to increase airfares despite IndiGo's 60% market share of domestic air passenger traffic.

Moreover, if airfares increase steeply, consumers with non-urgent travel needs start evaluating other transport options for travel such as rail and road, which adversely impacts the load factor of the airline. Load factors are critical as the fixed cost of aircraft fuel stays constant irrespective of the number of passengers carried in a flight. IndiGo's shares trade at a price-to-earnings multiple of 20x based on *Bloomberg* consensus FY25 earnings per share estimate. While IndiGo's strong financial health and superior profit metrics put it in a sweet spot, the sharp rally in the stock may be factoring near-term positives adequately, for now.

Up, up and away

As IndiGo grows, strong load factor and yield help in better absoprtion of fixed fuel costs



Note: ASK is available seat km; RPK is revenue per km

Source: Company

PRANAY BHARDWAJ/MINT

GROWTH PROSPECTS

FY25 could be better than last year with the management expecting a double-digit capacity growth

THERE are plans to start business class service on international routes

Cummins India battles stiff competition, export challenges

Ashish Agrawal
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Shares of Cummins India Ltd have declined 8% since its March quarter results (Q4FY24) despite significant Ebitda growth of 48% year-on-year (y-o-y).

Momentum across all segments led to a 38% growth in domestic revenue. However, investors appear to be more concerned about the increasing competition in the segments affected by the new emission norms that will come into effect from July. Orders for newer products from exports could provide the impetus.

Cummins manufactures power generators (powergen) and engines, catering to the demand from the growth of user industries such as construction, commercial and residential realty, and data centres.

Data centre revenue, now accounts for about 10% of powergen revenue. Management has guided for total revenue growth of 12-16% in FY25.

"The company has multiple tailwinds, like, stringent emission norms, capex cycle recovery, adoption of alternative fuels with lower carbon footprint, revival in industrials and support for manufacturing policies," an HDFC Securities report said.

However, there are potential downside risks. The new norms issued by the Central Pollution Control Board (CPCB), called CPCB 4+, with more string-ent emission norms, take effect next month. After that, companies cannot sell powergens that do not meet the new norms.

The good part is that Cummins is among the early movers. Products meeting the CPCB 4+ norms accounted for 33% of sales in Q4FY24, up from 25% in Q3FY24. These products are fetching better margins because of the complexity of design, higher usage of electronic components and limited number of players in this segment currently.

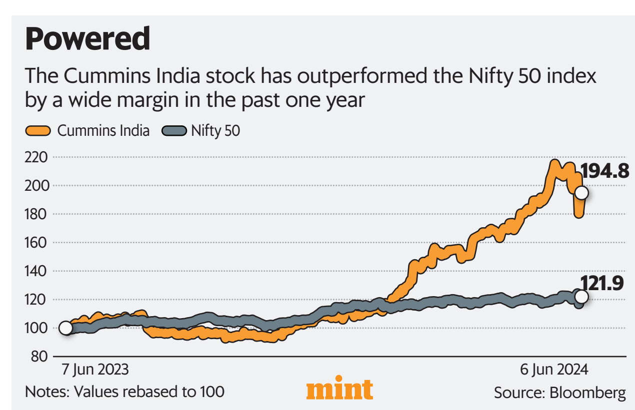
This advantage, though, is expected to be short term until competition catches up. The management expects to gain clarity on the pricing level by October. If Cummins cuts prices to maintain its market share in anticipation of elevated competition, it could hurt profitability.

Additionally, export revival is delayed. Exports fell by 30% y-o-y in Q4FY24. Despite near-term adverse impacts from global economic uncertainties, the management hopes to generate 30-35% of revenue from exports, which now accounts for 20%.

Meanwhile, with risks lingering, valuations appear rich after the stock's striking run over the last one year, gaining about 95%. The stock trades at a price-to-earnings ratio of 60 times FY24 earnings. JM Financial Institutional Securities expects revenue and earnings per share to grow at a compounded annual growth rate of 16% and 14%, over FY24-26.

Powered

The Cummins India stock has outperformed the Nifty 50 index by a wide margin in the past one year



Notes: Values rebased to 100

Source: Bloomberg

PRANAY BHARDWAJ/MINT

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

New digital law may hit how you Google

FROM PAGE 1

"Besides, the proposed ex-ante (forward-looking) regulations are a double-edged sword, which would apply to not only multinational big tech firms but also to Indian digital economy firms, which are showing tremendous promise now," Sharma said.

Regulations entail a cost and should be adopted only if market solutions do not address market problems, he said, adding that India does not face compulsions for "ex-ante" competition regulation such as that introduced by the European Union.

In Europe, Google had to implement at least 20 changes to its search results, including in the areas of shopping and flight and hotel bookings, after the EU's Digital Markets Act (DMA) came into force in March. It also had to introduce consent banners for linking different Google products.

Google also removed some features from its results page that were meant to help consumers find businesses, such as the Google Flights unit, an online flight booking search service.

India's proposed digital competition bill has heavily borrowed from the DMA.

Google also had to make other changes to its search results in Europe, having the effect of sending more traffic to large intermediaries and aggregators, and less traffic to direct suppliers such as hotels, airlines, merchants and restaurants, Google said in its blog.

FIRST India (Forum for Internet, Retailers, Sellers and Traders), a division of India SME Forum, and the US India Partnership forum, an independent body, have written to Indian authorities expressing their concerns about the draft bill. *Mint* has seen copies of their representations.

The technology expert mentioned earlier said the changes to Google Search in Europe have had "a chilling effect" on business users who rely on the search results for internet traffic to their business. "This really highlights that there isn't any need for Indian policymakers to rush through this legislation," said this expert.

"They have the opportunity to observe what's happening with the DMA, which came into force in March, and give that some time, particularly when there is existing legislation in place where the Competition Commission of India can continue to pursue any anti-competitive conduct that it observes in the market."

MINT

Search engines might have to stop surfacing sponsored links.

Sebi framework to cut lapses

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The Securities and Exchange Board of India (Sebi) on Thursday came out with a framework on "financial disincentives" for stock exchanges and other market infrastructure institutions for their lapses in detecting abnormal or suspicious trading activities to safeguard the interest of retail investors.

The amount of financial disincentives for surveillance-related lapses would be determined on the basis of the total annual revenue of a market infrastructure institution (MII)—stock exchange, clearing corporation and depository—during the previous financial year and the number of instances of such lapses during the financial year.

The new framework will be applicable from 1 July, the market regulator said in a circular.

"The general objective of surveillance by MIIs is thus to monitor the market to detect and deter manipulation or abusive trading that affects the integrity of the market, and to provide information that supports the regulator's enforcement actions," Sebi said.

Market surveillance by MIIs includes monitoring the day-to-day activities in the market, reporting abnormal or suspicious activities, monitoring the conduct of market intermediaries through the generation and processing of alerts, seeking trading rationale, and carrying out snap analysis.

Surveillance-related lapses include those observed in the discharge of surveillance activities, any inadequate reporting or non-reporting of surveillance-related activity, and the failure to implement the surveillance measures in the prescribed time, as well as any delay in implementing them or only partially implementing them.

A new framework on disincentives for market infrastructure institutions will be applicable from 1 July

Investors' wealth on BSE climbs by ₹21 trillion over two days

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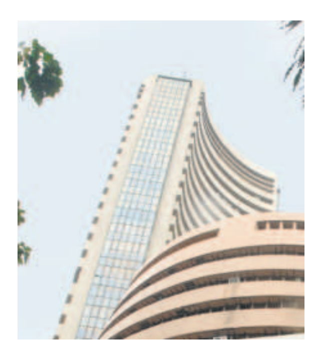
Dalal Street investors became richer by ₹21 trillion in two days on a sharp rally in the stock market, with the BSE benchmark Sensex surging over 4%.

On Thursday, the 30-share index jumped 692.27 points, or 0.9%, to settle at 75,074.51. In intra-day trade, it soared 915.49 points, or 1.2%, to 75,297.73.

Following Tuesday's rout on the day of the Lok Sabha election results, the Sensex surged 2,995.46 points, or 4.15% over two days, while the market capitalization of BSE-listed companies climbed by ₹21 trillion to ₹415 trillion.

"With the poll-related uncertainty now almost over and the NDA ready to form the government, the mood remained upbeat for the second straight session as the Sensex crossed the psychological 75k mark on the back of a splendid all-round buying support," said Prashanth Tapse, senior vice-president (research), Mehta Equities Ltd. "With buoyancy returning to the market, the fear gauge volatility index also eased considerably and fell 11%," he added.

Among the 30 Sensex firms, Tech Mahindra, HCL Technologies, State Bank of India, NTPC, Infosys, Larsen & Toubro, Tata Consultancy Services and Wipro were the biggest gainers. The laggards were Hindustan Unilever, Asian Paints, Mahindra & Mahindra, Nestle, IndusInd Bank and Sun Pharma.



The BSE Sensex jumped 692.27 points on Thursday. HT

'FIIs to closely watch RBI intervention in dollar market'

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MUMBAI

Foreign investors are unperturbed about the formation of a coalition government in India and will instead closely watch the intervention by the central bank in the forex market going forward, according to Adarsh Sinha, head of Asia-Pacific, foreign exchange and rate strategy, Bank of America.

Sinha believes that investors are more worried about external factors like the US Federal Reserve (Fed) rate cut while determining their investment decisions.

"I guess the biggest question we get asked is on US interest rates and the US dollar environment," said Sinha while speaking to *Mint*. "Is there a risk if US rates stay higher for longer? In my opinion, the Reserve Bank of India has done very well in keeping the volatility low in FX rate. The question is whether the central bank will change its strategy of keeping volatility very low. I think the general view is probably they will not, at least, till the time the current governor is in place, and he's here till the end of the year."

Sinha, who had earlier predicted a rate cut by the Fed in June this year, has pushed his expectation to December. This is because he expects growth in the services sector to slow down later. Other economists are however expecting a cut in June or September.

"Yes, we are predicting a December rate cut. I think July is very unlikely, because the Fed probably needs to see several months of inflation data, which means at least two, probably three months, which kind of takes the July meeting out of the equation. September is possible. They generally don't start the cycle very close to the election," he said.

The recent announcement of a higher dividend payout of ₹2.1 trillion by the Reserve Bank of India (RBI) has triggered the possibility of a sovereign rating upgrade. But Sinha is not very enthused about a revision in the outlook on India to positive from stable.

"I don't think that they have a strong view on whether they upgrade or not, but it could happen. I'm not sure how much the rating upgrade makes a difference for FIIs, as FIIs are already observing the fiscal improvement, and the party is buying bonds on the back of that. So, the rating upgrade is not like a big inflection where you would suddenly see people are buying because you are investment grade instead of junk," Sinha added.

With India set to be included in the JPMorgan bond index this month, expectations are that it will channel passive debt flows into India. Since the announcement of the bond inclusion, India has seen $11.7 billion worth of net foreign investment flows into the debt market. Analysts expect the long-awaited global bond inclusion to draw as much as $30 billion of FII flows into the country, resulting in the softening of government security (G-sec) yields. Sinha expects yields on the 10 year G-sec to hover around 7%, given that RBI also could start cutting rates this year.

Adarsh Sinha, head of Asia-Pacific, foreign exchange and rate strategy, Bank of America.

New govt may put tech laws, policies on the back-burner

Bigger influence of allies in coalition could play spoilsport for tech regulations of NDA

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Prioritization of tech policy remains a concern. ISTOCKPHOTO

Policymakers and legal experts fear unfinished technology policies and laws, including the overarching Digital India Act (DIA), to go on the back-burner, as a coalition government in the potential third term of the National Democratic Alliance (NDA) may focus on pressing political issues. A key factor behind this could be a bigger influence on political agenda by independent parties within NDA, which could play spoilsport for a number of tech regulations that peppered the second term of NDA.

"With a new coalition government, priorities will vary from how it worked in the previous term. The general understanding is that existing legislations that were at an advanced stage are likely to continue in the same vein, while new and proposed tech regulations that were at an early stage may see a fresh legislative approach, once the new government forms," said Supratim Chakraborty, partner at law firm, Khaitan & Co.

Chakraborty's assessment is largely in line with what other industry stakeholders are expecting of the upcoming government. While the second NDA term introduced a spate of technology regulations, many remain unfinished.

Laws that have been passed in Parliament include the Digital Personal Data Protection Act, 2023 and the Telecommunications Act, 2023. However, the Digital Competition Bill, 2024 remains at a draft stage, while the proposed umbrella regulation, the DIA, could not proceed beyond preliminary industry consultations with the previous government.

Now, stakeholders expect unfinished regulatory work to be considerably affected. A senior policy official who works closely with the ministry of electronics and information technology (Meity) said on condition of anonymity, "Given that this is a coalition government, what is likely going to come under the scanner are more contentious political issues. Driven by a broader, more encouraged Opposition, the Centre will likely focus on such points to begin with. As such, it is unlikely that the erstwhile proposed technology regulations such as the DIA will simply resume from where they had left off."

The overarching DIA was already confirmed to be resumed from scratch by the to-be-formed government at the Centre, former Union minister of state for IT, Rajeev Chandrasekhar, had told *Mint* in November. Now, two senior policy officials who work closely with Meity told *Mint* that the Act itself could be revised and replaced.

Prioritization of tech policy, as a result, remains a concern. One of the two senior policy officials who work closely with Meity said that "it will depend entirely upon the incumbent cabinet minister for IT, and their personal interest in it, to bring tech legislation to the fore—at present, this looks unlikely, and this does not spell confidence for the DIA."

Policy consultants also raised concerns around how this may impact the future of India's tech ecosystem. Isha Suri, research lead for technology and telecommunications at policy think-tank Centre for Internet and Society, said, "It is definitely an encouraging prospect to have substantial opposition in Parliament. The previous government went through multiple tech and telecom policies, but left much to be desired in the actual implementation of what the impact of these policies on the ground could be. For instance, the Telecommunications Act, 2023 saw the previous government promise to replace the previously draconian laws in the telecom space, but questions have been raised in terms of the on-ground impact and implementation of this Bill."

WAITING IN THE WINGS

THE second NDA term introduced a spate of tech norms, but many remain unfinished

NOW, stakeholders expect unfinished regulatory work to be considerably affected

THE DIA was already confirmed to be resumed from scratch by the to-be-formed govt

EXPERTS also raised concerns around how this may impact the future of India's tech ecosystem

Shareholders approve ITC plan to carve out hotels biz

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BENGALURU

ITC shareholders approved the Indian consumer goods maker's plan to carve-out its hotels business on Thursday, in line with the recommendation of key proxy advisors. About 99.6% of the tobacco-to-soap firm's minority shareholders voted in favour of the move, exceeding the regulatory requirement of a three-fourth majority. ITC's shares closed 1.2% higher after the outcome of the vote.

As per media reports, proxy advisory firms Stakeholders Empowerment Services and InGovern Research Services last month asked shareholders to support the demerger proposal, while Institutional Investor Advisory Services (IiAS) opposed the move.

"ITC must provide greater clarity with respect to the size of the synergies it expects to get by maintaining the 40% equity in the hotels business," IiAS said a voting advisory note, referring to the stake that the firm will hold in ITC Hotels, the newly formed entity. ITC shareholders will own the remaining stake.

ITC announced the demerger plan in July last year and later said that the new entity would be tentatively listed in 15 months. ITC Hotels will compete as an independent entity with rivals such as Tata-owned Indian Hotels Company, which operates Taj Hotels and EIH Associated Hotels, which manages the Oberoi brand of hotels.

The hotels business contributed 4% to ITC's fiscal year 2024 revenue, while its mainstay consumer staples business made up 71% of the topline.

The deal is expected to include the platform, MX Player's existing content library and select employees. AFP

Amazon to acquire MX Player assets

Lata Jha & Gaurav Laghate
NEW DELHI/MUMBAI

Amazon.com Inc. is set to acquire some key assets, including the content library from *Times Internet*-backed MX Player to bolster its streaming footprint in India.

"We've signed an agreement with Amazon. They will purchase some assets from MX Player. The transaction is not yet complete," Karan Bedi, chief executive officer, MX Player, said in a Townhall on Thursday.

On 29 March, *Mint* had reported that the e-commerce giant had resumed talks to acquire the cash-strapped video streaming platform almost a year after the initial deal fell through.

While specific details are yet to be revealed, people in the know said that the deal is expected to include the platform, MX Player's existing content library and select employees. Considering that it is not a full acquisition, the transaction will not cover MX Player's debt, one of the people said. Further clarity is expected to emerge in the coming weeks, he added.

"We are always looking for ways to introduce new products and services that help improve customers' lives. We're excited to continue to entertain India with the great local originals and exclusive content available across our Prime Video and miniTV services in India," an Amazon spokesperson said.

The integration of MX Player is expected to boost Amazon's advertiser video-on-demand business

Amazon owns Prime Video, a subscription-based video-on-demand (SVoD) service, and Amazon miniTV, an ad-supported OTT platform launched in May 2021. Prime Video caters to higher-paying audiences, offering bundled services including free shipping and ad-free music, while miniTV targets small-town masses and is accessible on the Amazon shopping app both for android phone users and iPhone users.

The integration of MX Player is expected to boost Amazon's advertiser video-on-demand (AVoD) business. Initially developed by a South Korean app developer as a media player for downloaded videos, MX Player was acquired by *Times Internet* in 2018 for ₹1,000 crore ($140 million back then).

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ICICI Bank outreach inappropriate: Sebi

Gopika Gopakumar &
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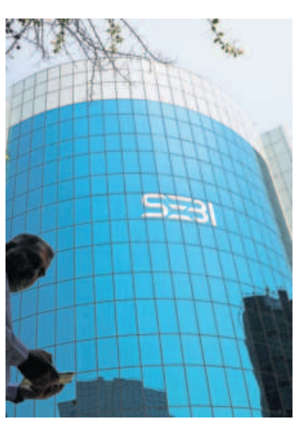

Sebi has also asked the bank to act against its errant employees. REUTERS

India's markets regulator, the Securities and Exchange Board of India (Sebi), has warned ICICI Bank in a letter dated 6 June, about the outreach undertaken by the bank's executives to encourage ICICI Securities' (I-Sec) shareholders to vote for its delisting from the exchanges in a voting held in March.

In the letter, Sebi has also asked the bank to act against the errant employees who made the outreach, and submit an action taken report to its Board. In its disclosure to the stock exchanges on Thursday, the bank made the letter issued by Sebi public.

Sebi's observations come on the back of several complaints it received from I-Sec shareholders alleging multiple calls and messages from the bank to vote in favour of the delisting scheme, repeated calls insisting on voting, and seeking screen shots of voting.

Mint had reported on 7 May that the regulator was looking into the allegations that the bank's employees had reached out to shareholders of I-Sec to try and influence them ahead of a crucial shareholder vote.

An email sent late evening on Thursday to ICICI bank spokesperson remained unanswered till the time of going to press.

In the letter, the markets regulator wrote, "...based on the examination of the investor complaints, it was observed that some of the officials of your Bank have gone beyond the outreach programme by making repeated calls, asking for screenshots of voting, etc. Further, from one of the call recordings shared, it was observed that the shareholder of I-Sec was informed by your Bank officials that opting for the scheme would be beneficial, which was clearly beyond an outreach programme. As such it appears from the complaints that your Bank officials went beyond the remit of the outreach programme," said Sebi in its letter.

The regulator has issued a warning on the outreach by bank executives to encourage I-Sec shareholders

These observations were made by Sebi on the bank's reply given to a set of queries sent by the markets regulator.

In its reply, ICICI Bank concurred that I-Sec had shared the data of its shareholders at the bank's request, and that it had reached out to those shareholders of the company, who were either shareholders or customers of the bank.

"Sharing the personal information of shareholders with the parent company or any other group entity is not a healthy practice. There are significant data privacy violations here. It is good that Sebi has taken swift action in this case," said Shriram Subramanian, managing director of proxy advisory firm InGovern.

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Air India eyes global transit traffic boost

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NEW DELHI

Air India is the largest full-service carrier in the overseas market to and from India. MINT

In a bid to strengthen its global footprint and aid India's aviation hub ambitions, the Tata group-backed Air India expects to double the share of international passengers transiting through Indian airports on Air India flights to destinations beyond India, a senior executive said today.

"Currently, the share of international passengers transiting via India on Air India flights has grown to an average of around 4% of our total international passenger traffic from nearly 0.5% earlier. We expect this to grow even further to nearly 10% over a period of 5-10 years," the executive said, while speaking on the sidelines of the CAPA India Aviation Summit.

Air India is the largest full-service carrier on the overseas market to and from India. The airline has an independent market share of around 13% on the international market to and from India with more than 8.1 million passengers for 2023, as per the data from the Directorate General of Civil Aviation (DGCA).

"For airports such as Delhi, the share of international transit traffic for Air India is as high as 10% and this has the potential to grow up to 20% over the time period of 5-10 years," the executive added.

While the total international traffic to and from India in 2023 at 63.9 million passengers has not crossed the pre-covid level of 64.1 million passengers in 2019, it has shown a 36% growth since 2022 when passenger traffic was 47.1 million. As a result, the international ambitions of Indian carriers have been strong since 2023. In fact, India's largest airline IndiGo has also placed an order for 30 wide-body aircraft to tap the long-haul international markets.

"Air India will be leveraging the partnerships with Singapore Airlines and Lufthansa to deepen our reach, get access to their international markets beyond their hubs and give access to our international markets beyond Indian metros," he said.

"We see strong demand for markets such as Colombo, Kathmandu, and Dhaka. In fact, the demand is enough for even wide-body aircraft. We want to build the strength of our international network first in South Asia, then South East Asia, then to Far East with a target of three hours as minimum connecting time," he added.

Acko vs Acko: Insurer cries trademark violation

FROM PAGE 1

India since December 2017.

Under the Paris Convention for the Protection of Industrial Property, to which both India and China are signatories, every trademark registered in the country of origin shall be accepted for filing and protected by all other treaty signatories, Acko said, according to the people who have seen the correspondence.

Legal experts, however, say IP laws are local.

Cyril Amarchand Mangaldas has seen similar instances in the past, said Swati Sharma, who heads intellectual property rights at the law firm. This is because China is a "first-to-file" country, and does not recognize the concepts of "spillover reputation or common law rights", Sharma said. "The Paris Convention only ensures that all applicants, whether foreign or national, are treated at par for protection and enforcement purposes. However, IP laws are territorial in nature."

"Each country has its own national laws governing how IP would be protected and enforced in their country. So laws are not uniform and there are many first-to-file jurisdictions in the world such as Nepal and the Middle East," Sharma said. "There is no known precedent where the Indian government has intervened to enforce trademark rights of a private company in another jurisdiction. Legal recourse is available under the local laws of China."

Siddharth Mahajan, partner and an IP expert at Athena Legal, said in such cases, the government usually does not intervene as it has no major role to play.

FTC opens antitrust probe of Microsoft AI deal

It has sent subpoenas to tech giant, startup, asking whether their tie-up evaded required review

Dave Michaels & Tom Dotan

The FTC has already been sifting through AI investments made by leading companies such as Microsoft and Google-owner Alphabet. REUTERS

The Federal Trade Commission is investigating whether Microsoft structured one of its latest deals with an artificial-intelligence startup to avoid a government antitrust review of the transaction.

Microsoft in March hired Inflection AI's co-founder and almost all of its employees and agreed to pay the startup around $650 million as part of a licensing fee to resell its technology. Inflection's investors were told they would be repaid over time by the sales proceeds.

Companies are required to report acquisitions valued at more than $119 million to federal antitrust-enforcement agencies, which have the option to investigate a deal's impact on competition. The FTC and the Justice Department, which share antitrust authority, can sue to block mergers or other investments if an investigation finds the deal would substantially reduce competition or lead to a monopoly.

The FTC has already been sifting through AI investments made by leading companies such as Microsoft and Google-owner Alphabet. FTC Chair Lina Khan has expressed concern that tech behemoths could eventually acquire or control the most promising AI applications, giving them a tight grip on systems that have humanlike abilities to converse, create art and write computer code.

THE WALL STREET JOURNAL.

The FTC is drilling down on Microsoft's deal with Inflection, seeking information about how and why they negotiated their partnership, according to a person familiar with the matter and records viewed by The Wall Street Journal. Civil subpoenas the commission sent recently to Microsoft and Inflection seek documents going back about two years. The agency is trying to determine whether Microsoft crafted a deal that would give it control of Inflection but also dodge FTC review of the transaction, the person said.

If the agency finds that Microsoft should have reported and sought government review of its deal with Inflection, the FTC could bring an enforcement action against Microsoft. Officials could ask a court to fine Microsoft and suspend the transaction while the FTC conducts a full-scale investigation of the deal's impact on competition.

A Microsoft spokeswoman said the company is confident it complied with antitrust laws. Its agreements with Inflection gave Microsoft "the opportunity to recruit individuals at Inflection AI and build a team capable of accelerating Microsoft Copilot," the spokeswoman said, referring to the company's own AI chatbot. Inflection continues as an independent business, she said.

Tech companies often buy startups to scoop up their talent, a tactic known as an "acquihire." In Microsoft's case, the company picked off Inflection's specialized workforce of AI researchers but didn't purchase the company outright.

The FTC is seeking information about how and why Microsoft and Inflection negotiated their partnership

Based in the San Francisco Bay Area, Inflection AI built one of the world's biggest large language models and launched an AI chatbot with that technology called Pi. Inflection is one of the tech companies that built and sold access to large language models. The others include OpenAI, the creator of ChatGPT , and Google.

Microsoft was an investor in both OpenAI and Inflection. The FTC in January opened a broad investigation of Microsoft's investment in OpenAI and Alphabet's relationship with Anthropic, a rival of OpenAI that was founded by former OpenAI engineers in 2021.

At Microsoft, Inflection co-founder Mustafa Suleyman and his former team established a new division called Microsoft AI that was tasked with developing AI products for consumers. That includes AI assistants for Bing, its search engine, and Windows.

Inflection is continuing operations under a new management team but pivoted away from Pi, a consumer product and toward services for corporate clients.

Ted Shelton , Inflection's new chief operating officer, said he wasn't aware of an FTC investigation. But Inflection wasn't acquired by Microsoft, he said. "We are a wholly independent company," Shelton said. "Microsoft has no investment in our company."

Entrepreneur Reid Hoffman and venture-capital firm Greylock Partners are now the principal investors in Inflection, Shelton added.

The hires resembled how Microsoft earlier moved to hire Sam Altman , the CEO of OpenAI, after his board of directors pushed him out in November . Altman returned as chief executive of OpenAI after a five-day standoff with the board. The directors had alleged Altman wasn't completely candid in his communications with them.

OpenAI's non-profit board oversees a for-profit arm that has outside investors. Microsoft invested around $13 billion in OpenAI, acquiring a claim to 49% of any profit it generates.

Wall Street Journal owner News Corp has a content-licensing partnership with OpenAI.

MOVES

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

Anuj Bhasin	Appointed as **Chief Revenue Officer** at **Jagran New Media**
Debashish Vanikar	Appointed as **Chief Executive officer** at **Nerofix**
Mandeep Singh Kumar	Appointed as **VP and MD India** at **Medtronic**
Mayank Jaju	Appointed as **Chief Financial Officer** at **HyFun Foods**
Palak Dani Mansotra	Appointed as **Chief Marketing Officer** at **Suraj Estate**
Prakash Bulusu	Appointed as **Joint Chief Executive Officer- Securities & Private Wealth** at **IIFL Securities**
Raghav Gupta	Appointed as **Joint Chief Executive Officer- Securities & Private Wealth** at **IIFL Securities**
Rajeshwar Tripathi	Appointed as **Group CHRO** at **RJ Corp**
Ravindra Singh Negi	Appointed as **MD & CEO** at **Orient Electric**
Sakshi Handa	Appointed as **SVP Corporate HR, Group Talent & Ethics** at **Mahindra Group**
Sameer Bansal	Appointed as **MD & CEO** at **PNB Metlife**
Sharat Sinha	Appointed as **CEO Airtel Business** at **Airtel**
Subeer Monga	Appointed as **Partner** at **Sorin Investments**
Sudhanshu Krishna	Appointed as **Chief Sales Officer** at **Duroflex**
Suyog Kotecha	Appointed as **CEO (Designate)** at **Aarti industries**
Ullas Vijay	Appointed as **Chief Marketing Officer** at **Duroflex**
Varun Reddy Sevva	Appointed as **Group CHRO** at **GD Goenka Group**

Source: Accord India, executive search worldwide

Differing views in NDA over UCC, Agnipath

FROM PAGE 1

Prime Minister Narendra Modi with TDP chief N. Chandrababu Naidu and JD(U) chief Nitish Kumar. PTI

JD(U)'s Tyagi asked for addressing what he termed "shortcomings" in the Agnipath scheme. "A section of voters has been upset over the Agniveer scheme. Our party's stand is that the shortcomings of the scheme, which have also been questioned by the public, should be discussed and removed," Tyagi added.

Lok Janshakti Party (Ram Vilas), part of NDA, also demanded a relook at the scheme stating it caused much disgruntlement among unemployed youth who aspire for permanent positions in the army. "We must revisit how much we could deliver through the Agnipath scheme," party leader Chirag Paswan told NDTV.

Tyagi of JD(U) also pressed for a countrywide caste census, which was first done in Bihar. "No party has said no to caste census. Bihar has paved the way for it. Even the Prime Minister did not oppose the caste census when he met an all-party delegation. That's why caste census is the need of the hour. So, we will pursue it."

The comments by leaders from TDP, JD(U) and LJP(RV) are significant given the new political reality in New Delhi, where the BJP, with 240 MPs is dependent on allies to make up the numbers required to form a government. To be sure, with 293 MPs, NDA has a comfortable majority.

"Not only are the alliance partners expressing concerns, but discussions have also begun within the party cadre about the potential negative impact of implementing the UCC," said political analyst Arvind Mohan. "There is a growing sentiment that taking such a step could turn futile for the party (BJP) and result in the loss of seats in upcoming assembly elections," Mohan said. Elections are due later this year in Maharashtra and Haryana.

"The case of West Bengal and Assam is an eye-opener for the BJP. In these two states, the BJP had an edge over other parties, but in the final verdict, the arithmetic changed," said Shivesh Garg, a political analyst. "The only reason for this shift was the announcement of the rollout of the CAA in West Bengal just before the polls." The government notified the rules for the Citizenship Amendment Act on 11 March, four years after the Bill was passed in Parliament and just a few days prior to the announcement of the Lok Sabha election dates.

With inputs from HT Correspondent

CPPIB, Cube reach final lap for NIIF's Athaang road assets

FROM PAGE 1

level of spending was achieved only by the end of May.

Final bids are expected in two weeks. MINT

NIIF is sponsored by the Indian government, which holds a 49% interest. It focuses on core infrastructure sectors such as transportation, airports, ports, logistics and roads, green energy and digital. The fund manages around $5 billion of equity capital commitments across its three funds—Master Fund, Fund of Funds and Strategic Opportunities Fund—with investments in sectors such as ports and logistics, renewable energy, roads, digital infrastructure, and manufacturing.

Meanwhile, NIIF is looking to sell a significant majority stake in Ayana Renewable Power Pvt. Ltd, which has seen non-binding offers from state-run Oil and Natural Gas Corp. (ONGC), Sembcorp Industries Ltd, Macquarie Group and JSW Neo Energy, that may translate into up to 100% stake sale at an equity valuation of around $800 million.

Singapore-based Cube Highways' investors include I Squared Capital, Abu Dhabi Investment Authority, International Finance Corp. and a consortium comprising Mitsubishi Corp., Japan Overseas Infrastructure Investment Corp. for Transport and Urban Development, East Nippon Expressway Co. Ltd and Japan Expressway Co. International Ltd. Cube Highways was IFC's first investment in the Indian road sector, with an equity investment of $100 million to buy operational road projects.

Canada's pension funds represent the so-called patient capital, which seeks modest yields over time. India fits their risk profile given that the markets here have matured from the early risk stage. These funds, including Brookfield Asset Management, have been placing significant India bets.

Bollywood stalls as star fees, fickle audiences cast shadow

FROM PAGE 1

theatres were closed to check the pandemic. As theatres reopened and subscriptions flattened, streaming apps dialled down movie purchases, but star fees remain high.

The producer added that in a few cases where films have begun shoot, producers are trying to move to locations where subsidies are available. However, even these are nominal amounts and often reimbursed only after the project is completed. "The other big expense is on marketing, where input costs are always going up, in terms of hoardings, ad spots and influencers," the person added.

Over the past few months, big star vehicles such as *Bade Miyan Chote Miyan, Maidaan* and *Fighter* have underperformed at the box office.

Film producer, trade and exhibition expert Girish Johar said with critical rights such as satellite and digital drying up, everyone is waiting for a box office revival. "It's best to be prudent at this time. Everyone is relooking at budgets and star fees, but the equilibrium hasn't really set in," Johar said.

At the same time, filmmakers cannot be expected to compromise or cut corners, Yusuf Shaikh, business head of feature films at production and distribution firm Percept Pictures said. In case of big-budget spectacles, for instance, adequate work and investment are needed in visual effects. "You can't expect audiences to pay ₹500-1,000 in theatres if the quality of work is not up to the mark. The need of the hour is for actors to realize that they have to start being rational. Everyone needs to have skin in the game," Shaikh explained.

How Apple fell behind in the artificial intelligence arms race

FROM PAGE 1

a professor emeritus of computer science and engineering at the University of Washington. "Apple is not compatible with that. They won't release something until it's perfect."

Integrating AI

Apple has weighed whether to allow users to choose a third-party AI provider that could supplant or help power Siri, one of the people said. It is unclear in what way Siri could be powered, augmented or replaced by third-party AI providers, or whether Apple will move forward with a version of that idea.

Bloomberg earlier reported on an OpenAI partnership, and The Information reported on efforts to overhaul Siri.

Google, Microsoft and Samsung Electronics have begun rapidly integrating generative AI into their devices and services. While Apple finds itself behind in a generational shift taking place in the tech industry, many investors and AI experts have said the company will find a way to bring generative AI to the masses. "Apple can do pretty much anything they set their minds to," said Vineet Khosla, a former engineering manager on the Siri team who is currently chief technology officer at the Washington Post. "There is a consumer focus that exists at the company. The focus of their AI is to make it work in a very privacy-sensitive manner."

Over the years, Apple has made improvements to Siri and incorporated smaller AI features throughout all of its products. In the recently released headset Vision Pro, AI is extensively used for tracking eyes and hand positions.

When Siri launched in 2011, Apple was ahead of rivals in seeking to establish the first AI assistant. Jobs, who spearheaded the acquisition in 2010 that led to Siri, encouraged the team to keep the assistant's dry wit and sense of humor. The early launch demonstrated the company's willingness to take risks.

Tim Cook, CEO, Apple. AP

"Siri was the last thing Apple was first on," said Dag Kittlaus, co-founder of the Siri startup that Apple bought, who left Apple soon after the product's launch.

Tensions with ex-Googlers

As Apple struggled to keep advancing Siri, the company hired one of Google's top engineering executives to run its AI strategy: John Giannandrea . In 2018, he was elevated to the role of senior vice president, reporting directly to Apple Chief Executive Tim Cook .

In early team meetings, Giannandrea made it clear that improving Siri was a main focus. He was also tasked with centralizing much of Apple's fragmented efforts regarding AI. He began building up his AI team by recruiting Google employees and through startup acquisitions, but his team had difficulty fitting in with the rest of Apple, according to people familiar with their work.

The new AI group operated much like parts of Google, where deadlines are more loosely defined. Teams inside Apple need to maintain rigorous deadlines to have products ready for release events every fall. Efforts to collaborate between other parts of Apple that were building products and the AI team at times fell apart because they couldn't agree on deadlines, the people said.

Instead of working with the AI team, other parts of Apple busy building software products maintained their own, separate AI capabilities. For example, the software group run by Senior Vice President Craig Federighi continued to invest in and build up the AI behind its image- and video-recognition capabilities, said former Apple employees.

Another limiting factor for Giannandrea's AI team was the lack of access to computing resources, said former executives and engineers. Compared with rivals, Apple in recent years has secured fewer chips known as graphical-processing units that are essential for training AI models, said people familiar with Apple's internal infrastructure.

Much of the AI team had to rely on external cloud services—Google's cloud was preferred by many of the former Google employees on Giannandrea's team—to train their AI models, the people said.

The ChatGPT effect

When ChatGPT launched in late 2022, everything changed. Federighi, the software chief, became a convert that Christmas break after he began playing around with the Microsoft-owned GitHub AI coding tool called Copilot, which is powered by OpenAI's technology, said people familiar with his experience.

After that moment, across Federighi's software-engineering organization, employees were tasked with coming up with new ways of incorporating generative AI into products and given resources to pursue these projects, said former executives and engineers. At internal meetings, Federighi said that he had come to appreciate generative AI technology and that it would be incorporated into all aspects of Apple's software.

Apple stepped up efforts to build its own internal generative AI. In February, the company canceled its decadeslong effort to build its own electric car. Some of the employees had been redeployed into these generative AI projects.

Some of the new features and updates Apple is expected to announce this year will be powered by Apple's internally built generative AI models, but Apple has been looking at potential external partnerships for more advanced AI. Giannandrea and Federighi have met with Sam Altman , OpenAI's chief executive officer, said people familiar with the discussions.

With a new urgency on AI technology, Kittlaus, the Siri co-founder, said this year could be an important one for Siri as the company plans to incorporate thoughtful AI features into the iPhone. "Siri has been stuck in the mud for years," he said. "But I absolutely see a renaissance coming."

ReNew reports record profit of ₹415 cr in FY24

Nasdaq-listed RE firm sees a turnaround driven by higher income

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NEW DELI

For the full year, ReNew's revenue stood at ₹9,653 crore, up from ₹8,932 crore in FY23. HT

ReNew Energy Global (ReNew) has scripted a turnaround in the fiscal year ended 31 March.

The company reported a net profit of ₹414.7 crore on the back of higher income, versus a net loss of ₹503 crore in the previous fiscal year, the Gurugram-headquartered company said on Thursday.

Although the Nasdaq-listed renewable energy company witnessed a net profit surge from ₹7.4 crore in the January-March quarter of FY23 to ₹60.9 crore in the same quarter of FY24, its revenue declined 4.4% from ₹2,591.6 crore to ₹2,477.6 crore over the same period.

However, for the full year, ReNew's revenue stood at ₹9,653 crore, up from ₹8,932 crore in FY23.

For FY25, the firm expects adjusted Ebitda to be at ₹7,600-8,200 crore, with cash flow to equity at ₹1,200-1,400 crore. Ebitda, a measure of profitability to net income, stands for earnings before interest, taxes, depreciation and amortisation.

Cash flow to equity is a metric of how much cash can be distributed to equity shareholders of a company through dividends or stock buybacks.

ReNew aims at doubling capacity

"During the last two or three years, we were impacted by issues like the covid-19 pandemic, receivables, logistic expenses, and rupee depreciation. All of these things are behind us, and now our core inherent business performance is showing up," ReNew's chairman and chief executive Sumant Sinha told *Mint* in a post-results interview.

"We are looking at doubling our capacity and growing at 16-18% annually over the next seven years."

The company has also set an ambitious capital expenditure plan of about ₹65,000 crore over the next four to five years, Sinha said.

ReNew aims to expand its portfolio, adding another 1,900-2,400MW to its existing 13.5GW capacity by the end of FY25, the company said in a statement.

GROWTH PLANS

FOR FY25, the firm expects adjusted Ebitda to be at ₹7,600-₹8,200 crore

THE firm is looking at doubling capacity, growing at 16-18% annually over the next seven years

IT has also set an ambitious capital expenditure plan of about ₹65,000 crore over four-five years

Competitive edge

"Our future growth will come from our core renewable energy businesses, where we have a lot of competitive advantage. In wind, we are India's largest IPP (independent power producer), and in solar, we are the second largest IPP," Sinha added.

At the end of FY24, ReNew's net debt reached ₹54,581 crore, rising from ₹4,363.9 crore in the previous fiscal year.

Going forward, it plans to increase borrowing from the domestic market due to escalating costs of funds in the international market.

The company has already refinanced bonds worth about $1 billion in the past 18 months, using domestic sources of liquidity, Sinha said. "We have not had any problems with refinancing or raising debt capital. About three-quarters of our capex comes from debt. I don't anticipate any issues at all."

ReNew operates 150 renewable energy sites across 10 Indian states, has a presence in the commercial and industrial (C&I) sector, and participates in the solar module and cell manufacturing ecosystem. The company contributed approximately 10% to India's total solar and wind energy production in the previous fiscal year.

Majority of Vedanta creditors approve demerger proposal

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Anil Agarwal, non-executive chairman of Vedanta Ltd. PTI

Mining conglomerate Vedanta Ltd has received approvals from the majority of its creditors for a proposed demerger of businesses, marking an important step in the company's plan to split into six independent listed companies.

"I am happy to let all of you know that we have received the 52% plus the additional percentage which is required for us to reach 75%. We have crossed that threshold as well. Most of the lenders have approved it," a senior Vedanta executive said in a recent bondholder conference call.

"The balance requirement will be met in a week or 10 days' time. And thereafter, we will file the application with the NCLT (National Company Law Tribunal)," he added.

A major creditor—State Bank of India (SBI)—had already granted its consent earlier, according to a banker aware of the development. This crucial approval is seen as the last major compliance requirement for the company, and paves the way for the $20 billion demerger.

The green light comes at a time when the company has shown significant progress in deleveraging

The green light by the majority of the creditors comes at a time when Vedanta has shown significant progress in deleveraging. As of 31 March, its net debt stood at ₹56,388 crore, down by ₹6,155 crore from December, primarily driven by strong cash flows from operations and working capital release.

Taking note, rating agencies have assigned stronger credit ratings to the company and its debt instruments.

Icra assigned an A1+ rating to Vedanta's ₹2,500 crore commercial paper on 30 May. It granted the company a long-term rating of ICRA AA- and a short-term rating of Icra A1+ earlier in May. Similarly, Crisil and India Ratings have assigned long-term ratings of AA- and A+, and short-term ratings of A1+ and A1 on Vedanta, respectively.

Vedanta's lenders include state-owned banks like SBI, Bank of Baroda, Punjab National Bank, Canara Bank, Indian Overseas Bank, Union Bank of India and Bank of Maharashtra. Private sector banks Yes Bank, ICICI Bank, Axis Bank, IDFC First Bank and Kotak Mahindra Bank are also part of the lenders' consortium.

The demerger will create independent companies housing the aluminium, oil and gas; power, steel and ferrous materials, and base metals businesses, while the existing zinc and new incubated businesses will remain under Vedanta Ltd.

UNEMPLOYMENT, INFLATION CALL FOR REVISING PRIORITIES

EXPERT VIEW
D.K. SRIVASTAVA

Respond to this column at
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The new government may consider revising budget priorities reflected in the interim budget of 2024-25 in the context of the ongoing economic challenges concerning unemployment, high food inflation and rural distress

While the government's resource position appears to be robust with a buoyancy of the Centre's gross tax revenues of ₹1.4 trillion in 2023-24 and the Reserve Bank of India's (RBI) dividend of ₹2.11 trillion, some of the expenditure cuts in the interim budget may have to be re-examined.

On a trend basis, revenue expenditure growth in recent years was limited to 3.7%, 7.8% and 1.2% in 2021-22, 2022-23 and 2023-24, respectively, as per Controller General of Accounts (CGA) data.

The interim budget's growth was 4.6% over the 2023-24 actuals.

Such continued low revenue expenditure growth became possible by a steady reduction in major subsidies from ₹6.9 trillion in 2020-21 to ₹3.8 trillion in the 2024-25 interim budget.

Allocations under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) also fell to ₹60,000 crore in the 2024-25 interim budget from ₹1.1 trillion in 2020-21. Further, the government may be inclined to accelerate filling vacant positions, which might also lead to increased revenue expenditures.

In light of these likely changes, the government may have to decide whether to maintain capital expenditure (capex) growth, which had averaged 29.7% from 2020-21 to 2023-24, or accelerate the reduction in fiscal deficit relative to gross domestic product (GDP) to show its commitment to fiscal consolidation.

While reasonable growth in government capex is critical for maintaining 7%-plus real GDP growth, a reduction in the fiscal deficit would have a positive impact on India's credit ratings.

The government is likely to continue its emphasis on maintaining a high growth in capex, which was close to 17% of the interim budget.

The CGA actuals reflect an improvement in the Centre's fiscal deficit to 5.6% of GDP in 2023-24 from the earlier revised estimate of 5.8%. In the final budget of 2024-25, it might be reduced to close to 5% of GDP.

Inflation challenges

Since September 2023, the RBI has successfully kept consumer price inflation within the target range of 2-6% as per the monetary policy framework. However, the structure of consumer price inflation is a problem.

Food inflation, in particular, averaged 7.5% in 2023-24 and 8.7% in April 2024. This is one major reason for household dissatisfaction, and is partly due to lower agricultural growth of 1.4% in 2023-24. Some support to rural incomes would be required by increasing the MGNREGS allocations, but the employment issue requires more broad-based policy attention.

Growth prospects

The new government has a solid takeoff point in terms of the GDP growth of 8.2% in 2023- 24. This aggregate growth has two notable features.

First, real GDP growth is a full percentage point higher than growth in gross value added (GVA) of 7.2%. Such a large difference between these two rates is quite unusual.

This has been predicated by a sharp reduction in subsidies, which may not be replicated in the future. As such, it is the GDP growth which would come closer to the lower GVA growth.

The second feature is that nominal GDP growth is 9.6%, which is only 1.4 percentage points higher than the real GDP growth. Such a small difference is also unusual. This is predicated on a relatively low implicit price deflator-based inflation of only 1.3%. This may also not be continued in the next few years. A more sustainable growth profile would be to target real GDP growth of 7% and nominal GDP growth of 10-11%.

A reduction in the fiscal deficit would have a positive impact on India's credit ratings

Even for 7% real GDP growth, we require a real investment rate of 35-36% with an assumed incremental capital-output ratio of 5. In this context, for improving the private investment rate, the interest rate would have to be lowered. This is currently constrained by, among other factors, the recent fall in the household financial savings rate to close to 5% of GDP from its average level of 7%-plus in recent years.

Lower interest rates and an improvement in consumption expenditure growth are critical for inducing private investment to pick up. Private final consumption expenditure growth was only 4% in 2023-24 while government final consumption expenditure (GFCE) growth was even lower at 2.5%. As government revenue expenditure growth increases, there would be some improvement in GFCE growth.

Robust growth in government and private investment expenditures is important for sustaining a 7%-plus real GDP growth rate in the medium term.

The author is chief policy adviser, EY India. The views expressed are personal.

Paytm's UPI market share slide continues

Bloomberg
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Paytm's share of the unified payments interface (UPI) market in India fell for a fourth straight month as the fintech pioneer struggles to recover from a regulatory setback.

Paytm accounted for 8.1% of total UPI transactions in May, down from 13% in January, according to data released by the National Payments Corporation of India (NPCI).

The company was rocked in January when the Reserve Bank of India (RBI) ordered Paytm Payments Bank Ltd, a banking affiliate, to wind down operations. Paytm shares have fallen about 55% since then.

Paytm Payments Bank isn't controlled by Paytm but is part of founder and chief executive officer Vijay Shekhar Sharma's fintech empire.

Operated by state-backed NPCI, UPI allows users to make instant money transfers by linking banks with fintech apps such as Paytm, PhonePe and Google Pay. The UPI network processed a record 14.04 billion transactions in May, up 5.5% month-on-month.

Walmart-owned PhonePe maintained its dominant position in the market with a 49% share in May, while Google Pay boasted a 37% share.

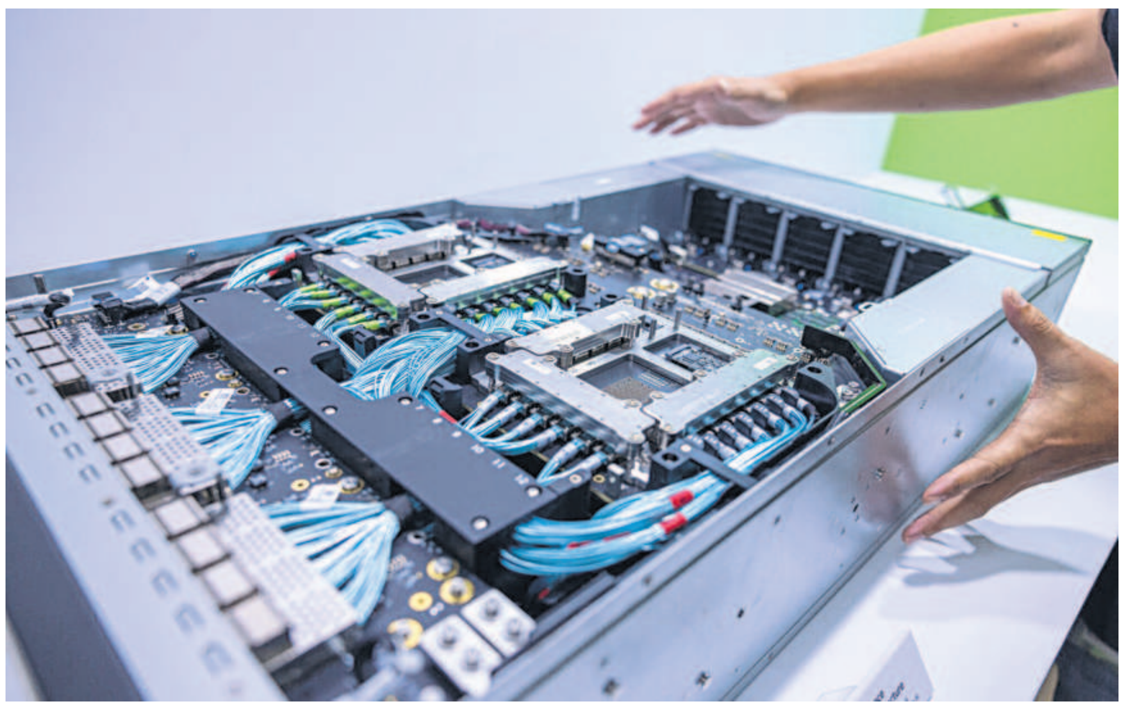
Since the RBI order, Sharma has moved to steady the ship through new partnerships with some of India's top lenders. The alliances will help Paytm with instant money transfers that used to be handled by its banking affiliate. The company didn't respond to a request for comment from *Bloomberg News*.

"We expect near-term financial impact to our revenue and profitability, due to disruptions faced in our business in Q4," Sharma said in Paytm's latest earnings filing.

Will cloud software be ready for its AI moment?

It is too early to determine winners of the AI boom, but so far those firms haven't been cloud software vendors

Belle Lin & Isabelle Bousquette


The first wave of AI investment will boost the stocks of chip makers and data centers that make AI use possible. BLOOMBERG

It is too early to determine winners of the artificial intelligence boom, but so far, those companies haven't been cloud software vendors like Salesforce and Workday.

Salesforce's recent earnings miss, which disappointed investors looking for software-as-a-service companies to benefit from the generative AI hype, may be tied to the fact that the AI investment cycle is still unfolding.

That is why some analysts say the issue for cloud software isn't a matter of product-market fit but rather timing.

By necessity, the first wave of AI investment will boost the stocks of companies developing the technology's building blocks—the chips and data centers that make AI possible to use. Shares of companies like chip giant Nvidia and cloud infrastructure companies Google and Microsoft have surged to record highs.

After that cycle, investment will go toward application and software firms like Salesforce, but it won't happen for several more quarters, said Dan Ives, managing director and senior analyst at Wedbush Securities. A third wave of investment will follow later, as an additional layer of applications is built on top of foundational enterprise apps, Ives added.

THE WALL STREET JOURNAL.

In the meantime, software and applications companies are becoming some of the first to face a reckoning as generative AI, the technology behind OpenAI's ChatGPT, is starting to change the way enterprises buy and build their core systems.

Salesforce declined to comment on its earnings.

Salesforce and Workday, both software-as-a-service providers that expanded their businesses by selling corporate software in the cloud over a decade ago, are facing scrutiny from investors over what they have described as a tough deal environment in which enterprises aren't buying as much software as in prior years.

Investors sent shares of Adobe, ServiceNow and Atlassian tumbling after the companies reported results for the March quarter. Of the 10 largest cloud software providers by annual revenue, eight saw their stocks sell off by an average of 9% the day after releasing their earnings, according to FactSet data.

The question for Salesforce, Workday and other cloud software providers is whether they will be ready to win over cautious and budget-conscious technology chiefs when their AI moment comes.

Since launching the Einstein AI platform for its flagship customer-relationship management software nearly a decade ago—which primarily focused on using AI for prediction—Salesforce has made a number of generative AI updates, including the ability to automate common sales and marketing processes, according to Jayesh Govindarajan, the company's senior vice president of AI.

Software and applications firms are among the first to face reckoning as GenAI changes the way cos build their core systems

For sales, service and marketing staff, for instance, its AI platform and Einstein Copilot assistant can complete tasks like write email drafts, summarize conversations, provide guidance on sales forecasts and find answers to customer support queries.

Last year, the company promoted its Einstein Trust Layer as a solution for helping plug the "AI trust gap" for enterprises. Earlier this year, it launched Einstein 1 Studio and updated its Data Cloud, allowing developers to build their own AI-based apps and other automations in its suite of products, plus pull in their private data to the Salesforce ecosystem.

What is clear at the moment is that enterprises aren't ready to pour money into every vendor that offers AI. The market for business AI features, such as summarizing emails, writing code and generating sales and marketing files, is increasingly crowded with vendors, from enterprise stalwarts such as Microsoft and AI model makers like OpenAI and Anthropic to software AI startups such as Writer and Runway AI.

And as enterprises' understanding of generative AI has evolved, more are looking to build custom applications and new workflows with AI—and not just in the sales and marketing domains—rather than purchase packaged solutions from software firms like Salesforce, according to TD Cowen analyst Derrick Wood.

Tightening IT budgets further play a role in where chief information officers put their tech spending. Rising interest rates, an election year and other macroeconomic uncertainties are driving continued belt tightening, said Wood, and that can mean cutting the software budget to make room for investment in other AI vendors.

Serge Suponitskiy, CIO of Brosnan Risk Consultants, said the security services company is using Salesforce-owned data visualization software Tableau, but not Salesforce's additional AI features. "I have limited resources, and I have lots of other projects and a lot of needs," Suponitskiy said.

Vendors faster to market with AI capabilities may also benefit from their speed. Bob Lamendola, senior vice president of technology and head of digital services center at Ricoh North America, said he felt the vendor hadn't innovated as rapidly as some of its competitors in AI. The digital services and printing company is a Salesforce customer.

Still, Salesforce and its business software peers have incumbency advantages compared with AI startups like Cohere and Anthropic. They hold large amounts of businesses' data—which is needed to run AI on top of—and have passed enterprises' cybersecurity, legal and compliance checks.

"The big guys out there have a leg up," said Aaron Miri, Baptist Health's chief digital and information officer. The issue is whether they can capitalize on it.

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Russian central bank governor calls for 'open economy'

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Elvira Nabiullina, Russia's central bank governor. AFP

Russia's central bank chief on Thursday called for Russia to be an "open economy" despite the barrage of Western sanctions and trading restrictions it has been hit with over its Ukraine offensive.

Central Bank governor Elvira Nabiullina was speaking at the Saint Petersburg International Economic Forum (SPIEF), Russia's landmark annual business event that used to be a hotbed of dealmaking for Western investors.

Previously dubbed the "Russian Davos," Western attendees at the set-piece event are few and far between this year, with the forum now serving as a demonstration of Russia's isolation in much of the developed world.

At a panel discussion on Thursday, Nabiullina said Russia must prioritize "ensuring the openness of our economy."

"Despite the sanctions we should be ready to integrate our economy" into the world economy, she added.

A slew of Western companies have withdrawn from Russia; China has become its main economic partner over last two years

Sanctions have largely carved Russia out from the international financial system and killed off its former lucrative energy partnerships with the West.

A slew of Western companies have also withdrawn from Russia since Moscow sent troops into Ukraine.

China has become Russia's main economic partner over the last two years, though President Vladimir Putin has railed against the United States putting "pressure" on that relationship by threatening sanctions on Chinese banks that deal with Russia.

Speaking alongside Nabiullina, finance minister Anton Siluanov had a different message. Russia needed to boost its "financial sovereignty," he said.

"We will work on this in the coming years," he added.

Nabiullina also said Russia needed to develop its capital markets and warned planned tax rises—which could raise $30 billion for the government—must not be implemented in a way that discourages investment.

As always, Putin is at the forum, which takes place in his home town.

A presidential aide said guests from more than 130 countries would attend, though there is little in the way of Western presence—from either the political or business worlds.

Putin was set to meet the leaders of Zimbabwe and Bolivia, the highest ranking foreign guests.

Before the conflict in Ukraine, former German Chancellor Angela Merkel, France's Emmanuel Macron, China's Xi Jinping and India's Narendra Modi had also all spoken on stage alongside Putin.

This year a Taliban delegation was attending to discuss boosting economic relations with Moscow, state media reported.

ECB cuts rates, keeps next move under cover

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FRANKFURT

The European Central Bank (ECB) cut interest rates for the first time in five years on Thursday but kept investors in the dark about its next move given increasing uncertainty over inflation after a sharp slowdown in the past year.

The ECB lowered its record-high deposit rate by 25 basis points (bps) to 3.75%, joining the central banks of Canada, Sweden and Switzerland in starting to unwind some of the steepest rate hikes used to tame a post-pandemic inflation surge. Thursday's well-flagged move is seen as the start of an easing cycle, but lingering price and wage pressures are clouding the outlook and may force the euro zone's central bank to wait months before cutting again.

"The Governing Council will continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate level and duration of restriction," the ECB said in a statement.

While the ECB kept open its options for July, a string of influential policymakers, including board member Isabel Schnabel and Dutch central bank chief Klaas Knot have already made the case for a pause next month, suggesting the next window of opportunity for easing will be in September. Economists see another two rate cuts from the ECB this year, most likely in September and December, while markets are pricing in between one and two more moves—a big change from the start of the year, when more than five cuts were anticipated.

Clean energy investment set to double spending on fossil fuels this year

Bloomberg
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Investment in clean energy technologies will climb to $2 trillion this year, almost double the amount spent on fossil fuels, according to the International Energy Agency (IEA).

Two-thirds of the record $3 trillion invested in energy sources in 2024 will be devoted to sectors such as renewables, electric vehicles, nuclear power, grids, storage and efficiency, even as higher financing costs hinder projects, the Paris-based agency said. The remaining $1 trillion will go to coal, gas and oil — a level that's still too high to conform with global climate goals.

"We've reached an important landmark," IEA executive director Fatih Birol said in an interview as the agency published its annual World Energy Investment report. "Clean energy investment is setting new records even in challenging economic conditions."

Combined investment in renewable power and grids has overtaken the amount spent on fossil fuels for the first time. Some green projects have been impeded by


More money is flowing into solar than all other generation technologies combined. REUTERS

rising interest rates, but this been offset by "easing supply chain pressures and falling prices," the IEA said in its report.

The growth is "underpinned by strong economics, by continued cost reductions and by considerations of energy security" heightened by Russia's invasion of Ukraine, it added.

Solar power is leading power sector's transformation, with investment in the area set to reach $500 billion this year—more than the money flowing into all other electricity generation technologies combined.

Total investment in renewables and nuclear power for electricity generation has reached 10 times the amount directed at fossil fuel-fired generation, according to the report. When the Paris agreement on climate change was struck in 2015, that ratio stood at two-to-one. "We see renewed momentum in nuclear power investments," Birol added.

Investment on renewable power and grids has overtaken the amount spent on fossil fuels for the first time

China will account for the largest share of clean energy investment, with around $675 billion this year, as a result of strong domestic demand for solar power, lithium batteries and electric vehicles, according to the report. Still, clean energy investment in other emerging and developing economies remains low at about $320 billion, accounting for just 15% of the global total, it said.

Nonetheless, the expansion of fossil fuel demand continues at a pace that leaves the world on track for potentially catastrophic climate change.

Investment in new oil and gas supplies will increase by 7% this year to $570 billion, mostly concentrated in national oil companies in the Middle East and Asia, according to the report.

In order to reach the goal of net zero carbon emissions by 2025—and limit global temperature increases to 1.5°C above pre-industrial levels—spending on fossil fuels would need to be halved, while an additional $500 billion per year would need to be spent on renewables. "When we look at these trends it is definitely encouraging, but they fall short," Birol warned. "We are far from reaching the 1.5 degrees trajectory."

Nvidia's rise to $3 trillion fuels 'Jensanity' in the world of technology

Bloomberg
feedback@livemint.com

Jensen Huang wasn't on the official Computex 2024 program, but he didn't need to be.

The Nvidia Corp. billionaire led an unprecedented cast of tech glitterati to the world's biggest computing conference this week in Taiwan, where he effortlessly upstaged the likes of Intel Corp.'s Pat Gelsinger—without a single official keynote or session. From packing a 4,000-seat sports stadium to paparazzi-fuelled night-market jaunts, the leather jacket-clad CEO and his $3 trillion company drew the largest audiences and biggest entourages.

As icing on the cake, the 61-year-old this week joined the likes of Elon Musk in a select group of business chieftains worth at least $100 billion, riding a $315 billion Nvidia market rally over three frantic days. "Someone coined the term Jensanity, and that's exactly what it's been," said Dan Nystedt, an analyst at Tri-Orient Investments.

Yet observers who navigate past Nvidia's (very large) wake can spot trends that may in time determine the direction in which AI evolves around the world. This year, "AI PCs" mushroomed across the cavernous showfloors; hitherto-unknown Taiwanese names became stars; Microsoft Corp. software was ubiquitous in presentations and exhibition booths; and many tech honchos studiously avoided talking China, sanctions or politics.

Here's what we learned at the largest Computex ever.

Nvidia's star grew even more ascendant this week, thanks to its dominant share of the market for the high-end accelerators used to train AI.

Huang was easy to spot on the show floor at all times—observers could literally tell where he was from the cheering, chanting and visible, moving mass of people that track the CEO wherever he goes. When not touring the booths, he hosted dinners for CEOs and cameo-ed at partner events. He signed Super Micro servers, journalists' laptops and—in a video that went viral—one young lady's chest.


Nvidia chief executive officer Jensen Huang. BLOOMBERG

Many credit Huang's company for putting Taiwan and Computex on the map. Just a year ago, the co-founder urged one audience of Taiwanese students to "run, don't walk" to embrace AI. This year, Huang was racing so hard he didn't get breakfast one day until 3:30 pm when he munched on a turkey sandwich—onstage while speaking to the crowd.

Nvidia today commands an ecosystem of software, hardware and solutions that rivals from Advanced Micro Devices Inc. to Intel are trying hard to break up or replicate. "It's almost becoming Nvidia against the world," said Ian Cutress of the consultancy More Than Moore.

But one little-understood fact about Nvidia is that its success hinges in no small part on the hundreds of companies that together make AI possible—many of them based in Taiwan.

Taiwan sent a message with this year's raucous Computex: If you want AI, you need Taiwan.

Taiwan Semiconductor Manufacturing Co. made the island a compulsory stop for governments around the world trying to secure chips. But there's more to AI than just the chip: motherboards, modules, servers, cooling systems and more are all mostly designed and initially made in Taiwan. More than nine-tenths of the world's AI-capable servers are made by the island's firms, *Bloomberg Intelligence's* Steven Tseng estimates, operating out of factories spanning Mexico to Malaysia.

Jensen Huang this week joined the likes of Elon Musk in a select group of business chieftains worth at least $100 bn

As the world rushes to build out data centres to cope with the AI rush, that supply chain is coming into focus. That's why this week the marquee names actively courted the bosses of companies like Wiwynn Corp., Quanta Computer Inc., Inventec Corp., Pegatron Corp. and more. Most of those are barely known outside of Taiwan. Yet Jensen Huang, AMD's Lisa Su, and Intel's Gelsinger were just a few of the bigwigs who toured their booths, signed their hardware and took their bosses out to dinner. Huang in his press conference called them the "unsung heroes."

"What Jensen is doing - running around with all these people - is a sign that the Taiwan electronic components and server-maker ecosystems hold a key position in the global supply chain. When companies start building things, they are still going to the Taiwanese first because of long-standing working relationships and the one-stop shop that Taiwan offers," said Jon Yu, an analyst and founder of the Asianometry YouTube channel. "The system integrators then make many of the critical decisions on components that make or break whole companies."

Geopolitical uncertainty has been a dominant topic at conferences around the world. In Taipei, every mention drew either the evil eye or a nervous laugh and brush-off.

Just weeks ago, the People's Liberation Army held military exercises around the island after its new president's inauguration. Around the show floor, the topic of China rarely came up, even though it's a deciding factor in local elections and arguably one of the biggest priorities for a Washington administration seeking to shore up the US lead in high technology.

At Computex, it might as well all be a fever dream. At a media Q&A, Huang asked for a "happy" last question. The lucky local journalist who got picked chose to ask about geopolitics.

The reporter "is not well. As the last question before we all leave, she would like to ask about geopolitical stuff," Huang said, miming displeasure.

NEWS IN NUMBERS

$500 mn
THE SIZE of a deal that Wipro bagged from a leading US communication service provider to deliver managed services and solutions for five years

$3 tn
THE MARKET capitalization of Nvidia Corp., as it overtook Apple to become the second-most valuable company, and the first chip company to cross the $3 tn-mark

99.6%
THE PERCENTAGE of ITC shareholders who voted in favour of demerger of the FMCG giant's hotels business, paving the way for the listing of ITC hotels

1 mt
THE QUANTITY of chana (gram), the Centre is planning to buy under its price stabilization fund to replenish its buffer, amid a fall in pulse stock

₹1.48 cr
THE FINE imposed on Growpital by the ministry of corporate affairs for marketing unlisted non-convertible debentures on social media

HOWINDIALIVES.COM

CAPITAL CRISIS

Residents fill water from a tanker at Vivekanand Camp in New Delhi's Chanakyapuri area on Thursday. Observing that an acute shortage of drinking water has become an "existential problem" in the national capital, the Supreme Court directed the Himachal Pradesh government to release 137 cusecs of surplus water to New Delhi on Friday, and Haryana to facilitate its flow. PTI

NMC tells medical schools to mandate ABHA IDs for patients

There are nearly 700 medical colleges in India that have to follow the new directives

Priyanka Sharma
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The medical education regulator has directed all medical colleges to make Ayushman Bharat Health Accounts (ABHA)—or digital IDs—mandatory for seeing patients.

The move has two objectives, an official said—to help patients "share and access their health records digitally" and to get a better handle on how many patients a medical college is seeing when assessing them. The new assessment criteria for medical colleges will be dependent upon the number or patients registered by these medical institutions through their ABHA IDs.

There are nearly 700 medical colleges (including both private and government) which have to follow this new directives of the National Medical Commission (NMC).

ABHA ID is an initiative under the Ayushman Bharat Digital Mission which aims to a digital health ecosystem is being implemented by National Health Authority.

So far, more than 622 million ABHA IDs have been created across the country.

Starting from academic year 2025-26, all decisions for medical colleges—from increasing the number of seats for undergraduate and postgraduate courses, annual renewals and recognition by the NMC—will be considered on the basis of registration of patients done through these digital health IDs.

> The move allows patients to share and access their records digitally; regulator will get data on how many patients a medical college is treating

"The NMC in its 14th meeting held on 1 May, 2024 had decided that all medical colleges must ensure ABHA ID as pre-requisite for registration of patients visiting for OPD/IPD/emergency services in the hospitals attached to them. All patients OP/IP, must have registration done with ABHA ID in addition to hospital's registration number," said Dr B. Srinivas, Secretary, NMC to all medical colleges in a communication seen by *Mint*.

"The creation of ABHA ID is very simple process and can be facilitated conveniently with possession of Adhaar card that has already been extended to people on a large scale," he said. "However, no patient should be denied treatment without ABHA ID" Srinivas added.

Another senior official said that creation of ABHA ID for patients will help to deal with the problem of "ghost patients"—made-up names to impress the regulator with inflated numbers.

Veg thali cost rises in May, says Crisil

The cost of home-cooked vegetarian meals rose in May, while that of non-vegetarian meals fell. The cost of a vegetarian plate, or *thali*, went up to ₹27.8, an increase of 1% on-month and 9% on- year. By contrast, the cost of a non-vegetarian *thali* shrank by 1% month-on-month and 7% year-on-year to ₹55.9 a plate, rating agency Crisil said in its latest monthly report on Thursday. A typical vegetarian meal —as per Crisil—includes *roti*, vegetables (onion, tomato and potato), rice, *dal*, curd and salad. The non-vegetarian version replaces the *dal* with broiler chicken.

Despite fluctuating commodity prices, the share of ingredients used for arriving at the prices remains constant. Crisil said the increase in vegetarian *thali* cost on-month is due to a 9% rise in potato prices, it -was also up on-year because of a surge of 39%, 41% and 43% on-year in the prices of tomato, potato and onion on a low base. PUJA DAS

This comes after reports said that the Netherlands may provide €3 billion to Tata Steel. MINT

Tata Steel in talks with Dutch govt

Tata Steel on Thursday said it is in talks with the Dutch government on a proposed decarbonization roadmap for the company's factory in the Netherlands.

The company's statement came after reports said that the Netherlands may provide as much as €3 billion ($3.26 billion) for the green transformation of the steel major's IJmuiden factory, which has caused serious health and environmental problems in the adjoining area.

"...the company is in discussions with the Dutch Government on the proposed decarbonization roadmap," Tata Steel said in a stock exchange filing.

The Dutch Parliament had in March formally gave a mandate to the government to negotiate the terms of potential support towards a proposal for decarbonisation in Tata Steel Nederland.

Eventually, the Dutch government has formulated a detailed framework of diligence, analysis, discussions and negotiations with the steel major, which will run over several months before potentially culminating in an agreed set of terms. PTI

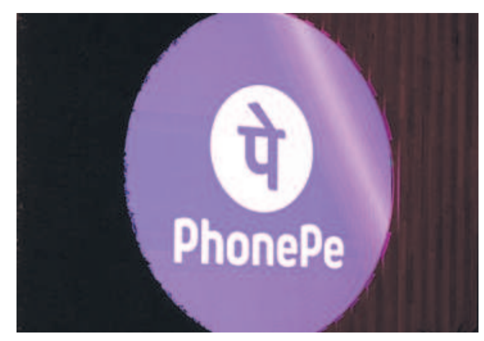
Tencent sells 3.3 mn PB Fintech shares

Chinese conglomerate Tencent on Thursday sold shares of PB Fintech, the parent company of Policybazaar, for ₹415 crore through an open market transaction.

Shenzhen-based Tencent through its affiliate Tencent Cloud Europe BV offloaded the shares of PB Fintech on the National Stock Exchange (NSE). According to the bulk deal data available with the NSE, Tencent Cloud Europe BV sold 3.3 million shares, amounting to a 0.73% stake in PB Fintech.

The shares were disposed of at an average price of ₹1,259.71 apiece, taking the transaction size to ₹415.70 crore. Details of the buyers could not be ascertained. Shares of PB Fintech fell 0.41% to close at ₹1,288 apiece on the NSE.

Last month, Tencent offloaded a 1.2% stake in PB Fintech for ₹664 crore. PB Fintech operates online insurance platform Policybazaar and credit comparison portal Paisabazaar. PTI



The tie-up will enable Indian travellers to make UPI-based payments in Sri Lanka. BLOOMBERG

PhonePe, PickMe tie up to enable UPI

Fintech firm PhonePe has partnered with ride-hailing platform PickMe to enable UPI-based payments for Indian travellers in Sri Lanka, the Walmart group firm said on Thursday. Last month, PhonePe entered into a partnership with LankaPay to allow its users to pay using UPI across Sri Lanka.

"Our partnership with PickMe exemplifies the company's commitment to providing Indian travellers with convenient and trusted payment solutions. Previously, navigating payments in a new country could be a hassle," Ritesh Pai, CEO of PhonePe—International Payments, said.

The collaboration follows the launch of PhonePe in the island nation last month, wherein the Indian High Commissioner Santosh Jha had urged companies in Sri Lanka to engage with Indian companies to build on the UPI stack for innovations in hotel bookings, cab bookings, delivery services etc. PTI

Health min reviews heat action plan

In the wake of the heatwave across north India, the Union health ministry has held a fresh review meeting with States/UTs to discuss the scenario and directed them to take strict measures to prevent hospital fires during the summer months. The Centre has also instructed the states to ensure implementation of fire safety protocols at all healthcare facilities.

The directions given to the state health departments include measures like implementation of the heat-related action plan, dissemination of the early warning for the heatwave issued by the India Metrological Department (IMD), assessment of all healthcare facilities, ambulances, heat-related cases, and surveillance of stroke cases and deaths.

These directives come in the backdrop of IMD's forecast that there could be above-normal temperatures reported during the heatwave. PRIYANKA SHARMA

Hero MotoCorp to buy more in Ather

Hero MotoCorp on Thursday said it will acquire an additional 2.2% stake in Ather Energy for ₹124 crore.

Investment is being made in the form of purchase of additional shares from an existing shareholder of Ather Energy for acquisition of up to 2.2%, Hero MotoCorp said in a regulatory filing.

The acquisition entails an investment of up to ₹124 crore and is expected to be completed by 31 July 2024, it added. Hero MotoCorp currently holds a 39.7% stake in Ather Energy.

Bengaluru-based Ather Energy is engaged in designing, manufacturing, producing, selling, servicing, software development, and software management, in relation to electric automobiles and charging infrastructure. The company is also engaged in storage, distribution, and management systems of electric power (including energy in the form of batteries) and other ancillary services.Ather Energy posted ₹1,753.8 crore revenue in FY24. PTI

'AC sales may hit new record in 2024'

The Indian residential AC market is expected to be around 10-11 million units. HT

The blistering heatwave this year has skyrocketed the demand for room air-conditioners (ACs) across the country, expecting a record annual sale of around 14 million units, according to the Consumer Electronics and Appliances Manufacturers Association (CEAMA).

The industry had "record-breaking figures" for sales of air-conditioners in May and expects a surge of 30 to 40% in volume growth in summers alone, CEAMA president Sunil Vachani told *PTI*.

Soaring temperatures and heatwaves have now made AC a "quintessential requirement" for households across urban areas, he said. The Indian AC market is also evolving helped by energy-efficient models that are suitable across income brackets and by investment by the companies in indigenous manufacturing units of components.

"As the market evolves, we expect annual sales volumes to be around 14 million units, highlighting the sector's robust expansion," Vachani said.

The Indian residential AC market is expected to be around 10-11 million units, in which brands like Voltas, LG, Hitachi Johnson, Lloyd, Panasonic, Daikin, and Godrej compete. PTI

Oneworld Alliance chief executive officer Nathaniel Pieper. NATHANIEL PIEPER/LINKEDIN

Oneworld aims to cut transit hassles

Flying multiple airlines to get to your ultimate destination comes with a myriad of hassles. A global airline group led by American Airlines Inc. and British Airways is aiming to make airport transits more seamless for passengers.

Oneworld plans to launch a technology platform later this year that will allow travellers to check-in, including their luggage, just once across different carriers, chief executive officer Nat Pieper said in an interview with *Bloomberg News* on Monday. He hopes the improvements will make connections more attractive while saving cost for his airline members and generating more revenue.

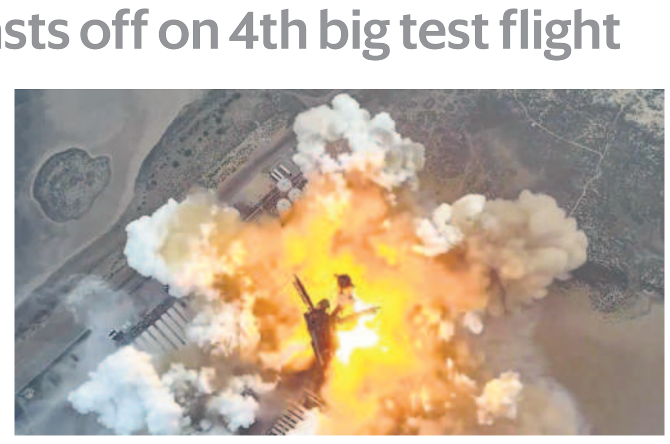
"We want a multi-carrier travel experience to be the same as a connecting experience for if you're flying on the same airline," said Pieper, speaking at Iata's annual airline meeting in Dubai.

The 13-strong Oneworld Alliance is hoping to encourage more connections among its airlines, especially for harder to reach destinations pushing passengers to use rival airlines. BLOOMBERG

SpaceX's giant Starship rocket blasts off on 4th big test flight

SpaceX's massive Starship rocket blasted off on its fourth major test flight, as the Elon Musk-led company works to make the vehicle operational and ready for regular space trips. Starship and its Super Heavy booster lifted off from SpaceX's facility on the southern tip of Texas at 7:50 a.m. local time on Thursday. The flight is ongoing, expected to take more than an hour and test the rocket's capabilities—including if it can handle a return-plunge through Earth's atmosphere without disintegrating.

Still in development, SpaceX's Starship is key to the company and Musk's ambitions of sending cargo and people to destinations like the moon, and, eventually, Mars. Designed to be fully reusable, Starship is also meant to launch SpaceX's larger, upgraded Starlink satellites. For this test flight, the company hopes to continue advancing Starship progress beyond its previous three tests. While the goal as usual is to send Starship to near orbital speeds in space, the company is now primarily focused on bringing the rocket back through Earth's atmosphere intact after the short trip is over. BLOOMBERG



SpaceX's Starship is key to the company and Musk's ambitions of sending cargo and people to destinations like the moon. AFP

Deal activity dips 3% to $5 bn in May

The overall deal activity declined by 3% to $5.023 billion in May compared to $5.192 billion in the preceding month of April, a report said on Thursday. The merger and acquisitions plummeted 58% to $1.05 billion during the month compared to $2.526 billion in April, while a 49% increase in the private equity deal values to $3.973 billion from April $2.666 billion helped the overall number.

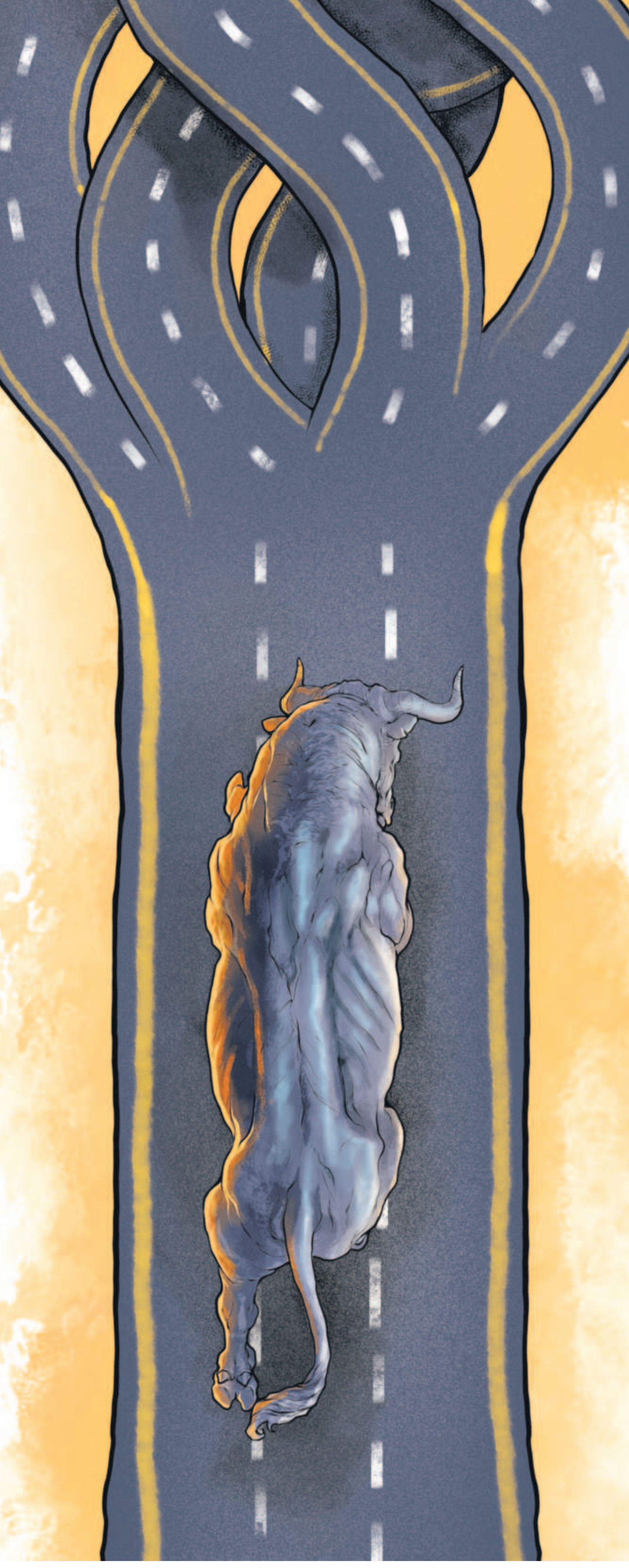
From a volume perspective, the overall number declined 22% to 137, the report by the consultancy firm Grant Thornton Bharat said.

"The election process could have delayed the deal-making scenario. The election results and the ensuing new government's strategic direction will be crucial in shaping the investment climate and determining future deal activity," its partner Shanthi Vijetha said.

The largest merger and acquisition deal in May was the $350 million investment by Google for a minority stake in Flipkart Online Services. PTI

POLITICS HAS CHANGED. SHOULD YOUR PORTFOLIO TOO?

The Lok Sabha election result may just be the wake-up call intoxicated investors needed



TARUN KUMAR SAHU/MINT

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9 November, 2016. Traders on Wall Street were quaking in their boots as the day began. Overnight, US stock futures had plunged more than 5% to hit the lower circuit as Donald Trump's startling victory in the US presidential polls sent shockwaves across the world.

Global financial markets were in doomsday mode, with Japan's Nikkei slumping 5.4% while Hong Kong's Hang Seng lost 2.2%. European indices too were in a sea of red in early trading.

Trump, the poster child of chaos had petrified investors throughout the campaigning season with his fire-and-brimstone diatribe against trade deals, Washington elite, globalization, immigration and a whole lot else.

Now that the unthinkable had happened, traders braced for the financial equivalent of a category 5 hurricane.

However, the market, as is usually the case, had a mind of its own.

Despite the overnight carnage in futures trade, Wall Street stocks opened slightly higher and gained momentum as the day progressed. At the closing bell, all the three major US indices—Dow Jones, S&P 500 and Nasdaq—posted gains.

Trump's conciliatory victory speech certainly helped calm nerves, but participants had started fortifying their investment strategies with a hearty dose of prayers.

Over the next few weeks, even as the markets resumed their bull run, an undertone of edginess remained. After all, predicting Trump's next move was beyond the pale of even the most sophisticated quant strategists.

Not many people admitted it, but a few words of wisdom were sorely needed to inject a dose of tranquillity in these unsettled times.

In June 2017, the 'Oracle of Omaha', Warren Buffett, sat down for an interview with American public broadcaster PBS. He was asked a range of questions about his investment philosophy, state of the economy and his outlook for the country. Finally, when he was quizzed about the stock markets, Buffett condensed over 70 years of his investing wisdom into a couple of pithy sentences.

"I don't try and guess when to get in and out of the market. I have owned stocks consistently since 1942...I was buying stocks the day before the election. I was buying the same stocks the day after the election. And if Hillary (Clinton) had been elected, it would have been the same thing," he said.

> The spectre of coalition politics returning in India after a decade of dominance by the BJP has spooked investors, but analysts say the fears may be overdone.

C FOR COALITION

Buffett may not have followed the Indian elections closely, but it is safe to assume that his advice to investors would remain unchanged.

The spectre of coalition politics returning in India after a decade of dominance by the Bharatiya Janata Party (BJP) has spooked investors, but analysts say the fears may be overdone.

"Please don't be swayed by TV headlines. The fundamentals are intact for the market. There is no need to panic at all. Maybe for the next couple of days there will be some volatility till the new government is sworn in, but the market will find its feet. The long-term trajectory for the market remains in place," Rajesh Palviya, senior vice president of research at Axis Securities, told *Mint*.

This, in fact, is the perfect time to enter the markets for those who had missed the bus as the valuations have become palatable, though some pockets are still frothy, he added.

The market treats the word 'coalition' as a biblical catastrophe, with fiscal responsibility seen as the first (and biggest) casualty of the thrust-and-parry of competitive populism.

However, do coalitions really deserve this scorn?

Perhaps it would be good to remember that some of the most far-reaching reforms were undertaken by coalition governments, including liberalization (during the P.V. Narasimha Rao-led administration), the Fiscal Responsibility and Budget Management (FRBM) Act (under Atal Bihari Vajpayee) and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) under Manmohan Singh-led United Progressive Alliance.

In contrast, while the Narendra Modi government enacted key measures like the goods and services tax (GST) and the Insolvency and Bankruptcy Code (IBC), it had to backtrack on major issues such as the land acquisition bill and farm sector laws despite its majority in the previous two terms.

Some experts, in fact, feel a coalition government is the ideal outcome for Modi 3.0 as it would keep its 'baser instincts' in check.

Not to mention, relief for capital market participants who now may not have to worry about a hike in long-term capital gains (LTCG) tax and securities transaction tax (STT), which was seen as a distinct possibility in case the BJP stormed to power with an absolute majority for the third straight time.

"The opposition in the newly formed government has a strong position to keep the ruling party in check. Moreover, BJP's reliance on alliance partners also means there's a high chance that there won't be any tinkering with the taxes for capital markets," Palka Arora Chopra, director, Master Capital Services, a financial services firm, said.

TIME FOR TWEAKING

Sometimes it takes a minor earthquake to get our furniture in order. In other words, an upheaval presents the perfect opportunity to take stock of our progress and go for the required course correction.

After a seemingly unstoppable bull run, Dalal Street's record fall on election result day has served as the much-needed wake-up call.

"We expect a reset in the market's hitherto cavalier investment stance toward 'narrative' stocks. We have struggled with the implied growth and profitability assumptions embedded in the market cap of several 'narrative' stocks (capital goods, electric utilities and public sector units)," Kotak Institutional Equities said in a note on 5 June.

"We find the risk-reward unfavourable for these companies, notwithstanding the sharp decline in stock prices on election day. Most of these 'narrative' stocks have risen sharply over the past 12-15 months," it said, adding that these counters trade at rich-to-bubble valuations and have a large downside risk.

That said, the consensus view remains that the new government will continue the recent thrust on capital expenditure. From investors' perspective, the only fly in the ointment is valuations and not fears over the new administration veering off course.

"We believe that the new NDA (National Democratic Alliance) government will not take this underwhelming verdict as a reason to turn populist and start doling out freebies at large. It may not be possible for the BJP to deviate from its core thought process of capex-led nation-building, control on inflation and a strong currency," Elara Capital said in a report.

"We do not believe that there will be a significant slowdown in the ongoing nation-building programmes. Thus, we do not see any major risk to the levels of infrastructure capex/defence capex. However, the froth built in, in terms of high valuation/major growth acceleration built into the stocks may fizzle out," it pointed out.

Analysts say this is also the perfect time for investors to load up on defensives like fast-moving consumer goods (FMCG) and pharma stocks. Defensives are those sectors which are relatively immune to economic fluctuations. These stocks usually offer steady dividends and share price growth, and hence are favoured during periods of volatility or market down cycles.

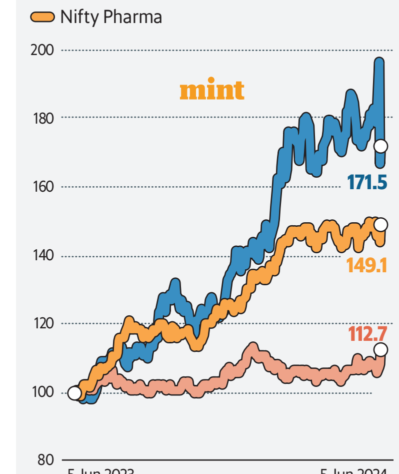
> Investors may need to make some adjustments to their portfolio. Prior to the verdict, defensive stocks were out of favour. That may change now.

"What was happening in the market prior to this verdict was that no one was buying FMCG stocks due to their subdued returns and reliance on the rural economy etc. However, the election result has made it amply clear for the government that they will have to sharpen their focus on the rural segment, because that is where they lost most seats. Not just that, the monsoon forecast is also good. In this context, rural will be a major theme over the medium term," Axis Securities' Palviya added.

"Other sectors like pharma and auto, particularly two-wheelers, also offer a margin of safety currently. Other rural-focused segments like fertilizers and sugar too are seeing renewed buying interest. Overall, I think the market is sensing that no matter who forms the next government, the focus on rural has to be there," he added.

TIME TO PIVOT?

Sectors like consumer staples and pharma have trailed PSUs, the current market favourite, over the past year



Values rebased to 100 Source: Bloomberg

SATISH KUMAR/MINT

It was not a coincidence that on result day (4 June), when the Nifty50 index suffered its biggest single-day fall since 23 March 2020 (covid-19 crash), the gainers which bucked the trend were HUL, Nestle, Britannia Industries, Hero MotoCorp and Tata Consumer Products.

"The election result is likely to lead to a more balanced market. Risk-reward in large caps and underperforming sectors like banking and consumers appears more favourable. On the other hand, there is likely to be greater scrutiny and valuation discipline in the performing sectors like capital goods, power, defence and manufacturing," Rahul Singh, chief investment officer-equities, Tata Asset Management, told *Mint*.

He added that the macro parameters are likely to remain largely stable and hence provide downside support to valuations.

"However, the key data points to watch, going forward, would be the tilt of government policy and the union budget. More specifically any moderation in the capital spending outlook in favour of consumption support can further drive sectoral preferences," he added.

Whether the current correction triggers a bigger 'flight to quality' or ends up as a one-off event is a question for crystal ball gazers. But the message for investors is loud and clear—quality over quantity.

Stock selection, now as always, should be a function of company fundamentals and not which political party is joining the cabinet. And frankly, if your portfolio picks depend upon what Nitish Kumar (chief minister of Bihar and leader of Janata Dal United) or Tejashwi Yadav (leader of Rashtriya Janata Dal) are thinking, perhaps equity investing is not your cup of tea.

"The 2024 election result may finally compel investors (institutional and non-

TURN TO PAGE 11

Why this 24-yr-old turned to a fee-only financial adviser

This ensures unbiased, personalized guidance as commissions, sales do not influence advice

Aprajita Sharma
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Young age is often associated with fun and frolic, while investments and financial planning are typically seen as the realm of married couples. Many young people, gripped by Fomo (fear of missing out), focus on expensive gadgets, clothes, vacations and weekend parties. Investments rarely cross their minds when they start earning.

However, 24-year-old R. Jeevitha from Bengaluru is committed to helping her parents repay loans and plans to invest a portion of her monthly salary to meet her financial goals.

"It hit me hard how financially illiterate students from non-finance backgrounds, as I am, are," says Jeevitha, a technical writer at a tech firm in Bengaluru.

"Although we have heard about stocks, mutual funds and bonds, we are unsure how to make them work for us. I wanted to organize my finances with a proper system in place. The money should work for me instead of lying idle in my bank account," she says.

Why a financial adviser?

Jeevitha had always been wary of the commission-based financial services industry.

"It made me feel that those people will only suggest products with vested interests in mind," she says.

She discovered a podcast where Melvin Joseph, one of India's first fee-only financial planners and Securities and Exchange Board of India-registered investment advisers (RIAs), spoke about independent financial advisers who are not associated with any company but only charge for their financial advice.

"I was unaware that such advisers existed. I had spoken to some advisers who charge a percentage of profits as a fee. That did not sit well with me," she says.

In the podcast, Joseph mentioned Ajay Pruthi, the founder of PLNR, a Mumbai-based fixed-fee advisory platform, among others. Jeevitha reviewed their profiles and decided to proceed with Pruthi.

"What I liked the most was that I could learn to manage my finances by myself. He is there to guide me, but I have to execute it myself," she says.

Jeevitha reached out to Pruthi last year just after landing her first job. It has been seven months since he created her financial plan.

Investments and loans

Jeevitha had no investments or substantial savings when she onboarded PLNR. She had an education loan at an interest rate of 9% (still running) and a couple of family loans at substantially higher interest rates of around 27% for which she is paying equated monthly instalments (EMIs).

The instalments for all loans combined comprise 44% of her monthly expenses. Moreover, living away from her parents adds to her living expenses.

"Ajay advised me to first create a contingency fund of six months of living expenses in a bank account or a liquid fund. I was also told to keep 3 months of salary in savings accounts and open a sweep-in facility in the same," says Jeevitha.

A sweep-in facility ensures that whenever funds in the savings account cross a predefined threshold, the surplus goes into a fixed deposit (FD) and starts earning a higher interest. Getting it back in the savings account does not incur a penalty or affect the interest rate on the FD.

Pruthi did not rush Jeevitha into investments. "The next step was to accumulate funds to pay off high-interest-rate loans. He suggested four mutual fund (MF) schemes for investments but told me to do it only after six months," she says.

She recently started her MF investment journey. "In all, 20% of my salary goes into servicing loans, 40% comprises living expenses and the rest 40% is for investments," she says.

> The earlier investments start, the better the chances of reaping the fruits of compounding

Jeevitha plans to go on her dream vacation in two years. She will be investing her monthly surplus and any office bonuses in recurring deposits to accumulate funds for the trip. Another goal is to save for her marriage. This, too, is a short-term goal and will be achieved via recurring deposits (RDs).

"I'll be depositing a fixed amount in RDs that will help me collect the inflation-adjusted amount that I have in mind," she says.

For her retirement goal, Pruthi considered her desired retirement age of 45 years. This goal will be achieved through a combination of EPF (Employees' Provident Fund), PPF (Public Provident Fund) and equity MFs.

Goals have to be realistic. "I want to purchase a house with a budget of ₹1 crore after 5 years, but Pruthi suggested that I postpone this goal as it will impact my other goals," she says.

Insurance

Insurance is the first step in financial planning. Jeevitha only had her employer's medical insurance, which was insufficient. Pruthi suggested she purchase individual health insurance of ₹50 lakh now and gradually increase the cover to ensure decent health coverage for her post-retirement days. "I am supposed to purchase a ₹10 lakh individual policy and a super top-up policy of ₹40 lakh with ₹10 lakh deductibles. I am in the process of doing it," Jeevitha says.

She also plans to buy a personal accident policy of ₹1 crore which will offer disability benefits. "I suggested that she include ₹20 lakh cover for temporary total disability in this policy. This offers a weekly benefit of ₹20,000 per week for 100 weeks in case of temporary total disability due to an accident," Pruthi says.

He also told her to buy ₹30 lakh health insurance cover for parents if their health conditions permit.

Life insurance is crucial. She was advised to buy a term plan of ₹1 crore coverage now and an additional ₹1.2 crore after she gets married. "An online term policy is the best option to purchase life insurance cover. Such policies do not have any maturity benefits," says Pruthi.

The advisory fee

Pruthi charges ₹12,000 for a year to create a full-fledged financial plan. From the next year onwards, the portfolio can be reviewed annually for ₹6,000.

"I must say that the fee I am paying is low for the value I am getting. My biggest worry was ongoing loans. He created the loan repayment schedule in a way that not only will I be able to close them sooner, but also pay less interest cumulatively in the process. This saving will be more than the fee I paid," she says.

There are only 1,300-odd RIAs in India, and most of them cater to high-net-worth individuals. Pruthi is among the very few who specifically cater to young clients.

"Youngsters, due to a lack of quality advice, tend to buy investment-linked insurance or get lured into stock trading. They need unbiased financial advice more than anyone else so that the beginning of their financial journey is on a strong footing," he says.

Jeevitha inspires people of her age to make the right choices. The earlier investments start, the better the chances of reaping the fruits of compounding.

R. Jeevitha (24), a technical writer at a tech firm, Bengaluru.
Family: Parents are in their early 40s

PRANAY BHARDWAJ/MINT

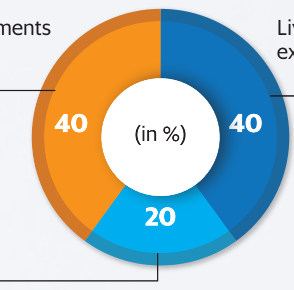
A solid beginning

Jeevitha's just started earning and is on her way to organizing her financial life

Financial goals

- **Wealth generation:** Equity MFs
- **Retirement:** EPF + PPF + equity MFs
- **Marriage savings:** Recurring deposits
- **Dream vacation:** Recurring deposits
- **Home purchase:** Postponed for now

How monthly salary is deployed



Strategy: Create emergency corpus and accumulate funds to pay off high-interest-rate loans

Do it for 6 months before starting MF investments

Existing insurance

Only employer medical insurance

What is recommended*

- **Life cover: ₹1 crore** term plan now and **₹1.2 crore** after marriage.
- **Health cover: ₹50 lakh** (**₹10 lakh** base plan and **₹40 lakh** super top-up
- **Personal accident policy: ₹1 crore**
- **Health cover for parents: ₹30 lakh** (**₹5 lakh** family floater with **₹25 lakh** super top-up

*The adviser has suggested specific plans by insurers but Jeevitha is free to buy any
EPF: Employees' Provident Fund
PPF: Public Provident Fund
MF: Mutual fund

Source: Ajay Pruthi, founder, PLNR, a fixed-fee advisory platform

WHAT'S THE FOREX RATE?

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

mint

FOREX RATES (₹/$)

Bank/travel aggregator	Wire transfer*		Buy forex	
	inward	Outward	Forex/travel card	Cash
SBI	83.05	83.90	84.07	84.35
Bank of Baroda	83.05	83.88	84.30	84.70
Canara Bank	83.11	83.84	84.04	NA
IndusInd Bank	81.94	84.94	85.73	86.03
Kotak Bank	82.01	84.92	85.32	85.89
HDFC	82.17	84.80	85.05	85.63
ICICI	81.60	85.03	85.05	86.63
Axis Bank	81.49	85.97	85.20	86.40
Yes Bank	82.01	84.91	85.83	85.83
Thomas Cook	81.62	84.79	83.92	85.38

Note: Data collected from website of respective entities as on 5 Jun 2024; Rate mentioned in the table denotes INR/USD. The rate is as mentioned on the website of the Bank/FI and it may vary according to different amount slab; *Wire Transfer/TT Buying is Inward Rem to receive Forex & Wire Transfer/TT Selling is Outward Rem to send forex

Compiled by BankBazaar.com

Politics has changed. Should your portfolio change too?

FROM PAGE 10

institutional) to focus more on numbers and less on narratives. 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. We prefer sectors with high visibility of compounding in earnings/book available at 'reasonable' valuations and avoid 'narrative' stocks," Kotak Institutional Equities added.

THE BIG PICTURE

Many market purists scoff at the idea of investors morphing into macroeconomists when it comes to evaluating stocks. Even Buffett is famously 'macro-agnostic', though his sharp comments on economic trends betray a deep engagement with the subject.

But for investors who want to scan the overall landscape, separating the signal from the noise is imperative.

"Are you investing in the government or are you investing in India? You should be clear in your head. Also, do you think this was the last election? There will be many more elections. So are you going to base your investment theses on governments coming and going, or the long-term growth story? Election result and all are just speed-breakers, investors should not be bothered by them," said Gaurang Shah, senior vice president at Geojit Financial Services.

The good news for investors is that the 'India story' remains intact, no matter how bruising the election cycles appear. The country's gross domestic product (GDP) for fiscal year 2024 expanded at a blistering 8.2%, helped by Q4 growth of 7.8%, according to official data released on 31 May. Both figures were significantly higher compared to FY23, when Q4 growth stood at 6.2% (revised), and full-year GDP growth was 7%. This was the third successive year of 7% or above growth.

RBI noted that India's economic outlook remains bright. HT

Not just that, the outlook for the economy remains cheery, both among domestic and foreign agencies.

S&P Global on 29 May raised its outlook for India to positive from stable after 14 years, sparking hopes of a sovereign ratings upgrade. The global ratings agency cited India's sound economic fundamentals, robust growth momentum and government spending for the decision.

"The positive outlook reflects our view that continued policy stability, deepening economic reforms and high infrastructure investment will sustain long-term growth prospects. That, along with a cautious fiscal and monetary policy that diminishes the government's elevated debt and interest burden while bolstering economic resilience, could lead to a higher rating over the next 24 months," it said.

It currently assigns India the lowest investment grade rating of 'BBB-/A-3', which many deem patently unjustifiable for the world's fastest growing major economy which has never defaulted on its debt.

The Reserve Bank of India (RBI), in its annual report for FY24, noted that the outlook for the Indian economy remains bright, underpinned by a sustained strengthening of macroeconomic fundamentals and robust financial and corporate sectors.

It highlighted the government's continued thrust on capex as an important catalyst for growth. "With gross fixed capital formation (GFCF) accelerating to 10.2% in 2023-24 from 6.6% in 2022-23, investment was the major driver of domestic demand, buoyed by government spending on infrastructure," it said.

However, growth in private consumption demand dropped to 3% as against 6.8% a year ago. Merchandise exports too registered a dip.

The incoming government clearly has a job on its hands. But for investors, focusing on their portfolios would be a better use of time than fretting over the goings-on in Raisina Hill.

LESSONS IN INVESTING FROM THE ELECTION-LED MARKET VOLATILITY

POWER POINT

TARUN BIRANI

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

The 2024 Lok Sabha election concluded with the BJP-led alliance securing a majority. However, the disparity between exit polls and the actual results led to a sharp market surprise. As investors navigate the resulting volatility, it's crucial to adopt strategies grounded in behavioural finance. Here's how to maintain a resilient and growth-oriented investment approach.

Antifragility

Drawing from Nassim Taleb's concept of antifragility, thriving amidst disorder and uncertainty is possible. Here's how to apply this to financial planning.

• Volatility: Invest in diversified equities and use the barbell strategy, balancing low-risk assets like government bonds with high-reward opportunities. With the right mindset, volatility can be beneficial.

• Optionality: Maintain flexibility with various investment options and keep cash reserves to capitalize on market downturns. This approach allows you to seize opportunities when they arise.

Asset allocation

A well-structured asset allocation is crucial. Diversify across asset classes, sectors and geographies to spread risk and enhance stability. Regularly rebalance your portfolio to maintain desired asset allocation and risk levels. This foundational approach helps mitigate the impact of market volatility and political events, ensuring that no single event or market condition can significantly derail your long-term plans.

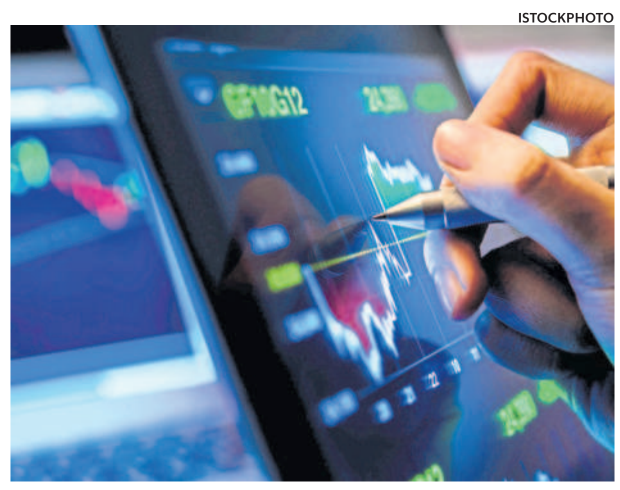
Behavioural biases

Behavioural biases often influence investor reactions, especially during elections. Understanding and mitigating these biases is key to making sound investment decisions.

• Confirmation bias: Investors might favour information that supports their political preferences, leading to skewed investment decisions. Counter this by considering diverse perspectives and focusing on data-driven analysis. Remember, markets are influenced by a multitude of factors, not just political outcomes.

• Loss aversion: The fear of losing money often outweighs the joy of gains, causing irrational holding or selling. During elections, this bias can lead to panic-selling or holding onto depreciating assets. Stay focused on long-term goals and avoid emotional decisions.

Overconfidence bias: Political convictions can lead investors to overestimate their knowledge and make risky bets based on election outcomes. Continuous learning and humility are essential to avoiding overconfidence. Acknowledge the limits of your knowledge and rely on well-rounded advice.



ISTOCKPHOTO

Rational decisions

Stay aware of confirmation and overconfidence biases. Educate yourself continuously about market dynamics. Rational thinking helps navigate the noise of political rhetoric.

• Think long term: Focus on long-term goals rather than short-term market fluctuations. Harness the power of compounding by staying invested over extended periods.

• Diversification: Spread risk across different asset classes and regularly rebalance your portfolio. This approach reduces exposure to any single risk.

• Discipline and patience: Stick to your plan, avoiding impulsive reactions to market movements. Align your investments with specific financial goals, ensuring that every decision serves a purpose

• Education and guidance: Stay informed about market trends and work with a financial advisor. An advisor can provide objective insights and keep you on track during turbulent times.

Conclusion

> Elections come and go, but a well-thought-out investment strategy endures

Navigating market volatility requires a strategic approach that integrates antifragility, clear thinking and disciplined financial planning. By embracing volatility, maintaining a diversified portfolio, focusing on long-term goals and making rational decisions, investors can ensure financial stability and growth. Successful investing lies in staying calm, informed and committed to long-term aspirations, regardless of electoral outcomes. With these insights, investors can confidently navigate the electoral season's market fluctuations, keeping their financial goals firmly in sight.

By understanding and mitigating behavioural biases, embracing sound investment principles and maintaining a disciplined approach, you can turn market volatility from a source of anxiety into an opportunity for growth. Remember, elections come and go, but a well-thought-out investment strategy endures.

Tarun Birani is founder and CEO of TBNG Capital Advisors.

OUR VIEW

Amaravati: A city back in India's political arclights

This project may be revived as BJP's Modi and TDP's Naidu join hands at the Centre. India needs urban dispersal and this is a chance to create an eco-friendly city for the digital age

This election placed the Constitution of India in the national spotlight, but what its results have brightened overnight is the prospect of Amaravati emerging as an entirely new city to serve as the capital of Andhra Pradesh (AP). A prime mover of this project, N. Chandrababu Naidu of the Telugu Desam Party (TDP), has risen to political prominence. Not only did Naidu's party win power in AP, a state bifurcated a decade ago with Hyderabad to be hived off as part of Telangana, its 16 Lok Sabha seats constitute crucial support for the BJP-led coalition that's set to take charge at the Centre. Reports suggest the TDP chief is looking for a big central package to dust off a plan that stayed mostly on paper for half a decade, the result of neglect by AP's outgoing regime, which wanted Amaravati only as the state's legislative seat, with Kurnool as its judicial HQ and Visakhapatnam its administrative capital. High real-estate stakes may have made tussles inevitable over what's best built where, but this week's power tilt has loaded the odds in favour of Amaravati as originally conceived. While Naidu is the chief champion of this project, there is also a major opportunity in it for the BJP and Narendra Modi as Prime Minister. Infrastructure development has been a definitive thrust under Modi's national leadership, but no planned-from-scratch city has arisen in recent memory on the scale of, say, Chandigarh, which arose under Nehru's watch. Amaravati may well be a chance for both Modi and Naidu to literally consolidate an urban legacy.

India has been urbanizing so rapidly that it's a wonder how our existing urban spaces have managed to hold up (even if this isn't evenly true across an overcrowded urban-scape). It has long been obvious we need whole new cities that afford citizens the same sort of job and life-style options that metro-dwellers enjoy. We need dispersal. Instead, we have seen urban sprawls emerge and expand in haphazard ways around the few mega-cities we have, with great bulks of extra concrete and asphalt doing little to help residents lead better lives. Technology seers had once expected digital connectivity to make cities obsolete as generators of economic value, reversing an industrial trend of people swarming into them. The pandemic even tested how work could be done without gathering together. Yet, cities that throb with life in all their diversity seem set to endure for a variety of good reasons, some organic and cultural, others intrinsic and practical (think airport proximity). If urban living is what the future holds for most of us, regardless of how technology reshapes the economy, then it might be worthwhile to double down on a grand urban plan and make up for lost time. If Amaravati proves a success, it could set the tone for more to come.

Nehru's dream city of Chandigarh reflects an aesthetic that held highbrow appeal in the heady days of early freedom, a modernity drawn from self-evident truths of Euclidean and Constitutional inspiration both. This is a hard act to follow—partly because statism is passé—but Amaravati could also be mounted as an art project. Reports of the involvement of filmmaker S.S. Rajamouli had hinted of an architectural theme taken from portrayals of palatial grandeur in his film *Baahubali*. Whatever the city's outward look is inspired by, it should be built to be climate friendly and tech-focused—not just in the sense of being perfectly green and digitally equipped, but also to convey India's idea of a city created for tomorrow.

MY VIEW | TECH WHISPERS

Miraculous treatments are born when AI weds molecular biology

Its benefits go far beyond creating videos and recipes. AI is helping humans transcend our biology

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

"To understand life," says *The Economist*, "you must understand proteins. These molecular chains, each assembled from a menu of twenty types of amino acids, do biology's heavy lifting. In the guise of enzymes, they catalyze the chemistry that keeps bodies running. Actin and Myosin, the proteins of muscles, permit those bodies to move around. Keratin provides their skin and hair. Haemoglobin carries their oxygen. Insulin regulates their metabolism. And a protein called spike allows coronaviruses to invade human cells, thereby shutting down entire economies." Proteins are the origin of existence; the tail of a human sperm is a structure composed of many types of proteins that work together to form a complex rotary engine that propels the sperm forward to fertilize an egg and create life.

It is not surprising, therefore, that the breakthrough that made me a convert to the religion of AI had to do with proteins. AlphaFold by Google DeepMind cracked one of the hardest problems in medical science—predicting how a protein would fold. Every carbon-based life form is made of proteins, and it is how they fold that decides almost everything about our physiology and life. There are over 200 million known proteins today, and each of them folds in a unique three-dimensional shape. It was impossible for scientists to study each one of them, which considerably hindered efforts to tackle disease. If proteins fold wrongly, for instance, they can cause horrific harm—Alzheimer's, Parkinson's, Huntington's and Lou Gehrig's disease, and thousands of diseases we do not know yet. DeepMind built on an existing product AlphaGo (the one that famously defeated world champion Lee Sedol in the complex game of *Go*) to study the sequences and structures of 100,000 proteins, and in four years brought it to a level where it can predict the folded shape of a protein right down to the molecular level. In 2020, the problem was declared solved; a breakthrough as important as mapping the human genome, or the discovery of antibiotics, something that can change medical science forever.

AlphaFold is built on deep learning and neural networks, technologies that shaped AI. The next powerful AI technologies, LLMs and Generative AI, are doing even more magical stuff. GenAI-based image generators like DallE, Midjourney and now Sora and GPT4o can create wondrous images and breathtaking videos with mere word prompts. Researchers are using these technologies to generate blueprints for new proteins, ones that nature has not been able to do. These new proteins could revolutionize our ability to battle diseases. David Baker of the University of Washington has been building artisanal proteins for years (*bit.ly/3V8ie3U*), but with this new technology, he can design more sophisticated protein molecules with a higher success rate, shrinking the timeframe from "years to weeks." As an example, GenAI can be used to create proteins of a uniquely distinctive shape such as the spike protein of the covid virus. "What we need are new proteins that can solve modern-day problems, like cancer and viral pandemics," says Baker. "We can't wait for evolution." The amazing part is that this can happen through the right kind of text prompts to begin with. As former Stanford researcher Namrata Anand tells Cade Metz of *NYT* (*bit.ly/3V8ie3U*): "...protein engineers can ask for a protein that binds to another in a particular way—or some other design constraint—and the generative model can build it."

AI's astonishing innovation in biology and genetics has just begun. A California company Profluent released a research study (*bit.ly/454t4wy*) where GenAI technologies can build new gene editors to edit human DNA, using a Nobel prize winning technology called CRISPR. Profluent's technology learns from how nature creates cellular structures. This gives doctors and scientists another tool to create new medicines and highly personalized treatments. DeepMind just released AlphaFold 3, which goes beyond proteins and peers into biochemical networks that make cells and organisms function. This astonishing marriage of AI and molecular biology has started having demonstrable effects. The *Financial Times* quotes a BCG study that indicates that drugs discovered by AI have higher early-stage trials success rates (*bit.ly/3yDhT1w*).

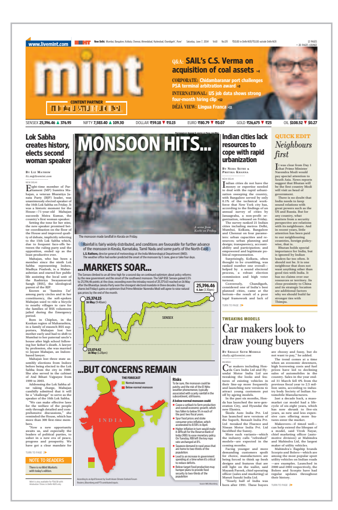
For a lot of us today, AI is a gee-whiz experience of creating stunning videos, travel itineraries and food recipes. But its real benefits to humankind will be deeper and more fundamental, and nowhere more useful than in helping humans transcend our biology.

QUICK READ

New-age AI technologies can analyse millions of proteins quickly and help us create new ones that are aimed specifically at treating serious diseases that have defied cures so far.

Next-gen technologies like LLMs and GenAI are more than just video-making tools. Their benefits are profound as they're especially useful in helping us ease our medical constraints.

10 YEARS AGO



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MONSOON HITS...
...MARKETS SOAR...
...BUT CONCERNS REMAIN
Car makers look to draw young buyers

JUST A THOUGHT

Artificial intelligence can be a supplement to human insight, not a substitute.

ABHIJIT NASKAR

THEIR VIEW

A comprehensive approach could boost India's exports

AMIT KAPOOR & SHIVANI KOWADKAR

are, respectively, chair of the Institute for Competitiveness and lecturer at Stanford University, and development policy lead at Institute for Competitiveness.

India's recently released trade figures have become a subject of intense scrutiny, and rightly so. The line that grabbed attention points to India registering trade deficits with nine of its top 10 trading partners in 2023-24. India's imports from China, the UAE, Russia, Saudi Arabia, Singapore, Iraq, Indonesia, Hong Kong and South Korea surpassed its exports to these nine nations. The only exception is India's trade surplus with the US; our exports to the country exceeded our imports from it by over $36.7 billion in 2023-24. India's top three trade partners—China, the US and UAE—were in the same position in 2013-14. Given the fact that these top 10 countries together make up about 52% of India's total trade, this data warrants attention. However, our scrutiny must go beyond a superficial level. To unearth what ails Indian trade and resolve persisting trade deficits, we must dig deeper. Only a comprehensive analysis of structural, policy and market factors can lead to sustainable solutions that address the problem's root causes.

A comprehensive assessment requires a multifaceted approach. The trade deficit story often gets oversimplified. The World Economic Forum's Global Future Council on International Trade and Investment calls an emphasis on trade balances "a poor guide to understanding past sources and implications of trade performance." A deficit can be an effect of various causes. The country may be importing more raw materials to produce more goods. An increase in imports may point to increase in domestic income or cheaper foreign products, among other reasons. The former indicates increased purchasing power and the latter may point to a competitiveness issue at home. This is not to present trade deficits as desirable, but to show that it comes with a set of pros and cons, a major con being added pressure on a country's currency. All in all, the causes and effects of a trade imbalance varies according to the specific circumstances of the economy. Trade deficits also persist for multiple reasons. For instance, a general assumption associates tariff reductions with increased exports. That is not a direct causation. Factors such as inverted duty structures and asymmetric tariff rates can hinder domestic manufacturing by incentivizing imports. The conversation needs to move from an overemphasis on one parameter to understanding how India can maximize gains from its trade relations and enhance its overall trade ecosystem.

We must assess our capacities to identify which products can be efficiently produced locally and traded globally. Opportunities can thus be explored with each trade partner. For example, a substantial portion of India's exports to the US in 2023-24 were in the HS2 code category of 'Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.' We need in-depth trade partner-specific analysis to understand our competitive advantage.

Boosting India's manufacturing capabilities through efficiency and productivity is also critical. In recent years, an emphasis has been evident on boosting manufacturing with the vision of making India self-reliant. Apart from initiatives like the Production-Linked Incentive scheme, the introduction of GST, measures related to the ease of doing business, a reduction in compliance burden and the National Infrastructure Pipeline, among others, have given this sector the right impetus. Strategic mapping of India's manufacturing capacities at a regional level will be a crucial exercise to attain greater self-reliance. We must ponder: What is the most effective pathway to spur domestic manufacturing? How do we enable small-scale industries to produce at scale? Thoroughly evaluating import-export figures, mapping our competitive advantage with each trade partner and understanding how boosting manufacturing is a must to make India a global export hub are of huge significance in leveraging trade for overall economic growth.

Our focus should be on policies that make our manufacturing firms globally competitive. One key effort that lies ahead is diversifying our export basket and markets. Trade policy experts have acknowledged a welcome change in India's export basket, which has seen a shift away from traditional commodities such as gems, jewellery and textiles towards engineering and electronic goods. A shift to high-value goods reflects a move up the value chain and speaks of our competitiveness. India saw its electronic goods exports increase by around 54.8% in February 2024 compared to February 2023. Additionally, India's notable merchandise exports included engineering goods, electronic goods, chemicals, drugs and pharmaceuticals and petroleum products.

However, there is still extensive ground to cover for India to truly become a high-value commodity exporter. Targeted support, investment in R&D, skilling and infrastructure development will pave the way towards the country's export targets.

It is important to understand that the country's trade balance, while an important indicator, provides insights into only a part of the real scenario. India's main priority should be to enhance domestic manufacturing by leveraging competitive advantages, move up the value chain and invest in technology and innovation. Thriving in international markets as an export powerhouse requires a comprehensive approach.

QUICK READ

The conversation needs to move from an overemphasis on our trade deficit to understanding how we can maximize gains from trade relations and enhance India's overall trade ecosystem.

India's main priority should be to boost domestic manufacturing by leveraging competitive advantages, move up the value chain and invest in technology and innovation.

MY VIEW | THE LAST WORD

The task after India's elections: Unite against a common threat

Post elections, the country should come together to confront climate change, exacerbated by local abuse of natural resources

INDIRA RAJARAMAN
is an economist.

HT

The seven-phase general election was a stupendous achievement by any measure and places India firmly on the global map of sturdy democracies. However, the process carried a high cost in the midst of a torrid heat wave gripping much of the country. A shocking total of 43 staff, on duty on the last day of polling in Uttar Pradesh and Bihar, are reported to have succumbed to the heat. Climate scientists have long said the Indian landmass will be among the worst affected by global warming, an impact exacerbated by destruction of tree cover and other predatory gouging of natural resources. Yet, action to combat this existential threat had no play at all in the heat of electioneering rhetoric.

The very terms in which the major sparring between political parties was phrased have to be repurposed. The word 'community' automatically implies, in Indian usage, religious groups. But with global warming and freak climate events upon us, the word 'community' has to be used in its more usual global sense, as a group of people with shared geographical or occupational interests, like 'farming community' or 'coastal community.' What matters is the catastrophe confronted, whether it is forest-fire hit Uttarakhand or drought-hit Karnataka.

The GDP print of real growth in 2023-24 at 8.2% may well lull us into thinking the economic engine will chug us into third place in global GDP rankings, regardless of climate doomspeak. There is also faith, fuelled by the success of space missions and digital payment channels, that the technology elite will miraculously save the country. But much of that technology elite operates from Bangalore, and like other human beings, they need water to live.

Karnataka state has historically had drought-prone districts. What brought drought conditions to Bangalore city was the decades-old assault on traditional water bodies dotting the city, which were drained to make way for housing projects, airports, hotels, casinos, pubs, you name it. Bangalore borewells, which drew from aquifers charged by those water bodies, ran dry. In the recent freak torrential rainfall in the city, there was urban flooding in the absence of water bodies for rainwater to drain into.

Climate action is more than just about the emission reduction targets that India commits to on the international stage. Every community has to act to protect its own immediate environs. Where should climate action start? How are the priorities to be set? Can the scientific elite help point us in the right direction?

NASEM in the US is a joint action front of three independent professional bodies, its National Academies of Sciences (NAS), Engineering and Medicine. These are not taxpayer funded, but the oldest (NAS) was appointed by an Act of Congress signed into law by Abraham Lincoln in 1863. The other two are more recent spinoffs under the NAS charter. On the NASEM website, topmost on its list of topics is 'climate.' A little further down is 'artificial intelligence.' Other topics further down the list are more politically flavoured, like 'mobilizing support for Ukraine.'

Under the climate head, the activities include a monthly webinar series titled 'Climate Conversations: Pathways to Action.' The most recent, on 31 May, was about the considerations to keep in mind for relocation of communities displaced by climate events to be least damaging and disruptive. Then there is a Board on Environmental Change and Society, which holds virtual workshops, such as one in late May on how infrastructure can be designed to 'reduce climate risks effectively.'

NASEM uses its considerable expertise in a wide range of fields to pick up research of relevance for climate action, not confined to work done by academy members themselves, and act as a conduit to bring the findings to the attention of policymakers and the public.

India has had formidable climate action warriors, from Alok Shukla, who successfully fought for legislation to preserve the Hasdeo forest in Chhattisgarh from the depredations of coal mining, to the Centre for Science and Environment, which has researched traditional methods of water preservation in dryland India, and notable environmental scientist Madhav Gadgil. But there is no dissemination point, with the weight of academic assessment behind it, to prioritize climate action and exert pressure on policy at the central and state levels.

QUICK READ

Climate action is more than just about emission reduction targets. Local communities must act to protect their immediate environs, but we need the guidance of scientists.

India needs the equivalent of America's NASEM, a joint action front of institutions that aims to advise the country on such matters. It would give us a firmer grip on our collective future.

India has three autonomous science academies and a national academy of engineering, funded under Demand 89 of the Union Budget for the department of science and technology. There is also a national academy of medical sciences funded under Demand 46 for the department of health and family welfare. But there is no platform where their combined expertise can be brought together to address existential threats to life on the Indian landmass.

These academies hold annual meetings where they might well host discussions or talks on issues of public interest. But they have to preach beyond the choir to the larger audience outside their protected environs. NASEM aims to provide "independent, objective analysis and advice to the nation and conduct other activities to solve complex problems and inform public policy decisions." A similar commitment by our academies will give us a firmer grip on our future.

MINT CURATOR

Post-pandemic revenge travel appears to be losing its appeal

How this summer pans out will reveal the market's normal state

ANDREA FELSTED
is a Bloomberg Opinion columnist covering consumer goods and the retail industry.

Global travel demand has begun to soften after an extraordinary boom ISTOCKPHOTO

Revenge travel is losing its appeal. After three years of rushing to book trips in the wake of pandemic-era restrictions, sharply higher fares, protests against tourism, fatigue from endless hours spent in airports and incomes squeezed by inflation are all taking their toll. Travel demand is far from falling off a cliff. But there are signs that our wanderlust is downshifting from never-ending to a more normal pattern.

For airlines and tour operators, the next few months will be crucial in filling seats and hotel rooms. If demand is strong, they will be able to sell leftover capacity at higher prices. But if consumers hold off, they'll be forced to discount, something that hasn't happened in three years.

In Europe, many people who were passionate about their vacations booked in January in order to secure their preferred destination, hotel and even room. But in recent months, some consumers, particularly more budget-constrained families, have been holding off to see how their own finances, and holiday prices, developed. TUI, the world's biggest tour operator, has sold about 60% of the vacations available this summer.

That's broadly in line with last year, but it's still a lot of sunny breaks to shift in an uncertain environment.

European travellers are also shopping around. At Thomas Cook, now reborn as an online tour operator, bookings to Spain's Balearic and Canary Islands are flat year-over-year. This reflects cost—you can get more for your money in Turkey, mainland Spain and Egypt—where sales are up. But anti-tourism protests in the Canary and Balearic islands may also be playing a part.

European consumers are still prepared to pay as much for their package holiday—well, almost. TUI's summer pricing is up 4%, close to the 5% increase reported a year earlier. But budget airlines Ryanair Holdings and EasyJet show that when it comes to air fares, consumers are reaching their limit.

Michael O'Leary, chief executive officer of Ryanair, forecast that fares across its network this summer would be flat to 5% ahead, down from his previous prediction of a 5% to 10% increase, surprising given that capacity is constrained by delays to Boeing deliveries. Europe's largest low-cost carrier has begun to cut ticket prices to fill its fleet.

There are signs that the US travel recovery, now in its third year, is maturing too. For example, Marriott International said US leisure revenue per available room, a key measure of hotel performance, was flat in its first quarter. Airbnb forecast that revenue would expand by 8% to 10% in the second quarter, the lowest level for three years. It's possible this is a blip—Easter was earlier this year—and Airbnb expects a bounce in the summer months.

Indeed, the picture is complex. Some of the US domestic weakness may reflect Americans travelling to Europe, emboldened by the strength of the dollar. This will likely have been boosted by one-offs, such as Taylor Swift's concerts.

And this isn't the only factor that makes the travel temperature so difficult to take. After wildfires in Greece last year, climate concerns are at the forefront of consumers' minds. Yet this is spurring some unusual behaviours, such as some European customers booking long-haul flights to destinations such as Mauritius, where summer temperatures are more predictable, and, after price increases at some traditional Mediterranean resorts, the cost differential has narrowed.

As in other parts of the consumer economy, it may be that travel is polarizing, with the wealthy still splashing on trips further afield and top-notch accommodation, while those pressured by inflation and higher mortgage costs stick to a budget.

After the West's travel boom—and potentially a return to more pedestrian levels—the industry is now looking East, to the return of Chinese visitors, particularly to Europe.

But for the coming weeks, short-term factors, such as elections in the UK and weather patterns—TUI said the winter season ended particularly strongly, likely boosted by cold and wet conditions—will matter most.

Being unable to spread our wings during the pandemic has reinforced our love of getting away and we may never return to a situation where we are prepared to stay home. That doesn't mean we won't alter our behaviour, like skipping a week away in spring or autumn, or, for example, forgoing a city break to preserve our main vacation.

There is much riding on this year's peak summer season. Not only will it determine the level of profits at tour operators, hotels and airlines, but it will give the first glimpse of what a more settled post-pandemic travel market looks like. ©BLOOMBERG

GUEST VIEW

Menstrual leave can lift women's labour participation

BISWAJITA PARIDA & ANJANA AJITH

are, respectively, an assistant professor at the Department of Management Studies, IIT Delhi, and a joint doctoral scholar at IIT Delhi and University of Queensland, Australia.

On 13 December 2023, India's Upper House of Parliament debated menstrual leave at workplaces, sparking widespread debate. The key point of discussion was the importance of menstrual leave in empowering individuals across various job roles and workplaces.

In 2023, of 3.4 billion global employees, men outnumber women heavily. In India, women are estimated to constitute around 40% of the service sector's staff. The female labour force participation (FLFP) rate in India was 37% in 2023, with a clear trend indicating more women joining organized workplaces. A rising FLFP is a growth driver for any economy, especially for a developing one such as India. However, encouraging greater participation is as crucial as ensuring incentives are aligned to retain women in the labour force across various sectors. Despite unique challenges in each industry and role, all workplaces should prioritize the physical, mental and emotional well-being of their employees for better retention.

Most women in India's labour force are aged 25-54 and a large proportion of them menstruate. Hence, menstrual leave arises as a need for multiple reasons. Menstruation can be a matter of great discomfort, with particular vulnerability to migraines, abdominal pain, backache, bloating, breast pain, fatigue, mood swings and conditions like endometriosis, pre-menstrual syndrome and pre-menstrual dysphoric disorder. These experiences, often suppressed, affect menstruating employees' comfort at work. They can lead to loss of focus and drops in performance and productivity, even office absenteeism and resultant marginalization. The American Psychological Association describes these limitations as "handicaps."

Workplace well-being factors constitute 'decent work,' a concept propounded by the International Labour Organization that looks at jobs from employee perspectives. In this context, menstrual leave can be seen as a rights-based provision for female labour force retention, one that supports menstruating employees physically and emotionally. Menstrual leave provisions can compensate for the lack of menstruation amenities at most workplaces, a common violation of menstruating employees' rights. Menstrual-leave policies aim to reduce inequalities that arise from differences between those who menstruate and those who don't, fostering equity. Viewing workplace provisions through a menstrual equity lens could help organizations achieve gender equity.

Paid menstrual leave is a sign of equal respect and appreciation for all employees. Several countries—including Japan, Indonesia, South Korea, Taiwan, Philippines and Vietnam—have policies of paid menstrual leave. In India, Bihar introduced menstrual leave in 1992. In 2021, the governments of Delhi and Uttar Pradesh announced menstrual leave for female employees. In 2023, Kerala granted menstrual leave for female university students. Private companies like Culture Machine, Gozoop, Swiggy, Byju's, Zomato and Viacom also have menstrual leave policies.

An International Monetary Fund paper estimates that equal female workforce participation could boost India's GDP by 27%, adding an impressive $700 billion. This finding underscores the parallel paths of economic growth and gender equality. Menstrual leave, a gender-sensitive policy, could enhance menstrual health, working conditions and thus favour gender equality. In the past, adaptive measures for women like providing toilet facilities in schools have significantly improved girls' attendance and participation in education.

QUICK READ

High female labour force participation is an important driver for any economy but raising it requires prioritizing the physical, mental and emotional well-being of women employees.

Menstrual discomfort can be severe enough to hit employee productivity and menstrual leave should be a standard provision to achieve a more equitable and inclusive work environment.

As India needs to boost female labour force participation for growth, the pursuit of diversity, equity and inclusion should place a special focus on menstruating individuals. This approach can help create more inclusive workplaces. It is a step towards acknowledging and addressing the unique needs of menstruating employees in a manner that makes for a more equitable work environment overall.

As there are concerns about the potentially discriminatory nature of a menstrual leave policy, it needs close evaluation. To weigh all aspects and assess its impact on women's participation and retention, here are steps that can be taken.

Conduct research studies: Comprehensive research findings can help decision-makers understand the effect of menstruation on women's work performance and well-being.

Run pilot programmes: Implement pilot menstrual leave schemes in various workplaces to evaluate their impact on productivity, employee morale and retention rates.

Get feedback: Regularly collect feedback from all employees, not just menstruators, to understand their perspective.

Review policies: Review such leave policies used in other countries and companies to adapt successful practices.

Do an inclusion test: Consider alternative policies that are inclusive. For instance, 'flexible leave' or 'wellness leave' can be used by all employees who don't feel well enough.

Educate everyone: Promote education and awareness of menstruation to reduce stigma and ensure everyone understands why menstrual leave might be necessary. We should also consider improving workplace conditions, menstrual hygiene infrastructure, access to safe menstrual products and emergency care facilities.

The goal is to create a supportive and inclusive work environment for everyone.

Tourist destinations that aren't worth the ticket

A subjective list of popular but less than picture-perfect destinations you should avoid while planning your next vacation

Shrenik Avlani

When people travel once or twice a year, they come back with great memories and even more enthusiastic recommendations for where to go and what to do. But when one travels all the time, as I do, one often ends up in places one wouldn't rather be in. It could be because the place is far too expensive, too crowded, too sleazy, has little to offer, feels too much like home or for reasons of safety. Some places are just unidimensional and outright boring.

This, by no means, is a definitive list as each traveller will have their own never-visit-again spots in different parts of the world. Learning from your own mistakes is well and good, but it eats into your limited vacation time (which could be spent in a place better suited to you).

Here is a purely subjective list of popular but less-than-picture perfect places to avoid while planning your next holiday.

Shopping and food are better in Bangkok; and in Haarlem, you get the pleasant Dutch old town experience. PHOTOGRAPHS FROM ISTOCKPHOTO

PATTAYA
THAILAND

Let's start with the most popular and notorious destination for Indian tourists. If clubs with names like Nasha, Jalwa and Jalsa and big neon signs advertising Russian strippers, mujra dance and "happy ending" massages don't deter you, I don't know what will. But there's more.

The two roads running parallel to the main beach are lined with so many Indian restaurants complete with signboards in Hindi, Gujarati, Bengali and Tamil, and stalls selling "masala chai" that you would be forced to ask yourself if you have really left India.

At first sight, Pattaya looks to be the perfect example of a tolerant and harmonious city as men of every shape, size, age and colour walk around the city holding hands with Asian women. So much love? Alas, it isn't love as we all know it. Also, chances of you running into a middle-aged neighbourhood uncle doing things he would pull you up for publicly back home are high.

Alternative: Bangkok. Shopping is better, and a much more vibrant food, drinks and café scene.

PUB STREET
SIEM REAP, CAMBODIA

If Angkor Wat is what you want to see, you will have to go to Siem Reap. However, steer clear of Pub Street. Aggressive tuk-tuk drivers offering you "cheap" rides to your hotel can be easily dealt with but the constant flow of touts offering weed, "lady boom-boom" and massages can get on your nerves, especially in the congested, noisy, hot and sweaty Pub Street.

Yes, you do find draught beer for 50 cents, but it is rubbish and the restaurants serve average food at fine-dining prices.

Alternative: There are plenty of rooftop bars and restaurants along the riverfront just a short walk from Pub Street. What's more, there is loads of delicious street food to try along the same stretch.

BEER STREET
HANOI, VIETNAM

Given the current heat wave sweeping several parts of South and Southeast Asia, nothing sounds more comforting than a beer street till you reach Beer Street in Hanoi.

Beer Street comes alive around sunset and that's when vehicles are banned from entering the area. So, you need to walk there, but all you will find is a narrow street packed with people sitting on tiny stools drinking beer and eating hurriedly put together food at "tourist" prices that we would rail against in India.

Forget locals, even expats who have spent a couple of months in Hanoi would ask you to steer clear of Beer Street and head to less busy neighbourhoods where you aren't at risk of losing your wallet, watch, phone and other belongings.

Alternative: Head to the Tay Ho neighbourhood. The bars are classier, and the restaurants, food and ambience, better.

UBUD
BALI, INDONESIA

Ubud is beautiful once you get away from the maddening traffic that includes far too many yoga influencers heading to go-to hotspots. Adding to the traffic jams is the menace of aggressive, thieving monkeys. It really isn't worth it for the handful of pictures for your Instagram feed.

Bali is a big island and Ubud is far from almost everything, whether it is the crowded and avoidable beaches of Seminyak, the busy bars, restaurants and cafés of congested Canggu and the happening clubs with DJs and surfing spots of Uluwatu.

Alternative: Nusa Penida, Nusa Lembongan and Lombok.

RED LIGHT DISTRICT
AMSTERDAM, THE NETHERLANDS

You smell and tread on stale urine and vomit as you step out of the Amsterdam Central metro station. Despite this, the Red Light District remains one of the most crowded, congested and expensive spots in Amsterdam because of the neighbourhood's two biggest attractions: lit-up windows showcasing scantily clad women practising the world's oldest profession, and coffee (read marijuana) shops.

Add to that multiple groups of loud, drunk and stoned men on a stag-do or boys' trip, making a nuisance of themselves. That's one place anyone who has been to Amsterdam will avoid on subsequent trips. The locals try their best to avoid going anywhere close.

Alternative: Haarlem—you get the pleasant Dutch old town experience without the drunk, noisy crowds.

CANCUN & TULUM
MEXICO

Mexico is a treasure trove for any traveller. You will find history, art, music, culture, food and drinks. But you won't find any of those in the all-inclusive resorts of Cancun, and its over-crowded beaches. It has the biggest and the busiest airport in the Yucatan peninsula and some of the best and cheapest connections in the world. And that's the only thing I would use Cancun for—flying in and out. Tulum has a great party scene, beautiful beaches and unique cenotes, yet it is a place you ought to avoid.

First, every town between Cancun to Tulum feels like an extension of the US complete with American chains such as Applebee's. Second, and more importantly, Tulum is a place where a lot of tourists are conned or robbed by corrupt cops. From being "fined" for drinking on the beach to "walking suspiciously" late at night on an empty street, the reasons for the fines are as creative as they are silly.

I was stopped by armed cops to check if I was in possession of drugs. They went through my pockets, wallet and phone case. They didn't find any, and I didn't find my $200 cash by the time they were done.

Alternative: Head to Holbox for great beaches, and Merida and Valladolid for history, cenotes and food. Instead of Tulum, head further south to Bacalar and let the Lake of Seven Colours take your breath away.

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A still from 'Death Of A Cyclist'

For the weekend

Of sandwiches, films and art

A Lounge guide to what's happening in and around your city

DELHI
CELEBRATING SPAIN'S ICONIC FILM DIRECTORS
11 JUNE TO 1 JULY

Instituto Cervantes will showcase six films that celebrate Spain's most iconic directors, offering a panoramic view of classic Spanish cinema. On view will be *Sex And Lucia*, *Death Of A Cyclist*, *Welcome Mr. Marshall*, *Viridiana*, *Cria Cuervos* and *Voyage To Nowhere*.

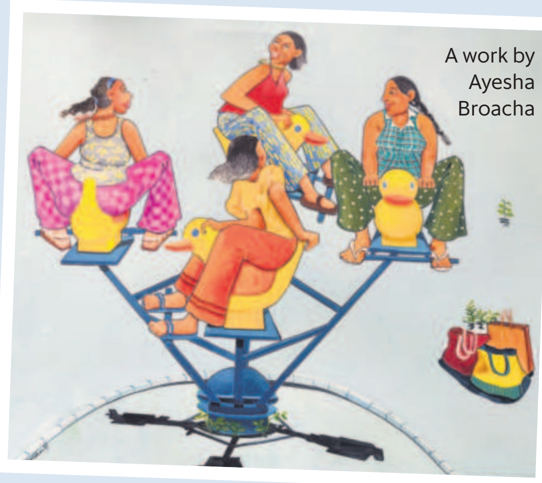
6:30pm onwards. India International Centre, Max Mueller Road, Lodhi Estate. For details, visit iicdelhi.in

MUMBAI
AFFORDABLE ART SHOW
Till 9 June

From contemporary paintings and old books turned into paper art to sculptures fashioned from clay and sketches that reflect everyday urban life, this art show by Baro Market has something for everyone.

The art includes work by traditional, tribal and contemporary artists. Among the participating artists are Anita Alvares Bhatia, Ayesha Broacha, Banoo Batliboi, Dolon Kudu and Asish Malakar. There is also a selection of work by artists from Kachchh.

11am-7pm. Method Kala Ghoda, Nagindas Master Road, Kala Ghoda, Fort. For details, visit Baromarket.in



A work by Ayesha Broacha

BENGALURU
WHEN CHEESE MEATS BREAD
9 JUNE

Artisanal experts, SAPA, Nari & Käge and Salty Cured Pigs, are coming together for a curated sandwich pop-up. Mysuru-based SAPA bakery, known for its traditional artisanal baking, Nari & Käge, experts in artisanal cheese, and Salty Cured Pigs, famous for its smoked and cured meats, will serve a limited menu of vegetarian and non-vegetarian sandwiches, with a side of potato chips on Sunday. On offer will be a focaccia mortadella sandwich (Camembert cheese, pesto and rocket leaves), baguette with cotto salami (Gruyere cheese, lettuce and tart rhubarb relish), rye country loaf (cooked ham, pecorino duxelles crème cheese, and gherkins), and more.

Noon onwards. Nari & Käge, Koramangala.

Luxury hotels are offering 'gig-tripping' perks for Swifties

From glittery drinks to bracelet-making kits, hotels are finding ways to capitalize on tourists' love for Taylor Swift

Bloomberg

As it becomes clearer that Taylor Swift fans are more than happy to pay top dollar for their concert-going vacations, five-star hotels are starting to court the sequin set.

In London, the plush Four Seasons Hotel London at Park Lane has unveiled its own "gig-tripping package," ahead of Swift's series of eight Eras Tour shows at Wembley Stadium, which begins on 21 June. Though it's best known for its 10th floor spa with spectacular views of London and destination restaurant Pavyllon from star chef Yannick Alléno, it's significantly turning up the volume this summer. Among other perks, guests who book the package will find karaoke machines in their rooms—an invitation to belt their hearts out before or after the shows. Besides that, there are glittery welcome drinks, portable phone chargers for the show (also glittery) and friendship bracelet-making kits, an Eras Tour tradition. All this adds £200 ($319) to each booking on top of the standard room rates, which run around £1,000 a night in June—up to a 20% markup, depending on how long you stay.

Given the strong data supporting the "Taylor Effect"—a rise in spending tied to Swift's shows—all around the world since the tour start in March 2023, it was only a matter of time before the hotel industry attempted to cash in with add-ons.

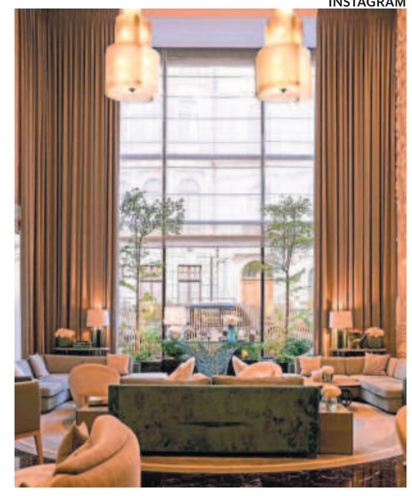
Last year, the first leg of her US tour contributed $4.3 billion to gross domestic product, according to estimates from Bloomberg Economics.

And Four Seasons is not the only hotel brand trying to get in on the fun: Marriott International Inc. has used Swift's popularity to court new loyalty members with sweepstakes packages and hotel events in such cities as Madrid and Stockholm.

Raquel Pirola, Park Lane's marketing and sales director, says her team came up with the amenity as they saw more guests, particularly Gen Z and millennial travellers, working Four Seasons stays into itineraries that are driven primarily by concerts—not just in London but all around the world.

The amenity comes ahead of the Swift tour dates, but it can be personalized around other concerts happening this summer, she says, citing excitement around the British Summer Time festival in neighbouring Hyde Park. The lineup includes Kylie Minogue, Stevie Nicks and SZA.

REUTERS



INSTAGRAM

Taylor Swift during a concert in May; and the Four Seasons Hotel London at Park Lane.

"In recent years, entertainment and cultural events have started to really drive luxury travel trends," says Pirola, adding that she's seen Americans booking the gig-tripping package.

Luxury is the key word: A report from Skyscanner says 44% of US adults are willing to travel short-haul to see their favourite acts live, but only 18% are willing to fly long-haul for the same reason.

Still, the demand is significant enough to fill planes crossing the Atlantic. Data from United Airlines Inc. shows bookings for US flights to Milan during Swift's tour dates in July are up 45% compared with the same period last year. Demand to Munich is similarly high, with bookings up 40% during the Eras shows.

The billionaire superstar is also outshining the Olympics, according to data from travel agency Embark Beyond shared exclusively with Bloomberg, which showed Swift being a bigger driver of demand to Paris for luxury travellers than the upcoming games in Paris.

For example, the Shangri-La Paris saw a 120% increase in bookings over Swift's travel dates in May, giving the palace hotel a revenue boost before peak summer season, according to data from the hotel shared with Bloomberg. The Shangri-La has launched a concert concierge in response; the hotel's teams can arrange things like pre-show beauty services to help guests get bejewelled before the gigs.

Pirola is confident that the story will play out similarly in London, where data from Barclays shows the Eras Tour is likely to provide a £1 billion boost to the UK economy. "Guests will no doubt find a Swiftie or two to exchange friendship bracelets with here at the hotel," she says.

But there may be signs that hotels are coming into the phenomenon too late. Even as Swift continues to smash records, demand for concerts is fading, with some mid-tier acts struggling to sell tickets. Bad Bunny and the Black Keys have cancelled tour dates this summer, while Jennifer Lopez cancelled her entire tour.

For Swifties, getting a chance to sing London Boy inside a room at one of London's top hotels could be a dream come true. But the hotel is aware that it's not for everyone. Pirola says that the rooms are soundproofed well enough that guests blasting their hearts out to one of Swift's chart-topping hits ahead of the Eras tour won't keep any of their neighbours up at night.

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