HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 142

Thursday, June 13, 2024

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Inflation dip meets output rise in FY25 ▶P1

Gentari may sell up to 49% in C&I unit for $400 mn ▶P1

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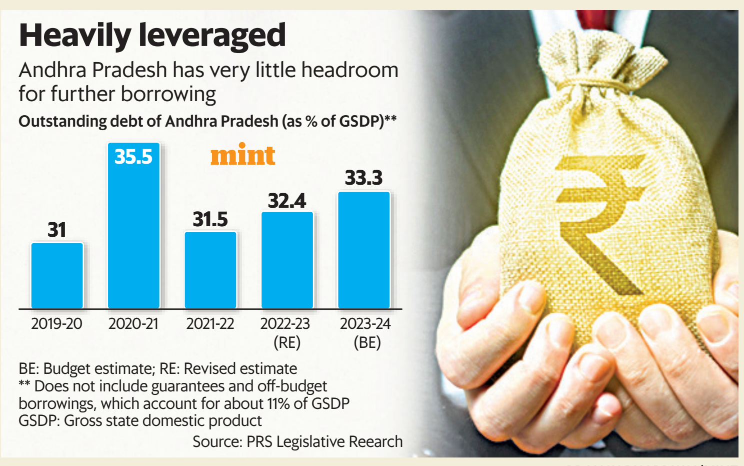
Think Ahead. Think Growth.

mint primer

Why Naidu faces a daunting task in Andhra Pradesh

BY N. MADHAVAN

N. Chandrababu Naidu's fourth term as chief minister of Andhra Pradesh could be his most difficult yet as he inherits a financially broke and industrially ignored state. *Mint* delves into the challenges the Telugu Desam Party (TDP) leader faces this time around.



PRANAY BHARDWAJ/MINT

1 How big was the win in Andhra Pradesh?

It was massive. The TDP won 135 of the 144 seats it contested for the 175-member state assembly. The National Democratic Alliance (NDA) comprising the TDP, the Jana Sena Party and the Bharatiya Janata Party (BJP) won 164 seats in all. The YSR Congress Party, which was in power in the state for the past five years, managed to win just 11 seats. YSRCP leader Y.S. Jagan Mohan Reddy had focused excessively on doling out welfare schemes to the masses, ignoring development. The state failed to attract large investments, industrial development stagnated and job creation suffered. This fuelled strong anti-incumbency.

2 What was Naidu's campaign pitch?

Naidu has promised better governance and economic development. He has also committed to reviving industrial activity in the state and creating two million jobs for the youth. However, Naidu too has promised the people of Andhra Pradesh a host of welfare measures. He has promised 'super six guarantees', which include: free bus travel for women; ₹15,000 per year for every schoolgoing child in a household; ₹20,000 per year for farmers; three free gas cylinders annually; ₹1,500 per month cash transfer to women aged 18-59; and a monthly unemployment allowance for the youth.

PTI

3 Will state finances allow this largesse?

The state's finances are precarious. With growth in welfare spending outpacing revenue growth, the state has a cash-flow problem, with delayed payment of salaries and other dues having become the norm. Borrowing, at 44% of the state's gross domestic product, is excessive. Most of it goes into servicing revenue expenditure. There is little headroom to borrow more.

4 So Naidu's fourth term won't be easy?

It appears so. Raising funds will be his biggest challenge. The six guarantees alone may cost the exchequer ₹1.2 trillion annually. This is over and above what the YSRCP government spent on welfare. Also, Naidu has promised to revive Amaravati as the state capital—his long cherished dream. The cost of this was originally pegged at ₹50,000 crore. Funds apart, he has to make Andhra Pradesh an attractive investment destination. For this, he must first convince investors of policy continuity.

5 Is there a way out for Chandrababu Naidu?

Under normal circumstances, Naidu would find it impossible to keep his promises. Luckily for him, his return to power coincided with the BJP losing its majority in Parliament. He is the 'kingmaker' and the BJP-led NDA government at the Centre needs his support. Naidu is expected to take advantage of this and demand a special financial package—if not special status—for his state. That should help him part-fund his welfare schemes and restart work on Amaravati, which PM Narendra Modi inaugurated in 2015.

QUICK EDIT

Inflation: Slow path

India has marginally positive new data on the economic front. Retail inflation edged lower to 4.75% in May from 4.83% in April. Meanwhile, industrial output in April clocked a healthy 5% expansion, though it marked a decline from 5.4% in March. The production reading appears to validate the upbeat performance seen on other activity indicators such as the Purchasing Managers' index, or even India's gross domestic product growth numbers. Nevertheless, attention will stay focused on inflation, which has been guiding monetary policy. Though only a tad lower, it is slowly moving closer to the Reserve Bank of India's 4% target. Elevated food prices are to blame for its current high level. If monsoon rains, however, keep their promise, a potential rise in agricultural supplies could help cool retail inflation down. That would pave the way for the Indian central bank to start cutting interest rates later this fiscal year. Of course, cues from the US Federal Reserve could make it calibrate its rate moves with foreign exchange dynamics in mind. And for now, the US Fed seems dedicated to attaining price stability.

MINT METRIC

by Bibek Debroy

In Grades IX to XI, 4,500 teachers
Have very unusual features.
They haven't passed secondary school.
Isn't that a minimum rule?
UDISE dashboard shows up such creatures.

QUOTE OF THE DAY

The slow and incremental gains highlighted in this year's Global Gender Gap Report underscore the urgent need for a renewed global commitment to achieving gender parity, particularly in economic and political spheres. We cannot wait until 2158... The time for decisive action is now.

SAADIA ZAHIDI
MANAGING DIRECTOR, WORLD ECONOMIC FORUM

mint

PLAIN FACTS

2024 polls: Mystery of the absent Indian voter

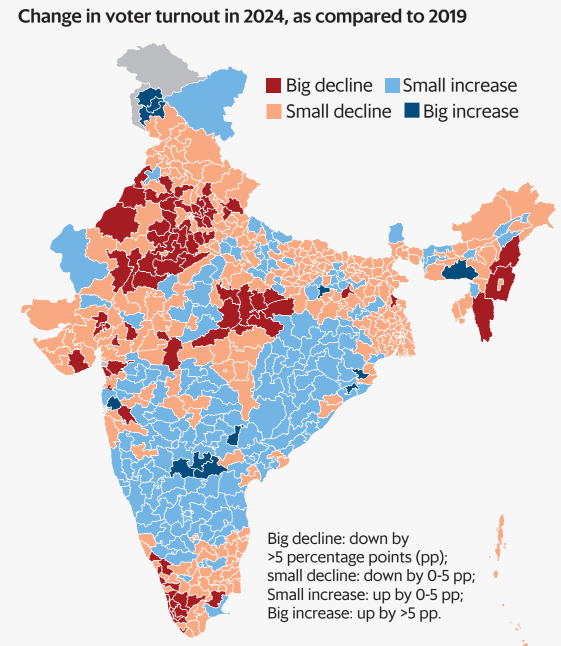
BY NITI KIRAN

Pin the blame on the scorching heat or political discontent, the Indian voters' reluctance to exercise their franchise made headlines throughout the recently concluded Lok Sabha election. At one point, the Election Commission of India even spoke of the apathy of urban voters in particular. Bihar and Uttar Pradesh continued their trend of lower voter turnouts than the national average. Meanwhile, there were some silver linings: the gender gap in voting, for instance, was nearly zero for the second consecutive time. *Mint* looks into the constituency-wise trends of how voter turnout changed in 2024, and whether and how it impacted the final results.

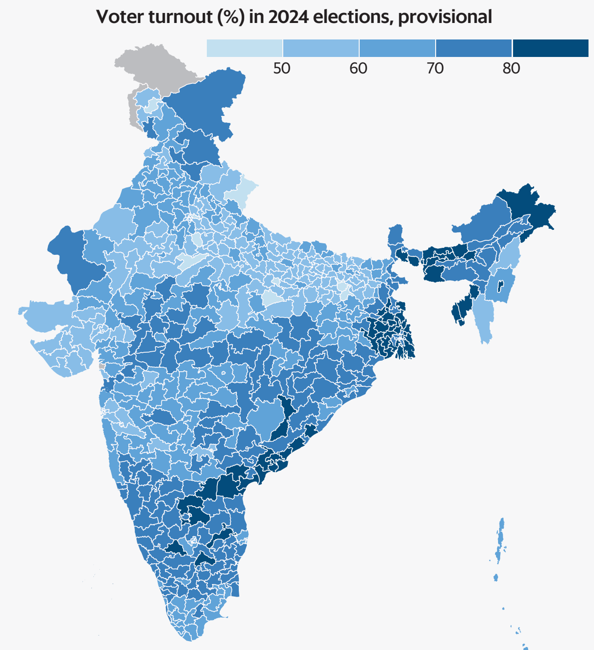
Disengaged voters

The overall national voter turnout, excluding postal ballots, was 65.8% this year. This is based on provisional data, with the comparable figure in 2019 being 67.2%. A little less than half of the constituencies saw a higher turnout than the national average. However, about two in every three seats saw a decline. Nagaland, Outer Manipur, and some constituencies in Madhya Pradesh saw drastic declines, while a massive positive shift was observed in Jammu and Kashmir.

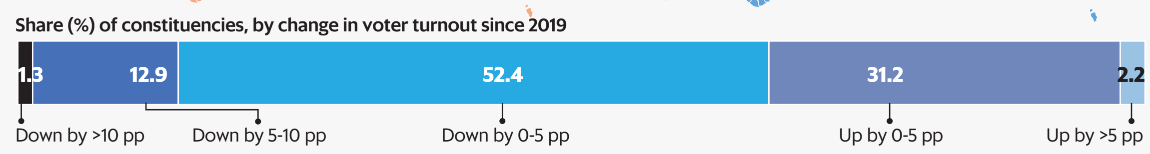
Change in voter turnout in 2024, as compared to 2019



Voter turnout (%) in 2024 elections, provisional



Share (%) of constituencies, by change in voter turnout since 2019



Turning tally?

Political scientists are divided over the common belief that lower voter turnouts signal pro-incumbency, and higher turnouts signal a desire for change. Elements of this theory were visible in 2024. The National Democratic Alliance's (NDA's) success rate in retaining seats that it had won in 2019 was higher in seats that saw a decline in turnout, and the same was true for Opposition parties as well. However, overall, the NDA had a slight edge among seats where turnout increased.

Change in NDA's fortunes in 2024, by how voter turnout changed

	2019: won 2024: won	2019: won 2024: lost	2019: lost 2024: lost	2019: lost 2024: won
Seats where turnout dropped	169	70	102	20
Seats where turnout rose	68	43	35	35

How to read this chart: The chart shows number of seats in each category. E.g. There were 70 seats where NDA won in 2019 and lost in 2024, and where voter turnout declined in 2024.

70.7% NDA's success rate in seats it won in 2019 and where turnout decreased (**169/239**)

52.4% NDA's overall success rate in seats where turnout decreased (**189/361**)

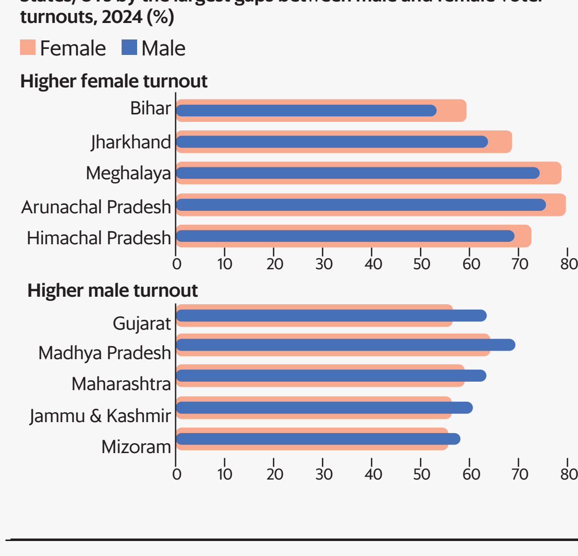
61.3% NDA's success rate in seats it won in 2019 and where turnout increased (**68/111**)

43.1% Opposition's overall success rate in seats where turnout increased (**78/181**)

Women voters' league

Overall, just 10 states and Union territories (UTs) saw an increase in voter turnout as compared to 2019. But when it comes to women's turnout, 13 states and UTs saw an increase. Women out-voted men in 19 states and UTs. However, this is a decline since 2019, when it was true for as many as 23 states. That year, the gender gap in turnouts had closed for the first time.

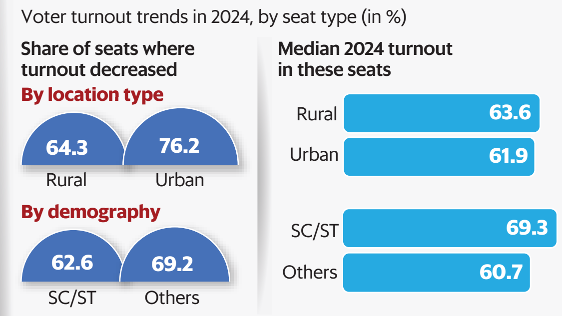
States/UTs by the largest gaps between male and female voter turnouts, 2024 (%)



Demographic display

Capturing voters' participation from a demographic lens reveals more pronounced disengagement among city dwellers compared to ones in rural India. The turnout decreased in 76% of urban constituencies and 64% of rural constituencies. The median voter turnout in such seats was 62% and 64%, respectively.

Voter turnout trends in 2024, by seat type (in %)

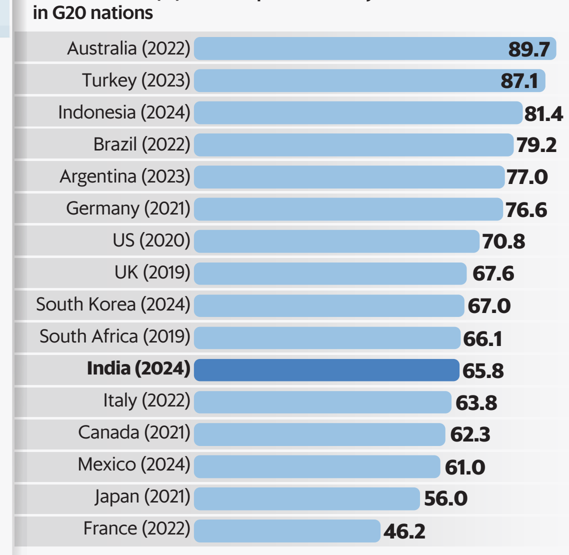


Urban: seats where the urban population share equals or exceeds 50%; SC/ST: seats where the SC/ST population share equals or exceeds 25%.

Pecking order

The voter turnout in the world's largest democracy does not stack up well against the largest developed and developing nations, and its rank has slid further this year. Among G20 nations, peers such as Brazil and Indonesia are ahead of India in terms of voter turnouts in their latest elections. All eyes will be on the UK and France, which are set to vote in the next few weeks.

Voter turnout (%) in latest parliamentary elections held in G20 nations



*Accurate data not available for Saudi Arabia, Russia, and China. Data for India is provisional.

Voter turnout data for 2024 is provisional, and is based on the number of votes cast at polling booths (i.e., excludes postal ballots cast by service electors, disabled voters, elderly voters, etc) divided by the number of general electors (i.e., excludes service electors eligible for postal voting). Data for 2019 has been adjusted for comparability. All data is for 542 out of 543 constituencies; no voting was held in Surat.

Source: Election Commission of India, Mint calculations, Census 2011, International Institute for Democracy and Electoral Assistance (International IDEA)

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

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Of Musk, SpaceX, and the pursuit of women ▶P10

Bajaj Housing IPO: A game-changer for Bajaj Finance? ▶P4

SENSEX 76,606.56 ↑ 149.97 | NIFTY 23,322.95 ↑ 58.1 | DOLLAR ₹83.54 ↑ ₹0.03 | EURO ₹89.84 ↑ ₹0.02 | OIL $82.73 ↑ $1.31 | POUND ₹106.57 ↓ ₹0.16

Inflation dip meets output rise in FY25

Food prices still a concern; growth in infra, primary goods

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NEW DELHI

The Indian economy displayed signs of resilience in the early months of FY25, clocking greater factory output and a marginal fall in retail inflation.

Retail inflation based on the consumer price index (CPI) fell to 4.75% in May from 4.83% in April, touching the lowest in a year, statistics ministry data showed. The moderation was aided by slower rise in prices of food items such as meat, fish, milk products, vegetables, and spices. Inflation has stayed below below 5% since March.

A *Mint* poll of 15 economists had estimated retail inflation to fall to 4.8% in May.

Food inflation, which accounts for nearly 40% of the overall consumer price basket, rose 8.69% year-on-year in May, compared with 8.70% in April. Food prices have remained elevated for over a year now, primarily due to last year's uneven and below-normal monsoon rains. Food inflation has consistently stayed above 8% since November.

Retail inflation, while above the central bank's target of 4%, has remained within the tolerance range of 2-6% for nine consecutive months.

Core inflation, which excludes the more volatile food, and fuel and light groups, makes up nearly 50% of the basket.

"Core inflation continued to remain benign and moderated further to 3.1% in May. However, high inflation in the food basket, especially in specific categories like vegetables and pulses, remains a concern," said Rajani Sinha, chief economist at CareEdge.

Last week, the Reserve Bank of India (RBI) left the benchmark repo rate unchanged at 6.5%, signalling that interest rate cuts may take more time. RBI governor Shaktikanta Das had noted the "last mile journey towards a 4% inflation tar-

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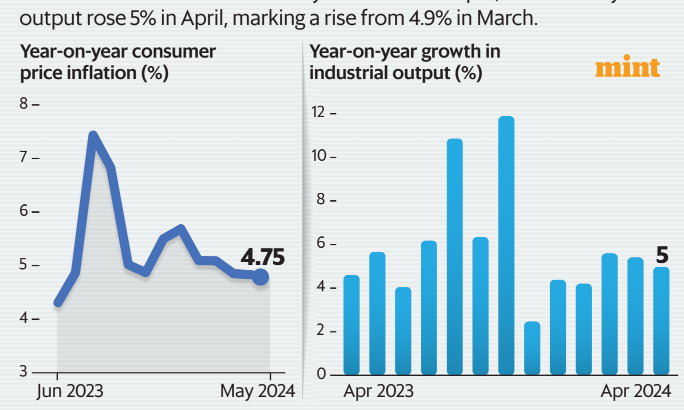
SMART START

Retail inflation fell to 4.75% in May from 4.83% in April, while factory output rose 5% in April, marking a rise from 4.9% in March.



Source: Ministry of statistics and programme implementation

GOOD TIDINGS

A *Mint* poll had estimated May's retail inflation to fall to 4.8%

FOOD inflation rose 8.69% year-on-year in May

RETAIL inflation has been in RBI's tolerance range for nine months

Gentari to sell part stake in C&I assets to raise $400 mn

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Gentari Sdn Bhd, a unit of Malaysia's state-run oil and gas company Petroliam Nasional Bhd (Petronas) that has been actively scouting for green energy assets in India, is now planning a minority fund raise in its proposed commercial and industrial (C&I) projects in an equity deal valued at around $400 million, two people aware of the development said.

This may involve a stake sale of up to 49% in its 3.5 gigawatt (GW) assets that will supply electricity to a unit of AM Green, set up by Mahesh Kolli and Anil Kumar Chalamalasetty, founders of Greenko Group. The unit will produce 5 million tonnes per annum (mtpa) of green ammonia that is equivalent to about 1 mtpa of green hydrogen. The power purchase agreement is for supplying 5 GW to AM Green Ammonia Holdings, in which Gentari is also investing $1.5 billion for 30% stake.

"The total PPA is for supplying 5 GW, for which construction has started for 3 GW. Gentari is looking for partners for the remaining capacity," said one of the two people cited above, requesting anonymity.

Gentari is planning to offload stake in its 3.5 GW assets.

India's C&I segment has been attracting strong investor interest given the supportive regulatory landscape, with rules allowing large power users to source energy from the open market rather than the costlier grid. C&I projects are also shielded from risks such as curtailment of power procurement by state-run power distribution firms.

"The minority fund raise by Gentari is for developing renewable power capacity for captive supply to AM Green," said the second person cited above, who also did not want to be named.

Global oil companies such as Shell Plc, France's TotalEnergies, Thailand's PTT Group

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Rating firms press for RBI action on cos hiding info

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Credit rating agencies are looking to the central bank for a decision on their demand to penalise banks that do not share no-objection certificates (NOCs) required to withdraw ratings of companies that withhold key information, two rating agency officials said.

The issue gains significance considering that at present, more than 60% of all rated issuers or companies are estimated to be non-cooperative, and rising, they added.

According to the officials, who spoke on condition of anonymity, discussions with the RBI were initiated by the Association of Indian Rating Agencies (AIRA) to better manage the issue of non-cooperative issuers.

The officials said rating agencies are yet to hear from the regulator on their proposal to raise risk weights on loans where companies are not cooperating with rating agencies, adding that the problem of non-cooperation was more prevalent with smaller companies than the bigger ones.

The Economic Times had reported in June 2023 that

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DON'T MISS

MINT

Nifty at new high as continuity in government cheers investors

Announcements about the key ministerial portfolios in the new cabinet have reaffirmed confidence in the government's commitment to its policies, cheering investors. All this catapulted the Nifty 50 to a new high in Wednesday's trading session. >P4

Airlines, engineering top foreign businesses starting Indian ops

Airlines and engineering and construction companies head the list of foreign companies interested in starting operations in India, according to the government database of new business registrations for FY24. >P2

NCLT gives Go First last 60 days to wrap up insolvency resolution

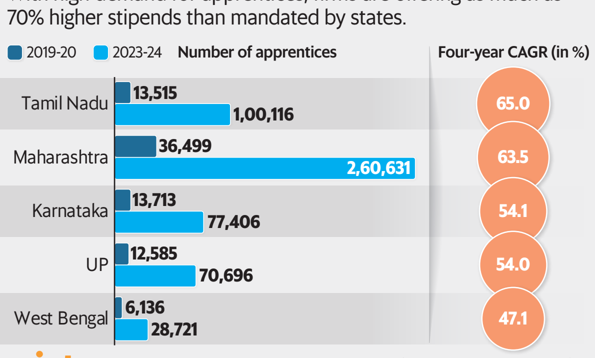
The National Company Law Tribunal on Wednesday granted a final 60-day extension to the bankrupt Go First airline to complete its corporate insolvency resolution process. The NCLT emphasized that no further extensions will be granted after 3 August. >P5

Telecom industry seeks lower spectrum pricing

As the new government takes charge, India's telecom industry has highlighted concerns over high spectrum prices, urging regulatory intervention to bring costs in line with global standards and remove minimum rollout obligations.. >P5

Perks of demand

With high demand for apprentices, firms are offering as much as 70% higher stipends than mandated by states.



Source: Teamlease Degree Apprenticeship

SATISH KUMAR/MINT

EV, electronics boom fuels rush for apprentices

Alisha Sachdev &
Devina Sengupta
NEW DELHI/MUMBAI

Large electronics and electric vehicle (EV) manufacturers are recruiting apprentices at an unprecedented pace to address talent gaps in these booming sectors, often going beyond state-mandated quotas.

According to staffing firm Teamlease, for some high-demand roles, these firms are offering as much as 70% higher stipends than mandated by states.

In the EV space, employment through apprenticeship programs is doubling each year, while for the electronics sector, the growth has been more than tenfold in the past four years, according to Teamlease's degree apprenticeship program. The electronics sector, on the other hand, has witnessed a rise in apprentice participation from 7,500 apprentices in 2019-20 to a staggering 91,900 apprentices in 2023-24, marking a 12.2-fold increase.

"This surge in apprenticeship engagement not only strengthens the industry's capacity but also underscores the efficacy of policy reforms, particularly under the 'Skill India' initiative," Sumit Kumar, chief executive, Teamlease degree apprenticeship said. "Moreover, the tangible return on investment offered by apprenticeships has instilled confidence within the industry, providing a vital avenue for youth to secure formal employment."

Currently, there are more than 550,000 vacancies available under the apprenticeship portal of Ministry of Skill Development and Entrepreneurship.

Atul Kumar Tiwari, secretary of ministry of skill development and entrepreneurship, said till date, more than 3.2 million youth have been engaged as apprentices across 36 sectors.

"We are currently working with more than 110 industry clusters, encompassing one-third of India's districts," said Tiwari. "The direct benefit transfer of stipends has significantly enhanced the National Apprenticeship Promotion Scheme (NAPS), with more than ₹350 crore disbursed to apprentices' accounts since its launch last year. The next phase of the scheme will undoubtedly see an increased

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Yes Bank, IDFC First tiptoe back into corporate lending

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MUMBAI

Two former large corporate lenders, Yes Bank and IDFC First Bank, are seeing a revival in their old business of corporate loans after a gap of almost four years.

With several legacy corporate and infrastructure loans having run their course, these two banks are keen to increase such advances in the coming quarters, albeit gradually.

Corporate loans of Yes Bank, which has seen a recovery in business after an uncomfortable past, increased 5.9% in FY24, compared to a drop over the previous three fiscals.

And for IDFC First Bank, which started life as a development finance institution and later converted into a bank, its overall corporate loan book grew 16% in FY24, compared to 2% in the previous year.

Their renewed focus on corporate loans comes at a time when the overall banking industry is seeing a credit growth of 16% year on year. This growth is expected to slow down to 12-14% over the next 12-15 months, according to Moody's Ratings. For private sector banks, corporate credit growth has been muted.

Yes Bank hopes its corporate loan growth will pick up. MINT

"Corporate credit pickup was at 5-6% over the last few years," said Amit Pandey, vice president, Moody's Ratings. "It is expected to pick up a little but unlikely to touch the numbers seen during the heydays."

Prashant Kumar, managing director and chief executive of Yes Bank, explained that while new loans have been disbursed over the past few months, legacy corporate loans had also been repaid at the same time, which resulted in lower corporate loan growth. With the existing book being run down, the bank hopes corporate loan growth will pick up.

"As guided earlier, we expect that within advances, the ratio of retail + SME (small and medium enterprises) segment advances to wholesale segment advances (mid-corporate and large corporate) would remain at the similar level of 62:38 from here on over the near-to-medium term," Kumar said on a call with analysts.

"Within advances, while we would continue to drive a steadfast growth in the SME

TURN TO PAGE 6

Organ donations may not be just a family affair soon

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NEW DELHI

There may be relief at hand for those in the long-winded queue for organ transplants, with the Union government planning to open up organ exchange between unrelated individuals.

Currently, most organ donations happen within families; however, two blood groups often do not match, and the patient has to wait indefinitely for availability. Now, the health ministry is planning to allow one family to exchange with another if there is a match. Plans are also afoot to allow health insurance for donors, to fix legal loopholes, and to facilitate organ harvesting from the deceased, a government official aware of the plans said.

The move assumes significance given that as per health ministry data, India conducts only 6,000 kidney transplants every year against a requirement of about 200,000. Heart transplant rates are even worse—about 10 to 15 transplants every year, even as 50,000 persons die of heart failure. Similarly, an estimated 200,000 Indians die of liver failure or liver cancer annually, about 10–15% of which can be saved with a timely transplant.

ON THE AGENDA

- **Organ** swaps among unrelated persons
- **Health** insurance for organ donors
- **Fixing** legal loopholes
- **Matching** among many participants at one go
- **Streamlining** authorization committee
- **Criteria** setting to declare brain stem death

The health ministry has kicked off virtual brainstorming sessions with subject experts who will present their findings during the so-called *chintan shivir*, the official cited above said on the condition of anonymity. Non-government organizations, state government officials, transplant surgeons and legal experts are among those attending the 10 sessions, the official said.

"We are also in discussions with the insurance regulator to make provision for health insurance for organ donors. Right now, these insurance companies do not offer health insurance to such individuals," the official added.

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

Swaps among close relatives such as mother, father,

TURN TO PAGE 6

The richest league on earth is tearing itself apart

Joshua Robinson &
Jonathan Clegg
feedback@livemint.com

THE WALL STREET JOURNAL.

The document that changed the course of English soccer—and by extension global sports—was initially written by hand on a single sheet of paper back in 1990.

Known as the Founders' Agreement, it became the charter of a brand new venture called the Premier League. And over the next three decades, it would help turn the top tier of English soccer into a media and entertainment behemoth. At its heart was a simple premise: the member clubs could be mortal enemies on the pitch, but the rest of the time they would all be inseparable business partners.

Now, for the first time, that bedrock is threatening to crumble.

Everywhere the Premier League looks, clubs are in open revolt. Manchester City, which has won six of the past seven championships, is appearing before an arbitration tribunal this week to challenge league rules on sponsorship agreements. This comes on top of a pending case against City alleging 115 breaches of the Premier League's rules on spending and financial disclosure, which could result in vacated titles and points deductions.

Manchester City is appearing before an arbitration tribunal this week to challenge league rules on sponsorship agreements. AP

Everton, meanwhile, has already suffered the first points deductions in Premier League history for overspending—twice this season, in fact—and has accused the league of unfair treatment. Nottingham Forest has also challenged the league's authority by claiming that referees were biased against them, prompting an investigation from the English Football Association. And Wolverhampton Wanderers were so incensed by on-pitch decisions going against them that the club introduced a motion to scrap Video Assistant Referees.

But in this storm, the City case represents the single largest challenge to the Premier League's authority. Never before has a single club risen up against the other 19 and attempted to fundamentally alter the Founders' Agreement. Yet here is City, the former sad-sack team that turned into a juggernaut after being acquired by a member of Abu Dhabi's royal family in 2008, hoping to do away with the requirement that 14 of the 20 clubs agree on any prospective changes to Premier League rules.

In its filing, City decried the league's one-club, one-vote structure as a "tyranny of the majority," according to the *Times of London*, which revealed the suit last week.

Until now, no club had dared to question the Founders' Agreement, which is arguably the most consequential text in global soccer since the Laws of the Game were drawn up in the back of a London pub in 1863. The char-

TURN TO PAGE 6

Airlines among top foreign cos opening shop in India

Overseas entities are also registering in engineering, IT, electronics and education sectors

Manas Pimpalkhare & Gireesh Chandra Prasad

NEW DELHI

Airlines and engineering and construction companies head the list of foreign businesses interested in starting operations in India, according to the government database of new business registrations for FY24.

Italy's flag carrier Italia Transport Aero, Oman-based SalamAir, Swiss engineering firm Pini Group SA and Japanese builder Dainichi Consultant Inc. are among firms that have reported opening a business in India, according to data for FY24 from the ministry of corporate affairs.

As many as 59 foreign companies registered in India in FY24, compared with 50 in FY23, as per the ministry's data.

IT and consulting, electronics and education are among the other sectors where overseas entities are registering for doing business in the country.

Italia Transporto Aereo S.P.A set up a place of business in India effective from 1 June 2023, as per the ministry records seen by Mint. In April 2023, Salam Air SAOC a company originally incorporated in Oman informed the ministry that it too had established a place of business in India.

Analysts said strong demand and stable growth predicted in the aviation sector is helping attract investments. HT

SalamAir on 29 May 2024 announced that it was adding Delhi to its destinations, starting 2 July 2024. The company plans to operate twice-weekly flights to Delhi, with services on Tuesdays and Thursdays, the company stated.

Uganda National Airlines Co Ltd too informed the Indian government in September last year that it has set up a place of business in India from 10 September.

Aircraft and defence producer Airbus Defence and Space SA, a company originally set up in Spain, has started operations in India, the company informed the ministry last July.

59 Number of foreign firms which registered in FY24

Airbus Spain spends about €2,200 million annually on Spain's national supply chain, generating exports worth more than €4.3 billion a year and providing a GDP contribution of €3.57 billion, according to information available from its website.

The most recent, Vietnam Airlines, reported its entry in January 2024.

Analysts said strong demand and stable growth predicted in the aviation sector is helping to attract investments. "With two stable airline groups in business, there remains no harm to the growth story," Ameya Joshi, an independent aviation analyst, said, referring to IndiGo and the Tata Group.

In the January to March period of 2024, 8.5 million people travelled to India, compared with seven million in the same period a year ago. On the other hand, 9.3 million flew out from India in the first three months of this year, compared with 8.1 million in the comparable period a year ago, as per data available from the Directorate General of Civil Aviation.

"Over a longer horizon, the Asia Pacific region is likely to see the most rapid growth in passenger traffic among all regions," the International Air Transport Association said in its December 2023 report titled 'Global Outlook for Air Transport — A local sweet spot.'

By 2040, the region would make up more than half of global passenger demand, the report said.

50 Foreign entities which registered In India in FY23

One of the foreign companies which reported starting operations in India in FY24 is Japan High Speed Rail Electric Engineering Co Ltd, a special purpose company partnering with National High Speed Rail Corp Ltd for the Mumbai-Ahmedabad bullet train project.

Experts said the government's accelerated capital expenditure has spurred the demand for engineering and construction service companies.

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A fiery maiden session ahead for 18th Lok Sabha

Dhirendra Kumar

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NEW DELHI

The first session of the 18th Lok Sabha is expected to see heated exchanges between the newly elected governing alliance and a stronger Opposition that's already begun to mark its presence.

The Congress party, with 99 members in the Lok Sabha, has alleged a stock market scam related to the exit poll following the just-concluded national election as well as irregularities in the NEET entrance exam to medical colleges, pointing to a fiery session.

The new National Democratic Alliance (NDA) government is also likely to face heat over issues such as ethnic violence in Manipur, unemployment, and inflation during the special session of Parliament, which starts on 24 June and ends on 3 July.

Overall, the Opposition has 230 members in the 543-seat lower house.

Political observers expect that the Opposition will also look to corner the Bharatiya Janata Party-led NDA over the arrests of Jharkhand Mukti Morcha's Hemant Soren and Aam Aadmi Party chief Arvind Kejriwal ahead of the Lok Sabha election. Soren was the chief minister of Jharkhand and Kejriwal is CM of Delhi.

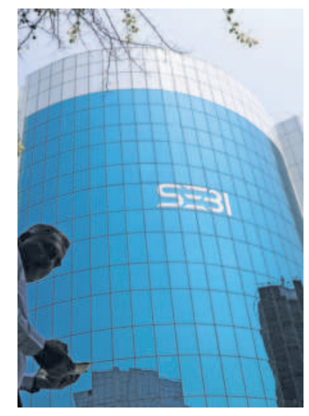
The Congress has alleged a stock market scam and irregularities in NEET. HT

"Instances of mass suspension of Opposition MPs may not occur as they are now in a stronger position," a political expert said on condition of anonymity.

"Previously, when the BJP had 303 seats and the Congress had just 52, there were instances of mass suspensions of Opposition members. Now, the BJP has 240 seats, and the Congress has 99."

The agenda for the first Lok Sabha session of the new government will include the swearing-in of newly elected Members of Parliament, election of the Speaker, and customary address by President Droupadi Murmu to Parliament, the parliamentary affairs ministry said in a statement.

The presidential address is expected to recount the achievements of the previous government, also administered by the BJP-led NDA, and articulate a vision for the next five years. The debate on the address is likely to see the Opposition aggressively take on the government.



Sebi has also imposed penalties. REUTERS

Sebi bars PTC CMD and former PFS MD from boards

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NEW DELHI

The Securities and Exchange Board of India (Sebi) has barred the CMD of PTC India Ltd., formerly Power Trading Corporation, Rajib Kumar Mishra and the former MD of its subsidiary PTC India Financial Services (PFS), Pawan Singh from holding any position on the board or management of a listed company for a period of six months and two years respectively over alleged corporate misgovernance in PFS.

The market regulator has also imposed penalties of Rs 10 lakh and ₹25 lakh respectively on Mishra and Singh.

The order concerns Ratnesh Kumar, who was chief general manager at NTPC before joining PFS as director Finance. However, he went back to NTPC after his appointment was stalled by Singh.

NTPC is a promoter company of PTC with around 4% stake.

In its order on Wednesday, it said that both Mishra and Singh are "restrained from holding any position of director or key managerial personnel in any listed company or any intermediary registered with Sebi, or associating himself with any listed public company or a public company which intends to raise money from the public or any intermediary registered with Sebi, in any capacity".

The market regulator said in its investigation has found that Singh had "grossly misused his position as the MD and CEO of PFS to prevent Mr. Ratnesh from joining as WTD (whole time director) (Finance) and CFO, which was approved by the Board of PFS". It noted that the MD-CEO in a company, though sitting at a high position within the management hierarchy, is duty-bound to follow the decisions of the board and cannot exercise his power unilaterally in an unfettered manner.

"However, in this case, the MD & CEO employed all the tricks to defeat the decision of PFS Board to appoint Mr. Ratnesh, thereby keeping a critical vacancy in the company unfilled."

Clothing tech to address India's climate

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NEW DELHI

If you want to wear your stylish winter coat in the summer or a light summer jacket in the winter, there's help at hand. The textiles ministry is working on developing technology that will allow the same set of clothes to be worn in all seasons, saving you the periodic hassle of having to pack away clothes.

The all-weather clothing you will be wearing—the outcome of a collaboration between the ministry and premier tech and fashion institutes—has a slightly cumbersome name: indigenous encapsulated phase change material (PCM)-based activewear.

"This initiative aims to provide a versatile solution to India's varying weather patterns, enhancing comfort, and reducing the need for multiple sets of clothing for different weather conditions and environments," two people aware of the development told *Mint*.

PCM has found use in various fields of technical textiles, including sports, homewear, and protective textiles, they said.

The government will collaborate with premier tech and fashion institutes to work on the all-weather clothing. MINT

"The PCM-based textiles will be specially beneficial for army personnel working in extreme weather conditions, from the cold climate of Jammu & Kashmir to the scorching heat of Rajasthan, Telangana, Bihar and other states across the country," the first person said.

"Three projects focusing on the development and application of PCM under the National Technical Textiles Mission (NTTM) have been approved, with a total project value of ₹25.5 crore," this person said.

Textiles ministry is working on technology to allow the same set of clothes to be good for all seasons

Indian Institutes of Technology, Delhi and Ropar, along with the National Institute of Fashion Technology, Telangana, will collaborate on the project.

"Together, they will develop textiles to meet the requirements outlined. This innovative technology enables garments to regulate temperature effectively, offering enhanced comfort and efficiency," the second person said.

PCMs are substances that release or absorb significant amounts of energy during phase transitions, typically between solid and liquid states.

These transitions allow PCMs to absorb and release thermal energy, making them highly efficient for temperature control. By incorporating PCMs into clothing, garments can maintain an optimal temperature, thereby providing warmth in cold conditions, and a cooling effect in hot environments.

This technology stands out for its efficiency. Unlike conventional materials, which rely on more heat and require more volume to store the same amount of energy, PCMs can absorb much more heat with less material.

"Incorporating smart fabrics that change their properties in response to temperature changes can lead to innovative and dynamic designs, adding a futuristic and functional aspect to fashion. For example, thermo wear can be designed with sleek, modern aesthetics that appeal to consumers looking for stylish yet functional clothing," said Devika S Pathak, a professor and department lead for north zone, fashion design department, at Pearl Academy in New Delhi.

Pulses import in April-May up 20% to meet domestic demand

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NEW DELHI

Imports of pulses in the first two months of the current financial year jumped about 20% to 371,334 tonnes from 308,619 tonnes in the corresponding period of last financial year, after lower domestic production caused a surge in demand for tur (pigeon pea), and urad (black matpe), a senior official said.

India's urad output is estimated to be 1.8 million tonnes (mt) this year, as compared with 2.6 mt in the 2022-23 (July-June) crop year. Tur is estimated to be at par with the previous season's 3.3 mt but the industry expects production to be 2.7-2.85 mt, falling short of the domestic consumption of around 4.5 mt.

Production has fallen for two consecutive crop years (2022-23 and 2023-24) because of unseasonal rains in October 2022, deficit rainfall during the monsoon season and prolonged dry spells in major growing states throughout last year caused by El Nino.

Lower production, move to scrap import taxes led to the surge in imports. MINT

This has kept prices of tur and urad firm throughout 2023.

On Wednesday, tur dal was sold at ₹160.3 per kg, up 27.3% year-on-year, on average in the retail market. The all India average retail price of urad dal was ₹126.4 a kg, a rise of 13.5% on-year, according to data from the consumer affairs ministry.

Tur imports went up to 123,750 tonnes in April-May this year, against 122,307 tonnes during the corresponding period last year. Similarly, urad imports were at 133,120 tonnes, compared to 57,865 tonnes a year ago. However, masur (lentil) imports fell to 114,464 tonnes in April-May of FY25 from last year's 128,446 tonnes after the country purchased 1.2 mt in FY24, the official informed.

In the last financial year, India's pulses imports were 84% higher year-on-year to 4.65 mt, the highest in six years, from 2.53 mt in FY23. In value terms, imports in the year jumped 93% to $3.75 billion.

Lower production due to climate issues and the government's decision to scrap import taxes to bring down prices before the election led to the surge in imports, according to industry experts.

Higher imports by India, the world's biggest buyer, producer and consumer of protein-rich pulses, have been supporting global prices and helping bring down stocks in exporting countries such as Canada, Australia, and Myanmar.

India allowed duty-free imports of yellow peas last December and later extended it thrice till October 2024.

MINT SHORTS

China ready to work on border dispute, strengthen India ties

China has said it is willing to work with India to improve relations and that their border disputes "should be handled properly". China also said a stable relationship was "in the interest of both countries and conducive to the peace and development in this region and beyond," a post on X from the account of the Chinese embassy's spokesperson in India read. BLOOMBERG

AFP

'Govt moves help boost toy exports, more work needed'

New Delhi: Government measures such as mandatory quality control orders and increasing customs duty have helped boost exports of toys from India, but there is a need to do much more for the sector, secretary in the Department for Promotion of Industry and Internal Trade, Rajesh Kumar Singh, said. He indicated that they are diligently pursuing the proposal of extending fiscal incentives under the Production Linked Incentive scheme for the sector. PTI

India says diplomacy best option to resolve Ukraine war

New Delhi: India on Wednesday reiterated that the best option to resolve the Ukraine conflict is dialogue and diplomacy as Prime Minister Narendra Modi travels to Italy to attend the annual summit of G7 grouping, set to focus on dealing with global geopolitical turmoil. "We have always maintained that dialogue and diplomacy is the best option," foreign secretary Vinay Kwatra said. PTI

AFP

Wayanad or Rae Bareli: Rahul keeps India guessing

AP

Malappuram/Wayanad: Rahul Gandhi, who won from Wayanad and Rae Bareli in the 2024 general elections, kept people guessing on Wednesday about which seat he will retain, even as KPCC chief K. Sudhakaran hinted that the Congress leader would relinquish the constituency in Kerala. A candidate has two weeks from the date of declaration of results to vacate one of the seats. PTI

Khandu to become Arunachal CM for third straight term

Itanagar: Pema Khandu will become the chief minister of Arunachal Pradesh for the third term in a row, after he was unanimously elected as the BJP Legislature Party Leader. The BJP returned to power in the state for the third time in a row in the 60-member assembly. PTI

PTI

Andhra Pradesh and Odisha get NDA chief ministers

Tribal leader Mohan Charan Majhi was on Wednesday sworn in as the first BJP chief minister of Odisha. BJP has ended BJD's 24-year stint in Odisha. In Andhra Pradesh, TDP's N. Chandrababu Naidu was sworn in as the CM for a fourth term. The NDA, comprising TDP, BJP and Janasena, won a landslide victory in the simultaneous Lok Sabha and assembly elections in the state. PTI

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MINT SHORTS

Finsall snags bridge funding from Unicorn India Ventures, Seafund

Bengaluru: Insurance-focused fintech startup Finsall has raised $1.8 million (₹15 crore) in a bridge funding round co-led by existing investors Unicorn India Ventures and Seafund. The round also saw participation from other undisclosed investors, according to the firm's statement. Finsall is a fintech firm in the insurance space, founded by Promod Khanna, Tim Mathews and Prabal Khanna. **K. AMOGHAVARSHA**

Palette Brands raises $2 million in pre-Series A funding

MINT

Bengaluru: Direct-to-consumer (D2C) consumer goods brands Palette Brands has raised $2 million (₹16.6 crore) in a pre-Series A funding round led by Rockstud Capital. The round also saw participation from existing investors including Inflection Point Ventures and Dholakia Ventures along with angel investors like Stoffer Anko Norden and Apurva Salapuria. It will also be launching the cookware brand Ember. **K. AMOGHAVARSHA**

Skye Air secures Series A funding from Mount Judi Ventures, others

Bengaluru: Drone logistics startup Skye Air has raised $4 million (₹33.4 crore) in a Series A funding round from a host of investors including Mount Judi Ventures, Chiratae Ventures, Venture Catalyst, Windrose Capital, Tremis Capital along with Faad Capital, Misfits Capital, Hyderabad Angels, Soonicorn Ventures and existing investors, family offices and angels. "The fresh capital will help the company expand its last-mile network across Gurugram and other cities for healthcare, e-commerce and quick-commerce deliveries," said Ankit Kumar, founder and chief executive officer, Skye Air. **K. AMOGHAVARSHA**

Recur Club to facilitate ₹3,000 cr debt funding for startups, MSMEs

New Delhi: Fintech firm Recur Club on Wednesday said it will deploy ₹3,000 crore of debt funding for startups during the current financial year. The company said it has introduced a Recur Scale facility that will provide up to ₹100 crore for a startup or an SME (small and medium enterprise). **PTI**

Unpacking Nykaa: Is house of brands the growth driver?

The firm faces challenges with slowing growth in fashion and beauty, despite some success.

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BENGALURU

Nykaa's founder and chief executive Falguni Nayar. MINT

In the lead-up to Nykaa's November 2021 initial public offering, founder and chief executive Falguni Nayar had shared her vision of transforming the beauty and fashion marketplace to a "house of brands" rather than just being a multi-brand retailer.

Cut to 2024, Nykaa remains committed to this strategy, showcasing modest growth in both beauty and fashion segments. In its fourth-quarter earnings call, Nykaa reported traction for brands including Dot & Key, Nykaa Cosmetics, and Nykd by Nykaa. The beauty segment's gross merchandise value (GMV) increased nearly 40% in FY24.

Nykaa Fashion's "house of brands", including Twenty Dresses and Gajra Gang, grew at a more modest 25%.

"We're very excited about this portfolio of brands. We do feel that we want to lean into some of the ones that have hit scale and really accelerate over the next couple of quarters," said Adwaita Nayar, chief executive, Nykaa Fashion, during the investors' call in May.

Building a house of brands enables a business to widen margins and create a diversified revenue pool, a senior e-commerce executive said, seeking anonymity. "For Nykaa, it supplements its marketplace business by creating an entire ecosystem of beauty and fashion products."

However, building a successful house of brands is far from easy.

Nykaa, which is owned by Fsn E-Commerce Ventures Ltd, started as a beauty and personal care products marketplace in 2012, launching its first cosmetics products under Nykaa Cosmetics brand three years later. Subsequently, in 2018, it expanded into fashion, and then rolled out its own brands.

While its beauty portfolio appears to be faring better than fashion, the larger picture shows sluggish progress in both segments.

Nykaa did not reply to *Mint's* queries.

GMV is the total value of goods sold on a platform, excluding discounts and other expense. It's a key metric in retail, providing indication of consumer sentiment and market trends. Nykaa's overall GMV touched ₹11,095 crore in FY24, of which its fashion business accounted for around ₹445 crore. In FY24, its beauty labels, including skincare brand Dot & Key and cosmetics brands Kay Beauty and Nykaa Cosmetics, contributed about 13% to overall beauty and personal care segment's GMV across online and offline channels, up from nearly 12% in FY23, while contribution of Nykaa's brands to the fashion segment's GMV contracted to 12.7% in FY24 from 12.9% a year ago. Satish Meena, adviser, Datum Intelligence, said while it's difficult to determine an ideal figure, the slow growth in GMV contribution indicates that Nykaa still has a long way to go.

To provide context, Amazon India's contribution of its in-house or private labels to its revenue is in single digits, highlighting the challenge of the private label category across the industry.

The concept of roll-up, or house of brands, was inspired by the success of American e-commerce major Thrasio, which secured significant funding at a $10 billion valuation during the pandemic. However, the consumer brand market in India has posed significant challenges, revealing that capital alone is not enough to solve issues of scale.

Despite attracting over $800 million during the funding rush of 2021, the sector remains fiercely competitive, with firms, such as Mensa Brands, The Good Glamm Group, and Globalbees, all striving for dominance.

At present, Nykaa's beauty brands, led by Dot & Key, with a reported GMV run rate of ₹600 crore, is driving growth. "It's akin to Honasa Consumer (Mamaearth parent), whose portfolio is driven by the success of skincare brand The Derma Co. Nykaa will have to find a way to scale its eight brands to make the most of investment and effort," said Karan Taurani, an analyst at Elara Capital. Owning a range of brands with a few making money will impact its bottom line, he added.

Nykaa's move to launch its house of brands was aimed at invigorating its sluggish fashion line amid intensifying competition from Reliance Retail's Ajio and Flipkart-backed Myntra. With its six private-label brands, including Nykd by Nykaa and Twenty Dresses, Nykaa is gradually approaching a GMV run rate of ₹150 crore. However, to carve out a distinct niche in fashion, Nykaa must establish a clear positioning, Meena said. "The future of Nykaa Fashion is not in house of brands but its offerings through the marketplace. There, too, it must cut the clutter and focus on profitable categories without too much discounting," he added.

FASHION FORWARD

NYKAA'S move to launch its house of brands was aimed at invigorating its sluggish fashion line	**WITH** its six private-label brands, Nykaa is gradually approaching a GMV run rate of ₹150 cr	**AT** present, Nykaa's beauty brands, led by Dot & Key, have a reported GMV run rate of ₹600 crore	**INDIA'S** consumer brand market shows that capital alone is not enough to solve issues of scale

Haldiram's to weigh IPO as sale talks stall

Bloomberg
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The owners of Haldiram Snacks Pvt. Ltd are exploring a possible initial public offering for the food producer and restaurant operator as plans to sell it to foreign investors have stalled, people familiar with the matter said.

The Agarwal family is considering a listing as bids in the region of $8 billion to $8.5 billion didn't meet its valuation expectations of about $12 billion, according to the people, who asked not to be identified discussing private information.

The company known as Haldiram's received bids in May from a Blackstone Inc.-led consortium featuring Abu Dhabi Investment Authority and GIC Pte, as well as one led by Bain & Co. and Temasek Holdings Pte, local media has reported.

IPO considerations are preliminary and the controlling shareholders may still decide to lower their asking price and proceed with a sale, the people said.

A representative for Haldiram's declined to comment.

India has turned into a hotspot for IPOs, with about $3.9 billion raised so far this year, double the same period in 2023 and more than Hong Kong and Korea combined, data compiled by *Bloomberg* show.

Founded by Ganga Bishan Agarwal in the 1930s in north India, Haldiram's sells a range of foods from sweet and savoury snacks to frozen meals and breads. It also runs 43 restaurants in and around Delhi, according to its website.

Hey Siri! Help me get Apple out of an AI-shaped hole

The Economist

Apple chief executive offier Tim Cook. AFP

Tim Cook has an air of bashful reverence. In his 13 years at the helm of Apple he has created more value than just about any CEO in history, as the tech behemoth's market capitalisation has climbed from less than $400bn to almost $3trn. But he still acts as if he were there thanks to the grace of Steve Jobs, or the skill of his colleagues, or divine providence. It was in character, then, that when he took to the stage at the iPhone-maker's annual developers' gathering on June 10th, he first greeted the cheering throng by clasping his hands together, as if in prayer. He probably would not admit this, but there was plenty to pray for.

Apple is suffering one of its periodic bouts of investor angst. Call it the curse of the missing mojo. In the past 18 months Wall Street has convinced itself—as it has a few times since Jobs died in 2011—that the creative spark bequeathed by Apple's Promethean co-founder has finally sputtered out. Behind that is a real problem: sales of the iPhone, which account for half of Apple's revenues, are slowing. But there is a perception problem, too. Apple's aloof response to the euphoria over generative artificial intelligence (AI) has cost it its crown as the world's most valuable company, which it lost to its one-time nemesis, Microsoft. To make matters worse, the market value of Nvidia, maker of chips that power generative-AI tools, this month briefly overtook that of Apple. Its boss, Jensen Huang, is treated like the second coming of Jobs.

Two questions have thus hung over Apple in the weeks leading up to the developers' conference. Would it come up with a generative-AI strategy convincing enough to win over the sceptics? And could this be sufficiently compelling to reboot iPhone sales? It is just a hunch, but on both counts your columnist thinks Mr Cook earns the benefit of the doubt. For the time being at least, the iPhone looks likely to survive and thrive in the generative-AI era.

The smartphone is an intimate thing. It goes wherever you go, contains your most precious memories, chronicles your love life, keeps your health and financial records, follows you around the web and, via its camera and microphone, can see and hear whatever you do. Part of Apple's bargain with users is that they pay a lot of money to keep that information private and secure.

Since the arrival of OpenAI's ChatGPT in late 2022, Mr Cook and Apple have faced the conundrum of how to maintain that privacy while training generative-AI models to behave like a personalised concierge.

The response is "Apple Intelligence", an attempt to make generative AI consumer-friendly in a way uniquely suited to users of the iPhone and other Apple devices. Siri, Apple's perennially clunky voice-assistant, gets a makeover; if all goes well (there were no live demos), it will now act like a cross between your PA, who can handle a series of tasks on your behalf, and your ten-year-old kid, who can tell you how to make use of the iPhone's latest features. To enable that, its operating systems will enable Siri to range across your apps (where it is enabled), your photos, your calendar and other contextual parts of your digital life to find information uniquely useful to you. Crucially, that information will remain, Apple promises, mostly in its own domain.

Instead of spending a fortune reproducing the all-knowing large language models (LLMs) and vast AI infrastructure of its peers, Apple is taking a more tailored approach. Its models will run on its own devices or, if more computing muscle is needed, its own data centres. They will use Apple-designed semiconductors. That gives the firm control not just of safety but of quality; the larger the model, the greater the danger of embarrassing mistakes.

For users who want more souped-up capabilities, such as advice on how to plant a garden, or a personalised bedtime story, it has struck a deal with OpenAI to provide free access to the latest version of ChatGPT. It did not disclose the financial arrangements. It will not be an exclusive relationship; Apple may in future use other LLMs, such as Alphabet's Gemini. In a nod to privacy, users will have to consent to each query—a process that could become mind-numbingly boring (think ChatGDPR). Apple's hope is that for their everyday needs, its customers will mostly get by with its own AI. The fact that so much of what is really useful to them resides on its devices could be its killer app.

For now, users are probably less hyped up about generative AI than investors are. It was telling at the developers' conference (where mathematicians are overrepresented) that the loudest cheers came when Apple announced that it was at last adding a calculator to the iPad. That had nothing to do with Apple Intelligence. The loudest groans came when it unveiled a generative-AI feature allowing users to create superhero emojis of their mums.

But as the saying goes, in the early days people wanted faster horses, not cars. The better generative-AI services become, the more users might be drawn to them. Samsung, Apple's biggest smartphone rival, has marketed the Galaxy S24 Ultra, its latest model, as a gateway to "mobile AI". Microsoft and others are promoting "AI PCs". Apple's AI features, when eventually rolled out, will be able to run on the most-recent iPhone 15 Pro, and Macs with the latest M-series of Apple chips, but earlier models will not be powerful enough. That could provide impetus for owners of old devices to upgrade, reinvigorating sales growth.

Are you Siri-ous?

It may be that when the supercharged Siri is unleashed on the world, it will be a laughing stock. It may be that ChatGPT, Gemini and other general-purpose LLMs become so much better that Apple will rue not building one of its own. But for now Mr Cook appears to have repeated an Apple speciality: not by being the first to embrace a technology, but by being the first to attempt to use it to fire up the consumer's imagination. He must pray the gods of AI are listening.

AI-driven Apple overtakes Microsoft as world's most valuable firm

Reuters
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Apple's shares jumped nearly 4% to a record $215.04. AP

Apple once again became the world's most valuable company on Wednesday, dethroning Microsoft from the top spot, as the iPhone maker pushed ahead in a race to dominate artificial intelligence technology.

Its shares jumped nearly 4% to a record $215.04, giving it a market valuation of $3.29 trillion.

Microsoft's market capitalization stood at $3.24 trillion, falling behind Apple for the first time in five months.

The stock surge comes as the tech-heavy Nasdaq hit a record high on fresh signs of cooling inflation.

Apple shares had added more than 7% in the previous session, a day after it unveiled a range of AI-enabled features and software enhancements for its devices, a move that several analysts said would power iPhone sales.

At Apple's annual developer conference on Monday, executives, including chief executive officer Tim Cook, touted how voice assistant Siri would be able to interact with messages, emails, calendar as well as third-party apps.

"All those questions about Apple lagging from an AI technology standpoint were answered at the Worldwide Developers Conference," said Michael James, managing director of equity trading at Wedbush Securities in Los Angeles.

"Some of the specifics about AI capabilities that are going to be integrated into the upcoming iPhones made it very apparent that there will clearly be demand for a significant upgrade cycle."

The tech giant has trailed rivals such as Microsoft and Google-owner Alphabet in the red-hot field of AI, a reason why its shares underperformed this year compared to its peers.

Some of the concerns over its weak share performance, however, eased after the iPhone maker beat market expectations for quarterly results and forecast in May, and unveiled a record $110 billion buyback plan.

Apple's shares have risen about 12% so far in 2024, while Microsoft has added about 16% and Alphabet nearly 28%.

AI chip leader Nvidia, which briefly overtook Apple's market value last week, is up a whopping 154% this year.

Nvidia last had a market value of $3.11 trillion.

Tesla is the only other 'Magnificent Seven' stock that has fared worse than Apple this year, with an about 30% slide.

The firm manages $85 bn in various pvt debt strategies, like direct lending, multidebt solutions, infra and real estate debt. BLOOMBERG

BlackRock seeks insurance tie-ups in pvt debt push

Bloomberg
feedback@livemint.com

BlackRock Inc.'s private-debt business is exploring ways to tap the deep pockets of insurance companies that are increasingly looking to boost their allocations to the asset class.

The world's largest asset manager is actively looking to form partnerships with insurance companies that will help it increase its private-debt assets, said James Keenan, the firm's global head of private debt. His team already manages assets on behalf of insurers, but doesn't currently have any defined collaborations, like some other investment managers do.

Although it's not yet clear what structure partnerships would take, they will be in the form of separately managed accounts and could resemble recent deals in the industry such as the 2022 tie-up between Blackstone Inc. and life insurer Resolution Life. That deal made Blackstone a key asset manager for the insurer, in charge of a cash pot that could hit more than $60 billion.

"We don't want to be in the insurance space and write liabilities, but we will form collaborations with insurers," Keenan told *Bloomberg News* last week at the SuperReturn International conference in Berlin.

Private debt has been a hot topic in the insurance industry of late. Companies are looking to increase their allocations and benefit from the more attractive returns at a time when higher-for-longer interest rates have hurt the performance of other private-markets strategies, such as buyout funds, where insurers have also traditionally invested.

BlackRock's 2023 insurance report found a majority of respondents planning to raise allocations in private assets

BlackRock's 2023 insurance report found the vast majority of respondents were planning to increase their allocations in private assets, with about 60% saying they would invest more in direct lending over the coming two years.

The New York-based firm oversees more than $10 trillion, primarily in its passive and active mutual funds that invest in listed stocks and bonds, but in recent years has made a greater foray into private markets. It now manages $85 billion in various private debt strategies, including direct lending, multidebt solutions, infrastructure and real estate debt.

S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50	
CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE
76,606.57	0.20	23,322.95	0.25	21,960.95	0.50	70,202.15	0.75
PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN
76,456.59	76,679.11	23,264.85	23,344.45	21,852.00	21,935.20	69,678.70	69,991.35
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
77,050.53	76,533.78	23,441.95	23,295.95	22,023.90	21,904.70	70,361.95	69,858.40

Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE
24,348.80	0.32	45,164.03	1.07	50,233.11	1.06
PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN
24,271.05	24,358.85	44,683.83	44,882.40	49,707.00	49,951.69
HIGH	LOW	HIGH	LOW	HIGH	LOW
24,445.80	24,313.40	45,233.40	44,860.80	50,264.34	49,941.20

MINT SHORTS

Top Asia currency trade risks tripping up mkt if rupee swings

One of Asia's most lucrative currency trades risks becoming a victim of its own success, according to analysts, with investors blindsided if the market suddenly turns. Borrowing China's yuan and buying rupees with the proceeds is a top regional play this year. The strategy takes advantage of India's higher interest rates as officials in both countries keep their currencies in a tight range. Citigroup Inc. estimates the strategy offers 350 basis points to 400 basis points of returns based on the interest rate differential, known as carry. The risk is that too many investors have piled in, exposing them to sudden swings in the exchange rate. Citing a drop in India's foreign currency reserves in April and potentially worsening trade balance, JPMorgan Chase & Co. said in a June 5 note that it had unwound its yuan-rupee short prior to India's election and would forgo bets on the pair until levels were "better." Barclays Plc also sees grounds for caution. BLOOMBERG

The data complicates the Bank of Japan's decision on how soon to raise interest rates. AP

Japan May wholesale inflation jumps more than expected

Japan's wholesale inflation jumped in May at the fastest annual pace in nine months, data showed on Wednesday, a sign the weak yen was adding upward pressure on prices by pushing up the cost of raw material imports. The data complicates the Bank of Japan's decision on how soon to raise interest rates, as price rises driven by cost pressures could cool consumption and dampen the chances of achieving the kind of demand-driven inflation it wants to see before further phasing out stimulus, analysts say. "Consumer inflation may not slow much as wholesale price rises re-accelerate, and energy prices are seen rising sharply towards this summer" as government subsidies to curb utility bills end in June, said Takeshi Minami, chief economist at Norinchukin Research. The corporate goods price index, which measures the price companies charge each other for their goods and services, rose 2.4% in May from a year earlier, BOJ data showed, exceeded a median market forecast for a 2.0% gain. REUTERS

Bajaj Housing IPO: Parent's gain?

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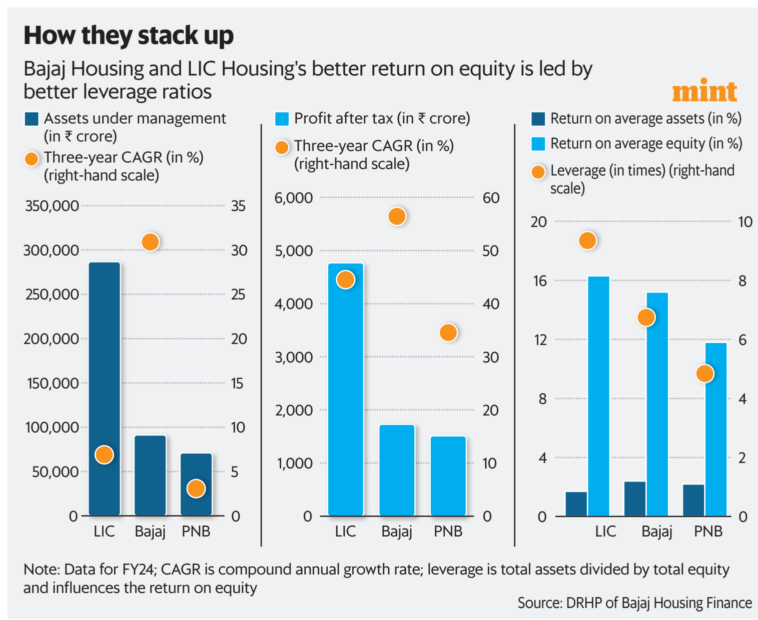
Bajaj Finance Ltd is killing two birds with one stone, as it looks at paring down its stake in subsidiary Bajaj Housing Finance Ltd through an initial public offering (IPO). This strategic move will not only ensure compliance with Reserve Bank of India (RBI) regulations but will also help Bajaj Housing Finance become self-reliant, reducing its dependence on parent Bajaj Finance for funding.

The IPO is a combination of an offer for sale (OFS) and fresh issue of shares. The OFS by the holding company amounts to ₹3,000 crore, while the fresh issue will raise ₹4,000 crore for Bajaj Housing Finance.

Now, since Bajaj Housing Finance already has more than required capital adequacy, raising a higher amount from fresh issue would have put pressure on return ratios i.e. RoA (return on assets) and RoE (return on equity) in the near future. At the same time, a purely OFS issue would have seen the holding company cashing out of the housing business before it could achieve scale and higher valuation.



After listing, Bajaj Finance will benefit by shedding the lower RoA and RoE housing finance business, making Bajaj Housing Finance self-reliant in terms of funding. In April, Bajaj Finance infused ₹2,000 crore into Bajaj Housing Finance via a rights issue. Emkay Global Financial Services projects FY26 RoA and RoE for Bajaj Finance at 4.8% and 23.2%, significantly higher than the 2.1% and 14.6% projected for Bajaj Housing Finance.

Bajaj Finance's high return ratios are due to its short-duration loans, including the financing of consumer appliances, though unsecured, but with high interest rates culminating in robust net interest margin. Moreover, return ratios get a boost from faster recycling of capital as loan cycles are shorter.

Low risk of NPAs

Nearly 85% of Bajaj Housing Finance's borrowers are salaried employees, which further reduces the already low risk of non-performing assets (NPAs) in housing finance as loans are secured against the property value. However, if interest rates head south, there is a risk of the interest rate spread becoming thinner as Bajaj Housing Finance offers loans on a floating rate basis, even as about 40% of the company's borrowings are on fixed interest rate. The company's spreads compressed to 2.5% in FY24 from 2.8% in FY23 as cost of funds rose in tandem with repo rate increase.

Another aspect of the listing is regulatory compliance. Bajaj Housing Finance is classified as a non-deposit taking housing finance company in the upper layer of RBI's list of non-banking financial companies. Listing for such companies is mandatory by September 2025.

STRATEGIC MOVE

THE move ensures RBI compliance and helps Bajaj Housing Finance become self-reliant

BAJAJ Finance will benefit by shedding its lower RoA and RoE housing finance business post listing

As far as the impact on the valuation of Bajaj Finance is concerned, it is already being valued on a sum-of-the-parts basis. ICICI Securities and Emkay value the stake in Bajaj Housing Finance at ₹830-844 per share or at a market capitalization of about ₹50,000 crore. Considering Bajaj Finance's market capitalization of ₹4.5 trillion, Bajaj Housing Finance's valuation represents around 11% of the total. Now, even if Bajaj Housing Finance were to exceed expectations by 50% upon listing, it would translate into just about a 5.5% upside to Bajaj Finance's valuation.

Against this backdrop, investors in Bajaj Finance's shares should not get too excited about Bajaj Housing's listing. In fact, brokerages like Motilal Oswal Financial Services are not enthused about Bajaj Finance's prospects and see limited upside catalysts for the stock. "Management's guidance for FY25 is below its long-term guidance on multiple metrics such as AUM growth, credit costs, RoA, and RoE," said Motilal's analysts in their Q4FY24 review report.

Mahanagar Gas had a bumper FY24. This year may not be so

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Every year cannot be a bumper one. That, in short, is Mahanagar Gas Ltd's near-term outlook. After a year of solid profitability, the city gas distribution company's margin is expected to taper in FY25.

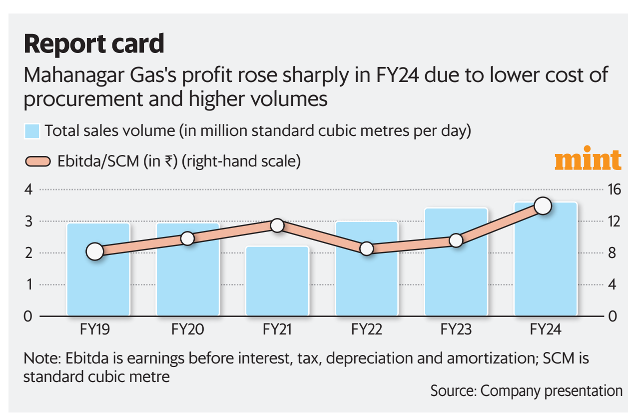
MGL's Ebitda per standard cubic meter (scm) had scaled up in 2023-24, thanks to lower cost of gas procurement despite marginally lower revenue. For the next 2-3 years, however, MGL expects its Ebitda per scm to drop to ₹9-11, the company told analysts at its investor meeting.

That said, MGL, which is present in Maharashtra, expects volume growth of 6-7% as it expands network coverage.

In keeping with the company's forecast, Centrum Broking estimates MGL's FY25 earnings per share to drop 26%, followed by a 2.7% EPS increase in FY26.

"We believe, incrementally MGL's volume growth to largely determine its earnings growth provided the company is able to maintain its Ebitda/scm," Centrum's analysts said in a note. MGL's total volume in FY24 was 3.6 million cubic metres per day.

This financial year, lower sale prices rolled out in March and a drop in the share of administered price mechanism (APM) gas are expected to weigh on MGL's margin. The company's management has indicated that APM gas share has fallen to 70% in the April-June quarter, from 75%.



MGL plans to invest ₹1,000 crore this financial year in laying pipelines and building infrastructure, including ₹200 crore in its gas distribution company Unison Enviro Pvt. Ltd (UEPL).

UEPL has licences to distribute natural gas in three districts in Maharashtra, and has already begun supplies in one. UEPL's volume is 0.14 million cubic metres per day, with growth is expected to be about 10%.

MGL entered into a joint venture (JV) with Baidyanath LNG Pvt. Ltd in December to set up liquefied natural gas retail outlets. The JV will set up six stations initially to supply LNG to heavy-duty vehicles like trucks.

MGL has also entered into a pact with the Mumbai municipal corporation to set up a 1,000-tonne per day compressed biogas plant to convert solid waste, for an investment of ₹500 crore.

Yet, the biggest trigger for MGL would be inclusion of natural gas in the goods and services tax, allowing consumers to claim credit for input tax paid and may lower cost of gas for them; and increase usage among industrial and commercial consumers.

The MGL stock trades at about 12 times its FY25 estimated earnings, show *Bloomberg* data. It has gained 20% so far in 2024. But in the near future, margin concerns may weigh on sentiment even as MGL's valuations aren't pricey.

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

Credit rating agencies seek action on cos hiding information

FROM PAGE 1

RBI sought details of companies withholding information.

Banks use ratings from external agencies to decide the risk weight on loans as per regulatory guidelines. These risk weights determine how much capital will be consumed for a specific loan. The higher the perceived risk, the higher its risk weightage.

"We have to spend time and resources on these ratings even as the companies do not respond to requests for data," said the first person.

The second person said that the agencies had approached both markets regulator Sebi and RBI, but given that most of these non-cooperative ratings pertain to loans and not bonds, they are now focused on convincing the central bank.

Bankers denied they are holding back withdrawal of ratings. According to two senior bankers who also spoke on condition of anonymity, many companies want to change their rating agency in search of better rating since it allows them to raise cheaper funds. They said banks give NOCs on a case-by-case basis.

Emails sent to Crisil Ratings, Care Ratings, India Ratings and Research, RBI and Sebi remained unanswered. A spokesperson for Icra declined to comment.

Sankar Chakraborti, managing director and chief executive officer, Acuité Ratings & Research, said a rating agency cannot stop covering a rating even when the issuer is not cooperating. "Both rating industry and banks need to work closely to find a solution to this problem," he said.

RBI had reportedly sought details of firms withholding information. REUTERS

Experts said Sebi guidelines mandate rating agencies to carry out periodic review of the securities they have rated.

"In case of non-cooperation by the issuer, CRA (credit rating agency) is required to carry out the review on the basis of best available information," said Shrishail Kittad, a partner at law firm IndiaLaw LLP.

Others said companies might conceal risks from rating agencies by selectively presenting financial data, downplaying potential vulnerabilities, or omitting pertinent information.

"They could also employ complex financial structures to obscure risks or misrepresent their financial health. Additionally, companies may attempt to influence the rating process through lobbying, providing incentives, or withholding critical information," said Jidesh Kumar, managing partner, King Stubb & Kasiva, Advocates and Attorneys.

When companies stop sharing data that rating agencies require to maintain a watch over their credit ratings, they are termed non-cooperative.

"The submission of rating agencies is that when a listed company is non-cooperative, a rating agency can still look at data available in the public domain," said the first person. "But most of the issuers are unlisted and, hence, there is not enough data available publicly to carry out meaningful surveillance."

The first person added that rating agencies are now hoping they can move INC (issuer not cooperating) ratings out of their remit by withdrawing the ratings, when they have been classified as non-cooperative a couple of years ago.

"Currently, lenders can give an NoC to the CRAs to withdraw the rating, but most lenders are not giving it and there should be some regulatory nudge that would tell lenders that you either get the issuer to cooperate or give an NoC. Failing to do neither should result in some penal charges," said the first person.

As per RBI guidelines, unrated corporates attract a lower risk weight of 100% than those rated BB and below. However, corporates and non-bank financiers, except core investment companies, which were rated earlier and then turned unrated, will attract a risk weight of 150% if the overall debt from banks is more than Rs 100 crore. For exposures higher than Rs 200 crore, the risk weight on all unrated corporates is 150%.

JPMorgan clients set up for India inclusion

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A majority of clients that follow the JPMorgan Emerging Market Bond Index are now registered to trade directly in Indian government bonds, which will be included in the index at the end of this month, an official at the Wall Street Bank said.

"In the case of India, we provided a relatively long lead time before index inclusion starts," Gloria Kim, global head of index research at JPMorgan, said in a written response to *Reuters*.

"This was highly appreciated by clients as it provided them ample time to get their local market access set-up to trade," said Kim, adding that a "handful" of clients are in the process of setting up their accounts.

India's inclusion in global bond indices was discussed for nearly a decade before the inclusion in the widely tracked JPMorgan index was finally announced last September. Its weightage in the index will rise to 10% over a 10-month period starting 28 June.

"Assuming an index-neutral position, all else equal, we expect foreign inflows to be between $20-25 billion following index inclusion," Kim said.

An estimated $216 billion in assets under management are benchmarked to the index.

Ahead of the inclusion, foreign investors have bought more than $9 billion in Indian government bonds that fall under the 'fully accessible

Indian govt bonds will be added to JPMorgan's EM Bond Index later in June. BLOOMBERG

route' (FAR) and are set to be included in the index.

After initially buying short-term bonds, investors have now pivoted towards longer-term securities, which will have a heavier presence in the index.

These inflows have pushed FPI holdings to above 4% of bonds under the FAR category, from 2.8% before the index-inclusion announcement, said Kim, citing data from India's Clearing Corporation.

The securities most owned by foreigners include the 7.18% 2033 bond, at 11.7%, and the 7.06% 2028 bond, at 9.6%.

India's inclusion in global bond indices was partly delayed due to operational aspects of trading in India, including the central bank's insistence that these securities should be settled locally. But market feedback on the process of registering to trade in India has so far been "largely positive", said Kim, who sees India-focused bond exchange-traded funds and collective investment vehicles offering intra-day liquidity on Indian debt.

Fomo buying, minister continuity push Nifty to a new high

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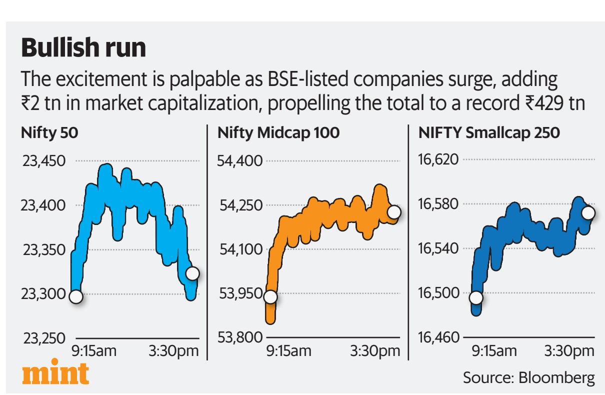
Announcements about the key ministerial portfolios in the new cabinet have reaffirmed confidence in the government's commitment to its policies, cheering investors. What's more, a wave of capital that was sidelined until the election verdict, is now being actively deployed. All this catapulted the Nifty 50 to a new high in Wednesday's trading session. In fact, the optimism extended to the broader market as well, with the Nifty Midcap 100 and Nifty Smallcap 250 clocking all-time highs.

The excitement is palpable as BSE-listed firms surge, adding ₹2 trillion in market capitalization today, propelling the total to a record ₹429 trillion.

"Most ministers retaining their portfolios signals policy continuity," remarked Manish Sonthalia, CIO, Emkay Investment Managers. This suggests that pending tasks will be addressed in the third term, with the countdown to the first 100 days and upcoming budget already underway, he said.

"On top of that, what's fuelling this rally to new heights is the fear of missing out (Fomo) buying," believes Sonthalia. The rapid rebound from the lows Indian indices hit on election day caught many by surprise. Now, investors are apprehensive about missing out on the likely rally, driving this buying spree and propelling indices to fresh peaks, he explained.



While noting that the retention of key portfolios by current ministers has added to expectations of policy continuity, Nirav Karkera, head of research at Fisdom, said that there may be intermittent declines as the structural nature of the rally resonates with the widely held buy-on-dips call on equities.

On Wednesday, Nifty 50 settled 0.3% higher at 23,322.95 and Sensex closed at 76,606.57 points, up 0.2%. What helped the indices close higher were gains in shares of HDFC Bank, Reliance Industries, Larsen & Toubro, Power Grid and Bharti Airtel. Though, both headline indices had risen 1% intraday with Nifty 50 hitting a record high at 23,441.95 points.

Nifty 50 has been unable to decisively close above the 23,400 level for the last three days. Significant call writing was witnessed at 23,400 and 23,500 strikes in the benchmark index. So, Ashwin Ramani, Derivatives & Technical analyst, Samco Securities, said, "Significant call writing at 23,400 strike indicates that bears are not ready to lose their control and tightening their grip, which is why we may see intermittent dips. Tomorrow (Thursday) being a weekly expiry day, trading activity at this strike will decide the future course of Nifty's direction."

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

Airlines ready to trust Boeing again but seek remedies first

With investigations underway, Boeing has also implemented a management reshuffle plan

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Boeing has been in the spotlight since January over investigation into the 737-9 MAX aircraft. REUTERS

US-based aerospace giant Boeing has a big task at hand—winning back the trust of its customers. While airlines across the globe are ready to trust Boeing again, they want the aircraft manufacturer to revert to its historical standards of quality and safety.

"The issue to me at Boeing is culture. They are one of the best technology, engineering, quality companies in the world. But, I think they let the short-term financials take primacy, and all they must do is get back to the culture of quality and engineering and the financials will take care of themselves," United Airlines chief executive Scott Kirby told *Mint*.

Boeing has been in the spotlight since January over investigation into the 737-9 MAX aircraft. On 5 January, an Alaska Airlines flight 1282 took off from Portland for Ontario in the US, and shortly after takeoff, a door plug or a structure installed to replace an optional emergency exit door, blew out, causing an uncontrolled decompression of the aircraft. The aircraft returned to Portland and several passengers required medical attention after landing.

As a result, the National Transportation Safety Board of the US opened an investigation into the Alaska Airlines incident and weeks later, the NTSB was also investigating another incident in February in which a United Airlines pilot in a Boeing 737 Max-8 reported stuck rudder pedals during a landing.

"I think Boeing has work to do. It is a question that is vexing us all. They will get it right in the end. They will restore their production lines, their safety of operations, their quality of build, that will come. We are all being hamstrung by this. But, they are on it, and they get it. That is the most important thing that they get it, so they know they cannot continue the way they did," Emirates president Tim Clark told *Mint* on the sidelines of the IATA Aviation Summit earlier this month in Dubai.

The current investigation at Boeing has also slowed down the pace of deliveries by the aircraft manufacturer. In May, deliveries halved to 24 commercial aircraft, compared to 50 in the same month a year ago, as the company said that it is producing fewer MAX aircraft to improve manufacturing quality.

SAFE LANDING

THE airlines want the aircraft manufacturer to revert to its historical standards of quality

THE current probe at Boeing has also slowed down the pace of deliveries by the company

THE firm said that it is making fewer MAX aircraft to improve manufacturing quality

IN May, deliveries dropped by half to 24 commercial aircraft from 50 the previous year

"Everyone is aware of the challenges that Boeing faces, given the high profile of events they have faced, but I think everybody is aligned that we want to see these original equipment manufacturers (OEMs) perform and we need strong competition, and we only have two major airframe manufacturers...recognizing that we also have Embraer, which does an excellent job, and there is a developing industry in China, we want to see these manufacturers perform and perform to the standards that is expected," International Air Transport Association director general Willie Walsh said.

While the investigations by NTSB and US aviation regulator Federal Aviation Administration have been underway, Boeing has also implemented a management reshuffle plan. President and CEO Dave Calhoun will step down as CEO at the end of 2024. Stan Deal, president and CEO of Boeing Commercial Airplanes, retired from the company in March and has been replaced by Stephanie Pope.

Luxury retail poaches talent from hospitality and aviation

Suneera Tandon & Varuni Khosla
MUMBAI/NEW DELHI

Brands are hiring and training quality talent that can speak to an upmarket shopper. MINT

Sara Mukadam, a retail executive at an upscale mall in Mumbai, is engaging Friday afternoon shoppers with the intricacies of a high-end leather goods brand's latest collection. Adept at explaining the finer points of bags costing in excess of ₹50,000, Sara effortlessly recommends complementary items on sale at the store.

In pursuit of a better compensation, Sara transitioned to luxury retail in 2023 after a stint at one of India's top five-star hotel chains as well as a business process outsourcing company. The near-double salary and performance-based incentives were significant motivators, she said. Buoyed by the rising demand for international brands domestically, Sara finds exceeding monthly targets increasingly achievable as customers indulge in luxury purchases.

The switch to retail from hospitality was, in a sense, a good career shift for the 28-year-old who holds a bachelor's degree in hotel management, she told *Mint*.

Several luxury retail industry officials *Mint* spoke to are finding it increasingly hard to draw in fresh talent, in a sign of a broader shortage of skilled manpower. The growing demand for talent and attractive compensation as well as working hours have prompted those employed in aviation and hospitality firms to switch to the luxury retail sector, recruiters said.

"Talent has moved and continues to move—about 30-40% of all the job placements we do now for luxury retail are from hospitality, while another 15% come from aviation. Pre-covid, these numbers stood at 20-30% per annum and 10% respectively," said Udit Mittal, founder and managing director at recruitment firm Unison International Consulting Pvt. Ltd. Luxury retail recruitment at the firm has grown two-threefold.

The numbers are set to climb further with more luxury shopping destinations opening up in India.

In 2023, luxury brands significantly expanded their footprint in India, leasing more than 600,000 sq. ft of retail space across various formats, a 170% jump from the previous year, according to a recent report by real estate consultant CBRE South Asia and the PHD Chamber of Commerce and Industry. Luxury brand leases in malls surged 300% to 240,000 sq ft; high street store formats also grew. Last year, Reliance inaugurated Jio World Plaza, bringing global luxury brands such as Dior to Hermes to Mumbai.

In 2023, luxury brands expanded in India, leasing over 600,000 sq. ft of retail space across formats

"Companies also realise that selling at the store is very important and no matter how good the product is, if the customer service is not good, nobody will buy it," Mittal said.

While the pandemic saw a surge in online shopping, consumers are now returning to stores, prompting brands to hire and train quality talent that can speak to an upmarket shopper.

Shailesh Chaturvedi, managing director and chief executive officer, Arvind Fashions Ltd, said that as competition in retail has gone up with more foreign brands establishing presence in India, retailers have worked to ensure their staff is well-remunerated.

"Post-covid, business has improved, a lot of international brands have come—but a lot more people are also willing to join retail. While jobs such as aviation and hospitality are glamorous, hours are long and employees usually burn out quickly and switch to retail. In general, the perception of working in retail has changed too—they dress better, get sales incentives, engage with aspirational customers, environments are secure," Chaturvedi added.

Read an extended version of this story at livemint.com

Telcos seek lower spectrum prices

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The next round of spectrum auctions will start on 25 June. MINT

As the new government takes charge, India's telecom industry has highlighted concerns over high spectrum prices, urging regulatory intervention to bring costs in line with global standards and remove minimum rollout obligations. The Cellular Operators Association of India (COAI) contends that these changes would allow telecom companies to use spectrum resources more efficiently.

"Despite making huge investments for 4G/5G rollout, telecom service providers in India are still among those with the lowest average revenue per user (Arpu) in the world. India's spectrum costs as a proportion of annual recurring telecom revenues are much higher than key global markets such as China, Germany, the UK, Brazil, or even neighbouring Pakistan," said the COAI, citing research firm CLSA. "In this context, we urge Trai (Telecom Regulatory Authority of India) to revisit the spectrum pricing recommendation, in line with global norms."

The plea comes as the telecom department gears up for the next round of spectrum auctions starting 25 June, which will include 4G and 5G spectrum.

Auctions were postponed twice due to the Lok Sabha election. The previous spectrum auction had fetched the government a record ₹1.5 trillion.

Auctions were postponed twice due to the general election. The previous auction had fetched a record ₹1.5 trillion

Looking ahead, COAI has also urged the government to strategically plan the allocation of 6GHz resources for future 6G networks. "To achieve the mission of 6G through initiatives such as Bharat 6G Alliance and Bharat 6G Vision, the industry needs massive spectrum resources which can deliver the higher capacity required by 6G," the association said.

COAI director general S.P. Kochhar emphasized the need for regulatory action amid concerns that large traffic generators or over-the-top (OTT) players heavily utilize telecom networks without contributing to the costs.

"The rapid surge in data over telecom networks has put tremendous pressure on telecom networks, leading to severe quality of service issues and drastically impacting TSPs' (telecom service providers) customer experience. We feel this is a clear case of exploitation as the massive investment and efforts of the TSPs are being siphoned off by these service providers," Kochhar said.

Kochhar explained that the issue is not with smaller players, startups or MSMEs, whose traffic generation is minimal compared to large OTTs. These OTT services consume large amounts of data, and the revenue they generate from subscriptions and advertisements is repatriated to their parent countries.

"This causes a huge loss, estimated to the tune of ₹10,000 crore, to the government exchequer. This is expected to increase further in the coming years, especially with the emergence of newer AI (artificial intelligence) applications and technologies such as video optimization on OTT streaming platforms," Kochhar added.

NCLT gives Go First last 60 days to complete insolvency resolution

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The move follows an extension that expired on 3 June. REUTERS

The National Company Law Tribunal (NCLT) on Wednesday granted a final 60-day extension to the bankrupt Go First airline to complete its corporate insolvency resolution process (CIRP).

This extension, which lasts until 3 August, comes amid challenges and legal implications stemming from a Delhi High Court ruling that deregistered all leased aircraft held by the airline. Additionally, some resolution plans are also under consideration.

This decision follows a previous extension that expired on 3 June, marking the second time an extension has been granted beyond the prescribed 330 days under the Insolvency and Bankruptcy Code (IBC).

The NCLT emphasized that no further extensions will be granted beyond 3 August, urging the bankrupt airline's committee of creditors (CoC) and the resolution professional to adhere strictly to the deadline.

"We are not recording this in the order, but this is the final extension...Every time you seek extension...based on Essar Judgment. Every time Essar Judgment will not help," the NCLT said. The tribunal's stance reflects the urgency to resolve the insolvency process, which has been complicated by legal judgments and evolving bidder interests.

The resolution professional's counsel explained the necessity of the extension, citing the ongoing implications of the Delhi High Court judgment and the evolving bids from potential investors.

The CoC, which includes Central Bank of India, Bank of Baroda, and IDBI Bank Ltd, had unanimously approved the extension request in a meeting on 22 May. This move aims to accommodate the consideration of two remaining bids, one of which seeks a revision in light of the court's judgment, while the other requires clarification.

Under India's insolvency laws, the corporate resolution process must be completed within 180 days, with an option for a 90-day extension. The entire process is capped at 330 days, and any extensions beyond this period are granted only under exceptional circumstances.

Go First, established in 2005 and previously backed by the Wadia Group, filed for insolvency on 2 May 2023, citing financial distress due to faulty engines supplied by Pratt & Whitney. The airline's total liabilities to creditors amount to approximately ₹11,463 crore, encompassing dues to banks, financial institutions, vendors, and aircraft lessors.

Germany's Hansgrohe eyes India expansion

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German sanitary fittings giant Hansgrohe is expanding its operations in India with plans to open 50 new stores across the country this year.

Known for its high-quality faucets and showers, Hansgrohe currently operates in 78 Indian cities with 170 stores. This expansion follows the launch of a new ceramics line, now assembled locally in India.

A key player in the Indian luxury bathroom fittings sector, the company is delving deeper into the premium segment, leveraging its established brand reputation to capture a broader customer base as demand for high-end bathroom solutions grows in the country. "India is a very exciting growth opportunity for the organisation. We saw the momentum in the past six years, but even more, we see huge potential in the future," Marc Andre Pam, head of global brand marketing at Hansgrohe SE, told Mint. He emphasized that this substantial potential stems from rising purchasing power and a growing inclination towards luxury home products.

Gaurav Malhotra, managing director of Hansgrohe India, elaborated on the company's strategic initiatives, "The initiation of our assembly operations marks a pivotal step towards adapting our business model from import-heavy to a more sustainable, localized production. This not only helps in reducing costs, but also in strengthening our market presence." According to him, the assembly facility is in its initial phase, focusing on delivering products that cater specifically to Indian preferences and standards.

Read an extended version of this story at livemint.com

Queer influencers laying pitch for brands to deliver on diversity goals

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MUMBAI

Brands invite queer influencers to engage with their employees and sensitize them towards the LGBTQIA+ group. AFP

Soon after Yogi and Kabeer, a gay couple, delivered a training session at insurance company Future Generali's Mumbai office in July last year, a lady in her forties approached them. She said it was the first time she had seen a gay couple, and if her teenage son ever came out to her, she would be able to understand him better.

Yogi and Kabeer are communications professionals and content creators, and are part of a growing tribe of queer influencers that are being increasingly sought out by companies to further their diversity, equity, and inclusion (DEI) goals.

"That statement, especially as it came from a mother, made us very emotional. It made us understand that with us being out there at a workplace, there are so many people who are listening to us, and we don't even realize that our dialogue, our conversation, our presence there can give hope, can give meaning to so many people's lives and help them," said Yogi. He wished his parents' workplaces had such initiatives so his coming-out journey would have been easier.

The training session was a part of the company's 'pride' event celebrations. It was followed by a pride parade led by well-known faces from the queer influencer community, including Sushant Divgikar.

The queer influencer community plays a vital role in helping brands achieve their DEI objectives. DEI goals are frameworks within firms aimed at ensuring fair treatment and equal participation of all individuals, particularly those from underrepresented or discriminated groups based on identity or disability.

Brands invite queer influencers to engage with their employees and sensitize them towards the LGBTQIA+ group and make their workplace safer for the community and other minorities.

INCLUSION DRIVE

QUEER influencer community plays a vital role in helping brands achieve their DEI objectives

DEI goals ensure fair treatment and equal participation for all individuals within organizations

"We help them navigate these conversations within their organizations from bottom-level employees to top management. These usually starts with a general conversation on the queer community in India and then moves on to more nuanced discussions on how they can make their workplace queer-inclusive, safe and a positive space," said Sakshi Juneja, founder of Gaysi Family, a digital space for members of the queer community.

"It's heartening to see brands engaging with the community far beyond the Pride Month, partnering with influencers for their authenticity rather than mere token representation. In this effort, we have collaborated year-round with homegrown brands like Lakmé and more," said Gunjan Arya, chief executive officer, Only Much Louder Entertainment (OML), an artiste management and content production agency that represents popular queer influencers like Trinetra Haldar, a medical doctor and a transgender activist.

Hindustan Unilever, which owns the cosmetic brand Lakmé, confirmed the collaboration with OML in response to *Mint's* emailed query. After the digital boom during the pandemic, brands have also become keen on virtual training sessions that enable employees to participate in these conversations from their comfort zones, even while working remotely.

Retail inflation moderates in May

FROM PAGE 1

get remains sticky," indicating that the central bank would wait for inflation to stabilize around 4% before taking policy action. However, two of the monetary policy panel members sought a rate cut and a change in monetary stance.

RBI last raised the repo rate to 6.5% in February 2023, and has left it unchanged since then.

Regulating interest rates is a key instrument for the central bank to control inflation. A higher interest rate regime makes borrowing costs more expensive, reducing demand among banks, financial institutions, and the general public, which can, in turn, bring down consumer spending and inflation.

Meanwhile, factory output rose 5% in April, against 4.9% in March and 5.6% in February. This uptick followed an eight-month low of 2.5% in November. Over the April-March (FY24) period, factory output expanded by 5.9%, slightly above the previous year's 5.2% growth.

"In terms of use-based classification, the infra and primary goods segments witnessed steady growth due to the infra activity going on...Consumer durables demand may be attributed partly to rural spending as well as wedding season where people tend to buy more of these goods in April-May," said Madan Sabnavis, chief economist at Bank of Baroda. In April, manufacturing output rose 3.9% annually, mining by 6.7%, and electricity by 10.2%.

For a longer version of this story go to livemint.com.

ABG eyes 'bifocals' for its businesses, people policies

The group-level move aims to expedite decision-making business-wide, among other things.

Devina Sengupta
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MUMBAI

The vastly diversified Kumar Mangalam Birla-led Aditya Birla Group has initiated changes at the group level, including in its employee policies, as it considers a new dual strategy for its traditional and new businesses.

The group, with interests ranging from cement to fashion, is currently in discussions with consultants and advisers to devise a "bifocal" strategy, according to industry executives familiar with the conglomerate's plans.

Under this dual strategy, older businesses such as cement and textiles will be subject to one set of policies, and newer ventures may operate under a different set of guidelines.

The business house founded in 1857 has over the years ventured into segments such as paints, jewellery, and fashion that require a different approach from its legacy businesses.

This may also call for changes in employee policies so that the group can attract talent more suitable for specific customer segments, said industry executives aware of the developments.

"The group is evaluating if a 'bifocal strategy' can be put into place where older businesses like cement, textiles, telecom, etc., need a certain kind of outlook, while the newer businesses like paints, jewellery, renewable, digital platforms" will need a different approach, said a senior industry executive, declining to be identified, as did the others.

The group, they said, has started implementing initial changes under


Kumar Mangalam Birla, chairman, Aditya Birla Group. MINT

Ashok Ramchandran, who took charge as group director of human resources in January.

Ramchandran, who has been with the conglomerate since 2015, said the group reviews all people processes periodically, and that "no major review of all policies is underway at this stage".

In 2016, the Aditya Birla Group, which employs more than 187,000 people of over 100 nationalities, had drawn up a policy nicknamed '2x2x2' to assign some of the best roles to high-potential employees who had worked in at least two geographies across two functions and two businesses.

That was part of a five-year plan to build an internal talent pipeline. The group later decided to select senior managers from within and not rely on hiring from the market. It had also created a database of employees highlighting their expertise in areas such as mergers and acquisitions and project launches for more efficient skill-mapping.

The 167-year-old group is now looking to create a swifter process for decision-making, said a second industry executive.

"The company has started initial rounds of discussion on whether structures within the group can be simplified, which, in turn, will help in the decision-making process," this executive said.

Ramchandran said while the group has a "well-oiled system" for hiring experts, speed-to-market will be a crucial aspect.

"At the Aditya Birla Group, we have always practised responsible empowerment of our businesses....," Ramchandran said. "This includes the design of the organization, structures, and talent onboarding, internal movements from within the group, and external hiring balance. Speed-to-market is one of the aspects at the core of decision-making."

Meetings with industry advisors and senior management have highlighted the need to spruce up the group's brand image and improve its market capitalization, according to the industry executives.

The group crossed a significant milestone earlier this month, reaching a market cap of $103 billion. Only Reliance Industries Ltd, Tata Consultancy Services Ltd, and HDFC Bank Ltd are ahead in terms of market cap, among listed Indian companies.

"Market cap is an outcome of many factors, I guess," the HR director said. "We are happy that the wider market recognises our brand in terms of consistent results, ways of working, resilience, and ambitions ahead."

FUTURE FOCUSED

THE company has begun devising a "bifocal" strategy with different policies for new and old biz

THE 165-year-old group employs more than 187,000 employees of over 100 nationalities

IT is in discussions to simplify structures to help speed up the decision-making process

THE group crossed a significant milestone earlier this month, reaching a market cap of $103 billion

Gentari plans sale of minority stake to raise $400 mn

FROM PAGE 1

and Petronas through Gentari have already established a presence in India's green energy sector, as the conventional hydrocarbon space undergoes a massive disruption with increasing focus on green hydrogen and energy storage. Petronas set up Gentari in June 2022 to accelerate the adoption of clean energy and build a renewable energy capacity of 40GW, supplying 1.2 million tonnes per annum of green hydrogen and setting up electric vehicle (EV) charging points across the Asia-Pacific, with a focus on Malaysia and India.

A Petronas spokesperson in an emailed response said, "We have nothing to add on the matter."

Gentari has been actively engaged in India's green energy transition. It has emerged as the winning bidder for the Indian solar projects of Finland's Fortum Oyj, totalling 185MW for the deal having an enterprise value of around $200 million and an equity value of around $150 million. It has also announced its equal joint venture (JV) with ReNew Energy Global Plc to develop 5 GW capacity, wherein Gentari Renewables India Pte. Ltd will have a 50% equity stake in Nasdaq-listed ReNew's utility scale 5 GW renewable energy portfolio comprising of solar, wind and energy storage projects.

Gentari was the winning bidder for the Indian solar projects of Finland's Fortum Oyj, totalling 185MW

Gentari was earlier also in the fray to buy solar projects totalling 350 megawatts (MW) from O2 Power, with Sekura Energy Ltd, an energy sector focused platform of Edelweiss Infrastructure Yield Plus Fund finally emerging as the front-runner.


Petronas set up Gentari to build an RE capacity of 40GW.

India's C&I sector has seen sustained investor interest and deal activity, as reported by *Mint* earlier. Recently, Noida-headquartered INOXGFL Group decided to sell a majority stake in its C&I business, and has mandated EY with running the sale process for the deal having a potential equity value of around $200 million. Also, Serentica Renewables, promoted by Sterlite Power, is planning to sell a minority stake to raise around $300 million and to appoint a sell-side banker to run the process.

Besides, Sanjeev Aggarwal, founder and chairman, Hexa Climate Solutions, along with I Squared Capital has set up Hexa Climate Solutions, wherein the New York-based private equity fund will invest about $500 million in the firm that will cater to C&I sector.


American investors, Russian oligarchs, and Gulf sheikhs were all drawn by the worldwide reach or English Premier League. AP

The richest league on earth is tearing itself apart

FROM PAGE 1

ter, which formalized the breakaway of England's top clubs from the structure which had existed for more than a century, transformed a dusty concern made up of local business owners and self-made men into a playground for global billionaires. American investors, Russian oligarchs, and Gulf sheikhs were all drawn by its worldwide reach and its willingness to roll out the red carpet to the highest bidder.

That is what drew Sheikh Mansour bin Zayed Al Nahyan to invest in City in 2008. Over the years that followed, the club spent billions assembling one of the deepest squads in soccer history. They didn't do it to finish in second place.

Tensions had been simmering between City and its rivals ever since the Premier League began trying to impose measures that are more familiar to American sports than the free-for-all that exists in English soccer. Those include various proposals for spending caps, greater oversight, and hard limits on debt. (It's no coincidence that around half the clubs in the Premier League now have U.S. owners, who are used to operating in the more rigid structures of American sports and support more financial controls.)

But the rule City is arguing against this week is one that the founders of the Premier League might never have imagined was necessary thirty years ago. Officially, it is called a ban on "associated party transactions." What that does in practice is limit the ability of sponsors who are also connected to or controlled by a club's owners from pouring in money as a way of skirting spending regulations.

In Man City's case, the club has faced allegations that it deliberately overvalued sponsorship agreements with companies such as Etihad, Abu Dhabi's flagship airline whose name is plastered across the team's jerseys and its home stadium. City has always denied wrongdoing. This is expected to be resolved long before any verdict on the other 115 charges.

In the meantime, these legal fights haven't slowed the City machine on the field. Last month, it clinched an unprecedented fourth straight Premier League title. And manager Pep Guardiola doesn't feel that his records in England are in any danger of being scrubbed out.

"What's going to happen is going to happen," he said this season. "In this moment, we are innocent until it's proven."

EV makers bet on apprentices

FROM PAGE 1

percentage of apprentices receiving hands-on training across establishments."

An apprenticeship is a system of training where 'apprentices' learn a trade or profession through a combination of on-the-job training and classroom instruction. Apprentices can be graduates or non-graduates. Students who turn apprentices can use the stipend to fund their education.

Such apprenticeship programs are also offered by companies. For example, Tata Motors runs a full-time in-house training apprenticeship program that hires students with ITI/12th pass backgrounds and trains them in specific skills. The program currently has 16,000 apprentices, of which 23% are women. According to a company spokesperson, 500 students completed the program in FY24 and landed jobs in the auto industry.

"The programme focuses on in-demand skills like mechatronics, IoT, robotics, and AI,


Students turning apprentices can use their stipend to fund their education. MINT

offering hands-on training that prepares students for rewarding careers in the automotive industry," the spokesperson said, adding that Tata Motors has also collaborated with training agencies and institutes to conduct specific modules for youth under various skill development schemes.

The Indian EV market is experiencing a surge with projections indicating 10 million annual sales by 2030, at a compounded annual growth rate (CAGR) of 49% despite short-term disruptions, said Kumar, adding that the expected surge in electric two-wheeler sales is particularly notable, forecasted to reach nearly 14 million units by 2030. This forecast has been determined by Teamlease on the basis of numbers from NITI Aayog.

However, this rapid growth presents a critical challenge in the form of a talent gap, particularly in technical roles. The challenge is similar in electronics manufacturing as well.

Atul Lall, managing director of Dixon Technologies said, "We're operating under the NAPS policy, under which we have hired many apprentices and their upskilling and training happens on the shop floor. The trainees will then be absorbed into the workforce and, as we all know, the EMS workforce requires a far higher number of people in the coming years than what is available now."

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Govt likely to approve organ swaps, insurance for donors

FROM PAGE 1

son, daughter, brother, sister and spouse are already permitted in law. "However, we are getting demands for other-than near relative donors to be given permission for swap donations," the official said, adding all these issues will be discussed at the *chintan shivir*. All transplants in India have to be mandatorily approved by an official authorization committee.

Dr Anup Kumar, head of urology and kidney transplant department at Delhi's Safdarjung hospital said, "Near relatives are first-degree family members who are approved as per law for organ donation, and other-than near relatives like friends or any other family are not permitted in law for organ donation. A special committee is constituted to look after this, which is still not allowed for swap donations. If this provision is allowed, we will be able

Donors suffering brain stem death or death by heart failure may be insured. ISTOCKPHOTO

to increase the pool of donors, fill the gaps between donors and recipients, and organ donors will be able to give to some other family and hence complication and cost will be less, and results will be better." Health coverage for organ donors is a good move, he added.

Deceased donors would include those who have suffered brain stem death, such as a road accident victim whose brain stem is dead and who cannot breathe on his own but can be kept alive on ventilator support and fluids to keep the heart and other organs working. Another type of a deceased donor could be a donor who has suffered cardiac death.

Dr H. Jauhari, chairman of kidney transplant surgery department at Sir Ganga Ram Hospital said, "Organ donation among other-than near related donor is not considered a legal transplant. I would call it as 'paired exchange'. So far, near relatives were able to donate organs. When you start bringing other-than near relatives, you have to be very, very cautious, and we have to plug all the loopholes. Additionally, health insurance should be must for a donor who is undergoing a major surgery, just like the recipient, and it is an uphill task for the family in terms of finance & mental pressure."

Yes Bank, IDFC First Bank seek to revive corporate lending

FROM PAGE 1

and mid-corporate segment and further enhance our focus on profitability improvement within retail, we would expect corporate advances segment to grow in high single digits."

During founder Rana Kapoor's tenure four years ago, Yes Bank gave 60% of its loans to companies. After the Reserve Bank of India superseded the bank's board in March 2020 and put in place a reconstruction or amalgamation scheme, the lender's loan book diversified to more retail and small business loans.

In December 2022, Yes Bank had transferred bad loans worth Rs 48,000 crore to J.C. Flowers Asset Reconstruction Pvt. Ltd.

IDFC First Bank, too, is looking at a healthy mix of retail and corporate loans, which currently stands at 83:17.

Almost 90% of its loan book was focused on corporate lending and infrastructure financing five years ago, when IDFC Bank and Capital First announced a merger to form IDFC First Bank.

However, IDFC First Bank made a conscious decision to reduce its corporate loan exposure because it had turned bad after the merger. Over the years, the bank's corporate loan exposure shrank, falling to 17% at the end of March 2024 from 48% in FY19.

The bank's corporate book (non-infrastructure) has slowly started picking up, growing 16% year-on-year in FY24, even as the share of infrastructure loans in wholesale assets has declined.

"With commodity cycle recovering from their recent lows, we expect working capital needs of both manufacturers and trading service providers to grow over FY25," said Paritosh Mathur, wholesale banking head, IDFC First Bank. "We had credit costs in the last cycle in corporate banking, so we have conservative credit risk exposure norms and look at cash flows closely."

IDFC First Bank's corporate loan exposure fell to 17% at the end of March BLOOMBERG

Mathur added that IDFC First's cost of funds had reduced over the past years, relative to that of its peers. "Therefore, it enables us to lend to a much larger universe of corporate clients as compared to, say, five years back," Mathur said.

That said, both IDFC First Bank and Yes Bank have a high cost of funds as compared with other banks, at around 6.5%. Comparatively, HDFC Bank and ICICI Bank have 3.7% and 4.86% cost of funds, respectively.

Cost of funds for IDFC and Yes Bank could be even higher if their capital requirements are taken into account. This could restrict their lending to AAA-rated companies, which typically command better pricing.

Looking ahead, ratings agency India Ratings said in its latest release that demand for credit from companies with capital expenditure plans will remain muted, driven by strong cash flows, the modular nature of investments, and the flexibility to tap the equity markets.

"Consequently, financial leverage is likely to remain muted and a meaningful increase in the credit requirements of banks/capital markets will be largely driven by movements in working capital cycles and/or potential inorganic opportunities," India Ratings said. "This could keep credit spreads tighter than historical levels."

RBI's November direction to increase the risk weights on unsecured loans could also be why Yes Bank and IDFC First Bank see corporate loan growth as an opportunity.

According to Yes Bank, the impact of the increase in risk weights has been nearly 40 basis points. And IDFC First Bank took a 1% hit on capital due to the increased risk weights on consumer loans.

IPL valued at ₹1.35 tn, but its pace of growth slows

Business up around 6.5% over 2023; brand value up 6.3% at $3.4 billion

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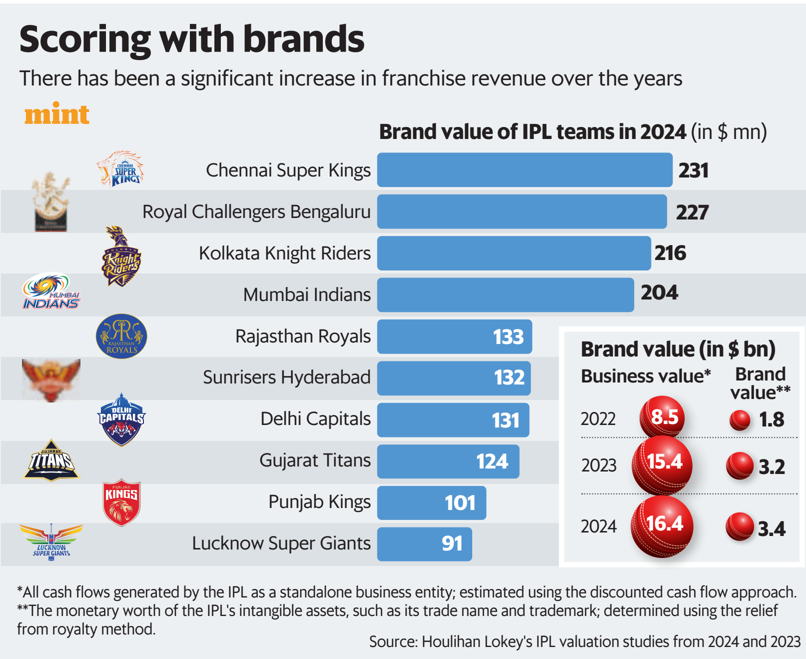

While the Indian Premier League (IPL) has hit it out of the park this year, its pace of growth has seen a slowdown when compared to the 2023 season.

A new report released on Wednesday by global investment bank Houlihan Lokey, titled *IPL Valuation Study 2024*, which has evaluated the cricketing league this season both as a business entity and a brand, said its overall business reached $16.4 billion or about ₹1.35 trillion, up around 6.5% over 2023. This growth was much slower than the 81.7% seen the previous year, when the overall business hit $15.4 billion against $8.5 billion in 2022.

The league's standalone brand value also rose by a similar 6.3% in 2024 over the previous year to reach $3.4 billion. It had grown 77% to $3.2 billion in 2023 against $1.8 billion in 2022.

While the league continues to grow, the pace of its growth has slowed considerably in the more recent period. Harsh Talikoti, senior vice president of the corporate valuation advisory services at Houlihan Lokey, told *Mint* that this could be due to the higher cash flows the IPL was able to generate due to the media rights renewal in 2023. "The league may again see that kind of a jump in 2027 or earlier if it is able to successfully penetrate new markets like US," he said.

81.7%
Growth in IPL's brand value last season

It said there has been a significant increase in franchise revenue over the years, primarily driven by revenue from television rights, despite each team having sponsorship revenue ranging from $5 million to $12 million. A major agreement was signed by Qatar Airways for around $9 million, about ₹75 crore, for a three-year contract with Royal Challengers Bengaluru.

Chennai Super Kings (CSK), the most consistent team in the IPL with 12 playoff qualifications and five titles, has a brand value of $231 million, ranking number one in both brand and business value, thanks to fan following, branding, and Mahendra Singh Dhoni's leadership, despite failing to make it to the playoffs in 2024. Royal Challengers Bengaluru (RCB) followed with a brand worth $227 million—a team that made the playoffs for the ninth time this year—bolstered by its fan base and Virat Kohli's presence, despite the season's loss in the semi finals to Rajasthan Royals.

Kolkata Knight Riders (KKR), driven by Shah Rukh Khan's power and players like Shreyas Iyer and Andre Russell, has climbed to third place with a brand value of $216 million, benefiting from a business management approach; Mumbai Indians (MI), valued at $204 million, remain a powerhouse with a legacy of nurturing talent like Suryakumar Yadav and Jasprit Bumrah, though their brand value faced setbacks due to captaincy changes and on-field performance issues; Rajasthan Royals (RR), capitalizing on young Indian talents and making it to the playoffs in fifth place with a brand value of $133 million; Sunrisers Hyderabad (SRH) followed with $132 million, revitalizing their squad with stars like Pat Cummins; Delhi Capitals (DC) was seventh with $131 million, buoyed by Rishabh Pant's return; Gujarat Titans (GT), struggling with leadership changes and injuries, ranked eighth with a value of $124 million; Punjab Kings (PK) and Lucknow Super Giants (LSG) rounded out the list with brand values of $101 million and $91 million respectively, reflecting their challenges in achieving on-field success and fan engagement.

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

₹9.8k cr R-Cap deal delayed: Hindujas

Priyanka Gawande & Anirudh Laskar
MUMBAI

The promoters of IndusInd Bank said approvals from the RBI and the government are causing the delay. MINT

Private sector lender IndusInd Bank Ltd's promoters—the Hinduja Group—on Wednesday, sought a 90-day extension till the end of August to complete their acquisition of erstwhile Anil Ambani-promoted Reliance Capital, arguing that approvals from the Reserve Bank of India (RBI) and the government are causing a delay to the ₹9,861 crore deal.

In an affidavit filed with the National Company Law Tribunal (NCLT), the IndusInd International Holdings (IIHL), a Mauritius-based promoter group firm of the Hindujas, said due to an ambiguity over the extant foreign investment norms, an ongoing work by the lenders (for the deal) on a renewed borrowing proposal for ₹7,300 crore, and a nod awaited from the central bank, the closure of the deal will take time.

Mint has reviewed a copy of the affidavit, which may be presented before the NCLT in the next hearing on the matter.

In February, NCLT had approved a ₹9,861 crore resolution plan involving acquisition of Reliance Capital (R-Cap) by IndusInd International. The deal proposal includes ₹7,300 crore in the form of borrowing (debt) from lenders, ₹2,500 crore by equity infusion by IndusInd International from outside India, and another equity infusion of ₹250 crore by one Cyqure India (a Hinduja Group associate).

The affidavit says while IndusInd International is waiting for crucial approvals for foreign investment from the government and RBI, the lenders, who are meant to extend the ₹7,300 crore facility for the deal, are "reworking the lending documentation" and are expected to complete this in the next few weeks.

"What is not realised or appreciated by those who are critical of the applicant (IndusInd International) is the fact that a total of 37 different documents/contracts/writings have to be finalized," says the affidavit.

As per the original terms of funding the deal, the ₹7,300 crore loan was supposed to contain a cross-guarantee.

On 22 May, the RBI had rejected this application by IIHL, which was an "extremely a critical part of the structure" for lenders to the transaction.

Due to this, IIHL was compelled to find an alternate security structure.

Then, after more than 10 meetings and multiple discussions held between 23 May 2024 and 30 May 2024, a consensus amongst lenders and IIHL was reached on 30 May 2024 on an alternate security package, says the affidavit.

This alternate package is meant to ensure provision of a security to the lenders through a "put option on the overseas holding company".

Following the agreement on 30 May, the revised term sheets have been confirmed via emails on 6 June 2024 from both the lenders—Barclays Bank, and 360 One—says the affidavit.

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Deposit rates to dip in medium term: SBI

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State Bank of India (SBI) chairman Dinesh Kumar Khara has said that deposit rates have peaked and will move southward in the medium term.

The country's largest lender also said the Reserve Bank of India (RBI) may start easing the interest rate cycle from the third quarter of the current financial year.

Last week, the RBI left its key interest rates unchanged for the eighth time in a row, keeping the focus on inflation amid robust economic growth.

"We are hoping that in the third quarter starting from October, perhaps there would be some possibility of inflation trajectory moving towards 4%, and that will be the right time when we can expect some interest cut (from RBI)," he said.

India's largest lender says RBI may start easing the interest rate cycle from the third quarter of this financial year

Some central banks from advanced economies like Switzerland, Sweden, Canada and the Euro area have begun their rate easing cycle during 2024.

On the other hand, market expectations of a rate cut by the US Federal Reserve, which was higher earlier, have moderated subsequently.

As far as the interest rate in the banking system is concerned, Khara said more or less they have already peaked.

"Going forward, we will get to see some marginal changes...I think, if we look at the medium-term trajectory of interest rate, perhaps it would be a downward trend," Khara also said.

Last month, the SBI had hiked the fixed deposit rate on select short-term maturity up to 75 basis points.

For retail term deposits of 46-179 days, the rate has been increased by 75 basis points to 5.50% against the earlier 4.75%.

There has been a 25 basis point increase in the other two maturity buckets—180-210 days and 211 days to less than 1 year to 6 per cent and 6.25%, respectively.

The SBI had left interest rates unchanged on other maturity buckets beyond one year.

South flicks script a comeback path for Hindi film actors

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The crossover also helps gain wider audiences in the north, trade experts say. X/DEVARAMOVIE

Hindi film actors such as Bobby Deol, Sanjay Dutt and Saif Ali Khan who may no longer be able to carry full-fledged projects on their shoulders, have received a new lease of life thanks to main antagonist roles in big-budget movies originally made in southern languages but often released with multiple dubbed versions.

Deol will be seen in a Tamil film with Suriya titled *Kanguva* and will also appear in a Telugu project starring Nandamuri Balakrishna. Dutt who has featured in titles like *KGF: Chapter 2* and *Leo*, will be seen in Telugu action film *Double iSmart* scheduled to release this week. Khan, who was recently seen in multilingual mythological flick *Adipurush*, will play the antagonist in Jr NTR-starrer Devara.

Trade experts say while this is a way for established actors to reinvent themselves, the crossover also helps to gain wider audiences in the northern belt, improving traction for the film in question.

"There has been a scenario where a lot of big stars have turned to character roles after playing the lead in order to extend their longevity. When the heavy-lifting at the box office is done by someone else, it is easy for these stars to make the required impact in a reimagined avatar," film distributor and exhibitor Akshaye Rathi said. In case of recent southern films, while the Bollywood names shall play crucial parts, it is easy to mount the big-budget projects thanks to the presence of bankable southern stars such as Suriya and Jr NTR. Trade experts said the southern movie industries are anyway doing spectacularly well, making these faces popular in the Hindi belt is only a value addition when it comes positioning the films as pan-India and not regional language projects.

Filmmakers see that regional lines have blurred as audiences have found content across languages on OTT

While 2023 did not see any southern language films breaking out in the Hindi-speaking belt, the tide is likely to turn with new films like Allu Arjun's *Pushpa 2: The Rule*; Prabhas and Deepika Padukone-starrer *Kalki 2898 AD*; Kamal Haasan's *Indian 2*; Jr NTR's *Devara*; and Ram Charan's *Game Changer*. These are expected to build on the legacy of all-time blockbusters such as *Baahubali 2: The Conclusion* and *KGF: Chapter 2* that had earned ₹510.99 crore and ₹434.7 crore with their dubbed Hindi versions alone. Filmmakers have realised that regional lines have blurred thanks to audiences discovering content across languages on OTT, film producer, trade and exhibition expert Girish Johar said. It is important for southern industries to grow their share of market too and while a dubbed Hindi version of the film is one way to do it, getting faces familiar in the north will be more the norm than an exception, he added.

The attack came as US secretary of state Antony Blinken was in the region to push a cease-fire proposal with global support. AFP

Hezbollah fires scores of rockets at northern Israel

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BEIRUT

Lebanon's Hezbollah fired a massive barrage of rockets into northern Israel on Wednesday to avenge the killing of a top commander, further escalating regional tensions as the fate of an internationally-backed plan for a cease-fire in Gaza hung in the balance.

The retaliatory attack came as US secretary of state Antony Blinken was in the region to push a cease-fire proposal with global support that has not been fully embraced by Israel or Hamas. The militant group submitted its first official response late Tuesday, requesting "amendments" to the deal.

Hezbollah, an Iran-backed ally of Hamas, has traded fire with Israel nearly every day since the 8-month-long Israel-Hamas war began and says it will only stop if there is a truce in Gaza. That has raised fears of an even more devastating regional conflagration.

Air raid sirens sounded across northern Israel, and the military said that about 160 projectiles were fired from southern Lebanon, making it one of the largest attacks since the fighting began. There were no immediate reports of casualties as some were intercepted while others ignited brush fires.

Hezbollah said it fired missiles and rockets at two military bases in retaliation for the killing of Taleb Sami Abdullah, 55. Known within Hezbollah as Hajj Abu Taleb, he is the most senior commander killed since the fighting began eight months ago. The Israeli strike destroyed a house where Abdullah and three other officials were meeting, about 10 kilometers (6 miles) from the border, late Tuesday.

A Hezbollah official told *The Associated Press* that Abdullah was in charge of a large part of the Lebanon-Israel front, including the area facing the Israeli town of Kiryat Shmona, which Hezbollah has repeatedly attacked in recent days, causing fires in the area.

The official, who was not authorized to speak to media and spoke on condition of anonymity, said Abdullah had joined Hezbollah decades ago and took part in attacks against Israeli forces during their 18-year occupation of southern Lebanon that ended in May 2000.

Israeli airstrikes on Lebanon have killed over 400 people, most of them Hezbollah members, but the dead also include more than 70 civilians and non-combatants. On the Israeli side, 15 soldiers and 10 civilians have been killed since the war in Gaza began.

Other groups allied with Iran, including powerful militias in Iraq and Syria, and the Houthi rebels in Yemen, have also attacked Israeli, US and other targets since the start of the war, often drawing Western retaliation. In April, Israel and Iran traded fire directly for the first time.

US President Joe Biden's administration has said the best way to calm regional tensions is for Hamas to accept a proposal for a phased cease-fire that it says would end of the war in Gaza and bring about the release of the remaining hostages abducted in Hamas' 7 October attack that ignited the war. The UN Security Council voted overwhelmingly in favour of the plan on Monday.

Hezbollah said it fired missiles and rockets in retaliation for the killing of its senior commander Taleb Sami Abdullah

Biden says it is an Israeli proposal, but Prime Minister Benjamin Netanyahu has sent conflicting signals, saying Israel remains committed to destroying Hamas. It's unclear how it would do that if the US-backed proposal, which includes an Israeli withdrawal from Gaza, is fully implemented.

Hamas has expressed support for the broad outline of the deal but wariness over whether Israel would implement its terms.

Hamas spokesman Jihad Taha told the Lebanese news outlet *ElNashra* that the "amendments" requested by the group include guarantees of a permanent cease-fire and the complete withdrawal of Israeli forces from Gaza.

Google and Goldman Sachs are battling for global supremacy—in chess

Firms are part of a global corporate championship that will be a test of who's the 'smartest company in the world'

Andrew Beaton & Joshua Robinson

Len Ioffe remembers exactly how he celebrated his promotion to managing director at Goldman Sachs. He didn't go out to a fancy dinner or pop open vintage champagne.

Instead, he sat down in a quiet room and hunched over a table and chose to compete in a match as a member of Goldman's corporate chess squad.

"The team offered me to skip and not play that night and to celebrate," Ioffe says. "I said, 'No, I will play.'"

Winning, it turned out, was celebration enough. But now, as Ioffe prepares to represent Godman over the board once again, the stakes are about to get much higher than career milestones and sacrificing a night on the town. This weekend, Ioffe will compete alongside a handful of co-workers in the FIDE World Corporate Chess Championship, a competition that pits the cleverest pawn-pushers at some of the biggest blue-chip companies on earth against one another.

Teams from Goldman, Google, Deutsche Bank and BlackRock, among others, are vying not for prize money, but to be recognized by chess's world governing body as the "smartest company in the world."

A total of 12 teams will battle it out in New York this weekend, and unlike typical corporate chess leagues in the city, this one has a distinctly global flavor. It's a big enough deal that Google's top player, international master Ritvars Reimanis, is flying in from Lithuania.

Chess has undergone a worldwide boom since the pandemic and the proliferation of easy-to-use chess apps, and it's no surprise that the ancient game is especially popular in high-achieving offices from Wall Street to Silicon Valley. There tends to be some overlap between quants with Ph.D.s and players who have mastered the Sveshnikov defense.

The FIDE World Corporate Chess Championship pits the cleverest pawn-pushers at some of the biggest blue-chip companies on earth against one another. ISTOCKPHOTO

"There are multiple places in the offices that you can just go and get a good game," says Kola Adeyemi, a product strategy and operations lead for Google Workspace. "There is a very strong community."

At Google, an internal group of chess players is 2,500 people strong, Adeyemi says, and they compete several times a week in online tournaments. Other times they venture into highly competitive corporate events. When the popular chess streamer Levy Rozman, also known as "Gotham Chess," recently stopped by Google's New York headquarters to speak, the office was so packed that people couldn't get in.

THE WALL STREET JOURNAL.

Adeyemi is so plugged in to the tech behemoth's chess scene that it wasn't hard for him to pick a squad for the championship, which begins on Friday. The rules state each team is only allowed one player rated above 2400, the level for FIDE international masters.

Squads are also allowed to bring one nonemployee. So just like corporate softball, where it isn't unusual for teams to show up with someone who arouses suspicion by mashing the ball like Aaron Judge, corporate chess has ringers. And the king of the ringers this year is an American named Sam Shankland.

Not only is he a grandmaster, Shankland is also a former U.S. national champion. He has published books on passed pawns and training guides on the Berlin Defense. In other words, this isn't a man who has time for a day job. Being a world-class chess player is his day job. And this weekend, he just happens to be doing it for Susquehanna International Group, a high-speed trading firm.

"Chess is a big part of the culture at SIG," said team captain Ella Papanek, who had previously skippered the chess team at Harvard. "At least 10% of the firm plays chess in some capacity."

Still, when she found that a Susquehanna employee was friends with Shankland, she jumped at the chance to invite him. (Susquehanna said that Shankland isn't being paid.)

"Honestly, I don't know what Sam Shankland is doing in this tournament," Adeyemi says. "But great for him...it's amazing to be in the same space as some of those guys."

Susquehanna, which has a regular pool of nearly 100 players, has been spoiled for choice. When it qualified for the tournament, American grandmaster and speed chess wizard Andrew Tang was a member of the team, because he worked for the company as a quantitative trader at the time.

His contributions helped Susquehanna reach the final weekend from a crowded field that included no fewer than five separate squads from Microsoft—none of which advanced. Others, such as Google and Goldman, were given special invitations to this weekend's throwdown.

Bringing along a professional doesn't always guarantee success. Three years ago, Grenke Bank of Germany upset SBER of Russia in the final despite the Russians bringing along grandmaster Ian Nepomniachtchi, who would go on to become a two-time runner-up at the chess world championship.

Goldman is in the odd position of being hurt by the limits on naming players rated above 2400. That's because the investment giant happens to employ two of them, meaning one has to stay home. It only serves to underline how high the standard can be when an office is crazy about chess.

Ioffe, a portfolio manager in Goldman's quantitative strategy group, has been playing corporate chess for the company since 2000. One of his career highlights came when Susan Polgar, the former Women's World Chess Champion, visited in 2005 and played 23 different games against Goldman employees simultaneously. She won 20 of them, drew two—and lost to Ioffe.

Polgar, afterward, called it "one of the strongest simuls I have ever given."

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Amazon to invest billions in Taiwan cloud infrastructure

Sherry Qin
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Amazon.com will invest billions of dollars in Taiwan over the next 15 years to build data centers, the latest global technology company to expand its footprint in Asia to meet the region's growing demand for cloud services.

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Amazon Web Services, the Seattle-based tech giant's cloud-computing arm, said late Tuesday that it will launch an AWS infrastructure region in Taiwan by early 2025 and invest billions of dollars "as part of its long-term commitment."

The new infrastructure will enable customers to store data securely and run workloads with low latency from data centers located in Taiwan, it said.

AWS, which provides computing, storage and other services from data centers around the world, has been accelerating cloud-infrastructure spending globally, as Amazon Chief Executive Andy Jassy has reoriented the company to focus on artificial-intelligence innovations and to catch up with Microsoft, Google and others in the space.

Amazon Web Services will launch an AWS infrastructure region in Taiwan by early 2025 as part of its long-term commitment. REUTERS

AWS is Amazon's most profitable unit, with first-quarter results showing the segment's bottom line rose 17% from a year earlier to $25 billion. Amazon said the quarter's capital expenditure of $14 billion would be the low point for the year as it ramps up spending on AWS infrastructure and generative AI investment.

Taiwan has positioned itself as the center of the global AI race, with Taiwan Semiconductor Manufacturing Co. making advanced chips to run AI software.

Since the start of 2024, AWS has disclosed plans to spend $9 billion to expand its cloud services in Singapore, $15 billion to build cloud capacity in Japan and more than $5 billion each in Mexico and Saudi Arabia in the coming years.

Last year, AWS said it planned to spend almost $13 billion by 2030 to expand its data-center infrastructure in India, the world's most populous nation.

Meanwhile, Microsoft in May disclosed investment plans for Southeast Asia, while Google plans to invest $2 billion to establish its first data center in Malaysia to power cloud services.

The world will be swimming in excess oil by end of decade, IEA says

Giulia Petroni
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Global oil markets are expected to face a major surplus by the end of this decade, with spare capacity hitting levels only seen during the initial stages of the pandemic as demand growth slows and supply surges, the International Energy Agency said.

Oil-demand growth is forecast to slow down in the coming years, reaching 105.4 million barrels a day in 2030, as the rollout of clean-energy technologies accelerates, according to the Paris-based organization. Meanwhile, oil-production capacity is set to ramp up to nearly 113.8 million barrels a day, driven by producers in the U.S. and the Americas.

"This would result in levels of spare capacity never seen before other than at the height of the Covid-19 lockdowns in 2020," the IEA said on Wednesday. "Such a massive oil production buffer could usher in a lower oil price environment, posing tough challenges for producers in the U.S. shale patch and the OPEC+ bloc."

Despite the slowdown, global oil demand in 2030 is still forecast to rise by 3.2 million barrels a day from 2023, the agency said. The increase will be driven by strong demand from economies in Asia, particularly India and China. But rising electric-car sales, fuel-efficiency improvements and the use of renewables for electricity generation will increasingly offset gains.

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In advanced economies, demand is forecast to fall from around 45.7 million barrels per day in 2023 to 42.7 million barrels per day in 2030. Excluding the pandemic, the last time that oil demand was that low was in 1991, according to the IEA.

Oil-production capacity is set to ramp up to nearly 113.8 million barrels a day. REUTERS

Meanwhile, global production capacity growth will be led by producers outside of the OPEC+ alliance-particularly the U.S., Brazil, Canada, Argentina and Guyana-which are forecast to account for three quarters of the expected increase to 2030.

OPEC+ oil production capacity is forecast to grow by 1.4 million barrels a day from 2023 through 2030, led by Saudi Arabia, the United Arab Emirates and Iraq. According to the IEA, the cartel and its allies will see their share of world oil production fall below 50% from this year onward.

Looking at the short term, the agency cut its forecast for global oil-demand growth to 960,000 barrels a day this year from previous estimates of 1.1 million barrels a day, as weak deliveries in OECD countries pushed global demand in a narrow contraction in March.

Oil-demand growth for next year is now forecast at 1 million barrels a day from 1.2 million barrels a day previously on lackluster economic growth, the increasing use of electric vehicles and efficiency gains. Total demand is expected to reach an average of 103.2 million barrels a day in 2024 and 104.2 million barrels a day in 2025.

Wednesday's reports came as Brent crude trades around $82 a barrel, while West Texas Intermediate is around $78 a barrel. Both benchmarks rallied about 3% earlier this week as traders seem to be buying the dip following an oil selloff sparked by OPEC+'s plan to unwind some of its production cuts.

Oil demand is expected to reach 105.4 mn barrels a day in 2030, as the clean-energy technologies rollout accelerates

Prices are supported by expectations that summer fuel demand and output curbs from OPEC+ will lead to a sizable deficit in the third quarter. Still, bearish sentiment continues to dominate the market, with prospects of higher-for-longer interest rates in the U.S. damping the commodity's demand outlook.

The agency's projections remain well below OPEC's, as the cartel forecasts global oil-demand growth of 2.2 million barrels a day this year and 1.8 million barrels a day in 2025.

Total oil supply is now expected to be higher, reaching an average of 102.9 million barrels a day this year and 104.7 million barrels a day the next from previous expectations of 102.7 million barrels a day and 104.5 million barrels a day, respectively, the IEA said. Non-OPEC+ countries are still set to lead global supply, the agency said, with production expected to grow by 1.4 million barrels a day in 2024 and 1.5 million barrels a day in 2025.

OPEC+ production is forecast to fall 740,000 barrels a day this year if the group keeps its voluntary output cuts in place, and to flip to a growth of 320,000 barrels a day the next. The cartel and its allies agreed to extend voluntary curbs of 2.2 million barrels a day to the end of September and said they aim to gradually unwind them from October 2024 to September 2025, contingent on market conditions.

Meanwhile, Russian crude exports rose by 100,000 barrels a day in May to 7.7 million barrels a day, while export revenue fell 0.6% compared with the previous month to $16.8 billion, the IEA said. Russia's oil production is expected to decrease by 260,000 barrels a day this year to 10.7 million barrels a day as the country carries out deeper OPEC+ production cuts, but supply is forecast to remain broadly steady through 2030 supported by the Vostok Oil project in the Arctic.

NEWS IN NUMBERS

₹21K cr

THE TOTAL inflow into systematic investment plans (SIPs) in May 2024, up from ₹20,371 crore a month ago, as SIP registrations touched 4,974,400

$16.4 bn

THE BUSINESS valuation of the IPL in 2024, up 6.5% from 2023, but growing at a slower pace, according to American investment bank Houlihan Lokey

$3.9 bn

THE SIZE of initial public offerings in India so far this year, double that of the same period last year, as it surpassed Hong Kong and South Korea's combined totals

371,334 T

THE VOLUME of pulses imported in the first two months of FY25, up 20% from 308,619 tonnes during the year-ago period, due to lower domestic production

50

THE NUMBER of stores German sanitary fittings giant Hansgrohe plans to open in India this year amid growing demand for high-end bathroom solutions

HOWINDIALIVES.COM

Policy loan facility a must in life covers

Regulator Irdai on Wednesday said the facility of policy loan is now mandatory in all life insurance savings products, enabling policyholders to meet liquidity requirements.

Issuing a master circular which consolidates all regulations with regards to life insurance policies, the Insurance Regulatory and Development Authority of India (Irdai) also said the free look period, which provides time to review the policy terms and conditions, is 30 days as against 15 days earlier. The latest master circular follows a similar exercise by the regulator for general insurance policies.

"This is an important step in the series of reforms taken up by the insurance regulator with interests of the policyholders at the core. A conducive environment is now facilitated to spur innovation, enhance customer experience and satisfaction," Irdai said. **PTI**

PLI scheme to generate 200,000 jobs as large projects in multiple sectors are set to take off. MINT

PLI scheme to bring ₹3-4 tn over 4 years

The PLI scheme is expected to attract investments of ₹3-4 trillion in the next four years and generate 200,000 jobs as large projects in sectors, including semiconductor, solar module and pharmaceutical intermediaries, are expected to take off, a top Icra executive said on Wednesday.

Icra executive vice president and chief ratings officer K. Ravichandran said that going ahead, private sector capex is expected to pick up in oil and gas, metals and mining, hospitals, healthcare and cement sectors. However, taking the private sector capex to record high levels would require the government to give some tax breaks so that people have more disposable income in their hands.

"Under the PLI scheme, we are expecting ₹3-4 trillion of additional investments in the next 3-4 years. Going ahead, semiconductor, solar module, and pharmaceutical intermediaries are some areas where large projects are expected to happen which can be capital and employment-intensive. They would be generating 200,000 jobs in different sectors," Ravichandran told *PTI* in an interview. **PTI**

KILLER INFERNO

The fire in Al-Mangaf building was reported at 4:30 am and most of the deaths were due to smoke inhalation, according to Kuwaiti media.. PTI

Several Indians among 49 killed in major fire in Kuwait

PM Modi said the Indian embassy in Kuwait was closely monitoring the situation

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NEW DELHI

At least 49 people were killed in a devastating fire in a building housing labourers, the majority of them Indians, in southern Kuwait and the number of deceased is expected to go up, officials said on Wednesday.

Prime Minister Narendra Modi described the fire incident as "saddening" and said the Indian Embassy in Kuwait is closely monitoring the situation. "The fire mishap in Kuwait City is saddening. My thoughts are with all those who have lost their near and dear ones. I pray that the injured recover at the earliest. The Indian Embassy in Kuwait is closely monitoring the situation and working with the authorities there to assist the affected," Modi said on X.

External affairs minister S. Jaishankar expressed deep shock over the incident and said the Indian embassy in the Gulf nation will render the "fullest assistance" to all concerned.

Officials said the majority of the victims of the fire are Indians, mostly from Kerala.

The fire in Al-Mangaf building was reported to authorities in Al-Ahmadi governorate at 4:30 am and most of the deaths were due to smoke inhalation, Kuwaiti media reported.

"Deeply shocked by the news of the fire incident in Kuwait city. There are reportedly over 40 deaths and over 50 have been hospitalized. Our ambassador has gone to the camp. We are awaiting further information," Jaishankar said on X.

Indian ambassador to Kuwait Adarsh Swaika visited several hospitals including where the injured have been admitted.

Construction firm NBTC group rented the building for stay of more than 195 workers, most of them Indians from Kerala, Tamil Nadu and northern states, the Kuwaiti media said.

> Construction firm NBTC had rented the building for stay of more than 195 workers, most of them Indians from Kerala and Tamil Nadu: Kuwaiti media

"Amb @AdarshSwaika visited the Al-Adan hospital where over 30 Indian workers injured in today's fire incident have been admitted. He met a number of patients and assured them of full assistance from the Embassy," the Indian embassy said on X.

"Almost all are reported to be stable by hospital authorities," it said. Officials in Delhi said officials from the Indian embassy are going to the hospitals where the victims were taken to.

Nestle India to pay royalty at 4.5% rate

Nestle India will continue paying general licence fee, or royalty, at the existing rate of 4.5%, net of taxes, to Swiss parent Société des Produits Nestlé S.A., the company said in a filing to the exchanges Wednesday. On Wednesday, the company's board approved continuation of payment of royalty at the existing rate of 4.5% to its parent company. In May, the company's proposal to increase royalty payout was rejected by shareholders.

The company will seek approval of board members on reviewing the royalty payment every five years in compliance with the applicable laws and regulations, it said in the filing. The move comes after Nestle India's board approved a staggered increase in royalty payout to the company's parent Société des Produits Nestlé S.A in April this year to 5.25% of net sales over the next five years, up from the 4.5% per annum, effective 1 July. **STAFF WRITER**

86% of Indians felt they were either struggling or suffering, way above the global average. MINT

14% Indian workers are thriving: Gallup

Despite being the second largest "thriving" working population in South Asia, 86% of Indians felt they were either struggling or suffering, way above the global average, according to the 2024 Gallup State of the Global Workplace report. Only 14% of Indian employees felt they were thriving, which is significantly lower than the global average of 34%, it added. Globally, only 34% of employees felt they were thriving, down from 35% in 2023.

South Asia had the lowest percentage of thriving employees at 15%. In contrast, 60% of employees in Australia and New Zealand felt they were thriving. The analytics firm calculated the 'Life Evaluation Index' based on various factors, categorizing employees into three groups: thriving, struggling and suffering. The report highlighted that 48% of India's workforce is not engaged, compared to a regional average of 56%. **PRATISHTHA BAGAI & ARSHDEEP KAUR**

NCLT admits Cian under insolvency

The Mumbai bench of the National Company Law Tribunal (NCLT) on Wednesday admitted Cian Healthcare under insolvency following an application filed by one of its operational creditors over unpaid dues worth ₹1.14 crore.

The bench has appointed Roshen Chordiya as the interim resolution professional for the company.

Shreeji Pharmachem, the operational creditor, had moved the NCLT by filing an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 against the Pune-based drugmaker. Section 9 allows operational creditors—who supply debtors products or services—to initiate insolvency proceedings following a default on its dues.

Advocate Nausher Kohli represented Cian Healthcare while Manoj Shirsat appeared for the operational creditor. **PRIYANKA GAWANDE**

India needs $215 bn for renewable aim

Investments of $190-215 billion will be needed to achieve the target of 500 gigawatt (GW) of renewable energy (RE) capacity by 2030 in India, Moody's Ratings said on Wednesday.

India's infrastructure companies will be spending on energy transition to meet demand resulting from the country's relatively strong economic growth.

However, government policies and stable regulatory frameworks will support credit quality, the ratings agency said in a statement.

Moody's also estimates that another $150-170 billion of investment will be required for electricity transmission and distribution as well as energy storage.

"We expect the strong growth in India's renewable energy capacity to continue, although coal will remain a major source of electricity generation over the next 8-10 years," Abhishek Tyagi, Moody's vice president and senior credit officer said. **PTI**

NTA wants SC to hear all NEET cases

The Supreme Court is scheduled to hear pleas against NTA today. MINT

The National Testing Agency (NTA) on Wednesday told the Delhi High Court that it would like the Supreme Court to hear all cases pertaining to the dispute surrounding this year's National Eligibility and Entrance Test (NEET) undergraduate (UG) examination.

Appearing before Justice Neena Bansal Krishna's vacation bench, solicitor general Tushar Mehta stated that the NTA would file a transfer petition with the Supreme Court. Mehta informed the court that petitions pertaining to the NEET-UG exams have been submitted before a number of the nation's high courts. The NTA would urge the Supreme Court to hear all of these cases to make sure that the high courts do not hold divergent opinions. The Delhi HC took the statement on record and issued notice to the NTA after reviewing the submissions. The petitioners informed the bench that they planned to take action if the NTA did not apply for the transfer of these cases to the Supreme Court, urging the court to list the matter in July. The request was granted, and the matter was deferred to 5 July.

Meanwhile, the SC is scheduled to hear today as many as three petitions related to the NEET controversy. **SOMRITA GHOSH**

IFSCA chairman K. Rajaraman did not specify the changes that will come out in the revised norms.

New rules for direct listing in July: IFSCA

International financial services regulator IFSCA will finalise a revised norms for direct listing of companies at GIFT City by early-July, chairman K. Rajaraman said on Wednesday.

Rajaraman said the highest decision making body of the International Financial Services Centres Authority (IFSCA) will approve the norms by end of June and the same will be notified by early July.

"Based on our interactions with various users, we have realized that our regulations need a little update. Therefore, what we have done in the last two months is to update our listing regulations," he told reporters here.

He, however, did not specify the exact changes that will come out in the revised norms. Though unlisted companies can list on the international exchanges even now, he said the companies will be able to list under the revised norms by August.

For the companies already listed in India, capital market regulators Sebi (Securities and Exchange Board of India) has to amend a slew of its existing regulations before such entities access the foreign money through the GIFT City, he said. **PTI**

India ranks 129th on Global Gender Gap index, Iceland on top

India has slipped two places on the World Economic Forum's (WEF) Global Gender Gap index to 129th place, while Iceland retained its top position in the rankings published on Wednesday.

Within South Asia, India was ranked fifth after Bangladesh, Nepal, Sri Lanka and Bhutan, while Pakistan was ranked last. Globally, Sudan was ranked last on the index of 146 countries, while Pakistan slipped three places to 145th.

India figured among the economies with the lowest levels of economic parity, alongside Bangladesh, Sudan, Iran, Pakistan, and Morocco. All of them registered less than 30% gender parity in estimated earned income.

However, India showed the best gender parity in terms of enrolment in secondary education, while it scored well on political empowerment of women at 65th rank globally.

With regard to parity in the number of years with female/male heads of state for the last 50 years, India was ranked 10th. The WEF said India's economic parity score has trended upwards for the past four years. **PTI**

India registered less than 30% gender parity in estimated earned income. ISTOCKPHOTO

'Tailored approach needed to aid biz'

The Modi 3.0 government needs to adopt granular and tailored approach to support small businesses and promote job creations to make the economic growth more inclusive, said PwC in India chairperson Sanjeev Krishan. Supporting the development of ancillary industries, and sharper focus on urban and rural development projects as part of infrastructure creation should be other priorities of the government, Krishan said.

"Prioritizing job creation and productivity improvement is crucial for the new government to ensure inclusive growth," he told *PTI*. He noted that over the past decade, improvements in ease of doing business (EoDB) along with better infrastructure and credit access have removed several obstacles.

Krishan said promoting plug-and-play research hubs which could be managed by the government or private players could reduce entry barriers and provide an impetus for startups. **PTI**

OF MUSK, SPACEX, AND THE PURSUIT OF WOMEN

At SpaceX, the billionaire founder had sex with an employee and a former intern

Joe Palazzolo & Khadeeja Safdar

When Elon Musk personally contacted a former SpaceX engineering intern to discuss a role on his executive staff in 2017, the woman spoke with excitement to her friends about a high-profile problem-solving role at the rocket company, a dream for someone a few years out of college.

She and Musk had met years earlier during her internship, when she was still in college. She'd approached him with ideas for improving SpaceX. Her outreach had led to a date, which led to a kiss, and eventually sex, she told friends. The year after her internship, the billionaire had the fresh college graduate flown out to a resort in Sicily, before they ended things, according to documents reviewed by The Wall Street Journal.

Musk, who is more than 20 years her senior, attempted to restart their relationship but she rejected his advance. They remained close as she tried to establish herself in the new job. He texted her often and invited her to come over to his Los Angeles mansion at night on multiple occasions. Sometimes she accepted his invitations, but friends said she told them at the time that his behavior made her job harder.

She eventually moved off Musk's executive team, according to friends she told and to people familiar with her time at SpaceX. The woman left the company in 2019.

Her lawyers, who also represent Musk, provided the Journal with two affidavits signed by the woman. The affidavits disputed some aspects of the Journal's reporting but confirmed many others, including that she had a romantic relationship with Musk in the past. She said she invited him to dinner near the end of her summer internship and broke things off the following year.

She said at no point during employment at SpaceX from 2017 to 2019 was there any "romantic relationship" with Musk. "Nothing that Elon Musk did towards me during either of my periods of employment at SpaceX was predatory or wrongful in any way," the woman said.

Elon Musk, chief executive officer of SpaceX.

BLOOMBERG

She is one of several female employees at SpaceX who have told friends, family, or the company itself, that Musk showed them an unusual amount of attention or pursued them.

One woman, a SpaceX flight attendant, alleged that in 2016 Musk exposed himself to her and offered to buy her a horse in exchange for sex acts.

Another woman who left the company in 2013 alleged in exit negotiations with SpaceX human resources and legal executives that Musk had asked her to have his babies.

A fourth woman had a month-long sexual relationship with Musk in 2014 while she directly reported to him. The relationship ended badly, leading to recriminations over text and email as she left the company and signed an agreement prohibiting her from discussing her work for Musk.

Former SpaceX executives, as well as fired SpaceX employees who complained to the National Labor Relations Board in 2022, say a high-level group around Musk fails to apply his company's own rules to the CEO, contributing to a culture of sexism and harassment.

They say there's an understanding that Musk, a charismatic leader with many fans who call him a genius, can act with impunity. "Elon is SpaceX, and SpaceX is Elon," one former engineer recalled an executive saying during a June 2022 meeting after the firings of some of the SpaceX employees, who had criticized Musk and demanded greater accountability at the company.

Musk, who is one of the richest men in the world, leads companies including the publicly traded electric-vehicle maker Tesla, rocket-maker SpaceX and social-media platform X.

SpaceX has won billions in federal contracts, and is key to NASA and Pentagon space programs. Tesla, meanwhile, is holding a shareholder vote that closes on June 13 over Musk's $46 billion pay package, which was struck down by a Delaware court in January because of concerns about the approval process.

Musk didn't reply to requests for comment.

Gwynne Shotwell, SpaceX's president and chief operating officer, said the Journal's reporting doesn't reflect SpaceX's culture.

"The untruths, mischaracterizations, and revisionist history in your email paint a completely misleading narrative," she said. "I continue to be amazed by what this extraordinary group of people are achieving every day even amidst all the forces acting against us. And Elon is one of the best humans I know."

She said SpaceX fully investigates all complaints of harassment and takes appropriate actions.

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Other behavior by Musk, including his use of illegal drugs, has raised concerns among some executives and board members of SpaceX and Tesla, according to previous Journal reporting. Musk has used drugs including LSD, cocaine, ecstasy, mushrooms and ketamine, at times with some board members, the Journal has reported.

An attorney for Musk, Alex Spiro, said at the time that Musk is "regularly and randomly drug tested at SpaceX and has never failed a test." He said "there are other false facts" in the reporting about Musk's drug use but didn't detail them.

ENCOUNTERS WITH MUSK

This article is based on conversations with more than four dozen people, including former employees, people familiar with Musk's interactions with female subordinates and friends and family of the women. The Journal also reviewed emails, text messages and other documents.

Other behaviour by Musk, including his use of illegal drugs, has raised concerns among some executives and board members of SpaceX and Tesla.

Since 2017, the era of MeToo has resulted in a pronounced cultural shift that has put more scrutiny on the conduct of executives in the workplace. Good-governance norms in the corporate world have shifted toward hard bans on supervisor-employee sexual relationships, out of concern for their potential to create power imbalances and conflicts of interest in the workplace.

Federal and state laws bar supervisors from sexually harassing employees. Some courts have recognized "sexual favoritism" as a form of harassment, blessing claims of a hostile work environment by employees who alleged that their bosses gave preferential treatment to colleagues with whom they were having consensual affairs.

A SpaceX policy discourages employees from directly overseeing romantic partners.

The women who described the encounters with Musk had jobs that meant they worked closely with him.

The college student studying engineering met Musk in the early 2010s during her summer internship at SpaceX. Musk and the woman went out for a meal after she sent him ideas about how to improve the company, she told friends. They bonded over "Star Wars" and kissed.

A year later, the chief executive arranged for the woman to meet him at a resort in Sicily, where he was attending an exclusive conference sponsored by Google, according to documents reviewed by the Journal.

The woman's passport was in another city at the time so Musk had arrangements made for a friend of hers to bring it to the woman on an early morning domestic flight, documents show. The woman was then scheduled on a first-class flight to London and a private jet to Italy, the documents show.

The former intern told friends not to speak with Journal reporters and later said that she didn't want to be part of an article, following outreach from the Journal.

Clare Locke, a Virginia-based law firm that also represents Musk and Tesla, sent the Journal legal letters on behalf of the woman that demanded her removal from the article. The affidavits signed by the woman were attached to the letters.

The woman said in one of the affidavits that after she broke off the relationship with Musk they remained friends.

'NOTHING OUT OF THE ORDINARY'

In 2017, Musk personally contacted the former intern about a fulltime job at SpaceX, which would be to find problems at the company and fix them. She moved from New York to the Los Angeles area to become a member of Musk's executive staff. Former employees said that while she was a talented engineer, they found it odd that someone so junior was given such a high-profile role so close to the boss.

She said in one of the affidavits that she believes she was one of many candidates for the role.

After she arrived in California, Musk invited her for drinks and came on to her, touching her breast, friends said she told them at the time. One of them said the woman recalled Musk saying, "Oh, I'm so bad. I shouldn't be doing this."

In one of her affidavits, she said, without providing details, "Elon tried to rekindle our relationship prior to my employment, and I rejected the advance. While there was some initial awkwardness, it was nothing out of the ordinary after a rejection."

She told friends that she was unhappy at SpaceX, had no authority and had trouble getting executives to take her ideas seriously. She told one friend that she sometimes hid in the bathroom at SpaceX.

She said in one of the affidavits that her feelings about her job at SpaceX "were completely unrelated to any romantic or personal interactions with Elon Musk."

"I came into a very difficult role as a newcomer into an established company," she said in the affidavit.

She visited Musk at his home multiple times, as she struggled at work to establish herself, according to people familiar with the matter and friends she confided in.

"He would text her, like a lot," said one of the friends. When she didn't respond to a nighttime invitation to come over to his house, Musk texted her name repeatedly, the friend recalled.

About half a year into her job, the woman received another invitation from Musk to come to his house, according to a text exchange reviewed by the Journal.

"Come by!" he wrote. When she didn't respond, he peppered her with more texts:

"Look, it's either me or 6am [exercise] :)"

"Just finished the Model 3 production call. It's def going to be hell for several more months."

"Are you coming over? If not, I will probably tranq out. Too stressed to sleep naturally."

When she still hadn't responded, he wrote, "Probably best if we don't see each other."

The woman texted him in the morning. "Oh man. I'm sorry, I'd already fallen asleep. I've been a late night person most of my life but have been trying to switch over because it seems responsible. Tbh. Sorry I crashed last night," she wrote.

Later that day, she shared the text exchange with a friend.

"Dude not gonna lie the fact that I have mild society[sic] anxiety resulting from imposter syndrome definitely makes this job harder," the woman wrote in a text. "And that's definitely exacerbated by Elon's behavior."

"I was wondering about that," her friend responded.

"So badly," she said.

"I mean if hanging out with him stresses you out about work maybe you might want to let things chill? I dunno."

"Well I mean I think he broke up with me this morning. If I interpreted that last text ," she wrote.

She then sent her friend a copy of Musk's string of messages asking her to come over.

"Why are so many of the men in my life so weiiiiirrddddd," she wrote.

Former SpaceX executives say a high-level group around Musk fails to apply his firm's own rules to the CEO, contributing to a culture of sexism and harassment.

The woman said in an email provided by her lawyers that her comment about Musk breaking up with her was a joke. His text message to her, she said, "was not referring to a romantic relationship."

She said Musk's lack of interest in roles such as hers is what made her job more difficult, and that her background expertise "made an already difficult role even more difficult."

She said in one of the affidavits that she and Musk texted frequently as she supported him through difficulties, including issues at Tesla and his divorce from actress Talulah Riley. He was married to Riley when the woman and Musk were in a romantic relationship years earlier. They divorced in 2016.

On the few occasions that she went to Musk's house, the woman said in one of the affidavits, they watched TV and talked. In the email, she said they watched anime and talked about the Tesla Model 3 production ramp up and the "technical future of humanity."

Friends said she told them at the time that the job wasn't going well because it had gotten awkward with Musk. Eventually she moved off the executive staff to a role reporting to another engineer.

The woman said in one of the affidavits that she requested the move and "worked out an arrangement that would give me better support for my daily responsibilities at the company."

She exited SpaceX in 2019 after an executive she reported to was included in a mass layoff, she said in one of the affidavits.

DEFENDED BY LEADERSHIP

One incident of alleged sexual harassment of workers by Musk has surfaced publicly, in a 2022 report by Business Insider about the flight attendant who told SpaceX that Musk exposed himself to her and asked her for sex.

The woman, who worked on contract for SpaceX, alleged in a 2018 mediation with the company that Musk showed her his erect penis and offered her a horse in return for sex acts as she gave him a massage during a flight, according to people familiar with the allegations. SpaceX cut her shifts back after she rejected his advances, she alleged. The company agreed to pay her $250,000.

Musk called the flight attendant's allegations "utterly untrue." In social-media posts, he joked that the scandal should be called "Elongate" and denied that he used a flight attendant on his plane.

But he had used flight attendants in the past, including in 2016, when the woman alleged Musk's proposition had taken place, according to former SpaceX employees as well as LinkedIn profiles of former SpaceX flight attendants.

Shotwell, Musk's No. 2 at SpaceX, defended him against the flight attendant's allegations in a companywide email after the news report. "Personally, I believe the allegations to be false; not because I work for Elon, but because I have worked closely with him for 20 years and never seen nor heard anything resembling these allegations," she wrote.

Musk's denials and Shotwell's email

TURN TO PAGE 11

mint SHORT STORY

WHAT

Several female employees at SpaceX have told friends, family, or the company itself that Musk showed them an unusual amount of attention or pursued them.

AND

One woman, a SpaceX flight attendant, alleged that in 2016 Musk exposed himself to her and offered to buy her a horse in exchange for sex acts.

NEXT

Another woman who left the company in 2013 alleged in exit negotiations with SpaceX human resources and legal executives that Musk had asked her to have his babies.

The challenges that NRIs face while investing in India

There are significant hurdles, like extensive paperwork and complex KYC norms, when investing from abroad

Anil Poste
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Every year, thousands of Indians venture abroad to pursue their dreams, whether for education or career opportunities, eventually settling in a new country. However, this transition often comes with its own set of financial challenges. Managing finances as a non-resident can be particularly daunting, especially when it comes to investing.

Despite the many good reasons for investing in India, non-resident Indians (NRIs) face numerous hurdles that can dampen their enthusiasm. While mutual funds seem like an effortless option, getting started involves significant hassle and paperwork. Existing NRI investors face the additional challenge of meeting new KYC (know-your-customer) norms, adding another layer of complexity to the process.

These challenges are particularly discouraging for those not physically present in India, as they often require assistance navigating the formalities. However, with proper guidance and perseverance, NRIs can overcome these obstacles and successfully manage their investments.

Struggling process

One of the major hurdles NRIs face is changing their KYC status from resident to NRI, and updating their existing investments and demat accounts.

Veera Nemmadi, a 34-year-old architect based in Singapore, experienced numerous challenges while managing his investments as an NRI. Having a portfolio before moving to Singapore in 2019, he had to convert his resident demat account to NRI. The extensive documentation required by the broker demanded significant time and effort.

"Extensive documentation required at Zerodha felt like a never-ending task to me. It involved a significant amount of paperwork and time. But the real challenge came with the need for attestation by a legal or gazetted officer. Getting documents signed at the Indian embassy in Singapore was prohibitively expensive," he says.

The attestation process required for the account conversion process in India also posed a major obstacle, as most local authorities were unaware of the process. "I had to plan my attestations for when I visited India. However, finding lawyers in tier-III cities who were familiar with this process was tough. Fortunately, my cousin, who works at the district court, came to my rescue and helped me with the attestation. Without his help, I might still be struggling with this step," he adds.

Even after the demat account conversion from resident to NRI was completed, Veera had to manually adjust or frequently follow up with the broker to get accurate transaction prices, which took almost three months.

Akarsh Aggarwal, a software engineer based in Singapore, faced similar issues. It took several months to convert his demat account from resident to NRI. "It has been a painful journey. It took me almost nine months after trying to reach out to Zerodha. I did not face any issues with documentation, but the lack of support from customer service made it difficult," says Aggarwal.

"Instructions aren't clear while the customer service team asks you to send the documents. Once you send them, something would be missing again. It's expensive to send the documents to India, and it's painful to deal with them. They lack process understanding. If there are better returns elsewhere apart from Indian markets, I wouldn't prefer investing in India at all, because of the complicated process," he adds.

> **Apart from the challenges in the process, NRIs often struggle to find the right advice for their investment goals**

Seeking advice and tax implications

Apart from process challenges, NRIs often struggle to find the right investment advice for their goals. Financial and tax planning in two countries can be complex, with different regulations and compliance requirements. Many advisers lack expertise in cross-border investing, leading to poor investment strategies. This makes it hard for NRIs to get personalized, effective advice.

Palak Chauhan and her husband relocated to the US in 2014, facing unique challenges in managing their finances as NRIs. Navigating the Indian financial market from abroad proved difficult due to their limited knowledge and the complexities of tax implications.

"Initially, we relied on family advice to manage our investments in India. We did invest in mutual funds, real estate, and provident funds (PFs). However, as our investments grew in the US, we desired greater control and wanted to diversify our portfolio across both countries," says Chauhan.

After struggling with investments for a few years, they finally sought guidance from an adviser. "After trying to figure things out on our own for a few years, which we regret since we lost out on crucial compounding years, we finally sought guidance from Vaibhav Tandon of Enriching Wealth Solutions. He helped us develop a customized mutual fund portfolio aligned with our risk tolerance, time horizon, and goals, ensuring compliance with NRI guidelines," she says.

The complexities of tax implications in both countries posed another challenge. "The dual tax implications of US and Indian laws on our mutual funds added complexity. Filing FBAR (FinCEN Report 114) and FATCA (Foreign Account Tax Compliance Act) forms, along with estimating quarterly US taxes based on portfolio performance, required meticulous monitoring and a reliable tax partner. Finding competent professionals in India who understood our situation as NRIs proved to be a lengthy and difficult process," she adds.

After a dedicated search, they finally found a tax professional who helped streamline their tax filing process.

Finding the right adviser helps

As NRIs, investing in India can be challenging due to the complex financial landscape and regulations, but finding a reliable adviser can make a big difference.

Akash and Vrushali, who have been working in Tanzania for the past three years, managed to save a significant amount and now have a monthly surplus they want to invest in India. Unsure of how to proceed, they reached out to Dipen Shah, founder of NRI FinOne, and a close friend of Akash.

Apart from investment advice, Shah guided them through the entire process online, from changing their status in PAN, opening NRE (non-resident external) and NRO (non-resident ordinary) accounts, to completing central KYC (CKYC) for investment purposes, all without them needing to visit India.

"At NRI FinOne, we make it easier for NRIs to manage their investments in India. From guiding clients through the entire process, from updating their PAN status to opening NRE and NRO accounts, we handle CKYC for investment purposes, all online, so there's no need to visit India," says Shah.

Dos and don'ts

When investing in India, NRIs should follow some essential do's and don'ts.

Keep your KYC details updated, including your PAN status and bank accounts. Use NRE or NRO accounts for investments to comply with Indian regulations.

Diversify your portfolio by exploring options like mutual funds, index funds and strategic exchange-traded funds.

Don't overlook the tax implications in both India and your country of residence; ensure you file necessary documents like FBAR and FATCA.

Avoid investing without thorough research or professional advice. Consulting a trusted financial adviser can help you navigate complexities and make informed decisions.

How to get started on investing as an NRI

Simple steps for NRIs to change their residential status and start investing.

1. Change residential status to NRI using PAN
2. Open NRE and NRO bank accounts
3. Complete KYC with AMC/RTA, update if existing
4. Start investing online

- Residents should update tax status to NRI after 180 days abroad
- Update tax status online at incometax.gov.in.
- NRE account for foreign earnings, NRO for Indian income.
- KYC usually requires physical documents, some platforms may allow online
- For NRIs, KYC docs must be notarized.

Major challeges include KYC & lack of awareness

VEERA NEMMADI, 34, architect
Singapore
Adviser: Self

"It was challenging to get the documents attested, cousin helped.

AKARSH AGARWAL, 29, software engineer
Singapore
Adviser: Self

"No clear instructions from customer service, had do multiple followups.

PALAK CHAUHAN, 36, enterpreneur
US
Adviser: Enriching Wealth Solutions

"Limited knowledge on investments and tax implications, adviser's guidance helped.

VRUSHALI, 26 **AKASH,** 30, IT professionals
Tanzania
Adviser: NRI FinOne

"Unaware of process, adviser guided through the process and product selection.

Source: NRI FinOne

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ISTOCKPHOTO

Enjoy today, save for tomorrow: Planning for a balanced life

Harshad Chetanwala

ASK MINT
FINANCIAL PLANNING

My husband and I are both 38 years old and save ₹1 lakh every month. We have always tried to strike a balance between saving for the future and enjoying our lifestyle. Recently, after reading a few reports, we want to understand where we are heading financially when it comes to our goals. We have a 6-year-old son for whose education we want to have ₹1 crore. We also want to have a substantial amount for our retirement, which we are thinking of taking at 55. We like travelling and would like to have an additional surplus for it. So far, we have ₹18 lakh in our provident fund (PF) accounts and ₹27 lakh in mutual funds. Between the two of us, we are currently investing ₹60,000 per month in systematic investment plans (SIPs), and the rest goes to our bank accounts for our annual travel. Do let us know if we are headed in the right direction when it comes to our goals.

—*Name withheld on request.*

Having a balanced life where you can enjoy today while saving for tomorrow is important. Hence, it is better to have a plan in place for all these objectives. At present, you are both investing ₹60,000 for your goals like your son's education and retirement. The remaining ₹40,000, which effectively comes close to ₹5 lakh every year, you are keeping aside for your travel and vacation. With a ₹60,000 investment per month, at the end of 10 years, i.e., when your son is 16, you will have a corpus of ₹1.33 crore, which can easily take care of the education goal.

Also read | Can an Australian NRI get exemption on capital gains?

If the remaining amount of ₹33 lakh continues to stay invested for your retirement, this amount along with the subsequent monthly investment will be able to reach the corpus of ₹1.49 crore at the age of 55, assuming a 12% per annum rate of return.

Along with this, you have your present mutual fund portfolio of ₹27 lakh, which can become ₹1.85 crore at retirement. The PF without considering additional investment as the amount is not available should add ₹57 lakh more. So, the total corpus for retirement across all would be close to ₹3.92 crore. If we consider 6% inflation, this corpus is good enough to take care of ₹56,000 per month at current expenses for 35 years after your retirement.

If you are comfortable with this monthly amount, then you can continue with the way you are saving and investing. However, if you feel it is less, then you should relook at the investment ratio and finetune from the overall investment and spending perspective.

Harshad Chetanwala is a certified financial planner and co-founder of MyWealthGrowth.com.

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

Elon Musk's boundary-blurring relationships with women at SpaceX

FROM PAGE 10

prompted SpaceX employees to post an internal letter protesting what they viewed as the company's failure to take harassment allegations seriously.

Eight of them who were fired after the letter subsequently filed complaints with the NLRB, alleging they were terminated for speaking up. SpaceX denies the allegations in that ongoing case and is seeking a court ruling that the agency's process is unconstitutional.

'CIVILIZATION IS GOING TO CRUMBLE'

In the summer of 2013, a woman who reported directly to Musk left the company and later returned with a lawyer. She alleged that Musk had asked her on multiple occasions to have his babies, according to people familiar with the allegations.

Musk, who has at least 10 children, has said that the world faces an underpopulation crisis and that people with high IQs should procreate. He has encouraged some of his employees to have children. He has spoken of the need to colonize Mars to protect the human species in the event of a cataclysm on Earth. Sending people to the red planet is a long-held ambition that animates his work at SpaceX.

"If people don't have more children, civilization is going to crumble. Mark my words," Musk said in a 2021 interview with the Journal.

Musk had children with an employee in 2021. He and Shivon Zilis, an executive at Musk's Neuralink brain-implant company, share twins. Zilis has said Musk encouraged her to have children and later offered to be the sperm donor. "I can't possibly think of genes I would prefer for my children," Zilis is quoted as saying in "Elon Musk," a biography by author Walter Isaacson.

But the woman at SpaceX declined Musk's offer. She had continued working for Musk after he asked her to have his children, but their relationship deteriorated. Besides the baby allegations, Musk had denied the woman a raise and complained about her performance, according to people familiar with the matter.

The woman received an exit package of cash and stock valued at more than $1 million, according to a person familiar with the agreement.

PLANNING A PARTY

The same year that woman left SpaceX, 2013, Shotwell made allegations of her own: The executive accused one of her employees of having an affair with her husband, and then allegedly retaliated against the woman, according to the employee's account to friends and family and emails she showed them at the time.

On her own time, the woman had helped Shotwell's husband, Robert, plan a surprise Western-themed 50th birthday party for Shotwell, her boss. Robert sent boxes containing bull horns and other Western decor to the employee's house for the party. Before leaving town to visit her family for Thanksgiving, the woman called Robert to arrange for him to pick up the boxes while she was away.

"So, your call last night was not good," Robert wrote to the woman in a November 2013 email, with the subject line "Trouble." "She accused us of having an affair...Be prepared when she gets in."

The employee was on a plane with her brother when she got the email, which she later shared with her family. The accusation shocked and mortified her, her brother said.

"I hope you realize that this puts me in a very awkward position with my boss and makes me super uncomfortable," she replied to Robert.

He emailed her after the party to thank her for her help and to tell her that "everything is cleared up now."

When the woman told a human resources executive about the affair accusation, it got back to Shotwell, the woman told a friend.

The woman said in a text message that she understood the conversation to have been confidential. "He told Gwynne everything. She told me," the woman texted the friend, referring to the human resources executive to whom she'd reported Shotwell. "I should be able to go to HR for such things. She f— thought I was having an affair with her husband for God's sake."

Gwynne and Robert Shotwell didn't respond to requests for comment on the matter.

Musk's lawyers sent a sworn declaration from Brian Bjelde, SpaceX's current vice president of human resources, that said he could not locate any records of an HR complaint from the woman.

A file photo of a prototype of the Starship launch vehicle at the SpaceX launch facility in Cameron County, Texas, US. BLOOMBERG

By the time of Shotwell's party, the woman was working for both Shotwell and Musk. Shotwell told the HR department at SpaceX that she wanted the woman removed from the office of the chief executive.

While Shotwell was trying to push her out, Musk was pulling her in, she told people close to her.

17-HOUR DAYS

In the fall of 2014, Musk initiated a sexual relationship with the woman, who by that time was working directly for him alone, she told the people. Musk was still married to but separated from Riley.

A couple of months earlier, Musk and a human resources officer had met with the employee and said that a coming restructuring in Musk's office meant that the woman would have to move to another part of the company, into a less visible role, if she wanted to stay, she later told friends.

She had declined but agreed to stay on as long as needed to get Musk's new chief of staff, Sam Teller, up to speed.

"[Shotwell] has 100% sabotaged my future at a company I love, and I am not safe in any position," she wrote in an email to another friend in September 2014. "This position is killing me and it has [affected] my mental and now physical health."

But she was still at SpaceX in the late fall of 2014, at Musk's request, when he approached the woman at her desk and asked her if she wanted to have a drink and talk at his Bel-Air mansion, his primary Los Angeles residence at the time, situated on a knoll overlooking a country club.

Leading up to the invitation, Musk and the woman had become close professionally. They sat within view of each other in the office and were in frequent contact on work matters. She often put in 17-hour days to keep pace with Musk, helping out with matters at Tesla and in Musk's personal life, in addition to her primary duties at SpaceX.

Her friends and family noticed she'd lost an unhealthy amount of weight, and her hair was falling out as she worked long hours and friction with Shotwell continued.

Musk's invitation came as such a surprise to the woman that she told Teller about it at the office, according to people familiar with the matter.

When she arrived at Musk's house that night, with her computer and work bag, they went into his living room.

She gave this account to friends in the following days: She and Musk drank and chatted. Musk told the woman she had both beauty and brains and continued to compliment her. They had sex and spent much of the rest of the night talking.

They saw each other again at his house in mid-December 2014, after Musk's children were put to bed, according to text messages the woman shared with a friend at the time.

"I'll see you at 11 or so," the woman wrote in a text to Musk.

"Ok :) If you get tired or don't feel like it for any reason, no problem to cancel," he replied.

She said she didn't want to cancel. "I might send a note to your house security only, to let them know I'm coming to drop something off....or something. So they're prepared?"

In bed the next morning, Musk promised the woman Tesla stock for unpaid work she'd done for him at the carmaker and in his personal life, she told a person close to her.

Musk told the woman that if the relationship ever became public, they'd have to say it started after she left the company, the woman later told that person and another friend.

Later that December, the woman asked Musk if she could enlist SpaceX information-security employees to check her email account, after they discussed the possibility of her email getting hacked. Musk granted her request but urged her in an email to delete "anything you don't want them to see ahead of time, incl from sent folders and trash."

MISSED 'BOOTIE CALL'

The woman initially confided in people close to her that she believed she and Musk were starting a serious relationship and that they had a connection.

By late December, she was telling her friends that she felt used. Early on, she had wanted to keep their relationship private, but as it progressed, she sought more than drinks at his house and sex.

When she suggested dinner out, Musk said he couldn't be seen with her in public, citing ongoing negotiations over a possible divorce from Riley.

As tensions mounted, Musk assigned Teller, his chief of staff, to handle the woman's exit, according to people familiar with the matter and emails the woman shared with others. Musk had shared some of the woman's texts with Teller, according to the people.

Musk declined to pay the woman directly in Tesla stock. In a Dec. 29, 2014, email, Teller offered her $35,400 in cash for her unpaid work, saying she could use it to buy the stock instead. She negotiated the offer up to $85,000, citing taxes and her broad brief for the billionaire.

To get the money, she had to sign an agreement that required her to release Musk from potential legal claims "known and unknown," and to keep information about him "in strictest confidence," including the document itself, which Teller had received from Tesla's then-general counsel Todd Maron, who had also been a divorce lawyer for Musk. She shared the agreement with people close to her before signing.

Both Teller and Maron left their roles in 2019.

On Jan. 10, 2015, two days before she left the company, she received a late-night text from Musk: "Drinks?"

The woman didn't see the invitation until the following morning.

"11:25 pm bootie call. Glad I was sleeping," she wrote in a text to a friend.

After the woman left SpaceX, Musk told her in texts and emails that she shared with others that she had had thrown herself at him while he was in a fragile state over his separation from his then-wife, and they had been intimate only after she had resigned.

"You insisted on coming to my house to sleep with me when I was just sad and tired and wanted to be alone," he said in a text, the day after her exit from the company.

She and Musk never saw each other again.

Emily Glazer and Micah Maidenberg contributed to this article.

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OUR VIEW


PTI

Public healthcare need not be such a let-down

What glares out of India's household consumption survey is a gross disparity in medical expenses. Ayushman Bharat will not suffice. We need quality public health services for all

No survey of household expenses in a country as large and diverse as India can claim much accuracy beyond a point, but such studies offer us much to mull over all the same. Even a hazy X-ray, after all, can tell us what's crucial. Down the decades, India's long-cycle check has been the Household Consumption Expenditure Survey (HCES), conducted by the National Sample Survey Office. Although it was marred by a controversy over a whole set of field-work being binned and this scanner of multitudes being tweaked, the results of its 2022-23 round do offer us some points to ponder. The biggest of these is India's dispiriting disparity between haves and have-nots, with unequal money spent on healthcare glaring out. In rural India, our monthly medical spend per head was found to be just above ₹89 for hospitalization and about ₹180 for other health needs, with urban estimates of ₹123 and ₹258 not much higher. This is not a sign of us being a very healthy lot with a paltry medical-expense burden. That we know of hospital bills thousands of times larger only points to how easily averages can mislead us. Look closer: HCES data split up into equal slabs will show that the top 5% spend more than 100 times the lowest 5% on hospital care. If we took finer fractiles—such as percentiles, to compare the richest 1% with the poorest—then the difference would be even more stark. While huge gaps are also visible on a few other counts, such as rent, the medical contrast is one that should make us squirm the most. In a way, it's at the core of our inequality, as covid reminded us.

Equal access to healthcare is a key component of an equitable social set-up and our failure on this front is rivalled only by the dismal state of our public education. For even basic health services, those of us who struggle to make ends meet also find we must turn to the private sector. Most bills are paid out of our pockets, and although bill backstops are available, what we have by way of a state-run apparatus to keep us healthy is an apology of a system. As proof, think of public figures openly opting for pricey private alternatives, a preference that invites no scandal because even hard-up voters understand it. Thankfully, medicines are mostly cheap in India, but private services are not, with the result that getting well is costly for most people. As healthcare gets dearer by the day, at least partly in response to demand, this unfair state of affairs needs to end. In the interim, a stop-gap solution has taken hold of Indian policy circles. Over the past decade or so, the Centre has focused on casting a wider net of insurance coverage. Its Ayushman Bharat scheme has been hailed as an answer to uneven access to healthcare. In stacking up numbers, it has been a roaring success; 345.6 million cards have been issued so far, with almost 30,000 hospitals empanelled, as its official dashboard shows, while over 1.7 million admissions were okayed over the past 30 days. The state offering to pick up bills, however, involves the rigmarole of eligibility and treatment checks. It cannot compare with a system of universal care that serves everyone's health needs at high quality with no hoops to leap across, as seen in equality-oriented welfare states across the world.

As the government spends heavily on business-boosting infrastructure, it must not lose sight of glaring gaps that could make its Viksit Bharat ambition of a developed India by 2047 look illusory. We need a massive upgrade of public healthcare. And we must start now.

GUEST VIEW

Private production of the LVM3 could yield a space sector boom

Competition will boost Indian rocket-launch skills and help us attain a chunk of the global market

ASHWIN PRASAD
is a research analyst at Takshashila Institution.

In a recent keynote address at a US-India Business Council event, the chairman of Indian Space Research Organisation (Isro), S. Somnath, spoke about the retirement of the US National Aeronautics and Space Administration's (Nasa) Space Shuttle programme in 2011. For three decades, the Space Shuttle had ferried astronauts and satellites, even aided in building the International Space Station (ISS). The US government was about to shut the doors on this workhorse. Somnath recalled being bewildered back then, as the US led the world in space technology at the time. Now, in hindsight, Somnath sees that decision as having proven crucial to preserving US leadership in space.

As the commercial space sector in India germinates, we are at a similar moment. India's most powerful launch vehicle, the Launch Vehicle Mark-III (LVM3), will soon be produced by the private sector, while Isro will focus on pioneering endeavours in deep space exploration and cutting-edge research.

Space Shuttle's retirement created an opportunity: When the US retired the Space Shuttle, Nasa had no ready substitute spacecraft. It relied on the Russian *Soyuz* to transport American astronauts to the ISS and back. After a nine-year hiatus, the next crewed orbital launch from US soil was that of SpaceX's *Crew Dragon* spacecraft, atop the private company's Falcon 9 rocket.

Lower earth orbit (LEO) was a well-trodden frontier. Nasa, which had been flying to LEO for decades, could focus on more ambitious destinations by retiring the Space Shuttle and its operations to LEO. Moreover, this shift gave the private sector a chance to step in and fill the void left by the Space Shuttle. A burgeoning American space industry cultivated robust capacities in LEO that has led to a flurry of private spacecraft capable of taking crew and cargo to orbit. Their pursuit of a competitive advantage spurred the development of reusable spacecraft, slashing launch costs by a staggering 95% compared to the Space Shuttle era. These advancements have done wonders for space accessibility, opening wider doors to Nasa and many space and satellite companies globally.

We can create similar opportunities in India: India has also undertaken similar reforms since 2020 to reap the benefits of private sector participation in space. The new policy landscape seeks to unburden Isro of routine production and operational tasks. This includes making the Polar Satellite Launch Vehicle (PSLV), Small Satellite Launch Vehicle (SSLV) and the LVM3.

The plan is underway. Production orders have been placed with industry consortiums for PSLVs. SSLV technology will also be transferred to private manufacturers. Most recently, the private sector has been invited to build the LVM3. This way, Isro can focus on goals that include human spaceflight for the forthcoming *Gaganyaan* mission, building a Next Generation Launch Vehicle (NGLV), a more advanced, partially reusable heavy launch vehicle, and eventually placing an Indian space station in the LEO.

The transfer of technical knowledge from Isro to the private sector for LVM3 production will spread crucial space expertise. These capabilities could then strengthen India's supply of launch vehicles to meet growing global demand for launch services.

In 2022, Isro's commercial arm successfully launched the LVM3 for a large commercial order, deploying 36 satellites to LEO. The private sector's involvement will make more such missions possible, as it adds elements of scale and collaboration that Isro cannot achieve by itself. Currently, Isro makes two LVM3s per year, but by leveraging the private sector's advantages, the goal is to increase this number to six. This enhancement will expedite Isro's plans and ensure timely launch schedules. Increasing the frequency of LVM3 flights for exclusive use or ride-sharing will draw greater interest from clients.

Let's drive vertical and horizontal innovation: The private sector is free to build on top of (and in parallel with) Isro's innovations. Isro is testing semi-cryogenic technology to boost the LVM3's lift capacity and range. Private space firms could enhance the LVM3 design, introduce new technologies and offer innovative solutions to upgrade its heavy-lift capabilities.

Using a single large launch vehicle to transport multiple payloads allows for the efficient and synchronized delivery of diverse cargo, effectively using available resources and reducing overall mission costs. This approach significantly diminishes the cost associated with transporting each payload. This is currently the most cost-efficient way to achieve orbit.

A shortage in launch services worldwide presents an opportunity for India's emerging space industry. However, Indian launch businesses must compete with the likes of SpaceX, which boasts of the heaviest rockets and highest levels of reusability. LVM3 represents the best of India's launch vehicles, but we need more than one competitive launch vehicle in our effort to drive up innovation and drive down costs. Competition will ultimately allow India to build more rockets and launch more payloads, leading to a more significant share of the global space market. It's a massive and transformative opportunity.

10 YEARS AGO

JUST A THOUGHT

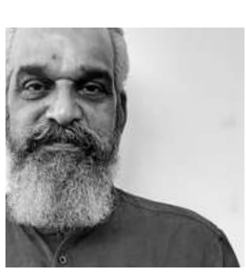
Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.

ADAM SMITH

GUEST VIEW

Assess India's China challenge through another prism

SHASTRI RAMACHANDARAN



is a journalist based in Delhi and the author of 'Beyond Binaries: The World of India and China'

China does not think of India every day. India does, of China, and in a bad way even at higher levels of the establishment. "I have never been to China. I doubt I am going to get an invitation any time soon. Unless it is a one-way trip," said General (Retired) M.M. Naravane, Chief of Army Staff during the India-China military clash in Galwan Valley in June 2020, while releasing my book, *Beyond Binaries*, at India International Centre, Delhi, this January. The general meant that if Beijing invited him, it would not let him leave alive. Yet, going by what he said, General Naravane is not a prisoner of the binaries through which India-China ties are usually viewed. When dealing with China, he said "we cannot be on the extremes" of hawks and doves. "We have to follow a middle path.... Let us not be caught in this trap of zero and one, on and off, friends and enemies, my way or the highway. Let us see the points of convergence."

While China has not always been a friendly neighbour, General Naravane said that "we have not been able to understand the country properly, because of which we make wrong assumptions, which in turn lead to wrong decisions being made."

Much of what General Naravane said resonates with my central thesis: That Indian-China relations must be freed from the binaries of good and evil, friend and foe, democracy and dictatorship, competition and conflict, cooperation and confrontation, and so on. India and China have more common interests to hold them together than bilateral differences to keep them apart. Indeed, the emphasis has been on the latter, especially in the media, even as bilateral trade, which hit a high of $136.26 billion in 2022, is booming.

General Naravane, Shyam Saran and I are on the same page in preferring the term 'China challenge' over 'China threat.' "There is much that India may learn from the Chinese experience in charting its own development trajectory, avoiding its mistakes but benefitting from its notable successes," writes Shyam Saran, former foreign secretary and a leading scholar-diplomat on China, in my book's foreword. There is much space for cooperation in mutually beneficial ways. In Saran's words, "Chinese capital and its construction technologies and management methods could turbo-charge India's own quest for world-class infrastructure. The scale of the market India offers, and a scale that is rapidly expanding, could be a significant opportunity for Chinese companies."

There are many potential sectors for profitable partnerships. For instance, China has enviable healthcare infrastructure. In India, for the vast majority modern healthcare is inadequate, inaccessible and unaffordable, which is somewhat mitigated by the availability of affordable medicines of quality. In China, pharma drugs are very expensive and most have to be imported; some 11-12 years ago, a statin tablet cost more than a dollar. The same was sold in India for less than ₹2. The cost of medicines makes prolonged hospital treatment unaffordable for many Chinese, who seek solutions in India. This field has the potential for a win-win partnership.

Let the flag follow trade to exploit our vast potential for mutually assured development

Another area of cooperation could be railway development. Some 20 years ago, China lagged India in railway services. Itinerant vendors with rows of train tickets pinned to the insides of their jackets were a common sight outside intercity rail terminals. All that is a thing of the past, with Chinese trains and reservation services comparable with the best in the world. In contrast, India, with its deterioration in railways, poor service and jacked-up fares, is now at least a few decades behind China.

However, such avenues may remain unexplored for a long time unless there are dramatic changes in both the countries and their political and economic conditions. Developments in the aftermath of Galwan have demolished many Sino-Indian achievements of the last 40-45 years. Prime Minister Narendra Modi had avowedly sought to move the relationship in a positive direction, pursuing new engagements and alignments in diverse forums from Russia-India-China, Shanghai Cooperation Organization to BIMSTEC and BRICS. The consequences of the India-China stand-off are not limited to the military realm, diplomatic field and a few apps. The boundary dispute cannot be resolved through force. In the event of a conflict, as the bigger economy, China could be hit harder than India, with long-lasting adverse economic consequences. The political and international fallout could destabilize China and stall its rise to global power.

In the present international climate, China has no option but to come to terms with India and create conditions for reconciliation. India, for its part, should deal with China in ways that are more effective. There is no room for diplomatic ineptitude. One tried and tested approach is for India to deal with China exactly as the US does, and not as Washington advises, wants or pushes New Delhi to do.

The business of China, like that of America, is business. With trade unaffected by the border conflict, perhaps commerce can succeed in paving the way for rebuilding the required trust to resolve disputes and differences. The flag following trade may be the ideal way to go forward.

On his part, Chinese President Xi Jinping, as chairman of China's Central Military Commission, could break the ice by inviting General Naravane for a tour of China. With an assured return ticket, of course.

MY VIEW | STATISTICALLY SPEAKING

Consumer expenditure survey: Its new methodology is superior

Its data quality has improved even if changes in how Indian households are polled reduce its comparability with the past

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MINT

India's ministry of statistics and programme implementation (Mospi) recently released a full report on the results of the Household Consumer Expenditure Survey (HCES) along with unit-level data. A factsheet highlighting some key results had been released earlier this year. This survey has made a number of changes in methodology, which has caused some confusion among the commentariat. We will briefly examine these changes and their rationale.

Changes in Schedules of Inquiry: The HCES 2022-23 canvassed household consumer expenditure through four sub-schedules, three covering consumption, i.e. Food (FDQ), Consumables and Services (CSQ) and Durables(DGQ), and one covering Household Characteristics (HCQ). The HCQ schedule was canvassed in the first visit, along with one of the three consumption schedules, the remaining two being canvassed over two separate visits later. As a consequence, each household was visited thrice over a three month period. The sequence in which the schedules were canvassed were randomized to eliminate any bias on account of schedule ordering.

These changes were introduced for a practical reason. The earlier approach was to canvass a single comprehensive Schedule of Enquiry covering all three baskets. Over time, the survey instrument became longer as new items of consumption were added. This led to complaints of an excessively long interview. A questionnaire could last as long as 180 minutes. Further, the order of items was fixed for each interview. Its length, along with a fixed order, created many different errors. Interviewer and respondent fatigue contributed to deterioration in data quality. Later items often got poor quality responses, leading to possible under-coverage. The excessive length was also a factor in households refusing to participate in the survey. Therefore, numerous committees of the National Statistical Commission (NSC) had recommended that we rationalize and simplify the National Sample Survey (NSS) Consumer Expenditure Schedule.

These changes in the method of enquiry have implications for estimates of household consumer expenditure. Since each consumption basket is now similarly canvassed, the bias on account of positioning has been eliminated. Under-reporting of non-food items, particularly durable goods and services, gets reduced. This bias reduction is partly the reason behind the decline in the share of Food in total consumption.

Changes in stratification: National sample surveys, in order to ensure better coverage of a heterogenous population, adopt a multi-stage stratification approach. In this survey, some changes were made in how this is done. In the rural sample, a special strata of zero-population villages was created, and the remainder were broken into two strata, based on distance from urban centres. This has ensured that the under-sampling of small villages, far from urban areas, is reduced. Secondly, in selected villages or urban blocks, a second stage sub-stratification was done on the basis of land ownership in rural areas and four-wheelers in urban areas. This was a change from the earlier approach based on 'affluence.' The reason why we adopt second-stage stratification is to ensure that we cover all types of households adequately. The concern has been of under-coverage of affluent households. This under-coverage happens both because affluent households are fewer in number and have a much higher non-response rate. The affluence criteria adopted earlier had two types of problems: one, the method of detecting affluence was highly subjective, and two, there was non-comparability across different villages/ urban blocks. So an 'affluent' household in one village/ urban block could end up as being 'non-affluent' in another. This low (and possibly biased) coverage of better-off households was also a factor in the under-estimation of expenditure on durable goods and services. The changed approach reduces (and possibly eliminates) subjectivity and will allow us to capture heterogeneity better.

In this context, a common misconception is that the sample size should be related to population share. In sample design, we actually do the reverse. The effort is to over-sample small or rare entities, as they are more likely to be missed. The estimates are not affected by such design changes, as they are generated by combining the sample estimate with a multiplier which reflects the importance of the observation in the population. The new HCES and Periodic Labour Force Survey offer better estimates of aggregate characteristics because they make a better effort to capture these small but important components of the population.

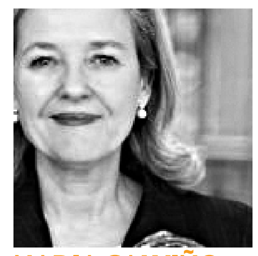
Implications of improved estimates: Since new HCES estimates of consumer expenditure are a more accurate representation of consumption patterns than past surveys, some people argue that we therefore need a new poverty measure. As I had argued in this column earlier, while there is a case for revisiting poverty measurement, it is not because of changes in measurement protocols, but because of changes in behaviour. A second query often raised is whether we should have done, for purposes of comparability, a separate sample based on the old Schedule and design. This was done in 2009 and 2011, when a new Schedule based on the MMRP was introduced. There are two problems with this suggestion. The current HCES already has a very large sample of 18 households in each village/ block. A sub-sample using the old design would mean pushing this to at least eight more households in each first-stage sampling unit (FSU). This will add to cost and possibly reduce data quality in smaller villages and blocks. Overlaying two separate sub-stratifications in the same FSU will add to complexity and increase non-sampling error. A second problem is that the old design was already stretching response error to breaking point. It is possible that the failure of the 2017-18 survey was on account of such design-related complexities. This could have been analyzed if the detailed data for that survey were available. It would have been better if Mospi were to release those data-sets while highlighting its problems. After all, flawed data-sets from 1999-2000are still available and they hold valuable lessons.

To sum up, improvements in data quality are welcome even if methodology changes result in issues cropping up of comparability with the past. The requirement of comparable data is no reason to stop changes that serve a valid purpose. Analysts will simply need to take this into account.

MINT CURATOR

The EU project remains vital to peace, prosperity and more

European elections are a reminder of all that makes the EU unique



NADIA CALVIÑO
is president of the European Investment Bank.

The EU has broadly been a success as a political partnership

European Parliament elections have made many Europeans ask what the European Union (EU) has done for them since the last election in 2019. The fact that 27 countries choose to pool their sovereignty and build an economic, social and political partnership based on the shared values of peace, justice, respect and solidarity is unique in global history. It is a triumph that we should not take for granted, especially when so many people globally still yearn for the freedom to choose their government from a diverse array of candidates and parties.

At a time when the geopolitical ground is shifting, the global order that we helped build is being put to the test. Our greatest challenges, be it security, health, digitalization or climate change, require cooperation to address. Europe's experience shows that we are stronger together and can succeed when we act on the three principles of unity, determination and solidarity.

Our shared experience since the last elections attests to the value that the EU adds to our daily lives. When a pandemic hit, every citizen had access to life-saving vaccines and the pooling of resources had a remarkable impact. For example, the European Central Bank (ECB) provided liquidity to protect financial systems; the European Commission's SURE scheme helped countries protect jobs; and the European Investment Bank's European Guarantee Fund complemented national support systems to protect SMEs and the broader business ecosystem. Even now, the Recovery and Resilience Facility is promoting reforms and investments needed to achieve a strong recovery and drive green and digital transitions.

The EU, in short, is a shining success story. Not only has it brought prosperity, peace, stability and social progress to members, it also has become a force for good in the world. It is a leading source of humanitarian aid and development finance, a strong advocate for the multilateral institutions that maintain global financial stability and a major supporter to the world's most vulnerable countries.

I am proud of the EIB Group's instrumental role in delivering these results. With €22 billion of paid-in capital, we have been able to mobilize more than €5 trillion in investment. This supported top-notch transportation and energy infrastructure, hospitals, schools, SMEs across the EU, highly innovative technologies and many rapidly scaling startups, contributing to green and digital transitions and reinforcing EU strategic autonomy and security.

To name just a few examples, the EIB Group has supported vaccine development with a loan to BioNTech, the company that delivered the mRNA platform against covid. We are also financing the largest solar-panel factory in Italy, the first circular-production battery gigafactory in Sweden and large offshore wind farms in the Baltic and Nordic regions. And we have funded an innovative chip manufacturing plant in France, efforts to decarbonize heavy industry in Germany, new green hydrogen projects and infrastructure in the Iberian Peninsula, and an upgrade to Poland's electricity-transmission network.

Since its creation in 1958, the EIB Group has financed EU policies and evolved to respond to European needs. I am convinced that we are financing technologies that will be the building blocks of an efficient net-zero economy, and which will be instrumental to accelerate digitalization and innovation. But we are no less determined to support European agriculture, help our industries seize existing opportunities, strengthen European competitiveness and strategic autonomy, and address challenges such as housing costs. Given this track record, we will also play a role in supporting the next phase of EU enlargement and in amplifying Europe's voice.

The turbulent five years since the last European elections show us that we need more Europe, not less. We need the EU for our security, stability and prosperity. With populists promising easy solutions and calling for less solidarity, we must remember what the EU is doing for us every day.

A new geopolitical order is emerging, and the foundation of Europe's success is being put to the test. Our decisions at the ballot box will determine the EU's priorities and role in the world at a crucial moment in world history.

This election is a vote of confidence in Europe and the principle of solidarity. We must strengthen the institutions that have ensured our own peace and prosperity, and which remain a beacon and a force for good in the world. Let's defend European values. Let's focus on what truly matters. Let's appreciate what the EU means for security, welfare and prosperity throughout all member states. And remember the value of the vote!

MY VIEW | BEHAVIOUR BY BRAIN

The failure of exit polls holds behavioural lessons for us

BIJU DOMINIC

is chief evangelist, Fractal Analytics, and chairman, FinalMile Consulting.

What did you have for breakfast two days ago? Having breakfast is a routine affair. Not much thought goes into such a decision. So most of us would have forgotten the details of what we consumed as the first meal of that day. On the other hand, how many of us have forgotten who we voted for in the general election of 2024? Voting in a national election is not routine behaviour. For most people, voting is a much thought-through decision. It is unlikely that one would forget which political party one voted for, and this memory will probably stay intact for years to come. If this is so, why did most exit polls of the recent election fail to elicit this data from the immediate memory of voters with sufficient accuracy to forecast the outcome correctly?

The typical explanation that is provided for the unreliability of consumer research is that its survey methodology was flawed. Not selecting the right samples that accurately represent the larger voter universe of each constituency, for example, could be a significant source of error. No doubt, the Indian voter universe, with an electorate whose voting behaviour is influenced by multiple factors, is far more complex than in any other democracy. Once the field work for such a survey is done, using the responses of voters after they left polling booths to calculate the vote share of rival parties within every constituency is quite a task. Even with the best statistical methods, accurately evaluating the electorate's verdict is far from easy. But the market research industry in India is several decades old and various polling agencies have conducted plenty of consumer research across the years. It is difficult to believe that they have not yet figured out the statistical methods needed to make sense of a complex country like India.

There could be other reasons for why India's exit poll results were wrong. In his book *Private Truths, Public Lies: The Social Consequences of Preference Falsification,* economist Timur Kuran speaks of 'preference falsification.' This, according to Kuran, is the act of misrepresenting one's actual views under real or perceived social pressures. It happens frequently in everyday life, such as when we tell the host of a dinner party that we are enjoying the food served, although we may actually find it bland. Given the prevalence in society of such behaviour, could it be that some voters cast their vote for a particular political party, but when asked by exit pollsters, cited the name of another party? If so, why should voters do something in private but say something else in public?

Studies show that people often express false views to fit in with their notion of the majority view

As social beings, humans worry a lot about what others think of their views and actions. Many a time, they express falsely held views just to fit in with what the majority consider appropriate. This was best demonstrated by a famous experiment by legendary psychologist Solomon Asch.

In the experiment, an original line and three other lines were shown. Of the three lines, the first is clearly shorter than the original line, second clearly longer than the original, and the third is of the same length as the original. This experiment has one real subject and four actors whose identity the real subject is not aware of. As part of the experiment, the four actors are first asked which of the three lines is the same as the original. As part of the plan, they all point to the first line. Then the actual subject is asked the same question.

What is interesting is that when the subject is asked this question alone in a room, s/he will always get the answer right—which is the third line. But once the subject has heard what four others have already said, 35% of the time s/he will repeat the answer of the other four—just to avoid being in a minority of one.

Inside a polling booth, voters are confident that their behaviour is anonymous. So they tend to behave according to their personal beliefs. But outside the polling booth, there is pressure to fit in with the views of the majority. So it is likely that many respondents of this year's exit polls falsified their answers to suit what they viewed as the majority view.

What we witnessed in these exit polls was a clear gap between what people say and what they do. This failure of most research agencies to really understand what people do—and why they do what they do—has larger implications.

An obvious question that the humongous failure rate of recent exit polls raises is whether consumer research is able to effectively understand human behaviour in other strategic areas of application. How good is a policy decision if we get most factors right but get the behavioural aspect of it wrong? What is the point in getting the engineering of new roads right, for example, if we can't get drivers to drive safely on those roads? What is the point of inventing effective vaccines to prevent diseases if we can't motivate people at large to walk to a nearby healthcare centre to get themselves vaccinated?

This failure of the vast majority of pollsters to correctly predict the mood of the nation is a reminder that making sense of human behaviour is a very tough job. There are far too many complex factors involved and there is no reason to believe that *status quo* techniques are adequate to effectively unravel the complexities of human behaviour. This is a field in which we need to think anew and act anew.

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