

Friday, June 14, 2024

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Friday, June 14, 2024

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Think Ahead. Think Growth.

mint primer

More rights for foreign airlines: who will fly high?

BY ANU SHARMA

With a new government at the Centre, bilateral air service agreements are back in focus. In the past, these agreements, which give certain rights to countries, have elicited mixed reactions from stakeholders. *Mint* explains their working, the impact on airlines and passengers.



1 What are bilateral rights?

Bilateral rights are granted under air service agreements between two countries. They are a set of commercial aviation rights granting an airline the right to enter another country's airspace. The rights cover the frequency of flights, number of seats mounted by carriers from either side and the type of aircraft. These bilateral air service agreements also mention the exact Indian airport or city from which a foreign airline can operate. Currently, India has bilateral air service agreements with 116 countries. The last major increase in rights, on a busy route such as India-Dubai, was agreed in 2015.

REUTERS

2 Why isn't India increasing such rights?

Since 2016, India has been wary of enhancing bilateral entitlements (more seats, flights, airports etc.) as foreign airlines have been able to better utilize their share of bilateral rights. Indian airlines weren't able to fully exploit entitlements as they are saddled with older fleet and fewer wide-body planes (suited for international flights). The broader policy of the government has been to wait for global aviation hubs to be set up in India and make domestic airlines utilize their rights effectively. This was especially the case when it came to agreements with Dubai, Bahrain and other countries in West Asia.

3 What do foreign airlines have to say?

The domestic air travel penetration rate is only 4-5%, implying runway for growth. Foreign airlines see this as an opportunity. Also, Indian travellers are ditching domestic travel for short- to medium-haul foreign destinations. As a result, Emirates, Etihad and Saudia have been at the forefront of demanding an enhancement of their bilateral agreements.

4 Will increasing rights bring down fares?

An increase in the number of flights available on a specific route will invariably reduce fares, despite a sustained increase in demand as well. Routes such as India-Dubai suffer from high fares due to restricted capacity and heavy demand. Meanwhile, in order to address international ambitions, Indian airlines have placed orders for more than 1,600 aircraft. But travellers will have to wait for another decade for any good news when it comes to capacity enhancement. Aircraft deliveries take time.

5 What is the new govt likely to do?

It's likely to seek an increase in foreign flight quotas on existing destinations such as Dubai, Qatar and Singapore. New Indian airlines want rights to fly to these lucrative markets, and older ones want enhancement for more flights. Two officials aware of the plan told *Mint* talks with the industry started even before the elections in view of the demand from both airlines and some Indian airports. However, the domestic industry remains divided—some fear it could harm Indian carriers in the long run.

QUICK EDIT

Fed pivot? Not yet

Even as anticipation has grown over when the US Federal Reserve will shift its monetary policy to an easier setting, the target seems to be moving farther, with distinctly hawkish sounds emanating from Fed policymakers. The US central bank's latest policy decision announced by chair Jerome Powell on Wednesday has dampened expectations again. Powell said US inflation has eased but not by as much as required. So, the forecast of three rate cuts in 2024 that the Fed's rate-setting panel had put out in March now stands scaled down to just one. Among the complications faced by the Fed is the peculiar state of America's labour market. While the relationship of its tightness with general price levels has been under both study and debate, one way to relieve the US economy of wage-driven inflationary pressures would be to open it wider to immigrants. Sadly, domestic US politics pose a big obstacle to this, which means when America will get inflation back down to its 2% target can be a bit like waiting for Godot. Many observers in emerging markets may be sighing that the US isn't proving as pragmatic as it should be in shoring up its reputation for price stability.

MINT METRIC

by Bibek Debroy

In a MP mandi, they caught a thief,
The punishment imposed beyond belief.
Nine men, it is said,
Proceeded to shave off his head.
Now charged, they have come to grief.

QUOTE OF THE DAY

India has been growing very strongly with the economic growth rate of 8.2% for the fiscal 2023-24. Looking at the future, the momentum continues to be high and India should maintain similar growth momentum in the coming years.

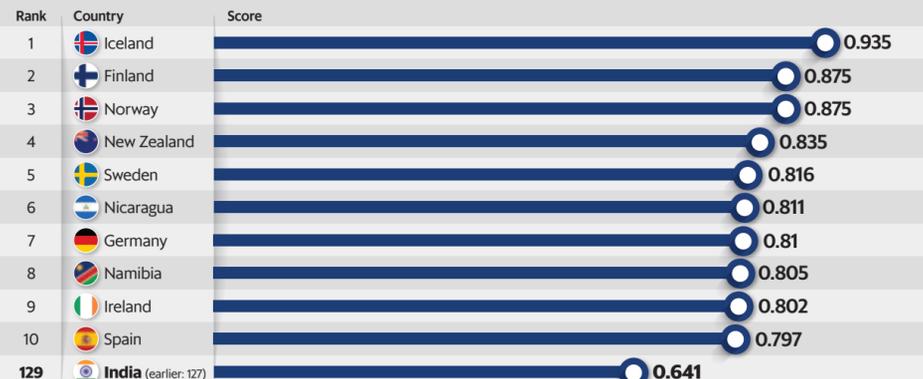
N. CHANDRASEKARAN
CHAIRMAN, TATA SONS



mint Data Bites

INDIA SLIPS TWO PLACES ON WEF'S GENDER PARITY INDEX

Scores on the Global Gender Index 2024 (scale 0 to 1*)



The index measures parity on several indicators across four key dimensions: economic participation and opportunity, educational attainment, health and survival, and political empowerment. * A score of 1 on the index denotes full gender parity. Data: Shuja Asrar, Design: Satish Kumar Source: World Economic Forum

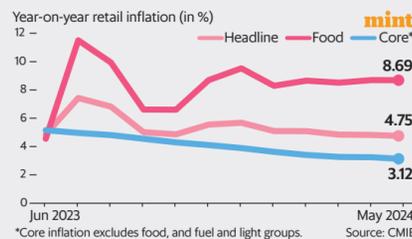


Data recap: Inflation, market highs, new MPs

CURATED BY PAYAL BHATTACHARYA

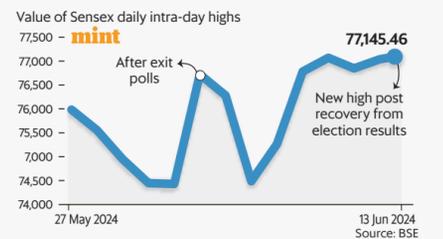
Every Friday, Plain Facts publishes a compilation of data-based insights, complete with easy-to-read charts, to help you delve deeper into the stories reported by *Mint* in the week gone by. Retail inflation eased marginally in May, but food inflation continued to remain elevated. The BSE Sensex, after recovering from the election result day meltdown on 4 June, touched a new intraday high.

Steady Inflation



INDIA'S RETAIL inflation eased to 4.75% in May from 4.83% in April, data released on Wednesday showed. However, food inflation, which accounts for nearly 40% of the overall basket, exceeded the 8% mark for the seventh consecutive month. Some vegetables and pulses saw the highest rise in inflation in May. Nevertheless, core inflation, which excludes the more volatile food, and fuel and light groups, brought relief as it moderated further to 3.12% in May from 3.25% earlier.

Market Milestone



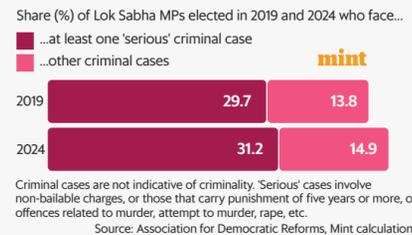
AS THE BJP managed to form a government with the help of its allies despite the poor show in the election, the Indian stock market showed signs of optimism. The Sensex surpassed the 77,000 mark intraday for the first time on Monday, a day after Narendra Modi took the oath as prime minister. The optimism continued through the week and the benchmark index hit another high of 77,145.46 on Thursday, indicating investors' confidence in ongoing reforms and policy stability.

6.7%

Growth Projections

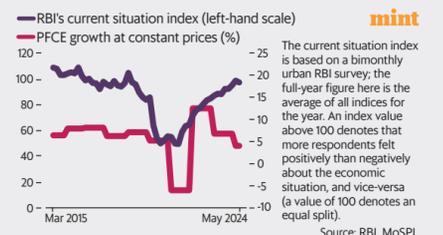
THIS IS the average growth rate the World Bank has projected for the Indian economy from 2024 to 2026, making it the world's fastest growing major economy. In its latest Global Economic Prospects report, it projected growth rates of 6.6% for FY25, 6.7% for FY26 and 6.8% for FY27. While India's growth will be significantly higher than 2.6-2.7% projected for the world, it will be less than the 8.2% seen in FY24.

MPs' Profile



AS MANY as 250 of the 542 members of the newly elected Lok Sabha—accounting for 46% of the total—have criminal cases against them, a *Mint* analysis of data released by the Association for Democratic Reforms based on nomination filings showed. Around 31% of them faced serious criminal charges, which is a slight increase from 29.7% in 2019. Nearly every party has such MPs, with the BJP leading with 63 MPs, followed by the Congress with 31 and the Samajwadi Party with 17.

Consumer Confidence



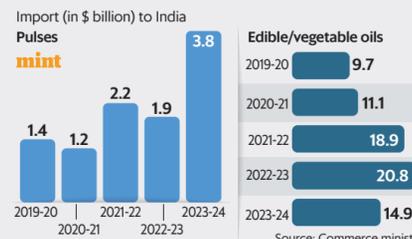
THE NEW government starts off on a firm economic footing, thanks to three years of strong growth and a restrained fiscal position. But the divergence in slow private consumption and upbeat consumer confidence underline low and high income groups. Growth in private final consumption expenditure was just 4% in FY24. However, urban consumers have maintained spending, which brought the Reserve Bank of India's consumer confidence index back to pre-pandemic levels.

₹4.17 trillion

Capex Plans

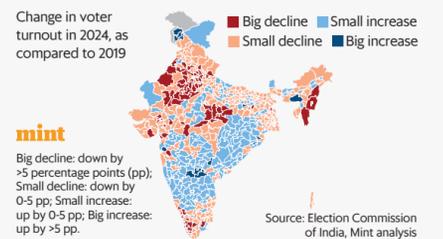
THAT'S THE amount of capital expenditure that state-run NTPC plans to make over the next 10 years to develop production capacities in methanol, ethanol, green hydrogen and sustainable aviation fuel, a *Mint* report said, quoting unidentified sources. The NTPC group currently has a cumulative power generating capacity of 76.04GW, of which 62.19GW is sourced from coal, 6.5GW from gas or diesel, and 7.34GW from renewable energy sources.

Import Reduction



A REDUCTION in imports of pulses and edible oils has found space in the first 100 days' agenda of the new government, a *Mint* report said, quoting officials. The agriculture ministry is drafting a new scheme to achieve self-sufficiency in pulses by 2027. While there was a reduction in imports of edible oils in FY24, that of pulses hit a six-year high. At the same time, the government will also work on increasing the supply of ethanol and stabilizing food prices in its first 100 days.

Chart of the Week: Voter Trends



IN THE recently concluded high-stakes general election, fewer people stepped out of their homes to vote, with the voter turnout falling to 65.8% compared to 67.2% in 2019, a *Mint* analysis showed. However, the trend varied in different parts of the country. Follow our data stories on the "In Charts" and "Plain Facts" pages on the *Mint* website.

PARAS JAIN/MINT

TOP FIVE THRILLERS

- 1 THE TOURIST**
Platform: Lionsgate Play
Language: English
- 2 BODKIN**
Platform: Netflix
Language: English
- 3 ANTHRACITE**
Platform: Netflix
Language: French
- 4 THE VEIL**
Platform: Disney+ Hotstar
Language: English
- 5 REACHER**
Platform: Prime Video
Language: English

TOP FIVE PUNJABI FILMS

- 1 MAURH**
Platform: ZEE5
Cast: Ammy Virk, Dev Kharoud
- 2 HONSLA RAKH**
Platform: Prime Video
Cast: Diljit Dosanjh, Sonam Bajwa
- 3 BABE BHANGRA PAUNDE NE**
Platform: ZEE5
Cast: Diljit Dosanjh, Sohail Ahmed
- 4 AAJA MEXICO CHALLIYE**
Platform: Chaupal
Cast: Ammy Virk, Nasir Chinyoti
- 5 GADDI JAANDI AE CHALAANGAAN MAARDI**
Platform: Chaupal
Cast: Ammy Virk, Binu Dhillon



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How to account for politics in your investing ▶ P10



Economy to grow at 8% this fiscal: CII's Sanjiv Puri ▶ P5

SENSEX 76,810.88 ↑ 204.31 NIFTY 23,398.9 ↑ 75.95 DOLLAR ₹83.55 ↓ ₹0.004 EURO ₹90.25 ↓ ₹0.41 OIL \$82.03 ↓ \$0.7 POUND ₹106.80 ↓ ₹0.23

LIC may buy pvt insurer to enter health business

Acquisition plans still in nascent stage; company eyes composite insurance licence

Aniurudh Laskar
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MUMBAI

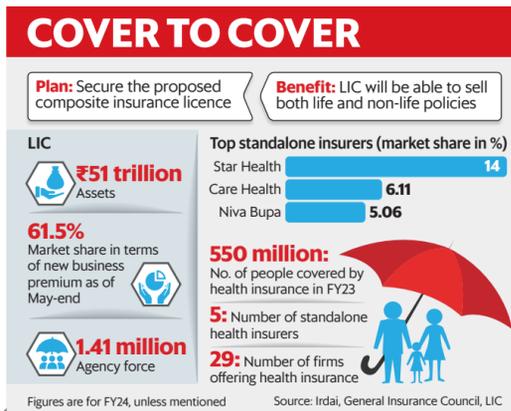
Life Insurance Corp. of India (LIC) is planning to acquire one of India's five private standalone health insurance companies to secure a beachhead in the country's growing health insurance market, two LIC executives said.

LIC, with assets worth over ₹51 trillion and a market share of over 61.5% in life insurance, is keen to secure a composite licence—a licence planned to be introduced by the Insurance Regulatory and Development Authority of India (Irdai) that will allow an insurer to sell both life and non-life policies.

"For LIC, this makes sense. The work is on internally. The composite licence may take about 2-3 months and then, LIC may consider acquiring an established health insurance company and grow the business from thereon," one of the two executives cited above said on the condition of anonymity.

LIC submitted its health insurance plans to Irdai recently, but it does not involve any proposal for a merger with state-run general insurer, the people cited above said.

"LIC is keener to acquire a stan-



POWER MOVE

LIC's strategy team is yet to earmark funds as plan is not final yet

ANY buyout by LIC will require approvals from Irdai and MoF

LIC plans to leverage its vast agency force to sell health policies

PARAS JAIN/MINT

dalone health insurance business. There are multiple options being weighed on. One option before LIC is to take over one of the five standalone (health insurance) players, preferably one that has strong digital capabilities," said this executive.

India's five standalone health insurers, all of them privately owned, are Niva Bupa Health Insurance Co. Ltd, Aditya Birla

Health Insurance Co. Ltd, Care Health Insurance Ltd, Manipal Cigna Health Insurance Co. Ltd, and Star Health & Allied Insurance Co. Ltd. Any standalone health insurer acquired by LIC will become the country's first state-owned standalone health insurer.

The LIC executives said the state-run insurer plans to leverage its vast network and agency force of

Next round of LIC share sale in FY26

The next round of sales of the government's stake in Life Insurance Corporation is likely to start in the next fiscal year (FY26) as the Centre plans to pause the process this year to assess investor appetite for a large public offer, two people aware of the matter told *Mint*.

Instead of big issues such as LIC, the market will be tested this year with smaller issues to gauge investor appetite, the first person cited said.

P2

NTPC arm in talks for green H2 supply to HPCL, Hindalco

Rituraj Baruah
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NEW DELHI

NTPC Green Energy Ltd (NGEL) is in talks with oil refiner and marketer Hindustan Petroleum Corporation Ltd (HPCL) and copper and aluminium maker Hindalco Industries Ltd to supply them green hydrogen, according to two people aware of the development.

NGEL, a subsidiary of India's top power producer NTPC Ltd, is discussing the possibility of seeding joint venture (JVs) with HPCL and Hindalco—as well as with other public and private sector companies—on the lines of the JV it has created with Indian Oil Corporation Ltd (IOCL), the people said.

Last June, NGEL had incorporated a 50:50 JV with IOCL to supply the latter's refineries with renewable energy for captive consumption. Later, in October, IOCL's board approved an investment of up to ₹1,660.15 crore in the JV.

"NGEL has a tie-up with IOCL. It is also taking to HPCL and Hindalco, among a few others. The plan is to cater to the captive requirement of these companies including refineries," one of the two persons mentioned above said.

Queries sent to NTPC, HPCL



NGEL is looking for JVs with HPCL and Hindalco. BLOOMBERG

and Hindalco remained unanswered till press time.

NGEL's keenness on JVs gains significance as it helps assured offtake for renewable energy and green hydrogen by the JV partner for captive consumption.

Assured offtake is key for green hydrogen producers as it is a highly capital-intensive commodity.

"The cost of green hydrogen production is about \$3.7-5.3 per kg and that of electrolyzers, which is used for producing green hydrogen, is \$450-\$550 per kilowatt," said Prashant Vasishth, senior vice president and co-group head, corporate ratings, Icr. "The Centre is eyeing to bring it (green hydro-

TURN TO PAGE 6



DON'T MISS

NCLT halts Byju's second rights issue, freezes funds

The Bengaluru bench of the National Company Law Tribunal has restrained Byju's from using the proceeds from its second rights issue, and instead, directed the ailing firm to park the funds in a separate account till the disposal of the main petition. >P3

Heatwaves delay monsoon's progress in east India

Significantly higher-than-normal temperatures recorded in large swathes of north-western and eastern India in the past three days have slightly slowed down the monsoon's progress, an IMD official said. >P2

New fuel efficiency proposal signals an EV future for India

In a move that underscores India's push towards zero-emissions, the nation's energy efficiency agency has proposed stringent targets to cut automotive emissions, while emphasising battery electric vehicles as key to its clean mobility drive. >P5

Will it rain on the cement sector's parade, again?

Cement prices have finally been raised after unsuccessful attempts in April and May. Extreme heat in the country and labour shortages due to the general election had muted cement demand in the previous two months, leading to price rollbacks. >P4



A record 67 candidates shared the top rank in the latest NEET to select students for medical, dental and related courses. HT

Coaching centres seethe over NEET marks, leak fear

Krishna Yadav & Devina Sengupta
NEW DELHI/MUMBAI

Coaching centres that train millions of students for competitive exams expressed apprehensions over the latest national pre-medical entrance test after allegations of arbitrary grace marks and paper leaks, even as the government defended the testing authority and the conduct of exams.

In an unusual development, a record 67 candidates shared the top rank in the latest National Eligibility cum Entrance Test (NEET) to select students for medical, dental and related courses. Six of them were from the same exam centre, sparking student protests and suspicions of leaked question papers.

The National Testing Agency (NTA), which conducts NEET, attributed the steep scores to curriculum changes and grace marks awarded for time lost at exam centres. On Thursday, the government informed the Supreme Court that it has decided to scrap grace marks given to 1,536 students and to allow them to take a retest.

"No one won today, but this

is a loss for the education system and a sad day... The paper leak issue remains unresolved," said Alakh Pandey, founder and CEO of edtech Physics Wallah, who had petitioned the Supreme Court. On the edtech's YouTube channel, Pandey called for an investigation into the entire exam mark database. He said, "There is a question of the right to equality. Why allow a re-exam for just 1,563 students? What about other students who are not part of the petition, especially those in villages?"

Pandey's petition had claimed that the award of grace marks was "arbitrary". He said he had surveyed about 20,000 students, which showed about 70-80 marks were randomly awarded as grace marks to at least 1,500 students. The court closed the issue of grace marks in this petition but kept it pending to consider other grievances.

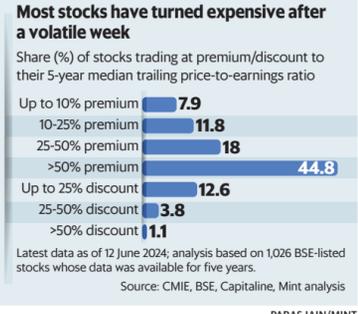
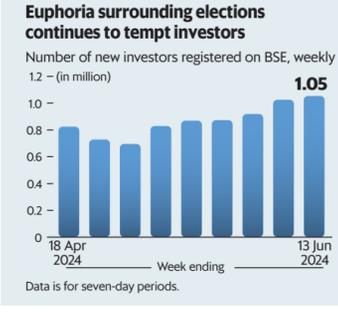
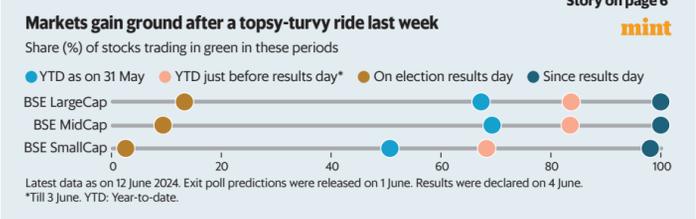
"The paper leak allegations remain unresolved. And what proof is there that more students were not granted grace marks? The issue of grace marks came to light only when students protested," said Pramod Maheshwari, founder of Career Point, a coaching institute.

TURN TO PAGE 6

New peaks after a nervous week

By Mayur Bhalerao
mayur.bhalerao@livemint.com

Indian stock markets have regained composure after the recent election results. There has been a significant rise in the share of stocks trading in positive territory, and experts attribute this to the formation of a stable government with a clear policy direction. This has instilled positive sentiment among investors and drawn them into the market. However, stocks have become pricier, with nearly 45% of the BSE-listed universe (based on a common sample) trading at a premium of over 50% against their long-term price-to-earnings multiple.



PARAS JAIN/MINT

Food, beverages keep the till ringing at multiplexes

Lata Jha
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NEW DELHI

Multiplex chains are seeing revenue from the sale of food and beverages grow faster than earnings from ticket sales, in an indication of the failure of movies to capture audience attention. And it isn't just about selling popcorn and cola at the cineplex. Theatre owners are increasing F&B sales through gourmet food created by star chefs, tie-ups with aggregators for home delivery, outdoor catering, kiosks in malls, etc.

Rahul Singh, chief operating officer, PVR Inox Ltd, said the company is aggressively and proactively diversifying its avenues to generate F&B revenue, ensuring resilience against fluctuations in footfall.

That's showing in the numbers. PVR Inox saw income from F&B grow 17% in Q4FY24 compared with Q4FY23.



Theatres are increasing F&B sales through gourmet food. HT

Ticket sales earnings, on the other hand, rose 6% over this period. F&B sales have grown steadily over a period, and as of Q4FY24, comprised 32% of PVR Inox's total income, compared with 49.2% share of ticket sales.

And for Cinepolis, its F&B revenues have historically grown by around 20-22% annually, whereas box office revenues have risen by 18-20%, the company's managing director Devang Sampat

said. Cinepolis is an unlisted company with a movie theatre chain comprising 442 screens in more than 35 cities.

"Multiplex chains are heavily investing in creating a comprehensive and enjoyable cinema experience for their customers, which includes diversifying their food and beverage offerings. By providing a wider variety of food options, these chains encourage patrons to spend more on F&B," said Sampat.

Companies such as PVR Inox and Cinepolis India say they are aware of the importance of food offerings when families step out, and work on combos and offers, especially when film releases are few or titles are unexciting.

Trade experts, however, point out that it is crucial for movies to start delivering on all other revenue streams to sustain their businesses.

"It is fine to try and mone-

TURN TO PAGE 6

A new Chinese megaport in South America is rattling the US

Ryan Dubé
feedback@livemint.com
CHANCAY, PERU

In this serene town on South America's Pacific coast, China is building a megaport that could challenge U.S. influence in a resource-rich region that Washington has long considered its backyard.

The Chancay deep-water port, rising here among pelicans and fishermen in small wooden boats, is important enough to Beijing that Chinese leader Xi Jinping is expected to inaugurate it at the end of the year in his first trip to the continent since the pandemic.

Majority-owned by the giant China Ocean Shipping group, known as Cosco, Chancay promises to speed trade between Asia and South America, eventually benefiting customers as far away as Brazil with shorter sailing times across the Pacific for everything from blueberries to copper.

As nations around the world shudder at a new flood of cheap Chinese manufactured goods, the port could open new markets for its electric vehicles and other exports. China is already the top trade partner for most of South America.

The U.S. worries that



The Peru project could speed trade with Asia and plant Beijing's flag in Washington's neighbourhood. PIXABAY

China's control over what could become South America's first true global commercial hub will allow Beijing to further strengthen its grip

over the region's resources, deepen its influence among America's closest neighbors and eventually plant its military nearby.

"This will further make it easier for the Chinese to extract all of these resources from the region, so that should be concerning," Army Gen. Laura Richardson, who heads the U.S. Southern Command, said last month at a Florida International University security conference.

Former American officials say the project highlights a diplomatic void that the U.S. has left in Latin America as it has concentrated resources elsewhere, most recently in Ukraine and the Middle East.

"This changes the game," said Eric Farnsworth, a former high-ranking State Department diplomat who now leads the Washington office of the Council of the Americas think

tank. "It really platforms China in a major new way in South America as the gateway to global markets. It is not just a commercial issue at that point, it is a strategic issue."

Located 50 miles north of Peru's capital, Lima, the \$3.5 billion port—funded by Chinese bank loans—will be the first on South America's Pacific coast able to receive megaships because of its nearly 60 feet of depth, though other ports in the region have large container-handling capacity. That will allow companies to send cargo on those vessels directly between Peru and China rather than on smaller ships that must go first

TURN TO PAGE 6

MINT SHORTS

US national security advisor Sullivan to visit India next week

US NSA Jake Sullivan is likely to visit India next week as the two countries seek to bolster ties following Prime Minister Narendra Modi's return to office in a new coalition government, people in the know said. Discussions are expected to be held on the sharing of critical technology, an ambitious India-Middle East-Europe trade corridor that's been pushed by the Biden administration, and the security situation in the Middle East. **BLOOMBERG**

India's growth story has been 'commendable', says FM



New Delhi: The National Democratic Alliance government, which has begun a historic third term, is set to pursue continuity in reforms, improving ease of living, responsive policy-making and macroeconomic stability, said **Nirmala Sitharaman**, who took charge as finance minister for a second term on Wednesday. She will present her sixth full budget (for 2024-25) next month, laying out the new government's policy priorities. Sitharaman said the reforms executed since 2014, when Narendra Modi first took charge as prime minister, will continue, providing further macroeconomic stability and growth for India. The minister described India's growth story in recent years amid global challenges as "commendable", and said the economic outlook for the next few years is optimistic. She sought the support of all stakeholders, including industry leaders, regulators, and citizens, to ensure a strong and vibrant economy. The Union Budget for FY25 will be keenly watched by analysts as it will give an insight into the NDA blueprint for growth and how it balances priorities in a coalition government. **GIREESH CHANDRA PRASAD**

India rejects references to J&K in China-Pakistan joint statement

New Delhi: India on Thursday rejected "unwarranted" references to Jammu and Kashmir in a joint statement by China and Pakistan and said the Union territory and Ladakh will always remain its integral parts. India also criticized mentioning of projects under the so-called China-Pakistan Economic Corridor in the statement. **PTI**

AI, energy, Africa in focus, says PM ahead of G7 outreach session



New Delhi: As he embarked on a visit to Italy to attend an outreach session at the G7 summit, Prime Minister **Narendra Modi** on Thursday said the focus would be on artificial intelligence, energy, Africa, and the Mediterranean. He said issues crucial for the Global South will also be deliberated upon at the session. The G7 summit, to be held in Italy's Apulia from June 13 to 15, is expected to be dominated by Ukraine war and Gaza conflict. "During the discussions at the outreach session, the focus will be on artificial intelligence, energy, Africa, and the Mediterranean," Modi said. **PTI**

Trai considers charges for existing numbering resources

New Delhi: The Telecom Regulatory Authority of India has sought stakeholders' view on whether charges should be introduced for existing and newly allocated numbering resources to ensure their judicious and efficient use. The telecom regulator has also hinted it would consider imposition of financial disincentives for telecom service providers who retain allocated numbers that lay unutilised beyond a set timeframe, and sought stakeholder views on the issue. **PTI**

Centre approves ₹50 lakh each for 7 startups in technical textiles

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In a move to boost innovation in textiles, the Centre on Thursday approved grants of ₹50 lakh each for seven startups in the technical textiles sector under the National Technical Textiles Mission (NTTM). The initiative aims to promote innovation and sustainability while fostering transformative developments in the industry, the textiles ministry said. The ministry has set a target to support 150 startups to promote innovations in technical

textiles. These seven are in addition to one that was approved earlier. **Mint** on 4 June was the first to report that the textiles ministry planned to give grants of up to ₹50 lakh each to 150 startups that are engaged in making technical textiles and that the ministry will not seek any share of the profits from the business generated. Additionally, the textiles ministry has relaxed the royalty cap on this scheme. Generally, every fund provider takes a percentage of the profits that the startup earns as 'royalty', in return for their investment. This relaxation



The initiative aims to promote innovation and sustainability while fostering transformative developments in the textiles industry. **MINT**

will make it easier for these start-ups to grow. Proposals focusing on sustainability, composites, high-performance textiles, med-tech, and smart textiles, driving significant advancements in these crucial areas, have

been approved by the Empowered Programme Committee (EPC), chaired by textiles secretary Rachna Shah, the ministry stated in a statement. The grants have been approved under the NTTM's Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) scheme. This initiative aims to encourage young innovators, scientists, technologists, and startup ventures to transform their ideas into commercial technologies and products, thereby promoting self-reliance in India. The approved startups

include projects focused on developing and manufacturing braided composites for military applications, Rad-mone integrated IFF antennas, surgical simulation models made of composites for training doctors, and nano-fiber infused textiles for energy generation and sensing, it said. These initiatives are expected to make significant contributions to technology-driven manufacturing in India, it said. Besides startup funding, the EPC has also approved a grant of ₹6.4 crore to IIT Guwahati. This funding will be utilised to introduce new subjects in

technical textiles and enhance the laboratory infrastructure in the institute's civil engineering department. NTTM was launched in 2020 with the aim to position India as a global leader in technical textiles by promoting research, innovation, and the use of technical textiles in various sectors. "The synthetics eco-system in India needs a big boost in both textile and apparel. Technical textiles are one part of the synthetics eco system, so the government recognises this gap," said Rahul Ahluwalia, co-founder of the Foundation for Economic Development.

Rhik Kundu & Subhash Narayan
NEW DELHI

The next round of the government's stake sale in Life Insurance Corporation (LIC) is only likely to take place in FY26 as the Centre hits the pause button on the privatization process this year to gauge investor appetite, two people aware of the matter said. Instead of big issues like LIC, the market will be tested this year with smaller issues of state-owned enterprises and financial institutions, before the next round of minority share sale in the life insurer is finalized, the first person mentioned above said, requesting anonymity. "The next round of LIC stake sales will happen when there is an appetite from the investors for such issues," the person added.

The government owns about 96.5% stake in LIC after it sold 3.5% in the company at an initial public offering (IPO) in May 2022. The market regulator Securities and Exchange Board of India (Sebi) had set a deadline of May 2024 for LIC to meet the minimum public shareholding norm of 10%.

This deadline has now been extended till 16 May 2027, giving the insurer three more years to reach the norm.



The Indian government owns about 96.5% stake in LIC after it sold a 3.5% stake in the company in an initial public offering in May 2022. **AFP**

"LIC is too big an issue for the government to keep selling. The government wants to realize the true value of the stock, which has now stabilized. The original investors have got their money now," said the second person mentioned above. "It is a large organization, and the stake sale will be large in relation to the market. So, the next round is likely to happen only in FY26," the person, speaking under the condition of anonymity, added. The stake sale is expected to be rolled out in small tranches, depend-

ing on the insurer's stock performance. The next instalment could be a mere 1.5% stake sale that will increase the public float to 5% and allow the company's inclusion in index funds, the first person mentioned above said. The exact quantum, however, will be decided after accessing the market conditions at the time. To be sure, even a 1.5% stake sale in LIC would be worth around ₹9,500 crore (at current stock prices). The spokespersons of the finance ministry and LIC didn't respond to



Govt sets deadlines for health initiatives

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The union health ministry has set several deadlines for timely implementation of healthcare initiatives. These include an effective drug delivery supply chain management system at primary healthcare level by the end of this year, and National Quality Assurance Standards (NQAS) certification for at least 50% of public health facilities by December 2024 and 100% compliance by 2026. This follows a discussion held during the third National Conference of Chief Secretaries last December on the theme of 'promoting ease of living'.

As part of the plan, the health ministry has identified several action points for its timely implementation. The Centre has directed states/UTs to complete Ayushman cards for the remaining 200 million beneficiaries by 31

December. Directives have also been issued for enhanced use of IT (information technology) to ensure availability of health professionals at the health facilities. "Conduct mock drill to ensure preparedness and efficiency, for outbreak such as covid. Follow up on the ABHA cards given to the citizens as part of the Ayushman Bharat Digital Mission (ABDM) using artificial intelligence. States to focus on TB Mukta Bharat and elimination of sickle cell anemia. Focus on new research within Indian and globally," said health secretary Apurva Chandra to all states and UTs, in a communication seen by **Mint**. All these activities need to be completed by the end of this year. Meanwhile, the plan is also to launch of the U-WIN portal which aims to digitize all routine vaccinations. It is one of the action points of the Modi 3.0 government's 100-day agenda for the health ministry.

Key officials retained for PMO in new NDA govt

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The Prime Minister's Office (PMO) has been reconstituted to push the progressive agenda of the government, with a focus on enhancing effectiveness. On Thursday, the Centre retained most of the top-level long-serving bureaucrats in the PMO. Dr Pramod Kumar Mishra was reappointed as Principal Secretary. Amit Khare was appointed for a third stint as an advisor to the PM Modi for the next two years. Former Petroleum Secretary Tarun Kapoor, who was reappointed as advisor to the PM for a two-year term. All the appointments are effective from 10 June. Ajit Doval was retained as National Security Advisor for the entire five-year tenure of the PM for the third time, said the Department of Personnel & Training.

Heat waves delay monsoon

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Significantly higher-than-normal temperatures recorded in large swathes of northwestern and eastern India the past three days have slightly slowed down the monsoon's progress, an India Meteorological Department (IMD) official said. The onset of monsoon is expected in eastern India this week, IMD scientist Soma Sen Roy told **Mint**. As per the department's forecast on Wednesday, the monsoon is likely to advance into more parts of Odisha, Chhattisgarh and Maharashtra. The onset date for Delhi is 30 June, and for Rajasthan 5 July or later. This assumes significance as the southwest monsoon brings nearly 70% of the rain India needs for its farms and to refill reservoirs and aquifers. Timely arrival of the monsoon is crucial for India's agricultural sector, considering that around 56% of the net cultivated area and 44% of food production depend on monsoon rainfall. Normal precipitation is imperative for robust crop production, maintaining



The southwest monsoon brings nearly 70% of the rain India needs for its farms and to refill reservoirs and aquifers. **AFP**

stable food prices, especially for vegetables, and bolstering growth. Agriculture contributes about 14% to India's gross domestic product, underscoring the importance of a favourable monsoon for economic growth. "Climatologically, normal monsoon onset dates for eastern India—West Bengal, eastern Bihar, eastern Jharkhand and Odisha -- is 10-15 June. These are climatological dates, meaning it could be one or two days ahead or behind. Monsoon is advancing daily," Roy said. "Monsoon does not progress at the same speed throughout the country. It is a surge, and sometimes the surge is a bit more to the west and some-

times to the east. Accordingly, the monsoon advances." "Monsoon proceeds in surges. A surge comes and in that surge it may advance. If you look at the progress of the monsoon this year, on 1 June it advanced more quickly over Kerala but subsequently on 2 June it advanced more rapidly on the eastern side," the IMD scientist said. "This is a day-to-day change that is happening. I cannot make a blanket statement that monsoon is delayed or stalled. In peninsular India, monsoon is very active and progressing quicker than over eastern India," Roy added. The southwest monsoon hit the Kerala coast on 31 May, a day ahead of its normal date.

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MINT SHORTS

Broadcom's AI-fuelled forecast triggers biggest rally since 2020

Broadcom Inc., a chip supplier for Apple Inc. and other big tech companies, rose as much as 16% in New York trading after delivering strong results and an upbeat forecast, lifted by robust demand for artificial intelligence products. Second-quarter profit was \$10.96 a share, excluding some items, the firm said in a statement Wednesday. That compared with an average estimate of \$10.80. Revenue rose to \$12.5 billion, compared with a projection of \$12.1 billion. Sales in the full fiscal year, which runs through October, will be about \$51 billion, the firm said. **BLOOMBERG**

Indkal Tech secures \$36 million in Series A funding



Bengaluru: Indkal Technologies has raised \$36 million (₹300 crore) in a Series A funding round led by Mauritius-based Aries Opportunities Fund. The round also saw participation from undisclosed strategic investors. The company will use the funds to expand its product offerings and strengthen its sales and service network. Indkal Technologies is a Bengaluru-based consumer electronics manufacturing startup that was founded in 2020. **K. AMOGHAVARSHA**

Ethereal Machines raises \$13 mn funding round led by Peak XV

Bengaluru: Ethereal Machines has raised \$13 million (₹109 crore) in a Series A funding round led by Peak XV Partners and Steadview Capital. Existing investors Blume Ventures, Enam Investments and Sandeep Singhal also participated in this round. The funds raised will be utilized for research and development (R&D), building a multi-axis Computer Numerical Control (CNC) controller and to commence construction of its second Smart Factory in the next 12 months. **K. AMOGHAVARSHA**

Trampoline snags seed funding from Matrix Partners, others

Bengaluru: Cross-border business-to-business (B2B) home decor brand Trampoline has raised \$7 million in a seed funding round from a host of investors. The startup has raised \$5 million (₹42 crore) in equity from Matrix Partners India and WaterBridge Ventures. The round also saw a \$2 million debt investment from venture debt firm Alteria Capital. **K. AMOGHAVARSHA**

NCLT halts Byju's rights issue, freezes funds

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Byju's chief executive officer Byju Raveendran. **MINT**

The Bengaluru bench of the National Company Law Tribunal (NCLT) has restrained Byju's from using the proceeds from its second rights issue, and instead, directed the ailing edtech firm to park the funds in a separate account till the disposal of the main petition.

The order, issued late on 12 June, was made public on Thursday. Byju's second rights issue, which began on 13 May and was set to conclude on 13 June, was launched after the firm failed to meet its capital-raising target with its first rights offering in January-February.

"In the present facts and circumstances of the matter, this tribunal hereby restrains the respondents (Byju's) from going ahead with the rights issue, which is in progress, till the disposal of the main petition," an NCLT bench comprising Justices S.S. Sundaram and Manoj Kumar Dubey said.

"The respondents are further directed to keep the amounts collected so far since opening of the second rights issue in relation to this offer in a separate account which should not be utilized till the disposal of the main petition."

"Further, status quo with regard to existing shareholders

and their shareholding shall be maintained till the disposal of the main petition," the NCLT added.

An executive familiar with the matter said Byju's had received some commitments on a pro rata basis by the end of February and initiated a second rights issue to enable additional super pro rata subscriptions required to attain its \$200 million capital-raising target. However, back then, Byju's had announced the successful closure of the first rights issue. A super pro rata subscription allows investors to acquire a larger share of the company.

However, ongoing litigation between investors and the company's shareholders has prevented Byju's from accessing any capital raised so far,

including proceeds from the first rights issue. Investors have alleged oppression and mismanagement, seeking the removal of the founder group, including Byju Raveendran. The validity of the second rights issue has also been challenged by the company's investors.

The NCLT passed the order during the hearing of the main petition by the consortium of investors, alleging oppression and mismanagement by the cash-strapped firm under sections 244-242 of Companies Act.

Essentially, four investors including South African investor Prosus, Peak XV Partners Investments IV & V, Sofina SA and General Atlantic Singapore TL Pte Ltd have accused the company of oppression and mismanagement.

Byju's launched its second rights issue after it failed to meet its capital-raising target with its first rights offering

and their shareholding shall be maintained till the disposal of the main petition," the NCLT added.

Veeam growing at 30-40% in India: CEO

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Veeam chief executive officer Anand Eswaran.

Veeam Software, a US-based backup, disaster recovery, and data management solutions provider is witnessing 30-40% annual growth in India riding on the increasing importance of data resilience amid increasing instances of cyber threats, said CEO Anand Eswaran.

To further expand its footprint, the firm is set to launch Veeam Copilot later this year, integrating generative artificial intelligence (AI) to enhance its Backup for Microsoft 365 and other data resilience products, he added.

According to Eswaran, data backup and recovery is crucial for business, but the concept of data resilience extends beyond mere backup, comprising factors like data recovery speed and time and recovery point

objectives, disaster recovery, data security, and de-duplication, which form a robust data resilience strategy.

With more than 450,000 clients worldwide, including Airbus, Canon, Volkswagen, Hero Moto Corp, Mahindra Group, Parul University and Future Generali, besides government-led smart

cities and defence projects, the company's annual recurring revenue exceeded \$1.5 billion in 2023 showcasing trust in its solutions for ransomware recovery in all environments.

Veeam's strength lies in its ability to provide data backup solutions across various environments, including physical data centres, cloud-based

system, and hybrid architectures. Despite cost constraints in technology spends, research reports indicated a significant increase in budgets for data protection, highlighting the shift in priorities towards safeguarding critical data from ransomware attacks.

The evolution of data protection into a vital component of resiliency against ransomware emphasizes the need to protect data, he added underlining the importance of discussions within the leadership teams to assess effectiveness of resiliency measures amid rising incidents of cyber threats.

A case in point is Australian pension fund UniSuper, which lost its data on Google Cloud, including backup data, affecting its 647,000 members, and \$135 billion of funds.

According to Eswaran, this incident illustrates the universal necessity of data resilience beyond IT firms.

Perfios to target HR tech and commerce, new geographies

The SaaS-fintech startup primarily serves banking, financial services and insurance sectors

Priyamvada C. & Samiksha Goel
BENGALURU

Perfios, a SaaS-fintech startup catering to banking, financial services and insurance (BFSI) sector, is planning to expand its services to human resources technology and commerce to boost revenue, according to chief executive Sabyasachi Goswami.

The firm is developing new products such as a background verification tool for HR professionals and is in talks with potential clients in commerce, besides engaging with new-age startups. With this diversification, Perfios is seeking to broaden its client base across various sectors and regions, he added.

"Our new products will solve problems in the HR space," Goswami said in an interview. "We have launched one product, particularly for background verification. The first few clients have been on the financial services side, the next set of clients will be on commerce, where conversations are happening."

Perfios, backed by Bessemer Venture Partners, is witnessing increasing adoption of its cloud-based SaaS platforms by financial institutions, including banks and non-bank lenders for various use cases like fraud detection, customer engagement, wealth management and KYC (know your customer) requirements, according to a recent report citing insights from the VC firm's limited partners.

Rising competition, accelerated digital lending adoption and widespread cloud usage will offer a greater opportunity for disruption, it added. The company competes with startups like Signzy and IDfy, and claims to be the largest player in its space, offering end-to-end customer lifecycle solutions for financial institutions.

Earlier this year, it became a unicorn (billion-dollar valuation) after raising a \$80 million round from Teachers' Ven-



Perfios chief executive Sabyasachi Goswami.

SABYASACHI GOSWAMI/LINKEDIN

ture Growth, the late-stage venture and growth investment platform of Ontario Teachers' Pension Plan.

In September, it raised \$229 million from Kedaara Capital in primary and secondary transactions. Its other existing investors include Warburg Pincus and Bessemer Venture Partners. It has raised \$464 million to date, according to

go in, but if you cannot prove the product, the exit is very expensive. For many companies, that has happened."

However, despite its cautious stance for the US market, Perfios is optimistic about growth prospects. With its presence in 18 countries, Goswami expects international revenue to rise to 25% by 2026-27. Every market is at a different

EXPANSION SPREE

PERFIOS is seeing increasing adoption of its cloud-based SaaS platforms by financial institutions

THE startup seeks to double its revenue from international markets within three years

DESPITE its cautious stance for US market, Perfios is optimistic about growth prospects

WITH its presence in 18 countries, Goswami expects int'l revenue to rise to 25% by 2026-27

data collated by Tracxn.

Perfios seeks to expand to new geographies, including the US and Europe, and reinforce its presence in West Asia, Africa and Southeast Asia, and double its revenue from international markets within three years, currently accounting for 10% of its income. "In the US, it's an expensive expansion strategy. You can

stage of evolution, and there is still a lot of awareness that needs to be created in some segments, he added.

With its onboarding and underwriting solutions, which are its key revenue generators, Perfios' operating income grew nearly three times to ₹407 crore in FY23. It posted a first-time profit of ₹7.8 crore from a loss of ₹16.8 crore in the

year-ago period. It has grown over nine times in last six years with much of the gains driven by strong performance in its India business, Goswami said.

"From a public infrastructure perspective, India invested enough in digital stack, which is required for companies like us to ride on," driving transformation over the last 5-7 years, he said.

According to Goswami, Perfios has built products to aid the government's financial inclusion initiatives and make it accessible across places where people were initially hesitant.

A report by Bessemer's estimated that Indian SaaS centaurs and unicorns will bring in \$20-25 billion in revenues by 2030. The VC firm said Indian SaaS businesses have a competitive advantage with their ability to build products faster, and scale with limited capital as compared to companies operating in other countries.

In 2022, Perfios acquired banking and financial intelligence solution provider Karza Technologies for around ₹600 crore, and acquired Chennai-based open finance platform Fego.ai in 2023. It is also evaluating international deals. "We are always open to acquisitions and conversations are ongoing," Goswami, however did not disclose details. Perfios will fund the acquisitions with the funds it raised from Kedaara and TVG, he said.

The company is also focusing on certain parameters such as financial discipline and governance as it prepares to go public, Goswami said without disclosing the size or timeline for its public offer. Earlier, *The Economic Times* reported that the company is considering a \$500 million IPO at a valuation of \$2 billion.

Founded in 2008 by V.R. Govindarajan and Debasish Chakraborty, Perfios offers financial and data analysis software and tools, besides lending solutions for small and medium businesses. priyamvada.c@livemint.com

SPC ties up with Binny Bansal for India entry

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South Park Commons (SPC), a Silicon Valley tech startup community and venture fund, on Thursday announced plans to establish a dedicated fund to support entrepreneurship in India.

The San Francisco-based entity's India entry—its first international foray outside the US—is in collaboration with Flipkart co-founder Binny Bansal.

SPC aims to support early-stage founders right from figuring out a business idea to achieving product-market fit. In the US, it is present in San Francisco and New York.

SPC founders Ruchi Sanghvi and Aditya Agarwal did not divulge further details about the India-focused fund, but said that it will be actively looking at ideas using emerging technology such as artificial intelligence, while retaining focus on the consumer sector, where it had made some of its earlier bets.

"You can feel the tailwinds here. The Indian startup ecosystem has matured to the point that it can sustain the incredible talent density that makes SPC work. Founders don't have to move to the US to build world-class, category-creating companies," Aditya said. India has solidified its position as a global technology powerhouse with Bengaluru possessing all the "right ingredients" to become the next leading technology hub, the founders said in a statement.

SPC has invested in Mukesh Bansal's fitness firm Cult.fit (formerly Curefit), e-commerce platform Meesho, and visa application startup Atlys.

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S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50		Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
CLOSE	PERCENT CHANGE												
76,810.90	0.27	23,410.00	0.37	22,083.40	0.56	70,887.90	0.98	24,461.35	0.46	45,521.86	0.79	50,678.94	0.89
76,606.57	77,102.05	23,322.95	23,480.95	21,960.95	22,120.75	70,202.15	70,831.40	24,348.80	24,527.05	45,164.03	45,555.10	50,233.11	50,605.59
HIGH 77,145.46	LOW 76,719.70	HIGH 23,481.05	LOW 23,353.90	HIGH 22,120.80	LOW 21,992.15	HIGH 70,895.05	LOW 70,231.80	HIGH 24,527.15	LOW 24,376.75	HIGH 45,576.53	LOW 45,293.66	HIGH 50,707.92	LOW 50,328.33

MINT SHORTS

Private lenders storm public bond markets at record pace

A group of private credit funds backed by firms like Blackstone Inc. and Ares Management Corp. have found a cheap place to raise money, at a time when they already have record levels of cash: the investment-grade corporate bond market. Private credit funds known as business development companies have raised over \$13.4 billion in the US investment-grade bond market so far this year, according to data compiled by Deutsche Bank AG. That's nearly double the \$8 billion raised over 2023, and the highest since 2021, when \$21.4 billion was sold. The bond-selling spree has driven money into a market that already has plenty of liquidity. Private credit funds have a record amount of dry powder to invest—around \$500 billion. And the opportunities for putting that money to work are increasingly limited, partly because the leveraged buyouts that are often financed by private credit have been drying up.



Industrial production weakness casts a shadow over the economy's pickup this year.

Euro zone industrial output declines unexpectedly in April

Euro zone industrial production unexpectedly fell at the start of the second quarter, casting a shadow over the economy's pickup this year from its poor performance in 2023. Output fell 0.1% in April from the previous month, which was revised lower to a 0.5% gain, Eurostat said in Luxembourg on Thursday. Economists expected a 0.2% increase, according to the median of 29 estimates. The outcome leaves the euro-zone economy leaning more heavily on services to continue its recovery after a growth spurt in the first quarter. The European Commission forecasts expansion of 0.8% in 2024, double the pace of last year. While an interest-rate cut by the European Central Bank last week may offer future aid to the economy, policymakers are shirking from further moves for now as they gauge the strength of inflation. They said last week that manufacturing is showing signs of "stabilization at low levels" after a year when the energy crisis in the wake of the Russian invasion of Ukraine had crippled production in Germany.

BLOOMBERG

Will it rain on cement sector's parade, again?

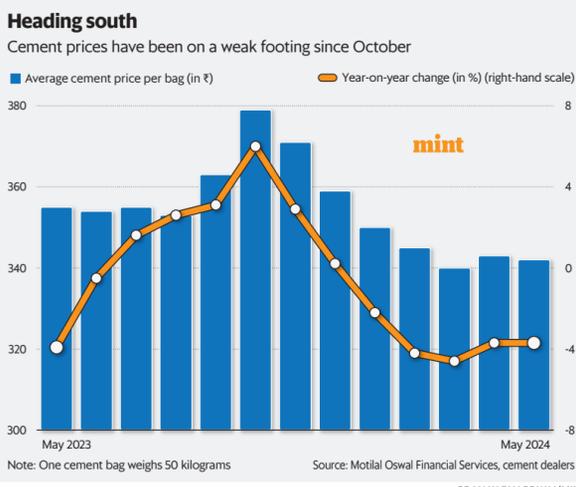
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Cement prices have finally been raised after unsuccessful attempts in April and May. Extreme heat in the country and labour shortages due to the general election had muted cement demand in the previous two months, leading to price rollbacks. In June, however, at an all-India level, average price hikes of ₹8-10 per 50 kg bag have been announced, a dealers' channel check by Motilal Oswal Financial Services showed.

Having peaked in October, cement prices have been on a downtrend due to heightened competition for volumes and market share, severely impacting realizations. In the March quarter (Q4FY24), the cement industry saw a volume growth of 10.4% year-on-year but a 5% sequential decline in realizations, Centrum Broking said. The south and east markets saw a relatively higher impact on realizations as they grappled with issues of oversupply.

Additionally, demand prospects for H1FY25 are not bright, as highlighted by recent management commentary. Cement demand tends to be subdued in the monsoon season when home building—a key demand driver—is muted.

It remains to be seen if the recent price hikes will sustain. With the general election over, business conditions are expected to normalize. However, the September quarter is typically weak for the sector, making it tough to maintain price hikes. Further, even if the price hike sustains, it is unlikely to significantly boost realizations growth. Considering the latest price increase, the all-India average cement price is estimated to be flat sequentially in Q1FY25 (quarter-to-date), said the Motilal Oswal report on 11 June. Against this backdrop, cement makers' continued focus on cost optimization measures such as the use of alternative fuels and investments in waste heat recovery systems, is a positive. Also, costs of key fuels such as imported petroleum



coke have declined sequentially so far in Q1FY25, and coal prices are stable. But this may not substantially improve the sector's near-term earnings outlook. The industry saw an average Ebitda per tonne drop of ₹120-140 sequentially in Q4FY24, and a further sequential drop is likely in Q1FY25 due to negative operating leverage and weak cement prices, said Emkay Global Financial Services. Meanwhile, cement demand is expected to exceed demand in most markets, limiting sharp price improvements. UltraTech Cement Ltd aims to achieve around 200 million tonnes per annum (mtpa) overall capacity by FY27, including Kesoram Industries and its overseas capacity. Ambuja Cements Ltd plans to reach a capacity of 140 mtpa by FY28, and Shree Cement Ltd targets grey cement capacity of 75 mtpa/80 mtpa by FY27/28. In the last month, shares of pan-India cement makers ACC Ltd, Ambuja, and UltraTech have risen 12-17%. It is widely anticipated that the new government's focus on infra-structure spending and capital expenditure will continue, boding well for long-term cement demand.

The T&D segment accounts for nearly 60% of the order book plus L1—the most preferred bidder based on the tenders submitted—while civil works, the second-largest segment, contributes 28%. The overall order book, including L1 positions, is ₹38,000 crore, almost double the FY24 sales, ensuring revenue visibility for the next two years. Notably, KEC's net working capital days reduced to 112 as of March from a peak of 133 days in September. Lower working capital requirements helped keep net debt almost flat at ₹5,000 crore, despite a 15% year-on-

Prospects shine for KEC International, but fixing margins crucial

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The steep 57% rally in KEC International Ltd's share price over the past year has been vindicated by the positive business outlook from its management at the recent RP Goenka group investor conference. In fact, the capital goods company's shares are near all-time highs. Interestingly, despite this impressive rally, KEC has underperformed the 82% gain of BSE Capital Goods index and trades at a discount to the sector valuation. KEC's one-year forward price-to-earnings multiple, based on Bloomberg consensus, is 30x versus 37x for the sectoral index. KEC's relatively low Ebitda margin and high net working capital requirements could explain the stock's lagged performance. The management is addressing these issues by selectively bidding for new projects.

The efforts are bearing fruit, with Ebitda margin consistently improving over the past six quarters to 6.3% in Q4FY24 from 4.4% in Q2FY23. The management expects margin at 7.5% in FY25 and 9-10% by FY26. Further Ebitda margin expansion is expected to be driven by transmission and distribution (T&D) segment, due to less competition in high-value projects.

The T&D segment accounts for nearly 60% of the order book plus L1—the most preferred bidder based on the tenders submitted—while civil works, the second-largest segment, contributes 28%. The overall order book, including L1 positions, is ₹38,000 crore, almost double the FY24 sales, ensuring revenue visibility for the next two years. Notably, KEC's net working capital days reduced to 112 as of March from a peak of 133 days in September. Lower working capital requirements helped keep net debt almost flat at ₹5,000 crore, despite a 15% year-on-



year revenue growth to ₹19,914 crore in FY24. The management is targeting another 15% revenue growth for FY25 and does not expect net debt to rise. With Ebitda improving, investors can expect KEC's high net debt-to-Ebitda ratio to drop from the high level of 4.2 times at the end of March. In India, the power sector is set for promising growth with transmission infrastructure planned for major renewable energy potential zones to support the target of achieving 500 GW of non-fossil fuel power by 2030. While this represents an opportunity for Power Grid Corp. of India Ltd, on-the-ground execution companies such as KEC would also benefit.

To be sure, how margin recovery pans out in future remains key. Further, the non-T&D segment has been a sore spot due to execution challenges and weakness in the railways segment. Investors must watch these variables as they can provide further triggers to the stock.

HOLDING ON

CEMENT demand tends to be weak in the monsoon season when home building activities are muted

THE September quarter is typically weak for the sector, making it difficult to maintain price hikes

CEMENT makers' cost optimization measures, such as the use of alternative fuels, are a positive

expected to pick pace from Q3FY25. Companies are poised to post better volumes in H2FY25 compared to H1FY25. That said, for now, the sector is likely to close FY25 with mid-to-high single-digit (5-8%) year-on-year volume growth. Larger companies are likely to maintain their capacity addition spree via organic and inorganic routes and gain better distribution reach. Consequently, supply is

Blackstone shelves \$1.3 billion bond sale

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Blackstone Inc.'s plan to sell a \$1.275 billion bond backed by commercial real estate debt is now on hold while issuance of the debt continues to soar. A group of banks including Morgan Stanley and Bank of America Corp. were in the process of selling the single-asset, single-borrower bond, which was backed by mortgage debt tied to more than 60 industrial properties located across 13 states. But the spread on the bonds became too wide and the sponsor decided to halt the sale process, said people with knowledge of the matter who asked not to be identified as the details are private. The transaction was an opportunistic refinancing, not tied to upcoming maturities, said one of the people. Barclays Plc, Goldman Sachs Group Inc. and JPMorgan Chase & Co. were also working on the bond sale and had expected to price the CMBS last week. Fitch Ratings withdrew its expected ratings of the bonds Wednesday as the deal is no longer on the market. Spokespeople for Blackstone, JPMorgan, Goldman Sachs, Barclays, Bank of America and Morgan Stanley declined to comment. Issuance of commercial mortgage backed securities is up sharply so far this year.

Bain, BNP divest 3.5% stake in L&T Finance

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Bain Capital and BNP Paribas on Thursday divested a combined 3.54% stake in non-banking financial company firm L&T Finance for ₹1,504 crore through open market transactions.

US-based Bain Capital through its affiliates, BC Asia Growth Investments and BC Investments VI Ltd, and BNP Paribas through its arm BNP Paribas Financial Markets offloaded shares of L&T Finance on the BSE. According to the block deal data available with the BSE, BC Investments VI disposed of 1.03 crore shares of L&T Finance and BC Asia Growth Investments offloaded over 20 million



L&T picked up shares of L&T Finance for ₹213 cr.

shares, representing a combined 1.2% stake in the non-banking financial company (NBFC) firm. BNP Paribas also sold more than 57.8 million shares of L&T Finance in eight tranches, amounting to a 2.32% stake in the Mumbai-based L&T

Finance, as per the data on the BSE. The shares were disposed of at an average price of ₹170.60 apiece, taking the combined transaction value to ₹1,504.73 crore. Meanwhile, Larsen & Toubro Ltd, promoter of L&T Finance, picked up shares of the firm for ₹213 crore. As per the block deal data, L&T Ltd purchased 12.5 million shares representing a 0.5% stake in the firm. The shares were purchased at the same price. After the stake purchase, Larsen & Toubro Ltd increased its stakeholding in L&T Finance to 66.36% from 65.86%. In addition, BNP Paribas

Financial Markets picked up 8.32 million shares of L&T Finance in a separate transaction. Religare Mutual Fund (MF), Axis MF, DSP BlackRock MF, Mirae Asset MF, Morgan Stanley Asia Singapore and Goldman Sachs (Singapore) Pte - ODI were also among the entities that bought shares in L&T Finance. Shares of L&T Finance rose 3.08% to close at ₹175.85 per piece on the BSE. In a separate block deal on the NSE, Citigroup Global Markets Mauritius sold shares of InterGlobe Aviation for ₹224 crore through an open market transaction.

BNP Paribas sold over 57.8 million shares of L&T Finance in eight tranches, amounting to a 2.32% stake in it

Tesla vote lifts cloud off stock, deeper woes lie on road ahead

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Signs that Tesla Inc. shareholders are set to approve a \$56 billion pay package for Elon Musk have given the stock a boost, but the electric vehicle-maker faces broader challenges. Musk late on Wednesday posted early results on X, the social media site he owns, and said shareholders voted "by wide margins" in favour of the two key resolutions—re-approving his compensation package and moving Tesla's state of incorporation to Texas. The shares gained in early trading, with final results due later Thursday.



Tesla chief executive officer Elon Musk.

Such an outcome would remove a big risk that analysts and investors have been wary of: Musk's threat to take his artificial intelligence (AI) ideas elsewhere upon a rejection of his pay plan.

That would have spelled disaster for a stock whose price valuation depends on an AI story that falls flat without its CEO. "This removes a \$20-\$25 overhang on the stock," Wedbush analyst Daniel Ives wrote in a note to clients, referring to the results touted by Musk. Ives also noted that challenges remained for Tesla—choppy demand for electric cars, and the arduous task of building a truly self-driving vehicle. The debate on whether Tesla is a car company or a technology firm is longstanding, but a slowdown in electric vehicle demand and a surge of competitors has made this distinction even more crucial.

LIC likely to acquire private insurance firm to enter health business

FROM PAGE 1

Emails sent to LIC, Irdai, and the department of financial services under the finance ministry remained unanswered. India's private standalone health insurers underwrote a premium of ₹32,351 crore in FY24, about 27% higher than the previous year. Within the health insurance industry, standalone health players collectively have a market share of 29.7%, with Star Health as the largest standalone insurer with a 14% share. But in the overall health insurance space, New India Assurance Co. is the largest

with a share of 16.81%. Among the standalone health insurers, Care Health and Niva Bupa follow Star Health with a market share of 6.11% and 5.06% respectively. In FY24, the 29 general insurers underwrote a premium of ₹2.9 trillion, growing by 12.78% year-on-year. Of this, health insurance business alone contributed ₹1.09 trillion in premium underwritten during fiscal 2024, recording a 20.25% growth. LIC has not set aside any specific sum for the acquisition, since its plans are in a nascent stage. Irdai's FY23 annual report

says all insurers together have covered a little over a third of the country's population or 550 million lives under 22.6 million health insurance policies in fiscal 2023. LIC's health business plan aligns with Irdai's "Insurance for All by 2047" vision. While the acquisition plans are in a preliminary stage, health insurance has logged its fastest growth since the outbreak of covid-19 pandemic. Addressing analysts on 28 May, LIC's chairman Siddhartha Mohanty said, "So far as health is concerned, we are already in health business. We are selling health insurance products though these are not indemnity products, fixed benefit products we are quite experienced." LIC currently offers two limited, fixed-benefit health covers that provide cash in case of hospitalization. Of LIC's total premium income of ₹4.75 trillion in FY24, it earned a pre-



LIC's plan aligns with Irdai's "Insurance for All by 2047" vision. AFP

mium of around ₹300 crore from these basic health products. Health Insurance contributed 0.07% to the overall non-par new business premium of LIC for FY24. The LIC executives told Mint that health insurance is a natural choice for the company and it has done "some internal work" to occupy some space within the health insurance segment. "LIC is exploring some inorganic kind of growth," said the executives, adding that the plan entails an aim to cater to the society's need in terms of health covers. As per a Swiss Re Sigma

Report, the penetration of non-life insurance in India remained at 1% at the end of FY23. In the health insurance space, in FY23, insurers settled 23.6 million claims and paid ₹70,930 crore towards claim settlements. Healthcare costs have been rapidly rising in India, compelling customers to buy health covers, but the issue of actual cost incurred and the amount approved by the health insurer persists. LIC's plans come against the backdrop of a widespread debate over standardization of prices for treatments and diagnosis across the country's hospitals.

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



New fuel efficiency proposal signals an EV future for India

Incentives to boost battery EV output, relaxed timeline for cutting CO₂ emissions on cards

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In a move that underscores India's push towards zero-emissions, the country's energy efficiency agency has proposed stringent targets to cut automotive emissions, while emphasising battery electric vehicles as key to its clean mobility drive.

Indicating a clear intent to support low- and zero-emission technologies, the Bureau of Energy Efficiency (BEE) has proposed incentives for carmakers to produce more battery EVs to avail higher fuel efficiency credits, even as EV sales volumes are stagnating.

On the other hand, BEE has proposed changes to the corporate average fuel economy (CAFE-III) standards to relax the timeline for reducing carbon dioxide emissions, reflecting an ongoing dialogue between regulators and the auto industry.

CAFE III standards, earlier proposed for 2027-2030, would now be in effect till 2032, as per BEE's latest proposal circulated among testing agencies, original equipment manufacturers, and the ministries of roads, heavy industries, and power. *Mint* has reviewed a copy of the proposal.

Mint reported earlier this month that BEE had taken a hard line about imposing stringent, Europe-like CO₂ emission targets on automakers.

The proposed extension of CAFE-III standards until 2032, instead of 2030 as was discussed earlier, provides the industry with much-needed breathing space to adapt to these ambitious targets, said a senior executive with a leading passenger vehicle manufacturer, speaking on condition of ano-



CAFE-III standards, earlier proposed for 2027-2030, would now be in effect till 2032, as per BEE's latest proposal.

nymity as discussions on the matter are ongoing.

The initial proposal to end CAFE III standards by 2030 was met with significant resistance from the auto industry, which argued that the strict CO₂ emission-reduction targets were overly ambitious.

One of the key changes in BEE's proposal is to extend the compliance period from a three-year block to a five-year block for achieving a CO₂ emissions target of 70 g/km, from 2032-2037. This is intended to give auto manufacturers more flexibility and time to develop and integrate new technologies to meet these targets.

Additionally, BEE in its latest proposal states that until 2027, emissions will continue to be measured based on the Modified Indian Driving Cycle

(MIDC) instead of the Worldwide Harmonized Light Vehicles Test Procedure (WLTP) cycle.

The MIDC cycle, which is considered less stringent than the WLTP cycle, is a standardised driving test to measure fuel consumption and emissions of vehicles. The WLTP cycle is a globally harmonised procedure known to be more rigorous, reflecting real-world driving conditions more accurately.

Maintaining the MIDC cycles until 2027 is a pragmatic decision, an official from a government-affiliated testing agency said, not wanting to be named. "The WLTP cycles, while more reflective of real-world conditions, would have imposed additional testing burdens on manufacturers during this critical transition period."

The extended timeline and the continuation of the MIDC cycle are seen as measures to ease the industry's burden and encourage a smoother transition towards lower emissions, but there are other sticking points.

The consultations have thus far involved automakers and will now be broadened to include other stakeholders, ensuring a comprehensive and inclusive decision-making process.

Under the proposed CAFE standards, the volume load factor, which influences the crediting mechanism for different types of vehicles, will see significant adjustments. This factor is crucial as it dictates how much credit auto manufacturers receive for producing certain types of vehicles, impacting their production strategies.

For hydrogen fuel cell electric vehicles, the existing 'super credit' factor of 3 will be increased to 5 in both CAFE III and CAFE IV, according to the proposal. Battery electric vehicles (BEVs) will see an increase in their super credit factor from 3 to 4, indicating a clear governmental intent to support zero-emission technologies like hydrogen fuel cells and BEVs.

On the contrary, plug-in hybrids see their super credit factor decrease from 2.5 to 2 in CAFE III and further to 1.5 in CAFE IV in the proposal. Strong hybrids will face an even steeper decline, with their factor reducing from 2 to 1.2 in CAFE III and to 1 in CAFE IV. To be sure, strong hybrid technologies are seeing rising popularity in India and globally, even as EV volumes are stagnating.

The super credit factor is a multiplier which gives extra credit to manufacturers for producing low or zero-emission vehicles.

5 years
Time given for key players to reach emissions target

70 g/km
CO₂ emissions target from 2032-2037



Decarbonization and energy transitions will be funded in Southeast Asian economies, with a key focus on India.

Brookfield, Alterra launch climate fund to raise \$5 bn

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Canadian fund manager Brookfield Asset Management Ltd has launched a new climate action fund, partnering with Alterra Management Ltd, the world's largest private investment vehicle in this domain.

The initiative aims to raise up to \$5 billion to boost spending in emerging markets.

The new Catalytic Transition Fund (CTF), managed by Brookfield, will receive \$1 billion from Alterra and channel a total of \$5 billion towards climate transition assets and clean energy investments in various emerging markets, according to a Brookfield statement on Thursday.

Since December 2023, Brookfield has been identifying potential partners, marketing the fund, and creating an investment plan with Alterra. Alterra, born during COP28—the United Nations Framework Convention on Climate Change (UNFCCC) environmental summit—started with a \$30 billion commitment from the government of the United Arab Emirates (UAE). It aims to fund climate action

in developing countries and emerging markets.

"This represents a massive opportunity, especially in countries like India where Brookfield already is a significant player with \$3 billion of equity committed over the past five years and with its platforms representing an asset pool of over 25 GW," said Nawal Saini, managing director, renewable power & transition, Brookfield Asset Management.

These assets will fund decarbonization and energy transitions in Southeast Asian economies, with a key focus on India.

Brookfield highlighted India's clear policies supporting the transition to a net-zero economy and a strong corporate demand for decarbonization as attractive factors.

This fund will supplement India's goals of generating half the country's electric power capacity using green energy by 2030 as well as that of achieving net-zero carbon emissions by 2070.

In addition to India, the fund will deploy capital to other emerging markets, including South and Central America, South and Southeast Asia, the Middle East, and Eastern Europe, according to the press release.

The fund will aid India's goal of generating electric power using green energy, net-zero carbon emissions

'Economy to grow at 8% in FY25'

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Industry body Confederation of Indian Industry (CII) expects the country's economy to grow at 8% in FY25, its fourth consecutive year of above 7% growth, according to Sanjiv Puri, its newly elected president, who is also chairman and managing director of consumer goods major ITC Ltd.

The industry body's projection is notably above the 7.2% growth forecast by the RBI for this fiscal.

Puri said at a media briefing on Thursday that green shoots are visible in rural consumption. On 7 June, RBI governor Shaktikanta Das, too, had shared expectations of improved farm sector activity and rural consumption this year on the basis of an above-normal monsoon forecast and expected better kharif production.

"The growth estimate hinges critically on addressing the unfinished reform agenda on priority, in addition to improvement in world trade prospects aiding our exports, twin engines of investment and consumption doing well, and expectations of a normal monsoon, among other factors," Puri was quoted as saying in a CII statement.

According to CII's forecast, farm sector output is likely to grow at 3.7% in FY25, up from 1.4% in FY24 owing to base effect to some extent. It also expects industry to grow at 8.4% against 9.3% in the year before, and services at 9% compared to 7.9% in the year ended March.



CII president Sanjiv Puri.

Puri explained to mediapersons that in spite of any fluctuations from the year-ago period's figures, the forecasts for industry and services are very robust.

"The stellar growth performance, expected during the current fiscal, is propelled by six growth drivers which have pivoted the economy to an accelerator mode," a statement from CII said quoting Puri.

The participation of private sector investment in the India growth story, public investment in physical and digital infrastructure, well-capitalised banking system, booming capital market and reduced dependence on oil are igniting the India growth story, the statement said, quoting Puri.

The industry body said quoting its January-March 2024 business confidence survey that three-fourth of the over 200 respondents anticipated an improvement in private capital expenditure in the first half of the current fiscal, compared to the same period a year ago.

Read an extended version of this story at [livemint.com](https://www.livemint.com)

TCPL aims to double capex, expand into new categories

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Tata Consumer Products Ltd (TCPL) will double capex this fiscal with greater investments going into Vietnam where the company is setting up a new plant.

"The last year capex plan was around ₹308 crore. But FY25, the capex is going to be significantly higher; more than double of that ₹785 crore, because of a big investment we are making in Vietnam in a new plant. It's about ₹400 crore. So, there will be a big investment in capex this year," N. Chandrasekaran, chairman, TCPL, said during the company's 61st annual general meeting (AGM) held on Thursday. Tata Coffee Vietnam Co. Ltd, is a 100% subsidiary of Tata Coffee.

TCPL sells tea, coffee, water, beverages, salt, pulses, spices, ready-to-cook and ready-to-eat offerings, breakfast cereals, snacks and mini meals in India and overseas.

The plan for TCPL is to become a full-fledged FMCG company, Chandrasekaran added.

"There are many things on the table. But at the same time, we also have to build teams, we also have to execute. The number of things that are happening in the company, it's quite a lot, and the company is also focused on making each strategy work. So at the right time you will see further expansion into new categories," he said.

Over the last couple of years, TCPL has also worked towards consolidating various food and beverage interests of the Tata Group under one roof. It sells Tata tea, Tata salt and Sampann branded pulses, among several brands.

"Today, the company is operating in multiple categories. There is beverages, salt, then there is a number of food segments. In each one of these segments, consolidations have happened—either in terms of consolidating the portfolio or in terms of the markets in which we operate, be it the water segment, or the coffee segment, all of this is getting a lot of attention and new products are getting launched in the beverages segment...So this will continue to be our focus...So at the right time you will see further expansion into new categories," he added.

Last fiscal, it made two large acquisitions—Capital Foods (owner of Ching's Secret packaged noodles and condiments brand) and Organic India (organic teas and health foods) that helped the company expand into new food categories. TCPL agreed to pay an enterprise value of ₹5,100 crore for 100% stake in Capital Foods while for the 100% stake in Organic India, TCPL will pay ₹1,900 crore, the company announced in January. In 2021, TCPL acquired Kottaram Agro Foods, the owner of Souffl



The plan for TCPL is to become a full-fledged FMCG company, chairman N. Chandrasekaran said.

TCPL made two large acquisitions last fiscal that helped the company expand into new food categories.

TCPL reported consolidated revenue of ₹15,206 crores, a growth of 10%. The company reported a profit of ₹1,516 crore last fiscal.

On future acquisitions Chandrasekaran said the company "always looks" for acquisitions. "We have been looking at health-oriented and food products, but also other products. As long as it's attractive, the company will continue to consider those acquisitions favourably as long as it makes financial sense and there's growth."

These acquisitions will "significantly" expand TCPL's portfolio, he said.

Notably, India's consumer market presents a long-term structural opportunity driven by a young population, a growing middle class, rapid urbanization, increasing disposable incomes, and rising aspirations, he said.

"I believe your company is well-positioned to capitalize on this significant opportunity that the Indian consumer market presents," he said addressing shareholders virtually.

In fiscal 2024—TCPL reported consolidated revenue of ₹15,206 crores, a growth of 10%. The company reported a profit of ₹1,516 crore last fiscal.

On future acquisitions Chandrasekaran said the company "always looks" for acquisitions. "We have been looking at health-oriented and food products, but also other products. As long as it's attractive, the company will continue to consider those acquisitions favourably as long as it makes financial sense and there's growth."

Boeing to face FAA scrutiny for 'foreseeable future'

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The Federal Aviation Administration (FAA) will maintain its stepped-up oversight of Boeing Co that the agency began after a fuselage panel blew off a 737 Max in January, the agency's top official plans to tell US lawmakers.

The agency will continue to place more of its inspectors at Boeing's facilities and those of key supplier Spirit AeroSystems Holdings Inc "for the foreseeable future," FAA Administrator Michael Whitaker said in written testimony prepared for a Senate hearing on Thursday that was seen by *Bloomberg*.

The FAA will also keep closer tabs on other aerospace manufacturers with more "active, in-person oversight" to supplement the agency's audits, Whitaker said.

In response to the January 5 accident, "the FAA changed its oversight approach and those



The FAA has not announced when it might lift a cap on 737 Max production rates.

changes are permanent," Whitaker plans to tell lawmakers. *Reuters* reported Whitaker's prepared remarks earlier on Wednesday.

Additional in-person inspections are one of several actions the agency has taken after a fuselage panel blew off a 737 Max shortly after takeoff in early January. The incident led to a series of revelations of quality and manufacturing lapses in Boeing's factories, fueling the

planemaker's biggest crisis in years.

Whitaker's testimony before the Senate Commerce Committee comes about two weeks after Boeing submitted an action plan detailing how it plans to rectify its quality issues.

The agency will track several measures of quality in Boeing's factories in real-time, with specific "limits that will trigger corrective action if needed", Whitaker said in the written remarks.

The FAA has given no clear time frame for when it might lift a cap it imposed on 737 Max production rates. Boeing has significantly slowed output of its cash-cow narrowbody plane, straining its finances and frustrating customers with delayed deliveries of new jets.

Boeing chief executive officer Dave Calhoun is set to testify separately about the company's culture and practices before a different Senate panel next week.

Samsung unveils chip technology road map to win AI business

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Samsung Electronics Co unveiled a number of forthcoming advancements to its technology, aimed at luring makers of AI chips to its manufacturing business.

Though Samsung is the world's No. 1 memory-chip maker, it has been trying to catch up with rival Taiwan Semiconductor Manufacturing Co (TSMC) in the foundry market, where companies manufacture customer-designed chips. Samsung laid out its chipmaking road map and outlined its vision for the artificial intelligence era at its annual foundry forum Wednesday at its US chip headquarters in San Jose, California.

Samsung's share in the foundry market slid to 11% in the first quarter of this year from 11.3%

in the previous quarter, while TSMC's share climbed to 61.7% from 61.2% during the same period, according to TrendForce.

The South Korean chipmaker's earnings are recovering, helped by demand for components used in AI computing systems. That's bolstering its main memory chip division and also providing opportunities to win outsourcing orders.

But Samsung has to prove its production is advanced and reliable enough to attract bigger commitments from demanding customers such as Nvidia Corp., which produces AI accelerators that are a must-have for all large technology companies. Samsung also faces a nascent challenge from Intel Corp, which is opening its plants in an attempt to win orders from former rivals.



Samsung's share in the foundry market slid to 11% in the first quarter of this year from 11.3% in the previous quarter.

Advances in production technology, usually signified by smaller and smaller transistor dimensions, helps improve the performance of the electronic components. The race to smaller dimensions is key to winning orders for AI processors, some of the highest per-

formance and area while significantly reducing the drop in voltage, compared with its first-generation 2-nanometer process, the company said.

Samsung also argues its ability to offer logic, memory and advanced packaging will help it make rapid progress in winning outsourced semiconductor manufacturing orders for AI-related chips.

The company predicted on Wednesday that its AI-related customer list will expand fivefold and revenue will increase by nine times over current levels by 2028. The company announced several new types of production technology and a layout for future AI-related chips that it said will help it win

customers.

Samsung executives declined to comment on the status of its attempts to supply the latest advanced memory chips to Nvidia or respond to reports that it hasn't yet been able to achieve qualification of such chips at the US company.

Samsung also touted its gate-all-around—GAA—technology, which is key for AI products. The company plans to mass-produce its second-generation 3-nanometer process in the second half of this year and deliver GAA on its upcoming 2-nanometer process. In 2022, it became the first in the industry to begin GAA-based 3-nanometer mass production.

Samsung is trying to catch up with rival TSMC in the foundry market where firms make chips designed by customers.

generation 3-nanometer process in the second half of this year and deliver GAA on its upcoming 2-nanometer process. In 2022, it became the first in the industry to begin GAA-based 3-nanometer mass production.



NTPC arm in talks with HPCL for H2 supply

FROM PAGE 1

gen production cost) below \$1 to make it more viable."

Green hydrogen is produced with the help of renewable energy, and refineries and manufacturing of steel and metals like aluminium are key areas where it can be used.

Further, with the focus on India's net-zero target by 2070 and specific targets of the companies themselves, there is a major focus on adoption of green hydrogen in industries in place of grey hydrogen, which uses polluting inputs such as natural gas or methane.

India produces and consumes about 6 million tonnes of hydrogen currently, most of which is grey hydrogen.

IOCL aims to achieve net-zero by 2046, and Hindalco, an Aditya Birla Group company, by 2050.

The public sector oil refining and marketing major has already announced its intent to achieve net-zero with an investment of around \$30 billion through several emission mitigation pathways such as green hydrogen, biofuels, renewables, carbon offsetting, and carbon capture utilisation and storage (CCUS), among others.

Hindalco, in its annual report for FY23 said that it is researching the market for green hydrogen and exploring options for utilizing captured CO2.

For companies like Hindalco, a faster transition also gains significance in the wake of the European Union's Carbon Border Adjustment Mechanism, a tool to ensure lower carbon emission in products imported by the EU countries.

For a longer version of this story go to [livemint.com](#)

Street stabilizes after week of post-election turbulence

Investors relieved after formation of a stable government with clear policy direction

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Indian stock markets regained their composure after a period of volatility, with a significant rise in the share of stocks that traded in positive territory. This came after a whirlwind of emotions that gripped investors in the lead-up to and the aftermath of the election results last week.

"The Indian stock market has shown strong resilience after the recent election results," said Kranthi Bathini, director of equity strategy at Wealth Mills Securities. "The formation of a stable government with clear policy direction has instilled positive sentiment among investors. This sense of stability and continuity is seen as a key driver of the current market bull run."

While the broader market recovered impressively, there was also a marked shift in large-cap counters on the BSE—while only 13% of the lot traded in the green on election results day, all have come out of the woods since then. This was compared with about 84% of them that traded in positive territory year-to-date before the results came out on 4 June.

Mid-cap stocks followed a similar trend. All of them have been in positive territory since results day, after about 91% of them fell on counting day.

However, small-cap stocks had a more nuanced response. While 50.7% of this set of stocks were in the green on 31 May as compared with the start of the year, this share rose to 68.3% by 3 June after the exit poll predictions. However, this share was much lower than that of large-caps and mid-caps. Between 5 June and 12 June, however, about 98% of the small-cap stocks had recovered.



On the day the votes were counted, a digital board at BSE in Mumbai displays share price information and election results. AP

"Market liquidity and sentiments are currently quite strong, fuelled by rising retail investor participation. Digitalization has made it easier than ever for new investors to enter the market, further contributing to the positive atmosphere."

WHILE only 13% of large-caps traded in the green on poll results day, all have revived since then

ABOUT 84% of them had traded in green year-to-date before the results came out on 4 June.

ALL mid-caps have been in green since results day, after about 91% of them fell on counting day

ABOUT 45% of the stocks are trading at an over 50% premium to their long-term median

BACK ON TRACK

phere. India's long-term growth story and the government's commitment to policy continuity make the Indian market attractive for long-term investors," said Bathini.

The euphoria attracted over a mil-

lion new investors in each of the past two weeks.

Close to 7 million new registered investors joined the market since 18 April, when there were 169.4 million registered investors on the BSE. This

to-earnings (P/E) ratio, according to a Mint analysis of 1,026 BSE-listed stocks whose data was available for five years.

This is an important metric that indicates how much investors are willing to pay for a company's future earnings.

Most 45% of the stocks are trading at a premium of more than 50% to their long-term median, suggesting a greater willingness to invest in anticipation of future growth.

On the near-term outlook, Abhilash Pagaria, head of Nuvama Alternative and Quantitative Research, expects the Nifty 50 to reach 24,000 soon, with large-cap stocks leading the charge.

"Sectors such as capital goods, defence, and auto are poised for continued outperformance," Pagaria said.

NEET: Coaching centres seethe A Chinese megaport in Peru is rattling the US

FROM PAGE 1

tute in Kota where hundreds of thousands of students prepare for engineering and medical entrance examinations.

The decision to scrap the grace marks to 1,536 students came after a review by a four-member committee of NTA members and the education ministry officials. These students will be notified of their actual scores, excluding the grace marks, and will have the option to take a re-test if they choose not to retain their current scores from the 5 May examination. The retest will be on 23 June and its results are scheduled for release before 30 June to ensure the counselling process is held on 6 July as scheduled. The government's lawyer Kanu Agarwal told the apex court earlier in the day that grace marks had led to a "skewed situation".

"As previously emphasized in our representation letter to NTA, we encourage it to pro-



The retest will be on 23 June and results likely by 30 June. PTI

vide a comprehensive and specific plan to ensure the quality and transparency for the lakhs of medical professionals remains intact, and that the examination process remains beyond reproach in the future," said Nitin Kulkreja, CEO, ALLEN Career Institute, one of the largest coaching centres in Kota.

There was no evidence of a question paper leak, said education minister Dharmendra

Pradhan. "I want to assure the students and their parents that the Government of India and NTA are dedicated to ensuring justice for them. [As many as] 24 lakh students have successfully appeared for the NEET examination. There has been no paper leak, and no evidence has been uncovered thus far. A court-recommended model was adopted for approximately 1,560 students, and a panel of academicians has been convened for the same," Pradhan told reporters.

Shwetank Sailakwal, one of the petitioners' lawyers in the case, told Mint: "The acknowledgment by NTA suggests potential widespread corruption within the system. We remain hopeful that the Honourable Supreme Court will consider our request for a Special Investigation Team (SIT) to be appointed, ensuring a thorough and transparent inquiry under its supervision."

For a longer version of this story go to [livemint.com](#)

FROM PAGE 1

to Mexico or California. Cosco says Chancay is purely intended to boost commerce.

"This is a commercial project to promote development," said Gonzalo Rios, Cosco's deputy general manager in Peru. "There is nothing to hide here."

Soon after the port was agreed to in 2019, Chinese state media gushed with predictions of Peru's future as a hub in Chinese-South American trade and suggestions it could help Beijing with other priorities, such as a submarine cable link.

"Peru could be the anchor for such a corridor not only because of its geographical location, but also because of its relations with China," said an English-language commentary published in China Daily.

Peru has brushed aside U.S. concerns. Congress in Peru, a country of 33 million that is far from any potential global conflicts, has to approve the arrival of foreign military, not a port operator.

Peru's Foreign Minister Javier González-Olaechea said that if the U.S. is concerned about China's growing presence in Peru, then it should step up its own investments, adding that "everyone is welcome" to invest.

"The United States is present almost everywhere in the world with a lot of initiatives, but not so much in Latin America," González-Olaechea said in an interview. "It's like a very important friend who spends little time with us."

Chancay is an echo of a Cosco port in Greece in 2016 that gave China a foothold in southern Europe. Today, Chinese companies control or operate terminals at roughly 100 foreign seaports. According to AidData, a research lab at the Virginia university William & Mary, they have financed almost \$30 billion of work in at least 46 countries between 2000 and 2021.



The Chancay port is so important for Beijing that Chinese leader Xi Jinping is expected to inaugurate it at the end of the year. AP

Port investments have provided China diplomatic leverage with investment-hungry nations. Chinese navy ships have called at over a third of the ports its companies own or operate around the world.

But the ports haven't emerged as stealth Chinese military bases, instead playing host to ceremonial naval port calls. And the commercial cost-benefit analysis of China's port building push won't be known for some time, since it will take years to establish trading hubs in new markets.

More immediate concerns about its ports, from debt loads in Mozambique to signs of environmental damage in Kenya, are already in evidence, along with signs in Europe that the local interests are secondary to China's.

The U.S. has discussed concerns with Peruvian officials about China's control over vital infrastructure, including Chancay, said a former U.S. official and ex-Peruvian official with knowledge of the talks. What worries Washington is the interplay between China's commercial companies and the government—specifically the military. Ports, and

the equipment in them, can have both commercial and military uses.

China's domestic law requires its companies to consider national defense needs in their operations, which could mean providing preferential access to military vessels at port terminals, sharing potentially valuable information and otherwise supporting defense and mobilization, said Isaac Kardon, a senior fellow at the Carnegie Endowment for International Peace.

"The Americans have been somewhat asleep," said John Youle, a prominent businessman in Peru and former U.S. diplomat. "Suddenly they've woken up."

That shift could be on display in mid-November when Xi is expected to be in Peru for an Asia-Pacific summit.

Whether or not President Biden attends the summit—scheduled shortly after November's election—the Chinese leader is likely to steal the show with a project designed to strengthen Beijing's influence in the Western Hemisphere.

The port has put Peru squarely in the middle of the rivalry between the two super-

powers in South America.

Brazil, Latin America's biggest economy, wants to develop semiconductors with China after rebuffing U.S. requests to exclude Huawei Technologies from 5G networks. Chinese companies are building a metro in Colombia's capital, Bogotá.

Honduras cut ties with Taiwan, hoping to receive a flood of Chinese investments. And in Argentina, China is buying up lithium mines, an essential component in EVs.

Peru has welcomed Chinese investments in everything from ports to copper mining and electricity, which will give China firms control over virtually all of Lima's power distribution.

"Peru is further increasing its economic dependency on China and making itself vulnerable to potential Chinese economic coercion," said Leland Lazarus, an expert on China-Latin America relations at Florida International University.

Peru is ranked fifth among the most China-influenced nations in the world, according to an indicator produced by two organizations critical of Beijing, Doublethink Lab and China in the World Network. Chinese-made vehicles are ubiquitous in the country.

In the capital's leafy Miraflores neighborhood, not far from a park named after John F. Kennedy, local authorities inaugurated a so-called China Park overlooking the Pacific, with a pergola and lion statues brought from China to celebrate the deepening ties.

At the port, where there are signs in Spanish and Chinese, a mile-long tunnel will give cargo trucks access without going through the town. Automated cranes and driverless vehicles will move cargo onto some of the world's biggest shipping vessels, ships as long as the Empire State Building is high.

The construction of Chancay brought so much noise and shaking to a once sleepy fishing community that locals

blamed it for cracks in the walls of their homes, the collapse of a road and the decline of the area's fisheries. Cosco says it has repaired homes and the road and worked to mitigate the impact on fishermen.

"Fishing isn't what it was before," said Hugo Pasache, a Chancay fisherman. "In a year, I'll sell everything and do something else."

Daniel Bustamante expects the port will open new Asian markets for the blueberries and avocados he grows on Peru's coast and that he now mostly ships to Europe and the U.S. The current shipping routes between Peru and China—about 35 days—take too long for most perishable foods to reach markets. Chancay will help cut that time by a third, reducing business costs.

"This will be a window into Asia," said Bustamante. "Our expectation is to be able to grow a lot in that market."

Particularly tantalizing for China is getting Brazil to use the port. Since China overtook the U.S. to become Brazil's biggest trading partner in 2009, one major obstacle remains: Brazil faces the wrong ocean.

Shipping exports to China, which now buys some two-thirds of Brazil's iron ore and soybeans, involves either going east via the Atlantic or north to access the Pacific via the Panama Canal.

With Chancay, Brazilian exporters as far away as the jungle city of Manaus could cut their shipping time to China by half, says Omar Narrea, an economist at Peru's University of the Pacific.

But reaching a port on the other side of the Amazon rainforest and Andean mountains remains a major challenge. Peru has one highway in its far south connecting to Brazil and says new highways and railways connecting to Chancay are on the drawing board.

"This is the kind of project where everyone wins," Brazilian Transport Minister Renan Filho said. "But some parts are extremely complex."

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F&B drives multiplexes' gains

FROM PAGE 1

tize these sources well, but the urgency to watch a film will remain the backbone of the business. In the long run, even mall rents are dependent on admissions," film producer, trade and exhibition expert Girish Johar said.

F&B pricing at Cinopolis has been adjusted in such a way that even with declining admissions, revenue from this category continues to grow. An increase in the key metric known as spend per head (SPH) indicates that despite fewer visitors, the average amount each person spends on food and beverages is higher, compensating for the reduced number of admissions.

Trade experts say SPH makes up for admissions when F&B rates go up, or as premium offerings are introduced. With the launch of lux-



The rise in spending on F&B is compensating a dip in the number of admissions. HT

ury cinema formats, theatres are encouraging higher spends even if footfall is low. Combos and offers also help. "While the first half of the year has been challenging with respect to admissions, we have seen robust growth in spend per head and overall F&B revenues," Sampat explained. "Other revenue streams such

as home delivery and catering have also contributed to the overall increase in F&B revenue. Although their contribution is relatively small compared with on-site sales, they nonetheless play a role in boosting the total F&B revenue."

Meanwhile, PVR Inox has devised a strategy for low footfall, which is most crucial and drives the business but can be inconsistent.

"To address this, we have developed a robust home delivery channel, which is agnostic to cinema content, allowing customers to order our food and beverages through aggregators," Singh said. "Additionally, we are looking at being present at outdoor events, kiosks in malls to extend our reach. We are working on a line of products like microwave popcorn and ippop (instant popcorn) for patrons to enjoy at home."



The messaging platform will ensure improved audio and video call quality even in low or poor network areas.

WhatsApp assures better call quality, screen sharing

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

WhatsApp will start adding new features, including screen sharing with audio and video calls across devices including phones and laptops, allowing up to 32 people to join a conference call with a spotlight on the speaker.

The messaging platform will ensure improved audio and video call quality even in low or poor network areas, the company said in a statement on Thursday. The features will be introduced in the coming weeks.

"It will be ideal for watching videos together, now when you share your screen, you can share your audio, too. Easily see who's talking with the speaker highlighted and appearing first on screen," it said in a blogpost. The platform had recently launched MLow codec, a technology that improves call reliability, with calls on mobile phones benefitting from better noise and echo cancellation.

Video calls will also have higher resolution in areas where high-speed internet is available. "Audio is crisper overall, even if you have poor network connectivity or are using an older device," it said.

The services will be available across regions, including India, even as it expands footprint in the country—its largest market globally. Conversations on the platform are being encouraged to be the go-to mechanism for not just personal chats but chats between consumers and businesses, it said.

The platform also introduced a host of services for business version of the app, such as verifying and authenticating businesses, and integrating its own AI into customers' chats with businesses. Meta's AI tools will be used for better marketing optimization and, help businesses move away from spamming potential customers.

Meta's vice president of business messaging, Nikila Srinivasan had said the features were being tried out first in India and Brazil.

The platform had recently launched MLow codec, a technology which improves call reliability

Vi board approves fundraise

The telco will issue shares worth ₹2,458 crore on a preferential basis to partially settle outstanding dues

Vaamana Sethi & Gulveen Aulakh
NEW DELHI

The Vodafone Idea Ltd (Vi) board has approved issuance of about 1.66 billion shares worth ₹2,458 crore on a preferential basis to partially settle outstanding dues to its equipment suppliers Nokia Solutions and Networks India, and Ericsson India, the Aditya Birla Group-promoted company said on Thursday.

In a statement to the BSE, the company said it will issue shares worth ₹1,520 crore and ₹938 crore to Nokia and Ericsson, respectively, at ₹14.8 apiece, or at a 35% premium of ₹4.8 per share to its follow-on public offer.

"It (the move) further bolsters VIL's capex rollout for building a top quality 4G and 5G network to contribute towards India's digital transformation," it added.

In May, India's third largest telco by subscriber count had raised ₹18,000 crore through a follow-on public offer. It has a six-month lock-in period.



Post the issue, Nokia and Ericsson will hold 1.5% and 0.9% in Vi, respectively. MINT

"VIL is all set to participate in the industry growth with right investments to expand its 4G coverage and offer 5G experience to its customers while remaining focused on its execution capabilities," said Akshaya Moondra, chief executive, Vodafone Idea.

"As VIL embarks on its growth journey, support from key stakehold-

ers is critical and the agreement with Nokia and Ericsson reaffirms these vendors as long-term partners of the company, and sets the stage for the next phase of our growth," he added.

The board also approved convening of an extraordinary general meeting of the company on 10 July, inter-alia, to get shareholder approval for the above matters, VIL added.

Following this preferential issuance, Nokia and Ericsson will hold 1.5% and 0.9% in the company, respectively, while promoter shareholding will stand at 37.3%, with the government having a 23.2% stake. The remaining 37.1% is held by the public.

Following this move, VIL has raised ₹24,000 crore of equity, including conversion of 1,440 optionally convertible debentures in March by ATC India, India's largest FPO issue of ₹18,000 crore in April, and a preferential issue to promoters in May.

"Additionally, in line with its stated fund-raising roadmap, the company is in discussions with lenders to raise debt funding to the tune of ₹25,000 crore," the company added.

Vodafone Idea's outstanding dues to vendors, including Indus Towers, Nokia and Ericsson, amount to ₹13,500 crore, according to industry estimates. Of this, a majority of its

dues, amounting to ₹10,000 crore, is owed to Indus Towers.

Vodafone Idea's net debt stood at over ₹2.14 trillion, including ₹1.9 trillion it owes to the government in deferred spectrum payments, and share of adjusted gross revenue.

Part of the debt is also owed to banks, including State Bank of India.

However, the telco has managed to reduce its bank debt significantly over the last financial year, down to ₹4,500 crore as of March 2024.

Sunil Mittal, chairman of Bharti Airtel, which is a 48% shareholder in Indus Towers, said recently that Vodafone Idea should pay its past dues to Indus, failing which services could be stopped.

Vodafone Idea reported a loss of ₹7,675 crore in the March quarter due to higher interest and financing costs. For the fiscal year ended 31 March 2024, its losses had widened to ₹31,238.4 crore from ₹29,301.1 crore in the previous fiscal year.

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Apple to 'pay' OpenAI for ChatGPT through distribution, not cash

Bloomberg
feedback@livemint.com

When Apple Inc. chief executive officer Tim Cook and his top deputies this week unveiled a landmark arrangement with OpenAI to integrate ChatGPT into the iPhone, iPad and Mac, they were mulling the financial terms.

Left unanswered on Monday, which company is paying the other as part of a tight collaboration that has potentially lasting monetary benefits for both.

But, according to people briefed on the matter, the partnership isn't expected to generate meaningful revenue for either party—at least at the outset.

The arrangement includes weaving ChatGPT, a digital assistant that responds in plain terms to information requests, into Apple's Siri and new writing tools.

Apple isn't paying OpenAI as part of the partnership, said the people, who asked not to be identified because the deal terms are private.

Instead, Apple believes pushing OpenAI's brand and technology to hundreds of millions of its devices is of equal or greater value than monetary payments, these people said.

Meanwhile, Apple, thanks to OpenAI, gets the benefit of offering an advanced chatbot to consumers—potentially enticing users to spend more time on devices or even

splash out on upgrades. Representatives of Apple and OpenAI declined to comment.

The pact with OpenAI is part of a broader push by Apple into AI.

The iPhone maker laid out the plans during a keynote address at its annual Worldwide Developers Conference, showing off AI features for the iPhone, iPad and Mac.

The arrangement includes weaving ChatGPT into Apple's Siri and new writing tools

The non-ChatGPT capabilities—branded as Apple Intelligence—were designed by the company in-house.

But even if money wasn't a major factor in the Apple-OpenAI deal, remuneration could come into play later.

Under the current structure, the partnership could become costly for OpenAI, which needs to pay Microsoft Corp. to host ChatGPT on that company's Azure cloud-computing systems.

The more people use ChatGPT, the more OpenAI's

expenses rise. And the integration into Apple devices—while optional for users and limited to the company's recent products—threatens to add significantly to the computing budget.

ChatGPT will be offered for free on Apple's products, but OpenAI and Apple could still make money by converting free users to paid accounts. OpenAI's subscription plans start at \$20 a month—a fee that covers extra features like the ability to analyze data and generate more types of images.

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Ten chefs pick the cities they love for the food and share their favourite haunts, from street finds to age-old institutions

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E-TENDER NOTICE
Gujarat State Aviation Infrastructure Company Limited, (GUSAIL) A Govt. of Gujarat Undertaking, GUSAIL Complex, Nr. Torrent Sub Station, SVPI Airport, Ahmedabad- 380 004. Ph. No.079-22882000

Tender is invited from the well-reputed and experience agencies for carry out the under mentioned work through e-tendering process.

Tender ID	Name of Work
73290	REQUEST FOR PROPOSAL (RFP) FOR SELECTION OF A CONSULTANT FOR PROVIDING COMPREHENSIVE CONSULTANCY SERVICES FOR DEVELOPMENT OF HELIPORTS IN GUJARAT.

Interested bidder may visit tender.nprocure.com for more information. The last date of online submission for tender is 08/07/2024 up to 18:00 Hrs.

GOVERNMENT OF WEST BENGAL
NOTIFICATION
Department of Agriculture Dated : 12.06.2024
Memo No : 173-20/HQ

In pursuance of Clause VIII(A) of the Guidelines of Farm Mechanization Schemes 2024-24 vide Memo No : 179-AG-11030(II)1/2024-NAB-SEC dt. 28.02.2024, indicative price of the different farm Machinery/implements is to be published by the Department of Agriculture, Govt. of West Bengal.

Now, as per decision of the meeting of the SPMT held on 12.06.2024, all the Farm Machinery Manufacturers who are interested to take part in Farm Mechanization Schemes-2024-25 in West Bengal are invited to furnish their information as stated below in respect of different models of the farm machinery / implements through email to facilitate publication of indicative price for the year 2024-25:

- Information in respect of different models of farm machinery/ implements in an excel sheet in the prescribed format (Annexure-A).
- Invoices as referred to in the format in a folder creating dealer wise sub-folder.

The notice including the format (Annexure-A) & Guidelines of FMS-2024-25 is available in <https://matirkatha.wb.gov.in> portal. For any query please contact with the Farm Mechanization Cell, Jessop Building, 1st Floor, 63 N S Road, Kolkata-700001, Phone:033-22540917.

The information as detailed above is to be sent to the mail id : wbfm2024@gmail.com only by 30.06.2024. Registration of manufacturers in the portal will be started after publication of indicative price.

Sd/-
Director of Agriculture
West Bengal
ICA- N 248(5)/2024

New Okhla Industrial Development Authority
Administrative Building, Sector-6, Noida, (U.P.)
Website : www.noidaauthorityonline.in

E-TENDER NOTICE

E-Tenders are invited from eligible contractors/firm for the following jobs against which bids can be uploaded and same shall be opened/downloaded as per schedule mentioned. The details and conditions of all tenders are available on Noida Authority's official website: www.noidaauthorityonline.in & <https://etender.up.nic.in>. Please ensure to see these websites for any changes/amendments & corrigendum etc.

A) Fresh-Tender Work

Sl. No.	JOB NO	NAME OF WORK	Tender Amount (in Lacs.)
1	02/DGM/SM (WC-1) 2024-25	M/o Road (Corridor Improvement of Udyog Marg from DSC road to Sector-11, T-Point as a Model road), Noida.	4076.26
2	02/DGM/Dy GM (WC-2) 2024-25	M/o Road (Beautification of DSC road, covering drain & fixing of kiosk along Sector-38A near Gate No.-2 GIP Mall at DSC road) Noida.	461.65
3	03/DGM/Dy GM (WC-2) 2024-25	M/o Road (Beautification of Internal road in front of G-Block Market along Tikona Park in Sector-18) Noida	482.55
4	04/DGM/Dy GM (WC-2) 2024-25	M/o Stadium (C/o Synthetic Track in open Land next to Skating ring in Noida Stadium Sector-21A) Noida	290.64

The above tenders can be uploaded by dated 27.06.2024 up to 5.00 PM. Pre-qualification shall be opened/downloaded on dated 28.06.2024 at 11.00 AM. Dy. General Manager (Civil) Noida
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पत्रांक : वाई.ई.ए./मूलेख/795/2024 दिनांक : 13.06.2024

सार्वजनिक सूचना
निम्नलिखित भूमि का यमुना एक्सप्रेसवे औद्योगिक विकास प्राधिकरण द्वारा 64.7 प्रतिशत अतिरिक्त प्रतिकर वितरण किया जाना प्रस्तावित है:-

परियोजना का नाम	ग्राम	सैक्टर 22ई व 120 मीटर चौड़ी सड़क के अंतर्गत पड़ने वाला खसरा
सैक्टर 22ई व 120 मीटर चौड़ी सड़क	चकजलालाबाद	47, 72, 79M, 89M, 92M, 93M, 99, 100, 101, 102, 103/2

भूमि के अतिरिक्त प्रतिकर वितरण किए जाने में यदि किसी व्यक्ति को कोई आपत्ति है तो वह लिखित रूप में प्रकाशन के 15 दिनों के अंदर सी०आर० सेल/तहसीलदार, यमुना एक्सप्रेसवे प्राधिकरण के समक्ष अपनी आपत्ति प्रस्तुत कर सकता है।
डिप्टी कलेक्टर

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Stung by past mistakes, a wary Fed takes its time

Jerome Powell's approach on inflation forecasts and rate cuts amounts to 'trust, but verify'

Nick Timiraos
feedback@livemint.com

Federal Reserve Chair Jerome Powell's approach to cutting interest rates based on forecasts that inflation will continue moving lower could be summed up by the phrase "Trust, but verify."

On Wednesday, officials held rates steady and offered little evidence that they were prepared to begin lowering interest rates soon, as their counterparts in Canada and Europe began doing last week.

Most officials projected they could lower rates once or twice at four remaining meetings this year, suggesting a start to cuts no sooner than September—even after an inflation report earlier in the day suggested price pressures moderated last month.

"We're looking for something that gives us confidence that inflation is moving sustainably down," Powell said at a press conference in which he used the word "confident" or "confidence" 20 times.

The European Central Bank and the Bank of Canada cut interest rates last week and indicated additional reductions were possible even though inflation remains above their targets—because they expect inflation to keep declining. "Overall, our confidence in the path ahead, because we have to be forward-looking, has been increasing over the last months," said ECB President Christine Lagarde last week.

But the U.S. is, for now, in a different position. Growth is stronger, and tight monetary policy might be transmitting more slowly to the economy. The U.S. financial system relies less on bank lending than in the past. Many homeowners are shielded from the rapid rate increases of 2022 and 2023 because they locked in ultralow rates on 30-year fixed-rate mortgages, which aren't as prevalent elsewhere.

The Fed has also become focused on monthly inflation readings, because the economy, especially inflation, has proved difficult to forecast over the past three years, giving officials a possible case of PTSD.

In 2021, Fed officials held rates near zero despite a run-up in prices in the view—mistaken, in hindsight—that pressures would be short-lived.

"After an event like that, you're going to be more worried about your credibility. You don't want to make the same mistake twice," said Jan Hatzius, chief



Chair Jerome Powell said the Fed is looking for something that gives it confidence that inflation is moving sustainably down. AFP

economist at Goldman Sachs. Market- and survey-based measures of inflation expected in the future by households and businesses suggest "they have, by every metric, recouped their credibility, but they don't want to take that for granted," said Julia Coronado, founder of economic-advisory firm MacroPolicy Perspectives. "They have set a slightly higher bar than other central banks."

Last year, the Fed and many private-sector economists expected that inflation would slow as growth weakened. They were right about inflation slowing down—but wrong about growth, which revved up.

Then in February and March, just as officials tacitly encouraged expectations that the Fed might cut rates in the coming months, progress on inflation stalled. "We got smacked in the face in the first quarter," said Coronado.

To be sure, the trust-but-verify approach risks putting the Fed in a catch-22. Powell and his colleagues are waiting until they have more convincing evidence that the Fed's interest-rate setting is as restrictive as they think it is.

But that raises the risk it will be too late to avoid a more serious employ-

ment downturn by the time they see that evidence, a point Powell acknowledged on Wednesday.

"We completely understand that that's the risk—and that's not our plan, to wait for things to break and then try to fix them," Powell said.

A series of inflation readings that are persuasively benign would liberate them from this trap. The alternative is for the Fed to wait to see more economic weakness before initiating rate cuts.

"I think they are looking for an opportunity to lower the policy rate, but obviously the wind has been blowing in the wrong direction,"

said James Bullard, a former St. Louis Fed president who is now dean of the Daniels School of Business at Purdue University.

Some Fed officials have indicated that once they start cutting rates, they plan to do so at regular intervals. In 1995, under Chairman Alan Greenspan, the Fed took a more idiosyncratic approach—cutting rates once in July and then waiting another 5 months to reduce rates again. The Fed cut rates for a third and final time six weeks later, in January 1996.

Bullard favors a more "Greenspan-

ian" approach that moves away from the idea that the initial move is "very momentous," he said. "What I'd advocate for is a technical adjustment that takes on board the idea that inflation is lower today than it was last summer."

Such a strategy more closely resembled the ECB's latest move, which followed inflation numbers that were worse than expected and growth that has been stronger than expected, said Goldman's Hatzius.

"Nevertheless, they've said, 'We're going to take a small step now. We're not going to make a commitment to a major easing cycle,'" said Hatzius. "The Fed could eventually take that strategy, too."

Powell on Wednesday said the decision to cut rates would be a "consequential" one because it could ignite substantial market rallies that boost spending and investment.

But he played down the idea that the exact month in which the Fed starts lowering rates by a quarter-percentage point, or 25 basis points, would matter as much.

"If you look back in five or 10 years and try to pull out the significance to the U.S. economy of one 25-basis-point rate cut, you'd have quite a job on your hands," he said.

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AI puts CIOs in the spotlight, right next to the CEO

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Artificial intelligence is pushing chief information officers closer to the corner office than ever before.

More CIOs are reporting directly to their chief executives, rather than chief financial officers, a reflection of the role's increased importance in helping set corporate AI strategies to keep up with the competition.

CIOs have traditionally managed information-technology systems like data centers, cloud computing and business software, but must also now modernize IT and data systems to take advantage of generative AI—or even set the AI game plan. That's giving them a bigger share of responsibility for business leadership.

"They're putting more and more on the shoulders of that human being," said Rob Zelinka, CIO of financial technology firm Jack Henry & Associates. "That person is probably responsible for their data strategy, their AI strategy, the technology strategy."

About 63% of U.S.-based technology leaders surveyed by consulting firm Deloitte in February say they report directly to their chief executives. That reporting relationship has been on the rise for U.S. CIOs in

THE WALL STREET JOURNAL

recent years, growing from 41% in 2015 to 52% in 2023.

At the same time, fewer CIOs are reporting to chief financial officers: falling from 26% in 2015 to 12% in 2023, Deloitte found. Deloitte is a sponsor of CIO Journal.

The change is significant, analysts and CIOs say, because it signals recognition of technology's strategic importance. In reporting structures where CIOs report to CFOs or chief operating officers, IT is typically viewed as a cost and support function, not a profit driver.

It also underscores how generative AI is being led from the very top. Unlike prior waves of innovation that were funded by IT departments' internal budgets, some CEOs and boards are earmarking funds just for AI.

"Interest in generative AI at the commercial leadership



About 63% of U.S. technology leaders report directly to the CEOs, reflecting the role's importance in setting AI strategies. ISTOCKPHOTO

level has never been higher around technology," said Lou DiLorenzo Jr., principal and national U.S. CIO program leader at Deloitte. "Being at the table allows the tech executive or CIO to basically shape that narrative."

Corporate interest in generative AI has been surging since late 2022, when OpenAI publicly released its ChatGPT chatbot. While most enterprises are still figuring out how to apply and govern the technology, plus which vendors to work with, CIOs now have an opportunity to guide their organizations, DiLorenzo Jr. added.

The enterprises and CEOs that haven't been investing in data management and new technologies are most likely to ask their CIO to set up an AI strategy, giving them full control

over a critical piece of the business, said Martha Heller, CEO of IT executive recruiting firm Heller Search Associates.

And while technology shifts like mobile, cloud computing and software-as-a-service have similarly created opportunities for CIOs to add value, "the modern organization is heavily reliant upon all things data," said Manu Narayan, the vice president of IT, data and operations at data-processing firm Confluent who oversees the organization's internal data team.

AI and data management are both opportunities for CIOs to set direction.

George Kurian, CEO of NetApp, said the data storage and services firm is hiring a new executive vice president, reporting to him, who will oversee the company's AI, data management and IT,

operations and supply chain, and cybersecurity.

"We saw the needs of both digital enablement and AI enablement was data becoming more sophisticated and complex," Kurian said, "and needed an executive at the leadership table to be able to work across the different functions."

During the pandemic, many CEOs hired or turned to CIOs for help in preparing their businesses for remote work. That, alongside ongoing technology modernization initiatives and overseeing digital tools for customers, has continued to push CIOs into the spotlight. Plus, CIOs have only been around for about four decades, so the role is naturally maturing, said Anjali Shaikh, a Deloitte managing director and U.S. CIO program experience director.

Today's AI boom marks just the latest chapter in the role's journey from the back office to center stage.

"Generative AI has just reinforced the need to have a technology and digital leader that understands business mission and outcomes, and how they are connected together," said Lisa Davis, CIO of Blue Shield of California.

Davis began reporting to the health insurer's CEO in 2022, requesting the change so she could take direct part in conversations about technology's role in overhauling the business. While the scope of her responsibilities hasn't changed, influence at the CEO level has led to tech modernization projects rolling out more quickly, she said.

"That would have never happened if IT was sitting in a back office," Davis said.

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How will G-7 nations counter rising clout of Russia, China

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It's been a decade since the Group of Seven (G-7) kicked Russia out. Now the US-led club accounting for 44% of the global economy has come to terms with its limitations while embracing its resilience.

Both China and Russia are having success wooing emerging economies in the loosely defined Global South and view the US and its allies as aggressors who foment war and use sanctions to achieve their geopolitical goals. The G-7 is wooing the same countries and, at a summit this week in Southern Italy, has found a creative solution on how to use the interest from Russian frozen assets to support Ukraine.

The problem is that several of the leaders landing in Apulia are in dire straits back home. US President Joe Biden is behind Donald Trump in many polls ahead of November elections. UK Prime Minister Rishi Sunak is on track for defeat in July. France's Emmanuel Macron is battling away rumors he'd quit in a snap legislative election he didn't need to call next month.

Faced with two brutal wars, can the G-7 muster enough economic, military and persuasive power to stave off the biggest threats to the democratic-led global order since World War II? The battle lines of this new era of geo-economic fragmentation are drawn.



The Ukraine war combined with China's military build-up has raised doubts about G-7 military dominance. REUTERS

No issue illustrates the G-7's isolation better than Ukraine. The group and the European Union have provided the vast majority of aid and foreign military support—while nearly every other nation has mostly avoided the fray or even aligned with Russia.

The Ukraine conflict combined with China's military build-up has raised doubts about G-7 military dominance, including whether the US would conceivably be able to both help defend Ukraine, while also responding to any invasion of Taiwan.

While Russian defence spending has spiked, the G-7 remains stable—including several countries that are under the 2% of GDP target set for NATO members, a key gripe of Trump. Of course, Russia's smaller economy means that even the doubling of spending as a share of GDP due to the war

is roughly the same amount in money terms as the much more modest increase that Germany has planned, according to Bloomberg Economics.

For the G-7, defending Ukraine is a matter of principle and a defence of democracy itself. For many other nations, it's just another sign of a multipolar world and the loosening reach of the West.

Sanctions initially united the G-7 around severing their bilateral trade with Russia, but diverting goods through third countries still allows Moscow to wage war. Germany's exports to Kazakhstan, for instance, have jumped since Russia's February 2022 invasion. Also, China has filled in the gaps Russia needs by boosting their bilateral trade. The US this week moved to curb reselling of goods to Russia, widening enforcement on chips made and sold abroad.

"On both counts—China and trade diversion via third countries—there's a big problem," said Robin Brooks, a senior fellow at the Brookings Institution in Washington. "Russia isn't economically isolated."

Over the past 10 years, the world's centre of economic gravity has shifted further away from the West and will likely flip sides before the end of the next decade. The G-7 economies are on track to be eclipsed by the rest of the G-20 in terms of gross domestic product (GDP) by 2030, according to a Bloomberg analysis of World Bank data.

How Iran-backed militia ties down U.S. Navy in Red Sea

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Aboard the USS Laboon—It was just after 9 p.m. when radar operators aboard this U.S. Navy destroyer in the Red Sea spotted a tiny arrow on their screens: a missile hurtling toward them at five times the speed of sound.

The crew of the warship with 300 sailors aboard had just seconds to shoot it down. As the projectile closed in, the Laboon launched an interceptor from silos beneath its deck, destroying the incoming missile in flight.

The Jan. 9 attack was one of the largest maritime battles the U.S. has faced since World War II. Houthi rebels in Yemen that day launched 18 drones and cruise missiles along with the ballistic missile at the Laboon and three other American destroyers, a U.S. aircraft carrier and a British warship in an attack that unfolded over a dozen hours.

Since Hamas attacked Israel on Oct. 7, Iran-backed Houthi rebels have lobbed missiles, drones and other weapons at commercial vessels and warships nearly every day. Although most of the weapons have been shot down, at least 77 cargo ships have been hit, and one British-owned ship carrying 20,000 tons of fertilizer aboard was sunk.

Though largely ineffective, the Houthi attacks have been able to disrupt shipping and keep the U.S. and its

allies tied down, frustrating the Navy's decades-old mission of keeping open the region's critical sea lanes.

The attacks are the direct result of fateful geography. To travel through the Red Sea and reach the Suez Canal, one of the world's most heavily traveled shipping routes, cargo ships must pass through the Bab al-Mandab strait skirting the coast of Yemen, within range of the Houthis' arsenal of missiles and drones.

No warships are known to have been hit in the more than 80 attempted attacks, but there have been some close calls, underscoring the perils for the U.S. and allies that have sent ships to the area the longer the conflict continues.

The Biden administration has limited its military response to the Houthi attacks, hoping to avoid being drawn into a wider Middle East conflict. But that has meant the flotilla of U.S. and allied warships has spent weeks and even months patrolling the Red Sea on alert—and the attacks have kept coming.

"We haven't taken a hit, but strategically, we haven't restored the flow of goods," said Gene Moran, a retired Navy captain who commanded the Laboon more than 20 years ago. More than 20,000 commercial ships pass through the Red Sea in a typical year, including 150 huge tankers and container ships, but the ship traffic through the strait has dropped steeply since the attacks began.



Houthis have launched hundreds of attacks hitting at least 77 cargo ships. AFP

Since the attacks began in November, in a Houthi show of solidarity with Palestinians in Gaza, container ship traffic through the strait fell by 67% and tanker traffic has dropped by about 50%, according to Windward, a maritime-intelligence company.

The Houthis have focused attention on Israeli-owned vessels or those headed for the port of Eilat in southern Israel, which has seen its ship traffic drop steeply. Many shipping companies have rerouted ships around the southern tip of Africa. On Wednesday, a Greek ship was hit by an unmanned waterborne drone and began taking on water.

Avril Haines, the director of national intelligence, said in congressional testimony last month that the U.S.-led effort has been insufficient to deter the militant group's targeting of ships and that the threat will "remain active for some time."

Earlier this year, the Laboon was patrolling in calm waters

under a clear sky north of the Bab al-Mandab. On the bridge, radar monitors showed cargo ships making their way north, none of them under attack. That morning, four one-way attack drones targeted a different U.S. warship, the first such attack after a three-day lull.

During the Jan. 9 attack, the Laboon crew first saw two cruise missiles heading toward the ship and shot them down. The cruise missiles lumbered along at subsonic speeds, allowing relatively ample time to respond. Then came the ballistic missile.

"These things are telephone pole-sized, you get three minutes of flight time, you detect it for 45 seconds, you get like 10 seconds to determine whether you're going to shoot at it or not," said Capt. David Wroe of U.S. carrier strike group in the Red Sea. The Laboon uses several weapons systems to defend against the Houthi attacks, including its "vertical launching system," which fires interceptor missiles from silos beneath the bow and stern called the "checkerboard." When fired, the missiles burst from beneath the deck with a loud swoosh, heading for the target.

"We did our damndest to make sure we were ready for a ballistic missile, but we weren't really expecting it," said Cmdr. Eric Blomberg, the Laboon's commanding officer.

In addition to shooting down

incoming missiles and drones, the U.S. and other countries have carried out several waves of airstrikes against launchers, radar installations and other facilities used by the Houthis in its attacks.

The longer the Houthi attacks continue, the more likely it is that a U.S. warship could be hit, said Frank McKenzie, a retired Marine general. "There's always a chance that something happens and one of our ships could be struck, and that chance only increases the longer we allow the situation to continue," he added.

The Navy says it has spent about \$1 billion on munitions used in defending the Red Sea, conducting more than 450 strikes and intercepting more than 200 drones and missiles since November when the attacks began.

U.S. officials worry that the conflict is simply not sustainable for the U.S. defense industrial base, already strained by the demands for weaponry from Ukraine and Israel.

"Their supply of weapons from Iran is cheap and highly sustainable, but ours is expensive, our supply chains are crunched, and our logistics tails are long," said Emily Harding of the Center for Strategic and International Studies in Washington. "We are playing whack a mole and they are playing a long game."

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More than 20,000 commercial ships pass through the Red Sea in a year, but the traffic fell steeply since the attacks began



NEWS NUMBERS

₹785 cr

THE CAPITAL investment Tata Consumer Products plans to make in FY25, including about ₹400 crore to set up a new plant in Vietnam, according to its chairman

₹2,008 cr

THE NET profit reported by Shriram Finance in the quarter ending 31 March, 2024 up 56.3% year on year, even as its market cap crossed ₹1 trillion on Thursday

1,563

THE NUMBER of NEET UG candidates who will take a re-test, as the National Testing Agency withdrew the grace marks it gave them due to an incorrect question

4

THE NUMBER of Indian companies --TCS, HDFC Bank, Airtel, and Infosys -- in the list of the 100 most valuable global brands, according to Kantar BrandZ

26%

THE PERCENTAGE of losing BJP seats where vote share difference was less than 5 percentage points, while for INC, 13% of seats had such low margins

HOWINDIALIVES.COM

Jio Platforms gets nod for satellites

A joint venture between Reliance Industries' Jio Platforms and Luxembourg-based SES to provide gigabit fibre internet has won approval from the Indian space regulator to operate satellites there, a government executive said.

The three approvals issued to Orbit Connect India—which aims to provide satellite-based high-speed internet access—come as companies from Amazon.com to Elon Musk's Starlink have been vying for the go-ahead to launch satellite communication services in the world's most populous nation. The authorizations have not been previously reported. They were granted in April and June from the Indian National Space Promotion and Authorization Centre or IN-SPACe. These allow Orbit Connect to operate satellites above India, but further approvals are needed by the country's department of telecoms to begin operations. Reliance did not respond to an email seeking further details.

REUTERS

DOWN THE SLOPE



Vehicles stuck in mud and silt following a landslide in north Sikkim on Thursday. At least one person was killed and five others were missing after massive landslides triggered by incessant rainfall caused devastation in Sikkim's Mangan district, officials said.

PTI

Water level in key reservoirs at 22%

Concerns over water availability for both drinking and irrigation persist in India as water levels in the country's major reservoirs remain alarmingly low.

Water levels in the country's 150 major reservoirs are at just 22% of their total capacity. While 28 reservoirs have 50% of normal water storage capacity, 85 reservoirs report about 80% of normal storage, and 65 reservoirs have 80% or below normal storage, the Central Water Commission said in a bulletin on Thursday. The central region is among the worst hit, followed by the western region, which is also experiencing significantly low water availability.

In a slight positive development, water levels have not declined further from the previous week, thanks to the progress of the monsoon in southern India. Prior to this, the water level had consistently dropped for 35 weeks straight.

PUJA DAS



The Nexon and the Punch are the first EVs to receive the top rating under the BNCAP.

HT

Punch, Nexon EVs receive 5-star rating

Tata Motors has received two new five-star Bharat NCAP safety ratings—for its Punch and Nexon EVs.

These models are the first electric vehicles to receive the top rating under the Bharat New Car Assessment Program (BNCAP). The rating certification was awarded to Tata Motors by minister of road transport and highways Nitin Gadkari who also launched the BNCAP.

The BNCAP, launched in 2022 to enhance road safety and provide consumers with reliable information on vehicle safety, follows stringent testing protocols comparable to global standards. The domestic, voluntary crash tests are aimed to encourage carmakers to produce safe and reliable electric vehicles for the Indian market. The programme evaluates vehicles on multiple parameters, including adult occupant protection, child occupant protection, and safety assist technologies.

Tata Motors' Harrier and Safari models also boast 5-star BNCAP ratings. For original equipment manufacturers, a strong emphasis on safety has become a unique selling proposition.

ALISHA SACHDEV

Centre, state governments to hold talks on budget, GST soon

Goods and Services Tax Council is scheduled to meet on 22 June in New Delhi

Gireesh Chandra Prasad & Dharendra Kumar
NEW DELHI

After a pause of more than two-months in policy making due to the national polls, Central and state governments are set to meet again for major policy decisions.

Federal indirect tax body the Goods and Services Tax (GST) Council is scheduled to meet on 22 June in the national capital, it announced on Thursday.

The agenda for the meeting will be finalized closer to the date but industry executives expect steps to make tax filings easier, relief for online gaming sector for their past tax dues and clarifications in the insurance sector.

The GST Council will also have to approve any legislative changes that may require the government to amend the Central GST Act through the finance bill to be presented in the forthcoming session of Parliament.

According to two people aware of discussions in the government, Union finance minister Nirmala Sitharaman, who chairs the GST Council, is also likely to hold separate discussions with state ministers, who would be in the capital, about the forthcoming union budget.

States usually raise their financing needs—including greater leeway to make borrowings, which are capped by the Centre—in pre-budget consultations. Utilization of the Centre's long term interest-free loan to states for building infrastructure is also expected to figure in the talks.

However, demands for special category states for Andhra Pradesh or Bihar may be a "tall order" for the government given that the status was only

given to hill states along India's borders in the past, the people cited above said.

The issue has come back in public debate after the elections given the backing that JD(U) of Bihar and TDP, which rules in Andhra Pradesh, give to the ruling Bharatiya Janata Party at the Centre.

Special category states get a higher share of Central funds and grants. Extending the same with or without the special category state tag—could have huge fiscal implications, said one of the two persons quoted above, who spoke on condition of anonymity.

"Extensive consultations will be held for the full budget for FY25 and suggestions will be sought from states," said the person.
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Industry executives expect steps for easier tax filings, relief for online gaming sector for their tax dues and clarifications in the insurance sector



GIC offloaded shares of IRB Infrastructure Trust for ₹5,884 crore via open market transactions.

PTI

GIC sells shares in IRB Infra Trust

Singapore's sovereign wealth fund GIC on Thursday offloaded shares of IRB Infrastructure Trust for ₹5,884 crore through open market transactions.

GIC through its affiliates, Anahera Investment Pte, Dagenham Investment Pte and Stretford End Investment Pte, offloaded shares of IRB Infrastructure Trust on the National Stock Exchange (NSE).

As per the bulk deal data on the NSE, Anahera sold 204.2 million shares of IRB Infrastructure Trust and Dagenham offloaded 49 million shares of the company. Stretford End also disposed of 14 million shares of Mumbai-based IRB Infrastructure Trust.

A total of 267.2 million shares were offloaded by the three GIC entities. The shares were sold at an average price of ₹220.22 apiece, taking the combined deal value to ₹5,884.27 crore.

PTI

Rajib Mishra ceases to be PTC chairman

The board of PTC India Ltd approved the appointment of whole-time director Manoj Kumar Jhavar as the chairman and managing director of the company till the appointment of a regular CMD. Rajib Kumar Mishra ceased to be CMD after market regulator Sebi on Wednesday barred him from holding any post on the board or management of any listed company for a period of six months over alleged corporate misgovernance in its subsidiary PTC India Financial Services (PFS).

"The board of PTC India Ltd in its meeting held on 13th June 2024 has decided that till a regular CMD is appointed, Dr. Manoj Kumar Jhavar, the current whole time director shall also exercise the powers of chairman and managing director as have been delegated by the Board from time to time w.e.f. 13th June 2024," PTC said in a regulatory filing on Thursday.

RITURAJ BARUAH

Govt has no plan to alter duty on wheat

There is no proposal to alter the duty on imports of wheat at present, the department of food and public distribution said in a statement on Thursday.

"At present, there is no proposal to alter the duty structure on imports of wheat," it said.

This assumes significance as there has been demand from several industry representatives to lower the 40% duty on import of wheat to augment domestic supply and keep a lid on prices. The government is keeping a close watch on the market price of wheat, according to the statement.

Additionally, the government will take suitable interventions to ensure that there is no hoarding by unscrupulous elements and the price remains stable. During the 2024-25 rabi marketing season, the agriculture ministry estimates wheat production to be 112 million tonnes against last season's 110.5 million tonnes. However, the industry estimates it to be 106 million tonnes in the current year.

PUJA DAS

No fall in consumer mkt frauds: KPMG

The majority of the respondents feel that there has been no reduction in frauds despite multiple regulatory changes in India, a KPMG survey said on Thursday.

KPMG in India conducted a survey with more than 75 experts from the finance/compliance domain in various organizations in the consumer markets sector (FMCG, consumer durables, agriculture, retail and e-commerce), covering questions about frauds and leakages faced by them.

As many as 79% of the survey respondents said there has been no reduction in frauds despite regulatory changes, and only 21% responded by saying that frauds have been reduced due to the changes. As per the survey, procurement, sales and distribution and e-commerce were voted as the major areas prone to fraud. About 72% of the respondents cited reputational damage as the most severe impact of fraud, whereas 16% believed that financial losses would also impact organizations.

PTI

'Some MDH, Everest spices unsafe'



Rajasthan found a batch of Everest spice mix and two of MDH's 'unsafe'.

REUTERS

Rajasthan has told the central government it found some spices of popular brands MDH and Everest "unsafe" for consumption after tests, a letter shows, as local and global scrutiny of the brands for alleged contamination intensifies.

Hong Kong in April suspended sales of three spice blends produced by MDH and one by Everest, saying they contained high levels of a cancer-causing pesticide ethylene oxide, triggering scrutiny by regulators in India and other markets.

Singapore also ordered a recall of the Everest mix, and New Zealand, the United States and Australia have said they were looking into the issues. Britain has applied extra controls on all spices entering from India, the world's biggest exporter, producer and consumer of spices.

Rajasthan checked samples of many spices and found a batch of Everest spice mix and two of MDH's "unsafe", according to a private letter from a senior health official in the state, Shubhra Singh, to the Food Safety and Standards Authority of India (FSSAI). MDH and Everest have said their products are safe for consumption. The companies did not respond to a request for comment.

REUTERS



Delhi rose from 17th rank in January-March 2023 to 5th position in January-March 2024.

MINT

Mumbai ranks 3rd in housing price surge

Mumbai is ranked third and Delhi fifth among top 44 cities globally in terms of appreciation of housing prices during January-March 2024 period, according to Knight Frank. Mumbai ranked sixth and Delhi 17th in the same period last year. Manila is at first position with a 26.2% annual growth in prices, followed by Tokyo at 12.5%.

In its report 'Prime Global Cities Index Q1 2024', real estate consultant Knight Frank said that Mumbai recorded an 11.5% year-on-year (y-o-y) growth in prime residential prices in January-March 2024.

Delhi rose from 17th rank in January-March 2023 to 5th position in January-March 2024 with a growth of 10.5% y-o-y.

However, Bengaluru observed a decline in ranking from 16th place in Q1 2024 to 17th rank in Q1 2024, even while it recorded a 4.8% y-o-y growth in residential prices. Knight Frank said the Prime Global Cities Index (PGCI) is a valuation-based index, tracking the movement of prime residential prices across 44 cities worldwide using data from its global research network.

PTI

India to remain fastest growing Asia-Pacific economy: Moody's

Moody's Ratings on Thursday said India will remain the Asia-Pacific region's fastest-growing economy in 2024, sustaining last year's domestically driven momentum. In a report titled 'Credit Conditions—Asia-Pacific H2 2024 Credit Outlook', Moody's Ratings said Indonesia, the Philippines and India led the way in terms of growth in first half of 2024 and should continue to outperform pre-covid growth numbers on the back of rising exports, local demand and government spending on infrastructure.

"India will remain the region's fastest-growing economy, sustaining last year's domestically driven momentum. We anticipate policy continuity after the general election, and a continued focus on infrastructure development and encouragement of private sector investment," it said. Moody's said stronger portfolio inflows are likely in India and ASEAN economies, because of robust corporate credit metrics and appealing valuations. Last month, the agency projected India to grow 6.8% this year, followed by 6.5% in 2025, on the back of strong, economic expansion along with post-election policy continuity.

PTI



Moody's projected India to grow 6.8% this year.

MINT



HOW TO ACCOUNT FOR POLITICS IN YOUR INVESTING

On a net basis, the difference between the expected and real Lok Sabha results made no difference to the Sensex



A file photo of people following the telecast of Indian general election results on a screen outside the BSE, in Mumbai on 4 June.

REUTERS

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MUMBAI

On 31 May, which was a Friday, the BSE Sensex—India's most popular stock market index—closed at a little over 73,961 points, a little lower than the then all-time high of 75,418 reached on 23 May. When the stock market opened again on 3 June, a Monday, after the weekend, the Sensex rallied to reach a new all-time high of around 76,469.

What happened in between? The seventh and the last phase of the Lok Sabha elections happened on 1 June, which was a Saturday. After the elections ended, the TV channels released their respective exit polls. Almost all exit polls gave the Bharatiya Janata Party (BJP) led National Democratic Alliance (NDA) 350-400 seats in the Lok Sabha—which was much more than required for a clear majority of 272 seats.

The stock market investors have been in love with the idea of the BJP-led NDA governing the country again. So, once the market opened again on 3 June, the investors celebrated and stock prices rallied and the BSE Sensex ended the day at a new all-time high of 76,469—a jump of more than 2,507 points or 3.4% from Friday's close (31 May).

Nonetheless, the exit polls turned out to be all wrong. And when the market opened on 4 June, it quickly started to adjust. At one point, the Sensex touched 70,234, more than 8% lower than 3 June's close. It closed the day at 72,079 down 5.7%. And then things changed again. By Friday, 7 June, it had recovered all the losses and closed at a new all-time high of a little over 76,693 points.

On a net basis, nothing really has changed. The Sensex on 7 June was 1.7% higher than its 23 May high. Nonetheless, a lot has happened in between and that has important lessons, especially for retail investors. Or to put it slightly differently, how does one account for politics while investing?

WHY WORRY?

On a net basis, the difference between the expected Lok Sabha results and the real Lok Sabha results has made no

real difference to the Sensex. Nonetheless, a market level aggregate hides more than it reveals. While the BSE Sensex has made up for the difference, the BSE PSU Index on 7 June closed at 8.8% lower than its all-time high of 3 June. Many retail investors who had bet big on the stocks of public sector units (PSU) in the run-up to the election results, are sitting on losses, or have seen their gains wiped out.

Also, anecdotal evidence suggests that many investors bought at high levels on 3 June and sold on 4 June. Typically, they sold out of PSUs and bought fast moving consumer goods stocks, which were already selling at high valuations, in the process driving their valuations even higher. Also, many bet on financial derivatives and lost money. Of course, there is a flip side to this as well—investors who bought on 4 June are sitting on profits now.

In fact, data shows that from 4 June to 6 June, the retail investors remained net buyers. Take a look at the chart titled 'Savvy investors', which makes for a very interesting reading. It plots the net buying/selling carried out by retail investors from 3 June to 6 June.

People in the business of managing other people's money excel at storytelling. In the last few months, storytelling by them peaked.

The chart shows that retail investors net sold stocks worth ₹8,588 crore on 3 June, the day the market rallied. Then they net bought stocks worth ₹21,179 crore on 4 June, the day the market fell. And then they bought a little more over the next two days. So, the point here being that retail investors managed to sell high and buy low, an investor's dream.

Now, the trouble as mentioned earlier is that the aggregate figures hide a lot. The definition of retail investor here is quite loose. It includes high net worth individuals (HNIs), and family offices, which manage thousands of crores of money for the richest of the rich. So, the word retail here doesn't exactly mean the small retail investor.

Given this, it's possible that HNIs and family offices, who have money lying around, may have done the bulk of the selling on 3 June and bought the dip on 4 June. Of course, to be able to say this with total confidence one needs a breakdown of this aggregate data and that's not available in the public domain.

But there's a way of getting into some more detail. We can look at mutual fund buying and selling data in the chart

under the head 'Costly ways' and try building a clearer picture.

So, what does the chart tell us? On 3 June when the stock market rallied, mutual funds net bought stocks worth ₹3,073 crore. On 4 June when the stock market fell, mutual funds net sold stocks worth ₹6,249 crore. Over the next two days, as the market rallied again, mutual funds net bought stocks worth more than ₹7,000 crore.

Now, what does this tell us? It tells us that at an aggregate level, mutual funds sold at low levels and bought at high levels, are the worst possible way to go about investing. Mutual funds largely invest money they collect from genuine retail investors, not definitional ones. Data from the Association of Mutual Funds—the mutual fund lobby—shows that as of March 2024, the average investment of a retail investor in mutual funds stood at ₹84,178.

So, what do the two charts, together, tell us? They tell us that exit polls going wrong would have cost many retail investors. And that's worrying.

STORYTELLING

People in the business of managing other people's money (OPM)—fund managers and chief executive officers of mutual funds, portfolio management schemes, insurance companies and foreign institutions investors, and stock brokers—excel at storytelling. Or as Morgan Housel writes in *Same As Ever*: "There is too much information in the world for everyone to calmly sift through the data, looking for the most rational, most correct answer. People are busy and emotional, and a good story is always more powerful and persuasive than ice-cold statistics."

Some OPM wallahs are forced to indulge in storytelling to drive investments into their funds, given that regulations don't allow many of them to talk about specific stocks. In the last few months, storytelling by OPM wallahs peaked, with some of them very openly saying that *abki baar char sau paar*, was the most important factor impacting the stock market. This was an easy way of cashing in on the prevailing political sentiment of many individuals. Or as Housel puts it: "Stories get diverse people to focus attention on a single point."

Talking about the overall economy and the investment opportunities that it will generate, can get quite complicated, and that doesn't really sell with the retail investor. But a slogan—which has cap-

mint SHORT STORY

WHAT

All voters have their political beliefs. But mixing that with investment strategy isn't always the best way to go about things. A stock market is too complex a being.

AND

The market might be influenced by just one story in the short-term, but ultimately, it does go back to giving the current and the expected future earnings of firms the most importance.

SO

Trying to punt money on one political result or trying to earn money through financial derivatives on the basis of one outcome, is something that can be avoided.

tered the prevailing emotion of many or at least the OPM wallahs thought so—does. And the story was sold.

And this was one reason why many retail investors invested big time on 3 June, both in stocks and financial derivatives, and then sold on 4 June, ending up holding the wrong end of the stick. Or they sold what they had owned before 3 June on 4 June. If they had just ignored all the noise and continued doing what they were, they would have ended up better off at the end of the week.

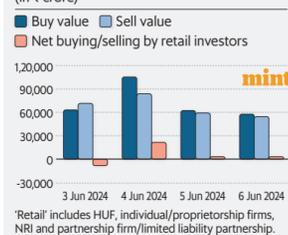
THE POLITICS OF INVESTING

As voters, we all have our political beliefs, but mixing that with our investment strategy isn't always the best way to go about things. A stock market is too complex a being. It might be influenced by just one story in the short-term, but ultimately, it does go back to giving the current and the expected future earnings of companies the most importance. And that's a factor that needs to be kept in mind, irrespective of whether the OPM wallahs remember it or not.

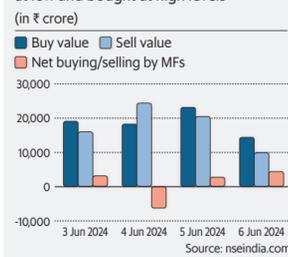
As the American writer F. Scott Fitz-

SAVVY INVESTORS?

Between 3 and 6 June, retail investors sold at high and bought at low levels (in ₹ crore)



Costly ways
Between 3 and 6 June, mutual funds sold at low and bought at high levels (in ₹ crore)



SATISH KUMAR/MINT

rarely fiddle around with economic policy, and there is usually continuity on that front.

Something similar has happened this time around as well. Many investors who tried to trade this news must have ended up worse off. Of course, some investors must have also made money in the process.

Third, while the overall direction of the stock market has been up, it is best to remember that there are no guarantees here. The past can be like the present, but it may not be so as well or at least not consistently. So, for genuine retail investors, the diversification of investment within and across asset classes remains the most important rule of investing, however boring this might sound. Money should be spread across asset classes—stocks, mutual funds, gold, fixed deposits, etc.

Fourth, the situation in the stock market is never as good or as bad as it is made out to be. This essentially stems from the fact that the financial media likes to report ups and downs in absolute points and not in percentages.

On 3 June, when the Sensex rallied 2,507 points, the headline in the media was that it had seen the highest single day gain. The gain in percentage terms was 3.4%, which was the 214th highest single day gain for the Sensex, looking at data going as far back as April 1979. Of course, a 3.4% gain in a single day is pretty good. It's more than the annual rental yield on real estate across large parts of India.

Now, look at the fall of 4,390 points on 4 June. Again, the media led with the highest fall headline. In percentage terms—which is the right way to look at it—the fall of more than 5.7% was the 41st highest single day fall for the Sensex. Of course, this was a big fall—a fair comparison being that the after tax returns on a one year fixed deposit were wiped out in a single day—but it wasn't as big a fall as it was made out to be.

Finally, big money in stocks is only made by staying invested, not by getting in and getting out depending on the prevailing story. But the sad part is that more than 41% of retail investors hold on to their equity mutual fund investment for up to just two years. And that's not good enough to be able to make serious money from stocks—directly or indirectly—suggesting that investing is more psychological than financial.

Vivek Kaul is the author of *Bad Money*.



How LiquiLoans can offer 10% interest to investors

The P2P lending platform seems to have cracked the convenience code for small investors

Neil Borate
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The conference hall in Pune was packed. To retail investors who have long complained about low interest rates, an indicative 10% rate on idle savings seemed like a great deal. The questions came thick and fast after Gautam Adukia, co-founder at peer-to-peer (P2P) lending platform LiquiLoans, concluded his presentation.

The non-banking finance company (NBFC) founded in 2018 had stitched some early high-profile partnerships with fintech platforms Cred and BharatPe. It is now leaning more towards mutual fund distributors, targeting clients looking to diversify beyond fixed deposits. But where does the 10% rate come from?

The answer is quite surprising: zero-cost EMIs, or equated monthly payments, for consumer loans. These loans are given through merchants such as Dr Batra's, VLCC, and Upgrad, and the merchant absorbs the interest rate on the loan.

LiquiLoans passes on this interest (net of fees) to the lenders on its platform. The loan is disbursed to the merchant rather than the end-consumer, which cuts the risk of the customer using the money for some other purpose. Since the loans are small (below ₹1 lakh, on average) and low tenor (under 12 months, on average), chances of default are low, Adukia explained.

Spreading the risk
The default, or non-repayment, rate for LiquiLoans is less than 1%, which has a bearing on the fee earned by the platform. The platform earns a spread (as fees) between the lending rate (10%) that investors get and borrowing rate (charged to the borrowers) at 18-20%.

The math has worked out well for the company. LiquiLoans says it offers better terms to dealers and is able to nibble at a small share of the industry.

LiquiLoans also has an algorithm that automatically assigns a customer's investment to hundreds of small loans, spreading out the risk. Exposure to each borrower is limited to 0.5%.

This takes away the headache of manual selection, an issue that stymied the growth of the P2P lending industry. Critics say this may be against the spirit of the Reserve Bank of India's (RBI) regulations for the P2P industry, where lenders must select the borrowers.

Adukia says a manual option is also available. According to him, LiquiLoans' model is similar to that of overseas P2P

Banking on loans

How LiquiLoans is slowly transforming the lending landscape

About

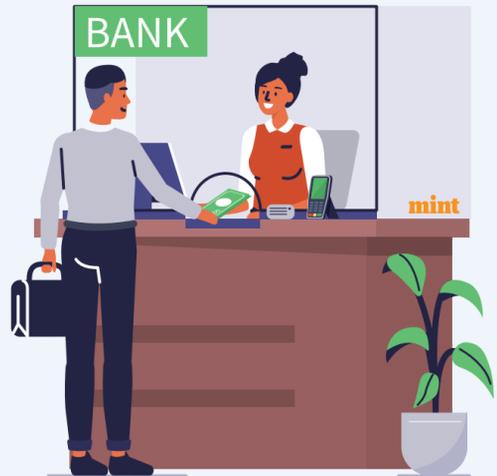
- Launched in 2018
- Founded by Achal Mittal and Gautam Adukia
- 1 lakh investors approximately
- 4-5 lakh active borrowers approximately

Size

More than 50% of industry size (of ₹5,000 cr)

Average lending rate	Average borrowing rate
9-10%	18-20%

Spread/fees (kept by platform)	Small ticket loans of about ₹1 lakh
9-10%	Tenor of 12 months on average



Advantages

- HIGH** interest of 9-10%
- RATE** doesn't fluctuate much
- MONEY** lent to hundreds of borrowers
- NO** need to manually pick borrowers
- LOCK-IN** is just 3 months
- DEFAULT** rate is less than 1%
- DEFAULT** absorbed by platform (up to spread)
- REGULATED** as NBFC P2P by RBI

Model

- Zero-cost EMI loans. eg: VLCC, Dr Batra's, Upgrad
- Loan disbursed via merchant, not directly to customer
- Customer cannot use for other purposes
- Merchant absorbs the interest cost

Disadvantages

- BORROWERS** may buy product they don't really need
- DEEP** pocketed competitors like Bajaj Finance
- IF** default is greater than 10%, lenders will lose
- NO** cap on distributor commissions
- DISTRIBUTION** arrangements are opaque

Regulatory questions

- FLDG (first loss default guarantee)
- Instant liquidity

Open questions

- Secondary market (loan reassignment to other investors)
- Use of fees/spread to cushion investors

Stopped?

Issue

PRANAY BHARDWAJ/MINT

lenders such as Lending Club and Zopa.

Kosher? Maybe not. But effective
LiquiLoans, which earlier had instant liquidity, now has a 3-month lock-in. If you withdraw your money after this 3-month period, your loans would be

sold in the secondary market. In effect, they are assigned to other lenders by the platform's algorithm.

According to critics, this too isn't kosher, but industry experts feel this feature is almost a pre-condition for retail participation.

According to Adukia, such loans form a small proportion of any portfolio and lenders get a choice to opt out of purchasing secondary loans.

On the tax front, the interest is taxed at slab rate. However, tax isn't deducted at source, which allows a cash-flow

advantage to lenders and investors.

LiquiLoans supplies a statement to investors each year, enabling them to calculate and pay the tax. Many investors max out their exposure through multiple family members or the Hindu Undivided

Family model. This can also spread out the taxable income.

Much about the P2P lending business model resembles an actual bank. It takes money from retail investors and disburses it to small-ticket borrowers, keeping a part of the spread (as fees).

Through the use of its algorithm, LiquiLoan seems to have cracked the customer convenience code—few small investors want to themselves look through loan listings and give out small-ticket loans.

LiquiLoans also makes no guarantees of interest or safety. But that really is the key question. Do investors understand the risk involved?

RBI rules impose a ₹50 lakh limit per investor on P2P loans. This means the product has to be pitched to middle-class and retail investors. For a wealthy investor with a ₹10 crore portfolio, ₹50 lakh may not move the needle.

This seems to be counterproductive. Institutional capital is more savvy. Retail investors entering through a mutual fund or NBFC might actually be safer than coming directly.

It will also be interesting to watch the path the regulator adopts as platforms scale—grant them a more formal banking license (global examples: Lending Club and Zopa) or continue to regulate them as P2P platforms.

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

WHAT'S THE FOREX RATE?

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



mint

FOREX RATES (₹/\$)

Bank/travel aggregator	Wire transfer*		Buy forex	
	Inward	Outward	Forex/travel card	Cash
SBI	83.10	83.95	84.12	84.40
Bank of Baroda	83.12	83.95	84.35	84.75
Canara Bank	83.21	83.94	84.14	NA
IndusInd Bank	82.05	85.05	85.84	86.14
Kotak Bank^	82.08	85.04	85.44	86.01
HDFC	82.25	84.89	85.14	85.72
ICICI	81.70	85.13	85.15	86.74
Axis Bank	81.49	85.97	85.20	86.55
Yes Bank	82.11	85.02	85.94	85.94
Thomas Cook	81.72	85.18	84.01	85.42

Note: Data collected from website of respective entities as on 12 Jun 2024; Rate mentioned in the table denotes INR/USD. The rate is as mentioned on the website of the Bank/FI and may vary according to different amount slab; *Wire Transfer/TT Buying is Inward Rem to receive Forex & Wire Transfer/TT Selling is Outward Rem to send forex; ^rate valid as on 11 Jun 2024
Compiled by BankBazaar.com

How can I buy insurance for my phone and what does it cover?

Abhishek Bondia

How can I buy an insurance for my phone? What would be covered under phone insurance?

—Name withheld on request.

You can buy portable equipment insurance for your mobile phones, laptops or personal portable devices. Such insurance is generally an all-risk policy. It would cover any accidental damage to the device including breakage, short-circuit and theft.

Several insurers offer such insurance. However, most insurers prefer to bundle it with another product, such as home insurance. In such a scenario, phones are insured with other household items owned by the policyholder. Commercial establishments of all sizes, including small businesses, with several devices can buy this cover under an office package policy. This will help cover losses to their other office items due to fire and other accidental damage.

It is generally difficult to buy an all-risk insurance for a single phone. The best time to buy this would be at the point of purchase of the device itself. Several mobile phone distributors offer phone insurance while selling the device. At the point of sale, the insurer is assured that there is no pre-existing damage. Insurers are most willing to issue a stand-alone mobile phone insurance policy then.

My mother is 73 years old. An agent suggested I buy a



ASK MINT INSURANCE

life insurance policy for her. He suggested both term plans as well as a few endowment plans. What would be the best way to buy a life insurance plan for her?

—Name withheld on request.

Life insurance plans are meant to serve as a financial cushion for dependents when the key earning guardian passes away. Endowment plans help accumulate a corpus, which can be availed even if the person survives at the end of the policy term.

Term plans provide a lump-sum only if the insured person dies during the policy term. They do not provide any benefit if the person survives the policy duration.

The age of your mother is

past the regular retirement age. Generally, by this age, individuals do not have active income. Most income is generated through passive sources such as interest income. In case the person passes away, the dependents would not lose their income coverage. That's why a life insurance plan is not recommended.

However, if there is a need to provide a corpus for dependents, then an efficient way would be to invest in a savings instrument rather than a term plan. Term plans are generally expensive at higher age brackets and are much harder to get.

Abhishek Bondia is principal officer and managing director at SecureNow.in.

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

India allure enticing global bond funds to stay: Citi

Bloomberg
feedback@livemint.com

Global investors who've bought Indian government bonds to piggy-back on their inclusion in a flagship debt gauge are likely to remain invested and not take a quick profit, according to Citigroup Inc.'s top local trader.

India's debt yields are higher than China's or the US, and its economy is the fastest-growing among the Group of 20.



There's little reason for active investors who've poured money in to reverse course as the JPMorgan Chase & Co.

index inclusion goes live, said Aditya Bagree, head of India and South Asia Markets for Citi. "Some of the active money

does come in beforehand as they expect the passive money to come in later and then they use that opportunity to get out of the position," he said. "But in India, I don't think that's necessary how it'll play out given the structurally good story."

India, where Prime Minister Narendra Modi just won a third term in office despite his party losing its parliamentary majority, will ultimately receive 10% weight in the JPMorgan index. Bagree estimates the inclusion

will attract almost \$30 billion of capital into India, from both active and passive investors.

Since the change was announced last September, non-residents have already ploughed about \$10 billion into the bonds eligible for inclusion in the gauge, Clearing Corporation of India Ltd data show.

But the frenzy may slow, if China's experience is any guide.

The index inclusion goes live on 28 June.

HOW TO PERSONALLY AUDIT YOUR FINANCIAL LIFE TO ENSURE YOU ARE ON TRACK



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

One of the primary principles of natural justice is *Nemo iudex in causa sua*, which roughly translates as: "No one should be a judge in their own cause."

In this article, while we will try to establish a structure to personal financial audits, we should also acknowledge that since we are emotionally attached to our finances (and we also have our own biases), it would be necessary at times and for some people to have some external intervention, like getting professional investment advisers to take a look at their finances and identify gaps to fill up.

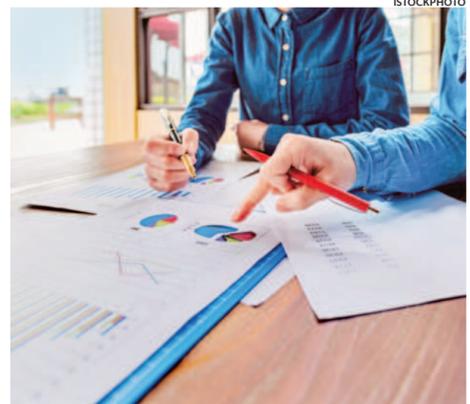
Why a personal financial audit?

The purpose of a personal financial audit is to take a look at all aspects of your finances—the building blocks of your financial life. Here are the heads under which you should carry out an assessment.

- The first thing is to check if you have a sufficiently large life insurance cover. Traditional LIC policies of yesteryear (often of ₹5-10 lakh) are of no use now. Your life insurance policy should be

large enough to clear all loans, provide money for goals like children's schooling, higher education and first house purchase, plus provide income for the day-to-day expenses of your dependents.

- If your spouse is earning and contributing to expenses/investments, then ensure they also have a large enough life cover.
- Also, don't depend just on your employer's life insurance. Get a plain-term plan of your own for this.
- Almost everyone needs health insurance. Make sure that you and your family have enough to cover everyone, at least up to ₹15-20 lakh, if not more. Also, it's best not to depend on your employer alone for health insurance, even though it should be used first if available and if you need to make a claim.
- If your parents don't have health insurance, get them covered as well. If possible, get them added to your corporate health cover.
- Disability insurance is also important. If you meet with an accident and become disabled or unemployable, it can help a bit as it will pay out a lump sum. This is different from health insurance, which pays for hospitalization bills only.
- Emergencies don't wait for emergency funds. So, make sure you gradually save up a separate pool of money that is enough to cover at least six months of your basic expenses (plus insurance premiums) in a dedicated emergency fund.
- And if you have low job security and/or have many dependents and/or are the sole earner, then ideally, you should have a bigger emergency fund than what is suggested above.
- If you have high-interest personal loans or credit card debt, repay them as soon as you can. If you have a surplus that is not ear-



marked for emergencies or other near-term expenses, it might be a good idea to use it to reduce high-interest debt immediately.

If you have a home loan, consider making periodic prepayments. Don't be too aggressive with this; you don't want to compromise on your other goal-savings. But small periodic prepayments go a long way. For example, by paying just one extra month's

EMI each year and increasing the EMIs by 7.5% each year, you can easily close a 25-year home loan in about 10 years!

Setting—and achieving—goals

First, identify the goals and calculate how much you need to invest to achieve them. You can do this on your own or you can take help from a good investment adviser. Different goals have different timelines and are served best by different allocations. If you have several goals, bucket them into short-term goals (up to 3 years), medium-term goals (3-7 years), long-term goals (7-8 years and more) and retirement.

Different goals have different timelines and are served best by different allocations

For short-term goals, you should primarily invest in debt. For long-term goals and retirement, it's advisable to have a higher equity allocation if you have at least a moderately aggressive risk appetite. If your current income doesn't allow you to save adequately for all your

Periodic assessment

How often should you audit your finances? Once a year should be enough, though for some twice a year might be relevant. This should be a kind of periodic assessment of how your finances are—whether you have made any progress over the past year or not.

Dev Ashish is a registered investment adviser and founder of Stable Investor.

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



OUR VIEW



Apple: It's late to the AI race but sure and steady

Even as a late entrant to the action in artificial intelligence, the iPhone maker may succeed by using its core strengths in consumer-oriented technology to offer 'AI for the rest of us'

Apple Inc, as we learnt this week, aims to simplify artificial intelligence (AI) for the masses in a bid to keep its users and shareholders engaged and happy. Its goal is billed as "AI for the rest of us," reminiscent of Steve Jobs' strategy of making computers aesthetic and user-friendly. While CEO Tim Cook may lack Jobs' charisma, he kept Apple's allure well polished. At least until the rise of AI, that is, particularly generative AI, a field in which it began to look like a laggard, with its Siri voice assistant outclassed by smarter AI chatbots. As a result, Apple lost its position as the world's most valuable company to AI-focused Microsoft and even briefly to fabless chip-maker Nvidia. That Apple, Microsoft and Nvidia, all currently valued above \$3 trillion, are vying for the top spot underscores just how high the AI stakes have risen. Apple's late but measured response to the AI race includes its launch of Apple Intelligence—a shot at making the 'A' of AI stand for its own name. We can expect a smarter Siri and a renewed focus on user privacy in a world rife with misinformation, scams and deepfakes.

Given its consumer focus, Apple is dedicated to enhancing our AI experience even as other tech giants focus on foundational AI models and infrastructure for enterprises. Trying to recast AI as Apple Intelligence is part of this strategy. This tactic is not unique, though; IBM uses 'augmented intelligence,' while Nvidia promotes 'accelerated computing' and Intel speaks of a 'Siliconomy.' That said, Apple's AI announcements have not made tech mavens sit up, let alone rave. Yet, Apple has a history of refining and surpassing useful stuff invented by others. Sony's Walkman preceded the iPod and

Nokia's handsets came before the iPhone. Being a late entrant to a market hasn't mattered, the user experience has. Apple's strength is its consumer orientation, as seen in its aesthetics, quality and intuitive user interfaces. It also has an ecosystem of its own that makes it hard for iPhone users to switch away. Analysts at Morgan Stanley highlight that Apple's strong brand loyalty is driven by its close integration of products and services that keeps switching costs high for users. This loyalty is reinforced by the vast amounts of personal data stored on its iCloud, which tends to keep its users invested. The consumer-tech major's current emphasis on data privacy will only strengthen this loyalty. With OpenAI's GPT-4 integration, Siri will perform tasks like playing movies or scanning emails for information, but will ask for user consent before going online to get more data if needed. On the flip side, users with iPhone 15 or older models might be frustrated as they would need to upgrade their devices to access Apple's new AI features.

Apple's new OS-level features could disrupt tech startups offering basic AI services like grammar checks, copy-writing, summarization and transcription, as these tasks get commoditized. This means startups cannot rely solely on calling themselves AI or GenAI businesses; they will need strong technological differentiation, a loyal user base, robust partnerships and leadership that's comfortable with change being the only constant. Apple's success so far also shows that being a first mover in the tech world is not always an advantage. The company's own challenge will be to keep up its record of innovation in the AI space without losing its feel for—and edge on—the user experience that has been the hallmark of its success.

BLOOMBERG

MY VIEW | FARM TRUTHS

The electoral verdict has a clear message for the BJP-led alliance

It's risky to ignore rural distress, weak employment, rising price levels and quota-policy misgivings



HIMANSHU

is associate professor at Jawaharlal Nehru University and visiting fellow at the Centre de Sciences Humaines, New Delhi

Results of the recently concluded general election for the Lok Sabha have given the National Democratic Alliance (NDA) a clear mandate to form the government for a third successive term, although there is also a message for it in the sharply reduced seats it now holds. The principal party in this alliance, the Bharatiya Janata Party (BJP), won only 240 seats, lower than the required 272 for a House majority, while the BJP had a majority of its own supporting the past two governments. While it may not hamper the smooth functioning of the government, the decline of BJP MPs in the Lok Sabha was unexpected, given that pollsters as well as the party had claimed a likely increase in its tally.

Voting preferences of the electorate depend on many factors and any analysis of the election results must be done with the caveat that economic issues, though important, are only one of the many factors that determine choices. However, given that salient economic issues such as inflation, unemployment, agrarian distress and inequality were raised by almost all parties, election results do offer us some idea of the perceptions of the electorate on these issues. There are four clear messages.

First, rural distress is not just a statistical artefact, but real. The fact that the BJP's seat losses were concentrated in semi-urban and rural areas suggests

that distress played a role. Part of it was in the agrarian economy, which has seen large farmer protests throughout the last five years (10 years in some areas). The NDA lost seats in Punjab, Haryana and western Uttar Pradesh, which were the epicentre of these protests. It also suffered losses in Bihar and Maharashtra for it. While multiple data sources confirmed the nature of rural and agrarian distress, not only was it ignored, some of it was aggravated by ad-hoc policy instruments such as the arbitrary trade restrictions that led to losses for the farmer community.

Second, inflation hurts the economy, but disproportionately more the poor. For more than two years, inflation has remained the Achilles heel of policymakers. Not only did over-reliance on monetary policy not yield the desired results, it also hurt the economy. Trying to fight inflation by prioritizing consumer interests at the cost of producers is unlikely to benefit either farmers or consumers. What is needed is a nuanced approach to inflation management and not arbitrary use of restrictive trade and price policies. India needs a price policy that protects consumer interests without compromising those of farmers.

Third, it is now evident that a policy approach to poverty alleviation through

transfers, both cash as well as in kind, is unlikely to resolve structural problems of inequality and unemployment. Claims of high growth are unlikely to have any traction if the nature of growth is not accompanied by improvements in earnings and employment for the majority of citizens. While the NDA government benefited politically in the short-run from cash transfers, which helped various occupational and social groups such as farmers, women and youth, these are unlikely to be enough for a generation eager to prosper from India's economic emergence. The issue of unemployment is not just about getting work, but also about job quality. Government jobs are few and prized by almost everyone, but these won't help tackle our employment challenge.

Fourth, economic empowerment is necessary for inclusive growth. But in a society ridden with disparity based on caste, tribe, gender, religion and region, economic empowerment is also a function of social and political empowerment. This is why issues of reservation and threats to constitutional provisions for empowering disadvantaged groups are as important as the hustings as improvements in material well-being. While this is certainly true for those excluded or marginalized by economic processes based on social identity, women are also emerging as a distinct political group, with most parties aware of the need to empower them.

Election results are not a referendum on the economic policies pursued by governments. But they offer citizens an opportunity to voice their concerns over governance. A sound policy environment requires a dynamic information system based on credible evidence from multiple sources. A decline in the credibility of our statistical system is unlikely to help the government grasp the nature of people's problems, let alone respond. With the 2024 election results, the electorate has made its voice heard. The question is: Can the government respond to these challenges?

QUICK READ

Voting preferences are shaped by a variety of factors, but since economic issues were raised by the opposition, the election results do indicate what the electorate thinks about them.

First, rural distress is for real. Second, inflation hurts, more so the poor. Third, cash transfers won't fix structural inequality. And fourth, empowerment is a must for inclusive growth.

10 YEARS AGO



JUST A THOUGHT

I do think some digital currency will end up being the reserve currency of the world. I see a path where that's going to happen.

BRIAN ARMSTRONG

GUEST VIEW

Can India's digital rupee overcome adoption hurdles?

NIKITA KWATRA & KHUSHI BALDOTA



are, respectively, a principal and an analyst at Artha Global.

The Reserve Bank of India (RBI) has been striving to boost the adoption of its Retail-Central Bank Digital Currency (R-CBDC) or e-rupee. Its latest *Annual Report* highlights initiatives like adding offline functionality and exploring its use for cross-border payments. RBI is also aiming to onboard more non-bank payment service operators and make the e-rupee inter-operable with India's Unified Payments Interface (UPI). Earlier this year, RBI met with bankers and fintech officials to work out how to increase consumer adoption and integrate the digital currency with the mainstream financial system. Yet, overall adoption of the e-rupee remains tepid.

As of the week ended 31 May 2024, by RBI data, the e-rupee had ₹323.5 crore in circulation, up from ₹100 crore in December 2023, but still a tiny fraction of the ₹35.4 trillion of banknotes in circulation. Take other indicators. As of April, within 16 months of its December 2022 launch, 4.6 million consumers and 400,000 merchants had been

signed up to use the e-rupee. But transactions remain a tiny fraction of UPI transfers. Notably, RBI Deputy Governor T. Rabi Sankar in April mentioned a downtrend in daily e-rupee transactions.

Launched in 2016, UPI differs. It allows real-time inter-bank peer-to-peer/merchant transfers via mobile phones. In contrast, the e-rupee is a digital alternative to cash which can be exchanged via wallets or the UPI infrastructure. However, notably, from an end-user perspective, the e-rupee offers no obvious added value. With users showing a UPI preference, CBDC volumes have struggled to pick up.

Weak adoption is not unique to India. Retail CBDCs were launched elsewhere too, in the hope of revolutionizing payment systems, but their adoption has been tardy. While country-specific factors contribute to it, several obstacles are common. First, extant online payment systems in countries like China and India weaken CBDC demand, hampering adoption. Second, the absence of robust digital infrastructure hampers seamless CBDC transactions, while regulatory ambiguity further complicates adoption, necessitating clarity and stability to instil confidence among users and businesses. Third, trust within the system is deficient.

Specific examples from other countries with retail CBDCs may offer some lessons.

Stalled pilot: The DCash pilot, launched by the Eastern Caribbean Central Bank in 2019, was shuttered in January because of low adoption, with circulation at just 0.16% of total currency. Trust issues were exacerbated by a technical outage in January 2022 that shut down the system for over a month.

Digital infrastructure challenges: The Bahamas' Sand Dollar, Nigeria's eNaira and Jamaica's Jam-Dex have some common problems. The Bahamas' Sand Dollar, the first CBDC, was launched in 2020. Despite efforts to promote it through extensive educational campaigns and integration with government payment systems, circulation had reached only \$1.1 million by September 2023, representing 0.19% of the total currency in circulation. Nigeria's eNaira, launched in October 2021 to improve financial inclusion in the country and reduce transaction

costs, has struggled with adoption. Only about 0.5% of Nigerians are found to use it. Jamaica's Jam-Dex, launched in 2022 to decrease cash dependency and serve the financially under-served, saw an initial surge thanks to user incentives, but stalled at \$1.64 million (0.11% of its currency in circulation).

Despite having clearly defined use-cases for their country-specific CBDCs, these pilot projects suffered from weak internet connectivity and poor digital infrastructure, integration problems with traditional banking systems, low public awareness and inadequate incentives for adoption.

QUICK READ

The Reserve Bank of India has been promoting the e-rupee but adoption has been weak, like in other countries, amid common problems such as incompatible online payment ecosystems.

Digital infrastructure hurdles and the absence of a clear value proposition compared with UPI are also to blame. RBI is making it programmable, but this has its own risks that must be studied.

and explore government-to-person (G2P) transactions and cross-border payments have not yet provided a distinct value proposition for RBI's digital currency. There is a case to be made that the e-rupee is safer than UPI as it is a direct liability on RBI (i.e., like cash, it is not dependent on any commercial bank), but this argument holds an appeal that is far too subtle for most users.

To popularize the e-rupee, RBI is working with lenders to introduce programmability, which allows directions to be set for its use. For example, IndusInd Bank used a programmable e-rupee to pay farmers for carbon credits. The Bahamas and Nigeria are also using CBDCs for government disbursements and welfare programme transfers. Jamaica is exploring the use of its CBDC to make seasonal work payments more efficient, while in China, civil servants in Jiangsu province have been receiving wages in e-CNY since May 2023.

While RBI aims to make the e-rupee as cash-like as possible, programmability could challenge its fungibility and liquidity, which may affect privacy and public trust. Experts warn that programmable money might alter economic behaviour and worsen inequality. Further studies need to be done. In all, RBI must proceed on its e-rupee with care.



THEIR VIEW

MINT CURATOR

Election victory and loss margins show a luckier Congress than BJP

An analysis of Lok Sabha results shows that the Congress had close calls in its wins and the BJP had relatively narrow losses



YUGANK GOYAL & MAHADEV P. MENON are, respectively, associate professor and co-author of 'Who Moved My Vote: Digging Through Indian Electoral Data', and a student at Flame University.

Soren Kierkegaard, the 19th century Danish religious philosopher once said: "Life can only be understood backwards, but it must be loved forwards." The same could be said about elections. With all kinds of poll predictions going wrong this time (like most of the time, frankly), Indian electoral politics has finally come to terms with the fact that we can understand elections only backwards.

Post-poll analysis has been quite interesting indeed. The focus, however, has been on the victory of winners, and not as much on the losses of those who couldn't win. In an electoral democracy with a first-past-the-post (FPTP) system, understanding how much one loses by is equally important to understand what really happened. Elections are numerically always about who is liked by the most, and not about who is disliked by the least (the two are not the same, except when there are only two contestants). Similarly, liked by most is not always equivalent to most liked (think about the distance between two preferences).

These variables (least disliked or most liked), even if not captured in a FPTP system, are useful lenses to view election results. They allow us a peep into the minds of voters at the aggregate level and nudge politicians to begin preparing for next elections.

We excavate a very simple metric; in addition to winning margins, we also look at losing margins at the constituency-level to compare the Bharatiya Janata Party (BJP) with the Indian National Congress (INC). For the winning candidate, the margin is decided by her vote share less the vote share of the second-position candidate in that constituency. For the losing candidate (defined as the one in second position or below), the margin is defined by her vote share less the vote share of the winner in that constituency. We plot the distribution of these margins (in percentage points) for the two parties' winning and losing seats across India.

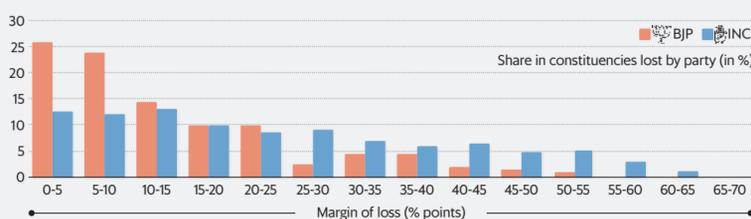
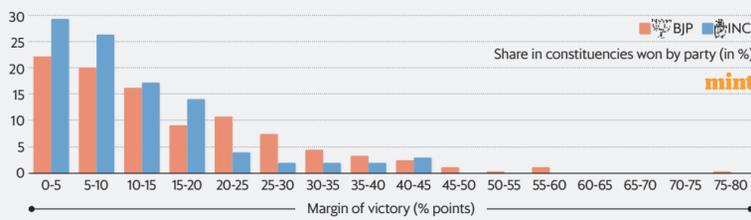
Winning constituencies are graphed against their winning margin. We do the same for losing constituencies, but with their losing margin. The distributions that are shown tell us, for example, out of all the constituencies where the BJP (or INC) lost, how many constituencies did it lose by 5 percentage points, or 10 percentage points, and so on. As one would guess, the distribution basically explains whether a party is 'lucky' or 'unlucky' in the results. The results are telling. The BJP overall seems to have lost thinly and won hugely; the INC, on the other hand, has lost hugely and won thinly.

We find that in 26% of the BJP's losing seats, the losing margin was less than 5 percentage points. For the INC, only 13% of seats had such low margins. In fact, in half of all BJP losing seats (and 25% of INC seats), the loss margin was less than 10 percentage points. Merely 4.5% of losing seats from



Lucky victories and unlucky losses

The BJP had bigger margins in its Lok Sabha victories and smaller margins in its losses while the opposite is true for the Congress.



Close fights and big routs

The win and loss patterns of India's two main rival parties differ.

Margin less than	Seats won by party (first rank)		Seats lost by party (second rank or below)	
	BJP	INC	BJP	INC
10,000	8	6	8	4
50,000	47	28	48	28
100,000	90	53	91	49
200,000	145	81	141	96

Source: Author's calculations, Election Commission of India

BJP while 21% of losing seats for the INC suffered a losing margin of up to 40 percentage points.

The same story repeats in winning seats. The INC's winning margin is small on the whole, while the BJP's is high. For the BJP, 40% of winning seats have a margin less than 10 percentage points, but 56% of INC's winning constituencies are won within this margin. Just 3% of the INC's winning seats are won by a margin greater than 40 percentage points, while 6% of the BJP's clock this margin. Consider the absolute margins. The BJP lost 48

seats with margins less than 50,000, while the INC lost only 28 under this margin. The two parties lost 91 and 49 seats respectively with margins under 100,000 and 141 and 96 seats with margins under 200,000. In terms of victories, the numbers show similar patterns, with the BJP winning more with large margins and the INC less. BJP won 47 constituencies with margins of up to 50,000, the INC only 28. The two parties secured 90 and 53 seats respectively with margins of up to 100,000 and 145 and 81 seats with margins less than 200,000.

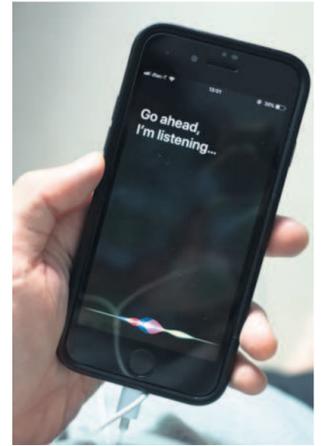
On an aggregate across all constituencies, the average of the BJP's winning margins is 15.8 percentage points and the INC's is 11 percentage points (in constituencies they won). The BJP is winning with somewhat larger average margins. We also notice that the BJP is losing with smaller average margins (13.8 percentage points) compared to the INC (23.9 percentage points) in constituencies they lost. Basically, the BJP had more close calls in its losses, while the INC in its wins. This implies that the BJP was unlucky and destiny favoured the INC. This does not mean that the INC should not celebrate. But this indicates the 'quality' of wins and losses. The margin distribution tells us whether the BJP should be sad or very sad about its losses and if the INC should be happy or very happy about its wins. These emotional responses do not matter, of course, but what matters are their strategies in upcoming elections.

Apple's ambition: It wants AI to stand for Apple Intelligence

Its privacy focus could be a winner but its strategy isn't free of risk



PARMY OLSON is a Bloomberg Opinion columnist covering technology.



Apple's effort to play catch-up in AI has the tech world's attention

You have to hand it to Apple Inc. After a tone-deaf ad last month that made the company look oblivious to AI's impact on the world, its marketing department has now rebranded AI as 'Apple Intelligence.' It's a feat only the company could pull off. Customers of Macs and the latest iPhones will use it to rewrite emails, transcribe and summarize calls, generate images and cross-reference information from Apple apps. "Will I get to my daughter's play performance on time?" Apple Software Chief Craig Federighi asked in a demo at its developers conference on Monday. Apple Intelligence would consult his iPhone's proprietary Calendar, Maps, Mail and iMessage apps to answer.

After a string of mundane updates to its operating systems, these are the most exciting features in years, but will Apple Intelligence really work as seamlessly as it did in pre-recorded demos when it rolls out this fall? I'm inclined to believe we'll see glitches and latency issues that will make it a tough sell to consumers, at least initially.

The most sophisticated AI tools today process your queries on cloud servers that need an internet link. Apple's iPhone has a fraction of the power of those servers, but to make its AI service private and quick, it will run some AI queries via Siri 'on device,' on a small language model Apple built for iPhones. No net connection needed.

Apple Intelligence will also decide, on the fly, if a query like "Will I get to my daughter's play performance on time?" requires extra computing power. If it does, it'll access a bigger AI model that Apple made, via its 'Private Cloud Compute' (its own servers). Anything more complex will request a query to ChatGPT, via a partnership with OpenAI. Apple, admirably, has gone to great lengths to keep this process private, with query requests being end-to-end encrypted and inaccessible to others.

The price for all of this could be speed. When Apple answers a query using its smaller on-device AI, it'll do so with a latency of 0.6 milliseconds per prompt token, according to an Apple blog post on the subject, or faster than the blink of an eye. But Apple didn't offer corresponding latency times for when the phone has to access its Private Cloud Compute for heavier queries, and that's a noteworthy omission. It'll likely be slower, but by how much? Apple doesn't say.

As shallow as this sounds, consumers hate having to wait a few extra seconds for things they can do themselves, and if it's simply quicker to look something up in their calendar or mapping apps, they might

decide to avoid using Apple Intelligence.

On the other hand, while the on-device AI will be faster, it will also be more prone to errors. According to Apple, the smaller AI model is about as capable as GPT-3.5 Turbo, which OpenAI launched more than a year ago, and which doesn't have a stellar reputation for accuracy. The hallucination rate for GPT 3.5 has ranged from 3.5% to more than 15%, according to different estimates, and that points to another omission from Apple. It didn't offer accuracy rates for either of its new AI models.

Remember that even the most sophisticated models coming from leading players like Google—think about the new AI Overviews—are still laughably error-prone. Apple could have disclosed some decent hallucination rates. Instead, it offered vague stats about how human graders "preferred" its AI over others.

Little wonder then, that Bloomberg's senior Apple reporter Mark Gurman has said the new AI features will be buggy and in 'beta' when they launch this fall.

Apple's role at the centre of the lives of its customers and its access to reams of their personal information could end up being both a blessing and a curse. It's better placed than most tech companies to make AI useful because it is plugged so deeply into our daily existence. But that also means it can't afford to make too many mistakes.

Federighi's example of making it to his daughter's play is a case in point. Were Apple Intelligence to inadvertently make its user 30 minutes late, it wouldn't be easily forgiven. Much the same happened to Apple Maps, where a flurry of mistakes in its early days sent people to competitors like Waze and Google Maps for years afterwards. It doesn't help that Apple has been slow on the uptake with Generative AI, thanks in part to a smaller AI team compared with other large tech firms, and a history of management troubles at its Siri division.

Apple's more private approach is a welcome stance, and the company should be commended for sticking to its guns on using private encrypted servers while others are playing fast and loose with AI in a battle for supremacy. But getting consumers to embrace its ambitious new features won't be easy when the glitzy demos are suddenly made real.

MY VIEW | PEN DRIVE

Fasten your seat-belts: We expect climate turbulence

RAHUL JACOB



is a Mint columnist and a former Financial Times foreign correspondent.

For most well-off urban residents, the effects of climate change have mostly been viewed from afar as a problem confronted by villagers. The myriad images aiming to highlight the problem include photos from parts of rural Bangladesh evacuated because of the salination of fields where crops once grew, for example. Refugee boats reaching the shores of southern Europe from North Africa mostly carry villagers escaping the effects of heat waves. This year's winner of the Asian College of Journalism's photojournalism award was a photo essay of the starkest kind. Sudip Maiti's photos published in *Frontline* magazine showed the effects of hundreds of villagers displaced because of erosion caused by the Ganga and its tributaries.

We may glance at such disturbing images and quickly look away. I happened to be a judge for the ACJ award and had to resist the urge to do the same. Over the past several months, however, it is urban residents in

India who have felt the effects of climate change up close. This year, there have been record temperatures in Delhi, touching almost 50° Celsius. But, it is the south and east of India that accounted for two-thirds of all heatwave days recorded in 2023.

Last week, a report was released by the Centre for Science and Environment called *Anatomy of an Inferno*. Among its disturbing findings was that "cities are not cooling down at night at the rate they used to" 20 years ago, and that "all cities have registered significant increase in their built heat island effect," a reference to the concretisation of cities and the use of generators and air-conditioners that add to carbon emissions and trap heat. This is worrying. Night temperatures not falling as much as they did has worsened a crisis of heat stress that, in a vicious cycle, requires greater use of air-conditioners, which consume vast amounts of mostly unclean energy.

India's summer-time furnace-like cities aside, the effects of climate change are affecting wealthy developed populations as well. Just as tomato and onion crops as well as cereals were hit in the past year or so in India by either heat waves or deluges of lashing rain at the wrong time, the same

phenomena are affecting crop yields in southern Europe, where wine grapes and olive production have been hit, and in Indonesia and Vietnam, where coffee production has dropped. This week, a *Wall Street Journal* story by Jon Emont, reprinted in *Mint*, charted how prices of olive oil and cocoa have rocketed, while "global wine production (is at) its lowest levels since 1961." Because of the shortfall of coffee from Vietnam, a US-based importer had to resort to quotas even for customers such as Costco.

Now, even the more pampered among us could manage with less wine and chocolate, but the heat stress in Indian cities, especially the lower gap between daytime and night-time temperatures and a rise in humidity, is a looming health worry. Over time, it could lead to many fatalities in the country. And yet, climate change was scarcely spoken about during India's seemingly endless cam-

paign for this year's Lok Sabha election.

Our day-to-day behaviour doesn't change much once the summer passes. Our use of air-conditioning remains akin to that of the *nouveau riche* who want to show off their use of modern machines. If I am invited to anything in an auditorium in any of our metros, I always carry a waistcoat because I am usually freezing. Other Asian metros, including Hong Kong whose offices once had arctic air-conditioning, now issue guidelines that the air-con level in public places be set at about 25° Celsius.

For a country with so much sunshine that aims to reduce the use of fossil fuels, our use of home solar panels is low. While our energy usage has become more efficient, we seem to lag economies smaller than ours on solar panels used residentially. Recently, I was surveying Colombo from the roof I happened to be on. Every rooftop of a large home all the way to a nearby supermarket

The recent Singapore Airlines air-drop has been attributed to the effects of climate change and pilots running into such perils might become more frequent than we can imagine.

glimmered with solar panels till they began to seem like abstract urban art.

By contrast, Bengaluru, where I live, promises to be the *locus classicus* of urban dysfunction and heat stress. Not only have its day-time and night-time temperatures risen considerably—my grandmother's home there in the 1970s boasted a mostly unused, solitary table fan—but its water crisis of a few months ago has been forgotten in a flash. Both the building complex I live in and the club I frequent send messages of one kind or another almost daily. Virtually none, then or now, has had to do with smart usage of water or electricity.

Even when one tries to get away on holiday, it is hard to escape. Flying out last month on the morning every newspaper had reports of the horrific mid-air turbulence—another manifestation of the earth's higher temperatures—encountered by a Singapore Airlines flight from London to Singapore, the pilot on my flight wisely aborted a landing because wind speeds on the ground were unusually high.

Literally and metaphorically, fasten your seat-belts, as the old line goes. Climate change is turning our comfortable lives upside down.



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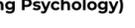
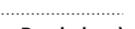
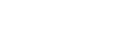
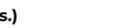
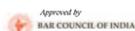
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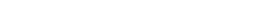
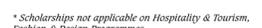
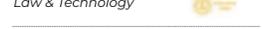
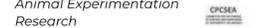
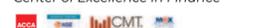
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