

Monday, July 22, 2024

mint

Think Ahead. Think Growth.

mint primer

Tech blackouts and the need for total protection

BY SHOUVIK DAS

Last Friday, a global tech blackout spread like wildfire, bringing down airports, hospitals, banks, etc. This wasn't the first blackout. But as a growing number of systems become dependent on a handful of tech service providers, can we be completely insulated from blackouts?



Airline employees wait by a departure monitor displaying the 'blue screen of death' at Newark airport on Friday following the global tech outage. REUTERS

1 Why could blackouts happen again?

Technology blackouts happen due to human errors—faulty snippets of code, or a wrong update pushed to an IT framework. Due to the very nature of tech, daily minor updates are key, as are monthly or fortnightly maintenance updates. While tech firms put updates through a testing process to check for bugs and issues, there can always be unexpected or unknown bugs in these updates. Cyber attackers also actively exploit such bugs, leaving the scope open for a massive-scale blackout taking systems down worldwide. This vulnerability in the core nature of technology makes blackouts potentially repetitive.

2 Can you truly be insulated?

Theoretically, no. But it is possible to keep yourself reasonably resilient. Advanced users often do critical work offline—in case of faulty updates or a cyberattacker trying to gain access, their device is siloed from all networks until the said work is completed and saved on an external, offline storage device. Even when online, one important thing is to not enable auto-updating of software in the background as you work. Another good practice is to try using multiple devices based on different software platforms—even if one goes down, it's unlikely that every system will crash at the same time.

3 How about managed devices in enterprises?

You will have less control on your work devices, since these are typically managed by the IT departments of your workplace. In many cases, critical data is not allowed to be stored in unauthorized external storage devices. However, IT managers ought to prevent background updates during work hours, and have outsourced cybersecurity teams monitoring data flow.

4 What about solar flares and cyberattacks?

The biggest cyberattackers exploit undiscovered flaws in software—called "zero-day hacks". There is a constant battle between ethical and malicious hackers on trying to discover zero-day vulnerabilities. Usually, malicious hackers get there first. Examples include the 'WannaCry' malware that hit global IT systems in 2017. Three months ago, a bug in a Linux operating system almost exposed millions of critical systems. These are unavoidable. Solar flares, too, can potentially black out Internet infrastructure globally.

5 Are private networks always safer?

Yes and no. An airline can, theoretically, use a private network that is siloed from the rest of the Internet for flight status and timing. However, such silos will have to communicate with other airlines, in-transit aircraft and air controls—which makes operating a siloed private network impractical. The same applies to banks, which need to communicate across national and international units. Hospitals may fare better since they're siloed by nature. Private networks are easier to control, but aren't immune.

QUICK EDIT

Blue wall disruption

About 8.5 million computers got disabled globally in the great outage that left users of Windows blue-walled last week, as estimated by Microsoft, which makes the operating software. This, the company noted, meant that less than 1% of the world's devices with Windows got hit by the faulty update installed online by CrowdStrike, a cybersecurity firm. This data does little to reassure a world roiled by the chaos of disruptions across critical sectors like aviation, healthcare, banking and media. The Windows base is around 1.4 billion, and, as we know of Indian population numbers, even a tiny share left in the lurch is too many. No less empty is the relief that it wasn't a cyberattack, the biggest of which has been the 2017 WannaCry hit that struck some 300,000 devices. We saw the vulnerability of a world whose digital processes not only lack system diversity, the result of winner-takes-all market dynamics, but are served by centralized servers that reverse the empowerment of personal computing. As Bill Gates once noted, the once-lagging US overtook the Soviet Union in the space race partly because American astronauts insisted on pilot control of their spacecraft.

MINT METRIC

by Bibek Debroy

A farmer faced consequences dire,
For his dhoti-clad attire.
The guard said—Stuff your film ticket,
You belong in a thicket.
A mall is what the elite desire.

QUOTE OF THE DAY

With India projected to be 50% urban by 2050, building smart cities, strong infrastructure and affordable housing is crucial to manage slum growth, air pollution and environmental issues.

ANDREA WOJNAR
RESIDENT REPRESENTATIVE,
UNFPA INDIA



mint Budget'24 Quiz

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TODAY'S QUESTION

In which year did the Union Budget transition from the traditional briefcase presentation to the Bahi-Khata style?

- A. 2018
- B. 2019
- C. 2020
- D. 2021



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Why big budgets don't assure safe train rides

BY PAYAL BHATTACHARYA

Just five days before the presentation of the Union budget, a train accident in Uttar Pradesh's Gonda that left at least four dead and 31 injured once again put a spotlight on the sorry state of railway safety in India. While Indian Railways has been proudly showcasing the launch of Vande Bharat trains, record budgetary allocations, and 100% electrification by the end of the fiscal year, work on resolving safety issues seems to still be work in progress.

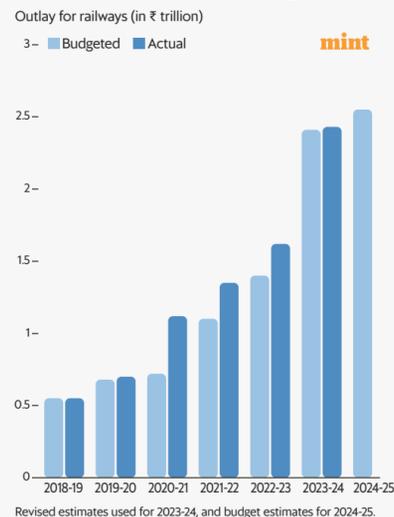
It is a fact that the budgetary allocation to the ministry of railways has increased over the years, from 0.3% of GDP in 2018-19 to 0.8% in 2024-25. However, the railways' actual spending has consistently overshoot the outlay. A large share of the total capital expenditure undertaken by the sector has been spent on setting up new lines, track renewals, and rolling stock. What is of concern is that the railways' capital and revenue expenditure on safety has fallen below 20% of the total expenditure in recent years even as fatal train accidents have caused national uproar multiple times over the past couple of years.

"Indian Railways has made significant strides in improving safety at unmanned level crossings by deploying personnel, leading to a substantial decrease in accidents at these locations," said Lalit Chandra Trivedi, a railway consultant advising corporates and former general manager of East Central Railway.

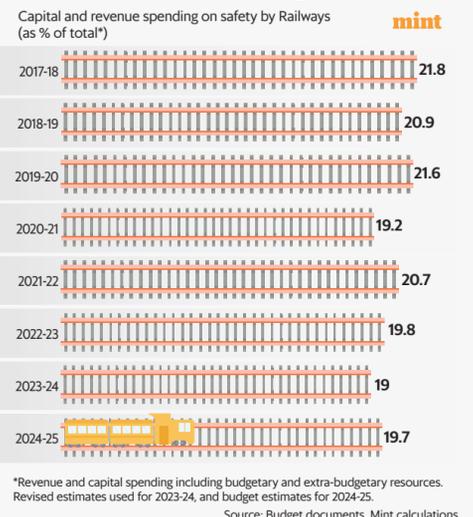
"However, a disturbing trend of more fatal accidents involving collisions and derailments has emerged," he said, adding that the upcoming budget should look for strategic investment for more trains, with an emphasis on safety.



Railways ministry's spending has consistently overshoot its budget outlay



However, spending on safety has fallen as a share of total railway spending



Resource Crunch

WHILE THE Railways is getting increased budgetary support from the government, its own revenues are under strain. For running the world's fourth largest rail network, the Railways relies on three sources of funding: passenger and freight fares, budgetary support from the central government, and extra-budgetary sources such as borrowing and partnerships with the private sector.

The Railways' revenue surplus is budgeted to come down significantly to just ₹2,800 crore in 2024-25 from ₹19,228 crore in 2015-16. While disruptions caused by the covid-19 pandemic have played a role, the railways' revenue crunch had started in 2017-18 itself. As a result, the operating ratio (or the share of revenue that goes into operating expenditure) has inched up from 97.3% in 2018-19 to 98.2% in 2024-25.

This results in the Railways relying more on budgetary support to meet its needs, especially capital expenditure for infrastructural development, and borrowings.

"Inadequate surplus has also led to less-than-required provisioning for replacement of old assets and safety-related works," PRS Legislative Research said in a report from FY24, which also noted the failure of the Railways to allocate ₹5,000 crore to the Rashtriya Rail Sanraksha Kosh that it was obliged to do between 2017-18 and 2023-24.

Need to Re-prioritize

UNTIL 2017, the Railway Budget was presented separately from the main budget, which meant more eyeballs on the expenditure and revenue in the critical sector. Often, announcements of new trains were the highlights. Since its merger with the general budget, scrutiny has eased, with focus shifting only to fund allocations.

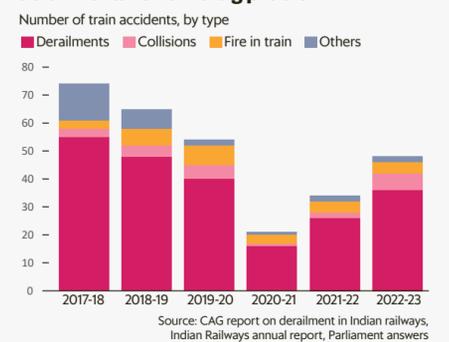
While 5.4% of the total expenditure of the Centre was budgeted for the Railways in FY25, the highlight of the interim budget earlier this year was the upgrading of normal bogies to Vande Bharat standards to ensure passenger safety and comfort. However, Vande Bharat isn't free of controversy either, with several reports of collisions, operational glitches and lack of amenities.

The recent train accidents, along with the Railways' inability to accommodate poorer passengers, have led to criticism of railway minister Ashwini Vaishnaw, more so after he was re-appointed to the post following the general elections. While it is true that the number of consequential train accidents (those leading to significant damage) has come down from nearly 500 at the beginning of the century to just 48 in 2022-23, one of the deadliest in recent years took place last year when a three-train collision in Balasore, Odisha claimed 296 lives. Derailment remains the main reason behind two-thirds of the accidents.

After the fatal incidents, Vaishnaw directed officials to accelerate the implementation of the Kavach, an anti-collision system, in a structured manner. But Trivedi argues that the system involves complex procedures before rollout. It needs to be integrated into each locomotive and trackside equipment needs to be installed as well. "At the current pace, it will take 50 years," Trivedi said. While the budget may not be a one-stop solution to the issues the Railways faces, including safety, the allocated money may be better prioritized to tackle the problems at hand in a speedy and sustainable manner.

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Number of accidents has come down but derailments remain a big problem



2023 saw one of the deadliest train accidents, causing uproar over lax safety

Date	Train Name	Number of fatalities
20 Aug 1995	Kalindi Express, Purushottam Express	358
2 Jun 2023	Coromandel Express, Howrah-Bengaluru Superfast Express	296
2 Aug 1999	Avadh Assam Express, Brahmaputra Mail	285
26 Nov 1998	Jammu Tawi, Sealdah Express Frontier Mail	212
28 May 2010	Jnaneswari Express	148
10 Sep 2002	Howrah Rajdhani Express	130

Source: Mint research, PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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How Sudipta Roy is leading L&T Fin's business shift ▶ P12



Investors must trim return hopes: Nippon CIO Bhan ▶ P4

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AM Green plans to invest \$1 billion in biofuel foray

The company's plans include stake purchases from Fortum Oyj, Chempolis Oy

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NEW DELHI

AM Green is planning to invest \$1 billion for its second-generation, or 2G, biofuels foray by setting up two bio-ethanol plants, marking a new venture for the renewable energy company.

The company also plans to acquire 50% stake in Assam Bio Refinery Pvt. Ltd from Finnish companies Fortum Oyj and Chempolis Oy, two people aware of the development said. Oil India Ltd subsidiary Numaligarh Refinery Ltd (NRL) holds 50% in Assam Bio Refinery, while Fortum and Chempolis hold around 40% and 10% respectively. Alongside, AM Green also plans to acquire the Ouli, Finland-headquartered Chempolis Oy—a biotechnology firm—in which Fortum, a Finnish state-run power utility, holds a stake.

AM Green, set up by Mahesh Kolli and Anil Kumar Chalamalasetty who founded the Greenko



BIO DIVERSITY

GREEN GROWTH
AM GREEN will be setting up two bio ethanol plants

THE Assam JV will produce 50,000 tonnes of bio ethanol

THE firm also plans to buy 50% stake in Assam Bio Refinery

Group, has already signed the exclusivity agreements for the above-mentioned transactions, the people cited above said on the condition of anonymity.

"The exclusivity agreements for acquiring Fortum Oyj and Chemp-

olis Oy's stake in Assam Bio Refinery Pvt. Ltd, and also Chempolis Oy has been inked by AM Green. AM Green plans to expand in this space and in addition to Assam Bio Refinery, set up two more such plants in the country," one of the two people

cited above said.
AM Green plans to manufacture 2G biofuels from non-food biomass such as plant materials and animal waste. First-generation biofuels are produced from sugar, starch, corn, wheat, and broken rice, and 3G bio-fuel comes from micro-organisms such as bacteria and algae. The Assam JV will use 300,000 tonnes of bamboo every year to produce 50,000 tonnes of bioethanol, 19,000 tonnes of organic compound fural, 11,000 tonnes of acetic acid, and 144 gigawatt hours of green energy.

Chempolis is also the licensor of the 2G biofuel technology for the world's first such plant producing cellulosic ethanol and bio-based chemicals from bamboo. Investors in Chempolis include Finnish investment and asset management group Taaleri Plc.

AM Green President Mahesh Kolli and Fortum India president Sanjay Aggarwal declined comment.

A Fortum Oyj spokesperson in an emailed response said, "As a

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Budget may stay on the trajectory of fiscal consolidation

Subhash Narayan & Rhik Kundu
NEW DELHI

Tuesday's Union budget will stick to the path of fiscal consolidation, while continuing targeted welfare spending, two people aware of the matter said, despite expectations that the National Democratic Alliance government will open the spending spigots after the election setback in June.

Targets and allocations made in February's interim budget are unlikely to change much in most sectors; however, agriculture, health, rural economy, infrastructure and welfare could see a renewed push, the people cited above said on the condition of anonymity, as the government works to maintain growth in the face of external and inflationary challenges.

"Major numbers and targets presented in the interim budget will likely be maintained," one of the two people said. In its



The budget is to be presented on Tuesday. BLOOMBERG

interim budget for FY25, the government had raised allocation for infrastructure by 11% to ₹11.11 trillion. This may be increased slightly given the increased focus by the infrastructure-related ministries, the person added.

"If the intention was to go with different numbers, more liberal numbers would have been presented in the interim budget," added the second person.

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DON'T MISS



Monsoon session: Govt to face barrage of questions on leaks

The government could come under pressure on the first day of the Parliament's monsoon session today. Among the first questions listed by the Lok Sabha secretariat is about paper leaks and the revamping of NTA. >P11

Automotive mission plan to focus on multiple powertrains

The Centre's automotive mission plan will focus on multiple powertrains, including internal combustion engines, EVs, flex-fuel, and green hydrogen-based engines, people aware of the matter said. >P2

Tata Comms begins internal deployment of Nvidia chips: MD

Tata Communications has started deploying the first set of artificial intelligence (AI) chips from Nvidia within the company, said MD and CEO A.S. Lakshminarayanan as the firm invests in building its AI capabilities. >P3

NOTE TO READERS The Media Marketing Initiative on Page 8 is the equivalent of a paid-for advertisement, and no Mint journalist was involved in creating it. Readers would do well to treat it as an advertisement.



A study by researchers across several universities has put the estimate of "excess deaths" in India in 2020 at 1.19 million. HT

How to read govt rebuttal of covid mortality claim

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A new study by researchers at several universities, published in the Science Advances journal, estimates 1.19 million "excess deaths" in India in covid year 2020 compared with 2019. It says that life expectancy at birth was 2.6 years lower and mortality 17% higher in 2020 than in 2019. The government has promptly rejected the methodology and findings. Mint explains how to read the numbers.

First, what are excess deaths, and how did the study estimate it?

It's difficult for any government to capture the true toll of a pandemic like covid-19. The "excess deaths" approach captures the difference between the number of deaths in an unusual period (such as 2020 and 2021) and the same in a normal year, which gives a sense of the direct and indirect

toll of a pandemic such as covid-19.

The new estimate—eight times India's official covid-19 death count for 2020, and 1.5 times the World Health Organization's excess deaths estimate—relied on the National Family Health Survey (NFHS), which was conducted between June 2019 and April 2021.

The study used data for a subsample of NFHS-surveyed households that were inter-

viewed in 2021, which is 23.2% of the overall sample and is spread over 14 states. (The survey asks questions that can be used to assess life expectancy and history of recent deaths in a family.) To explain the credibility of this method, the study first shows that mortality estimates derived in this manner from NFHS for 2018 and 2019 (based on what households said about recent deaths) mirrored other official data. But for 2020, it wasn't so.

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Urban forests on govt agenda as pollution rises, water table sinks

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The Union environment ministry is gearing up to promote urban forests to combat climate change as part of the Union government's 100-day agenda, a senior official said.

The move comes against the backdrop of extreme heatwaves across large parts of India this summer before the monsoon arrived. Plus, the US National Oceanic and Atmospheric Administration has raised the prospect of 2024 being the warmest year on record globally.

Under the Nagar Van Yojana (NVY) scheme launched in 2020, the ministry of environment, forest and climate change (MoEFCC) plans to promote urban biodi-



The Nagar Van Yojana was launched in 2020. MINT

versity to mitigate pollution, provide cleaner air, reduce noise, and harvest water, the official cited above said on the condition of anonymity.

Further, pointing out that biodiversity will help issues such as spiralling mosquito population and monkeys moving into cities due to lack of

green spaces, the official also noted that water conservation and crop production are other areas of concern that urban forests can address.

"If you look especially at South Delhi, the water table is depleting faster and many plants are needed to restore greenery," the person said.

"For agriculture in rural peripheries and suburban areas, there are pollination issues. If numbers of pollinators such as bees, wasps and small mammals are inadequate, production of horticultural crops such as brinjal and okra, will be less. About 25% of crop production is lost due to lack of pollinators," he added.

Queries sent to the spokesperson and secretary of MoEFCC remained unanswered at press time.

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Health goals make entry into employee appraisals

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Indian companies are reorienting health insurance coverage for their employees to include extended benefits for household help, parents-in-law, with some of them encouraging staff to set aside 10% of their annual objectives towards health goals, which in turn will impact their variable pay and bonus.

The move is designed to ensure that health benefits are not just a "feel-good" mechanism but are also designed to help curb attrition and measure performance.

Over the years, several measures have gained traction, including mandatory annual health check-ups, access to hospitals and therapists, insurance policies that look into a



Firms are encouraging staff to set 10% of objectives towards health goals. ISTOCKPHOTO

more fluid family structure where partners are included, and even gender surgeries. Now, things are being taken to a different level.

Stock broking company Motilal Oswal Financial Services has rolled out health and life insurance coverage for employees' household help and will also pay for the

expenses incurred for vacations taken up by an employee's parents/parents-in-law.

The company's chief human resource officer (CHRO) Niren Srivastava said that these non-monetary benefits are being offered from the new fiscal year to employees who have spent at least five years with the company.

"About 15% of the employees, who meet the eligibility criteria, can access them," Srivastava said. "We estimate that these measures will help us bring down attrition, which was about 52% in FY24, and about 40% in FY23. Early trends are very encouraging."

To manage attrition even when there is pressure on costs, firms are depending more on health benefits when counter

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Blue screens everywhere are latest tech woe for Microsoft

Tom Dotan
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The blue screen of death has been a dreaded symbol of technological failure since Microsoft's Windows became the world's dominant operating system in the 1990s.

On Friday, it showed up on millions of computers around the world at once, highlighting both Microsoft's continued ubiquity in workplaces and decades-old design choices that allowed the actions of a little-known software company to disable millions of Windows machines.

Some security professionals also say Microsoft hasn't taken the vulnerability of its software seriously enough.

Microsoft said in a blog post Saturday that 8.5 million Windows machines were hit, or less than 1% of its global footprint. That number was enough to bring down the operations of

major businesses across industries including healthcare, media and restaurants.

The effects continued to reverberate in airports Saturday, as U.S. carriers canceled close to 2,000 flights, compared with 3,400 Friday.



The global outage on millions of Windows machines caused by CrowdStrike highlights Microsoft's security challenges. REUTERS

Delta, which accounted for more than half the canceled flights Saturday, has been trying to make sure it has crews to cover flights and told pilots at

hub airports to depart when planes are fully boarded and ready to safely go, no matter the scheduled departure time. Friday's outage was caused

by a buggy update sent to corporate clients by CrowdStrike, one of hundreds of cybersecurity firms that have built a business promising to make Windows more secure. Microsoft has its own competing product, called Windows Defender.

CrowdStrike's chief executive took responsibility for the problem Friday and said the company was working to restore operations for its customers.

Many people who showed up at work Friday morning knew only one thing though: Their PCs had the blue screen of death, while Macs and Chromebooks were still working. Searches for "Microsoft

outage" outranked "CrowdStrike outage" on Google consistently from Friday morning through Saturday morning.

Friday's meltdown brought a trade-off inherent to Windows into sharp relief. Its open design gives developers the freedom to design powerful software that interacts with the operating system at a very deep level. But when things go wrong, the results can be catastrophic, as millions discovered on Friday.

Because Apple runs a closed ecosystem, the company has a "much healthier balance between forcing people to

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STRAIGHT
FORWARD
SHASHI SHEKHARRespond to this column at
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IS DISCIPLINE IN BJP FRAYING WITH LOSS OF FACE AT POLLS?

Something is brewing within the Bharatiya Janata Party: If it is a Union minister who sparks a frenzy of debates by his utterances at one time, it is a deputy chief minister whose statement grabs media attention at another. Has the BJP's talisman, its discipline, started to fray with the party failing to achieve the expected victory at the general election?

The party clearly needs serious brainstorming, but the BJP brass is too busy mud-slinging. Remember the Kalyan Singh saga when Atal Bihari Vajpayee was the prime minister? BJP got a drubbing in Uttar Pradesh at the general election of 1999 after Singh's differences with Vajpayee surfaced. Soon, Singh was replaced as chief minister of the state. The BJP lost UP sometime after the assembly election in 2002 and returned to power only 15 years later. It was also out of power at the Centre for 10 years. Since 2017, the BJP's Yogi Adityanath has been the chief minister of UP. The party retained power at the assembly elections in 2022, rallying behind Adityanath. Against this backdrop, the BJP believed it would win at least 75 seats in the Lok Sabha elections in the state. But it did not. Why?

The following account from Robertsganj parliamentary constituency in UP may help find an answer. Just ahead of the election, as I was travelling on the forested Renukoot-Varanasi route, I met a bunch of tribal women goatherds near Hathi Nala. I struck up a conversation with them and asked them to list the changes they had seen over the past 10 years due to the state government's actions. They said they had received piped water connection at their homes. On whom these women planned to vote, they said it was the flower, referring to the lotus symbol of BJP. When asked whether they knew who the country's prime minister was, one of them pointed to a picture of Narendra Modi printed on a newspaper I was holding. But here came the catch. A candidate from Apna Dal, an NDA ally, was contesting the election in their constituency on the cup-and-saucer symbol. How will these uneducated women find the flower if they searched for it on the EVM? Did these women return feeling let down by the EVMs at the election? Probably yes, as Rinki Kole, the NDA candidate, was defeated by more than 125,000 votes.

A strong organization can be undermined by the lethargy of overconfidence

The women had also told me that no one had canvassed them for votes and there were rumours that Rashtriya Swayamsevak Sangh members and party workers had geared down election campaigning efforts.

A strong organization can be undermined by the lethargy of overconfidence and blind dependence on one leader. The BJP suffered this outcome. Here's another story from central India, where I met a BJP candidate. "Bhai sahab, I have to just break the record of the previous candidate," he told me. I asked him what made him so confident of a victory. "Modi ji's 'craze' is such that even you will win the election if you are placed in my position," he replied. There is no room for slumber like this in politics. The election results have given BJP an opportunity to correct its mistakes. It has the means, the time, and a capable leadership to do so.

The party will need to prevent its chinks from showing, and it also needs to lift morale of its workers. In the past decade, a large number of new members joined BJP, but allegations of corruption cloud the reputation of many. They still hold key positions, nurturing the notion that joining BJP was the sole option for those opposing the party to avoid action from central investigating agencies. It's true that some from other parties have contributed to the BJP's victory, but the gamble has backfired in other cases. The recent by-elections to 13 assembly seats offers evidence. BJP won only two of these seats. Nearly everyone who had switched sides was defeated. Workers' perception that outsiders were snatching their rights is a key factor contributing to their indifference. Also, BJP will need to improve how it communicates the party's message. The party did not receive the expected results as it became mired in the debate over the constitution. Despite repeated denials by senior leaders, this narrative could not be effectively countered.

And lastly, the most crucial factor. Without doubt, Prime Minister Narendra Modi remains the nation's most popular leader, and the BJP has accomplished much over the past 10 years in terms of public welfare works. The presence of a popular leader and these achievements are adequate to handle some of the current wobble. However, the party needs to put a stop on its gabby leaders and sharpen its message.

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

New scheme for electronics parts likely outside budget

Building Indian brands in electronics is also among the priorities for the govt, Krishnan says

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The government is unlikely to revive the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) but will introduce a new one for electronics component manufacturing, which is likely to be announced outside the Union budget, said S. Krishnan, secretary in the ministry of electronics and information technology.

"There won't be a SPECES 2.0. One portion of what the scheme covered will be the new component scheme, the other portion which is related to semiconductor will be covered separately," he said in an interview.

He noted that the government was conscious that electronics component manufacturing has to be encouraged and was taking the steps required, but that the department was yet to present the specific contours of the scheme to the finance ministry, after undertaking extensive consultations.

He added that the ongoing ₹76,000 crore financial incentive scheme for setting up semiconductor fabs, assembly, testing and packaging units still had about ₹7,000 crore that was yet to be committed. The remaining corpus could cover some of the proposals that require lower incen-



S. Krishnan, secretary in the ministry of electronics and information technology.

tives than the large scale projects being set up, including a fab and packaging unit by the Tata group and several packaging units by companies including US-based Micron and Murugappa Group's CG Power.

On the next round of incentives for the semiconductor fabs, Krishnan said, "Our case would be that the job is not yet done. We would need at least 2-3 more fabs and some other facilities in the country. We'll have to decide the structure."

Mint reported in March that the government was looking at a fresh round of financial incentives for the segment. He

also highlighted the need for the design and supply chain ecosystem to develop, for which some other incentives would have to be devised.

For the concessions in the electronics component scheme as well as reducing import or custom duties on some sub-assemblies to these components, the Centre will look at it on a per-component basis—if that component can be built locally and production can be scaled up to enable exports to fit into the global value chain.

"Globally, and definitely in India, nobody is now looking at customs duty as a source of revenue as such. If there is

a possibility of greater production domestically then we'll have to look at that, if you drop the customs duty on that then you're killing it even before it starts. We will have to look at it carefully, component by component. Also, the components which we pick to support, we should be capable of exporting it as competence themselves."

"Electronics is going to be a large chunk of whatever happens globally in manufacturing and India should have a significant position there because you're going to be a big market. We have to have a significant share of that value chain, we must increase value addition from 18-20% now to 35-40%."

Building Indian brands and products in electronics is also among the priorities for the government, he said, and to address this a task force under the Principal Scientific Advisor has been set up which will give its recommendations on making India a product nation.

"It is a very important priority, the minister has also said that he would like to see an Indian-designed phone. And we have to do it now," he said.

Krishnan also said that the government will begin analyzing import data of laptops, servers and other IT hardware products, on a quarterly basis, before deciding on implementing the import management system that effectively bans imports of these products outside a licensing regime, expected to kick-in by November this year.

₹7,000 cr
yet to be committed
from financial
incentive scheme

35-40%
target for value
addition in the
electronics market

Holiday home clubs under Centre's lens

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The consumer affairs ministry is planning to introduce guidelines with penalties for holiday home clubs that fail to provide what they promise, two persons involved in the process said.

The government is exploring different ways to check unethical trade practices by some holiday home clubs that lure new consumers with the promise of superior amenities, but fail to provide them, the first person said on condition of not being named.

"Instead, these clubs often offer these facilities to higher-paying non-member guests and prioritize private, non-member bookings over those of permanent members," the person added. "It falls under unethical trade practices, and the Central Consumer Protection Authority (CCPA) has the mandate to act against it."

Section 89 of the Consumer Protection Act 2019 states that creating false or misleading advertisements can result in imprisonment for up to two years and a fine of up to ₹10 lakh. Subsequent offences attract imprisonment up to five years and fine of up to ₹50 lakh.

Having received numerous complaints through the National Consumer Helpline (NCH) against holiday home clubs, the ministry is reviewing these grievances and plans to shortly bring in guidelines and penalties to curb such unethical practices, the first person said.

The membership cost of holiday home clubs ranges from ₹3 lakh to ₹11 lakh for 25 years. Initially, consumers are required to pay 25% of the agreed-upon membership fee upfront, while the remaining 75% is paid through EMIs. The basic offer is a 7-night stay per year at any property, either local or international, for free, along with a 25% discount on food during the stay.

The membership cost of such holiday home clubs ranges from ₹3 lakh to ₹11 lakh for a 25-year period



Experts said the ruling contradicts the IBC, which grants secured creditors first rights over a troubled developer's assets.

stressed real estate companies already approved by their panel of creditors, need to be reviewed in light of the apex court order, the experts added. The Supreme Court, in the case 'Greater Noida Industrial Development Authority v.

Automotive plan to focus on power train

Rituraj Baruah & Manas Pimpalkhare

NEW DELHI

The Centre's automotive mission plan, which aims to make the automobile industry globally competitive, will focus on multiple power trains, including internal combustion engines (ICE), electric vehicles (EVs), flex-fuel, and green hydrogen-based engines, two people in the know of the matter said.

Power trains, comprising various automotive components, generate energy from the engine to move the vehicle's wheels. An engine is a part of a vehicle's power train. The panel, headed by the secretary, ministry of heavy industries, would meet by the end of July to discuss the proposed mission plan.

The committee has representatives from the Society of Indian Automobile Manufacturers, the Automotive Component Manufacturers Association of India, the Federation of Indian Chambers of Commerce & Industry and the Confederation of Indian Industry.

"The comprehensive automotive mission plan would look at making the Indian



Efforts are also underway to boost green hydrogen-based mobility and flex-fuel engines.

industry globally competitive in line with the 2047 target," said one of the persons.

"Multiple powertrains would be looked at...EVs, ICE, green hydrogen, flex fuel, ethanol. The focus on internal combustion engines would continue along with others as till now about 95% of our mobility is based on ICE. The focus on it would continue."

On 20 March, Mint reported the government would start work on a new automotive mis-

sion plan. The development of ecosystems for different power trains coincides with India's efforts to achieve energy transition across various sectors, including mobility. Policymakers and industry leaders are exploring diverse technologies and energy sources to drive this transition.

Despite a strong push for electric vehicles through schemes like FAME and state-level policies, efforts are also underway to boost green hydrogen-based mobil-

Policymakers and industry leaders are exploring diverse technologies to drive this transition

ity and flex-fuel engines. Biofuels are already playing a key role with the blending of about 13% ethanol in petrol sold across all petrol pumps in the country. The target is to touch 20% by 2025.

Queries sent to the ministry of heavy industries remained unanswered till press time.

Under the ministry of new and renewable energy's National Green Hydrogen Mission, the government aims to boost green hydrogen-backed mobility. On 15 July, Mint reported that India is planning a roadmap to establish hydrogen-dispensing infrastructure nationwide, involving private entities in building these facilities.

Further, the acceptance to technologies beyond electric comes in the backdrop of the rising popularity of hybrid cars. Hybrid sales jumped four-fold in India in 2023, surpassing electric car sales for the first time. Apart from the power trains, the mission plan would largely look at increasing exports and bringing in technologies. The surge in hybrid car popularity highlights the growing acceptance of technologies beyond electric vehicles.

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SC order on GNIDA creates fresh uncertainty in debt resolution: Experts

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Supreme Court judgment in a real estate debt resolution case that gave state agencies the rights of a bank over the assets of a troubled real estate company has thrown bankruptcy resolution experts in a tizzy.

Experts said the court ruling runs against the Insolvency and Bankruptcy Code (IBC), which says secured creditors—or banks—have the first rights over the assets of a troubled property developer. If several competing interests, including

government agencies, start laying claim to the same assets, it might jeopardize the insolvency resolution process, experts said.

The SC earlier this year held the Greater Noida Industrial Development Authority as a secured operational creditor has equal rights over the assets of a real estate developer as that of other secured creditors.

The apex court's judgment in February backed GNIDA's claim as a secured creditor, which meant state agencies that leased out land for housing projects needed to be treated as secured creditors, experts said. The resolution plans of dis-



Experts said the ruling contradicts the IBC, which grants secured creditors first rights over a troubled developer's assets.

stressed real estate companies already approved by their panel of creditors, need to be reviewed in light of the apex court order, the experts added. The Supreme Court, in the case 'Greater Noida Industrial Development Authority v.

Prabhjit Singh Soni & Anr' ruled that not placing GNIDA in the class of secured creditors in the resolution plan approved by the National Company Law Tribunal (NCLT) for a real estate developer in the national capital region did affect the state agency's interest.

GNIDA formed under the UP Industrial Area Development Act had given land for the residential project in Greater Noida.

The court set aside the resolution plan and ordered it to be sent back to the panel of creditors for resubmission in view of IBC as demonstrated in its order, the judgment available

from the court's website showed.

The apex court's interpretation contrasts with the preamble of IBC, which describes one of its goals to be balancing the interests of all stakeholders including alteration of the order of priority of payment of government dues.

In the order of priority of payment of dues, government dues are ranked below those of secured creditors, along with unsecured creditors.

"The Supreme Court order has added a new dimension to IBC as it places a state agency at par with secured creditors. This will have repercussions for a lot

of stressed real estate projects waiting for a resolution plan. Even plans approved by committee of creditors have to be reviewed," said a person who is informed about discussions in the government about the apex court's order.

Anoop Rawat, partner (insolvency and bankruptcy) at law firm Shardul Amarchand Mangaldas & Co said that in view of the court decision, there might be opening up of resolution plans already concluded by committees of creditors.

"It is antithetical to the insolvency resolution principles and it can take us back a bit," said Rawat.

CORRECTIONS AND CLARIFICATIONS

The headline of an 18 July, Page 6 story should have said restaurants are seeking the restoration of input tax credit. The error is regretted.

Mint welcomes comments, suggestions or complaints about errors.

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THE MONDAY QUIZ

- 1) WHICH** company did the JV of Adani and International Holding Co. recently buy?
- 2) HOW** large is Google's potential acquisition of cloud cybersecurity startup Wiz?
- 3) THE** recent disruption in Windows PCs was linked to a routine update from which cybersecurity firm?
- 4) WHICH** firm entered the enterprise SaaS sector with a supply-chain management platform?
- 5) WHICH** premier institute partnered AMD to support semiconductor start-ups in India?

Tata Comm gets Nvidia chips

Company begins internal deployment, select customers to be among the first to get AI chips, says MD and CEO

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NEW DELHI



AS. Lakshminarayanan, MD and CEO of Tata Communications.

Tata Communications Ltd has begun deployment of the first set of artificial intelligence (AI) chips from Nvidia within the company, managing director (MD) and chief executive officer (CEO) A.S. Lakshminarayanan said in an exclusive interaction, as the digital infrastructure provider invests in building AI capabilities internally.

He added that select customers will be among the first to get the chips while availability will be increased by the end of the year.

"We've already received some chips, which we are in the process of installing, and implementing," Lakshminarayanan said in the interaction that followed the company's first quarter results last week. "As we've said, we're investing internally in AI, so there are a lot of internal use cases for which we'll be using it, and for some select customers we'll make it available. But the larger general availability will be more towards the

end of the year."

Nvidia and Tata Communications are developing an AI cloud in India aimed at providing critical infrastructure. The partnership includes delivering AI computing infrastructure and platforms for developing AI solutions, which will be used by enterprises, such as Tata Consultancy Services Ltd (TCS).

Tata Communications reported a

₹333 crore profit for the quarter ended 30 June, down 13% compared to the same quarter the year before, even as revenue rose over 18% on year to ₹5,633 crore.

Earnings before interest, tax, depreciation and amortization (Ebitda) was at ₹1,124 crore, up 9.8% from ₹1,024 crore in the same quarter last year. The Ebitda margin, however, fell by 150 basis points to 20%

versus 21.5% in Q1 of FY24.

A basis point is one-hundredth of a percentage point.

The fall in profit was attributed to the drag effect of the acquisitions of The Switch and Kaleyra, and its other subsidiaries that were not making money. But the top executive said that the fall in Ebitda margin was in line with its ongoing plans and strategy of investing for future growth.

During the quarter ended March 2024, the company had said that one of its subsidiaries had issued a termination notice to a customer—alluding to Vodafone Idea Ltd without naming it—and was in discussions on disengagement transition plan. Further, dues are pending for which discussions are going on.

"Our relationships were good last quarter, so we anticipate the payments due to us will come to us. We're in the early stages of our process of contract, termination and separation," Lakshminarayanan said.

He added that the bulk of the teams were focused on organic growth, on the back of recent acquisitions of The Switch and Kaleyra. The acquisitions merged with the business in US are expected to be profitable in two years.

Lakshminarayanan said there was a need for correct pricing for leasing spectrum from telecom companies for private 5G.

"5G is taking time because it is expensive. The government, while it has announced a plan to support enterprises, it's still not gone the full length to support the enterprises with the private network. We have been also advocating and recommending that the government supports private networks for enter-

prises in a different manner, because the other operator's focus will be on the B2C (business-to-consumer) market," he added. Further, the 5G ecosystem of devices for factories must pick up and the return on investment by enterprises must be ascertained before contracts begin to flow.

DIGITAL INFRA

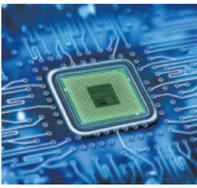
NVIDIA, Tata Comm are developing an AI cloud in India aimed at providing critical infrastructure

THE partnership includes delivering AI computing infra, platforms to develop AI solutions

GLOSSARY

Blue screen of death:

Also called a stop error or critical error, the blue screen of death (BSOD) is displayed by Microsoft Windows usually in the case of a system crash. It indicates that the operating system has encountered a problem it can't safely recover from. The blue screen displays some technical information, which can help identify the cause of the crash.



Kernel: The kernel is an operating system's central and core component. It acts as a bridge between the software (applications) and the physical hardware (CPU, memory, storage devices). It controls how applications access these resources and prevents

conflicts between them. It is responsible for tasks such as disk, task and memory management.

Shadow AI: Shadow AI is the unauthorized use of AI that is not controlled by, or visible to, a company's IT department. It can include the use of machine learning models, AI software or data analysis tools without central authorization. Unapproved AI tools might have security gaps, leaving the organization susceptible to cyberattacks. It may also result in compliance issues, data privacy concerns, or integration problems.

Enterprise automation:

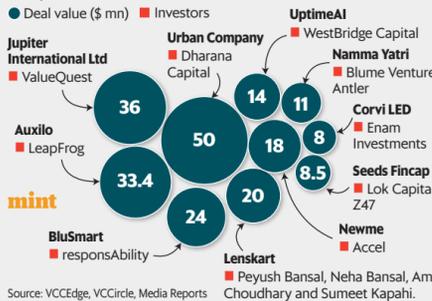
Enterprise automation refers to using technology to streamline and automate workflows within a business. It involves leveraging software to handle repetitive tasks and processes, freeing employees' time to focus on more strategic work.

THE MONDAY QUIZ ANSWERS:

- 1) Corebridge to 2) \$23 billion 3) CrowdStrike
- 4) BigBasket 5) IIT Bombay

PE/VC funding

Companies raised \$257 million last week.



Funding slowed even as deal volume went up last week

Priyal Mahatta & Malvika Maloo
BENGALURU

Capital raised by startups last week was a tad lower even as the volume of total funding deals jumped from the previous week.

Cumulatively, private companies secured about \$257 million last week from private equity (PE) and venture capital (VC) firms, down nearly 18% from the previous week's total.

In the week before last, while one transaction accounted for nearly two-thirds of the total funding raised, last week's cheque sizes were a mix of mid- and small-sized deals. Correspondingly, deal volume recovered to 24 against last week's 15.

The largest transaction last week was Gurugram-based home services unicorn Urban Company's \$50 million fundraising from Zomato and NoBroker-backer Dharana Capital, which bought shares from Urban Company's employees and other shareholders. Vamsi Duvvuri, founder and managing partner of Dharana Capital, will join Urban Company's board as a non-executive director.

In another key mid-sized deal, boutique equity investor ValueQuest invested ₹300 crore in Kolkata-based photovoltaic solar cell maker Jupiter International Ltd. The investment will allow Jupiter to expand its current cell capacity and to begin module manufacturing operations. At present, the company has a cell manufacturing capacity of 800MW.

LeapFrog Investments, a global impact-focused investor, led a ₹279 crore funding round in Auxilio Finserve, a Mumbai-based firm offering education loans to students aspiring to study abroad.

Switzerland-based impact investor responsAbility participated in a pre-Series B investment round of electric vehicle ride-hailing firm, Blusmart. The Swiss investor participated in the company's \$24 million funding round, which also saw participation from M.S. Dhoni's family office and ReNew founder Sumant Sinha. Omnichannel eyewear retailer Lenskart bagged ₹160 crore from its co-founder Peyush Bansal, Neha Bansal, Amit Choudhary and Sunil Kapahi, with the company issuing compulsorily convertible preference shares to the co-founders at issue price of ₹2,300.

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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: 80604.65	CLOSE: 24530.90	CLOSE: 22853.60	CLOSE: 71353.00	CLOSE: 25450.85	CLOSE: 46260.03	CLOSE: 52481.80
1-WEEK CHANGE (%): 0.11	1-WEEK CHANGE (%): 0.12	1-WEEK CHANGE (%): -1.05	1-WEEK CHANGE (%): -3.23	1-WEEK CHANGE (%): -0.49	1-WEEK CHANGE (%): -2.63	1-WEEK CHANGE (%): -2.84
1-MONTH CHANGE (%): 4.22	1-MONTH CHANGE (%): 4.32	1-MONTH CHANGE (%): 2.83	1-MONTH CHANGE (%): -0.26	1-MONTH CHANGE (%): 3.46	1-MONTH CHANGE (%): 0.93	1-MONTH CHANGE (%): 2.12
3-MONTH CHANGE (%): 10.28	3-MONTH CHANGE (%): 10.76	3-MONTH CHANGE (%): 12.11	3-MONTH CHANGE (%): 15.29	3-MONTH CHANGE (%): 11.33	3-MONTH CHANGE (%): 15.64	3-MONTH CHANGE (%): 15.51
6-MONTH CHANGE (%): 12.45	6-MONTH CHANGE (%): 13.45	6-MONTH CHANGE (%): 16.56	6-MONTH CHANGE (%): 30.42	6-MONTH CHANGE (%): 16.13	6-MONTH CHANGE (%): 21.08	6-MONTH CHANGE (%): 18.09
1-YEAR CHANGE (%): 20.13	1-YEAR CHANGE (%): 23.69	1-YEAR CHANGE (%): 34.80	1-YEAR CHANGE (%): 60.65	1-YEAR CHANGE (%): 29.25	1-YEAR CHANGE (%): 56.24	1-YEAR CHANGE (%): 54.19

MINT SHORTS

Downshifting US inflation will help reassure the Fed

The runway toward a Federal Reserve interest-rate cut will come more into focus in the coming week amid fresh signs inflation is abating and economic activity is simmering down. Economists expect the personal consumption expenditures price index minus food and energy—due on Friday—to have risen 0.1% in June for a second straight month. That would bring three-month annualized core inflation down to the slowest pace this year, and below the Fed's 2% target. The report on monthly inflation, part of a reading on personal spending and incomes, will follow the government initial estimate of second-quarter GDP. Forecasters see a 1.9% annualized rate after a 1.4% pace in the first three months of the year. That would mark that slowest consecutive quarters of economic activity in two years and, combined with moderating job and wage growth, gives Fed policymakers scope to begin easing.

BLOOMBERG



A broad measure of equity volatility has also increased at the fastest weekly pace since March 2023.

Wall Street's rotation trade is stirring up hedging market

On Wall Street, big trades that have held sway for years are getting reshuffled as the monetary and political backdrop shifts. Now traders are hastily rushing to the options exchanges, paying up to protect—or juice—their portfolios after a turbulent week in the world's largest stock market. With the election cycle kicking off in earnest, demand for portfolio insurance in the event of a market crash is surging, as so-called tail-risk contracts register their biggest rise in costs all year. A broad measure of equity volatility has also increased at the fastest weekly pace since March 2023, just as investors have been plowing record cash into exchange-traded funds tracking the S&P 500. The reach for hedges comes as investors shower money on previously left-for-dead strategies in the era of elevated interest rates like small-cap companies. All in, it's a tentative shake-up of the winners and losers, one that potentially echoes previous turning points for markets and the economy. "There is certainly an inflection point in sentiment," said Amy Wu Silverman, head of derivatives strategy at RBC Capital Markets LLC.

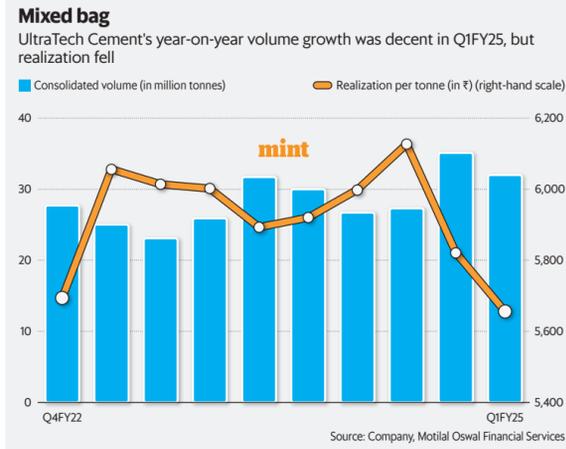
BLOOMBERG

UltraTech can count on volumes

Harsha Jethmalani
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UltraTech Cement Ltd managed to clock better volume growth than the industry in a quarter impacted by general elections and heatwaves. The company's domestic grey cement volumes were at 30.3 million tonnes (mt) in the June quarter (Q1FY25), up 6% year-on-year. This is ahead of the industry's likely 3.0-3.5% growth, the management said. On a consolidated basis, volumes rose around 7% to 31.95 mt. Still UltraTech's investors weren't impressed, taking the stock down 3.3% on Friday, reacting to Q1FY25 earnings.

Last quarter, domestic capacity utilization was 85% and volume growth was supported by rural demand, but the infrastructure segment disappointed. UltraTech expects industry volumes to grow 7-8% in FY25, while the company is poised for double-digit rise. An upbeat volume growth outlook aside, a few other factors have played spoilsport. Muted cement prices weighing on the realizations, continues to be a pain point for various cement companies, including UltraTech. Average realiza-



tions fell about 3% sequentially in Q1FY25 impacted by subdued demand and competition. Cement prices are currently 1.5% lower than the Q1 average, management said. It expects an uptick in prices only in second half of the fiscal. Amid this, a spike in other expenses

also hurt. Ebitda at ₹3,039 crore was flat year-on-year, and lower than consensus estimates. The management clarified that other expenses included a one-off brand building expense, which should normalize ahead. In Q1FY25, other expense/tonne was ₹755, while FY25 average should be at

₹675/tonne. Overall, marketing expenditure was ₹150 crore higher in Q1FY25, said the management.

That said, the company's focus on controlling costs continues. UltraTech expects ₹300/tonne savings in operating costs by FY27, this compares with the earlier target of ₹200-300/tonne.

Meanwhile, the company's expansion plan is progressing well. UltraTech aims to reach 184 million tonnes per annum (mtpa), excluding Kesoram's assets of 10.75 mtpa by FY27-end. UltraTech's total grey cement capacity now is 149.5 mtpa. In FY25, the company will expand its capacity by 16 mtpa, representing around 40% of the total industry capacity addition in the year. UltraTech has earmarked ₹8,000-9,000 crore capital expenditure (capex) in FY25. In Q1FY25, it has incurred ₹2,000 crore capex. Robust and timely capacity addition should aid market share gains and better than industry volume growth.

UltraTech's consolidated net debt increased to ₹5,482 crore in Q1FY25 from ₹2,779 crore at the end of FY24.

Given the company's thrust on organic and inorganic expansion and objective to deliver industry-leading growth, the rise in debt is not surprising, but it is sentiment negative. Recently, UltraTech made a non-controlling financial investment in south-India focused The India Cements Ltd. It has increased its holding in RAK Cement, Dubai which will become its subsidiary.

GROWTH STORY

ULTRATECH'S expansion plans are progressing as per schedule and should boost volumes

THE co expects 7-8% industry volume growth in FY25, while aiming for double-digit growth itself

So far in 2024, UltraTech's shares have risen by 7%, underperforming the Nifty 50 index. At FY26, EV/Ebitda the stock is trading at 17 times, showed Bloomberg data. To be sure, better-than-industry volume growth can support the valuation multiple only to an extent. Also, positives like strong balance sheet and cost reduction initiatives are largely priced-in. So, a prolonged weakness in realizations could lead to further moderation in valuations. Pricing pressure could continue in the near term; however, demand will stay healthy, said Motilal Oswal Financial Services analysts. They have cut Ebitda and earnings per share estimates by 6% and 7% for FY25.

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

Goldman, Morgan Stanley among top investors in Vedanta QIP

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Mining conglomerate Vedanta Ltd raised ₹8,500 crore (over \$1 billion) through qualified institutions placement (QIP) of 19.31 crore equity shares at an issue price of ₹440 per share, according to a stock exchange filing by the company.

The issue, which closed on 19 July, implied a discount of 4.61% to the floor price of ₹461.26 per equity share.

In a stock exchange filing, Vedanta said it sold 19.31 crore shares to raise ₹8,500 crore. Some of the marquee investors

that have been allotted equity shares through the QIP include Abu Dhabi Investment Authority (ADIA), Goldman Sachs AMC, Nippon Mutual Fund, SBI Mutual Fund, UTI Mutual Fund, ICICI Mutual Fund, Aditya Birla Mutual Fund and Mirae Mutual Fund.

Various funds run by Nippon Mutual Fund were allotted 9.11% of the total issue size, while funds managed by Morgan Stanley and SBI Mutual Fund received 8.62% and 7.88%, respectively.

Speaking on the occasion, Vedanta chairman Anil Agarwal, in a press release, said, "The overwhelming response to the Vedanta QIP underscores the



Vedanta chairman Anil Agarwal.

huge confidence that the global investor community has in Vedanta—our unique set of irreplaceable world-leading assets,

our quest for operational and cost excellence, and the solidity of our strategic future growth projects. We remain closely

aligned with the goals of ensuring India's self-reliance and security in the area of critical minerals and energy while contributing significantly to the nation's economic prosperity and the creation of shareholder value."

The QIP witnessed significant interest from foreign institutional investors (FIIs), mutual funds, insurance companies and other investors. Vedanta's Committee of Directors authorised the opening date of QIP on 15 July, with a floor price of ₹461.26 per share for this issue.

As per the company's press release, the proceeds from the QIP will be used to continue to

de-leverage Vedanta Ltd's balance sheet and help deliver the company's \$10 billion Ebitda (earnings before interest, tax, depreciation, and amortisation) targets in the near term.

The mining major has various projects under execution, having high potential for increasing volume, business integration, and enhancing the range of value-added products across its businesses. These growth projects will be the key drivers to Vedanta's near-term Ebitda target of \$10 billion. These include an aluminium smelter and refinery, investment in new oil and gas blocks, and expansion of its steel and iron ore businesses.

'Investors need to moderate their return expectations'

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Investors need to moderate their return expectations, with the market having made significant gains over the past 12-18 months, Sailesh Raj Bhan, chief investment officer for equity investments at Nippon India Mutual Fund said in an interview with Mint. "Returns are unlikely to exceed earnings growth," he said, adding that the consensus expectation for earnings growth is in the mid-teens. Valuations are not cheap, he said, noting that large caps currently have more reasonable valuations than mid and small caps.

Bhan also said any significant increase in the 10% long-term capital gains (LTCG) tax on listed equities would dampen investor sentiment.

Moreover, Bhan pointed out that while geopolitical risks are real, occasional events such as supply disruptions that temporarily affect earnings will not significantly impact the market.

In the meantime, with the market at record highs, a savvy investor should adopt a balanced approach and focus on identifying earnings-driven, bottom-up opportunities to generate alpha, he said.

Edited excerpts:
CPI inflation surprisingly rose to 5.1% year-on-year in June with a sharp uptick in the prices of food, beverages and vegetables. The RBI governor recently said that with inflation around 5%, it is premature to talk about interest rate cuts. What is your perspective

on this and what are your expectations from the August policy meeting?

Inflation in India is largely driven by elevated food prices. Core inflation has remained very well contained at around 3%. The recent hike in mobile tariffs will put upside pressure on core inflation in the coming months. Overall, the inflation is likely to remain benign but higher than the Reserve Bank of India's comfort level of 4% throughout FY25.

The central bank may also want to see progress on the monsoon and a more durable decline in food inflation before changing its neutral stance. Given the fact that growth in India is strong and the economy needs higher neutral real rates for longer, a status quo is likely in the August policy meeting. We expect rate easing to start only in the second half of FY25 and not before the US Federal Reserve delivers rate cuts.

What tops your budget wish list? Which sectors could be in focus after the budget?

The government is going into this budget in a strong fiscal situation. Thanks to surplus dividends from the RBI and general tax buoyancy, the government will have enough space to achieve fiscal consolidation while allocating extra to both capex and consumption-inducing expenditure.

The supply-side focus that the government has demonstrated over the years won't be altered as such. Infrastructure-related sectors will con-



continue to see traction. Similarly, we will be looking for any rationalisation of personal income tax, which would add to the purchasing power of consumers. With the market flirting with record highs, should savvy investors chase the potential of growth stocks or embrace the stability of value stocks for the best returns?

Rather than getting into the debate on growth versus value, one should focus on getting stocks with the right combination of growth and value. The market is reacting to earnings. In both high-valuation growth stocks like retail and capital goods, and value-oriented public sector

companies, earnings are being recognised. Regardless of whether the market is at a record high, one should maintain a balanced approach and try to identify earnings-driven, bottom-up opportunities to create alpha. Overall, do you foresee a significant correction in Indian equities? How are the valuations across large cap, mid cap, and small cap stocks?

Valuations aren't cheap, given the strong performance of the market. Valuations have outpaced the underlying earnings growth over the past three to four years. Even so, corporate earnings growth remains broad-based, and the corporate earnings-to-Gross Domestic Product ratio is increasing.

That said, after the massive gains over the past 12-18 months, investors have to moderate their expectations. Returns are unlikely to be higher than earnings growth. Having said that, the consensus on earnings growth is expected to be in the mid-teens. Valuations are more reasonable in large caps than in mid and small caps at this point.

What could dampen the investor sentiment after the budget? How big is the concern about global geopolitical conflicts, given that some companies

are still reporting that global crises have affected their volumes? Any material increase in the long-term capital gains tax on listed equities from the existing 10% would dampen investor sentiment. Geopolitical risks are real, but they typically don't have a lasting impact on investor sentiment if they don't influence the earnings outlook. Sporadic geopolitical events that temporarily affect earnings, like supply disruptions, will not have a major impact on the market.

The election outcomes in major economies such as France and the UK may heighten uncertainty in the run up to the US presidential election in November. Could this lead to volatility in foreign institutional investor (FI) flows?

Gold has proven to be a good asset class as far as diversification is concerned. With the possibility of a global rate cycle gaining momentum and the US dollar softening, gold will perhaps provide upside. Elections and other geopolitical risks also add to gold's prospects and therefore there is merit in considering some allocation to gold. However, it is difficult to predict with certainty whether a repeat of 2022-2023 will occur.

Elections *per se* don't alter the economic growth trajectory. Foreign flows are affected by significant changes in earnings or risk premiums. While occasional bouts of volatility can occur, the elections won't significantly affect flows as they are usually not major liquidity events. Also, we now have very strong and sustainable domestic flows, which minimise the impact of measured foreign outflows.

In 2024, gold was one of the best-performing assets. This positive momentum was fuelled by expectations of a rate-cut cycle, escalating geopolitical tensions, central bank purchases, and increased volatility in the equity markets. Do you anticipate a repeat of the outperformance seen in 2022 and 2023?

Gold has proven to be a good asset class as far as diversification is concerned. With the possibility of a global rate cycle gaining momentum and the US dollar softening, gold will perhaps provide upside. Elections and other geopolitical risks also add to gold's prospects and therefore there is merit in considering some allocation to gold. However, it is difficult to predict with certainty whether a repeat of 2022-2023 will occur.

THE WEEK AHEAD

- 22 JUL ECONOMIC SURVEY**
The Economic Survey for 2023-24 to be tabled in Parliament as Budget Session starts.
- 23 JUL UNION BUDGET**
FM Nirmala Sitharaman set to present the 2024-25 Union Budget in Parliament.
- 24 JUL BMW E-SCOOTER**
BMW Motorrad will launch the CE 04 electric scooter in India, likely to price it at ₹10 lakh.
- 25 JUL US GDP DATA**
US to release provisional GDP figures for June-ended quarter.
- 26 JUL OLYMPICS BEGIN**
Paris to hold opening ceremony of the Olympics; tournament will run till 11 August.
- 27 JUL NITI AAYOG MEET**
Prime Minister Narendra Modi likely to chair think-tank's ninth governing council meeting.
- 27 JUL ICICI BANK RESULTS**
India's second largest private bank to release financial results for the quarter-ended June.
- 28 JUL QUAD MEET**
Foreign ministers of Quad nations (India, Australia, Japan, US) likely to meet in Tokyo.



'Rate-driven deposit growth not HDFC's plan'

Bank to focus on organic, granular deposit mobilization via branches: CFO

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MUMBAI

Offering higher rates on certain high-value deposits to increase the pace of deposit accretion is not part of HDFC Bank's strategy, unlike some of its peers, and the lender will continue to focus on organic and granular deposit mobilization via its branch network, chief financial officer (CFO) Srinivasan Vaidyanathan said.

"We do not want to differentiate through offering higher rates on bank deposits to compete with peers, or any other such rate-driven programmes or high-cost deposits of a larger ticket size. That's not the strategy," he said during the bank's Q1 earnings call.



HDFC Bank continues to be cautious and selective on the unsecured retail business, including personal loans and credit cards, CFO Srinivasan Vaidyanathan says. REUTERS

HDFC Bank's retail branches currently account for around 84% of total deposits, with the granularity of deposits having increased by up to 100 basis points since last year, Vaidyanathan said, adding that the focus will remain on driving deposits through branches. A basis point is one-hundredth of a percentage point.

Vaidyanathan attributed the sequentially flatness in deposits to seasonal factors—deposit accretion tends to be lower in the first quarter of a financial year—and tight liquidity conditions in the market during the quarter.

Total deposits grew 24.4% on year to ₹23.8 trillion as of 30 June. Low-cost current and savings account deposits rose 6.2% on year and accounted for 36.3% of total deposits.

₹23.8 tn
The lender's total deposits as of 30 June

Gross advances at the end of the quarter were at ₹24.9 trillion, up 52.6% from the previous year. Retail loans rose 100.4%, commercial and rural banking loans 23%, and corporate and other wholesale loans 18.7%.

Vaidyanathan reiterated managing director and chief executive officer

Sashidhar Jagdishan's remarks in the bank's annual report, saying that while advances growth would be slower than deposit growth to help normalize the credit-deposit ratio, overall loan growth was expected to remain healthy. The bank's credit deposit ratio was around 104%.

HDFC Bank continues to be cautious and selective on the unsecured retail business, including personal loans and credit cards, and will continue to lend only to high-credit quality consumers, he said.

On wholesale lending, Vaidyanathan said that while the bank was seeing good credit demand, rates continued to be benign and spreads minimal because of aggressive pricing by competitors and the good credit quality of corporates taking loans. Here, too, the lender

will remain selective until rates normalize and then use its wholesale banking partnerships to explore further lending opportunities, he added.

HDFC Bank posted a 35.3% on-year increase in net profit to ₹16,170 crore in Q1. Net interest income grew 26.4% to ₹29,840 crore. Core net interest margin to total assets was 3.5%, and on interest-earning assets 3.7%.

The bank's gross non-performing asset (NPA) ratio deteriorated to 1.33% as of 30 June from 1.24% in the previous quarter, but was better than the post-merger level of 1.41%.

The rise in NPA was largely due to cyclical factors such as delinquencies in the agriculture portfolio, Vaidyanathan said. Excluding this portfolio, the bank's gross NPA ratio was 1.16%, also slightly worse than a quarter ago (1.12%), but better than it was after the merger with HDFC Ltd on 1 July 2023 (1.25%).

JSW Infra eyes 10-12% growth in FY25, seeks biz expansion

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JSW Infrastructure Ltd is focused on growing in double digits this fiscal year as it seeks strategic options to expand across India, Arun Maheshwari, its joint managing director (MD) and chief executive officer (CEO) told *Mint*.

India's second-largest private port operator, he predicted, would easily outperform the market by leveraging its strong balance sheet to explore all three modes of expansion—brownfield, greenfield and collaborating with another entity.

"There are three parts of growth in this sector—either we acquire more companies, make successful bids for upcoming

terminals or collaborate with existing companies. Currently, we are looking at all these options in India," Maheshwari added. The company's balance sheet remains well-positioned to pursue growth, with cash and cash equivalents of ₹4,571 crore at the end of the first quarter of FY25.

The company has a cargo handling capacity of 170 million tonnes per annum (mtpa) spread across two ports and eight terminals at major ports. It plans to increase this to 250 mtpa by 2027 and 400 mtpa by 2030 by expanding existing facilities, building new ones and making acquisitions. JSW Infra remains inter-

ested in the Vadhaven and Great Nicobar ports, which are likely to come up for bidding soon, he said, adding that the firm believes these to be lucrative projects and will assess the costs and potential returns once they come up for bidding.

Maheshwari said he expects JSW Infra to grow 10-12% this fiscal year and the overall industry just 4%. This hinges on the firm's ability to maintain its growth momentum by catering to increasing exports, rising demand for transportation and gains from recent acquisitions, he added.

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

'Anita Dongre premium brands moving away from discounts'

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Mumbai-based fashion house Anita Dongre Pvt. Ltd is looking at a sustainable growth path in the coming years, having shuttered some of its outlets after the pandemic to focus on profitability.

The company will also look at giving its private equity investor General Atlantic an exit in the next one to two years by bringing in new investors, Yash Dongre, the company's chief operating officer (COO) told *Mint* in an exclusive conversation. The company runs luxury brand Anita Dongre as well as premium brands AND and Global Desi with a large presence in the women's wear segment.

The fashion house positions itself as a premium player for its AND and Global Desi brands, and has shut down some stores



Yash Dongre, COO of fashion house Anita Dongre.

to streamline its business. It currently has 150 outlets, down from 170 stores earlier. It has 140 exclusive stores and 11 in the luxury couture business, Anita Dongre. It has closed down several stores in markets like Lucknow and Raipur.

"For the last two years, we have focused on consolidation and profitability. We have fewer stores in some cities but

are also using better materials in our clothing, which customers are recognizing. We don't want to be seen as a discounted brand anymore. We are not closing any more stores and are done with the consolidation," Dongre said.

About two-thirds of its ₹500 crore revenue comes from the two brands, and the rest from the luxury business. This year, the business is targeting a similar revenue to last year's. Ratings agency Icri forecasts the group's revenue to be in a range of ₹500-550 crore in FY25, against ₹606 crore in FY23. It attributed the decline to industry-wide demand headwinds and general inventory liquidation at steep discounts.

The company has 11 Anita Dongre stores, including one in New York that it opened in 2018 and one in Dubai.

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

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ICICI Lombard

Nibhaye Vaade

FINANCIAL RESULTS

Particulars	Three months ended		Year ended
	June 30, 2024	June 30, 2023	March 31, 2024
	Audited	Audited	Audited
Total Income from Operations ¹	793,105	662,210	2,559,416
Net Profit / (Loss) for the period (before Tax, Exceptional and / or Extraordinary items)	77,399	52,001	255,518
Net Profit / (Loss) for the period before tax (after Exceptional and / or Extraordinary items)	77,399	52,001	255,518
Net Profit / (Loss) for the period after tax (after Exceptional and / or Extraordinary items)	58,037	39,036	191,859
Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)] ²	NA	NA	NA
Paid-up Equity Share Capital	49,322	49,120	49,269
Reserves (excluding Revaluation Reserve)	517,622	386,745	487,984
Securities Premium Account	663,857	642,942	658,725
Net Worth	1,230,801	1,078,807	1,195,978
Paid-up Debt Capital/Outstanding Debt	-	3,500	3,500
Debenture Redemption Reserve	-	-	-
Earnings Per Share (face value of ₹10/- each)			
Basic (not annualised) (in ₹)	11.77	7.95	39.03
Diluted (not annualised) (in ₹)	11.68	7.94	38.78
Debt Equity Ratio	-	-	-
Debt Service Coverage Ratio	2,669.93	569.63	696.14
Interest Service Coverage Ratio	2,669.93	569.63	696.14

1. Total Income from Operations is gross written premium, gross of reinsurance and net of applicable taxes.

2. The Indian Accounting Standards (IND AS) are currently not applicable to Insurance companies in India.

Note: The above is an extract of the detailed format of quarterly and year ended Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the quarterly and year to date Financial Results are available on the websites of Stock Exchanges (www.bseindia.com) and (www.nseindia.com) and the Company (www.icicilombard.com)

For and on behalf of Board of Directors

Sd/-
Sanjeev Mantri
Managing Director & CEO
DIN: 07192264

Place: Mumbai
Date: July 19, 2024

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Budget may not spell good news for EV cos

Uncertainty looms as the bridge subsidy scheme for EVs draws to a close

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The upcoming Union budget may not have any new schemes or support for electric mobility, according to people aware of the matter in the government and in the industry, even as the Centre and companies navigate questions around what technologies and vehicle segments should be offered subsidy support, in what manner, and to what extent.

Currently in action is the ₹500-crore EMPS (Electric Mobility Promotion Scheme), which is meant to be a bridge between two versions of India's primary subsidy programme for EVs—Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India or FAME.

FAME-II, which concluded on 31 March, was succeeded by EMPS that in turn is scheduled to expire on 31 July. The next version of FAME or FAME-III has still not received final cabinet nod.

According to one of the persons cited above, the ministry of heavy industries (MHI) is likely to announce the FAME-III scheme in the next few weeks. That could lead to a gap in the implementation of successive schemes and create problems for both industry and consumers.

EV makers, including electric two and three-wheeler makers, as well as manufacturers of electric trucks and buses, are worried that the lack of clarity around the timeline of implementation of FAME-III, and the re-certification process that OEMs will have to undertake for vehicles will lead to several operational challenges, including potential subsidy losses or sales loss in the interim period between 31 July and the introduction of the new scheme.

They may have to take production cuts till clarity emerges regarding the new scheme, or continue to sell vehicles to customers at post-subsidy prices, and absorb



EMPS, which succeeded FAME-II, is scheduled to expire on 31 July. The next version of FAME, or FAME-III, has still not received final approval from the Union cabinet. REUTERS

the difference in cost themselves, multiple industry executives *Mint* spoke to said.

On the other hand, some executives said that MHI might announce an extension of EMPS before 31 July, with FAME-III to be announced by mid-August. In such a case, continuity won't be an issue.

At the same time, industry sources expect incentives in FAME-III to be lower than FAME-II. While that's a concern for many, some like Bajaj Auto are not worried.

"Cell costs have reduced over the last year and along with other supply chain opportunities, is enabling us to price E2Ws lower," said Rakesh Sharma, executive director, Bajaj Auto. "Tax systems and structural incentives are more long-term and help to mobilize capital to the sector."

Sharma pointed out that subsidy in the hands of the customer achieves a temporary outcome and distorts purchase decisions. "It makes the customer artificially lean towards a certain choice," he said. Discussions are ongoing between indus-

try stakeholders and various departments of the government on whether to include electric four-wheelers for the fleet segment in FAME-III. Battery swapping players are also pushing for the solution to be incentivized by the scheme, according to a senior government official, but so far, they have not found their way in.

To be sure, the EMPS scheme halved subsidy support for e-two-wheelers compared to FAME-II, and removed subsidies for electric four-wheelers altogether.

Ravneet S. Phokela, chief business officer of E2W maker Ather Energy, adding that it was important to continue demand incentives for another 2-3 years. "These incentives accelerate consumer adoption, which in turn provides a strong impetus for investments in R&D, manufacturing capacity and supply chain," he said.

"I think the expectation is whatever we had in FAME-II, at least that has to be restored," said Mahesh Babu, CEO of e-truck and bus maker SWITCH Mobility. For an extended version of this story, go to [livemint.com](#).

FM may stick to interim budget's path

FROM PAGE 1

A finance ministry spokesman and the Union finance secretary didn't respond to emailed queries.

The government had proposed fiscal deficit targets of 5.1% for FY25 and 4.5% or less by FY26.

"The 5.1% fiscal deficit target for FY25 may be bettered slightly on the back of higher-than-expected revenue growth and in the absence of any shock developments resulting in higher expenditure," the first person said.

On 23 May, *Mint* reported that a chunk of the dividend bonanza from the Reserve Bank of India (RBI) may be utilized to improve the fiscal deficit target for FY25 from 5.14% of gross domestic product (GDP) to 4.9-5%. The RBI dividend for FY24 was ₹2.11 trillion, up 14% from the previous year.

Experts said additional revenues may be utilized to bump up public and private consumption.

"The budget should continue to focus on supporting



An all-party meeting was held ahead of the budget session of Parliament, in New Delhi, on Sunday. PTI

growth through infrastructure expansion, but provide effective incentives for the rural economy. These may include additional provisions for MGNREGA, PM Awas Yojana, and higher transfers under Kisan Samman Nidhi," said D.K. Srivastava, chief policy adviser, EY India.

"As compared to the interim budget, it is expected that the government will have access to additional revenues to the tune of nearly ₹1.5 trillion from tax and non-tax revenues. This

may increase revenue expenditure growth over and above what was provided in the interim budget, while maintaining capex growth, or increasing it marginally. Some subsidies may have to be increased and additional allocations are also expected in defence, health, education and agriculture," Srivastava added.

The interim budget had lowered the Centre's FY25 borrowing target to ₹14.13 trillion from the FY24 budget estimate of ₹15.43 trillion, indicating the

government's objective to keep debt at sustainable levels, while leaving adequate space for the private sector to step up borrowings and invest in capacity expansion.

"The most crucial takeaway from this budget will be the government's outlook towards the committed fiscal deficit glide path. For India to grab the opportunity created by the Chinese slowdown, infrastructure spending needs to rise manifold, from 3-4% of GDP currently," said Debopam Chaudhuri, chief economist at Piramal Enterprises Ltd.

"While the government may be restricted from a deficit management perspective, private sector participation can be boosted only by cheaper availability of capital. Currently, the corporate credit to GDP ratio in India is among the lowest at 55%, compared to the world average of 148%. This inadequate supply of credit and its solution should become the focus in budgets over the next few fiscal years," he added.

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AM Green plans \$1-bn foray into biofuels

FROM PAGE 1

stock listed company, we do not comment on market rumours or speculations."

"In August 2023, Fortum announced that it would assess strategic options, including potential divestments, of its Circular Solutions businesses. The businesses comprise the operating, maintaining and developing of Fortum's recycling and waste assets, the battery recycling business as well as turbine and generator services and bio-based solutions. Chempolis is part of the bio-based solutions," the Fortum Oyj spokesperson said in the email. "As there are various

businesses within, the scope there might be different for different businesses. There is no certainty whether the assessment will result in any transaction, and Fortum will inform the market, if and when appropriate."

An NRL spokesperson in an emailed response said, "Please note that we have no views to share on the development."

Queries emailed to the spokespersons of AM Green, Chempolis Oy, and Taaleri Plc on Thursday evening remained

unanswered till press time.

AM Green plans to be present across green hydrogen, green ammonia, biofuels, e-methanol, sustainable aviation fuels and downstream high-value chemicals, against the backdrop of significant interest in India's green energy transition play.

Gentari Sdn Bhd, a unit of Malaysia's state-run oil and gas company Petronas that has been actively eyeing green energy opportunities in India, plans to invest \$1.5 billion for a

30% stake in AM Green Ammonia Holdings, a unit of AM Green that will produce 5 million tonnes per annum (mtpa) of green ammonia, equivalent to about 1 mtpa of green hydrogen. AM Green has also inked a term sheet with the world's largest trader and distributor of ammonia Yara Clean Ammonia for supplies from its green ammonia plant in Kakinada in Andhra Pradesh.

India has an ambitious biofuel road map under its national biofuel policy with an official target to achieve 20% ethanol blending in petrol by 2025-26. The initial deadline to achieve 20% blending was 2030.

How to read govt rebuttal of covid mortality claim

FROM PAGE 1

How has the government countered this?

The Centre said 14 states could not be extrapolated to the entire country, and that the study had failed to note that Sample Registration System (SRS) data for 2020 had shown no increase in death rates and no reduction in life expectancy. (SRS is a nationally representative government survey that estimates this data every year.) It said the report's finding that more women and more children died was at odds with official data, but did not comment on the claim of higher mortality among marginalized groups.

How does India officially count the number of deaths?

In India, the Civil Registration System (CRS) counts the number of deaths registered in a given year. But it's not sufficient, since many deaths also go unregistered. For this, the CRS for past years used to also give an estimate for actual deaths, derived from SRS. It shows 92% of the deaths in India were registered in 2019, up from 85% in 2018.

The 2020 CRS report, the latest available, only reported the number of registered deaths (8.1 million) that year, and later, the government, separately, claimed that this was close to the actual number as 99.9% of deaths had been registered in 2020. This effectively meant that officially, India had fewer deaths in 2020 than in 2019.

Why are researchers trying to use indirect methods to calculate excess deaths?

One, because the 99.9% registration rate seems too good to be true for a lockdown-hit year. NFHS itself reported that only 71% of deaths were registered in the survey period; at such a rate, India would have had over 11 million deaths (due to all causes) in 2020, not 8.1 million.



The study admits data for 14 states is inadequate to figure out national trends. ISTOCKPHOTO

Second, because the CRS for 2021, the devastating covid year, is still awaited. This delay is unusual. All this forces researchers to try indirect estimates to fill the void created by official data.

Has the study addressed the points raised by the Centre?

The study admits that 14 states may not be sufficient to understand national trends. But using a government serosurvey, it also found that the trends in the subsample states may not have been too different from the rest of India. The study says its estimates held true even in hypothetical subsamples within the subsample, lending credence to the extrapolation.

To account for any likely flaw in the extrapolation, the study reports a large estimate range (it's 95% certain that the pan-India figure was between 730,000 and 1.65 million, with 1.19 million being the midpoint). The study also says that in states with high rates of death registration, the CRS data showed excess mortality patterns that were broadly consistent with what it derived from the NFHS.



Scan the QR code to read an extended version of this story.

Government to focus on urban forests in its 100-day agenda

FROM PAGE 1

Launched in 2020, NVY looks to create *nagar van* (urban forests) by involving local communities, NGOs, educational institutions, local bodies, etc. The scheme envisages creating 1,000 such forests in cities having a municipal corporation, municipal council or urban local bodies to transform India's cities into clean, green, healthy and sustainable areas.

Under NVY, between FY21 and FY24, 385 projects have been sanctioned and ₹240 crore has been released to states, then environment minister Ashwini Kumar Choubey said last August in a written reply in the Lok Sabha.

Last month, concerned over the national capital facing an extreme heatwave, the Commission for Air Quality Management (CAQM) in NCR and adjoining areas raised the tree



Under NVY, between FY21 and FY24, 385 projects have been sanctioned. ISTOCKPHOTO

plantation target by 20% to 45 million trees for FY25.

The renewed target came after the statutory body, CAQM, set up in 2021 to carry out air quality management, planted 36 million trees in FY24. CAQM conducts plantations in open areas in the NCR, particularly along the central verges of roads, roadsides, pathways, etc.

However, environmentalists say urban forestry alone is not a solution to rising heat stress.

In addition to urban forestry, the government should develop a detailed heat and cooling action plan for cities to save lives during heatwaves and to provide sustainable cooling given temperatures rose to 50°C at monitoring stations this year, Chandra Bhushan, founder-CEO of International Forum for Environment, Sustainability & Technology (iFOREST), said.

"Temperature has breached the 1.5°C limit due to greenhouse gas emission and every country, including India, will have to start reducing greenhouse gas emission if we want to control temperature, which will not happen because of any intervention at the city level," the former deputy director general at the Centre for Science and Environment added.

FROM PAGE 1

offers for exiting employees and out-of-turn hikes impact their coffers.

Aditya Birla Health Insurance, for instance, will amalgamate employee health goals into performance metrics. This means employee performance reviews will take into account progress towards things like weight management, improved sleep patterns, or healthier eating habits.

"We are encouraging employees to take health goals as part of their performance appraisal process," said a senior executive in the firm who wished to remain anonymous. "So far, the goals were operational ones, sales target, customer goals, etc., and although it is not compulsory, the company has recommended its 6,500 employees to take one."

While not being mandatory, health goals will be allotted maximum 10% weightage and those who achieve the goals will be "recognized" in the



The focus on well-being has been gathering pace.

firm's quarterly/annual awards, etc.

While objective settings are not completed for all, at least 40-50% would have taken a health goal already, the executive said. "Those who have not taken a health goal, we will go back and again encourage them to take one."

Consultants who look after compensation and rewards note that it will take a while before these perks become part of an employee's negotiations

with a firm.

"The focus on well-being has been gathering pace and the feedback is quite positive given their high usage rates, particularly at a junior management level. However, we may take sometime before a candidate says 'I need them' while accepting a job offer," said Dinkar Pawan, director at Deloitte who focuses on executive performance and rewards.

According to a report by insuretech platform Plum, "given that health insurance impacts only 8% of the workforce, there is greater demand for more holistic healthcare initiatives".

The report, which analysed 4,500 employee healthcare programmes, noted that since last year there has been a 66% increase in median sum insured from ₹3,00,000 to ₹5,00,000.

Firms offering flexible benefits have doubled as well in the same period.

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

Blue screens everywhere are latest tech woe for Microsoft

FROM PAGE 1

upgrade, forcing applications to maintain good security practices or they pull them off of the App Store," said Amit Yoran, chief executive of cybersecurity firm Tenable.

Security issues have long been Microsoft's Achilles' heel, as computers and servers running its software have been the target of repeated hacks by criminal groups, as well as state-sponsored actors in Russia and China. Top company executives have been brought in front of Congress to explain why Windows is so vulnerable.

Ironically, CrowdStrike CEO George Kurtz raised the issue publicly in January. "What you're seeing here is systemic failures by Microsoft, putting not only their customers at risk, but the U.S. government at risk," he said on CNBC

after Microsoft disclosed a Russian hack of systems used by its senior leadership.

Two months later, a report by the Department of Homeland Security's Cyber Safety Review Board found that, "Microsoft's security culture was inadequate and requires an overhaul, particularly in light of the company's centrality in the technology ecosystem."

Microsoft said the CrowdStrike crash was unrelated to the issues raised by federal officials about the company's lapses in security. Security professionals critical of the company's practices say as Microsoft pivoted to cloud computing, it has neglected the development of its more traditional products such as Windows and its email and corporate directory service products, all of which have been the targets of attacks. That



Microsoft said the CrowdStrike crash was unrelated to the issues raised by federal officials about the firm's security lapses. REUTERS

neglect has made security software—like the kind provided by CrowdStrike—more necessary, the professionals said.

"If they have a security-first culture, it would either be safer for products like these to exist or these products wouldn't be needed at all," said Dustin Childs, a former Microsoft cybersecurity specialist who is

currently the head of threat awareness at cybersecurity firm Trend Micro. Trend Micro competes with Windows Defender and CrowdStrike.

Pavan Davuluri, Microsoft's corporate vice president of Windows and devices, said the move to the cloud has been good for software reliability because the operating system is

live and constantly updating. But he said the company has unique challenges in the tech industry dealing with an array of customers, many of whom use old versions of Windows running on outdated hardware.

"In Windows we do have a pretty broad range of responsibilities," Davuluri said. "We definitely have to meet our customers in terms of where they're at—the product itself, its use, its life cycle."

CrowdStrike's bug was so devastating because its security software, called Falcon, runs at the most central level of Windows, the kernel, so when an update to Falcon caused it to crash, it also took over the brains of the operating system. That is when the blue screen of death appeared.

In 2020, Apple told developers that its MacOS operating system would no longer grant

them kernel-level access.

That change was a pain for Apple's partners, but it also meant that a blue screen of death-style problems couldn't happen on Macs, said Patrick Wardle, the chief executive of Mac security maker DoubleYou. "What it meant was that a lot of third-party developers, ourselves included, had to rewrite our security software," he said.

A Microsoft spokesman said it cannot legally wall off its operating system in the same way Apple does because of an understanding it reached with the European Commission following a complaint. In 2009, Microsoft agreed it would give makers of security software the same level of access to Windows that Microsoft gets.

[Alison Sider contributed to this article.](#)

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Publicis' Acharya takes a bet on growth in second half '24

Earlier in the year, the market was in wait-and-watch mode before the elections, Acharya says

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MUMBAI



Anupriya Acharya, CEO, South Asia, Publicis Groupe.

India's advertising market that faced hiccups in the first half of the fiscal year should grow faster in the second half, said Anupriya Acharya, South Asia CEO of Publicis Groupe, in the backdrop of robust growth in food services and packaged foods industries. Given expectations of an above-normal monsoon and the government working on its 100-days' plan, the year ahead looks promising, Acharya said.

"Earlier in the year, we observed some slowdown in consumption in some consumer product categories. The market was in a bit of a wait-and-watch mode, given that the elections were underway," Acharya said in an interview. However, she remains optimistic about the future. "With the general elections now concluded and a 'first 100 days' plan in place by the government, along with a positive expectation from the budget and an above-normal monsoon forecast, the second half of the year looks very promising," she added.

The CEO highlighted several positive trends that signal a buoyant period ahead for the advertising sector. "The food services industry is expected to see an 8.1% CAGR growth between 2024 and 2028, and demand for packaged foods has stabilized. These sectors are expected to increase their ad spending in the second half of the year," Acharya elaborated.

Acharya, who assumed the CEO role in 2019, has effectively steered the advertising giant through various market conditions, achieving consistent double-digit growth each year. Today, Publicis employs over 6,000 people in India.

Discussing the broader implications

of a stable government, Acharya emphasized the continuity of growth strategies. "India has been on a growth path for many years, and with the government now in its third term, we expect that agenda to continue. Coupled with positive market conditions and India's demographic dividend, the country will continue to be an attractive market for foreign brands and investors," she stated.

Acharya also highlighted the anticipation surrounding the Union budget, expressing her expectations for significant government focus on sectors crucial for economic growth. "I expect the Union budget to concentrate on manufacturing, infrastructure, technology, AI, and skill development, along with more provisions for electric vehicles," she noted. "Coupled with some easing on taxation, we expect more money in the hands of consumers and more pur-

chasing power, which is great for many of our clients and for us," she added.

Acharya believes that challenges such as the ones faced at international forums like the Cannes Lions International Festival of Creativity are wake-up calls for the industry. "The level of competition has risen globally, and it's time our talent steps out of their comfort zones. With focused introspection and careful honing of creativity, I'm confident we will make a significant comeback," she remarked.

She also outlined the transformative shifts expected in the advertising industry over the next five years. "The industry is undergoing significant changes brought about by new technologies, increasing demand for social responsibility, changing consumer values, and growing competition from new entrants and alternative models," she explained.

Publicis is responding by investing heavily in AI and continuously adapting to market trends to ensure that its advertising solutions remain effective and relevant. "Each client and category are at different levels of sophistication and have different drivers. We customize our offerings to their requirements, ensuring our strategies are as effective and tailored as possible," Acharya said, detailing how Publicis is keeping pace with the demand for personalized and immersive advertising experiences.

The advertising landscape is also experiencing a shift towards more responsible practices. "Brands, and by implication advertising companies, increasingly need to demonstrate a role in society that goes beyond commerce," Acharya commented. "Regulatory and policy factors mandate this, but also, the power of communication to influence public opinion comes with more responsibility and accountability."

In response to evolving market conditions and the rise of digital platforms, Publicis has also had to reconsider its approach to advertising delivery.

"The industry is embracing automation and data-driven insights to enhance creative outputs and campaign effectiveness. This digital transformation enables us to meet the heightened expectations of both consumers and clients," she added.

Acharya's leadership extends beyond merely managing a large organization. She's focused on nurturing a culture that values creativity and innovation, empowering Publicis to lead by example in the advertising world. "We are continually adapting to the digital era, not just to keep pace, but to lead the transformation in the advertising industry," she stated.

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

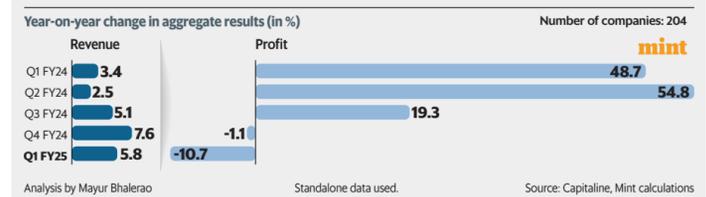
6,000
The workforce Publicis Groupe has in India

2019
The year Acharya took on the role of CEO of South Asia

MINT Q1 EARNINGS TRACKER

The combined revenue of the companies that have declared their June-quarter financial results so far has risen 5.83% year-on-year, while net profits have declined 10.7%, a Mint analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, the topline grew 4.6%, while profits were down 14.8%. The analysis covered 204 BSE-listed companies (including 34 banking and financial services firms) that had declared their results by Friday and whose data was available on Capitaline's database. Watch this space for updates every week as more companies announce their results in the ongoing results season.

Q1 FY25 results so far, BSE-listed firms			Upcoming key results this week	
	Total: 204 companies	Excl. BFSI: 170 companies		
Aggregate revenue	₹5.9 tn (▲ 5.8%)	₹5.3 tn (▲ 4.6%)	Hindustan Unilever	Tuesday, 23 July
Aggregate net profit	₹0.5 tn (▼ 10.7%)	₹0.5 tn (▼ 14.8%)	Axis Bank	Wednesday, 24 July
			Larsen & Toubro	Wednesday, 24 July
			Nestle India	Thursday, 25 July
			Tech Mahindra	Thursday, 25 July



Hero MotoCorp plans to roll out affordable EVs this fiscal

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Hero MotoCorp CEO Niranjan Gupta. NIRANJAN GUPTA/LINKEDIN

Eyeing leadership in the electric two-wheeler segment, Hero MotoCorp is looking to roll out affordable models in the current fiscal, according to chief executive officer Niranjan Gupta.

The country's largest two-wheeler maker is also hopeful of the debut of its electric range in the international markets.

Addressing shareholders in the company's Annual Report for 2023-24, Gupta said the two-wheeler major has a roadmap to scale its electric vehicle (EV) business rapidly.

"We want to build leadership in EV, and in order to do that, we will be creating a very powerful EV product portfolio, augmenting the VIDA VI Pro that we have today," he noted.

The company will be launching products in the mid- and affordable segments this fiscal, Gupta said.

Hero MotoCorp's VIDA electric scooter range is priced between ₹1-1.5 lakh, including state subsidies.

Hero MotoCorp executive chairman Pawan Munjal said together with Ather Energy,

VIDA has established India's largest public-charging infrastructure for two-wheeler EVs.

Additionally, the partnership with Zero Motorcycle will facilitate the development of new EV motorcycles targeted at a distinct customer segment, thereby expanding the overall market size, he added.

"I am particularly pleased to witness VIDA VI's rise as one of the leading electric scooters in India, and I anticipate its future launch in global markets, where it is poised to become a significant player as well," Munjal noted.

Hero MotoCorp has already expanded the presence of its EV scooter VIDA from three to over 100 cities.

The company also plans to drive more premium products and scale up the international, accessories and merchandise businesses, he stated.

Seventh Episode of Crafting Bharat Podcast Unveiled, Explores the future of India's Startup Industry

Advertisement

Sravanth Aluru, Co-Founder and CEO of Avataar discusses his entrepreneurial journey, spatial storytelling and trends in the AI industry.

'Startup' has become the buzzword for the current generation. It has become a career path where the students and professionals are changing their career to pursue their dreams and passion. For decades this wave has hit India, making it the 3rd largest ecosystem globally.

The "Crafting Bharat - A Startup Podcast Series" powered by AWS, and an initiative by NewsReach, in association with VCCircle, unlocks the secrets behind these successful entrepreneurs' journeys aiming to equip aspiring entrepreneurs and business enthusiasts with invaluable insights. The podcast series is hosted by Gautam Srinivasan, famed for hosting a diverse range of TV and digital programs, currently consulting editor at CNBC (India), CNN-News18, Forbes India, and The Economic Times.

The Indian Startup ecosystem has witnessed an exceptional leap with AI/ML technologies. Sravanth Aluru, Co-Founder and CEO of Avataar, is the light bearer in revolutionizing the industry with the power of spatial storytelling. In the Crafting Bharat Podcast Series, Aluru talks about his entrepreneurial journey, spatial storytelling and trends in the

AI industry.

Explore the tales of Indian startup founders' transformation from dreams to reality, navigating challenges to seize opportunities through the Crafting Bharat Podcast Series.

Edited Excerpts:

Segment 1: The Incubator

How did your previous stints help you zero in on this new way of enabling consumer interactions for brands?

I found the passion of spatial storytelling and the power of spatial depth towards visual discovery at Microsoft, where I kind of started my career. I was a computer vision fanatic back then. Kinect is a depth sensor that would sit on top of Xbox and do the skeleton tracking and some of those early AI and computer vision use cases. That's where I saw the power of spatial depth and just to allude to that we all live in a physical world which has a third dimension, our digital experiences are flat today on the flat screens that we carry be it a mobile, laptop or tablet and I could see there's a huge gap or a digital physical divide, in terms of how consumers are today consuming content and visual



Sravanth Aluru, Co-Founder and CEO of Avataar discusses his entrepreneurial journey, spatial storytelling and trends in the AI industry with host Gautam Srinivasan.

experiences on digital versus how physical happens.

Anything that we should look forward to from your moonshot factory called Avataar Reality Labs?

I think the physical and the digital reality will not be distinguishable anymore if you were to fast forward to maybe 5 years from now, we are seeing that already in the pilot R&D POC's that we're doing internally in the Avataar Reality Labs. But the kind of photo realism and the way we can blend the physical and digital reality today with devices like Quest 2 by Meta or Vision Pro by Apple. I think

“Entrepreneurship is a discovery process, have that passion and let the journey teach you on the way”

it is going to give superhuman capabilities across everything digital starting from communications to even just information consumption to productivity in various different contexts.

Could you expand on your partnership with AWS and how it helps you scale up and innovate?

We are focused on a very clear AI computer vision convergence era and having said that AWS gives us a lot more capabilities to connect various dots that either remove friction or create delight for our clients or the end consumers and that's where I see the partnership to be

very complimentary of a strong win-win for both entities.

Segment 2: The Accelerator

What's your idea of the perfect product?

Honestly, the perfect product is like infinity to me, where you can tend to it and limit it but there's nothing called reaching infinity. Similarly, I don't think there's a perfect product that exists in the world. But if I must express my point of view, a perfect product would be something that is continuously improving with a very clear utilitarian purpose of either removing existing friction today or driving value in terms of delight where you are able to do things that you couldn't do yesterday.

How challenging was it to attract the right talent?

I do think that people want a purpose, they want to be part of a journey that's value creation from nothing and if you can spin on the ability for people because it's a collective journey as just one founder cannot achieve anything by himself but it's a collective team that achieves it.

Everyone wants to scale quickly but how about

staying small till you really understand the business inside out and scale smartly and sustainably? Your thoughts?

I think there's a little bit of instant gratification that's crept into the startup philosophies. I am not sure if that's the right approach, I'm not saying that you should spend 10 years. What I mean is you really need to find a true value proposition that's sustainable.

The Indian Startup Ecosystem is having a quantum shift with motivated startup founders bringing forth exceptional innovation. Startup founders' vision and dedication drive India's startup surge.

Stay tuned to the Crafting Bharat Podcast Series as we bring you these inspirational entrepreneurs for insightful and candid discussions with Gautam Srinivasan.

Scan the QR Code to Watch the full episode





Karnataka chief minister Siddaramaiah.

IT workers slam 14-hr workday plan

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Karnataka State IT/ITES Employees' Union (KITU) has urged the Siddaramaiah-led government to reconsider its reported plans to extend the working hours of the IT/ITES/BPO sector.

According to the union, the government plans to increase the working hours to 14 hours a day.

The proposal to amend the Karnataka Shops and Commercial Establishment Act in this regard, was presented in a recent meeting called by the labour department with various stakeholders in the industry, it said in a release.

Labour minister Santosh Lad, officials from the department of labour and IT-BT ministry attended the meeting, in which the representatives of the union took part. The union strongly opposed the proposed amendment which, it said, poses an "attack on the basic right of any worker to have a personal life."

The labour minister agreed to have one more round of discussion before taking any decision, it added.

Noting that the proposed new bill "Karnataka Shops and Commercial Establishments

(Amendment) Bill 2024' attempts to normalise a 14-hour work day, the union said, the existing act only allows a maximum of 10 hours work per day, including overtime.

This amendment will allow the companies to go for a two shift system instead of the currently existing three shift system, and one third of the workforce will be thrown out of their employment, it claimed.

Noting that during the meeting KITU pointed out the studies on the health impact of extended working hours among the IT employees, it said, "the Karnataka government in their hunger, to please their corporate bosses, completely neglects the most fundamental right of any individual, the right to live." This amendment shows that the Government of Karnataka is not ready to consider the workers as human beings who need personal and social life to survive. Instead, it considers them as only a machinery to increase the profit of the corporates to whom it serves, it added.

The union urged the government to rethink and warned that any attempt to go with the amendment will be an open challenge to the 2 million employees working in the IT/ITES sector in Karnataka, it said.

Must revisit Asean FTA, curb steel dumping: JSW Steel

JSW Steel's Jayant Acharya says India's lack of trade measures makes the industry vulnerable

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MUMBAI

India must introduce restrictions on "predatorily priced" steel imports and revisit free-trade agreement (FTA) with the Asean bloc at a time when inbound shipments of low-priced steel have surged, hurting the profitability of domestic manufacturers, said a top executive at the country's largest steelmaker.

Asean stands for the Association of Southeast Asian Nations, an economic and political union of 10 Southeast Asian countries with headquarters in Jakarta.

Steelmakers in India are investing significant capital to increase their local manufacturing capacity, betting on demand growth fuelled by New Delhi's massive infrastructure development drive.

These companies are seeking a curb on steel imports to protect their investments.

"Unless there is a measure to contain unfair trade diversion at predatory prices, it will be difficult for the industry to be able to put up this kind of capex," Jayant Acharya, joint managing director of JSW Steel, said.

"Because if our margins get impacted, naturally, then the ability to put in capex gets impacted," he emphasized.

JSW Steel, which has the largest domestic steelmaking capacity in India, reported a dip in its profit for the June quarter. A key reason for the profit decline was the soft steel price during the quarter, which failed to pick up after the national elections.

The matter has been raised with the government by the steel industry lobby Indian Steel Association (ISA), Acharya said.

India imported 1.9 million tonnes of



India imported 1.9 million tonnes of finished steel between April and June.

finished steel between April and June, which was 28% more than the same period a year ago, as per government data published by Joint Plant Committee. Export of steel during this period fell 36% year-on-year to 1.3 million tonnes, making India a net importer of the alloy.

importer of steel was not a big concern for the government, as the imports were negligible compared to consumption.

However, steelmakers lament that while import volumes may not be high, cheaper imports force domestic mills to drop their prices, eroding

into India as well."

Chinese steel export was higher in 2023 every month between January and June, as per data shared by JSW Steel in an investor presentation. Chinese exports were in excess of 8 million tonnes every month during this period, except in February, when it was just under 8 million tonnes.

Imports from China, South Korea and Asean countries, especially Vietnam, were the key concern, Acharya said.

"There are other countries which have put anti-dumping measures, including some of our free-trade agreement members where we have zero duty, but they have taken some measures against us. So those need to be re-evaluated, especially the Asean free-trade agreement," Acharya said.

India has a free-trade agreement with Asean, from where steel can be imported without any duties.

"There are other countries which have levied trade measures and barriers to see that this trade diversion does not happen. Whereas in India we are vulnerable because we do not have any trade measures in place," Acharya said.

In July, the United States announced new rules that stated firms exporting steel, among other products, to the country from Mexico must show the origins of the product. This was seen as a measure to curb re-routed steel imports from countries like China. The US levies 25% duty on steel imports from China.

In May, Latin American countries like Mexico, Chile and Brazil raised tariffs on steel imports. The European Union already has a Tariff-Rate-Quota system which imposes additional levy on imports from a country once inbound goods reach 105% of the average of imports from that geography in preceding years.

FLOOD OF CONCERNS

INDIAN steelmakers are investing capital to increase local manufacturing capacity

FORMER Union minister Scindia said India becoming net importer of steel was not a big concern

CHINESE steel export was higher in 2023 every month between Jan and Jun, as per JSW Steel

IMPORTS via China, South Korea and Asean countries were a key concern, Acharya said

For context, India's apparent steel consumption during the quarter was 35 million tonnes. Thus, the imports translated to about 5% of domestic consumption.

Former Union steel minister Jyotiraditya Scindia had earlier this year said that India becoming a net

their margins.

"We all know that China has a surplus steel capacity, and they're continuing to produce at a higher level. Their domestic demand is soft. Therefore, the additional production is finding its way into the international market," Acharya said. "That is what is coming

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AUCTION OF STATE GOVERNMENT SECURITIES

The following State Governments have offered to sell stock by way of auction, for an aggregate amount of ₹ 12,100/- crore (Face Value).

Sr. No.	State/UT	Amount to be raised (₹cr)	Additional borrowing (Greenhouse) option (₹cr)	Tenure (in years)	Type of auction
1.	Assam	1,000	-	15	Yield
2.	Goa	100	-	10	Yield
3.	Kerala	1,000	-	30	Yield
4.	Rajasthan	1,000	-	10	Yield
5.	Tamil Nadu	2,000	-	10	Yield
6.	Telangana	1,000	-	08	Yield
		1,000	-	13	Yield
		1,000	-	16	Yield
7.	West Bengal	1,000	-	18	Yield
		3,000	-	16	Yield
Total		12,100			

The auction will be conducted on Reserve Bank of India Core Banking Solution (E-Kuber) in multiple-price format on July 23, 2024 (Tuesday). Individual investors can also place bids as per the non-competitive scheme through the Retail Direct portal (<https://rbiretaildirect.org.in>). For further details please refer to RBI press release dated July 19, 2024 (Friday) on RBI website www.rbi.org.in

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CORPORATE BUZZ

Mint Media Marketing Initiative

REC GIFT OF LIFE – CARDIAC WARD INAUGURATED AT SRI SATHYA SAI SANJEEVANI HOSPITAL



In a significant step to help children born with congenital heart diseases from economically weaker sections of society, REC Limited, a Maharatna CPSE under the Ministry of Power and a leading NBFC, inaugurated the "REC Gift of Life-Cardiac Ward" at the state-of-the-art Sri Sathya Sai Sanjeevani Hospital

in New Raipur. Vivek Kumar Dewan, Chairman and Managing Director, REC Ltd inaugurated the "REC Gift of Life-Cardiac Ward" in the presence of distinguished guests, hospital management, doctors, medical staff, patients and their family members, and senior officials from REC Ltd.

NICMAR UNVEILS NEW CAMPUS IN DELHI-NCR



The National Institute of Construction Management and Research (NICMAR) has launched its new AICTE-approved campus in the vibrant and strategically located Delhi-NCR region with state-of-the-art facilities and innovative programs.

GRAPHISADS AND IIM LUCKNOW COLLABORATE



Graphisads Limited entered into a groundbreaking partnership with the prestigious Indian Institute of Management (IIM) Lucknow to unveil "G Force," an innovative accelerator program to cultivate and empower aspiring entrepreneurs.

ALLIANCE UNIVERSITY HOLDS SUMMIT



The International School Leaders' Summit by Alliance University held on July 12-14 convened educational leaders, professionals, and experts globally to tackle contemporary challenges in education through innovative solutions.

NHPC AND TATA POWER JOIN FORCES



To harness the power of renewable energy, NHPC Renewable Energy Ltd and Tata Power Renewable Energy Ltd joined forces to implement Rooftop Solar Projects and achieve 100 per cent solarisation of government-owned buildings.

SANDEEP KUMAR IS NOW DIRECTOR (FINANCE) OF PFC



Sandeep Kumar has been appointed as Director (Finance) at Power Finance Corporation Limited, effective July 11. Before this appointment, he was Executive Director (Finance) at PFC since January 1, 2020 and was holding the position of Chief Financial Officer (CFO), PFC. He has a distinguished career spanning over 34 years.

IREDA INVESTS IN NEPAL 900 MW HYDRO PROJECTS

IREDA Limited decided to invest in a 900 MW Hydroelectric power project in Nepal. The approx Rs 290 Crore investment will secure IREDA up to 10 per cent shareholding in GMR Upper Karnali Hydro Power Limited, Nepal and Karnali Transmission Company Pvt. Ltd., Nepal. This strategic move has been made in collaboration with SJVN Limited.

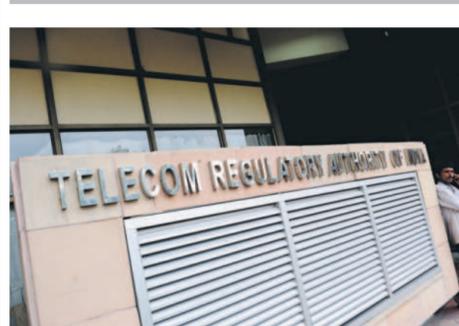
LSSSDC ORGANISES WORKSHOP

A workshop on the HRD scheme for the medical device sector was organised by Life Sciences Sector Skill Development Council (LSSSDC), the authorised Project Management Agency of DoP for implementation of the scheme in Constitution Club of India. Arunish Chawla, Secretary of the Department of Pharmaceuticals, delivered the keynote address.



THDC India Limited commemorated its 37th Foundation Day at the Corporate Office in Bhubaneswar, as well as across all its Projects and Unit offices across India. RK Vishnoi, CMD, unfurled the THDCIL flag.

IndianOil announced maiden maiden dispatch of STORM-X, a high-octane gasoline specifically formulated for racing cars. This event was virtually flagged off by V Satish Kumar, Director (Marketing).



TRAI said that an otherwise pay channel available for free on DD Free Dish must be free-to-air on other distribution platforms.

Broadcasters fear Trai order impact

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NEW DELHI

Television broadcasters are concerned about the fallout of a recent directive that the Telecom Regulatory Authority of India, or Trai, has issued for broadcasting and cable services.

In a notification, the authority has said that an otherwise pay channel available for free on DD Free Dish, the direct-to-home platform owned by public broadcaster Prasar Bharati, must be declared free-to-air on other distribution platforms (such as Tata Play, Dish TV etc.) as well, so as to ensure a level-playing field.

Such a mandate, experts argue, could hurt the revenues and reach of TV channels at a time when they are already offering their content at nominal rates across the pay TV universe.

Besides, Prasar Bharati doesn't fall under the regulatory ambit of Telecom Regulatory Authority of India, they added.

"Mandating pay channels to be free-to-air across all platforms may directly impact broadcasters' subscription revenues, potentially reducing their ability to generate income from these channels.

Airbus picks 8 India sites for copter assembly

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European major Airbus has shortlisted eight sites in India for setting up its final assembly line for H125 helicopters and the ground-breaking ceremony for the facility is expected later this year.

The facility, which will be the fourth Final Assembly Line (FAL) for the single engine H125, will initially produce up to 10 helicopters annually and the capacity will be ramped up depending on the market demand, Airbus officials said.

"India is the market of the future for helicopters...at present, the market is extremely embryonic, it is very small compared to what the potential could be," Olivier Michalon, executive vice president global business of Airbus Helicopters, said.

The ground breaking ceremony for the Final Assembly Line is expected in October or November this year and the facility will be operational in 2026 and the delivery is anticipated to start towards the end of 2026.

"We have identified eight sites which we are currently assessing. We are still in the final assessment stage. We should be in a position to announce it shortly.

"We want to be attractive and in an ecosystem that is best suited for industrial activities, logistics, employees and of course, regulations," Michalon said at a briefing at Margignane earlier this week.

Margignane is the headquarters of Airbus Helicopters. For Airbus, H125 is the most sold helicopter in India as well as the South Asia region.

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When is the right time to call it quits? Ask these stars and chief executives

How Jerry Seinfeld, Jeff Bezos, Serena Williams and others made the choice to give up a job

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It's one of the toughest moments in any career: deciding when, and how, to leave a job.

Plenty of people want to step down at the top of their professional game, yet struggle in making a well-timed exit. Saying goodbye too soon risks missing additional accomplishments during a period of career momentum. Some executives hold on for decades, well into their 80s and 90s.

The daily, intensifying debate over President Biden's political future has pushed the topic of quitting into the center of the national dialogue. The debate, though, isn't a new one. In business, government, entertainment and more, many have wrestled with how to step aside, a career decision that is often agonizing.

Some, such as the comedian Jerry Seinfeld and the billionaire Jeff Bezos, left high-profile jobs or projects long before some thought necessary. A look at why they did so, and how others articulated decisions to enter a new phase of their careers, can offer insights for anyone approaching a difficult career juncture.

Jerry Seinfeld
When the comedian in 1997 decided to end his top-rated NBC sitcom after nine seasons, despite lucrative offers from the network to renew the popular show famously about nothing, he did so because he wanted to go out on a high note.

"I didn't want to be on a boat that was starting to struggle," Seinfeld told the author Tim Ferriss on a podcast in 2020. "I didn't want to have that experience. Even more

than that, I didn't want the audience to have that experience. I wanted to complete this gift to them in a way that they would always go, 'Oh, I was given a lovely thing one time in the '90s, and it was just lovely.'"

Seinfeld added: "I could also describe the TV series to you as a weather event that has an eye cycle that gathers and becomes cyclonic. But every storm blows itself out, and that storm was about to run out of energy. So was I."

Jeff Bezos
The Amazon.com founder started the company in a Washington state garage 30 years ago, and he stepped down as CEO in 2021, handing the reins to his closest lieutenant, Andy Jassy. Bezos became Amazon's executive chair. His reasoning in giving up the CEO role?

Time. Bezos wanted to be able to devote energy to his

other projects and investments, including the space company Blue Origin and the *Washington Post*.

"Being the CEO of Amazon is a deep responsibility, and it's consuming," Bezos wrote to employees in an email in 2021. "When you have a responsibility like that, it's hard to put attention on anything else."

In an interview last year on the "Lex Fridman Podcast," Bezos added that he wanted Blue Origin to move faster, something he couldn't fully focus on while running Amazon.

"If I'm a CEO of a publicly traded company, it's going to get my full attention," Bezos told Fridman.

Wayne Gretzky
The hockey legend Wayne Gretzky told the comedian Conan O'Brien that he felt it necessary to step off the ice when he realized



Amazon.com founder Jeff Bezos stepped down as CEO in 2021 to devote energy to his other projects and investments.

his opponents started taking it easy on him.

"I knew it was time to retire when I was playing my last year and people I was playing against, before they would hit me, they would scream my name and say, 'Hey, heads up,' or, 'Wayne, get out of the way,'" Gretzky said. "I remember thinking, 'Wow, something's not right about this.'"

Gretzky called stepping down a gut decision, and a difficult one.

"I wish I could play a lot longer. I wish it'd keep going. The reality is, I'm probably smarter than I was 20 years ago, but I know I'm not as good as I was 20 years ago, or even 10 years ago," he said in a broadcast interview following his final game in 1999. "It's just time... Physically, and mentally, I could feel in my heart it was getting to the point where I needed to make a change."

Indra Nooyi

Indra Nooyi spent 24 years at PepsiCo, including a dozen as CEO, until she stepped down in 2018.

During her tenure, she survived challenges from activist investors, and could have conceivably remained in the role for years to come.

Instead, she told *The Wall Street Journal* in 2018, she picked a different path. She had already long surpassed the average tenure of a big-company CEO, and started a discussion with PepsiCo's board about transitioning out of the top spot.

"You know what? It's time to make the change. Twelve years is a long time, and I'd like to do something different with my life, and let's talk about how to effect an orderly transition," she said.

In her memoir, published in 2021, Nooyi added: "I think CEOs

usually leave because they are tired, they want to do something else, or the board wants them out. I was starting to feel that exhaustion and was thinking about my future, but I also felt good about how the company was doing."

David Novak

For about 17 years, David Novak led Yum Brands, owner of the fast-food giants Taco Bell, Pizza Hut and KFC. In 2014, he announced that he would step aside as CEO, becoming executive chairman. He retired from that role about two years later.

During that period, Novak's late wife was dealing with health complications related to diabetes, and he wanted to care for her at home, he said in an interview. Novak often spent 80% of each year on the road, flying to restaurants in Thailand, Australia, China and Europe.

"I made the decision to step

down because I basically told everybody that I couldn't put the uniform on like I used to," he said.

Some board members suggested that he remain as CEO and deputize a strong No. 2 to do the traveling on his behalf. That didn't appeal to him, either.

"The job of a CEO means being out there. It means being visible. It means pressing the flesh," he said. "I didn't feel like I could do the job as I had been doing the job."

Novak felt he had developed a stable of other executives who could take on the top role, making the decision easier. Since retiring from Yum, he has focused his attention on helping others understand leadership through books such as "How Leaders Learn" and a podcast.

Barry Sanders

Barry Sanders, a Heisman Trophy winner, played for the Detroit Lions as a running back for 10 seasons. When he decided to retire in 1999 at age 31, his exit took many by surprise. He had four years left on his contract, and many still considered him in the prime of his career.

In a statement at the time, he articulated his thinking. "The reason I am retiring is simple: My desire to exit the game is greater than my desire to remain in it," Sanders said. "I have searched my heart through and through and feel comfortable with this decision."

Speaking to the *Journal* in 2023, Sanders added that he faxed in his resignation letter and left for London, not wanting to be around people second-guessing his decision.

Serena Williams

The tennis superstar Serena Williams announced her departure from the sport in a first-person essay in *Vogue* in 2022, saying she wanted to focus on her family and other interests, such as building her

investment firm.

"I'm here to tell you that I'm evolving away from tennis, toward other things that are important to me," she wrote in *Vogue*. "A few years ago I quietly started Serena Ventures, a venture-capital firm. Soon after that, I started a family. I want to grow that family."

She had been reluctant to admit that she needed to move on from tennis, calling it a "taboo topic" that triggered a lump in her throat.

"Believe me, I never wanted to have to choose between tennis and a family," Williams wrote. "But I'm turning 41 this month, and something's got to give."

Warren Buffett

One notable figure has asked others to speak up if they feel his capabilities are declining.

Warren Buffett, the 93-year-old chairman and chief executive of Berkshire Hathaway, has remained in his role for decades. The company has outlined its succession plans, with Greg Abel, who runs the company's noninsurance operations, to follow Buffett as chief executive.

When Buffett and his late business partner, Charlie Munger, were asked in a 2019 Yahoo Finance interview how they would make the choice to step aside if they might not have the mental acuity to make that decision, Munger had a quick answer.

"Well, I think you'll be surprised at how well both Warren and I are capable of stepping back when we feel that our powers are too far deteriorated," Munger said at the time. "Warren has told people to speak up when the time comes. If we've been rational all this way, do you think we're not going to try and be rational right to the bitter end?"

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PROJECT CELL

NIT No.: 02/Project Cell/ 2024-25 **NOTICE INVITING TENDERS (NIT)** Date: 19.07.2024

Indore Municipal Corporation invites online proposals for "Consultancy Services for Project Management (PMC) for the Development of Master Plan Roads under Special Assistance Scheme and other Major Roads in Indore." RFP documents can be downloaded and purchased from Gov. MP Online Tendering Portal <https://mptenders.gov.in>

S. No.	Online Tender No.	Name of Work	Completion Period Estimated Cost of Work	Cost of Tender Form (₹)	Earnest money deposit (₹)	Last date for Submission of Tender
1	2024_UAD_358336_1	Consultancy Services for Project Management (P M C) for the Development of Master Plan Roads under Special Assistance Scheme and other Major Roads in Indore (Package-1)	3 Years/ ₹ 100.00 CR	₹ 15,000/-	₹ 2,00,000/-	20.08.2024
2	2024_UAD_358337_1	Consultancy Services for Project Management (P M C) for the Development of Master Plan Roads under Special Assistance Scheme and other Major Roads in Indore (Package-2)	3 Years/ ₹ 100.00 CR	₹ 15,000/-	₹ 2,00,000/-	20.08.2024
3	2024_UAD_358339_1	Consultancy Services for Project Management (P M C) for the Development of Master Plan Roads under Special Assistance Scheme and other Major Roads in Indore (Package-3)	3 Years/ ₹ 100.00 CR	₹ 15,000/-	₹ 2,00,000/-	20.08.2024
4	2024_UAD_358340_1	Consultancy Services for Project Management (P M C) for the Development of Master Plan Roads under Special Assistance Scheme and other Major Roads in Indore (Package-4)	3 Years/ ₹ 100.00 CR	₹ 15,000/-	₹ 2,00,000/-	20.08.2024

Note: (1) One consultant shall be awarded One Package only.
(2) The Tenders shall be opened in chronological order of Package 1, 2, 3 & 4. Only one Package shall be awarded to a single bidder. If a bidder found Rank-1 in one bid, then its financial bid for next packages shall not be opened.
(3) Amendment to NIT, if any would be published on website only.
(4) GST will be paid extra as applicable as per govt. circulars to the contractor. All other taxes will be paid by the contractor only.

**Superintending Engineer
(Project Cell)
Indore Municipal Corporation, Indore**

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FIRST VOICE. LAST WORD.



Gucci's owner lost his patience. What came next was a grand reinvention.

French billionaire François-Henri Pinault is taking a hands-on approach as he scrambles to catch up to rival LVMH

Nick Kostov
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LONDON

Hours before a star-studded runway show at the Tate Modern museum in May, Gucci's billionaire owner, François-Henri Pinault, huddled with his newly installed leadership team at its London office to figure out where one of the world's most iconic brands was headed.

With his wife, actress Salma Hayek, preparing for the show at a nearby hotel, Pinault pushed his team to define where Gucci should position itself in the market: higher than it is but not too high. His executives presented plans to pare back the many iterations of the interlocking GG logo and better harmonize the brand's aesthetics. The idea was to make Gucci's famously wild fashions a bit more timeless, a bit less subject to the whims of aspirational shoppers chasing the latest trends.

Such meetings hadn't been a usual part of Pinault's playbook—but they are quickly becoming one. After years of ceding substantial power to brand chiefs, Pinault is asserting more control over the operations of the myriad fashion houses that make up his family's conglomerate, called Kering.

The shift is big and difficult. Pinault wants Kering's brands to be less reliant on buzzy trendsetters—who are influential but fickle—and favored by more enduring, aesthetically conservative big-spenders. The plan seeks to move the brands closer to luxury stalwarts like Hermès and Chanel, whose products don't tend to go out of fashion.

To do all this, Pinault has implemented the biggest shake-up of Kering in years, designed to better manage the execution of strategies at each of the brands, which include Saint Laurent and Balenciaga.

The conglomerate was founded by Pinault's father more than 60 years ago. Under both father and son, it has been distinguished by the considerable autonomy it grants its brands. Lately, though, that model has been less effective, as the company's revenue and share price have tumbled.

The younger Pinault, now 62 years old, is scrambling to turn things around.

Over the past year, Pinault has more deeply involved himself in what he calls elevation strategies for his brands, ensuring that every

action taken—including in real-estate strategy, marketing, and product development—will enhance the brand in the long term.

"For him, it's a personal challenge," said Serge Weinberg, a Kering board member who was previously the company's chief executive.

It's proving to be an uphill battle. Analysts expect sales at Gucci—the largest contributor to the group's revenue—to be down almost 20% for the first six months of the year when Kering reports earnings next week, hit particularly by a sharp decline in the Asia-Pacific region.

Aspirational shoppers, the less-wealthy buyers on whom Gucci heavily relies, are the first to close their wallets when the economy sours, as is happening today—especially in China, Gucci's largest market. At the same time, Gucci's new, more restrained aesthetic has drawn mixed reviews from critics and shown little sign of juicing its sales.

At the company's annual general meeting in Paris in the spring, Pinault faced tough questions from investors. Since March 2020, shares of LVMH have more than doubled while those of Hermès have more than tripled. The surge

briefly made LVMH CEO Bernard Arnault the world's richest person and the wealthiest in Europe. Meanwhile, Kering has lost about a quarter of its value.

"You're disappointed, you're frustrated," Pinault told investors at the meeting. "Me too. I'm the first, be sure of that." Pinault's family holds a 42% stake and 59% of the voting rights in Kering, accounting for most of the family fortune, estimated at more than \$25 billion.

Reflecting on the past five years, Mimma Viglezio, a former vice president at Gucci Group who now consults for fashion companies, said Pinault had appeared to be "totally reactive" to events, rather than putting in place a long-term vision.

"What I don't see behind this is a clear strategy," she said.

Pinault was born in the city of Rennes in western France, the second child from François Pinault's first marriage, to Louisette Gautier. Pinault's father was a high-school dropout who parlayed his family's small sawmill into Europe's biggest nonfood retail group—running department stores, an electronics chain and a mail-order business—before buying up several luxury brands.

Pinault's father has said that he



Analysts expect sales at Gucci to be down almost 20% for the first six months of the year when Kering reports earnings next week, hit particularly by a sharp decline in the Asia-Pacific region. REUTERS

knew from the time his three children were teenagers that François-Henri would be the one to take over the growing empire. At 17, Pinault moved to Paris.

After graduating from HEC Paris, one of France's top business schools, Pinault started at the bottom at the family business, working as a salesperson in wood and building-material depots. He soon found himself managing a factory in Brittany through a strike, during which a far-left union barricaded the young executive in his office.

"I took my first steps as a professional quite far away from the glossy magazines and the fashion world," he recently told a group of graduates at HEC. Pinault worked his way up to managing the conglomerate's wood and building-materials division, which he steered through a severe real-estate downturn in France.

When Pinault sought his father's advice, the response was curt: "Figure it out yourself."

In 2005, Pinault was appointed CEO of the conglomerate.

The younger Pinault wasn't content to simply manage what his father had built. He soon proposed to steer the group in a new direction: transforming the conglomerate into a luxury leader. At that time, the company's luxury brands made up just over 10% of the sales of the conglomerate then known as PPR.

Father and son are very different, people close to the family say. "The father had a hunter's instinct," said

Weinberg. In contrast, the younger Pinault is perceived as more cautious, in part because of his perspective on managing the business for his siblings and the next generation. Pinault recently welcomed his son, 26-year-old François Louis Nicolas Pinault, to the board of Christies, the auction house the family owns. The move possibly lays the groundwork for a third generation to run the company.

In Paris, Pinault regularly shares tête-à-tête dinners with his father, who is now 87 years old and dedicates much of his time to his contemporary art collection. Their conversations span various topics, including business. For significant business decisions, Pinault informs his father and gauges his reaction. Pinault especially values his father's intuition about people.

Pinault's longstanding strategy has been to put his trust in duos of designers and chief executives that he hires, handing them the keys to the label.

Starting in 2012, Pinault appointed creative directors with broad remit to oversee products, communication and image. Hedi Slimane took charge at Saint Laurent, Alessandro Michele at Gucci, and Demna Gvasalia at Balenciaga. His star-focused approach differs from rival LVMH, where Arnault doesn't center the entire creative vision of brands like Louis Vuitton on a single person.

In 2015, this approach began to pay dividends. At Gucci, Michele's

eclectic and vibrant designs, which blended colorful streetwear, historical influences, and bold animal prints, received critical acclaim and captivated consumers from New York to Beijing.

As sales soared, Pinault talked openly about Gucci catching the industry leader. "The potential of Gucci might be the same potential as Louis Vuitton, yes, over time," he told the Financial Times in 2018. "Why not?"

By 2019, the Italian brand's sales had more than tripled to almost 10 billion euros. But brand studies produced for Pinault were showing that several consumer segments were losing interest in Gucci as shoppers grew tired of Michele's instantly recognizable look and his use of pop-culture logos like Mickey Mouse. Most concerning of all to Pinault and his deputies was that Gucci was too reliant on so-called aspirational shoppers.

Pinault huddled in Milan with the brand's CEO, Marco Bizzarri, and Michele. They wanted Michele to tone down the collections, making them less seasonal and less flamboyant, focusing instead on creating pieces that wouldn't go out of style. He also wanted Gucci to make its products a little less available.

One of the main issues: Gucci had traditionally sent its unsold items—around 8% to 10% of production during those years—to discounted channels, including private sales and outlet stores that were mostly

in Asia. When the brand's overall production and sales soared, that percentage held steady, meaning the quantity of discounted products also rose. That caused the perceived exclusivity and luxury status of the brand to drop.

This led to Gucci entering the Covid boom in luxury goods in a slump. While other brands took off as consumers redirected their spending from holidays and dining out to handbags and other luxuries, Gucci's sales declined, particularly as Chinese consumers grew weary of its designs.

On top of that, Pinault was hit by a crisis at Balenciaga. The brand faced a tsunami of condemnation over two ad campaigns, with critics accusing the brand of promoting the sexualization of children. That led to protests at a number of its stores and hurt sales heading into the crucial holiday shopping season of 2022.

An internal review of the company's crisis management in the subsequent months concluded that some wrong decisions were made, in part because the decision-making process and the roles of those involved wasn't clear to everyone. Despite this, Pinault decided to keep Balenciaga's CEO and creative director in place.

"We are allowed a mistake at a group like Kering. We are not allowed to make the same mistake twice, but we are allowed a mistake," Pinault told reporters.

In the fall of 2022, Pinault ran out of patience at Gucci. He replaced Michele with Sabato De Sarno, a behind-the-scenes figure who spent years at Gucci competitor Valentino. Six months later, he replaced Bizzarri with Jean-François Palus, a longtime collaborator and friend he had first met in college. Pinault also changed a number of other top executives at Gucci, including naming a new chief brand officer, a new chief operating officer and a new communications director.

After almost a decade without a major acquisition, Pinault also returned to big-ticket dealmaking. Kering paid more than €3 billion to acquire high-end French fragrance label Creed in June 2023 and purchased a large stake in Italian label Valentino in July of that year. His family investment company also agreed to buy a majority stake in Hollywood talent agency Creative Artists Agency, helping the family to diversify beyond

Europe and its core investments in the luxury-goods industry. (Hayek is a CAA client.)

Last September was supposed to be Gucci's big comeback moment. De Sarno was showing his first collection as the new creative director during fashion week in Milan. Followers of fashion from Los Angeles to Shanghai were eager to see what he would do. The wild patterns and bright colors were gone. The new style was quiet and elegant.

As he took his seat in the front row alongside Julia Roberts and Ryan Gosling, Pinault asked for patience. "The climax doesn't happen right away," he told a group of reporters. "Sometimes it's the second or third show that is more important."

Today, Pinault is telling investors that he feels things are on the right track. De Sarno's new collection is gradually being rolled out.

At Pinault's urging, Gucci has also cut its distribution network to become more exclusive. In the most recent quarter, 90% of Gucci's sales came from its own retail network, and De Sarno's new collection has not been delivered to independent

retailers or e-commerce websites. The executive changes atop Gucci have continued, with a new deputy CEO joining in May from Louis Vuitton. A new chief commercial officer is set to join in August, and a new chief digital business officer will start in September.

Pinault has also beefed up his team at the parent company to help Gucci and the conglomerate's other brands move upmarket. Led by his deputy CEO in charge of brand development, Kering has made several significant decisions this year, including pulling all the brands from the e-commerce platform Farfetch, shutting off wholesalers who sold products outside the normal distribution channels, and closing a number of boutiques that were not considered to be in sufficiently exclusive locations.

On a recent Saturday, Pinault delivered the graduation address at his alma mater, HEC. He recounted how he had taken over the group from his father and turned it into one of the world's top luxury conglomerates.

"Never take anything for granted," Pinault told the graduates. "Success is short-lived. What is difficult is to last, what is difficult is to keep up with the times and always, always stay one step ahead."

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Bangladesh's Supreme Court scraps most job quotas that triggered deadly protests

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DHAKA

Bangladesh's Supreme Court on Sunday scrapped most of the quotas on government jobs that had sparked student-led protests in which at least 114 people have been killed in the South Asian country.

Dismissing a lower court order, the Supreme Court's Appellate Division directed that 93% of government jobs should be open to candidates on merit, without quotas, Bangladesh Attorney General AM Amin Uddin told Reuters.

He said the protesting students had said they were not involved in the violence and the government would find those responsible for it.

Prime Minister Sheikh Hasina's government had scrapped the quota system in 2018, but the lower court reinstated it last month, pegged total quotas at 56%, sparking the protests and an ensuing government crackdown.

Streets near the Supreme Court were quiet immediately after the decision and army teams were deployed throughout the capital Dhaka,



The Sheikh Hasina government had scrapped the quota system in 2018, but a lower court reinstated it last month. REUTERS

a Reuters witness said. A military tank was stationed outside the Supreme Court gate, television footage showed.

Local media had reported scattered clashes earlier in the day between protesters and security forces. The government had extended a curfew as authorities braced for the Supreme Court hearing on the job quotas. Soldiers were on patrol on the streets of capital Dhaka, the centre of the

demonstrations that spiralled into clashes.

The curfew ordered late on Friday had been extended to 3 p.m. (0900 GMT) on Sunday and was to resume for an "uncertain time" after a two-hour break for people to gather supplies, local media reported.

Reuters could not immediately determine what would happen to the curfew after the ruling.

Internet and text message services in Bangladesh have

been suspended since Thursday, cutting the nation off as police cracked down on protesters who defied a ban on public gatherings.

Nationwide unrest broke out following student anger against quotas for government jobs that included reserving 30% of positions for the families of those who fought for independence from Pakistan.

The Supreme Court directed the government to cut the job quotas for families of independence fighters to 5%, the attorney general said. The remaining 2% of jobs still subject to quotas are for people from so-called backward groups and the disabled, he added.

The demonstrations - the biggest since Hasina was re-elected for a fourth successive term this year - have also been fuelled by high unemployment among young people, who make up nearly a fifth of the population.

Universities and colleges have been closed since Wednesday.

The US State Department on Saturday raised its travel advisory for Bangladesh to level four, urging American citizens not to travel there.

Xi vows to rewire China's finances, help indebted local governments

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President Xi Jinping unveiled sweeping plans to bolster the finances of China's indebted local governments, as the ruling Communist Party unveiled its long-term blueprint for the world's second-largest economy.

China's top leader pledged to gradually allow regional authorities to receive more consumption tax and signalled more revenue would shift from the central to local coffers, in a near-22,220 character document published by the official Xinhua News Agency on Sunday.

The report comes days after Xi wrapped a twice-a-decade conclave in Beijing where some 400 senior officials endorsed his economic vision. The decision document signalled that while China's most-powerful leader since Mao Zedong is fine-tuning policies to manage risks, no major shifts are afoot in his overarching plan to bet on advanced manufacturing to propel his nation's \$17 trillion economy.

China's local government financing vehicles are battling a 66 trillion yuan (\$9.1 trillion) pile of debt, as Beijing reins in a



Chinese President Xi Jinping told senior party officials deepening reform was imperative as global conflicts were intensifying. AFP

sector that for decades relied on borrowing to boost growth. With revenue from land sales falling due to the property slump, local authorities need to find ways to make money. Their combined budget deficit last year was a record 15 trillion yuan (\$2.1 trillion), and it's only looking a little smaller so far this year.

Officials will "establish a central-local fiscal relationship that has clearly delineated power and responsibilities, is coordinated with

the fiscal resources, and is balanced regionally," according to the document. Beijing will also "increase local governments' autonomous fiscal resources

and expand tax sources for local governments."

On private enterprises, the decision pledged to break down market entry barriers by further opening up the infrastructure sector and allowing them to participate in more major national construction and technology projects. There was

also a vague vow to improve private firms' access to financing. The document provided little information on how to boost domestic demand, other than vowing to better use government investment to drive private investment. It also pledged to set up a "long-term mechanism" for expanding consumption, reduce restrictive measures for spending and reasonably increase public consumption.

In a separate explanation delivered to the plenum, Xi told senior party officials deepening reform was imperative as global conflicts were intensifying. China "faces escalating external suppression and containment," he added.

"Our development has entered a period where strategic opportunities coexist with risks and challenges, with increasing uncertainties and unpredictable factors. Various 'black swan' and 'gray rhinoceros' events may occur at any time," Xi said.

Xi also declared national security had been put in a "more prominent" position in the decision. The document itself said China will strive to "achieve positive interactions" between development and security.



NEWS NUMBERS

2 hrs

THE EXTENSION in working hours proposed by Karnataka IT cos, taking the total to 14 hours a day from 12 hours now. The unions have opposed the proposal

1.95 mn

THE NET addition in members of the EPFO in May 2024, up 19.62% compared to net addition in May 2023, and the highest since April 2018

₹100/kg

THE PRICE of tomatoes in the retail markets in Delhi on Saturday, as supply was impacted by rains. Tomato prices averaged at ₹73.76/kg nationally

250 mtpa

THE TOTAL cargo handling capacity JSW Infrastructure is targeting to have at ports by 2027, up from 170 million tonnes per annum at present, according to its CEO

3

THE NUMBER of ATP doubles titles Yuki Bhambri won in his career, including the latest at the Swiss Open ATP Tour tennis tournament with France's Albano Olivetti

HOWINDIALIVES.COM

In July, FPIs invest ₹30.7K cr in markets

Foreign investors injected ₹30,772 crore into Indian equities so far this month, driven by hopes of continued policy reforms, sustained economic growth and a better-than-expected earnings season.

Additionally, the anticipation of a reform-oriented budget has also lifted investor sentiment, Himanshu Srivastava, associate director—manager research at Morningstar Investment Research India, said.

Going forward, if the recent trend of weakness in dollar and bond yields persists, FPIs are likely to continue their buying in the market, V. K. Vijayakumar, chief investment strategist, Geojit Financial Services, said. Domestic and foreign investors are keenly watching for possible tweaks in the long-term capital gains tax in the Budget to be presented on 23 July, he added.

According to the data with the depositories, Foreign Portfolio Investors have made a net inflow of ₹30,772 crore in equities till 19 July. **PTI**



UK foreign secretary David Lammy is expected in India on Tuesday. **REUTERS**

India-UK FTA talks set to be revived

The renewed parameters of the India-UK free trade agreement negotiations are set to be defined this week as UK foreign secretary David Lammy is expected in India on Tuesday, the first high-profile visit under the newly elected Labour government in Britain.

The free trade agreement (FTA) talks began in January 2022, under the then Conservative government, with a target to significantly boost the £38.1 billion a year bilateral trading partnership but hit a block in the fourteenth round of negotiations to make way for general elections in both countries. A report in *The Daily Telegraph* on Sunday quotes a New Delhi official aware about the development to claim the Indian side would seek clarity on whether the Labour government intends to pick things up from where they were left off or start afresh in some way.

"India is keen to resume talks on a positive note, but the date needs clarity," the person told the newspaper. "Our stance on visas for professionals remains unchanged. We are expecting a positive outcome under the Labour government," the person added. **PTI**

NLC India arm to raise funds via IPO

Lignite-to-power producer NLC India Ltd (NLCIL) is planning to raise funds through an initial public offering (IPO) of its wholly owned subsidiary NLC India Renewables Ltd by the first quarter of the next fiscal, company's chairman and managing director (CMD) Prasanna Kumar Motupalli said. In an interview to *PTI* here, the CMD said the PSU is planning to ramp up its renewable energy capacity from the current 1.4 GW to 6 GW by 2030. The funds raised via the IPO will be used in its clean energy expansion plans, he said. The company also plans to arrange soft loans from foreign firms and banks for this purpose, the CMD explained.

"As on date... the existing assets of NLCIL are to be transferred to that company (NLC India Renewables Ltd). For transfer of that assets, some exemption is required from the Government of India. So that process is on." So, we are expecting to get that clearance from the government by around October. In the first quarter of the next financial year that listing will happen," he explained. **PTI**

Sitharman set to make history with 7th consecutive Budget

Finance minister Nirmala Sitharman is set to create history when she presents her seventh straight Budget on Tuesday for the fiscal year 2024-25, surpassing the record of former prime minister Morarji Desai. Sitharman, who will turn 65 next month, was in 2019 appointed as India's first full-time woman finance minister when Prime Minister Narendra Modi won a decisive second term. Since then, she has presented six straight budgets, including an interim one in February this year. The full Budget for FY25 (April 2024 to March 2025) will be her seventh straight. She will better Desai's record, who presented consecutive five full budgets and one interim budget between 1959 to 1964.

This year will witness two budgets—an interim one in February and a full one this month. This is because an incumbent government cannot present a full Budget just before general elections.

The presentation on 23 July will be the first Budget by the BJP-led NDA government since it was re-elected last month. **PTI**



Finance minister Nirmala Sitharman. **PTI**

MARINE BLAZE



Indian Coast Guard vessels carry out fire-fighting operations on the MV Maersk Frankfurt off the coast of Goa for a third consecutive day on Sunday. A senior coast guard official said the blaze, which broke out on Friday some 102 nautical miles off the Goan coast while the merchant navy ship was making its way from Mundra to Colombo, had been brought under control and that one crew member had died. **PTI**

Monsoon session: Govt to face barrage of questions on leaks

Opposition to take on the Centre about its NTA overhaul plans following paper leaks

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NEW DELHI

The new government could be under pressure on the first day of the monsoon session of the 18th Lok Sabha on Monday. One of the first questions listed by the Lok Sabha secretariat is about the rampant paper leaks and the revamping of the National Testing Agency (NTA), to which education minister Dharmendra Pradhan is expected to reply.

According to the Lok Sabha secretariat website, Congress MP Manickam Tagore and DMK leader Kalanidhi Veeraswamy have asked the government about its plans to overhaul the NTA following recent NEET-UG paper leaks that affected more than 2.4 million students.

They've also asked if multiple papers have leaked over the past seven years, affecting more

than 20 million students, what steps are being taken to protect students, and whether the government is considering scrapping the NEET exams, as requested by states such as Tamil Nadu.

Revolutionary Socialist Party MP NK Premachandran, representing Kollam, asked the education minister how many cases have been registered over the NEET-UG question paper leaks and what action the government has taken.

The government may face 250 questions on the first day of the session, ahead of the budget presentation on Tuesday. Of these, 20 are starred. A starred question is one to which an MP desires an oral answer in the House and for which supplementary questions can be asked.

The government will also have to answer ques-

tions about funds disbursed for centrally sponsored schemes, steps taken to reduce the number of pending cases under the Companies Act, scholarships launched to promote higher education for SC/ST students, and the impact of climate change on Majuli island. Question Hour starts at 12 pm in the Lok Sabha and 11 am in Rajya Sabha.

The government has listed six bills, including Finance Bill 2024, which is expected to propose various tax changes, for tabling in both houses of parliament

the houses of parliament during the monsoon session. These are the Finance Bill, the Disaster Management (Amendment) Bill, the Boilers Bill, the Bharatiya Vayu Vidheyak, the Coffee (Promotion and Development) Bill, and the Rubber (Promotion and Development) Bill.

Indo-Bangla trade comes to standstill



Trade via land ports came to a standstill due to the student protests in Bangladesh. **AP**

Trade between India and Bangladesh via land ports came to a standstill on Sunday as there was no movement of cargo trucks to and fro due to the ongoing student protests in the neighbouring country, officials said.

The Bangladeshi side of the Petrapole

landport remained non-functional, they said. Nearly one-third of land-based trade between India and Bangladesh takes place through Petrapole. "Trade from other land ports to Bangladesh, including Petrapole, Gojadanga, Fulbari, and Mahadipur, has also stalled as Bangladeshi Customs announced a two-day holiday from Sunday, following the government's declaration of a holiday except for essential services due to unrest," West Bengal exporters' coordination committee secretary Ujjal Saha said. The cargo trucks that crossed over to Bangladesh on Saturday from Mahadipur port in Malda had not returned, but are safe, he said.

"There has been no movement of trucks (import and export) at the Petrapole border since Sunday morning. Our land border remains open, but due to Benapole, trade has been impacted," the Manager of Land Port Authority of India (Petrapole), Kamlesh Saini, told *PTI*.



IOC will expand oil refining capacity and invest in petrochemical units. **MINT**

'IOC targets \$1 tn revenue by 2047'

The Indian Oil Corporation (IOC), the nation's largest oil firm, is targeting to become a \$1 trillion company by 2047, combining growth in traditional oil refining and fuel marketing with clean energy avenues like green hydrogen and EV charging, its chairman said. IOC posted a record net profit of ₹39,619 crore (\$4.7 billion) on a revenue of ₹8.66 trillion (\$104.6 billion) in the FY24 (April 2023 to March 2024).

The company will continue to invest in fossil fuels and new energy avenues to have a balanced portfolio that will help achieve net-zero carbon emissions by 2046, company chairman Shrikant Madhav Vaidya said in its latest annual report.

It will expand oil refining capacity, and invest in petrochemical units that will convert crude oil into value-added chemicals directly, while also increasing its focus on gas, biofuels and clean mobility.

"With India's economy on the rise, the energy needs of the country are growing exponentially. As 'The Energy of India', we have been stepping up the pace and expanding our capabilities. We aim to become the nation's lead energizer, fulfilling 12.5% (1/8th) of India's energy needs by 2050," he said. **PTI**

EESL to launch retail franchisee shops

State-owned Energy Efficiency Services Ltd (EESL) will soon introduce retail franchisee shops called 'Urja Dakshata Dukan' which will offer affordable energy-efficient products like LED lights, ACs and fans to consumers, a senior official said.

EESL, at present, distributes products through retail tie-ups with power distribution utilities to consumers. Buyers can also purchase the products online from its web portal EESLMART.in. The first batch of franchisee outlets is expected to open in Jharkhand, Maharashtra and Telangana, the official said. The invitation for pan India franchise tie-ups will be available on the EESL website from August.

The official informed that the EESL's exclusive retail outlets will showcase energy-efficient product lines for mass adoption via a franchise model at the pan-India level. **PTI**



BCCI secretary Jay Shah announced financial aid to Paris Olympics-bound Indian athletes. @JAYSHAH/X

BCCI to give ₹8.5 cr to IOA: Jay Shah

The Board of Control for Cricket in India (BCCI) on Sunday announced financial assistance to the Paris Olympics-bound Indian athletes, contributing ₹8.5 crore to the Indian Olympic Association (IOA) for their campaign. The Paris Games will begin from 26 July.

"I am proud to announce that the @BCCI will be supporting our incredible athletes representing #India at the 2024 Paris Olympics. We are providing ₹8.5 Crores to the Indian Olympic Association for the campaign," BCCI secretary Jay Shah wrote on his 'X' account.

"To our entire contingent, we wish you the very best. Make India proud! Jai Hind!"

As many as 117 athletes will represent India at the Paris Olympics. There will also be 140-strong support staff, making it a 257-member contingent. **PTI**

Vedanta bags two new mineral blocks

Vedanta Ltd on Sunday said that it has bagged two critical mineral blocks which were put on sale. The blocks are in Karnataka and Bihar, the company said in a filing to the BSE.

"The company has been declared as preferred bidder" for the Gollarahatti-Mallenaahalli Nickel Chromium and PGE Block and Genjana Nickel, Chromium and PGE Block," the filing said.

The mines ministry has put on sale the Gollarahatti-Mallenaahalli Nickel Chromium and PGE Block in Karnataka—at G4 level of exploration and Genjana Nickel—Chromium and PGE Block in Bihar, which is at G3 level of exploration. The exploration for any mineral deposit involves four stages—reconnaissance survey (G4), preliminary exploration (G3), general exploration (G2) and detailed exploration (G1). **PTI**

'Harnessing AI in public auditing'

Comptroller and Auditor General of India (CAG) Girish Chandra Murmu has said artificial intelligence (AI) has arrived and the Supreme Audit Institution (SAI) is taking advantage of new technologies in improving the quality of public expenditure.

"As it develops, we will develop ourselves accordingly. Whatever challenges are there we will try and overcome. We will follow global experiences and practices related to this and share our own to them," Murmu told *PTI*.

Recently, he said, "We have signed a Memorandum of Understanding (MoU) with the Indian Institute of Technology, Delhi for leveraging AI and other emerging technologies for the advancement of audit practices."

With the rapid advancement of AI, machine learning (ML), and data analytics, traditional methodologies are being redefined, offering unprecedented opportunities for innovation and efficiency, he said. **PTI**



INSIDE THE BUSINESS SHIFT AT L&T FINANCE

Despite being three decades old, L&T Finance is still playing catch-up. Can its new CEO help it zoom ahead?

Shayan Ghosh
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MUMBAI

Sudipta Roy keeps a lucky charm, an aircraft model, in his office near the Mumbai airport. A bit of a planespotter, Roy also has a small telescope in his office, which he uses to study and identify aircraft. He will be looking for inspiration from those planes as he seeks to lift and thrust L&T Finance into the big league, shrugging off the drag and gravitational pulls that have impeded the company's performance since it was founded in 1994.

Roy, a financial sector professional with over two decades of banking experience, has been brought in to change the way the non-banking subsidiary of Larsen & Toubro, the eponymous builder of roads and bridges, does business, and make it as nimble and efficient as a fintech.

Despite the parentage of the engineering giant, in many eyes, L&T Finance is yet to distinctly carve out a space of its own in the financing arena. Indeed, the parent, if anything, has been displeased by the middling performance of the lender over the years. In February 2022, at a press conference to announce that L&T Finance was exiting the wholesale loans business (funding infrastructure and real estate projects), then L&T chairman A.M. Naik had said, "Over a number of years, the only (L&T Group) company which has not performed and is publicly listed is L&T Finance...Our own board members are saying, to me at least, that greater L&T involvement is desirable so that we can drive the ideas and strategies that we want to implement in L&T Finance."

Naik was not exaggerating. Even after being in business for three decades, L&T Finance remains lower down the NBFC pecking order. Its total loan book, almost all (94%) of it retail (personal, home, two-wheeler loans, etc.), stood at ₹85,565 crore at the end of 2023-24. Mahindra Finance, which started three years before L&T Finance, in 1991, is well ahead with assets under management (AUM) of ₹1 trillion at the end of the last fiscal year. Bajaj Finance, which started out in 1987 as Bajaj Auto Finance Ltd, an NBFC focusing on two- and three-wheeler finance, has eclipsed them both with an AUM of ₹3.3 trillion as of 2023-24.

L&T Finance's price-to-book value (a measure that compares a company's market value to its book value), at 1.97, lags peers Shriram Finance (2.17) and Bajaj Finance (5.68), though it is higher than Mahindra Finance's 1.83, according to data from *Bloomberg*. In 2023-24, its return on assets—a key profitability metric—stood at 2.23%, again behind Bajaj Finance and Shriram Finance.

JUNKING WHOLESALE LOANS

A large part of L&T Finance's lacklustre performance is being blamed on its earlier focus on wholesale loans. Data from *Crisil* shows that these loans formed 62% of its portfolio as of 31 March 2016. According to equity analysts, that concentration was a result of the parent's presence in those segments and the focus of the group as a whole on infrastructure.

In August 2022, not long after the press conference mentioned earlier, Naik told shareholders at L&T's annual general meeting that steps were being taken to make the NBFC a healthier company. "We had very bad NPAs, particularly in the wholesale and realty businesses. We...are constantly looking for some of these sectors to sell, even if necessary at a loss, and concentrate more on retail," he said.

Clearly, the wholesale business was a bad memory that the group wanted to leave behind as quickly as possible.

In June last year, *The Economic Times* reported that L&T Finance had invited bids from asset reconstruction companies for non-performing wholesale loans to the tune of ₹3,022 crore, across 10 accounts, mostly in the real estate sector.

As of 31 March, its wholesale book had shrunk 72% to ₹5,528 crore, from ₹19,512 crore in the previous fiscal year. And as of the June quarter of 2024-25, it had been pared to 4.8% of the overall loan book. While it has had a modest retail book over the years, the company is now concentrating entirely on retail loans. A part of the shift toward retail happened under former chief executive officer (CEO) Dinanath Dubhashi, who retired in April, after spending 16 years at L&T Finance. The group is now banking on Roy, a former consumer banking and payments professional from ICICI Bank, to turn its fortunes around. He



Sudipta Roy, managing director and chief executive officer of L&T Finance. He joined the company as its chief operating officer in July 2023, and took over the CEO role earlier this year.

SAMEER JOSHI/MINT

joined L&T Finance as its chief operating officer in July 2023 and took over the CEO role in January.

FIVE-PILLAR STRATEGY

For the first six months, I focused on nothing but business," said Roy, an avid wildlife photographer whose corner office on the eighth floor is full of photographs of tigers shot on his camera. "Dinanath gave me a free hand. The objective was to streamline the business and focus on performance delivery both in terms of credit cost and topline," Roy told *Mint*.

As part of the effort to put the financier on a high-growth trajectory, the management has drawn up a five-pillar strategy, which was announced in October. The five pillars are: raising brand visibility, enhancing customer acquisition, sharpening credit underwriting; building a futuristic digital architecture and building capabilities.

Roy quickly realized that the company needed to improve its brand recall and visibility. "I had noticed something from outside and it was also part of my discussion with SNS (L&T chairman and managing director S.N. Subramanyam) when I was going through the process of coming on board," said Roy. "I realized that the L&T brand name is reasonably well known and well respected in urban India, but L&T Finance was thought to be predominantly rural."

The numbers, however, show that L&T Finance's rural leaning is a matter of perception. Rural and urban retail loans account for an equal share of the bank's total retail loan book of ₹80,000 crore today.

But Roy found that the brand recall and presence in urban areas was "literally next to nothing".

Brand association is a critical aspect for Roy. While Bajaj Finance is known for its consumer durable finance, Mahindra Finance is associated with financing tractors and Shriram Finance, with used vehicles. L&T Finance, on the other hand, is not associated with any specific aspect. According to Roy, the NBFC's three fulcrum businesses are microloans, tractor finance and two-wheeler finance. He therefore wants the company to be known as a diversified NBFC that "straddles both rural and urban businesses with equal ease".

USING AI AND ML

The new CEO is extremely excited about some of the technological changes at L&T Finance. There is Project Cyclops for instance, named after the one-eyed Greek mythological figure, which was announced in a statement last month. A credit risk assessment and automated decision-making digital credit engine, Project Cyclops uses Artificial Intelligence (AI) and Machine Learning (ML) to determine the repayment capability and credit quality of potential customers.

Project Cyclops is a "three-dimensional credit engine" developed internally by a team of 100 developers, said Roy. "Since it was done internally, the cost was about ₹5 crore," he told *Mint*.

How will it help? He explained that most of L&T Finance's revenue comes from high-velocity credit businesses where quick decisions need to be made. "For instance, if a customer comes to a two-wheeler dealership and a lender doesn't finalize whether it will finance within 30 minutes, he/she goes elsewhere," said Roy. The new credit engine is expected to enable quick and correct decisions on who the company is lending to, especially microfinance customers, and those who are 'new to credit' (first-time borrowers).

"Nothing escapes Cyclops," said Roy. "Our technology team has been working nonstop for the last 45 days to deliver it... We pushed it into beta mode (user testing to identify bugs) on 18 June and are currently using it in 25 two-wheeler dealerships. Over the next 45 days, we will scale it up to 100% of two-wheeler loans." After the two-wheeler business, Cyclops will be used in tractor financing, small business loans and finally for mortgages and personal loans. The financier expects Cyclops to improve underwriting standards in the sanctioning of loans.

DECENT START

Have the change in guard and the five-pillar strategy worked? While it is early to say so decisively, there has been a visible improvement in numbers. According to Roy, about a year ago, L&T Finance disbursed between ₹550-600 crore of two-wheeler loans every month; it now clocks ₹900-1,000 crore. Moreover, from 37% in the June quarter last year, the share of prime (better-rated) customers in two-wheeler loan disbursements had grown to 50% by the end of 2023-24.

"It has been going up for close to three quarters now and is serving us well... Our bounce rates (defaults in paying equated monthly instalments) are showing signs of improvement," said Roy.

mint SHORT STORY

WHAT

L&T Finance's lacklustre performance is being blamed on its earlier focus on wholesale loans, which accounted for 62% of its portfolio in FY16, with many turning into NPAs.

AND

The NBFC's total loan book stood at ₹85,565 crore at the end of FY24. In comparison, Bajaj Finance had assets under management of ₹3.3 trillion as of FY24.

NOW

In the last two years, L&T Finance has focused entirely on retail loans. Analysts are upbeat on the shift in light of the company's improving quarterly disbursement numbers.

In aggregate mortgages and loans against property, it used to do ₹550-600 crore every month; now it does close to ₹900 crore. In rural business finance, the needle has moved from ₹1,550-1,600 crore last year to ₹1,900-2,000 crore per month now.

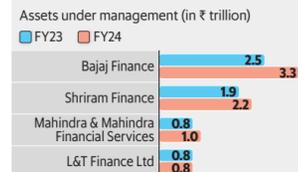
"We plan to grow our retail book to ₹2 trillion in another four years, by 2027-28," said Roy. Currently, Federal Bank and Yes Bank have loan books close to this size.

Analysts are upbeat on the company's push towards retail loans and the move away from wholesale credit. "There have been changes in organization structure, product mix and investments in technology at L&T Finance. We continue to remain bullish on the company and believe all these changes in the organization should eventually lead to balance sheet growth," said Kaitav Shah, lead BFSI analyst, Anand Rathi Institutional Equities.

Others had similar things to say. According to analysts at JM Financial Institutional Securities Ltd, a combination of factors would allow the lender to

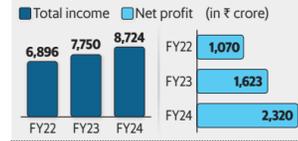
NEED FOR SPEED

In FY24, Mahindra Financial Services extended its lead over L&T Finance in AUM.



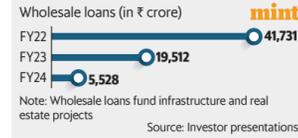
Steady flows

Most of L&T Finance's revenue is generated from 'high-velocity' credit businesses.



Health diet

L&T Finance's wholesale loan book shrunk 72% last year.



Note: Wholesale loans fund infrastructure and real estate projects. Source: Investor presentations SATISH KUMAR/MINT

report strong returns. These include its shift from wholesale to a high-return retail book; stable asset quality metrics from the thinning of its legacy wholesale book and continuous strengthening of underwriting metrics; and strategic investments in "futuristic technology".

TIGHTER REGULATION

While aiming for growth, the company also has to navigate a stricter regulatory environment. In September 2022, the RBI classified L&T Finance as an upper-layer NBFC. RBI regulations classify NBFCs into four layers—base, middle, upper, top—based on their size, activity and perceived risks. According to the central bank, once an NBFC is classified as being in the upper layer, "it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer".

The upper layer comprises prominent names such as Tata Sons, LIC Housing Finance and Shriram Finance. For some of the upper-layer NBFCs, the classification

came as a challenge since norms mandated them to go public within three years of being identified as one. A few, such as Piramal Capital and Housing Finance, and Aditya Birla Finance, have tried to sidestep it by announcing mergers with their listed parents.

L&T Finance faced a similar problem. While L&T Finance Holdings, the holding company, was listed, L&T Finance, which appeared on the RBI upper layer list, wasn't. Last December, the company went through an internal restructuring that avoided listing L&T Finance separately.

Under the merger agreement, L&T Finance, L&T Infra Credit and L&T Mutual Fund Trustee were merged into L&T Finance Holdings Ltd (LTFH) and the new entity has also been named L&T Finance.

Roy believes there has been a harmonization of regulations between banks and upper-layer NBFCs. "We do not consider ourselves different from banks. And that is the message that I have given to the team: consider that you are a bank; consider that the same regulatory standards apply to you and consider yourselves to hold the standard that a bank is expected to hold."

Interestingly, at one time L&T Finance had ambitions of becoming a bank but decided against it after the RBI made it clear that it would not be giving licences to conglomerates.

On another front, the financier will face a challenging environment as the NBFC sector is staring at a slowdown in growth today. Some of this is the result of the RBI raising the level of capital that banks need to set aside for retail loans and loans to NBFCs, raising risk weights by 25 percentage points to 125%, in an effort to curb their growth and lower the systemic risk. According to estimates by rating agency Icr, 2024-25 growth in AUM is likely to moderate to 17-19% in the base case and 14-16% in the stress cases.

"The unsecured consumer loans segment would be the most impacted and may face a sharp reduction in the growth rates in FY25 after many years of sustained robust growth," Icr stated in April. "On the other hand, LAP/SME & MFI (loan against property/small and medium business and microfinance) loans, which also drove growth in the last two years, would continue to maintain healthy growth," it added.

That said, Roy is optimistic about delivering the goods. "As a nonbanking financial services company, we are far more agile (than a bank). We are far more nimble and are able to do things much faster." He has made a steady start, but it will take much more to catapult L&T Finance into the top league.

Gift of financial planning: A media veteran's journey to retirement

After achieving major life goals and building a nest egg, Singh seeks a retirement home away from city's hustle

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After nearly three decades in the media, advertising and marketing industry, Dalveer Singh, 55, is preparing for a quiet retirement away from Mumbai's hustle and bustle. The industry veteran, who held various leadership positions in his career, envisions securing a stable financial future during his sunset years in a peaceful setting. Though the location is yet to be decided, his priorities are clear—place with clean air, a vibrant social community and good connectivity. He views retirement as a time to give back to society.

Initially, Singh's portfolio was split between realty and equities, including employee stock options (ESOPs), with minimal debt investments apart from his Employees' Provident Fund (EPF). Realising his investment portfolio needed rejig to align with future goals, like his sons' education, Singh approached Mumbai-based Ladder7 Wealth Managers in July 2016.

Withdrawal strategy
Before embarking on his financial planning journey, Singh's portfolio consisted of 25% in real estate, 49% in equities, 18% ESOPs, and just 8% in debt, solely through EPF. His advisers recommended a balanced approach. "Dalveer had a sizeable portfolio with good earnings. His main priority was ensuring his children's overseas education costs were covered. We also identified that he needed to align his investments with his goals and objectives and be more disciplined about investments and budgeting," Suresh Sadagopan, founder, Ladder7, said.

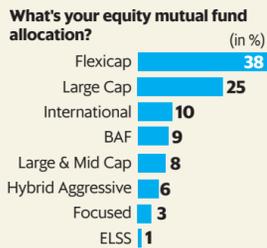
To ensure a stable foundation for his financial future, fresh money was added to the debt portfolio, which has been further sub-divided into different buckets. Over the years, Singh has gradually shifted his investments, increasing his debt exposure to 40%, with reduced exposure to real estate at 14% and equities at 46%. In addition to realigning his investments, he also created a regular income stream for household expense. He allocated 15% of his debt investments to bonds, corporate fixed deposits, and non-convertible debentures, generating consistent payouts from interest. These funds were from his Esop proceeds.

Singh's portfolio delivered annualised returns of 10.7% over the past five years. His equity investments continue to compound, while the debt portion supports his near- to medium-term financial goals. He is yet to withdraw funds from EPF. The additional regular income plan will get implemented via systematic withdrawal plans via debt MFs. "Equity investments can be allowed to compound further, as the debt investments are sufficient to cover near- to medium-term goals EPF corpus can remain

Blueprint for a peaceful haven

In July 2016, Singh approached financial advisers to align his investments with his future goals.

DALVEER SINGH, 55, former media, advertising and marketing executive. Retired in 2023.
Wife: Aarti Singh, 52, freelance teacher, artist, naturalist.
Sons: Aryan, 24, completed undergrad from Stanford University, US.
Dhruv, 21, pursuing undergrad from University of British Columbia, Canada.
Registered Investment Advisor: Ladder7 Wealth Planners



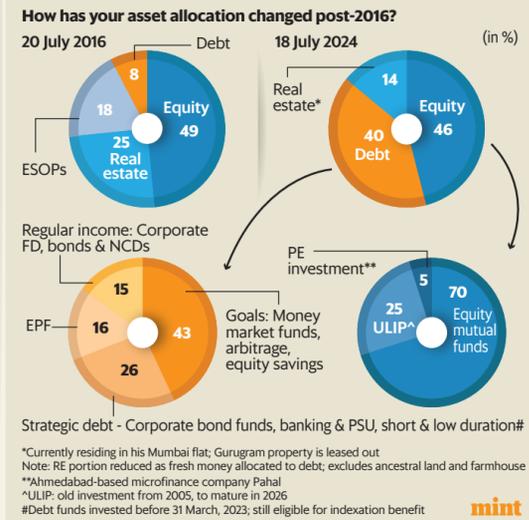
What's your portfolio returns over last 5 years?
It is 10.7% annualized.

What are your pending goals?
Have provided for children's ongoing overseas education. Funds ready for their wedding expenses.
Have to finalise our retirement home.

What are your plans after retirement?
Planning to give back to society.

Where do you plan to settle?
Not sure yet. We are still at an exploratory stage, but both me and my wife, would prefer a retirement home with clean air, supportive social setup and good connectivity, closer to my hometown in North India.

What is your withdrawal strategy?
Avoid EPF withdrawal for now. Let it earn more interest.
Debt corpus will fund ongoing income needs; funded via Esop proceeds.
Let equity investments compound over time.



Do you have life insurance?
Have sufficient assets; achieved most goals, so it's not required.

Do you have medical cover?
Family floater with ₹50 lakh coverage.

invested and continue to earn interest," said Amol Erkar, senior financial planner, Ladder7 Wealth Planners.

Overseas education
With 43% of his debt portfolio earmarked for his sons' overseas education and wedding, Singh is confident about their future. Around 26% is in strategic debt, including investments in debt funds before March 31, 2023, which are eligible for indexation benefits. His older son, 24, has completed undergraduate studies from Stanford

University and will pursue postgraduate education. His younger son, 21, is pursuing undergrad from University of British Columbia, Canada, and preparing for postgraduate studies.

PMS to mutual funds
Though Singh had a few MFs during 2008-2015, equity investments were largely in portfolio management services (PMS). The PMS had a seven-year lock-in period. After this, according to Singh, he only achieved single-digit annualised return, which

was "disappointing", but admitted that it could also be attributed to the market downturn starting with the 2008 financial crisis.

After meeting his financial planner in 2016, Singh gradually transitioned from PMS to MFs, finding them less restrictive. His equity allocation now predominantly comprises MFs—70% of equity portfolio—offering better return and flexibility. Singh has an old investment in a unit-linked insurance plan, which he doesn't want to

exit as the maturity is two years away.

Retirement home
Singh wants to settle somewhere away from the fast-paced city life, and is still weighing in his options, looking for an ideal place that would meet his expectations with a cleaner environment, supportive social setup and good connectivity. He is considering funding his retreat either by selling his realty assets or from his savings. "We will see how we can fund it once the place is finalised." Since he hails from Haryana, where he has ancestral land, besides a farmhouse in Delhi, north India is a strong contender.

Life after retirement
Singh doesn't view retirement as an end but a new beginning to pursue his interests and hobbies, and at the same time, aims to give back to society, seeing this phase as an opportunity for personal and social contributions.

"I wanted to retire at 50, so I am already five years late. Now, that I have enough corpus to maintain my current lifestyle, and enough fuel in the tank to plan the journey over the next 25 years, I felt it was the right time to get liberated from the corporate world. My life theory is that the first 25 years are to learn, next 25 years are to earn and the next 25 years are to return (to society)," he said.

Insurance
Having accumulated adequate assets and met his responsibilities, including providing for his children, Singh feels no need for additional life insurance. His health insurance is covered by a family floater plan with a ₹50 lakh cover.

Takeaways
While Singh had the resources, he acknowledges the importance of financial planning in ensuring family goals were met and his investment portfolio optimised to make sure his retirement started on a solid financial footing. "I was blessed with a decent earnings trajectory, leadership positions for most part of my career, which put me in a good spot to meet my financial goals," he said.

To avoid additional liabilities, he used his savings from bonuses and earnings for real estate investments instead of availing a home loan. Similarly, he was able to fund his children's overseas education through his savings, with the help of his financial planner. With a well-managed investment portfolio and financial planning, Singh is looking forward to his golden years to enjoy the fruits of his labour and embracing new opportunities for personal growth and community involvement.



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

₹7 LAKH TAX REBATE BENEFIT DISRUPTED BY ITR SITE GLITCH



Union finance minister Nirmala Sitharaman gave a reason to smile in her presentation of the Union budget 2023 when she announced that those with income up to ₹5 lakh don't have to pay income tax in both old and new tax regimes. She proposed increasing the rebate limit in the new tax regime, under which people with income up to ₹7 lakh will not have to pay tax.

The updates to Section 87A of the Income Tax Act aimed to make taxpayers with a taxable income of up to ₹7 lakh eligible for a rebate equivalent to their tax liability, capped at ₹25,000. As per the existing provisions of the I-T Act, a rebate under section 87A is available in respect of all taxpayers' incomes taxable at normal slab rates or at special rates, except the income in the nature of long-term capital gains (LTCG) on equity instruments, which is taxable at a special rate of 10%.

To understand rebate benefit under section 87A, let's consider an example. During 2023-24, if a person earns a monthly salary of ₹40,000 along with a short-term capital gain (STCG) income of ₹1.20 lakh and LTCG income of ₹1 lakh from the sale of equity shares, their total taxable income would be ₹7 lakh. They would receive a rebate of ₹9,000 on the total salary income and a rebate of ₹16,000 on their STCG income under section 87A of the I-T Act. However, they would have to pay a tax of ₹10,000 on their LTCG income, even if their total income is ₹7 lakh only.

After 5 July, ITR portal started calculating rebates under section 87A incorrectly

Issues with utility: After 5 July, the return filing utility in the Income Tax department's e-filing portal started calculating rebates under section 87A incorrectly. This was due to an incorrect interpretation of the law. The new utility excludes all incomes taxable at special rates, including STCG income on equity instruments taxable at a special rate of 15%, while determining the threshold income limit of ₹7 lakh for calculating rebate under section 87A in the new regime. As a result, the faulty return filing utility was not allowing the otherwise lawful rebate of ₹16,000 on the STCG income from equity shares. This was a consequence of incorrect interpretation that all special rate taxable incomes should be excluded for calculating rebate under section 87A and not just the LTCG income on equity shares.

Moreover, the utility was calculating rebates under section 87A in some cases, even if the total income exceeded ₹7 lakh. For example, if a person had a salary income of ₹6.50 lakh and STCG income taxable at 15% of ₹2 lakh, making their total income ₹8.50 lakh, the utility was still allowing a rebate of ₹20,000 under section 87A of the I-T Act.

This was based on the wrong interpretation that salary income of ₹6.50 lakh is within the threshold limit of ₹7 lakh and is eligible for rebate under section 87A, even if the total income of ₹8.50 lakh inclusive of STCG income exceeded the prescribed threshold income limit of ₹7 lakh. This issue needs immediate attention from minister Sitharaman, the ministry of finance, the Central Board of Direct Taxes (CBDT), Income Tax department, and the Infosys team. The issues need to be fixed on an urgent basis especially with the statutory deadline of return filing approaching on 31 July for non-auditable cases.

Mayank Mohanka is the founder of TaxAaram India and a partner at S.M. Mohanka & Associates.

Best home loan rates

A home loan is probably the biggest loan that one takes. Not only in terms of the loan amount, but also tenure, which can be 15 years or more. The total final amount that one pays can be double of what was borrowed. But a home loan is among the cheapest loans available, and usually it is the only way a person can buy a house. A home loan is called a "good" loan because it helps you acquire a tangible asset that can appreciate over the long term. It makes sense to buy a house if you plan to live in it. Given the fact that the construction of several housing projects in India continues to be delayed or stalled by many years, financial advisers say that one should buy a ready-to-move-in house. Here's a look at the lowest home loan interest rates of some leading banks.

Loan amount = ₹30 lakh. Tenure = 20 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
City Union Bank	8.25	25,562-29,951	0.20%-0.35% + GST
Bank of Maharashtra	8.35	26,283-30,762	0.25% (Max. ₹25,000)
Central Bank of India	8.35	26,283-27,964	Waived up to 31 December 2024
UCO Bank	8.35	26,283-28,951	0.5% (Min. ₹1,500 and Max. ₹15,000)
Union Bank of India	8.35	26,283-30,457	0.50% (Max. ₹15,000) + GST
South Indian Bank	8.35	26,283-32,407	₹ (Min. ₹10,000) + GST
Bank of Baroda	8.40	25,845-30,153	Nil; Subject out of pocket expenses of up to ₹10,000 + GST
Bank of India	8.40	25,845-30,660	0.25% (Min. ₹1,500 and Max. ₹20,000) for Individuals*
Canara Bank	8.40	25,845-31,478	0.50% (Min. ₹1,500 and Max. ₹10,000) + GST;**
Indian Bank	8.40	25,845-29,650	Up to 0.25%
Indian Overseas Bank	8.40	25,845-30,153	Up to 0.50% (Max. ₹25,000) + GST
Punjab National Bank	8.40	25,845-29,150	0.35% (Min. ₹2,500 and Max. ₹15,000)
Nainital Bank Ltd.	8.40	25,845-30,966	Not updated
IDBI Bank Limited	8.45	25,940-33,557	₹5,000 to ₹15,000; Nil for Inward Balance Transfer and PMAY Cases
State Bank of India	8.50	26,035-28,258	0.35% (Min. ₹2,000 and Max. ₹10,000) + GST

Data taken from banks' websites as on 17 July 2024. EMI range is indicative and calculated on the basis of interest rate range; it may include other charges and fees. Actual applicable interest rate may vary based on the credit profile of the loan applicant.
*0.50% (Min. ₹3,000 and Max. ₹40,000) for other than individuals
**50% waiver from 01 July 2024 to 31 July 2024 under Retail Loan Festival

PRANAY BHARDWAJ/MINT

Source: MyMoneyMantra.com

Taxation on crowdfunding for cancer care

Mahesh Nayak

My relative was diagnosed with a rare form of cancer requiring treatment of several lakhs. To support him, a few of us, extended family members, plan to create a corpus of about ₹20 lakh to ensure a regular income stream for his immediate family's basic expenses. In this backdrop, could you please advise on the following:

1. Will the corpus we create be taxable? Who will be taxed, if it is taxed at all?
2. The relative is the sole breadwinner in his family and operated an autorickshaw for his livelihood. So, we have also been exploring crowdfunding to meet his cancer care expenses. What will be the financial or tax implications?
3. Is there any other tax-free means for him to raise the funds to meet his hospital expenses?

—Name withheld on request

The taxability needs for this will have to be examined at two stages—one at the pooling stage, and two, at the time of receipt by the patient.

Under section 56(2)(x), a receipt by a person without



ASK MINT
TAXATION

consideration in excess of ₹50,000 is taxable as income from other sources.

If the money is not received by the patient, but his medical bills are directly borne by the group of relatives, then the amount spent on his medical treatment would not be taxable in his hands.

Relatives pooling together funds for a common purpose of spending for medical relief of a relative can also claim exemption for the pooled funds that is kept in a common account on the grounds of mutuality.

Practical difficulties may, however, arise as to who would be regarded as the owner of

the bank account created for the purpose for tax purposes.

The group of relatives may be regarded as a body of individuals, and may need to obtain a separate Permanent Account Number (PAN). The investment income would be taxable in the hands of such body of individuals.

Crowdfunding is raising of funds from a large number of donors or investors where each donor or investor contributes a small amount.

Any amount received from crowdfunding may be sought to be taxed by the tax authorities in the hands of the person receiving it as income from other sources.

Furthermore, if the funds are received by a common group of people then the funds

received may be taxed in the hands of a Body of Individuals.

While it is possible to argue that the money received is not without consideration, since it is received with an obligation to spend it for the purpose for which it was received, that is for treatment, the issue being highly debatable, may be subject to litigation.

In case of crowdfunding for medical expenses, such as this case, one can consider undertaking the crowdfunding through a charitable trust, which is registered for exemption with the income tax department.

In such a case, the funds received by the trust would be exempt and the disbursement of such funds to your relative, being applied by the trust for its charitable purposes would also be exempt in the hands of your relative. However, one would need to ensure that the trust for such crowdfunding has such medical treatment as one of its objects.

Mahesh Nayak is director at CNK & Associates LLP

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

OUR VIEW



Sitharaman's challenge is steeper than it looks

The Union budget to be presented by the FM on Tuesday must combine fiscal prudence with meeting people's aspirations, especially for well-paying jobs—and that's a tough nut to crack

Drilled down to its basics, a budget, whether of the government or a household, is essentially the same. It must balance expenditure on one hand with receipts or income on the other. But there is one key difference. Governments have an inalienable right to print money. So while anyone may borrow to spend in excess of one's financial inflows, in theory, there is no limit to how much governments can borrow, as they can always create money to repay. If this is overdone, of course, it has harsh consequences: currency debasement caused by inflation being one, mounting public debt being another. This places a huge onus on elected governments, especially in poor democracies like ours. We have limited resources, but the demands on them are virtually unlimited.

Populist pressures, combined with the ever-rising need to spend on sectors that cannot be left to private investment, such as defence and other strategic fields, infrastructure, basic education, primary health and so on, mean finance ministers have a tough job making financial allocations. Finance minister Nirmala Sitharaman too must address the clamour for more funds with the limited means at her disposal. As is to be expected in a developing country, tax revenues and other non-loan receipts are woefully short of demands on the exchequer, leaving the FM with no option but to borrow. The key question is how much. Critically, how much more debt can be taken on without putting the economy's long-term fiscal health at jeopardy? Or, what is the sustainable fiscal deficit (the gap between the Centre's inflows and outflows)? Thankfully, we have a road-map. Given the danger of governments running out-

of the 11 new equity MFs launched in June belong to the sectoral/thematic category. These schemes raised a total of ₹12,974 crore. Now, some of the sectoral funds being launched are going to invest in sectors that are already at very high valuations. As for thematic funds, in themes like consumption, business cycle, special opportunities or innovation, a fund manager can practically invest in any stock and justify it with some fancy English. This essentially allows AMC to launch schemes that are similar to schemes already in existence, but new in name. The story, as was the case in 2008, helps them raise more money at a time when stock valuations are really stretched. But then, the more money that is invested in their schemes, the more money AMCs make.

What AMCs seem to have forgotten or are probably ignoring is what happened after 8 January 2008. In 2007-08, AMCs had raised ₹43,028 crore through 55 schemes. From April 2008 to May 2017, AMCs launched 264 equity MF schemes that managed to raise a total of ₹42,540 crore. In June 2017, four new equity MF schemes were launched and these collected ₹1,957 crore. It was at this point that the money collected through new schemes post 2007-08 crossed the money collected just during 2007-08—a period of more than nine years.

This happened because AMCs had chosen to launch new equity schemes at a time when stock valuations were very high. Retail investors who had rushed to invest in equity MFs either lost money or earned very low returns once the stock market crashed after January 2008. Something similar may be happening right now, with money being raised when valuations are at extremely high levels. But then, no Cinderella has ever been worried before the clock strikes 12. The going is good so long as the going is good and those in the business of managing other people's money currently live in a world that did not exist before 2020.

ized fiscal deficits, Parliament placed fetters on government spending by means of the Fiscal Responsibility and Budget Management Act (FRBM) of 2003. This law originally mandated the Centre to limit its fiscal deficit to 3% by 31 March 2008. Subsequent events, notably the global financial crisis of 2008-09, saw the target being repeatedly breached, which led to the setting up of an FRBM Review Committee in 2016. This panel called for a new goal of 2.5% to be achieved by 2022-23. Unfortunately, covid intervened just when we seemed to be making some progress towards it, resulting in fiscal expansion once again. Since then, New Delhi has made concerted efforts to return to the path of fiscal rectitude. Under Sitharaman's watch, barring the covid years of high expenditure, the deficit has steadily declined.

Now, with just a day to go before Sitharaman presents India's final budget for 2024-25, her sixth, the question is whether the BJP-led government will eschew populist policies and stick to the fiscal straight and narrow. Or will 'coalition compulsions' dictate the contours of the budget? On all indications, the FM intends to adhere to a fiscal glide path that aims for a deficit of 4.5% of GDP by 2025-26. But the budget is not only about balancing books. It is also about meeting the aspirations of people. It may be nigh impossible to "wipe every tear from every eye," which India's first prime minister Jawaharlal Nehru cited as Mahatma Gandhi's ambition in his famous 1947 speech to mark our freedom. However, given that economic stress and job disappointment may have played a role in recent poll results—and the prognosis that our dream of a 'developed' destiny by 2047 depends on every strata of society doing better—we can expect the FM to take on the challenge.

MANU JOSEPH



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

Every four years, the world organizes a great festival that leaves India slighted. And so it would be at the Paris Olympics. No other nation would suffer as we will. The Winter Olympics is not so embarrassing because India is perceived as a tropical country. But at the summer edition, India will be exposed. We may win some medals, but they would be very few, and most of our embarrassments come when our achievements are measured against a population of over a billion. But India's sporting mediocrity should not be what shames us. It's something else.

In any case, Indians have devised a way to handle shame—it's a relatively new form of expressing shame, which does not look like shame at all. It is a hysterical sense of pride at any Indian triumph. And so it will probably happen again as some Indians win some medals and the nation goes berserk.

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at what the country's contribution is to the success of an Indian athlete, it would be even more embarrassing than our medal tally.

India used to treat its finest athletes very poorly. In fact, during state-level tournaments, they used to be put up in parked railway coaches. Now there is some improvement in the training conditions of national-level athletes, but if you look at the lowest rungs of Indian sports, from where future athletes emerge, the conditions are horrible.

You ask any parent of any social class whose child has some kind of sporting talent in any of the Olympic disciplines, you will hear stories of how poorly competitions are organized, how filthy and unsafe the facilities are. Children are made to wait for hours in the sun as officials arrive late. A few weeks ago, there were state-level under-15 swimming events in Gurgaon—in outdoor pools while temperatures soared to 45° Celsius. It takes only some humaneness and not even organizational competence to host such events in cooler months or build indoor pools. India is not so poor anymore, but it treats its citizens as though they are poor. It's extraordinary that not many children die during such sporting events.

That is why I say that the very existence of Indian athletes of global calibre is not

because of India, but in spite of India. The shirts of Indian athletes should not say 'India' but 'Despite India.' And the most thrilling aspect of Indian athletes who triumph at the Olympics is that they are so exceptional that despite everything India threw at them, they reached so far.

Members of the middle class usually opt out of this sporting torment and instead become consumers of national pride through the efforts of poorer people. Like they employ drivers and gardeners, they also employ the poor to overcome the realities of India and somehow triumph against other nations.

The Olympics is filled with farce. For instance, the amusing anthems of nations, which are usually mediocre hyperbolic songs written by poets close to the establishment that claim exactly what those nations are not. But the games do reveal a great truth—how undeserving India is of sporting glory. Even so, the lack of sporting prowess is not our real shame.

The pride of most nations at the Olympics is misplaced. By one measure, the US and a few other Western countries have a hand in most of the medals won by other nations, including China. Because in most disciplines, serious athletes have a shot at excellence only if they are trained by 'foreign' coaches, which usually means Western coaches, using Western systems. So the Olympics are in reality a triumph of the West and how the world has surrendered to a way of life where the West holds all the cards. The West partly finances its sporting excellence through its economic might, by becoming a beacon for legal and illegal migrants. How then can the Olympics medal tally be a measure of national pride?

What should credibly and convincingly shame India is that India is still not advanced enough to host the games. Now that is very relevant to our lives because hosting the Olympics is also a measure of how liveable the host city is.

The International Olympic Council has

specific requirements—the host city should have about 40,000 hotel rooms of varying degrees of high quality, and high-quality roads and public transportation, and international-grade sporting venues. No Indian city qualifies, even though India has been making noises about bidding to host the Olympics. The only city that could come close is Delhi and even that seems like an outside chance.

The biggest sporting spectacle we hosted was the Commonwealth Games in Delhi in 2010. Indian sports officials were accused of embezzling crores, the venues were not ready until very late, the chief executive of the games federation, Mike Hooper, said that the Games Village was filthy and unfit for humans. An Indian games official defended the country by saying that Indians and the West had different hygiene standards. Also, the ceiling of a stadium collapsed. India spent billions of dollars to buy prestige but ended up exposing its true nature to the world.

The fact is that no part of India qualifies to make a serious bid for the Olympics. It should be a reminder that we live in conditions that are among the worst in the world. The way India treats us, it is as though we are all athletes.

MY VIEW | ON THE OTHER HAND

Mutual fund launches: Let's not be condemned to repeat history

Today's MF scenario resembles an earlier boom that left investors with either losses or low returns



VIVEK KAUL is the author of 'Bad Money'.

I started my first job in journalism on 1 October 2005. My beat was personal finance. This was a time when new equity mutual fund (MF) schemes were being launched left, right and centre. Within six months, 24 new equity schemes that raised ₹22,511 crore were launched. This might not sound like a very large amount now, but it was then.

First, the Indian stock market was finally coming out of the shadow of three major scams—the Harshad Mehta scandal of the early 1990s, the Ketan Parekh scam of the late 1990s and a third scandal that almost everyone seems to have forgotten about now. This was the vanishing-companies scam of the mid 1990s (probably the biggest of the lot), which was about promoters launching initial public offerings, collecting money and then disappearing. Investors were gradually recovering from these three shocks.

Second, that was a time when equity MFs on the whole were very small. Their assets under management, as of 30 September 2005, stood at ₹59,819 crore. Over the next six months, new schemes raised ₹22,511 crore.

Third, back then, the kind of commissions that insurance companies paid their agents was incredibly higher than what MFs paid theirs. So, the incentive to sell MFs was low.

Fourth, it would take the Association for Mutual Funds in India, the MF

lobby, many years to launch its "Mutual fund sahi hai" campaign, making MFs a mass-market financial product.

The launch of new equity schemes peaked in 2007-08, when a total of 55 schemes were launched, collecting ₹43,028 crore. In fact, most of the schemes being launched were essentially similar to what asset management companies (AMCs) running MFs already had. So, why launch new ones? Ultimately, the more money an AMC manages, the more money it earns. And it so turns out that it's easier to raise money through new MF launches at a point when the stock market is going from strength to strength, as it was in 2007-08. The BSE Sensex rose by 60% from the end of March 2007 to its then all-time high of 20,873 reached on 8 January 2008.

When markets are doing well, AMCs can tell a bright story to sell a new scheme. The story being told and sold was of India's growth—that India would be the next China and stock prices will continue to go through the roof, which was why you should buy this newly launched scheme. The irony was that the India growth story wouldn't just benefit new schemes, it would also benefit the schemes already in existence. Of course, fund managers did not get into such inconvenient details.

So, why is it important to recount all this history right now? In June 2024, AMCs launched 11 new schemes, raising ₹14,370 crore. In fact, it's not as easy to launch a new equity MF now as it was in the 2000s.

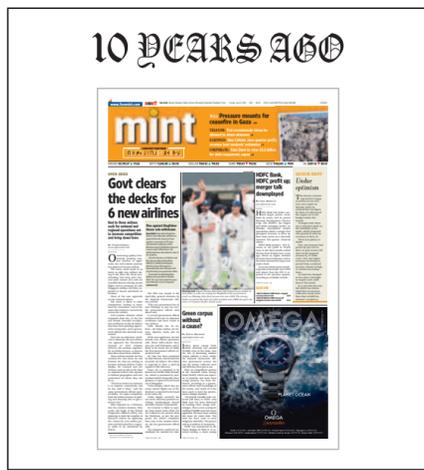
In October 2017, the Securities and Exchange Board of India (Sebi) categorized equity MFs into 10 different kinds, like large cap funds, mid cap funds, value funds, sectoral/thematic funds and so on. It said that "only one scheme per category would be permitted" except in case of index funds on different indices and sectoral/thematic funds, which invest in a particular sector or theme.

This is where the loophole lies. Nine

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JUST A THOUGHT

Holding an Olympic Games means evoking history.

PIERRE DE COUBERTIN

MY VIEW | MODERN TIMES

India's Olympic Games shame is not about sports at all

MANU JOSEPH



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

Every four years, the world organizes a great festival that leaves India slighted. And so it would be at the Paris Olympics. No other nation would suffer as we will. The Winter Olympics is not so embarrassing because India is perceived as a tropical country. But at the summer edition, India will be exposed. We may win some medals, but they would be very few, and most of our embarrassments come when our achievements are measured against a population of over a billion. But India's sporting mediocrity should not be what shames us. It's something else.

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THEIR VIEW

MINT CURATOR

The Economic Survey sets forth imperatives for a Viksit Bharat

This year's survey is special as it follows the PM's call for 'all hands on deck' to realize our dream of a developed India by 2047



V. ANANTHA NAGESWARAN
is the chief economic advisor to the Government of India.

India's economy is being closely watched, domestically and internationally. It is growing well on the strength of macroeconomic and policy stability and continuity. Structural reforms, such as the Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC), have also played a significant role in this growth. India is expected to contribute a progressively higher share of global GDP growth in the coming years. Its capital markets have delivered handsome returns to investors. Hence, global interest in India is arguably at an all-time high. The country has also recently concluded a historic election. The budget for 2024-25 and the *Economic Survey* are considered early indicators of the government's thinking on the economy, the policy approaches it may adopt, and the priorities it may pursue during its tenure.

There is no shortage of data and analysis on economic trends in the public domain. We, from the office of the chief economic advisor (CEA), have also been reaching out to the public with our monthly analysis of the state of the economy through our *Monthly Economic Review*. While the relevant data is all there for everyone to see, connecting this data with events and policy changes is what we have tried to do in our monthly outreach to readers.

Apart from this effort to help people decode the deluge of data, I have also, either solo or with some of my team members, written on issues of contemporary interest, bringing to public attention some new data or fresh perspectives on old sets of data or policy imperatives. These topics include climate change, employment, trade, inequality, household savings, economic growth measurement, and more. I hope that these have been helpful for those of you who wanted to understand these issues objectively.

The *Economic Survey* for 2023-24 marks the culmination of our regular monthly exercises and outreach through newspapers. This year's survey is particularly special, as it is the first of the new government, and we have made significant efforts to enhance its comprehensiveness and relevance. It covers practically all aspects of the economy, providing a wealth of information for readers to think about and angles for researchers to further explore.

In particular, this year's survey follows Prime Minister Narendra Modi's clarion call to have all 'hands on deck' to realize the dream of a Viksit Bharat by 2047, setting the imperatives for this journey. In the wake of the ongoing conflicts, mounting geopolitical uncertainties provide an uncomfortable backdrop to this year's *Economic Survey*. This is also the year in which about 64 countries across the globe, representing about half of the world's population, are electing new govern-



ments, adding to the uncertainties on the future landscape of policies that impact our connected world. Each has influenced our analysis of the Indian economy's prospects in the near to medium term. Thus, it cannot be business as usual anymore. The country has to rely on domestic growth levers and cannot afford to follow an exclusionary approach to growth and development in the light of technological and geopolitical developments. One such important lever is the release of a chokehold of rules, regulations and compliances that all levels of government impose on the people and businesses of the country.

As we began working on the survey, we read and reviewed economic literature. We also interacted with experts, researchers, regulators and government officials. This enriched our analysis. While we gaze into the future, we have also showcased the transformations happening on the ground through various measures of the government and community at large. The document has striven to not merely present numbers, but also go behind

and beyond them. I hope the effort is visible.

In accordance with our promise at the time of last year's survey, we have tried to enrich the document with a more in-depth analysis and introduced some new discussion areas. I will not spoil the suspense by flagging them to you. As usual, the survey's regular chapters provide both macroeconomic and sectoral analyses. At the same time, they examine emerging issues of policy and public significance, some of which have been engaging the government's attention. There is a special essay on a topic of profound importance to the world.

The Chinese philosopher Confucius said, "Learning is a treasure that will follow its owner everywhere." The learnings we, as the CEA's team, gathered in the process of writing the survey have been immense, and I hope we have done a good job of transmitting them to our readers.

As ever, we are open to ideas and constructive suggestions to make this document better for each of its readers.

These are the author's personal views.

India's budget will need to be mindful of bond market hawks

Global scrutiny is increasing as Indian bonds join global indices



MIHIR SHARMA
is a Bloomberg Opinion columnist.

Things seem to be falling comfortably into place for Indian Prime Minister Narendra Modi. Yes, he lost seats in India's recent general election—but he was, nevertheless, re-elected for a third term. Yes, he is dependent upon allied parties for the first time in his political career. But those allies have been complaisant so far, and he has kept them out of major ministerial roles without any blowback.

That period of calm may be coming to an end, however. This Tuesday, India will unveil its tax-and-spending plans for the ongoing financial year, which ends on 31 March 2025—and, according to *Reuters*, the allies' bills will come due.

The two largest regional parties in Modi's coalition are together apparently asking for \$5.75 billion of federal government funds to be transferred to their regions and preferred programmes over the next eight months. Chandrababu Naidu, chief minister of Andhra Pradesh, wants to build a new capital city for his state. Nitish Kumar, who runs India's poorest state of Bihar, has made a name for himself as a designer of clever but expensive welfare schemes.

Modi's administration is fiscally conservative. It doesn't like spending two rupees when one would do, and won't spend that rupee if it could make a costless contingent guarantee instead. Thanks to those instincts, the government managed to control its spending during the pandemic years and has emerged from that crisis with a clear path for fiscal consolidation. The interim budget in February promised that the deficit would shrink to below 4.5% of GDP by March 2026.

While financial markets may quibble over the details, there's agreement on the direction of India's deficit: downwards. The Modi government needs to preserve that trust, even when faced with new demands from regional parties.

Such pressures are, after all, only part of the strains that India's budget will have to address. Most politicians interpreted the unexpected election results as a sign that India's job shortage was beginning to bite. The government will be tempted to respond by being more generous—for example, by expanding the number of make-work public sector jobs available to India's vast army of unemployed youth.

To excuse fuzziest fiscal math, Modi's officials might look to another source of support. On 28 June, India formally became part of JPMorgan Chase & Co's index of emerging-market government bonds. Moreover, starting from 31 January

COUPON	NAME	YIELD
10 %	3 Month	0.1
30 %	6 Month	0.4
0 %	1 Year	0.5
0 %	2 Year	0.8
%	5 Year	1.1
%	10 Year	1.4

Bond traders are expected to keep India's fiscal deficit under close watch. ISTOCKPHOTO

2025, the appropriate Indian government paper will also be added to the Bloomberg Emerging Market Local Currency Government Index.

Some analysts estimate that the June addition alone could lead to an inflow of about \$2 billion a month more into rupee-denominated government securities. That would likely push down borrowing costs for New Delhi.

Finance ministry bureaucrats might also feel a little less worried about the effect of their mammoth borrowing plans on the rest of the domestic bond market. The central bank will be relieved that its troublesome charges in the banking sector will be able to access additional liquidity.

The government has long seen inclusion in emerging-market bond indices—and the capital inflows and lower borrowing costs that come with it—as hard-earned reward for what it believes has been an outstanding macroeconomic performance. The risk is downplayed: India's economy is too large, officials think, and these purchases too small to cause a major crisis if they were to reverse.

That's no justification for billion-dollar handouts to political supporters, however. While increased access to foreign funds makes the job of national budgeting easier, the exposure imposes additional responsibilities.

You must be more transparent and fiscally responsible, not less, or you risk the shocks that come with reversing capital flows. Economists at the finance ministry's in-house think tank have already warned that India must prepare for "greater scrutiny on the government's fiscal metrics and its broader macro-fiscal policy framework."

One or two spendthrift budgets may not cause a crisis. Still, a sudden outflow of cash would make a bad decision look worse. As former UK Prime Minister Liz Truss's disastrous 2022 budget showed, you do not want to be caught between spiralling rates, plummeting confidence and a yawning fiscal deficit.

The price India's government will pay for lower borrowing costs is being accountable to a new and sensitive set of critics: bond markets. Even if everything looks to be falling into place for India, it can't relax its fiscal vigilance yet. ©BLOOMBERG

MY VIEW | IT MATTERS

Cybersecurity: Microsoft's woes versus Google's moves

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That cybersecurity and its failures can impact large parts of the world was evident on Friday, when Microsoft's Azure outage—reported to be on account of CrowdStrike, Azure's first line of cyber defence—left large numbers of computer users staring at blue screens that did not budge, preventing work. It brought airlines, media houses and banks (among others) to their knees in diverse markets, including India. So crucial is cybersecurity now in the tech world that Google's parent Alphabet wants to acquire Wiz, a cybersecurity startup, as *New York Times* reported, even if that exposes it to antitrust scrutiny from regulators worldwide. To businesses, acquisitions are vital for growth and innovation. However, Google's dominance in various sectors puts it on the anti-monopoly radar.

If the acquisition goes through, it will be Google's biggest ever. It aims to acquire Wiz for about \$26 billion. (nyti.ms/3LutPFw). Google wanting to lead in cybersecurity is no surprise; this move would shore up its cloud

offerings. Its Google Cloud division, run by my school classmate Thomas Kurian, lags Amazon's and also Microsoft's.

In the US, the Federal Trade Commission and Department of Justice are the primary enforcers of these anti-monopoly laws. The European Commission plays a similar role in the EU. These bodies scrutinize mergers and acquisitions to ensure they do not harm consumers by stifling competition, raising prices or reducing innovation.

Google is no stranger to these regulators. With dominant positions in search, online advertising and mobile operating systems, it is under close watch. Recent high-profile antitrust cases, such as EC fines imposed on Google for anti-competitive practices in its Android and search operations, underscore the vigilance of regulators.

Despite scrutiny, Google has successfully executed several significant acquisitions. The key lies in combining strategic planning with regulatory compliance, and leveraging its resources to present a compelling case for the benefits of its buy-outs. It publicly shares its vision for acquisitions, emphasizing their positive impact on innovation and user experience. This clever marketing couched as transparency helps generate trust and mitigate any public or regulatory backlash.

A significant aspect of its strategy involves leveraging data and artificial intelligence (AI) to enhance its products and services by acquiring companies with valuable data-sets and AI capabilities. For example, the acquisition of DeepMind in 2015 bolstered Google's AI research, leading to rapid advancements.

Such acquisitions raise antitrust concerns, particularly around data privacy and market dominance. To address them, Google claims to maintain strict data separation between its existing services and acquired entities.

Google often targets companies that can complement its operations and spur innovation. For instance, it snapped up YouTube in 2006 and Android in 2005, when they were viewed as high-potential platforms. YouTube has since become the world's dominant video platform (and second largest search engine), while Android powers most of the world's smartphones. These purchases were justified to regulators on the grounds that they would enhance

consumer choice and drive innovation. Its acquisitions also often capitalize on broader market trends and competitive dynamics. By acquiring Nest in 2014, it tapped the world's burgeoning smart-home market, helping it compete with Amazon in this space.

Google meticulously prepares regulatory filings whenever it pursues a target. It also engages proactively with regulators, often long before a deal is publicly announced. In some cases, the firm agrees to concessions to gain approval. When it acquired Fitbit in 2021, it promised not to use its health data for advertising. This commitment was crucial in assuaging regulator concerns about data privacy and market dominance. It also agreed to maintain open access to Fitbit's application programming interface for third-party developers to allow for competition.

Google's approach to Wiz is no exception. Cybersecurity is a burning issue in cloud computing. Almost 85% of the world's largest organizations report at least one major

breach a year, and over 50% report more than two. Google Cloud, with a formidable cybersecurity solution, could emerge as a leader. Microsoft's outage didn't help its cause as a competitor.

Google's approach to acquisitions varies by region. The EU has stringent antitrust rules, while the US's laissez-faire disposition may change as calls grow for tighter norms. Its DoubleClick buy-out in 2008 faced scrutiny in both the US and the EU. The deal was eventually approved, but Google has to assure regulators that it won't hurt the online advertising market.

As Google grows even larger, it must tread carefully. However, its track record shows a sophisticated understanding of the regulatory landscape and a proactive approach to addressing monopoly concerns.

Google's ability to make big acquisitions despite intense antitrust scrutiny is a testament to its strategic acumen. By focusing on innovation, engaging proactively with regulators and maintaining transparency on its deals, Google navigates a complex landscape to keep evolving. As the regulatory environment tightens, Google's approach will undoubtedly evolve, but its core strategies of compliance and innovation will remain central to its success.

The former was hit by an outage even as the latter aims to solidify its lead in this field via a big acquisition



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