

Thursday, July 25, 2024

mint

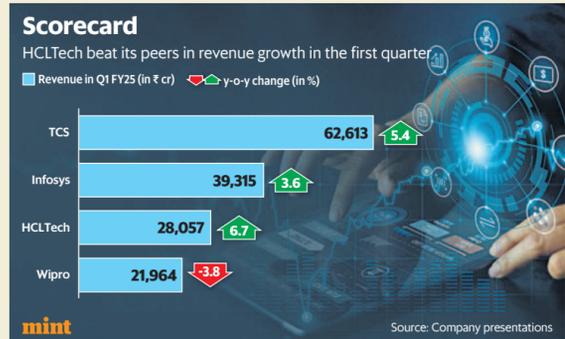
Think Ahead. Think Growth.

mint primer

IT services: When will the tide turn?

BY SHELLEY SINGH

With a mixed performance in Q1 FY25, the \$250-billion IT services industry is not entirely out of the woods. Discretionary spending is yet to return, and AI is taking time to convert from proof of concept to meaningful large projects. *Mint* explains the sector's outlook.



1 How is Q1 FY25 turning out to be?

The IT services sector continues to navigate an unpredictable path. Q1 for TCS, Wipro, HCLTech, Infosys and LTIMindtree was a mixed bag: key metrics were either flat or saw marginal improvement. For TCS, Ebit margin or the operating margin narrowed to 24.7% from 26% in the previous quarter. Total contract value at \$8.3 billion, fell both year-on-year and sequentially. HCLTech and Wipro revenues fell sequentially, though profit grew, while LTIMindtree's profit fell 1.5% y-o-y. Infosys reported better-than-expected numbers with net profit up 7.1% y-o-y and raised revenue guidance for FY25 to 3-4% from 1.5-2% earlier.

2 Will FY25 be better than the last fiscal?

Leaders across companies believe this fiscal will be better than the previous one. However, global IT spending continues to be cautious. According to Gartner, worldwide IT spending is expected to total \$5.26 trillion in 2024, an increase of 7.5% from 2023. But this is a decrease from the previous quarter's forecast of 8% growth. Contract backlogs going back to the third quarter of 2023 are being cleared only now, and there will be a larger rush towards the end of the year to make up for the slow start. This means Q2 could also see muted growth, before spending picks up in the second half of this financial year.

3 How is the performance across key verticals?

Some verticals are seeing spends being conservative, impacting overall growth as banks are unwilling to open up the purse strings till there's clarity on interest rate reduction. Banking, financial services and insurance, accounting for 30-40% of TCS' revenue, declined marginally. Consumer, technology services, and communication and media saw muted growth.

4 Is artificial intelligence helping recovery?

Spending on Generative AI (GenAI) is yet to pick up, delaying recovery for the sector. There are a lot of proof of concept (PoC) projects in GenAI, but they are yet to translate into deals for IT services firms. The big spending will come as customers move from PoCs to large projects. Last month, Accenture, the world's largest technology services firm, reported \$2 billion in GenAI deals for the first nine months of the company's fiscal year. Indian players are still firming up their AI strategies and do not report AI wins separately.

5 When will growth return then?

The second half may see a turnaround, with the return of spending and AI-led projects. Note, however, that customers are leaning on cost cutting strategies including vendor consolidation. Companies are seeing customers tweaking contracts amid global uncertainty. Interestingly, the last 12 months have seen a rise in global capability centres (GCCs) or in-house IT sourcing centres as well. While this is good for local job creation and the sector, it could impact the work that goes to third party providers.

QUICK EDIT

No need to intervene

A study by the Securities and Exchange Board of India (Sebi) shows 70% of individual investors in the equity cash segment ended up making losses in 2022-23. This proportion rose to 80% in the case of those who made more than 500 trades in the year. Also, the number of individuals engaged in trading activity has shot up by 300% from its 2018-19 level, the study reveals. Recall that a similar study last year had found nine out of 10 individual investors in the futures and options segment losing money, which had got the regulator worried about excessive risk-taking. With fresh evidence of wild-shot investing, Sebi's concerns over recklessness at the retail level in pursuit of a quick buck could grow, despite measures in the budget that seem aimed at keeping such market excesses down. That said, we must not clamp down on investment activity that resembles gambling. Persuasion and financial education are the tools best used to mitigate the larger risks posed by it. Markets have their own way of teaching investors lessons, as past episodes of frothy times have shown. Intervention should be resorted to only if systemic risks go too high for the economy's comfort.

MINT METRIC

by Bibek Debroy

From one track to another track,
A man threw his friend his mac.
Stuck in overhead wires of Churchgate,
Train services reached a stalemate.
₹2,000 paltry fine for this maniac.

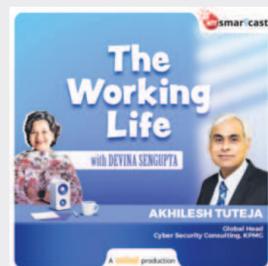
QUOTE OF THE DAY

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ANAND MAHINDRA
CHAIRMAN,
MAHINDRA GROUP



MINT PODCASTS



CYBER SAFEGUARDS

Cyber-attacks are increasingly sophisticated, emphasizing the need to safeguard personal data. Akhilesh Tuteja, global head of cyber security consulting at KPMG, discusses how these threats have disrupted this medical entrance test. Explore real-world incidents, their impacts, and practical tips for enhanced security.



FUND YOUR FUTURE

Uncover the benefits of debt mutual fund schemes in today's Why Not Mint Money episode. Rahul Pal, CIO-fixed income at Mahindra Manulife Mutual Fund, gives tips on choosing the right debt scheme aligned with short- to medium-term investment goals, ensuring informed investment decisions.



SCIENCE MEETS AI

In the latest AI Rising episode, hosts Leslie D'Monte and Jayanth N Kolla explore cutting-edge Gen AI developments, data science intersections, rapid AI growth pros and cons, and cyborgs. Joined by Ashwin Swarup, VP at Nimblework, they discuss AI learning parallels with humans and the evolving landscape.





Will the budget sops for hiring bear fruit?

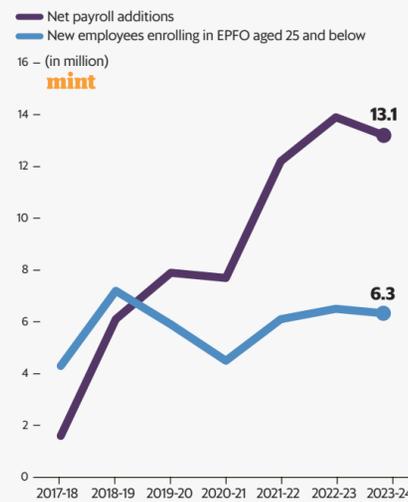
BY HOWINDIALIVES.COM

In its first budget since returning to power with a reduced majority, the BJP-led government has made job creation a central focus, introducing financial incentives aimed at expanding formal-sector employment. Although the specifics of three targeted schemes are pending, they primarily offer financial benefits to both first-time employees and employers. Despite this, India's ongoing structural weaknesses in the job market, particularly within small enterprises, and the historical reluctance of employers to formalize workers unless necessary, make the impact of the new measures on labour crisis uncertain.

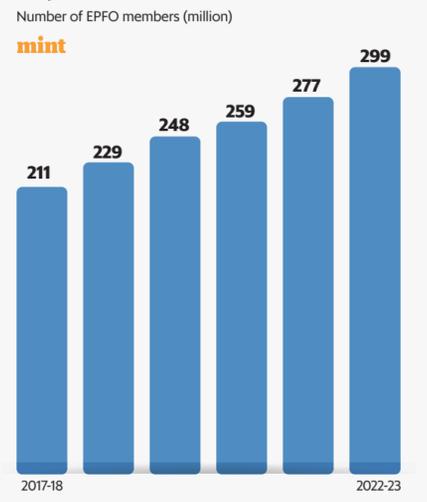
The one thing we know is the three schemes are framed in formal-sector employment. This takes the shape of workers being registered with the Employees' Provident Fund Organisation (EPFO), which is mandatory for firms with 20 employees or more. In the past few years, net new EPFO enrolments have risen progressively, with first-time employees aged 25 and below accounting for about 50% of net additions to EPFO payrolls. Between 2021-22 and 2023-24, an average 6.3 million new EPFO members aged 25 and under were added annually. If each were to receive the maximum ₹15,000, as per one of the three schemes, it would cost the government approximately ₹9,500 crore, though this amount could be lower depending on any duration clauses. In 2022-23, while there were 277 million EPFO members, only 68 million were 'active'—at least one EPFO deposit was made in their account over the past year.



EPFO added an average 6 million young workers in FY22, FY23 and FY24



EPFO base is nearing 300 million, but only 68 million are active

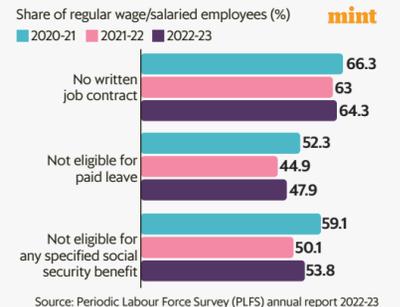


Source: Economic Survey 2023-24; Employees' Provident Fund Organization (EPFO)

Lacking Security

ADDITIONS TO the EPFO subscriber base do not necessarily indicate job creation. Rather, at most, they indicate the size of the formalized workforce, with a substantial proportion of enrolments likely to be of workers who were formerly casual and have been 'formalized'. The government's Periodic Labour Force Survey (PLFS) annual report for 2022-23 estimates that only around 20% of the workforce were regular-wage or salaried. Of them, the share of workers with no social security benefits—such as EPFO enrolment—was 54%. With population estimates for 2023, and PLFS estimates of the share of population employed, workers with job-related social security benefits works out to only 78 million. This highlights the historical tendency of Indian employers to refrain from formalizing their workforce. Now, they have a financial incentive, with the government contributing up to ₹3,000 per new worker per month towards their EPFO for two years. But it may not be strong enough.

Social security is an elusive concept for Indian workers



Source: Periodic Labour Force Survey (PLFS) annual report 2022-23

Earnings widely differ by employment type and gender



Earnings of casual labour are derived assuming 8 hours per day. Source: Periodic Labour Force Survey (PLFS) annual report 2022-23

Gender Gap

WITHIN THESE PLFS numbers, there is a sharp disparity between male and female workers who have job-related social security—59 million men versus only 19 million women. The same is also seen in average earnings.

In this budget, the government has promised to pay, via a direct benefit transfer, one-month salary to a first-time employee who is enrolled in EPFO, up to a maximum of ₹15,000. This amount is roughly equivalent to the average monthly salary earned by regular wage or salaried workers across the economy, as estimated by the PLFS for 2022-23. Earnings for self-employed and casual workers were far lower though, with female casual labour earning less than ₹5,000 per month. Given that close to 80% of workers in the economy do not earn regular wages or salaries, the government has its work cut out in terms of upskilling them to enable them to enter the 'formal' workforce.

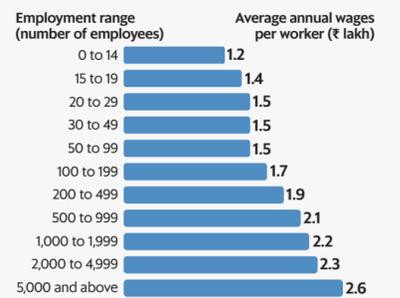
Size Matters

ASPER the latest Economic Survey, as of 2021-22, factories employing less than 100 people formed 79.2% of all factories but only 22% of people employed. This is also where the greater labour stress is. The survey says employment has been rising in bigger factories, "suggesting a scaling up of manufacturing units". Average compound growth in employment for factories with less than 100 staffers was 3.9% between 2017-18 and 2021-22. For factories with more than 100 employees, it was 12.2%.

The number of factories with over 100 workers rose at an average of 11.8%, against 0.4% for factories with less than 100 employees. If this trend holds, this leads to better conditions for workers, as they tend to earn more in larger factories. While the three new schemes could boost labour formalization, a true measure of their effectiveness will be new jobs created.

www.howindialives.com is a database and search engine for public data

Large firms tend to pay more to their workers



Source: Economic Survey 2023-24

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



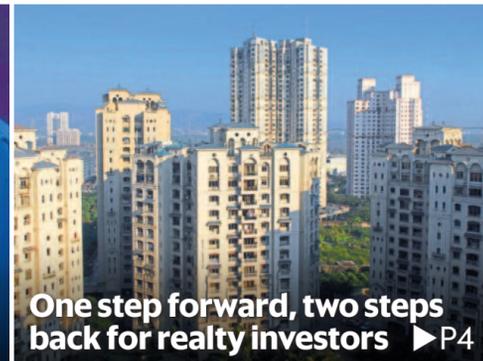
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Budget 2024-25: The ultimate explainer ▶P12



One step forward, two steps back for realty investors ▶P4

SENSEX **80,148.88** ↓ 280.16 NIFTY **24,413.5** ↓ 65.55 DOLLAR **₹83.71** ↓ ₹0.02 EURO **₹90.75** ↑ ₹0.20 OIL **\$81.7** ↓ \$0.08 POUND **₹108.07** ↓ ₹0.01

Watching its wallet, cutting tax cobweb

Centre to focus on fiscal consolidation, axe outdated tax rules

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

Top government officials on Wednesday vowed to keep India's fiscal deficit under check and scrap archaic tax rules, even as they made it clear that privatization is no longer a priority, and that tariffs cannot protect the industry forever.

In a series of interviews with *Mint* a day after the Union budget, officials explained its various facets, and the rationale for some of the new initiatives.

The Centre will stick to fiscal consolidation and keep FY26 fiscal deficit below 4.5% of GDP, finance secretary T.V. Somanathan said, just as it did in the past two fiscal years. "From 2026-27 onwards, we will endeavour to keep the fiscal deficit each year, in a way, that the central government debt will be on a declining path as a percentage of GDP," he said. The Centre has bettered its fiscal deficit targets in the past two years, from 5.8% (revised estimates) to 5.6% in FY24 and from 5.1% to 4.9% in FY25.

Revenue secretary Sanjay Malhotra said the government will form a panel to overhaul the Income Tax Act, with an aim to scrap outdated



FUTURE FOCUS

provisions and enhance clarity. The exercise, may begin within six months. "There are a number of sections which perhaps are procedural and perhaps can be removed from the Act so that it becomes concise, readable and understandable," Malhotra said.

Meanwhile, Tuhin Kanta Pandey, secretary of the department of investment and public asset management said that privatization was not on hold, but not a priority under the calibrated approach of disinvestment. He said under the changed strategy, the focus will be on 'value

creation' from disinvestment, dividends and returns for shareholders.

On a separate note, higher customs duties to protect the domestic industry, cannot continue perpetually, Central Board of Indirect Taxes and Customs chairperson Sanjay Agarwal said.

Will better FY26 fiscal gap target: Somanathan >P2
Govt to set up panel to rejig I-T law: revenue secy Malhotra >P3
Privatization not on hold, but not a priority, DIPAM secy >P3

Airport user fee hikes at 16 airports add to rising fares

Anu sharma
anu.sharma@livemint.com
NEW DELHI

Flying out from Bengaluru, Kochi or Ahmedabad? You may be paying more than a year ago, even if your favourite airline has not raised fares. The reason: Higher airport charges, which have kicked in at these and 13 other major airports.

Since the beginning of FY25, 16 airports have raised user development fees (UDF), a levy designed to bridge revenue shortfall and ensure fair returns for airports. The fees, which vary from airport to airport, are collected by the airline, and passed on to the airport operator.

Airports at Bengaluru, Hyderabad, Mangaluru, Thiruvananthapuram, Ahmedabad, Jaipur, Lucknow, Kannur, Kochi, Chennai, Kozhikode, Kolkata, Goa, Bhubaneswar, Patna, and Srinagar have raised UDF in a range of 2% to 200% this fiscal year, the civil aviation ministry said in response to a question in parliament.

The increase in airport charges comes as an additional burden to fliers facing higher airfares this year, as airlines struggle to find enough aircraft to



Airfares are expected to rise further this quarter due to a flurry of holidays. REUTERS

serve soaring demand. On 16 July, *Mint* reported that airfares may rise further during the September quarter due to a flurry of holidays.

It is the passenger who will end paying more due to the airport fee hike, said Rajiv Mehra, president of the Indian Association of Tour Operators. "Any user fee increase should be reasonable and justified. Also, airfares are a function of multiple factors like demand, competition and fuel costs. Rise in airport fees is now an additional factor," said Mehra, who expects fares to rise further.

A passenger taking a domes-

L&T's jumbo order book target points to infra boom

Anirudh Laskar
anirudh.l@htlive.com
MUMBAI

Larsen & Toubro Ltd, the country's largest engineering and construction firm, on Wednesday projected its order book size to swell to ₹9 trillion by the end of this fiscal from ₹4.9 trillion at the end of Q1 on the back of a stronger-than-ever pipeline of large projects, in a reflection of the rising activity in the infrastructure and energy space in India.

The company's consolidated order book grew 19% year-on-year (y-o-y) in the June quarter, with the share of international orders at 38%.

"We see a very strong order pipeline—60% of this is from domestic opportunities and the rest from overseas," R. Shankar Raman, president and group CFO of L&T, said in a media call after announcing the company's Q1 results for FY25.

In the April-June quarter, L&T's consolidated revenues jumped 15% y-o-y to ₹55,120 crore, beating *Bloomberg* estimates of 13 analysts, which had predicted ₹53,600 crore. It also posted a consolidated net profit of ₹2,786 crore, 12% higher y-o-y.

TURN TO PAGE 6

TURN TO PAGE 6

DON'T MISS



Government considering review of Press Note 3 that restricts FDI

The government is deliberating a review of Press Note 3, which restricted FDI, particularly from China, in April 2020 after some Chinese firms tried "opportunistic" acquisitions of Indian entities amid COVID-led financial distress. >P11

Insurer Acko buys OneCare in healthcare services push

Multiples Private Equity-backed Acko General Insurance has acquired digital chronic care management company OneCare as it focuses on becoming a healthcare service provider. Acko has been looking at several diversification options. >P5

Retail investors remain a buffer to FII selling after budget

Retail investors, through the mutual fund route, are yet again absorbing the selling by foreign institutional investors post the budget, which is reflected by a decline in fear gauge India VIX to a three-month low on Wednesday after wild intraday swings. >P4

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'Will keep FY26 deficit below 4.5%'

From 2026-27 onwards, govt will try to keep fiscal deficit in such a way that the debt is on a declining path as a percentage of GDP

Rhik Kundu & Subhash Narayan
NEW DELHI

The central government will aim at keeping its fiscal deficit for FY26 below 4.5% of the gross domestic product (GDP), in line with its performance over the past two fiscals, where it bettered projections, finance secretary T.V. Somanathan said.

"The objective for the next year (FY26) remains to have the fiscal deficit below 4.5%," Somanathan told *Mint* on Wednesday.

"From 2026-27 onwards, we will endeavour to keep the fiscal deficit each year in (such) a way that the central government debt will be on a declining path as a percentage of GDP," he added.

Under the slated glide path in the post-pandemic era, projected by finance minister Nirmala Sitharaman in 2021-22, the fiscal deficit is to be reduced to 4.5% by FY26.

FY22 stood at 6.8%, according to the revised budget estimates.

While the fiscal deficit has fallen annually since FY22, the centre has bettered its fiscal deficit targets in the past two years, from 5.8% (revised estimates) to 5.6% in FY24 and from 5.1% to 4.9% in FY25.

To be sure, the original fiscal deficit target for 2020-21 was 3.5%. However, it shot up to 9.1% (revised estimates) due to the pandemic.

This was largely due to the low revenue flows during the lockdown and negative economic growth

clubbed with high government spending to provide essential relief to vulnerable sections of society, as well as a stimulus package aimed at reviving demand.

Somanathan said the Centre is on track to reduce its debt-to-GDP ratio annually after bringing it down to 56% (in FY24).

The debt to GDP ratio had shot up to over 61% in FY21, also due to pandemic-related spending to support the economy.

"The plan is to gradually reduce the debt-to-GDP ratio annually (from FY26)," the finance secretary added.

The capital expenditure (capex) plan of the central government, which remained unchanged from the interim budget, may increase in

absolute terms in FY26, though remaining at 3.4% of the GDP, similar to the current level.

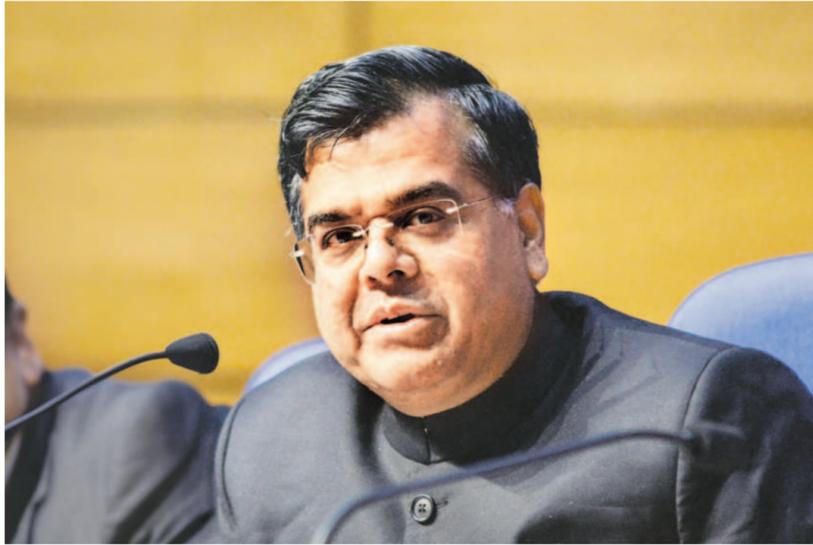
Broadly, the capex will be maintained at the current level, at about 3.4% of GDP in the coming years, Somanathan said.

"It will not be below this. That is the intention," he said.

"It could rise over 4% but it would depend on tax revenue, how the economy is performing. However, we are not committing to that at present," Somanathan said.

Meanwhile, states will have to carry out new reforms linked to land records in both

rural and urban parts, which would include digitisation of such land records, easing of planning rules for



Finance secretary T.V. Somanathan that the Centre's capex plan may increase in absolute terms in FY26.

industrial lands, improvement of urban land records, apart from utilising digital technology in agricul-

Somanathan said. In the 2024-25 annual budget, the Centre allocated ₹1.5 trillion

to increase it from ₹1.3 trillion allocated in the interim budget.

About ₹55,000 crore of the ₹1.5 trillion can be accessed by the state without any conditions, while for claiming the remaining amount states will be linked to reforms and other specific purposes like building/promoting iconic tourism sites, he added.

Current reforms that states must meet include reforms in the housing sector, incentives for scrapping old government vehicles and

ambulances, reforms in urban planning and urban finance, increasing housing for police personnel, and setting up libraries with digital infrastructure at panchayat and ward levels for children and young adults.

Speaking of food inflation, Somanathan said while the Centre has already taken the required supply-side measures, it has allocated ₹10,000 crore to set up a price stabilization fund to keep food inflation under check.

Food prices have remained elevated for over a year—and have stayed above 8% since November—primarily due to last year's uneven and below-normal monsoon rains.

Retail inflation based on the consumer price index (CPI) rose to 5.08% year-on-year in June, according to the latest statistics ministry data, after having dropped to a 12-month low of 4.75% in May.

The rise in June was due to higher food inflation, which accounts for nearly 40% of the consumer price basket.

The higher food inflation in June was because of the rise in prices of items such as cereals, vegetables, milk, and milk products.

"There's one important measure which is funded in this budget, which is an expansion of the funding for the price stabilization fund which will enable price stabilization in pulses and oilseeds by buying up whenever prices are below the MSP (minimum support price) and thereby giving farmers assured prices so that the production rises," he added.

rhik.kundu@livemint.com



The health sector was hoping for greater investment.

Budget silent on healthcare, says former PHFI chief

Priyanka Sharma
priyanka.sharma@livemint.com
NEW DELHI

The Union budget for 2024-25 is surprisingly silent on health, said Prof K. Srinath Reddy, a leading public health expert and former president of the Public Health Foundation of India (PHFI) on Wednesday.

While infrastructure and employment are undoubtedly vital for India's development, he said, it was as if the budget wished to erase any impression that either the Indian economy or the health system is suffering from long covid.

Reddy said the main lesson from the pandemic is that a "sub-optimally resourced and underperforming health system" is like a "banana peel on which the national economy can keep slipping".

He said that the healthcare

INDIA RISING
BUDGET 2024

sector had been hoping for greater investment in the development of a multi-layered, multi-skilled health workforce, not only to address the many unmet needs of the domestic health system but also because the government has ambitiously proclaimed that India will meet global health needs through initiatives like Heal In India and Heal By India.

"Strangely, those proclaimed initiatives have disappeared from our policy pronouncements after the end of India's G-20 presidency," he said. However, Reddy commended the emphasis on tribal health. In real terms, when adjusted for inflation, the allocations for the health ministry budget overall, as well as for the National Health Mission (NHM) and Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) programmes, have declined—when the budgetary estimate for FY25 is compared with the BE for FY24, he added.

"There are two factors. One, the growth rate last year was quite substantial. So, while every attempt is there to keep the same momentum, we also have to be realistic. This is also the function of growth in the economy. Then, there are certain relaxations that are being given. So that could also have an impact. But we are hopeful that we would exceed the estimates," said Agarwal.

Expanding the oversight of transactions in the economy and simultaneously lowering tax obligations of the citizens in the new personal income tax regime with lower rates work together in improving compliance, he said.



Scan the QR code to read a Q&A with K. Srinath Reddy.

'Tariff can't shield domestic products'

Gireesh Chandra Prasad & Dharendra Kumar
NEW DELHI

Higher basic customs duty rates, introduced to protect the domestic industry from global competition, cannot continue perpetually, Central Board of Indirect Taxes and Customs (CBIC) chairperson Sanjay Agarwal said in an interview.

Agarwal said that increased domestic production of mobile phones have resulted in reducing the import duty on finished mobile phones in the FY25 budget from 20% to 15%, suggesting that similar cuts may be announced in other areas in future as domestic capability builds up. Additionally, the import duty on printed circuit board assemblies and mobile chargers, which are components used in mobile phones, has been reduced because mobile phones are covered under the Phased Manufacturing Programme (PMP). PMP refers to a manufacturing model that includes multiple stages, such as design, prototyping, production, quality control, and distribution, to ensure the efficient and high-quality production.



Higher customs duty to protect the domestic industry from competition, can't go on perpetually, CBIC chief says.

The import duty on mobile phones was increased to 20% in 2020 to encourage domestic production by way of giving tariff protection to local producers.

Initially, most components were imported and assembled in India, but now that PCBs—making up about 55% of the total cost of mobile phones—are being assembled locally, there has been a reduction in imports of these components.

As a result of the success of the PMP and the Production-

Linked Incentive (PLI) scheme for new manufacturers like Apple, mobile phone production in India has reached ₹4.1 lakh crore, with exports amounting to ₹1.2 lakh crore in FY24, the chairperson said.

With nearly 31% of mobile phones being exported, this success has prompted a reduction in the import duty on mobile phones from 20% to 15%. "If we increase the rate, it will not be for perpetuity. Once the industry is established, the rates will

be reduced again to ensure that the industry remains competitive."

Agarwal said that the duty exemption on 25 critical minerals announced in the budget will boost domestic production in sectors like high-end electronics, telecom products, renewable energy, defence and space, where these commodities are used. "These minerals are not mined in India, but are essential for manufacturing of many items. So, these mineral have been exempted from duty so that these can be processed in the country for further use in those sectors," he said.

While exempting duty of 25 critical minerals, the government did not touch the duty structure of the minerals for which domestic capacity exists to ensure that domestic industries are not affected. "While reducing customs duty rates, one thing which was kept in mind was that we should give impetus to manufacturing; it should result in strengthening and widening of supply chains, and promote the export from the country," he said. Other considerations are addressing onslaught of cheap imports and correcting anomalies like inverted duty structure, he said.

gireesh.p@livemint.com

Changes in capital gains tax will benefit most people: CBDT chief

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

The changes in the capital gains tax announced in the Union budget for FY25 are rational decisions that will benefit people in most scenarios, and it is for the government to decide on the suggestions that come up, Central Board of Direct Taxes (CBDT) chairperson Ravi Agarwal said in an interview.

"We feel that this is a rational decision. In most of the scenarios, people would be benefiting. Yes, there could be some examples where one could say there are some sort of disadvantages, but then that comes with simplification and rationalization," Agarwal said.

In response to a question on whether any further modifications may be possible in view of public feedback on the amendments to the capital gains tax structure, he said that people are responding and that the government will take appropriate decisions at the appropriate time.

The government announced changes in the holding period,



CBDT chief Ravi Agarwal.

availability of indexation and the rate of tax in an effort to rationalize the complex regime.

This included reduction of rate from 20% to 12.5% and withdrawal of the indexation facility meant to compensate for inflation in the case of property, gold and other assets. Budget documents said this will ease computation of capital gains for the taxpayer and tax administration.

Agarwal also expressed optimism that the government will exceed direct tax collection targets. In the budget presented by finance minister Nirmala Sitharaman, the government

estimated a near 12% annual growth in corporate tax collection to ₹10.2 trillion and a 13.6% growth in personal income tax collection to ₹1.87 trillion.

While the growth in both direct and indirect tax collection is in line with the 10.5% nominal gross domestic product (GDP) growth projected for the current financial year, personal income tax collection seems to be taking a pause after a spectacular 25% growth in the year before.

"There are two factors. One, the growth rate last year was quite substantial. So, while every attempt is there to keep the same momentum, we also have to be realistic. This is also the function of growth in the economy. Then, there are certain relaxations that are being given. So that could also have an impact. But we are hopeful that we would exceed the estimates," said Agarwal.

Expanding the oversight of transactions in the economy and simultaneously lowering tax obligations of the citizens in the new personal income tax regime with lower rates work together in improving compliance, he said.

THE UNION BUDGET HAS LAUDABLE GOALS BUT MISSES A FEW TRICKS

EXPERT VIEW
KETAN DALAL

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feedback@livemint.com

The Union budget 2024-25 was presented in Parliament by a coalition government. While it broadly signals 'change with continuity', it has some interesting dimensions beyond the numbers and the fiscal math. For one, there are references to reviews of certain key policy frameworks and other initiatives such as for foreign direct investment (FDI) and outward direct investment (ODI). Also, the budget is noteworthy not only for what it has done, but for what it has missed as well.

On the first aspect, the finance minister said that the government plans to evolve an economic policy framework in which next-gen reforms can be undertaken to facilitate job creation and high growth. This is a laudable initiative, but the litmus test will be the actual formulation and scope of the framework. The time it takes to create and its subsequent execution will also be crucial.

There was also a reference to the need to simplify rules for FDI and ODI, and to promote the Indian rupee as a currency for overseas investment. While the FDI and ODI policy has been liberalized over the years, including through notification and regulations announced in August 2022, some aspects remain grey, such as whether portfolio investments are permitted or not under ODI. Also, some substantive -- and indeed, procedural -- aspects are difficult to deal with at the ground level, and one hopes that these will be addressed expeditiously.

One of the priorities of the government is building urban infrastructure and, within that, nudging state governments to reduce stamp duty. However, urban housing

needs to be viewed in the context of stratospheric prices in most cities, including tier-2 ones, because of which owning a home remains a dream for a large part of the population. A more integrated approach is needed, one that raises the interest deduction limit from ₹200,000 to a much higher level, increases incentives for affordable housing, and more. In any case, stamp duty and registration could be cut substantially to reduce the burden.

Budget which signals 'change with continuity' has dimensions beyond fiscal math, numbers

Income Tax Act, 1961. One hopes that such a review will also address substantive elements, such as the need to do away with outlier legislation, which is a serious deterrent to ease of doing business. (In this context, doing away with the so-called 'angel tax', which applied not only to startups

but all private companies, is commendable). It is comforting that the government plans to conduct the review within six months, and one hopes that the right talent is roped in to make this a meaningful exercise.

The increase in long term capital gains rate on listed entities from 10% to 12.5% (it is actually an increase from around 12% to around 15%, including surcharge and cess) seems to have been triggered by the sharp rise in stock prices and the feeling that the government should have a bigger share of the profits. The increase in short-term capital gains tax on listed shares from 15% to 20% is actually an increase from around 18% to around 24% with surcharge and cess factored in.

REITs and InvITs will also be affected by the higher long term capital gains tax, but the reduction in the short term capital gains tax from 20% to 15% will benefit them. Also, listed bonds and debentures will now have a lower LTCG tax rate of 12.5%, which could boost the debt market.

Ketan Dalal is managing director of Catalyst Advisors

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Government to set up panel to overhaul income tax law

Revenue secretary Malhotra says the aim is to eliminate outdated provisions, enhance clarity

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

The government will set up an internal panel to overhaul the Income Tax Act, aiming to eliminate outdated provisions and enhance clarity, revenue secretary Sanjay Malhotra said. Malhotra, in an interview with *Mint*, emphasized the need for a more concise and understandable tax code by removing redundant sections and linking related provisions across different chapters. "We will set up an internal committee and review all the provisions. The purpose is to make it (the Act) easy to read and easy to understand," he said. "There are a number of sections with innumerable exceptions and provisos. There are a number of provisions on one subject which are spread over various chapters. Linking them will make it easy to comprehend. There are a number of sections which have today outlived their utility. There are a number of sections which perhaps are procedural and perhaps can be removed from the Act so that it becomes concise, readable and understandable."

For rationalization of the goods and services tax (GST), the Centre will work with the states, the secretary said. "On GST, as I said, our effort always has been to simplify the law. Similarly, in the review or the rationalization of GST rates that is being talked about or in including certain sectors which are currently not in GST that is being talked about—all are aimed at making life simpler for the taxpayers and the common man," Malhotra said.

"While the central government will endeavour to rationalize the GST rates, we are mindful that states are an equal partner, if not more. Our effort will be to bring about a consensus on these efforts through the group of ministers that has



Revenue secretary Sanjay Malhotra.

been constituted for this purpose," said Malhotra.

Amit Singhania, managing partner at Areete Law Offices, said the government may review the Income Tax Act to simplify the language, make it more reader-friendly and attempt to reduce the possibility of litigation. Assessment related provisions and those relating to

assets will benefit from the rejig of the tax structure because the tax rate has also been lowered from 20% to 12.5%.

The Union budget presented by finance minister Nirmala Sitharaman proposed lowering the tax rate and eliminating the indexation benefit on long-term capital gains available on property, gold and other unlisted assets. The sec-

retary said the aim has been to bring uniformity, and requests for indexation for real estate alone were not proper.

The rate of tax deducted at source (TDS) has been proposed to be lowered in the budget in order to balance different modes of tax collection, Malhotra said. "Balance is very important. TDS is a source for collecting taxes and also for

collecting information. We do not want to collect more than what is due," said Malhotra.

Over the years, TDS has emerged as the mode of tax collection that contributes the most. The removal of angel tax—treatment of share premium in excess of fair valuation in the case of unlisted shares as taxable income—will not affect the government's fight against money laundering as the Companies Act and the Prevention of Money Laundering Act will address those concerns, Malhotra said.

The government will also notify select luxury items purchased at prices more than ₹10 lakh, on which there will be a tax collected at source as part of efforts to have greater oversight over the taxable income of persons, the secretary said.

The tax proposals seek to achieve three broad objectives, Malhotra said. "One is the ongoing exercise of making tax laws simple so that compliance is easy and smooth so that there are fewer disputes in the courts."

"The second objective is to support the economy in its growth trajectory, especially for investment and employment. The third objective is to make taxes reasonable for the common man whether it is the personal income tax or GST. When GST was introduced, we simplified and rationalized it because we believe it will make our industry more competitive," said Malhotra.

Amit Maheshwari, tax partner, AKM Global, a tax and consulting firm, said the proposed review of the Income Tax Act may streamline the tax system. Key reforms could include simplifying tax slabs by reducing their number and broadening the tax base, while also removing the outdated old tax regime.

Another area could be strengthening anti-abuse provisions, including by clarifying on the General Anti-Avoidance Rules, he added.

SIMPLIFYING TAX CODE

MALHOTRA laid stress on a concise, understandable tax code by removing redundant sections

HE said that for rationalization of goods and services tax, the Centre will work with the states

TDS rate has been proposed to be lowered in budget to balance different tax collection modes

OVER the years, TDS has emerged as the mode of tax collection that contributes the most

Privatization not on hold but not a priority: DIPAM secy

Gulveer Aulakh
gulveer.aulakh@livemint.com
NEW DELHI

Privatization of central public sector enterprises has not been put on hold, but is not a priority under the government's calibrated approach to disinvestment, said Tuhin Kanta Pandey, secretary of the department of investment and public asset management (DIPAM).

He said that the focus will be on 'value creation' from disinvestment, dividends and returns for shareholders.

"I would not say that it is on hold but it is not, as such, a priority. The outright focus now is on value creation," Pandey told *Mint* in an exclusive post-budget interaction in response to a question on whether the government had put asset sales on hold while taking the approach of not setting disinvestment targets.

In order to ensure value creation, PSUs performance systems would have to be aligned with interests of shareholders, which in turn will help the government earn dividends, and instead of a time-bound asset monetization or disinvestment, a calibrated approach will be adopted.

"Our point is that we should align the interests of minority shareholders into our thinking which is key to value creation. This means looking at company fundamentals, their performances, growth including capex, and consistent dividend policy which optimises dividend extraction rather than maximising it, so that it can be invested back into the company's growth," he said, noting that the performance indicators for PSUs had been recalibrated two years ago which were now showing results.

The government has moved away from setting annual targets for disinvestment in the Union budget from this year. In the FY25 budget, the government has kept proceeds from disinvestment and asset



DIPAM Secretary Tuhin Kanta Pandey.

monetization at ₹50,000 crore but under the 'miscellaneous capital receipts' category. This is shift from earlier budgets where disinvestment targets were clearly defined.

The government expects to identify the winning bidder in IDBI Bank stake sale process within this financial year, even though the final sale may take a little longer, he said.

"We're aiming that selection of the winning bidder should happen this financial year, but there can be some processes that happen even after that, which can take a little time," he said. He also added that the Reserve Bank of India (RBI) was yet to give a final report on the 'fit and proper' scrutiny of the interested bidders.

The process of due diligence will begin only after the RBI report, and will include opening of the virtual data room. Financial bids will be invited after that.

The government and Life Insurance Corporation of India are jointly selling nearly 61% stake in IDBI Bank, the process for which was started in 2022.

Despite being the single largest shareholder in private entity Vodafone Idea, the government is unlikely to sell its

stake in the beleaguered telecom services provider anytime soon, and will consider it at an opportune time, he said.

"The government is not in the business of investing in private companies, it was a relief package (through which government bought shares in Vodafone Idea). But we're not going to wind up in a day, (selling) it is part of the calibrated approach and our value creation strategy is irrespective of the entity," he said, noting that the directions to PSUs to beef up performance would hold true for the telco as well, even though they have not been explicitly stated by the government.

The government holds a 23.15% stake in debt-laden Vodafone Idea. The stake was acquired when the telecom firm converted dues that it owed to the government into equity.

Pandey said that the carrier was performing better after it raised equity from promoters as well as ₹18,000 crore through an FPO and was now raising debt from banks.

Pandey cited Sebi rules while declining to respond to a question on whether the government intends to further pare stake in LIC of India, that was listed in 2021.

'Simplified FDI, low corp taxes to up inflows'

PTI
feedback@livemint.com
NEW DELHI

The budget announcements of simplifying the foreign direct investment (FDI) and overseas investment regulations, along with reduced corporate tax rates, will greatly enhance capital inflows into the country, Deloitte India said on Wednesday.

Additionally, the abolition of the Angel tax in all forms is a positive step towards encouraging investment in startups, it said.

Rumki Majumdar, economist at Deloitte India, said that India needs stable capital for investment, and foreign direct investment can significantly boost private capex in greenfield and brownfield investments.

However, foreign direct investment flows have been declining globally, and India felt the impact of global liquidity tightening and uncertainties, she said.

"While measures have been announced to improve ease of doing business and reduce the fiscal deficit to boost investor confidence, simplified foreign direct investment and overseas investment regulations, along with reduced corporate tax rates, will greatly enhance capital inflows," Majumdar said.

On customs duty rationalization, Saloni Roy, Partner at Deloitte India, said that changes are made to support domestic manufacturing, deepen local value addition and promote export competitiveness.

Changes in basic customs duty (BCD) rate have been announced for various sectors, including medical, mobiles, minerals, solar energy and telecommunications.

AN UNWAVERING FOCUS ON GROWTH IN BUDGET 2024



EXPERT VIEW

A. BALASUBRAMANIAN

Respond to this column at feedback@livemint.com

Budget 2024 was in line with the vision of building a self-reliant Bharat, focusing on the critical drivers that can propel the country to its next level of growth. The focus has been to keep the fundamentals strong, catalyse the pockets of opportunity, and not deviate from the fiscal glide path. Emphasizing its efforts towards the nine priorities announced, the government has tried to build a growth road map through better collaboration, ease of doing business and employment generation. From energy security to bolstering the tribunals, the budget approach has been holistic.

An allocation of ₹1.48 trillion for education, employment and skilling is well intended. India as a country of over 1.4 billion people needs more jobs and employable talent. The push to increase participation in the Employees' Provident Fund Organisation (EPFO) is a critical step toward formalizing the labour market. By encouraging more companies to enrol in the EPFO, the government aims to provide greater social security to employees, which, in turn, makes formal employment more attractive. This initiative is expected to accelerate employment growth, as more workers are brought into the formal sector.

A particularly innovative aspect of the current policy measure is the focus on internships. Recognising the future needs of the economy, the government is encouraging the top 500 companies to undertake internship programmes. These programmes are not only aimed at enhancing employability but are also supported through incentives and the use of CSR funds. This dual approach of providing practical work experience while still in education could nurture future talent and also help these youngsters to find their career path.

The estimated fiscal deficit for FY25 has been lowered to 4.9%, from 5.1% announced during the interim budget. The government acknowledged that fiscal consolidation had served the country well and it reflects the commitment to maintain this discipline and reduce central government debt progressively. This is commendable. Reiterating the aim to take this deficit to below 4.5%, the finance minister has estimated FY26 fiscal deficit at 4.5%. This might spur for-

eight rating agencies to consider an upgrade.

MSMEs are growth engines for the country and employ lakhs of people. The government gave impetus to them by announcing several financing measures. A credit guarantee scheme will be introduced to provide term loans to MSMEs. Initiatives like credit support to MSMEs during periods of stress, doubling the limit of mudra loans to ₹2 million, a new assessment model for PSU banks to evaluate MSMEs for credit support will benefit the sector. Small Industries Development Bank of India expanding its branch network to cover major MSME clusters will also boost access to credit.

The idea of a digital land registry that will have details of farmers and their land can help in formalizing land data and provide more authentic information for assessing net worth and providing access to finance. I feel one can create an Aadhaar-like identity for land ownership as well. The Centre also plans to release new varieties of high-yielding crops and encourage natural farming. All of these are focused on aiding farmers to make the most of the land they own. Measures for the farm sector directly impact the earnings of rural India. This, in turn, can boost consumption.

The finance minister has estimated the fiscal deficit for FY26 at 4.5%

The introduction of a National Cooperation Policy to fast-track the growth of the rural economy will also act as an enabler to boost the rural economy.

The changes in the new tax regime,

including higher standard deduction and the tax slabs will leave more money in the hands of taxpayers, potentially boosting consumption. Markets had expected some rationalization to income tax exemption limits in the old regime too.

The increase in LTCG and STCG may not dampen market sentiment. The rationale is that the substantial wealth created in the country over recent years makes the additional tax burden relatively small for most investors. Moreover, investors typically base their decisions on potential returns and economic growth rather than solely on tax considerations. Those who invest in stocks do so with a long-term perspective on potential gains. Therefore, marginal increase in taxes is unlikely to shift their investment strategies substantially.

The budget was pragmatic and without any shocks and considering India's economic trajectory, that should be sufficient to further bolster growth.

A. Balasubramanian is managing director and CEO of Aditya Birla Sun Life AMC.

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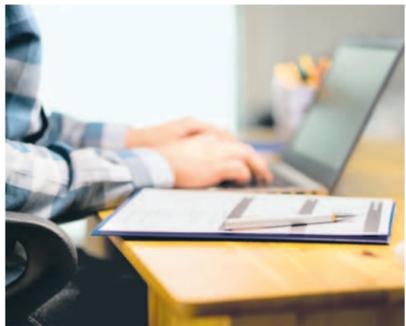
S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50		Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
CLOSE	PERCENT CHANGE												
80,148.88	-0.35	24,413.50	-0.27	22,921.45	0.25	71,844.65	0.30	25,389.00	-0.12	46,819.96	0.68	53,832.46	1.91
PREVIOUS CLOSE 80,429.04	OPEN 80,343.38	PREVIOUS CLOSE 24,479.05	OPEN 24,444.95	PREVIOUS CLOSE 22,865.20	OPEN 22,856.85	PREVIOUS CLOSE 71,632.20	OPEN 71,704.30	PREVIOUS CLOSE 25,419.60	OPEN 25,398.05	PREVIOUS CLOSE 46,504.24	OPEN 46,592.22	PREVIOUS CLOSE 52,823.47	OPEN 53,019.62
HIGH 80,519.58	LOW 79,750.51	HIGH 24,504.25	LOW 24,307.25	HIGH 22,965.45	LOW 22,816.75	HIGH 72,163.75	LOW 71,449.90	HIGH 25,476.00	LOW 25,288.50	HIGH 46,913.17	LOW 46,443.92	HIGH 53,874.71	LOW 52,943.76

MINT SHORTS

Global coal demand to remain flat this year and next, says IEA

Global coal demand is set to remain largely flat this year and next as higher electricity demand in some major economies offsets the rapid expansion of solar and wind, the International Energy Agency (IEA) said. Global use of coal rose by 2.6% in 2023 to an all-time high, driven by strong growth in the two largest coal consumers, China and India. While coal demand grew in the electricity and industrial sectors, the main driver was the use of coal to fill the gap created by low hydropower output and rapidly rising electricity demand, the report showed. "Our analysis shows that global coal demand is likely to remain broadly flat through 2025, based on today's policy settings and market trends," said Keisuke Sadamori, IEA's director of energy markets and security. In India, coal demand growth is set to slow in the second half of 2024 as weather conditions return to seasonal averages and hydropower output improves.

REUTERS



The services sector PMI fell to 51.9 this month from 52.8 versus a poll prediction for an uptick to 53.0. ISTOCKPHOTO

Euro zone business growth stalls in July, PMIs show

Growth in euro zone business activity stalled this month as a tepid expansion in the bloc's dominant services industry failed to offset a deeper downturn among manufacturers, a survey showed on Wednesday. HCOB's preliminary composite Purchasing Managers' Index, compiled by S&P Global, dropped to 50.1 this month from June's 50.9, barely above the 50 mark that separates growth from contraction and defying expectations in a Reuters poll for an uptick to 51.1. Expectations about the coming year waned again, suggesting business managers do not expect an imminent turnaround. The composite future output index registered a six-month low of 60.0 compared to June's 60.8. A PMI covering the services sector fell to 51.9 this month from 52.8 versus a poll prediction for an increase to 53.0. Services firms faced a price increase in input costs this month but raised their prices charged at a shallower rate. The output prices index eased to 53.2 from 53.5.

REUTERS

Property investors: One step forward, two steps back

Dipti Sharma
dipti.sharma@livemint.com

Slashing the long-term capital gains tax rate on the sale of immovable property to 12.5% from 20% would have offered significant relief to investors if not for the accompanying adjustment—the removal of indexation benefit—that's put a lid on the celebrations.

Property buyers can no longer adjust the purchase price for inflation at the time of sale, negating the impact of the tax cut. That's because the indexation benefit, removed for properties purchased or inherited on or after 2001,

effectively worsens the tax impact.

For instance, a property purchased for ₹1 crore five years ago and valued at ₹1.47 crore today would incur a tax of ₹7.01 lakh without indexation, compared to ₹5.1 lakh with indexation. This represents a 37.5% increase in tax outflow despite the lower tax rate, explained Feroze Azeez, deputy chief executive of Anand Rathi Wealth Ltd.

"Our analysis of 1,686 properties held by clients on which we had information revealed that with indexation benefits, and at an effective tax rate of 23.92%, the tax liability is ₹184 crore, whereas without index-



Property buyers can no longer adjust the purchase price for inflation. ISTOCKPHOTO

ation at tax rate of 14.95%, it is ₹257 crore, which is 39.2% increase in tax liability post-budget," said Azeez.

Here is how it works: Let's say the cost inflation index (a measure of inflation) has increased from 100 to 150 over five years, and the value of a property bought for ₹1 crore five years ago has appreciated to ₹1.6 crore.

With indexation, the earlier long-term capital gains tax rate applied to the gain of ₹60 lakh after adjusting for inflation—20% on ₹10 lakh (₹60-50 lakh). Under the new rule, the long-term capital gains tax is 12.5%, not 20%, but because there's no adjusting for inflation, it will apply to the entire gain of ₹60 lakh.

So the effective tax to be paid is ₹2 lakh with indexation,

and ₹7.5 lakh without adjusting for inflation.

"The removal of indexation benefit could have been done in a more tax efficient way—either by grandfathering the fair market values or indexed cost of acquisition of properties till the budget day," said Bijal Ajinkya, partner at law firm Khaitan & Co. "This would have been in line with the government's philosophy of consistency and certainty in tax regimes."

Grandfathering refers to allowing old rules to continue in certain situations, such as making the updated rules applicable only to new investors.

Retail investor is buffer to FII selling post budget

Ram Sahgal
ram.sahgal@livemint.com
MUMBAI

Retail investors, through the mutual fund route, are yet again absorbing the selling by foreign institutional investors (FIIs) post the budget, which is being reflected by a decline in fear gauge India VIX to a three-month low on Wednesday after wild intraday swings.

FIIs have sold shares worth almost ₹6,700 crore in the past two days in response to an increase in capital gains tax on shares in the budget. They have also cut their bullish index futures positions, which has led to wild swings intraday, but counter positions by retail and high net-

Blow hot, blow cold

Fear gauge India VIX has swung wildly on and after the budget but closed significantly lower, signalling that the market is reconciling to tax hikes on capital gains.

Date	Open	Close	Change (in %)
18 Jul 2024	14.22	14.51	2.02
19 Jul 2024	14.51	14.83	2.17
22 Jul 2024	14.83	15.44	4.13
23 Jul 2024	15.44	12.75	-17.43
24 Jul 2024	12.75	11.76	-7.73

mint

SATISH KUMAR/MINT

worth individual (HNI) clients in cash and derivatives segments are cushioning their selling.

"FII sentiment seems to have soured a bit post the increase in capital gains tax, but retail is proving to be the

buffer," said U.R. Bhat, co-founder, Alphaniti Fintech. "The fall in the VIX over the past two days also signals the uncertainty is more or less out of the way, for now."

FIIs sold shares worth ₹1,548.64 crore on Tuesday

and a provisional ₹5,130.9 crore, totalling ₹6,679.54 crore in the two sessions through Wednesday, show NSDL and BSE data, respectively.

Countering them, domestic institutional investors (DIIs) purchased net ₹4,556.1 crore in cash. While FIIs reduced their net bullish positions in futures contracts to 54,771 contracts to 283,153 long contracts on Tuesday, retail/HNI closed out 72,785 short index futures taking their net short outstanding contracts to minus 120,149 contracts, shows NSE data. Derivatives data for Wednesday was not available at press time.

"Closing out a short involves buying it back at a lower price and therefore absorbing the FIIs' long unwinding," said

Chandan Taparia, senior vice president (head-derivatives & technical research) at Motilal Oswal Financial Services.

This buying by retail clients through MFs in cash and derivatives segments has cushioned the market fall on both the days. In total, the Nifty has fallen just two-fifths of a position on a closing basis, to 24,413.5 on Wednesday from 24,509.25 on Monday.

On an intraday basis, the swings have been wild. For instance, gyration between Nifty's high and low on budget day was a whopping 508.35 points and on Wednesday was 197 points. However, the buying by retail resulted in just a 96-point fall over the two sessions through Wednesday.

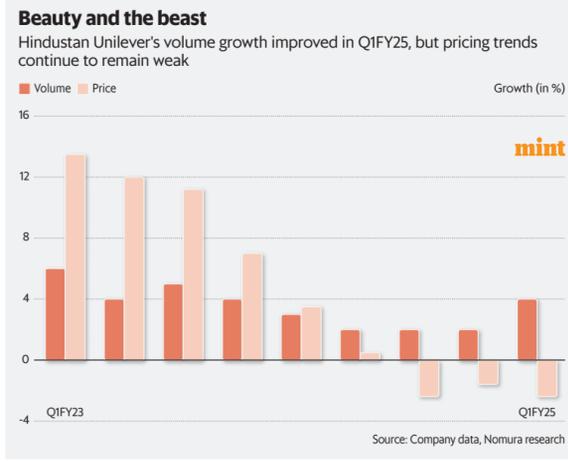
HUL's outlook is improving slowly

Pallavi Pengonda
pallavi.pengonda@livemint.com

The shares of Hindustan Unilever Ltd (HUL) dropped close to 2% on Wednesday, a decline that can be attributed to profit booking given a healthy 11% surge over the past month driven by expectations of favourable announcements in the Union budget.

It should be noted that the commentary of HUL's management while announcing the June quarter (Q1FY25) results on Tuesday after market hours, though not too exciting about business conditions, is largely positive. In a post earnings call, the management said it expects FMCG (fast-moving consumer goods) sector and rural demand to continue improving gradually. Further, forecast of above-normal monsoon and better crop realization augur well, said the management.

The company's underlying volume growth stood at 4% in Q1, and was much better than the 2% growth seen in each of the previous three quarters. However, pricing growth continued to be under pressure. Pricing slipped about 2% in Q1, marking the third straight quarter of drop in the measure. Thus, HUL's oper-



Source: Company data, Nomura research

ating revenue growth was just about 2% year-on-year with the personal care business revenue declining by 4.5%.

So, what fuelled volume growth? The fabric wash category in the home care business saw high-single digit volume growth. In the beauty and wellbeing business, hair care clocked double-digit

volume growth led by Clinic Plus, Sun-silk and Dove.

A key highlight is that soaps saw low-single digit volume growth vis-à-vis a high-single digit decline in Q4FY24 helped by pricing actions. Meanwhile, the foods and refreshment business experienced flat volume growth and

was impacted by a harsh summer season, which weighed on the sales of nutrition drinks (Horlicks and Boost), although the ice cream category saw double-digit volume growth.

HUL said about 55% of its portfolio is gaining share now, and it expects this figure to go back to 60% by the end of 2024. Overall, the company has seen a gain of about 200 basis points (bps) in its market share since March 2021 levels. Further, the premium portfolio contribution is up 300bps over the last three years. In Q1, gross margin expanded by 155bps year-on-year as total raw material costs declined. However, higher advertising and promotion expenses curtailed operating profit margin (OPM) expansion to 26bps to 23.5%.

"While there are margin improvement drivers like operating leverage, improving mix, premiumization, supply chain synergy, etc., higher brand investments will keep OPM range-bound in the near term but will drive modest margin expansion in the medium term," said a report by Nomura

Global Markets Research.

Going ahead, HUL's management expects pricing growth to be in low single-digit in the second half of FY25 (H2FY25). A favourable base should also help the company's revenue growth in the second half of the year. "With a further improvement in volume growth and return of pricing contribution, we expect HUL's revenue growth to largely converge with that of peers in H2FY25," said a report by BNP Paribas.

Based on Bloomberg's consensus estimates, the HUL stock currently trades at almost 52 times estimated earnings for FY26. Sure, valuations aren't exactly appealing but investors could argue many consumer stocks are pricey currently.

Even so, the recent appreciation in the share price may keep further large upsides at bay in the near-term. A good monsoon season should bring comfort, and so should a continuous improvement in rural demand. On the other hand, a slower-than-expected pick-up in volume growth remains a key risk ahead.

POSITIVE FORECAST

THE company's Q1 volume growth was 4%, up from 2% in the previous three quarters

THE gross margin expanded by 155bps year-on-year as total raw material costs declined in Q1

Oberoi Realty stock's fate hinges on how it reinvests cash flows

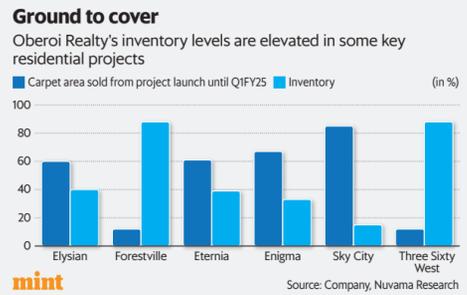
Harsha Jethmalani
harsha.j@htlvtv.com

The stars are gradually aligning for Mumbai-focused Oberoi Realty Ltd. Pre-sales or booking traction in its ultra-luxury project Three Sixty West in Worli is improving, bringing some comfort amid high levels of unsold inventory.

In the June quarter (Q1FY25), Oberoi's pre-sales rose 124% year-on-year to around ₹1,070 crore driven by healthy bookings in this project. It sold six units at Three Sixty West during the quarter (versus eight in all of FY24) for ₹480 crore, at an average realisation of about

₹1,28,200 per sq. ft of carpet area. Management expects a similar sales run rate in this project in the coming quarters.

Pre-sales in residential projects at Borivali and Mulund kept up the pace year-on-year, but were weak sequentially. This, and a lack of new tower launches, hampered Oberoi's sequential pre-sales performance. However, it plans to launch the Pokhran Road project in Thane and additional towers at the Borivali and Goregaon projects during the festive season this year. Projects at Gurugram, Adarsh Nagar in Worli, and Tardeo are set to be launched in FY26.



Source: Company, Nuvama Research

Timely launches and speedy inventory liquidation are crucial for real estate stocks. But in the case of Oberoi Realty, the stock's

re-rating largely depends on how it reinvests cash flows from sold inventory. An Antique Stock Broking report noted that

Oberoi has failed to capitalise on the residential upcycle in the past three years, but with significant land parcels at its disposal, project launches in FY25 and FY26 could help the company benefit from ongoing demand momentum in the sector.

On the commercial side, rental income commenced from Commerz III in Q1FY25 and the project saw 54% occupancy. Sequentially, occupancy was flat at 93% in Commerz II, while it improved to 76% in Commerz I, and to 99% in Oberoi Mall. Management is upbeat on leasing trends and aims to fully lease out all office assets by the end of FY25. The launch of Borivali

Mall has been delayed and is now expected in the second half of the fiscal year. Nonetheless, the company aims to achieve 80-90% leasing in this asset by the end of FY25.

If it meets its leasing targets, the company could see a better cash flow trajectory for its annuity portfolio. Higher rental income should, in turn, help fund expansion and consistent debt repayments. But some of these positives seem to have been factored into the stock, and the wait for crucial triggers continues. The stock has rallied 20% so far in 2024, lagging the Nifty Realty index, which is up around 38%.

BUDGET '24: A COMPREHENSIVE ROAD MAP FOR VIKSIT BHARAT



Respond to this column at feedback@livemint.com

As promised in the Interim Budget 2024-25 by finance minister Nirmala Sitharaman, it was heartening to see the detailed and comprehensive road map for Viksit Bharat in the full budget. Overall, the Budget 2024 has been an inclusive one, listing nine priorities. In fact, inspired by Prime Minister Narendra Modi's vision, Federation of Indian Chambers of Commerce & Industry (Ficci)'s four priority areas—manufacturing (Make in India), farm-led growth, women-led development and sustainability—mirror the thrust areas in the budget. These are areas for further growth and progress as we build a Viksit Bharat.

For the first time in the budget speech, we have seen announcements to lay out an economic policy framework for next-generation reforms that include measures for improving productivity of factors of production like land, labour, capital, entrepreneurship and tech, making markets and sectors more efficient.

The government has focused on infrastructure, and significant investment has been made in improving infrastructure. The expenditure has almost doubled in the last six to seven years.

It is important that this focus on infrastructure continues, and Ficci is happy to note the government's endeavour to maintain strong fiscal support for infrastructure over the next five years, in conjunction with fiscal consolidation. This year, the budget has provided record-high allocation of ₹11.1 trillion for capital expenditure, which is 3.4% of gross domestic product.

Further, the budget's focus on manufacturing, MSME and employment will be a decisive factor in our development. Budget incentives for employment, strengthened support for MSMEs and the cost of doing business will help

address these aspects comprehensively. The role of manufacturing in Viksit Bharat is imperative, and this came out loud and clear in the latest budget. A slew of measures announced in the budget for manufacturing, particularly for employment generation and skilling, bode well for the country.

With a \$467 billion size, India's manufacturing sector today stands fifth globally, surpassing traditional superpowers in manufacturing like the UK, South Korea, France, etc. But we need to scale this up fast, as the gap between India and economies like Japan and Germany is more than double and with China it is ten times.

Only 11.4% of our workforce is in manufacturing. The service sector remains a major job creator along with the construction sector, driven by the government's push for infrastructure. But,

since construction jobs are largely informal and low-paying, there is a need for avenues for the labour force leaving agriculture. Unfortunately, the manufacturing sector employment creation has been subdued, as noted in the Economic Survey 2024, though it appears to have rebounded since 2021-22. Prime Minister's Package for Employment and Skilling will help to absorb the labour force in manufacturing and MSMEs.

Lastly, it was quite reassuring for the investors to know that the government aims to reach a fiscal deficit below 4.5% by next year itself, from the current level of 4.9%. This shows the government's commitment to the continuity of reforms and major steps it has taken to provide strong and resilient growth for the economy.

Anant Goenka is vice-president, Ficci and vice-chairman, RPG Enterprises.



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

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



MINT SHORTS

Urban Company turns operationally profitable

Bengaluru: Prosus-backed home services provider Urban Company said it turned operationally profitable in the June quarter. The startup reported ₹7 crore in operating Ebitda (earnings before interest, taxes, depreciation and amortization) in the first quarter of financial year 2025 (FY25) and profit before tax of ₹12 crore. For FY24, too, it improved its economics, narrowing its loss to ₹93 crore in loss before tax from a ₹312 crore loss in FY23, while its revenue grew about 30% to ₹827 crore. **MALVIKA MALOO**

Ex-defence secretary's maiden fund achieves first close



Bengaluru: MountTech Growth Fund, a venture capital firm launched by former defence secretary **Ajay Kumar**, has achieved the first close of its maiden vehicle Kavachh (MGF-Kavachh). It received approval from the regulator to operate a category-II alternative investment fund in January and aimed to raise a corpus of about ₹250 crore, with another ₹250 crore reserved as greenshoe option. MGF-Kavachh announced its first close at over 100% of its targeted corpus. **MALVIKA MALOO**

Steadview, others invest ₹250 cr in IPO-bound Unimech Aerospace

New Delhi: Unimech Aerospace, which manufactures forged components and precision parts for the aerospace industry, said it has raised ₹250 crore from investors including Steadview Capital Mauritius Ltd, in private placement financing. The funding round also saw participation from ValueQuest Scale Fund and Evolve India Fund IV Ltd, the company said in a statement. Bengaluru-based Unimech is in the process of filing draft papers with the regulator for an initial public offering (IPO). **PTI**

Tiger Global-backed Captain Fresh acquires Polish salmon company

Bengaluru: Business-to-business seafood provider Captain Fresh has agreed to buy Poland-based salmon company Koral as it expands its presence in Europe. Koral is a producer and distributor of smoked salmon products sold across domestic and international markets under the brand SuperFish. The financial details of the deal were not disclosed. **MALVIKA MALOO**

Shubman Gill, Preity Zinta invest in gym chain DRIVE FITT

Gaurav Laghate
gaurav.laghate@livemint.com
MUMBAI

Bollywood star and co-owner of the Indian Premier League's (IPL) Mohali franchise Preity Zinta, along with Indian cricketer Shubman Gill, has invested in DRIVE FITT, a new gym chain founded by Australian entrepreneurs Mark Sellar and Deke Smith. Set to launch in India in October, DRIVE FITT combines cricket with fitness, featuring 24/7 cricket training facilities integrated with comprehensive gym amenities.

The chain will open its first facility in Gurgaon this October, with a second in Noida scheduled for November. DRIVE FITT plans to establish 300 franchises across India within the next three years, with 20 locations already identified for the initial rollout. "I am excited to bring DRIVE FITT to India. It represents a unique fusion of fitness and cricket, two passions that resonate deeply with me and many people in India. Our mission is to create an inclusive environment for all ages and fitness levels," Zinta said in a statement.

The gym chain offers a distinctive fitness experience, blending cricket training with traditional gym services. Members will have access to cricket coaching, group fitness classes and yoga studios, all using cricket-inspired methods. The brand's offerings are crafted by Gill, along with Australian cricketers Chris Lynn and Ryan Harris, who have joined as co-founders.

DRIVE FITT has appointed Nikhil Kakkar, former chief operating officer (COO) of Gold's Gym, as its COO.

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

Acko buys OneCare in health services push

'Acquisition a key component of strategy to build a healthcare ecosystem'

Sowmya Ramasubramanian
sowmya.r@livemint.com
BENGALURU

Multiples Private Equity-backed Acko General Insurance has acquired digital chronic care management company OneCare as it focuses on becoming a healthcare service provider.

The deal was an all-cash transaction, though the firms did not disclose the financial details. OneCare provides advanced wearables and data-driven insights, and follows an omnichannel approach with both physical clinics and virtual care teams, the firms said.

Acko said the acquisition is a key component of its strategy to build a healthcare ecosystem to address various aspects of a customer's health insurance needs, from protection to prevention, care and recovery.

Dr Rakesh Shivran and Sagar Bhat, co-founders of OneCare, will be joining the leadership team of Acko.

"Integrating OneCare's capabilities will help us weave cutting-edge clinical care directly into our customers' insurance experiences, ensuring they receive the best possible care," Varun Dua, founder and chief executive officer (CEO) of Acko, said.

Acko, which began in 2016 offering vehicle insurance and later health cover, has now started offering general and life insurance as well following the acquisition of OneCare.

The company has been looking at several diversification options. Recently, Acko entered the car servicing and repair space with Acko Drive Repair Centre, seeking to capitalize on the growing demand for branded car repair and maintenance services.

Servicing in-use vehicles presents a viable opportunity for tech-based firms as



Varun Dua, founder and CEO of Acko.

the sector remains largely fragmented and unorganized.

Acko's revenue from operations grew 32% to ₹1,759 crore in 2022-23, but its losses surged to ₹738 crore, weighed by rising expenses.

Acko has secured nearly \$450 million in

100 offline clinics.

Acko entered the retail health insurance space in March last year with the acquisition of Parentlane, a Bengaluru-based digital health platform focused on maternity and child health. It counts the likes of Swiggy, Razorpay and CRED as part of its client base spanning 200 companies.

It also tied up with fintech player PhonePe and MyGate to offer comprehensive insurance products to consumers on their platforms.

Acko claims to have disbursed over 1 billion insurance policies to over 78 million customers till date.

In March, the General Atlantic-backed insurer elevated its chief underwriting officer Animesh Das to the role of CEO of Acko General Insurance. Former CEO Sanjeev Srinivasan occupied a board role, the company has announced.

DIVERSIFICATION PLAN

ACKO began in 2016 offering vehicle insurance. It later started offering health cover

THE firm has now started offering life, general insurance as well following the OneCare acquisition

RECENTLY, it entered the car servicing and repair space with Acko Drive Repair Centre

funding from investors including Accel, Elevation Capital and General Atlantic. It was last valued at \$1.1 billion in October 2021.

Founded in 2021, OneCare has built an omnichannel model of chronic care delivery with the use of advanced wearables and clinical insights. It claims to have over

Piramal Cap eyes global funds at 15% total debt in 2.5 yrs

Anshika Kayastha
anshika.kayastha@livemint.com
MUMBAI

Piramal Capital and Housing Finance Ltd, a wholly owned subsidiary of Piramal Enterprises Ltd, has raised \$300 million through its first US dollar-denominated bond. The lender is now looking to increase the share of overseas borrowing to 10-15% of its total liabilities, said managing director (MD) **Jairam Sridharan**.

"Over time, I want to get to a point where 10-15% of our liabilities are coming from international borrowing in 2-2.5 years. Post this issue, the share is now at around 4%," Sridharan said in an interview. "To that extent we will want to do multiple issues in the future."

"In the immediate term, in FY25, we will go one more time to tap out a little more of the demand that is left over."

The second tranche is likely to be of \$100-200 million, and will be raised over the next three to four months, Sridharan added.

The \$300 million fundraising comprised fixed rate senior secured sustainability bonds, issued at a yield of 7.95% for a 3.5-year term. The company received 'BB-' rating from S&P and a 'Ba3' rating from Moody's, both with a stable outlook.

Standard Chartered Bank, Barclays and Deutsche Bank were joint global coordinators and joint bookrunners. Axis Bank, Citi and Emirates NBD served as joint bookrunners.

On Tuesday, the bonds, listed on the International Exchange IFSC (India INX),



Jairam Sridharan, MD, Piramal Capital and Housing Finance.

received bids totalling around \$1.3 billion, or over four times the \$300 million issue size. On the listing day, the yield fell 15 basis points to close at 7.80%, reflecting strong investor interest.

"We issued only \$300 million because we wanted to just establish the presence right now and open up the pipeline and then later on we can do more. We want to open up the

international market as a source of capital. It felt like an area that we should tap."

Sridharan noted that the issue was allocated to 115 different investors with

the aim of diversifying the NBFC's borrowing profile and reduce dependence on domestic markets.

"You have to assume a certain part of your liability stack is going to be higher priced compared to others, but we would prefer to keep a steady pipeline there so that in good times and bad we have access to capital. It's an insurance policy to ensure that we don't fall short at any point in time."

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Experts' View

LEADING MID-CORPORATES OF INDIA — 2024 —

Samudra Sen
Chief Executive Officer
LearningMate Solutions Pvt. Ltd.

features and capabilities into our solutions.

- Engage Learning Framework:** We offer AI-informed instructional design templates and best practices for creating engaging learning experiences across multiple channels.

To grow and succeed, LearningMate has focused on innovation through patents, platforms, and processes to stay ahead of the curve.

What are your key strategic priorities for customers and stakeholders to drive long-term growth?

LearningMate's long-term growth plan is driven by the following three key strategic priorities:

- Eliminating costs from customer balance sheets:** Our patented technologies, content engineering platforms, and AI models help education providers cut the costs of developing and delivering digital learning products and services.
- Driving better teaching and learning outcomes:** LearningMate's mission is to enhance teaching and learning through its AI-informed Engage Learning Framework, delivering interactive, multimodal, and efficacy-optimized learning experiences.
- Enabling flexibility and accelerating workforce readiness:** LearningMate supports learning anytime, anywhere, and on any device, enabling learners to quickly acquire skills the workforce demands. We make refactoring large courses, modularizing content, providing micro-credentials, and providing

What is your company's growth strategy for the next 3 to 5 years?

Our growth strategy for the next 3 to 5 years as we strengthen our position as a global leader in EdTech includes organic and inorganic growth.

- Organic Growth:** The demand for education technology has helped drive our organic growth. Investing heavily to build on this momentum, we're expanding our presence in strategic geographies.
- Capability Expansion:** We're tapping into new aspects of AI, machine learning, and learning analytics to bring value to our clients by upgrading our platforms, tools, and solutions.
- Inorganic Growth:** Through a focused corporate development effort, we're actively pursuing inorganic growth opportunities. It includes:
 - Strategic Acquisitions:** After two acquisitions and two rebranding initiatives, our goal is to strengthen our position as an end-to-end EdTech partner by acquiring companies with complementary capabilities, technologies, or market access.
 - Strategic Partnerships:** With our robust partner program, we're committed to forming strategic alliances with other industry players.

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Newgen Software Technologies announces impressive results

Newgen Software Technologies, a leading provider of AI-enabled unified digital transformation platform with native process automation, content services, and communication management capabilities, has solidified its position as a world leader since its inception in 1992. Globally, successful enterprises rely on Newgen's industry-recognized low code application platform to develop and deploy complex, content-driven, and customer-engaging business applications on the cloud.

In over three decades, the company has grown consistently, a fact that was evident when the management of Newgen Software Technologies Ltd., announced its results for the quarter ended June 30, 2024 at its board meeting held on July 18, 2024.

Commenting on the company's performance, Diwakar Nigam, Chairman & Managing Director, Newgen Software Technologies Ltd., said, "As we start a new financial year, we are happy to close another robust performance quarter in terms of revenues and profits. The quarter registered a 25% revenue growth driven by strong business across all regions. We had good additions in our

Key Highlights-
Q1 FY'25 v/s Q1
FY'24

Revenues
₹ 315 Cr
(25% YoY growth)

Profit after Tax
₹ 48 Cr
(58% YoY growth)

New Logo Wins
13

client portfolio and added 13 new logos in Q1. New business from our existing customer base also contributed significantly to our revenue growth reaffirming our deep and long-term customer relationships and ability to deliver value to our customers."

"Our solutions in trade, lending, and supply chain finance have been getting good traction and market acceptance, helping businesses grow and manage their operations more efficiently.

During the quarter, we also launched our new product named - Newgen LumYn, a Gen AI-powered hyper-personalisation platform designed specifically for the banking sector," said Virender Jeet, CEO, Newgen Software.

Key Consolidated Financial Highlights (Q1 FY'25)

- Revenue from operations (consolidated) witnessed a strong growth of 25% Q1 YoY, reaching ₹ 315 crore as compared to ₹ 252 crore in Q1 FY'24.
- Annuity revenue streams (ATS/AMC, support, and cloud/SaaS and Subscription license) were at ₹ 201 crore
- Revenue from the sale of products/license were at ₹ 45 crore
- Revenue from implementation and others were at ₹ 68 crore
- Profit after tax stood at ₹ 48 crore during the quarter, up 58% YoY compared to ₹ 30 crore in Q1 FY'24.

Key Business Highlights (Q1 FY'25)

- 13 new customer logo additions during the quarter.
- Newgen recognised in Gartner® Market Guide for State and Local Government Grant Management Solutions
- Company has been reaffirmed the short-term rating of CRISIL A1 for its debt instruments.
- Launch of new product named Newgen LumYn - a Gen AI-powered hyper-personalisation platform designed specifically for the banking sector

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Spike in capital gains tax on CCDs stuns foreign investors

Tax rate on capital gains from compulsorily convertible debentures has risen threefold to 35%

Nehal Chaliawala
nehal.chaliawala@livemint.com
MUMBAI

India's latest Union budget has given foreign investors a rude shock—their tax liability on capital gains in the country will surge across asset classes, experts said, which is likely to make them weigh the impact before investing in the country. The biggest impact of the move will be on foreign direct investment (FDI) in compulsorily convertible debentures (CCDs), where the income tax rate on capital gains has gone up from 10% to 35%.

Earlier, gains on unlisted CCDs held directly by foreign companies for more than three years were treated as long-term capital gains (LTCG) and taxed at 10%.

Now, these gains will be treated as short-term capital gains (STCG), regardless of the holding period.

The increased taxation rate arises as the latest Union budget changed the characterisation of these assets by amending Section 50AA of the Income Tax Act.

Capital gains on CCDs will now be taxed at the maximum marginal rate, which is 35% for foreign companies. The corporate tax rate on foreign companies was lowered to 35% in the budget on Tuesday. It was 40% earlier.

CCDs are bonds that must be converted into equity by a specified date. Issuance of CCDs is one of the most popular ways of raising FDI by Indian companies.

"The amended section 50AA covers any gains on transfer or redemption of unlisted debentures as short-term capital gains, which will be taxed at the



Earlier, gains on unlisted CCDs held directly by foreign companies for more than three years were treated as long-term capital gains, and taxed at 10%. BLOOMBERG

maximum marginal rate," said Vaibhav Gupta, a partner at Dhruva Advisors. "Taking positions on taxability of CCD capital gains under the tax treaties will now need to be considered in light of the impact of the tax rate going up 3.5 times in India."

To be sure, unlisted CCDs held for less than three years were already taxed at the maximum marginal rate.

The latest amendment will also affect domestic investors in unlisted CCDs. But CCDs are largely issued for the purpose of FDI.

"The change in characterisation of CCDs is a lightning blow to FDI. It will lead to a significant increase in tax outflows on unlisted CCDs held by foreign entities," said Amit Singhania, founder

of Areete Law Offices. Foreign investors will also weigh the impact of the increase in the LTCG and STCG tax rates before investing in India, experts said.

The budget increased LTCG from 10% to 12.5% and STCG from 15% to 20%.

Overseas investors will also have to weigh the impact of share buybacks now being treated as dividend, which could increase their tax outgo, according to the experts.

This is because, in the absence of a provision treating buyback proceeds as dividend only to the extent of accumulated profits of the investor, the entire buyback proceeds will now be taxed as dividend, Gupta said. This means that the entire amount

received from the buyback of shares will be taxed, and investors will not get a chance to offset the initial investment cost. Earlier, the buyback proceeds were taxed in the hands of the company, net of the amount received against the shares, effectively only taxing the gains.

"The investment cost will only be available as a capital loss for the investors, which can be offset against any other capital gains income," said Gupta, adding that not allowing the investment to be offset was "a bit surprising".

However, there is a silver lining for foreign investors as they will now get the benefit of currency fluctuations when computing their LTCG, experts said.

"While the tax rate on LTCG has gone up to 12.5%, this may not be as adversarial as it looks. The higher taxes for foreign investors will be offset by exempting the gains attributable to foreign exchange fluctuation benefits, which are now allowed," Singhania said.

Section 112 of the Income Tax Act governs LTCG. Following the amendment in the latest budget, the section does not contain a clause that does not allow foreign exchange fluctuation benefits when computing LTCG for foreign investors.

A clause to this effect was present before the amendment. However, some experts said this could be an omission.

"This looks inadvertent since no inflation adjustments are available for resident investors. It will be interesting to see if this is plugged in at the time of the final approval to the Finance Bill," Gupta said.

Can Indian companies fulfil the jobs demand in budget?

Devina Sengupta
devina.sengupta@livemint.com
MUMBAI

This year's budget has sharpened focus on skilling and jobs for the country's youth, setting aside ₹2 trillion to educate, skill and employ 41 million people who will enter the job market over the next five years.

One of the ambitious schemes is to get the country's 500 biggest companies to provide paid internships to 10 million youth over the next five years, making them job-ready in the process. It proposed internship opportunities for youth, with a monthly allowance of ₹5,000 plus a one-time assistance of ₹6,000.

R. Shankar Raman, president and group CFO, Larsen & Toubro, said, "Labour issue is not simple. We too are working on this. All are not blessed with the same skill levels. They have to be trained."

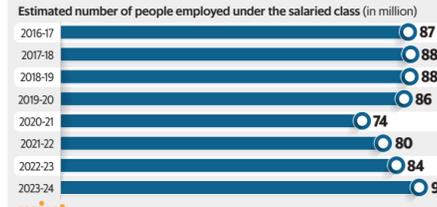
"It is not really about ₹5,000 per month. There is a need to do a realignment on what people want and what people possess as a skill. It is about the quality of the skill and there are various other basic issues that need to be addressed. There is no one-time solution. This has to be addressed on a continuous basis over several years," Raman said at L&T's earnings call on Wednesday.

A rough calculation shows that each of the top 500 firms will have to create space for 20,000 interns in five years, or 4,000 in a year.

"We take 500 apprentices and interns every year from engineering colleges and B-schools, and give them a stipend. While apprentices and interns from engineering firms work in the plants, those from B-schools work in the corporate offices," said the head of

Building capacity

From FY20 to FY24, India added 4.47 million people to the salaried workforce.



Source: Consumer Pyramids Household Survey, CMIE
SATISH KUMAR/MINT

human resources of a conglomerate, requesting not to be named. "While the intention to create employment is in the right direction, we will find it difficult to increase the numbers to about 4,000 from 500 in a year."

In the five years from 2019-20 to 2023-24, India added 4.47 million people to the salaried workforce, which stood at a little over 90 million in 2023-24, according to the Centre for Monitoring Indian Economy's consumer pyramids household survey. The salaried class includes managers, supervisors, white-collar professionals, clerks, industrial and non-industrial workers, and support staff.

Offering internships to 10 million people in the next five years in India's top 500 companies will mean more than doubling the total employment generated across the salaried class in the past five years, or 11% of all the people employed under this category. Manufacturing, IT, IT-enabled services, automotive, and medium and small-scale sectors pick up interns and apprentices in large numbers.

The budget says that "participation of companies is voluntary" and those aged between 21 and 24 will be eligible to apply under the intern-

ship scheme. According to an executive at an industry body, companies will not need interns for long.

"The employment opportunities are low, firms are not heading to campuses in large numbers. Interns are picked up for a couple of months, so getting the companies to skill for a year will need more clarity," said the executive, who did not want to be named.

According to Mint's study of annual reports of 94 companies on the BSE 100 index, there were 3.83 million employees at BSE 100 firms as of 31 March 2023. The data included both permanent and non-permanent employees, and excluded workers (in some cases, only permanent employees were considered due to unavailability of data).

A government official told Mint that there also needs to be more clarity on how one will demarcate this internship scheme from the apprenticeship programmes, wherein companies have to adhere to an intake of a minimum number of apprentices a year, depending on their manpower.

Mint's data team contributed to this story with data and analysis.

For an extended version of this story, go to livemint.com.

Budget share for higher education up by over 6%

PTI
feedback@livemint.com
NEW DELHI

The budget allocation for the higher education department in 2024-25 has increased by more than 6% from last year to over ₹47,600 crore, the Union ministry of education said on Wednesday.

The clarification from the ministry came following reports that the budget allocation for higher education has decreased this year.

"The budget for department of higher education for the Financial Year 2024-25 is ₹47,619 crore, an increase of ₹2,875 crore (6.43%) over RE 2023-24," it said.

The ministry noted that the Statement of Budget Estimates issued by the ministry of finance said the revised estimate for the department in FY24 was ₹57,244 crore, which indicated a decrease in the budget estimate this year by over ₹9,600 crore.

Critical minerals push to aid local value addition

Shouvik Das
shouvik.das@livemint.com
NEW DELHI

India's battery-makers, recyclers and electronics companies stand to gain from the proposed critical minerals mission and duty-free imports of cobalt, copper, lithium and nickel, industry executives said.

The budget proposal for the critical minerals mission is expected to encourage local manufacture of battery cells and increase domestic value addition, especially since an ₹18,100 crore production-linked incentive (PLI) scheme for advanced chemistry cells (ACC) is nearly exhausted. Early gainers may include companies already approved under the ACC PLI such as Ola Electric Mobility, Reliance New Energy and Rajesh Exports. Others who are waiting for PLI approval include Amara Raja's advanced cells subsidiary, JSW New Energy and Waaree Energies.

On Tuesday, finance minister Nirmala Sitharaman



Import duties that currently range from 2.5% to 10% on 28 critical minerals were scrapped to make cell making competitive. AFP

announced that a critical minerals mission will be set up "for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets."

"Its mandate will include technology development, skilled workforce, extended producer responsibility framework, and a suitable financing mechanism," the minister added. Import duties that currently range from 2.5% to 10% on 28 critical minerals were scrapped, in an attempt to make cell manufacturing in

India competitive. ACC PLI applicants could meet the domestic value addition goals under the scheme, in turn attracting specialized companies operating in the battery supply chain from global markets.

Three people aware of the developments said the new mission may be housed under the ministry of heavy industries, and that it could raise financing for cell manufacturing. Consultations are likely with multiple industries, besides the ministry of elec-

tronics and information technology (MeitY), they said.

Ashok Chandak, president of industry body India Electronics and Semiconductor Association (IESA), said that rationalizing import tariffs of such minerals "can impact about 5-10% of the battery cost itself."

"The key goal here, instead of geopolitical independence, is to make India an attractive market in terms of the value of cell manufacturing locally. So far, only battery packaging is conducted in India, and cells are imported due to the lack of natural reserves of critical minerals, as well as high import duties that so far didn't encourage many companies from catering to India's battery needs. Through this mission, India will also be able to evaluate an as-yet unproven recycling industry, and see if the recycling technology of a handful of e-waste management firms can achieve the requisite

levels of mineral purity to become suppliers to cell manufacturers," said Parul Nagpal, partner at consultancy firm, EY India.

Chandak said the mission could resolve the problem of India failing to grab the proverbial 'low-hanging fruits' so far. "Take electronic registers, for example. These are one of the lowest-cost electronics components, and yet, we still continue to import them. With copper import duties abolished, we can now make these components here, which will add value to the entire supply chain," he

added.

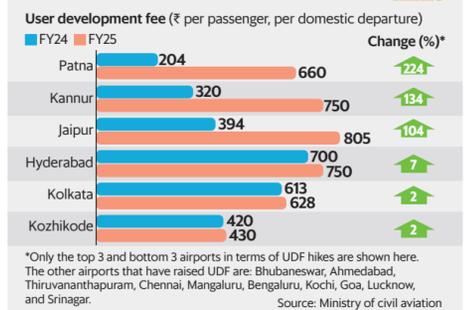
Spokespersons for Reliance New Energy and Ola Electric did not respond to messages requesting for comment. An email sent to Waaree Energies, one of the latest applicants for the ACC PLI scheme, remained unanswered.

For an extended version of this story, go to livemint.com.

The budget proposal for the critical minerals mission could encourage local manufacture of battery cells

Costly flight

Sixteen airports have raised user development fees 2%-200% from the last fiscal year, adding to the cost burden on fliers.



*Only the top 3 and bottom 3 airports in terms of UDF hikes are shown here. The other airports that have raised UDF are: Bhubaneswar, Ahmedabad, Thiruvananthapuram, Chennai, Mangaluru, Bengaluru, Kochi, Goa, Lucknow, and Srinagar. Source: Ministry of civil aviation

Why these airports charge more to fly

FROM PAGE 1

tic flight from the Patna airport is now paying ₹660 as UDF, up 223% from FY24. Corresponding numbers for Kannur is ₹750 (up 135%) and Jaipur ₹805 (up 104%). At Ahmedabad, Thiruvananthapuram and Chennai airports, departing passengers pay 80%, 52%, and 34% more in UDF, at ₹450, ₹250 and ₹770 respectively.

Similarly, the UDF has been hiked by 25% at Mangaluru, 22% at Bengaluru, 15-17% at Kochi and Goa, 13% each at Srinagar and Lucknow, 7% at Hyderabad and over 2% at Kozhikode and Kolkata.

Higher airport charges support operations, maintenance and expansion, as well as help enhance infrastructure and safety, but they also drive up fares and may depress air travel, said Jyoti Mayal, vice-chairperson of the Federation of Associations in Indian Tourism & Hospitality. "Countries with robust economies impose higher airport taxes, while those with weaker economies keep fees lower to attract tourists and business travellers. India has recently post-covid seen a surge in domestic travel and this should not become a

reason for a decline." Mayal said that airfares in India are anyway higher since there are no concessions for jet fuel. "The government needs to look into a sustainable model to keep costs reasonable for travellers to explore destinations & the growth. A balanced approach is essential & critical for growth in tourism," she added.

While most airports rolled out the increase at the beginning of FY25, the increase in Thiruvananthapuram airport took effect on 1 July and that for Jaipur airport is effective 1 August. The charges follow tariff orders issued by the Airports Economic Regulatory Authority of India (AERA) between August 2021 and July 2024. AERA, a regulator set up in 2009, determines tariffs for aeronautics services at major airports.

An airport charges for aeronautical and non-aeronautical services. Aeronautical services include navigation, surveillance, and supportive communication to air traffic management for landing, housing and parking of aircraft or any other ground facility provided in connection with aircraft operations at the airport.

L&T's jumbo order book target signals infra, energy boom

FROM PAGE 1

The company attributed the higher revenues to a "robust execution" in its projects and manufacturing portfolio, with ₹26,248 crore or 48% of the Q1 revenues flowing in from international orders alone.

In a statement, S. N. Subrahmanyan, L&T's chairman and managing director said, "We have achieved steady growth across all financial parameters in Q1 FY 2024-25, despite the geopolitical situation across the globe."

Shankar Raman said there were orders worth about ₹40,000 crore from infrastructure projects in the first quarter, somewhat similar to last year.

"We knew it (the order flow) will be slow due to elections; still, we maintained the order flow," said Shankar Raman,

adding that domestic orders declined 20% y-o-y but international orders grew 42% y-o-y in the quarter. "That's how we maintained the overall order flow at similar levels like last year."

L&T's shares closed 0.54% down at ₹3,519.40 on BSE on Wednesday. The results were announced after market hours.

During the quarter, the company said it got orders from off-shore verticals of hydrocarbon business, renewables, transmission and distribution, roads, nuclear power, hydel and tunnel, ferrous metals, health, and precision engineering sectors. International orders at ₹32,598 crore during the quarter comprised 46% of the total order inflow.

In the energy and manufacturing segments, Shankar Raman said, the order book was at around ₹8,790 crore and



L&T's International revenues in Q1 constituted 48% of the total revenues. REUTERS

₹3,680 crore, respectively, during the quarter, with the domestic market contributing a majority in both verticals.

Of the ₹4.9 trillion order book currently, Shankar Raman said, 56% is from infra-

QUARTER CHECK

• Q1 revenue rose 15% y-o-y to ₹55,120 crore while net profit rose 12% to ₹2,786 crore

• Order book is currently worth ₹4.9 trillion and is envisaged to rise to ₹9 trillion in FY25

• 60% of the orders are expected to come from abroad while the rest will be domestic orders

• ₹40,000 crore worth of orders of L&T came from infrastructure projects in Q1FY25

globally this year on the back of its recently-awarded benign credit ratings.

In the June quarter, L&T received orders worth ₹70,936 crore at the group level, an 8% y-o-y growth aided by the strong ordering momentum in the Middle East, said the company in a statement.

L&T, whose rating at BBB+ from global rating agencies S&P and Fitch, is two notches higher than India's rating itself, feels this rating tag will help the conglomerate win more marquee international projects in the coming days.

"This works as a good template as an international endorsement. As far as raising capital is concerned, whenever we are in the market, it helps us in securing approvals from various credit committees," said Shankar Raman.

L&T received orders worth ₹70,936 crore at the group level in the June quarter, registering an 8% y-o-y growth

L&T, which is competing with large conglomerates such as the Tata Group, RIL, Adani Group and Vedanta in terms of leveraging the country's transition to net-zero, is planning to expand its green energy portfolio too in the ongoing fiscal.

Shankar Raman said while L&T is expanding its green EPC business, the prime focus will be on building solar plants, offshore wind business, green hydrogen business and ammonia production business.

For an extended version of this story, go to livemint.com.

Performance Highlights Q1 FY25

Consolidated total income: ₹ **31,480 crore** ↑ **35%**

Consolidated profit after tax: ₹ **2,138 crore** ↑ **10%**

BAJAJ FINSERV LIMITED	Consolidated Results				(₹ In Crore)
	Particulars	Q1 FY25	Q1 FY24	% Change	FY24
	Total income	31,480	23,280	35%	1,10,383
	Profit before tax	5,968	5,125	16%	21,375
	Profit after tax (attributable to owners of the Company)	2,138	1,943	10%	8,148

BAJAJ FINANCE LIMITED	Consolidated Results				(₹ In Crore)
	Particulars	Q1 FY25	Q1 FY24	% Change	FY24
	Total income	16,102	12,500	29%	54,983
	Profit after tax	3,912	3,437	14%	14,451
	Net NPA	0.38%	0.31%		0.37%
	Return on average equity (annualised)	19.9%	24.5%		22.0%
	Assets under management	3,54,192	2,70,097	31%	3,30,615

BAJAJ HOUSING FINANCE LIMITED	Standalone Results				(₹ In Crore)
	Particulars	Q1 FY25	Q1 FY24	% Change	FY24
	Total income	2,209	1,765	25%	7,618
	Profit after tax	483	462	5%	1,731
	Assets under management	97,071	74,124	31%	91,370

BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	Standalone Results				(₹ In Crore)
	Particulars	Q1 FY25	Q1 FY24	% Change	FY24
	Gross written premium	4,761	3,834	24%	20,630
	Profit after tax	576	415	39%	1,550
	Combined ratio	103.7%	100.7%		99.9%
	Return on average equity (annualised)	21.3%	17.2%		15.2%
	Assets under management	31,651	28,611	11%	31,196

BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.	Standalone Results				(₹ In Crore)
	Particulars	Q1 FY25	Q1 FY24	% Change	FY24
	Gross written premium	5,018	4,058	24%	23,043
	New business premium	2,541	2,159	18%	11,494
	Net new business value	104	94	11%	1,061
	Shareholders' profit after tax	97	155		563
	Assets under management	1,16,966	95,317	23%	1,09,829



BMW winning big in EVs, but says adoption slowing down

Alisha Sachdev
alisha.sachdev@livemint.com
NEW DELHI



BMW Group's Jean Philippe Parain.

German luxury car-maker BMW has emerged as the third largest electric vehicle (EV) manufacturer globally in the first half of this year, trailing only Tesla and China's BYD. Even as BMW says its superior products helped it gain ground over rivals like Mercedes-Benz, Audi, and Volkswagen, it fell short of its projected EV sales volume targets due to negative customer sentiment in key markets such as China and subsidy cutbacks in other nations.

"The adoption of EVs is very much linked to the countries' EV policies. And we've seen in some markets that subsidies are being reduced due to budget constraints," said Jean Philippe Parain, senior vice president for the Asia-Pacific, Eastern Europe, Middle East and Africa regions for the BMW Group.

"Where the subsidies are

increased, EVs become more popular. To take an example, in a market like Australia, we are going from 3% EV penetration in 2023 to probably 25% in 2025 because of the country's EV policy. It is a very clear policy and we see a strong increase."

"But it's true that on a worldwide level due to this budget constraint the adoption has been slower than expected. We had also planned a stronger electric vehicles sales growth so we have had to take that into account," he added.

In the Indian context, BMW EVs are reaching the same level of intricacy usage as their IC-engine counterparts here, Vikram Pahwa, president, BMW Group India said.

BMW launched four new products across its Motorrad, Mini & BMW brands in India on Wednesday. The launches included a new electric scooter by BMW called CEO4, the new long-wheelbase BMW 5 Series, as well as the new electric Mini Countryman and Mini Cooper S. Deliveries for the products will begin in September.

"We see competitors really struggle with their transformation (to EVs). Porsche EV sales were down 50%, and Mercedes and Audi are also struggling. We believe we have the better products, which is the main explanation for our growth. We also have made 360-degree efforts involving our dealer partners, infrastructure investment and destination charging," Parain said.

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

Deposit, credit growth to converge: Axis Bank

RBI has expressed concerns about loan growth outpacing deposits

Shayan Ghosh
shayan.g@livemint.com
MUMBAI

Private sector lender Axis Bank on Wednesday reiterated that it expects system credit growth to moderate and converge towards deposit growth, reflecting a system-wide challenge in bridging the gap between demand for loans and people's willingness to park funds in deposits.

"We expect deposit growth to remain a factor influencing growth in advances in the near term," Amitabh Chaudhry, chief executive officer (CEO), Axis Bank, told reporters after announcing the June quarter earnings.

"We retain our stance of policy rates staying higher for longer and foresee the system credit growth to converge towards deposit growth of around 13% over the fiscal."

The gap between credit and deposit growth rates recently led the banking regulator to express concerns about structural changes in the people's savings habits. Reserve Bank of India (RBI) governor Shaktikanta Das said last week that households and consumers who have typically been parking funds with banks are increasingly turning to capital markets and other financial intermediaries. As on 28 June, bank deposits had grown 11.1% year-on-year, lagging credit growth of 17.4%. Banks have been raising deposit rates to lure customers who seem to have found other investment avenues.

While Axis Bank's total deposits rose 13% year-on-year (y-o-y) to ₹10.62 trillion, its loans increased 14% to ₹9.8 trillion as on 30 June. The growth in depos-



Axis Bank CEO Amitabh Chaudhry.

BLOOMBERG

its primarily originated from term deposits which rose 20% year-on-year to ₹6.18 trillion.

The lender's current account and savings account (Casa) deposits, a key source of low-cost funds, increased 4% to ₹4.44 trillion, of which savings accounts saw a slight decline in outstanding balance and stood at ₹2.94 trillion as on 30 June, as against ₹2.95 trillion from the same period last year. Current account deposits saw a 12% growth to ₹1.49 trillion.

The Casa ratio—current and savings accounts as a percentage of overall deposits—shrank by 400 basis points on a year-on-year basis to 42%.

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

"If you take a 12-month view of our deposit franchise, especially the current account franchise, we have continued to

build the deposit franchise in terms of its quality. We have improved quality over the last 12 months and improved granularization of deposits," said Subrat Mohanty, executive director of banking operations and transformation, Axis Bank, adding that some of the constraints on deposit growth are system-wide.

Mint reported on 19 July that deposit rate hikes have outpaced increases in lending rates, as deposit growth continues to lag credit growth. The weighted average lending rate on fresh rupee loans rose by 153 bps from 7.86% to 9.39%. In contrast, the weighted average deposit rate on fresh term deposits increased by 226 bps from 4.21% to 6.47%.

The bank believes that system liquidity has improved a little bit and hopes that with the Union budget announced, government spending should return. Moreover, given the competitive environment, the bank would like to stay competitive on rates.

Provisions for Bajaj Finance jump in Q1

Anshika Kayastha
anshika.kayastha@livemint.com
MUMBAI

Bajaj Finance's loan loss provisions surged in the first quarter (April-June) of this financial year, driven largely by muted collections and higher provisioning requirements for ageing delinquencies.

This, the Pune-based non-bank lender said, has prompted it to now focus on improving its collection efficiency, which indicates the proportion of a loan's repayment amount that is collected.

Gross loan losses and provisions for the quarter were ₹1,790 crore. During the quarter, the non-banking financial company (NBFC) utilized a management overlay of ₹105 crore towards loan losses and provisions, as a result of which net loan losses and provisions were at ₹1,685 crore.

Management overlay is a kind of management-level provision buffer made by companies for use during emergencies or crises. In this case, Bajaj Finance built this overlay largely during the pandemic.

In an analyst call late on Tuesday, the management said while portfolio quality was steady and bounce rates were lower compared with the March quarter, significant movement of delinquent loans from stage 1 to stage 2 owing to muted collections led to the rise in loan losses in the June quarter. Stage 2 assets, which warrant higher provisioning against stage 1 assets, increased by ₹865 crore sequentially.

Read an extended version of this story at [livemint.com](#).



Jubilant Pharmova Limited

(CIN: L24116UP1978PLC004624)

Registered Office: Bhartiagram, Gajraula, District Amroha - 244223, Uttar Pradesh, India

Email: investors@jubl.com; Website: www.jubilantpharmova.com
Phone: +91-5924-267437

NOTICE OF POSTAL BALLOT

Members are hereby informed that pursuant to Section 108 and Section 110 of the Companies Act, 2013, (the 'Act') read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, read with General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs, Government of India ('MCA Circulars'), and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations') read with SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023, Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India and other applicable provisions of the Act, rules, circulars and notifications issued thereunder (including any statutory modifications or re-enactment thereof for the time being in force and as amended from time to time), and other applicable provisions of the Act and the Listing Regulations, circulars and notifications issued thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Company has sent an E-mail along with the Postal Ballot notice dated July 12, 2024 through National Securities Depository Limited ('NSDL') on July 24, 2024, and the Login ID with password to the Members for e-voting who have registered their E-mail IDs with the Depository Participants or with the Company as on July 19, 2024 ('Cut-off Date'), for seeking approval of the Members of the Company for the following resolutions.

Ordinary Resolution:

1. Appointment of Dr. Ramakrishnan Arul (DIN: 08236356) as Director of the Company

Special Resolutions:

2. Appointment of Dr. Ramakrishnan Arul (DIN: 08236356) as a Whole-time Director of the Company
3. Approval for amendment of Jubilant Pharmova Employees Stock Option Plan 2018 and adoption of an amended and restated Employees Stock Option Plan 2018
4. Approval for Grant of Employee Stock Options and/or Restricted Stock Units to the Employees of the Subsidiary companies of the Company under the amended and restated Jubilant Pharmova Employees Stock Option Plan 2018

The Board of Directors of the Company has appointed Mr. Rupinder Singh Bhatia, Practicing Company Secretary (Membership No. FCS-2599, CP-2514), as the Scrutinizer for conducting the Postal Ballot process.

Members shall be able to provide their assent or dissent through e-voting only. The Company has entered into an agreement with NSDL for facilitating e-voting to enable the Members to cast their votes electronically. The detailed procedure for e-voting is enumerated in the Notes to the Postal Ballot Notice. Members are requested to note that e-voting shall commence from Thursday, July 25, 2024, 9:00 A.M. (IST) and shall end on Friday, August 23, 2024, 5:00 P.M. (IST). The e-voting module shall be disabled by NSDL thereafter.

In accordance with the above-mentioned MCA Circulars, physical copies of the Postal Ballot Notice along with Postal Ballot forms and prepaid Business Reply Envelope are not being sent to the Members. The communication of the assent or dissent of the Members would take place through the remote e-voting system only.

The voting rights of Members shall be reckoned as on July 19, 2024, which is the Cut-off date. The copy of the Postal Ballot Notice is available on the Company's website at www.jubilantpharmova.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at <https://www.evoting.nsdl.com/>. Members, who do not receive the Postal Ballot Notice may download it from the above-mentioned websites.

Process for those shareholders whose email IDs are not registered

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@jubl.com or rt@alankit.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@jubl.com or rt@alankit.com.

In case of any queries or grievances relating to e-voting, you may contact Mr. Amit Vishal, Deputy Vice President, NSDL, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, India through e-mail at evoting@nsdl.com on 022-4886 7000 and 022-2499 7000 or Mr. J.K. Singla, Deputy General Manager, M/s. Alankit Assignments Limited, 205-208, Anar Kail Complex, Jhandewalan Extension, New Delhi-110 055, India through email at rt@alankit.com or on Telephone No.: 011-42541234.

The Scrutinizer will submit his report to the Chairman or in his absence to the Company Secretary after the completion of scrutiny of the e-voting, and the results will be announced within two working days from the time of conclusion of the remote e-voting. The results of the Postal Ballot shall be communicated to the Stock Exchanges and will be displayed on the Company's website at www.jubilantpharmova.com and on the website of NSDL at www.evoting.nsdl.com and at the Registered Office of the Company.

For Jubilant Pharmova Limited

Date: July 24, 2024
Place: Noida

Sd/-
Naresh Kapoor
Company Secretary
ACS No: 11782

GOODS AND SERVICES TAX NETWORK
Corporate Office: 4th Floor, East Wing, World Mark-1, Aerocity, Delhi-110 037. Tel: 011-48111200. www.gstn.org.in

NOTICE INVITING TENDER
Goods and Services Tax Network (GSTN), a Government Enterprise, invites bids from eligible Companies for the following goods/services:

Particular(s)	Pre-Bid Meeting Date & Time	Last Date & Time for Submission of Bid
RFP for Selection of Managed Service Provider (MSP) for Managed IT services for GSTAT Benches	Date: 06 Aug. 2024 Time: 03:00 PM	Date: 20 Aug. 2024 Time: 3:00 PM

Tender / RFP document & related necessary information may be downloaded from GSTN website: www.gstn.org.in and CPPP Portal.
Any amendment/corrigendum shall be uploaded on GSTN website and CPPP Portal.
Dr. Shilohu Rao (Sr. VP - P&C)

Municipal Council Chikhli
Chikhli, Tal. Chikhli, Dist. Buldhana

E-Tender/NIT/1/2024-25

On-line tenders for Augmentation of Piped Water Supply Scheme under AMRUT 2.0 Scheme are invited by Chikhli Municipal Council Chikhli. The details are available in tender Document.

The detailed Tender Document with Terms and Conditions will be available on website <https://mahatenders.gov.in> in from Dt 25.07.2024 to Dt 09.08.2024 upto 17.30 hrs. Online tender shall be received as per schedule will be opened on Dt 12.08.2024 at 11.00 hrs. if possible

Sd/-
(Dr. Ajay kurwade)
Chief Officer, Municipal Council Chikhli

OFFICE OF THE COMMISSIONER, Gwalior Municipal Corporation
No.-148/24/3/6/PU (NIT) Date: 22/07/2024
Gwalior Municipal Corporation, Gwalior Invites online for the following work: जनसंख्या 80 इलाक 326, दिनांक 23-07-2024

S. No.	E-Tender No.	Tender Name	Probable Amount of Contract (Rs.)	EMD (Rs.)	Tender Fee (Rs.)	Period of completion	Date & Time
01.	2024_UAD_358571_1	Construction of Cement Concrete pavement of M 30 grade at Transport Nagar, Gwalior (M.P.)	15,96,83,488.00	7,99,000.00	15,000.00	180 Days	20/07/24, 10:30 Am to 14/08/24, 5:30 Pm

Full detail of the above tenders can be seen on www.mptenders.gov.in Amendments to NIT, if any shall be published on website only. Excluding GST.
Nodal Officer (PTU), Gwalior Municipal Corporation

यमुना एक्सप्रेसवे औद्योगिक विकास प्राधिकरण
प्रथम तल, कॉम्प्लेक्स कॉम्प्लेक्स, ओमगा-1 (पी-2), ग्रेटर नोएडा,
Toll Free No. 18001808296 वेबसाइट: www.yamunaexpresswayauthority.com

सार्वजनिक सूचना

पत्रांक - वाई.ई.ए./भूलेख/807/07/2024 दिनांक: 23.07.2024

यमुना एक्सप्रेसवे औद्योगिक विकास प्राधिकरण की विभिन्न योजनाओं हेतु परियोजना विभाग की आवश्यकतानुसार ग्राम धनौरी के अन्तर्गत आने वाले खसरा जिसके सापेक्ष 64.7 प्रतिशत अतिरिक्त प्रतिकर का वितरण किया जाना प्रस्तावित है:-

ग्राम का नाम	सेक्टर	खसरा संख्या
धनौरी	ग्राम धनौरी के अन्तर्गत	1455, 1483, 1487

1. भूमि के अतिरिक्त प्रतिकर वितरण किये जाने में यदि किसी व्यक्ति को कोई आपत्ति है तो वह लिखित रूप में प्रकाशन के 15 दिनों के अन्दर सी०आर० सेल/तहसीलदार, यमुना एक्सप्रेसवे प्राधिकरण के सम्मक्ष अपनी आपत्ति प्रस्तुत कर सकता है।

पत्रांक - वाई.ई.ए./भूलेख(तह०)/808/2024 दिनांक: 23.07.2024

निम्नलिखित भूमि यमुना एक्सप्रेसवे औ० वि० प्राधिकरण द्वारा अतिरिक्त प्रतिकर वितरण किया जाना प्रस्तावित है:-

क्रम संख्या	योजना का नाम	अतिरिक्त प्रतिकर वितरण हेतु प्रस्तावित खसरा संख्या	टिप्पणी
1	सेक्टर-25 के 07 प्रतिशत आबादी भूखण्डों के अन्तर्गत	100, 135, 229, 230, 231, 232, 245, 248, 249, 275, 276, 277, 278, 279, 282, 283, 284, 285, 286, 287, 288, 290, 291, 296, 304, 305 व 324	

उपरोक्त भूमि के अतिरिक्त प्रतिकर वितरण किये जाने में यदि किसी व्यक्ति को कोई आपत्ति है तो वह लिखित रूप में प्रकाशन के 15 दिनों के अन्दर सी०आर० सेल/तहसीलदार, यमुना एक्सप्रेसवे औ० वि० प्राधिकरण के सम्मक्ष अपनी आपत्ति प्रस्तुत कर सकता है।

डिप्टी कलेक्टर, यमुना एक्सप्रेसवे औ० वि० प्राधिकरण

यमुना एक्सप्रेसवे औद्योगिक विकास प्राधिकरण के अधिसूचित क्षेत्र में प्राधिकरण द्वारा स्वीकृत मास्टर प्लान के अतिरिक्त प्लानिंग / हाउसिंग / कॉलोनी या किसी भी प्रकार का अन्य निर्माण पूरी तरह से अवैध है। सामान्यजन इस प्रकार की खरीदफोख्त से पूर्णतः सचेत रहें तथा कॉलोनी/हाउसिंग के भ्रामक विज्ञापनों से बचें। अधिक जानकारी के लिए प्राधिकरण की वेबसाइट www.yamunaexpresswayauthority.com देखें।

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IHE 2024: A Remarkable B2B Convergence of Hospitality Industry



India's biggest hospitality event, India International Hospitality Expo (IHE 2024) is resonating around the corner for the seventh time in a row and is scheduled to be held from 3 to 6 August 2024, at the India Expo Centre & Mart, Greater Noida, Delhi NCR. After throwing six successful editions, IHE 2024 is set to bring its seventh edition to continue its legacy as India's premier Hospitality Expo, drawing over 40,000 B2B buyers from luxury hotels, resorts, homestays, restaurants, cloud kitchens, and the F&B sector. It presents an invaluable opportunity to network with major industry stakeholders, including food and bakery producers, suppliers, traders, equipment manufacturers, packaging machines, hoteliers, restaurants, QSR, and more.

This highly anticipated yearly B2B Expo draws the attention of hotels, restaurants, homestays, and cloud kitchens, offering them a platform to meet all their sourcing needs and learn about the latest innovations, trends,

and advancements in the hospitality industry. Some highlights and activities have been added to IHE 2024 making it more vibrant and enticing, like:

- 3rd Hotel and Restaurant Association of Northern India (HRANI) Conclave
- IIID (Architects & Interior Designers Meet)
- Pastry Queen India 2024
- Master Bakers Challenge India 2024

Besides, there are several Hospitality Associations and Councils from different niches of the Hospitality industry including HOTREMAI, ARCHII, Nippon Global, IIID, and HRANI are determined to join IHE 2024.

Dr. Rakesh Kumar, Chairman, India Expo Centre & Mart, has

expressed, "As we gear up for IHE 2024, we're excited about the opportunities to break new ground, and surpass previous records. Let's come together to explore and shape the future of hospitality, ensuring our industry continues to adapt, evolve, and thrive on the global stage."

IHE promises to be better, bigger and beyond than its previous edition by adding more exhibitors, visitors and delegates. From innovative technologies to traditional hospitality offerings, IHE 2024 is bringing together a dynamic mix of industry players, creating a platform where businesses can explore, connect, and thrive.



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1. TDC2425WSOB00057 2. TDC2425WSOB00058 3. TDC2425WSOB00059 4. TDC2425WSOB00060
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Bharati Vidyapeeth
PUNE - 411030

TENDER NOTICE

Sealed item rate tenders are invited by the undersigned from Contractors of repute and approved experience for the work of **Supply & installation of Modular Furniture, Chairs & Loose Furniture for Bharati Vidyapeeth's Engineering College, A4, Paschim Vihar, Rohtak Road, New Delhi -110063.**

Name of the Work	Estimated Cost in Rs. (Without GST)	Security Deposit	EMD 1%	Time Limit
Supply & installation of Modular Furniture, Chairs & Loose Furniture for Bharati Vidyapeeth's Engineering College, A4, Paschim Vihar, Rohtak Road, New Delhi-110063.	Rs. 2,00,00,000/-	5%	Rs. 1,00,000/-	45 days

Blank tender forms will be available in the office of the **Bharati Vidyapeeth's Engineering College at A4, Paschim Vihar, Rohtak Road, New Delhi - 110063.** Tel No. 01125250120. Email: coedelhi@bharativedyapeeth.edu with effect from 26/07/2024 to 01/08/2024 during office hours on all working days on payment of Rs. 2,500/- by cash (non-refundable). Prebid meeting will be held on 02/08/2024 at 11 A.M. at **Bharati Vidyapeeth Engineering College A4, Paschim Vihar, Rohtak Road, New Delhi -110063.**

Sealed tenders will be received in the office of **Bharati Vidyapeeth Engineering College A4, Paschim Vihar, Rohtak Road, New Delhi -110063.** on or before 05/08/2024 up to 1 P.M. and will be opened on the same day at 4 P.M. in the presence of attending tenders, if any. The Earnest Money should be paid by Demand Draft only payable at Pune drawn in favor of **Secretary, Bharati Vidyapeeth, Pune.**

Contractors who have done a similar type of works (At least one completed work costing not less than 2,00,00,000/-) will only be issued tender forms after submittal of adequate proof. **Bharati Vidyapeeth reserves the right to open, negotiate or reject any or all the tenders without assigning any reason.**

Architect Address Design Works, 607, Bhumi Raj Costarica, Sector 18, Palm Beach Road, Sanpada, Navi Mumbai, India-400705 Email: amita.sherkar@design.works.in Contact No: 972372703	Secretary, Bharati Vidyapeeth, Bharati Vidyapeeth Bhavan, L.B.S. Marg, Pune -411030 Tel. No. 24325701/24325509 Email: buildingsection@bharativedyapeeth.edu Contact No: 011-25278443/444
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Performance Highlights Q1 FY25

Consolidated profit after tax ↑ 14%

Consolidated Results		(₹ In Crore)		
Particulars	Q1 FY25	Q1 FY24	FY24	
Total income	148	119	1,713	
Share of profits of associates	1,540	1,360	5,955	
Profit before tax	1,618	1,434	7,493	
Profit after tax	1,610	1,416	7,267	

Standalone Results		(₹ In Crore)		
Particulars	Q1 FY25	Q1 FY24	FY24	
Total income	139	114	3,176	
Profit before tax	90	73	3,021	
Profit after tax	66	55	2,896	
Investments (at cost)	12,680	10,711	12,559	
Investments (at market value)	2,13,060	1,57,823	2,10,707	

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This is an abridged representation of the unaudited financial results of Q1 FY25 and is not for the purpose of legal compliance. As required by regulations, the results have been prepared as per Indian Accounting Standards (Ind AS).



THE WORLD'S FAVOURITE INDIAN





Google fails to 'wow' as AI bills mount

By Dan Gallagher
feedback@livemint.com

It's good to be Google these days. But it isn't easy, and it will keep getting harder.

Second-quarter results from parent company Alphabet on Tuesday afternoon showed strength in advertising and cloud revenue along with a record high in operating profit as the Silicon Valley titan, once known for lavish employee perks, continues to clamp down on most costs, save for those designed to build out generative artificial intelligence capabilities.

But the results also offered "no excitement," in the words of Jefferies analyst Brent Thill. Overall revenue exceeded Wall Street's consensus projection by just 0.6%—the lowest beat percentage in at least five years, according to FactSet. YouTube advertising revenue also came in lower than analysts expected. Alphabet's previous report, three months ago, offered bigger positive surprises in both revenue and earnings growth, with the announcement of the company's first-ever dividend thrown in for good measure. Alphabet's stock had

THE WALL STREET JOURNAL. also going back to the drawing board on a long-running plan to phase out the use of internet tracking technology known as "cookies," despised by privacy advocates but depended upon by advertisers. Google was building up an alternative technology called "privacy sandbox," but that plan drew a lot of opposition from advertisers and regulators worried that it would further cement the company's internet advertising dominance. Google said Monday it would instead offer users a prompt to allow them to opt out of cookie tracking.

That move is unlikely to dent Google's powerful search ad business. But that and the failed Wiz talks show the growing constraints the company is operating under as regulators look even more closely at big tech's position, and judges and juries start weighing in. A verdict in the federal government's antitrust case against Google is expected before the end of the year and could result in a ruling that would seek a breakup of the \$250-billion-a-year advertising juggernaut.

Google's latest results were good, but good isn't always enough.

©2024 DOW JONES & CO. INC. Alphabet Chief Executive

Sundar Pichai said during Tuesday's earnings call when asked by an analyst about the company's AI investments. He added that "the risk of under-investing is dramatically greater than the risk of over-investing for us here," not mentioning the record amounts of capex that tech rivals Microsoft, Amazon and Meta Platforms are pouring into the same thing.

Google has the resources: Alphabet's net cash pile of nearly \$98 billion is substantially bigger than those of even its deep-pocketed peers. But putting that money to work is getting to be a challenge. The Wall Street Journal reported Monday that Google's talks to acquire cybersecurity startup Wiz have fallen apart. The purported \$23 billion deal would have been Google's largest ever and most certainly would have drawn the type of close regulatory scrutiny that has lately been keeping tech mergers in limbo for 18 months or more. Such an uncertain payoff reportedly was a concern among Wiz and its investors; Google's acquisition of Fitbit in 2021 for less than one-tenth that price took nearly 15 months to close.

Google is also going back to the drawing board on a long-running plan to phase out the use of internet tracking technology known as "cookies," despised by privacy advocates but depended upon by advertisers.

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©2024 DOW JONES & CO. INC. Google's latest results were good, but good isn't always enough.

AI firms will soon exhaust most of the internet's data

Can they create more?

The Economist

In 2006 Fei-Fei Li, then at the University of Illinois, now at Stanford University, saw how mining the internet might help to transform AI research. Linguistic research had identified 80,000 "noun synonym sets", or synsets: groups of synonyms that described the same sort of thing. The billions of images on the internet, Dr Li reckoned, must offer hundreds of examples of each synset. Assemble enough of them and you would have an AI training resource far beyond anything the field had ever seen. "A lot of people are paying attention to models," she said. "Let's pay attention to data." The result was ImageNet.

The internet provided not only the images, but also the resources for labelling them. Once search engines had delivered pictures of what they took to be dogs, cats, chairs or whatever, these images were inspected and annotated by humans recruited through Mechanical Turk, a crowdsourcing service provided by Amazon which allows people to earn money by doing mundane tasks. The result was a database of millions of curated, verified images. It was through using parts of ImageNet for its training that, in 2012, a program called AlexNet demonstrated the remarkable potential of "deep learning"—that is to say, of neural networks with many more layers than had previously been used. This was the beginning of the AI boom, and of a labelling industry designed to provide it with training data.

The later development of large language models (LLMs) also depended on internet data, but in a different way. The classic training exercise for an LLM is not predicting what word best describes the contents of an image; it is predicting what a word cut from a piece of text is, on the basis of the other words around it.

In this sort of training there is no need for labelled and curated data; the system can blank out words, take guesses and grade its answers in a process known as "self-supervised training". There is, though, a need for copious data. The more text the system is given to train on, the better it gets. Given that the internet offers hundreds of trillions of words of text, it became to LLMs what aeons of carbon randomly deposited in sediments have been to modern industry: something to be refined into miraculous fuel.

Common Crawl, an archive of much of the open internet including 50bn web pages, became widely used in AI research. Newer models supplied it with data from more and more sources, such as Books3, a widely used compilation of thousands of books. But the machines' appetites for text have grown at a rate the internet cannot match. Epoch AI, a research firm, estimates that, by 2028, the stock of high-quality textual data on the internet will all have been used. In the industry this is known as the "data wall". How to deal with this wall is one of AI's great looming questions, and perhaps the one most likely to slow its progress.



Epoch AI estimates that, by 2028, the stock of high-quality textual data on the internet will all have been used.

One approach is to focus on data quality rather than quantity. AI labs do not simply train their models on the entire internet. They filter and sequence data to maximise how much their models learn. Naveen Rao of Databricks, an AI firm, says that this is the "main differentiator" between AI models on the market. "True information" about the world obviously matters; so does lots of "reasoning". That makes academic textbooks, for example, especially valuable. But setting the balance between data sources remains something of a dark art. What is more, the ordering in which the system encounters different types of data matters too. Lump all the data on one topic, like maths, at the end of the training process, and your model may become specialised at maths but forget some other concepts.

These considerations can get even more complex when the data are not just on different subjects but in different forms. In part because of the lack of new textual data, leading models like OpenAI's GPT-4o and Google's Gemini are now let loose on image, video and audio files as well as text

during their self-supervised learning. Training on video is hardest given how dense with data points video files are. Current models typically look at a subset of frames to simplify things.

Whatever models are used, ownership is increasingly recognised as an issue. The material used in training LLMs is often copyrighted and used without consent from, or payment to, the rights holders. Some AI models peep behind paywalls. Model creators claim this sort of thing falls under the "fair use" exemption in American copyright law. AI models should be allowed to read copyrighted material when they learn, just as humans can, they say. But as Benedict Evans, a technology analyst, has put it, "a difference in scale" can lead to "a difference in principle".

Different rights holders are taking different tactics. Getty Images has sued Stability AI, an image-generation firm, for unauthorised use of its image store. The *New York Times* has sued OpenAI and Microsoft for copyright infringement of millions of articles. Other papers have struck deals to license their content. News Corp, owner of the *Wall Street Journal*, signed a deal worth \$250m over five years. (*The Economist* has not taken a position on its relationship with AI firms.) Other sources of text and video are doing the same. Stack Overflow, a coding help-site, Reddit, a social-media site, and X (formerly Twitter) are now charging for access to their content for training.

The situation differs between jurisdictions. Japan and Israel have a permissive stance to promote their AI industries. The European Union has

no generic "fair use" concept, so could prove stricter. Where markets are set up, different types of data will command different prices: models will need access to timely information from the real world to stay up to date.

Model capabilities can also be improved when the version produced by self-supervised learning, known as the pre-trained version, is refined through additional data in post-training. "Supervised fine-tuning", for example, involves feeding a model question-and-answer pairs collected or handcrafted by humans. This teaches models what good answers look like. "Reinforcement learning from human feedback" (RLHF), on the other hand, tells them if the answer satisfied the questioner (a subtly different matter).

In RLHF users give a model feedback on the quality of its outputs, which are then used to tweak the model's parameters, or "weights". User interactions with chatbots, such as a thumbs-up or -down, are especially useful for RLHF. This creates what techies call a "data flywheel", in which more users lead to more data which feeds back into tuning a better model. AI startups are keenly watching what types of questions users ask their models, and then collecting data to tune their models on those topics.

Scale it up

As pre-training data on the internet dries up, post-training is more important. Labelling companies such as Scale AI and Surge AI earn hundreds of millions of dollars a year collecting post-training data. Scale recently raised \$1bn on a \$14bn valuation. Things have moved on from the

Mechanical Turk days: the best labelers earn up to \$100 an hour. But, though post-training helps produce better models and is sufficient for many commercial applications, it is ultimately incremental.

Rather than pushing the data wall back bit by bit, another solution would be to jump over it entirely. One approach is to use synthetic data, which are machine-created and therefore limitless. AlphaGo Zero, a Google subsidiary, is a good example. The company's first successful Go-playing model had been trained using data on millions of moves from amateur games. AlphaGo Zero used no pre-existing data. Instead it learned Go by playing 4.9m matches against itself over three days, noting the winning strategies. That "reinforcement learning" taught it how to respond to its opponent's moves by simulating a large number of possible responses and choosing the one with the best chance of winning.

A similar approach could be used for LLMs writing, say, a maths proof, step-by-step. An LLM might build up an answer by first generating many first steps. A separate "helper" AI, trained on data from human experts to judge quality, would identify which was best and worth building on. Such AI-produced feedback is a form of synthetic data, and can be used to further train the first model. Eventually you might have a higher-quality answer than if the LLM answered in one go, and an improved LLM to boot. This ability to improve the quality of output by taking more time to think is like the slower, deliberative "system 2" thinking in humans, as described in a recent talk by Andrej Karpathy, a co-founder of OpenAI. Currently, LLMs employ "system 1" thinking, generating a response without deliberation, similar to a human's reflexive response. The difficulty is extending the approach to settings like health care or education. In gaming, there is a clear definition of winning and it is easier to collect data on whether a move is advantageous. Elsewhere it is trickier. Data on what is a "good" decision are typically collected from experts. But that is costly, takes time and is only a patchy solution. And how do you know if a particular expert is correct?

It is clear that access to more data—whether culled from specialist sources, generated synthetically or provided by human experts—is key to maintaining rapid progress in AI. Like oilfields, the most accessible data reserves have been depleted. The challenge now is to find new ones—or sustainable alternatives.

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CrowdStrike blames defect in content update for epic IT crash

Bloomberg
feedback@livemint.com

CrowdStrike Holdings Inc., the cybersecurity company at the centre of massive global IT outages, said that a bug in a safety mechanism allowed flawed data to go out to customers in a botched update, causing last week's meltdown.

The US company is trying to piece together the series of events that led to one of the most spectacular rolling IT failures the world has ever seen. The incident crashed Microsoft Windows systems around the world on Friday, taking down airlines, banking and stock exchange operations from Australia and Japan to the UK.

Microsoft and CrowdStrike rolled out fixes last week, and many systems have been restored. But for several hours, bankers in Hong Kong, doctors in the UK and emergency responders in New Hampshire found themselves locked out of programs critical to keeping their operations afloat. More than 8.5 million Windows users were affected, according to Microsoft.

In the report, the company



CrowdStrike said that a bug in a safety mechanism allowed flawed data to go out in a botched update, causing IT outages.

said it regularly makes what are known as security content configuration updates, intended to help the company observe, detect or prevent malicious activity, depending on the customer's policy configuration.

A "problematic Rapid Response Content configuration update" carried an undetected error and crashed Windows systems, the company said in a preliminary post-incident review, published about five days after the incident.

CrowdStrike said it would improve testing of rapid

response content in future, in a variety of ways. It said a new check "is in process" in order to fix the faulty content validator that failed to vet the problematic content. CrowdStrike also plans to stagger future deployments of updates so they are tested piecemeal—known as a canary deployment—before rolling it out at large.

Finally, the company said it would allow customers greater control over the delivery of such content, so they can select when and where updates are deployed.

The hottest job market in a generation is over

Jeanne Whalen
feedback@livemint.com

Americans' once-in-a-generation job market has come to an end.

The red-hot hiring and rock-bottom unemployment that helped millions of workers find new gigs, boost their wages and reinvent their careers are giving way to more prosaic times. While the market is still healthy by many measures, signs of difficulty are creeping in.

The unemployment rate ticked up to 4.1% last month—the first time it has crossed above 4% since 2021. That's still low by historical measures, but it's up from 3.4% early last year. Workers have stopped quitting jobs at a frenzied pace, and college grads are having a hard time breaking into the market at all. The number of open positions for every unemployed person is back to the prepandemic level of 1.2, down from over 2 in 2022.

And while the risk of getting laid off is still low, hiring has fallen beneath its prepandemic level.

Many economists see a job market that has come back into balance, though some worry that conditions could continue worsening.

"The labor market cooled back to a strong place. This is a good labor market. But it's not

clear if the cooling is done," said Claudia Sahn, chief economist at New Century Advisors, an investment firm.

Economists say the historically unusual dynamics that caused the boom—an economy that shut down and then roared back to life during a pandemic—were always going to be fleeting.

"Frankly, I'm not sure that labor market was ever sustainable. It was built on the back of a huge Covid shock. It was amazing to see but it was never going to stick around long," said Nick Bunker, an economist at the job-search site Indeed.

The boom times were fun while they lasted. Wages soared as employers fought for workers during a nationwide labor shortage, peaking at year-over-year growth of 5.9% in March 2022, federal data show.

Unions seized the moment to negotiate big gains in pay and benefits, from UPS drivers and auto workers to healthcare and brewery workers.

Wage growth has since fallen back to earth, hitting 3.9% year-over-year last month, still higher than the 3% or so of the months before the pandemic.

The U.S. economy is still adding a solid number of jobs each month—206,000 in

June—continuing an impressive 42 consecutive months of employment growth. Last month's hiring was concentrated in a few sectors, however, including healthcare, construction and government work. Other occupations, such as restaurant work and certain white-collar jobs, have plateaued or dipped after feverish gains during the pandemic.

Dan Roth, a human-resources professional in San Diego, has been looking for work since getting laid off from Amazon in January 2023. Competition is so fierce that it's hard to get an interview, said the 39-year-old father of twins.

He had a great meeting at Kickstarter but ended up getting rejected. "I asked if he person why and it was like, there were 3,000 applicants," Roth said. "There was nothing I could have done."

The grim search marks a comedown from the heyday of the labor shortage, when companies were snapping up HR professionals to oversee brisk hiring of other workers. Roth got hired full time at Amazon in 2022 with a salary and bonus totaling \$170,000 a year, substantially more than he had ever earned.

From his HR perch he saw

how big tech firms were throwing money at software programmers and others who could easily play employers against each other. Some Amazon employees were leaving for higher pay elsewhere with the intention of returning, just to boost their compensation, Roth recalled. "There was so much hopping."

In some professions, the tables have turned.

"As soon as a position is open on LinkedIn, within an hour over 100 people have applied," said Carren Jones, an HR professional in the Philadelphia area who has been job hunting for more than a year. Her savings are dwindling and some of her networking has fallen through. "One HR professional who was trying to help me land my next opportunity, she wound up getting laid off," Jones said.

Ed Samuel, a career coach in Kennett Square, Pa., said he has seen downward pressure on salaries for some executive positions, in fields including cybersecurity. "You see jobs posted on LinkedIn in the \$175,000 to \$225,000 range, with job descriptions that are almost identical to a position that would have been \$275,000 a few years ago," he said.

Last week's beige book, a regular economic update from the Federal Reserve's regional

banks, reported that some employers are still struggling to find skilled workers for manufacturing, engineering, accounting and other jobs.

But most regions also described signs of labor-market cooling. The Minneapolis Fed said job fairs and job centers were experiencing increased traffic. Hotels in Boston are "finally adequately staffed" after labor shortages, according to the Boston Fed. And many businesses in the Kansas City Fed's district have reduced staff hours and pulled back on job postings.

One bright spot for workers: The layoff rate remains low, with many businesses holding on to employees they struggled to find during the labor shortage. It's the hiring rate that has come down, to a level a bit below pre-Covid times.

"It's a good time to have a job. It's a harder time to find one," said Sahn, the economist.

Where companies are trimming, it is often because of over-hiring during the pandemic, said Andy Challenger, senior vice president at Challenger, Gray & Christmas, a firm that helps employers handle layoffs.

"It's slow cooling," he said. "I don't think there is evidence that we're going to hit a cliff and see layoffs accelerate."

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NEWS NUMBERS

70%

THE PERCENTAGE of intraday traders in cash segment who made losses in FY23, according to a study by Securities and Exchange Board of India

₹71K cr

VALUE OF orders received by engineering and construction giant Larsen & Toubro in Q1 of FY25, up 8% year-on-year, driven by the Middle East market

\$13 bn

THE PROJECTED size of India's video market by 2028, as it grows annually at 8%, boosted by the streaming industry according to Media Partners Asia

4.47 mn

THE NUMBER of people India added to its salaried workforce in five years from 2019-20 to 2023-24, according to the Centre for Monitoring Indian Economy

58

THE NUMBER of countries Indian passport holders can enter without a visa, as it ranked 82nd globally in the latest Henley Passport Index

HOWINDIALIVES.COM

Petronet LNG Q1 net profit rises 40%

State-run Petronet LNG on Wednesday reported a nearly 40% increase in its consolidated net profit for the first quarter (April-June) of FY25 at ₹1,100.76 crore, meeting analyst estimates. The company reported a net profit of ₹787.73 crore during the same period in the last fiscal. Petronet reported a total income of ₹13,592.84 crore for the quarter under review, with a 15.2% increase on a year-on-year basis. "During the current quarter ended 30 June, 2024, Dahej terminal processed highest ever 248 TBTU (trillion British thermal unit) of LNG as against 219 TBTU during the previous quarter ended 31 March, 2024 and 217 TBTU during the corresponding quarter ended 30 June, 2023, witnessing growth of 13% and 14%, respectively," said a company statement. Addressing the media, the company's MD and CEO Akshay Kumar Singh said that it expects to complete the extension of the Dahej terminal by the end of this fiscal.

RITURAJ BARUAH



The firm's expenses in June quarter were ₹10,890 crore against ₹10,455 crore a year ago.

Jindal Steel posts 4% rise in Q1 profit

Jindal Steel and Power Ltd (JSPL) on Wednesday posted a 4% increase in profit after tax to ₹1,456.54 crore during the June 2024 quarter, helped by higher income. It had clocked ₹1,399.52 crore profit after tax (PAT) for the period ended 30 June 2023, the company said in a regulatory filing. Its total income rose to ₹12,865.35 crore from ₹12,324.57 crore in the April-June period of 2023-24 fiscal. Expenses were ₹10,890.55 crore against ₹10,454.99 crore a year ago. The company produced 2.05 million tonne (mt) from 2.04 mt in the year-ago quarter. During the period under review, the company's sales rose to 2.09 mt over 1.84 mt in the June quarter of 2023-24. The company also reduced its net debt to ₹10,462 crore at the end of the June 2024 quarter from ₹11,203 crore at the end of the March 2024 quarter. Jindal Steel and Power is among the country's top five steel manufacturing companies.

PTI

SBI Life Insurance Q1 profit grows 36%

SBI Life Insurance on Wednesday reported a 36.48% year-on-year growth in net profit to ₹520 crore for the June 2024 quarter. The company's profit after tax (PAT) stood at ₹381 crore in the April-June quarter of financial year 2023-24. SBI Life Insurance said it registered a new business premium of ₹7,033 crore during the period under review compared to ₹6,207 crore in the June 2023 quarter. Its regular premium has increased by 19% over the corresponding period ended on 30 June 2023. "Establishing a clear focus on protection, SBI Life's protection new business premium stood at ₹720 crore for the period ended 30 June 2024. Protection Individual new business premium stands at ₹150 crore for the period ended 30 June 2024," the insurer said in a filing. Individual new business premium stood at ₹4,749 crore with 17% growth over the year-ago period.

PTI

Nissan looks to reboot India ops; to launch five new models

Japanese auto major Nissan is looking to introduce five models over the next 30 months, as it looks to reboot its operations in the fast-growing Indian car market. The company, which is selling just one model in the country currently, is planning to drive in two mid-size SUV models (one five-seater and one seven-seater), one electric SUV and a refreshed version of its compact SUV Magnite. The company has also unveiled the latest version of its premium SUV X-Trail, which will be imported into the Indian market as a completely built-up (CBU) model. "India is an important market for us, and we will be going in for a product offensive over the next two and half years, between FY24 and FY26," Nissan India president Frank Torres told PTI in an interaction. He noted that the company is looking at tripling its sales volume in the domestic and export markets by FY26. "In the next two and half years, we will enhance three times our volume in domestic as well as exports," Torres said.



Nissan plans to introduce the new models over the next 30 months.

PTI

SAFETY LAPSES



Rescue operations are underway at the site of a plane crash at Tribhuvan International Airport in Kathmandu, Nepal on Wednesday. According to a statement by the Civil Aviation Authority of Nepal (CAAN), a Saurya Airlines aircraft heading from Kathmandu to Pokhara and carrying two crew members and 17 technicians crashed during take off at Tribhuvan International Airport. The bodies of 18 people were recovered while the injured captain was taken to hospital.

PTI

India mulls revisiting Chinese FDI curbs amid industry call

Economic Survey recommendations spark debate on reviewing China-FDI policy

Rajeev Jayaswal
letters@hindustantimes.com
NEW DELHI

The government is considering a review of Press Note 3 (PN3), which limited foreign direct investment (FDI) from China beginning April 2020. The restrictions were introduced following attempts by some Chinese entities to explore "opportunistic" acquisitions of Indian companies amid the financial strain caused by the covid-19 pandemic, two officials said on Wednesday. "Yes, the discussions are on, but no final call has been taken on it yet," a senior official in the know said, seeking anonymity. This has been a demand of the domestic industry, particularly from those having Chinese plants and equipment, as they face technical and other challenges due to restrictions on visas for skilled manpower from China. A second official from the commerce ministry,

confirmed that following demand of the industry, the Department for Promotion of Industry and Internal Trade (DPIIT) is looking into the matter. On Monday, the Economic Survey, prepared by chief economic adviser V. Anantha Nageswaran, had proposed a China-specific strategy for accelerating India's growth by welcoming Chinese investments instead of importing Chinese merchandise, which was contrary to New Delhi's tough stance against Beijing since 2020. Addressing a press conference after presenting the Budget, finance minister Nirmala Sitharaman distanced herself from the recommendations, which conventionally represents the views of the CEA. "But that doesn't mean I'm disowning the solution," she had said while replying to a question.

Through the PN3, DPIIT had closed the door on automatic approval of Chinese investment in India and mandated prior government approval, which also involved security clearances. "A non-resident entity can invest in India, subject to the FDI policy except in those sectors/activities that are prohibited. However, entity of a country, which shares land borders with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the government route," the PN3 notification issued on 17 April 2020 said. The move followed a major clash between the Indian and Chinese armies along the Line of Actual Control in the Galwan Valley in 2020, in which 20 Indian soldiers were killed.

In June-July 2020, India banned 59 mobile apps, and barred Chinese firms from participating in public procurement of goods and services

ESIC adds 2.3 mn employees in May

The Employees' State Insurance Corp. (ESIC) welcomed 2.3 million new employees in May, according to provisional payroll data. This marks a 14% increase from the same period last year. Notably, 48% of these new enrollees were under 25 years old, and nearly 20% were women. The latest figures also show a significant sequential increase, with nearly 40% more people joining the scheme compared to April. Additionally, the number of new establishments offering ESIC coverage grew by 8.7% from the previous month. The ESIC, overseen by the labour ministry, provides social security benefits through monetary insurance to registered employees. Under the Employees' State Insurance Act of 1948, the ESIC offers financial aid for health-related events that may result in wage loss.

MANAS PIMPALKHARE



The new norms will come into effect from 1 November 2024.

REUTERS

RBI tightens norms for cash pay-outs

The Reserve Bank of India (RBI) on Wednesday tightened norms related to cash pay-out service at banks, making it mandatory for lenders to keep a record of recipients. Cash pay-out refers to arrangements for amounts being transferred out of bank accounts to beneficiaries not having a bank account. The RBI has revised its October 2011 framework related to 'Domestic Money Transfer'. The new norms will come into effect from 1 November 2024. For cash pay-out service, the revised framework said, "The remitting bank shall obtain and keep a record of the name and address of the beneficiary". In case of cash pay-in service, the RBI said remitting banks/business correspondents (BCs) will register the remitter based on a verified cell phone number and a self-certified 'officially valid document' as per the know your customer direction.

PTI

'Govt has no plan to privatize coal mine'

The government has no plans to privatize Singareni Collieries Company in Telangana and efforts will be made to further strengthen it, coal and mines minister G. Kishan Reddy said on Wednesday. The coal mining company is jointly owned by the Telangana government and the Union government, and its reserves stretch across 350 kilometres of the Pranahita Godavari Valley of Telangana. Reddy told the Lok Sabha that the government is not planning to privatize any coal mine. During the question hour, the minister also said there are no plans to privatize Singareni Collieries and the government is looking to strengthen it. He was responding to Congress member Vamsi Krishna Gaddam, who said the company should not be privatized.

PTI

RIL gets US nod for Venezuelan oil



Reliance accounted for about 90% of crude imports from Venezuela last year.

BLOOMBERG

Reliance Industries Ltd (RIL) has secured US approval to resume importing oil from Venezuela despite White House sanctions on the country, according to people familiar with the development. India's largest privately owned refiner

plans to start purchasing Venezuelan crude soon, said the people, who asked not to be named as the information is not public. Reliance accounted for around 90% of India's crude imports from Venezuela after the sanctions were lifted last year, according to data intelligence firm Kpler. The US Treasury declined to comment, and Reliance did not reply to email seeking comment. Washington temporarily removed restrictions on the South American nation's gold and oil sectors last year, when President Nicolas Maduro and the opposition signed a deal to guarantee free and fair elections. The sanctions were then reinstated in April after Venezuela failed to honor the agreement, and oil companies have been applying for permits from the US Treasury Department to keep doing business there.

BLOOMBERG



India's composite PMI rose to 61.4 this month from June's final reading of 60.9.

REUTERS

Business activity at 3-month high in Jul

Business activity across India's manufacturing and services sectors hit a three-month high in July, according to a flash survey by HSBC Holdings Plc. The reading signals notable uptick in the country's private sector, with increased new business intakes and output. HSBC's flash India composite purchasing managers' index (PMI), compiled by S&P Global, rose to 61.4 this month from June's final reading of 60.9, marking three years of expansion. A reading above 50 signals growth, while below 50 indicates contraction. The index, which adjusts for seasonal variations, underscores significant growth well above its long-term average. Both goods producers and service providers contributed to this upturn, with manufacturing leading the charge. "The Flash Composite Output Index signalled continued robust growth in India's private sector. The rise in output in July was led by a further increase in business activity in the manufacturing sector, while the pace of expansion in services output also accelerated and remained well above its long-run average," noted Pranjul Bhandari, chief India economist at HSBC.

RITURAJ BARUAH

HZL launches new low-carbon zinc

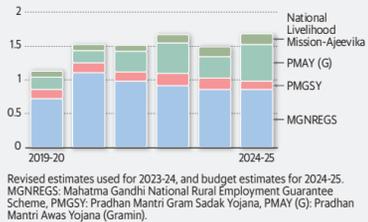
Hindustan Zinc Ltd is exploring options to double its annual output capacity to 2 million tonnes, and expects a final report from mining and production consultants next month for presenting to its board of directors, a top company executive said on Wednesday. The Vedanta group company also launched a new low-carbon line of zinc, betting on demand from steelmakers as emission norms get stricter globally. "By August, we will have the final report and we will place it before the board. In all probability, we will go for an expansion to 2 million tonnes," Arun Misra, chief executive of Hindustan Zinc, told Mint. Currently, it has an annual metal producing capacity of just over 1 million tonnes. The firm does not plan to acquire new mines or land for expansion. It will be ramping up output from its existing mines for raw material and the additional smelting capacity will also be based in its current leasehold at Chanderiya in Rajasthan.

NEHAL CHALIYAWALA



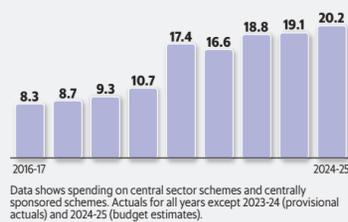
NUMBERS THAT MATTER

Allocation to key rural schemes (in ₹ trillion)



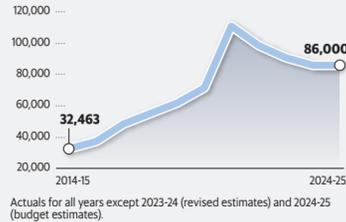
Revised estimates used for 2023-24, and budget estimates for 2024-25. MGNREGS: Mahatma Gandhi National Rural Employment Guarantee Scheme, PMGSY: Pradhan Mantri Gram Sadak Yojana, PMAY (G): Pradhan Mantri Awas Yojana (Gramin).

Centre's spending on welfare schemes (in ₹ trillion)



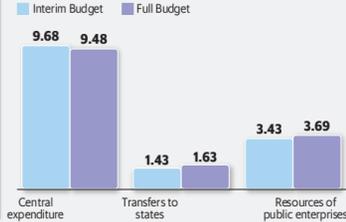
Data shows spending on central sector schemes and centrally sponsored schemes. Actuals for all years except 2023-24 (provisional actuals) and 2024-25 (budget estimates).

MGNREGS expenditure (₹ crore)



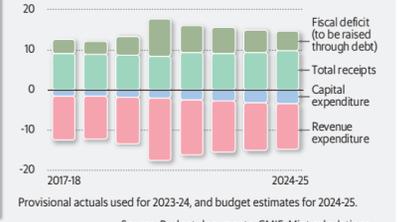
Actuals for all years except 2023-24 (revised estimates) and 2024-25 (budget estimates).

Break-up of capital expenditure (in ₹ trillion)



Actuals for all years except 2023-24 (revised estimates) and 2024-25 (budget estimates).

How the Budget looks like, as a % of GDP



Provisional actuals used for 2023-24, and budget estimates for 2024-25. Source: Budget documents, CMIE, Mint calculations.

SARVESH KUMAR SHARMA/MINT

BUDGET 2024-25: THE ULTIMATE EXPLAINER

The budget has many nuances. This guide can help you understand them better

N. Madhavan
madhavan.n@livemint.com
NEW DELHI

As finance minister Nirmala Sitharaman began preparing for her seventh consecutive budget, conditions on the ground were very different from what she had encountered in the past. The surprising electoral outcome in May this year reduced the government's political capital—the compulsions of coalition politics reared its head again.

And while the economy is galloping, there are pain points that are beginning to hurt. India has emerged as the fastest growing large economy with an enviable gross domestic product (GDP) growth of over 8%. However, the economic expansion has been uneven. The rural economy, particularly, has been sluggish and there simply aren't enough jobs that pay well or are aspirational. The private sector, unsure of demand growth, is hesitant to invest. In fact, after the electoral outcome, there were worries of the Centre's economic approach embracing populism.

The Union budget, presented on Tuesday, has eased many concerns. The government has stressed on fiscal consolidation, spending efficiency and capital expenditure (capex)-led growth.

Mint explains the budget's many nuances and its potential long-term impact.

What were the concerns before the budget was presented?

The biggest concern was whether the central government's policy choices could change after the electoral outcome. Over the years, it had worked hard to improve spending efficiency by cutting back on revenue expenditure (expenses that are routine in nature like salaries and pensions) and focusing on capex (expenses that create assets) which had a greater multiplier effect. In the 2024-25 interim budget, the revenue expenditure as a share of GDP had declined to 7.5%. In absolute terms, this was 4.5% lower than during the covid-19 period. Welfare and rural spending bore the brunt of the cuts.

The Bharatiya Janata Party (BJP)'s below par performance in rural seats during the general elections was partly blamed on these cuts.

This explained the fears—what if the government turned populist and splurged on welfare measures?

There were demands for a farm loan waiver, higher allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), higher cash transfer under the PM KISAN scheme or even a new cash handout scheme.

Did people expect a capex rollback?

Somedid. To generate resources for welfare spending, the government needed to inevitably scale back its capex spending. The last three years have seen a significant increase in capex as the government revved up public spending to drive growth in the hope that private investment will follow suit. It is this public spending that had powered India's strong GDP growth. Also, populist spending would hurt the government's fiscal consolidation record. The government has been steadfast in reducing the fiscal deficit (excess of government spending over its income) over the years and planned to reduce it to 4.5% by 2025-26 from the post-covid level of 9.2%.

The fear was that the government would slow down that glide path to create resources for welfare spending. These actions would have hurt India's immediate growth and weakened the country's long-term prospects.

How did the budget address these concerns?

The budget has sent a clear message that the electoral outcome has not forced a change in its economic thinking. Let us take the case of fiscal consolidation which many feared would slow down. In reality, the government has accelerated it. The fiscal deficit for 2024-25 is expected at 4.9%



Union finance minister Nirmala Sitharaman addresses a press conference at the National Media Centre, in New Delhi on 23 July.

PTI

of GDP as against 5.1% that was fixed in the interim budget presented in February. The government has committed that the fiscal deficit for 2025-26 would be below 4.5% and for every year post that, it would be such that the government's debt is lower than the previous year.

A lower fiscal deficit means less government borrowing from the market. This, in turn, would result in more funds being available for corporates and others to borrow at lower cost to fund their expansion. The government's net market borrowing at ₹1.63 trillion in 2024-25 would be lower than ₹1.75 trillion envisaged in the interim budget.

Did the government spend more to address rural distress?

Yes, it did. Rural development received an allocation of ₹2.66 trillion. This includes ₹54,500 crore for affordable housing, a significant increase from ₹32,000 crore spent last year. As building houses is labour intensive, this could see substantial creation of rural jobs. Allocation for agriculture and allied sectors saw a modest increase in allocation of 6% from ₹1.31 trillion in 2023-24 (revised estimate) to ₹1.39 trillion in 2024-25. The focus is more on improving crop productivity and resilience to climate risk. For this, the finance minister seeks to reset the farm research system to release 109 high-yielding and climate resilient varieties of 32 crops. This move, if successful, will not only improve and protect farm income but also ensure stable prices for consumers.

MNREGS allocation was ₹86,000 crore, same as the revised estimate of 2023-24. This could be based on past experience where

demand for jobs under MGNREGS typically falls when the monsoon is good. Monsoon, this year, is expected to be normal. PM Kisan allocation also saw no increase.

What about jobs?

Creating adequate good quality jobs has become the biggest challenge for the government. Even though the economy is growing at a rapid clip, its job intensity (its ability to create jobs) is low. That needs immediate correction if India has to leverage its demographic advantage.

The government took up this challenge head on in this budget. It has come up with five schemes aimed at education, skilling and employment with an outlay of ₹2 trillion. In the next five years, these schemes will benefit 41 million youth. The outlay for this year is ₹1.48 trillion. These employment-based incentive schemes are the only new direct benefit transfer scheme announced in the budget. They will not only skill but also bring youth and women into the formal workforce. The success of this initiative will depend on close co-operation between the centre, state governments and industry.

Has the capex focus continued?

Yes. The government has retained the capex outlay at ₹1.1 trillion as made in the interim budget. This works out to 3.4% of GDP. The capacity of the system to spend the allocated money would have played a part in not increasing the allocation further. According to Emkay Research, the capex spend has declined by 14% in the first two months of this fiscal and the spending in the rest of the months have to be significantly higher to meet the target. Also, the Centre is keen on pushing the states to spend more. It has increased the allocation for the 50-year interest free capex loan from ₹1.3 trillion to ₹1.5 trillion. Experts

have said that the capex spend of the states has less gestation period and is more labour intensive than that of the central government. So, the economic benefits accrue faster.

If spending is more and the deficit has reduced, how did the fiscal math work?

The budget math worked because the government got a dividend bonanza from the Reserve Bank of India amounting to ₹2.1 trillion—as much as 0.4% of the GDP. It used half of it (0.2%) to reduce the fiscal deficit and the other half to increase revenue allocations. The overall revenue expenditure, excluding interest payments, has risen to 7.8% of the GDP, up from 7.5% in the interim budget. The government also benefited from a 15% growth in projected revenue receipts. The budget has assumed a nominal growth rate of 10.5% but most experts expect it to be well over 11%. When it comes to resource mobilization, the government is well placed.

Did the government fall for a consumption stimulus?

To some extent. The increase in standard deduction and tweaking of the slab rates for those in the new income tax regime will leave ₹17,500 in the hands of the salaried employee. The big question is if this money will be spent or saved. One of the main reasons why the government has stayed away from any stimulus to boost consumption is that its multiplier effect—the cascading benefit that the economy gets—is far lesser than spending by the government. The latest move must be seen more as an effort to provide relief for the salaried class, especially the middle class, and not as an attempt to boost consumption.

Sluggish private investment remains a challenge. What plans did the budget have?

A lot has already been done to cajole the private sector to drop its reticence and invest. The government has been spending heavily (₹28.11 trillion between 2022-23 and 2024-25 on capex) hoping that it will pump prime private investment (or investment made by private industries). It has come up with a production-linked incentive scheme (it has attracted investments worth ₹1.28 trillion as of May 2024 as per the Economic Survey) and most importantly, cut corporate tax rates significantly.

A study by Mint of India Inc's cash flow shows that the industry's net cash from operation has surged 26.4% in 2023-24. This clearly means that capacity utilization is high. But a study of the investments made in fixed assets shows that it has risen by only 10.7%, the slowest post-pandemic growth.

The government is hoping that the long overdue investment cycle will pick up this year.

What measures did the budget propose to revive the informal sector?

A recent study by India Ratings and Research revealed that between 2015-16 and 2022-23, as many as 6.3 million unincorporated enterprises shut down and 16 million jobs were lost. These informal enterprises typically create more jobs as the industry is more focused on profits and drives productivity in a big way. Understanding the importance of medium, small and micro enterprises (MSMEs), the budget rolled out multiple initiatives to ease funding, which is the biggest bugbear for them.

A new credit guarantee scheme will be in place to enable manufacturing MSMEs to raise funds for procuring plant and machinery without a need for collateral. This will help them to expand and gain

scale. The limit for Mudra loans has been doubled for those entrepreneurs who had availed these loans and paid them back. Also, a new mechanism has been announced to fund MSMEs which are under stress and classified as a 'special mention account'. Hitherto, they received no funding, and they inevitably became a non-performing asset. In addition, the finance minister announced measures that can help MSMEs improve their cash flow.

Equity investors aren't that happy. Why?

The budget has increased the capital gains tax—both short and long term. This came as a shock to investors. The finance minister has said that it has been done to simplify the levy. Short-term capital gains will now be taxed at 20% instead of 15% while long-term capital gains will be taxed at 12.5%, up from 10%. The indexation benefit that was hitherto available has been removed for all asset class including real estate. The securities transaction tax on futures and options trading has been increased sharply as volumes in this segment have reached alarmingly high levels. Expectedly, the market didn't like these provisions.

In short, can one call it a balanced budget?

It is. The budget has maintained the focus on fiscal consolidation without compromising on the need to spend on areas that need support. The fiscal deficit in the budget proposal has been reduced even as revenue expenditure has risen. The overall quality of spending is not being compromised. The finance minister has also balanced the immediate needs of the economy while investing in the future—in areas such as agricultural research, human capital development and space.



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Budget offers compliance relief for ITR reassessments

Provides relief for residents holding foreign assets, decriminalises delays in TDS payments

Shipra Singh
shipra.singh@livemint.com

Union finance minister Nirmala Sitharaman introduced several measures in the Budget for 2024-25 to ease taxpayer compliance. Key proposals include reducing the reassessment period for old income tax returns (ITRs), relief for residents holding foreign assets, and decriminalising delays in TDS payments.

Shorter reassessment periods

The Union finance minister also announced that ITRs can be reopened after three years only if the unreported income exceeds ₹50 lakh. This would imply that for unreported income of less than ₹50 lakh, the tax department can reopen returns within the first three years of the assessment year in which the ITR was filed.

Besides, the reassessment window for unreported income over ₹50 lakh has now been capped at five years, down from the earlier 10 years. For search-related ITRs, the window has been capped at six years.

"If the AO (assessment officer) alleges that income exceeding ₹50 lakh has escaped assessment," said Sandeep Bhalla, partner, Dhruva Advisors LLP.

These changes aim to reduce tax uncertainty and disputes in reassessment cases, the FM noted.

For example, for ITRs filed for the 2024-25 assessment year, those with unreported income below ₹50 lakh can be reopened until 31 March 2028. For unreported income over ₹50 lakh, the reassessment period extends up to 31 March 2030.

These changes will reduce litigation and provide clearer timelines, easing business for taxpayers, Bhalla added.

Relief for foreign asset holders

The Union budget for 2024-25 also provided compliance relief to Indian residents holding assets in overseas locations.

Budget Boost

Changed timeline for reopening old ITRs

When unreported income is...	Timeline for reassessment
Below ₹50 lakh	Upto 3 years
Above ₹50 lakh	Upto 5 years Reduced from 10 years
Above ₹50 lakh and requires search	Upto 6 years

Example

- ▶ ITR filed in AY24-25 can be reopened till... 31 March 2028 if unreported income is below ₹50 lakh;
- ▶ 31 March 2030 if unreported income is ₹50 lakh or more

TDS: relief from prosecution

TDS payments made by the end of a quarter will avoid prosecution, effective 1 October

Example

- ▶ For TDS deducted in November 2024
- ▶ Pay by 7 Dec
- ▶ So far, defaulting on payment by due date led to prosecution
- ▶ File TDS return by 31 Jan 2025
- ▶ No prosecution if you pay and file by 31 January



Good news for foreign asset owners

- ▶ All foreign assets are to be mandatorily declared in Schedule FA
- ▶ Should be declared even when holding and not just income
- ▶ On not reporting...

What happened so far

- ▶ Scrutiny under Black Money Act
- ▶ Penalty of ₹10 lakh*

What the Budget changed

- ▶ ₹10 lakh penalty waived if value of assets (except immovable property) is below ₹20 lakh
- ▶ IT dept can still scrutinize

*only exception was if the aggregate bank account balance did not exceed ₹5 lakh during the financial year

So far, existing income tax laws mandated taxpayers to declare their foreign assets under schedule FA (foreign assets) in the ITR form and if they failed to do so, it attracted scrutiny under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, besides a penalty of ₹10 lakh.

In the budget 2024-25 finance minister Sitharaman proposed to waive off the ₹10 lakh penalty where the aggregate value of the foreign assets was less than ₹20 lakh.

This proposal will benefit employees of most multinational companies having employee stock ownership plans (ESops) or restricted stock units (RSUs) from the parent company headquartered in overseas locations, as well as

those with investments in US stocks, and those with social security investments outside India.

However, all foreign assets, regardless of the value, must still be reported while filing income tax returns.

Note that the relaxation is only with respect to the penalty, and non-disclosure of foreign assets below ₹20 lakh will still be scrutinised by the income tax department. This amendment will take effect from 1 October 2024.

TDS prosecution relief

The finance minister also proposed to decriminalise delays in TDS payment until the filing of the statement. Currently, deductors must submit TDS by the due date, and file the statement by the end of the quarter.

However, all foreign assets, regardless of the value, must still be reported while filing income tax returns

"The due date to submit TDS with the government is typically the 7th of the following month. However, if it is deducted in March, the due date is 30 April (and not 7 April)," said Prakash Hegde, a chartered accountant and principal consultant of direct taxation at Acer Tax & Corporate Services LLP.

The Central Board of Direct Taxes (CBDT) penalises deductors if they fail to deposit the deducted TDS by the due date, often leading to prosecution under Section 279 of the I-T Act in some cases.

Effective 1 October, the TDS deductors will have until the end of the quarter to submit TDS without facing prosecution. This change will particularly benefit property buyers or tenants responsible for deducting and paying TDS on property sales and rent, reducing their compliance burden and the risk of prosecution.

7 out of 10 intraday trade in cash segment made losses in FY23: Sebi

Neha Joshi
neha.joshi@livemint.com
MUMBAI

You're young. Ambitious. Daring enough to venture into the slippery lanes of intraday equity trading at the stock markets. And you're losing money.

If the above description fits your profile, you're not alone. A study by India's capital markets regulator said a staggering 76% of loss-making intraday traders were under 30.

That's a lot, considering that seven out of 10 (71%) of intraday traders in the cash segment made losses in FY23.

The study by the Securities and Exchange Board of India (Sebi) noted that overall, the



share of under-30 intraday traders in India's stock markets shot up to 48% in FY23 from 18% in FY19. In fact, according to the study, lower the age group, higher was the proportion of loss-makers.

"In FY23, traders under the age group of more than 60

years had lowest loss-makers (53%), while those under 20 years of age had highest proportion of loss-makers (81%)," the study highlighted.

"Intraday trading is becoming a slippery slope for individual traders as financial institutions with high-frequency

trading mechanisms skim the arbitrage which used to be earlier available for intraday traders," Abhishek Kumar, a registered investment adviser (RIA) and founder, Sahaj Money, said. Sebi's findings reaffirmed the belief that most individuals lose money in intraday trading, he added.

Manuj Jain, CFA, co-head of product strategy, WhiteOak Capital AMC, said the highlight of the study is positive correlation between high number of trading activities and loss-making traders.

"This shows a loss aversion

bias, meaning the pain of losing is psychologically more intense than the pleasure of gaining. Traders who incurred losses might engage in more trades to avoid the emotional

discomfort of the losses, often without proper analysis," Harsh Roongta, founder, Fee Only Investment Advisers LLP, said Sebi's study supplements an earlier study by the regulator that

highlighted the perils of derivatives trading and how 90% of traders made losses. Despite the findings, derivatives volumes only shot up thereafter.

India's capital markets regulator said a staggering 76% of the loss-making intraday traders were under 30 years

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EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	16.62	17.56	18,345
HDFC Index Fund - Nifty 50 Plan	16.51	17.36	16,592
Category average	15.94	17.12	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	16.36	20.02	13,190
Parag Parikh Flexi Cap	19.51	25.65	71,700
Category average	17.54	20.30	
EQUITY SMALL AND MIDCAP			
Axis Midcap	20.00	25.35	30,144
SBI Small Cap	23.43	29.24	30,836
Category average Midcap	24.18	27.20	
Category average Smallcap	24.10	29.41	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	16.98	21.85	8,457
Mirae Asset Tax Saver	17.96	21.84	24,346
Category average	19.66	21.09	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	13.59	16.31	11,721
ICICI Prudential Balanced Advantage	13.89	14.08	58,562
Category average	13.23	13.76	
ARBITRAGE			
Kotak Equity Arbitrage	6.06	5.46	48,000
Tata Arbitrage	5.65	5.34	11,519
Category average	5.70	5.14	
OUT OF THE BOX			
	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	5.49	23-Jul-20	13,834
Motilal Oswal S&P 500 Index Fund	18.97	28-Apr-20	3,391

Returns as on 22 July 2024; Corpus data as of June 2024; Growth option in regular plans has been used. Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to: <https://www.livemint.com/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-1638378827521.html>

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*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research

Compiled by Neil Borate

How to balance your nest egg: Strategic asset reallocation tips

Nehal Mota

I retired at 53. My wife is a homemaker. Our monthly expenses are ₹1.5 lakh. My investments include ₹3.75 crore in equity MFs (14-16% returns in 15 years), ₹75 lakh in bond market funds and ₹25 lakh in company deposits, and gold worth ₹35 lakh. In addition to a house property worth ₹2.5 crore, I own real estate assets of ₹5 crore, yielding rental income of ₹1.25 lakh per month. To balance the bias in realty, how should I reallocate my assets?

—Name withheld on request



ASK MINT RETIREMENT

your real estate holdings; sell the property worth ₹5 crore. The proceeds from this sale should be reinvested. You may allocate ₹2 crore to commercial property, which typically yields at least 5%. The remaining ₹3 crore should be allocated as follows: ₹1 crore to equity mutual funds to increase your exposure to high-growth assets; ₹1 crore to debt mutual funds to ensure stability and regular income; and ₹1 crore to government security (G-sec) bonds for secure and steady returns.

The portfolio consists of real estate 20% (₹2 crore in commercial property, which gen-

erates 5% yield), Equity MFs 47% (₹4.75 crore, including the addition of ₹1 crore), debt 33% (includes ₹1.75 crore in debt mutual funds with the addition of ₹1 crore, and ₹1 crore in G-sec, ₹25 lakh in company deposits, and ₹35 lakh in gold).

From commercial property, an investment of ₹2 crore at 5% yield results in annual income of ₹10 lakh, which translates to ₹83,333 per month. From government bonds, an investment of ₹1 crore at a 7% interest rate generates an annual income of ₹7 lakh, or ₹58,333 per month. Additionally, you can utilise a systematic withdrawal plan (SWP) from debt mutual funds for extra monthly income.

This reallocation will not diversify your portfolio and increase monthly inflow to ₹1.41 lakh. To meet the balance expenses you may withdraw from debt MFs. By reducing bias towards realty and investing in high-yield instruments, you can ensure a comfortable post-retirement life.

—Nehal Mota is co-founder of Fimovate

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

BUDGET'S BALANCING ACT: SHORT-TERM CHALLENGES VERSUS LONG-TERM GROWTH



Respond to this column at feedback@livemint.com

The Union budget for 2024-25 has proposed several changes in the capital gains tax structure, some of which are surprising moves that the mutual fund industry and the wider market community were not prepared for.

One of the most significant was the hike in long-term capital gains tax from 10% to 12.5%. The budget's proposal to hike the exemption limit on equity and equity mutual funds to Rs1.25 lakh per year will soften the blow, but only to a minuscule extent.

India is a developing country where most of the savings are still parked in fixed assets. Mutual fund penetration is around 15% against the global average of 75%. With over 150 million demat accounts, the penetration of the stock market among Indians is even lower.

This highlights that despite the rapid rush towards mutual

funds and the stock market in recent years, the financialisation of savings is still at the nascent stage.

Considering these factors, hiking long-term capital gains tax may trim India's newfound enthusiasm towards investing, at least in the short term.

The government has, in the past, applauded the retail flows in the market, terming those as a "shock absorber" whenever foreign investors withdraw money.

It remains to be seen whether the shock-absorbing capacity diminishes in the short term. That said, in the long term, I believe, the investor community will accept the new tax rate and continue investing in mutual funds and the stock market.

The Union budget for 2024-25 has also tweaked the short-term capital gains tax, increasing it to 20% from 15% earlier. This can be termed a positive. Because if an investor sells their holdings before one year, they will have to shell out 20% of their gains as taxes.

This will surely discourage investors from selling their investments quickly or in panic. Hopefully, this will become a factor in stabilising the market in times of crisis.

The government also sent a message to the market community that investments are for the long term and not for speculations, by raising the securities transaction tax (STT) to 0.1% for options and to 0.02% for futures.

One disappointment is that the budget has neither brought



back the indexation benefit for debt mutual funds nor rescinded the decision to tax gains from it at the individual slab rates.

Debt mutual funds are a great investment tool for conservative investors who want moderate returns with relative safety of capital. These funds need policy support to make them more attractive. Some relief from tax could have encouraged more investment in them.

Indexation as a concept brings the basic knowledge of the time

value of money to an individual. Removal of indexation may be detrimental to investors looking at real estate as an additional investment avenue, and investors could turn towards real estate investment trusts and infrastructure investment trusts, or even mutual funds, for long-term investing.

The Union budget 2024-25 has also rationalised taxes applicable on fund-of-funds. It has proposed to amend the definition of Specified Mutual Fund in Explanation (ii) of Section 50AA of the Income Tax Act. This change will bring fund-of-funds on par with the scheme they invest in, rectifying the current anomaly.

Investing in mutual funds should be seen as a wealth-creation journey. You cannot create wealth in a short term. It takes time, patience, and a disciplined

approach to investing.

Overall, I would say the mutual fund industry is nascent. The domestic industry's assets under management was barely ₹730 billion as of June-end. In the US, it was \$25 trillion as of the end of 2023. India's mutual fund industry has a long way to go, and it cannot be done without government policy support.

Swarup Anand Mohanty is vice chairman and CEO, Mirae Asset Investment Managers (India)

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CIN: L65110GJ1993PLC020769, Phone: 079-66306161, Email: shareholders@axisbank.com

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2024

(₹ in lacs)

PARTICULARS	Axis Bank (Standalone)			Axis Bank (Consolidated)		
	FOR THE QUARTER ENDED 30.06.2024	FOR THE YEAR ENDED 31.03.2024	FOR THE QUARTER ENDED 30.06.2023	FOR THE QUARTER ENDED 30.06.2024	FOR THE YEAR ENDED 31.03.2024	FOR THE QUARTER ENDED 30.06.2023
Total income from operations	35,844.22	1,31,810.59	30,644.04	37,795.88	1,37,989.36	31,894.20
Net Profit / (Loss) for the period (before tax, exceptional and/or extraordinary items)	8,066.96	33,060.07	7,779.48	8,643.34	35,178.00	8,191.62
Net Profit / (Loss) for the period before tax (after exceptional and/or extraordinary items)	8,066.96	33,060.07	7,779.48	8,643.34	35,178.00	8,191.62
Net Profit / (Loss) for the period after tax (after exceptional and/or extraordinary items)	6,034.64	24,861.43	5,797.10	6,436.43	26,386.20	6,091.35
Total Comprehensive Income for the period [Comprising Profit/ (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	Refer note 1					
Paid-up equity share capital (Face value ₹2/- per share)	618.05	617.31	615.95	618.05	617.31	615.95
Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	1,49,617.69 (As on 31st March, 2024)	1,49,617.69 (As on 31st March, 2024)	1,24,377.87 (As on 31st March, 2023)	1,55,511.72 (As on 31st March, 2024)	1,55,511.72 (As on 31st March, 2024)	1,28,740.25 (As on 31st March, 2023)
Earnings per Share (Face value ₹2/- per share) (for continuing and discontinued operations) (₹) (not annualised)						
- Basic	19.54	80.67	18.83	20.84	85.62	19.79
- Diluted	19.40	80.10	18.75	20.69	85.01	19.70
Securities Premium Account	52,771.44	52,497.46	52,060.52			
Net Worth	1,51,825.45	1,44,069.47	1,23,808.89			
Outstanding Debts	1,89,897.86	1,96,811.75	1,72,176.06			
Outstanding Redeemable Preference Shares	Nil	Nil	Nil			
Debt Equity Ratio	1.20	1.31	1.31			
Capital Redemption Reserve	Nil	Nil	Nil			
Debtenture Redemption Reserve	Nil	Nil	Nil			

- Note:**
- Information relating to Total Comprehensive Income and Other Comprehensive Income is not furnished as Ind AS is not yet made applicable to banks.
 - The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Annual Financial Results are available on the website of the Bank (www.axisbank.com) and on the Stock Exchange websites (www.nseindia.com and www.bseindia.com).
 - Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

For and on behalf of the Board

Place: Mumbai
Date: 24th July, 2024

www.axisbank.com

AMITABH CHAUDHRY
MD & CEO



JINDAL STEEL & POWER LIMITED

(CIN: L27105HR1979PLC009913)

Regd. Office: O. P. Jindal Marg, Hisar-125005 (Haryana)
Corporate Office: Jindal Centre, 12 Bhikaji Cama Place, New Delhi -110066
Tel: +91 11 4146 2000 | Fax: +91 11 2616 1271 | Email: jsplinfo@jindalsteel.com
Website: www.jindalsteelpower.com

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REGULATION 47 (1)(b) OF SEBI (LODR) REGULATIONS, 2015

EXTRACT OF CONSOLIDATED UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON JUNE 30, 2024

(Rs. In crores except for Shares and EPS)

S. No.	Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Financial Year Ended
		June 30, 2024	March 31, 2024	June 30, 2023	
		Unaudited	Audited	Unaudited	Audited
1	Total Income from Operations (net)	13,652.33	13,521.31	12,643.63	50,183.36
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	1,859.05	1,163.52	1,766.55	6,241.27
3	Net Profit / (Loss) for the period before tax (after Exceptional items)	1,859.05	1,163.52	1,766.55	6,241.27
4	Net Profit / (Loss) for the period after tax (after Exceptional items)	1,337.92	933.46	1,691.80	5,943.32
5	Total Comprehensive Income for the period [Comprising Profits/(Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	1,466.41	914.88	1,641.19	5,926.87
6	Paid up Equity Share Capital (Face Value of Re.1/- each)	101.18	100.24	100.50	100.24
7	Other equity (excluding Revaluation Reserve)				44,215.77
8	Earnings Per Share (Face Value of Re. 1/- each) (for continuing and discontinued operations)-				
	Basic:	13.31	9.34	16.79	59.15
	Diluted:	13.31	9.34	16.79	59.15

Notes:

- The above is an extract of the detailed format of Un-Audited Financial Results for the quarter ended on June 30, 2024, filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Un-Audited Financial Results for the quarter ended on June 30, 2024, is available on the website of Stock Exchanges at (www.bseindia.com / www.nseindia.com) as well as on the Company's Website at (www.jindalsteelpower.com).
- These Un-Audited Financial Results have been reviewed by the Audit Committee in its meeting held on July 24, 2024 and were approved by the Board of Directors in their meeting held on July 24, 2024.

KEY NUMBERS OF FINANCIAL RESULTS ON STANDALONE BASIS

(Rs. in crores)

S. No.	Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Financial Year Ended
		June 30, 2024	March 31, 2024	June 30, 2023	
		Unaudited	Audited	Unaudited	Audited
1	Turnover	12,865.35	13,788.45	12,324.57	49,766.17
2	Profit/(Loss) before Tax	1,974.80	1,761.80	1,869.58	7,150.70
3	Profit / (Loss) after Tax	1,456.54	1,281.53	1,399.52	5,273.30

By Order of the Board

Place: New Delhi
Date: July 24, 2024

Sabyasachi Bandyopadhyay
Whole-time Director

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EMPLOYMENT

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OUR VIEW
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Capital gains: Why deny an inflation adjustment?

The budget snatches away a benefit that property owners deserve by deploying an arbitrary cut-off that has left many cursing their luck. Time-barred indexation is a bad idea. Drop it

In life, nothing comes for free. After Tuesday's budget, add taxation relief. Take the changes in India's tax regime for capital gains. While investors now have rules that are somewhat easier to recall, thanks to greater uniformity in rates across asset classes and the time limit beyond which assets qualify as having been held 'long-term,' the government has extracted a pound of flesh in exchange. Both short- and long-term capital gains (LTCG) tax rates on financial assets have been raised—the former to 20% from 15% and the latter to 12.5% from 10%. As with dividends, income-tax slab rates apply to some classes, but the general burden has increased. Now, since asset owners have seen the value of their holdings swell quite a bit in recent years, these hikes could be justified on the ideal of progressive taxation: Those who can most afford to pay, ought to be taxed more. But is this really about tax principles? The removal of a crucial indexation benefit for non-financial assets like property suggests not. It existed for a valid purpose, letting taxpayers offset the cumulative effect of inflation on the gains made on the sale of an asset. The real gain made on selling a house, for example, is the difference between what one gets for it and its purchase price inflated at an annual rate to reflect an inflation-updated value. Indexation does that, reducing one's tax liability in line with market reality. Although LTCG on property sales has been slashed to 12.5% from 20%, to align it with other assets, indexation has been retained only for property acquired before 2001.

That cut-off is arbitrary, but it acknowledges the huge difference that indexation makes over long periods. A home bought half a century ago could be saddled with a scary tax bill if

inflation were overlooked. But this is also true of property acquired after the 2001 time-bar. Remember, inflation compounds over time, eating away what the rupee is really worth. If we assume average inflation of 6.5% every year over the past two decades, ₹1 crore today would be equivalent to about one-third of this figure 20 years ago. Real estate calculations can't ignore this difference, even if it looks less dramatic as one's holding period shortens. Can a harsh inflation penalty count as a pragmatic idea? The move has been defended by some observers on the argument that it will contain speculation in this field. It could drive away those who invest in houses only to keep them locked, which keeps supply down and prices up in both rental and property markets. Our access to homes could be eased if investors put money into assets like equity instead, letting supply respond better to actual housing needs. Admittedly, this could be one positive effect of dropping indexation. But practical solutions can still be unfair. What does the Centre say to people who bought property on the expectation of a stable policy on something as sensible as taking inflation out of the profit calculus? They have a right to feel let down.

Is there a way to escape a hefty tax bill? One could reinvest the proceeds of a sale in a transit house, since this attracts no tax, and then pay LTCG tax on smaller gains by selling it off after two years. This involves a rigmarole, though, and shows our tax rules in a bad light. Cash deals could plausibly also rise under the new rule, which would encourage the use of black money. On balance, time-barred indexation is a bad idea. The benefit should be reinstated for all. Evenly applied levies within a class, let's not forget, are a cardinal principle of taxation.

The budget's promotion of job creation is crucial to our dreams

Along with fiscal discipline and infrastructure, let employment pave India's path to developed status



ASHISHKUMAR CHAUHAN
is managing director and chief executive officer, NSE.

The Union budget for financial year 2024-25, presented by finance minister Nirmala Sitharaman on Tuesday, charts a strategic course for India, emphasizing job creation, fiscal consolidation and infrastructure development. It underscores the government's commitment to fostering a robust economic environment that facilitates growth across various sectors, ensuring India remains resilient amid global uncertainties. It also provides a detailed road-map that highlights nine major priorities over the next five years, focusing on the poor, women, youth and farmers. These priorities aim to uplift all sections of society while promoting economic growth.

A significant highlight of the budget is its focus on job creation. Recognizing the critical role of the private sector, the budget encourages its participation alongside the government in creating employment opportunities. Measures such as a one-month wage grant (up to ₹15,000) on a recruit's first salary, internships offered at India's top 500 companies, reimbursements of provident fund contributions and other measures aimed at higher participation of women in the workforce are expected to drive job creation substantially.

The budget also aims to establish India as a leading startup nation. Key provisions include relief on the 'angel tax' and increasing the Mudra loan

scheme's limit from ₹10 lakh to ₹20 lakh per borrower. These initiatives are designed to spur entrepreneurship and support startups, fostering an environment conducive to innovation and economic growth.

Skill development emerges as a cornerstone of the budget, viewed as essential for job creation. Innovative approaches are employed to ensure skill enhancement at all levels, including the entry-level, of the workforce and for special groups. This focus on skill development is complemented by sustained infrastructure investment.

In order to leverage India's demographic dividend, the budget places a strong emphasis on increasing female participation in the labour force. The measures outlined include establishing working women's hostels, creches, etc. These initiatives are expected to further enhance the economic contribution of young women, aiding in the overall development of the country.

The budget prioritizes infrastructure development, which has been a core aim of the Narendra Modi government over the past 10 years and is crucial for sustained economic growth. It includes a comprehensive plan for urban and rural development, aiming to turn cities into growth hubs and ensure the all-round development of rural areas. Major infrastructure projects span various sectors, including roads, railways and other forms of transport, as well as housing, water supply and sewage treatment.

The government's capital expenditure outlay is retained at a record-high level of ₹11.1 trillion, which is 3.4% of GDP—the highest in 26 years. This investment underscores the government's commitment to infrastructure development.

Fiscal consolidation has been a central theme of the budget over the last 10 years and remains so this year. The fiscal deficit target for 2024-25 has been brought down to 4.9%, a notable improvement from the 5.1% target of

the interim budget, with a projected glide path to under 4.5% in 2025-26. This disciplined approach aligns with a broader strategy to reduce the Centre's debt-to-GDP ratio over the coming years. This fiscal discipline has been achieved without altering India's direct or indirect tax structures much, thereby providing a relatively stable tax environment that could improve India's long-term credit rating.

Several steps have been taken to streamline taxation further, both direct and indirect. Incremental benefits have been provided under the new tax regime via a higher standard deduction and wider slabs with lower rates. Changes in indirect taxes have been proposed to promote domestic production, remove rate inversions and simplify taxation. The capital gains tax structure has been revised.

The budget emphasizes sustainability and climate financing, recognizing the importance of addressing environmental challenges. Initiatives in these areas are seen as vital steps forward, ensuring that economic growth does not come at the expense of environmental sustainability. Technology continues to be the underlying driver for all major government initiatives, highlighting the role of innovation in achieving sustainable development goals.

The 2024-25 budget places India on a strong footing, balancing economic growth with fiscal prudence and social welfare. The budget's comprehensive approach and commitment to policy continuity offer us a solid foundation for sustained economic development.

The initiatives outlined are poised to play a crucial role in shaping India's economic landscape in the years to come, ensuring resilience and growth amid global uncertainties. By fostering job creation, enhancing infrastructure and maintaining fiscal discipline, the budget aims to steer India towards achieving the objective of Viksit Bharat, a developed India, by 2047.

These are the author's personal views.

10 YEARS AGO



JUST A THOUGHT

The only thing that hurts more than paying an income tax is not having to pay an income tax.

THOMAS DEWAR

THEIR VIEW

The climate discourse should take on an Indian accent

ADITYA SINHA



is officer on special duty, research, at the Economic Advisory Council to the Prime Minister.

It's quite the paradox: the developed world, with all its technological prowess and financial muscle, has yet to crack the climate-change conundrum for itself, let alone for developing nations. According to Fekete *et al* (2023), the US would need to store almost three months' of electricity annually to achieve 100% renewable energy with adequate backup. Currently, it manages to store just seven minutes' worth—an impressive feat of underachievement. Bjorn Lomborg's analysis further adds to the bleak picture, revealing that the US must invest five times its current GDP to reach this storage goal. Now, picture the cost and feasibility for developing countries—if you dare. Frequent battery replacements and the environmental toll of disposing of used renewable equipment only add to this formidable challenge.

The developed world often criticizes countries like India for not doing enough to combat climate change. The 13th chapter of this year's *Economic Survey* calls out this hypocrisy of the West. The survey flags five

important aspects. First, the developed world blatantly disregards historical emissions and the principle of equity. Industrialized nations have historically contributed the majority of greenhouse gas emissions, enjoying economic growth and development at the expense of the planet. According to the World Resources Institute, the US and EU have contributed about half of all global carbon emissions since 1850. Yet, these nations demand that developing countries with significantly lower per capita emissions shoulder equal responsibility for emission reductions. This hypocritical stance overlooks the foundational principle of "common but differentiated responsibilities" and burdens developing nations with an unrealistic dual mandate of advancing their economies while meeting stiff emission targets.

Second, current climate strategies myopically focus on shifting from fossil fuels to renewable energy without considering the broader environmental impacts. Solar panels and wind turbines, though promoted as clean-energy solutions, require the extraction of minerals such as lithium, cobalt and rare earth elements, causing environmental degradation. In the Democratic Republic of Congo, which supplies over 60% of the world's cobalt, mining has resulted in cata-

strophic environmental and human rights abuses. These overlooked impacts reveal a fundamental flaw in the lifecycle assessments of renewable technologies.

Third, today's strategy disproportionately emphasizes technological solutions while neglecting necessary lifestyle changes, particularly in high-consumption countries. Despite evidence of the impact of over-consumption, policies rarely address the need for behavioural changes. For example, livestock production, responsible for 14.5% of global greenhouse gas emissions according to the FAO, remains largely unchallenged in climate policies. Plus, the growth of AI and cryptocurrency mining, which guzzle much energy, continues unabated. A 2020 study by the International Energy Agency found that data centres, driven by AI and cloud services, could consume up to 8% of global electricity by 2030.

The financial commitments of developed nations to support developing countries in their climate efforts are grossly inadequate.

At CoP-15 in 2009, developed countries pledged to mobilize \$100 billion annually by 2020, but this target was only met in 2022, and the funds fell short of needs, with much of the funding in the form of loans, adding to debt burdens. This undermines global climate efforts and exposes the developed world's unwillingness to take full responsibility for their historical emissions.

According to the G20 Independent Expert Group on Strengthening MDBs, an additional \$3 trillion annually is required to meet climate goals and sustainable development targets by 2030, with \$1.8 trillion needed for climate action alone. Sadly, even the Loss and Damages fund announced at CoP-27 is yet to be operationalized.

Fifth, developed nations' climate strategies need to address over-consumption. High-income countries use six times more resources and generate ten times larger climate impacts than low-income countries. Yet, reducing consumption is hardly on the policy agenda. Instead, technological fixes

are sought. The survey pushes a climate action approach that merges ancient wisdom with modern sustainability practices. It upholds Mission LiFE (Lifestyle for Environment), which promotes 75 steps to reduce our environmental impact, like minimizing single-use plastics, conserving water, adopting sustainable food systems and enhancing energy efficiency. This approach aligns with India's cultural practices of minimalism, reuse and respect for nature.

This would help mitigate climate change. However, one should also acknowledge that it might not be enough. The survey calls for integrating these individual efforts with broader policy reforms and systemic changes. We should keep pushing multilateral development bank reforms. Investment in renewable technology, especially nuclear energy, is crucial. Nuclear energy addresses the inherent intermittency problems of other renewable sources.

The budget rightly advocates a greater role for nuclear energy in India's energy mix, the setting up of Bharat small reactors, R&D of Bharat small modular reactors and newer technologies. It also promotes the development of indigenous technology for advanced ultra-supercritical thermal power plants. These are welcome moves.



THEIR VIEW

MINT CURATOR

A holistic budget with measures for inclusive economic growth

It takes a comprehensive approach with outcome-oriented and sector-specific steps aimed at sustainable output expansion



CHANDRAJIT BANERJEE
is director general, Confederation of Indian Industry (CII).



REUTERS

The Union Budget 2024-25 presents comprehensive, outcome-based and sector-specific measures that will accelerate India's growth trajectory in an inclusive and sustainable manner. Moreover, this has been done with attention to macroeconomic stability and fiscal prudence, adhering to a path of fiscal consolidation, with the fiscal deficit pegged at 4.9% for 2024-25, in contrast with 5.6% of GDP in 2023-24. This will open up space for private-sector participation.

Focused on all-round development measures that would generate economic opportunities for all, the budget rightly centres around nine major priority areas, including promotion of agricultural productivity, employment and skilling, inclusive human resource development and social justice, manufacturing and services, urban development, energy security, infrastructure, innovation and R&D, and next-gen reforms. These are critical growth drivers and addressing these diverse areas through a holistic approach holds great potential for furthering India's economic growth and development prospects.

The budget has a clear focus on fostering inclusivity, with specific measures aimed at enhancing opportunities for women, the youth, the poor and farmers. The adoption of a 'saturation approach' through the implementation of various schemes across sectors will empower and facilitate livelihood creation for many, including Indian artisans, craftsmen, self-help groups, Scheduled Tribes and Castes, and street vendors.

CII appreciates measures like the establishment of women hostels and creches with industry collaboration, which are in line with CII recommendations and will greatly encourage women's participation in the workforce. The new initiative to provide internship opportunities to 10 million youth over the next five years with placements in 500 leading companies is expected to strengthen skill development and boost employability.

Announcements such as the promotion of farmer producer organizations (FPOs), cooperatives and startups for vegetable supply chains and the implementation of Digital Public Infrastructure (DPI) in partnership with states should promote sustainable development of the agricultural sector by enhancing productivity and building resilience. The budgeted outlay on agriculture and allied activities increased from ₹1.4 trillion in the previous budget (revised estimate) to an estimated ₹1.47 trillion.

Boosting employment and employability was rightly given utmost priority in this year's budget. The announcement of three employment-linked incentive (ELI) schemes for first-time workers, job creation in manufacturing and support for employers are in line with CII recommendations.

These three schemes, together with a new centrally sponsored scheme and internship opportunity for youth, are expected to support 41 million beneficiaries. Measures to boost tourism with a focus on spiritual and cultural heritage are also expected to spur jobs growth.

The strategic focus on MSMEs would strengthen the sector and is welcome. Tech and financial support to this vital sector are imperatives, as it has significant potential to step up innovation and support inclusive development. The decision to reduce the turnover threshold of buyers for mandatory onboarding on the TReDS (Trade Receivables Discounting System) platform from ₹500 crore to ₹250 crore is laudable.

Further, the introduction of an assessment model for credit based on one's digital footprint, a new mechanism to provide financial support during stress periods and the enhancement of the loan limit under the Mudra scheme, along with a slew of other measures, will stimulate the MSME sector. The setting up of e-commerce export hubs through the public-private partnership approach will enable internationalization of MSMEs.

Infrastructure continued to be a core budget focus. The government's announcement to provide long-term interest-free loans to states to the tune of ₹1.5 lakh crore for developing infrastructure will attract investments and boost job creation. The financial package includes infrastructure projects in Bihar as well as financial assistance for reconstruction in disaster-affected states. The emphasis on creating economic opportunities and all-round development of eastern India under the

Purvodaya initiative could play a catalytic role in realizing India's vision of a Viksit Bharat by 2047.

This year's budget also saw major tax announcements. The simplification and rationalization of the tax-deducted-at source (TDS) structure is expected to reduce litigation and ease the administrative burden. Decriminalization of TDS-payment delays is a business-friendly move and also in line with CII recommendations. The increase in income-tax standard deduction and revision of tax slabs under the new regime will boost disposable incomes and could drive higher consumption and demand in the economy.

The abolition of 'angel tax' has been a long-standing CII ask and this move will encourage startups and entrepreneurship in the country, while fostering an innovation ecosystem.

Measures such as installation of rooftop solar plants, promotion of pumped storage projects and the focus on R&D in nuclear energy, etc, will enhance energy security and enable a just energy transition. These are steps in the right direction which will help India achieve its Sustainable Development Goal targets.

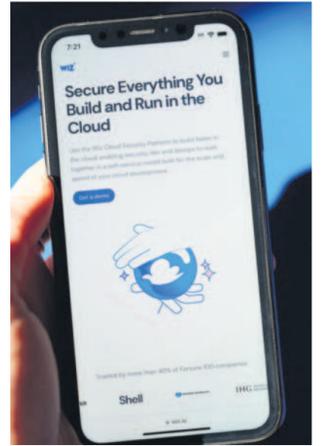
Overall, this year's budget focuses on comprehensive measures that are expected to benefit diverse sectors of the economy and help India chart an inclusive and sustainable growth path. Its focus on critical growth drivers such as infrastructure, employment, MSMEs, the rural economy, urban development, women and youth will catalyse all-round economic development, while helping realize India's goal of becoming 'Viksit Bharat' or a developed nation by 2047.

Google's \$23 billion snub from Wiz will sting both companies

It's audacious of Wiz not to accept Alphabet's big acquisition offer



PARMY OLSON
is a Bloomberg Opinion columnist covering technology.



Wiz founders appear to believe the firm can do better on its own **BLOOMBERG**

Money talks, as they say, but even \$23 billion of it did not convince the founders of Wiz Inc to sell the business to Alphabet Inc, parent of Google. Wiz, a New York-headquartered cybersecurity company that until recently would have been confused with a Hungarian low-cost airline or the name of a rapper, has apparently made the mother of all jiu-jitsu moves against the acquisitive tech giant. It has walked away from what would have been Google's biggest-ever purchase two months after the start of talks.

In a memo to Wiz employees, Wiz's co-founder Assaf Rappaport said Google's offer was "humbling," but the company wanted to focus on growing its recurring revenue to \$1 billion (it is currently at \$550 million) and pursue an initial public offer at some point.

Cue frustration among Wiz employees who likely aren't thrilled about missing out on a big payday. The fallout may be worse for Google, which is floundering in its efforts to bolster its cloud business and catch up with Amazon.com and Microsoft Corp, its principal rivals in this market.

This is the second time in a month that Google has lost out on such an acquisition. Earlier in July, the company ended its efforts to acquire HubSpot Inc, a customer-relationship management software maker that would have helped it compete with Microsoft, Oracle Corp and Salesforce Inc, in another mega deal. Though its unclear why that deal fell apart, it likely would have attracted antitrust scrutiny at a time when Google already faces a lawsuit from the US Justice Department over its dominance in search and advertising.

Wiz's rejection, combined with the testy regulatory environment, puts Google in an even more awkward position in its effort to grow its cloud business, which has 11% of the market behind Microsoft's Azure (with 25%) and Amazon's AWS (the leading player with 31%), according to Synergy Research Group, a market intelligence firm. But grow it must, as the company's longtime reliance on advertising leaves it exposed to slowing growth or interest-rate hikes.

Acquisitions are the way to go, since Google has a spotty history in turning its own innovations into lucrative products. Remember, Google researchers invented the Transformer, for instance, but it was OpenAI that first commercialized it successfully. "Transformer" is the T in ChatGPT. Two years ago, Google managed to buy cybersecurity firm Mandiant for \$5.4 billion. The addition of Wiz, which

specializes in cybersecurity for cloud-based applications, could have rounded out that security offering and given Google Cloud a strong selling point against its bigger competitors. Google didn't respond to requests for comment.

Wiz will have its own price to pay for the snub. According to people close to the company, its founders haven't walked away from Google as a negotiating tactic, but genuinely want to become as big as rival Palo Alto Networks Inc, which similarly has Israeli founders, went public in 2012 and has a market cap of \$100 billion. Wiz's founders previously sold a security company to Microsoft for \$320 million and are already multi-millionaires who aren't lured by the prospect of a sudden jump in personal wealth, or keen on being plugged into a legacy tech giant, two people close to the company tell me.

Fine, but in the meantime, many of Wiz's engineers will be disgruntled at having lost out on a windfall. Snubbing an acquirer isn't unheard of in Silicon Valley. Mark Zuckerberg said 'no' to \$1 billion from Yahoo in 2006, and the founders of Snap Inc declined \$3 billion in 2013 from Zuckerberg. But \$23 billion is an entirely different conversation.

A founder of WhatsApp once explained to me that when Zuckerberg came to him with a \$19 billion takeover offer in 2014, the Facebook billionaire "made us an offer we couldn't refuse." The WhatsApp founders surmised that if they rejected the offer, they'd face a revolt from their staff. Of course, WhatsApp's tiny workforce of 50 stood to become multi-millionaires, and Wiz has a larger staff of 1,200—but they are still missing a life-changing payout.

Appeasing Wiz's employees in Israel will be especially tricky, given that many local tech-sector workers have been leaving the country, and Israel is where some of the world's best hackers reside, thanks to the country's mandatory military service that often involves cybersecurity training.

It's hard to overstate how audacious Wiz appears by leaving \$23 billion on the table, but it does leave both companies in a something of a bind.

Google must find another route to augmenting its lagging cloud business. Wiz must also live up to the high expectations it has set for itself. **©BLOOMBERG**

MY VIEW | EX MACHINA

Businesses should adapt quickly to India's privacy law

RAHUL MATTHAN



is a partner at Trilegal and the author of 'The Third Way: India's Revolutionary Approach to Data Governance'. His X (formerly Twitter) handle is @matthan.

Whenever I speak to my clients about how India's new Digital Personal Data Protection law will affect their operations, it is almost always their sales teams that express the most consternation. "How are we expected to do our jobs if this new law comes into effect?" they ask me. "What are we supposed to do if we can't call people to see if they want to buy our products?"

For almost as long as I can remember, commercial organizations have oriented their sales teams to acquire massive datasets of personal data—from names and email addresses to mobile numbers—so that they can be converted into leads. They have put in place massive call centres to use this information to reach out to as many people as possible, treating everyone as a potential customer who can be convinced to buy whatever they have to offer, whether they need it or not.

We have all been interrupted at odd hours of the day and night by calls from banks we

don't know selling us loans we don't want. We cannot spend a minute online without being shown some product or the other that an algorithm has determined we need to see when in fact these messages just get in the way of what we want to do. Organizations today know of no other way to market their products to us. And so they find dubious means to acquire personal information that they can use for their sales pitches. Which is why, when I break it to them that this spray-and-pray approach is no longer on the table, they seem completely lost.

Under the Digital Personal Data Protection Act (DPDP Act) of 2023, no one can process personal data unless they have a legitimate ground to do so. This, in most instances, will have to be the consent of the data principal to whom that data pertains. Which means that unless all the organizations that plague us with sales calls can show they have our consent to do this, their actions will be against the letter and spirit of the law. What's more, since the law requires consent to be specific, referring precisely to the purpose for which data is being collected, even if a bank has our consent to process our personal data to provide us a loan, it cannot re-use that consent to upsell any other service to us—or share our personal data with anyone else.

As data principals, we will all have rights to ensure that companies comply with the law. Foremost among these is the right to access—the ability to ask any data fiduciary what personal data about us they are processing and who they have transferred it to. This means that organizations will not only have to know what personal data is under their control, they will also have to keep track of each and every purpose to which that data is put. If it happens to get into the hands of someone else, the organization that processed it will have to demonstrate that this transfer had our consent.

For sales teams that know no other way to market products and services other than by getting their call centre agents to work the phones calling every last person on a list of names purchased on the black market, the bottom has fallen out of that outreach model. Not only will these data-sets be increasingly unavailable, businesses that acquire and sell them will be forced to shut down. What's more, without a

legitimate ground, even the act of continuing to store such data obtained before the DPDP Act came into force will be a violation of the law. When I have explained this to sales teams in the many organizations I have addressed, they have been gobsmacked.

There are a number of other workflows and processes that companies will have to revisit in the light of the new law.

A couple of days ago, I tried to update my KYC details on my mobile phone. I was told by my telecom provider that I could either allow it to scan my Aadhaar card or provide any other form of identity that I chose. If I opted for the latter, I had to also supply an alternate phone number to which an OTP could be sent.

Now, as it happens, I have no other mobile number. Which means that in order to complete the KYC re-verification of my mobile number (one that I have held without change for 24 years), I had to provide the telecom operator with someone else's phone number. As a data protection lawyer, I was

loath to offer up another person's personal data without their consent, but, as the lady at the store was at pains to warn me, if I did not comply, my phone number could be cancelled for want of an updated KYC.

It is insidious business processes such as these that companies will have to immediately redesign. If they require the mobile number of any person, they need that person's consent, even if all they intend doing with it is to send an OTP in order to confirm a KYC update. They should not be asking me to provide them with the mobile number of a family member or colleague because the very act of sending an OTP to it without the consent of the recipient will be a violation of the law.

Each breach of the provisions of the new law will be liable to a penalty of up to ₹250 crore. This is not a sum to be trifled with and organizations around the country have already begun to re-order their operations to ensure compliance.

Given that the government has confirmed that the notification of rules and implementation of the DPDP Act are among the top priorities of the ministry of electronics and information technology, businesses that have not revised their processes accordingly are living on borrowed time.

Organizations that haven't fixed their sales outreach and other processes are living on borrowed time



The Indian art market is on an upward curve

With an eclectic mix of rare collectibles and iconic works on offer, Indian auction houses are reaching out to a diverse set of collectors

Abhilasha Ojha

feedback@livemint.com

At the recent *International Iconic* sale by Mumbai-based auction house **AstaGuru** (19-20 July), the two top-billed artworks were sculptures—*Tetè De Cariátide (Head of Caryatid)* by Italian sculptor Amedeo Modigliani, which was sold for Rs 10.59 crore, and *Hi Konnichiwa (Hello Goro!)*, featuring a four-legged dog in neon pink by Japanese artist Yayoi Kusama. The latter, embellished with her signature polka dots in green, red and black, sold for Rs 8.82 crore.

The second edition of *International Iconic* not only brought together modern and contemporary works in a single sale but also showed that Indian buyers are keen to diversify their collections by including international masters and contemporary artists. In fact, Siddhant Shetty, chief administrative officer, AstaGuru, is noticing a greater cross-cultural appreciation and cosmopolitan outlook among Indian collectors.

Such sales—featuring a mix of global names—could also be part of newer strategies by Indian auction houses to keep the attention of the collectors alive, especially at a time when the global art market is stressed. According to the report, *Raw-Facts Auction Review First Half 2024*, published by ArtTactic, a London-based art market research firm, earlier this year, auction sales of leading companies and brands have been weak given sluggish economic growth and

geopolitical uncertainty. "Auction sales by Christie's, Sotheby's, and Phillips were down in the first half of the year compared to the previous year," states the report, which focuses on markets such as New York, London, and Hong Kong.

THE ONLINE ART MARKET

However, the report presents a ray of sunshine in the form of online-only sales, which are on the rise. "The resilience in the online art market signals continued confidence at the lower end of the market, and continues to act as a gateway for new buyers," the report further mentions.

In this bleak global scenario, how is the Indian market faring? If experts are to be believed, it is buoyant. A market report by Indian Art Investor—an independent art market intelligence firm—for 2023-24 reveals that the financial year's performance has been the strongest in 39 years. According to Arvind Vijay Mohan, founder, Indian Art Investor, while India continues to be a relatively young market, it has displayed a consistent and stable ascent from a financial perspective. He attributes one of the reasons behind this

growth to the rise in patronage, with a greater number of art events taking place—such as Artix, an art show that travels between luxury hotels, which is all set to launch its third edition next month, and Art Mumbai, the country's newest art fair that will launch its second edition in November 2024, and more.

Ishrat Kanga, Sotheby's Co-Worldwide Head, Indian and South Asian Art, too has noticed this trend. "Over the last few years, we have witnessed a noticeable upswing in the modern and con-



(Clockwise from left) Siddhant Shetty of AstaGuru and Minal Vazirani of Saffronart are tapping into the diversified interests of the Indian collector; 'Hi Konnichiwa (Hello Goro!)' by Yayoi Kusama.

at the time of the sale for artists such as Zainul Abedin, Lionel Wendt, Kättingeri Krishna Hebbur, Lancelot Ribeiro, Sheela Gowda and Aminul Islam," Kanga says.

Indian auction houses have caught on to the trend of online auctions fairly well. Minal Vazirani, founder and CEO, Saffronart has been using technology and innovation to engage collectors through physical, online and hybrid formats. Seeing the diversified interest of the Indian collector, Saffronart is actively putting up unique collectibles on offer as well.

For instance, its latest online auction, *Passages to India: A Journey Through Indian History*, features 93 lots that include rare collectibles, photographs, books, maps, letters—there's one written by Mahatma Gandhi in the early 1920s. According to Vazirani, there is greater interest in collectibles among a diverse group of collectors between the ages of 35 and 70. With lower price points, compared to iconic artworks by modernists,

the rare antiquarian collectibles are also a huge draw for younger collectors, who want to start building their collection.

PERSONAL COLLECTIONS

At the same time, such sales sit well with the seasoned collectors, who want to include unique works for their personal collection. Moreover, these works also showcase personal histories—a letter or a book, for instance, may spike an interest from family members who want to learn about their forefathers, their culture and contribution to the land. In that context, *Sketch of the Sikhs: A Singular Nation, Who Inhabit the Provinces of the Punjab, Situated Between the Rivers Jumna and Indus* (estimated at Rs 2-3 lakh), is an extremely rare account of Sikhism authored by Sir John Malcolm. Hailed as one of the first books on Sikhs ever published in English, it is gaining the interest of buyers. Another highlight is the first edition of *Constitution of India* (estimated at Rs 18-20 lakh).

The auction's big-ticket work at Rs 35-40 lakh (the highest in the auction) is *Les Hindous: Ou Description de Leurs Moeurs, Coutumes et Ceremonies*. This four-volume book, which is a compilation of coloured etched plates, offers detailed visuals of Indian society and culture in the 1790s by painter-printmaker François Balthazar Solvyns who lived in India for 12 years between 1791 and 1803.

Even in the categories of private auctions, featuring handbags, watches, jewellery, furniture and cars, the interest of the Indian collector seems to be growing. According to Kanga, many clients who entered the market a few years ago are now seasoned and comfortable with the auction process. "They're curious and they are now feeding that curiosity by dipping their toe into other categories. With globalisation, horizons are expanding for collectors in India, just as they are for collectors everywhere, and personal aesthetics are evolving too," she adds.

Abhilasha Ojha is a Delhi-based culture writer.



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