

Monday, July 29, 2024

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UltraTech's India Cem deal heats up battle with Adani ► P1



SoftBank to gain as portfolio firms are set to go public ► P1

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Monday, July 29, 2024

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Think Ahead. Think Growth.

mint primer

Can new govts in India, UK give FTA talks a push?

BY ELIZABETH ROCHE

This summer saw the inauguration of new governments in New Delhi and London. With the business of national polls completed, the two countries are expected to resume talks on a Free Trade Agreement (FTA). *Mint* looks at the prospects for a speedy conclusion to the talks.



EAM S. Jaishankar and UK foreign secretary David Lammy during a meeting in New Delhi on 24 July. PTI

1 Will new govts in India and UK spur FTA talks?

PM Narendra Modi, who has come back for a third time, and his UK counterpart Sir Keir Starmer, who led Labour Party to a formidable win, discussed the FTA in their first telephone conversation, showing it is a priority. FTA talks that began in January 2022 had made progress on most of its 26 chapters. Trade and technology have been identified as two key elements to boost ties to the next level. "Our FTA negotiations is the floor not the ceiling of our ambitions to unlock our shared potential and deliver growth, from Bengaluru to Birmingham," UK foreign secretary David Lammy said in a visit to India this week. BLOOMBERG

2 How's the progress been on the FTA?

Lammy met with Modi and external affairs minister S. Jaishankar in New Delhi on Wednesday. Modi later said, "Remain committed to elevating the ties. Welcome the bilateral Technology Security Initiative and the desire to conclude a mutually beneficial FTA". The ministry of external affairs said: "Both sides appreciated the substantial progress made in the India-UK FTA negotiations and looked forward to its early conclusion to achieve a mutually beneficial FTA." Both countries are expected to take up the discussions from where they were left off by the former Conservative government.

3 With which countries does India have FTAs?

India signed four FTAs between 2021 and 2024. These are with Mauritius, the UAE, Australia and the European Free Trade Association. These focus on "gaining access to the Western and African markets. India's young demography and growing middle-class provide an attractive market for its Western FTA partners," the 2023-24 Economic Survey pointed out.

4 Why is the pact with the UK important?

The UK, which left the EU single market in January 2020, is keen to clinch a pact with India. Labour sees substantial benefits in an FTA that provides access to the vast Indian market and scraps high tariff barriers. India on its part has stayed out of mega deals, wary of Chinese made goods flooding the Indian market. But New Delhi is in talks with partners with which it has trade complementarities. India has set a target of \$800 billion in exports in goods and services for 2024-25 and for this, trade pacts are important.

5 What are the problem areas in the FTA talks?

The UK wants customs duty cuts on electric vehicles, scotch whisky, lamb meat, chocolates and certain types of confectionary. It also wants access for its telecom, legal and banking and insurance services. India wants its skilled IT and healthcare workers to be able to live and work in the UK, besides market access for several goods at zero customs duties. However, the UK's plans to impose a carbon tax on imports is also a problem for New Delhi. Elizabeth Roche is Associate Professor, Jindal Global University.

QUICK EDIT

The 2047 challenge

As the challenge of becoming a developed country by 2047 cannot be overstated, it's good to see realism attend some of India's official discourse on this goal. A government approach paper on *Viksit Bharat* lays out what's needed. India's economy must reach \$30 trillion from \$3.3 trillion currently, while per capita income would need to go up eight times from \$2,392 per annum. This would require 7-10% annual growth for the next 20-30 years, according to the paper. "Very few countries have managed to do this," it notes, citing reasons ranging from "structural to institutional and socioeconomic factors" for it. The paper is refreshingly candid about India's vulnerability to falling into a middle-income trap before the 2047 aim is reached. "As a nation, we need to avoid this trap and carefully work towards breaking out of it." The best insurance against it would be to ensure prosperity that's less unevenly distributed across various socioeconomic strata. Our consumer market could suffer premature saturation if we fail to rebalance the benefits of rapid growth, which in turn could weaken investment and slow the pace of the economy's emergence beyond a point. It's not a trivial risk.

MINT METRIC

by Bibek Debroy

Southwick and Shoreham Cricket Club
Has a new rule - there's the rub.
Any player who hits a six
Will be out, for his tricks.
Neighbours complained, hence the snub.

QUOTE OF THE DAY

For the first time, India has its own house at the Paris 2024 Olympics. It's a place where we are going to honour our athletes, celebrate their achievements, and wish them well. We will celebrate our heritage and our culture...

NITA AMBANI
MEMBER,
INTERNATIONAL
OLYMPIC COMMITTEE



THE WEEK AHEAD

29 JUL - 2 AUG
Q1 EARNINGS
Tata Steel, Tata Motors, GAIL and Bank of Baroda among companies set to report their Q1 earnings.

30 JUL
INDUS BUYBACK
Indus Towers board to consider share buyback proposal.

29-30 JUL
SMARTPHONE LAUNCHES
Oppo and Realme to launch their K-series and I3 Pro series smartphones, respectively.

31 JUL
FED DECISION
The Federal Open Market Committee (FOMC) will announce its decision on interest rates.

29 JUL
BYJU'S INSOLVENCY
NCLAT to hear Byju's appeal against insolvency proceedings.

1 AUG
PMI DATA
PMI manufacturing data for July set to be released.

30 JUL
AKUMS IPO
Akums Drugs and Pharma's ₹1,857-crore IPO to open for subscription.

1 AUG
HDFC CREDIT CARD RULES
HDFC Bank's new credit card rules, including fees for third-party app payments, to take effect.



Atmanirbhar in pulses by '27: Can India do it?

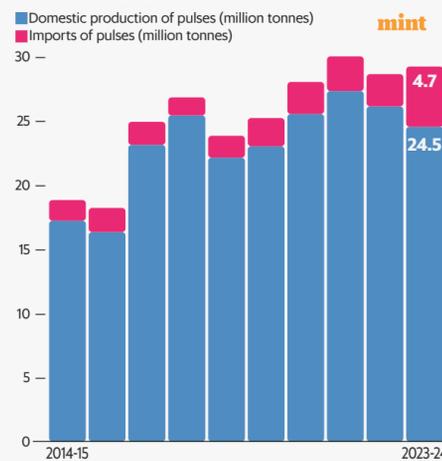
BY HOWINDIALIVES.COM

In the Union budget presented last week, finance minister Nirmala Sitharaman reiterated the government's intention of making India self-sufficient in pulses. This followed the target of ending imports of pulses by December 2027, which the government set in January. While it will be an extraordinary achievement, will India be able to meet the ambitious target? Between 2014-15 and 2022-23, India imported between 7% and 9% of its annual requirement of pulses for both households and industrial uses. In 2023-24, however, the import requirement of pulses almost doubled to 16%. This came on the back of two years of falling domestic production, precipitated by weak rainfall.

Assuming a growth in per capita income of 5.1% per annum over the next five years (higher than the average growth in the past decade), demand for pulses will grow by around 2% per annum over the next five years, estimates a 2023 Nabard Research study paper. The good news is that the average growth rate of pulses production over the past 10 years has been higher, at around 2.4% per annum. The bad news is even in 2030-31, India would need to import around 4.59 million tonnes of pulses, a fraction lower than what was imported in 2023-24, but well above the average imports in previous years. For India to completely close its import gap by 2027-28, domestic production would need to grow by 6.6% per annum till then. That is 2.75 times the current growth of pulses production.

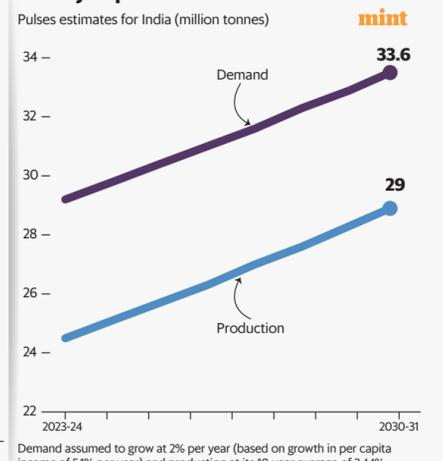


India's imports of pulses nearly doubled in 2023-24



Data on domestic production is for crop year (July to June). Imports data is for financial year (April to March). Source: Third advance estimates of crop production 2023-24, ministry of agriculture; export import data bank, ministry of commerce and industry

At current growth, the supply gap is likely to persist



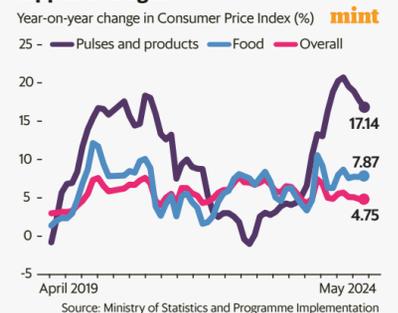
Demand assumed to grow at 2% per year (based on growth in per capita income of 5.1% per year) and production at its 10-year average of 2.44% per year. Source: Data on demand based on average growth rates derived from Prospects of India's Demand and Supply for Agricultural Commodities Towards 2030 by Shyma Jose and Ashok Gulati, Nabard Research Study No. 40, 2023

Soaring Prices

WHILE THERE is reason to be circumspect about imports ending by 2027, it's still a worthwhile goal in the long term. India is one of the world's biggest consumers of pulses. Its purchases on the world market can move prices and influence planting decisions in other countries. This introduces a high level of uncertainty in prices for households and industry, making the inflation rate for pulses volatile. Post-April 2023, it has exceeded both overall inflation and food inflation.

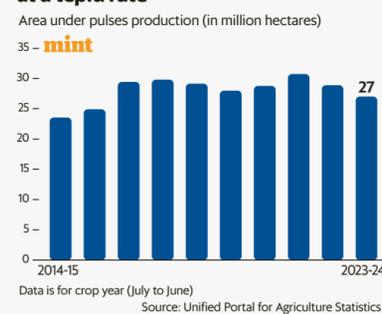
One problem is that India has alternated between clamping down sharply on imports when domestic production has been high and opening it up during weak production. "... a production shortfall in India... has the potential to create dramatic increases in pulse prices without ample pulse supply in the global marketplace," pointed out the authors of a 2022 paper by the International Food Policy Research Institute (IFPRI) on the Indian policy for the pulses market.

The increase in prices of pulses has topped averages



Source: Ministry of Statistics and Programme Implementation

Area under pulses has grown at a tepid rate



Data is for crop year (July to June). Source: Unified Portal for Agriculture Statistics

Area Challenge

THERE ARE only two ways to sustainably increase pulse production (setting aside extraordinary years when rains are good). The first is to expand the area under production. The area under pulses has grown at an average rate of 1.5% over the last decade, though it has declined in recent years.

As the IFPRI paper points out, the period after the green revolution saw a major expansion in the acreage of wheat and rice, which came at the expense of pulses. "Over time, pulses have been crowded out by cereals, and by the late-2000s about 87% of pulses' cultivation had been pushed out from irrigated to rainfed areas, making them a high-risk crop for farmers," say the authors.

Reversing this was a tall order. Under the National Food Security Mission, launched in 2007, production of pulses did increase. And underlying that production increase was an increase in acreage.

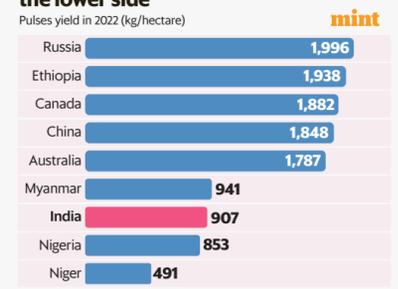
Pulses Yield

THE OTHER way to increase overall pulses production is by increasing productivity—harvest more crop from the same area. In this regard too, there is good news. Pulses productivity has increased steadily over the last few decades, at an average growth of 2.3% per annum. In spite of this, India's pulses yield, in kg per hectare, is well behind the world's major pulse producers. For India to meet its entire pulses need domestically by 2027-28, and over the same average acreage devoted to pulses as in the last 10 years, productivity would have to be pushed from around 907 kg per hectare in 2023-24 to around 1,128 kg per hectare in 2027-28. That is a 25% rise in three years.

Ultimately, an increase in pulses production over the long term will require both more farmers to grow pulses than currently, and for those farmers to do it more efficiently.

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

India's pulses yield is on the lower side



Source: Directorate of Pulses Development, ministry of agriculture and farmers welfare; Unified Portal for Agriculture Statistics

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



Monday, July 29, 2024

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Is artificial intelligence still ahead of its time? ▶ P12



An interest rate cut by US Fed is finally within view ▶ P10

SENSEX 81,332.75 ↕ 0.00 NIFTY 24,834.85 ↕ 0.00 DOLLAR ₹83.72 ↕ ₹0.00 EURO ₹90.87 ↕ ₹0.00 OIL \$80.43 ↓ \$1.81 POUND ₹107.74 ↕ ₹0.00

UltraTech's India Cem deal heats up battle with Adani

Cement giant buys 32.72% in India Cem, plans open offer, denying target for Adani

Anirudh Laskar
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MUMBAI

Cement was kicked into high gear on Sunday with industry leader UltraTech Cement Ltd scooping up India Cements Ltd, denying a potential target for rival Adani group which is rapidly catching up through a series of acquisitions. The deal comes just a month after UltraTech bought nearly 23% in India Cements, even as Adani has emerged as India's second-largest cement-maker in less than two years.

After a board meeting on Sunday, UltraTech said it will acquire 32.72% stake from India Cements' promoters for ₹3,954 crore, and launch an open offer for 26% more. The twin deals will cost it ₹7,096.35 crore, if the open offer is fully subscribed. On 27 June, UltraTech had purchased 22.77% in India Cements for ₹1,900 crore. With this, its total investment in India Cements will be close to 9,000 crore.

"The India Cements opportunity is an exciting one as it enables UltraTech to serve the southern markets more effectively, and also

CONCRETE DEAL

If competition and market regulators approve the share purchases, UltraTech's total shareholding in India Cements will touch 81.49%.

- ▶ **32.7% STAKE** UltraTech plans to buy from India Cements' promoters
- ▶ **26%** ULTRATECH's open offer for public investors in India Cements
- ▶ **22.8%** ULTRATECH's current stake in India Cements
- ▶ **₹7,096.3 cr** COST of the latest deal*
- ▶ **₹1,908 cr** COST of earlier stake purchase
- ▶ **₹9,000 cr** ULTRATECH's total investment in India Cements for 81.5% stake**

*Assuming full 26% subscription by public shareholders in the proposed open offer. **Considering the earlier investment by UltraTech for stake purchase in June, the price for the promoter stake purchase and assuming the cost for full 26% open offer subscription
Source: Company filings, Mint research

accelerates our path to 200+ million tonnes per annum (mtpa) capacity", said Kumar Mangalam Birla who chairs the Aditya Birla Group, remarking on the acquisition that comes at a time of roaring infrastructure development and booming demand for construction material.

If India's competition and market regulators approve the share purchases, UltraTech's total share-

holding in India Cements will touch 81.49%, valuing it at about ₹11,044 crore. Since promoters cannot hold more than 75% in Indian listed companies, UltraTech will have to either sell some of its shares to bring its ownership below the threshold, or delist India Cements altogether.

After a board meeting on Sunday, UltraTech said the stake sale proposal came from India

Cements' promoters N. Srinivasan and his family associates. UltraTech will purchase the entire 32.72% jointly owned by N Srinivasan, his family members and their associate firms as promoters in India Cements, and launch an open offer to acquire up to 26% in India Cements at ₹390 a share, 4% above India Cements' share price close on Friday.

India Cements' FY24 income of ₹5176.98 crore was lower than ₹5648.25 crore in the previous year. Due to cost overruns and higher expenses, net losses widened to ₹227.34 crore during the fiscal from a loss of ₹126.89 crore in FY23. Srinivasan, his wife Chitra Srinivasan and daughter Rupa Gurunath, along with their associate trusts and firms control India Cements. Rupa Gurunath's trustee holds 6.44% while EWS Finance & Investments Pvt. Ltd, an entity directly held by Srinivasan owns 21.56%.

The deal highlights the severe competition in India's cement sector. On 22 April, *Mint* reported that

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Srinivasan cements legacy with UltraTech deal > P9

SoftBank licks its lips as 4 portfolio firms set for IPOs

Sneha Shah & Ranjani Raghavan

MUMBAI

SoftBank Investment Advisors, the Japanese tech-focused investment firm, is looking at a significant windfall from the Indian market as at least four of its portfolio companies prepare to go public this year, two persons with knowledge of the development said.

The persons, who spoke on the condition of anonymity, said that Ola Electric Mobility, the Bhavish Aggarwal-founded clean mobility company, is expected to see its initial public offering (IPO) open on 2 August; and omnichannel baby products retailer Firstcry is planning to go public in mid-August.

One of the persons added that software business Unicommerce, spun out from Snapdeal, will also go public in mid-August, while food delivery company Swiggy is slated to go public around Diwali.

SoftBank did not respond to queries from *Mint* till press time.

The Ola Electric Mobility IPO is a combination of fresh issue of shares worth ₹5,500



Masayoshi Son, founder, SoftBank Corp. BLOOMBERG

crore, and an offer-for-sale (OFS) of 84.9 million equity shares.

The Masayoshi Son run late-stage investor holds around 21.98% stake (81 million shares) in the company. It is looking to sell 23.8 million shares or nearly 30% of its holding in the company as part of the OFS. The public offer is likely to value the company at \$4.5-5 billion.

SoftBank first invested in the company in July 2019 with a \$250-million cheque at a billion-dollar or unicorn valuation. Five years since, SoftBank is likely to make more than 3x returns on a risk-adjusted basis

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DON'T MISS



'Cut in gold duty will curb smuggling, free up funds'

The decision for a sharp reduction in import duties on gold and silver will help check gold smuggling and free up blocked funds, said Central Board of Indirect Taxes and Customs (CBIC) chairperson Sanjay Agarwal. >P2

Govt may prepare list of sectors allowed for Chinese investment

The central government may consider preparing a list of sectors and industries where Chinese investments may be allowed, provided these help indigenize manufacturing and do not pose a security risk, two people aware of the matter said. >P2

Indian banks deploy tech to counter mule accounts

Indian Banks are turning to advanced technology and specialized teams to trace accounts known as 'cyber mules' amid a rising tide of digital banking frauds. The Reserve Bank of India has urged banks to keep a close watch on such accounts. >P3

Large investors oppose over 100 director appointments

Listed companies from Ashok Leyland to Ujjivan Small Finance Bank to Adani Wilmar and Raymond, among many others, are increasingly facing opposition from large public investors on induction of directors on their boards and their remuneration. >P6

Asset quality worries back to haunt banks

Anshika Kayastha
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MUMBAI

Non-performing assets (NPAs) are making banks uneasy again in the first quarter of FY25 even as their struggle to mobilise deposits continues. This has happened on the back of a surge in delinquencies for retail, microfinance and agriculture loan portfolios due to seasonal factors, as well as election-related disruptions.

Even though the sequential rise in NPAs appears marginal, it is still creating some nervousness as it has come after several quarters of steady to healthy asset quality.

Lenders such as HDFC Bank, Axis Bank, Mahindra Finance and IndusInd Bank saw a sequential rise in gross non-performing assets (NPA),



Lenders such as HDFC Bank have seen GNPA's rise sequentially. MINT

leading to higher provisioning requirements.

Provisions and contingencies for ICICI Bank rose 85.4% on-quarter and 3.07% on-year, whereas for Axis Bank they rose by 72.07% sequentially and 97% on-year, according to the Q1 financials reported by

TURN TO PAGE 6

Sharper claws to nab tax evaders

Gireesh Chandra Prasad
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NEW DELHI

Tackling tax avoidance is at the forefront in the Centre's agenda to deepen the tax base, with the latest Finance Bill introducing over a dozen provisions to check leakages in property deals, rental incomes, partnership fees and capital gains.

Of the 13 new provisions meant to check tax avoidance, five deal with taxes deducted or collected at source (TDS or TCS), expanding the range of transactions tracked by the Income Tax department. Although TDS rate has been lowered in the case of seven transactions and omitted in the case of one, this tool will now be deployed more widely for greater oversight of transactions.

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Sanjay Malhotra, revenue secretary. @FINMININDIA/X

Revenue secretary Sanjay Malhotra told *Mint* in an interview that 13 specific steps aim to prevent tax avoidance and widen the tax base. The measures seek to bring greater clarity on provisions, expand oversight of transactions and plug loopholes.

Snazzy luggage startups tempt VC funds

Mansi Verma & Sowmya Ramasubramanian

MUMBAI/BENGALURU

A clutch of new brands has shaken up India's staid luggage market in recent years, using a combination of style, features and sustainable materials to woo young travellers. Regardless of whether they can dethrone luggage market leaders such as VIP and Samsonite, venture capital is betting its money on these startups.

There has been a revolution in the travel industry since covid restrictions were lifted, led by millennials and Gen Z. Brands such as Mokobara, Assembly and Uppercase have been trying to woo these young, style-conscious travellers, but may find it hard to achieve scale in an industry that relies heavily on China for manufacturing.



Brands such as Uppercase have been trying to woo these young, style-conscious travellers, but may find it hard to achieve scale.

Pavitra Gupta, director at venture capital firm RTP Global, said, "Travel has recovered from the covid lull, offering a tailwind to luggage brands. More people are willing to spend time and money on short trips, which shows how the industry dynamic has changed over the years."

India's organized luggage market is led by companies

such as VIP Industries, Samsonite and Safari. The organized sector accounts for about 40% of India's ₹15,000-crore luggage industry, according to a Crisil report year, and it is mainly this segment that has boomed in the wave of the pandemic.

While functionality has been the mainstay of many legacy brands, the new ones

focus on design to woo young travellers. They are also quicker to adapt to travellers' shifting preferences - such as hard luggage over soft, air travel over trains, and a willingness to spend more - than the legacy firms.

Archana Jahagirdar, founder and managing partner of Rukam Capital, said, "They struggle to move their supply chains and product mixes quickly, allowing startups to capitalize on the demand for innovative, design-driven luggage." Jahagirdar is an investor in luggage brand Assembly, which has raised more than \$2.4 million in funding since it was founded in 2019.

Legacy brands are catching on, albeit slowly. Last year, VIP-owned Skybags launched a range inspired by the FIFA World Cup shortly after roll-

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STRAIGHT
FORWARD
SHASHI SHEKHAR

Respond to this column at
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AN INSPIRATION OF A MAN WHO CHOSE INDIA OVER STATUS

Uncle "Sam", also known as "Virendra Sam", or Virendra Singh, passed away last Tuesday at his daughter's house in the US. His mortal remains were brought back to his village in Bulandshahr, and last rites performed there in keeping with his wishes. Sam adored his birthplace and had left everything in the US to return to his village, Bichola.

His tale is interesting and inspirational. I had the pleasure of spending a delightful evening and a rejuvenating morning with him almost 10 years ago.

That evening, Sam shared his love of hockey, which he had played since childhood, and which had transformed his life. His team was once playing against the Aligarh Muslim University's team, when the vice-chancellor of Punjab University noticed Sam, then known by his given name Virendra Singh. The vice-chancellor told Sam he could get him an admission into the engineering college at Bhiwani if he played for Punjab University. Sam accepted the offer. He soon got an opportunity to play a hockey match in Manchester. The professional approach of the West he noticed during that match, left an indelible impression on Sam. After finishing his engineering degree, he worked for a period at DCM, after which he got an admission to the University of Minnesota in the US, where he earned a master's degree in textile engineering. This set off the transformation of Virendra Singh, the rustic youth from Bulandshahr, into "Sam".

The transformational era of the 1960s needed vibrant youths like Sam to take it forward. Sam eventually started working at Du Pont. Married by then, the Singhs welcomed two daughters into their lives. By this time, the family had blended in with the American society. Sam was always full of energy and vigour, instilled in him by hockey. In no time, he rose through the ranks to head operations for all of Asia and eventually to the company's chairmanship. Few Indians in the corporate sector attained such prominence in the Cold War era. It was amid such success in the US, in 2000, that Sam decided to return to his village. The decision took his family, coworkers, and even people in his village by surprise. The question all had was: Why?

Sam had succeeded in life, but a worry nagged him. Often during the company's board meetings, the CEO would draw attention to tragedies in India, such as a boat capsizing, a train derailment, or a stampede, and everyone at these meetings would observe silence as a mark of respect to the victims. The frequency of such instances disturbed Sam, and he increasingly yearned to see change. One day he decided, "If someone has to take the initiative, it is I." Sam quit his job, moved to his village, and started the Pardada-Pardadi Educational Society.

There is an old saying, "*Havan karte haath jale*", which roughly translates as facing ill consequences for trying to do good. His initiative had teething troubles in getting students. A common response he got from parents when he tried to get girl children in particular to be educated was, "*Babuji, I need to marry off my daughter. I will not teach her so much that she becomes a collector (bureaucrat).*" But his hockey experience had taught Sam patience, which he used to great advantage. In the first year, his school got only 45 girls to enrol. Today, about 4,000 girls study there. Each girl gets free uniform, three meals a day, books and transportation. Additionally, ₹10 is transferred into their accounts every day. These girls are promised employment and get training according to their interests.

This organization has helped thousands of girls in Anupshahr and nearby areas to become self-reliant over the past 24 years. The organization also includes more than 7,000 women who are learning how to produce incense sticks, pickles, and sanitary pads. Earnings from the sale of these products go directly into their accounts. That evening, Sam led us to Anupshahr, where his society runs a drinking water ATM on the banks of the Ganga. Dozens of women and youngsters were getting water for twenty-five paise per litre. When I asked why he charged for drinking water, Sam's response was insightful. He explained, "Freebies are not respected anywhere in the world. I offer water worth ten rupees for twenty-five paise, not to make a profit, but to guarantee that people value and conserve it." This practical approach to water conservation seemed novel to me.

Sam may be gone, but he will be remembered by the thousands of girls, women, and families whose lives his efforts changed. Do people like Sam ever really die?

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

'Cut in gold duty will curb smuggling, free up funds'

As per analysts, the objective behind reducing duties is to balance inflow of cheaper bullion

Dhirendra Kumar &
Gireesh Chandra Prasad

NEW DELHI

The decision for a sharp reduction in import duties on gold and silver will help check gold smuggling and free up blocked funds, said Central Board of Indirect Taxes and Customs (CBIC) chairperson Sanjay Agarwal.

Given that gold is the primary raw material for the gems and jewellery sector, the move can also unlock blocked funds for these businesses, he explained, as the sector pays the duty upfront and only realizes the sale value after production.

Finance minister Nirmala Sitharaman, in the union budget, proposed a sharp cut in the import duties on gold and silver bars from 15% to 6%, on gold and silver dore from 14.35% to 5.35%, and on platinum from 15.4% to 6%.

This sector is crucial as it provides significant employment and contributes substantially to exports.

As per trade analysts, the objective behind reducing the duties is to balance the inflow of cheaper bullion coming in. India imports gold mainly from Switzerland, the UAE, South Africa, Peru and Australia. But gold from the UAE is substantially cheaper because they enjoy zero tariff on account of the free trade deal between



In the Union budget, a cut in the import duties was proposed on gold and silver bars from 15% to 6%, and on gold and silver dore from 14.35% to 5.35%. BLOOMBERG

the two countries.

Smuggling increased following the duty hike in July 2022, with gold seizures rising by 37.14% from FY23 to FY24, increasing from 3,500 kg to 4,800 kg.

Imports jumped from \$33.6 billion in FY 2019 to \$48.8 billion in FY 2024, marking a 45.2% increase over the period.

India's gold jewellery exports have also seen a steady rise from \$6.59 billion in FY 2021 to \$10.99 billion in FY 2022, \$12.29 billion in FY 2023, and \$13.24 billion in FY 2024.

"We need to ensure the sector remains healthy, as this is a key factor among others. The import duty on gold

was increased in July 2022 due to the prevailing circumstances at that time, including a worsening current account deficit (CAD). The increase was intended to reduce normal imports," the CBIC chairman said.

"This had an impact on the gold import value, which decreased. Subsequently, the CAD position improved," Agarwal said.

However, trade experts have expressed reservations about the duty cut, suggesting it is a temporary measure. They pointed out that gold was being imported as a platinum compound at a mere 5% tariff, benefiting from a 10% duty arbitrage.

"With the new Most Favored Nation

(MFN) duty on gold at 6%, this arbitrage is reduced to 1%, but it is expected to increase again. Next year, the arbitrage will rise to 3.9%, and in two years, it will increase further, reaching 6.4% when CEPA tariffs on platinum drop to zero," said Ajay Srivastava of the Global Trade Research Initiative (GTRI), a think tank.

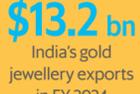
The duty cuts on precious metals will cause the government an annual revenue loss of Rs. 28,000 crore, based on FY2024 import levels, the GTRI chief said, adding that this is a significant fiscal sacrifice, but a necessary step to curb the unsustainable influx of bullion and protect the domestic market.

"The duty cut is expected to significantly boost the export industry, leading to the creation of numerous job opportunities. Although the exact number of new jobs has not yet been evaluated, there is a general consensus that the bullion business will experience growth," Vipul Shah, the chairman of Gem & Jewellery Export Promotion Council (GJEPC), said.

"This measure will enhance productivity and exports, which, in turn, will generate more employment for artisans and ultimately increase exports," Shah said.

Sachin Jain, the regional CEO for India at the World Gold Council (WGC), said it will reduce the incentives for smuggling of gold and create a level playing field for honest industry stakeholders.

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'Heatwaves to affect economic growth'

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Not only did heatwaves kill around 100 people in India this summer, they are expected to be more devastating and frequent than other extreme weather events such as floods in the future.

This poses substantial risks to India's economic growth, said climate experts, who do not consider heatwaves as natural disasters, but man-made ones.

This assumes even more significance, given that earlier this year, the global temperature has already breached the levels that international climate change scientists highlight—1.5 degrees Celsius above the post-industrial average. "I do not call heatwaves a natural disaster from a scientific perspective. When we say natural, it means something happens due to various natural reasons, and heatwaves are not because of natural reasons.

They are because of climate change," said Suruchi Bhadwal, a research fellow at The Energy and Resources Institute (Teri).

"(Research) findings tell us that climate change is not natural; it is anthropogenic in nature, or human-caused. Heatwaves must receive attention. They are increasing and becoming intense because of climate change. Therefore, in any risk assessment that is done in the context of considering climate risk, heatwaves must be included as an element," Bhadwal said.

This assessment is in line with the 15th Finance Commission's refusal on 24 July to include extreme heat on the list of natural disasters.

"I feel the largest concern is going to be heatwaves in the near future compared to other events. For example, flood happens or there's heavy precipitation somewhere, it is location specific and wherever there's a flood, people in that region get affected," said Bhadwal.

Heatwaves are likely to be more devastating, frequent than other extreme weather events as time passes by

Govt list likely for Chinese investment

Subhash Narayan &
Rihik Kundu

NEW DELHI

The central government may consider preparing a list of sectors and industries where Chinese investments may be allowed, provided these help indigenize manufacturing and do not pose a security risk, two people aware of the matter said.

Once identified, investments may be permitted in these sectors without additional scrutiny under the Press Note-3 of the Foreign Direct Investment (FDI) regulation applicable to neighbouring countries.

In place since the 2020 border conflict between India and China, Press Note-3 made it mandatory for investors from countries with land borders with India to seek government approval to invest. As a result, very little investment has come in from China since the regulation, even though imports have maintained their momentum. "This is an idea which has been floated. But, there hasn't been any decision taken in this regard," the first person mentioned above said, requesting anonymity. "As things stand, there is



Once identified, investments may be permitted in these listed sectors without additional scrutiny. AP

continuously a security threat from China which hasn't gone away. However, there are some industries/sectors where security threats may not be present, and accepting investment from China may help us indigenise our production," the person added.

On 25 July, the *Hindustan Times* reported the government is considering holding discussions on reviewing the regulation, with the department for promotion of industry and internal trade (DPIIT)

looking into the matter.

If the idea takes wing, the DPIIT will work with the Union home ministry to gauge the security risk posed by investments in various sectors before drawing up a list of items where automatic Chinese investments can be permitted, said the second person aware of the matter, who spoke under the condition of anonymity.

The second person added that a decision is yet to be made. The domestic industry, par-

ticularly those using Chinese plants and equipment have urged the government to ease the FDI regime saying they were facing technical and other challenges due to restrictions on visas for skilled manpower from China.

Several companies are also struggling to source component investments, something impacting the country's own manufacturing programme.

"As we integrate more and more into the global supply chains, we will import more raw materials and export more end-products. So, should companies from neighbours like China be allowed to invest and produce in India? The idea is to start a discussion. This has been thrown up by the Economic Survey and requires much discussion," the second person added.

The latest Economic Survey, released last week, suggests India consider foreign direct investments from its northern neighbour to boost exports, cashing in on the China-plus-one strategy playing out globally.

Spokespersons of the finance and commerce ministries didn't respond to emailed queries.

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WTO agrees to not adopt ruling on Indian ICT import duty till Oct-end

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The World Trade Organization's (WTO's) dispute settlement body has accepted a request from India and Chinese Taipei, or Taiwan, not to adopt the ruling against New Delhi's import duties on certain information and technology products till October-end, as both sides are engaged in settling the matter mutually, an official said.

The issue came up during a meeting of the dispute settlement body (DSB) in Geneva on 26 July.

"The DSB agreed to the latest requests from Chinese Taipei and India," the Geneva-based official said.

At the July 26 meeting, India and Chinese Taipei once again requested additional time from the DSB to consider the adoption of the panel rulings in the case initiated by Chinese Taipei regarding India's tariffs on certain high-tech goods.

The two sides had asked that the DSB further delay consideration of the panel reports until 28 October, to help facilitate the resolution of the disputes.

The dispute body had ear-



In its report, a WTO panel had said import duties imposed by India on certain products violate global trading norms. BLOOMBERG

lier agreed to four previous such requests from India and Chinese Taipei to delay consideration of the reports.

As per the rules of the WTO, the panel's ruling will have to be adopted by the DSB for implementation within 60

days of the release of the order. However, countries can mutually request the body to delay the adoption of the ruling.

In its report, a dispute panel of the WTO on April 17, 2023, said import duties imposed by India on certain information and technology products violate global trading norms.

The ruling followed a case filed by the EU, Japan and Taiwan in WTO.

In May 2019, Chinese Taipei filed a case against India in the WTO over the import duties imposed on certain electronic goods, including telephones for cellular networks; machines for reception, con-

version and transmission or regeneration of voice, images or other data; and parts of telephone sets.

India has stated that these ICT products are part of WTO's Information Technology Products (ITA-2) agreement, and New Delhi is not a part of this pact. India is a part of ITA-1, signed in 1997, which did not have any obligation to eliminate customs duties on these products.

Besides formulating norms for global exports and imports, the Geneva-based 164-member multilateral body adjudicates trade disputes among the member countries.

According to WTO rules, a member country can file a case in the organization if it feels that a particular trade measure is against the norms.

Bilateral consultation is the first step to resolving a dispute. If both sides are not able to resolve the matter through consultation, either can approach the establishment of a dispute settlement panel.

The panel's ruling or report can be challenged at WTO's appellate platform.

Interestingly, the appellate body is not functioning because of differences among member countries in appointing its members.

CORRECTIONS AND CLARIFICATIONS

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THE MONDAY QUIZ

- 1) WHICH global capability centre (GCC) platform did Accenture invest in last week?
- 2) HOW much amount was allocated to MeitY in the Union Budget 2024-25?
- 3) WHO is the new CEO of Sify Digital Services, the digital services arm of Sify Technologies?
- 4) WHAT is OpenAI's newly announced AI-based search engine prototype called?
- 5) WHICH telecom major did AlonOS partner with last week to enhance AI adoption?

Indian banks deploy tech to counter mule accounts

In FY24, the value of digital frauds at banks was ₹1,457 cr and involved 29,082 transactions

Shouvik Das & Shayan Ghosh
NEW DELHI/MUMBAI



RBI has urged banks to keep a close watch on such accounts. MINT

Indian banks are turning to advanced technology and specialized teams to try and trace accounts known as 'cyber mules' amid a rising tide of digital banking frauds.

Mule accounts, so named because they act as conduits for sending and receiving funds that do not belong to the bank account holder, usually remain dormant but can see a sudden spurt in typically low-value, high-volume transactions.

The Reserve Bank of India (RBI) has urged banks to keep a close watch on such accounts.

RBI governor Shaktikanta Das recently expressed concern over digital frauds and the "rapid increase in use of mule bank accounts to perpetrate such frauds". In FY24, the value of digital payment frauds at banks was ₹1,457 crore and involved 29,082 transactions, higher than both FY22 and FY23, as per the RBI's annual report.

Experts said mule accounts are used by scammers for digital frauds that involve transferring money out of the victim's bank account into a chain of accounts, making it harder to trace such funds.

Typically, the mule accounts involve up to 15 accounts in a distribution chain, and this entire chain is kept ready at any point—with scammers tasked with live-tracing which accounts are operational, and which are not.

Teams at banks are using artificial intelligence (AI) and machine-learning (ML) tools in order to take on such scams. For instance, Axis Bank created a new internal unit about six months ago that consolidated some of the existing roles of monitoring and detecting suspicious accounts across the bank.

"We call that unit the financial crime intelligence unit," Subrat Mohanty, executive director of banking operations and transformation, Axis Bank said during an earnings call on 24 July.

"This unit has been working on 20

were—savings or current—saying the bank does not share "that kind of internal intelligence at this point in time to the external world".

"It is something we work very closely with the law enforcement authorities."

ernor has also pointed out, that it (mule accounts) is more in the current account space than in savings accounts," Vaswani said in response to a question on its earnings call on 20 July.

"We have built machine learning models that spot these transactions and therefore the accounts as early as possible. We are very very vigilant on this particular item."

India's largest lender State Bank of India (SBI) has initiated the process of putting in place "a robust fraud monitoring solution—specifically for electronic channels that are being used by the customers".

The bank said in its 2023-24 annual report that this was in addition to the "industry standards of IT security/Cyber Security that are being followed".

Cybersecurity experts said that mule accounts at banks are being identified through techniques such as behavioural authentication, or risk-based authentication.

"Most of these mule accounts do small transactions, but at a very high volume," said Sandip Panda, chief executive at cyber security firm, Instasafe.

"Such accounts are trickier to trace, since small-ticket transactions are very inconspicuous and are difficult to have a blanket rule against and to take on such accounts, additional authentication mechanisms and productivity of banking operations come as a collateral damage and trade-off to security standards."

Panda also pointed out that several Indian banks are stuck with legacy systems in their IT infrastructure and there is a need for smarter, faster security solutions that conduct trials to come up with better ways to identify such accounts.

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

CtrlS plans to raise \$300 mn for India expansion

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NEW DELHI

Hyderabad-based digital infrastructure provider CtrlS Datacenters Ltd plans to raise debt of \$300 million this financial year to expand across India as it anticipates demand for data centres to rise, driven by the increasing use of artificial intelligence.

"Our internal resources themselves are going to be around \$700 million which we can use for capital expansion. Plus, we will be raising about roughly around \$200 million external equity and rest would come from customers and debt. That's our, about 40% would be coming in the form of debt and the rest is equity and customer advances," said Sridhar Pinnareddy, founder and chief executive officer at CtrlS Datacenters, in an exclusive interview with Mint.

The fundraise will be part of CtrlS Datacenters' larger plan to raise \$2 billion over the next five years to fuel a 350-MW expansion of its data centres across India and its entry into Southeast Asia and West Asia. He added that the company has acquired land for the data centre in Thailand, and construction will begin within this financial year.

The company currently has 12 data centres in Mumbai, Hyderabad, Chennai, Bengaluru, Noida, Lucknow, and Patna with a total 234-MW capacity.

CtrlS Datacenters compete with local and global players, including Bharti Airtel Ltd's Nxta, Hiranandani Group-backed Yotta Data Services and Tokyo-headquartered NTT Group.

The rising deployment of artificial intelligence and generative AI in enterprises is expected to increase the computing capacity required exponentially, leading to massive demand for data centres in markets like India and the US.

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

GLOSSARY

Data migration: The process of moving data or digital information from one computing environment to another is called data migration. It could be a different file format, storage system, database, or application. Data migration is required due to technology evolution, introducing new systems, merging into new environments or moving operations to the cloud.

and maintenance, it also represents a significant security risk. If compromised, it can lead to catastrophic data breaches, system disruptions, and financial loss.

Catastrophic forgetting: Also called catastrophic interference, catastrophic forgetting is when an artificial neural network abruptly forgets previously learned information. This happens when the network learns new information but loses its ability to perform tasks that it was earlier trained on.

Hyperconverged infrastructure: Abbreviated as HCI, hyperconverged infrastructure is a modern IT infrastructure approach. It integrates compute, storage, and networking resources into a single, software-defined platform. HCI simplifies IT operations, reduces costs, and improves scalability compared to traditional infrastructure.



Privileged access: Privileged access is a higher level of access accorded to select systems and resources over a standard account. This kind of access is used to perform sensitive or confidential operations. While essential for system management

THE MONDAY QUIZ ANSWERS:
1) ANSR ₹ 21,336 crore 3) C 4) SearchGPT 5) Indosat Ooredoo Hutchison

Magicpin to pour in ₹100 cr for new ONDC restaurants

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NEW DELHI

Hyperlocal e-commerce firm magicpin plans to invest ₹100 crore over the next three months to onboard over 100,000 new restaurants and cloud kitchens on the government-backed e-commerce platform Open Network for Digital Commerce (ONDC), the company said on Sunday.

Magicpin will invest funds towards offering onboarding incentives like zero commission, zero onboarding fees, and free home delivery, among others, for customers by newly partnered restaurants.

"Our goal is to provide a risk-free entry to promote the participation of food merchants and restaurants in the digital economy by eliminating entry barriers such as high commissions and onboarding fees, and committing ₹100 crore towards this initiative," magicpin CXO—Enterprise Brands Naman Mawandia said.

Magicpin is one of the leading seller apps on ONDC. Its food tech vertical competes with food delivery apps like Swiggy and Zomato.

"We aim to not only accelerate the adoption of online food delivery among diverse restaurant partners, thereby benefiting the overall ONDC ecosystem but also see these opportunities turning into cost benefits for the end consumers," Mawandia said. As a part of the initiative, the company claims to have introduced a self-onboarding tool to help restaurants, small and medium food delivery merchants to join ONDC in under five minutes.

In November, ONDC reported that its food delivery order peaked at 50,000 during the India-Australia march during the cricket World Cup.

Removal of angel tax for startups to help attract investors: Minister

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MUMBAI

Commerce and industry minister Piyush Goyal on Sunday said that removal of angel tax, which was introduced in 2012 by the

UPA government, for all classes of investors will help startups attract investments.

He also said that the customs duty reduction for gold and silver from 15% to 6% will not only help small artisans but also promote the country's gems and jewellery exports.

"The Budget 2024-25 has removed the angel tax and through it, we will be able to attract investors into the country," he said at a post-budget interaction with the industry.

Further Goyal informed that the budget has

announced the setting up of 12 industrial townships in the country.

He said that one of these will be in Maharashtra and it will help create jobs and a strong ecosystem for the industry and trade.

The budget has also

announced steps to promote diamond trade.

India is a world leader in the diamond cutting and polishing industry, which employs a large number of skilled workers. The budget has announced that India would provide for safe harbour rates

for foreign mining companies selling raw diamonds in the country.

Angel tax (income tax at 30% rate) was imposed on funding raised by unlisted companies, or startups, if their valuation exceeded the company's fair market value.



Extract of Unaudited Financial Results (Standalone & Consolidated) for the quarter ended 30-06-2024

| Sl. No. | Particulars | Standalone | | | | Consolidated | | | |
|---------|---|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | | Quarter Ended | | Year Ended | | Quarter Ended | | Year Ended | |
| | | 30.06.2024 (Unaudited) | 31.03.2024 (Audited) | 30.06.2023 (Unaudited) | 31.03.2024 (Audited) | 30.06.2024 (Unaudited) | 31.03.2024 (Audited) | 30.06.2023 (Unaudited) | 31.03.2024 (Audited) |
| 1. | Total Income from Operations | 13,023.31 | 12,613.14 | 10,975.57 | 47,146.30 | 13,078.66 | 12,677.18 | 11,103.94 | 47,504.75 |
| 2. | Net Profit for the period (before Tax and Exceptional items) | 4,325.82 | 5,147.77 | 3,711.95 | 17,780.64 | 4,349.23 | 5,229.48 | 3,721.16 | 17,959.94 |
| 3. | Net Profit for the period before tax (after Exceptional items) | 4,325.82 | 5,147.77 | 3,711.95 | 17,780.64 | 4,349.23 | 5,229.48 | 3,721.16 | 17,959.94 |
| 4. | Net Profit for the period after tax (after Exceptional items) | 3,442.45 | 4,016.30 | 2,960.73 | 14,019.21 | 3,460.19 | 4,079.09 | 2,968.05 | 14,145.46 |
| 5. | Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)] | 3,525.02 | 5,183.04 | 3,143.18 | 15,063.48 | 3,542.76 | 5,245.83 | 3,150.50 | 15,189.73 |
| 6. | Equity Share Capital (Face Value ₹10 per share) | 2,633.22 | 2,633.22 | 2,633.22 | 2,633.22 | 2,633.22 | 2,633.22 | 2,633.22 | 2,633.22 |
| 7. | Other Equity | 69,718.14 | 66,149.93 | 58,252.83 | 66,149.93 | 70,302.97 | 66,717.03 | 58,700.99 | 66,717.03 |
| 8. | Securities Premium Account | 1,577.53 | 1,577.53 | 1,577.53 | 1,577.53 | | | | |
| 9. | Net Worth | 72,351.36 | 68,783.15 | 60,886.05 | 68,783.15 | | | | |
| 10. | Paid up Debt Capital/ Outstanding Debt | 458,794.20 | 437,943.59 | 397,581.88 | 437,943.59 | | | | |
| 11. | Debt Equity Ratio * | 6.27 | 6.37 | 6.42 | 6.37 | | | | |
| 12. | Earnings per Share (of ₹10 each) (for continuing and discontinued operations) (in ₹) | | | | | | | | |
| | Basic | 13.07 | 15.13 | 11.24 | 53.11 | 13.14 | 15.36 | 11.27 | 53.59 |
| | Diluted | 13.07 | 15.13 | 11.24 | 53.11 | 13.14 | 15.36 | 11.27 | 53.59 |

* Debt/Equity Ratio = Net Debt / Net Worth (Net debt represents principal outstanding less cash and cash equivalents available.)

1. The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on 27th July, 2024. These results have been subject to limited review by the Statutory Auditors of the Company.

2. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 & 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the financial results is available on the Stock Exchange websites (www.bseindia.com and www.nseindia.com) and also on the Company's website (www.recindia.nic.in).

3. For other applicable disclosure as required under regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, refer detailed format of the financial results filed with the Stock Exchange (www.bseindia.com and www.nseindia.com) and can also be accessed on the Company's website (www.recindia.nic.in).

Place: Delhi
Date: 27th July 2024

Record Date for interim dividend for the FY 2024-25

In the above board meeting, the Board of Directors have declared interim dividend of ₹3.50/- (Rupees Three and Paise Fifty only) per equity share of ₹10/- each for the financial year 2024-25. Further, the Company has fixed Friday, August 9, 2024 as the 'Record Date' for reckoning eligibility of shareholders for the purpose of payment of said interim dividend. The said interim dividend shall be paid/dispatched on or before August 23, 2024 to those shareholders, whose names appear (a) as beneficial owners in the statement(s) furnished by the depository(ies) as on the close of business hours on August 9, 2024 in respect of shares held in electronic form; and (b) as members in the register of members on August 9, 2024 in respect of physical shares.

For REC Limited
(Vivek Kumar Dewangan)
Chairman & Managing Director
DIN - 01377212

REC Limited
(A Maharatna Government of India Enterprise)

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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: 81332.72 | CLOSE: 24834.85 | CLOSE: 23292.05 | CLOSE: 73400.65 | CLOSE: 25841.90 | CLOSE: 47706.67 | CLOSE: 54294.35 |
| 1-WEEK CHANGE (%): 0.90 | 1-WEEK CHANGE (%): 1.24 | 1-WEEK CHANGE (%): 1.92 | 1-WEEK CHANGE (%): 2.87 | 1-WEEK CHANGE (%): 1.54 | 1-WEEK CHANGE (%): 3.13 | 1-WEEK CHANGE (%): 3.45 |
| 1-MONTH CHANGE (%): 3.38 | 1-MONTH CHANGE (%): 4.05 | 1-MONTH CHANGE (%): 3.81 | 1-MONTH CHANGE (%): 3.04 | 1-MONTH CHANGE (%): 3.92 | 1-MONTH CHANGE (%): 3.96 | 1-MONTH CHANGE (%): 4.13 |
| 3-MONTH CHANGE (%): 10.31 | 3-MONTH CHANGE (%): 10.77 | 3-MONTH CHANGE (%): 11.77 | 3-MONTH CHANGE (%): 14.45 | 3-MONTH CHANGE (%): 11.23 | 3-MONTH CHANGE (%): 14.71 | 3-MONTH CHANGE (%): 14.93 |
| 6-MONTH CHANGE (%): 15.04 | 6-MONTH CHANGE (%): 16.31 | 6-MONTH CHANGE (%): 20.11 | 6-MONTH CHANGE (%): 35.20 | 6-MONTH CHANGE (%): 19.27 | 6-MONTH CHANGE (%): 26.39 | 6-MONTH CHANGE (%): 22.38 |
| 1-YEAR CHANGE (%): 21.92 | 1-YEAR CHANGE (%): 25.57 | 1-YEAR CHANGE (%): 37.21 | 1-YEAR CHANGE (%): 64.69 | 1-YEAR CHANGE (%): 31.43 | 1-YEAR CHANGE (%): 59.81 | 1-YEAR CHANGE (%): 58.04 |

MINT SHORTS

Hedge funds slash gasoline bets to pandemic lows

Hedge funds haven't been this disappointed by gasoline demand since the depths of the pandemic, with speculators slashing their net-bullish bets as the US summer driving season continues to underwhelm. Money managers' net-long position in gasoline futures fell by 9,001 lots to 22,158 in the week ended 23 July, according to the Commodity Futures Trading Commission. That's the lowest in four years, which bucks the traditional seasonal pattern of gasoline demand accelerating in the summer travel period. The funds held the biggest short-only position in about seven years. Gasoline demand fell in the week ending 23 July. Driving tapered off after the July 4 travel period, and Hurricane Beryl impeded exports, which contributed to a supply build. To be sure, demand has since picked up, and stockpiles have dropped, indicating that the summer season could still have some steam left.

BLOOMBERG



The nation is set to lose its No. 2 spot in market capitalization to rivals Singapore and Malaysia. ISTOCKPHOTO

Investors shift money from Thai stocks to regional rivals

For years, Thai equities stood tall as one of Southeast Asia's largest stock markets. That bullish story is fast unraveling, and not even cheap valuations can save the day. The nation is set to lose its longstanding No. 2 spot in market capitalization to rivals Singapore and Malaysia, according to data compiled by Bloomberg. The gap between Thailand and Singapore is about \$14 billion versus \$125 billion a year ago. Thailand's precipitous drop is the result of a combination of political and legal flip-flops, weaker-than-expected tourism spending and allegations of corporate misconduct. Those factors have spurred a 14% selloff in the benchmark Stock Exchange of Thailand Index over the last 12 months, the biggest fall among major benchmarks globally. "The market is likely to remain a value trap until the economic and corporate earnings growth outlook improves," said Alan Richardson, a fund manager at Samsung Asset Management Co. The total value of companies traded on Thailand exchanges was about \$440 billion through Thursday, a small lead compared to \$426 billion for Singapore and \$422 billion for Malaysia, the data show.

BLOOMBERG

'Expect earnings growth in the mid-teens in FY25'

Dipti Sharma
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MUMBAI

Earnings growth at Indian companies rebounded in FY24, after a weak show in the year before. Robust economic growth and rising corporate earnings will drive equity returns in future, said R. Janakiraman, chief investment officer-emerging markets equity, India at Franklin Templeton.



In an interview, Janakiraman, who manages assets worth around ₹1 trillion, said he expects earnings growth in the mid-teens in FY25, led by telecom, industrials, materials, and consumer discretionary sectors. He also anticipates small and mid-cap earnings to outpace large-caps over the next two years. He recommends a staggered investment approach across various diversified fund categories. Edited excerpts:

What is your reading of the Union budget?

The budget reiterates a continued focus on maintaining fiscal discipline along with medium-term growth. The budget priorities further substantiate the emphasis on sustaining medium-term growth through stable capex outlay, thrust on manufacturing and infrastructure. Welfare spending being undertaken focuses on enhancing human capital as a key resource, again a key aspect to support structural growth.

As opposed to the general market expectations of increased spending in social

welfare and benefit transfers, the profile of government spending has remained consistent this year. There has been a steady decline in subsidies, slower growth in revenue expenditure and steady capex spending. This shows the intent of the government to maintain fiscal prudence. The dividend received from RBI amounting to 40 basis points (bps) of GDP roughly aided a 20 bps fall in fiscal deficit. Increased thrust on incentivizing new employment in the formal sector will enhance a shift in labour from informal to formal sectors.

Quality of growth estimates remains good. The projected tax growth rate is lower year-on-year, than the levels seen in the previous three years. Tax buoyancy rate is also moderate. **Are the same themes expected to remain prominent even after the budget?** Manufacturing and infrastructure continue to remain key themes that have received

emphasis even in the budget. In addition to the ongoing incentivization through the PLI scheme, there is an emphasis on enhancing skilled labour participation in the manufacturing sector as well as support to the MSME sector. Consumption growth has lagged the capex growth trend over the last few years, led by pandemic disruptions and inflationary conditions. The K-shaped recovery reiterated affluent consumption leading the trend while rural and mass consumption demand lagged. The current budget focuses on measures that could boost demand recovery and general consumption trends. The announcements in the agriculture sector are intended at productivity enhancement. With an aim to increase job creation in the formal sector, the new employment-related incentives could boost consumption. Revision in the personal income tax slab under the new regime could further aid consumption at the middle-income levels.

What's your sense on the path ahead for equities? Is it promising for both domestic and foreign investors, or do you think sentiment has dimmed somewhat after the budget?

The government's stance of adhering to the fiscal consolidation path of 4.9% for FY25 (down from 5.1% stated in the interim budget) and 4.5% for FY26 is a strong positive for the markets. This focus on fiscal discipline also sends a strong message to domestic and foreign investors alike on the measures taken to ensure sustainability of growth in the economy.

Tax hikes on STT, capital gains and removal of indexation benefits may have soured the sentiment. However, in comparison with the higher taxation rates in other developed economies, India is still well-placed.

What should investors focus on now?

While investors may continue to invest as per their specific risk appetite and investment goals, they may seek incremental diversification based on asset class, geographies, investment style and market capitalization segments for their portfolios. It is recommended to consider staggered investment in diversified fund categories. **How have corporate earnings been so far, and what are your expectations for**

the future? Earnings growth was robust in FY24 after a weak show in FY23. Lower input costs helped this recovery. A mid-teen growth is expected in FY25. Telecom, industrials, materials, consumer discretionary sectors are likely to lead the growth.

The consensus estimate for Nifty 50 earnings growth stands at 12% for FY25 and 16% for FY26. **What factors could continue driving the market to new highs? Do you see any hurdles to the ongoing rally?**

Ongoing robust macro growth and the resultant growth in corporate earnings will be the key drivers that are likely to drive equity returns. Both these are well-placed for the medium term, and investors have taken much confidence from this visibility. Risks to the present rally could emanate in the form of geopolitical conflict-led commodity price spikes (food, energy and transport-related) that could hamper the ongoing deflation process and delay monetary policy easing; and a prolonged delay in Chinese economic recovery impeding on domestic demand and impacting global growth. On the domestic front, risks could arise from any unforeseen spike in inflation that could upset expectations of a shallow interest rate cut cycle.

The consensus estimate for Nifty 50 earnings growth stands at 12% for FY25 and 16% for FY26

R. Janakiraman
CIO-emerging markets equity, India at Franklin Templeton.

DLF bets big on luxury demand

Harshajethmalani
harshaj@htlive.com

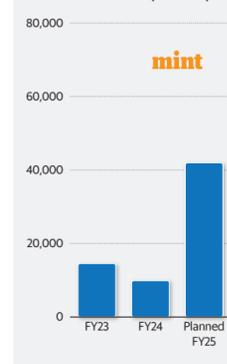
As demand rises for luxury homes, DLF Ltd is on firm ground. The residential developer clocked pre-sales of ₹6,404 crore in the June quarter (Q1FY25), up more than 200% year-on-year (y-o-y). This whopping increase was driven by the launch of the second phase of the luxury project Privana West in New Gurgaon. The project was fully sold out, with bookings of ₹5,600 crore. Its ultra-luxury project, The Camellias, in DLF 5 area, also saw decent traction.

The company's management is confident of demand sustaining, and has guided for 15% y-o-y pre-sales growth to ₹17,000 crore in FY25. With unsold inventory levels falling, timely new launches are crucial to meet this mammoth target. DLF's launch pipeline for FY25 stands at around 12.8 million sq. ft (msf) with a gross development value (GDV) of ₹42,000 crore, out of which ₹40,000 crore is earmarked for the uber-luxury segment. DLF has raised its FY25 launch pipeline by 17%. This upgrade is driven by the DLF 5 project, whose size is now

Upping the ante

DLF has revised its FY25 launch pipeline guidance higher now

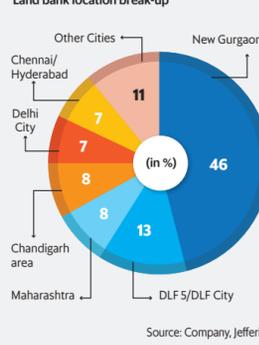
Value of new launches (in ₹ crore)



Expanding footprint

DLF's land bank is predominantly in the National Capital Region, but it is gradually entering other markets

Land bank location break-up



estimated at ₹25,000 crore. Beyond FY25, the target has been increased to ₹62,500 crore to be launched over two-three years. Also, the DLF management has clarified that it does not see a big impact on its residential pre-sales due to removal of indexation benefit on property transactions

announced in the Union budget.

Higher exposure to luxury and ultra-luxury categories should give DLF's medium-term margins a boost, since they are more margin-accretive. The healthy sales momentum and growth in collections helped DLF improve its net cash position to ₹2,896 crore. DLF

turned net cash positive in Q2FY24.

In FY25, DLF targets launch across various segments and geographies including Gurugram, Mumbai, Goa and Chandigarh Tri-city. It also expects to launch its Goa project in Q2FY25, the super-luxury project in DLF Phase 5 in Q3FY25, and the Mumbai project in December 2025/January 2026. Further, it is undertaking a slum rehabilitation project under the joint development agreement model in Mumbai; phase 1 could be launched in Q4FY25. Of course, it remains to be seen if DLF can successfully tackle the challenges of a rehabilitation project and deliver it on time.

On the commercial side, occupancy across its non-SEZ and SEZ portfolio remained flat sequentially

at 97% and 86%, respectively. SEZ is short for special economic zone. Its retail portfolio was almost fully leased with 99% occupancy. With improving demand for Grade A office spaces, DLF anticipates vacancy levels to drop further. By FY25-end, DLF projects its annuity income to increase to ₹5,000

crore and to ₹5,800-6,000 crore in FY26. This is expected to be aided by the flow of rental income from new assets at Gurugram and Chennai.

Despite this, the DLF stock has lagged in recent months. So far in 2024, it is up 14%, versus the 37% gain in the Nifty Realty index. True, DLF enjoys strong brand recognition in the

National Capital Region where a vast portion of its land bank is situated. However, there have been concerns on the steep price appreciation in DLF's key Gurugram market, which in turn may lead to a saturation in demand for luxury housing projects beyond a point. To allay concerns, the DLF management said that it does not see any demand issues. In this backdrop, the pace of DLF's

diversification into new geographies is also seen as an important trigger to drive medium-term pre-sales growth momentum and boost stock returns. "The company's faster-than-expected expansion beyond the Gurugram market could lead to potential valuation upside," said HDFC Securities Ltd.

HOME BOOM

IN FY25, DLF targets launch across various segments and geographies

THE healthy sales momentum and growth in collections helped DLF improve its net cash position

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

Equity MF investments surge 5-fold to ₹94,150 cr in Jun quarter

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NEW DELHI

Investment in equity mutual funds surged over five-fold to ₹94,151 crore in the June quarter against ₹18,358 crore a year ago, driven by a strong economic environment, supportive government fiscal policies, investors confidence and robust stock return.

This has also pushed the industry's assets under management (AUM) by 59% to ₹27.68 lakh crore in June from ₹17.43 lakh crore a year ago, data from the Association of Mutual Funds in India (Amfi) showed.

The robust gain in the asset base was also replicated in the growth of investors in equity mutual funds, with the number of folios closing at 13.3 crore, adding an investor base of over 3 crore.

The significant gain in equity folios indicates broader participation across investor segments, driven by improved financial literacy and accessible investment platforms, Trivish D., COO of stock trading platform Tradejini said. According to the Amfi data, equity-oriented mutual fund schemes invested ₹94,151 crore in the quarter ended June 2024. This comprises ₹18,917 crore in April, ₹34,697 crore in May and



The surge was driven by a strong economic environment, investors' confidence and robust stock return. ISTOCKPHOTO

₹40,537 crore in June. "The confluence of political stability, supportive government policies, and a favourable eco-

nomic environment has significantly contributed to the impressive inflows into equity mutual funds, signalling a posi-

tive outlook for the sector," Trivish said.

Strong macroeconomic fundamentals, bolstered by supportive government fiscal policies like higher-than-budgeted tax collection growth, reduced revenue expenditures, and increased capital spending have helped in increasing the allocation to equity mutual funds, Feroze Azeez, deputy CEO, Anand Rathii Wealth, said.

He further said that investors' confidence in the markets and historically strong returns given by Indian equities with relatively low risk also helped investors to move towards equity mutual funds.

Additionally, the shift was further fuelled by a transition from traditional investments like deposits to mutual funds in pursuit of higher returns.

"The long-term outlook remains positive, with expectations of 11-13% annual returns for Indian equities, and equity mutual funds potentially delivering even higher returns," Azeez said. Within the equity segment, sectoral or thematic category attracted ₹46,731 crore during the quarter under review, followed by multi-cap (₹10,077 crore), flexicap (₹8,387 crore), large- & mid-caps (₹7,948 crore), small-cap (₹7,197 crore) and mid-cap (₹6,927 crore).

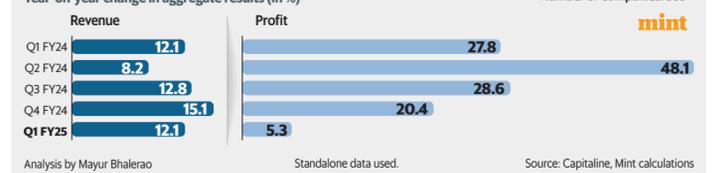
MINT Q1 EARNINGS TRACKER

The combined revenue of the companies that have declared their June-quarter financial results so far has risen 12% year-on-year, while net profits have surged 5.3%, a Mint analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, the topline grew 7.2%, while profits were down 8%.

The analysis covered 509 BSE-listed companies (including 103 banking and financial services firms) that had declared their results by Friday and whose data was available on Capitaline's database. Watch this space for updates every week as more companies announce their results in the ongoing results season.

| Q1 FY25 results so far, BSE-listed firms | | | Upcoming key results this week | |
|--|----------------------|---------------------------|--------------------------------|---------------------|
| | Total: 509 companies | Excl. BFSI: 406 companies | | |
| Aggregate revenue | ₹12.5 tn (▲ 12.1%) | ₹8.1 tn (▲ 7.2%) | Maruti Suzuki India | Tuesday, 31 July |
| Aggregate net profit | ₹1.3 tn (▲ 5.3%) | ₹0.7 tn (▼ 8.0%) | Tata Steel | Tuesday, 31 July |
| | | | Coal India | Tuesday, 31 July |
| | | | Adani Enterprises | Wednesday, 1 August |
| | | | Tata Motors | Wednesday, 1 August |

Figures in brackets denote year-on-year change for the same set of companies. Standalone data used.



Analysis by Mayur Bhalerao Standalone data used. Source: Capitaline, Mint calculations SATISH KUMAR/MINT

Ola Electric Mobility to launch IPO on 2 Aug to raise ₹5,500 cr

Electric two-wheeler company Ola Electric Mobility will float its initial public offering (IPO) on 2 August, and a significant part of the proceeds will be used for capacity expansion of its cell manufacturing plant and revving up R&D.

The initial share sale will conclude on 6 August, and the bidding for anchor investors will open for a day on 1

August, according to the red herring prospectus (RHP).

The company's proposed IPO is a combination of a fresh issue of equity shares up to ₹5,500 crore and an offer for sale (OFS) of 84.9 million equity shares by promoters and investors, the prospectus showed.

Under the OFS, Ola Electric founder Bhavish Aggarwal will offload almost 38 million shares.

The price band of the company's maiden public issue will be announced on Mon-

day. For Ola Electric, the IPO will provide the much-needed impetus to invest in enhancing cell manufacturing capacity and research and development on future technologies and products.

According to its prospectus, Ola Electric Mobility Ltd (OEML) plans to utilise ₹1,227.6 crore out of the proceeds of its ₹5,500 crore public issue on capacity expansion of its cell manufacturing plant to 6.4 GWh from 5 GWh.



ICICI Bank braces for LCR decline

The bank expects a 10-14 percentage-point fall in LCR

Gopika Gopakumar
gopika.g@htlive.com
MUMBAI



IIFL Securities said that ICICI Bank could see its liquidity coverage ratio decline to 108% from 121%.

ICICI Bank expects a compression of 10-14 percentage points in its liquidity coverage ratio (LCR) from the Reserve Bank of India's (RBI) recent guidelines, senior officials of the private lender said in a call with analysts after the June-quarter earnings on Saturday.

Last week, the RBI came out with draft guidelines asking banks to set aside a higher stock of liquid assets to meet a contingency like a potential bank run. RBI has asked banks to account for the possibility of an outflow of retail deposits through digital means, while calculating the liquidity coverage ratio (LCR). Currently, banks are required to maintain an LCR of 100%.

LCR refers to the proportion of highly liquid assets that lenders must hold to honour short-term obligations such as withdrawals of current account and savings account deposits. In a recent note on the RBI guidelines, IIFL Securities said that ICICI Bank could see its LCR decline to 108% from 121%, once the new LCR comes into effect from 1 April. The country's second-largest private sector lender reported a 15% year-on-year (y-o-y) growth in deposits and a 15.9% rise in credit at the end of June quarter. While

deposit growth has been in line with credit growth so far, ICICI Bank expects some impact due to the revised LCR guidelines.

ICICI Bank reported a 14.6% year-on-year jump in net profit in the first quarter of this financial year owing to higher treasury gains and non-interest income. The bank's net profit

rose nearly 15% to ₹11,059 crore during the quarter. Non-interest income or other income jumped 23.3% to ₹6,389 crore, as the bank saw higher dividend from subsidiaries. The bank saw a dividend income of ₹894 crore, as against ₹291 crore during the corresponding quarter a year ago. Treasury gains more than doubled to

REVISED GUIDELINES

RBI has asked banks to account for the possibility of retail deposits' outflow via digital means

CURRENTLY, banks are required to maintain a liquidity coverage ratio of 100%

ICICI Bank expects some impact due to revised liquidity coverage ratio norms by the RBI

₹613 crore in the three months through June. The bank's core income slowed, with net interest income (NII) rising just 7.3% year-on-year to ₹19,553 crore in the first quarter of the current fiscal year. The core net interest income growth was restricted by a drop in net interest margin to 4.36% at the end of the June quarter from 4.4% in the previous quarter and 4.78% in the corresponding quarter a year ago.

"We were at a peak NIM a year ago. But margins have been trending downwards due to the rate cycle, but this is largely done, and we see margins rangebound going forward. We will have to see the impact of LCR guidelines and whenever the repo rate is cut," said Sandeep Batra, executive director, ICICI Bank.

rose nearly 15% to ₹11,059 crore during the quarter. Non-interest income or other income jumped 23.3% to ₹6,389 crore, as the bank saw higher dividend from subsidiaries. The bank saw a dividend income of ₹894 crore, as against ₹291 crore during the corresponding quarter a year ago. Treasury gains more than doubled to



EXTRACT OF THE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2024

| S. No. | Particulars | Standalone | | | Consolidated | | |
|--------|---|---------------|-------------|-------------|---------------|-------------|-------------|
| | | Quarter ended | | Year ended | Quarter ended | | Year ended |
| | | 30.06.2024 | 30.06.2023 | 31.03.2024 | 30.06.2024 | 30.06.2023 | 31.03.2024 |
| 1 | Total Income from Continuing Operations | 10,850.37 | 10,888.23 | 45,815.37 | 11,279.59 | 11,257.60 | 46,913.12 |
| 2 | Net Profit before Tax from Continuing Operations (including Regulatory Deferral Account Balances (net of tax)) | 4,231.93 | 4,041.54 | 18,009.46 | 4,603.22 | 4,218.30 | 18,513.95 |
| 3 | Net Profit after Tax from Continuing Operations | 3,412.15 | 3,484.58 | 15,377.48 | 3,723.92 | 3,597.16 | 15,573.16 |
| 4 | Net Profit after Tax from Discontinued Operations | - | 58.07 | 97.13 | - | - | - |
| 5 | Net Profit after Tax for the period | 3,412.15 | 3,542.65 | 15,474.61 | 3,723.92 | 3,597.16 | 15,573.16 |
| 6 | Total Comprehensive Income comprising Net Profit after Tax and Other Comprehensive Income | 3,457.06 | 3,475.31 | 15,241.72 | 3,768.40 | 3,529.50 | 15,338.55 |
| 7 | Paid up Equity Share Capital (Face value of share: ₹10/- each) | 9,300.60 | 6,975.45 | 9,300.60 | 9,300.60 | 6,975.45 | 9,300.60 |
| 8 | Reserves (excluding Revaluation Reserve) as shown in the Balance sheet | 81,023.51 | 79,344.04 | 77,566.45 | 81,612.77 | 79,581.07 | 77,844.51 |
| 9 | Securities Premium Account | 5,509.28 | 7,834.43 | 5,509.28 | 5,509.28 | 7,834.43 | 5,509.28 |
| 10 | Net worth | 90,324.11 | 86,319.49 | 86,867.05 | 90,913.37 | 86,556.52 | 87,145.11 |
| 11 | Total Borrowings | 1,23,465.20 | 1,23,717.15 | 1,23,448.62 | 1,23,465.20 | 1,23,717.15 | 1,23,448.62 |
| 12 | Debt Equity Ratio | 1.37 | 1.43 | 1.42 | 1.36 | 1.43 | 1.42 |
| 13 | Earnings per equity share from continuing and discontinued operations including movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic and Diluted (in ₹) | 3.67 | 3.81 | 16.64 | 4.00 | 3.87 | 16.74 |
| 14 | Earnings per equity share from continuing and discontinued operations excluding movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic and Diluted (in ₹) | 3.73 | 4.18 | 17.25 | 4.07 | 4.24 | 17.36 |
| 15 | Bonds Redemption Reserve | 2,589.49 | 3,834.73 | 2,921.02 | 2,589.49 | 3,834.73 | 2,921.02 |
| 16 | Debt Service Coverage Ratio | 1.57 | 1.73 | 1.65 | 1.67 | 1.77 | 1.69 |
| 17 | Interest Service Coverage Ratio | 4.00 | 4.15 | 4.10 | 4.39 | 4.33 | 4.27 |

Notes:
1. The above is an extract of the detailed format of Consolidated and Standalone Financial Results filed with the Stock Exchanges under Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Consolidated and Standalone Financial Results is available on the investors section of our website <https://www.powergrid.in> and under Corporates Section of BSE Limited & National Stock Exchange of India Limited at <https://www.bseindia.com> and <https://www.nseindia.com> respectively.
2. Previous periods figures have been rearranged/reclassified wherever considered necessary.

Place : Gurugram
Date : 26 July 2024



POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)
Registered Office: B-9, Outab Institutional Area, Katwaria Sarai, New Delhi-110 016
Corporate Office: "Saudamin", Plot No. 2, Sector-29, Gurugram-122001, (Haryana)
CIN : L40101DL1989GOI038121



For and on behalf of **POWER GRID CORPORATION OF INDIA LTD.**
Sd/-
G Ravisankar, Director (Finance)
DIN: 08816101

A MAHARATNA PSU

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NOTICE OF THE 29th ANNUAL GENERAL MEETING TO BE HELD THROUGH VIDEO CONFERRING / OTHER AUDIO VISUAL MEANS, RECORD DATE AND DIVIDEND INFORMATION

In compliance with applicable provisions of the Companies Act, 2013 ('Act') and rules made thereunder, read with General Circular No. 20/2020 dated May 05, 2020, read with subsequent circulars issued from time to time, the latest one being General Circular No. 09/2023 dated September 25, 2023 ('MCA Circulars'), NOTICE is hereby given that the Twenty-Ninth (29th) Annual General Meeting ('AGM') of the Members of Jubilant Foodworks Limited ('Company') will be held on Thursday, August 29, 2024 at 11.00 a.m. (IST) through Video Conferencing/Other Audio Visual Means ('VC/OAVM'), without the physical presence of the Members at the AGM, to transact the business as set out in the Notice convening the 29th AGM ('AGM Notice'). Members attending the AGM through VC/OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

Electronic dissemination of AGM Notice & Annual Report: In compliance with the MCA Circulars & SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and subsequent circulars issued from time to time, the latest one being SEBI/HO/CFD/CFD-PoB-2/P/CIR/2023/167 dated October 7, 2023, AGM Notice along with the Integrated Annual Report for FY 2023-24 ('Annual Report') will be sent in due course only through electronic mode to those Members whose email IDs are registered with the Company/Registrar and Transfer Agent ('RTA')/Depository Participant ('DP'). The aforesaid documents will also be available on the Company's website at <https://www.jubilantfoodworks.com>, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and NSE Limited at www.nseindia.com.

E-Voting: Members will be provided with the facility to cast their vote electronically, through the remote e-Voting facility (before the AGM) and e-Voting facility (at the AGM), on all the resolutions set forth in the AGM Notice. The detailed procedure for remote e-Voting and e-Voting facility will be provided in the AGM Notice. Facility for e-Voting at the AGM will be made available to those Members present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-Voting. The Members who have cast their vote by remote e-Voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be eligible to vote at the AGM. Members holding shares in physical form or Members whose email ID is not registered, may refer to the detailed procedure outlined in the AGM Notice for registration of email ID, procuring User ID and Password for attendance and e-Voting at the AGM.

Dividend and Record Date: The Board of Directors of the Company in its meeting held on May 22, 2024 recommended dividend of INR 1.20/- (i.e. 60%) per equity share of face value of INR 2/- each for FY 2023-24, subject to approval of Members in the AGM. The dividend, upon approval by the Members, will be paid/dispensed to Members holding equity shares of the Company, either in electronic or in physical form as on the record date, i.e. July 12, 2024 for determining eligibility of Members to receive the dividend. Members are requested to update their Bank details as per instructions provided in the AGM Notice to receive electronic credit of their dividend entitlement.

Tax on Dividend: In terms of the provisions of the Income Tax Act, 1961, ('IT Act'), dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rate under the IT Act. The deduction of tax at source will be based on the residential status, category of Members and subject to fulfillment of conditions as provided under the IT Act. The Members are therefore, requested to upload requisite tax related documents/declarations on the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before August 8, 2024 to enable the Company to determine the appropriate withholding tax rate applicable.

Members who wish to register/update their email IDs & Bank Account mandate may follow the below instructions:

- Members holding equity shares of the Company in demat form are requested to approach their respective DP and follow the process advised by DP.
- Members holding equity shares of the Company in physical form may register/update the details in prescribed Form ISR-1 and other relevant Forms with Company's RTA, Link Intime India Pvt. Ltd. at delhi@linkintime.co.in. Members may download the prescribed Forms from the Company's website at <https://www.jubilantfoodworks.com/investors-shareholder-information-investor-forms>.

For Jubilant Foodworks Limited
Sd/-
(Mona Aggarwal)
Company Secretary

Date: 26.07.2024
Place: Noida

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Presented by
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(L-R) Mr. Avinash Gupta, Managing Director & CEO - India, Dun & Bradstreet; Mr. T. Koshi, Managing Director & CEO, Open Network for Digital Commerce; Shri Amitabh Kant, G 20 Sherpa & Former CEO, NITI Aayog, Government of India; Mr. Deepak Singh, Managing Director, G7 CR Technologies India Pvt. Ltd.

| SR. NO. | AWARD CATEGORY NAME | AWARD WINNER NAME |
|---------------------------|--|--|
| INDUSTRY AWARDS | | |
| 1 | Automobiles: OEM & Components (SME) | Rambal Private Limited |
| 2 | Automobiles: OEM & Components (Mid-Corporate) | Synnova Gears & Transmissions Private Limited |
| 3 | Chemicals & Pharmaceuticals (SME) | Vasudha Chemicals Private Limited |
| 4 | Chemicals & Pharmaceuticals (Mid-Corporate) | Fuchs Lubricants (India) Private Limited |
| 5 | Clean Tech Solutions (SME) | S S Gas Lab Asia Private Limited |
| 6 | Digital & Fintech Solutions (SME) | National E-Governance Services Limited |
| 7 | Ferrous & Non-Ferrous Metals (SME) | Vinir Engineering Private Limited |
| 8 | Ferrous & Non-Ferrous Metals (Mid-Corporate) | Fosco India Limited |
| 9 | Food & Agro Processing (SME) | Parayil Food Products Private Limited |
| 10 | Food & Agro Processing (Mid-Corporate) | Blossom Industries Limited |
| 11 | Information Technology Services (SME) | CloudKaptan Consultancy Services Private Limited |
| 12 | Information Technology Services (Mid-Corporate) | Shivaami Cloud Services Private Limited |
| 13 | Leather, Wood & Paper Products (SME) | Purbanchal laminates Private Limited |
| 14 | Light & Heavy Engineering Products (SME) | Line O Matic Graphic Industries |
| 15 | Light & Heavy Engineering Products (Mid-Corporate) | KRN Heat Exchanger and Refrigeration Limited |
| 16 | Plastic & Rubber Products (SME) | Pentagon Rubber Limited |
| 17 | Plastic & Rubber Products (Mid-Corporate) | Satyendra Packaging Limited |
| 18 | Professional Services (SME) | Sagacious Research Private Limited |
| 19 | Textiles & Textile Articles (Mid-Corporate) | Faze Three Limited |
| 20 | Transport and Logistics (SME) | Seros Shipping Private Limited |
| THEME BASED AWARDS | | |
| 21 | Atmanirbhar Abhiyan - Champion of the Year | SFC Environmental Technologies Private Limited |
| 22 | Tech Initiative of the Year | Thejo Engineering Limited |
| 23 | Best Global Business - Manufacturing (SME) | Line O Matic Graphic Industries |
| 24 | Best Global Business - Manufacturing (Mid-Corporate) | Hi-Tech Radiators Private Limited |
| 25 | Best Global Business - Services (SME) | Piagoo Digital Private Limited |
| 26 | Best Global Business - Services (Mid-Corporate) | Minify Technologies Private Limited |
| 27 | Woman Entrepreneur of the Year | Ms. Jayanti Goela (S S Gas Lab Asia Private Limited) |
| 28 | Entrepreneur of the Year | Mr. Sandeep Asolkar (SFC Environmental Technologies Private Limited) |

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Large investors oppose over 100 directors' appointments

Institutions rejected 137 resolutions this year; influence of proxy advisors seen as key reason

Varun Sood
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Listed companies from Ashok Leyland to Ujjivan Small Finance Bank to Adani Wilmar and Raymond, among many others, are increasingly facing opposition from large public investors on induction of directors on their boards and their remuneration.

A *Mint* review of filings made by public companies to the National Stock Exchange (NSE) showed that between 1 April and 27 July, large public institutions opposed at least 137 resolutions of 1,300—about one in 10—put forth by 650 companies. Each of these 137 resolutions saw at least 33% votes against the resolution, as per *Mint*'s research.

Still, all 137 resolutions were approved because of significant promoter ownership, fewer retail investors or, sometimes, a small group of public investors voting on resolutions.

According to experts, the rise in opposition is coming on the back of regulatory changes prioritizing governance, the rising shareholding of large institutions in listed companies, and the increasing influence of proxy advisory firms such as IAS (Institutional Investor Advisory Services India) and SES (Stakeholder Empowerment Services).

Ujjivan Small Finance Bank's (SFB's) move to reappoint independent director Mona Kachhawaha last Friday was approved by only 69% of shareholders, falling short of the requisite majority of 75% needed for a special resolution.

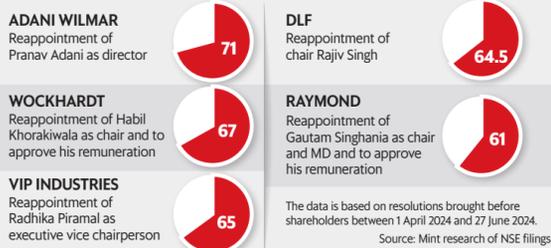
Yet, the resolution was approved due to a technical provision.

"As per the provisions of Regulation 25 (2A) of the Listing Regulations, the appointment of an independent

Stiff opposition

At least 137 resolutions about induction of directors and their remuneration at 101 companies were opposed by over a third of public institutions

Percentage of public institutions that opposed



director would require a special resolution, however, where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, the appointment

association with the group would have extended for over a decade.

Kachhawaha was on the board of Ujjivan Financial Services between August 2012 and August 2015. This was followed by a stint with Ujjivan SFB between December 2017 and August 2021. Ujjivan Financial Services was merged with Ujjivan SFB this May. Shareholder opposition at Ujjivan

was stamped with overall approval from 86% of shareholders. Public investors hold 37.5% stake in Ashok Leyland as of June 2024.

Apart from Ujjivan and Ashok Leyland, several other listed companies have faced rising shareholder unrest against the candidature of board members this fiscal. These include the continuation of Pranav Adani, Gautam Adani's nephew, as a director at Adani Wilmar Ltd; chairman Gautam Singhania at Raymond Ltd; vice chairperson; and chairman Habil Khorakiwala at Wockhardt Ltd.

Mint could not ascertain the data about public shareholder voting on director appointments in earlier years. Still, at least one proxy advisory firm has called this year's opposition during the voting outcome "high".

"More than 100 companies seeing more than a third of public institutions opposing such resolutions (director appointments) is a high number, given that the average and median is close to 95% in favour," said Amit Tandon, founder and managing director of proxy advisory firm IAS.

At least two investors point to the rising influence of proxy advisory firms behind this opposition by large investors. One Bengaluru-based investor said the growing clout of IAS and SES is contributing to such shareholder opposition.

"Some large money managers and pension funds have internal research teams to recommend when voting on resolutions," the investor, who did not wish to be identified, said. "But many depend on the recommendations made by these independent proxy advisory firms and it is not easy for public investors to overlook their recommendations."

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

Asset quality concerns back to haunt banking sector

FROM PAGE 1

these companies. Then, Federal Bank's provisions were 14% higher on-quarter and 10% on-year, and IndusInd Bank's were 10% higher on-quarter and 6% on-year.

Further, a higher pace of increase in their slippages and delinquencies compared to the rise in provisions led to a fall in provision coverage ratios (PCRs) for several lenders such as ICICI Bank, Bajaj Finance and Federal Bank, which otherwise saw stable asset quality ratios.

PCR across the lenders fell to 56.1-79.7% in Q1FY25 from 57.0-80.3% in the previous quarter, and 60.4-82.4% in the year ago period, signalling that lenders have started to tap into their buffer provisions to meet the higher provisioning requirements.

Analysts have also started evaluating whether the deteriorating asset quality in the June quarter is a turning point. "With Axis joining Bajaj Finance in reporting higher credit costs, the key question is: have we reached the end of the benign asset quality phase?"

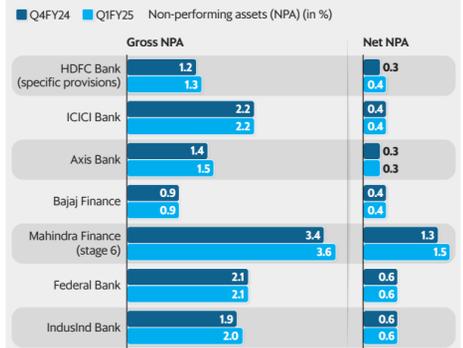
Pranav Gundlapalle, senior research analyst at Sanford C Bernstein, said in an email to clients on 24 July. Most banks have seen improving to steady loan portfolio quality since the end of the covid pandemic led by strong collections and recoveries, and timely repayments. While the past few quarters saw banks struggling with deposit mobilisation leading to lower margins, their overall financials remained healthy owing to decadal-best asset

quality ratios. However, Q1FY25 saw several banks and large NBFCs flagging a rise in delinquencies, especially in the agricultural, rural, microfinance and unsecured retail portfolios. While banks such as HDFC Bank attributed the rise to cyclical stress in the agriculture and microfinance portfolios in the first quarter, others such as Bajaj Finance, Axis Bank and IndusInd Bank said that collections and recoveries were hit due to disruptions related to elections and heatwaves in several parts of the country.

Lenders also hinted at rise in delinquencies in unsecured retail loans such as personal loans and credit cards, due to decrease in borrowers' repayment ability. IndusInd Bank said that rural borrowers still seem to be coming out from the impact of the pandemic whereas Bajaj Finance high-

Uneasy rise

A surge in delinquencies for retail, microfinance and agriculture loan portfolios and election-related disruptions are boosting NPAs.



mint

quality ratios.

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lighted a 3% increase in the number of customers who have already borrowed from other lenders. "It is but obvious that recoveries cannot continue at the same pace as we have seen in the previous few years, so that has to come down and, therefore, reported credit costs will inch up as it is net-off recoveries. Issue is there has also been some pick up in stress in the unsecured segment," said Suresh Ganapathy, managing director and head of financial services research at Macquarie Capital, adding that the current levels were "too good to be true" and "there is some element of overleveraging in the system."

The direct hit of the rise in delinquencies, especially from stage 1 (up to 30 days past due or dpd) to stage 2 (up to 60 dpd), was visible in the increase in loan loss provisions for lenders as stage 2 assets attract higher provisioning requirements.

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

UltraTech to buy out India Cem

FROM PAGE 1

Gautam Adani's Ambuja Cements Ltd plans to raise the capacity of Ambuja Cements to at least 180 mtpa over next three years and make a series of acquisitions, as part of a \$9-billion quest to beat UltraTech as the country's largest cement-maker.

Two months later, on 13 June, Ambuja Cements announced the ₹10,422 crore acquisition of Hyderabad-based Penna Cement Industries Ltd, which operates 14 mtpa capacity with 4 mtpa under construction. This was Adani Group's third acquisition since it entered cement business in September 2022. The acquisition enhanced Adani Cements' total capacity to about 90 mtpa, and once the 4 mtpa capacity at Jodhpur and Krishnapatnam are completed in the next 12 months, Adani's capacity will be about 94 mtpa.

Just days after Adani's Penna acquisition, Birla's UltraTech picked up a substantial minority stake in India Cements for ₹268 per share at about ₹1,900



Kumar Mangalam Birla, chairman, Aditya Birla Group.

crore.

While UltraTech will pay ₹764.29 crore per mtpa of India Cements, Adani Group will pay ₹744 crore per mtpa to acquire Penna Cement.

The India Cements acquisition will add a capacity of 14.45 mtpa (12.95 mtpa in the South and 1.5 mtpa in Rajasthan) of grey cement to UltraTech, the country's largest cement maker with 154.86 mtpa capacity.

"UltraTech Cement's investments over the years, both organic and inorganic, have been designed to propel India

to become a building solutions champion globally," said Birla.

The limited availability of limestone in Tamil Nadu has resulted in restrictions on setting up of new integrated units in the state, UltraTech said, explaining the rationale behind its expansion in the state via acquisition of India Cements. India Cements operates eight plants and two grinding units.

Birla, while announcing the India Cements acquisition, said, "Every investment in a core sector like cement accelerates economic activity and drives progress. These investments have also facilitated India's nationwide infrastructure upgrade, powering our country's growing need for housing, roads, and other vital infrastructure. This, in turn, has had tremendous impact on the lives and aspirations of people."

Going forward, the Adani group, according to recent media reports, is keen to acquire the 9.4 mtpa cement business of Jaypee Group, through the corporate insolvency and resolution process.

Tackling tax avoidance at the forefront of Centre's agenda

FROM PAGE 1

Fees paid to an Indian for professional or technical services which are covered under section 194J of the Income Tax Act, will no longer constitute 'work' which is covered under a separate section-194C. The TDS rate in the former section ranges from 2-10% under different classes of payments, while it is 1-2% in the case of the latter. The change means more types of work will come under the higher-tax category.

Again, TDS will be now levied on interest earned above ₹10,000 on floating rate savings bonds issued by the government or any other security to be notified.

Property transactions have historically been a source of tax evasion and black money. Many property transactions attempted to stay below the TDS radar by splitting up buyers. The Finance Bill sought to check this evasion by proposing that while selling non-agri-



Property deals have been a source of tax evasion. HT

cultural land valued at ₹50 lakh or more, the total amount paid by all buyers to the seller will be considered while calculating TDS liability.

The Finance Bill says income from house property can no longer be shown as business income. Also, henceforth, only individuals or Hindu Undivided Families (HUFs) will get to enjoy the capital gain tax exemption on transfer of capital assets under a gift or will or an irrevocable trust.

"Tax on the share buyback amount in the hands of the shareholder as dividend will generate some revenue. Certain people were classifying rental income from residential houses as business income. That has been clarified to be income from house property, because if it is shown as business income, the net profit available for taxation gets lower," the revenue secretary explained, quoting provisions in the Bill. Payments to partners in partnership firms will also attract TDS, said Malhotra.

Experts said there is scope for simplification and reduction of compliance burden on TCS and TDS.

"Where the same information is already available in the public domain, or with another regulatory agency then there should not be any need for deducting or collecting tax at source," said Ved Jain, tax expert and former president of Institute of Chartered Accountants of India (Icai).



Assembly, Nasher Miles, Icon, Uppercase and Mokobara are some of the new D2C luggage brands in India.

Venture funds bet money on snazzy luggage startups

FROM PAGE 1

ing out a collection of Gen Z-focused backpacks in collaboration with Netflx film *The Archies*.

Assembly, Nasher Miles, Icon, Uppercase and Mokobara are some of the new D2C luggage brands in India. Mokobara, which has raised \$12 million in a round led by Peak XV Partners, is looking to woo young travellers with bold colours and designs.

These new brands charge a premium for their products, one that many young travellers seem willing to pay. Zoeb Ali Khan, vice-president, Sauce.vc, said, "Mokobara came in at the right price point, cheaper than more premium brands but pricier than mass players, and brought in a lot of excitement with aspirational and high-quality design."

RTP's Gupta added that with average disposable incomes on the rise, this audience is willing to spend more money on travel, and luggage is a vital part of their overall experience. "They are also willing to make repeated purchases, which could mean that durability isn't at the top of their minds."

While many of these brands

claim to be Indian, few actually are, as limited funding prevents them from setting up their own factories. India also does not have many contract manufacturers for luggage, investors said. Rukam's Jahagirdar said, "If you want to start a luggage brand, you've got to go to China, which has its own limitations as you have to have a certain minimum order quantity."

She said while China serves as an effective manufacturing base for large companies, it poses challenges for startups still in the process of channel discovery, as it ties up their

money in inventory. Channel discovery is the process of finding the most effective sales and distribution channels for a product or service.

Only time will tell if these players can achieve scale and viable unit economics. The difference in scale between the startups and legacy companies makes consolidation a more likely outcome. "A large incumbent is likely to find good value in a new player simply because the latter caters to a segment of consumers to which the former never paid much attention," said RTP's Gupta.

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SoftBank to gain as portfolio firms are gearing up for IPOs

FROM PAGE 1

in the company.

Similarly, SoftBank had first invested \$300 million in Firstcry in 2020. Since then, the firm has sold stake worth around \$320 million already and currently holds around 25% stake in the company.

As per the draft red herring prospectus (DRHP) filed with the regulator, SoftBank is likely to sell one sixth of its stake (20.32 million shares) as part of the OFS. At a \$4-billion valuation, SoftBank will take home almost \$150-180 million from the IPO alone. SoftBank came in when Firstcry was valued at \$900 million post-money, one of the people cited above said.

To be sure, at current IPO valuations, SoftBank is sitting on gains of \$1 billion (including the part exits) each on Ola Electric and Firstcry. The value will

change depending on stock movement after their IPOs.

"SoftBank has been a lot more structured and disciplined in terms of exits than most other tech growth investors in India, and it's no surprise that it's reflected in their risk-adjusted returns in India," said Kashyap Chanchani, managing partner and co-founder of The Rainmaker Group, a home-grown investment bank.

The fair value of SoftBank's India portfolio across its two funds has peaked to almost \$14 billion as on 31 December 2023, the company's earnings release shows.

In an interview with *Mint* last August, SoftBank India Advisors' managing partner Sumer Juneja had said that the firm has pulled out over \$5.5 billion in exits from its India portfolio since it established its office in Mumbai in November 2018, of



At current IPO valuations, SoftBank is sitting on gains of \$1 billion each on Ola Electric and Firstcry. BLOOMBERG

which around \$1.5 billion was booked between 2022 and 2023. These came from selling partial stakes in companies such as Lenskart and Firstcry, and booking profits from listed companies such as Paytm, Zomato, Delivery and Poli-

cyazaar.

Since then, the firm made around ₹3.15 crore from selling stake in Zomato, and ₹1,690 crore from Delivery. It has also exited troubled fintech firm Paytm over the past 12 months.

From India, SoftBank has returned at least \$6.6 billion so far on the \$6 billion of total investments made from the Vision Fund.

Since the first wave of Indian startup-tech IPOs—such as Paytm, Nykaa, and Zomato—listed in 2021, a bunch of other SaaS and consumer tech firms have listed in recent months. These include the likes of Mapmygain, RateGain, Zaggie and Mamaearth. SaaS is short for software as a service.

The pace of similar public listings is likely to increase, which will include SoftBank-backed companies.

"We anticipate 20-25 internet/enterprise tech companies incrementally approaching

capital markets for India listing from now to the next 24 months," said Abhishek Bhagat, Managing Director, and head of Digital & Tech Investment banking at JM Financial. "This, along with already listed companies in the space, have a possibility of altering constituents of Nifty50 gradually, similar to the US markets."

Bhagat pointed out that currently, the S&P 500 top 50 has 44% weightage of IT and another 14% in communication services, effectively -60% in tech and related segments, while in India none of the new-age internet companies are part of the Nifty50.

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INDIA TO LEAD IN DIGITAL INDICES

| Country | UN-EGDI Rank Out of 193 (2022) | SKOCH-EGDI Rank Top-10 Economies |
|---------|-----------------------------------|-------------------------------------|
| CHINA | 43 | 1 |
| INDIA | 105 | 2 |
| JAPAN | 14 | 3 |
| ITALY | 37 | 4 |
| FRANCE | 19 | 5 |
| CANADA | 32 | 6 |
| GERMANY | 22 | 7 |
| UK | 11 | 8 |
| BRAZIL | 49 | 9 |
| USA | 10 | 10 |

India's EGDI Rank amongst Top-10 Economies (SKOCH Research)

Impact of Digital India on Global SKOCH EGDI Rankings

- E-Government Development Index (EGDI) is published annually by UN since 2003. It currently covers 193 member countries.
- It takes into account online services, human capital and telecommunication infrastructure.
- In UN-EGDI, India ranks at 105.
- India ranks 5th amongst the world's top economies in GDP terms.
- SKOCH has been studying and documenting the history of India's e-governance from its genesis in late-1990s onwards.
- Ever since, great strides have been made towards digitalisation including citizen services delivery and telecommunications.
- Digital India has created a public digital infrastructure that is leveraged to make India a highly digital nation.
- There are successes that are unique to India, e.g., high-speed mobile Internet usage, 4G penetration, reduced cost per GB, online availability of government services, CSC network, digital payments (UPI) and digital literacy.
- India is leading in digital transactions including citizen services and UPI.
- These successes are being emulated by several countries.
- SKOCH analyses cover period 2010 onwards. Improvements in annual rankings have been noticed year-on-year. Significant jumps are noted post-2014 rollout of Digital India.
- SKOCH Research takes into account public digital infrastructure, intermediary and voice based access and widespread digital literacy
- On this basis, India ranks 2 amongst the Top-10 economies as per global SKOCH EGDI rankings. ■

Global indices are not fair to India, to say the least. There is a historical liberal left bias towards a Global North-centric worldview that is often dated and does not consider the context and innovative developments in the Global South. References are circular, and ratings are opinion-based, so the methodology is not replicable. The data is at the macro level with near zero field-level research and impact assessment.

For instance, UNEGDI, published in 2003 onwards, ignores the public digital infrastructure built in India since 2014. Its unique intermediary-based access models, like Common Services Centres and Banking Correspondents, UPI and interactive voice systems, make access to e-government possible at the bottom of the pyramid, educational qualifications notwithstanding.

CORPORATE DIGITAL RESPONSIBILITY Index

Given that India 2047 will be digital, defining responsibility frameworks was found to be extremely important in providing guardrails and redressal mechanisms for citizens, compliance with the existing laws and de-risking against future laws. The CDR Framework is a superset of indicators that are mapped over practices in India, UK, USA, Brazil, Germany, France and Canada. Multiple stakeholder workshops later, there has emerged a consensus on the methodology being used and the indicators identified.

There are twelve broad areas that it covers: Security, Social Digital Responsibility, Sustainable Digital Responsibility, Economic Digital Responsibility, Technology, Risk Management, Human Resource, Grievance Redressal, Ethical Practices, Governance Practices, Multi-Language and Mental Health. CDR stands at the forefront of modern business ethos, encompassing a broad spectrum of considerations ranging from data protection and cybersecurity to ethical technology deployment and societal impact. ■

DIGITAL MENTAL WELLNESS Index

Digital mental well-being involves multiple factors that influence our psychological reactions. Key elements include our expectations from digital interactions, such as sharing thoughts on social media and anticipating responses. Positive reactions can enhance our well-being, while negative responses can harm it. SKOCH Centre of Excellence has deliberated on Digital Mental Wellness Framework after studying it across UK, France, Germany, US, Canada, Brazil and India.

These interactions are not passive; platforms are designed to engage users, often leading to addictive behaviours.

This dynamic interaction can affect us through direct and indirect pathways, including physical, financial and educational challenges.

The expert group has worked on creating a framework for Digital Mental Wellness. There are sub-domains, for example, content-based mental health issues and following the overall format, it has been divided into sub-themes and performance of countries has been assessed on that. ■

It is time for India to take leadership in Global Digital Indices and create benchmarks for the rest of the world. The India 2047 SKOCH Centre of Excellence has introduced several greenfield indices in the digital space and on assessment India will quite likely be in the top 10 countries globally.

These include Digital Responsibility, Digital Mental Wellness, Digital Transformation, Responsible Digital Gaming and Responsible Digital Lending. More are underway.

The indices have been constructed through multistakeholder consultations with industry, academia, civil society and the government. The Task Force has studied frameworks in UK, France, Germany, USA, Canada, Brazil and India.

We invite all patriotic organisations to participate, get rated and help us present an accurate India narrative supported by data and facts.

RESPONSIBLE GAMING Index

Digital gaming is big in India, with around 440 million players spending 10-12 hours weekly on games and employing over 100,000 people. The responsible gaming frameworks are essential to protect players from social, psychological and financial harm, prevent underage gaming, ensure fairness and promote industry sustainability.

While large platforms may follow some guidelines, establishing a responsibility framework as an industry standard is crucial. SKOCH Centre of Excellence has mapped existing responsible gaming practices from India, UK, USA, Brazil, Germany, France and Canada.

We find positive consumer responses to these measures, emphasising the need for industry-wide education and sensitisation. A series of workshops took place including stakeholders from government, academia, industry and civil society, that have finalised a CDR framework for Gaming. This includes areas like Responsibility, Integrity, Risk Management, Professionalism, Marketing, Social Responsibility, Mental Health and Multi-Language use. ■

RESPONSIBLE LENDING Index

To enhance the digital lending sector, SKOCH Centre of Excellence has proposed a Responsible Lending Framework to ensure its growth, safety and transparency. It is based on extensive research covering countries like India, UK, US, Sweden and China. It covers areas including Product Design and Delivery, Prevention of over Indebtedness, Transparency, Responsible Lending, Fair and Respectful Treatment, Data Security and Privacy, Customer Grievance Redressal, Fraud and Security.

It is essential to implement frameworks that guarantee digital lending platforms provide borrowers with clear and easily understandable information regarding loan terms, interest rates, fees and repayment structures. This transparency will help borrowers make informed decisions. Encouraging partnerships between digital lending platforms and established corporations can facilitate ecosystem-based lending. This approach leverages the reputation and resources of larger entities, helping to mitigate fraud and increase trust in the digital lending process. ■

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'Single malt whisky category propelled by Indian brands'

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India consumes 250-300 mn cases of whisky a yr. ISTOCKPHOTO

Propelled by the enhanced premiumisation (a strategy that gets customers to pay higher prices for a brand) trend that started during the pandemic, single malt whiskies, especially Indian brands, have been a rage over the past few years. But global spirits makers, particularly those that make single malts, are unfazed.

In fact, they have been benefiting from the trend, with the entire single malt whisky category growing.

For instance, Scotland-based William Grant & Sons that sells brands like Glenfiddich, Grant's, The Balvenie, and Monkey Shoulder expects several newer consumers to enter the single malts category from India, which will eventually help the company grow its businesses further.

Sachin Mehta, the company's country director for India operations, said Indian single malts have been well received. "Premium malts have been doing very well on the whole as a category. India consumes 250-300 million cases of whisky (in a year). So, in a way, Indian malts are doing a great service to the entire industry," he told *Mint*.

"They're also helping people upgrade from scotch and other blended whiskies to try something newer, more refined. We haven't seen any reduction in sales since the time these brands have become popular. I am looking at this very positively," he added.

Compared to the usual vari-

Rising incomes, growing awareness are leading to a shift in tippers' consumption pattern

ants of whiskies aged up to 18 years that the firm was selling in India since it started operations here a decade ago, William Grant is now introducing many more rare single malt variants. This is because India has emerged as one of the top five markets for William Grant globally, across most of its portfolio of brands, especially whiskies. It also makes the popular Hendrick's gin.

India is the largest consumer of brown spirits like whisky. Rising incomes, increased awareness, and numerous choices are leading to a shift in the consumption pattern of tippers.

Data from drinks and beverages consultancy IWSR show the overall single malts business in India is pegged to grow the maximum within the whisky category, at 5.5%, till 2027. In contrast, the entire alcoholic beverages industry may grow only 3.7% during the period. Moreover, the entire whisky category is expected to grow from \$210 million in 2022 to \$480 million in 2027.

Bosch to get DVA certificate

Uno Minda to also soon get domestic value-addition paper to be able to claim sops under ₹25,938 cr PLI-Auto

Rituraj Baruah & Manas Pimpalkhare
NEW DELHI



Bosch is an engineering firm, while Uno Minda is an auto parts maker. MINT

Bosch Ltd and Uno Minda Ltd will soon get their domestic value-addition certificates under the production-linked incentive (PLI) scheme for automobiles and automotive components run by the ministry of heavy industries, two persons aware of the matter said.

Automotive components manufacturers Bosch and Uno Minda are set to receive the domestic DVA certificates, marking an addition in localisation under the ₹25,938-crore PLI scheme.

Bosch is a German engineering company while Uno Minda is a Gurugram-based domestic auto components manufacturer.

In the PLI-Auto scheme, selected applicants need to apply for DVA certification to prove their domestic manufacturing, or localisation, efforts. They become eligible for the incentive after they receive the certification. All companies under PLI-Auto have to prove a minimum of 50% domestic value

addition in their product and supply chain to be eligible for incentives.

The Centre approved the PLI-Auto scheme in 2021 with the intent to boost local manufacturing of automotive technology products and enable creation of domestic as well as global supply chains, as per the ministry of heavy industries. The heavy industries

ministry has announced the extension of the tenure of the PLI Scheme for Automobile and Auto Components by one year. Under the amended scheme, the incentive will be applicable for a total of five financial years, starting from the financial year 2023-24.

So far, about eight companies including Tata Motors, Mahindra &

Mahindra, and Ola Electric (for two wheelers) have received the DVA certificates for automobiles, and this number is expected to reach 13 in the next few months, the persons cited above told *Mint* on condition of anonymity. As many as 14 automobile manufacturers and 73 automotive component manufacturers were selected as beneficiaries under the PLI-Auto scheme in 2022, a government press release said.

Queries emailed to Bosch, Uno Minda and the ministry of heavy industries were unanswered till press time. "Achieving 50% DVA is very difficult in the automotive sector. Only 7-8 companies have gotten DVA status because we (India) are heavily dependent on imports, so achieving DVA is very difficult," one of the persons said.

The DVA mechanism is aimed at ensuring use of domestic products in line with the phased manufacturing programme (PMP) under the electric

vehicle incentive scheme 'FAME'. Under FAME (faster adoption and manufacturing of electric vehicles), manufacturers get incentives when they produce 18 components domestically. Companies have to produce half their products in India to get the DVA certificate, one of the two officials said.

In January, *Mint* reported that 25 product approvals are under process for DVA certification by automotive component suppliers, though no approval has been granted so far and that the ministry of heavy industries has stated that it will begin the disbursement of incentives under the scheme in FY25.

To get DVA certificate and PLIs, parts makers must submit details of product, an array of suppliers from whom they procure parts to make the component, details about imports used to make the components, a calculation indicating that the company has at least 50% DVA, and a fee.

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50%
DVA needed for firms to be eligible for incentives

Brands, films, web content tap into nostalgia to drive consumption

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around advertisements and TV shows that millennial and Gen Z audiences may have grown up on are being set up. Brands are roping in yesteryear celebrities to entrench their appeal.

Humans love to live in the past. Authors, filmmakers and dramatists often tap into this powerful emotion of nostalgia, transporting audiences to a bygone era that's slow and reposeful through their creative oeuvres.

Content creators are producing web shows set in the 1990s, makers are churning out sequels to popular films released over two decades ago, and social media pages centred

bank) or *Yeh Meri Family* that essentially remind viewers of simpler times, have fared well in terms of Ormax Power Rating (OPR). This is a score on a scale of 0-100, representing a show's content strength and the percentage of audiences likely to recommend it. Meanwhile, singers are rebooting classics

or hook lines while brands onboard faces from the 1990s. "Nostalgia is a huge lasso for audiences. It plays a very significant and substantial role in film, television, social media and a step further, even in how marketing has evolved to reach consumers, both returning and the uninitiated. Whether it's reboots and remixes, adaptations, period pieces or sequels, IPs (intellectual property) that tap into a consumer's established reference point will deliver better results

While singers are rebooting classics or hook lines, brands onboard faces from the 1990s

than efforts to build a fanbase from scratch," Gunjan Arya, CEO, Only Much Louder, a media and entertainment organization, said.

On the theatrical front, a few months ago, Yash Raj Films kickstarted the nostalgia film festival by re-releasing their older titles, while a Nykaa brought Pooja Bedi (*Jo Jeeta Wohi Sikandar*) and Amrita Rao and Zayed Khan (*Main Hoon Na*) on board to reprise their roles from the films. Fintech firm Cred is bringing back the 90s' charm through their advertisements, featuring

names like Rahul Dravid, Karisma Kapoor, and Jackie Shroff. Aashna Iyer, director, growth engagements at digital marketing agency BC Web Wise, said that covers of Hindi songs by pop band Sanam, the classic meme of Rose from the *Titanic* or remixed old songs across reels, show that the revival of the 90s has recently become an overarching theme.

Experts point out every era has its resurgence. In the early 2000s and 2010s, there was a resurgence of the 70s and 80s, with song remixes that inundated pop culture.

CENTRAL RAILWAY
E-TENDER NOTICE No. CR-NGP-M-13-DT-23.07.2024
Name of the work: "Maintenance of passenger amenity items of primary and RBPC maintained trains at Coaching Depot Nagpur & Coach Care Complex Ajni of Nagpur Division". Location of the work: Coaching Depot Nagpur and Coach Care Complex Ajni and Nagpur Railway Station. Completion period: 02 years. Approx. cost of the work: Rs. 2,80,81,440.00/- Bid Security/EMD: Rs. 2,80,400.00/- Tender Document Cost: Nil. Tender closing date and time: 23.08.2024 at 15:30 hrs. For more details, please log on to www.ireps.gov.in. Sr.DME, CR, Nagpur
Download UTS App for Tickets

CENTRAL RAILWAY
OPEN TENDER NOTICE No. DRMMWGP-67-2024 OF 23.07.2024
1) Name of work: 1. Repairs to water supply, road, toilet & bathrooms, colony entrance gate, qtrs. name board, kitchen P.F, Dado tiles, floor tiles, plastering & painting of wall, brick masonry work in compound @KATL & KSWR colony. 2. Repair to staff QTRS such as Courtyard, Flooring, Floor Tiles, Door, Window, Foundation & Jacketing, Kitchen Otta, Wall Plaster, etc. at Seloo Road under ADEN(SJNGP Jurisdiction). 3. Part(A): Repairs to various leakages of cover over platforms and foot over bridge of Sevagram & Sindi station under ADEN(SJNGP Jurisdiction). Part (B): Proposal for replacement of 450 sqm PPGI sheet and 192 mtr valley gutter of existing cover of platform at SNI Station under ADEN(SJNGP Jurisdiction. Part-C: Proposed New staircase of OH tank at SNI STN. (i) Approximate cost: Rs. 20267922.68/- (ii) Earest Money: Rs. 251300.00/- 2) Name of work: A) Elimination of LC no. 12 at rly km 787.690 construction of RCC Box 5.5 x 4.5 m by Pushing/Sliding method on Sevagram-Balharshah section. B) (i) Proposed construction of cover over shed with retaining wall for LHS at LC No. 36 in ADEN Balharshah sub-division. (ii) Proposed drainage arrangement for LHS at LC No. 65C at km 669/2-3 between Badnera-Timtala section under ADEN WR sub-division. (i) Approximate cost: Rs. 38957425.57/- (ii) Earest Money: Rs.344800.00/- 3) Name of work: Proposed left over works of newly commissioned 3rd line between Chitlada - Hinganghat section and Wardha - Chitlada/2nd chord line under ADEN-Warora sub Division (Track portion + Drain Work) (i) Approximate cost: Rs.11229148.13/- (ii) Earest Money: Rs.206200.00/- Date & time of closing of tender: 14/08/2024 at 15:00 hrs. Complete details and instructions for e-tendering and on line participation for the above work is available on Railway's website www.ireps.gov.in. DRM (W), CR, Nagpur
Download UTS App for Tickets

INDORE MUNICIPAL CORPORATION, INDORE
Narayan Singh Saput Marg, Shivaji Market, Indore 452007 (email- eestpindore@gmail.com)
Date: 26.07.2024
NIT No. 17/EE/WWD/24-25/E-TENDER
NOTICE INVITING TENDERS
Online percentage rate tenders on behalf of Commissioner, Indore Municipal Corporation for the following works are invited by the eligible contractors registered with the Government of Madhya Pradesh from public procurement portal www.mptenders.gov.in:

| Sl No. | Online Tender No. | Name of Work | 1. Completion Time 2. PAC (excluding GST) | 1. Cost of Tender Form 2. E.M.D |
|--------|-------------------|--|--|------------------------------------|
| 1 | 2024_UAD_360039 | PACKAGE-1:- Conservation and Rejuvenation work of Bilawali lake including 5 years maintenance of complete executed work under AMRUT-2.0 scheme. | 12 months Construction + 5 Year Maintenance ₹12.87 Cr. | ₹20,000/- ₹6,50,000/- |
| 2 | 2024_UAD_360041 | PACKAGE-2:- Conservation and Rejuvenation work of Limbodi lake including 5 years maintenance of complete executed work under AMRUT-2.0 scheme. | 10 months Construction + 5 Year Maintenance ₹4.82 Cr. | ₹15,000/- ₹2,42,000/- |
| 3 | 2024_UAD_360042 | PACKAGE-3:- Conservation and Rejuvenation work of Chota Sirpur lake including 5 years maintenance of complete executed work under AMRUT-2.0 scheme. | 8 months Construction + 5 Year Maintenance ₹3.95 Cr. | ₹15,000/- ₹2,00,000/- |

Key Dates:-

| S.No. | Description | Date & Time |
|-------|---|--|
| 1. | Start date for Purchase of Tender (Online) | 30.07.2024 from 05:30 pm |
| 2. | Last date for Purchase of Tender (Online) | 30.08.2024 till 05:30 pm |
| 3. | Last date for Submission of Tender (Online) | 30.08.2024 till 05:30 pm |
| 4. | Technical Bid Opening (Online) | 31.08.2024 after 05:30 pm |
| 5. | Pre Bid Meeting | 16.08.2024, 03:00 PM at Office of Executive Engineer, Drainage Department, IMC, Indore |

Notes:
(1) Tender Document and other details shall be available on website- <https://www.mptenders.gov.in>
(2) Amendment to NIT, if any would be published on website only.
(3) The EMD shall be deposited online through portal via Debit Card/ Credit Card/ Net Banking or System Generated challan.
(4) In case any of the dates specified above is government holiday, day after the same shall be considered.
(5) The financial bid of the firm that is adjudged as the lowest bidder in anyone out of the three packages will not be opened for subsequent packages. The sequence of opening of financial bid shall be in the descending order of the estimated cost of work for instance, if bidder A has participated in packages 1,2 and 3 and bidder A is adjudged as lowest bidder in package-1, in that case financial bid of bidder A for package 2 and 3 will not be opened.
Executive Engineer (Sewerage Project)
Indore Municipal Corporation

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Srinivasan cements his legacy

Sells promoters' 32.72% stake in ICL to UltraTech Cement for ₹3,955 crore, ending an era in cement industry

N. Madhavan
madhavan.n@livemint.com
CHENNAI



India Cements Ltd's vice-chairman and managing director N. Srinivasan.

In the early 1960s, T.K. Ramanathan was a sought-after tennis coach in Madras (now Chennai). After all, his son Ramanathan Krishnan had become the first Indian to win Wimbledon Boys' title in 1954 and enter the semi-finals of the men's event at the coveted grass court championship in 1960 and 1961. One sultry afternoon in 1961, his eyes were not on his son but a short 16-year-old boy who was blazing away on the court, giving a tough fight to his opponent much more senior to him. "If you want to win against this kid, you will have to defeat him. He will never give up," he told his coaching staff. The kid he was referring to was N. Srinivasan, who is today 79 years old and is the vice-chairman and managing director of India cements Ltd (ICL). He is also the former president of Board of Control for Cricket in India (BCCI).

This observation of Ramanathan had stayed true with respect to Srinivasan for six long decades—the way he fought to regain control of ICL in the 1980s, grow its capacity through acquisitions, at times hostile, and establish himself as a powerhouse when it came to cricket administration in India.

On Sunday, 28 July, driven by age, poor health and the humongous challenges that lay ahead in reviving India Cements which is in the red, he finally chose to hang up his boots. He sold the promoters' 32.72% stake in ICL to UltraTech Cement Ltd, a subsidiary of Kumar Mangalam Birla-controlled Aditya Birla Group, for a consideration of ₹3,955 crore, ending an era in the cement industry. An innings that was built on grit, determination, aggression and controversies—traits that are rarely associated with South

Indian businessmen.

It was baptism by fire for Srinivasan, quite early in his life. His father T.S. Narayanaswami, who had co-founded ICL along with another entrepreneur S.N.N. Sankaralinga Iyer, died when Srinivasan was just 23 years old and pursuing chemical engineering in the US. He returned to India and was made deputy man-

ager. Srinivasan spent a lot of time in Delhi, building his political contacts in the government and outside in a bid to regain control of ICL. As the legal battle wore on, financial institutions which had a sizeable stake in the company took control. In 1982-83, cigarette maker ITC evinced interest in the company and bought out the stake of the financial

cal climate. The coalition government in Delhi had Dravida Munnetra Kazhagam, a regional party from Tamil Nadu, as a crucial partner and his close friend and DMK leader Murasoli Maran was an important minister. He became the managing director of ICL.

At that time, ICL's cement capacity was just 1.6 million tonnes per annum. In 1991, India liberalized its economy and scale became important. Srinivasan undertook a series of acquisitions and in less than a decade its capacity had risen to 9 million tonnes. These acquisitions were predominantly funded by debt. It was then he learnt a crucial lesson—never expand in a fractured market using debt. With no control over prices, servicing debt would be a challenge.

The turn of the century saw massive capacities, as much as 40% of the overall demand, being set up in the south and that created a massive oversupply and the prices crashed, especially in Andhra Pradesh where the company had most of its capacity. ICL incurred losses and it was unable to service the debt. It entered the corporate debt restructuring (CDR) programme in 2002-03. He went for a global depository receipts issue as well. Fortunately, cement prices bounced back in a few years and ICL came out of CDR by the end of the decade.

Choosing the inorganic path gave ICL a quick growth but it came at a cost—efficiency. Each plant was of a different vintage and technology. That meant that ICL was not among the most efficient producers of cement.

Srinivasan preferred to deal with the lack of efficiency by managing prices rather than investing heavily in modernization. He preferred to keep the prices high.

Cement industry in south India, including ICL and many others, have been penalized by the Competition

Commission of India for colluding to manage prices. The case is winding its way through the Indian legal system.

Srinivasan, by 2005, began to take an active role in cricket administration—first as secretary of BCCI and then as its president. In 2008, when the Indian Premier League was launched, India Cements bid and won a franchisee—the Chennai Super Kings (CSK). CSK is today one of the most successful teams in IPL and its valuations are estimated to be more than ICL. It remains with Srinivasan. His stint as president of BCCI ended in 2013 when his son-in-law, Gurnath Meiyappan, was caught in a betting scandal.

His leadership qualities meant that he held the cement industry in the south together. For years, he has been the point person nationally for periodic wage settlement for the industry with the trade unions.

But ignoring modernization proved to be his ultimate nemesis. When Russia invaded Ukraine, input prices went through the roof. With poor cost structure, ICL could not absorb the increased cost and sank into losses. Its cash flow was hit, causing capacity utilization to drop. The company began selling its non-core assets such as land to improve cash flow, but it remained in the red. To add to these challenges, a botched-up cataract surgery a couple of years ago left Srinivasan blind. Parting with ICL would not have been an easy decision for him but under the circumstances, it was the best possible thing to do.

"The South Indian cement industry will never be the same again...the man who held the industry together officially quits the scene...their (Southern cement industry) golden era is as good as over..." tweeted Shyam Sekhar, a leading investor and portfolio manager. The tweet says a lot about the man who dominated the cement industry for over 35 years.

REGAINING ICL

SRINIVASAN spent much time in Delhi, building political contacts to regain control of ICL

IN 1982-83, ITC evinced interest in the firm and bought out the stake of the financial institutions

FINALLY in 1989, he regained control of ICL thanks to a favourable political climate

IN less than 10 yrs after liberalization, he raised ICL's capacity to 9 mt via multiple acquisitions

aging director at ICL. His approach to business was very different from that of K.S. Narayanan, son of Sankaralinga Iyer who was the managing director. He was eased out in 1979. "I was young, alone and wronged," Srinivasan recalled to this writer many years ago.

He went to court challenging his

institutions. It appeared ICL would be permanently lost, and Srinivasan accelerated his fight. He went to courts and appealed against the move in the Company Law Board forcing ITC to return the shares to the financial institutions. It was in 1989 that he finally regained control of ICL thanks to a favourable politi-

cal climate.

Srinivasan preferred to deal with the lack of efficiency by managing prices rather than investing heavily in modernization. He preferred to keep the prices high.

Cement industry in south India, including ICL and many others, have been penalized by the Competition



Coal India said that the development of these projects involves investments in advanced mining tech and infrastructure.

Coal India to push 119 projects to boost output

PTI
feedback@livemint.com
KOLKATA

Coal India Ltd (CIL) is advancing 119 projects with a capacity of 896 million tonne (mt) per year and a sanctioned capital of ₹1,33,576 crore, the world's largest miner said. These projects, which are at various stages of implementation, are part of CIL's "proactive strategy" to increase production capacity and meet future coal demands, the company said in its latest annual report.

Though the mining major did not specify a timeline for the capex, it said the development of these projects involves substantial investments in advanced mining technologies and infrastructure, aimed at enhancing productivity and ensuring sustainable mining practices.

The company has set an ambitious target of achieving one billion tonne of production by 2025-26 to fulfil the nation's coal demand and support the goal of 'Atmanirbhar Bharat'.

In the 2023-24 fiscal, its production stood at 773.6mt.

CIL said in 2023-24, one coal mining project with a sanctioned capacity of 20mt and a sanctioned capital of ₹1,783.09 crore was completed, which demonstrates "our ability to execute large-scale projects within the stipulated time frames".

During the financial year ended 31 March, 16 coal mining projects with a total capacity of 170.46mt per annum (incremental capacity of 85.66mt) and a total sanctioned capital of ₹27,087.69 crore were approved, it said.

As part of its comprehensive modernization strategy, CIL is embracing latest equipment,

advanced exploration and assessment techniques, efficient mine planning and development, and optimized extraction processes, the report said.

CIL plans to procure high-capacity equipment worth more than ₹3,700 crore in the next financial year, aiming to bolster coal production capabilities for increased efficiency.

In the next financial year, CIL plans to procure high-capacity equipment worth more than ₹3,700 crore

Eighth Episode of Crafting Bharat Podcast Series Delve into the insights of the Indian startup ecosystem

Advertisement

Tejas Rathod, Co-Founder and COO of Mobavenue discusses his entrepreneurial journey, building a successful start-up and the future of MadTech Industry.

The startup ecosystem of India is blooming exponentially with great various human capital advantages and enormous opportunities coming in limelight due to technological adoption and digital transformation across sectors.

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

Digital transformation across sectors has brought forward various opportunities for budding entrepreneurs, and a humble and visionary entrepreneur Tejas Rathod, Co-Founder and COO of Mobavenue, is streamlining how brands communicate to users. In the Crafting Bharat Podcast Series, Rathod talks about his entrepreneurial

journey, building a successful start-up and the future of the MadTech Industry.

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

Edited Excerpts:

Segment 1: The Incubator

From starting off with 100\$ in a small cubicle to creating a leading ad-tech and mar-tech platform; it all began at a very early age for you. Describe the experience of being a start-up founder at a very young age?

Kunal (Co-founder & CGO) and I started with content monetization, which got us our first paycheck of \$100. This motivated us to do more. With that, we started off by helping brands... through digital marketing. When that was going well, we met Ishank (Co-founder & CEO), and he helped propel us with the clientele. With that we got on the journey of Mobavenue. The journey was amazing, we never thought of creating such



Tejas Rathod, Co-Founder and COO of Mobavenue discusses his entrepreneurial journey, building a successful start-up and the future of MadTech industry with host Gautam Srinivasan.

a big company coming from a humble background. It was overwhelming to have so many clients and various products across our table along with doing exceptionally well in the industry.

How has Mobavenue enabled more creative ways to bridge the gap between publishers and advertisers while still maintaining a privacy-first approach during this shift?

It was a great challenge for us because the AdTech industry is ever evolving and very dynamic. You need to be on top of everything. Privacy

Define your startup's growth objective clearly. You'll encounter numerous opportunities; focus on those aligning with your objective.

has been a major concern of government institutions and the entire ecosystem. We thought of including contextual targeting in our Demand Side Platform (DSP). This is where we try to understand the users, what they are reading from the content, and how we can target the users. We try to target the content that is being read by the user and place the advertisement around that content.

As Mobavenue evolved its solutions to address single and multiple use cases to build an end-to-end platform for growth and ad-tech, what were the key chal-

lenges that you faced in trying to address client needs from diverse sectors?

Each sector has different requirements with respect to acquiring customers through our platform. Every company has a different problem statement. As we work with enterprises, they have already acquired the initial set of customers, their purpose of approaching us is to discover and acquire a new customer base.

Segment 2: The Accelerator

What lessons can we learn from Mobavenue's journey of being bootstrapped and the ways to achieve profitability at a quick pace?

Finding the right talents, especially in a lean team, being adaptive to situations, and understanding finances deeply in terms of revenue and expenses can be helpful for budding entrepreneurs. We even try to avoid overburdening our cash flows—as we directly work with clients without any mediators to effectively show our value proposition.

What's the best way to stay grounded as a startup founder if you

achieve a lot in very little time?

We come across a lot of people and converse with them. When you come across someone who has done greater things in life than you, it makes you realize that you need to achieve more. I haven't reached the peak where I can say that I have done everything. I would say that you should thrive better and achieve more.

Over the past decade, India's startup ecosystem has evolved dynamically, offering fertile ground for innovation and abundant opportunities for entrepreneurs to thrive and compete at global level in the years to come.

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

Scan the QR Code to Watch the full episode



Harris erases Trump's lead, WSJ poll finds

John McCormick & Aaron Zitner

The presidential race between Kamala Harris and Donald Trump is essentially tied, according to a new *Wall Street Journal* poll that shows heightened support for her among nonwhite voters and dramatically increased enthusiasm about the campaign among Democrats.

The former president leads the current vice president 49% to 47% in a two-person matchup, but that is within the margin of error of plus or minus 3.1 percentage points. Trump held a six-point lead earlier this month over President Biden, before he exited the race and backed Harris.

On a ballot test that included Robert F. Kennedy Jr. and other independent and third-party candidates, Harris receives 45% and Trump gets 44%. Kennedy is backed by just 4% and 5% remain undecided. Biden trailed in the multicandidate contest by six points in the last poll.

Harris has made strides in reassembling the coalition that put Biden in the White House in 2020, one that had been fraying under the stress of unease about his physical and mental sharpness. Black, Latino and young voters all showed greater support for her than they did for Biden in a *Journal* survey.

his disastrous debate performance on June 27.

A reshuffling of the demographic mix of Democratic support could alter the states where Harris might be competitive against Trump, a Republican running for a third time. Greater backing among nonwhite voters could help her in the more racially and ethnically diverse battleground states—Arizona, Nevada, Georgia and North Carolina—where Biden was struggling.

Harris is supported by 63% of nonwhite voters in the two-way race, up from the 51% Biden had in the last WSJ poll. While an improvement for Harris, her support is still below the 73% of nonwhite voters who, according to exit polls, backed Biden in 2020 when he narrowly won the White House.

The vice president is drawing a larger share of young voters, those under age 30, than Biden was earlier this month. But she still has less support among them than he did in his narrow 2020 victory.

Harris has also created a burst of enthusiasm within her party. Roughly four out of five voters in each party now say



Greater backing among nonwhite voters could help Kamala Harris in the more racially and ethnically diverse states. REUTERS

they are enthusiastic about their chosen candidate, reversing a lopsided deficit earlier this month among Democrats.

"Only 37% of Biden voters were enthusiastic about him in early July and now 81% of Harris voters are enthusiastic about her," said Democratic pollster Mike Bocian, who conducted the poll with Republican pollster David Lee. "This is an astounding change."

Harris also has the support of more Democrats than Biden had earlier this month, a key development because a candidate's first job is to unify his or her party. Harris has support from 92% of voters who said they backed Biden in 2020, while the president had just been holding on to 84% of those voters in the earlier survey.

Lee, the GOP pollster, said Harris and her party should be careful not to feel overly optimistic.

"While Democrats and many in the media will tout these tightened ballot numbers as a change in the race, let's not forget that at this time in July 2020 The *Wall Street Journal* national polling had Biden leading Trump by 9 points and had Biden leading Trump in August by 11 points," he said. "Donald Trump is in a far better position in this election when compared to a similar time in the 2020 election."

Lee also pointed to the approval of Trump's job performance as president in this survey, the highest recorded so far this election cycle in the poll. "A majority of voters—51%—approve of the job Trump did as president, while a majority of voters—50%—disapprove of the job Kamala Harris is doing as vice president."

A race that is essentially tied nationally means Trump would still likely have the Electoral College advantage, given the way the country's population is dispersed. In 2016, Trump lost the popular vote to Hillary Clinton by nearly 3 million votes, but won more than 300 out of 538 Electoral College votes.

Ohio Sen. JD Vance, Trump's newly selected vice presidential running mate, is viewed favorably by 42% and unfavorably by 44%.

Both the Harris and Trump campaigns are racing to more fully define the vice president to the public. The poll shows she is viewed favorably by 46% and unfavorably by 52%, which is her most positive showing in the poll this election cycle.

Harris faces significant headwinds. Her tenure as vice president is closely tied to a Biden administration record that includes a chaotic southern border, rising prices and protracted wars in the Middle East and Ukraine.

The poll shows Trump is viewed as more able than Harris to handle immigration, the economy, foreign relations and crime, while Harris is given the edge—51% to 33%—on dealing with abortion. Trump and Harris are rated nearly evenly on a question that tested who best "cares about people like you."

The poll found 48% think Trump, 78, is too old to be president, while just 2% say that of the 59-year-old Harris. Close to half—46%—said Harris has the right temperament to be president. Just 38% said that of Trump.

The survey showed voters are still learning about many of the potential vice presidential running mates that Harris believed to be considering. She will likely need to pick someone by Aug. 7 to meet the deadline for a virtual nomination procedure her party has established.

Of some potential candidates tested, Sen. Mark Kelly of Arizona, a former Navy fighter pilot and astronaut has the best ratings: 31% favorable and 19% unfavorable among voters overall.

The *Wall Street Journal* poll interviewed 1,000 registered voters July 23-25 and was conducted by Bocian of the firm GBAO and Lee of Fabrizio Lee. The margin of error is plus or minus 3.1 percentage points for the full sample.

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A Fed rate cut is finally within view

Fed officials meet next week looking ahead to Sep rate cut to maximize odds of a soft landing

Nick Timiraos feedback@livemint.com

While Federal Reserve officials aren't likely to change interest rates in the coming week, their meeting will nonetheless be one of the most consequential in a while.

At each of their four meetings this year, interest-rate cuts have been a question for later. This time, though, inflation and labor-market developments should allow officials to signal a cut is very possible at their next meeting, in September.

As a result, the coming week's meeting, which wraps up Wednesday, could resolve the trade-off Chair Jerome Powell has been weighing between the risks of cutting rates too soon and waiting too long, in favor of acting sooner.

One reason officials aren't likely to deliver a cut this time despite the growing case for one is that it would likely be the first reduction in a sequence to recalibrate rates lower. Officials have been surprised by inflation in the past and want more evidence it is truly cooling before crossing the rate-cut threshold.

Nonetheless, officials have grown more wary of waiting too long and blowing a soft landing. Bringing inflation down to the Fed's 2% goal while maintaining a healthy labor market "is the No. 1 thing that just does keep me awake at night," Powell told lawmakers this month.

In a recent interview, New York Fed President John Williams signaled that a July reduction wasn't warranted, saying officials would "learn a lot between July and September" and pointing to solid economic activity recently. But he added that "there is a decision ahead of us at some point to decide" how to "lower interest rates in a way that lessens how restrictive policy is."

The Fed's newfound readiness to cut rates reflects three factors: better news on inflation, signs that labor markets are cooling and a changing calculus of the dueling risks of allowing inflation to remain too high and of causing unnecessary economic weakness.

Inflation progress resumes
A measure of underlying inflation that excludes food and energy prices fell to 2.6% in June from 4.3% one year earlier and a peak of 5.6% two years ago. Williams said the decline has been broad based and dismissed concerns that bringing it all the way back to the Fed's 2% goal would be unusually hard.

"It is not really a story about a 'last mile' or some part that's particularly sticky," said Williams. Different inflation measures are "all moving in the right direction and doing that pretty consistently."



US Federal Reserve chair Jerome Powell has been weighing between the risks of cutting rates too soon and waiting too long, in favor of acting sooner. BLOOMBERG

Inflation fell last year even though the economy grew solidly because labor- and product-market bottlenecks eased. Powell has repeatedly warned that because price measures lag behind changes in economic conditions, waiting until inflation hits 2% to cut rates means "you've probably waited too long."

A cooler labor market
The unemployment rate has climbed this year to 4.1% in June from 3.7% at the end of last year, largely because hiring has slowed and it is taking new workers or those re-entering the workforce longer to find work. That limits workers' ability to seek hefty wage gains that might sustain higher inflation.

Powell's observation recently that the labor market is "not a source of broad inflationary pressures" suggests a major source of anxiety about the potential for an inflation flare-up has receded.

Two years ago, Fed officials argued the labor market was so unbalanced that companies might respond to higher rates and weaker demand by cutting job vacancies rather than laying off employees. So far, that is what has transpired.

"Right now, the labor market is in a sweet spot," said Fed governor Christopher Waller, one of the most vocal advocates of that thesis, in a recent speech. "We need to keep the labor

market in this sweet spot."

The same analysis predicted the labor-market cooling would remain painless for only so long, and at some point, the traditional trade-offs between less demand for labor and higher unemployment would return.

"If you've actually come this far along what was considered to be a very, very bold and out of consensus trajectory, then yes, you want to stick the landing," said Richard Clarida, a former Fed vice chair.

Shifting risk-management calculations

With inflation resuming its progress and the labor market cooling, Fed officials face a shift in the trade-offs they often refer to as risk management, which boils down to which problem—somewhat elevated inflation or rising unemployment—they judge as harder to fix.

The Fed was late to raise interest rates two years ago in part because it had incorrectly judged inflation would subside rapidly. The Fed was able to correct that mistake, but to do so, had to rapidly raise rates from near zero in 2022 to around 5.3% in July 2023, the highest in more than two decades. One lesson: "When you're too confident that your vision is correct, you're prone to mistakes," said San Francisco Fed President Mary Daly.

The Fed doesn't expect demand or hiring to weaken much in coming months, but if it is wrong, it probably won't be able to cut rates quickly enough to forestall a recession. "If you're behind on [cutting rates] when the labor market starts to falter, it's really challenging to get that back on track. It is just not the same thing" as the belated start to rate increases two years ago, said Daly.

Some officials have previewed arguments they will likely use to persuade their colleagues it is time to cut. "We set

this rate when inflation was over 4%, and inflation is now, let's call it, 2.5%. That implies we have tightened a lot since we've been holding at this rate," Chicago Fed President Austan Goolsbee said in an interview. "You only want to stay this restrictive for as long as you have to, and this doesn't look like an overheating economy to me."

Still, more policymakers, including Daly, have indicated they think they can take a little more time, underscoring their high-wire balancing act. Even with better inflation data recently, "we're not at price stability yet," Daly said at a conference this month. History warns against "pre-emptive action or urgent action when urgency isn't required," she said.

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CrowdStrike's CEO has known failure—but never like this

Robert McMillan feedback@livemint.com

The wake-up call came at 3 a.m.

CrowdStrike Chief Executive George Kurtz answered the call from his cybersecurity company's president, Michael Sentonas. "We've got a problem," Sentonas said.

It was Friday, July 19, a day Kurtz is unlikely to forget. An errant product update from CrowdStrike had crashed devices, with many affected machines unable to restart.

As they worked on a fix throughout the morning, the scale of the issue became clearer.

Microsoft said about 8.5 million devices running its Windows operating system had been knocked out. Airlines canceled thousands of flights. Hospitals postponed procedures, and workers woke up to computers displaying the blue screen of death. Around the world, employees were lugging their buggy computers to IT help desks to get them up and running again.

Online there was speculation: Was it a Microsoft outage? Were hackers responsible? At 5:45 a.m., Kurtz told

the world via X that CrowdStrike was responsible for the problem.

"People didn't know what was happening," Kurtz said in an interview. "So we wanted to get the information out."

Navigating complex computer problems and delivering bad news is the kind of thing Kurtz, 53, was hired to do 30 years ago as a new generation of technologists exposed the promises and perils of the internet. As a young member of a crack consulting squad in the 1990s, Kurtz and his team at PricewaterhouseCoopers would get hired by corporations to masquerade as hackers and conduct "penetration tests" to find the gaps in their computer security.

Over the years and at a variety of companies, Kurtz was on teams that traveled around the country and identified clients' vulnerabilities. At Microsoft, they got their hands on Bill Gates's password: "nice-jobs." And at Nabisco, they once accidentally shut down an entire cookie factory in Atlanta, when a bug in the software they were using caused computers to fail.

As Kurtz and his team kept learning, it allowed them in

1999 to write the book on cybersecurity: "Hacking Exposed."

Back then, delivering unwelcome news to the techies whose networks they had broken into was just part of the job. And Kurtz was a rarity: He was talented at speaking with clients, said Pete Sfoglina, Kurtz's former manager.

"It's kind of like criticizing somebody's kid," Sfoglina said. "He just had this way of getting his views across without getting intrusive."

On July 19, Kurtz was delivering the worst news of his career. His computer was still working, though. Kurtz uses a Mac.

His initial social-media message about the outage was criticized for not including an apology. "I said, 'Get me on the 'Today' show, and I will explain what happened here,'" he recalls.

At 7:30 a.m., the normally impeccably groomed CEO appeared, bleary eyed, on "Today," at one point losing his voice and reaching for water as he tried to explain what happened.

This time, he wasn't explaining a clever hack but a mistake that will cost his customers billions in lost business and IT costs and that



CrowdStrike chief executive George Kurtz said 97% of Windows sensors were working as of Thursday.

has wiped out more than 25% of his company's value. Kurtz also has been called to testify before the House Homeland Security Committee about the incident. That's not expected to happen before September, according to a Committee aide.

"We're deeply sorry for the impact we've caused to customers, to travelers, to anyone affected by this," he said on the show.

The next day, Kurtz called Satya Nadella, CEO of Microsoft, which competes with CrowdStrike in the security business. The CrowdStrike outage only affected Windows

machines.

The two agreed to work together to make computer systems more resilient, Kurtz said. Microsoft has pledged to improve Windows to prevent future outages, and CrowdStrike says it plans to do more testing and gradually roll out product updates.

"A piece of software shouldn't be able to take everything out so you can't reboot it," he said.

As he dialed up one of the most powerful software executives, Kurtz had come a long way from his beginnings as an accountant from Parsippany, N.J. Kurtz's father died from a

stroke when he was 7, and he was raised by his mother. At one point, he saved up for six months to buy a Hayes 300 baud modem, when his slower Atari modem wasn't cutting it.

At PwC, it didn't take long for Kurtz, with his love of computing, to gravitate to the penetration testing group, his former manager Sfoglina said. He can only remember one time seeing the even-tempered Kurtz angry—when he complained about PwC rounding up the pennies in line items on his expense report.

"How the hell am I going to balance my checkbook if they're rounding up?" he remembers Kurtz saying.

"He doesn't get worked up about too many things, but he was really upset," Sfoglina said.

After PwC and a stint at Ernst & Young, Kurtz decided to strike out on his own, co-founding a company called Foundstone, which did the kind of security audits that Kurtz and his crew had pioneered at PwC.

It was a shoestring operation, with the founders sharing a house in Seattle, but nearly six years later, they sold their

company to the antivirus giant McAfee for nearly \$90 million.

Kurtz spent the next seven years at McAfee, eventually becoming a top executive. When McAfee pushed out a bad software update that broke certain Windows systems worldwide, it was Kurtz's job to meet with hundreds of customers to help them understand the problem and recover.

"Partnerships are really formed when you have adversity and you come through on the other side," Kurtz said.

Kurtz and his top cyber-threat researcher, Dmitri Alperovitch, left McAfee in 2011 after Intel bought it for \$7.68 billion. Their plan: Build a next-generation alternative to McAfee's antivirus software, which they considered cumbersome and often ineffective.

They founded CrowdStrike in 2011.

Kurtz helped build CrowdStrike with his marketing skills and attention to detail. In June, the stock surged to a high, increasing the company's market value to \$95 billion, following quarterly earnings that far surpassed Wall

Fed's readiness to cut rates reflects better news on inflation, changing risk-management calculus, cooling labor markets

Street expectations. The Austin-based company was added to the S&P 500 just five years after going public, the fastest a cybersecurity company has ever listed on the index. More than a dozen federal agencies and 82% of state governments have purchased CrowdStrike's products.

"Their customers love their product because it works, and it works really well," said Alfred Huger, an entrepreneur who has known Kurtz for decades. "George knows what it is to build really good security products."

Then one defective update from CrowdStrike reminded the world of just how interconnected and vulnerable critical infrastructure can be.

For more than a week, Kurtz has been focused on rebuilding his company's reputation by getting customers up and running. Kurtz said 97% of Windows sensors were working as of Thursday; the company didn't disclose the number of computers still affected.

"It's been customer after customer after customer," he said, "telling people what happened, why it happened, and how it's not going to happen again."

Dustin Volz contributed to this article.
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NEWS NUMBERS

50 mn

THE NUMBER of income tax returns filed in the assessment year 2024-25 so far, up 8% from the preceding year, according to the Income Tax department

₹5,506 cr

THE NET profit reported by state-owned NTPC for the June quarter of 2024, up 12% from ₹4,907.13 crore during the same period last year

₹3,954 cr

THE AMOUNT Aditya Birla Group's UltraTech Cement will pay to acquire a 32.72% equity stake in India Cements from its promoters and their associates

\$25 bn

THE PROJECTED size of India's diagnostics industry by 2028, up from \$13 billion in 2023, driven by margins and growth opportunities

\$3 tn

THE NEW capital needed each year through 2050 for the world to transition to a low-carbon economy, according to US Treasury Secretary Janet Yellen

HOWINDIALIVES.COM

PSBs to get more time for MPS rules

Public sector banks are expected to get another two-year extension to comply with Securities and Exchange Board of India's (Sebi) minimum public shareholding (MPS) norms, a top government official has said.

Out of 12 public sector banks (PSBs), five are yet to comply with MPS norms and the government's holding is beyond 75%. As per the market regulator, all listed companies must maintain an MPS of 25%.

However, the regulator gave special forbearance to state-owned banks till August 2024 to meet the requirement of 25% MPS.

"We have written to the Department of Economic Affairs for the extension," Financial Services Secretary Vivek Joshi told PTI in an interview. Generally, he said, a two-year extension is given and hopefully it should come sooner than later.

Five banks have minimum public shareholding of less than 25%.

PTI



FPIs pulled out over ₹7,200 crore from equities in the last three trading sessions (24-26 July).

FPIs invest ₹33.6K cr in equities in July

Foreign investors injected over ₹33,600 crore into Indian equities so far this month on the expectation of continued policy reforms, sustained economic growth and a better-than-expected earnings season.

However, they pulled out over ₹7,200 crore from equities in the last three trading sessions (24-26 July) after the government hiked taxes on futures and options trades (F&O) and capital gains from equity investments in the Budget.

Market experts believe that Indian equity is well-positioned for the year to attract foreign investments. However, there may be some volatility due to short-term news.

"Indian equity market and bond market are favourably placed for the year. This should attract foreign flows into the country. There could be some volatility in the flows on a month-on-month basis due to short-term news flows," Nimesh Chandan, CIO of Bajaj Finserv AMC, said.

According to the data with the depositories, foreign portfolio investors (FPIs) have made a net inflow of ₹33,688 crore in equities in this month (till 26 July).

PTI

Colgate-Palmolive gets I-T notice

Colgate-Palmolive (India) Ltd (CPIL) has received a tax demand notice of ₹248.74 crore from the Income Tax (I-T) Authority in a transfer pricing-related issue.

The FMCG major said it will be challenging the order before the appellate tribunal. Colgate-Palmolive, which operates in oral care and personal care, received notice on 26 July 2024, according to a regulatory filing by the company. The income tax demand is for the financial year ended on 31 March 2021, for transfer pricing-related issues.

"The Company has received a Final Assessment Order for Assessment Year (AY) 2020-21 carrying a demand amounting to ₹248,74,78,511/-," it said. The said demand includes interest amounting to ₹79.63 crore, CPIL added.

"The company will be filing an appeal before the Income Tax Appellate Tribunal against the said order," said CPIL adding "There is no impact on financial operations or any other activities of the Company due to this order."

PTI

MCD initiates action against coaching centres flouting norms

The Municipal Corporation of Delhi (MCD) has initiated action against coaching centres flouting norms. A high-level committee will investigate the incident that resulted in three deaths due to flooding in a coaching centre's basement, MCD officials said on Sunday. Entities operating illegally in the basement have been identified, and crackdown has started, an official said.

Last year, the MCD conducted a survey of coaching centres after a massive fire broke at an institute in Mukharji Nagar, a coaching hub in North West Delhi, forcing many to jump off the building to escape the blaze. "To begin with, the survey will be used to identify those flouting norms," the official said.

Another official said the MCD and the Delhi government are in talks and a high-level committee will soon be set up to look into the incident in central Delhi's Old Rajinder Nagar area. Three civil services aspirants—two females and a male—lost their lives as they were trapped inside the library housed in the basement of Rau's IAS Study Circle, which flooded due to rain and reportedly led to the failure of the single biometric entry and exit point.



Three civil services aspirants lost their lives as they were trapped inside the library housed in the basement of Rau's IAS Study Circle.

PTI

SHOOTING STAR



Gold Medallist Korea's Jin Ye Oh with her silver medallist compatriot Kim Yeji and bronze medallist India's Manu Bhaker during the presentation ceremony for the 10m Air Pistol Women's Final event at the Summer Olympics 2024, in Chateauroux, France, Sunday, Bhaker became the first Indian woman shooter to claim an Olympic medal by snaring a bronze in the event on Sunday, a triumph that opened the country's account in the Paris Games and ended a 12-year wait for its much-hyped shooters.

PTI

Mann ki Baat: PM lauds Khadi startups, drug rehab platform

Startups with AI-backed initiatives have promoted the handloom industry, says Modi

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NEW DELHI

In his latest address to the nation, Prime minister Narendra Modi hailed the khadi startups, along with India's diverse handloom industry. Modi also talked about the government's drug rehabilitation portal *Manas* in the new episode of *Mann ki baat*.

Women involved in the handloom industry are earning more after participating in the UNNATI Self Help Group and receiving training in block dyeing and printing, PM Modi said. "These women who spread the magic of colours on clothes are earning lakhs of rupees today."

According to the PM, startups with AI-backed initiatives have promoted the handloom industry in India. "Kosha AI, Handloom India, D-Junk, Novatex, Brahmputra Fables; many such start-ups are also engaged in making handloom products

popular," he added.

Promotional activities for Khadi is creating a large number of new employment opportunities, especially for women, Modi said.

The PM also discussed the recently launched drug rehabilitation centre and the digital platform *Manas*, aimed at combating drug addiction. "It is a very big step in the fight against drug abuse. The helpline and portal of *Manas* was launched a few days ago."

"The government has issued a toll-free number '1933'. Anyone can call on this number to get necessary advice or information related to rehabilitation. If anyone has any other information related to drugs, they can also share it with the Narcotics Control Bureau by calling on this number. All

information shared with *Manas* is kept confidential," he added.

Modi also praised the rising tiger population and the increase in forest cover, attributing these achievements to widespread public participation. He urged people to upload selfies with the national

Modi addressed students who won four golds and a silver medal at the International Mathematics Olympiad, discussing strategies for success

flag in commemoration of Independence Day on the *har-ghartiranga.com* website.

He also highlighted the recent inclusion of Assam's Charaideo Maidam

in the list of UNESCO World Heritage Sites during his address. "Charaideo means a shining city on hills. This was the first capital of Ahom dynasty. The people of Ahom dynasty traditionally kept mortal remains of their ancestors and their valuables in the *Maidam*."

DPIIT to tighten tobacco FDI norms

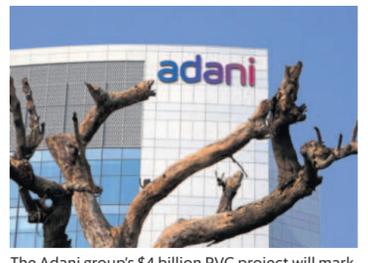
The commerce and industry ministry is working on a proposal to further tighten the foreign direct investment (FDI) norms in the tobacco sector to check promotional activities and curb smuggling in the segment as firms are trying to circumvent norms, an official said.

At present, FDI is prohibited in the manufacturing of cigars, cheroots, cigarillos and cigarettes of tobacco or its substitutes.

However, it is permitted in technology collaboration in any form, including licensing for franchise, trademark, brand name and management contracts in the tobacco sector.

"FDI in tobacco is prohibited, and there is a need to control the sectors' promotional activities also. By doing promotion of those products, some companies try to create a system where smuggling increases," the official said.

PTI



The Adani group's \$4 billion PVC project will mark its foray into the petrochemicals sector.

Adani's PVC project to launch by Dec '26

The Adani group will commission the first phase of a \$4 billion PVC project by December 2026, making its foray into the petrochemicals sector that is marked by a mismatch between domestic demand and supply, people aware about the matter said.

Polyvinyl chloride (PVC)—the third-most common synthetic plastic polymer made worldwide—is used to make products such as raincoats, shower curtains, window frames, pipes for indoor plumbing, medical equipment, wire and cable insulation, bottles, credit cards, and flooring.

India's annual PVC demand is about 4 million tonne but domestic production capacity is only about 1.5 million tonne, resulting in a supply-demand mismatch. With this disparity between domestic output and consumption expected to widen with an increase in consumption, Adani Group is looking to tap into the sector.

PTI

Comm Secy meets foreign ministers

Commerce Secretary Sunil Barthwal held bilateral meetings with Russian and UAE ministers to discuss bilateral trade issues for their early resolution, an official said on Sunday. Barthwal held these meetings on the sidelines of the 14th BRICS (Brazil, Russia, India, China and South Africa) trade ministers' meeting in Moscow on 26 July.

The secretary held bilateral meetings with the Russian minister for economic development Maxim Reshetnikov; member of the board (minister) of trade, Eurasian Economic Commission Andrey Slepnev; Russia's deputy minister of industry and trade Alexey Gruzdev; head of FSVPS (Federal Service for Veterinary and Phytosanitary Supervision) Sergei Dankvert of the Russian Federation.

In these meetings "bilateral trade issues were discussed in brief for their early resolution," the commerce ministry said.

PTI

Govt scraps auction of 3 mineral blocks

The government has scrapped the auction of three critical mineral blocks, including a lithium mine in Jammu and Kashmir, under the third tranche of sale of mines due to a lower-than-required number of bidders.

The auction is a part of the government's push towards cleaner alternatives and self-reliance in critical mineral supplies.

The three blocks are Salal-Haimna Lithium, Titanium and Bauxite (Aluminous Laterite) Block in Jammu and Kashmir, Muskaniya-Gareriatala-Barwari Potash block in Jharkhand and Kurunjakulam Graphite block in Tamil Nadu. The auction was annulled as the "required number of bids as per the mineral auction rules have not been received", according to a notice by the mines ministry.

The ministry, on 14 March, put on sale seven critical mineral blocks in the third round of auction. The blocks that received less than three bids in the first tranche were notified under this round.

PTI



External affairs minister S. Jaishankar with US secretary of State Antony Blinken in Tokyo.

PTI

Jaishankar holds talks with US Secy

External affairs minister S. Jaishankar on Sunday held "wide-ranging" talks with his American counterpart Antony Blinken against the backdrop of an unease in India-US ties following Prime Minister Narendra Modi's visit to Russia three weeks back.

Jaishankar and Blinken are in Tokyo to attend a meeting of foreign ministers of the four-nation grouping Quad or Quadrilateral coalition on Monday. The talks between the external affairs minister and the US secretary of state also came amid Washington consistently seeking accountability from New Delhi in the case relating to the alleged foiled plot to kill Sikh extremist Gurupatwant Singh Pannun in New York. It is not immediately clear whether Prime Minister Modi's visit to Russia and the murder-for-hire plot figured in the Jaishankar-Blinken talks.

In a post on 'X', Jaishankar said he and Blinken had a wide-ranging discussion on regional and global issues. "Great to catch up with @SecBlinken in Tokyo today," he said. "Our bilateral agenda progresses steadily. Also had a wide-ranging discussion on regional and global issues," Jaishankar added.

PTI



ARTIFICIAL INTELLIGENCE: STILL AHEAD OF ITS TIME?

Technology's most disruptive idea since the internet risks running out of steam

Shelley Singh

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NEW DELHI

On 24 July, the Nasdaq had its worst day in two years. Six of the 'magnificent seven' stocks—Apple, Microsoft, Nvidia, Alphabet, Amazon, Meta and Tesla—plunged, wiping out over \$1 trillion in investor wealth. The selloff in this elite group of high-performing tech stocks was triggered by concerns over how long it will take investments in artificial intelligence (AI) to pay off. Market watchers are worried that the AI frenzy to transform businesses and boost earnings might fizzle out. Unimpressive earnings from Tesla and Google owner Alphabet, only added to their woes. Others in the pack of seven are set to report their numbers in the coming weeks, keeping investors on edge.

Since AI's most popular offering, OpenAI's ChatGPT, debuted two years back and made esoteric AI tech accessible to the masses, there has been excitement over intelligent machines taking over mundane tasks or assisting humans in complex work. Geeks declared that costs would drop and productivity skyrocket, eventually leading to 'artificial general intelligence', when machines would run the world.

Huge sums were poured into companies focused on building AI solutions. In 2023, venture capital investments into Generative AI (a subset of AI to create text, images, video) startups totalled \$21.3 billion, growing three-fold from \$7.1 billion in 2022, according to consultancy EY. But AI is a cash guzzler—Microsoft, Meta and Alphabet invested \$32 billion in the first quarter of 2024 in AI development. The billions that were invested have been spent on expensive hardware, software, and power-hungry data centres, totting up Big Tech valuations, but without real benefits.

Enterprises, meanwhile, have been waiting on the sidelines for the most part. With little return on investment (RoI) expected in the foreseeable future, they have been hesitant to deploy or depend entirely on AI. They also have doubts about the accuracy of AI-generated results, aside from concerns over data privacy and governance.

So, while huge sums of money have been invested in AI, the rate of adoption has been slow, costs (of access) are very high, and the output is not reliable. For all the money that has been spent, AI should be able to solve complex tasks. But the only visible beneficiaries are the few big companies with a stake in AI, such as AI chipmaker Nvidia, which saw its market value jump by over \$2 trillion in under two years as investors picked the stock anticipating a disruptive change. But what happened on 24 July shows that investors are running out of patience.

INFLATED EXPECTATIONS

Last month, Wall Street investment bank Goldman Sachs released a 31-page report on AI, questioning its benefits. Titled 'GenAI: Too much spend, too little benefit' the report points out that AI's impact on productivity and economic returns may have been overestimated. Jim Covello, head of global equity research, Goldman Sachs, asked, "What \$1 trillion problem will AI solve?"

The venerable investment bank forecasts there will be expenditure of \$1 trillion over the next few years to develop AI infrastructure but casts doubts over returns or breakthrough applications. In fact, the report warns that if significant AI applications fail to materialize in the next 12-18 months, investor enthusiasm may wane.

The flow of funds is already thinning, particularly in early-stage AI ventures. While investments in AI startups surged in 2023, the first quarter of 2024 saw just \$3 billion invested globally, according to the EY report. The consultancy projects total global investment to be in the region of \$12 billion in 2024, a little over half the level in 2023.

"GenAI was crowned very quickly to be the best new thing to have happened since sliced bread," said Archana Jahagirdar, founder and managing partner, Rukam Capital, a Delhi-based early-stage investor which has backed three AI ventures—unScript.ai, Beatoven.ai and upliance.ai. "Now, there's a realization that GenAI tech is exciting, but monetizable use cases are yet to emerge."

Daron Acemoglu, institute professor at MIT, noted in the Goldman Sachs report

About a third of the artificial intelligence use cases in India are for intelligent assistants and chatbots. But users often find interactions with bots frustrating.

that "truly transformative changes won't happen quickly. Only a quarter of AI exposed tasks will be cost effective to automate in the next 10 years".

Indeed, technology research and consulting firm Gartner, which popularized the concept of the new-technology hype cycle, says that Generative AI has passed the peak of inflated expectations (marked by overenthusiasm and unrealistic projections) and is entering the trough of disillusionment.

POOR ROI

The ROI (return on investment) is not in tune with the high capex on AI. At the heart of GenAI is the ability to summarize, synthesize and create content. People are using ChatGPT, like they use Google search," said Arjun Rao, partner, Speciale Invest, a venture capital firm.

Comparisons with another disruptive technology, the internet, are inevitable. The internet impacted every area of work, business, the economy, and society with tangible benefits—banks could expand without opening branches, or online retail could reach anyone with-

out investing in physical stores. The internet led to the global IT services boom, as work could be sent online to tap affordable resources. This resulted in a \$250 billion industry in India employing nearly five million. The internet offered cost effective and efficient alternatives. In contrast, AI will likely be replacing low-wage jobs with expensive technologies and lack of reliability, as of now.

"Unless there is ROI, companies will not invest. But we believe every business will be an AI business in future. Voice assistants are improving, and can also analyze conversations at scale. We do see adoption going up," said Ganesh Gopalan, chief executive and co-founder, Gnani.ai. Set up by a group of former Texas Instruments engineers, Gnani.ai is a conversational AI platform backed by Samsung Ventures.

To be fair, technology disruptions are not easy and geeks tend to oversell ideas saying they will change the world. "A lot of people will lose money before they start making money," Nishit Garg, partner, RTP Global Asia, an early-stage venture capital firm, told Mint. "This happens with every disruption we have seen, in cloud, internet and e-commerce. AI is going to raise the intelligence level of every organization. But

before that happens it has to be affordable to use and error free." RTP Global has invested in a few AI-led ventures, in areas such as market automation and drug development.

The internet, cloud, smartphones went through that hype cycle of lofty promises but eventually did improve and changed the way we work. Proponents argue that it takes a lot of money to set up infrastructure. For instance, it took billions of dollars to set up mobile networks before calls could be made.

REPEATING HISTORY?

Back in 1905, Spanish-American philosopher George Santayana wrote: "Those who cannot remember the past are condemned to repeat it". Geeks fervently believe that the next big tech idea will change the world. But history shows that many of the tech ideas that lured investors and enterprises like moths to light were either ahead of their time or just plain wrong.

For instance, after companies poured billions into solving the Y2K problem, the dotcom bubble started taking shape. Fuelled by investments in internet-based companies in the late 1990s, the value of equity markets grew exponentially during the dotcom bubble, with the Nasdaq rising from under 1,000 to

more than 5,000 between 1995 and 2000. Everyone from autopsellers to the neighbourhood bakery were sold the idea that if they weren't online they were doomed.

By the end of 2001, reality set in—companies were online but there were no users. The Nasdaq composite stock market index, which had risen almost 800% in just a few years, crashed from its peak by October 2002, giving up all its gains as the bubble burst.

More recent examples are the metaverse and non fungible tokens (NFTs). The metaverse was a vision that people flock to the 3D virtual web via their avatars. Analysts projected that the market would be worth over \$1 trillion in a decade. NFTs started selling with eye-popping valuations. Both were swept away as AI mania took over and were clearly ahead of their time.

STILLEARLY DAYS

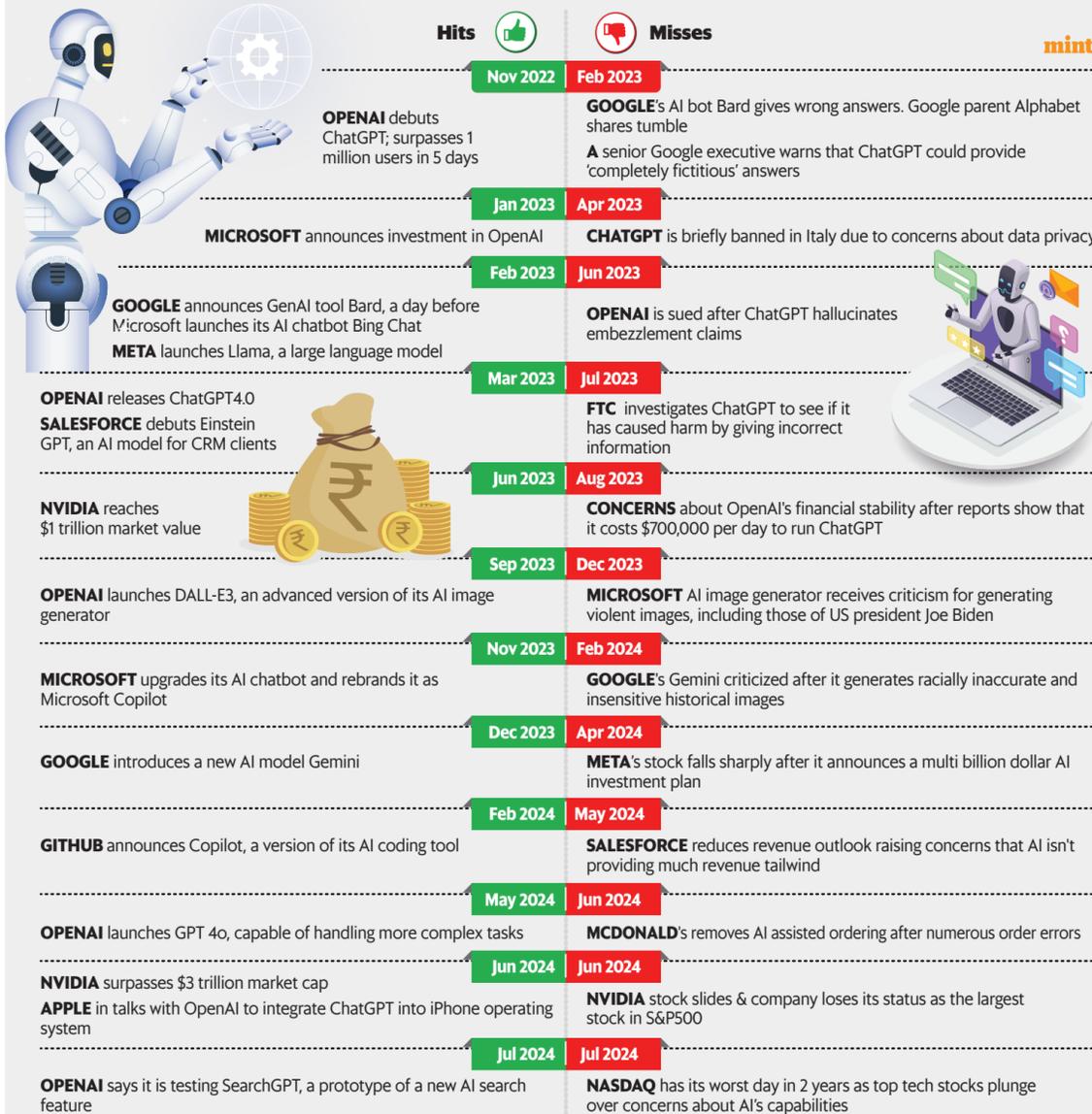
For all its niggles, AI is a more fundamental technology shift than the metaverse or NFTs. But if it was having a meaningful impact, more people, at

In 2023, Klarna partnered with OpenAI to develop a virtual assistant. This March, the fintech claimed it helped shrink its query resolution time from 11 minutes to just 2.

Tata Steel has partnered with an AI tech platform to use AI for green steel by reducing emissions. Indigo has introduced the AI chatbot 6Eskai to assist travellers. Ecommerce major Flipkart's knowledge assistant Flippi uses GenAI and LLMs to offer customized recommendations. Reliance Industries and Tata Group inked a strategic pact with Nvidia in September last

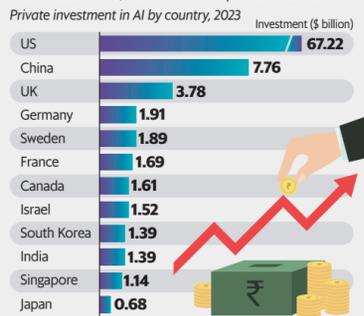
A BRIEF HISTORY OF AI

AI has taken the world by storm, but the technology is expensive to use and is not entirely reliable. We look at the significant developments.



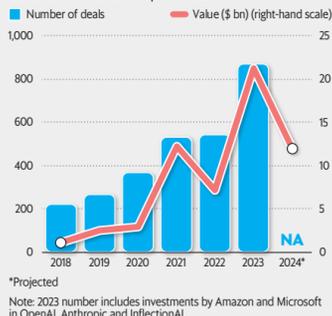
AI's pecking order

The US leads China, the UK and EU in private investments.



Big bucks

Generative AI venture capital investment.

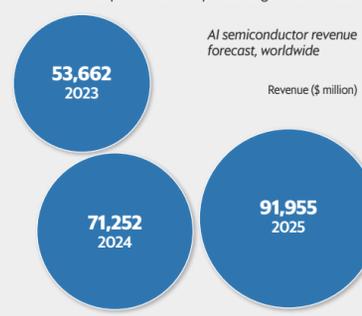


*Projected
Note: 2023 number includes investments by Amazon and Microsoft in OpenAI, Anthropic and InflectionAI.

Source: Goldman Sachs Global Investment Research and Mint research, Stanford University, 2024 AI Index report, Gartner (May 2024)

Soaring demand

Worldwide AI chips revenue is expected to grow 33% in 2024.



SARVESH KUMAR SHARMA/MINT

THE INDIA REALITY

India's ambition is to ... become one of the top three global economies in terms of GDP," Rajnil Malik, partner and GenAI go-to-market leader, PwC India, said. AI services will play a big role in this. ROI is not evident yet, but building blocks are being put in place. Platforms like Uber were using AI from day 1, but there was no ROI for long, he added.

According to EY, 66% of India's top 50 unicorns are already using AI. But only 15-20% of proof of concept AI projects (more like trials) by domestic enterprises have rolled out into production. However, among Global Capability Centres (GCCs), the back offices of global companies in India, the shift from PoC to roll out is around 40%. According to IT body Nasscom, there are around 1,600 GCCs in India and their numbers are growing.

About a third of the use cases in India are for intelligent assistants and chatbots. Another 25% relate to marketing automation enabled by text generation and other capabilities like test-to-images or text-to-videos.

Document intelligence is emerging as a key opportunity with around one-fifth of the use cases focusing on document summarization, enterprise knowledge management and search, according to EY.

Tata Steel has partnered with an AI tech platform to use AI for green steel by reducing emissions. Indigo has introduced the AI chatbot 6Eskai to assist travellers. Ecommerce major Flipkart's knowledge assistant Flippi uses GenAI and LLMs to offer customized recommendations. Reliance Industries and Tata Group inked a strategic pact with Nvidia in September last



How Budget 2024 is redefining international transaction norms

The tax-related amendments will benefit those investing in international stocks or remitting money under LRS

Jash Kriplani
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Several tax-related amendments proposed in the budget for 2024-25 are expected to benefit individuals handling international transactions, such as investing in international stock markets or remitting money outside India through the liberalised remittance scheme (LRS). The relaxations follow the Reserve Bank of India's decision to allow resident individuals to open foreign currency accounts at Gujarat International Finance Tec-City, or Gift City, for overseas investments and remittances under LRS. *Mint* explains the amendments in the budget.

Investing in international stocks
Until now, investing in international stocks attracted a long-term capital gains (LTCG) tax rate of 20% with indexation benefit—adjusting for inflation—if the stocks were held for more than 24 months.

While the holding period remains the same, the LTCG rate has been lowered to 12.5%, at par with the rate for domestic equity shares. "Overall, the simplified tax regime is expected to benefit international stock investing by making it more attractive for Indian investors, as lower LTCG rates and the elimination of indexation simplify tax calculations," said Viram Shah, co-founder and chief executive officer, Vested Finance, a platform for international investments. "This is a positive step for international investing, as it brings the LTCG rate of foreign stocks with that of the domestic stocks," Ashish Kashyap, chief executive officer and founder of INDMoney, which offers service for investing in US stocks, said.

However, certain other costs still apply to investing in overseas stocks,

Budget: Now sending money outside India gets easier

The relaxation in rules comes close on the heels of RBI's decision to allow foreign currency account in GIFT City for overseas investments and other remittances



Tax changes for international stocks

| | Pre-budget | | Post-budget | |
|----------------|----------------------|-----------------|----------------------|-----------------|
| | International stocks | Domestic stocks | International stocks | Domestic stocks |
| STCG | Slab rate | Slab rate | 20% | |
| LTCG | 20% with indexation | 12.50% | 12.50% | |
| Holding period | 24 months | 24 months | 12 months | |

Note: Gains upto ₹1.25 lakh tax-free in domestic stocks

Example

Mr Sharma buys Apple stock in USA | Mr Sharma buys Reliance Industries stock in India | After 24 months, gains in both taxed at 12.5%

Main Benefit:

▶ New LTCG rate of 12.5% at par with domestic equities

Other benefits for Indians investing abroad

- ▶ Taxpayer can adjust TCS* against salary
- ▶ Parent can claim TCS benefit if remittance in minor's name*
- ▶ RBI allowed Indians to open dollar accounts in GIFT City
- ▶ GIFT city retail funds and ETFs given parity with onshore funds
- ▶ Non-reporting of foreign assets upto ₹20 lakh not to attract Black Money Act penalties**

TCS: Tax collected at source
*TCS @20% on overseas remittance over ₹7 lakh in LRS
LTCG: Long-term capital gains; STCG: Short-term capital gains
LRS: Liberalized remittance scheme of RBI, which allows \$250,000 per individual per financial year
**Exception given to movable assets like Esops, social security schemes, acquired during overseas employment
*Provided there is clubbing of income with parent



including a foreign exchange fee of 1.5% one-way (and additional 1.5% for converting back into Indian rupees) and a brokerage fee of up to 0.2% of the trade value. These forex and brokerage fees (zero in some cases) can vary depending on the brokerage firm and prevailing exchange rates.

Remitting money overseas

Whether remitting money outside India for investing in stock markets or funding children's education, if the transaction value is over ₹7 lakh, a 20% tax is collected at source (TCS).

New rules announced in the budget allow employees to declare such TCS with their employer and get it adjusted in their salary income rather than waiting to claim a refund when filing income tax return (ITR). "This will be cash flow positive for the individual taxpayer who has salaried income," said Balwant Jain, a Mumbai-based tax and investment expert.

The budget eliminated another anomaly for claiming TCS. Now, the parent of a minor in whose name the money has been remitted will be able

to claim TCS. To ensure this new provision is not misused, it stated that the claims would only be allowed where the income of the minor is clubbed with that of the parent. The existing clubbing provisions of the I-T Act require clubbing of a minor's income with that of the parent's, whoever earns a higher income. "Remittances under LRS were allowed to get consolidated by using each family member's separate limit but one needs to ensure the transactions are compliant with the regulations," said Harshal

Bhuta, a partner at P.R. Bhuta & Co, at chartered accountancy firm.

Reporting foreign assets

The budget also eased the burden of reporting small foreign assets. This will benefit individuals working outside India and still have some small foreign assets. "Resident and ordinarily residents are required to report in tax return all movable and immovable assets held outside India. The Budget has provided some relief for taxpayers who may have inadvertently failed to report assets like Esop (employee stock options) and social security/pension accounts," said Sonu Iyer, tax partner and national leader, people advisory services, EY India.

"Under the current law, failure to report any foreign asset leads to penalty of ₹10 lakh. The budget proposes providing a waiver of the monetary penalty if the value of foreign movable assets missed from reporting, does not exceed ₹20 lakh. However, the prosecution proceedings that are concomitant with such penalties also need to be waived to ensure the full effect of the government's intent to decriminalize such non-reporting gets fully implemented," Iyer added.

The rationale behind revising the threshold is that the previous threshold for non-reporting of such assets was just ₹5 lakh, which was seen as very low and limited to assets held in bank accounts. On the other hand, the penalty for such violations was ₹10 lakh, which led to several cases in which the penalty amount was more than the asset value.



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AN ILLUSION OF TAX RELIEF: BUDGET'S TCS AMENDMENT

When the tax collected at source (TCS) rate was increased from 5% to 20% last year, there was an opposition to the amendment. One serious objection was that this would result in a cash flow blockage for taxpayers who went on foreign tours or remitted funds overseas under the liberalised remittance scheme (LRS). TCS credit would be collected at the time of payment or remittance and be available while filing the income tax return. If TCS was higher than net tax liability, as per the income tax return, then the taxpayer would get a refund of the TCS.

The problem is more acute for salaried taxpayers, where tax is deducted at source. For such taxpayers, it is only tax on other income that must be paid separately, and against which such TCS and TDS on the other income can be adjusted. The TCS credit can be absorbed only if tax payable on other income is higher than the TCS amount, in which case taxpayer reduces advance tax and self-assessment tax payments to factor in such TCS.

If TCS is higher than tax on other income, a refund claim must be made in ITR, and refund will be received. This requires funding of TCS in addition to foreign tour amount or amount of remittance for a period of around a year when the tax on other income is not adequate to absorb the TCS. Salaried taxpayers were therefore happy to hear the finance minister announce that credit of TCS is proposed to be given in TDS on salary. It would mean that cash flow problem gets resolved, as the employer would deduct lower TDS on salary to factor in TCS, and the employee would, therefore, get a higher net salary to the extent of the TCS.

Is this however the correct position and the end of the matter?

If one examines the nitty-gritty of the proposed amendment, it permits the taxpayer to provide details of TDS and TCS to his employer along with details of his other income. The employer

is required to take into consideration (along with salary) such other income, TDS on such other income, and TCS, and apply TDS on salaries accordingly.

The catch, however, lies in a proviso (exception) to this provision. It states that while doing so, TDS on salary can't be less than the TDS amount on salaries that would be deductible if other income and TDS on other income and

TCS has not been considered. In other words, TDS on salaries can not be reduced by such TDS and TCS, and can be adjusted against only the tax on income other than salaries. The employee is, therefore, not better off post-amendment. While he would earlier adjust such TCS against the advance tax and self-assessment tax on such other income, the adjustment will continue to be against the same tax, but only by the employer!

Consider a person with a taxable salary of ₹30 lakh, and other income of ₹1.5 lakh, on which there is TDS of ₹10,000. On the salary, his TDS would be about ₹5.75 lakh. If he has spent ₹5 lakh on a foreign tour, TCS of ₹1 lakh would also have been paid by him. Prior to the amendment, he would compute the tax payable on other income of ₹45,000 (excluding cess), and not pay advance tax of ₹35,000, which would otherwise be payable given that TCS of ₹1 lakh has already been paid by him. While filing ITR he would claim a refund on the excess TCS of ₹65,000.

Post-amendment, he has to declare other income of ₹1.5 lakh, TDS of ₹10,000, and TCS of ₹1 lakh to employer, who would continue to deduct TDS of ₹5.75 lakh on the salary. The employee will then file his ITR and claim a refund on the excess TCS. Effectively, no difference! This is another instance of an amendment with so-called benefit to taxpayers, but the effect of the provision is such that no real benefit flows to taxpayers at all. Taxpayers would sooner or later realise how they are being taken for a ride.

What purpose do such amendments serve other than making the law complicated? If this is a drafting mistake can one expect that the so-called benefit is implemented in reality by amending the budget proposal so that the TDS on salary can actually be reduced? This would be the true test of whether the government intended to provide a benefit or not.

Gautam Nayak is a partner at CNK & Associates LLP.

Tax clearance certificate only for high-value defaulters: Govt

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Following a social media outrage over a Budget proposal making it mandatory to get tax clearance certificates for going abroad, the government on Sunday clarified that the proposed amendment is not for all, and only those accused of financial irregularities or having substantial tax arrears need such clearance.

The finance ministry, in the Finance Bill, 2024, has proposed to add the reference of the Black Money Act, 2015, to

the list of Acts, under which any person should clear his liabilities to obtain the tax clearance certificate.

"The proposed amendment does not require all the residents to obtain the tax clearance certificate," the ministry said in a statement.

As per section 230 of the Income-tax Act, 1961, every person is not required to obtain a tax clearance certificate. Only in the case of certain persons, in respect of whom circumstances exist, which make it necessary to obtain a tax clearance certificate will be required to obtain



such a certificate. The ministry said that the Income Tax department through a 2004 notification has specified that the tax clearance certificate may be required to be

obtained by persons domiciled in India only in certain circumstances.

These include: where the person is involved in serious financial irregularities and his

presence is necessary in the investigation of cases under the Income-tax Act or the Wealth-tax Act and it is likely that a tax demand will be raised against him, or where the person has direct tax arrears exceeding ₹10 lakh outstanding against him, which have not been stayed by any authority.

The income tax department said that a person can be asked to obtain a tax clearance certificate only after recording the

reasons for the same and after taking approval from the principal chief commissioner of income-tax or from the chief commissioner of income-tax.

The income tax department said the provision is applicable for those with direct tax arrears of over ₹10 lakh

Such a certificate is required to be issued by the income tax authority, stating that such person has no liabilities under the Income Tax Act, 1961 or the Gift-tax Act, 1957, or the Expenditure-Tax Act, 1987, the ministry added.

What a car loan costs you

It is tempting to buy a new car, be it an upgrade, a first car or another car for the family. Whatever be the reason, a car loan makes the purchase easier. Car loans are usually of three to five years but some lenders may offer loans for up to seven years too. A loan for longer may mean smaller equated monthly instalments (EMIs), which makes the car seem more affordable, but overall, you pay more as interest. Don't forget that a car is a depreciating asset, so taking a bigger loan may not be the best thing to do. But if you take a car loan for a short duration, the EMIs will be heavy and non-payment will mean a blot on your credit report. Conditions apply to the loan amount also. For instance, some lenders give a loan for the full ex-showroom price of the car, while others may offer a loan up to 80%. Apart from the interest rate on a car loan, also take a look at the applicable processing fee and other charges.

Loan amount = ₹1 lakh. Tenure = 5 years

| Lender | Interest rate (%) | EMI (₹) | Processing fee |
|-----------------------|-------------------|-------------|--|
| IndusInd Bank | 8.00-18.00 | 2,028-2,539 | 3.00% |
| DCB Bank | 8.50-11.19 | 2,052-2,184 | 2% (Min ₹5,000) |
| UCO Bank | 8.60-10.05 | 2,056-2,127 | 0.50% (Max ₹5,000) + GST |
| Bank of Maharashtra | 8.70-13.00 | 2,061-2,275 | 0.25% (Min ₹1,000 and Max ₹15,000) |
| Canara Bank | 8.70-11.95 | 2,061-2,222 | 0.25% (Min ₹1,000 + GST and Max ₹5,000 + GST) |
| Central Bank of India | 8.70-10.15 | 2,061-2,132 | 0.50% + GST (Min ₹2,000 and Max ₹20,000) |
| Union Bank of India | 8.70-10.45 | 2,061-2,147 | ₹1,000 + GST |
| Indian Bank | 8.75-10.00 | 2,064-2,125 | Nil |
| Punjab National Bank | 8.75-9.60 | 2,064-2,105 | 0.25% (Min ₹1,000 and Max ₹1,500)* |
| Bank of India | 8.85-10.85 | 2,069-2,167 | 0.25% (Min ₹1,000 and Max ₹5,000) |
| IDBI Bank | 8.85-9.65 | 2,069-2,108 | Up to ₹2,500 |
| Indian Overseas Bank | 8.85-10.35 | 2,069-2,142 | As applicable |
| Punjab & Sind Bank | 8.85-10.25 | 2,069-2,137 | 0.25% (Min ₹1,000 and Max ₹15,000); Up to 50% concession |
| Karnataka Bank | 8.88-12.11 | 2,070-2,230 | 0.5% (Min ₹2,500 and Max ₹10,000) + tax |
| Nainital Bank | 8.90-12.50 | 2,071-2,250 | Not updated |

Banks that have not updated information on their websites are not included here. Data was taken from bank websites on 18 November 2021. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation, it may include other fees and charges. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure and as per bank's discretion. *Nil for Insta Vehicle Loan

PRANAY BHARDWAJ/MINT

Source: MyMoneyMantra.com

Is AI still ahead of its time?

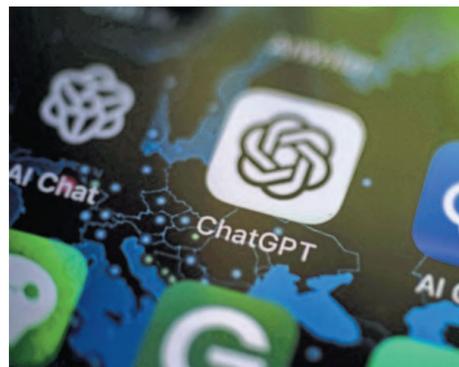
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year to develop India-focused AI powered supercomputers, cloud (for AI use cases) and GenAI applications. The government of India has also made a provision of ₹10,000 crore to procure computing power for AI projects.

Rao of Speciale Invest believes that in India, in sectors such as manufacturing, there may not be a blanket use of AI as it competes with relatively low labour costs. AI will be more cost effective in software development if it takes over some coding tasks, and decreases the need for additional manpower.

"There are productivity improvements," said Mahesh Makhija, partner and technology consulting leader, EY India. "But with errors, hallucinations (when an AI model generates misleading or incorrect results), and the risk of data thefts, security companies are cautious about using AI."

But Makhija is bullish on AI's long-term prospects. "Things will improve. The nature of work will change, like Excel sheets and PPTs decades back, collapsed business planning times from weeks to days. Further



Open AI's ChatGPT has around 180 million daily active users worldwide, but less than 5% pay to use it.

improvements will come with AI," he said.

THE HUMAN ELEMENT

An oft-cited example of AI success is Swedish fintech company Klarna. In 2023, Klarna partnered with OpenAI to develop a virtual assistant. This March, the fintech claimed its virtual agent helped shrink its query resolution time from 11 minutes to just two. The assistant does the work of 700 humans and Klarna expects to save \$40 million this year.

Virtual assistants and

chatbots are increasingly being used across enterprises to reduce the load (and save costs) on human contact centres and also improve what they can do (though this is mostly restricted to answering FAQs). But users often find the experience frustrating and want a human to solve their problems.

In the US, a Gartner survey of 5,728 customers, conducted in December 2023, underlined that people remain concerned about the use of AI in the customer service function. Of those sur-

veyed, 64% said they would prefer that companies didn't use AI in customer service. In addition, 53% of the customers surveyed stated that they would consider switching to a competitor if they found a company was going to use AI for customer service. The top concern? It will get more difficult to reach a human agent. Other concerns include AI displacing jobs and AI providing wrong answers.

"Once customers exhaust self-service options, they're ready to reach out to a person. Many customers fear that GenAI will simply become another obstacle between them and an agent," Keith McIntosh, senior principal, research, Gartner customer service and support practice, said in a media release earlier this month.

For AI to take off, its proponents will have to address high costs, build killer apps, and generate correct, error-free output for institutions and people. If this disruptive force is to become as ubiquitous as the internet is today, it has to show trustworthy results. Else it runs the risk of a further erosion in value as stakeholders grow impatient.

OUR VIEW



Beijing's dragon breath mustn't scorch factories

As Chinese exports threaten production elsewhere and face Western barriers, India should invite FDI from China as part of its plus-one strategy—but only with due safeguards in place

The Chinese word 'ma' can mean mother, horse, hemp or scold, depending on how it is said. Tone and nuance are equally vital when it comes to welcoming foreign direct investment (FDI) from China. This is what the *Economic Survey* has to say: "India faces two choices to benefit from a China plus one strategy: it can integrate into China's supply chain or promote FDI from China." Of these, "focusing on FDI from China seems more promising..." This needs to be qualified on multiple counts. China is not just another economy. It is a neighbour with which India has fought a war and whose hostile intent occasionally finds articulation as skirmishes with Indian soldiers along the Line of Actual Control and diplomatic pressure on other neighbours to disadvantage India. Another relevant aspect is that China has been identified by the US as its strategic rival, whose rise is seen to threaten the stability of the world over which the US presides. A third point is that China is the world's great big factory and its second-largest economy, thanks essentially to an industrial policy that funnels subsidies to the tune of 1.8% of GDP into sectors of industry that the Chinese Communist Party has earmarked for global dominance.

Hostility must be fended off with our own strength and deft diplomacy to leverage the fact that India is the only country in the Indo-Pacific with the heft to counterbalance China. It also means that allowing Chinese entry into sensitive sectors, such as telecom networks, could compromise national security. China's strategic rivalry with the US exposes Chinese output in some categories—whether exported directly from China or via third countries—to potential American or Western sanctions. This could

even apply to shipments with large Chinese inputs. Thus, it would be best for India to avoid letting investment from China into advanced sectors. Beijing's industrial policy results in cost-crushing scale economies, subsidized competitive efficiency and giant overcapacity in relation to local demand, and this poses the threat of replacing local production with cheap imports from China in much of the world. Since Beijing's opaque subsidies make Chinese production costs hard to estimate, it isn't always easy to identify its export game as 'dumping,' which is a violation of trade rules, but it clearly squeezes investment in factories elsewhere.

China's policy has lessons for developing countries, though. Access to its large and fast-growing domestic market, for example, was used by Beijing to 'persuade' foreign companies to transfer technology in strategic sectors. This led academics to coin the term 'forced technology transfer.' While we should unconditionally welcome investment proposals from China in sectors like consumer goods and light machinery, we could insist on joint ventures (JVs) with local partners in fields where Indian players lack know-how. This would replicate the tech diffusion seen in the auto sector, thanks to JVs with Japanese and Korean carmakers. Within sub-sectors that overlap with sectors that involve strategic capabilities, FDI could be strictly regulated in terms of ownership caps, management control and monitoring of local value addition. Broadly, India should welcome FDI from China, as the *Economic Survey* says, but only armed with sufficient policy safeguards and regulatory oversight. In short, we must use a whip alongside the training manual. This may or may not be a 'game of thrones,' but there is no such thing as a friendly dragon.

ISTOCKPHOTO

MY VIEW | THE INTERSECTION

Our focus on the Constitution is edifying but we must not deify it

It's a social contract for Indians and should neither be identified with any policy nor held as 'holy'



NITIN PAI is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

It was edifying to see the Indian Constitution occupy centre-stage during some phases of this year's general election. Indian republicans—those who believe in upholding constitutional values and behaviours—have long been a beleaguered lot. We have watched in impotent horror as both the left and the right have used the brute force of populism to ignore or circumvent constitutional norms. We have seen rulings of the Supreme Court that appear to side a little too readily with what is popular over what is constitutional. We have been derided in some of the public discourse as being impractical, "like street dogs barking at passing cars." It was, therefore, a delight to see opposition politicians waving the pocketbook edition of the Constitution and the government responding by announcing the celebration of its 75th anniversary on a grand scale.

I am happy that Indian politics has rediscovered the Constitution. Yet, I have been concerned about some of the motivations behind the newfound enthusiasm. In some places at least, the Constitution was conflated with India's policy of reservations and people voted to preserve it. Now there is nothing wrong in voting for reservations. It is the equation of the Constitution with a specific policy—in this case education and job quotas—that ought to worry us. Social justice is one of the first objec-

tives of the Indian republic, but a reservation policy is just one of several possible ways to achieve it. It is not hard-coded in the document. Indeed, if there are better ways to achieve social justice, then both constitutional and conventional morality require us to adopt them. The danger of equating reservations with the Constitution is that we will let that single policy hijack the entire enterprise. Then those who are opposed to reservations will needlessly become opponents of the Constitution.

When asked in 1949 why 'socialism' was not written into the Constitution, B.R. Ambedkar replied that it would be unwise to commit future generations to a particular policy, however desirable it might seem at the time. The same goes for reservations.

It is not just possible, we are actually enjoined to think of improving how we achieve the goals set out in the Constitution. The road to social justice does not end at quotas. As much as we celebrate the rekindling of political interest in the republic's founding statute, we must be very careful not to devalue it by identifying with narrow causes and policies.

Citizens of a democratic republic should also be concerned when the Constitution is claimed to be a 'holy book.' It is not holy. It is clearly not the immutable word of supernatural providence. It is, in fact, a social contract framed by humans. As I have written elsewhere, "Instead of centralising power in an almighty God, it divides power among fallible humans. The Constitution is, ultimately, a product of reason and a framework for us to conduct our affairs using reason."

It is amendable by popular consent. In interpreting it, we must be sensitive to what the framers intended, to present realities and precedents for the future. We must respect it, but it is unnecessary to attach holiness to a book in order to do so.

The risk of deifying or sanctifying a book is that it becomes possible to wor-

ship it while ignoring its content. Indian society has successfully raised the Buddha, Rabindranath Tagore, M.K. Gandhi and Ambedkar onto pedestals while forgetting the principles they advocated. The Buddha, it is often forgotten and records show, had a non-theistic religious persuasion. Tagore is included in the nationalist pantheon despite his rejection of the idea. Gandhi is frequently a statue, road or a pretext for prohibition. Ambedkar, who warned against hero worship, seems to be worshipped as a statue even as his ideas on constitutionalism and building a casteless society are ignored. We must not allow the Constitution to go the same way. In any case, a holy book for a secular state is a contradiction in terms.

Similarly, as the Chief Justice of India warned earlier this month, "There is a very grave danger when people say that the court is a temple of justice. It is a grave danger that we perceive ourselves as the deities in those temples." The judge is a public servant bound by constitutional morality. We can stick with the convention of addressing judges as 'My Lord' or 'My Lady,' and accord them due respect, but without deifying the humans occupying a very human seat.

We should therefore neither diminish the Constitution nor worship it. More than book-thumping or worship, constitutionalism is about day-to-day conduct. The profound declaration "Dharma rakshati rakshitaah" (dharma protects those who protect it) enjoins everyone to act according to constitutional values and norms. Remember Ambedkar's words: "The first thing... we must do is to hold fast to constitutional methods of achieving our social and economic objectives." We have to do a lot better in this respect.

Tailpiece: The pocket edition of the Constitution of India is beautifully produced and I recommend that you buy one for yourself. It also makes a great gift. Its resemblance to a holy book is entirely coincidental.

10 YEARS AGO



JUST A THOUGHT

In the international arena, national power is a direct result of economic might.

ARTHUR R. KROEBER

MY VIEW | MODERN TIMES

Kamala Harris inspires us but don't ask us to explain

MANU JOSEPH



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

Among the leading causes of human absurdity is people identifying with the famous just because they have one thing in common. As we will see in the coming days when Kamala Harris intensifies her campaign to become the next American president. Three kinds of people will extol her because they would misunderstand her as a beacon of hope and pride. The most obvious would be Indians who would celebrate once again the notion that she is of 'Indian origin' because her mother was from Tamil Nadu. The celebration of foreigners of 'Indian origin' is among the silliest things Indians do. It is as though the Indian links of successful foreigners somehow demonstrates that Indians have respectable genes.

But there is a more erroneous idea that Harris inspires and it is more sophisticated than the absurd pride of Indians in foreigners who look a bit like them. There is a broad consensus in America that the Indian community succeeds in America because of something that Indians do in an Indian way,

something abstractly but innately Indian. Americans of 'Indian origin' like this view. They use their general success to subtly and bluntly admonish African-Americans and other communities and tell them that the secret of success in America is very simply valiant human virtues. This is nonsense. Indians appear to do well compared to other communities because the first wave of Indian migrants were the social and economic upper class back home. They were the Caucasians of their native lands. In fact, they could migrate to the US precisely because they were a part of the elite. It was an extension of their privileges. In fact, by virtue of being born in the right homes, they had a head-start not only against most Indians, but also most Americans. This is what they never tell African-Americans.

Some Indians in America may point out that they emerged from what they claim are "humble backgrounds." For instance, the CEO of Alphabet, which owns Google, Sundar Pichai has said, "My father spent the equivalent of a year's salary on my plane ticket to the US so I could attend Stanford. It was my first time ever on a plane. Without all that, I wouldn't be here today." This, in fact, shows that he probably belonged to the top 1% of Indians at the time. Around the time

Pichai took his first flight, Indians were so poor that if a man's yearly salary was as much as a plane ticket to the US, he was in a position to favour his children in ways a majority of Indians could not. And that head-start is not a trivial thing.

The mother of Kamala Harris, Shyamala, too, though not royalty, was a beneficiary of belonging to the upper class in a poor country—a fortune that helped her migrate, legally.

When Donald Trump was president, he opened a broadside against migrants in America. His concern was entirely the poor among migrants. His actions created a moral counterforce, and influential people of 'Indian origin,' including Kamala Harris, spoke against his policies. They gave the impression that migrants were a single collective block of an identical class. But in reality, they had more in common with privileged Americans than the poor migrants who smuggle themselves into America.

The third group of people who may see a

bit too much in Harris are women. But then, the success of Kamala Harris is not an indicator that the time has come for women to have a fair chance at success. She is a sign of something more pedestrian, which is that upper-class women have greater opportunities today to trounce upper-class men. The fact that women identify with her because she is a woman will make no difference in a world where the odds are stacked against most women.

Her success isn't about women getting a fair chance but upper-class women beating upper-class men

A few hours before I began writing this column, during the filming of the Olympic torch relay, Salma Hayek did a good cartwheel. She did it exactly like the little girls in my park. She is 57. And that may have brought a flutter to the hearts of many 57-year-olds, even though they can barely run up a flight of steps and they know they are never going to do a cartwheel in their lives. Hayek demonstrates that there are things you can do at 57 if you live the right way. But that is not going to happen to most people. They felt a flutter because they iden-

tified with her age, that is all. There is something human about identifying with someone in a similar circumstance. It is human, but also absurd. The fact that Salma Hayek can do something at 57 portends absolutely nothing for millions of 57-year-olds in the world. Similarly, what some fortunate women like Kamala Harris can do portends nothing for most women in the world. Unlucky women have more in common with unlucky men.

A more meaningful inspiration for women across the world are female athletes from nations like India, where they face enormous odds in their formative years. They are jeered at by their families, communities and even coaches. India gives them almost nothing; India is in fact their adversity. Yet, they are so innately talented that they triumph.

I wish I could say that the lesson here is that if you are a very talented girl in an objective field, even India cannot stop you. But the real lesson, instead, is that for the poor to triumph, first the field should be beyond the interest or capabilities of the upper class, like sports. And second, men should not be in the fray. That would make the conditions ripe for true social justice to occur. Otherwise, it is just the 98th percentile beating the 99th, and calling it storming the bastion.



THEIR VIEW

MINT CURATOR

The Trump-Vance candidacy will seriously affect the global order

They've infused US politics with an isolationist streak. It's a warning to a world that depends heavily on America for security



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Even as the US Democratic Party works to secure a formal nomination for Kamala Harris after President Joe Biden's decision to bow out of the electoral process, the Republican National Convention earlier this month put its stamp on former president Donald Trump's candidacy for the White House. Trump also announced the junior senator from Ohio since 2023, J.D. Vance, as his running mate. Vance had been a strong critic of Trump in the past, calling him "America's Hitler" and a "moral disaster." He had been categorical in his public assessment of Trump as a "total fraud" who didn't care about regular people and had even called him "reprehensible."

But that was then. After the assassination attempt against Trump, Vance placed the blame directly on Biden and had tweeted: "The central premise of the Biden campaign is that president Donald Trump is an authoritarian fascist who must be stopped at all costs. That rhetoric led directly to president Trump's attempted assassination." At the convention, he was all praises for Trump, arguing that Trump had "given everything he has to fight for his country" and that "he didn't need politics but the country needed him."

More strikingly, he also laid out a vision of a Trump-Vance foreign policy that is striking in the way it positions the Republican external engagement far away from the traditional centre ground of American politics. Both Trump and Vance have articulated a foreign policy landscape that is causing ripples across the world.

The most significant aspect of a Trump-Vance foreign policy is likely to be an even closer scrutiny of China. The duo has repeatedly underlined, with some justification, that policies pursued by Washington over the past few decades have resulted in the US market being "flooded with cheap Chinese goods, with cheap foreign labour," and in the decades to come, inflows of "deadly Chinese fentanyl" could worsen.

In his four years in office, Trump succeeded in re-configuring the contours of American policy toward Beijing despite his occasional displays of a liking for China's leader Xi Jinping. It resulted in a tech and trade war with China, but more significantly forced the world to recognize the costs of allowing China to grow at the expense of others. A broader Western re-appraisal followed, leading to a rapid shift in the global consensus.

Trump's successor Joe Biden also agreed with the Trump assessment, and, after initial criticism, ended up not only keeping but expanding the US tariffs placed on a range of Chinese goods. For the Biden administration, the centrality of China in the US foreign policy matrix cannot be overestimated, though the security architecture it has tried to create is in partnership with allies.

Yet, Trump remains relentless in his targeting of China, suggesting in one of his recent interviews that he would not be averse to raising tariffs to around 50% on Chinese products as this would encourage American companies to shift from China and manufacture in the US. With Trump appearing to inch closer to the White House, Beijing's concerns are evident and it has been underlining that it remains "opposed to making China an issue in US elections."

But tensions in Trump's China policy are also evident. Where Biden has been steadfast in his support for Taiwan, Trump has argued that Taiwan "should pay [the US] for defence," and has also suggested that the US would struggle to defend the island because of distance, saying "Taiwan is 9,500 miles away. It's 68 miles away from China." At the same time, Vance, Trump's vice-presidential candidate has suggested that the supply of weapons to Ukraine by the US could prevent its ability to support Taiwan in the event of an attack by China.

The broader logic of the Trump-Vance position flows from the argument that ending the war in Ukraine is important in order for the US to focus its energies on China, which is the real threat. Vance has been very critical of US aid to Ukraine and has pushed for negotiations with Russia, going to the extent of saying that "I don't really care what happens to Ukraine one way or another."

Both Trump and Vance have been targeting

Europe for not spending enough on defence. At the convention, Vance couldn't have been clearer: "Together, we will make sure our allies share in the burden of securing world peace. No more free rides for nations that betray the generosity of the American taxpayer."

This transactional approach to partnerships is going to drive the Trump-Vance foreign policy in ways that remain as unpredictable as disconcerting to some. In his speech, Vance tried to clarify that he did not believe the US should pull out of the North Atlantic Treaty Organization (Nato) or "abandon Europe," but that Washington should "pivot" toward Asia. "The United States has to focus more on East Asia," he said. "That is going to be the future of American foreign policy for the next 40 years, and Europe has to wake up to that fact."

There is a lot of merit in this assessment, but it also requires a more coherent and holistic approach than what is on offer at the moment from the Trump-Vance ticket.

The isolationist streak now dominating American body politic is a warning to the rest of the world that has become far too dependent on the US as the key guarantor of global security. Even if Trump doesn't win a second term in the White House, his candidacy is reflective of deeper trends that are shaping American politics today and will have a great bearing on the complexion of the global order in the future.

Chinese 'Chat XiPT' bots are burdened by socialist training

Beijing's effort to make AI bots spout its own ideology is misguided



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Beijing's push for socialist chatbots could set it back in the global AI race. ISTOCKPHOTO

Beijing's rigorous push for chatbots with core socialist values is the latest roadblock in its effort to catch up with the US in a race for artificial intelligence (AI) supremacy. It's also a timely reminder for the world that a chatbot cannot have its own political beliefs, the same way it cannot make human decisions.

It's easy for finger-wagging Western observers to jump on recent reporting that China is forcing companies to undergo intensive political tests as more evidence that AI development will be knee-capped by the government's censorship regime. The arduous process adds a painstaking layer of work for tech firms, and restricting the freedom to experiment can impede innovation. The difficulty of creating AI models infused with specific values will likely hurt China's efforts to create chatbots as sophisticated as those in the US in the short term. But it also exposes a broader misunderstanding around the realities of AI, despite a global arms race and a mountain of industry hype propelling its growth.

Since the launch of OpenAI's ChatGPT in late 2022 kicked off a global generative AI frenzy, there has been a tendency from the US to China to anthropomorphize this emerging technology. But treating AI models like humans, and expecting them to act that way, is a dangerous path to forge for a technology still in its infancy. China's misguided approach should serve as a wake-up call.

Beijing's AI ambitions are already under severe threat from all-out US efforts to bar access to advanced semiconductors and chip-making equipment. But Chinese internet regulators are also trying to impose political restrictions on the outputs from homegrown AI models, ensuring their responses don't go against Communist Party ideals or speak ill of leaders like Xi Jinping. Companies are restricting certain phrases in the training data, which can limit overall performance and the ability to spit out accurate responses.

Moreover, Chinese AI developers are already at a disadvantage. There is far more English-language text online than Chinese that can be used for training data, not even counting what is already cut off by the Great Firewall. The black box nature of large-language models also makes censoring outputs inherently challenging. Some Chinese AI companies are now building a separate layer onto their chatbots to replace problematic responses in real time.

But it would be unwise to dismiss all this as simply restricting its tech prowess in the long run. Beijing wants to be the global AI

leader by 2030, and is throwing the entire might of the state and private sector behind this effort. The government reiterated its commitment to develop the high-tech industry during its recent Third Plenum. And in racing to create AI their own way, Chinese developers are also forced to approach LLMs in novel ways. Their research could potentially sharpen AI tools for harder tasks that they have traditionally struggled with.

Tech companies in the US have spent years trying to control the output of AI models and ensure they don't hallucinate or spew offensive responses—or, in the case of Elon Musk, ensure responses are not too "woke." Many tech giants are still figuring out how to implement and control these types of guard rails.

Earlier this year, Alphabet Inc's Google paused its AI image generator after it created historically inaccurate depictions of people of colour in place of Caucasian folks. An early Microsoft AI chatbot dubbed Tay was infamously shut down in 2016 after it was exploited on Twitter and started spitting out racist and hateful comments. Because AI models are trained on gargantuan amounts of text scraped from the internet, their responses risk perpetuating the racism, sexism and myriad other dark features baked into discourse there.

Companies like OpenAI have since made great strides in reducing inaccuracies, limiting biases and improving the overall output of chatbots—but these tools are still just machines trained on the work of humans. They can be re-engineered and tinkered with, or programmed not to use racial slurs or talk politics, but it's impossible for them to grasp morals or form their own political ideologies.

China's push to ensure chatbots toe the party line may be more extreme than the restrictions US companies are imposing on their AI tools. But these efforts from different sides of the globe reveal a profound misunderstanding of how we should collectively approach AI. The world is pouring vast swaths of money and immense amounts of energy into creating conversational chatbots. Instead of trying to assign human values to bots and use more resources to make them sound more human, we should start asking how they can be used to help humans. ©BLOOMBERG

MY VIEW | GENERAL DISEQUILIBRIUM

This budget has a devil in its implementation details

RAJRISHI SINGHAL



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There was a time when the finance secretary would address journalists the morning after the budget (which was presented at 5pm then) and was repeatedly asked to guess the likely impact of the budget on inflation. This was the era of deficit financing and demand-side stimulus. The latest budget presented by finance minister Nirmala Sitharaman strives for fiscal consolidation while making a slight pivot to demand generation. It, therefore, begs a different set of questions: how will some of the ambitious budget measures be implemented and whether the budget's solutions avoid getting to the root of the problem.

The FM's budget, while pushing the continuity narrative, is also a response to the 4 June poll outcome, in which the ruling Bharatiya Janata Party (BJP) suffered an unexpected jolt and had to rely on coalition partners to reach the majority mark in Parliament. The BJP's electoral setback was attributed, somewhat intuitively, to rural distress, stagnant real wages and large-scale

unemployment. The FM's budget tries to address some of these core problems.

Unfortunately, the details are where the devil resides.

The FM has tried to address the unemployment problem with a multi-pronged scheme that has a time horizon of one to five years and entails employment-linked incentives accruing to both employees and employers. The umbrella scheme, with an outlay of ₹2 trillion and expected to benefit over 40 million job aspirants, has been designed to nudge and incentivize industry into hiring more labour. This is also the government's way of acknowledging that unemployment is a problem that demands a policy response.

The first scheme envisages payment of one month's wage, capped at ₹15,000, over three instalments to a first-time employee. This subsidy, by reducing wage costs, hopes to shift employer preferences to labour over capital. But there's another catch: employees will get the second instalment only after completing an online financial literacy course. There is no clarity on which course: will it be an existing one, like the one offered by the National Institute of Securities Markets (NISM), or will a new course be developed? It is also unclear who will develop and roll it out. The NISM course is conducted

entirely in English and could be a barrier for many entry-level employees. Then, the onus placed on employers to deter staff turnover—they have to refund the subsidy if an employee leaves before 12 months—is likely to act as a disincentive, even if it is designed to discourage firms from gaming the system.

There are other implementation issues. Success will depend on how the bureaucracy designs the scheme's nuts-and-bolts, rolls it out and monitors its micro-level performance, which includes, among other things, on-boarding companies and tracking subsidy payments. On the flip side, it will increase the compliance burden for many companies, with their human resources departments forced to liaise with government departments, apart from having to submit to audits and scrutiny. 'Smooth' is not the word that comes to mind while envisioning how it will work.

Apart from execution issues, a broader question needs to be asked: whether unemployment in India is a structural issue or if

this kind of a scheme is enough to sort out the problem. The government's budgetary response might achieve limited success in the short term, but there is no certainty that it can deal with the larger problem of stagnant aggregate demand and hesitant corporate investment. The scheme has a medium-term tenure and only time will tell how it fares.

Its MSME and employment measures skirt the main issue and it opts for sub-optimal solutions

Even the strategy adopted for dealing with MSME stress misses the woods for the trees: it doesn't try to get to the root of the problem. A new mechanism mandates banks to keep supplying credit even to MSME units displaying repayment stress, with a guarantee from a government-run fund supporting credit availability. Apart from implementation issues over guarantee issuance, this is likely to generate an entirely new category of disguised bad loans, adding to the fog that envelops the 2021 scheme of a pre-packaged insolvency resolution process which took resolution outside the formal platform. Apart from adding to financial

instability, the scheme could have a major unintended consequence: banks might become MSME averse.

Most MSMEs in India are tied umbilically to large corporations as suppliers. It is common knowledge that large companies routinely delay supplier payments to reduce working capital costs. Ideally, the budget should have tried addressing the lax payment culture in large organizations. The attempt to use market-driven platforms, such as the Trade Receivables Discounting System, certainly helps. But it not only excludes many smaller MSMEs, privacy concerns have also forced many large firms to settle invoices outside the system.

It is not known whether finance ministry officials still field numerous questions about the budget's inflationary impact. But the budget, or fiscal policy, does have an impact on monetary policy. A lot will depend on whether the funds allocated for food security can counterbalance the budget's demand-generating measures and whether the eventual outcome will be softer consumer prices. The Reserve Bank of India's dance steps will now be observed closely, both on MSME-related financial stability issues and how it responds to the budget's inflationary impact.



EXTRACT

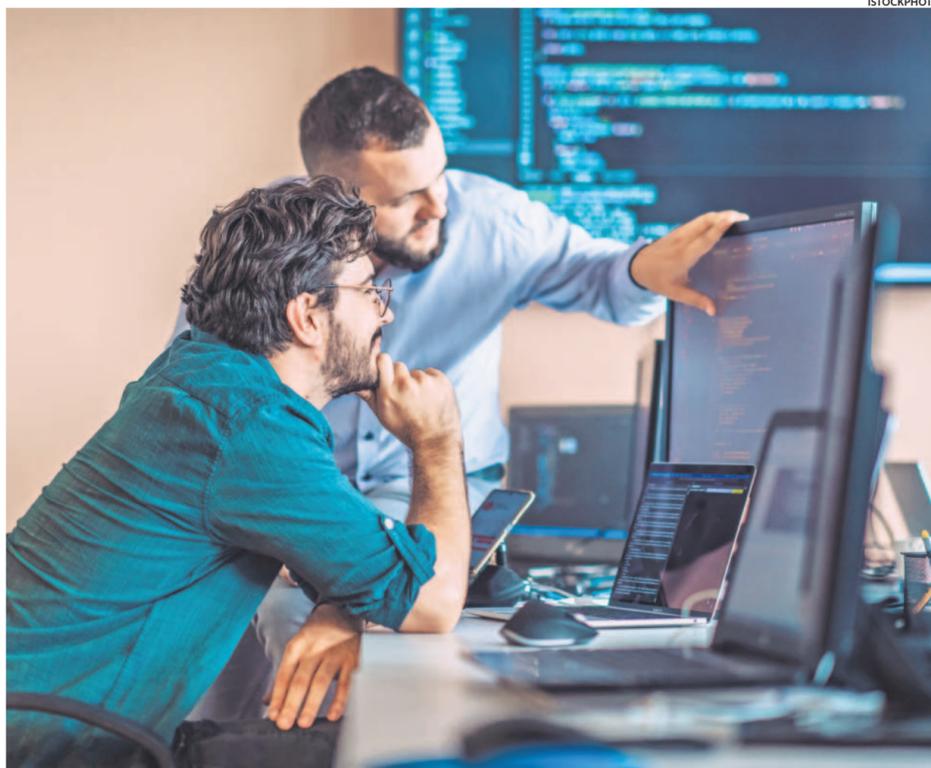
AI does not mean a loss of jobs

AI and humans can work together for a mutually beneficial relationship, but leaders need to be more invested

David De Cremer

The threat of automation on labor is nothing new. Humans have a long history of new technologies that disrupt our workflows by automating tasks, from the printing press in 1439 to public access to the internet in 1993. Today, we have available an intelligent technology that can bring down both the costs of labor and the threats of irrational (human) work behavior that deviates from streamlined operational processes. This time, the threat of automation is significantly different because the self-learning abilities of AI allow it to imitate and sometimes even overshadow humans' cognitive abilities....

For many of my executive students, the advancements in the field of AI are mind-blowing and seem to make it difficult for them to come up with arguments on why they should be careful when adopting this tool. Their focus is entirely on the financial benefits that AI brings with it, ignoring the importance—and in the long term, maybe even the existence—of their own humanity. They often remark that, given the potential of AI to create value for businesses and to contribute more to economic growth than any other worker could do, they, as business leaders, have no choice but to pursue automation strategies single-mindedly. From a short-term perspective, this reasoning seems to make sense. Indeed, companies seeing automation as a priority will report some performance gains. But the crux of this story is that the contribution of automation to the business growth of the organization will eventually slow down and sometimes even work against them. Automation only is at best a short-term solution that in the



ISTOCKPHOTO

long term will stall your organization....

The reality of automation strategies is that people's jobs get fragmented.... Because of job fragmentation, employees easily fall into lower-paid jobs. In part, this development stems from the well-explored phenomenon of job polarization. Because of the inherent limitations in developing and deploying AI, it is typically too expensive and difficult to automate low-wage manual work (e.g., it is often cheaper and more efficient to hire a cleaner than it is to deploy a cleaning robot). On the other hand, it is too expensive and difficult to automate high-paid creative and strategic work. This leaves a middle segment of jobs—routine adminis-

trative, bureaucratic office work—as the main target for automation. And when such workers are displaced, they cannot immediately upskill to take on higher-paid work. As a result, they end up falling to low-wage and low-status work, positions that further exacerbate inequality....

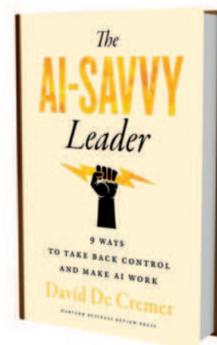
So, as an AI-savvy leader, you need to be acutely aware that AI efforts focusing only on automation will quickly bring ethical and fairness risks. Your automa-

tion efforts can exacerbate job polarization and increase socioeconomic inequality, which can beget unrest, instabil-

Automation efforts can exacerbate job polarization and increase socioeconomic inequality, leading to instability

ity, and other volatility, even violence. In turn, these responses to inequality will threaten your organization, which has become less human and therefore less capable of adjusting to volatility.

The way you can combat the negative consequences of too much automation is through long-term investments in build-



The AI-Savvy Leader: 9 Ways To Take Back Control and Make AI Work
—By David De Cremer;
Harvard Business Review Press, 224 pages, ₹1,399.

ing out the human functions in your organization.

Committing to augmentation requires serious investments, as the new jobs will need to have enriched job content and added cognitive responsibilities for employees to learn and grow to become a better version of themselves. In these new jobs, where AI and humans will work together, your employees will need to acquire the necessary skills to help them get used to having a smart machine as a coworker.

What you want most is for your employees to get better at one key ability that humans develop early on in life and that companies benefit the most from: creativity.

In the creative process, the human identifies a problem, which will serve as input to the generation process that is driven by AI, and the generated output is then interpreted, corrected, and employed by the human. A human is thus needed to start and finish the creativity process, whereas AI drives the generation process involving the hard labor of bringing all information together. To take the best advantage of AI, you need to avoid buying into automation as your priority and instead focus on real augmentation. To achieve that outcome,

you need to make the following two important decisions.

Push down the tech investment and push up the job enrichment investment in your AI budget: At a lunch meeting to catch up with the CEO of a company that I worked with, he told me that although he was not a tech expert, he felt that something was wrong with the company's recent AI adoption project. How so? I asked. "Well," he said, "I see all these fancy algorithms being developed and implemented, but when looking at the numbers, I don't see much improvement in how our teams perform."

I asked how much of the budget was still available after investments in the tech were made. He could, I suggested, use that part of the budget to fund training sessions for the new jobs that he was probably creating. He looked at me with a somewhat guilty face and said, "What new jobs exactly are you referring to? And no, most of our budget is already spent."

It's a typical response that I have heard when discussing companies' AI adoption projects. As many change consultants will tell you, when organizations start their AI adoption project, they usually spend up to 90 percent of their budget on the technology itself. The consequence is that little money is left to put AI to work in collaboration with the workforce.

This outcome is both regretful and counterproductive. It will undermine the likelihood of your AI adoption project's success. If, by now, you have gained good business insight on AI, you know that it's your obligation to invest more—more time, more money—in creating better, more-human-focused jobs for your workers, both because it's the right thing to do and because the long-term costs of not doing it are significant. The most successful companies are those that invest heavily in their people when the AI adoption project starts.

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