

Tuesday, August 20, 2024

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Cognizant case: US wants L&T chief, 4 others to depose ▶P1



Taxman steps in to slow raft of notices ▶P1



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Think Ahead. Think Growth.

mint primer

What is NPCI's game plan for the BHIM app?

BY GOPIKA GOPAKUMAR

Last week, the National Payments Council of India (NPCI) announced it was hiving off Bharat Interface for Money (BHIM), a payment app based on UPI, into a separate subsidiary. What is the rationale behind this move? *Mint* explains.

Shrinking BHIM

Top platforms by UPI transactions in July 2024



1 What was the idea behind BHIM?

BHIM, the payment application developed by NPCI, was among the first wave of apps launched (in December 2016) to facilitate digital payments using the Unified Payments Interface (UPI). BHIM allows users to send or receive money from a UPI payment addressee, or send money to non-UPI based accounts by scanning a QR code. For BHIM, the maximum transaction limit is ₹1 lakh per day for a single bank account linked to the app. Like other UPI apps, one can link BHIM to multiple bank accounts and seamlessly switch between different accounts when making transactions or checking balances.

2 How has BHIM fared so far?

The BHIM app's market share has dipped in the past few years. In July 2024, BHIM processed 27 million transactions worth ₹8,932 crore while Walmart-owned PhonePe processed as many as 6,983.9 million transactions worth ₹10.28 trillion and Google Pay saw 5,341 million transactions worth ₹7.35 trillion. The reason why third-party UPI apps are popular compared with the BHIM app is not difficult to see: private apps provide promotional offers like rewards and cash backs. On the other hand, there is a limit to what NPCI, which is incorporated as a 'not for profit' company, can offer consumers.

3 Why is NPCI looking to hive off BHIM as a subsidiary?

The move could boost BHIM's market share vis-à-vis Google Pay and PhonePe, which dominate the payment landscape with a market share of 85%. The BHIM app had limited marketing budgets and lacked in consumer awareness. With the creation of a new subsidiary, BHIM will have a dedicated team to focus on its development.

4 What challenges does BHIM face?

The biggest will be to improve its market share in the retail segment, already dominated by apps like Google Pay and PhonePe. Building a brand image across different strata of society will be among its initial challenges. Separately, BHIM will also have to compete with other bank apps. The subsidiary can potentially fix some of these issues. Lack of customer awareness is a major drawback; limited marketing budgets is another. The new entity will have greater flexibility to invest both in awareness campaigns and tech.

5 How can BHIM develop its user base?

Reports suggest that BHIM is looking to foray into e-commerce and integrate with the Open Network for Digital Commerce (ONDC). This will enable customers using the BHIM app to access different services provided by ONDC—a government scheme to promote an open e-commerce network. Rahul Handa, former ONDC vice president for strategic initiatives, will be the BHIM subsidiary's chief business officer. He will drive this initiative that will target tier-II and tier-III markets, which remain untapped by banks.

QUICK EDIT

Uncertain times

It's a sign of the uncertainty looming over the global economy that economists are altering expectations so frequently. Take Goldman Sachs, which has just scaled back the odds of a US recession to 20% from 25% forecast a fortnight or so ago. That prediction had marked a spike from the 15% probability it had held until a weaker-than-expected July US jobs report unnerved observers in the US and elsewhere. The odds of a US recession are now halfway back to the level before that report came out, and a full retracement is probable if the August report due next month "looks reasonably good," Goldman Sachs says. It attributes its eased worries to encouraging retail sales, although the debate over the gravity of the knock the US economy would take is not yet over. This has reflected in investor sentiment that has sent stock markets globally into nervous gyrations, India being no exception. Though its economy's domestic orientation has traditionally shielded it from external headwinds, rising integration with the world economy has meant it can't go unscathed. Troubles in the US and elsewhere would hurt its export prospects as also capital inflows. A close watch is needed.

MINT METRIC

by Bibek Debroy

A techie from Bengaluru ran away,
He hid in Noida—gone astray.
Reported missing by his wife,
He was incognito thanks to domestic strife.
His wife curbs his freedom, every day.

QUOTE OF THE DAY

There is no silver bullet for this. [When] fixed deposit rates don't go up as much as customers would like them, they look for alternates.

SHALINI WARRIER
RETAIL BUSINESS HEAD,
FEDERAL BANK LTD



MINT PODCASTS



EV POWER STRAIN

Why is EV charging becoming a big headache? Mumbai debates banning basement EV charging after explosions in S. Korea, emphasizing stricter regulation. Plus, smart-watch sales have surged to 50 million, but the market now favours high-end brands, affecting budget options. Tune in for these top stories and more



AI: SHIELD OR SWORD?

Is your cybersecurity strategy up to date? *Mint's* Leslie D'Monte and Jayanth N. Kolla, co-founder and principal analyst at Convergence Catalyst, dive into the Accel Cybersecurity Summit, exploring trends, recent incidents, and AI's impact on security. Experts discuss software supply chain security.



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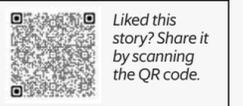


India's green energy goals face a stiff test

BY MANJUL PAUL

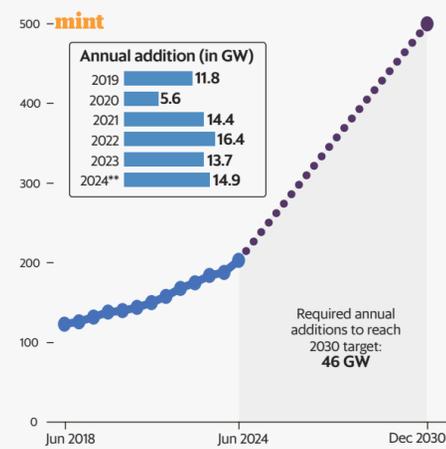
On 15 August, Prime Minister Narendra Modi reaffirmed India's ambitious goal to achieve 500 gigawatt (GW) of non-fossil-based energy capacity by 2030, covering renewables such as solar, wind, biomass, and small hydro power, alongside nuclear and large hydro power. Although the country missed its previous target of 175GW of renewables by 2022, recent developments suggest that India might still have a shot at reaching this goal. To meet this target, India needs to add an average of 46GW of capacity annually until 2030—a formidable task given the pace of the past few years. However, the outlook is improving. In the first six months of 2024 alone, India added 15GW, matching the entire capacity addition of 2023. The government is also ramping up efforts, aiming to invite bids for 50GW of capacity additions annually until 2027-28. If this momentum continues, India would be just in time to reach the 500GW mark by 2030, given that renewable energy projects typically take up to two years to power up.

According to the Centre for Energy Finance, an initiative of the Council on Energy, Environment and Water, about 95% of the bidding target for 2023-24 was met, though only 47% of the bids resulted in successful auctions. Meanwhile, India has the world's fourth-largest renewable power capacity (excluding hydropower plants), trailing only China and Brazil among emerging economies.



India needs to add nearly 50 GW a year to reach 500 GW capacity target by 2030

Non-fossil-based energy capacity at half-year intervals* (GW)



*This includes renewable energy sources (solar, wind, bio-energy, and small hydro power) as well as nuclear and large hydro power. **As of June 2024. Source: National Power Portal



India is among the biggest countries by renewable energy capacity globally

Top five countries by renewable energy capacity (in GW)

Rank	Total RE capacity	RE capacity (excl. hydropower)
1	China	China
2	US	US
3	Brazil	Germany
4	India	India
5	Germany	Japan

Data as of December 2023. Source: Renewables 2024 Global Status Report by Ren21

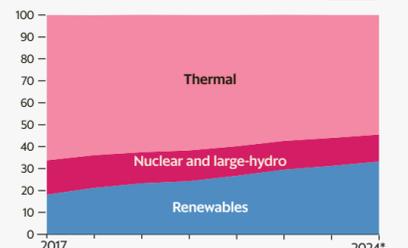
Transition Tightrope

INDIA ALSO aims to power half of its energy capacity with renewables by 2030, a goal supported by encouraging progress. Thermal power (which largely relies on coal-fired plants) now accounts for 55% of India's overall capacity, down from 66% in 2017, while renewable energy's share has increased to 33% from 18%. But while India's renewables sector is growing rapidly, its increasing power demand as a developing economy often leads it back to coal.

According to the *Global Energy Monitor*, India already has 240GW operating coal power capacity and 97GW is under development. Earlier this year, the power ministry told *Reuters* that India would start operating new coal-fired power plants totalling up to 13.9GW this year, the biggest addition in six years. At COP28 last year, India and China abstained from committing to tripling the global renewable energy capacity by 2030, as the pledge called for a phase-down of coal power.

Renewable capacity is rapidly rising, but thermal continues to dominate

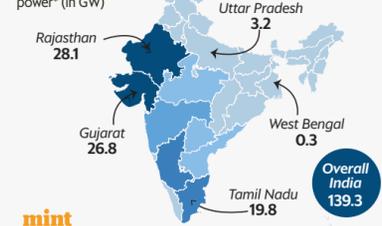
Share of installed capacity, by source (in %)



Data as of June for 2024. Renewables refer to solar, wind, bio-energy, and small hydro. Source: National Power Portal, Mint calculations

India's ambitious target relies heavily on a few states

State-wise installed capacity of renewable power* (in GW)



*Excludes large hydro plants. Data as of 31 July 2024. Source: Ministry of new and renewable energy

State Pioneers

WHILE INDIA pursues ambitious goals as part of its climate pact on the global stage, only a handful of major states lead this commitment. As of July, Rajasthan and Gujarat are at the forefront with 28GW and 27GW of installed renewable capacity, respectively, followed by Tamil Nadu (20GW), Karnataka (17GW), Maharashtra (13GW), Andhra Pradesh (9GW), and Madhya Pradesh (7GW). The government has announced transmission schemes to integrate 66.5GW of renewable energy generation across these states, with projects in various stages. The state-run Solar Energy Corp. of India Ltd has identified potential zones in eight states for addition of 181.5GW.

Meanwhile, segment-wise progress within renewables will also need to be watched: Solar has led the push so far, though low installation rates in the solar rooftop sub-segment and the wind energy component were blamed by a parliamentary committee for India's failure to meet its 2022 target.

Green Budget

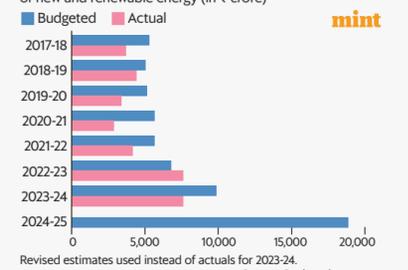
THE UNION budget plays a crucial role in setting the tone for clean energy acceleration each year. The 2024-25 budget saw one of the largest and most significant allocations totalling ₹18,853 crore towards central schemes and projects under the ministry of new and renewable energy—a 90% increase from the previous year and 147% jump from the 2023-24 revised estimates.

This big boost in the budget may highlight the government's dedication, but a look at historical data reveals a cautionary trend. Actual spending has lagged budgeted amounts in recent years; 2022-23 was a notable exception. As India pursues its ambitious 500GW non-fossil-based energy goal by 2030, success will depend on developing a balanced green grid, advancing research and development, and moving away from coal. Despite increased budgets and ongoing progress, these challenges must be addressed swiftly to shape India's renewable energy future.

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Budget has prioritized RE, but spending tends to fall short of outlay

Allocations for central schemes/projects under ministry of new and renewable energy (in ₹ crore)



Revised estimates used instead of actuals for 2023-24. Source: Budget documents

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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Missing pieces in growth story of Amrish Rau's Pine Labs ▶ P10



Axis Bank unwraps a credit card that you can't buy ▶ P11

SENSEX 80,424.69 ↓ 12.15 NIFTY 24,572.65 ↑ 31.50 DOLLAR ₹83.87 ↑ ₹0.08 EURO ₹92.55 ↓ ₹0.29 OIL \$80.08 ↓ \$1.04 POUND ₹108.73 ↓ ₹0.39

Taxman steps in to slow raft of notices

Check with top brass in cases of differing interpretations: CBIC

Gireesh Chandra Prasad
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NEW DELHI

After a flurry of tax notices that rattled businesses and clouded tax certainty, India's top authority on indirect taxes has stepped in.

Often, officials and taxpayers interpret the same law differently, or the industry practice differs from the official view. In such cases, senior field officers who investigate the matter must sound out the top authority before issuing show cause notices, the Central Board of Indirect Taxes and Customs (CBIC) said.

The CBIC's reminder comes after it first flagged the need for caution nearly five months ago, a period which has seen a flurry of tax notices to high-profile companies. Some of these include Infosys Ltd (₹32,400 crore); HDFC Bank, Go Digit, Star Health and Policybazaar (₹2,250 crore); and a set of foreign airlines (₹10,000 crore.) On 17 August, *Mint* reported that tax authorities have issued over a thousand notices to businesses across sectors in the weeks till 5 August, the due date for issuing notices for any shortfall in tax payment for FY18.

On Sunday, *Economic Times* reported that the Union education ministry has stepped in after a GST notice for ₹120 crore was served on the Indian Institute of Technology-Delhi, one of several educational institutions which have



TAKING NOTICE

TAXING TIMES

OFTEN , officials and tax payers interpret same law differently	CBIC reminder comes five months after it first flagged caution	OVER a thousand tax notices were issued in the weeks till 5 August
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received tax notices.

According to the latest CBIC communication, when senior field officers raise the tax matter before their superiors, the CBIC's top brass, as well as the GST Council which includes the Union finance minister and state finance ministers, come to know of the legal issues underlying the proposed show cause notices.

The CBIC's reminder to follow instructions aimed at "maintaining

ease of doing business while engaging in investigations with regular taxpayers" signifies greater attention being paid at the highest level to the sustainability of tax notices issued to many companies.

Quoting from its previous instruction, the CBIC explained to all principal chief commissioners, principal director generals and other senior officers that there can

TURN TO PAGE 6

Cognizant case: US wants L&T chief, 4 others to depose

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BENGALURU

The US government has sought the deposition of Larsen and Toubro Ltd's chair S.N. Subrahmanyan to ascertain if Cognizant Technology Solutions Corp. routed illicit payments through India's largest construction company to government officials between 2013 and 2015.

Subrahmanyan was the head of L&T's construction business when some of the company's employees are alleged to have bribed Indian government officials in return for faster approvals to build Cognizant's office campuses in Chennai and Pune.

The development comes barely a year after Subrahmanyan took over as chair and managing director of L&T on 1 October, succeeding A.M. Naik, who had been the construction and engineering company's chairman since 1999.

The US government has also sought the deposition of four other L&T employees—Ramesh Vadivelu, Adimoolam Thiagarajan, Balaji Subramanian, and T. Nanda Kumar—and two former Cognizant employees—Venkatesan Natarajan and Nagasubramanian Gopalakrishnan, show New Jersey court filings reviewed by *Mint*. India's ministry of home affairs had rejected the US State Department's letter rogatory or



Larsen and Toubro Ltd's chair S.N. Subrahmanyan.

formal request sent in March last year, show court filings reviewed by *Mint*. This prompted the US Department of Justice to seek help from its Indian counterpart under the Mutual Legal Assistance Treaty between the two countries.

The MLAT request was made on 11 January but disclosed in court filings in July for the first time by a lawyer for former Cognizant chief operating officer Gordon Coburn, who sought the postponement of the trial from September to March next year.

Coburn resigned from Cognizant in October 2016 when the information technology company informed American authorities that some payments made in India could have breached the US Foreign Corrupt Practices Act. The law prohibits US citizens and entities

TURN TO PAGE 6

India taps Equinor for long-term LPG supply

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NEW DELHI

A consortium of Indian state-run oil marketing companies is in talks with Norwegian energy giant Equinor to secure long-term contracts for liquefied petroleum gas (LPG), two people aware of the development said, as India looks to diversify sourcing of the cooking gas from traditional West Asian suppliers. The consortium comprises Indian Oil Corp. Ltd (IOCL), Hindustan Petroleum Corporation Ltd (HPCL), and Bharat Petroleum Corporation Ltd (BPCL).

The talks with Equinor come in the backdrop of growing tensions in West Asia, as a potential escalation of the Israel-Iran conflict could affect energy prices and supplies. Currently, the United Arab Emirates (UAE), Qatar, Saudi Arabia and Kuwait are India's top LPG suppliers.

"We are in talks with Equinor for sourcing LPG, the demand for which is growing in India," one of the two people cited above said, requesting anonymity. "Equinor is offering us LPG from Norway. The terms and commercial agreement are under discussion."

The move to diversify LPG sourcing also assumes significance as the fuel comprises an estimated 62% of all cooking fuels used across households in

TURN TO PAGE 6

DON'T MISS



Antfin plans to sell 1.54% stake in Zomato worth ₹3,420 crore

Antfin Singapore Holdings, part of China's Alibaba Group, is looking to sell a 1.54% stake in Zomato in a block deal valued at \$408 million, deal terms reviewed by *Mint* show. The shares will be sold at a floor price of ₹251.68 each, the terms showed. >P4

RBI sets ₹10 crore minimum net worth for financial market SROs

The Reserve Bank of India (RBI) on Monday issued the framework for self-regulatory organizations (SROs) in financial markets, inviting applications from entities which meet the eligibility criteria including a minimum net worth of ₹10 crore. >P4

NFRA slaps ₹10 cr fine on BSR over Coffee Day audit lapses

Audit regulator NFRA on Monday imposed a hefty penalty of ₹10 crore, one of the highest in the history of the regulator, on BSR & Associates LLP for alleged lapses in the audit of Coffee Day Enterprises Ltd, the company that runs coffee chain CCD. >P5

Consumer protection authority cracks down on coaching centres

The Central Consumer Protection Authority (CCPA) has served notices on 45 coaching institutes for allegedly violating consumer rights with misleading advertisements and unethical tactics. The notices have been reviewed by *Mint*. >P2



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The app could ease GeM access to MSMEs. ISTOCKPHOTO

Govt mulls proposal to create a mobile app for GeM

Rituraj Baruah & Dharendra Kumar

NEW DELHI

The Centre is considering a proposal to launch a mobile app for the Government e-Marketplace (GeM) portal that is used for procuring goods and services by government offices and public sector companies, said two people aware of the development.

The talks are at an initial stage and if the proposal is accepted it could make GeM more accessible for micro and small businesses that form the bulk of suppliers on the platform.

The development is viewed as a strategic move to expand the platform's reach by shifting the buying process from the desktop to mobile phones, enabling broader coverage and accessibility.

"The ministry of commerce has received proposals for developing an app version of the GeM portal and the ministry is reviewing them. It is felt the move would further democratize the marketplace which has been a success so far in terms of public procurement," said one of the two people mentioned above.

Currently, there are nearly one million micro, small and medium enterprises (MSMEs) on the GeM portal. The online portal was launched in 2016 to make the public procurement process for government departments, organizations and public sector undertakings transparent, efficient and quick.

Both public and private sectors companies, including MSMEs, can sell their products and services through GeM which has enabled small businesses to expand their market.

Vinod Kumar, president, IndiaSME Forum said: "Every small seller would be able to offer his or her products if the platform is available on a smartphone. Most major online marketplaces have a mobile app... Desktop buying and selling is a relic. A mobile app is the need of the hour."

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

PTI

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

Commodity exports decline in Apr-Jul; trade gap widens

During April-July, 12 of the 30 key export items fell in value terms from the year-ago period

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India's commodities exports, including marine products, rice, gems & jewellery, and petroleum products, declined steadily between April and July 2024, with 12 of the 30 major export items dipping further in July, according to the latest data from the ministry of commerce and industry.

During July, exports of commodities such as coffee (-0.98%), rice (-15.30%), cereals (-81.43%), cashews (-25.51%), oil seeds (-0.01%), marine products (-4.58%), ceramic products & glassware (-21.13%), gems & jewellery (-20.36%), organic & inorganic chemicals (-12.03%), cotton yarn & handloom products (-4.13%), jute (-14.30%) and petroleum products (-22.15%) declined in value terms from the year-ago period.

However, shipments of electronics (up 37.31%), engineering (3.66%) and pharmaceutical products (8.36%) rose annually during July, edging out traditional export shipments of textiles, chemicals and jewellery, which may signal a shift in export trends.

Nine of the 30 major export items dipped in value terms annually during June, while 10 of them declined in May and 17 in April.

During April-July, 12 major export items fell in value terms from the same period last year.



Experts attributed the dip in exports to global economic weakness. BLOOMBERG

These included rice (-4.29%), cereals (77.18%), cashew (-19.14%), oil meals (-16.48%), oil seeds (-8.61%), marine products (-7.20%), iron-ore (-15.47%), mica, coal & other ores (-1.09%), leather

& leather products (-2.05%), ceramic products & glassware (-7.82%), gems & jewellery (-7.45%), and jute (-12.50%). Exports of these top 30 commodities stood at \$31.83 billion in July, down

Wider gap

Merchandise trade deficit stood at \$23.5 billion in July, larger than the \$20.98 billion deficit recorded in the previous month and \$19 billion in July 2023.



Source: Ministry of commerce and industry

from \$32.63 billion in July 2023, the commerce ministry data showed.

During April-July, exports of the top 30 commodities stood at \$135.34 billion, up from \$130.77 billion a year ago.

ONGOING DIP

EXPORTS of many traditional goods like rice and petroleum products fell in July 2024

THE decline has been ongoing since April 2024 even amid an increase in the country's imports

EXPORT of electronics, engineering, and pharmaceutical products grew in July

SOME analysts expect the trade deficit to improve as global demand recovers

The merchandise trade deficit stood at \$23.5 billion in July, wider than the \$20.98 billion deficit recorded in the previous month and \$19 billion in July 2023.

"Going forward, we expect some correction in the trade deficit as a revival in the export cycle cannot be ruled out. Easier monetary conditions are expected to boost demand conditions globally," Mazumdar added.

Food inflation curb vital to ease price rise: RBI article

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MUMBAI



Michael Patra, deputy governor, RBI. REUTERS

Although the main source of food price rises—supply shocks—is outside the ambit of monetary policy, a disinflationary policy is required to curb price pressures, RBI deputy governor Michael Patra and others said in an article on Monday, days after governor Shaktikanta Das spelled out the central bank's stance on food inflation.

"Monetary policy is the only active disinflationary agent in the economy," the article said. While the article was written by RBI officials, it had the usual disclaimer that the views were those of the authors and not of the central bank.

It comes after the FY24 economic survey said last month that the inflation targeting framework should consider excluding food inflation.

Food has a 46% weightage in the headline consumer price index (CPI) basket. The current debate centres around monetary policy's handicap on food prices as they are caused by supply-side problems like food supply issues and not by demand which can be controlled by interest rate changes.

Monday's article pointed out that core inflation—headline inflation stripped off food and fuel—had been declining since 2022-23, mainly driven

by "monetary policy actions and stance and the waning of cost-push shocks".

"Persistence in food inflation has increased due to repeated climatic shocks of rising intensity."

It said that food price shocks have been "imposing upside pressures on core inflation throughout these years, but this has been offset by disinflationary monetary policy".

According to the article, if the disinflationary monetary policy retreats, price pressures on core and headline inflation could get aggravated and "run out of control". This, it said, is a risk especially with aggregate demand picking up and a possibility of rising input costs on the back of geopolitical tensions.

It said that the conventional treatment of food price changes as "transitory" in the setting of monetary policy is increasingly becoming "untenable".

CCPA cracks down on coaching centres

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The Central Consumer Protection Authority (CCPA) has served notices on 45 coaching institutes for allegedly violating consumer rights with misleading advertisements and unethical tactics. The notices have been reviewed by Mint.

Of these, 15 institutes have been penalized, with total fines amounting to ₹38.6 lakh.

These actions are part of the CCPA's broader initiative to protect consumers, including students, from deceptive practices that violate the Consumer Protection Act, 2019.

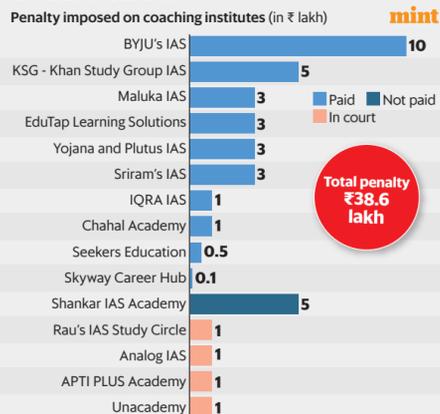
Mint first reported on the practice in November 2023.

CCPA chief commissioner and consumer affairs secretary Nidhi Khare highlighted the fact that most IAS coaching institutes do not disclose the specific courses that were taken by successful candidates.

In a large number of cases investigated by the CCPA, it was found that these institutes often provide online or offline interview guidance, sometimes for free, to aspirants who clear the all-important mains exam. The preliminary exam is the

In the crosshairs

Fifteen IAS coaching institutes have been penalized for a total of ₹38.6 lakh.



Source: Ministry of consumer affairs

PARAS JAIN/MINT

first stage, and is attempted by 1.1-1.3 million aspirants. The mains exam, the second stage, is cleared by about 3,000 out of roughly 10,000 who pass the prelims, Khare told Mint.

"They do this because they know that at least one in three candidates is likely to be selected by the UPSC," she said. "If they had provided truthful information about success-

ful candidates and courses they took, prospective consumers would not have been misled into spending money and time on their expensive, year-long classroom programmes."

The coaching institutes that have been penalized include Rau's IAS Study Circle, IQRA IAS, Chahal Academy, Analog IAS, APTI PLUS Academy, and Unacademy, each with a pen-

alty of ₹1 lakh; Maluka IAS, EduTap Learning Solutions, Yojana and Plutus IAS, and Sriram's IAS, each with ₹3 lakh; KSG - Khan Study Group IAS and Shankar IAS Academy with ₹5 lakh; and BYJU'S IAS with ₹10 lakh. Seekers Education was fined ₹50,000, and Skyway Career Hub ₹10,000.

Among the 45 coaching institutes that have been issued notices for misleading advertisements include Vajirao & Reddy Institute, Vision IAS, Aakash Educational Services, Vajiram & Ravi, Narayan Medical Academy, IAS Baba, Allen Career Institute, Shubra Ranjan IAS, Abhimanu IAS, Anujjindal, ALS IAS, Sriram's IAS, Dhishi IAS, NEXT IAS, IIT Prashikshan, Pune, and StudyIQ IAS, among others.

Section 2(28)(iv) of the Consumer Protection Act (CPA 2019) addresses misleading advertisements that hide important information.

"While the penalties might seem small individually, the message is loud and clear: any entity engaging in malpractice will face significant consequences," said Ashim Sanyal, the chief operating officer and secretary of Consumer VOICE.

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

ONGC Videsh secures contract extension for Vietnam oil blocks

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NEW DELHI

India's flagship overseas oil firm ONGC Videsh Ltd has secured a 16-year contract extension for producing oil and gas in Vietnam, alongside getting three more years to explore a separate block in the contested waters of the South China Sea, officials said.

Vietnamese authorities have extended the production sharing contract (PSC) for the producing Block 06.1 in the offshore Nam Con Son basin till 2039. They have also granted an eighth extension for exploring for oil and gas in Block 128 in the South China Sea, according to officials.

OVL, the overseas investment arm of state-owned Oil and Natural Gas Corporation (ONGC), holds a 45% stake in Block 06.1, an offshore block located in Vietnam's Nam Con Son Basin. Acquired in 1988, the block has Zarubezhneft EP BV as the operator with 35% interest and PetroVietnam holding the remaining 20%.

The block, which produces about 1 million tonnes of oil



OVL has secured a 16-year contract extension.

and oil equivalent gas, recently got a 16-year extension of the production sharing contract effective from 19 May 2023.

For Block 128, the seventh extension to explore for oil and gas was till 15 June 2023, and OVL had sought a three-year extension, officials said, adding that Vietnamese regulator PVN has extended the license till 15 June 2026.

The company has so far not found any commercially recoverable oil and gas reserves in the block for the last 18 years it has been exploring, but has continued pres-

ence there because of India's strategic interest in the South China Sea.

Vietnam, too, wants the Indian firm to counter China's interventions in the contested waters.

OVL had signed a production sharing contract with Vietnam's national oil firm PetroVietnam for deepwater exploratory Block-128, having an area of 7,058sq. km in Offshore Phu Khanh Basin, Vietnam, in May 2006. An investment licence was issued to it on 16 June 2006, thereby giving effect to the PSC.

The firm has completed the licence requirement of shooting 3-D seismic data and reprocessed 2-D seismic data to fulfil a part of the minimum work programme of the phase-I of exploration period. To further assess the prospectivity of the block and mitigate potential risks, the company has now sought seismic data in the eastern and western regions of the block from PVN.

MINT SHORTS

Prime Minister Narendra Modi to go on first visit to Ukraine

New Delhi: Prime Minister Narendra Modi will visit Ukraine, the foreign ministry said on Monday. This is Modi's first trip to the war-torn country since its conflict with Russia started, and about a month after he met Russian president Vladimir Putin in Moscow. Details of the trip, the foreign ministry said, will be shared at a later time.

Spot high-risk taxpayers in GST scheme: CAG to FinMin

New Delhi: The Comptroller and Auditor General

(CAG) has asked the finance ministry to identify high risk taxpayers in the GST composition scheme periodically and to verify from sources, including third parties, their declared value of sales to check tax evasion. High risk taxpayers were identified by audit from the data contained in GST returns along with third party data sources such as IT returns, and 'Vahan' database.

Nepal to export 1,000 MW electricity to India: Jaishankar

New Delhi: Nepal will export close to 1,000 megawatt of electricity to India, external affairs minister S. Jaishankar said on Monday after holding comprehensive talks with his Nepalese counterpart Arzu Rana Deuba.

Jaishankar described Nepal's decision to export the electricity to India as a "new milestone". In their talks, the two ministers also focused on boosting cooperation in areas of trade, connectivity and infrastructure.

Thailand PM for building existing ties with India



Singapore: Thailand's new prime minister Paetongtarn Shinawatra on Monday thanked Prime Minister Narendra Modi for his greetings and said she looked forward to working closely with him to build upon the existing ties and explore untapped potentials to create even greater opportunities for the two countries. Shinawatra became Thailand's youngest PM on Sunday.

FM advises state-run banks to mobilize deposits

New Delhi: Finance minister Nirmala Sitharaman told a meeting on Monday state-run banks should conduct drives to raise deposits and implement measures to improve credit access for small businesses and individuals. It was attended by Vivek Joshi, secretary, department of financial services and Nagaraju, secretary-designate.

Govt to revisit broadcasting bill amid pushback

New Delhi: The Centre will revisit the Broadcasting Services (Regulation) Bill, as per Union minister Ashwini Vaishnaw, who emphasized government's commitment to support the growing creator economy. He said the Centre will adopt a "flexible and open-minded" approach.

CORRECTIONS AND CLARIFICATIONS

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MINT SHORTS

India's PC market grows 7.1% to 3.39 million units in June quarter

New Delhi: Rising for the fourth straight quarter, India's traditional PC market reported a 7.1% year-on-year growth in shipments to 3.39 million units in April-June this year, market research firm IDC said on Monday. According to the International Data Corporation (IDC) Worldwide Quarterly Personal Computing Device Tracker, HP led the PC market with 31.7% share. It was followed by Lenovo with 17.5%, Dell with 14.8%, Acer Group with 14.7% and Asus with 7.1%. **PTI**

Couche-Tard seeks to buy \$31 bn owner of 7-Eleven stores



Circle K operator Alimentation Couche-Tard Inc. made a proposal to take over much larger rival and 7-Eleven owner Seven & i Holdings Co., in what would be the biggest foreign takeover of a Japanese company. A merger would create the world's top operator of roughly 100,000 convenience stores. Valued at the equivalent of \$31 billion before news of the offer emerged, Seven & i shares jumped 23% on Monday. The company said the bid was preliminary and non-binding, without disclosing terms. **BLOOMBERG**

TruAlt Bioenergy files preliminary documents for initial share sale

New Delhi: Leading biofuel producer TruAlt Bioenergy Ltd has filed preliminary papers with the Securities and Exchange Board of India (Sebi) to raise funds through an initial public offering (IPO). The IPO is a mix of fresh issuance of equity shares worth ₹750 crore and an offer for sale (OFS) of up to 3.6 million equity shares by promoters, according to the draft red herring prospectus. The OFS consists of up to 1.8 million equity shares each by Dhraakayani Sangamesh Nirani and Sangamesh Rudrappa Nirani. **PTI**

Smartworks Coworking Spaces reports ₹50 cr loss for FY24

New Delhi: Smartworks Coworking Spaces Ltd, one of the leading providers of managed office space to corporates, has reported a consolidated net loss of nearly ₹50 crore during the last fiscal year on higher expenses. Last week, Smartworks filed a draft red herring prospectus with the capital markets regulator to raise funds through an initial public offering. **PTI**

India's GenAI startups look beyond ChatGPT

Industry-specific applications are easier to monetise for these firms

Shouvik Das
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NEW DELHI

Sarvam and Adya.ai are two of India's newest startups targeting the red-hot generative artificial intelligence market, but they are also among a new breed of ventures looking beyond large language models like ChatGPT. The reason: industry-specific applications are easier to monetise and help avoid competition with AI giants. For Sarvam, seeking to be a full-stack generative AI firm, the approach is two-pronged. The startup, which raised \$41 million in its first funding round from VC firms Lightspeed and Peak XV last year, is building vast large language models (LLMs) capable of understanding and processing human languages. It then uses these LLMs to build marketable products such as 'Agents' that are trained on domain-specific datasets, gaining expertise in fields like healthcare, financial services and law.



The approach aims to avoid direct competition with major AI players. **REUTERS**

"In healthcare, for instance, a generative AI assistant can offer neonatal advice to pregnant women at a cost of around ₹1—no physical doctor's time can be this affordable," Pratyush Kumar, cofounder of Sarvam and adjunct faculty at Indian Institute of Technology, Madras, told *Mint* last month. "Instead of taking clientele away from doctors, in India, such domain-specific AI models can make healthcare more accessible to a wide population base."

The approach Sarvam, Adya.ai and some of their peers are taking marks a sobering change after an initial generative AI euphoria. Competing with Microsoft-owned OpenAI's ChatGPT or Google's Gemini will not only be expensive but tough. AI applications solving smaller problems offer a better chance at success.

"It's important for startups to solve specific, targeted problems," said Ankush Sabharwal, cofounder of CoRover, which has

created BharatGPT. "Even within healthcare, the nature of services needed for metro markets is different from that in villages. Because of this, taking a domain-specific AI model approach is key—building 'India-focused' models is also too large, and Big Tech is too big a competitor for this."

Adya.ai, which raised \$1.2 million in a

expand to more in future."

According to Kashyap Kompella, founder of tech consultancy RPA2AI, building domain-specific AI applications for enterprises "is the ideal sweet spot from development cost, market opportunity and monetization approaches."

He cited a parallel with the IT sector where companies built expertise in applications deployed on SAP and Salesforce. "Enterprise applications on such platforms are difficult to build, require experienced talent to be hired, and are long-term projects," he said. "The story is somewhat similar for gen AI."

This approach is helping early-stage generative AI startups earn revenue. CoRover, for instance, expects annual revenue to close in on \$5 million by FY25. Both Sarvam and Adya.ai also have paying enterprise clients.

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

NARROWING THE FOCUS

SARVAM is using its LLMs to create domain-specific 'Agents' trained on specific datasets

ADYA.AI is training its models to power ready-to-deploy AI assistants for retail and e-commerce cos

AI applications solving smaller problems offer a better chance at success

The news comes amid growing consolidation in India's rapidly growing health food industry

Morgan Stanley's private equity (PE) arm has been looking to sell all or part of its stake in Manna Foods as the business has struggled to grow sustainably and increase profits in recent years, three people familiar with the matter told *Mint*. "The discussions are still ongoing and no concrete decision has been made yet," one of these people said. Morgan Stanley and Manna Foods did not respond to *Mint*'s queries. The news comes amid growing consolidation in India's rapidly growing health food industry, and about six years after the PE firm invested about ₹152 crore in Manna's parent company, Southern Health Foods. The proceeds were used to fund the company's expansion in south India and to provide a partial exit to some of its earliest investors, Morgan Stanley said in January 2018.

"Over the past year, the private equity firm has held talks with several strategic investors, including FMCG giants to offload its stake in the company," said a second person cited above. "Manna has introduced several offerings and diversified into too many categories in recent years, which has made the business model very fragmented. It has not panned out as expected," this person added. Manna's revenue from operations rose 11% to ₹414 crore in FY23 while its profit narrowed to ₹4.4 crore from

₹9 crore a year earlier. After Morgan Stanley's infusion, Manna's revenue from operations surged nearly fivefold to ₹204 crore in FY20. However, revenues and profits rose only moderately in the following years.

India has the fastest-growing health food market worldwide, expected to grow at a compound annual rate of 20% over the next five years, according to a report by Aventus in 2022. This is three times the global average, and 1.5 times that of India's overall packaged food and beverage market, the report said.

Aventus projected in 2022 that the health food market would grow to \$30 billion in the next five years.

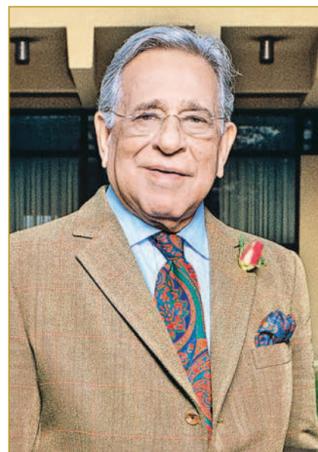
The industry has seen significant consolidation in recent years. Soulfull, one of Manna's competitors, was acquired by Tata Consumer Products in February 2021. ITC acquired another competitor, Yogabar, in February 2023. It also competes with ID Fresh Foods.



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CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE								
80,424.68	-0.02	24,572.65	0.13	23,139.75	0.36	73,370.75	0.59	25,638.20	0.23	47,645.49	0.53	54,573.48	1.33
PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN								
80,436.84	80,680.25	24,541.15	24,636.35	23,056.50	23,174.20	72,943.20	73,446.45	25,578.50	25,699.95	47,393.93	47,666.17	53,857.09	54,210.86
HIGH	LOW	HIGH	LOW	HIGH	LOW								
80,724.40	80,332.65	24,638.80	24,522.95	23,195.60	23,104.10	73,664.35	73,249.85	25,701.40	25,604.45	47,807.63	47,502.87	54,616.19	54,208.58

MINT SHORTS

As tech stocks rebound, high hedging costs indicate caution

The recent rebound in US tech stocks isn't convincing options traders, just yet. While the shares have led market gains since a meltdown earlier this month, the cost of contracts hedging against volatility in the largest exchange-traded fund tracking the Nasdaq 100 Index remains high relative to contracts on the SPDR S&P 500 ETF Trust. Since the end of last year, tech stocks had mostly gone up, pushing the broader S&P 500 Index to one record after the next on optimism advances in artificial intelligence would revolutionize the world while earnings would keep growing. Then concerns hit that they went too far in an environment of high interest rates and weaker economic data. The 500-member tumbled 8.5% between its July high and low in early August. While the S&P 500 has since recovered three-quarters of its slide, traders remain wary, with the earnings season still underway.

BLOOMBERG



Spot gold was down 0.5% at \$2,494.59 per ounce as of 1209 GMT, about \$15 shy of the record high.

Gold pauses after hitting record highs above \$2,500

Gold edged down on Monday after powering to an all-time high above the important \$2,500 per ounce level in the last session on strong safe-haven demand and expectations of an imminent US rate cut as investors seek more cues on the quantum of cuts. Spot gold was down 0.5% at \$2,494.59 per ounce as of 1209 GMT, about \$15 shy of the record high of \$2,509.65 hit on Friday. US gold futures edged 0.2% lower to \$2,532.70. "Despite gold having hit a new record high, we expect prices to move even higher over the coming months, with prices expected to reach \$2,600/oz by the end of the year," UBS analyst Giovanni Staunovo said. "All eyes will be on the speech of Powell at Jackson Hole on Friday and any indication of an imminent rate cut," Staunovo said adding that he expects Powell to open the door for a rate cut, although more for a 25 basis points (bps) cut than a 50 bps cut. The market will also scan minutes of the Fed's July policy meeting on Wednesday. Last week, strong US retail sales print and lower-than-expected unemployment claims, along with mild inflation data, restored confidence in the world's largest economy.

REUTERS

Sebi aims to expand scope of ESG debt

Bloomberg
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Market regulator the Securities and Exchange Board of India (Sebi) intends to expand the scope of its sustainable finance framework to include more products, a potential boost to ESG-labelled instruments in Asia.

Sebi will consult on introducing social bonds, along with sustainable and sustainability-linked bonds, to the current suite of environmental, social and governance debt.

Plans also include adding eligible asset-backed securities and a requirement for independent external reviews of all ESG debt, according to a consultation paper released Friday.

"The proposal is a positive move for the market," said Xuan Sheng Ou Yong, sustainable fixed income lead for Asia Pacific at BNP Paribas Asset Management in Singapore. "It means we may have different opportunities to direct fixed income capital towards new issuers and their projects, beyond green bonds."

India's issuance of ESG debt this year has touched \$15.6 billion, surpassing a previous annual record in 2021, according to data compiled by Bloomberg Intelligence. However, the volume remains lower than other key markets in Asia, including China and Japan.

An existing regulatory framework covers products that raise proceeds for use only in relation to environmental sustainability—such as renew-



India's ESG debt issuance this year has touched \$15.6 bn.

able energy or water management—meaning the proposed changes will allow issuers to seek debt for a broader range of activities, Sebi said in its document. The regulator will continue its consultation to 6 September.

If the consultation results in a change to the current framework, Sebi will be able to regulate onshore bonds. Some major Indian companies, including units of Adani group, have begun issuing sustainability-linked and social bonds in foreign currency either via private placement or listings elsewhere.

A stronger market in India for ESG debt would support Prime Minister Narendra Modi's wider focus on green growth. It would also help counteract a slowdown in Chinese issuances that's weighing on the global market.

The overall volume of ESG-labelled bonds fell about a third in the second quarter compared to the same period a year ago, Sustainable Fitch said last month.

Cement cos stare at earnings pain

Harshajethmalani
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The June quarter is usually strong for the cement sector. Demand tends to get a boost from home building and infrastructure projects. But this time around, hopes were low. Cement sales were hurt by heatwaves and the elections kept the government's construction activities muted. The ongoing fight for market share among top cement makers also kept prices under pressure. Consequently, the June quarter (Q1FY25) was a washout for cement firms, with subdued realisations and tepid volume growth.

On an aggregate basis, volumes of 11 major cement firms rose a mere 4% year-on-year (y-o-y) and fell 8% sequentially in Q1, said Nuvama Research. Realisations dipped by around 2.5% sequentially and 5.5% y-o-y in Q1FY25, added the report dated 12 August. After a poor start to FY25, the sector's path is unlikely to be smooth. Management commentaries of large listed cement companies point to weakness in near-term demand and a delayed revival in prices. Moreover, Q2 is seasonally weak for the sector as construction activity



Volumes of 11 major cement firms rose 4% y-o-y in the June quarter.

slows due to the monsoon, hurting demand and prices.

At an all-India level, the average cement price fell around 3% month-on-month in July to a five-year low of ₹313 per bag, according to IIFL Securities Ltd. One cement bag weighs 50 kilograms. Cement prices have fallen fur-

In correction mode

Cement prices across India remain on a weak footing hurt by subdued demand and elevated competition



Data for Q2FY25 is until 9 August. Source: Industry, IIFL Research

ther in August in southern markets—by ₹10-15 a bag—while prices are steady in other markets, said the IIFL report dated 9 August. After hitting a multi-month high in October 2023, cement prices have been sliding. Attempts to hike prices in April 2024 failed and had to be rolled back amid muted demand.

As things stand, the demand-supply mismatch could cause the sector's realisations to fall further sequentially in Q2FY25. The impact may be accentuated for companies that have exposure to east and south India, where prices have fallen more than in other regions. Shree Cement Ltd, which has meaningful exposure to the east and north India

With a spate of acquisitions and organic capacity additions by large cement makers, the pace of consolidation has accelerated. In the most recent notable deal, Aditya Birla-led Ultra-Tech Cement Ltd acquired a majority stake in south-focused The India Cements Ltd. Competitor Ambuja Cements also has completed

acquisition of Penna Cement Industries. Management commentaries of various companies suggest that previously announced capacity expansions are progressing well and are expected to begin operations on schedule. Shree Cement, UltraTech and Dalmia Bharat were among the firms that commis-

sioned new capacities in Q1. In short, the race for market share means price hikes are unlikely for now. This does not bode well for the sector's near-term earnings outlook. To be sure, the second half of FY25 could be better than the first, driven by pent-up demand, especially from infrastructure projects and the sanction of additional houses under the Pradhan Mantri Awas Yojana. But that hasn't staved off earnings downgrades.

Analysts at Motilal Oswal Financial Services have trimmed FY25 Ebitda estimates for ACC, Ambuja, JK Lakshmi Cement, Shree Cement, The Ramco Cement Ltd and UltraTech by 6-12% due to Q1 under-performance. Amid the gloom, a bright spot is the easing cost of key fuels

petroleum coke and coal. Stable input costs could provide some cushion to the sector's profitability. Cement makers are also raising their reliance on alternative fuels and green energy to save on operating costs. But for now, these factors are overshadowed by weak pricing trends, making valuations unattractive.

ROUGH ROAD

All-India cement prices fell 3% month-on-month in July to a five-year low of ₹313 per bag

DEMAND-supply mismatch could adversely impact realisations in Q2FY25

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

MSCI EM currency index hits all-time high as dollar weakens

Reuters
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Emerging market currencies gained against a softer dollar on Monday, lifting MSCI's index tracking them to a record high on growing hopes of stable economic growth and looser monetary policy in the US.

The dollar weakened 0.3% against a basket of currencies, lifting MSCI's international emerging market currency index 0.6% to a record high at the start of a week peaked with central bank events.

Asian currencies led gains, notably the Korean won, Malaysian ringgit and Thai baht. The

baht and Thai stocks were also lifted by better-than-expected gross domestic product data.

Emerging market assets looked set to build on gains from the previous week as data pointing to US economic growth soothed worries about slowing global demand.

Focus will now be on US Fed chair Jerome Powell's Friday speech in Jackson Hole, where investors anticipate he will acknowledge the case for easing borrowing costs.

"Unless we hear Powell hint that the Fed are not ready to ease, or that the tone is skewed towards a 50 bps cut, then what we hear should marry almost



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perfectly to market pricing," Chris Weston, head of research at Pepperstone, said. An index of emerging market

stocks gained 0.7% after rising nearly 3% in the previous week. A number of emerging market central banks will also meet this

week, with interest rate decisions expected in Indonesia, Thailand, South Korea and Turkey. Chinese policymakers are also seen keeping key loan prime rates unchanged on Tuesday.

South Africa's rand built on a nine-day winning streak, and was up 0.4% ahead of inflation data due on Wednesday.

The country's main stock index continued to cruise at record highs and was up 0.9%, led by a nearly 5% rise in shares of lender Absa Group after the company reported results.

The Russian rouble steadied against the dollar, edging 0.1% higher, but still remains down more than 4% since Ukraine

launched its ongoing attack in the Kursk region.

Currencies in central Europe were mixed against the euro as it rose against the dollar. The euro rose 0.2% versus the Polish zloty and was flat against the Czech crown.

Israel's shekel weakened 1.4% against the dollar after four straight sessions of gains, after data on Sunday showed the economy grew 1.2% in the second quarter of 2024, less than the 4.4% forecast in a Reuters poll. Polish stocks slipped 0.1%, after the main index notched its best week in four years on Friday. Local markets in Hungary were closed for a holiday.

Sebi aims to expand scope of ESG debt

Bloomberg
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Antfin S'pore to part-sell Zomato stake

Sneha Shah, Mayur Bhalerao, Anubhav Mukherjee

MUMBAI/NEW DELHI

Antfin Singapore Holdings is looking to sell a 1.54% stake in Zomato in a block deal valued at \$408 million, deal terms reviewed by Mint show. The shares will be sold at a floor price of ₹251.68 per share, the terms showed.

Antfin, part of China's Alibaba Group, has been paring its stake in the food-delivery platform and currently holds a 4.3% stake, data available on stock exchanges showed. The share sale will be at a discount of 4% to Monday's closing price of ₹262.17 on the NSE, it showed. "Antfin will sell 136 million shares (1.54% of the total outstanding shares) of the com-



The shares will be sold at a floor price of ₹251.68 per share.

pany at 4% discount to the last sheet price on NSE," the term sheet said. Global investment banks Morgan Stanley and Goldman Sachs are managing the share sale.

With the food-delivery company reporting a remarkable net profit of ₹253 crore in the June quarter, up from ₹2 crore

a year ago, the stock has grown manifold. As per Mint analysis, while the Nifty 50 has seen a 13% gain so far this year, Zomato's stock has surged 110.6% year-to-date, outperforming the benchmark index by a significant margin.

The company's growth was driven by increased gross order value across its food delivery, quick commerce, and going-out-verticals, making the three months through June its fifth consecutive quarter of positive earnings. Higher other income, which rose to ₹236 crore from ₹181 crore a year earlier, also contributed to this profitability, supported by Zomato's substantial

cash reserves of over ₹12,000 crore, Mint reported last week.

The company's revenue surged 74% year-on-year in the June quarter, reaching ₹4,206 crore compared to ₹2,416 crore last year. Zomato's earnings before interest, tax, depreciation, and amortisation (Ebitda) also turned positive, standing at ₹177 crore, up from an Ebitda loss of ₹48 crore in the same period last year. Ebitda margin was at 4.2%.

With the surge in share price, some of the company's investors such as Alipay, and SoftBank have been cashing out with manifold gains.

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

Antfin has been paring its stake in the food-delivery platform and currently holds a 4.3% stake

RBI sets ₹10 cr minimum net worth for financial market SROs

Anshika Kayastha
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The Reserve Bank of India (RBI) on Monday issued the framework for self-regulatory organizations (SROs) in financial markets, inviting applications from entities which meet the eligibility criteria including a minimum net worth of ₹10 crore.

The framework has been issued keeping in view SROs' role in "strengthening compliance culture among their members and also providing a consultative platform for policy making", the central bank said

in a statement. "With the growth of the Regulated Entities (REs), in terms of number as well as scale of operations, increase in adoption of innovative technologies and enhanced customer outreach, a need is felt to develop better industry standards for self-regulation."

Financial markets refer to interest rate markets that encompass government securities; money markets including the market for repo in government securities and corporate bonds; foreign exchange markets; and derivatives on interest rates/prices, forex rates and credit.



As per the RBI guidelines, the SRO for financial markets will need to be set up as a not-for-profit company.

The guidelines are based on the 21 March omnibus framework for recognizing SROs for regulated entities prescribing the broad objectives, functions,

eligibility criteria, governance standards, membership criteria and other terms and conditions to be followed by the SROs. As per the guidelines, the

SRO for financial markets will need to be set up as a not-for-profit company, must have a minimum net worth of ₹10 crore, and should have the ability to create infrastructure that enables it to discharge responsibilities of an SRO on a continuing basis. The shareholding of the SRO should be sufficiently diversified, with no entity allowed to hold 10% or more of the paid-up share capital, either singly or acting in concert.

The SRO will be responsible for framing necessary best practices, standards and codes within the regulatory framework for voluntary adoption by

its members. This compliance culture, established through high levels of internal governance, can help reduce the compliance burden on market participants and promote an ecosystem conducive to the development of the financial markets, the RBI said.

The SRO's role will include promoting a culture of compliance among its members by encouraging progressive practices and conventions and sharing best practices, with special attention on extending guidance and support, particularly to smaller entities.

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



Shalini Warriar, retail business head, Federal Bank Ltd.

Federal Bank says deposit growth top issue for lenders

Bloomberg
feedback@livemint.com

Deposit growth is the Indian banking sector's biggest challenge as customers choose from an increasingly diverse range of investment alternatives, according to Shalini Warriar, retail business head at Federal Bank Ltd.

"There is no silver bullet for this," Warriar said on Bloomberg TV Monday. When "fixed deposit rates don't go up as much as customers would like them, they look for alternatives."

Deposit growth has lagged strong demand for credit in India for several quarters now, prompting top officials to weigh in. Finance minister Nirmala Sitharaman and Shaktikanta Das, governor at Reserve Bank of India, have urged banks to innovate to boost deposits as household savings shift to investment products.

Failure to boost deposits means loan growth may need to be "tempered down", and "corporates will have to look for other alternative opportunities to raise funds," Warriar said in

her interview with Paul Allen and Avril Hong. Federal Bank's most senior female executive, Warriar added that lending could also be hampered by a draft RBI proposal that would require banks to hold more liquid assets to cover retail deposits from internet and mobile banking.

"What would potentially happen is the cost of deposits would go up for banks," she said, and banks will "transfer that in some form and fashion to the cost of lending so that margins are retained".

Federal Bank's deposit growth roughly matched credit growth for the year ended 30 June, according to its latest earnings presentation, with both up 20% year-on-year and 5.4% quarter-on-quarter. "Our objective has been to go into those places where industry is flourishing, particularly around what we call the 'Made in India' ethos and philosophy of small and medium enterprises," Warriar said.

The bank also used its digital platform and partnerships with fintech companies to reach more customers, she said.

BSR slapped with a ₹10 cr fine

Audit regulator NFRA has imposed the fine on BSR & Associates for lapses in auditing Coffee Day Enterprises

Gireesh Chandra Prasad
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NEW DELHI

Audit regulator National Financial Reporting Authority (NFRA) on Monday imposed a hefty penalty of ₹10 crore, one of the highest in the history of the regulator, on BSR & Associates LLP, an independent audit firm which has a contractual relationship with KPMG, for alleged lapses in the audit of Coffee Day Enterprises Ltd or CDEL, the company that runs coffee chain CCD.

The audit watchdog also debarred two of BSR's partners—one for 10 years and the other for five years.

"The auditors did not report (allegedly) fraudulent diversion of funds despite having enough evidence that public money was moved to a promoters' entity which had no business connection with the listed company," the NFRA order said.

The audit firm said it was reviewing the regulatory order. "BSR &



NFRA has debarred two of BSR's partners also in the matter.

Associates is disappointed with this order for the CDEL audit for the year ended 31 March 2019. The firm is currently assessing next steps and cannot comment further at this stage. BSR remains committed to the highest standards of professionalism, quality and integrity," the audit firm said in response to queries

emailed by Mint.

Queries emailed to Coffee Day Enterprises on Monday evening seeking comments for the story remained unanswered at the time of publishing.

The regulator alleged that the auditors put on "their blinkers and when asked to explain, sought ref-

uge in the provision of standard on auditing 600, relying on the work of auditors of the subsidiaries, while CDEL's investments in these subsidiaries constituted a staggering figure of ₹1,937 crore constituting 89% of the standalone balance sheet."

The audit watchdog pointed out the exposure to promoter entities was a significant and important area of audit.

"Providing of loans by the listed company to a related party in the garb of an advance for purchases, the amount itself being over five times the value of purchases, was not questioned by the auditor for its business rationale," the regulatory order said.

NFRA also imposed a penalty of ₹50 lakh on one of the partners and ₹25 lakh on the other for alleged substantial deficiencies in audit, abdication of responsibility and the issuance of a false and misleading audit report.

The way to the regulator's

review of the audit was paved by a Securities and Exchange Board of India (Sebi) investigation report on alleged diversion of funds worth ₹3,535 crore from seven subsidiary companies of Coffee Day Enterprises to Mysore Amalgamated Coffee Estate Ltd, an entity owned and controlled by the promoters of CDEL, a listed company, NFRA said in the order.

There is a contractual arrangement between KPMG and BSR to share certain methodology, tools, software and training, but BSR is a very independent audit firm, Mint had reported on 9 January 2023.

NFRA is making efforts to improve the quality of statutory audits of companies by investigations, inspections and quality review reports of the audits done. Since 2018, the audit watchdog has issued over 80 orders debarring erring auditors.



RCap rescue: Anil Ambani firm moves to stop use of 'Reliance' name

Priyanka Gawande
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MUMBAI

Anil Dhirubhai Ambani Ventures Pvt. Ltd (ADAVL) has filed a fresh interlocutory application in the National Company Law Tribunal (NCLT) seeking the court's intervention to direct Hinduja Group-owned Indus-Ind International Holdings Ltd (IIHL) to stop using the brand 'Reliance' once the resolution plan is implemented.

In February, the NCLT had approved IIHL's takeover of the

insolvent Reliance Capital (RCap). As per the order, while approving the resolution plan the NCLT had allowed IIHL, the successful resolution applicant, to use the brand, logo, name and trademark owned, licensed or sub-licensed by RCap, subject to the payment of fees under the existing agreements, and subject to the terms and conditions set in those agreements for three years for the purpose of the implementation of the resolution plan.

In its petition, ADAVL prayed for the recall of this part of the tribunal's order, a copy of which

was seen by Mint. The Mumbai bench of the NCLT will hear the matter on Tuesday.

"Grave and irreparable harm, loss and injury will be caused to the applicant (ADAVL) if the reliefs sought in the application are not granted by NCLT. However, no prejudice will be caused to IIHL or Reliance Capital. The balance of convenience weighs in favour of the applicant," the

18-page petition showed. In 2014, ADAVL and RCap had entered into a brand licensing agreement under which the former had granted RCap a non-exclusive, royalty-free licence to use the brand 'Reliance' for 10 years. In June 2021, ADAVL ended the agreement between the parties, restricting the brand's use.

In its application, ADAVL has petitioned that the brand

agreement does not create any interest in the brand in favour of RCap, but only allows permissive use thereof. Given this position, the brand is not an "asset" of RCap within the meaning of the term as used in Section 18 of the Insolvency and Bankruptcy Code, and ADAVL has requested the cessation of brand usage by IIHL immediately after implementation of the resolution plan.

Moreover, the application states the company was not heard while allowing IIHL to use the brand for three years, as it was not a party to the resolu-

tion plan.

Currently, IIHL and the lenders to bankrupt RCap are at loggerheads over the implementation of the resolution plan. At its last hearing, IIHL informed the tribunal it has deposited the equity component of ₹2,750 crore in the committee of creditors-designated escrow account. The NCLT has directed the Reserve Bank of India and the Department for Promotion of Industry and Internal Trade to expedite the approval for the applications made by IIHL for implementation of the resolution plan.

ADAVL is looking to stop IIHL from using the brand 'Reliance' once the resolution plan is implemented



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THE WEEK THAT WAS

A quiz on the week's development.



Companies tie up transport, timings to keep women safe

Firms turn to hotel stays for women, SOS buttons and CCTV in transport vehicles for safer work

Priyamvada C & Devina Sengupta
MUMBAI

At a time unsafe workplaces for women have come under harsh scrutiny, companies across sectors highlighted flexible timings, helplines, safe transport and hotel stays, among a series of measures to instil confidence and deter harm.

The measures come in an environment where a big chunk of women have expressed their decision to move on in two years citing reasons such as the lack of an inclusive work culture and disparity in pay.

"We have many women working at our factories, in shifts, across India. They are picked up from and dropped at their home locations. During night shifts, women security guards are stationed at the premises, besides having active CCTV cameras at all locations," said Supratik Bhattacharyya, chief talent officer at RPG Group. Raychem RPG, which offers engineering solutions and services, allows women employees to stay at a hotel closest to the airport in case she arrives late at her destination, irrespective of her travel entitlements.

Apart from the generic zero-tolerance policy on harassment, Tata Motors offers flexible shift timings for women and door-to-door transport equipped with female security personnel and audio-enabled CCTV. For women who work on the shop floor across shifts, there are mid-level managers in some locations who voluntarily rotate supervision until the last woman employee reaches home and reports back to the local leadership team, said Tata Motors CHRO Sitaram Kandil.

E-commerce giant Amazon also has similar measures in place. The company offers commute services with designated pick-up and drop-off points, and



encourages female employees to use company-provided safe transport that includes the accompaniment of a security guard at night, said Liju Thomas, Amazon India's director of human

resources. Thomas added that all vehicles are equipped with live speed monitoring, SOS buttons, and real-time alerts. Lack of safety for women employees has become the focal point for protests

across the country after a Kolkata doctor was found raped and murdered in the Kolkata hospital where she worked. At Indian companies, more harassment cases are surfacing as a larger

share of woman women register their grievances. Only 81 out of the top 300 companies listed on NSE had reported complaints in FY23, showed a study by the Centre

for Economic Data & Analysis (CEDA). In FY14, the year when the Prevention of Sexual Harassment (POSH) Act came into force, these 300 companies reported 161 cases. The number shot up to 767 in FY22, and 1,160 in FY23.

Quick commerce firms employing women delivery partners have added more security. Big Basket's women delivery partners have guidelines on doorstep delivery, alignment of convenient delivery slots and SOS facility for use in case of emergencies. Food and grocery delivery company Swiggy said it has several safety protocols to ensure the safety of women delivery staff. In the past, the company had instituted measures like 'safe zones' and capping delivery hours at 6 PM for female delivery partners. However, this cap became a challenge during peak delivery slots.

Swiggy said it has now put in place several security processes including situational training and SOS-emergency support that connects the delivery person to a helpline, local police or an ambulance as needed. Female and male delivery workers alike have the option to decline deliveries if they deem an area to be unsafe, with no questions or disincentives.

The safety metrics gain prominence at a time companies are working to improve their gender diversity and prevent exits. As much as 47% of the 24,000 women employees surveyed by consulting firm Aon said that they are unsure or will leave their firms in two years, citing workplace bias, absence of an inclusive work culture, pay disparity and limited career progression. The study — Aon's 2024 Voice of Women — was conducted between March and June this year.

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

SAFETY FIRST

ONLY 81 out of the top 300 cos listed on NSE had reported complaints in FY23, showed CEDA study

IN FY14, the year when the POSH Act came into force, these 300 firms reported 161 cases

THE number of reported cases shot up to 767 in FY22, and 1,160 in FY23

LACK of safety for women employees has become the focal point for Kolkata rape case

India eyes LPG tie-up with Equinor

FROM PAGE 1

the country, with more than 60% of LPG being imported.

LPG is a new area of discussions between India and Equinor, with the two already speaking on multiple issues such as the company's participation in India's strategic petroleum reserves (SPR), and long-term deals for supply of liquefied natural gas (LNG) from Equinor's extensive portfolio in the US and Qatar as reported by *Mint* earlier.

Queries emailed to the spokespersons of Indian Oil Corp, Hindustan Petroleum Corporation Ltd, Bharat Petroleum Corporation Ltd and India's ministry of petroleum and natural gas on Sunday evening remained unanswered.

An Equinor spokesperson in an emailed response said, "Equinor's policy is to not comment on rumors and market speculations."

India's new LPG playbook is on the lines of what it has been trying to do on the crude oil sourcing front. Apart from its major oil suppliers such as Iraq, Russia, Saudi Arabia, the UAE and US, India has been trying to diversify its oil supplies by pro-



LPG is a new area of discussions between India and Equinor.

curing from countries such as Colombia, Brazil, Libya, Gabon and Equatorial Guinea, taking the total number of crude oil suppliers to 39.

The market for LPG has grown with the popularity of the Centre's Pradhan Mantri Ujjwala Yojana (PMUY) scheme. India's LPG market has grown significantly over the past few years. LPG consumption in FY24 rose 3.7% year-on-year (y-o-y) to 29.6 million tonne (mt) from 28.5 mt in the previous fiscal, according to data from the

Petroleum Planning & Analysis Cell. So far this fiscal, in the April-June period, India's total LPG consumption stood at 7.06 mt, 4.67% higher y-o-y.

To meet this growing demand, India imported 4.5 mt LPG in Q1 FY25, which is around 17.7% higher than the 3.7 mt imported in the same period of last fiscal. The imports helped meet 64% of the country's LPG demand in the first quarter.

"The government of India has promoted the use of LPG as a clean cooking fuel starting

with the Pradhan Mantri Ujjwala Yojana (PMUY) scheme in 2016, which called for the distribution of 50 million LPG stoves and connections to women below the poverty level for families," the International Energy Agency (IEA) said in its report titled 'Indian Oil Market — Outlook to 2030'.

"These schemes, including the provision of stoves and subsidies, have contributed to substantially higher LPG demand, which grew by a total of 51% (5.3% per year) between 2015 and 2023. By 2021, 62% of Indian households used LPG as their primary cooking fuel," the report said.

Meanwhile, Equinor has also tied up with state-run Oil and Natural Gas Corporation (ONGC) for carbon capture, utilization and storage (CCUS), offshore wind and green hydrogen. Further, Equinor-backed Scatec ASA has formed an equal joint venture (JV) with India's Acme Group for designing, developing, building and operating a large green hydrogen and green ammonia project at the SEZ at Duqm in Oman, which will require an investment of around \$6 billion to supply emission-free fuel to Europe and Asia.

CBIC asks staff to check before issuing notices in some cases

FROM PAGE 1

be instances where the investigation is based on an interpretation of the tax law or rule or an order, and may be headed towards proposing non-payment of tax but the taxpayer may be following a particular interpretation followed in that industry. This results in more than one interpretation and the likelihood of litigation, CBIC said.

In such cases, the senior field officer has to make a reference to the GST policy wing or the Tax Research Unit of CBIC. Efforts to make such reference before concluding the investigations and "as much in advance as feasible of the earliest due date for issuing show cause notice, may be useful in promoting uniformity or avoiding litigation" if the reference also gets placed before the GST Council, the instruction said. CBIC also told officials that this procedure should be followed whenever such a scenario comes up during a GST audit, including ongoing ones.

"This move aims to create a more predictable business environment by reducing inconsistencies in audit findings, minimizing litigation, and streamlining the overall audit process. CBIC's emphasis on standardized interpretation underscores its commitment to fair business practices while ensuring robust GST compliance," said Saurabh Agarwal, tax partner, EY.

On 13 August, *Mint* reported that after issuing a pre show cause notice to Infosys for ₹32,400 crore over alleged tax dues for the five years ended FY22, the Directorate General



Infosys is currently in process of filing its responses for the period after FY18. ISTOCKPHOTO

of GST Intelligence (DGGI) is set to decide on its tax liability for each year separately, signalling protracted tax wrangle. Infosys is currently in the process of filing its responses for the period after FY18.

After the flurry of tax notices to insurance companies raised an outcry, the GST Council on 22 June clarified that co-insurance premium apportioned by lead insurer to the co-insurer and ceding commission or re-insurance commission between insurer and the re-insurer are not taxable. The Council also then decided to regularize past cases on 'as is where is basis,' giving relief to the insurance industry.

"Tax issues and India go hand in hand," Willie Walsh, director-general of the International Air Transport Association (IATA) said in June. "We are very concerned that some of the proposals would actually lead to airlines withdrawing from the market because (they would be exposed to) the complexity of tax rules, the extent of taxes, and the risk of double taxation, which most air service agreements set out to avoid."

Old box office underperformers find new audiences upon re-release

Lata Jha
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NEW DELHI

Old is gold, but in this case, there's a twist. A bunch of films that bombed at the box office when released some years ago, have found new audiences when re-released recently and even done better than new titles of the day. Experts said the acclaim these films earned on streaming platforms was partly responsible for this run.

For instance, *Laila Majnu*, a romantic drama that had earned a paltry ₹2.2 crore when released in 2018, classifying it as a box office disaster, has crossed that figure when it was

re-released earlier this month with collections of ₹2.65 crore, according to trade experts.

Then, Imtiaz Ali's *Rockstar*, considered a semi-hit for its time, has also raked in about ₹10 crore after returning to cinemas after 13 years this June.

Mohanlal's Malayalam film *Devadoothan*, not considered a big hit when in 2000, has also earned more than ₹5 crore on re-release, which is higher than what many new films in the language have earned.

Other than finding a new audience over the years on OTT (over the top or streaming) platforms, the films have benefited from digital remastering and new sound, in many cases. "Very often, new films are



Imtiaz Ali's *Rockstar* has also found significant draw after returning to cinemas after 13 years this June, raking in about ₹10 crore.

released extremely wide in far too many screens because of budget or scale considerations, which impacts earnings as they get lost in a crowd," explained Rahul Puri, managing director,

Mukta Arts and Mukta A2 Cinemas. "However, re-releases are planned in a way where only select screens and theatres are targeted for maximum impact." Many of these films may not

have been lapped up by audiences at large, but have managed strong fan followings in their own way, especially among kids who may have been too young when they first released but have grown up on the film and its songs over the years. "Given the weakness in the market where the past few weeks haven't seen any successes, this was an experiment to manage decent occupancies rather than have nobody coming in at all," Puri said.

To be sure, films like *Laila Majnu* and *Rockstar* were

restricted to select premium properties and evening shows in top metros. Just like festivals showing retro hits of yesteryear stars like Dilip Kumar and Amitabh Bachchan that have been organised over the past two years, Puri said it was common to see these films clock in household shows when screened in one show during the day.

"Platforms like OTT and television or DVDs earlier, have helped improve involvement and engagement for films," said independent exhibitor Vishek Chauhan. "They all help the

eventual product grow instead of acting as conflicting interests, because after watching and replaying the film at home, audiences are happy to get the chance to watch it in a theatre."

Low ticket rates for re-releases and no new releases during the period have helped the movies in question, Chauhan added.

Agreeing that the films were ahead of their time, Ruban Mathiavan, managing director at GK Cinemas in Chennai, agreed that many of these are seen as cult classics now. "People have been waiting to watch them on the big screen. OTT has only opened up the landscape further for content that way," he said.

FROM PAGE 1

from bribing foreign government officials.

"As the Indian government has refused to process the letters rogatory authorized by this Court, the sole means to compel testimony from these witnesses is through the Mutual Legal Assistance Treaty (MLAT) between the United States and India," Coburn's attorney, James P. Looman, a partner at New York-headquartered law firm Jones Day, said in a submission. "Without question, evidence fundamental to a fair trial, in this case, is located in India."

The filing, dated 15 July, was made in a court in New Jersey.

In early 2019, Cognizant agreed to pay \$25 million to the US Securities and Exchange Commission to settle the bribery charges.

However, the US Department of Justice charged Coburn and former Cognizant chief legal officer Steven Schwartz with approving a \$3.64 million payment to an Indian official in return for planning permits to speed up construction of Cognizant's office campuses in Chennai and Pune in the three years to 2015.

Both Coburn and Schwartz deny any wrongdoing. But the DoJ relied on thousands of documents shared by Cognizant and interviews with current and former company executives to establish that the two executives approved the illicit payments by its contractor, L&T, to Indian officials.

"[A]n adjournment until approximately February 2025 would increase the likelihood that the jury will be able to evaluate the testimony of the witnesses in India, subject them to cross-examination, and preclude the potential for the admission of rank hearsay,"



India's ministry of home affairs had rejected the US State Dept's letter of rogatory or formal request sent in March last year. MINT

Coburn's attorney Looman told the court on 26 July.

Finally, last week, the judge presiding over the corruption case in a New Jersey court agreed to defer the start of the trial to March next year and asked the US government time to file its reply about the MLAT request before 25 November.

"Jury selection shall commence on March 3, 2025," said Judge Michael Farbiarz in his order dated 15 August. "Trial shall commence immediately following jury selection."

While Cognizant is headquartered in Teaneck, New Jersey and has a global workforce of more than 336,300 employees, 245,500 of them were based in India as at the end of June. Earlier this month, the company reported better-than-expected growth for the June quarter but signalled that the market for technology services remained challenging.

Coburn's lawyer, L&T, and India's ministry of home affairs did not reply to *Mint*'s emails.

Subrahmanyan rose through the ranks at L&T after joining the company's engineering construction and contracts

division in 1984 as an engineer. He was mentored by Naik and was appointed CEO and managing director of L&T on 1 July 2017, before taking over as chair on 1 October last year.

On 21 May 2018, Subrahmanyan was "formally interviewed" in Singapore by officials from the US Attorney's Office and the Federal Bureau of Investigation.

Subrahmanyan, who headed L&T's infrastructure business during the years when the company is alleged to have made the bribes, told the US officials that he "does not remember discussing the planning permit" and did not hear anything about a "request from a government official for improper

payment". *Mint* wrote in its edition dated 7 August 2023.

Mint first wrote about L&T's alleged role in facilitating the illicit payments in its 17 February 2019 edition. Subsequently, L&T's board conducted an internal probe and concluded that the company did not have proof of any executive's involvement in the alleged bribes to unnamed Indian officials.

Adani Group's Ebitda rose 33% to about ₹22,570 crore in Q1. AFP



Adani Group's Ebitda rose 33% to about ₹22,570 crore in Q1. AFP

Adani touts cash pile to ease concerns

Bloomberg
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Adani Group said it has enough cash to cover more than 30 months of debt payments, in a move aimed at alleviating concerns about its liquidity risk as the Indian conglomerate contemplates fresh fundraising for its flagship unit.

The group said its cash balance accounted for 24.8% of gross debt as of the end of the first quarter of the fiscal year that began in April, up from 17.7% a year earlier, according to its earnings release Monday.

The port-to-power conglomerate's Ebitda, or earnings before interest, tax, depreciation and amortization, rose 33% to about ₹22,570 crore in the quarter ended 30 June. The stronger financial performance comes at a time when the conglomerate's flagship firm Adani Enterprises Ltd is considering raising around ₹10,000 crore to ₹12,000 crore through a share sale, following the recent success by its energy transmission unit in raising \$1 billion.

The completion of such financing and signs of improved cash flows would help Adani Group recover investor confidence after US short-seller Hindenburg Research accused it of widespread fraud and corporate malfeasance in early 2023.



Your car's AC and tyres need climate upgrade. Here's why

The auto sector is adapting air conditioning and tyres to handle more extreme weather.

Alisha Sachdev & Puja Das
NEW DELHI

Imagine your car's air conditioning falters in the middle of a relentless heatwave, or your tyres struggle to grip the road during an unexpected snowfall. As disconcerting as these scenarios might be, they are becoming more plausible as weather patterns shift due to the intensifying impact of climate change.

India has witnessed an unusual summer this year with north-west and east India recording a maximum average temperature of 47-48°C until the Southwest monsoon hit the Kerala coast on 30 May, two days before the scheduled date.

Now, with the extremely heavy rainfall across the nation, especially in southern India and hilly regions like Himachal Pradesh are dealing with disasters caused by floods, landslides and cloudbursts which climate scientists term 'man-made'. India has so far received 3% more than above-normal precipitation at 632.5 mm since 1 June. This is also the scenario the automotive industry is working to avoid, so two of its critical components—air conditioning systems and tyres—can keep pace with the increasingly harsh and unpredictable climate.

And as electric vehicles (EVs) become more common, another layer of technology to adapt to gets thrown into the mix.

Car AC manufacturers are now pushing their systems to the limits, rigorously testing them for resilience against extreme temperatures, prolonged usage, and erratic weather. These systems must not only survive these harsh conditions but also meet stringent energy efficiency and performance standards evaluated by agencies like JD Power. As the climate continues to evolve, so too will the testing parameters, Shradha Suri Marwah,



Extreme weather is affecting rubber production, leading to issues with both the quantity and quality of the raw material required for manufacturing tyres. MINT

chairperson and managing director of Subros, India's largest manufacturer of car AC systems.

"When we design products for India, we take into account the country's vast climate diversity. Our products are tested to withstand temperatures ranging from minus 20 to plus 50 or 55°C now, compared to the rest of

challenges, including harsher winters and longer rainy seasons," Marwah said. She notes that Subros' testing parameters will continue to adapt as climate change progresses, emphasizing that the robustness of materials like rubber, aluminium, and steel will become increasingly crucial. "A lot of work is happening on this front right

and quality of the raw material required for manufacturing tyres.

"Yields and production of natural rubber are getting hit primarily due to two extreme climatic conditions—torrential rainfall and extreme temperature. This is the case this year, which may result in at least 20-30% production loss in Kerala. There are other reasons like diseases and pest attacks which are directly associated with climate change causing extreme weather conditions," said Jacob Mathew, MD at Kerala State Rubber Co-op. Ltd. "This may not impact supply-demand dynamics, impacting price as tyre companies already have their stocks. Some impact might be noticed next year. However, it cannot be said that lower production could alone be a cause of price rise if at all."

"Natural rubber production is highly sensitive to weather conditions," Anuj Kathuria, president, JK Tyre, told *Mint*. "Tropical climates with consistent rainfall and moderate temperatures are ideal, but deviations from these conditions can impact the rubber's quality. To address this, we have launched the Inroad Project, which involves setting up rubber plantations over 200,000 hectares in north-eastern India. This initiative aims to secure a stable supply of high-quality natural rubber domestically."

Kathuria also highlights the importance of proper storage. "Maintaining optimal temperature and humidity conditions is crucial for both raw materials and finished products. We utilize renewable energy sources like solar and wind power to manage the increased energy needs and ensure sustainability. Proper storage helps prevent issues like oxidation and ozone attacks, which can lead to premature failure of tyres," he said.

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For an extended version of this story, go to [livemint.com](https://www.livemint.com).

CARING FOR CARS

CAR AC makers are now rigorously testing their systems for resilience against erratic weather.

THE systems must also meet energy efficiency and performance standards.

TYRE manufacturers are grappling with challenges related to the quality of natural rubber.

TO address this, JK Tyre is setting up over 200,000 hectares of rubber plantations in north-east India.

the world, which typically designs for temperatures from -30 to +30°C. It's a regional issue. So we have to ensure our systems work in the harshest environments. We test in Jaisalmer, for instance, where we see temperatures actually hit 52°C. Testing standards are becoming more rigorous as climate change impacts grow, and we're already preparing for the next wave of

now. We're constantly working on light weighting, making products more resilient, while also ensuring they meet the ever-stricter standards set by testing agencies," she said.

Tyre makers are grappling with their own challenges, particularly concerning quality of natural rubber. Extreme weather is affecting rubber production, leading to issues with both the quantity

'Ketchup sachets have quality checks, but not gaming sector'

Varuni Khosla
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NEW DELHI

India's online gaming sector is navigating uncertain waters as it grapples with a higher 28% tax and state bans on skill-based games, sparking concerns about its future. Additionally, short-term funding has started to dry up.

"It's surprising that in India a ₹2 sachet of ketchup has an FSSAI (Food Safety and Standards Authority of India) label, but online games don't have any security or quality seal," said Anuraag Saxena, head of the E-Gaming Federation, in a conversation with *Mint*.

The industry body, which has outlined voluntary standards for India's online gaming sector, is among petitioners that have legally challenged a higher goods and services tax (GST) for the industry and the authority's tax demands adding up to nearly ₹1.5 trillion.

"Consumers are ending up losing lakhs on unscrupulous games with no redressal mechanism. The country must have a whitelist for gamers to be able to distinguish which is legal and which is not," he said.

Self-regulatory bodies have been proposed earlier as well to promote ethical practices by online gaming platforms and create a stable and predictable regulatory environment. These will also ensure quick resolution of grievances and implement standard operating procedures that meet global standards.

But there has been no government nod yet for this. Currently, the government serves as the regulator for the online gaming industry. The ministry of electronics and information technology (MeitY) has said in the past that it will develop a framework for permitting and certifying online games involving monetary transactions.



Anuraag Saxena, head of E-Gaming Federation, said consumers end up losing lakhs on unscrupulous games. ANURAAG SAXENA/LINKEDIN

Despite these hurdles, the legitimate gaming industry in India is expected to grow by 20% until the end of 2024-25, reaching a value of ₹23,100 crore, according to Saxena.

"Globally, the gaming industry has seen exceptional growth, with over 1.2 billion players worldwide. India has been a key contributor, with 500 million active gamers, and 200 million of them willing to invest in enhancing their gaming experiences," Saxena said, referencing a report co-authored with Grant Thornton titled 'Guardians of Safe Play: Ethical Gaming for Vibrant Bharat'.

Over the last five years, India's online gaming industry has raised \$2.8 billion from domestic and global investors. However, funding activity in the short-run has slowed down, Saxena said.

Last year proved particularly challenging for the skill-based gaming sector, which faced the dual impact of a higher 28% GST rate and multiple state bans. Following the 50th GST Council meeting in July last year, the tax authority proposed implementing a uniform 28% GST rate on the full-face

value for online gaming, casinos, and horse racing. This significantly impacted the online gaming sector, leading to widespread layoffs and the closure of several startups due to the increased tax burden.

Following an outcry from the industry and multiple petitions, the Supreme Court in April consolidated 27 writ petitions challenging the GST hike into a single hearing. This legal action, spearheaded by Gameskraft and supported by writs filed by the E-Gaming Federation and Play Games 24x7, marked a crucial step in the industry's fight against the tax increase.

The E-Gaming Federation's joint report with Grant Thornton highlighted the importance of distinguishing between games of skill and games of chance to regulate the real money gaming industry effectively.

Games of skill rely on a player's abilities, while games of chance are predominantly driven by luck. Under Indian law, games of skill are generally considered legal, while games of chance are not.

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Self-regulatory bodies will ensure quick resolution of grievances and apply standard operating procedures

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The Economist



AMD CEO Lisa Su. The deal, among AMD's largest, is part of a push to offer a broader menu of chips, software and system designs.

AMD buys ZT Systems for nearly \$5 bn, escalating battle with Nvidia

Asa Fitch

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Advanced Micro Devices agreed to pay nearly \$5 billion to buy ZT Systems, a designer of data-center equipment for cloud computing and artificial intelligence, bolstering the chip maker's attack on Nvidia's dominance in AI computation.

The deal, among AMD's largest, is part of a push to offer a broader menu of chips, software and system designs to big data-center customers such as Microsoft and Facebook owner Meta Platforms, promising better performance through tight linkages between those products.

Secaucus, N.J.-based ZT Systems, which isn't publicly traded, was founded in 1994. It designs and makes servers, server racks and other infrastructure that house and connect chips in the giant data centers that power artificial-intelligence systems such as ChatGPT.

ZT has more than \$10 billion of annual sales, AMD Chief Executive Lisa

Su said in an interview—nearly half the \$22.7 billion in revenue her company reported last year. However, AMD plans to sell ZT's manufacturing business after the acquisition is complete, keeping its system-design business.

Su said ZT's main value for her company is in offering customers more hands-on assistance in setting up huge data centers where clusters of chips train up AI systems.

"What it allows me to say to them is let me help you build your next training cluster, and tell me what's important to you," Su said. "I now have a very large design team that can help you do that."

The deal could bolster AMD's competitive position against Nvidia, which also has added aggressively to its data-center offerings in recent years. Nvidia, for example, bought networking company

Mellanox in 2020 for nearly \$7 billion, bringing in supercomputing-grade data transfer capabilities that have helped it maintain its edge during the AI boom. It also increasingly has focused on designs for servers and data centers that its chips go into.

AMD has made other moves in recent years to build up its data-center chops, including its acquisition of chip maker Xilinx in 2022 in an all-stock deal valued at nearly \$50 billion at closing. Also in 2022, AMD bought Pensando Systems, a data-center chip and networking startup, for \$1.9 billion.

While Nvidia is by far the chip industry's prime beneficiary of the AI boom, AMD has been making inroads. Su last month raised her forecast for the company's AI chip sales to \$4.5 billion this year after reporting quarterly results ahead of analysts' expectations. She had forecast \$3.5 billion of sales in January.

AMD valued the cash-and-stock deal for ZT at \$4.9 billion, including a contingent payment of up to \$400 million based on certain milestones after it closes. AMD said the deal is expected to close in the first half of next year, subject to regulatory approvals, and that ZT Chief Executive Frank Zhang will stay on after the acquisition. Zhang said in a statement that joining AMD will help ZT "play an even larger role designing the AI infrastructure that is defining the future of computing."

The ZT deal is one of AMD's biggest, after the Xilinx acquisition and its \$5.4 billion acquisition of ATI Technologies in 2006. AMD announced a much smaller AI-related deal last month, the approximately \$665 million purchase of Silo AI, a Finnish company that helps customers integrate artificial intelligence into their products and operations.

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Sam Altman's Worldcoin initiative is battling with govts over your eyes

Over a dozen jurisdictions have either suspended the project's operations or looked into its data processing

Angus Berwick

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Sam Altman wants to save us from the AI-dominated world he is building. The trouble is, governments aren't buying his plan, which involves an attempt to scan the eyeballs of every person on Earth and pay them with his own cryptocurrency.

Altman's OpenAI is creating models that may end up outsmarting humans. His Worldcoin initiative says it is addressing a key risk that could follow: We won't be able to tell people and robots apart.

But Worldcoin has come under assault by authorities over its mission. It has been raided in Hong Kong, blocked in Spain, fined in Argentina and criminally investigated in Kenya. A ruling looms on whether it can keep operating in the European Union.

More than a dozen jurisdictions have either suspended Worldcoin's operations or looked into its data processing. Among their concerns: How does the Cayman Islands-registered Worldcoin Foundation handle user data, train its algorithms and avoid scanning children?

Altman, the billionaire figurehead of the artificial-intelligence revolution, has tried to push back and open doors for Worldcoin. The project is a lesser-known part of the OpenAI chief executive's sprawling business empire, but it plays a vital role in his vision for society's future, by attempting to ascribe all humans a unique signature.

Worldcoin verifies "humanness" by scanning irises using a basketball-sized chrome device called the Orb. Worldcoin says irises, which are complex and relatively unchanging in adults, can better distinguish humans than fingerprints or faces.

Users receive immutable codes held in an online "World ID" passport, to use on other platforms to prove they are human, plus payouts in Worldcoin's WLD cryptocurrency. Worldcoin launched last year and says it has verified more than six million people across almost 40 countries. Based on recent trading prices, the total pool of WLD is theoretically worth some \$15 billion.

The project says its technology is completely private: Orbs delete all images after verification, and iris codes contain no personal information—unless users permit Worldcoin to train its algorithms with their scans. Encrypted servers hold the anonymized codes and images.

However, several authorities have accused Worldcoin of telling Orb operators, typically independent contractors, to encourage users to hand over iris images. Privacy advocates say these could be used to build a global biometric database with little



OpenAI chief executive officer Sam Altman.

REUTERS

oversight.

Damien Kieran, the project's chief privacy officer, said any groundbreaking venture like Worldcoin inevitably draws scrutiny, and the initiative was working with regulators to address concerns.

The project has paused the image-sharing option for users while it develops a new process, he said, and is continually improving its ability to keep people secure. Current training materials don't ask operators in any way to induce users to share biometric data, he said.

"We've built a technology that by default is privacy-enhancing," Kieran said in an interview. "We don't collect data to harvest it. We don't sell data. In fact, we couldn't sell it, because we don't know who the data belongs to."

"Very advanced and novel technology"

In 2019, Altman conceived the idea of building a technology that could eventually distribute a form of universal basic income to everyone on Earth whose livelihoods would be disrupted by AI.

"I started thinking that it would be quite powerful if you could have the biggest financial and identity network imaginable," Altman told a podcast last year. He didn't comment for this article.

The following year, Altman tapped a 26-year-old German called Alex Blania, a former California Institute of Technology researcher.

The founders set up a U.S. company, Tools for Humanity, to build the technology, with Blania as CEO. Blania based much of his team in the Bavarian city of Erlangen, where he had previously studied theoretical physics. A nonprofit Cayman foundation, meanwhile, manages the data, tokens and intellectual property.

The project drew controversy soon after becoming public.

Unlike many Silicon Valley startups that first expand across the U.S., Worldcoin was global almost from the get-go, racking up users in less-developed markets like Indonesia, Kenya and Nigeria, and throughout Europe. It hasn't offered WLD coins in the U.S., citing an uncertain regulatory environment.

Critics charged Worldcoin with targeting less technically literate places. "It's taking advantage of people's lack of sophistication to train very advanced and novel technology," said Calli Schroeder, a senior counsel at the Electronic Privacy Information Center, a Washington-based nonprofit.

Worldcoin says it wanted to test how the Orbs handled different climates and geographies, from dense cities to sparse developing areas.

In Kenya, Altman's project secured half a million sign-ups within three months of its public launch, but quickly ran into trouble.

Police launched a criminal investigation into the collection of biometric data, interrogating local managers and agents, seizing Orbs in a warehouse raid and summoning foreign representatives through Interpol. Kenya's parliament held a public inquiry, with Blania jetting in to testify. He and Altman also met Kenya's president, William Ruto, last year in California.

The parliamentary report said that Kenya's data commissioner had repeatedly told Worldcoin to stop collecting personal data, citing doubts about user consent, and that a May 2023 cease order wasn't shared with Orb operators.

After the order, Tools for Human-

ity addressed the commissioner's concerns in written replies, describing improved operator training, but kept scanning Kenyans.

Lawmaker Gitonga Mukunji, who initiated the inquiry, compared Worldcoin's use of "small enticements" to OpenAI, which has relied on low-paid Kenyan workers to train chatbots to avoid toxic content. "These companies pay our population peanuts, and the technology then makes them rich," Mukunji said in an interview.

The Kenyan public prosecutor's office closed the criminal case in June, recommending Worldcoin properly register with authorities in future. Tools for Humanity said it would continue to work with Kenya's government and hoped to resume operations there soon.

Other setbacks followed. Hong Kong banned Worldcoin, finding it was retaining iris images for up to a decade. Argentine authorities launched investigations, citing a lack of information and what they said were abusive user terms. Spain accused Worldcoin of scanning children at a large scale, while Portugal said Worldcoin taught operators to encourage people to consent to their data's use.

Authorities in Bavaria, where the foundation has a data-processing subsidiary, have led an EU inquiry into Worldcoin and expect to issue a decision as soon as next month.

The head of the German state's data regulator, Michael Will, said his team has focused on ensuring iris codes and images are secure, given that biometric data can't be altered and any breach could lead to identity fraud.

"Once somebody has your specific iris picture, you will never have the possibility to stay anonymous," Will said.

In response to regulators' actions, Worldcoin has countered with a global charm offensive and rolled out new measures.

The project's head of global affairs told Forbes Argentina it had "injected hundreds of millions of dollars into the economy." Altman, Blania and colleagues then met with Argentine President Javier Milei as he toured Silicon Valley. Worldcoin said it would make Argentina a regional hub, hiring local staff and opening new sites.

Worldcoin operators now check identity cards to deter minors, and the project lets users permanently delete iris codes, a key requirement of EU data-protection rules. A new system breaks up iris codes, with segments held on separate encrypted data stores. Only someone with

access to all the servers, and the combination keys, could piece the codes back together, according to Kieran, the privacy chief.

He said the goal is to reach a point where "we couldn't even get to this data if we wanted to."

Countering "the greatest risk of AI" Altman has little day-to-day involvement in Worldcoin, executives say. But people familiar with the matter say he holds equity in Tools for Humanity, which also puts him in line to receive WLD tokens.

Worldcoin has racked up other heavyweight backers, raising \$240 million from investors including Andreessen Horowitz and Khosla Ventures, according to PitchBook.

Blania has said Worldcoin's mission is even more urgent given AI is already reshaping the internet, with bots and fake accounts proliferating on social media. Blania says the problems will intensify if AI models emerge with human-level cognition.

"The greatest risk of AI is that it renders the internet an untrustworthy place," said Lasha Antadze, co-founder of Rarilabs, a U.S. startup that anonymously verifies online identities by scanning passports. Rarilabs has integrated Worldcoin with its system.

One challenge for Worldcoin: Much of its success hangs on its cryptocurrency.

Worldcoin is gradually unlocking tokens allocated for user "grants," along with the quarter of the total assigned to investors and team members. So far, the foundation still controls 97% of WLD, meaning the price is set by a small pool of currency in circulation. If WLD prices drop, there is less incentive to sign up, because it reduces the dollar value of payouts to users.

WLD is actively traded. But in chat groups where holders gather, the focus centers on using the token to bet on Altman's other ventures: Its price almost quadrupled just after the February release of OpenAI's Sora video tool, for instance.

Worldcoin executives say users also make real-world payments with WLD. They point to a Kenyan who said he bought a goat with the tokens and named it Sam.

Alvaro, a drone pilot in the Spanish port of Cádiz, got scanned last year and has received 120 WLD tokens since then. The 34-year-old, who declined to give his surname, said he didn't fret about Worldcoin's use of biometrics, reasoning he already handed over similar data to other companies.

"I believe in Sam," he said, "so I'm holding for the really long term."

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Worldcoin launched last year and has verified more than six million people across almost 40 countries

Hey baby, can I get your number? And by that, I mean your credit score

Harriet Torry

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Forget about looks and smarts. When it comes to finding a partner, some would-be paramours are most interested in their date's credit score.

Alexander Marks, a lawyer who works in public education and lives in Las Vegas, was flummoxed when potential dates on matchmaking apps messaged him to ask about his credit score.

"It's an odd approach because you're just reducing me to a number," said Marks, 38. "That's an immediate turn-off for me."

The little three-digit numbers are made when credit bureaus collect information on your payment and debt history from lenders, which credit-scoring companies then use to assign a numerical value ranging from about 300 to 850.

Banks use the scores to decide who gets a loan.

Those on the hunt for love say they're not bad for scoping out romantic partners either—well, except when they are.

Dan Fiscus, 25, said he often messaged with women about credit scores when he was single and on apps. Sometimes the women would bring it up; sometimes he would.

To Fiscus, who works in information technology in Washington, D.C., it seemed normal. In at least a dozen recent years,

people to ask each other how they were paying their tuition, or how much debt they had. He and his girlfriend, Victoria Gendron, discussed finances from early on in their relationship. Both have credit scores in the mid-700s.

"I feel like we're closer because we had that conversation," said Gendron, who is 23 and studying to be a nurse.

Plenty of critics have problems with credit scores, raising

questions about whether they're fair or if they even work. The formulas tend to shut out people who are new to the U.S. or have used cash all their lives. The things that make a person's credit score go up or down seem like a black box.

And the Romeos who think a high credit score automatically means their date is rich should reconsider. Credit scores are meant to measure a person's ability to repay a loan, not how much money they have. Research by the Federal Reserve has found only a moderate correlation between income and credit scores.

A survey this year by personal-finance company Credit Karma found that two-thirds of Americans said it's important that their partner has a good credit score. Half of those who have used a dating app, or are open to using one, wish the apps could filter by financial status, according to the survey of roughly 1,000 people.

Another personal-finance company, Neon Money Club, temporarily set up a dating app



A survey by Credit Karma found that two-thirds of Americans said it's important that their partner has a good credit score.

AFP

this year for people with a credit score of 675 or higher. The company said the app. Score, attracted about 18,000 users in the six months it was operating.

When Katherine Lemus heard about Score, she told her single friends to try it out.

"People say 'You're a gold digger,' but it's not about that: It's about knowing you're going to not be supporting someone," Lemus said.

In her 20s, Lemus cosigned a credit card for a then-partner with poor credit. When the relationship ended, she was left with overdue bills. Her credit score dropped into the 500s, she said.

"You make that one little mistake and it just kept on spiraling," said Lemus, who is now married and lives in Toronto.

Still, scores-as-dating-tool doesn't always work. Yuri Sel-

ukoff put his credit score on his profile after reading about an influencer who got multiple dates after she did the same. Selukoff, an app developer in San Francisco, has an excellent score of over 800.

In the message chats that followed, no one mentioned it.

"It was shortly before I got disappointed in this whole idea of dating apps, and stopped using them altogether," said Selukoff, 50. If he ever decides to go back to the dating scene, he expects to meet new people through his side hustle as a drummer in a rock band.

People with good credit will have an easier time getting a mortgage or a car loan, and a lower interest rate—something that might be appealing to a potential partner.

But Dylan Selterman, a social psychologist at Johns Hopkins University, said credit scores aren't going to be

a strong predictor of whether two people will find romance, unlike traits such as values, morals or attachment style.

"That being said, financial resources and just the ability to have a stable life together—those are very important things for the logistics of a relationship," he said. "It's hard to have a relationship if you're struggling to make ends meet."

Stanford University sociologist Michael Rosenfeld, who studies mating and dating, said credit scores can serve as a proxy for other kinds of trustworthiness, since they take into account whether a person has repaid their previous loans.

"Long-term relationships carry risk," Rosenfeld said. "One wants to know if the person in question pays their bills or has a tendency to duck out from responsibilities."

A 2019 survey by the Pew Research Center asked people

their reasons for wanting to get married. The top answers were love and companionship. Almost 40% of the respondents who were already living with a partner said finances were a major reason too. Only 14% said it was because they wanted to have children.

On the dating app OkCupid, daters who keep a budget get 25% more matches and have 16% more conversations on the app than those who don't, the company said. In 2022, OkCupid found a third of daters said it was important that their match has a high credit score.

Still, some people find asking about credit scores before a relationship has even started to be distasteful.

On a first date at a Starbucks in Rock Hill, S.C., Patterson Kannon mentioned that he works as an accountant.

"I bet you have a really good credit score," was his date's response.

The 25-year-old does, in the high 700s. He is also now dating someone else.

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In 2022, OkCupid found a third of daters said it was important that their match has a high credit score



NEWS NUMBERS

\$31.83 bn

THE VALUE of the top 30 commodities exported by India in July 2024, down 2.5% from \$32.63 billion a year ago, according to the commerce ministry

\$3.5 mn

THE AMOUNT India has pledged to help developing countries promote trade and build capacity, as it aims for a leadership position in the Global South

₹17.64 cr

THE GOODS and services tax demanded by tax officials from two-wheeler maker Hero MotoCorp for the disallowed input tax credit for FY19-20

3

THE NUMBER of children who died of food poisoning at a hostel run by a religious organization in Andhra Pradesh. 37 others have been hospitalized

1.54%

THE STAKE in Zomato that Antfin Singapore Holding plans to sell via a block deal valued at ₹3,420 crore. Antfin has a 4.24% stake in the food delivery major

HOWINDIALIVES.COM

TFCI to diversify into retail lending

Tourism Finance Corporation of India (TFCI), a non-banking finance company, on Monday announced its diversification into retail lending through FinTech platforms and its plans to establish an Alternative Investment Fund.

"Partnering with FinTech companies to diversify in retail lending allows TFCI to tap vast credit opportunities in household and micro-small enterprises market segments, particularly the younger generation who expect quicker loan approvals and prefer the convenience of a digital lending platform. The digital lending business will bolster the company and its balance sheet," a statement said.

In the first quarter of FY25, TFCI raised ₹50.02 crore through a preferential issue of equity shares at an issue price of ₹225 per share. With capital adequacy of about 58%, TFCI has enough headroom to expand the wholesale & retail loan book aggressively.

PTI



IndiGo continued to dominate domestic air traffic with its market share rising to 62% in July.

Domestic air traffic rises 7.3% to 12.9 mn

Indian carriers flew more than 12.9 million passengers in July, an increase of more than 7.3% compared to the year-ago period, official data released on Monday showed.

However, the air traffic in July was lower compared to 13.2 million people carried by the domestic airlines in June this year.

IndiGo continued to dominate domestic air traffic with its market share rising to 62% in July while that of Air India dropped to 14.3%.

Last month, the domestic market share of Vistara climbed to 10% while that of AIX Connect and SpiceJet declined to 4.5% and 3.1%, respectively, as per the data released by the Directorate General of Civil Aviation.

Also, Akasa Air and Alliance Air's share slipped to 4.7% and 0.9%, respectively.

"Passengers carried by domestic airlines during January-July 2024 were 92.335 million as against 88.194 million during the corresponding period of the previous year thereby registering an annual growth of 4.70% and monthly growth of 7.33%" the Directorate General of Civil Aviation said.

PTI

Sebi relaxes AIF borrowing rules

The Securities and Exchange Board of India (Sebi) has relaxed rules to allow Category I and II alternative investment funds (AIFs) to borrow funds to cover shortfalls in drawdown amounts, aiming to simplify business operations.

In trading, a drawdown represents the decline in the value of an investment or trading account from its peak to its lowest point.

Investments made during a drawdown may be smaller if the value of securities remains below the previous peak for an extended period.

According to existing regulations, Category I and II AIFs were restricted from borrowing funds directly or indirectly, except for meeting temporary funding needs and daily operational expenses, with borrowings limited to 30 days on no more than four occasions in a year.

The markets regulator has now permitted these AIFs to borrow to address temporary shortfalls in funds requested from investors for investments in portfolio companies, subject to specific conditions.

NEHA JOSHI

UN warns of 'unacceptable' level of violence against aid workers

The United Nations (UN) on Monday condemned the "unacceptable" level of violence becoming commonplace against humanitarian workers, a record 280 of whom were killed worldwide in 2023.

And it warned that the Israel-Hamas war in Gaza is potentially fuelling even higher numbers of such deaths this year.

"The normalization of violence against aid workers and the lack of accountability are unacceptable, unconscionable and enormously harmful for aid operations everywhere," Joyce Msuya, acting director of the UN's Office for the Coordination of Humanitarian Affairs, said on World Humanitarian Day.

The UN said more than half of the deaths in 2023, or 163, were aid workers killed in Gaza during the first three months of the war between Israel and Hamas, mainly in air strikes. South Sudan, wracked by civil strife, and Sudan, where a war between two rival generals has been raging since April 2023, are the next deadliest conflicts for humanitarian workers, with 34 and 25 deaths respectively.

AFP



The UN said over half of the deaths in 2023, or 163, were aid workers killed in Gaza in the first 3 months of the Israel-Hamas conflict. BLOOMBERG

SACRED TIES



Women wait in long queues to celebrate Raksha Bandhan with their brothers lodged in Uttar Pradesh's Bareilly Central Jail on Monday.

PTI

Himachal Pradesh flooding: 31 dead, ₹1,140 crore in damages

The north Indian state saw heavy rains since the Southwest monsoon's arrival on 2 Jun

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NEW DELHI

Himachal Pradesh has suffered extensive damage due to heavy rains in the hill state, with the India Meteorological Department (IMD) forecasting more precipitation till Wednesday.

The southwest monsoon that hit the Kerala coast on 30 May, two days ahead of schedule, made its way to Himachal Pradesh on 27 June. Himachal Pradesh has since then experienced 51 cloudbursts and flash floods caused by torrential rains that killed 31 people. As many as 33 have gone missing, as per the state Emergency Operation Centre.

According to officials, Himachal Pradesh has suffered as much as ₹1,140 crore of losses so far, with the maximum damage to the road infrastructure. The Public Works Department has suffered losses of ₹502 crore, followed by the Jal Shakti

Department (₹469 crore) and the horticulture department (₹139 crore).

The national weather bureau said, "Widespread rainfall over Himachal Pradesh is likely during the week with heavy rainfall during 19-21."

The local meteorological office has issued a 'yellow' alert for heavy rains in isolated places in the state till 21 August. Disastrous landslides in Kerala's Wayanad on 30 July swept away villages, killing nearly 230 people.

Due to its fragile ecology, Himachal is vulnerable to about 25 types of disasters or hazards such as flash floods, landslides, and cloudbursts.

There were at least 65 cloudburst incidents in Himachal Pradesh last monsoon. July saw 31 of these incidents followed by 24 in August. There

were 9 such incidents June 2023 and 1 incident in the pre-monsoon month of May 2023.

Last year, at least 43 people lost their lives in cloudburst-related flashflood, and landslide incidents in the state in addition to the deaths of about 182 cattle. Over 300 structures including homes,

schools, government buildings, water mills and 50 cowsheds faced damage. The cloudburst deluge left about a dozen foot and motor bridges and over 150 vehicles

damaged. Similarly, at least four hydro power projects faced significant damages and caused destruction in downstream areas on account of cloudburst-induced flash flood events.

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

Himachal Pradesh has since then experienced 51 cloudbursts and flash floods caused by torrential rains that killed 31 people

Medics defy calls to end protests



Doctors have held protests and declined to see non-emergency patients.

REUTERS

Thousands of Indian junior doctors on Monday refused to end protests over rape and murder of a fellow medic, disrupting hospital services nearly a week after they launched a nationwide action demanding a safer workplace and swift criminal probe. Doctors across the country

have held protests and declined to see non-emergency patients following the 9 August killing of the 31-year-old medic, who police say was raped and murdered at a hospital in Kolkata where she was a trainee. A police volunteer has been arrested and charged with the crime. Women activists say the incident has highlighted how women in India continue to suffer from sexual violence despite tougher laws brought in after the 2012 gang-rape and murder of a 23-year-old student on a moving bus in New Delhi.

The government urged doctors to return to duty while it sets up a committee to suggest measures to improve protection for healthcare professionals.

Gita Gopinath, deputy managing director of International Monetary Fund, told *Business Standard* that workplace safety was important to raise the country's female labour force participation rate, which was 37% in FY22-23.

REUTERS



US Secretary of State Blinken meets with Israel's President Isaac Herzog in Tel Aviv.

REUTERS

'Last chance for Gaza ceasefire'

US Secretary of State Antony Blinken warned on Monday that the latest push for a Gaza ceasefire and hostage release deal was probably the best and possibly last opportunity, urging Israel and Hamas towards an elusive agreement.

However, with Palestinian Islamist group Hamas announcing a resumption of suicide bombing inside Israel after many years, and with Israeli airstrikes still pounding Gaza, there was little sign of conciliation.

Hamas and another militant group, Islamic Jihad, said they were behind a blast near a synagogue in Tel Aviv on Sunday that killed the bomber and wounded one other person. Suicide bombings "will return to the forefront" while the Gaza war continues, Hamas said in a statement.

The talks in Qatar last week paused without a breakthrough, but the negotiations are to resume this week based on a US "bridging proposal".

Blinken met Israeli President Isaac Herzog and Prime Minister Benjamin Netanyahu on Monday morning.

REUTERS

Aurobindo's China plant to begin ops

Aurobindo Pharma expects its China facility to commence production in the next quarter with full-scale output anticipated only in the next fiscal year, according to chief financial officer Santhanam Subramanian.

The Hyderabad-based drug major plans to start a small volume roll out in the November-December period and expects to ramp it up in the January-March quarter of the next year.

"Our China plant is expected to be commercialized from Q3 FY25 and the ramp up is expected from Q4 FY25," Subramanian said in an analyst call. The full-fledged volume production will start at the facility in FY26, he stated. He noted that the firm is on track with respect to large-scale commercialization of Pen-G (penicillin). The firm is hopeful to ramp up production significantly from October this year, he added.

PTI



HCL Technology chief executive officer and managing director C. Vijayakumar.

BLOOMBERG

HCLTech elevates Shiv Walia as CFO

Major HCL Technologies on Monday announced that it has elevated Shiv Walia as its chief financial officer, with effect from 6 September 2024. He would also be the key managerial personnel of the company, a regulatory filing said.

Walia takes the helm from Prateek Aggarwal, who has resigned to pursue opportunities outside HCLTech. "Shiv Walia has been integral to our success over the last many years. As a seasoned finance leader, he has played key roles across our various geographies and businesses through multiple business cycles and has extensive knowledge of HCLTech's businesses and clients," said C. Vijayakumar, chief executive and managing director, HCLTech.

Walia, who joined HCL in 1993 and HCLTech in 1998, has since then served across several finance leadership roles over the last many years.

PTI

LIC sells stake in Hindustan Copper

Life Insurance Corporation of India (LIC) on Monday said it has sold a 2.09% stake in state-owned Hindustan Copper Ltd (HCL) for ₹447 crore through an open market transaction.

The insurance behemoth has sold a total of 2,01,62,682 shares, or 2.085% stake, in Hindustan Copper, according to a regulatory filing.

The shares of HCL were sold at an average cost of ₹221.64 apiece, taking the transaction value to ₹446.8 crore.

With this, LIC's stake in the state-owned company has reduced to 6.09% from 8.17%.

"Holding decreased from 8.171% to 6.086%, a decrease of 2.085% during the period from 27 September 2023, to 16 August 2024, at an average cost of ₹221.64," the filing said.

HCL is under the administrative control of the ministry of mines.

PTI

'Keystone Realtors eyes 32% growth'

Keystone Realtors has set a target of 32% growth in its sale bookings this fiscal to ₹3,000 crore on strong housing demand and is hopeful of crossing this number, its chairman and managing director Boman Irani said.

Keystone Realtors, which sells its properties under Rustonjee brand, is one of the leading real estate developers in the country with a significant presence in Mumbai Metropolitan Region (MMR).

In an interview, Irani—who is also president of realtors' apex body CREDAI—noted that the demand in the housing market continues to be strong, encouraging the company to invest more in land acquisition and construction activities.

"We have a dry powder of around ₹3,000 crore to make investments for growth. We raised ₹800 crore from qualified institutional placement (QIP) plus our internal cash flow," he said.

PTI



THE MISSING PIECES IN PINE LABS' GROWTH STORY

The fintech company is more diversified than it was four years back. But CEO Amrish Rau's job is far from over

Samiksha Goel
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BENGALURU

When Amrish Rau's stint as the chief executive officer (CEO) of PayU India, a fintech company, ended in 2019, he had made up his mind to start all over again. He approached venture capital firm Sequoia asking for \$25 million. He had a new idea to nurture in India's booming payments economy.

Rau met Shailendra Singh, the managing director of Peak XV Partners (formerly Sequoia), for coffee. The subsequent conversation left Rau surprised—it was Singh who pitched an idea.

"I have significant ownership in a company called Pine Labs. If you want something that's truly yours, I'll hand you the keys. You can run it as you see fit," Singh told Rau.

Sequoia, at one point, held around 50% in Pine Labs. Back then, the company was mostly known for selling point of sale (PoS) terminals and PoS-based payment solutions that allowed merchants to accept credit and debit card payments.

Rau deliberated on the idea for a while. Building a company from scratch would take four to five years. But Pine Labs, which started in 1998, was already a known platform with the potential to grow faster. With a valuation of \$1.6 billion, it was already a unicorn or a company valued at over a billion dollars.

"Having sold my first startup, my motivation was not money. My motivation was to build the most respectable fintech company from India," Rau told *Mint*, sitting in his office in Bengaluru's Koramangala neighbourhood.

In 2013, he co-founded Citrus Pay, another payments company, and sold it to Naspers-owned PayU in a cash deal worth \$130 million in 2016.

Rau decided to take the keys from Singh and joined Pine Labs as CEO in March 2020.

Four years after that, Pine Labs is valued at about \$5 billion and is India's fourth most valued fintech company, behind PhonePe (\$12 bn), Razorpay (\$7.5 bn) and Cred (\$6.4 bn). Reportedly, it is considering raising about \$1 billion in an initial public offering (IPO). According to a *Bloomberg* report, Pine Labs may seek a valuation of more than \$6 billion in the IPO, the largest by an Indian fintech firm since One97 Communications Ltd, the operator of Paytm, raised approximately \$2.5 billion in 2021.

What exactly did Rau do to grow Pine Labs into the fintech giant it is today? In short, a lot has changed since he took over. While Pine Labs has its hits, there are significant misses, too.

MISSING LINKS

Unlike Vijay Shekhar Sharma, Paytm's founder, or Ashneer Grover, the former managing director of BharatPe, Rau can come across as less charismatic and more measured when he speaks in public.

He graduated from a little-known college, Shah & Anchor Kutchhi Engineering College, in Chembur, Mumbai. And his career didn't begin with a flourish either—he started by selling automated teller machines (ATMs).

Rau interned at a newly opened branch of Siemens called Siemens Nixdorf. "They were into passbook printers and ATMs. As luck would have it, I ended up making the first sale for the company ever in India, and they retained me after the end of my three-month internship," he recollected.

Selling ATMs, nonetheless, set up his career in financial services, and today, he is counted among the 'veterans' of India's fintech industry. According to former employees *Mint* spoke with, Rau is a hands-on leader with a sales mindset, a legacy he inherited from Siemens. One former executive described him as a "fintech bully".

"It's a good thing because you are competing with a lot of bullies. He is hard-working and ruthless," the executive, who didn't want to be identified, said.

It didn't take long for the fintech bully to identify the gaps in Pine Labs' business, once he took over. Pine Labs started 25 years ago, founded by Lokvir Kapoor, Rajul Garg and Tarun Upaday. While Kapoor is the executive chairman at Pine Labs, the other two founders have moved on.

The company was an early player in the digital payment solutions space and



Amrish Rau, chief executive officer of Pine Labs. He began his career by selling ATMs but is today counted among the veterans of India's fintech industry.

focused on processing debit and credit card transactions through its PoS machines. In fact, offline payments continued to be the company's strength when Rau joined. But that strength was also its biggest weakness.

"As soon as I took over, in March 2020, the pandemic hit. Stores in India shut down for a long period of time, and my fear turned out to be correct," Rau said. "I realized that I needed to change the business; Pine Labs needed multiple lines of businesses."

THE ONLINE STACK

As Rau was coming on board, Pine Labs acquired a gift card technology startup called Qwikilver for \$110 million. To begin with, the new CEO decided to focus on this business. Qwikilver is today one of the largest subsidiaries of the company, generating 20% of Pine Labs' overall revenue—Pine Labs has doubled its revenue since 2020-21 to ₹1,588 crore in 2022-23.

One clear priority for Rau is exports—take products to international markets. While Europe is just starting off, the US business began about six months ago

The more pressing need was to build an online business. Rau took two strategic calls.

"I brought in a team from PayPal, and engineers from that company started to build our product stack for online payment gateways. At the same time, we also acquired Setu," Rau said.

PayPal is an American payments company that pioneered the digital wallet. Setu is a company that helps businesses quickly launch fintech products.

Pine Labs launched its online business with payment gateways in 2021. And it recently launched UPISetu, a UPI-focused platform for businesses and developers.

Online contributes to less than 5% of the company's overall business today, but Rau thinks he can compete with rivals such as Razorpay, Paytm and PhonePe going ahead. "In the online payment space, now that our tech stack is ready, we want to go ahead and connect aggressively with e-commerce companies, financial services companies, government institutions and small education institutions," he said.

The online side of the business is growing at 100% year-on-year but the offline part is growing much slower, at about 20% a year, he added.

In terms of sheer market size, playing

in both offline and online makes sense. The India PoS terminals market is estimated at \$33.26 billion in 2024, according to Mordor Intelligence. As for online, the country's payment gateway market was valued at \$1.6 billion in 2024 and is expected to reach \$3.2 billion by 2033. UPI payments, online and offline, have been growing fast, recording about 131 billion transactions with a total value of ₹200 trillion in 2023-24, the Indian government recently stated.

TAKING IT TO THE WORLD

One clear priority for Rau is exports—take Pine Labs products to international markets. Ever since he joined in 2020, he worked on accelerating this strategy.

Pine Labs has teams in California, Singapore and Australia. The company has just hired an executive to head its European markets. "200 of our employees are based outside India and are building our businesses in those markets," Rau noted.

The company's international business has been growing at about 50% a year, and Rau projects it will increase, going forward, on the back of its US and European forays. While Europe is just starting off, the US business began about six months ago. In the next five years, 40% of Pine Labs' revenues could be generated from international markets as compared to the current 13%, Rau projected.

"I think what we have built in India is totally ready for the most mature markets around the world," he said.

Pine Labs is, therefore, selling in international markets the same solutions that have worked in India—PoS systems, payment processing services, and merchant-centric solutions such as loyalty programmes and gift cards.

In PoS, the company earns a commission on each transaction and by selling PoS terminals to merchants. It charges merchants a fee for each transaction processed through its online payment gateway services. And for its software as a service (SaaS) offerings, such as customer loyalty programmes, it charges merchants a subscription fee.

SLOW BUT STEADY

Pine Labs has the first mover's advantage in PoS terminals and the offline part. Nonetheless, its fortress is getting raided—new entrants are threatening to chip away at the company's market share.

SHORT STORY

WHAT

Pine Labs is India's fourth most valued fintech company, behind PhonePe, Razorpay and Cred. Its revenue has doubled since 2020-21. But, its business was lopsided even a few years ago.

WHY

Pine Labs is a major player in PoS transactions and offline payments. However, it didn't have an online payment gateway. Under CEO Amrish Rau, it has now fixed the gap.

BUT

The company faces growing competition. Paytm, for instance, entered the PoS space in 2020 and has rapidly expanded. Pine Labs also has some catching up to do in the consumer segment.

"Pine Labs has great relationships with banks, and they can compete in the offline space, but they should have never let Paytm and others scale," a former Pine Labs executive who didn't want to be identified, said.

What did the executive mean? Paytm entered the PoS space in 2020. While Pine Labs continues to be a leader in the enterprise and mid-market segment, Paytm has rapidly expanded in offline payments targeting small merchants, an area Pine Labs did not focus on.

Emerging competition in the offline business also includes Razorpay and PhonePe.

"Pine Labs, a major player in PoS transactions, ventured into payment gateway and online payments while Razorpay, a leading online payments player, acquired Ezetap to enter the PoS business," Abhilasha Jaju, director of BFSI vertical at IITap, a market research and consulting company, said. PhonePe launched its PoS devices last year.

'We never had a consumer app. We have never been a brand that consumers connect to. That's a natural evolution we have to make as a company.'

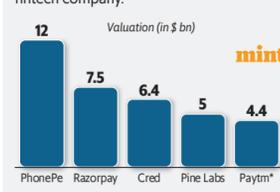
POWER PERFORMANCE

Pine Labs has doubled its revenue since 2020-21.



The pecking order

Pine Labs is India's fourth most valued fintech company.



* As of 19 August 2024. Source: Tracxn, Mint research. SARVESH KUMAR SHARMA/MINT

"Five years back, I could take a position and say, let's see where UPI reaches. Now, it has become central to my strategy, as almost 40% of my transactions on PoS are UPI transactions. UPI is right at the centre of the future, and I cannot look away from it," he said.

Pine Labs also has some catching up to do when it comes to the consumer segment. The company did make an acquisition on the consumer side—Fave—but the purchase hasn't worked out, according to two former executives at the company.

Fave, a Kuala Lumpur-based company, integrates digital payment solutions allowing users to pay via mobile wallets, credit cards, or bank transfers. Pine Labs had acquired the company in an all-cash deal worth \$45 million in 2021.

Rau said that Fave's business requires heavy cash burn to grow, typical of consumer businesses. The markets have changed since the acquisition was made, and the company prefers to conserve that cash. "We've kept that business at a steady state, not really being able to put significant cash into it," Rau said.

But the CEO does realize the importance of a consumer-facing business, the missing part in what is otherwise a well diversified portfolio now. That part could be the company's next growth story as it heads towards the IPO. "We never had a consumer app. We have never been a brand that consumers connect to. That's a natural evolution we have to make as a company," he agreed.

While some former employees said Pine Labs is slow in innovating, market analysts view it differently—the conservative approach may work better when the company goes public.

"Compared to Paytm, Pine Labs has diversified streams of revenue and a robust business model. This provides a stable revenue model and hence is less risky than Paytm's consumer-centric model which relies heavily on digital wallets and UPI adoption," said Manoj Dalmia, CEO at Proficient Equities, a trading services company.

"Paytm's IPO had a significant price drop because of high expectations and, profitability concerns. Learning from Paytm, Pine Labs will approach valuations in a realistic fashion and this will reduce the post-IPO volatility risk," he added.

Rau can take heart from that statement.



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Axis Bank's unthinkable move: A credit card that you just can't buy

Primus isn't just plastic; it's an invitation-only card that flaunts a price tag embodying wealth and exclusivity

Shipra Singh
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For the ultra-wealthy, credit cards are more than just plastic; they're status symbols, keys to exclusive experiences, and occasionally, tools for earning rewards. Axis Bank's new Primus card embodies all these features, but with a twist: its exclusivity is so pronounced that the bank seems almost reluctant to offer it.

With a joining fee of ₹5.9 lakh and an annual renewal of ₹3.54 lakh, Primus has positioned itself as India's most expensive credit card. This ultra-premium offering is aimed squarely at the country's elite. Its closest rival, the American Express Centurion, charges even more, with a joining fee of ₹8.26 lakh and an annual fee of ₹2.95 lakh.

Both cards cater to ultra-high-net-worth individuals (UHNWIs) who value exclusivity and privilege above all else. However, Axis Bank is deliberately maintaining exclusivity.

The Primus card is available by invitation only, reinforcing its status as a trophy asset for the super-rich. The bank is targeting a microscopic clientele—just a few hundred high-net-worth individuals—and is not rushing to expand its user base.

Exclusivity for the affluent
Axis Bank is not at all worried about the steep pricing deterring potential customers.

Axis Bank is not concerned about the steep pricing deterring potential customers, as the card is for the affluent Indian with high spending power.

The features are built around the lifestyle and luxury of the rich, and the bank is targeting only this segment to sell the card, according to people in the know. For this reason, the Primus card is being promoted as an invite-only card.

The bank plans to keep the card's user base limited to a few thousand at most, following a philosophy similar to that of the Amex Centurion, which reportedly has 2,000-2,500 active users in India, though Mint could not independently verify this.

This level of exclusivity will ensure that Primus remains a status symbol among the elite.

Balancing luxury and rewards
In the realm of super-premium cards, lifestyle privileges often outweigh monetary benefits. However,

Axis Primus: Costliest bank credit card

Joining fee: ₹5.9 lakh
Annual fee: ₹3.54 lakh
Eligibility criteria: Invite-only; meant for UHNWIs

Annual fee higher than Amex Centurion
Joining fee: ₹8.26 lakh
Annual fee: ₹2.95 lakh

Primus fees is for 1 primary and 1 complimentary add-on card. All fees mentioned includes 18% GST

Reward rate
₹100 = 1 EDGE Mile (EM)
1 EM = 5 partner points
5%* partner points rate
1 EM = ₹1 redemption value
1% reward rate

Transfer partners for Primus Airlines
Air Asia, Air Canada, Air France - KLM, Air India, Air Vistara, Ethiopian Airlines, Etihad Airways, Qantas Airways, Qatar Airways, Singapore Airlines, SpiceJet, Thai Airways, Turkish Airlines, United Airlines

Hotels
Accor, IHG® hotels & resorts, ITC, Marriott International, Wyndham Hotels & Resorts

Other perks
Welcome bonus:
▶ ITC gift voucher worth ₹40,000
▶ 25,000 EMs

Quarterly spending milestone earning:
▶ 15,000 EMs on ₹20-30 lakh
▶ 25,000 EMs on ₹30-50 lakh
▶ 35,000 EMs on over ₹50 lakh

Forex markup: 0
*It is possible to get Re 1 value per partner point. However, it's indicative and may not always be the case.

Key lifestyle benefits
▶ **UNLIMITED** free companion's airfare on purchase of first/business class ticket
▶ **CONCIERGE**
▶ **PRIORITY** Pass: unlimited domestic and international lounge access for primary and add on
▶ **UNLIMITED** complimentary domestic meet and greet and airport transfers
▶ **Taj** Epicure, Bloomberg membership

Axis Primus is striving to balance both by offering substantial rewards along with luxury perks.

Primus provides impressive earning and redemption rates, rewarding customers on all expenditures with no exclusions. For every ₹100 spent, cardholders earn 1 EDGE Mile (EM), which could be converted to partner points at a 1:5 ratio.

According to Sumanta Mandal, founder of TechnoFino, a platform specializing in credit card reviews, this translates to a notable 5% rewards rate for partner transfers, making it a compelling proposition.

Axis Bank has partnered approximately 20 international airlines and

hotel chains, including major brands such as Etihad, Qatar Airways, Singapore Airlines, United Airlines, Air India, Marriott, Accor, ITC, and IHG Hotels & Resorts.

In addition to regular rewards, it offers milestone bonuses of 15,000, 25,000 and 35,000 EMs for quarterly spends of ₹20-30 lakh, ₹30-50 lakh, and over ₹50 lakh, respectively. Even at the lowest spending tier the reward rate can reach an impressive 8%.

A standout feature of Primus is Complimentary Companion airfare for first or business class tickets. Tejas Ghongadi, co-founder, The Points Code, a platform advising credit card users on optimizing rewards, highlighted the significant

value this provides to UHNWIs.

"For those who travel internationally first or business class, unlimited free companion tickets in the same cabin is an amazing benefit," Mandal said. The complimentary companion airfare allows a cardholder to bring a guest along at no extra cost.

Beyond these rewards, Primus also offers an array of luxury benefits, including concierge services, unlimited airport transfers, meet-and-greet services at airports, memberships to Taj Epicure and Bloomberg, unlimited lounge access at both domestic and international airports, discounts at Michelin-star restaurants, zero forex markup, and complimentary stays at select hotels.

Verdict: Bold but evolving
Primus is undoubtedly a bold move by Axis Bank, positioning itself alongside global heavyweights like the J.P.

Morgan Reserve and Amex Centurion. The primary attraction of these high-end lifestyle credit cards is their exclusivity.

However, with Primus, experts are adopting a cautious "wait and watch" approach to assess its acceptance and determine whether the bank can deliver the level of service expected at this price point.

"People take the cards for extreme credit limits and exceptional global concierge service that doesn't offer no as an answer to any request the cardholder makes.

While Amex and J.P. Morgan have proven track records on both fronts, Axis doesn't have a good reputation for their customer service. It needs to be seen what the bank will deliver with Primus," said Ghongadi.

When it comes to lifestyle benefits, there's a consensus that more could have been offered. "Given the fees, the lifestyle benefits fall short," said Mandal.

However, despite the shortcomings in lifestyle perks, Primus stands out for its rewards programme. "Axis has compensated for the lack of lifestyle benefits with a strong rewards programme. If our client is offered Primus, we will definitely suggest they accept it, as we prioritize credit card rewards over exclusivity," Ghongadi added.

Primus' rewards programme is particularly notable compared to the Centurion, which, while offering outstanding concierge services and elite hotel status—such as Hilton Honors Diamond Elite and Marriott Bonvoy Gold Elite—doesn't match Primus in this area.

"Ultra-luxury credit cards are typically known more for luxury benefits than their rewards programmes, but Axis has taken a different approach by trying to balance both," said Mandal.

"In any case, a good rewards rate with no capping is a strong proposition for Primus, especially since it's designed for UHNWIs who are already high spenders and don't need to manufacture spends for rewards," added Mandal.



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We welcome your views and comments at
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3 STEPS TO SECURE YOUR MONEY WHEN YOU NEED IT MOST

Financial independence and early retirement—a dream for many may remain a distant dream for many more. Finsafe India's State of Financial Wellbeing at Workplace Report 2024-25, a survey taken by 4,289 working professionals, shows that being unprepared for long-term monetary goals and job loss are among the top financial challenges. This is not surprising, given that 50% of the respondents reported saving less than 20% of their take-home salary.

In fact, over the last three years that the annual survey has been conducted, the proportion of high savers (people saving more than 40% of their take-home salary) has been declining, and there is a notable increase in the percentage of individuals who are not prepared for emergencies. Besides, an increasing majority of respondents are worried about achieving financial goals.

Indians are financially stressed, and this cannot bode well for the economy.

While people save, get insured and invest, they are not sure how to assess the right amount and instrument. Take the case of an emergency fund—one relies on what is in the savings account. With loans being readily available, individuals try to maximize returns by investing these funds in equities, not realizing the impact high-cost loans can have on one's finances. A similar thought process plays out in the case of life insurance, which leads to people buying investment-linked insurance policies instead of focusing on life cover through a term plan.

The three steps: Here is how people can address the two main financial stressors highlighted in the report, and get from being underinsured and underinvested to having enough capital for uncertainties and financial goals.

To start, set aside three to six months of expenses in a fixed deposit. It is the most accessible investment at the time of need.

Take an external health insurance cover in addition to the employer cover to have continuous coverage in case of job loss. The *Arogya Sanjeevani* would suffice as an additional cover. It is a standard health cover provided by all insurance companies.

The emergency fund can only help up to a point. With the changing job environment and financial goals getting costlier, one must build a good foundation by saving at least 30-40% of the take home. This can happen only by partially reducing lifestyle expenses and limiting monthly installments to 30% of the salary.

A person with high savings has investments compounding, whereas a person with high loans has the interest paid compounding. For example, A and B earn ₹10 lakh per year each, with both spending 30% on expenses. A invests 40% of the take-home salary and has 30% going towards loans. B invests 20% of the salary and has 50% of it going towards loan repayment. Assuming 10% per annum return on investment (RoI) and loan interest at 9% per annum, at the end of 20 years, net of expenses and EMI, A will have ₹1.35 crore while B's net worth would be negative ₹32 lakh. Clearly, saving money today may be painful but it does benefit life tomorrow.

Invest in equities: The benefits of starting to invest early are well known. Increasing these investments by 10% every year has a snowball effect and will help build a substantially larger corpus. If A invests ₹15,000 every month in a systematic investment plan and assuming 12% RoI, at the end of 30 years, the corpus would be ₹4.62 crore. If A steps up the SIP by 10% every year, the corpus at the end of 30 years would be ₹11.97 crore.

Having a high equity allocation, especially for long-term financial goals, is becoming imperative. For all the brouhaha around equities, the percentage allocation at a household level is less than 10%. At least 30-40% equity allocation is a must to be able to reach the large goal values.

Sample this: ₹25,000 invested every month for 25 years will grow to ₹2 crore @ 7% versus ₹3.35 crore @ 10% per annum. The kicker in returns can come only from equities, that too when they are invested the right way through mutual funds and not by trading or buying random stocks. A simple strategy would be to invest in a Nifty 50 index fund and hold it for a minimum of 7-10 years.

Investing 40% of the take-home salary, stepping up investments regularly, and having high equity allocation can go a long way in building a good corpus to tide over uncertain times, as well as meeting financial goals.

Mrin Agarwal is founder-director of Finsafe India.

Sliding Bitcoin struggling to harness rebound in risk appetite

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The wider crypto market including Bitcoin is nursing sharp losses for the month so far even as global stocks push back to record highs after shaking off growth scare over the US economy.

The largest digital asset has fallen about 10% in August, lagging a gain of almost 1% in

MSCI Inc.'s world share index as well as a jump in gold to all-time high. A Bloomberg global bond gauge has added nearly 2% over the same period.

Analysts flagged the risk of disposals of Bitcoin seized by the US government—which is thought to hold \$12 billion worth of crypto—as among the challenges for digital assets. Blockchain data indicates the US last week moved

\$600 million of confiscated Bitcoin to a wallet on the exchange operated by Coinbase Global Inc., according to an analysis by Arkham Intelligence.

Possible US government sales are "resulting in this temporary downward price pressure," said Khushboo Khullar, venture partner at Lightning Ventures, which invests in Bitcoin-linked

firms. "We expect this gap to close soon."

A gauge of top 100 digital assets suffered its worst drop on 5 August since November 2022. The retreat came alongside a plunge in equities as US growth fears and an unwinding yen carry trade damaged risk appetite worldwide.

Expectations for US economy have since stabilized on

reassuring data and MSCI's global share index is now just 1.5% below a record set in July.

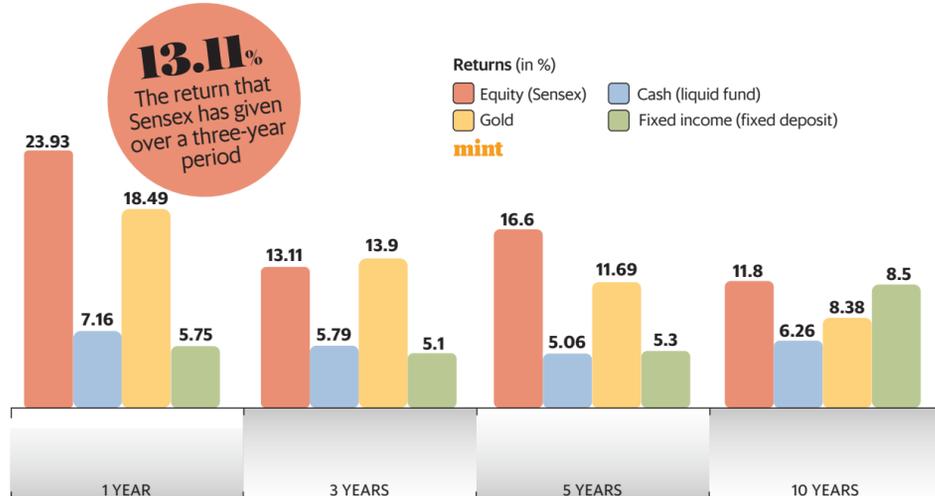
Appetite for crypto exposure, in contrast, is fraying. An example of that comes from the so-called funding rate for Bitcoin perpetual futures on Binance exchange, the largest for digital assets. These contracts are often used by speculators as they don't have a set expiry. But CryptoQuant fig-

ures show the funding rate—the cost for the positions—is the most negative since 2022, signaling diminished ardor from fast-money traders.

Bitcoin reached a record of \$73,798 in March, lifted by bets on looser US monetary policy and inflows into dedicated US exchange-traded funds. Subscriptions for the seven-month-old ETFs subsequently cooled.

Returns on investments

Building a portfolio is a complex exercise, and it has to be maintained, too. A person's portfolio holds different types of assets based on his/her financial goals, and each asset class gives different types of returns, which is why a portfolio must have an ideal mix of financial products. One must also keep in mind the volatility risk of the asset class, liquidity, lock-in rules and taxation. Here's a look at how four commonly used asset types—equity, cash, gold and fixed income—have done in different periods.



Data as on 16 August 2024. Equity is the benchmark Sensex return (price); cash refers to the average return for liquid funds category as defined by Valueresearchonline; gold refers to domestic gold prices available on Valueresearchonline; and fixed income is historic SBI fixed deposit rates. All returns are annualized.

PRANAY BHARDWAI/MINT

Source: S&P Dow Jones Indices, Value Research, SBI

Indian trusts: Tax implications for NRIs

Harshal Bhuta

I am an NRI living in Dubai and plan to retire in 1-2 years and move to the UK. I have one son residing in the UK and another in India. I intend to create an Indian trust and transfer my property investments in India into the trust. The properties will be divided equally between them and transferred to them after my passing. Will this have any tax implications in India for my son residing in the UK, my son in India, or me? —Name withheld on request

An irrevocable settlement of Indian property into a trust is not subject to capital gains tax under the Income Tax Act of 1961 (ITA).

The recent Finance Act (No. 2) of 2024, has removed this exemption for entities other than individuals and Hindu Undivided Families (HUF).

However, this change does not affect irrevocable settle-



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ments made by individuals, which continue to be exempt regardless of the settlor's residential status.

Therefore, as a non-resident Indian, you would still benefit from this exemption when you transfer property into an irrevocable trust.

The trust itself will not be taxed on receiving property from the settlor, as it has been established for the benefit of

your children, who qualify as your 'relatives' under the ITA provisions.

Any deemed rental income from the properties during the trust's lifetime will, however, be taxed in the trust's hands (via the trustee) at the same rates applicable to individual taxpayers, since the trust will be regarded as a specific and determinate trust.

While there are no explicit ITA provisions exempting the eventual distribution of Indian properties to your children from tax, you may rely on judi-

cial precedents to take such a position.

It is important to note that the Indian trust law restricts appointing non-residents or foreign-domiciled individuals as trustees. Additionally, Indian foreign exchange laws do not contain any provisions dealing with trusts, though your proposed succession planning through an Indian trust should be permissible in my view.

Considering the complexities revolving around creation, administration and dissolution of trusts under various Indian laws and also drafting of the trust deed, it is recommended to seek professional advice in this regard.

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

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OUR VIEW



We've ground to cover on women in workforce

IMF's Gita Gopinath has highlighted the need for safety to raise women's participation in the workforce. This is worth reiterating. But we need attitude changes to get women to work

International Monetary Fund (IMF) deputy managing director Gita Gopinath recently observed that increasing workplace safety is an important factor in raising women's participation in the labour force and the workforce (the former makes up for a broader cohort, of those looking for work, in addition to those who are at work and comprise the workforce). This has particular resonance in India right now, given the shock and outrage across the country over the gruesome rape and murder of a medical intern at a Kolkata hospital earlier this month. IMF research shows that closing the gender gap in labour force participation rates (LFPR) can raise gross domestic product (GDP) in developing countries significantly. If the gap between the LFPR of men and women is entirely closed, for instance, output could rise by more than a fifth, by IMF's estimation. But even a smaller 6 percentage point-odd narrowing could drive a disproportionately larger 8% rise in economic output. So, it's in an economy's broader interest to have more women at work. Unfortunately, even after counting the self-employed women in the workforce—no matter their earnings are only 38% of their male counterparts, and despite counting unpaid helpers as self-employed women—the female LFPR in India is only 37%, less than half the rate for men, and lower than Bangladesh's 42%, and 47% for the world at large. China's figure for 2023 stood at 60%. This was down from the 70% level it had during its economy's heydays of double-digit growth. Still, it's clear there is plenty of scope for India to raise its female LFPR and also employ women in paid work.

Gopinath did not just call for a much larger presence of women at the workplace. She also

called for sustained multidimensional reform to improve India's growth rate. Justice delivery needs to speed up, for instance, the quality of education must go up, the capital-intensity of growth must fall so as to create more jobs, import tariffs must come down, and land and labour reforms need to be pursued while the social security net is strengthened. All this is not, obviously enough, any blinding new insight. But since knowledge of what needs to be done has not automatically led to action, such advice is worth reiterating. In any case, enhancing women's participation at work does not get the policy attention that, for example, improving the ease of doing business receives.

So, what can be done to raise women's LFPR, apart from improving safety at the workplace and on their way to and from the workplace? Societal prejudices inhibit women from working. There is the traditional notion that a woman's place is at home where she needs to take care of the family and perform domestic chores so that the primary breadwinner, her husband, can go out and work. Many women also face restrictions on their movements. For those fortunate enough to go out and work, they should be sheltered from night work as also hazardous jobs. Never mind if such restrictions prevent them from progressing in their career on par with men. Such prejudices also colour the girl child's progress right from infancy, disadvantaging her vis-à-vis her male siblings, be it on nutrition, medical attention, education, or an opportunity to build a career. It is vital we break such prejudices to raise India's female LFPR. That will entail changes ranging from a higher degree of urbanization to reform of societal attitudes, and division of labour within the family.

BLOOMBERG

MY VIEW | EYE ON AI

Invest in hardware for GenAI: Its ongoing boom is not a mere blip

A tech tilt away from software is clear and it's time to put more money into high-end chip-making



NILESH JASANI

is a Singapore-based innovation investor for LC GenInnov Fund.

premise that historically every dollar of revenue from upstream hardware led to more than \$5-6 downstream, and since this cannot be foreseen now, today's path is unsustainable.

However, this perspective risks repeating the mistakes of Detroit, a city that once symbolized industrial prowess but failed to adapt to global shifts, leading to its decline. We will discuss the commoditization risks for software from machines mastering human languages in other articles, keeping the focus here on the ascent of hardware.

In India, the country's engineers and business leaders must continue to assess the risks from a change in the hardware-software balance, even if they do not believe in a shift as much as I do. *The case for strategic hardware investments:* For both Silicon Valley and India, the need to rethink their approach to tech investments is urgent. Strategic stakes in hardware companies, particularly those in semiconductor making, are becoming increasingly valuable. The dominance of TSMC and Samsung in chip fabrication and ASML's lead in extreme ultraviolet (EUV) lithography underline the critical role of hardware in the future of technology. These companies have built technological barriers that are nearly impossible to breach, making them indispensable to the tech ecosystem.

Indian business groups, traditionally focused on software and services, therefore need to broaden their investment horizons. Strategic partnerships with East Asian hardware firms, equity stakes in semiconductor companies and a deeper involvement in the global hardware supply chain should now become priorities. The recent collaboration between Nvidia and MediaTek is a rare but powerful example of what can be achieved when software and hardware giants come together. Indian businesses should take note and seek out similar alliances.

An expected shift in engineering focus: India's engineering talent, long cele-

brated for its contributions to global software development, must also pivot. The next wave of tech innovation will require engineers who are adept at chip design, robotics-related manufacturing and semiconductor technology as they are at writing software code. Indian educational institutions and tech companies need to invest in upskilling their expertise in these areas. The rise of GenAI, robotics and mobility technologies is driving demand for advanced semiconductors, and India has the potential to play a significant role in this space if it acts now.

The strategic imperative of looking East: Chips are the new oil. In semi-manufacturing, innovations are cumulative. Individually, thousands of tiny process advancements occur on the shop floors of such factories. It's not glamorous research, but their collective power makes it insurmountable for anyone to join midway without walking similar paths through previous-generation processes.

In effect, for the best semiconductor investments to come to India quickly, Indian business groups must strive for board seats and ownership stakes in the world's companies in charge of critical technologies, like they pursued ownership in strategic assets in commodities earlier. Indian companies can benefit from a cost-of-capital advantage, and the valuation edge they have over their peers elsewhere should be used for long-term purposes. While businesses pursue such assets, Indian regulators must encourage their hardware pursuit through appropriate relaxations in external investment guidelines.

One example of a valuation gap could illustrate the point. Hyundai Motor, along with other group companies, owns most of Boston Dynamics. Its Indian unit alone may fetch a valuation comparable to the parent group. For investors with access to risk capital from India, strategic global acquisitions could provide ample benefits for India's long-term growth story.

10 YEARS AGO



JUST A THOUGHT

If you exclude 50% of the talent pool, it's no wonder you find yourself in a war for talent.

THERESA J. WHITMARSH

MY VIEW | MUSING MACRO

There still are hurdles to small businesses going formal

AJIT RANADE & KIRAN LIMAYE



are, respectively, vice chancellor and an assistant professor at the Gokhale Institute of Politics and Economics in Pune.

Last month, we celebrated seven years of the rollout of the goods and services tax (GST). Its promise has been the elimination of the cascading impact of a tax on tax, inbuilt interlocking incentives which improve compliance, less tax leakage and the removal of friction in commerce across state boundaries. For small businesses, especially, it opens up a customer base across the country using e-commerce. Presently, there are 14.6 million active taxpayers, of which nearly 10.4 million have come in the post-GST regime and are therefore new registrations. They represent a formalization of the economy. To what extent have small businesses benefited from this formalization?

Examining the Annual Survey of Unincorporated Sector Enterprises (ASUSE) can help answer this. The survey is conducted by the ministry of statistics and programme implementation. Key findings are now available for the 2021-22 and 2022-23 editions. The one prior to this was thwarted due to covid., And before 2015-16, this survey was

conducted only once every five years. The recent surveys offer insight into the working and prospects of micro, small and medium enterprises (MSME). It covers only unincorporated businesses. Several committees have studied the challenges MSMEs face and the policies needed for their healthy growth. An MSME law was passed in 2006. There is a ministry devoted to MSMEs in the Union government as well as in most states. Yet, MSME's, especially small ones, face numerous challenges of formalization. Their economic health is crucial for India to achieve employment-intensive and inclusive growth. That growth is supposed to be aided by the formalization of the economy, catalysed by the GST rollout.

Over the two surveys, from 2021 till 2023, the number of enterprises rose from 59.7 to 65.4 million, and the corresponding employment from 97.9 million to 109.6 million. The employment numbers include single person-owned enterprises and are lower than in the 2016 survey. These are non-farm enterprises excluding factories, companies and non-profits. The lack of robust growth in employment corroborates other evidence of a rise in farm employment post-covid.

Of the 65.4 million enterprises, 82.6% have an annual turnover of less than ₹5 lakh.

Almost 99% of the unincorporated enterprises have turnover of less than ₹50 lakhs, and merely 0.3% have more than ₹1 crore. More tellingly, only 2% are registered for GST. Two-thirds of all unincorporated enterprises are not registered under any act or authority. Note, a lot of the benefits to small businesses are linked to their registration on UDYAM. These include collateral free loans under schemes like the Credit Guarantee Fund Trust for Micro and Small Enterprises. The latest budget included an additional ₹9,000 crore towards this trust, and to increase funding to small businesses. Other benefits tied to registration are access to priority sector loans, lower interest rates, exemption from earnest money deposit requirement, preferential treatment in government procurement, among others. Yet, till early 2023, two-thirds of all unincorporated enterprises were outside the formal tax and registration net. Why do they choose to forgo the benefits of formalization? Some of this might

have changed in 2023-24 when, as per the UDYAM portal, there were 24.9 million new registrations, and a further 6.34 million this fiscal year. So, the momentum is picking up.

As per the survey, there is a big difference in the turnover and the gross value addition (GVA) by those who file GST and those who don't. The former have an average turnover of ₹4.1 million and GVA of ₹1.6 million while the latter have turnover of ₹0.4 million and GVA of only ₹0.2 million. This shows that for micro businesses, complying with GST is difficult. One curious finding is on the value added by all the 65.4 million enterprises. The total value for GVA is reported at ₹15.4 trillion, which translates to barely 5% of gross domestic product (GDP). But the conventional understanding is that MSMEs contribute nearly 40% to value addition or at least the GDP. This wide divergence cannot simply be explained by dividing MSMEs into incorporated and unincorporated and asserting that it is the former that provide the bulk of the

It calls for innovative policies that incentivize small businesses to come under the organized fold

value addition. Deeper study is needed.

A large section of informal small businesses involves sales of products and services directly to the end customer at wafer thin margins. These could be, for instance, selling vegetables or carrying out shoe repair, and often are single-person enterprises. For them, entering the GST net has a disincentive, even if they grow above the exemption threshold, since they do not derive any input tax credit, nor can they pass on the burden to their customer due to a competitive market. How then can we motivate them to join GST? There is also a significant cost related to financial literacy barrier and compliance. This can be addressed through more GST helpdesks (sewa kendras) and a free, easy to use super-app that caters to all their tax, procurement, billing, inventory and planning needs. Just as BHIM was developed for digital payments, so is an enterprise resource planning needed for micro businesses.

Undoubtedly, formalization helps small businesses scale up and improve viability. It also helps them access the bill discounting market to address problem of delayed payments. But their entry into the formal economy, even to join the GST network or access formal credit, poses hurdles, which call for innovative and enabling policies.



GUEST VIEW

MINT CURATOR

Reading and numeracy in India: It takes a village and much more

The Nipun Bharat Mission is vital for India's labour productivity and demands our collective involvement at multiple levels



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The Organisation for Economic Co-operation and Development (OECD) suggests that approximately 20 PISA (Programme for International Student Assessment) points are equivalent to a year of learning. By this metric, India was 12 years behind China in mathematics, science and reading abilities the last time India took the PISA test in 2009. At a macro level, the last 15 years have created a large gap between the world's two largest countries. Between 2010 and 2023, the gross enrolment rate (GER) of students in higher education in China has risen from 26.5% to 60.2%, while India's comparable GER has stagnated between 25-28% since 2017. Low foundational literacy levels in math and reading abilities at a young age and a low enrolment rate in higher education has led to India's labour productivity being 44% lower than that of China's.

More importantly, a student's inability to learn even basic reading, writing and mathematics has led to disillusionment among the students, teachers and parents. This is why 8 out of 10 Indian students who enroll in grade 1 don't reach grade 8, 25% of teachers don't even show up to class, and parents are largely not concerned whether their child is learning or not. This has created a vicious cycle.

The problem is not one of spending on education but of the community's involvement and attitude towards education, which have a disproportionate impact on a child's learning outcomes.

In Vietnam, World Bank researchers found that as much as half of the country's score differential on the 2012 and 2015 PISA tests could be explained by community factors like the expectations that parents placed on students and teachers, which led to increased discipline, with the country being among the bottom three globally in terms of per-capita spending on education all through.

When you compare this to India's School Management Committees (SMCs), the primary modes of community engagement in our public education system, the disparity becomes apparent: 88% of government and government-aided schools have formed SMCs, but headmasters, teachers and especially parents are not fully aware of their existence.

Breaking this vicious cycle requires institutionalizing interventions to change the behaviour of key stakeholders who are part of these communities. This means creating a mechanism to raise the involvement of teachers and parents.

We need to let our teachers teach. According to a study by Samagra, most teachers spend less than 37% of their time in teaching activities, leaving them only 13 hours a week to do it. Under such circumstances, teachers move back to the default option of teaching students who they think have learning potential, while ignoring others. To make



matters worse, low self-esteem, low levels of autonomy and lack of recognition tend to demotivate them.

We need to make it easier for teachers to effectively teach in the limited time available, while showing them the progress they are making. This involves providing them with the right teaching material as well as tools and integrating technology. A pilot study done by edtech Chimple in Satya Bharti Schools, where teachers were provided with an app that allowed them to assign tasks based on a child's ability, showed children not only learnt better, but 94% of the teachers agreed that such a model was helpful for students. Technology can also be used to ease the administrative burden of teachers.

Simultaneously, teachers must be given avenues to grow through structured teacher training sessions. Currently, only one-third of teachers report that their in-service training was beneficial largely because these sessions are ad-hoc and do not focus on the core competencies needed for imparting Foundational Literacy and Numeracy (FLN).

A framework to recognize top performers can create further impact. Madhya Pradesh has a Classroom Heroes programme that celebrates exemplary teachers and their practices. Such recognition has created increased ownership, value alignment and a renewed sense of vigour in teaching styles.

However, students spend just 20% of their time in a classroom and the rest at home. This not only makes parents critical stakeholders, but also the primary demand-drivers for quality.

Global studies have shown that schools with strong parental engagement are 10 times more likely to improve learning outcomes.

However, there are pitfalls. The socio-economic status (SES) of parents skews their perception of their child's academic achievements. High SES parents are more likely to believe their child is above average, compared to low SES parents, resulting in children of high SES parents spending over 70 additional minutes each week on educational activities. This creates a large gap in learning outcomes between the two cohorts.

This is coupled with a lack of clarity among parents on the role they play and their feeling underconfident in supporting their child, given their own low literacy levels. Addressing this requires giving contextual information to parents about their child's performance. This can happen either in parent-teacher meetings or through text messages. In the US, providing information on metrics such as child's absence, missed assignments and low grades led to a reduction in course failures by 27%. Creating involved parents and teachers invariably leads to more involved SMCs.

There are pockets across India and the world which have undergone a significant behavioural change to ensure their children learn. As they say, "It takes a village to educate a child." But this village comprises teachers, parents and community leaders. Finding ways to engage them will bring about the sustainable behavioural change that is needed to make India's Nipun Bharat Mission, the National Initiative for Proficiency in Reading with Understanding and Numeracy, a success.

Starbucks' new CEO could yet escape Schultz's long shadow

Brian Niccol appears to have insisted on a free hand at the chain



BETH KOWITZ
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Howard Schultz has legend status but he's being urged to let go.

Incoming Starbucks Corp chief executive officer Brian Niccol is a star executive who is widely considered the best in the business. Quite frankly, it's surprising the company was able to hire him at all. Despite the coffee-chain giant being one of the world's most iconic and powerful brands, Starbucks has a problem for any incoming CEO. And that problem is the role of Howard Schultz.

As Starbucks' long-time CEO who became synonymous with the company he all but founded, Schultz can't seem to let go. He's twice boomeranged back into the top job when the company hit turbulence. And since he departed from the board a year ago, he has become a meddler—criticizing his successor Laxman Narasimhan and the board in a LinkedIn post and on a podcast, for example, even though he had handpicked Narasimhan, trained him, and set an aggressive growth plan on his way out the door.

It's only the latest example in Schultz's long history of undermining his replacements. He wrote in a leaked memo in 2007 that said under then-CEO Jim Donald the company's stores "no longer have the soul of the past." After Kevin Johnson left the company as CEO in 2022, Schultz said that he had returned to the helm because Starbucks had "lost its way."

Schultz seems to have orchestrated his latest official departure from company leadership to make it impossible for Starbucks to disentangle itself from his grasp. He is the company's largest individual shareholder and has negotiated to be chairman emeritus for life.

A piece in the *Financial Times* earlier this month detailed Schultz's ongoing ties to the company: he can attend and observe board meetings; he has a badge that gives him access to headquarters—where he also has his own parking space; the board reimburses him for the use of his private jet for corporate purposes; and he owns a stake in a business making olive oil for one of the company's coffee drinks. The piece also cited a recent Bernstein analyst report, which notes, "Decision-making processes are still heavily influenced by the presence of Howard Schultz, albeit informally." "We consistently apply the highest governance and accountability standards to the decisions we make, and we are transparent about them," a Starbucks spokesperson told the *FT*.

That dynamic even played out in the selection of Brian Niccol. Melody Hobson, Starbucks board chair, said she ran the choice by Schultz a week ago, who

gave his approval. However, the two known activist firms that are circling the company—Elliott Investment Management and Starboard Value—reportedly were not given a heads up.

It's all more than enough to give any CEO candidate pause, especially a highly coveted one like Niccol, who could take his pick of companies. In addition to his track record executing a massive turnaround at Chipotle Mexican Grill Inc, his time there gave him experience dealing with activist investors as well as iconic founders. In 2018, Niccol replaced Chipotle co-founder and long-time CEO Steve Ells, who struggled to right the company after a slew of food safety disasters. Ells stepped away as executive chairman two years later, saying at the time, "Brian has proven that he is absolutely the right person to lead Chipotle forward and I've never been more confident about the future of this great company."

With Schultz still lurking in the background, Starbucks likely had to make some serious concessions to lure Niccol—among them naming him chairman as well as CEO. Hobson was previously the company's chair and is giving up the title to become lead independent director. Niccol had added the chairman title at Chipotle in 2020 and probably made it a requirement for joining Starbucks. But it also raises more governance issues for a board that is already under scrutiny.

Corporate America has increasingly moved away from having a single person hold both titles. Just 4% of new S&P 1500 CEOs were also named board chair upon appointment last year, according to executive search firm Spencer Stuart, which has also reported that 41% of S&P 500 companies had a CEO with the dual title in 2023—down 25% from a decade ago.

It's well known that Schultz built Starbucks into a retail juggernaut over a span of four decades, so it's understandable that the board and executive team would want to keep someone like him on speed dial. But Starbucks is now turning into a B-school case study of why long-time CEOs need to make cleaner breaks with their companies.

Otherwise, they risk tarnishing their legacies by turning themselves from an asset into a liability.

MY VIEW | IT MATTERS

Quantum cryptography could spell certainty of secrecy

SIDDHARTH PAI



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Imagine sending a secret message to someone. Traditionally, you might use a unique code or encryption to keep it safe from prying eyes. But can you guarantee that no one intercepts or tampers with your message, especially without being detected? That's where quantum cryptography comes in. It's a fascinating blend of physics and computer science that promises to revolutionize how we secure our communications.

Quantum computers, which can process vast amounts of information simultaneously, could break existing encryptions in seconds. This threat has spurred interest in quantum cryptography, which is safe from decryption (in theory). Given the value of secure communication for defence, finance and other purposes, countries worldwide invest heavily in quantum cryptography.

At its core, it is a method of securing transmissions using the principles of quantum mechanics, a branch of physics that deals with the behaviour of particles on the tiniest scales, like atoms and photons, and sepa-

ately, through the use of unimaginably complex numbers. Quantum Key Distribution (QKD) and Post Quantum Cryptography (PQC) are the main competing methods.

PQC is about pure mathematics, in which next-level cryptographic algorithms are made to run on traditional computers and are so complex that they can't be broken even by a quantum computer. In contrast, QKD allows two parties to share a secret key that can be used to encrypt and decrypt messages. Its magic lies in how the key is shared. Using quantum particles, typically photons (particles of light), the key is transmitted in such a way that any attempt to eavesdrop on a message would disturb the particles and alert the parties involved. This method uses the Heisenberg Uncertainty Principle, which states that certain properties of a quantum particle cannot be measured without altering them (bit.ly/34ty2Yw).

In simpler terms, QKD works like this: First, a stream of photons (light particles) are sent that represent bits of information in a form recognizable by computer chips (0s and 1s), but in different 'quantum' states. These states could be the direction in which the photons vibrate (vertical, horizontal, or diagonal). The receiver's device can measure the state of these photons. The uncertainty prin-

ciple means if someone tries to intercept and measure them, their 'quantum' state is disturbed. The receiver and sender can then compare a portion of their received and sent photons to check for discrepancies. Inconsistencies would mean the line has been compromised. If it is clear nobody has eaves-

dropped, they can use the detected photons to generate a shared secret key. This key is used to encrypt messages, thus ensuring greater security than assured by methods such as the Rivest-Shamir-Adleman algorithm, which relies on factoring large numbers (bit.ly/3WmK7PS).

The US has been a significant player in the quantum race, with substantial investments through government initiatives and private collaborations. The US National Quantum Initiative Act of 2018 aims to accelerate quantum research. Organizations like the National Institute of Standards and Technology (NIST) are developing quantum-resistant algorithms, even as firms like IBM, Google and Microsoft explore the field.

China pursues quantum supremacy with significant state backing. In 2016, it launched the world's first quantum communication satellite, *Micius*, which achieved long-distance QKD by transmitting quantum keys between ground stations separated by over 1,200km (bit.ly/3yCWL5H).

Additionally, China has built the world's most extended land-based quantum communication network, linking Beijing and Shanghai across 2,000km (albeit with over 30 nodes, each of which may be a weak link).

The EU is making significant strides in quantum cryptography, focusing on collaboration and integration across member states. The Quantum Flagship initiative, launched in 2018, is a €1 billion, 10-year programme to advance quantum technologies, including quantum cryptography. Being a union of sovereign states, the EU is also working on standardizing protocols, which is crucial for widespread adoption.

India launched the National Quantum Mission last year. It aims to spend about \$1

billion through 2030, including on building 2,000km of secure networks on the ground and quantum-encrypted satellite communication systems.

Several challenges remain. Using QKD currently requires specialized hardware, such as single-photon detectors and quantum repeaters, which must be scalable and cost-effective for widespread use. Additionally, transmitting quantum keys over long distances, especially in real-world environments beyond controlled laboratory settings, presents major technical hurdles.

Moreover, the global quantum cryptography race raises concerns about cybersecurity on an international scale. If one country achieves quantum supremacy before others, it could significantly imbalance global security dynamics. However, collaborative efforts among nations and the rapid pace of technological advancement provide hope that quantum cryptography will eventually become a cornerstone of secure global communications.

As quantum technology matures, we can expect it to play a crucial role in safeguarding information in the digital age. The race to harness quantum power is well underway, with the potential to redefine the shaky digital security we endure today.



Listen up: Unplug from your earbuds every hour

Listening to loud music on earbuds is addictive as it helps release dopamine, but to avoid ear damage, try the 60/60 rule, say experts

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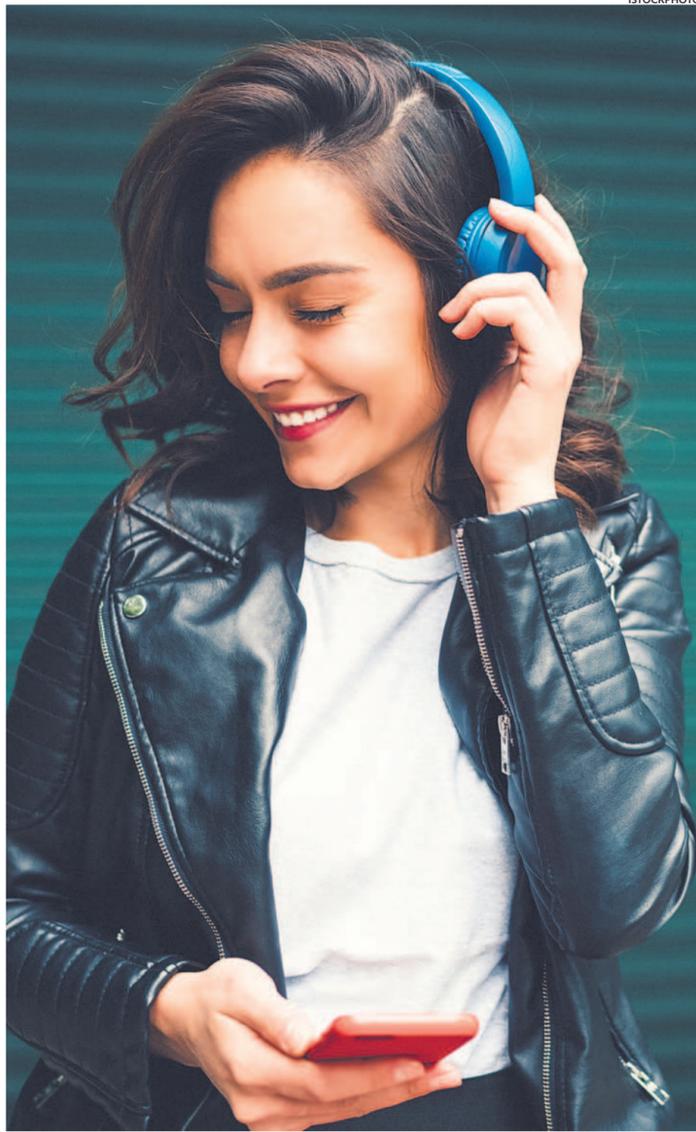
Headphones and earphones have become essential companions for millions today. Whether commuting, exercising, studying, or unwinding, everyone's almost always seen with their earbuds firmly plugged in, seeming like they are creating a personal soundscape to navigate the bustle of life.

If you didn't know, there's science behind this why we choose to listen to music at maximum volume, while stubbornly ignoring that gentle reminder on our screens urging us to turn it down. Loud music, purportedly, enables dopamine release, amplifies emotional experiences, and creates an immersive environment by masking external noise. In a blog post titled, *Why People Love Loud Music*, published on the website of Loop Earplugs, Antwerp-headquartered manufacturers of noise-reducing earphones, writer Samuel De Koning alludes to the 'sacculus' as a factor. The organ is part of the balance-regulating vestibular system in our inner ear. "It's special because it has direct connections to pleasure centres in the brain. It releases endorphins when stimulated by loud music, so listening to loud music is essentially self-medicating," writes Koning.

In a 2015 study conducted by researchers at McGill University, Canada, participants were hooked to an fMRI machine and their brain activity was recorded while listening to a favourite piece of music. "During peak emotional moments in the songs identified by the listeners, dopamine was released in the nucleus accumbens, a structure deep within the older part of our human brain," reports the January 2015 article, *Why we love music*, in *Greater Good* magazine. "Music affects deep emotional centres in the brain," the article quotes Valorie Salimpoor, a neuroscientist and lead researcher of the study.

The emotional pull to immersing oneself in music can be strong but the resultant damages it can cause to one's hearing capacity is impossible to ignore. "Loud sounds damage the delicate hair cells in the inner ear, responsible for converting sound into electrical signals. Over time, this damage can lead to permanent hearing loss, difficulty understanding speech, and social isolation. Additionally, noise-induced hearing loss has been linked to cognitive decline and other health issues," cautions Dr K Sushen Dutt, senior consultant - ENT specialist, Fortis Hospital, Bengaluru. Prolonged headphone use can also lead to symptoms like tinnitus (ringing in the ears), muffled sounds, difficulty understanding speech, ear pain, and a feeling of fullness in the ears, Dutt notes.

According to the World Health Organization (WHO), more than one billion young people globally are at risk of hearing loss due to unsafe listening practices. In an official blog titled, *Deafness and Hearing Loss*, written in February this year, WHO estimates that by 2050, nearly 2.5 billion people are projected to have some degree of hearing loss, and at least 700 million



ISTOCKPHOTO

— that is 1 in every 10 people — will require hearing rehabilitation. Alarmingly, over 49 million individuals aged 12 to 35 already experience disabling hearing loss from various causes.

"We treated a 24-year-old university student who came to us with severe pain and swelling in her ear canal. She was an avid music listener, often using her earphones for several hours a day at high volume to block out noise on her commute and while studying. Over time, she developed persistent ear pain and swelling, which eventually led to difficulty in hearing," narrates Dr. Meena Agrawal, senior consultant (ENT), PSRI Hospital in Delhi.

An infection had developed in the student's ear canal, Agrawal recalls, exacerbated by prolonged earphone use at high volume levels. "We treated the infection and advised her to moderate her earbud use to prevent further complications. This case highlights the very real risks

associated with everyday headphone use, beyond just hearing loss," Agrawal adds.

INNOVATIONS IN AUDIO ACCESSORIES

In recent years, consumer spending on audio accessories in India has seen a notable increase, driven by the perception of these personal devices as style statements and advancements in technology. According to a 2023 report by Counterpoint Research, the Indian headphones market, particularly the True Wireless Stereo (blue-tooth-powered) devices segment, has been expanding rapidly. The report noted that

the TWS market shipments registered an increase of 34% YoY in 2023. "I have spent around ₹8,000 on my current pair of wireless earbuds because I value sound quality and comfort," says Ankur Srivastava, 30, a tech enthusiast from Delhi. Similarly, Disha Taneja, 26, a marketing professional in Mumbai, notes, "I

Audio tech brands are adding features like volume limiters and acute noise cancellation technology to earphones

recently upgraded to a high-end noise-cancelling headphone for ₹15,000 because it enhances my work-from-home experience significantly."

Increasing consumer spend paired with awareness of auditory health is causing ripples in the country's audio accessories industry, with brands now incorporating innovative features into their earphones and headphones to maintain auditory health.

"Audio tech brands are increasingly prioritising hearing health. Many now incorporate features like volume limiters and hearing reminders into their devices. Brands are also focusing on ergonomic design and noise cancellation to reduce the need for high volumes," says Shishir Gupta, CEO of Noida-based Riot Labz, a design manufacturing company, and Oakter, a consumer electronics brand.

Oakter's audio accessories sport essential features such as real-time volume monitoring, personalised hearing profiles, and smart volume reduction. There are also new additions like frequency-specific adjustments, "safe listening time" reminders, and tinnitus masking modes.

"Our latest range of TWS, neckband, and headphones feature 'Adaptive EQ', a technology powered by Mimi (a German company pioneering sound personalisation technology)," says Sameer Mehta, co-founder and CEO, boAt, a brand that manufactures audio products. 'Adaptive EQ' is a technology that analyses each listener's unique hearing profile and adjusts audio frequencies accordingly, restoring missing details and enhancing the overall listening experience.

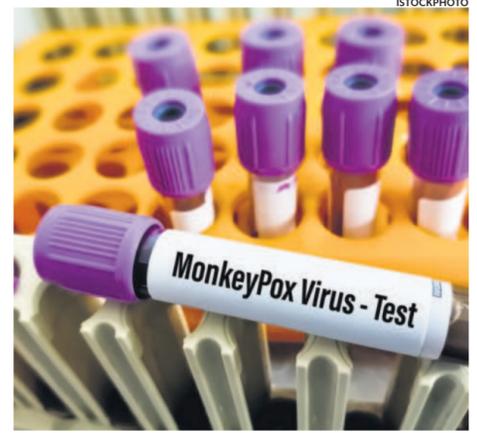
"By tailoring the sound to an individual's ears, it helps prevent the need to crank up the volume to compensate for muffled sound," Mehta explains before revealing that the brand is also planning to introduce 'Safe Listening' technology, which monitors volume levels and alerts people when they're listening at potentially harmful levels. "Our advanced Acoustic Noise Cancelling (ANC) technology effectively blocks out unwanted environmental noise, allowing you to enjoy your music without distractions. By reducing the need to increase volume, ANC contributes to overall hearing health," he says.

FOLLOW THE 60/60 RULE

When designed intuitively, technology can help, no doubt, but ultimately, ensuring your ears' health lies in your hands. Agrawal emphasises that the volume at which you listen to audio through headphones or earphones is a critical factor in determining the potential for hearing damage. Sounds are measured in decibels (dB), and prolonged exposure to sounds above 85 dB can cause permanent hearing loss.

"Many personal audio devices can reach volumes as high as 100-110 dB, which is comparable to the noise level of a chainsaw or a rock concert," she explains. Listening at such high volumes, even for short periods, can cause significant damage to your inner ear. The duration of headphone or earbud use is equally important. "Even if the volume is kept at a safe level, prolonged use can still lead to hearing issues," says Dr. Agrawal. "Continuous exposure to sound, even at lower volumes, can cause fatigue and stress on the auditory system. Taking regular breaks is essential to give your ears a rest."

Here, the 60/60 rule can serve as a useful guideline. Listen at no more than 60% volume for no more than 60 minutes at a time. This practice not only helps prevent hearing loss but also reduces the risk of developing tinnitus and other auditory problems, Agrawal concludes.



The world's slow response to the mpox outbreak

The plan to control the mpox crisis in Congo has been delayed for months

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A mutated form of mpox has been circulating in the Democratic Republic of Congo for months. Now the response to what has become a global health emergency faces a key obstacle: The country still doesn't have a single vaccine. The absence of shots and challenges in understanding the spread of the disease in the central African country underscore how hold-ups on the ground, a lack of international coordination and funding problems have hampered a swift response.

The chain of delayed reactions to the crisis began during the last mpox emergency that ended in 2023, with the Africa Centers for Disease Control and Prevention saying the continent didn't get the appropriate support. Even as the threat from mpox returned and the organisation responsible for global vaccine distribution expressed its concern, Congo held off formally requesting vaccine donations. Drug regulators in the country only approved emergency use for the shots in June.

Meanwhile, multiple countries, organisations and potential donors are trying to help but are only just starting to coordinate a joint response. "I don't think the world has learned that it didn't make sense to stop the World Health Organization emergency last year," said Tulio De Oliveira, director of Stellenbosch University's Centre for Epidemic Response and Innovation, in an interview. "If we had learned, we would have focused on stopping the outbreak." Some experts disagree that the emergency declaration should have been continued. The world's focus has been elsewhere, according to Peter Sands, the head of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Mpox has been in Congo for a long time and "it didn't receive much attention," Sands said in an interview. War and other threats have demanded the attention of governments since the end of the Covid-19 pandemic. But the mpox outbreak should be a reminder that if disease surveillance and basic primary care are neglected "that can come back and bite us," said Sands.

Congo doesn't have any vaccines, but doses have been requested from US & Japan

COORDINATED RESPONSE

One of the organisations responsible for global vaccination efforts, Gavi, started holding daily meetings to discuss the Congo outbreak in May. As of last Thursday, it was still waiting for Congo to formally request vaccines. The country doesn't have any mpox vaccines for the emergency response, but it has requested doses from the US and Japan, Samuel Boland, mpox incident manager for the WHO in Africa, told Bloomberg.

Coordination is going to be critical to the response, said Gavi's chief executive officer Sania Nishtar. "We are all talking to the same donors but we need to coordinate and hopefully in the coming days there will be a coordination mechanism," she said. "What is sad here is that the vaccines are ready to go and there are certain things that are impeding these countries to have access to them," said Javier Guzman, director of global health policy at the Center for Global Development. Without a rapid response, the disease will spread to other countries, he said.

Ready to wear Olympics-grade sports shoes & apparel?

High-tech shoes and apparel designed by leading sports brands for Olympic athletes will soon be yours to shop

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The Netherlands' Sifan Hassan left the world behind in her first Olympic marathon, this year. The loud and proud American sprinter Noah Lyles won the 100m but finished third in his favourite 200m race, losing to Letsile Tsegay of Botswana. St Lucia's Julien Alfred beat the USA's Sha'Carri Richardson in women's 100m. Norwegian hurdler Karsten Warholm, world record-holder in 400m hurdles, could only manage a third place. And Eliud Kipchoge, the Kenyan marathon legend, didn't finish.

At the end of two weeks of high-level athletic performances at the Paris Olympics, the podium places and medals have been decisively won but underneath it all is an on-going race for shoe-tech supremacy. The usual suspects of the shoe world — Nike, Adidas and Puma — are still competing hard out there. While Nike's mara-

thon hero Kipchoge dropped out of the Olympic marathon after the 30km mark, Hassan, wearing the brand's top-end road running Alphafly 3 shoes, set a new Olympic record. On track, Puma scored a gold with Alfred in the glamorous 100m, Lyles streaked to 100m gold on Adidas Y-3 spikes while Tsegay, in a pair of Nikes, zoomed ahead of Lyles in the 200m. Gabby Thomas (women's 200m) and Sydney McLaughlin-Levrone (400m hurdles) put New Balance on the board. No clear winner has emerged in Paris after Puma struck gold in track and Nike ruled the roost in road races in Tokyo Olympics, three years earlier. However, that's mainly because most brands have caught up with Nike on carbon technology. While all the big brands have had a fair bit of success as far as medals are concerned, there's pressure coming from young brands like Hoka One One and the Swiss shoes On, which has the legendary tennis star Roger Federer as one of its backers.

WHAT MAKES A SUPER SHOE?

"In Tokyo, it was a race against the clock to update technology in our spikes and shoes. The playing ground has levelled. Brands have caught up with each other," says Jose Van Der Veen, product line management head for track and field at Puma North America, Inc.

Since Tokyo, all brands have continued



REUTERS

to develop their foam, and everyone now has a more responsive, lighter foam boasting a much higher energy return, which is what every athlete craves. While Puma focused on fine-tuning its Nitro technology, Nike, Adidas and Asics have launched revamped versions of ZoomX, Lightstrike Pro and FF Blast respectively,

in the last three years. "What makes a super spike or a super shoe is the combination of ridged plates and foams and how these two elements interact with each other. We have invested a lot in foam development and have been able to continuously increase the responsiveness in our Nitro foam,"

adds Van Der Veen.

Alongside the foam, the shape and geometry of the shoe has also evolved. The rocking geometry with a boat-shaped curve has emerged as the most popular design. This shape aids in faster transition from foot strike (both heel and mid-foot strikers) to toe-off during a run. What's worth mentioning is that the performance of these shoes in elite competitions doesn't just have a bearing on sales and profits. It also leads to transfer of technology from the shoes used by athletes to shoes that end up on the commercial market that the rest of the world uses.

FROM SPORTS TO RETAIL STORES

The pair of shoes that Kipchoge used to run the sub-2-hour marathon in 2019, led to multiple design and technology transfers in new shoes that Nike launched after that feat, said Nike's chief design officer Martin Lotti.

"The design elements from the carbon shoes have led to an Air unit running all through the base of the the Nike Air Zoom Pegasus Premium [set to launch in January 2025]," he said pointing to the pair of prototype shoes that he was wearing during an event at the Centre Pompidou in Paris during the Olympic Games. It wasn't just shoes, even the clothes that Kipchoge and the pacers wore at the Paris Olympics, were designed especially

for the event. "Nike works with 13,000 athletes across multiple sports and disciplines and we collaborate with them and take their inputs while developing and designing our products as they know best what they need," adds the Swiss-born Lotti, who has spent the last 27 years with Nike.

Those technological developments and design elements, too, find their way into the apparel and accessories sold in retail stores for everyone to purchase. This couldn't be timelier with a new marathon season just round the corner.

With races coming thick and fast — BMW Berlin Marathon is on September 29, Bank of America Chicago Marathon on October 13, TCS Amsterdam Marathon and Vedanta Delhi Half Marathon on October 20, and TCS New York City Marathon on November 3 — one question that will be on top of the mind of hundreds of thousands of runners, as they chase targets, will be about what shoes and apparel to train and race in. Keeping the 'Olympic' sports tech innovations in mind, one wouldn't be too far from the mark in saying that marathoners and recreational athletes can look forward to enjoying the latest technology and design used by Lyles, Kipchoge and Hassan to help them in their fitness goals. Never mind that it is likely to leave their wallets significantly lighter.