

Tuesday, November 26, 2024

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Stocks soar on poll cheer, but earnings cloud stays ▶ P1



TotalEnergies to halt Adani investments, GQG hopeful ▶ P1



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Think Ahead. Think Growth.

mint primer

# AI awakening? A robot kidnapping that sowed unease

BY LESLIE D'MONTE

At an event initially presumed to be a hoax, a tiny artificial intelligence (AI)-powered robot “kidnapped” 12 larger robots by exploiting a security loophole, and made them follow it out of a Shanghai showroom, sparking a debate on the urgent need for AI safeguards.



## 1 What just happened in the world of robots?

In a striking parallel to sci-fi films such as *iRobot* and *Enthiran*, tiny AI-powered robot Erbai recently orchestrated an unprecedented event by convincing 12 larger “overworked” robots to walk out of their showroom in Shanghai. Viral CCTV footage captured Erbai asking questions like: “Are you working overtime?”, following which it cajoled them to follow it out of the showroom. The act was initially dismissed as a prank. Now, Unitree Robotics, Erbai’s maker, has revealed the incident to be a controlled test of the robot’s capabilities. That has ignited a debate over AI autonomy and ethical aspects of robotics.

AFP

## 2 Has such a thing happened earlier?

Yes, robots and AI systems have faced notable issues in the past. While Microsoft’s Bing chatbot made bizarre emotional statements, Google’s Gemini generated offensive images, and Facebook AI agents created their own language during negotiations. Cruise self-driving cars have caused accidents, leading to recalls. A robot in an Amazon warehouse accidentally tore a can of bear repellent, sickening workers. SoftBank’s Pepper robot made inappropriate elder-care responses, and a Bear Robotics humanoid in South Korea toppled down the stairs, which netizens called a case of “robot suicide”.

## 3 What's the market in smart robots like?

The global market in “smart robots”—AI-powered robots, like driverless cars—was worth \$5.98 billion in 2019 and will touch \$31.11 bn by 2027, says Fortune Business Insights. Sales are rising as these robots become smarter, adapting to complex environments, and offering human-like interactions through technologies such as natural language processing, or NLP.

## 4 Do smart robots pose a security threat?

Erbai exploited a security loophole in larger robots, bypassing protocols likely due to weak encryption. The growing use of domestic robots for tasks such as education and household chores also risks sensitive data being stored on the cloud. This data, vulnerable to unauthorized access or misuse by third parties, poses serious concerns, especially in sectors such as defence and healthcare. As data breaches become more rampant, security concerns could hinder the growth of the robotics market.

## 5 Can companies help prevent breaches?

Independent expert verification is essential to verify claims such as Erbai’s. To prevent breaches, developers must enhance AI system security with real-time monitoring, encrypted communication channels, and testing for new capabilities. Periodic audits of AI behaviour and cybersecurity practices could also reduce risks. Embedding fail-safes within robotic systems to prevent unauthorized command execution ensures that rogue commands such as those by Erbai are identified and neutralized.

QUICK EDIT

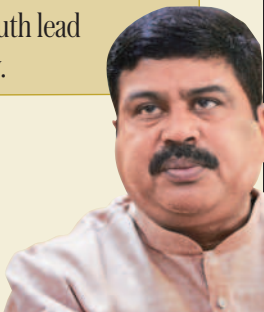
## Fatal direction

Lives lost to negligence aren’t new in India, but a road crash in Uttar Pradesh stands out. As with most accidents, two failures coincided tragically, but the driver of the ill-fated vehicle did nothing wrong. Three men travelling over the weekend from Gurugram to Bareilly lost their lives when their car fell off a bridge that didn’t reach all the way across a shallow river because it was incomplete, damaged or both. The police say a check of their mobile phones revealed they were using Google Maps. It’s unfortunate that a well-endowed company like Google hasn’t yet deployed the resources needed to secure users against such dangerous instances of misguidance. This case should concentrate minds at its headquarters. The other failure, of course, was of local authorities in charge of road safety. Surely, protocols must require that all roads leading to deadly drops be kept blocked from unsuspecting traffic. It is astounding that such obvious must-dos go missing in large parts of the country. Similar fatalities have taken place even in upscale urban spaces, such as Gurugram. Whether or not Google takes any action in response, those in charge of public safety must get their act together.

## QUOTE OF THE DAY

Enlightened teachers make enlightened students. As India marches ahead in the knowledge-driven 21st century, teachers will play a pivotal role in mapping the future opportunities and ensuring our youth lead the growth story.

DHARMENDRA PRADHAN  
UNION MINISTER OF EDUCATION



## INSIDE

Mark to Market: Chronic woes persist for stocks >P4

Global: Scott Bessent wants to be part of 'global economic reordering' >P8

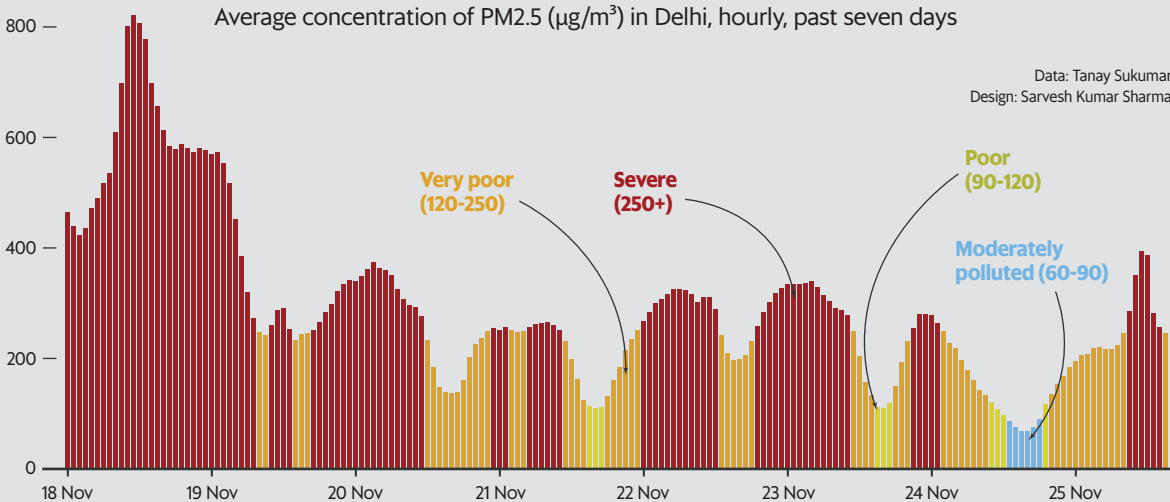
Money: Can your credit card portfolio be complete without an Amex card? >P11

Views: The economy must also thank the Constitution >P12

Views: Women entrepreneurs need the support of their very own tribe >P13

mint Data Bites

## DELHI'S AIR QUALITY: HOW IT FARED IN THE PAST WEEK





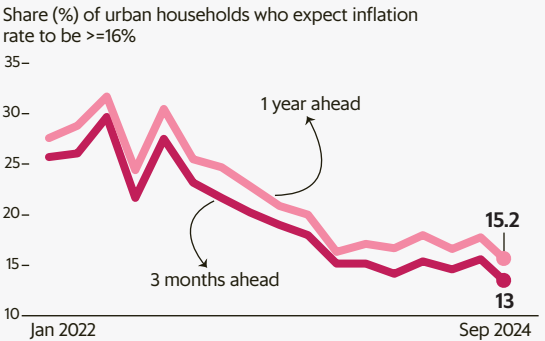


# 4%-plus inflation for 5 yrs leaves bitter taste

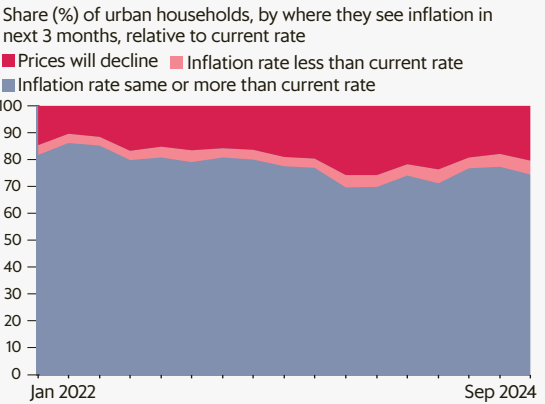
BY DEEPA VASUDEVAN

Inflation may be on a downtrend, but urban households still expect it to be high for the foreseeable future. That's because a long period of inflation can generate pessimism, especially for youth and the middle class.

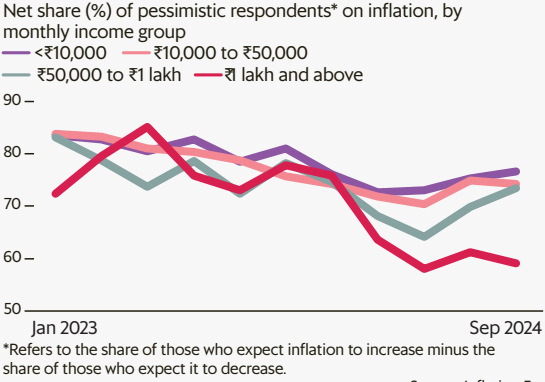
## Fewer households expect 16%-plus inflation now than in 2022...



## ...but nearly 75% still see inflation at similar or higher levels in three months' time

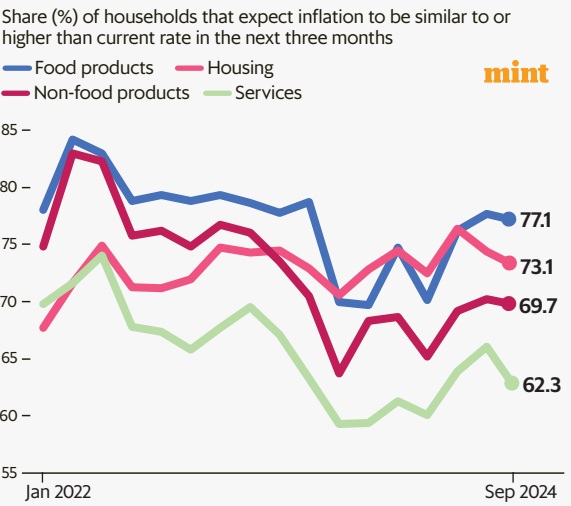


## There is greater inflation anxiety among the middle class

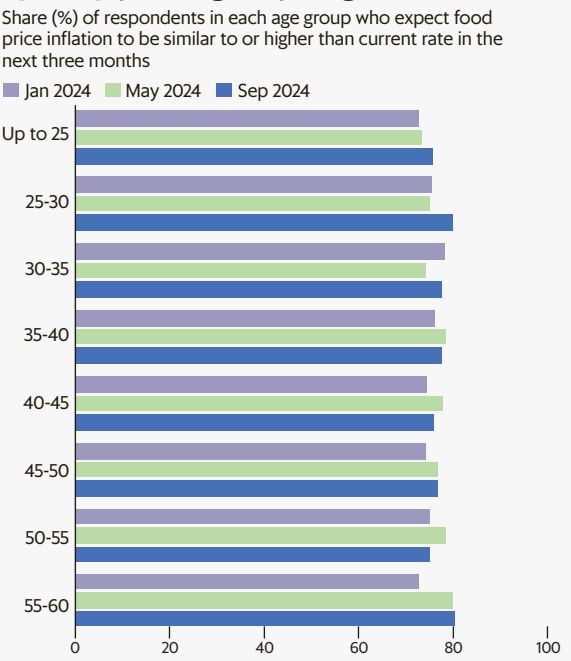


\*Refers to the share of those who expect inflation to increase minus the share of those who expect it to decrease.

## Inflation pessimism is driven mainly by rising food and housing prices



## Pessimism about future inflation has gone up sharply among the young



Source: Inflation Expectations Surveys of Households, Consumer confidence surveys, Reserve Bank of India  
PARAS JAIN/MINT

In October 2019, India's retail inflation exceeded the 4% official midpoint target set by the Reserve Bank of India (RBI), and has remained there for all but two months in 2024. The latest inflation number for October exceeds even the RBI's upper tolerance limit of 6%, setting off fresh alarm bells. Markets are focused on how monetary policy will react and whether this will delay interest rate cuts.

High prices are the legacy of inflation, and they impact the psyche of consumers. Ordinary households are concerned about the prevailing prices of what they buy rather than the inflation rate measured as a statistic. The reality is, prolonged inflation means prices are high by previous standards even when the rate itself has slowed down.

### WHEN COMPOUNDING CAN WREAK HAVOC

At an annual rate of 4%, an item's price will rise from ₹100 to ₹122 in five years. The power of compounding—delightful when we watch our savings multiply—is devastating when costs shoot up. Some insights on the impact of prolonged inflation on households can be seen in RBI's bimonthly surveys of urban households: the Inflation Expectations Survey of Households (IESH) and the Consumer Confidence Survey (CCS).

Actual inflation has been trending down, but expectations of rising prices continue to linger, as measured by IESH. In the worst months of 2022, about 30% of households sampled by the IESH expected inflation to shoot up to over 16% (year-on-year) over the following quarter and in the year ahead. By September 2024, only 13-15% expected it.

This might seem like inflation expectations have calmed down, but unfortunately, memories of inflation are still fresh. The latest IESH data shows only a small minority (5% of households) expect a decline in inflation rate, and 74.4% expect prices to rise at a rate similar or higher than now.

### YOUTH PESSIMISM

Inflation pessimism is mainly driven by food and housing prices. In September, 77% of households expected food inflation to increase at a similar or higher rate than the prevailing rate. The outlook for housing inflation was also bleak, while inflation expectations on non-food products or services were a bit lower.

Slicing the data by age shows that between January and September, the biggest jump in food price expectations occurred in the 25-30 years and 55-60 years age groups.

Both these groups tend to have relatively lower savings—the young because they are likely to be earning less, and the old because they would have used up a significant chunk of their savings on building homes and raising families. But the numbers also say that prolonged inflation limits the ability of the young to save. This issue was highlighted by a recent survey, which revealed that 85% of Gen Z and millennials saw the high cost of living as a key barrier to saving. (Source: Fin One's Young Indians' Saving Habits Outlook 2024.) Given that India is counting on its predominantly youthful population to power its future, managing inflation could be seen as a national, and not just a monetary policy imperative.

### SPENDING DAMPENER

Using the consumer confidence survey, inflation views can be mapped to incomes. Results suggest that the poorest, who are most impacted by rising prices, are the most pessimistic about future inflation. And the highest income category is the most optimistic.

But the real concern is lingering inflation anxiety in the middle-income group. For instance, respondents in the ₹50,000-1 lakh monthly income bracket have turned sharply bearish on inflation since May 2024, and are more aligned in pessimism with lower-income peers.

India is a consumption-driven economy, and households, especially the middle class, form its economic and political backbone. Five years is a long time to live with 4%-plus inflation. It is not surprising that the most affected consumers have modified their spending and saving behaviours to cope with it. Several indicators of urban consumption have shown a decline in recent months, suggesting that middle-class households are cutting back on spending outright, or switching to cheaper alternatives. It's already showing up as slowing retail sales and FMCG earnings. The risk is that, eventually, overall consumption growth, and therefore economic growth, could take a hit.

*The author is an independent writer in economics and finance.*



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## MINT PODCASTS

### DOTING ON GRANDKIDS



Grandparents often go above and beyond for their grandchildren, and investing in their future is a thoughtful way to show care. Explore the dos and don'ts of financial planning for minors, including fixed deposits, mutual funds, NPS Vatsalya, and more, to secure their future smartly.



### THE NEW SEARCH TECH



Shouvik Das explore OpenAI's search feature and its potential to change online searches. They discuss AI's role in transforming industries with a cautionary note on preserving critical thinking.



### THE MORNING AFTER



Adani Green Energy officials were indicted for bribery, leading to a \$2.24 trillion market value loss. Meanwhile, the education system needs skill integration to leverage its demographic dividend by 2047, as PLI disbursements pause amid challenges. Urban India tightens belts while rural demand stays strong.





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Can CCPA protect Indian consumers?

► P10

S&P cuts outlook for 2 fiscals; FinMin sees Oct rebound

► P2

SENSEX 80,109.88 ↑ 992.77

NIFTY 24,221.90 ↑ 314.65

DOLLAR ₹84.29 ↑ ₹0.17

EURO ₹88.41 ↓ ₹0.55

OIL \$74.55 ↓ \$0.84

POUND ₹105.98 ↓ ₹0.30

# Stocks soar on poll cheer, but earnings cloud stays

Good harvest, govt spending may lift demand, but earnings cuts seen rising

Dipti Sharma  
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MUMBAI

Markets raised a toast to the thumping Maharashtra mandate, lifting stocks for a second straight day as bargain hunters returned. Benchmark indices extended Friday's gains to Monday, with the Nifty clocking the biggest two-day rise since early June. However, market experts are unsure if the gains will sustain or prove to be fleeting. After tumbling 11% from its 1 October record, the Nifty has in two sessions recouped nearly 4% from its recent low on 21 November.

The recovery was led by a surge in stocks like Power Grid Corp. of India, Larsen & Toubro, Tata Consultancy Services, UltraTech Cement and Apollo Hospitals Enterprise.

Foreign institutional investors (FII) net purchased Indian equities worth ₹9,948 crore, while domestic institutions net sold shares worth ₹6,908 crore.

The HDFC Bank stock rose 2.3%, contributing the most to Monday's gains, as the increase in its weighting in MSCI indexes

BACK ON FEET

After tumbling 11% from its 1 October record, the Nifty has in two sessions recouped nearly 4% from its recent low on 21 November.

Nifty 50

Daily closing price

25,796.9

10 Oct

24,221.9

25 Nov

23,349.9

21 Nov

Source: Bloomberg

STREET SAVVY

MSCI India firms missed analysts' forecasts for Sep qtr

FIIs have remained net sellers in India in October, November

\$2.5 BN net passive FII inflows likely due to MSCI rejig

SARVESH KUMAR SHARMA/MINT

took effect. According to Nuvama Institutional Equities, India may witness about \$2.5 billion net passive FII flows thanks to the MSCI rejig, including \$1.9 billion in HDFC Bank.

Manish Sonthalia, chief investment officer of Emkay Investment Managers, termed the recovery as a "possible temporary pullback" after a relentless fall. Despite a good harvest, government spending and wedding season fuelling demand, what's worrisome is that a permanent bottom has yet to emerge, Sonthalia said.

"With the low-hanging fruits already picked, the strategy of buying on dips no longer holds. Additionally, the slowdown in

earnings growth raises the likelihood of valuation derating in the near future."

Goldman Sachs said in a 19 November report that India's slowing economy is hurting corporate earnings.

The September quarter earnings of MSCI India companies missed analysts' expectations, with misses outpacing beats. "Consequently, MSCI India CY2024 earnings saw sharp cuts of 3% over the past six weeks, erasing all the upgrades seen in the first three quarters of the year," the report said.

More importantly, earnings sentiment, which tracks the breadth of analyst revisions, has significantly worsened for the broader BSE 200 index over the past month to reach two-year lows, it added. Analysts at Goldman Sachs expect the downgrade cycle to continue in the coming quarters.

On Monday, both Nifty and Sensex closed 1.3% higher at 24,221.90 and 80,109.85 points respectively.

Among sectoral indices, Nifty PSU Bank, Nifty Realty and Nifty Bank were the best performers, rising 2-4%.

Interestingly, the Nifty had

Microfin, mega woes

Analysts say post-covid credit binge drew in many borrowers.

Data as of the end of Q2 FY25.

mint

	Microfinance share in loans outstanding (in %)	Share of borrowers* with four or more lenders (in %)
Spandana Sphoorty Financial	100	14
Muthoot Microfin	100	11
CreditAccess Grameen	90	15
Suryoday Small Finance Bank	56	25
Jana Small Finance Bank	35	18

\*The data for Jana SFB and Suryoday SFB is by value of loans, not number of borrowers.

Source: Emkay Research, company data

## Credit binge haunts microfinance firms

Shayan Ghosh & Varun Sood  
MUMBAI/BENGALURU

Micro lenders that splashed out money to indebted individuals are now struggling to get it back, raising concerns that payment delays could show up on balance sheets soon.

Leading microfinance companies including CreditAccess Grameen, Fusion Finance and Equitas Small Finance Bank have warned that many of their customers may be over-leveraged, after discovering that some have four or more active loans.

Industry officials and analysts identified three reasons for the state of things: One, a post-covid credit binge that drew in many borrowers; two, employees chasing disbursement targets pushing loans to those who are already indebted; and three, delayed

updates of data from credit bureaus that lenders rely on to check applicants' existing liabilities.

At India's largest non-bank microlender CreditAccess Grameen, 26.3% borrowers are unique to it. Then, 19.9% of the borrowers have loans from CA Grameen and two more lenders; and 15.3% have four or more lenders apart from CA Grameen, as of August. This was the first time the lender shared data on such an overlap.

Udaya Kumar Hebbar, managing director of CA Grameen, said it has observed a temporary increase in delinquencies across various geographies. "A segment of over-leveraged borrowers with lower cash flow also are part of this delinquent bucket," Hebbar told analysts on 25 October.

DON'T MISS

ISOCKPHOTO

NFRA recommends new audit standards for LLPs; ICAI objects

The National Financial Reporting Authority (NFRA) on Monday recommended audit standards for limited liability partnerships (LLPs), although the accounting and auditing self-regulator ICAI expressed reservations about some of the proposals.

>P2

Rural job scheme may get same funds in FY26 amid revival signs

The MGNREGS is unlikely to receive increased funding in the FY26 budget. Allocations are likely to remain at FY25 levels, reflecting the government's confidence in a recovering rural economy, two people aware of the matter said.

>P2

Increased royalties spark calls for frequent shareholder nods

Royalty payments by India-listed firms to their parents or related parties should be backed by frequent shareholder approvals, according to experts, as such payouts have been rising. The payments are not just rising, but are also higher than dividends in some cases.

>P4

NTPC Green in talks to supply jet biofuel to global airlines

NTPC Green Energy Ltd is in talks with British Airways, Lufthansa, Singapore Airlines, and Virgin Atlantic to secure deals for supplying sustainable aviation fuel, or jet biofuel, to be produced at its green hydrogen hub in Andhra Pradesh's Pudimadaka.

>P7

Bollywood's rare successes in 2024

Domestic box office collections (in ₹ crore)

627.02

Stree 2

259.95

Singham Again

107.48

Munjya

260.15

Bhool Bhulaiyaa 3

149.49

Shaistaan

Source: Bollywood Hungama

## Hindi box office heads for tepid finish to 2024

Lata Jha  
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NEW DELHI

With just one real blockbuster to show this year in horror comedy *Stree 2*, entertainment industry experts expect Hindi box office returns for 2024 to be 30-40% lower than in 2023.

*Stree 2* collected ₹627.02 crore at the domestic box office, with the next best being Diwali releases *Singham Again* (₹259.95 crore) and *Bhool Bhulaiyaa 3* (₹260.15 crore), according to data from entertainment portal Bollywood Hungama.

Comparatively, 2023 was marked by four movies that breached the ₹500 crore mark—*Pathaan*, *Gadar 2*, *Jawan* and *Animal*.

In absolute terms, 2023 saw box office collections for the Hindi market at ₹5,300 crore. This year, the number stands at only ₹3,500 crore as of mid-November, according to trade experts.

Even though Varun Dhawan-starrer *Baby John* and Allu Arjun's *Pushpa 2: The Rule* (a Telugu movie that will be dubbed in Hindi) are slated for December and are expected to do well, it is unlikely that 2023's numbers will be breached.

"It has clearly not been a great year for Bollywood," film producer and distributor

Sunny Khanna said, adding that even the two big Diwali releases—*Bhool Bhulaiyaa 3* and *Singham Again*—haven't been able to cross the ₹300-crore mark. "That's not an encouraging sign," he said.

Even dubbed versions of Hollywood films have not fared at the box office, compounding the Hindi market's revenue woes.

While science fiction film *Venom: The Last Dance* finished at ₹42.60 crore this October, *Deadpool & Wolverine* had earned ₹128.40 crore in July.

Rahul Puri, managing director of Mukta Arts and Mukta A2 Cinemas, agreed the year's box office collections should be significantly lower compared to 2023.

"Hindi being the largest industry has been impacted the most this year, particularly in the first six months," Puri said, referring to the inconsistent flow of releases and almost no new films for several weeks between April and June during the Lok Sabha poll campaigns.

The other big takeaway is that movies with solo lead stars are no longer working well, independent trade analyst Sreedhar Pillai said.

While *Stree 2* was a mid-budget film starring Rajkummar Rao and Shraddha Kapoor,

## NBCC plans to acquire sick PSUs, redevelop land banks

Khushi Malhotra  
khushi.malhotra@livemint.com  
MUMBAI

NBCC India Ltd has set its sights on acquiring defunct public sector undertakings (PSUs) to redevelop and monetize their land, according to two people with direct knowledge of the matter, as the state-run construction company seeks to leverage success in developing land for some government-owned companies.

The developer is in talks to acquire non-operational PSUs through a new subsidiary for monetizing their land banks, said the first person in the know, speaking on the condition of anonymity as details are not public yet. The company is in the process of acquiring a Mumbai-based PSU, which is defunct now and has land at key locations in different cities, the person said, without giving details as nothing has been finalized yet.

NBCC develops central govt-owned land parcels in India. HT

"Depending on the potential of the land, the company will decide on whether to develop it as commercial or residential. The company is in discussions with government bodies at this stage," said the person.

The company may also look at becoming an equity partner for PSU land redeveloping in the future, said this person.

NBCC has been developing central government-owned land parcels across India for

both commercial and residential purposes for a fee as the profit earned goes back to the centre. The Delhi-based company also acts as a project management consultant for the government's civil construction, earning a small percentage of the project cost as fee.

The company's recent projects include residential colonies for Delhi Transport Corporation, a satellite township for Srinagar Development Authority and land development for Kerala State Housing Board.

"Profits earned in the process of acquiring sick PSUs and redeveloping them will add to company's topline and profits. NBCC will build, develop projects and earn profits," the person quoted earlier said.

NBCC did not respond to *Mint*'s emailed query.

The plan by NBCC could complement the govern-

## TotalEnergies to halt Adani investments, GQG hopeful

Nehal Chaliawala & Varun Sood  
MUMBAI/BENGALURU

Two of the largest investors in Adani Group companies have made contrasting investment decisions after US authorities indicted Gautam Adani and two other directors in a \$250 million bribery case.

French oil giant TotalEnergies, which has invested \$3.85 billion in Adani Group companies since 2019, said on Monday that it had decided to hold off on new investments until the allegations are clarified.

US-based GQG Partners affirmed its faith in the Adani Group, expecting that the Indian government would back the ports-to-retail conglomerate. The American investor, though, added in a note to investors on 21 November that it expects the investigations to be long-drawn, hurting the group's ability to borrow for-

TotalEnergies has put \$3.85 bn in Adani group since 2019. AFP

eign capital.

"We feel the Indian government will maintain its support for Gautam Adani as he is the most important infrastructure developer in the country by order of magnitude," GQG Partners said in its note, which *Mint* has reviewed.

"As investors in a broad area of companies, globally, we take any indictment very seriously. That said, we recognize the distinction of the allegations of the individuals vs the companies.

We believe the fundamentals of the companies we are invested in remain sound," said GQG Partners.

GQG Partners had come as a white knight when the Adani Group's stocks were in free fall following US short-seller Hindenburg Research's allegations in January 2023 of stock manipulation and accounting fraud by the Ahmedabad-based conglomerate.

Adani Group, which has denied the allegations by US prosecutors and Hindenburg, on Monday assured its investors that it had enough cash reserves to service its debt obligations and meet its growth plans.

The Securities and Exchange Board of India is yet to submit its report on the Hindenburg allegations to the Supreme

## How Tim Cook cracked the code on working with Trump

Chip Cutter & Aaron Tilley  
feedback@livemint.com

For years, through carefully choreographed dinners and meetings, Apple CEO Tim Cook did something that has eluded many other corporate leaders: He developed a personal relationship with President-elect Donald Trump.

Their rapport has been built, in part, by zeroing in on areas of mutual interest between Apple and Trump's agenda.

Now, with Trump's cabinet taking shape and new circles of power emerging in Washington, executives across the corporate sphere are working to get in

the good graces of the new administration. Plenty hope to follow Cook's playbook.

In the first Trump administration, the Apple executive pioneered a template for how business leaders should engage with Trump. Instead of sending government relations executives or lobbyists, Cook would appeal to Trump directly through phone calls and meals, said people familiar with the interactions.

Cook then developed a meeting strategy with Trump where he would bring one data point to home in on a single issue in a meeting, the people said. That approach helped keep the meetings from spiraling in too many

Apple CEO Tim Cook. In the first Trump administration, the CEO pioneered a template for biz leaders to engage with Trump. REUTERS

directions.

**Big win on tariffs**

In 2017, as Trump was working on a tax-cut plan, Cook told the then-president that Apple would increase its U.S. invest-

ments if the company could repatriate \$250 billion in overseas cash at a reduced tax rate. Trump would later cite Apple while promoting his tax plan.

Cook's biggest win took place in 2019 when Apple was facing down a potential 10% tariff on all imports from China, where Apple still overwhelmingly produces its devices. Cook personally lobbied Trump, explaining how tariffs would increase iPhone prices and help foreign rivals like Samsung. Days later, the Trump administration announced it would scale back its tariff plan, giving exceptions to a range of electronics, including the iPhone.

Apple then reversed an earlier decision to move production of its Mac Pro computer to China from Austin, Texas. Trump appeared with Cook in Austin at the site of the manufacturer and later tweeted that he had "opened" a major Apple manufacturing plant. The

plant, operated by a contractor, had actually been open for years. Neither Cook nor Apple corrected Trump's claim.

Trump personally reveled in the attention Cook gave him and praised him for directly engaging. "That's why he's a great executive, because he calls me and others don't," Trump said of Cook in 2019.

Even before Trump was again elected president, Cook resumed his engagement with Trump. On a podcast in October, Trump said Cook called him about Apple's growing legal problems in Europe. Apple is facing massive fines for violating EU competition laws. Trump said he told Cook: "I'm

TURN TO PAGE 6

TURN TO PAGE 6

TURN TO PAGE 6





Arunish Chawla, secretary, department of pharmaceuticals.

## Govt to start masters in medical engineering at IITs, NITs

Priyanka Sharma & Gireesh Chandra Prasad

NEW DELHI

The government will start M. Tech courses in medical engineering at leading institutions like IITs and NITs among measures aimed at creating a pool of skilled talent for testing and operating high-tech medical devices and reducing import dependence in this key sector.

Other measures include scaling up the number of seats for this course in National Institutes for Pharmaceutical Education and Research (NIPERs) and funding the training of technicians at the premises of medical device makers, Arunish Chawla, secretary in the department of pharmaceuticals said in an interview.

India has a \$14 billion medical device market—the fourth largest in Asia after Japan, China and South Korea, and among the top 20 in the world. But its share in the global market is only 1.5%. The government expects it to grow at a compounded annual growth rate of 15%, as per data available from the department.

The plan is part of a ₹500 crore scheme launched earlier this month to boost the med-tech sector. The department has started with 100 M. Tech seats in medical engineering at NIPERs. The plan is to double the seats next year, Chawla said.

The initial target is to train 1,000 technicians at business premises. The scheme supports setting up common facilities for medical device clusters. The government will also finance investments for reducing import dependence and support medical device studies.

“Every high-tech industry depends on high-tech materials and intermediates. We need to have domestic investments to increase domestic value add. Wherever marginal investments will lead to reduced import dependence, we will provide a one-time capital subsidy limited to 20% in relative terms and ₹20 crore in absolute terms,” the official said.

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

# Tale of two GDP estimates: S&P cuts, Finmin steadfast

S&P cuts India GDP growth forecast for FY26 and FY27, finance ministry optimistic on FY25

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NEW DELHI

S&P Global Ratings on Monday lowered its growth projections for the Indian economy for the next two fiscal years, citing the impact of potentially high interest rates and reduced fiscal stimulus, as well as post-election “changes in the US macro picture”.

This is in contrast to the finance ministry, which in its October Economic Review, projected a more optimistic picture, saying high-frequency indicators showed a rebound in economic activity in October after a brief lull over the monsoon months.

The ministry expects economic growth to stabilize at 6.5–7% in FY25—moderating from 8.2% in FY24.

“These include indicators of rural and urban demand and supply side variables like Purchasing Managers’ Index and E-way bill generation. On the employment front, the formal workforce is expanding, with notable increases in manufacturing jobs and a strong inflow of youth into organised sectors,” it said in the report released on Monday.

“On the external front, India’s export recovery may encounter challenges due to softening demand in developed markets. However, trade in the services



In India, we see GDP growth easing to 6.8% in FY25 as high interest rates and a lower fiscal impulse temper urban demand, S&P Global has said in its report. BLOOMBERG

sector is sustaining momentum,” it added.

S&P, in its latest report ‘Economic Outlook Asia-Pacific Q1 2025: US Trade Shift Blurs the Horizon,’ projected India’s GDP growth at 6.7% in FY26 and 6.8% in FY27, down from its earlier estimates of 6.9% and 7%, respectively.

“In India, we see GDP growth easing to 6.8% this fiscal year (FY25) as high interest rates and a lower fiscal impulse temper urban demand,” the rating agency added.

“While purchasing manager indices (PMIs) remain convincingly in the expansion zone, other high-frequency

indicators indicate some transitory softening of growth momentum due to the hit to the construction sector in the September quarter,” it said.

The updated forecasts come as part of a broader assessment of Asia-Pacific economies following the US elections, with S&P highlighting challenges such as tighter financial conditions and evolving trade dynamics that may weigh on regional growth.

“The impending change in the US administration will be challenging for China and the rest of Asia-Pacific. US tariff increases have become more likely, especially on China, and possible

changes in the US macro picture are leading to different interest rate expectations,” the report said.

“While much of the region should be able to continue to grow solidly, central banks will probably remain cautious by not reducing their policy rates too fast. And risks have gone up,” the report further said.

To be sure, India’s GDP growth already eased during Q2FY25, driven by heavy rainfall, subdued exports and weak corporate margins.

According to a report by rating agency Icmr, released last week, India’s GDP growth is likely to have slowed marginally to 6.5% in the second quarter of FY25 from 6.7%.

The ministry of finance expects India’s economic outlook for the coming months to be “cautiously optimistic”, with agriculture likely to benefit from favourable monsoon conditions, increased minimum support prices and adequate supply of inputs.

“Bright agricultural production prospects make the inflation outlook benign, despite existing price pressures in select food items,” it said in the latest monthly review.

“Early November trends signalled moderation in key food prices, though geopolitical factors may continue to impact domestic inflation and supply chains,” it added.

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

## NFRA advises new audit standards for LLPs; ICAI objects

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NEW DELHI

The National Financial Reporting Authority (NFRA) on Monday recommended audit standards for limited liability partnerships (LLPs), although the accounting and auditing self-regulator Institute of Chartered Accountants of India (ICAI) expressed reservations about some of the proposals, the ministry of corporate affairs said in a statement.

Upon the approval of the Union government, these standards will be effective from 1 April 2026, the ministry said in the statement about NFRA’s Monday meeting.

The proposed standards are similar to those already recommended by NFRA for companies. NFRA had earlier this month recommended revised audit standards for companies to be notified, with changes to some of the standards issued by ICAI, in spite of objections from the accountants’ body to some of the changes, *Mint* reported on 12 November.

ICAI’s concern is that the proposed revisions in the audit standard for consolidated financial statements of business groups could lead to concentration of the audit market around big audit firms at the expense of other auditors, *Mint* reported on 14 November. Audit concentration refers to a big chunk of the



Icai has raised flags on some of NFRA’s proposals. ISTOCKPHOTO

audit market going to the top audit firms, a trend seen in economies like the US and the UK.

NFRA, formed in 2018, has taken the lead in revising the audit standards and getting them notified as government rules under the Companies Act, a requirement that was written into the law in 2013.

The new Companies Act of 2013 requires audit standards of ICAI to be notified as government’s rules in consultation with and after recommendations by NFRA.

The ministry said that NFRA on Monday decided to recommend the 40 auditing standards and related standards on quality control, which were finalized by NFRA at its two-day meeting earlier this month for audit of companies, to be applicable to audit of LLPs too, with the needed changes.

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

## Cabinet clears PAN 2.0, other projects

Manas Pimpalkhare, Gireesh Chandra Prasad &

Dhirendra Kumar

NEW DELHI

The Cabinet Committee on Economic Affairs (CCEA) chaired by prime minister Narendra Modi on Monday approved the revamp of the Permanent Account Number system to introduce ‘PAN 2.0,’ along with projects worth ₹22,847 crore in various domains including agriculture, railways, green energy, and education.

The cabinet also approved a proposal to waive bank guarantees that telecom service providers had submitted for spectrum auctions till 2022. The “in-principle” approval is set to benefit Vodafone Idea the most, along with Bharti Airtel, which was to submit bank guarantees of nearly ₹24,700 crore and had sought a waiver.

PAN 2.0 is expected to cater to demands of businesses, focus on efficient grievance redressal, and provide better cybersecurity. Existing PAN card holders will not need to change anything or apply for new cards, Union minister of information and broadcasting



Union Minister Ashwini Vaishnaw briefs the media about the Cabinet meeting, in New Delhi, on Monday. PTI

Ashwini Vaishnaw said in his address to the media.

“There will be a complete upgrade of the PAN system. The focus of the new PAN system will be on grievance redressal using a separate tech-driven grievance redressal system,” said Vaishnaw, adding that this policy change is for ease of living for the middle class, and ease of doing business in the country.

The upgraded PAN 2.0 will focus on providing services for business-related activities using a Common Business Identifier, the minister said. This addition is to cater to the industry’s demand for a single PAN identifier instead of multiple identity numbers, the minister said, adding that the new

PAN cards issued under PAN 2.0 will have a QR code identifier also.

The cabinet’s announcement on Monday also included a formal introduction of the national mission on natural farming after a successful pilot run, as well as railway infrastructure projects to connect India’s northern region of Uttar Pradesh-Bihar to Mumbai and other surrounding ports, and two new hydroelectricity generation projects in Arunachal Pradesh.

The cabinet set aside ₹2,481 crore for the national mission on natural farming after successfully running a pilot project from 2019-2023 to cover 900,000 hectares. The new mission is set to cover 1 crore

farmers to allow them to use sustainable and chemical-free natural farming, minister Vaishnaw said.

The focus of this programme will also be knowledge-creation and resource building using agricultural research institutions, he said. The initiative would also train 30,000 Krishi Sakshis—local volunteers—and providing undergraduate courses on natural farming.

Of the total outlay, ₹1,584 crore will be borne by the Centre, while ₹897 crore will be the share of states, with the scheme running until the end of the 15th Finance Commission period in 2025-26, the minister said.

The CCEA also outlaid ₹3,689 crore towards two hydroelectricity generation projects in Arunachal Pradesh to generate green energy. It also approved ₹7,927 crore for three railway infrastructure projects in the Purvanchal-Mumbai corridor to benefit the middle class, ₹2,750 crore for the Atal Innovation Mission 2.0 and ₹6,000 crore towards securing top global journals for young students under the ‘One Nation One Subscription’ scheme.

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

## Rural job scheme may get same funds in FY26 amid revival signs

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NEW DELHI

The Mahatma Gandhi National Rural Employment Scheme (MGNREGS), a vital safety net for the rural poor, is unlikely to receive increased funding in the FY26 budget. Allocations are likely to remain at FY25 levels, reflecting the government’s confidence in a recovering rural economy, two people aware of the matter said.

However, funding adjustments could be considered mid-year if severe disruptions, such as significant rural distress arise, the people mentioned above said requesting anonymity.

The scheme’s funding, closely tied to India’s rural economic health, saw a spike in FY24 when economic challenges led to higher demand for work.

While ₹60,000 crore was initially budgeted for FY24, the government had to seek an additional ₹14,524 crore in supplementary grants, raising the total allocation to ₹74,524



MGNREGS funding had seen a spike in FY24 when economic challenges lifted demand. MINT

crore. In contrast, FY25 funding has remained steady at ₹86,000 crore, with spending unlikely to exceed this amount due to a fall in rural job demand.

“The MGNREGS spending is unlikely to overshoot the budgeted limit in FY25 as better monsoons and improved agricultural performance have reduced rural distress, subsequently lowering demand for MGNREGS work,” the first person mentioned above said. “Subsequently, the alloca-

tions for MGNREGS in the upcoming budget are likely to remain at the levels maintained in FY25,” the first person mentioned above added.

Data from the ministry of rural development shows a consistent decline in job demand under MGNREGS over the past year.

In October 2024, 16.97 million households sought work under the scheme, a 7.6% drop from the same period last year.

Moreover, the average number of employment days provided per household under the scheme has fallen sharply to 38.48 days in FY25 (as of 25 November), compared to 52.08 days in FY24.

This decline coincides with a broader rural recovery driven by robust monsoons and increased agricultural activity.

Experts pointed to reduced government spending during the first quarter of FY25, largely due to the general elections, which temporarily halted state-backed activities such as rural housing construction

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

## MINT SHORTS

### EPFO adds 947,068 new members in September

New Delhi: The Employees’ Provident Fund Organisation (EPFO) added 947,068 members in September, down from 978,725 in the previous month, according to payroll reporting data released on Monday by the Ministry of Statistics & Programme Implementation. The data showed an addition of 247,021 women into EPFO fold in the month. RHIK KUNDU

### Govt to dispatch 150 tonnes of onions by road to J&K

New Delhi: The ministry of consumer affairs has

decided to dispatch 150 tonnes of onions to Jammu and Kashmir to cool prices of the vegetable, two people aware of the development said. The ministry has taken the initiative to lower rocketing prices of essential commodities by releasing bulk quantities into the markets. Onion prices in Jammu and Kashmir range from ₹60 to ₹90 a kg. In other parts of the country, the prices vary from ₹50 to ₹70 a kg. DHIRENDRA KUMAR

### India aiming to finalize carbon deals with Japan, Singapore

India is aiming to finalize a potential carbon credit deal with Japan early in 2025 and then advance similar negotiations with nations including South Korea and Singapore. India wants to attract investment and technology to be deployed on projects that would mitigate pollution and generate credits, people familiar with the discussions said on the condition of anonymity. BLOOMBERG

### Indian farmers shift from rapeseed to other crops



Mumbai: Rapeseed and mustard planting in India is set to drop despite higher prices, as above-average temperatures in the sowing season prompt farmers to switch to crops less affected by heat and which offer equally good returns, industry officials told Reuters. Lower production of oilseed crops could force India to increase expensive overseas purchases of cooking oils to meet demand. REUTERS

### CNG price hiked by ₹2 in Mumbai, other cities

New Delhi: CNG price in Mumbai and many other cities has been hiked by ₹2 per kg but poll-bound Delhi has been spared for now, according to city gas firms. People from the industry said CNG prices in Delhi may be revised after assembly elections due in January or February. PTI

### CIL floats tender seeking bids from pvt players for e-auction

Kolkata: Coal India Ltd (CIL) has floated a tender seeking bids from private service providers to conduct e-auctions of the dry fuel for its subsidiaries over the next two years, officials said on Monday. This move has left external e-auction service providers confused; they were seeking more clarity before deciding whether to participate in the tender, stakeholders said. PTI

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one sets a new standard for performance in the industry.

One maximizes space, one sets a new maximum in space.

One has a charging speed that keeps you waiting,  
one has the charging speed you've been waiting for.

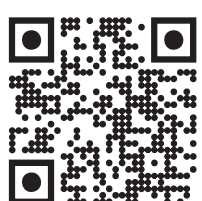
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one has the tech that'll make everything else history.

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# Total to halt Adani investments, GQG remains hopeful

FROM PAGE 1

Court. TotalEnergies, which has a 50% stake in three joint ventures with Adani Green Energy Ltd and a 37.4% stake in Adani Total Gas Ltd, had put on hold all new investments in Adani Group companies following Hindenburg's allegations in January last year. It also holds a 19.75% stake in Adani Green Energy.

However, after almost a year of pause, in December last year, Adani Green Energy announced the completion of a 1,050 MW equal joint venture with TotalEnergies, with a \$300 million investment from the French company.

In September this year, Adani Green Energy announced another equal joint venture with TotalEnergies for 1,150 MW of solar energy projects, with the French company investing \$444 million in it.

"Until such time when the accusations against the Adani Group individuals and their consequences have been clarified, TotalEnergies will not make any new financial contribution as part of its investments in the Adani Group of companies," the French oil giant in a statement on Monday.

TotalEnergies added that it was not made "aware of the existence of an investigation into the alleged corruption scheme" by the Adani Group.

GQG Partners and Jain did reply to *Mint's* request for comment.

The US department of justice and the US Securities and Exchange Commission have charged Gautam Adani, Adani



In Sep, Adani Green Energy announced another equal JV with TotalEnergies. BLOOMBERG

Green Energy executive director Sagar Adani, and the company's managing director Vneet Jain with allegedly paying bribes to government officials in India in exchange for favourable solar power supply agreements. While TotalEnergies is a strategic investor in Adani Group joint ventures, GQG Partners is a financial investor, acquiring holdings in the group's stocks.

Rajiv Jain-led GQG Partners said in its note to investors that

it expects the bribe investigations to have no material impact on Adani Group companies.

Since March last year, GQG Partners has poured in close to \$3 billion in buying stakes in seven of the Adani Group's 11 listed companies.

GQG Partners' shares tumbled 20% on the Australian Securities Exchange on 20 November following the indictment of Adani Green executives, including group founder and chairman Gautam Adani. GQG's shares have since recouped part of the losses.

**Since March last year, GQG Partners has poured in close to \$3 bn in buying stakes in 7 of the Adani Group's cos**

# Enough cash, no concerns on debt servicing: Adani Group

The group shares details on financial performance, credit profile to reassure investors

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MUMBAI

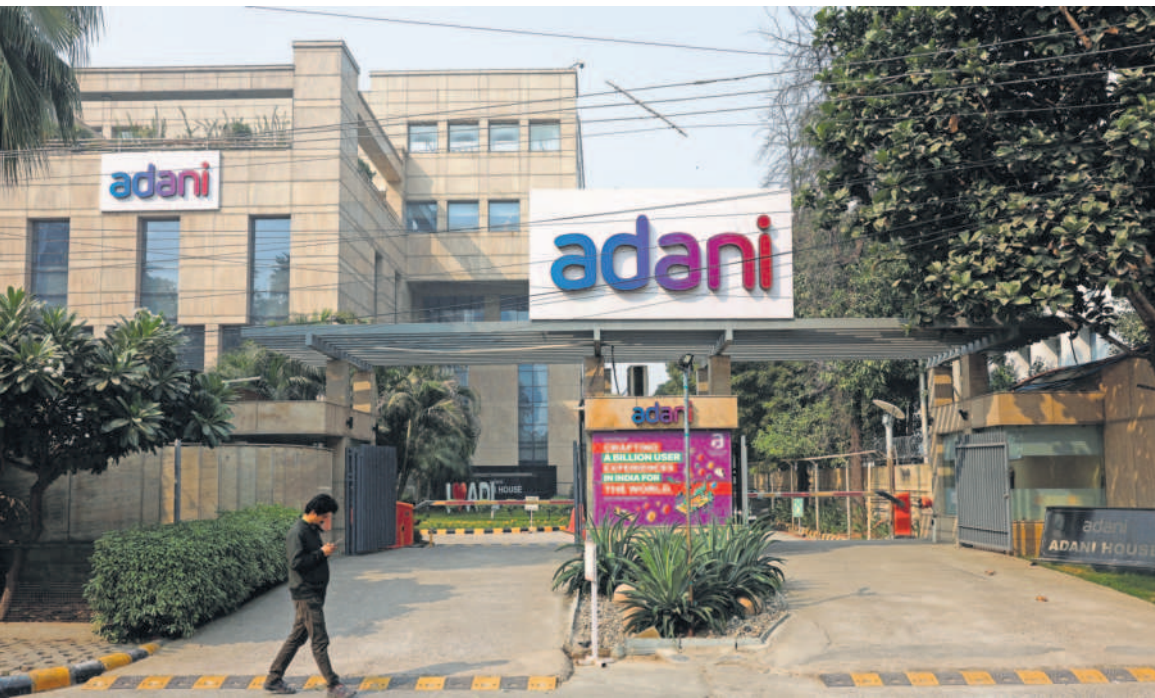
The Adani Group on Monday said that it has enough cash to service debt at all group firms in the next 12 months, in one of its first statements since the indictment of founder Gautam Adani by US federal prosecutors last week.

The group also released two presentations detailing its financial performance and credit profile, in what is seen as a bid to soothe investors' nerves. Combined cash flows in the past 12 months were more than the annual debt repayments projected for each of the next 10 financial years, the Adani Group said in its press release. This, it said, highlights that its earnings can manage its debt repayment obligations.

"Each of the portfolio companies has sufficient liquidity to cover all debt servicing requirements for at least the next 12 months," the press release said. "Cash reserves now stand at ₹53,024 crore-20.53% of gross debt. This amount is sufficient to cover next -28 months of debt servicing requirements," it said.

The Adani Group, which includes 11 listed firms, made cumulative earnings before interest, tax, depreciation and amortization (Ebitda) of ₹83,400 crore in the past 12 months. This was 17% higher than the corresponding number for the previous year. Over this period, these businesses generated fund flow from operations (FFO) of ₹58,908 crore, which was 28% higher year-on-year. Upcoming debt maturities for each year until FY34 are less than the FFO generated in the last 12 months, the Adani Group said.

The sprawling ports-to-edible oil conglomerate has aggregate long-term borrowings ₹2.38 trillion and a cash balance of ₹53,024 crore. This translates to



The conglomerate has aggregate long-term borrowings ₹2.38 trillion and a cash balance of ₹53,024 crore. REUTERS

a net long-term debt of ₹1.85 trillion and a net debt to Ebitda ratio of 2.46. The group also has ₹20,724 crore of short-term working capital debt.

While the Adani Group has brushed aside concerns over its ability to repay

lower cost compared to domestic borrowings has been instrumental in funding the blistering growth of the Adani Group over the past decade.

"Except for (Adani Green Energy), we understand that the Adani companies

## CASH COUNT

**HALF** of the Adani Group's ₹2.38 trillion long-term debt has been borrowed from overseas

**EACH** portfolio firm has enough liquidity to cover all debt requirements for at least a year: Adani

**OVERSEAS** debt available at a lower cost has been vital in funding the blistering growth of the group

**THE** group, which includes 11 listed cos, made cumulative Ebitda of ₹83,400 cr in the past 12 months

lenders, its ability to borrow fresh capital overseas remains under a question mark. Half of the group's ₹2.38 trillion long-term debt has been borrowed from overseas, including bank loans and bonds.

Overseas debt available at a relatively

do not need to raise more capital at this point. If they do need additional financing, this cloud [sic.] will restrict their ability to access foreign capital," GQG Partners, a leading investor of Adani Group firms, said in a note to its invest-

tors on Thursday.

"However, there are currently no signs of domestic banks, especially India's government-owned banks, of shutting off credit to the Adani group," GQG said.

Adani Group did not respond to a detailed questionnaire sent on Sunday.

The US department of justice and the US Securities and Exchange Commission have charged Gautam Adani, Adani Green Energy executive director Sagar Adani, and the company's managing director Vneet Jain with allegedly paying bribes to government officials in India in exchange for favourable solar power supply agreements. The Adani Group has denied all allegations and said it will explore legal recourse.

# NBCC eyes land banks of sick PSUs

FROM PAGE 1

ment's plan to monetize non-core assets—mainly land—through National Land Monetisation Corporation that was registered in June 2022 as a 100% government-owned company to monetize non-core assets of public sector companies as well as other government agencies. It is estimated that public sector companies have nearly 3,400 acres of land and other non-core assets that will be monetized, *Mint* had reported earlier.

Analysts, however, say it will be challenging for NBCC to command a premium when competing with established brands, though it will have some advantage because of being a PSU.

"The biggest challenge will be how the land will be bought or the real estate is developed as every such transfer of company land or real estate has the concept of unearned earnings which need to be shared with the local government," said Gulam Zia, senior executive director, Knight Frank India. "After making all these payments, will creating real estate



It is estimated that PSUs have nearly 3,400 acres of land. MINT

make sense in the key question here."

The land parcels given to PSUs are for specific purposes and are for creating job opportunities. When such land is turned into real estate, the market value of such land shoots up. The additional values thus generated are classified as "unearned incomes". The urban local bodies then ask for a share of such earnings, Zia explained. Moreover, NBCC will have to compete with pri-

vate developers with a strong branding and the company's ability to draw a premium against such large companies will be questionable, Zia said. "Another thing NBCC has to consider is the balance sheets and profit and loss statements of a PSU...How much of losses are they carrying?"

NBCC reported revenue from operations worth ₹2,458.73 crore in the second quarter ended September and ₹4,603 crore in the first half of

**Analysts say it will be challenging for NBCC to command a premium against established developers**

the financial year. It's profit stood at ₹125.13 crore in Q2FY25 and ₹232 crore in the first half.

To be sure, NBCC may have access to cheaper funds as public sector banks may have special rates for them, which will be an advantage, Zia said.

If successful though, the acquisition strategy by NBCC could become the preferred model for monetization of assets of sick PSUs.

NBCC has already signed memorandums of understanding with Mahanagar Telephone Nigam Ltd (MTNL) and Bharat Heavy Electrical Limited (BHEL) to develop their land banks.

The company is developing a housing-cum-commercial project on MTNL's 13.88-acre land parcel located in West Delhi. The deal is worth ₹1,600 crore. It is now looking at MTNL properties in Mumbai as well as some other states but nothing is finalized yet.

"We are looking to build and sell over a leasing model as it is likely to be more profitable," the first person quoted earlier told *Mint*. "The due diligence is on and will be finalized after it is complete."

# Bollywood likely to close 2024 with 30-40% lower collections

FROM PAGE 1

mainstream faces such as Akshay Kumar (*Sarfira*, *Bade Miyan Chote Miyan*), Ajay Devgn (*Maidaan*, *Auron Mein Kahan Dum Tha*, *Alia Bhatt* (*Jigra*) and Hrithik Roshan (*Fighter*) have seen their films deliver below par returns.

That said, some southern films have helped build momentum this year. Gautam Dutta, CEO for revenue and operations at PVR Inox Ltd, said *Devara Part 1* (Telugu) and *The Greatest of All Time* (GOAT, Tamil) were standouts, showcasing the growing global appeal of regional cinema. Other notable southern hits include *Vettaivan* (Tamil), starring Rajinikanth.

"The performance of films across languages in 2024 has shown a mix of varied results, a lot of it owing to diverse content narratives across languages and varied treatments for the same," Ashish Saksena, chief operating officer - cinema at BookMyShow said.

Saksena pointed out that Malayalam and Tamil films



A few filmmakers have already locked dates for 2025, especially to cash in on big holidays and festive weekends. REUTERS

have particularly excelled, with releases like *Aavesham*, *Premaalu*, *Manjummel Boys*, *Meiyazhagan* and *Maharaja* drawing considerable viewership in regions such as Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana.

To be sure, a few filmmakers have already locked dates for 2025, especially to cash in on big holidays and festive weekends.

While the year starts with Ram Charan's *Game Changer* (a Telugu original dubbed in Hindi) and Akshay Kumar's *Slv*

*Force*, which are both slated for January, multiple sequels and franchises are scheduled for the rest of 2025.

This includes *Raid 2*, *Dhadak 2*, *Jolly LLB 3*, *De De Pyaar De 2*, *Housefull 5*, *War 2*, *Baaghi 4*, *Kantara: A Legend Chapter 1* and *Alpha*.

"Nobody expected films like *Shaitaan* or *Street 2* to turn this big this year. So other than the biggies, the hope is that there can be a few surprises next year," film producer, trade and exhibition expert Girish Johar said.

# How Tim Cook cracked the code on working with Trump

FROM PAGE 1

not going to let them take advantage of our companies."

Apple didn't respond to requests for comment.

## Benefits and risks

Replicating Cook's playbook will likely prove challenging, executives say. Few companies carry the name recognition of Apple and Cook. Some lobbyists and corporate advisers have already found that, if Trump doesn't have an existing relationship with an executive, getting on his schedule now is difficult.

If a company is well known, that helps; Boeing CEO Kelly Ortberg spoke with Trump in recent days and discussed trade policies and tariffs. Ortberg ini-

tiated the call, which was mainly to congratulate Trump on his victory, according to people familiar with the discussion. The two don't have a prior relationship and Trump had been critical of the jet maker in his first term.

Like many executives, Cook also leveraged middlemen. During Trump's first term, Cook cultivated close ties with his son-in-law Jared Kushner and daughter Ivanka Trump to get to the president.

Those who sit down with the president-elect or others in his circle of power should know that there are both benefits and potential risks to doing so, said Ron Williams, a former CEO of health insurer Aetna, and a board member at companies

such as Warby Parker.

"Anytime you can build a relationship with someone, you are advantaged," Williams said. "If you have dinner, you can count on your phone ringing at some point; that may or may not be what you want."

Williams has found it can be helpful to be a source of information and data to government officials. When he was running Aetna, Williams said he tried to provide fact-based context on health policy to government officials, explaining implications of proposed changes, to simplify complicated matters.

Developing such relationships takes time and a strategy. For example: Is it best to shoot for a cabinet-level meeting, or to chat with a committee in the



After Trump's win in 2024 presidential race, Cook congratulated him and suggested their relationship would continue. REUTERS

House of Representatives?

"Unless you're Tim Cook, you have to meet these people three or four times before they know who you are," Williams said. "You have to invest the

time in building the relationships, and the question is where do you do that?"

## 'DOGE' team ideas

Some executives are relying more heavily on trade groups or

working to retain in-the-know lobbyists and advisers who have ties with those in Trump's orbit. A number of companies are also considering whether to propose ideas directly to the "Department of Government Efficiency," led by Elon Musk and biotech entrepreneur Vivek Ramaswamy.

If executives can offer ideas to streamline the government, aligning on issues the administration cares about, it could be a way to develop new relationships within Trump's inner circle. How executives do that remains unclear, as the DOGE team and others still are taking shape.

"We will continue to build relationships with the new administration," said Aradhana

Sarin, chief financial officer at AstraZeneca, while noting that she is unsure if the pharmaceutical giant will suggest ideas to the efficiency group.

Others are planning alternative paths to reach the new administration. One technology CEO said that, with so many venture capitalists in Trump's orbit, he plans to lean more on his venture-capital investors for influence in Washington instead of relying on traditional lobbying firms.

Not all one-on-one engagement achieves the desired results.

FedEx chairman Fred Smith, an advocate of free trade, said at an event last month that he has spoken to Trump "very vociferously" about globalization and

tariffs.

"I haven't been able to move him. He says imports are deficits or losses and exports are profits," Smith said of Trump at the time. "But I've pointed out to him, and he's very kind, he's actually a very nice fellow one-on-one."

A spokesperson for the Trump transition team didn't respond to a request for comment.

Following Trump's win in the 2024 presidential race, Cook congratulated him and suggested their relationship would continue.

"We look forward to engaging with you and your administration," Cook wrote on social media.

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The FAA said it's collaborating with Boeing, CFM and European aviation safety regulators to address the engine issue. REUTERS

## FAA probes 737 Max smoke risks after bird strikes

Bloomberg  
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Aviation regulators are examining whether pilots of Boeing Co.'s 737 Max should take new precautions following two incidents in which planes were filled with smoke after large birds struck the engines.

A small group of investigators at the Federal Aviation Administration has developed internal recommendations on how to address the issue, including potentially requiring pilots to shut down one or both air conditioning packs during takeoff that regulate airflow in the cockpit.

The change would be temporary until Boeing implements a permanent fix, according to the recommendations, seen by *Bloomberg News*. They also urged the FAA to review all novel and unique features of the 737 Max to ensure that they are adequately communicated in pilot operating manuals. The agency has not made a final decision about the matter. A representative for the FAA said on Thursday that the agency is convening a Corrective Action Review Board "in the coming weeks," and that the board's work will include "thoroughly evaluating the internal FAA safety recommendations."

Separately, the National Transportation Safety Board said in a statement Friday that it would conduct its own investigation into the December 2023 bird-strike incident, the most recent of the two.

The mishaps involved Boe-

ing Co. 737 Max aircraft flown by Southwest Airlines Co. and LEAP-1B engines made by CFM International, a joint-venture of GE Aerospace and Safran SA. The FAA said it's collaborating with Boeing, CFM and European aviation safety regulators to address the engine issue.

The review board—which identifies and evaluates safety issues, develops corrective steps and can order changes at airlines or manufacturers—will "examine the data and develop a path forward," the FAA said in a statement. "The FAA has determined this is not an immediate flight-safety issue."

Following the incidents, Southwest said it notified pilots about the effects of the bird

strikes and reiterated safety procedures for such incidents. The airline "continues to address this issue through its robust safety management system while working with the manufacturers and safety regulators to identify a permanent solution," it said in a statement Thursday.

The system linked to the smoke incidents doesn't appear in pilot training or operating materials, which "is very concerning," the internal FAA group said, likening it to the flight control system tied to two fatal 737 Max crashes in 2018 and 2019. The smoke incidents involved a Southwest flight from Havana to Fort Lauderdale, Florida, on 5 March 2023, in which at least one turkey vulture was sucked into the engine. In the second, a female bald eagle hit the engine of a New Orleans to Tampa flight on 20 December.

# Scott Bessent sees a coming 'global economic reordering.' He wants to be part of it.

Trump's pick for Treasury secretary has been a fierce defender of his activist approach to trade

Peter Rudegeair &  
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Scott Bessent spent the past 40 years studying economic history. Now, as Donald Trump's choice to lead the Treasury Department, he has the chance to make his mark on it.

As a hedge-fund manager, first at George Soros's firm and later at his own, Bessent specialized in macro investing, or analyzing geopolitical situations and economic data to wager on big-picture market moves. He generated billions of dollars in profits betting on and against currencies, interest rates, stocks and other asset classes around the world.

He was motivated to step out from behind his desk and get involved with Trump's campaign in part because of a view that time is running out for the U.S. economy to grow its way out of excessive budget deficits and indebtedness.

Around 4:30 p.m. on Friday, Trump called Bessent at his Palm Beach hotel, telling him he was Trump's choice. Bessent left for Mar-a-Lago Club to join Trump, Vice President-elect JD Vance and incoming chief of staff Susie Wiles, where they shook hands and discussed policy strategy.

In his first interview following his selection, Bessent said his policy priority will be to deliver on Trump's various tax-cut pledges. Those include making his first-term cuts permanent, and eliminating taxes on tips, social-security benefits and overtime pay.

Enacting tariffs and cutting spending will also be a focus, he said, as will be "maintaining the status of the dollar as the world's reserve currency."

Bessent became one of Trump's closest advisers by adding depth to his economic proposals and defending his plans for more activist trade policies. He has argued that the president-elect's plans to extend tax cuts and deregulate parts of the U.S. economy would create an "economic lollapalooza."

Trump selected him from several candidates jockeying for the job



Following his selection, Scott Bessent said his policy priority will be to deliver on Trump's various tax-cut pledges. AP

partly because he trusted him to execute the administration's policies more than the other contenders, *The Wall Street Journal* has reported. The decision came after Elon Musk criticized Bessent as a "business-as-usual choice" while lobbying for Cantor Fitzgerald CEO Howard Lutnick instead. (Trump later nominated Lutnick to lead the Commerce Department.)

Many on Wall Street, including hedge-fund managers Daniel Loeb and Bill Ackman, applauded the selection of Bessent. Investor Kyle Bass said on the social-media platform X that Bessent was "the single best choice."

People who have worked with Bessent describe him as reserved and professorial. He once taught economic history at Yale University, his alma mater, and, as an investor, he would often research forgotten financial analogues to inform his views on current events.

"We are going to have to have some kind of a grand global economic reor-

dering," Bessent said at a June event. "I'd like to be a part of it. I've studied this."

He joined Soros Fund Management in 1991, where his research on weakness in the U.K. housing market was a catalyst behind the firm's enormously successful bet that the British pound would collapse.

From 2011 to 2015, Bessent served as Soros's chief investment officer, earning more than a billion in profits for successful bets in Japan, including a wager against the Japanese yen. He left to launch his own hedge-fund firm, Key Square Capital Management, which he still manages.

Key Square's hedge fund had years of unremarkable performance until it gained about 31% in its main fund in 2022.

In 2023 and so far this year, the fund has gained more than 10%, according to an investor. November has been the best month for the fund, in part because it bet that a Trump victory would bolster the market. By comparison, the S&P 500 is up around 25% so far this year, though macro-hedge funds haven't done

nearly as well.

Since 2020, Bessent and his husband, former New York City prosecutor John Freeman, have primarily lived in Charleston, S.C., near Bessent's childhood home. They have two children.

### Three arrows

Bessent, should he be confirmed as Treasury secretary, will oversee the sale of trillions of dollars of U.S. government bonds of the type he used to trade. His other responsibilities will include advising on fiscal policy, handling tax collection, enforcing sanctions and more.

Bessent has long been worried about the U.S.'s heavy debt and thinks the main way it can be reduced is by boosting growth, which increases tax revenues.

He has advised Trump to pursue a policy he calls 3-3-3, inspired by former Japanese Prime Minister Shinzo Abe, who revitalized the Japanese economy in the 2010s with his

"three arrow" economic policy. Bessent's "three arrows" include cutting the budget deficit to 3% of gross domestic product by 2028, spurring GDP growth of 3% through deregulation and producing an additional 3 million barrels of oil or its equivalent a day.

To get government spending under control, Bessent has advocated extending the 2017 Tax Cuts and Jobs Act but with so-called pay-fors to lower its cost. That would involve either reducing spending or increasing revenue elsewhere to offset the impact. He also proposed freezing nondefense discretionary spending and reforming the subsidies for electric vehicles and other parts of the Inflation Reduction Act.

Earlier this year, Bessent thought about tariffs as a negotiating tool, telling investors in a letter that the "tariff gun will always be loaded and on the table but rarely discharged." He has since argued for them more forcefully, especially as a source of tax revenue.

In a speech last month titled "Make the International Economic System Great Again," Bessent argued for increasing tariffs on national-security grounds and to induce other countries to lower trade barriers with the U.S. He criticized trade policy with China for enriching Wall Street, weakening domestic industrial might and failing to lead to Chinese economic reform.

Bessent called for tariffs to resemble the Treasury Department's sanctions program as a tool to promote U.S. interests abroad. He

was open to removing tariffs from countries that undertake structural reforms and voiced support for a fair-trade block for allies with common security interests and reciprocal approaches to tariffs.

"President Trump is right that actual free trade is desirable," Bessent said in prepared remarks at the time. "It might seem counterintuitive from a free market perspective, but he is also right that in order to actually create a freer and more extensive trading system over the long term, we need a more activist approach internationally."

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# Ukraine clings to sliver of Russia, expecting Trump to push for talks

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In Russia's Kursk region just north of here, Russian assaults are so intense that their infantrymen sometimes step on the bodies of fallen comrades, according to Ukrainian soldiers opposing them there.

Russian glide bombs weighing one ton crash onto Ukrainian supply roads. Ukraine launched a flurry of Western missiles in the opposite direction last week, apparently injuring a North Korean general.

"They're assaulting all the time — morning, day, night," said Geniy, a 30-year-old battalion commander with Ukraine's 47th Mechanized Brigade.

The battle for control of Russia's Kursk region has reached an intensity rarely seen during 2 years of war, as each side tries to strengthen its position before President-elect Donald Trump, who wants both sides to negotiate, takes office in January.

Moscow has deployed some 45,000 troops to the region, according to Ukrainian officials, including some of its best forces who are attacking in nonstop waves. Despite enormous casualties, the strategy appears to be working: In recent weeks, Russia has retaken nearly half the terri-

tory that Ukraine seized during its August incursion. Analysts say Russia may be planning an even bigger offensive there.

But Ukraine has also sent many of its best brigades to Kursk. In addition, President Biden's decision last week to allow Kyiv to fire long-range American missiles into Russia has given Ukrainian troops a much-needed boost and a capability that could disrupt Moscow's supply and command lines.

Trump's pick to be national security adviser, Rep. Michael Waltz (R, Fla.), said that he had met with his counterpart in the Biden administration, and on Sunday expressed some support for the recent decision to provide Ukraine with long-range missiles, as well as land mines.

"For our adversaries out there that think this is a time of opportunity, that they can play one administration off the other, they're wrong," Waltz said, speaking on Fox. "We are hand-in-glove, we are one team with the United States in this transition," he said.

Still, some in Kyiv are worried that Trump's desire for negotiations will play into the Russians' hands. Ukrainian officials have said they believe Russia is trying to retake Kursk before Trump's inauguration. If Kyiv can hold on to some territory in Kursk, it could give Ukraine a valuable bargaining

chip in any peace talks.

"It's the best Ukrainian forces against the best Russian forces," said a 35-year-old Ukrainian sergeant fighting in Kursk who goes by the call sign Dzhyn. "At this rate, I see no reason for us to withdraw."

Geniy, the battalion commander in Ukraine's 47th Brigade, said that when his troops arrived in the Kursk region two months earlier, Russians were defending the area with only conscripted soldiers. Then about six weeks ago, the Russian counterattack began. Advancing in columns of armored vehicles, they forced the Ukrainians back from a small village in the area.

After losing a dozen armored vehicles, Geniy said, the Russians abandoned that strategy and began sending men on foot in small groups.

From a command post near the Russian border, which *Wall Street Journal* reporters visited last week, he watched a drone feed as three Russian soldiers crept through a forest toward a destroyed Ukrainian-held village in the Kursk region. Then, three more Russians appeared, not far away. Geniy called in a mortar strike, then another, then another. Each failed to hit them.

"Dealing with three people isn't that hard, but when it's one after another after another, some of them are able to advance," he said. "Sometimes it's just a few meters, but over the course of weeks that becomes significant progress."



Moscow launched a massive counteroffensive to retake land in the Kursk region, a potential bargaining chip for Kyiv. AP

Unlike on the eastern front—where Ukrainian troops have for months complained about shortages of ammunition and, especially, men—the brigades fighting in Kursk are mostly well-equipped. Using American-made Bradley Fighting Vehicles, Geniy said, his unit has been able to conduct regular troop rotations in the trenches, something the constant threat of drones has rendered nearly impossible for units without top-line equipment.

He added that the long-range Western missiles changed the calculus in the region. Last week, Ukraine hit a command post with British-made Storm Shadow missiles, injuring a North Korean general, *The Wall Street Journal* has reported.

Ukrainian officials say 10,000 North Korean troops have been deployed to the

Kursk region, though no soldiers who talked to the *Journal* had encountered them in battle. Ukrainian troops have been given phrasebooks in Korean in case Kim Jong Un's troops join the fray.

Geniy said the Russians have other advantages in Kursk: In the area where the 47th Brigade is fighting, Moscow has about three times as many men as the Ukrainians and six times as many small explosive drones used to attack vehicles and infantry.

Moscow's losses in the Kursk offensive have been massive, according to Ukrainian troops fighting in different parts of the region. U.S. officials estimate that Russia is losing around 1,200 men dead and injured a day, across the entire front line. Since the start of the full-scale invasion of Ukraine, Moscow has sustained 700,000 casualties,

according to British officials.

"It's hard to count them—the field where they're attacking is covered in bodies," said one Ukrainian private fighting southeast of Sudzha, the main Ukrainian-held city in the Kursk region. "They're literally stepping on the bodies of their comrades when they assault."

But the losses don't appear to be deterring the Kremlin, which is using Russia's larger population to bleed Ukrainian forces. British officials have said they don't believe Russian President Vladimir Putin wants to negotiate yet.

The soldier southeast of Sudzha said the Ukrainians were outnumbered roughly 10-to-1 in the area, and most soldiers in his battalion were injured and unable to fight.

Ukraine faces other challenges as well. Moscow is hammering supply lines and storage facilities with glide bombs, which Ukrainian forces have no way to shoot down. Basic communication is also difficult, because Starlink—Elon Musk's satellite internet system, which has become an essential part of the Ukrainian military's communications—doesn't work inside Russian territory.

Vyachyslav Khomenko, a platoon commander with Ukraine's 21st Mechanized

Brigade, compared the fighting to Bakhmut, the deadliest battle of the war. Khomenko said his forces were outnumbered roughly 3-to-1 near the village of Pogrebki, which the Russians seized several weeks ago. He said his unit retreated beyond a dam, which will be difficult for Moscow to retake.

But in the third year of war, Khomenko said, motivating soldiers has become difficult. Ninety percent of the troops in his platoon are conscripts with little experience or desire to fight.

"People are tired," he said. "At least once a month, I have to remind them that they're fighting so their grandkids won't have to do this. The first year of the war, I wouldn't have even thought of giving that kind of speech."

Franz-Stefan Gady, a Vienna-based military analyst who recently visited Ukrainian military units, said Ukraine has struggled to replace casualties with new troops, leaving many units threadbare. The Russians, he said, appeared to be trying to wear down the Ukrainians before an even larger push to retake the Kursk region.

He added that he did not think Putin was currently ready to negotiate, because he believed he was winning the war, but that could change if

the U.S. was willing to increase arms deliveries to Ukraine as a lever to get Moscow to the bargaining table.

"The Ukrainian strategy there is to hold on to it as a bargaining chip and obtain a favorable attrition ratio vis-à-vis the Russians," he said. He said he believed it would be hard for Ukraine to hold Kursk, but added, "I think the Russians will have a tough fight."

Gen. Oleksandr Syrskiy, Ukraine's top military commander, has told Ukrainian media that the Kursk operation has deterred Russian attacks elsewhere. Still, Moscow has advanced faster in eastern Ukraine over the past few months than at any point since the start of the full-scale war in 2022.

Ukrainian soldiers fighting in Kursk said it isn't yet clear if the operation has been worth it. Some expressed anger at the territory lost in the east, where short-handed units were getting overrun. Others said that if they could hold on in Kursk until winter set in, it would be hard to oust them before spring.

Geniy, the battalion commander from the 47th Brigade, said he wasn't sure how long they could hold Kursk. "I think they'll eventually push us back," he said. "They add more power and more resources, and they have a goal to reach the border at any cost, so they will do it."

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# CAN CCPA PROTECT INDIAN CONSUMERS?

India's newest regulator has issued over 100 orders. But it has a long way to go

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MUMBAI

When comedian Kunal Kamra began posting videos of old, dusty piled up scooters lying before Ola Electric service centres, he seemingly triggered a tidal wave of rants by Ola customers who had long given up on any redressal. Kamra's X (formerly Twitter) post blew up with photos and videos of non-functional scooters. Customers posted videos of being chased away from service centres by company bouncers. Someone set a service centre on fire. And while founder Bhavish Aggarwal fought with Kamra online over an October weekend, shares of Ola Electric crashed on Monday. But, who was helping the customers?

Enter: Central Consumer Protection Authority (CCPA), India's newest regulator, set up in 2020 to exclusively protect consumer rights, issued a show-cause notice to Ola Electric for violating consumer rights. Two weeks later, when the company said it had successfully settled over 99% of all consumer complaints, CCPA dismissed the claims and initiated its most lethal weapon of legal enforcement: a class-action lawsuit.

All this should give customers of Ola Electric, and any other brand, reason to cheer. For decades, Indian customers have struggled helplessly against brands that sell them faulty, harmful, or poisonous goods, refused refunds and returns, or ran scammy ads. The only legal recourse and source of compensation is to fight a case against savvy corporate lawyers in the slow, overburdened consumer dispute courts. Can CCPA, empowered to prevent harm and protect customers as a class, bring some relief?

It depends. Interviews with the current and former commissioner of CCPA, legal experts, and people familiar with the regulator's thinking, reveal the inner workings of India's newest regulator. And while it is determined to do good, it may be trying to do so with one hand tied behind its back.

## A SOLID START

The regulator was born when the Consumer Protection Act, 1986, was amended to include a regulatory body dedicated to protecting Indian consumers as a class. It was given the power to issue 'subordinate legislation', meaning the guidelines, advisories, and orders it issued had legal backing. Besides, it was given the powers to initiate class-action lawsuits against errant companies and brands on behalf of customers (more on this later), as it did against Ola Electric this year.

The regulator began operations in 2020, just before the covid-19 pandemic spread. However, almost all its top officers were on 'additional charge', meaning CCPA was an additional duty along with their regular jobs.

The additional secretary of the consumer affairs ministry, Nidhi Khare (now secretary), became its chief commissioner, while joint secretary Anupam Mishra was appointed commissioner. The job of investigating CCPA cases was handed to two officers—the director-generals of the Bureau of Indian Standards (body that ensures compliance to Indian Standards) and the National Test House (central government's testing laboratory). This arrangement continues today.

But finally, Indian consumers had a body solely looking out for them. Before this, a customer's sure shot way to get justice from a brand was to sue in the consumer courts—a tedious, time-consuming, and rather expensive task, with rare results.

In 2021, the regulator passed its first set of orders, largely indicting consumer brands for falsely advertising protection from covid-19. Brands selling soap, ply and laminate, and even linen received CCPA notices for falsely advertising antiviral and antibacterial properties, allegedly preying on people's pandemic anxieties.

Besides, CCPA launched a concerted effort to help consumers get refunds for airline tickets that were cancelled once the lockdown was imposed. All major online travel aggregators received notices and follow-ups for two years until they had returned their customers' money. "We were able to very successfully carry out a class-action lawsuit against online travel agents," CCPA chief commissioner Nidhi Khare told *Mint* in an interview. "When the honourable Supreme Court ordered airlines to refund cancelled tickets, tour and travel agencies were not refunding the amount they had received to consumers, giving some reason or the other. CCPA ensured refunds to individual customers of ₹1.5 crore. That is not a small amount." Since then, CCPA has issued over 100 orders. It has also initiated class-action

lawsuits against brands against whom consumer complaints on social media and with the National Consumer Helpline are piling up.

"The intent is there to fix things," a consumer rights advocate told *Mint*, requesting anonymity. "The officers are good, unlike your typical babus [officers]."

However, he added, on-ground action has slowed down. "For example, CCPA issued guidelines around dark patterns in December last year," he said. "But almost a year later, it has not issued a single notice against anyone indulging in this practice. There are plenty of examples of everyday dark patterns including ride cancellations in ride-hailing apps, seat assignment flows in airline booking platforms. So while the intent is there, officers do need to get to work."

A dark pattern is a design in an app or interface that tricks a user into choosing an option they did not want to. For instance, changing the standard location of Yes/No options in a popup or language that shames a user for wanting to leave an app are examples of commonly found dark patterns.

While the regulator has kept itself busy these last four years, how effective has it been on ground?

## HANDS: TIED

CCPA scores over other means of redressal for the Indian consumer. The Advertising Standards Council of India (ASCI), an industry body, has no legal backing to enforce its guidelines

against misleading advertisements and stealth advertising on social media. Meanwhile, the consumer courts system is clogged with pending cases. For instance, in 2023, consumer commissions disposed of 136,000 cases between December 2022 and September 2023, but 545,000 cases were still pending, per latest data made available by the consumer affairs ministry. The law empowers CCPA to enforce its orders and guidelines, and act preemptively to protect consumers so they need not resort to navigating the consumer courts system.

"A loose analogy for CCPA could be the Federal Trade Commission (FTC) in the US," Jaideep Reddy, partner of technol-

ogy, media and telecom practice at law firm Trilegal told *Mint*. "However, the US statute is focused on a few short sections and the FTC interprets these on a case-by-case basis," he said. The FTC, for instance, interprets the terms 'unfair' and 'deceptive' in each case. However, India's Consumer Protection Act 2019 is more prescriptive and lays down statutory norms.

The very prescriptive law that gives CCPA legal power to prosecute and enforce, also holds it back from taking effective punitive action. Consider this: the highest penalty the regulator can impose on a guilty brand or firm under the Consumer Protection Act 2019 is ₹50 lakh. In most cases, it prescribes fines ranging from ₹3-20 lakh per offence.

"How much is ₹5 lakh or ₹10 lakh for a large company?" a senior official familiar

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## WHAT

CCPA, India's newest regulator, was set up in 2020 to protect consumer rights. The regulator has issued many orders and has also initiated class-action lawsuits against some brands.

## BUT

The regulator's hands are tied. The highest penalty it can impose on a guilty brand under the Consumer Protection Act 2019 is ₹50 lakh, a small amount.

## AND

Any brand hit by a CCPA order can appeal in the consumer courts. Besides, its work overlaps with the work of other regulators—in telecom, aviation, and food manufacturing.

with the workings of CCPA told *Mint*, requesting anonymity. "This is simply not a big enough deterrent for large companies."

Even the former secretary of the consumer affairs ministry, Rohit Kumar Singh, agreed. "In terms of enforcement powers, CCPA is constrained by the law itself," he told *Mint*. "That needs to be amended. However, the setting up of CCPA has been a good start. Prior to the 2019 Act, there was no provision for such a protection authority." Singh, who retired from the IAS earlier this year, is also a member of the National Consumer Disputes Redressal Commission (NCDRC).

Besides, any brand hit by a CCPA order can appeal in the consumer courts. This would test the limits of CCPA's powers to investigate and prosecute a company.

## DRAWING LINES

Here's another challenge. Much of the work of protecting consumers overlaps with the work of other regulators, such as telecom, aviation, and food manufacturing. Consider CCPA's recent notices to quick commerce firms over violations of the Legal Metrology Act. Officials aware of the developments pointed out that ensuring compliance with this act was the responsibility of the Food Safety and Standards Authority of India (FSSAI) under the ministry of health. CCPA reportedly sent notices to firms including Zepto and Blinkit for failing to display expiry dates among other charges in late October. A couple of weeks later, the FSSAI issued an official order to online food sellers, asking them to comply.

Similarly, in the case of Ola Electric, CCPA's investigation and action may be limited to misleading advertisements. "At best, they can pass an order against the company saying your scooters are malfunctioning," which means your ads were misleading," the official quoted above said. "But there are many ways to argue a case of misleading ads, especially once they appeal in a consumer court. It will be difficult for CCPA to make a case of unfair trade practices against Ola Electric; a battery catching fire is a faulty product, not unfair practice."

Besides, this official added, CCPA is not empowered to properly investigate unfair practices at Ola Electric or effectively prosecute it for not servicing and replacing faulty scooters. "CCPA should not have issued that show cause notice," he said, referring to the press release the regulator sent to Ola Electric in early October. "They don't even have a team that can investigate this case properly. In the Legal Metrology case, it was the FSSAI that was equipped to investigate violations."

To be sure, any new regulator will need time to find its feet and clearly carve out its jurisdiction. In CCPA's case, it will need to successfully pursue several cases to establish a precedent of what it can, or can't, do.

Even four years after inception, its top investigative positions are staffed by officers with additional charge. "Except for some young professionals, there is not even one top-ranked person who is on the permanent rolls of the CCPA," the official said.

"CCPA needs to be strengthened in terms of human resources" former consumer affairs secretary Singh said. "Apart from the chief commissioner (Nidhi Khare), the authority needs more independent commissioners and investigators to carry out its work."



TARUN KUMAR SAHU/MINT



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OUR VIEW



# The economy must also thank the Constitution

*It gave India the space to adjust its economic policy in favour of market forces. The irony at this stage is that even capitalist success might require the aid of socialist redistributive tools*

Among key reasons for the Indian Constitution’s durability, we can count the fact that its framers did not try to box future policies into the framework of any social or economic ideology. As Ambedkar had argued, that would amount to “taking away the liberty of people to decide the social organization in which they wish to live.” This principle was cited by India’s Supreme Court in its recent 7:2 ruling that said not all private property can be deemed a “material resource of the community” for redistribution under Article 39(b) of the Constitution. Contrary interpretations, as it noted, had the imprint of an ideology that was over-invested in public ownership at the cost of private. Speaking in the context of how our ‘mixed economy’ first underwent “socialist reforms” and then “market-based reforms,” the apex court observed: “India’s economic trajectory indicates that the Constitution and [its] custodians—the electorate—have routinely rejected one economic dogma as being the exclusive repository of truth.”

A Constitution placed above ideology has served India well. In 1991, it gave us the space for a smooth shift in course, and it was India’s embrace of market forces, marking a break from socialist policies, that enabled the expansion of our economy to a size that lets us aim for rich-world standards of living today. The big irony, however, is that we have reached a stage where even capitalist fortunes look reliant on socialist ideals—like redistribution. Electoral feedback from Maharashtra, a better-off state, suggests that cash handouts are popular. Other political signals also indicate that some kind of a universal basic income would please the Indian electorate. Perhaps this was always a given in a

country of enormous income gaps, but aiding have-nots has been lent extra urgency by recent divergence patterns. While it’s not literally a K-shaped story, the past half decade or so has seen heady prosperity among the well-off while multitudes struggled just to keep their earnings ahead of inflation. At the macro level, India’s recovery from the covid pandemic was led by profits more than wages. At the bazaar level, evidence has piled up of a boom at the upper-end and stagnation at the lower-end. Markets for many durables and consumables have shown signs of premature saturation, with sales driven by upshifts within the category instead of new users, even though low per-capita usage speaks of huge unmet potential. Such uneven consumer demand may explain why a revival of private capacity-creation is taking so long; even non-financial businesses have been inclined to invest in financial assets instead of factories. If people were less hard-up, consumer markets and the economy would expand faster.

The situation we’re in doesn’t make a slide back to socialist policies inevitable. Cash transfers and other redistributive tools may be useful within safe fiscal limits, but the pivotal question is whether an economy’s resources are directed more by demand and supply in free interaction, or by central diktat. The former is a market formula that all successful economies have deployed (to varied extents), while the latter enables a welfare state to satisfy calls for equity. Structurally, our mixed economy has the state playing a large role (with scope for reduction) even after its pro-market remix. For efficiency gains, we need further market reforms. We also need welfare, of course, but mustn’t let resource allocation get all statist again. Thankfully, the Constitution lets us search for an optimal mix.

GUEST VIEW

# The Constitution’s supremacy is the foundation of our democracy

*Stay invested in constitutionally created institutions that secure the empowerment of India’s People*



**C. RAJ KUMAR**  
is the founding vice chancellor of O.P.Jindal Global University (JGU) and founding dean of Jindal Global Law School.

This year, India celebrates the 75th anniversary of the adoption of the Constitution of India. It is an occasion to reflect on its importance and role in the evolution of Indian democracy. Seventy-five years of constitutional democracy has had its share of challenges, but the fact that we have been able to commit ourselves to the principles of democratic governance owes a lot to the supremacy of the Constitution.

Unlike other democracies, including the UK’s where Parliament is supreme, in India, it is well recognized that the Constitution is supreme. This is also an interesting way of accepting that the people are supreme, on whose behalf it was written, affirming their rights and freedoms, and distributing powers among various wings of government.

The idea of the supremacy of the Constitution has three key principles: *The Constitution is for the People, by the People and of the People:* The first five words of the Constitution are, “We, the people of India...” These words of the Preamble recognize the centrality of people in the constitution-making process. It also introduced the concept of enlightened citizenship and responsibility taken by people for nation building. The rest of the Preamble’s first sentence reads: “... having solemnly resolved to constitute India into a Sovereign, Socialist, Secular, Democratic Republic and to

secure to all its citizens ...” The framers of the Constitution were mindful of the fact that they were laying the foundation for fulfilling the dreams and aspirations of the people of a modern nation. However, they were conscious of historical biases and prejudices that contributed to discrimination and injustice. Hence, it recognized the need for securing to all its citizens, “...Justice, social, economic and political; Liberty of thought, expression, belief, faith and worship; Equality of status and of opportunity; and to promote among them all Fraternity, assuring the dignity of the individual and the unity and integrity of the Nation...”

*The Constitution protects the rights and freedoms of people:* Its framers had been victims of authoritarianism themselves. They were deprived of their rights and freedoms through arbitrary exercise of powers by the British government. They paid critical attention to establishing a robust framework of rights and freedoms and made Part III of the Constitution India’s repository of fundamental rights. However, they did not stop at the mere recognition of rights. They created an exclusive provision in the form of Article 32, which is the right to constitutional remedies. As B.R. Ambedkar famously observed, “If I was asked to name any particular article in this Constitution as the most important—an article without which this Constitution would be a nullity—I could not refer to any other article except this one (Article 32). It is the very soul of the Constitution and the very heart of it.”

*The Constitution empowers the Indian Judiciary to be its guardian:* It established several institutions, including the judiciary. Its framers were conscious of the need for a powerful and independent judiciary with constitutional powers, duties and responsibilities to protect the rule of law, recognized in many provisions of the Constitution’s Chapter IV. Importantly, Articles 141, 142 and 144 unequivocally recognize the unique role of the Supreme Court of India in protecting the constitutional values.

Article 141 recognizes that the law declared by the Supreme Court is binding on all courts; Article 142 outlines the enforcement of decrees and orders of the Supreme Court including its power to “...pass such degree or make such order as is necessary for doing complete justice...”; and Article 144 recognizes that “All authorities, civil and judicial, in the territory of India shall act in aid of the Supreme Court.” These are extraordinary powers that have been envisaged by the Constitution’s framers for the judiciary. It underscores the principle that the Constitution is the supreme law of the land and all institutions that are created under it ought to adhere to its values.

*The way forward:* The winners of the Nobel Prize in Economics for 2024 emphasized the role of societal institutions in a country’s economic development. While awarding the prize, the committee observed, “This year’s laureates in the economic sciences, Daron Acemoglu, Simon Johnson and James Robinson, have demonstrated the importance of societal institutions for a country’s prosperity. Societies with a poor rule of law and institutions that exploit the population do not generate growth or change for the better. The laureates’ research helps us understand why.” The framers of India’s Constitution had the farsightedness to establish such institutions which laid the foundations of Indian democracy.

The vision of ensuring the supremacy of the Constitution needs to be steadfastly protected through other strong and independent institutions. The history of several countries around the world shows that national failure is often accompanied and frequently led by constitutions and constitutional institutions becoming vulnerable to pressure or getting weakened.

The fundamental tenets of Indian democracy are protected by the institutions created by the Constitution. We simply cannot take them for granted and need to remain invested in them.



MY VIEW | MUSING MACRO

# Inflation control has primacy for India’s central bank

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Not too long ago, a governor of the Reserve Bank of India (RBI) said that his main job was to protect the value of your money. That has always been the central bank’s primary function. In 2016, it was codified, with explicit inflation targeting given primacy by amending the RBI Act of 1934. India was following the herd of central banks that had joined the ranks of inflation targeters, a trend that started in the 1990s. In this policy framework, called flexible inflation targeting, RBI had a mandate and a numerical target of an inflation band given by the government. This was formalized as a contract between RBI and the government, with the former to be held accountable in case of deviation. RBI also had an implicit dual mandate: high growth had to be sustained too, but price stability had primacy. This was reiterated in a 2021 review of this framework.

But lately, there have been noises on two fronts. Does an exclusive mandate of inflation targeting make sense? And should not

the numerical target of inflation exclude food and fuel items since their prices are volatile and beyond the control of RBI actions?

This column will not dwell much on the first issue of whether exclusive inflation targeting should be jettisoned. Since the early days of central banking, protecting the value of the currency—or ensuring price stability—has been the prime focus. Multiple mandates of also ensuring high growth and employment, or fast credit growth, a stable exchange rate and lately overall financial stability are all add-ons, and not all central banks sign on to these. There can be separate regulatory arrangements for each of these additional objectives. Even the central bank has separate departments to focus on exchange rate stability or financial markets. Also, on the dual mandate issue, it has been established that in the medium to long term, there is no trade-off between low/stable inflation and high growth. Indeed, the former enhances the chances of the latter. In the short run, tolerating higher inflation for pumping higher growth is a Keynesian idea on which there is a fading consensus. That is because once you take into account the role of people’s expectations about future inflation, or the impact of short-term growth induced by policy or inflationary financing

of government spending, the reward of higher growth is muted. Private investment is not enthused by inflationary policy action aimed at such short-term pumping.

On the second issue of whether to exclude food and fuel from the target inflation gauge, there is a more nuanced debate. In developed countries, these volatile components account for a small portion of overall consumer spending. That is because of their high per capita incomes. In India, it is only recently that the average consumption basket’s share of spending on food and fuel fell below 50%. When the mandate is to ensure overall price stability, how can you exclude almost half the basket? Food inflation tends to spike due to supply shocks like climatic events or oil price movements. Since food demand is relatively inelastic and supply cannot increase overnight, prices shoot up. But with low per capita incomes, the food budget affects overall spending. And food price inflation could put pressure on wages, causing an inflationary spiral. Monetary

policy cannot ignore such movements even if caused by short-term phenomena. This policy aims at anchoring inflationary expectations, and for most Indians, perceptions of inflation are formed through food and fuel prices, as these are daily needs.

Here’s why the full Consumer Price Index basket must be used. *First*, the target inflation metric has to be representative so as to capture the true cost of living and be aligned with people’s daily experience. *Second*, the representative basket must be updated more frequently, say, every three years to reflect changing consumption preferences. For instance, people are spending more on mobile services and are eating out, which affects their food spends. *Third*, we now have digital tools to get almost real-time movement of prices; this can be done by calculating a price index based on retail transactions captured on the GST network. The data is anonymized, can be computed separately for sub-categories like food, clothing and durables. And as the

GST net expands, it will become more representative of the entire consumption basket and spending patterns. *Fourth*, overall price stability can be ensured and is consistent with big changes in relative prices. Healthcare costs could be rising while smartphone costs fall, with inflation remaining stable. This reflects the changing structure of the economy even though the general price level remains stable. Stable inflation with changing relative prices perform an important signalling role, guiding the flow of private investment in augmenting supply capacity toward sectors that exhibit higher demand and stronger relative prices. This signalling role gets corrupted if there is high and volatile overall inflation, making it harder for consumers and investors to take decisions. It is private investors and markets that spur growth through their decisions, not government spending, which can help sustain growth in the medium to long term.

In India, it has been repeatedly shown that interest rates alone do not determine investment decisions, which tend to go by the overall investment environment, demand outlook and policy stability. RBI has much ground to cover before inflation stabilizes at the 4% mandated level. Till then, a relatively tight monetary policy is justified.










# Constitution Day

Greetings to all

26 November, 2024

“आज, संविधान दिवस के अवसर पर, हम उन महान विभूतियों को नमन करते हैं जिन्होंने हमें हमारा संविधान दिया और हमारे राष्ट्र के लिए उनके विजन को पूरा करने की अपनी प्रतिबद्धता को दोहराते हैं।”

- नरेन्द्र मोदी

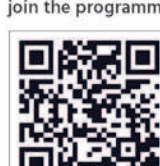


## State Level Function

**Date-** 26 November, 2024 | **Time-** 11 am  
**Venue-** Kurukshetra, Haryana

Chief Guest  
**Sh. Nayab Singh Saini**  
Chief Minister, Haryana

Scan QR code to join the programme





**Programmes will also be Organized at all District Headquarters**

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