HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 292

Thursday, December 5, 2024

mint

Think Ahead. Think Growth.

mint primer

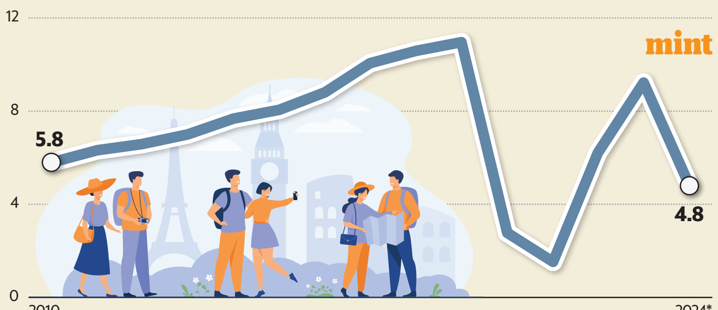
Why are foreign tourists giving India a miss?

BY SUMANT BANERJI

A post on falling foreign tourist arrivals in Goa has gone viral on social media. But it is not restricted to Goa. Foreign tourist footfall has seen a decline in the past few years and is yet to recover to peak pre-pandemic levels. *Mint* looks at the reasons:

Weaker inflow

Foreign tourist arrival in India is yet to pick up to levels seen before the pandemic.



*Figures for January-June

Source: Ministry of tourism

SARVESH KUMAR SHARMA/MINT

1 How many foreign tourists visit India?

In 2023, foreign tourist arrivals in India grew 43.5% to 9.3 million from 6.4 million in 2022. However this was still significantly below the 2019 pre-pandemic peak of 10.9 million. In the first half of 2024, some 4.8 million foreign tourist arrivals have been registered. But though tourism typically peaks in the latter half of the year, it is unlikely to touch 10 million this year. India ranks 39 out of 119 countries in World Economic Forum's Travel and Tourism Development Index. The US, Spain, Japan, France and Australia are the top 5 with India placed below China, Indonesia and Malaysia.

2 What are the reasons for the slow recovery?

Global tourism took a significant hit during the pandemic in 2020 and 2021 but recovered sharply thereafter. In 2023, international tourism reached 89% of pre-pandemic levels and in the first half of this year, it has gone up to 96% according to the UN. India's tally during the same period was 9% more than in 2023 but was still around 10% less than in the first half of 2019. India faces strong competition from countries such as Vietnam, the Philippines, and Sri Lanka that are perceived to be more tourist-friendly. Law and order, air pollution, and modest public infrastructure are some factors keeping tourists away.

ISTOCKPHOTO

3 Which is the top source country for visits to India?

Bangladesh and the US are the top source countries accounting for nearly 40% of all foreign tourist arrivals, followed by the UK, Canada, and Australia. Nearly 45% visit India for leisure and recreation, while over a quarter belong to the large Indian diaspora. The national capital, New Delhi, is by far the biggest entry point accounting for 30% of tourists every year.

4 How has this impacted business?

Tourism is a big contributor to foreign exchange earnings. In 2023, it generated revenue of ₹2.3 trillion, higher than the ₹2.1 trillion of 2019 even as footfall lagged, which means per capita spending of travellers has gone up. In the first half of this year, ₹1.27 trillion has been generated which is 29% more than the same period in 2019. According to Crisil, the spend per foreign tourist has gone up from ₹2 lakh to ₹2.7 lakh in 2024. Higher earnings are due to higher hotel tariffs and airline ticket prices, plus a weaker rupee.

5 Is anything being done to reverse the trend?

Steps being taken include facilitating easy availability of e-visas and reducing the cost, promoting adventure and niche tourism and launching a 24X7 multilingual helpline. Over the past few years, around $1 billion has been spent to improve the tourist experience and upgrade infrastructure. Yet a lot more needs to be done, especially in simplifying and expanding visa-on-arrival, where South-east Asian countries have an edge and improving air connectivity with other parts of the world.

QUICK EDIT

Words to be heeded

With social and development spending rising steadily, government finances have been under pressure. This seems to have put overzealous revenue authorities on a constant lookout for how to squeeze more money out of tax assessees. If such a pursuit goes overboard, however, it risks roiling India's investment environment. That Indian authorities appear mindful of this danger is clearly good news. On Wednesday, revenue secretary Sanjay Malhotra told tax officials to be careful, lest they end up hurting industry and thus the economy. Indeed, our record on tax stability has taken blows in recent times and accounts abound of firms and individuals being slapped with tax notices. While efforts have been made to simplify laws and ease compliance, cases of staggering tax demands from corporates create an impression of revenue maximization being on overdrive. Litigation over tax needs to reduce and all liability requires clarity. In general, taxation should be free of coffer-filling anxiety and must always aim to support processes of economic growth, in which investor confidence plays a significant role. The top revenue official's words of caution need to be heeded by all tax officers.

QUOTE OF THE DAY

Policy has a key role to play at the current juncture to manage risks and to unleash the prospects for stronger, resilient and sustainable growth. This requires concerted action on monetary, fiscal, and structural policies.

ALVARO PEREIRA
CHIEF ECONOMIST, OECD

INSIDE

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PLAIN FACTS

India's aviation leader pilots turbulent skies

BY MANJUL PAUL

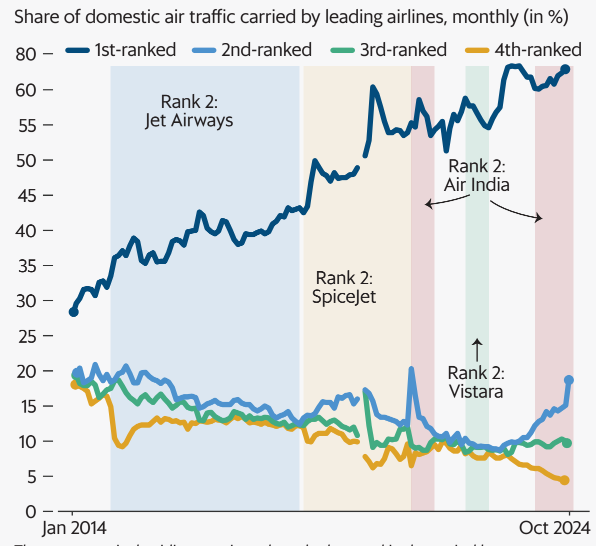
On 17 November, India's domestic air traffic surpassed half a million passengers in a single day for the first time, a milestone for the aviation sector. As air travel soars, one player has continued to increase its dominance even as rivals explore consolidation strategies. In October, the last full month with available data, India's top airline, IndiGo, expanded its outsized market share for the fourth straight month, to nearly match its all-time high of 63.4% set last year. The aviation sector, which has witnessed the collapse of carriers like Kingfisher, Jet Airways, and GoFirst, has found a rare pillar of stability in IndiGo. Its low-cost business model has enabled it to navigate turbulence with remarkable consistency and growth.

From a modest fleet of six aircraft in 2006, IndiGo has steadily risen to dominate India's skies, holding the top position for over a decade. It surpassed 50% of the domestic market in 2020 and crossed 60% last year, cementing its leadership, shows data. Even the merger of Vistara and Air India in November is unlikely to challenge IndiGo's supremacy, as the combined entity would control no more than 29% of the domestic passenger market, based on October figures. Among the top airlines in the five largest markets, according to data analytics firm OAG, —US, China, India, Brazil, and Indonesia—only Indonesia's Lion Air Group rivals IndiGo's dominance, with a 64.6% share in 2023. In contrast, market leaders in US and China command just 12-17% of their respective markets.

Liked this story? Share it by scanning the QR code.

IndiGo has continued to extend its lead in air passenger traffic

Share of domestic air traffic carried by leading airlines, monthly (in %)

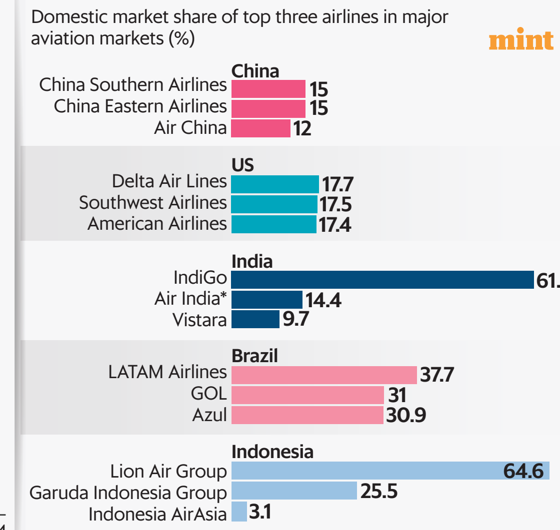


There was no single airline consistently ranked second in the period between November 2021 and June 2022. Through 2023, the competition for second place was primarily between Air India and Vistara. There was no air traffic in April 2020.

Source: Directorate General of Civil Aviation, ministry of civil aviation

IndiGo's dominance is an unusual case among large aviation markets

Domestic market share of top three airlines in major aviation markets (%)



*Includes share of Air India Express. These are the five countries with the largest domestic aviation market as per OAG data.

Source: Bureau of Transportation Statistics, US, CAPA - Centre for Aviation, OAG

International Reign

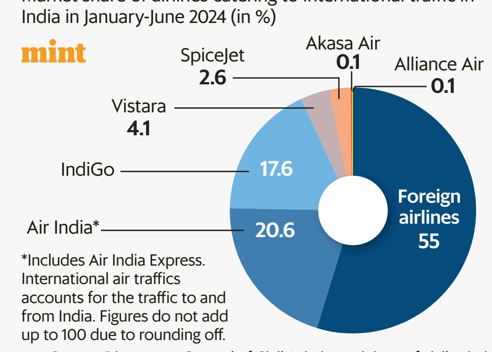
WITH A fleet of over 400 aircraft, IndiGo is among the world's top 10 airlines by fleet size. The carrier dominates domestic air travel and has a substantial share of international traffic.

While foreign airlines collectively handle 55% of international air traffic involving India, no single carrier dominates the segment. Even Emirates, the leader among foreign airlines, has just 7.9% of international traffic in the first half of 2024, while other foreign carriers individually held market shares below 4%.

Homegrown airlines' share of international air travel ranged from 2-20% in the first half of 2024. IndiGo led the domestic pack with a 17.6% share of international traffic during this period. However, when Air India and its subsidiary Air India Express are considered together, their combined share of 20.6% makes the group the largest overall carrier for international air traffic during January–June 2024.

IndiGo also controls a large share of India's international air traffic

Market share of airlines catering to international traffic in India in January-June 2024 (in %)

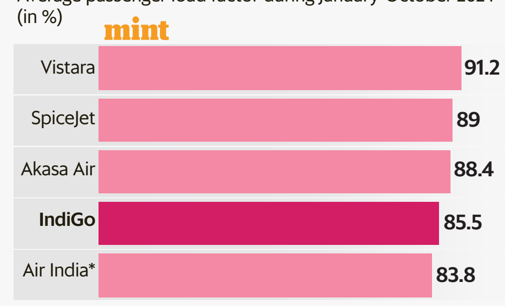


*Includes Air India Express. International air traffics accounts for the traffic to and from India. Figures do not add up to 100 due to rounding off.

Source: Directorate General of Civil Aviation, ministry of civil aviation

IndiGo's relatively low PLF shows room to improve efficiency

Average passenger load factor during January-October 2024 (in %)



*includes Air India Express. Passenger load factor (PLF) measures how well an airline uses its available seating capacity.

Source: Directorate General of Civil Aviation, ministry of civil aviation

Full Flight Potential

WHILE INDIGO reigns supreme in domestic air travel and has made significant strides in international markets, a deeper analysis of key performance metrics reveals a more nuanced picture of the airline's operational efficiency.

Passenger load factor (PLF) is a crucial metric of efficiency that measures how much of an airline's seating is utilized. Between January and October, IndiGo's average PLF was 85.5%, which was higher than Air India's 83.8%, but both lagged other carriers. The erstwhile Vistara led with 91.2%, followed by SpiceJet at 89% and Akasa Air at 88.4%. These figures suggest that despite IndiGo's market dominance, the airline has room for improvement in maximizing seat occupancy and operational efficiency.

A higher PLF can generally translate to higher profit margins for airlines as fixed costs are spread across more passengers.

Financial Turbulence

INDIGO FACED a significant setback in the September quarter of FY25, ending seven quarters of consolidated profit. The airline reported a net loss of ₹986.7 crore, down from the ₹189 crore profit last year and the ₹2,728 crore profit in the June quarter. The losses were due to high fuel costs and aircraft groundings.

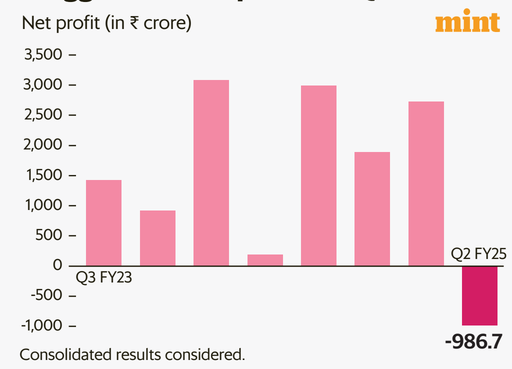
"While the cost structure problem will get resolved soon with the reduction in AoG (aircraft on ground), early signs of pricing pressure are visible as passenger revenue per available seat kilometre is likely to witness a correction in Q3," said a Prabhudas Lilladher report. Analysts said that the airline's market leadership will prevent a major drop in earnings due to pricing pressure.

IndiGo dominates the market but faces headwinds in rising costs and profitability. As IndiGo navigates these skies, it will look at refining its plan to ensure sustained growth and profitability.

manjul.paul@livemint.com

Fuel costs and grounding expenses dragged IndiGo's profits in Q2

Net profit (in ₹ crore)



Consolidated results considered.

Source: BSE, company result

PARAS JAIN/MINT

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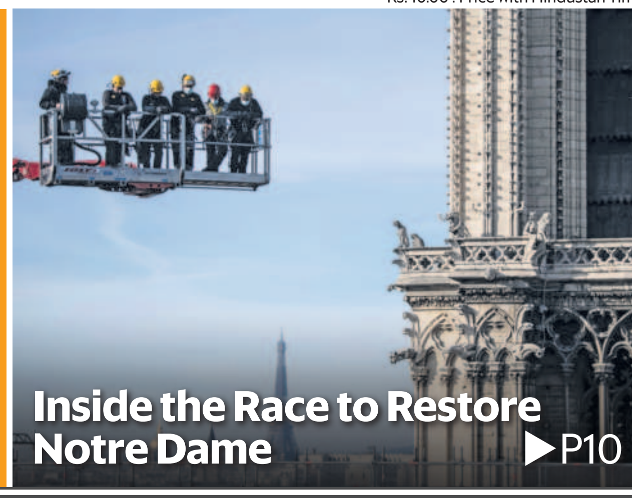
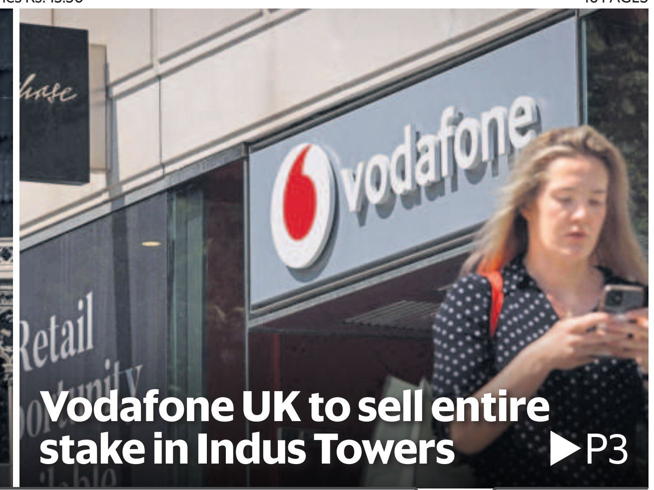


Inside the Race to Restore Notre Dame ▶P10



Vodafone UK to sell entire stake in Indus Towers ▶P3

GIC to secure majority in TPG-backed Asia Health

Singapore fund may add 15% stake, turn majority owner of hospital platform

Mansi Verma & Dipti Sharma
MUMBAI

Singapore's GIC is close to raising its stake in Asia Healthcare Holdings (AHH) ahead of a potential public listing of the healthcare platform in the next year or two, four people aware of the development said.

The Singapore sovereign fund will acquire 15% more stake in AHH from majority owner TPG, one of the four people cited above said on the condition of anonymity. Once the transaction is complete, GIC will turn AHH's biggest shareholder.

AHH, which owns Motherhood Hospitals, Asian Institute of Nephrology and Urology and Nova IVF, was floated by TPG in 2017. It is led by Vishal Bali, Asia head of healthcare at TPG Growth and a former CEO at Fortis Healthcare and Wockhardt Hospitals.

TPG, which has invested in AHH through TPG Growth, its equity investment arm, is selling some of its stake to return cash to its investors, the second person said.

The investment may value AHH at $800-900 million, the third person said. "The transaction is currently in the documentation process," the person added.

Spokespersons for TPG Growth and AHH did not respond to *Mint*'s queries. GIC declined to comment.

GIC had invested $170 million (₹1,280 crore) to acquire a minority stake in AHH in February 2022 from TPG. Following the round, GIC held approximately 40-45% stake in AHH, with the management owning ESOPs, while TPG Growth retained the majority.

With this transaction, TPG is expected to become a minority stakeholder in AHH, while GIC will raise its stake to majority. "The deal may also include provisions for assured returns linked to the potential IPO," a fourth person said.

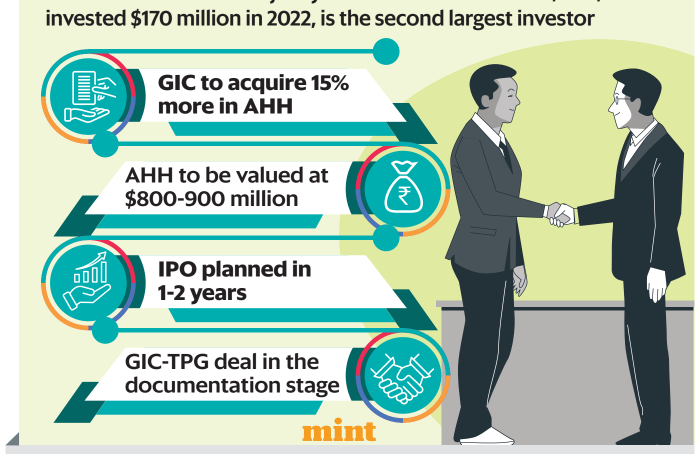
AHH acquired a majority stake in the Asian Institute of Nephrology and Urology in September 2023 for ₹600 crore. Earlier in May 2019, TPG sold Cancer Treatment Services International to NYSE-listed Varian Medical Systems for $283 million.

Sumit Gupta, healthcare analyst at Centrum Broking, noted that several Indian hospitals as well as companies in diagnostics, medical devices and pharma distribution have gone public since the covid pandemic. "This trend has been fuelled by private equity promoter exits and a favourable environment for healthcare companies, driven by rising demand and strong growth prospects...Overall, in the healthcare space from April 2020, there have been more than 20 IPOs with a total size of ₹35,000 crore, he added.

mansi.verma@livemint.com

HEALTH CHECK

While TPG holds the majority stake in Asia Healthcare, GIC, which invested $170 million in 2022, is the second largest investor



TAKING REINS

TPG floated Asia Healthcare in 2017; GIC invested in 2022

AHH owns hospitals including Nova IVF, Motherhood

TPG selling some stake to return cash to its investors

Brands disguising ads for restricted items to face heat

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

Music CDs sporting liquor brand logos? Playing cards named after cigarette brands? Surrogate advertising that survived for long in the face of rules is expected to face a setback, with the Centre finalizing draft rules to plug existing loopholes.

The Central Consumer Protection Authority (CCPA) plans to release much-awaited draft guidelines on surrogate advertising as early as this month, two people aware of the matter told *Mint*. The guidelines will aim to strengthen compliance, particularly in areas such as digital marketing and celebrity endorsements, the people said on the condition of anonymity.

"The draft is ready and has been designed to ensure it is appreciated by all key stakeholders. These norms have been finalized after thorough consultations with all parties concerned, including representatives from the beverages industry, consumer groups, and law enforcement agencies," one of the two people mentioned above said.

CCPA will release draft rules on surrogate ads. AFP

Under the proposed rule, liquor manufacturers leveraging glassware, music CDs, or any other item to promote their products will be required to regularly submit market reports on their retail availability and sales, the person added. This is to ensure that the product is real, and does not just appear in advertisements as a vehicle for the brand.

Mint first reported on the plan to crack down on surrogate advertisements on 14 March.

If the unrestricted product or service advertised is regis-

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DON'T MISS

MINT

Services sector growth slips in November, input costs jump

Services sector growth fell slightly in November, owing to a drop in growth of new orders and output, a survey showed. Input costs rose the fastest in 15 months, while selling prices rose at their fastest rate in almost 12 years.. >P2

Rupee at record closing low as Asian peers regain ground

The Indian rupee logged its weakest closing level of 84.74/$ on Wednesday. The rupee was unable to benefit from gains in most of its Asian peers, including the offshore Chinese yuan which rose 0.2% to 7.28 after hitting a one-year low on Tuesday. >P4

Pernod's internal probe shows its top India officials broke law

An internal investigation ordered by Pernod Ricard concluded that top executives at its India business violated the law by colluding with alcohol retailers in New Delhi, as per a document seen by *Reuters*, even as the cos' representatives denied wrongdoing. >P5

Kuwait explores storing oil in Indian strategic reserves

Kuwait's state-owned explorer and refiner is evaluating storing crude in Indian underground caverns under the second leg of the government's programme to boost strategic petroleum reserves in the world's third biggest oil importer. >P6

Honda weighs cleaner models to meet tougher CAFE norms

Alisha Sachdev
alisha.sachdev@livemint.com
NEW DELHI

Honda Cars India is preparing to launch hybrid and electric cars in the coming years as emission norms are set to get stricter with the upcoming stage-3 of the Corporate Average Fuel Efficiency (CAFE) regulations, a top company official said.

Corporate Average Fuel Efficiency norms, which were first introduced in 2017-18, are aimed at improving the fuel efficiency of vehicles, leading to reduced fossil fuel consumption and carbon dioxide (CO2) emissions. The second stage of CAFE has been in effect since 2022-23, with the third stage set to come into force in 2027. CAFE norms apply to the average fuel consumption of all the vehicles sold by an automaker in a given financial year.

The company is looking ahead to 2027, counting on hybrid and electric vehicles to meet the stricter CAFE-III standards. It plans to introduce three new electric models by 2026-27 as part of a broader strategy to align its India portfolio to its global electrification goals.

Honda Cars India is looking ahead to 2027, counting on hybrid and electric vehicles to meet the stricter CAFE-III standards. BLOOMBERG

"We are currently navigating CAFE-II norms, and honestly, it's a little tough at this moment," Takuya Tsumura, president and chief executive of Honda Cars India told *Mint*. "Looking ahead, we are focused on meeting CAFE-III norms with a line-up of electrified vehicles and hybrids."

Globally, the Japanese carmaker has set a target to achieve 100% electrification by 2040, which includes battery electric vehicles (BEVs) and fuel cell vehicles. By 2030, two-thirds of its sales are expected to be electric vehicles. Tsumura confirmed that Honda's India product roadmap, which currently involves only petrol and mild-hybrid models, will also reflect the same direction, with three electric models set to debut in 2026-27. One of these will be a BEV based on Honda's Elevate mid-SUV model.

"At least hybrids are the way forward for us to meet CAFE norms and achieve our carbon-neutral goals in India," Tsumura added.

Honda faces uncertainty regarding penalties for non-compliance with current

TURN TO PAGE 6

Careful in tax chase, revenue secy tells staff

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

Cautioning tax officials to not kill the goose that lays the golden egg in the process of tax collection, revenue secretary Sanjay Malhotra told a gathering of officials that they need to be careful not to hurt the economy's interests in the hunt for revenue.

"We are here not only for revenue (collection for the exchequer), we are here also for the country's economy," Malhotra said. "And so, if in the process of garnering some small amount of revenue, we are hurting the whole industry and the country's economy, then certainly, that is not the intent."

The revenue secretary was speaking on Wednesday at the 67th foundation day of anti-smuggling agency Directorate of Revenue Intelligence (DRI) in the capital.

The message comes in the backdrop of an explosion of tax notices, especially pertaining to GST (goods and services tax). More than 1,000 GST notices have been sent to businesses across industries such as insurance, aviation, software exporters and online gaming in the weeks to 5 August, leading to tax disputes.

That was the cut-off date for the authorities to enquire about alleged short payment of taxes and wrongful use of tax credits in 2017-18, Mint had reported earlier. The final orders on these notices are expected from GST authorities by February 2025.

Malhotra urged the officials to exercise fair judgement while evaluating cases. "We have to be very careful when we take action in the case of failures of technical nature involving issues of interpretation or classification of product or service, leading to high-pitched tax demand," Malhotra told the gathering.

He added that the CBIC (Central Board of Indirect Taxes and Customs) has rightly come out with a circular, instructing all field officers to check with the policy wing of the Board to check whether an action amounts to tax evasion or is just a technical infringement, Malhotra said.

"CBIC has been advocating

TURN TO PAGE 6

Saudi Arabia is losing its grip on global oil markets

Summer Said, David Uberti & Benoit Faucon

THE WALL STREET JOURNAL.

Saudi Arabia's sway over the Organization of the Petroleum Exporting Countries long meant unquestioned dominance of the global oil market. Those days are over, at least for now.

The kingdom is struggling to execute its plan to keep prices elevated. Higher prices would help pay for Saudi's infrastructure-spending spree, including $1 trillion of projects designed to rapidly pivot the economy away from oil. It would also pinch drivers at the pump and contribute to risks that inflation could stage a global comeback.

But the cartel's increasingly fractious members are pushing to pump more and maximize short-term profits, in part due to the expectation of growing competition from U.S. shale drillers emboldened by former President Donald Trump 's re-election.

The kingdom is struggling to keep prices elevated. AP

"We have more liquid gold than any country in the world," Trump said in his victory speech on Nov. 6. "More than Saudi Arabia. We have more than Russia."

Ahead of Thursday's scheduled meeting of OPEC+, that creates a dilemma for its de facto leadership in Riyadh: continue defending the price of oil, or fight to take back market share.

It appears the Saudis aren't inclined to start another price war.

Saudi officials say the kingdom is likely to keep the spigots tight on its own production, further pushing back plans to loosen them that were already delayed twice.

"They won't be able to bring oil back online next year," said a Saudi official.

Yet another major producer, the United Arab Emirates, has been allowed to add more barrels into the market from January. And Iraq and Kazakhstan are also lobbying the cartel to bring more production of their own, which would boost supplies further and likely depress prices.

OPEC+ is comprised of the core Saudi-led cartel as well as a group of other major oil-producing allies, including Russia.

The Saudis tried to fight U.S.

TURN TO PAGE 6

A GST hike on readymade garments could dampen the wedding season. MINT

Garment makers wary of GST rate hike on readymades

Dhirendra Kumar & Gireesh Chandra Prasad

NEW DELHI

An increase in the goods and services tax (GST) rate on certain ready-made garments, currently being discussed by a ministerial panel, could be a dampener for the ongoing wedding season, textile manufacturers said.

According to estimates from the Clothing Manufacturers Association of India (CMAI), bridal wear accounts for 10-12% of the total clothing market, underscoring its significance.

A group of ministers (GoM) led by Bihar deputy chief minister Samrat Chaudhary as part of the GST rate rationalization exercise is discussing whether to increase the rate for ready-made garments priced above ₹1,500 while reducing the tax on cheaper ones.

But the central government on Tuesday distanced itself from the proposal in an indication that the Centre and the ministerial panel may not be on the same page on it yet.

Reuters reported on Tuesday that the panel on Monday decided to hike the tax on sin goods like aerated beverages, cigarettes, tobacco and related products to 35% from the present 28%, and to rationalize the rates on apparel, quoting an official.

As per the decision, ready-made garments costing up to ₹1,500 would attract 5% GST, and those between ₹1,500 and ₹10,000 would attract 18%. Garments costing above ₹10,000 would attract 28% tax, the report said.

India's wedding industry has grown to an estimated $130 billion, making it the second-largest consumer sector after food and groceries, according to a recent report by Jefferies Group, a global investment banking firm.

Rahul Mehta, chief mentor of CMAI, expressed concern over the proposed 28% GST slab for garments priced above ₹10,000. Mehta cautioned that such a move could severely impact the industry and consumers alike, calling it a "big shocker" for the sector.

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

Big chunk of IndiaAI Mission fund to go into AI compute

Forty-four percent of ₹10,371.92 crore earmarked for providing capacity of over 10,000 GPUs

Aditi Agrawal
letters@hindustantimes.com
NEW DELHI

Forty-four percent, or ₹4,563.36 crore, of the ₹10,371.92 crore approved by the Cabinet for the IndiaAI Mission in March is earmarked for providing compute capacity of more than 10,000 graphics processing units (GPUs) over a period of five years, minister of state for electronics and information technology Jitin Prasada informed the Lok Sabha on Wednesday in a written response.

Nineteen percent, or ₹1,971.37 crore, is allocated for an IndiaAI Innovation Centre (IAIC). The IAIC will develop and deploy indigenous large multimodal models (LMMs) and domain-specific foundational models in critical sectors. Another 18.7%, or ₹1,942.5 crore, is allocated for startup financing.

This was the first time that the government has given details of allocations for the seven pillars under the IndiaAI Mission. The entire corpus is meant for a period of five years. Prasada was answering a question by Trinamool Congress MP Sajda Ahmed.

Hindustan Times

In July, a new allocation of ₹551.75 crore was made for the IndiaAI Mission in the Centre's budget for MeitY.

The IndiaAI Mission will be implemented by the 'IndiaAI' Independent Business Division (IBD) under the Digital India Corporation (DIC) of the ministry of electronics and information technology (Meity).

This was the first time that the government has given details of allocations for the seven pillars under the IndiaAI Mission. BLOOMBERG

A total of 8.5%, or ₹882.94 crore, is allocated for IndiaAI FutureSkills [sic] through which the government will focus on increasing the number of AI courses at the undergraduate, postgraduate and doctoral levels, and setting up data and AI Labs in tier-II and III cities to teach foundation level courses.

Another 6.6%, or ₹689.05 crore, is allocated for the Application Development Initiative while 1.9%, or ₹199.55 crore, has been allocated for the Datasets Platform through which the government will make public sector data sets AI-ready and give real time access to data through APIs (application programming interfaces).

"The beneficiaries of the non-personal data sets curated by this platform are Indian startups and researchers for the development of AI platforms and tools, with appropriate security and privacy controls in place," the minister said.

Another 0.19%, or ₹20.46 crore, has been allocated for the 'safe and trusted AI pillar'. Under this pillar, eight projects were selected in October to ensure "responsible development, deployment, and adoption of AI technologies". These eight projects are on machine unlearning (IIT-Jodhpur), synthetic data generation to mitigate bias in data sets and in machine learning (IIT-Roorkee), AI bias mitigation strategy in healthcare systems (NIT-Raipur), explainable AI framework (DIAT-Pune, and Mindgraph Technology Pvt. Ltd), privacy enhancing strategy (IIT-Delhi, IIIT-Delhi, IIT-Dharwad and the Telecommunication Engineering Centre, or TEC), AI ethical certification framework to assess fairness of an AI model (IIIT-Delhi and TEC), AI algorithm auditing tool (Civic Data Labs) and AI governance testing framework (Amrita Vishwa Vidyapeetham and TEC). A sum of ₹102.69 crore has been served for overheads and contingency at 1% of the allocation for the seven pillars.

₹1,971 cr
Allocated for an IndiaAI Innovation Centre

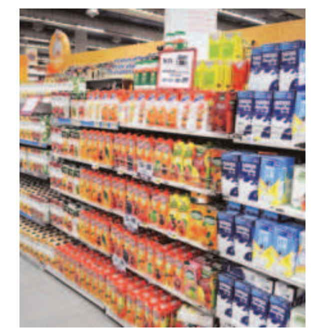
On Tuesday, MeitY said it had received 19 bids to provide AI compute and cloud services. These bids will now be evaluated by the technical evaluation committee and the commercial bidding will be opened only for the technically qualified bidders.

The 19 bidders include Jio Platforms, Tata Communications Sify Digital Services, E2E Networks and Yotta Data Services.

After technical evaluation and completion of the commercial bidding process, more than one company or consortium can be empanelled by the ministry. This empanelment will be valid for 36 months and can be extended for an additional 12 months. Through this empanelment, the government will make 10,000 GPUs available to start-ups, researchers, students and academics.

eMaap portal to ease regulatory burden on traders

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI



Currently, states operate individual portals for tasks such as registering packaged goods.

The department of consumer affairs is set to launch a portal to streamline trade processes, ensure consumer protection and promote transparency in market transactions. The National Legal Metrology Portal (eMaap) is designed to centralize and integrate operations of state legal metrology departments, the department said on Wednesday.

Currently, state governments operate individual portals for tasks such as registering packaged commodities, issuing licences, and verifying weighing and measuring instruments. However, enforcement activities and the compounding of offences remain offline, leading to inefficiencies and compliance challenges.

"The eMaap will address these gaps by creating a seamless online system for all aspects of legal metrology, including enforcement, and establish a centralized database for stakeholders like traders, manufacturers, importers and dealers," the department of consumer affairs said.

Once operational, eMaap will simplify the process for businesses to apply for and obtain legal metrology approvals, licences and registration certificates online.

"Functions like renewing licences, verifying instruments and handling appeals will also be integrated into the platform," the ministry stated.

By eliminating the need to navigate multiple state portals, eMaap aims to reduce paperwork, ensure timely compliance with regulations under the Legal Metrology Act, 2009, and promote ease of doing business.

The portal was developed after consultations led by the secretary of consumer affairs. Representatives of state legal metrology departments and the National Informatics Centre discussed the initial framework on 30 August. A meeting on 28 November included key stakeholders such as industry associations. Their feedback focused on refining the portal to better serve diverse stakeholders, including packers, importers and manufacturers, it said.

Suggestions from these consultations are being examined to ensure the portal is efficient and user-friendly.

Policy for wet-leasing aircraft weighed

Neha L M Tripathi
letters@hindustantimes.com
NEW DELHI

Indian airlines will soon be able to expand and launch new routes through wet-leased aircraft with the government likely to announce relaxed norms soon, two officials confirmed. Current rules do not allow airlines to launch new routes on wet-leased aircraft, which is when airlines are facing delays in inducting new aircraft due to supply chain issues across the globe.

This relaxation could benefit airlines like IndiGo and SpiceJet, which can use wet-leased aircraft to launch new routes too. While IndiGo has wet-leased dual-aisle aircraft for international operations, SpiceJet keeps inducting such aircraft for its operations.

"The government is streamlining the policy for wet-leasing aircraft that will allow airlines to use these aircraft for new routes too. While a couple of airlines are into wet-leasing aircraft, occasionally all airlines will have a need for it," an official close to the development said, requesting anonymity.

Hindustan Times

A wet lease refers to a deal between two airlines where one airline provides an aircraft, crew, maintenance, insurance and other services to the other for a certain period of time.

Current rules do not allow airlines to launch new routes on wet-leased aircraft. MINT

The move is set to help airlines that have plans to expand on new routes but are not able to due to supply chain issues leading to unavailability of new aircraft. Air India and Akasa, which are currently expanding on the back of Boeing 737 MAX aircraft, are set to see deliveries decline due to labour and safety issues being faced by the American aircraft maker.

India's domestic aviation market has been an outlier post the covid-19 pandemic and has been recording growth with the one-day domestic passenger number hitting a record of over 505,000 during the month of November. The highest one-day passenger number was at 420,000 before the pandemic.

The move is set to help airlines with plans to expand on new routes but which are unable to due to supply chain issues

Post the pandemic, the aviation industry also witnessed an airline grounding in Go First and a sharp reduction in flight capacity by SpiceJet. Despite that, passenger numbers have maintained an upward trajectory, and allowing wet-leased planes will help aid growth.

The official said the new rules are designed to help airlines ease in doing business while simultaneously helping the aviation network grow.

"The reality of the challenges in India cannot be addressed overnight. On the other hand, with different parts of the country constantly developing, the number of possible routes is steadily increasing. People want to fly more, so the focus is on facilitating the growth of Indian aviation," he added.

Industry watchers want the Indian agency to have the authority to regulate these aircraft. "The government may be doing it to help a certain airline and this may help the whole industry. But the government will have to ensure that Indian agencies have full control over the regulation of these aircraft too. It is imperative that the DGCA (Directorate General of Civil Aviation) has control over these aircraft," said Mark Martin of aviation consultancy Martin Consultancy.

India's services sector growth falls marginally in November

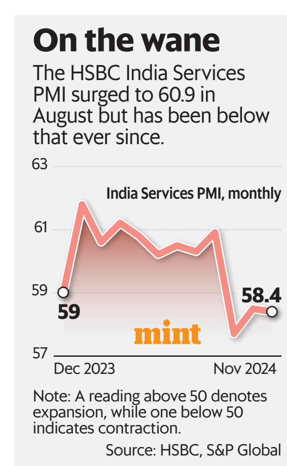
Rhik Kundu
rhik.kundu@livemint.com
NEW DELHI

India's services sector growth fell slightly in November from the previous month, owing to a drop in growth of new orders and output, a survey released on Wednesday showed.

The HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 58.4 in November from 58.5 in October, but was higher than the 57.7 figure reported in September. It has been above the 50-point threshold that separates expansion from contraction for more than 40 straight months. The index surged to 60.9 in August but has been below that ever since.

The survey revealed that ongoing improvements in sales led to increased capacity at companies and boosted job creation.

The downside to this was an intensification of price pressures, with input costs seeing their highest increase in 15 months and selling prices increasing at their fastest rate in almost 12 years.



SARVESH KUMAR SHARMA/MINT

"Total sales increased at a softer pace than in October, but the respective seasonally adjusted index was nevertheless more than four points above its long-run average and consistent with robust growth," the survey said. "New export orders increased at a solid rate that was the quickest in three months, but well below those seen around mid-year."

The survey noted that growth was reported from clients in Asia, Europe, Latin America and the US.

The services sector—the cornerstone of India's economy—contributes more than half of the country's gross domestic product (GDP). India's economy surged 8.2% in FY24, bolstered by a 7.8% expansion in the March quarter and surpassing the Reserve Bank of India's projected 7% growth rate for the fiscal year.

However, growth softened to 6.7% in Q1 FY25, the slowest in five quarters. GDP growth further slowed to 5.4% during Q2 owing to a slowdown in manufacturing and urban consumption, and disappointing corporate earnings.

"During November, services sector employment notably grew at the fastest pace ever recorded since this survey began in 2005. The hiring surge reflected the sector's improving business confidence, growing new orders, and vigorous international demand," said Pranjul Bhandari, chief India economist at HSBC.

"At the same time, high food and labour costs drove input and output prices to their fastest rates in 15 months and nearly 12 years, respectively."

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

MINT SHORTS

India's external debt rose by $31 bn to $647 bn in 2023: WB

New Delhi: India's total external debt increased by $31 billion to $646.79 billion in 2023, according to a World Bank (WB) report. India's interest payment increased from $15.08 billion in 2022 to $22.54 billion in 2023, the report added. While long-term debt stocks rose 7% to $498 billion in 2023, short-term debt stocks fell marginally to $126.32 billion. PTI

ISTOCKPHOTO

Rooftop solar installations to hit 1 mn by fiscal end: Official

New Delhi: The government has taken a series of steps such as building robust information technology IT systems, cutting down regulatory barriers, and efficiency in subsidy disbursement to speed up domestic rooftop solar installations, which are expected to reach one million by the end of this fiscal under a scheme, a senior official said on Wednesday. PTI

'Food inflation in policy formulation a complex issue'

Mumbai: Nilesh Shah, a part-time member of the Economic Advisory Council to the Prime Minister, on Wednesday said the debate on whether to include food inflation in policy formulation is a complex issue, and questioned if the numbers are being computed correctly. Shah, managing director and chief executive of Kotak Mutual Fund, questioned if the computation takes into account free food to over 800 million Indians under the Pradhan Mantri Garib Kalyan Anna Yojana. PTI

HT

₹15 tn needed for 2022-27 power capacity addition

MINT

New Delhi: About ₹15 trillion in funds is required to add electricity generation capacity during 2022-27, which includes expenditure for projects to be commissioned in 2027-32, a power ministry statement said. The projected electrical energy requirement and peak electricity demand on all-India basis is estimated as 1,908 billion units and 277GW, respectively, for 2026-27.. PTI

'Bids invited for barrier-free Dwarka Expressway tolling'

PTI

New Delhi: The government has invited proposals to implement barrier-free tolling system on the Dwarka Expressway, Parliament was told on Wednesday. The expressway connects Dwarka in Delhi to Gurugram. PTI

DoT seeks views from Trai on satellite spectrum allocation

New Delhi: The department of telecommunications (DoT) has sought views on norms for allocating satellite spectrum from the Telecom Regulatory Authority of India (Trai), Parliament was informed on Wednesday. The government has decided to allocate spectrum for satellite communication services through an administrative mechanism while telecom operators are required to purchase the radiowaves through auction. PTI

CORRECTIONS AND CLARIFICATIONS

A 3 December, Page 7 story, 'What led Info Edge to file an FIR against Rahul Yadav?' should have said that the IIT-Bombay dropout had in 2015 reportedly sent an angry mail to Shailendra Singh, managing director of Sequoia (now Peak XV), wrongly accusing him of unethical practices, which triggered a public fallout. Sequoia was not an investor in the company. The error is regretted.

Mint welcomes comments, suggestions or complaints about errors.

Readers can alert the newsroom to any errors in the paper by emailing us, with your full name and address to **feedback@livemint.com.**

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First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

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Printed at HT Media Ltd presses at •Plot No. 8, Udyog Vihar, Greater Noida, Distt Gautam Budh Nagar, Uttar Pradesh 201306; •MNSPrinters Pvt. Ltd, 345/4, Bhatrahalli, Near KR Puram RTO, Old Madras Road, Bangalore 560049; •Saraswati Print Factory Pvt. Ltd, 789, Chowbhaga (W), Near China Mandir, Kolkata 700 105; •MNSPrinters Pvt. Ltd, 76/1, Poonamallee High Road, Velappanchavadi, Chennai 600077; • Bhaskar Print Planet, Survey No. 148P, Changodar Bavla Highway, Sanand (Tal), Distt Ahmedabad, Gujarat. •Jagati Publications Ltd, Plot No. D75 & E52, APIE Industrial Estate, Balanagar, Rangareddy Distt. Hyderabad 500037 *Also available in Chandigarh, Pune and Lucknow.
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MINT SHORTS

Startup Policy Forum to bring together founders, regulators

Shweta Rajpal Kohli, a former employee at venture capital firm Peak XV Partners, on Thursday launched Startup Policy Forum (SPF) to foster constructive collaboration between founders, policy makers, and regulators. In the initial phase, the forum will limit its members to 100 select startups and may eventually increase its membership count. It already counts prominent startups such as Razorpay, Cred, Pine Labs, Groww, Acko, Oyo, and Swiggy, Practo, Dream11, Cars24, Cardekho, CureFoods, and Bluestone among its members. **PRIYAMVADA C.**

ZFunds raises ₹25 crore from Elevation Capital, others

ISTOCKPHOTO

ZFunds Distribution, a Gurugram-based wealthtech company, has raised ₹25 crore (about $3 million) in seed funding led by Elevation Capital, with participation from Policybazaar co-founder Yashish Dahiya. ZFunds provides asset management services, including hybrid equity funds, blue-chip funds, healthcare funds, consumer funds, fixed-income options such as short-term funds, bond funds, tax-saving funds, and cash management funds. **NITESH KUMAR**

WickedGud bags ₹20 crore from Orios Venture Partners, others

Shilpa Shetty-backed WickedGud has secured ₹20 crore in funding led by Orios Venture Partners, with participation from Asiana Fund and a group of existing investors. Founded in 2021 by Bhuman Dani, WickedGud positions itself as a "better-for-you" indulgent food brand, offering products such as noodles, pasta, and chips. The company plans to utilize the funds to expand its distribution network, increase branding and marketing efforts, and strengthen its core team. **NITESH KUMAR**

Enterpret announces $20.8 million Series A led by Canaan Partners

Enterpret, an AI-enabled customer feedback intelligence platform for product development and CX teams, announced that it has raised $20.8 million in Series A funding. The round was led by Canaan Partners, with participation from Kleiner Perkins, Peak XV Partners (formerly Sequoia Capital India), Wing Ventures, and Recall Capital, among others. **STAFF WRITER**

Vodafone to exit Indus Towers, repay its debt

Remaining 3% stake to be sold through an accelerated book build offering

Nikita Prasad & Gulveen Aulakh
NEW DELHI

Vodafone Group Plc will sell its remaining 3% stake in telecom infrastructure developer Indus Towers. The UK firm said on Wednesday that its remaining 79.2 million shares in Indus Towers will be sold through an accelerated book build offering.

The European telecommunications major is selling the shares with most of the proceeds to be used to repay debt of about $101 million related to its Indian assets. At Wednesday's closing price of ₹353.60 per share on BSE, the value of the shares was $331.5 million or ₹2,800 crore.

As part of chief executive officer Margherita Della Valle's efforts to cut exposure to underperforming markets, Vodafone sold an 18% stake in Indus Towers in June raising ₹15,300 crore or $1.82 billion.

"As per the terms of the security package provided by Vodafone promoters to secure the payment obligation of Vodafone Idea Ltd under the Master Services Agreements, the company released the pledge on 3.003% shares held by Vodafone promoters in the company today for the relevant Vodafone promoters to execute the sale of such shares and utilize the proceeds as per the terms of the security package provided by Vodafone promoters," Indus Towers said in a statement to BSE.

Master services agreements or MSAs are agreements are contracts under which telcos lease towers or tenancies from tower providers.

Indus Towers has a security over the residual proceeds from the sale to guarantee obligations from

Vodafone Idea to Indus under the MSA. Vodafone Group entities Omega Telecom Holdings Pvt. Ltd and Usha Martin Telematics Ltd will be selling their holdings.

"Vodafone intends to contribute the residual proceeds from the placing (after repayment of Vodafone's outstanding borrowings) towards an issue of new equity shares by Vi (a "Capital Raise") once the terms of such a Capital Raise have been evaluated and decided on by the Board of Directors of Vi," the group added.

Vodafone Idea is slated to raise ₹35,000 crore as debt capital for which it has been in discussion with banks and financial institutions over the past several months. This is part of the ₹50,000–55,000 crore capex expenditure that Vi intends to undertake over the next three years, the other part of which was a ₹18,000 crore FPO done in April this year, which was the country's largest till date. Vi did not clarify when the new equity shares will be issued through the capital raise.

Vodafone Group added that after repayment of Vodafone's outstanding borrowings, if any Indus shares remain, the shares and any proceeds which are not used by Vodafone to subscribe to new shares in Vi would be available to Indus to guarantee Vi's obligations under the MSAs.

Vodafone and Indus Towers did not comment further.

The move follows Bharti Airtel increasing its stake in Indus Towers to 50.005% in October, making Indus a subsidiary of the No. 2 carrier. As per *Bloomberg*, the price range of the offer is ₹343 to ₹358 per share of Indus. The bulk sale will take place on 5 December, to be managed by BofA Securities India and Kotak Mahindra Capital Co.

nikita.prasad@htdigital.in

Margherita Della Valle, chief executive officer, Vodafone Group. REUTERS

EXIT STRATEGY

THE value of the sale at Wednesday's Indus Tower share value is about ₹2,800 crore

VODAFONE had sold 18% stake in Indus Towers in June and raised a sum of $1.82 billion

THE telecom firm plans to use the proceeds from its Indus Tower exit to repay its debt

RIL's genomic test co Strand looks at tier-II, -III markets

Jessica Jani
jessica.jani@hindustantimes.com
MUMBAI

The genomic testing market in India, still nascent, is poised for big growth in the coming years as demand increases on the back of changing disease patterns, more awareness, and falling prices.

Companies such as Strand Life Sciences, a subsidiary of Reliance Industries Ltd, and MedGenome are increasing their footprint via organic and inorganic routes, with a focus on the smaller cities and towns.

"Genomics is an added tool to your medical diagnosis," Ramesh Hariharan, director and CEO of Strand Life Sciences, told *Mint*. Genomic testing involves analysing or sequencing a person's DNA, to identify genetic changes that can help diagnose or screen for cancers, rare diseases, genetic conditions and neurological disorders, among others.

"If you take any hundred women, two to three would be born with a mutation in their genes that will place them at substantially high risk for breast and ovarian cancer. And no amount of X-rays, blood tests will tell you that you are at high risk. You have to sequence the DNA to get that understanding," Hariharan said.

Genomic testing has been increasing in healthcare diagnosis, predominantly among tertiary specialists in metros and tier-I cities in India, especially in oncology, paediatrics, rare diseases, and prenatal and reproductive healthcare, according to industry executives.

India's cancer burden is growing at an alarming rate. Cancer incidence rates have increased at a CAGR of 6.8% from 2015 to 2020, according to an EY-Ficci report of 2022. In 2022, about 2 million cases were documented, although the real incidence is estimated to be 1.5 to three times higher. According to projections, the cancer burden in India could exceed 4.5 million new cases within the next 5–6 years. The report highlighted that awareness and screenings for major types of cancer were dismally low in the country.

This has led to a massive increase in demand. "Volume-wise, we've been growing year-on-year anywhere between 40% and 45% on average [in the last five years]," said Dr Vedam Ramprasad, CEO of MedGenome India. MedGenome expects to clock 350,000 genetic tests this year. The industry will grow by at least 30–35% in volumes and about 20% in revenues for the next 4–5 years, Ramprasad said.

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

Ramesh Hariharan, director & CEO, Strand Life Sciences.

Genomic testing has been rising in diagnosis, mainly among tertiary specialists in metros and tier-I cities

	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	80,956.33	0.14	80,845.75	81,036.22	81,245.39	80,630.53
Nifty 50	24,467.45	0.04	24,457.15	24,488.75	24,573.20	24,366.30
Nifty 500	23,099.50	0.34	23,020.85	23,075.95	23,149.90	22,978.85
Nifty Next 50	72,244.85	0.49	71,890.75	72,196.15	72,415.80	71,716.85
Nifty 100	25,428.40	0.14	25,393.25	25,443.25	25,521.30	25,308.90
S&P BSE Mid-cap	47,372.25	0.83	46,982.17	47,189.30	47,402.41	47,065.26
S&P BSE Small Cap	56,617.46	0.68	56,237.47	56,498.49	56,706.74	56,284.66

Swiggy needs Instamart to rev up

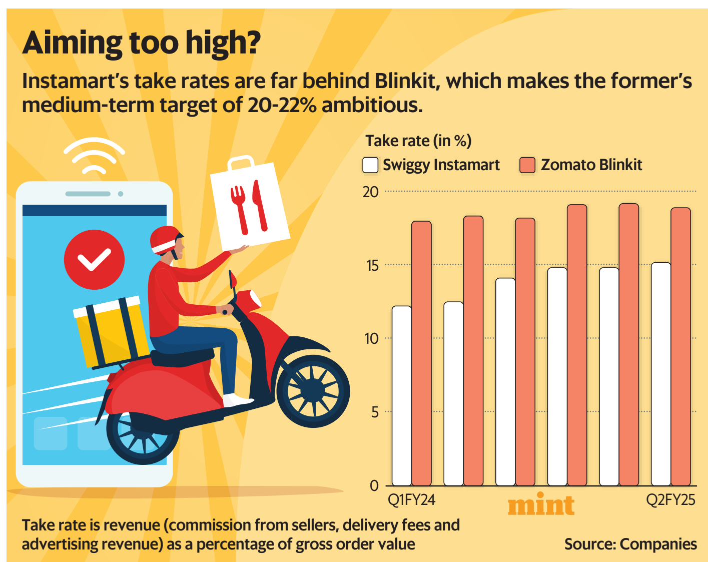
Manish Joshi
feedback@livemint.com

Swiggy Ltd's first post-listing quarterly results show it that has almost matched Zomato Ltd's growth on a quarter-on-quarter (Q-o-Q) basis.

For the September quarter (Q2FY25), both companies saw about 5% and 24% growth in the respective gross order value (GOV) of the food delivery and quick-commerce businesses. However, the key differentiating factors are Swiggy's relatively smaller size and its loss at the adjusted Ebitda level. Ebitda stands for earnings before interest, taxes, depreciation and amortization.

In Q2FY25, Swiggy's GOV was ₹10,600 crore against ₹15,800 crore of Zomato in food delivery and quick commerce together. Swiggy's shares trade at 2.8x of the annualized GOV of Q2 versus Zomato's 4.1x.

Zomato's premium valuation may be simply attributed to its better profitability. Its adjusted Ebitda in Q2 in the two businesses was ₹333 crore, whereas Swiggy's was negative at ₹247 crore, mainly due to losses in its quick-commerce arm Instamart. If Swiggy shows it can catch up in terms of profitability, there is scope for the valuation gap to narrow.



SATISH KUMAR/MINT

But that depends on its ability to raise revenue as a percentage of GOV, apart from the benefits of a larger scale and lower expenses.

The management said in the post-earnings call that it expects further improvement in revenue or take-rate (total of commission from restaurants, delivery fees and advertising revenue) as a percentage of GOV for the food delivery business by 150 basis points (bps) in the medium term from 25.1% in Q2. Though it has come off by 25 bps QoQ, it is still 100bps higher than that of Zomato.

Interestingly, higher revenue as a percentage of GOV has not helped Swiggy make a relatively higher contribution (revenue minus variable costs) margin versus Zomato in Q2 (6.6% versus 7.6%). This indicates Swiggy's variable costs are higher.

In the quick-commerce business, Swiggy's revenue or take-rate (commission from sellers, delivery fees and advertising revenue) as a percentage of GOV could increase to 20-22% in the medium term from 15.2% in Q2. Here, Swiggy is far behind Zomato's 18.9%.

On the path to increase Instamart revenue as a percentage of GOV, the management said it could be a combination of possible increases in delivery fees, advertising revenue and business enhancement services provided to the sellers.

Instamart wants to differentiate itself from other players by offering a wider selection in top cities. This is possible thanks to more than doubling the store size to 8,000 sq. ft from 3,000-4,000 sq. ft earlier. Swiggy plans to reach a store count of about 1,050 by FY25 from 609 now.

BIGGER OFFERINGS

INSTAMART wants to differentiate itself from other players by offering a wider selection in top cities

THIS is possible thanks to an increase in store size to 8,000 sq. ft from 3,000-4,000 sq. ft earlier

Quick commerce is a bigger opportunity than the food delivery business. Therefore, the incremental value for Swiggy lies in Instamart.

Going by a Motilal Oswal Financial Services report, Zepto has become the second biggest player with a 29% market share after Zomato's Blinkit at 46% based on annualized financials of Q1FY25. Instamart's 25% market share means it will have to invest aggressively to boost its share. This might delay Swiggy's plan of achieving positive adjusted Ebitda for the company as a whole by Q3FY26—a deciding factor for the long-term trajectory of the stock.

Still, Swiggy's public issue investors can hardly complain, having made about 33% gains on the issue price of ₹390 in less than a month.

Home decor companies struggle to shake off woes

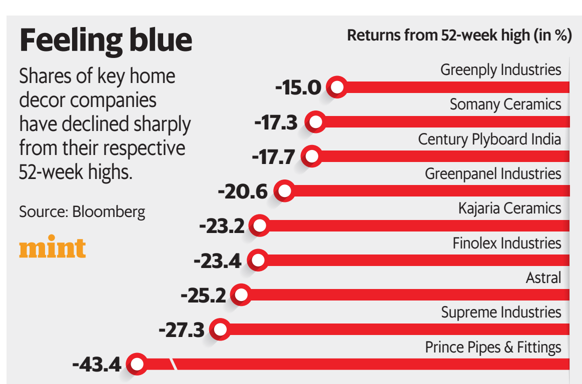
Harsha Jethmalani
harsha.j@htlive.com

Investors of listed home decor or building materials stocks are sitting on losses, with shares correcting from 52-week highs. These firms continue to struggle with challenges ranging from muted volumes, weak realizations to rising input costs.

The September quarter (Q2FY25) was more of the same. Sluggish demand, along with an extended monsoon and lower infrastructure spends, weighed on earnings, prompting earnings downgrades for FY25.

The 13 building materials stocks under the coverage of BOB Capital Markets saw muted year-on-year growth in aggregate for the seventh straight quarter, up a mere 1.3% in Q2. Ebitda was down 20.9% on-year due to margin pressure on account of heightened competition in a weak demand environment, said a BOB Capital Markets report on 19 November. Ebitda stands for earnings before interest, taxes, depreciation and amortization.

The managements expect things to pick up in H2FY25. A constant fall in polyvinyl chloride (PVC) prices in Q2 prompted pipe dealers to de-stock, hurting volumes. For plastic pipe makers, de-stocking and re-stocking of inventories depend on PVC prices. In H2, PVC prices are expected to inch up; plus with the imposition of anti-dumping duty (ADD), re-stocking should resume.



SATISH KUMAR/MINT

According to Nuvama Research, a preliminary ADD on PVC resins is positive as this could yield an 8-10% price hike, resulting in re-stocking.

The tile sector's volume growth in Q2 was constrained by heavy rains and reduced exports from Morbi. That, coupled with muted residential realty launches, added to concerns. The managements of listed tile makers Kajaria Ceramics Ltd and Somany Ceramics Ltd expect a high-single-digit volume growth for FY25, with major growth expected from H2 onwards.

On the flip side, realizations are likely to stay under pressure until exports recover. A potential risk to Indian tile exports could arise from the US government imposing an ADD on Indian tiles products.

In the wood panel industry, while plywood companies managed to take price hikes aiding margins, MDF (medium density fiberboard) companies could not due to competition even as timber prices rose. Domestic oversupply also played spoilsport for wood panel companies in Q2.

Some of these issues for the home décor sector may iron out in H2, but an earnings revival may not be broad-based.

Mark to Market writers do not hold positions in the companies discussed here unless otherwise informed

Haier India draws interest from more strategic players

Debjyoti Roy
debjyoti.roy@livemint.com
NEW DELHI


Haier is evaluating options including selling a controlling stake in its India arm.

Chinese household appliances maker Haier Smart Home Co.'s Indian unit has attracted interest from local strategic players as well as foreign investors, two people aware of the development told *VCCircle*.

The Shanghai-listed company is evaluating options including the sale of a controlling stake in Haier Appliances (India) Pvt. Ltd, the people said, asking not to be identified.

The move comes at a time when the Indian government has increased its scrutiny of Chinese investments in the country, especially after a deadly border clash in 2020, and has been looking to boost local manufacturing. This has prompted many Chinese companies to seek Indian partners. Earlier this year, for instance, Chinese automaker SAIC Motor sold a 51% stake in its MG Motor India unit to local investors led by billionaire Sajjan Jindal's JSW Group.

JSW is also one of the companies interested in buying into Haier India, the people cited above said. Other Indian conglomerates that are interested include the Tata group and billionaire Mukesh Ambani-led Reliance Industries Ltd, the people said.

The Tata group has a large household appliance manufacturing business under Mumbai-listed Voltas Ltd, while Reliance owns the country's biggest retail chain and sells electronics and home appliances at its Reliance Digital stores.

The people said Goldman Sachs is one of the foreign companies looking at Haier India.

Haier India is working with the investment banking arm of global financial services firm Citigroup, they said, adding that discussions are at a preliminary stage with no certainty of a deal going through.

Spokespeople for Citi, Goldman Sachs and Haier declined to comment on the matter. Emailed queries to JSW, Tata and Reliance remained unanswered till press time.

The Economic Times first reported in October that Haier and JSW were in talks for a joint venture, while *Bloomberg* reported last month that Singapore state investors Temasek and GIC as well as Abu Dhabi sovereign wealth fund Mubadala were eyeing a stake in Haier India. However, the people cited above said, Haier would prefer a local strategic partner instead of a foreign financial investor.

The people said Haier India could command a valuation of as much as $4-4.5 billion (₹33,800-38,000 crore) depending on its estimated FY25 or FY26 numbers. They added the company is projected to generate sales of ₹7,000-8,000 crore in FY25 and ₹10,000-12,000 crore in FY26.

Haier India posted consolidated net sales of ₹6,325 crore for 2022-23, up 16.5% over the year before. Its Ebitda jumped to ₹405 crore from ₹144 crore, as per VCCEdge, the data research platform of *VCCircle*.

Not mandatory to register as SDP: Sebi

Neha Joshi
neha.joshi@livemint.com
MUMBAI


Sebi also clarified that SDPs are not directly governed by its regulations. PTI

The market regulator has clarified that it is neither mandatory for digital platforms to seek recognition as a 'specified digital platform' (SDP), nor are they directly governed by Sebi regulations.

The Securities and Exchange Board of India (Sebi) had on 29 August said that regulated individuals or entities, such as stock exchanges, clearing corporations, depositories and their agents, should not be directly or indirectly linked to anyone who provides advice or recommendations on securities unless registered or permitted by the regulator; and anyone who makes claims about returns or performance of securities, unless approved by it.

However, it excluded associations that were recognized as SDPs based on their ability to take preventive and corrective actions against prohibited activities.

In a clarification issued on Wednesday, the market regulator cited the confusion in the media about the obligation of digital platforms to be recognized as SDPs.

"It is not obligatory for any digital platform to be notified as SDP and there is no regulation of these digital platforms by SEBI. Curative actions currently being carried out by some digital platforms are in accordance with law. Preventive steps contemplated for any digital platform to get notified as SDP is not mandatory and it is for the platform to opt or not opt for getting notified as SDP," Sebi said in a statement.

In a clarification, Sebi cited the confusion about the obligation of digital platforms to be recognized as SDPs

If a platform is designated as an SDP, Sebi said, regulated entities can be assured that their association with it will not lead to violations of the market regulator's regulations. However, it added that regulated entities are not obligated to work exclusively with SDPs.

Sebi clarified that its primary goal to bring regulatory changes was to provide assurance to regulated entities that working with an SDP guarantees compliance with Sebi's stringent rules.

Rupee hits record closing low

Reuters
feedback@livemint.com
MUMBAI

The Indian rupee logged its weakest closing level on record on Wednesday, hurt by a lingering depreciation bias and broad-based dollar bids while dollar-rupee forward premiums extended their decline.

The rupee closed at 84.74 against the US dollar, its lifetime closing low, down from 84.6850 in the previous session.

The rupee was unable to benefit from gains in most of its Asian peers, including the offshore Chinese yuan which rose 0.2% to 7.28 after hitting a one-year low on Tuesday.

At this point, "USD/INR is a buy on any dips," a trader at a large private bank said. "There is only one direction of travel right now but the speed depends on how stiffly the Reserve Bank of India (RBI) will act," the trader added.

The RBI was likely conducting dollar-rupee buy/sell swaps in the mid-to-far tenors on Wednesday, traders said which weighed down forward premiums.

The rupee was unable to benefit from gains in most of its Asian peers, including the offshore Chinese yuan

The 1-year implied dollar-rupee yield fell to a four-month low of 1.95%, having declined nearly 30 basis points over three sessions.

While selling forward dollars allows the RBI to stave off impact on headline foreign exchange reserves and rupee liquidity, a large decline in premiums can add to challenges in curbing further weakness, analysts said.

The dollar index was up 0.1% at 106.5 as attention turned to the potential of a rate cut by the US Federal Reserve (Fed) this month. Remarks from Fed Chair Jerome Powell will be in focus later in the day.

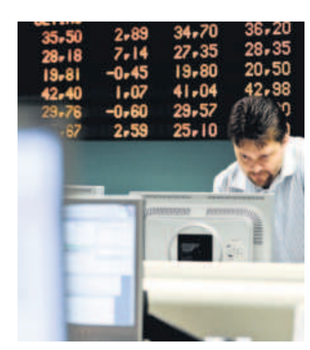
The RBI will deliver its policy decision on Friday, with traders expecting some form of monetary policy easing this week after weak GDP data for the July-September quarter.

10-year bond yield at 3-year low on bets of policy easing

Reuters
feedback@livemint.com
MUMBAI

Indian government bond yields declined on Wednesday, with the 10-year benchmark yield falling to its lowest level in nearly three years, on rising optimism over monetary policy easing from the Reserve Bank of India (RBI) this week.

The spread between the 10-year bond yield and central bank's key interest rate also slipped to lowest level in over seven years. The benchmark 10-year yield ended at 6.6845%, lowest level since 18 February 2022, as compared with its previous close of 6.7121%.


The benchmark 10-year yield ended at 6.6845%. BLOOMBERG

"In our base case, we expect a repo rate cut of 25 bps (basis points) in December versus earlier expectation of February," said Gaura Sengupta, chief economist at IDFC First Bank. "Given the current liquidity conditions, the rate cut would need to be accompanied with some liquidity easing measure for it to be effective."

Data last week that showed a sharp slowdown in the country's economic growth to 5.4% in the July-September quarter. The RBI's rate-setting panel began its three-day meeting on Wednesday, and a decision is due on Friday. Bond yields and overnight index swap rates—the closest indicator of interest rate expectations—have been declining since last Friday after the data signalled that the central bank could loosen monetary policy via a lower cash reserve ratio for banks.

StanChart focuses on India, China in new wealth assets push

Reuters
feedback@livemint.com
LONDON/HONG KONG

Standard Chartered (StanChart) will target $200 billion in new assets and double-digit growth in income from its wealth business over the next five years, as part of its wider strategy to shift to higher fee-earning businesses.

The Asia-focused bank wants to expand in serving wealthy Chinese and Indian clients who have assets offshore or cross-border needs, the bank's wealth and retail banking CEO Judy Hsu told reporters on Wednesday.

StanChart's assets under management sourced from wealthy Chinese and Indians with global needs rose by about 40% and 20%, respectively, in the 12 months ending September, its data shows.

The bank sees good growth opportunities particularly as clients look to move businesses out of China in light of tariffs threatened by US president-elect Donald Trump when he returns to the White House in January, Hsu said.

"If you think about Trump 2.0, which potentially can bring on more tariffs, I think that 'China plus one' will gather even more momentum," she said, referring to Chinese firms shifting manufacturing offshore to blunt the impact of US trade barriers against China.

StanChart wants to expand in serving wealthy Chinese and Indian clients who have assets offshore or cross-border needs. BLOOMBERG

"We're seeing a lot of our (China) onshore clients—the small and medium enterprises—looking to go outside of China."

StanChart aims to boost its team of relationship managers by 50% by 2028, according to plans unveiled on Tuesday, as well as upgrade branches and invest in technology to win new clients.

It is beefing up relationship manager teams in markets such as India, China onshore, Malaysia and Taiwan.

The bank's new strategy expands on ambitions unveiled in October to trim its retail banking business in some markets in order to fund a $1.5 billion investment in its wealth unit, particularly targeting mass affluent customers.

The shift in focus from ordinary retail banking to more affluent clients mirrors a switch at rival HSBC, which has slashed its retail presence in markets such as the U.S. and France in recent years while investing in wealth management.

Hsu, who will move to Hong Kong from Singapore, said StanChart will continue reviewing whether to exit or scale down its consumer offerings such as credit cards and small loans, but did not say when a decision would be made or which markets might be affected.

Independent artistes struggle to collect royalty payments

Lata Jha
lata.j@htlive.com
NEW DELHI

Many independent artistes are not fully aware of the avenues to earn royalty. ISTOCKPHOTO

Many artistes and musicians, especially those working outside the realm of film music, are missing out on collecting royalty for their works, especially from relatively new platforms such as audio streaming services and social media.

"Independent artistes today have several avenues to earn royalty, but many might not be fully aware of all the opportunities. Besides traditional revenue streams and live performances, digital platforms have become significant sources," said Rakesh Nigam, CEO of the Indian Performing Rights Society (IPRS), which collects royalty on behalf of musicians and then distributes them.

Artiste managers and entities such as IPRS are educating artistes on tracking their performance and data on streaming platforms and register with governing bodies to get royalty from radio and live performances, among others.

Artiste managers and entities are educating artistes on tracking their performance and data on streaming platforms

Nigam said streaming services such as Spotify, and YouTube generate sound recording and publishing royalty, which is paid to the owner of the master recording—usually the record label—but independent artistes get this directly as they own the masters.

Publishing royalty, which is given to the songwriter or composer of a song, is managed through music publishers such as IPRS. Publishing royalty is further divided into performance royalty, which is earned whenever a song is publicly performed either live or via broadcast, and mechanical royalty, which comes from reproductions of a song, such as digital downloads or physical sales.

In addition, social media platforms pay royalty for music used in content creation. Sync licensing, where music is used in TV shows, films, advertisements and even video games, is another growing revenue source that is often underutilized by independent artistes.

"For independent artistes to fully capitalize on these revenue streams, they must ensure that all their metadata is accurately registered with the relevant rights management organisations. This ensures that they can claim both sound recording and publishing royalty from multiple platforms and channels," Nigam said.

Lyricist Mayur Puri agreed that it's important for artistes to learn to track and read data provided by digital platforms to figure out what's working with audiences and build revenue.

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

Layoffs follow pay cuts at Allen

A decline in student enrolments has prompted the Kota-based coaching institute to launch a cost-saving drive

Devina Sengupta & Mansi Verma
MUMBAI

Allen has laid off over 200 employees, and more exits are likely. MINT

Kota-based Allen Career Institute, a prominent coaching centre that prepares students for medical and engineering entrance tests, has started retrenching faculty members and administrative staff as enrolments decline, people aware of the development said.

The institute, which runs classroom coaching in more than 60 cities in India, has laid off more than 200 employees, and more are expected to be shown the door.

The drastic step comes within months of Allen restructuring teachers' compensation packages, resulting in a 20-40% drop in their fixed-pay components.

"The layoffs started a few months ago. In many cases, the senior faculty in charge of branches were informed that they had to either increase student intake or reduce teacher numbers," said one of the senior teachers who was also in charge of one of the branches. This teacher was asked to leave as well. "The teacher-student ratio in our classes was 1:25, and we were informed by the Kota centre that it had to become 1:60," the former Allen teacher added.

Mint spoke to over six Allen teachers and more from rival institutes who were aware of the retrenchments in both Kota and other centres. All of them spoke on the condition of anonymity. "In July, we were given targets but student enrolment numbers will not change immediately. I have let go of a few senior faculty members in the last six months," said the former Allen teacher cited earlier.

Allen did not respond to repeated queries from *Mint*.

One key reason for the layoffs is the fall in students heading to centres like Kota that has prompted Allen to launch a cost-saving drive. According to faculty members across coaching centres of Kota, there are several reasons behind the decline in student enrolments.

HARD LESSONS

LAYOFFS at Allen have impacted its top-earning faculty members more than the others

THE institution had recently cut the fixed pay components of its teachers' salaries by 20–40%

During the expansion phase, coaching centres had opened branches in various cities of Bihar, Rajasthan and other states, and parents now prefer sending their children to nearby centres, instead of Kota. Also, incidents of suicides in Kota by stressed students unable to cope with pressure and anxiety are another concern flagged by parents, said the faculty members *Mint* spoke with.

The retrenchments are now taking place in phases and not on a mass scale. *Mint* has learnt that the faculty members are being offered a few months' notice.

Interestingly, it is the top-earning faculty members who are getting impacted.

"It is not focused on JEE (Joint Entrance Examination, conducted for engineering colleges, including IITs) division, it is happening across divisions. JEE has the most highly-paid faculty and that is why this segment is highlighted, but layoffs are happening within NEET (for medical entrance) division, too," said another person.

JEE Main is the entrance examination that tests lakhs of students every year for an undergraduate seat in the country's various engineering colleges.

Those who qualify can also sit for JEE Advanced, a gateway to the country's 23 Indian Institutes of Technology (IITs).

devina.sengupta@livemint.com

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

Pernod's internal probe concludes its top India officials broke law

Reuters
feedback@livemint.com
NEW DELHI

An internal investigation ordered by Pernod Ricard concluded that top executives at its India business violated the law by colluding with alcohol retailers in New Delhi, according to a document seen by *Reuters*, even as the French giant's representatives denied wrongdoing in court and publicly.

India's financial crimes agency, the in exchange for stocking more Pernod brands.

PRI lobbied New Delhi officials in favour of a 2021 law that allowed private retailers to run liquor shops, *Reuters* previously reported, in a major departure from the earlier system of the government operating such stores.

A May 2023 draft report produced by Indian law firm Shardul Amarchand Mangaldas, which PRI hired to conduct an internal probe, said three executives—including the then-chief operating officer of Pernod's Indian operations, Rajesh Mishra—"have acted in violation of DEP", referring to the Delhi Excise Policy, which prohibited manufacturers from investing in retail.

"There are conversations indicating that CG (corporate guarantee) was a means to have control over market share through retail control," said the report, which was based on a review of internal Pernod communications and WhatsApp messages.

Representatives of Pernod Ricard have denied collusion with alcohol retailers both in court and publicly

"Their conduct is also suggestive of a larger conspiracy between (the employees) and other industry players," it said, adding it could "have implications" for Pernod in legal proceedings.

The 66-page document also stated that Mishra made a "factually inaccurate" statement to Indian federal agents during questioning.

A person with direct knowledge of the matter said the conclusions in the draft were identical to those in the final report sent to Pernod's Paris headquarters a few weeks after the draft was written.

Shardul Amarchand Mangaldas did not respond to a request for comment.

PRI said in response to detailed *Reuters*' questions that it denies "any wrongdoing by PRI or any of its executives in relation to the allegations raised by you in your email."

"We have always collaborated with the respective authorities and have faith in the judicial process," PRI added, without answering questions concerning the steps the company took after the law firm submitted its report.

A Pernod spokesperson in Paris did not respond to questions. The Enforcement Directorate and Mishra did not return requests for comment.

While the 2021 law has since been reversed, and stores are again state-run, ED action remains the biggest regulatory overhang in India for Pernod. India is the largest market by volume sales for the producer of Absolut Vodka and Beefeater Gin, according to Euromonitor.

Kuwait explores storing oil in Indian strategic reserves

Gulf nation-run firm expresses interest in leasing space from local entity operating caverns

Rituraj Baruah
rituraj.baruah@livemint.com
NEW DELHI

The external affairs ministry said that ISPRL has also informed Saudi Aramco and ADNOC about the opportunity to participate in the second round. AFP

Kuwait's state-owned explorer and refiner is evaluating storing crude in Indian underground caverns under the second leg of the government's programme to boost strategic petroleum reserves in the world's third biggest oil importer.

Participation of Kuwait Petroleum Company in phase 2 is one of the new areas of cooperation being explored, the external affairs ministry said in its reply to the parliamentary committee's query on cooperation between India and the Gulf Cooperation Council (GCC). The information was shared with KPC on 10 November 2022 and the company has shown interest in storing its crude in the facilities of state-run Indian Strategic Petroleum Reserve Ltd (ISPRL), it said.

The status report on action taken by the government on the parliamentary panel's recommendations was submitted on Tuesday.

India's plan to augment strategic reserves is aimed at ensuring energy security during geopolitical tensions which tend to disrupt supplies and drive up prices, as seen in 2022 during the peak of Russia's war in Ukraine. Such reserves can be used in times of emergency.

The Union cabinet approved the construction of caverns along with single-point moorings and pipelines under phase II at Chandikhol, Odisha (4 million metric tonne) and Padur, Karnataka (2.5 mmt) in public-private partnership in 2021. ISPRL has since been engaging with the GCC countries.

The external affairs ministry said that ISPRL has also informed Saudi Aramco and Abu Dhabi National oil Company (ADNOC), the national oil company of the UAE, about the opportunity to participate in the second round.

ISPRL, the custodian of caverns storing critical sovereign crude oil reserves, also operates facilities for any other entity approved by the Centre.

It also coordinates for releasing and replenishing strategic crude oil stock during supply disruptions through an empowered committee of the Government of India.

In the first phase, ISPRL created underground rock caverns to store 5.33 million tonne (mt) of crude across three locations: Visakhapatnam, Andhra Pradesh (1.33 mt), and Mangalore (1.5 mt) and Padur (2.5 mt) in Karnataka.

ADNOC joined phase I to store 5.86 million barrels of its crude in Mangalore. In 2018, it signed another memorandum of understanding (MoU) with ISPRL to explore storing crude at its underground facility at Padur.

The parliamentary panel on external affairs, in its report in January this year, had suggested that the government should actively engage with the GCC countries to secure their participation in phase II of its strategic petroleum reserve programme as these nations contribute almost 35% of India's oil and 70% of gas imports.

On the panel's recommendation of exploring more long-term contracts for oil and gas, the ministry replied India is also eyeing a term contract with Oman, the nation's 12th largest supplier of oil, apart from existing deals with Saudi Arabia, the UAE, Qatar, Kuwait, and Bahrain.

"These strategic engagements underscore India's efforts to secure a stable and diversified energy supply and strengthen diplomatic and economic ties with prominent energy-producing nations in the region," the ministry said, adding that it continues to explore more such opportunities.

The external affairs ministry, in its reply to the parliamentary panel, also said that to broaden the scope of strategic reserves beyond national borders, ISPRL signed an MoU with Oman Tanking Terminal Company LLC (OTTCO) on 25 June 2023 to conduct feasibility studies for ISPRL's potential involvement in phase 1 of the Ras Markaz project through equity partnership or leasing storage space.

"This endeavour presents a distinctive opportunity to establish strategic storage beyond India, particularly with an oil-producing nation," it said.

The efforts to get into a term contract with Oman coincide with the free-trade talks between the two countries. Earlier, *Mint* reported that negotiations have concluded, and the signing of the agreement would follow soon.

ENERGY SECURITY

INDIA'S plan to augment strategic reserves is aimed at ensuring energy security

GEOPOLITICAL tensions tend to disrupt supplies and drive up the prices, as seen in 2022

EXTERNAL affairs ministry said the country is eyeing a term contract with Oman

INDIA also has deals with Saudi Arabia, the UAE, Qatar, Kuwait, and Bahrain

Careful in tax chase, revenue secy Malhotra tells officials

FROM PAGE 1

Revenue secretary Sanjay Malhotra urged officials to exercise fair judgement while evaluating cases. PTI

this approach and I would take this opportunity to (urge) all the members of customs and DRI present here to keep the interest of the economy before the interest of the revenue," he said.

In August 2022, the CBIC had told field officers that it has noticed in certain cases they had issued summons to top company officials in a routine manner to call for documents and evidence that were anyway available on the GST portal.

The tax authority then instructed the officers to be judicious while exercising their power of issuing summons to senior officials of companies such as chief executive officers, chairman, managing directors and chief financial officers.

Tax experts welcomed the revenue secretary's message.

"This is a very positive development for the industry—it signals the government's intention to support the sector rather than solely focusing on revenue generation," said Saurabh Agarwal, tax partner at audit and consulting firm EY.

Agarwal added that the government's intent is further evidenced by CBIC's approach of providing clarifications and exemptions on various interpretative issues, benefiting sectors like insurance and airlines, among others.

Abhishek A. Rastogi, founder of law firm Rastogi Chambers, said that by fostering a culture of voluntary compliance and reducing the adversarial nature of tax administration, the government hopes to achieve its dual goals of maximizing revenue and supporting economic growth.

To be sure, India has set an indirect tax collection target of ₹16.2 trillion for the current financial year

Malhotra's comments indicate that the top functionaries in the government are keeping a close eye on how tax is administered on the ground and how it impacts business sentiment.

The revenue secretary's comments are significant given that businesses have often expressed concern over high-pitched tax assessments leading to tax demands going beyond businesses' ability to pay, for example, in the case of the online money gaming industry.

Online gaming platforms and casinos were sent show-cause notices to reclaim over ₹1 trillion in goods and services tax (GST) for FY18, *Mint* had reported in October last year. The tax dispute over taxation of online money gaming sector for the period up to end of September 2023 is currently pending in the Supreme Court.

Public data shows that in FY23, the tax administration detected over 15,500 cases of alleged GST evasion involving ₹1.3 trillion, of which it recovered a little more than ₹33,000 crore.

To be sure, India has set an indirect tax collection target of ₹16.2 trillion for the current financial year, estimating a 9.4% growth over the collections made in the last financial year. About 55% of this year's target has been achieved by the end of October, according to the Controller General of Accounts (CGA) of India.

In FY24, the government had to revise its indirect tax revenue collection target to ₹14.8 trillion when it presented accounts in February this year as excise and customs duty collections were lower than what was estimated at the beginning of the financial year.

The biggest chunk in the Centre's indirect tax collection comes from Central GST, followed by central excise duty and customs duty. In the current fiscal, the government expects ₹10.6 trillion from GST, ₹3.2 trillion from excise duty and ₹2.37 trillion from customs duty.

Medusa began operations in 2017 and has since launched three beer variants with alcohol by volume ranging from 4.5% to 5.9%.

Medusa Beverages eyes ₹120 cr for new beer plant in FY26

Varuni Khosla
varuni.k@livemint.com
NEW DELHI

Medusa Beverages Pvt. Ltd, the company behind the Medusa beer brands, aims to double its volumes by FY26 through a capacity expansion planned in Punjab in the coming fiscal year.

The company will look to raise ₹120 crore in FY26 through a combination of debt and equity issuance to set up the beer plant with an annual capacity of 4 lakh hectolitre, founder Avneet Singh, told *Mint*.

Medusa began operations in 2017 and has since launched three beer variants with alcohol by volume ranging from 4.5% to 5.9%. In 2023, it introduced its mild beer 'Air' and began operations in Uttarakhand, along with existing markets such as Delhi, Punjab, and Uttar Pradesh.

This month, the company will launch its first co-branded Warner Bros beer in India, House of the Dragon, targetting more premium beer drinkers in tier 1 cities. House of the Dragon is an American fantasy drama television series created by George RR Martin. At present, the company works with other beverage manufacturers and uses their facilities to produce beer across the northern markets. A majority of the production capacity currently is coming out of Uttar Pradesh and Punjab, which also serve as feeder markets for other north Indian regions like Delhi.

Medusa also plans to expand into new states like Assam, Andhra Pradesh, and Haryana and later focus on increasing its presence in the southern part of the country.

Singh said the company is starting operations in Chhattisgarh this year and setting up two new breweries for additional capacity expansion.

Medusa plans to expand into states like Assam, Andhra Pradesh and Haryana, and later focus on the southern part

"We expect to sell 1.1 million cases this fiscal (FY25), with a majority of our business coming from Delhi. India sells about 350 million cases of beer annually, and the per capita beer consumption is quite low at approximately 2 litres per capita per year. In comparison, China's per capita consumption is about 25 litres per annum. But we hope that with the demographic dividend on our side, consumption will grow at a 10-12% CAGR until 2030," said Singh.

Unseasonal rains marred sales during the summer months last season, but this year, sales were back to normal despite some slowdown due to the elections, he said.

New surrogate ad rules soon

FROM PAGE 1

tered with the right authorities, its brand promotion won't be considered surrogate advertising. Furthermore, unrestricted products with a registered trademark will not be impacted.

Unrestricted products refer to goods or services that are not prohibited, or are subject to strict regulations on advertising and promotion. These include everyday consumer goods like food, beverages (non-alcoholic), electronics, clothing, and other items that can be freely advertised without violating any laws.

Also, unrestricted products that don't mention banned products, directly or indirectly, won't be covered by the surrogate advertising rules, according to the draft, the people cited above said.

Queries emailed to the consumer affairs ministry remained unanswered.

"In the new rules, the CCPA has tried to strike a balance between industry interests and consumer protection by preventing the overt branding of alcoholic products," the second person added.

Surrogate products include soda, music albums, CDs and mineral water. BLOOMBERG

"We are planning to release it by this month end or early next year," this person said. "The proposed rules may be revised in the final version if we receive better suggestions for replacing certain provisions," the person added.

Common surrogate products include music albums, CDs, glassware, soda and mineral water that bear the brand names of restricted products. Liquor makers also sponsor music concerts, cultural festivals and award shows to target youth.

"We appreciate the government's extensive consultations with stakeholders in developing guidelines for brand extension advertising in the alcoholic beverages sector," said Vinod Giri, director general of the Brewers Association of India.

"The aim was to prevent misuse and misleading communication without stifling genuine brand extensions. The joint committee has done an excellent job in reaching a consensus on what is permissible. I hope the draft notification maintains this approach and avoids unnecessary interventions that could overly prescribe or quantify criteria, such as volumes, revenues, or availability, which would undermine the entire effort," Giri said.

Honda weighs cleaner models to meet tougher CAFE norms

FROM PAGE 1

norms, as government policies, such as carbon credit schemes, remain unclear.

Mint had reported in September that Honda Cars India was one of the eight original equipment manufacturers in the country that did not meet their CO2 reduction goals in FY23.

Honda said it is optimistic about the Indian government's goal of 30% vehicle electrification by 2030, though it anticipates the actual figure might settle closer to 15-17%.

To support its electrification goals, Honda, as a group, has also ventured into two-wheeler EV segment and battery-swapping infrastructure in India.

Honda Cars India on Wednesday unveiled the third-generation Amaze, priced between ₹7,99,900 and ₹10,89,900 (ex-showroom, Delhi). The introductory prices are valid for 45 days from launch. With this release, the Amaze becomes India's most affordable car equipped with advanced driver-assistance systems (ADAS), the company claimed.

President and CEO of Honda Cars India Takuya Tsumura. AFP

Honda is banking on the lower sedan segment to fuel growth, especially as hatchbacks face declining sales.

"The hatchback segment is shrinking, but the lower sedan segment is holding steady with a 2% growth over the last five years," said Kunal Behl, vice-president of marketing and sales at Honda Cars India. "This trend gives us confidence that customers prefer feature-packed, safer sedans to hatchbacks."

Currently, the entry sedan segment accounts for 7.5-8% of India's car market. Honda predicts it will expand to 11.5% in the coming years, driven by a shift in consumer preferences.

Honda is positioning the new Amaze to appeal to value-conscious buyers seeking safety and advanced features. "With the new Amaze, we are confident of pulling in hatchback customers who are moving up the value chain," Behl added.

Saudi Arabia is losing its iron grip on global oil markets

FROM PAGE 1

shale by waging a price war in 2014 and 2020 but ultimately failed to rein in mounting American production.

This time around, the kingdom's officials are wary of making a bold move before Trump signals where he would like prices to be, they said. While the president-elect has previously said he wanted to ease pain at the pump for consumers, his campaign was funded by oilmen who also benefit from higher prices.

Crude output in the Americas has already helped slash the OPEC+ slice of global supplies to some of its lowest levels since the broader group's 2016 founding.

OPEC+ production cuts, pushed by Saudi Arabia, have made that even more uncomfortable for other members.

"It's really easy to be part of a cartel when a market is growing," said Jorge León, a Rystad Energy analyst who formerly worked for OPEC. "Nobody wants to be in a cartel where they are cutting production."

The upshot is that OPEC+ has lost some of its geopolitical heft in Washington. U.S. Assistant Secretary of State for Energy Resources Geoffrey Pyatt said the cartel's market power these days is "less than you would imagine" as oil producers elsewhere—Brazil, Canada and Guyana—pump gushers of crude.

"In the world that I live in, the challenge as we think about strategy is, how does the United States think about its status as an energy superpower?" he said. "We don't have to be so fussed about what OPEC or anybody else is doing, because we can focus on our own story."

OPEC watchers say the shift in power has undermined Saudi Arabia's ability to corral the cartel's members or attract new entrants.

That tension spilled into public view last week, when an Iranian OPEC+ delegate published a commentary on the state-run news agency arguing that the cartel's Saudi-led policy to keep prices elevated has largely been a failure, in part because it motivated the U.S. and other producers to pump more. The delegate noted that Angola already quit the cartel, and speculated that other countries could soon follow as a result of the policy.

The situation marks a U-turn from just two years ago, when oil traded for more than $100 a barrel, President Biden pleaded with the Saudis to open the spigots, and some Wall Street investors projected a long run-up in prices similar to the China-driven commodity boom of the 2000s.

Crude output in the Americas has already helped slash the OPEC+ slice of global supplies to some of its lowest levels

Now, with global prices wavering below $75 a barrel, OPEC+ is staring down a Chinese economy that is growing more slowly than expected and becoming increasingly fuel efficient. Instead of pumping more oil starting in January, as previously planned, it "may be wiser to wait for the end of the first quarter and higher Chinese demand to hike output," an OPEC delegate said.

The cartel's internal analysts, overseen by a Saudi official, have trimmed their estimated demand growth this year and next for four consecutive months. Those dimming expectations have contributed to the group's loss of credibility—among traders, U.S. officials and even some delegates—to accurately forecast the market.

The International Energy Agency estimates global supplies will outstrip demand by more than one million barrels a day next year if the group doesn't cut output.

"The industry is overinvesting," Torbjörn Törnqvist , chairman of Gunvor Group, one of the world's largest trading houses, told reporters on the sidelines of an Abu Dhabi oil conference. "There is a surplus [of oil] building up now."

Those factors have pushed Wall Street in recent months to bet on weak prices ahead, contributing in September to hedge funds' first net-bearish positioning on Brent crude futures on record.

Some in OPEC+ worry that Trump's pledge to "drill, baby, drill" through looser regulation and expedited leasing of federal lands could add to the downward pressure on prices. At the same time, U.S. oil executives and analysts are wary of quickly increasing production the way Trump has promised.

Federal officials project U.S. production will average 13.2 million barrels a day this year—47% higher than Saudi's October output—growing to 13.5 million barrels a day in 2025. One county in New Mexico alone now pumps more crude than the smallest six of OPEC's core 12 members.

Saudi oil minister Abdulaziz bin Salman has at times appeared openly frustrated at the kingdom's waning influence.

Under his watch, OPEC meetings were often canceled or conveyed at the last minute, and often online to avoid leaks. In September, he warned prices could drop to as low as $50 per barrel if so-called cheaters within OPEC+ didn't stick to agreed-upon production limits, The Wall Street Journal previously reported.

For some analysts, the strategy for Saudi to continue defending the oil price amounts to a long-term gamble on waiting out U.S. shale's projected peak in the coming years.

Meanwhile, keeping OPEC+ together will be crucial "to sustain themselves through what could be a low-price period," said Karen Young, a senior research scholar at the Columbia University Center on Global Energy Policy.

feedback@livemint.com

‘Conservative lending, CASA growth priority’

DCB Bank plans credit cards against fixed deposits, avoids risky lending

Shayan Ghosh
shayan.g@livemint.com
MUMBAI

Praveen Kutty, who took over as chief executive in April, is driving DCB Bank's growth strategy with a focus on secured loans, small businesses and low-cost deposits..

DCB Bank, one of India's smallest private sector lenders, wants to play it safe. It is keeping a distance from unsecured loans, and banking on small businesses and individuals to bolster its relatively weak deposit ratios.

The focus will be on current and savings account (Casa) deposits and on overdraft products, Praveen Kutty, who took over as chief executive in April, said in an interview with *Mint*. Casa is the portion of low-cost deposits in banks. Savings accounts earn lower interest than term deposits or fixed deposits, while current accounts earn no interest. In banking parlance, overdraft facility is when lenders allow customers to withdraw money from their accounts even where they have little or no balance but levy an interest on it.

At present, over 55% of its loan book consists of mortgages, largely involving self-occupied residential units. Its loan book grew 19.3% y-o-y in Q2 to ₹44,465 crore. “For most customers, this self-occupied home is their single most significant possession, often mortgaged to the bank. But, when customers have surplus funds, these often remain in savings or current accounts at other banks, not DCB Bank.” To address this gap, the bank will now focus on getting such low-cost Casa deposits, added Kutty.

25.61%
Of deposits were in CASA as of 30 Sept 2024, up 57 bps yoy

As of 30 September 2024, 25.61% of its deposits were in Casa, 57 basis points (bps) higher than the same period of last year. To be sure, the bank saw its total deposits grow nearly 20% y-o-y in Q2 of the current financial year to Rs 54,532 crore. The pace of growth of Casa deposits (22.6% in Q2 FY25) is already higher than term deposits, which grew 19% in the same period.

The bank has been conservative in its lending practices, looking for growth in secured segments or those where loans are backed by collateral. Its secured loans include mortgages, loan against property, auto loans, and gold loans.

“We take pride in our conservative lending philosophy and intend to maintain it. While we strive to remain cautious in lending, we aim to be more aggressive in execution speed,” said Kutty, who has been at the bank for 17 years, heading retail, agri, and small business banking.

Kutty added that while the bank will continue expanding its secured lending portfolio, it does not intend to venture into unsecured loans at this stage. For instance, it plans to issue credit cards, but against fixed deposits.

According to Kutty, the credit cards against fixed deposits will cater to three groups of customers: customers who are currently ineligible for regular credit cards due to income levels or geographical constraints; individuals with poor credit scores seeking to rebuild their creditworthiness; young customers looking to build a credit score in a controlled manner.

Meanwhile, the banking industry is going slow on credit cards. In October, banks added 0.79 million credit cards, compared with 1.69 million last October. The key reason for this slowdown is a recalibration of risks by lenders, *Mint* reported on 28 November.

Analysts see the elevation of internal candidate Kutty as one that brings continuity to the bank's operations. “RBI approved Praveen Kutty as managing director of the bank who has been part of the bank leadership team for the past 16 years; thus ensures continuity of the strategy,” analyst at IDBI Capital said in a note on 25 October. In April, the bank's erstwhile CEO, Murali Natarajan, retired after 15 years, leading to the elevation of Kutty.

For an extended version of the story go to livemint.com

How painful will Trump's tariffs be for American businesses?

Their options range from hoarding goods and raising prices to rewiring supply chains

The Economist


According to Citigroup, Trump's tariffs would raise the price of steel for American manufacturers by 15-20%. REUTERS

In the weeks after Donald Trump's sweeping election victory, American companies sought to reassure investors that they were amply prepared for a new round of tariffs. Some, like Stanley Black & Decker, a toolmaker, highlighted efforts to shift their supply chains away from China. Others, like Lowe's, a home-improvement retailer, pointed to processes they have put in place to deal with tariffs after Mr Trump's first term, during which levies were imposed on about $380bn-worth of imports ranging from steel and aluminium to washing machines, mostly from China.

Yet the coming disruption may be more widespread and less predictable than many American businesses expect. On November 25th the president-elect announced on Truth Social, his social-media megaphone, that he would impose a 25% tariff on all products flowing from Mexico and Canada and raise the rate on goods from China by 10%. Mr Trump's intention to follow through with his threat against Mexico and Canada was then put into doubt by subsequent posts describing "wonderful" and "productive" meetings, respectively, with the leaders of the two countries.

That has not been comforting. If Mr Trump were to slap tariffs on America's northern and southern neighbours, the impact on American companies would be devastating. Businesses from Mattel, the maker of Barbie dolls, to Whirlpool, a home-appliance manufacturer, have factories in Mexico. Around three-fifths of America's imported aluminium and a quarter of its imported steel come from Canada, with large volumes of steel also flowing from Mexico. According to Citigroup, a bank, Mr Trump's tariffs would raise the price of steel for American manufacturers by 15-20%.

Among the hardest hit by the tariffs would be American carmakers. General Motors, for example, imports over half of the pickups it sells in America from Mexico and Canada. About 9% of the value of parts for cars produced in America also comes from the two countries. According to Nomura, another bank, the tariffs proposed by Mr Trump on November 25th would wipe four-fifths from the operating profit of General Motors next year. Foreign carmakers, such as Toyota, would also be hit.

Companies can respond to tariffs in three ways. The first is to stockpile goods. Microsoft, Dell and HP are among the American tech companies that are rushing to import as many electronic components as possible before the new administration takes office in January. Yet there are limits to that strategy. Stockpiles may be depleted well before tariffs are lifted. And holding inventory requires warehouses and ties up cash. Many big companies already expanded their inventories in the wake of the supply-chain mayhem of the pandemic, and may have limited appetite to increase them further, particularly as higher interest rates raise the cost of doing so. According to JPMorgan Chase, another bank, the average ratio of working capital to sales among America's 1,500 most valuable listed companies last year was higher than at any point in the past decade except 2020.

The second option for companies is to pass tariffs on to customers by raising prices. Several firms, including Stanley Black & Decker and Walmart, America's biggest retailer by sales, have already indicated that they may do so. Again, however, there are limits. The excess savings Americans built up during the pandemic have been whittled away by inflation and there are signs the country's jobs market is cooling. The delinquency rate on credit cards is at its highest in a decade.

The third, and most difficult, response is to rewire supply chains. New suppliers, once found, have to be tested and negotiated with, a process that can take years. Many American companies have been diversifying their supply chains away from China. According to Kearney, a consultancy, China's share of America's manufactured-goods imports fell from 24% in 2018 to 15% last year. Meanwhile, the share from other low-cost Asian countries and Mexico, respectively, rose from 13% to 18% and from 14% to 16%. An analysis by Fernando Leibovici and Jason Dunn of the Federal Reserve Bank of St Louis shows that the fall in China's share of imports has been biggest in industries where America has been most dependent on its rival, including communications and information technology.

Yet shifting production away from China may not be enough. The Biden administration, which kept many of Mr Trump's original tariffs and added some of its own, has clamped down on Chinese goods entering America via circuitous routes. In July it imposed a "melt and pour" rule on Mexican steel, which requires that the metal be produced in the country to avoid tariffs. It may become increasingly difficult to source from Chinese companies, including makers of everything from televisions to seatbelts, that have set up factories abroad. On November 29th the federal government imposed anti-dumping duties on solar panels produced in South-East Asia by Jinko Solar and Trina Solar, two Chinese companies, among others.

Mr Trump's protectionist ire is directed not just at China, but at all countries with which America has a trade deficit. As a result, companies that have shifted their supply chains to Mexico, Vietnam or other low-cost countries may be in for a bruising. Some may decide that the only safe option is to bring production back home. That is already happening in a few industries, including semiconductors. Spending on factory construction in America was $172bn in the first nine months of this year, twice as much as in the same period in 2019, adjusting for inflation. A self-sufficiency index compiled by Kearney, calculated as America's manufacturing output (minus exports) as a ratio of imports (minus re-exports), has been ticking upwards since 2021, having fallen over the previous eight years. For many companies, though, making stuff in America will remain prohibitively expensive.

The coming wave of tariffs may thus prove even more painful for American businesses than the previous one. According to research by Carlyle Burd of North Carolina State University, American companies that were exposed to tariffs levied on Chinese imports by Mr Trump during his first term saw their operating profit as a share of assets shrink by 5.4 percentage points, compared with those that were not. Some were hit harder. Last month the chief financial officer of Stanley Black & Decker said that the first-term tariffs initially cost the company around $300m annually, equivalent to a quarter of its net profit in 2017, and continue to cost it around $100m a year. Bosses will be watching Mr Trump's Truth Social account closely.

South Korean President Yoon faces impeachment after martial law debacle

Reuters
feedback@livemint.com
SEOUL

People take part in a candlelight vigil as they call for the resignation of South Korea President Yoon Suk Yeol in Seoul. AFP

South Korean lawmakers submitted a bill on Wednesday to impeach President Yoon Suk Yeol after he declared martial law and reversed the move hours later, triggering a political crisis in Asia's fourth-largest economy.

The surprise declaration of martial law in the major US ally late on Tuesday caused a stand-off with parliament, which rejected Yoon's attempt to ban political activity and censor the media, as armed troops forced their way into the National Assembly building in Seoul.

The main opposition Democratic Party (DP) called for Yoon, who has been in office since 2022, to resign or face impeachment.

Six South Korean opposition parties later submitted a bill in parliament to impeach Yoon, with voting set for Friday or Saturday. "We couldn't ignore the illegal martial law," DP lawmaker Kim Yong-min told reporters. "We can no longer let democracy collapse."

There were deep divisions in Yoon's ruling People Power Party as well, as its leader called for defence minister Kim Yong-hyun to be fired and the entire cabinet to resign. Kim has offered to resign, the defence ministry said.

Yoon told the nation in a television speech late on Tuesday that martial law was needed to defend the country from pro-North Korean anti-state forces, and protect the free constitutional order, although he cited no specific threats.

If Yoon resigned or was removed from office, PM Han Duck-soo would fill in until election was held within 60 days

Chaotic scenes ensued as troops tried to seize control of the parliament building, although they stood back when parliamentary aides sprayed them with fire extinguishers while protesters scuffled with police outside.

The military said activities by parliament and political parties would be banned, and that media and publishers would be under the control of the martial law command.

But lawmakers defied the security cordon and within hours of the declaration, South Korea's parliament, with 190 of its 300 members present, unanimously passed a motion for martial law be lifted, with 18 members of Yoon's party present.

The president then rescinded the declaration of martial law, just about six hours after its proclamation.

Protesters outside the National Assembly shouted and clapped. "We won!" they chanted, and one demonstrator banged on a drum.

"There are opinions that it was too much to go to emergency martial law, and that we did not follow the procedures for emergency martial law, but it was done strictly within the constitutional framework," a South Korean presidential official told Reuters by telephone.

There has been no reaction yet from North Korea to the drama in the South.

Despite the overnight drama, Seoul appeared normal on Wednesday, with the usual morning rush hour traffic in trains and on the streets.

However, more protests were expected with South Korea's largest union coalition, the Korean Confederation of Trade Unions, planning to hold a rally in Seoul and vowing to strike until Yoon resigns.

The US embassy urged citizens in South Korea to avoid areas where protests were taking place, while some major employers, including Naver Corp and LG Electronics Inc, advised employees to work from home. Financial markets were volatile, with South Korean stocks falling about 1.3% and the Won stable but close to a two-year low. Dealers reported suspected intervention by South Korean authorities to stem the Won's slide.

Finance minister Choi Sang-mok and Bank of Korea governor Rhee Chang-yong held emergency meetings overnight and the finance ministry promised to prop up markets if needed.

"We will inject unlimited liquidity into stocks, bonds, short-term money market as well as forex market for the time being until they are fully normalised," the government said in a statement.

Sales of canned goods, instant noodles and bottled water had soared overnight, said a major South Korean convenience store chain, which sought anonymity.

"I'm deeply disturbed by this kind of situation, and I'm very concerned about the future of the country," 39-year-old Seoul resident Kim Byeong-In told *Reuters*.

The National Assembly can impeach the president if more than two-thirds of lawmakers vote in favour. A trial by the constitutional court follows, which can confirm the motion with a vote by six of the nine justices.

Yoon's party has 108 seats in the 300-member legislature.

If Yoon resigned or was removed from office, Prime Minister Han Duck-soo would fill in as leader until a new election was held within 60 days.

"South Korea as a nation dodged a bullet, but President Yoon may have shot himself in the foot," Danny Russel, vice president of the Asia Society Policy Institute think tank in the United States, said of the first martial law declaration in South Korea since 1980.

US Secretary of State Antony Blinken said he welcomed Yoon's decision to rescind the martial law declaration. "We continue to expect political disagree-ments to be resolved peacefully and in accordance with the rule of law," Blinken said in a statement.

South Korea hosts about 28,500 American troops as a legacy of the 1950-1953 Korean War. Planned defence talks and a joint military exercise between the two allies were postponed amid the broader diplomatic fallout from the overnight turmoil.

Amazon announces supercomputer for training AI models

Belle Lin
feedback@livemint.com

THE WALL STREET JOURNAL.

Amazon's cloud computing arm Amazon Web Services Tuesday announced plans for an "Ultracluster," a massive AI supercomputer made up of hundreds of thousands of its homegrown Trainium chips, as well as a new server, the latest efforts by its AI chip design lab based in Austin, Texas.

The chip cluster will be used by the AI startup Anthropic, in which the retail and cloud-computing giant recently invested an additional $4 billion. The cluster, called Project Rainier, will be located in the U.S. When ready in 2025, it will be one of the largest in the world for training AI models, according to Dave Brown, Amazon Web Services' vice president of compute and networking services.

Amazon Web Services also announced a new server called Ultraserver, made up of 64 of its own interconnected chips, at its annual re:Invent conference in Las Vegas Tuesday.

Additionally, AWS on Tuesday unveiled Apple as one of its newest chip customers.

Combined, Tuesday's announcements underscore AWS's commitment to Trainium, the in-house-designed silicon the company is positioning as a viable alternative to the graphics processing units, or GPUs, sold by chip giant Nvidia.

The market for AI semiconductors was an estimated $117.5 billion in 2024, and will reach an expected $193.3 billion by the end of 2027, according to research firm International Data Corp. Nvidia commands about 95% of the market for AI chips, according to IDC's December research.

"Today, there's really only one choice on the GPU side, and it's just Nvidia," said Matt Garman , chief executive of Amazon Web Services. "We think that customers would appreciate having multiple choices."

A key part of Amazon's AI strategy is to update its custom silicon so that it can not only bring down the costs of AI for its business customers, but also give the company more control over its supply chain. That could also make AWS less reliant on Nvidia, one of its closest partners, whose GPUs the company makes available for customers to rent on its cloud platform.

But there is no shortage of companies angling for their share of Nvidia's chip revenues, including AI chip startups such as Groq, Cerebras Systems and SambaNova Systems. Amazon's cloud peers, Microsoft and Google, also are building their own chips for AI and aiming to reduce their reliance on Nvidia.

Amazon has been working on its own hardware for customers since well before 2018, when it released a central processing unit called Graviton based on processor architecture from British chip-designer Arm. Amazon executives say the company aims to run the same playbook that made Graviton a success—proving to customers that it is a lower cost but no less capable option than the market leader.

Powered by Austin's Annapurna

The heart of AWS's efforts is in Austin, Texas, home to an AI chip lab run by Annapurna Labs, an Israeli microelectronics company Amazon acquired for about $350 million in 2015.

The chip lab has been there since Annapurna's startup days, when it was seeking to land in a location where chip giants already had offices, said Gadi Hutt, a director of product and customer engineering who joined the company before the Amazon acquisition.

Inside, engineers might be on the assembly floor one day, while soldering the next, said Rami Sinno, the lab's director of engineering. They do anything that needs to be done, right away—the sort of scrappy mindset more commonly found among startups than trillion-dollar companies like Amazon.

AWS announced a new server called Ultraserver. REUTERS

That's by design, Sinno said, because Annapurna doesn't look for specialists like the rest of the sector. It looks for a board designer, for instance, who is also fluent in signal integrity and power delivery, and who can also write code.

"We design the chip, and the core, and the full server and the rack at the same time. We don't wait for the chip to be ready so we can design the board around it," Sinno said. "It allows the team to go super, super fast."

AWS announced Inferentia in 2018, a machine-learning chip dedicated to inference, which is the process of running data through an AI model so it generates an output. The team went after inference first, because it's a slightly less demanding task than training, said James Hamilton, an Amazon senior vice president and distinguished engineer.

By 2020, Annapurna was ready to go with Trainium, its first chip for customers to train AI models on. Last year, Amazon announced its Trainium2 chip, which the company said is now available for all customers to use. AWS also said it is now working on Trainium3 and Trainium3-based servers, which will be four times more powerful than its Trainium2-based servers.

Bigger is better

As AI models and data sets have gotten larger, so, too, have the chips and chip clusters that power them. Tech giants aren't just buying up more chips from Nvidia, or designing their own; they're now trying to pack as many as they can in one place .

That's one goal of Amazon's chip cluster, which was built as a collaboration between Annapurna and Anthropic: for the AI startup to use the cluster to train and run its future AI models. It is five times larger, by exaflops, than Anthropic's current training cluster, AWS said. By comparison, Elon Musk 's xAI recently built a supercomputer it calls Colossus with 100,000 Nvidia Hopper chips.

"The more you scale up a server, the less you need to solve a given problem, and the more efficient the overall training cluster works," said Hamilton. "As soon as you realize that, you start to work hard to get each server as large and as capable as possible."

Amazon's Ultraserver links 64 chips into a single package, combining four servers, each containing 16 Tranium chips. Certain Nvidia GPU servers, by comparison, contain eight chips, Brown said. To link them together to work as one server, which can reach 83.2 petaflops of compute, Amazon's other secret sauce is its networking : creating a technology it calls NeuronLink that can get all four servers to communicate.

The company's new giant server will lower the cost of AI as it seeks to build an alternative to Nvidia

That's as much as Amazon could pack into the Ultraserver without overheating it, the company said. By size, it's closer to the refrigerator-esque mainframe computer than the compact personal computer, Hamilton said.

But the message isn't strictly, "Choose us or Nvidia," Brown and other execs say. Amazon says it is telling customers they can stick with whatever combination of hardware they prefer on its cloud platform.

Eiso Kant, co-founder and chief technology officer of the AI coding startup Poolside, said it is getting roughly 40% price savings compared with running its AI models on Nvidia's GPUs. But, a downside is that the startup needs to spend more of its engineers' time to get Amazon's associated chip software to work.

However, Amazon fabricates its silicon directly through Taiwan Semiconductor Manufacturing Co. and puts it into its own data centers, making it a "safe bet" for the AI startup, Kant said. Where it places its bets is key, because even a six-month hardware delay could mean the end of its business, he said.

Benoit Dupin, a senior director of machine learning and AI at Apple, said Tuesday on-stage that the smartphone giant is testing Trainium2 chips, and expects to see savings of about 50%.

An invisible computing layer

For most businesses, the choice of Nvidia versus Amazon isn't a pressing question, analysts say. That's because large companies are mostly concerned with how they can get value out of running AI models, rather than getting into the nitty-gritty of actually training them.

The market trend is a good thing for Amazon, because it doesn't really need customers to peek under the hood. It can work with companies like cloud data company Databricks to put Trainium beneath the covers , and most businesses won't notice any difference because computing should just work—and ideally at lower and lower cost.

Amazon, Google and Microsoft are building their own AI chips because they know that their custom designs save time and cost while improving performance, said Chirag Dekate, an analyst at market research and IT consulting firm Gartner . They customize the hardware to offer very specific parallelization functions, he said, which could beat the performance of more general-purpose GPUs.

AWS also has a "misunderstood" strength in the less obvious parts of AI, including networking, accelerators and Bedrock, its platform for companies to use AI models, said Alex Haissl, an analyst at financial services and research firm Redburn Atlantic.

Company leaders, though, are realistic about how far AWS's chip ambitions can go—at least at the moment.

"I actually think most will probably be Nvidia for a long time, because they're 99% of the workloads today, and so that's probably not going to change," AWS CEO Garman said. "But, hopefully, Trainium can carve out a good niche where I actually think it's going to be a great option for many workloads—not all workloads."

NEWS IN NUMBERS

$9.44 bn
THE REVENUE reported by Salesforce in the quarter ended 31 October, up 8.3% from a year ago, even as the company pivoted its AI strategy this year.

₹21,772 cr
THE VALUE of five plans approved by the Defence Acquisition Council, covering a range of equipment like helicopters and tanks, according to the defence ministry.

58.4
THE HSBC India Services Business Activity Index in November, lower than 58.5 in October, but still indicating an expansion in the services sector.

11.5%
THE ELECTRIC vehicle penetration in Delhi, the highest in India, followed by Kerala (11.1%), and Assam (10%), according to a report by Ficci and Yes Bank.

400 units
THE SUPPLY of free electricity promised by the Congress party for Delhi, as it takes on the ruling AAP in the upcoming assembly elections.

HOWINDIALIVES.COM

Airtel and Ericsson ink equipment deal

Bharti Airtel on Wednesday signed a "multi-billion" dollar deal with Swedish telecom equipment maker Ericsson to boost its 4G and 5G coverage in the world's second-largest smartphone market.

Under the deal, which *Reuters* reported in October, Bharti Airtel will buy and deploy equipment from Ericsson likely in 2025. The companies did not disclose exact financial terms of the deal. Demand from India's 5G market started to skyrocket in 2023, as Bharti Airtel and Jio, the telecom unit of Reliance Industries, started to scale up 5G services.

Ericsson, Bharti Airtel's partner of more than two decades, will deploy centralized radio access network (RAN) and Open RAN-ready solutions, Bharti Airtel said in a press release.

Open RAN allows mobile operators to mix and match equipment from various suppliers. Ericsson will also upgrade the software of its deployed 4G radios, it said. REUTERS

Commerce minister Piyush Goyal said the bill seeks to do away with the colonial mind-set. PTI

Rajya Sabha clears Boilers Bill, 2024

The Rajya Sabha on Wednesday cleared a bill to provide for the regulation of boilers, safety of life and property of persons from the danger of explosions of steam-boilers and uniformity in registration.

The Boilers Bill, 2024, seeks to repeal the century-old Boilers Act, 1923. The bill, which aims to decriminalize seven offences and promote ease of doing business, was cleared in the Upper House by a voice vote. The bill also has provisions to ensure the safety of persons working inside a boiler. It also provides that repair of boilers should be undertaken by qualified and competent persons.

Piloting the bill, minister for commerce and industry Piyush Goyal said several colonial-era laws were prevalent across sectors in the country and the proposed legislation seeks to do away with the colonial mind-set.

The government is revisiting pre-1947 laws to make any required changes, he added.

"This Boilers Bill in a way makes the country safe. We need the Boilers Bill to ensure safety, it mandates that competent and qualified people inspect boilers," said the minister. PTI

WINNERS ALL

(From left:) BJP leader Devendra Fadnavis, Shiv Sena chief Eknath Shinde and NCP chief Ajit Pawar at a press meet in Mumbai on Wednesday. PTI

Fadnavis to be sworn in as Maharashtra CM today

Swearing-in ceremony will be held in the presence of PM Narendra Modi

PTI
feedback@livemint.com
MUMBAI

Devendra Fadnavis was unanimously elected as the Maharashtra BJP legislature party leader at its meeting here on Wednesday, paving the way for his appointment as the chief minister.

The swearing-in ceremony will be held in Mumbai on Thursday (today) in the presence of Prime Minister Narendra Modi. Fadnavis' name was finalized for the top post at the BJP's core committee meet held here ahead of the legislature party meeting, sources said.

Bharatiya Janata Party (BJP) leader Sudhir Mungantiwar said leaders of the Mahayuti coalition will meet governor C. P. Radhakrishnan at 3.30 pm on Wednesday to stake a claim to form government. Union minister Nirmala Sitharaman, former Gujarat chief minister Vijay Rupani were present at the BJP legislature party meeting held at the Vidhan Bhawan in Mumbai.

The BJP had appointed Sitharaman and Rupani as central observers for the meet.

The BJP achieved remarkable success in the 20 November Maharashtra elections, securing 132 out of the 288 assembly seats in the state, marking its best performance in the state so far. Together with its allies—the Shiv Sena led by Eknath Shinde and Ajit Pawar's NCP, the BJP-led Mahayuti coalition has a commanding majority of 230 seats.

> The BJP won 132 out of 288 seats in Maharashtra, and with its allies—Shiv Sena and NCP, the coalition has a commanding majority of 230 seats

On Tuesday, Fadnavis met caretaker chief minister Eknath Shinde at his official residence, 'Varsha,' the first in-person meeting since their discussions in Delhi last week for government formation.

While the hour-long meeting's details remain unclear, some political observers view it as an outreach effort by the BJP to placate an ally which is weighing its options, while others believe it served as a preliminary discussion regarding the swearing-in ceremony set for 5 December.

Preparations were on in full swing for the swearing-in ceremony to be held on Thursday at the Azad Maidan in south Mumbai, which will be attended by Prime Minister Narendra Modi, as well as nearly 2,000 VVIPs and 40,000 supporters.

Several Union ministers, and 19 chief ministers and deputy CMs of various states are also expected to attend the ceremony.

Antler India plans to invest ₹211 cr in 2025

Venture capital firm Antler India is planning to invest $25 million, or about ₹211 crore, in 50 startups in 2025, the company said on Wednesday.

The venture capital firm has invested in 30 startups in 2024 through its maiden $75 million fund.

"Antler plans to ramp up investments further in the next year and make 50 investments in 2025. We plan to invest $25 million in the 50 companies," Antler India Partner Rajiv Srivatsa told *PTI*.

The company's 2024 investments include a wholesale marketplace for fashion retail Bizup, aluminium-air fuel cell technology company Meine Electric, open mobility platform Namma Yatri, personal loan facilitator firm Keeper, which uses paid leaves as digital assets for salaried employees, AI-powered dashcam provider Cautio, etc. PTI

Currently, carbonated beverages and zero-sugar aerated water are placed in the 28% slab. BLOOMBERG

IBA raises concerns over likely tax hike

The Indian Beverage Association (IBA) on Wednesday expressed concern over the potential increase in the goods and services tax (GST) rate on aerated drinks. Media reports on Tuesday said a group of ministers (GoM) on rate rationalization has recommended increasing GST on sin goods like aerated beverages, cigarettes, tobacco, and related products to 35%.

Currently, carbonated or aerated beverages, which include low-sugar, fruit-based and flavoured drinks, and zero-sugar aerated water, are placed in the highest slab of 28%, along with a compensation cess of 12%, taking the total tax burden to 40%. This is irrespective of their sugar or fruit content. Companies such as Coca-Cola, PepsiCo, Reliance Consumer Products, Dabur India, Tata Consumer Products sell beverages in India. The industry has been seeking lower tax rates on carbonated beverages. SUNEERA TANDON

Pure EV to expand dealerships by 250

Electric two-wheeler maker Pure EV on Wednesday announced plans to open 250 dealerships pan-India over the next 30 months as part of a road map to strengthen its presence nationwide and expand globally.

The expansion will be driven by the growing demand for long-range scooters, electric motorcycles, large B2B contracts, and the company's entry into the household brand space, the Hyderabad-based firm said.

Besides, the company said expanding beyond India, it plans to commence exports to the Middle East and Africa by March next year, marking a significant step in its journey to become a global player in the electric mobility market. It currently exports its e-two-wheelers to Nepal and Bhutan.

Over the next 30 months, the firm aims to add 250 new dealerships, taking its total network to over 320 across India, Pure EV said. PTI

Kotak aims to raise ₹2K cr pvt credit AIF

Kotak Mutual Fund is targeting to raise up to ₹2,000 crore through its maiden private credit alternate investment fund (AIF), a senior official said on Wednesday.

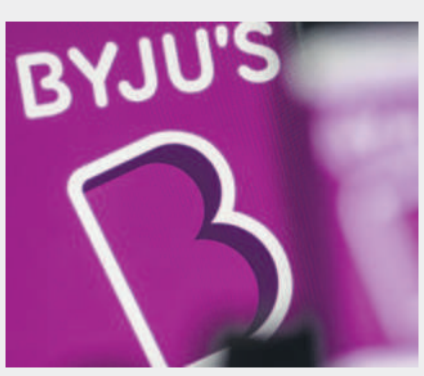
The company will launch the AIF in the next quarter and a fifth of the overall fund size will be its own money, Deepak Agrawal, the chief investment officer-debt, of Kotak Mahindra Asset Management Company, told reporters in Mumbai.

"We are aiming to raise anything between ₹1,500-2,000 crore from the fund," Agrawal said. It can be noted that the private credit space has attracted a lot of attention of asset managers lately, and Kotak's peers, including Aditya Birla Sun Life MF and Nippon MF, have similar offerings.

Asked about the internal rate of returns that it is targeting with the new offering, Agrawal said investors should expect a 3-4 percentage point higher than normal debt mutual funds.

Typically, private credit funds target an internal rate of return (IRR) of 15-16%. PTI

Byju's exec faces US court sanctions



Byju's is in bankruptcy in India after defaulting on the debt it owes US lenders. BLOOMBERG

The chief content officer of troubled edtech firm Byju's and an ally of the company's founder face financial sanctions in the US for their roles in stripping software, cash and other assets from businesses under court supervision.

A federal judge is considering imposing millions of dollars in sanctions on Byju's manager Vinay Ravindra and company ally Rajendran Vellapalath, who founded Dubai-based tech startup Voizzit Technology. At a court hearing Tuesday, US Bankruptcy Judge John T. Dorsey said he will issue an "order to show cause" that would force the two tech executives to justify their actions, or be declared in contempt of court and be required to pay financial penalties.

Lenders owed more than $1.2 billion are fighting to liquidate US education software firms that Byju's purchased a few years ago for $820 million. Byju's, founded by Byju Raveendran and his family, is in bankruptcy in India after defaulting on the debt it owes US lenders.

Last month, a Nebraska businessman testified that he spent months helping Raveendran try to regain control of Byju's US software firms, which are being run by a court-supervised trustee. BLOOMBERG

These non-coking coal blocks are expected to generate annual revenue of about ₹1,446 crore. AFP

Govt offers 27 coal blocks in auction

The government will offer 27 coal blocks across various states as it launches the fresh round of commercial mine auction today.

Union minister of coal and mines G. Kishan Reddy will launch the 11th round of commercial coal mine auctions on 5 December, an official statement said.

The forthcoming auction offers 27 coal blocks distributed across various states and regions, designed to promote regional economic growth, and create employment opportunities.

"In this round, 20 coal mines will be offered for bidding, comprising 10 fully explored and 10 partially explored blocks.

"Additionally, seven coal mines from the second attempt of round 10 will also be on offer, including four fully explored and three partially explored blocks," the coal ministry said.

All these are non-coking coal blocks which are expected to generate annual revenue of approximately ₹1,446 crore at peak-rated capacity and create around 19,063 employment opportunities. PTI

Star Cement plans capacity expansion

Northeast-based Star Cement on Wednesday said it plans to expand its capacity by an additional two million tonnes through a greenfield project in Assam's Silchar at a cost of ₹400 crore.

The expansion is expected to be completed within the next two years, the firm said.

Talking to *PTI*, the promoters of Star Cement dismissed reports of any stake sale talks and emphasised that their focus is on strengthening the business. Recent media reports suggested that the Adani Group might be considering acquiring the company. "The new grinding unit in Silchar will have a capacity of two million tonnes and is expected to be operational within the next two years. The land for the project has already been acquired," Star Cement joint managing director Sanjay Agarwal told *PTI*.

Star Cement currently operates an integrated cement plant in Meghalaya and two grinding units in Guwahati (4 million tonnes) and Siliguri, West Bengal (2 million tonnes). PTI

Citigroup faces $26 million in losses on Australian block trade

Citigroup Inc. is facing potential losses of as much as A$41 million ($26 million) after it was unable to fully sell a block of shares in Australia's Goodman Group it had underwritten for China's sovereign wealth fund, according to people familiar with the matter.

The bank launched a sale of 50.4 million Goodman shares for China Investment Corp. on Tuesday evening, underwritten at a floor price of A$37.55. That's a discount of just 1.5% to the stock's previous close of A$38.12, terms of the deal showed. When investors balked at the price range, Citigroup relaunched the deal with a wider discount of 3.3%, according to people familiar with the matter, who asked not to be identified as the information isn't public.

That still wasn't sufficient for buyers, and the Wall Street bank ended up selling just 23.4 million shares at A$36.40, a 4.5% discount to the previous close, the people said. A cross on the exchange matched that. Given Citigroup had underwritten the full deal at A$37.55, it made a loss of A$27 million on the trade. BLOOMBERG

The bank launched a sale of 50.4 million Goodman shares for China Investment Corp. on Tuesday evening BLOOMBERG

INSIDE THE RACE TO RESTORE NOTRE DAME

Behind the restoration of Paris's greatest landmark—and the controversies that nearly consumed it

Noemie Bisserbe & Kelly Crow

Workers on a crane look at the Notre Dame cathedral site in Paris. The cathedral is set to re-open this month, five years after a fire ravaged it. AFP

About a year before Notre Dame was set to reopen after a devastating fire, the French general tasked with overseeing the cathedral's reconstruction, Jean-Louis Georgelin, disappeared.

Georgelin, a strapping 74-year-old who had once served as President Jacques Chirac's military chief of staff, was taking a break in the summer to trek through the Pyrénées. He was known to hike alone and regularly climbed the Pyrénées' highest peaks. When he didn't return to his mountain refuge one August evening, the caretaker called the police to tell them the hiker hadn't returned. A helicopter was quickly dispatched, and hours later the police found Georgelin's body on the slopes of Mont Valier, a 9,311-foot mountain near the Spanish border.

The tragedy hit France hard. Georgelin was in the homestretch of one of the most complicated reconstruction projects that France had ever undertaken on a historical monument, and his death put even more pressure on French President Emmanuel Macron, who had staked much of his legacy on rapidly restoring a cathedral that for centuries has symbolized the country's civic and religious life.

Macron had to quickly replace his hard-charging general with a leader who could get the project over the finish line, and his choice could not have been more different: Philippe Jost, a lanky engineer who had spent much of his career in the cogs of the country's defense ministry making sure France's army was well-equipped.

The ministry was where Jost had met the general, and the technician's obsessive attention to detail had made him a natural right hand to Georgelin's campaign to save the cathedral. Jost, a lifelong behind-the-scenes guy, worked well with Georgelin but didn't seek the spotlight or play politics, according to people who knew both men well. But he and Georgelin both liked to hike mountains, and were devoted Catholics. Jost, without the general, knew his job had just gotten exponentially harder. "We didn't know whether we would be able to continue at the same pace, and what uncertainties it would create," he says.

The race to reopen the cathedral didn't stop; in fact, it had been ticking since the moment the fire started in the early evening of April 15, 2019. Hours after the fire was extinguished, Macron went on TV and pledged to rebuild the cathedral within five years and to make it more beautiful than before—a pledge disseminated by nearly every major media outlet around the world.

For Macron, the fire marked a chance for him to revel in his role as a statesman who would rally the masses to support the renewal of the beloved icon. While the people of France supported the effort in the immediate aftermath—within days of the fire, there were donations of more than $900 million—the years that followed were beset by pushback, controversy and outrage: first, over Macron's plan to reopen on a rapid timeline (some experts said it would take at least 15 to 20 years), then over the more than half-billion dollars in donations from France's wealthiest families (the restoration came as the yellow-vest protests were tearing France apart), and finally over his plans to redesign the Gothic spire, and later recommission stained glass windows (Quel culot!).

While the cathedral wasn't ready for the Olympic Games in Paris this summer as authorities had initially hoped, its scheduled reopening for religious services this December offers a stunning cap to a year when Paris has been center stage. It will also serve as a quieter reckoning for Jost, who has stepped into the shoes of a general and been compelled to parry the whims of his president while also keeping track of around 250 companies that have participated in the Notre Dame project. One day, he's overseeing workers cleaning up the cathedral's interiors and reinstalling cherished relics; other days, he's watching teams use cranes to suspend architect Eugène Viollet-le-Duc's famously ornate spire. He also has to manage the forest of wooden latticework required to reconstruct what had been a medieval roof. Soon crowds will return to peer at it all. Before the fire, the cathedral got around 12 million visitors a year, far more than the Vatican.

Jost knows everyone who steps inside the cathedral will decide whether he pulled off the herculean task foisted upon him. Heading into the final weeks before it's set to reopen, he's exuding confidence, though it's anyone's guess how the body politic will react. Putting it mildly, he says, "There's a lot of passion around Notre-Dame de Paris."

When the Notre Dame fire erupted that spring evening in 2019, France itself was burning.

THE WALL STREET JOURNAL.

The same day as the fire, Macron was set to address the violence that had engulfed the country through its yellow-vest protests, which began over fuel taxes and morphed into nationwide riots against Macron, whom they called "the president of the rich." In Paris, some protesters burned cars, looted stores and even vandalized the Arc de Triomphe.

Authorities have said the fire was started by an electrical issue or a cigarette; investigators still don't know. As it spread, the banks of the surrounding Seine became thronged with horrified onlookers holding their cellphones aloft. The rest of the world watched the televised destruction into the early morning hours.

> Within days of the fire, there were donations of more than $900 mn—340,000 people contributed across the world. But France's wealthiest families gave the most

Located on the Île de la Cité, a small island in the middle of Paris, Notre Dame was first constructed between 1163 and 1345, and its elaborate Gothic design was intended to reflect the economically flush city. From its rain-funneling gargoyles to its vividly colored rose-shape windows, the cathedral, whose name means "Our Lady," paid homage to Christ's mother while doubling as an emblem of medieval starchitecture, historians say.

Among many historic events that took place at the cathedral, Henry VI of England was crowned king of France there in 1431, and Napoleon was officially named emperor there in 1804. In 1831, French writer Victor Hugo invited his readers to step into the cathedral and look up, hailing its "majestic and sublime" architecture. "Great buildings, like great mountains, are the work of centuries," he wrote.

By sunrise the morning after the fire, much of Notre Dame appeared to be in ruins. Tales of heroism started to emerge, including that of the fire brigade's chaplain, Father Jean-Marc Fournier, who had entered the building as it burned and, with the help of firefighters, rescued some of the cathedral's relics. This included the crown of thorns said to have been worn by Jesus during his crucifixion.

The disaster portended a chance for France to unify. "I deeply believe that it's up to us to turn this catastrophe into an opportunity to become better than we are, together," Macron said at the time.

Donations poured in—340,000 people contributed across the world, including Americans, who gave around $40 million. But most of the $900 million derived from France's wealthiest families. In what appeared to be a game of altruistic one-upmanship, billionaires announced their contributions in quick succession. First, Kering's François-Henri Pinault, who, shortly after the fire, said his family would give $113 million. Hours later, LVMH and the family of its CEO, Bernard Arnault, pledged $226 million. Then L'Oréal and the Bettencourt Meyers family—its biggest shareholder—donated another $226 million, in part through their foundation.

The yellow-vested protesters didn't applaud the philanthropic gesture; instead, they returned to the streets days later to decry what they saw as a slap in the face of France's languishing working classes. They waved banners that read, "We Are All Cathedrals" and "Notre Dame, But Not Us." The cathedral had become an unlikely political lightning rod in the country's class war.

"This is a false controversy," Arnault hit back when speaking to shareholders days later. "It's quite concerning to see that in France you are criticized even when you do something that is clearly in the public interest."

Tucked away inside the Élysée presidential palace, Georgelin just needed to amass his troops. After he was appointed, Jost sent him a text message of congratulations, and a few days later, he hired Jost to help.

Together, the men set out to organize the donations and budgets; they submitted and then fielded bids from conservators, artisan restorers and hundreds of crews seeking to handle everything from the cathedral's cleanup to stabilization efforts. Macron also started tossing the men, and France, his own ideas.

> mint SHORT STORY
>
> **WHAT**
>
> French President Emmanuel Macron has staked much of his legacy on rapidly restoring Notre Dame, a cathedral that for centuries has symbolized the country's civic and religious life.
>
> **BUT**
>
> While the people of France supported the effort in the aftermath of the fire in 2019, the years that followed were beset by pushback, controversy and outrage.
>
> **NEXT**
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> Before the fire, the cathedral got around 12 million visitors a year, far more than the Vatican. When the cathedral reopens, it will be used mainly during religious services.

Within days of the fire, Macron announced that he would launch an international architectural competition for the reconstruction of that famous spire. The 315-foot spire designed by Viollet-le-Duc was created around the same time as the Eiffel Tower. Macron's move suggested that adding a new spire designed today could add a modern-day touch to this evolving piece of historic architecture.

Parisians have reams of rules about historic preservation, and the chief architect overseeing France's historic monuments, Philippe Villeneuve, told French radio that he would resign rather than allow a contemporary spire.

Georgelin was incensed. "As for the chief architect, I have already explained that he should shut up," the general told the National Assembly a month later to gasps. It didn't matter. Macron's plan for a new spire was ultimately shot down by the country's National Heritage and Architecture Commission.

The spire controversy was just a sideshow to the bigger problem: The roof, which acted as the linchpin of its medieval design, had been nearly destroyed, and threatened to bring the whole cathedral down with it. The roof pushed downward and outward on Notre Dame's limestone walls, countering the inward pressure generated by the cathedral's flying buttresses and massive facade. Without the roof in place, the limestone walls of Notre Dame's nave risked tilting inward, and its vaulted ceiling was close to buckling. To top it off, water used to douse the flames created fissures in the massive stones that arc above Notre Dame's nave, and seeped into the joints and mortar, leading to crumbling.

Before the fire, workers doing other repairs had erected scaffolding inside the church, and now this 350-ton metal structure stood, charred, twisted and shaky. "It was a kind of monster," says Xavier Rodriguez, CEO of Groupe Jarnias, which intervened to reach inaccessible places. "If the scaffolding had collapsed, the cathedral would have collapsed too."

> Before the fire, workers doing other repairs had erected scaffolding inside the church, which was charred. It took six months to remove it

The team under Georgelin saw it as another threat to the building's stability and built a massive additional exoskeleton of scaffolding around it so workers known as "squirrels" could rappel down and remove it piece by piece. They were just days away from starting to dismantle the scaffolding when the country went into a Covid-19 lockdown. For a month and a half, work came to a halt, Jost says, with a small team keeping guard to make sure the scaffolding, which was equipped with sensors, didn't topple.

It took six months for the squirrels to remove the charred scaffolding after they were allowed to resume their work. "I remember holding my breath every time my team went in," says Rodriguez, a former squirrel himself. "Once the scaffolding had been removed, we knew the cathedral was saved."

Everything upended anew after Georgelin's death. Jost was himself trekking in the Alps in southeastern France when he got the terrible news. "I was high up in the mountains and I didn't have a signal," he says. When he made his way down to the valley, "I must have had 40 messages on my phone."

Jost, shocked, spoke a few heartfelt words during Georgelin's packed funeral. A week later, Macron tapped him to oversee the rest of the restoration.

On December 8, 2023, Macron visited the cathedral to check on Notre Dame's progress. He climbed onto the roof to examine the new spire and engraved Georgelin's name on one of its uprights. He also announced another competition: selecting an artist to create six new modern stained glass windows to replace a few also designed by Viollet-le-Duc. To Macron, changing them offered a chance to memorialize a profound moment in Parisian history. The existing windows aren't original to the structure, and the deeply saturated and colorful windows aren't festooned with saintly scenes; they are more plainly decorated.

To preservationists, it would be a desecration. "These stained glass windows were spared by the fire, and the fire's destructive work would be continued by removing them," says Julien Lacaze, head of an association defending France's heritage, who launched a petition to block Macron's plans.

When the cathedral reopens, it will be used mainly during religious services—and thorny issues like the stained glass controversy will likely remain unresolved. There is still money in Georgelin's original budget, and Jost says he is committed to repairing a few areas like the back of the cathedral, which needed restoration even before the fire.

Jost says he is proud of his team's work, especially under the circumstances. And while it's anyone's guess how the rest of the world will react once it's open, his own mind is made up. "Every time I step into Notre-Dame, it's a moment of grace and beauty," he says. "We had forgotten how beautiful the cathedral is."

feedback@livemint.com

Compare NRE FD rates

Non-resident Indians (NRIs) can open NRE fixed deposits with different Indian banks. The benefit of an NRE deposit is that it can be opened simply by making inward remittance to India in any freely convertible currency. Another benefit is that the interest earned on NRE deposits are tax-free and the deposit is fully repatriable, allowing NRIs to transfer funds back to their country of residence without restrictions. NRE FDs can be opened and managed online too with Indian banks. NRIs can also obtain loan against NRE FDs which can be used for a variety of purposes. These loans can be granted to the NRI in India or outside India (by overseas branch of Indian banks) or even to third parties.

NRE Term Deposits Interest Rates (%) upto ₹1 crore

	1 to < 2 years	2 to < 3 years	3 to < 5 years	5 years and above
DCB Bank	7.1-8.05	**7.5-7.55**	7.4-7.75	**7.25-7.65**
Axis Bank	6.7-7.25	**7.1**	7.1	**7.0**
HDFC Bank	6.6-7.25	**7-7.35**	7-7.4	**7.0**
IndusInd Bank	7.75-7.99	**7.25-7.75**	7.25	**7-7.25**
RBL Bank	7.50-8.1	**7.5-8**	7.1-7.5	**7-7.1**
YES Bank	7.25-7.75	**7.25**	7.25	**7.0-7.25**
ICICI Bank	6.7-7.25	**7-7.25**	7.0	**6.9-7**
Canara Bank	6.85-7.25	**7.3**	7.4	**6.7**
Dhanlaxmi Bank	6.75-7.25	**6.5-6.75**	6.5-7.25	**6.6-7.25**
Federal Bank	6.80-7.35	**7.05-7.4**	7-7.4	**6.6**
Bank of Baroda	6.85-7.3	**7-7.15**	6.8-7.15	**6.5-6.8**
Bank of Maharashtra	6.5-7.1	**6.5-7.25**	6.5	**6.5**
Central Bank of India	6.85-7.45	**6.5-7.0**	6.75	**6.5**
Indian Overseas Bank	7.1-7.3	**6.8**	6.5	**6.5**
State Bank of India	6.8-7.25	**7.0**	6.75	**6.5**
Union Bank of India	6.6-7.3	**6.4-6.6**	6.5-6.7	**6.5**
IDFC First Bank	6.5-7.75	**6.8-7.25**	6.75-6.8	**6.5-6.75**
Jammu & Kashmir Bank	7.0	**7.0**	6.75	**6.5**

Data taken from respective bank's website as on 2 December 2024; Only main entity of the merged banks are taken. Banks which merged with its main entity are removed from the table; The list of 18 banks is based on highest fixed deposit rates available for 5 years and above

Source: BankBazaar

From clutter to clarity: How a jeweller fixed his finances

Here's how a fixed-fee advisory rejigged Kesarwani's portfolio of 27 MFs, 9 insurance policies

Aprajita Sharma
aprajita.sharma@livemint.com
NEW DELHI

Twenty-seven mutual fund schemes, three endowment and six moneyback life insurance policies. That was what Anurag Kesarwani's financial portfolio looked like until 2023. Over 40% of his annual expenses went into paying premium for the nine insurance plans, another 40% towards mutual funds, and the rest for household expenses. Coming from a traditional Lucknow-based business family, the major focus for the 39-year-old had been the core jewellery business.

"Once I joined the family business, I continued with our traditional way of investing via fixed deposits, insurance policies and mutual funds. Our family worked with two mutual fund distributors and my father knew an insurance agent via whom we invested in insurance policies." Kesarwani always had a niggling doubt about his investment portfolio. But then, things changed.

Entered Sahaj Money, a registered investment advisory firm founded by Abhishek Kumar. Kesarwani's financial portfolio took on a new direction. He surrendered half of his insurance policies and is now invested in only four direct mutual fund schemes.

"I am an engineer by education and jeweller by profession. I knew there's something amiss with my investments. Around covid, I channelled my energy in understanding investments better. I happened to watch a video by M Pattabiraman of Freefincal, talking about fee-only financial planners. I checked the suggested websites and chose Sahaj Money for my financial advice."

Kesarwani and his wife Sneha, 36, have eight-year-old twin sons and one-year-old daughter.

Direct versus regular MFs

Kesarwani was fine with the commission that MF distributors earned from his investments. However, it felt odd when they pitched new funds now and then. Once he discovered fixed-fee advisory, the idea appealed to him. "I could see how this model won't have any conflict of interest between me and my adviser since he will not be earning commission via products he advises me on," he said. Kumar of Sahaj Money did some calculations.

"He told me I could save about 25% in commissions over a 30-year period if I invested in direct plans of the same mutual fund schemes. I redeemed all my investments and moved it to four direct mutual fund schemes, as suggested by Abhishek," said Kesarwani.

He now invests in an overnight fund and a liquid fund for short-term goals. "As per the family's risk appetite, I suggested they maintain 50-50% allocation in debt and equity. The suggested funds for long-term goals included the Nifty 50 Index Fund, a flexicap fund and a gilt fund," said Kumar.

Kesarwani invested in MFs via the Groww app, but he is concerned about the security aspect. He will now switch to MF Central, a platform developed by Computer Age Management Services and KFin Technologies to facilitate uniform services across MFs in India. However, they didn't want to disclose the quantum of their MF investment.

Insurance, other investments

Kesarwani's portfolio was heavily tilted towards savings-linked insurance plans. "Abhishek explained to me why having so many policies was a bad idea. Since half of them are getting matured in a year or two, we will continue it till maturity. We will be surrendering the rest. One thing is sure - we will not be buying endowment policies anymore."

He did not have a term insurance plan either. Keeping in view the family's financial goals and income, Kumar suggested coverage of ₹9.5 crore (₹7.5 crore for the husband and ₹2 crore for the wife). The combined premium would be about ₹90,000 annually. The family is yet to buy term policies. The couple has a Reassure family floater health insurance plan from Niva Bupa. Kumar suggested they buy a super top-up plan of ₹50 lakh with ₹15 lakh deductible and a personal accident and critical illness cover.

Online fixed-fee advisory model is helping registered investment advisers to reach out beyond the metropolises

The Kesarwanis are invested in real estate, gold, public provident fund both in his and wife's names, as well has his children. He will also be redeeming five National Savings Certificates (NSCs) to deploy the funds in MFs, but will continue with his real estate, PPF and gold investments.

Financial goals

Kesarwani understands his family's future needs such as the education and wedding of his children. However, he had no idea how much to save. The same was the case with his own retirement goals. Kumar helped him estimate the cost of educating his children and wedding and how much to set aside to build his retirement funds. "Expecting 85 years of life expectancy for my wife, we have calculated the retirement corpus."

Apart from refining his portfolio, Kesarwani has learnt the importance of consulting registered financial advisors. Kesarwani paid only ₹15,000 to get his financial plan made. "I did not meet Kumar in person. The online journey was smooth. Data-gathering sheet too was helpful for us. We took our time in filling it up. We did it together, which made us have a good idea of where we stand and where we must reach in due course," he said. Reviewing his investments will cost him ₹5,000. "I'll get my financial plan reviewed every year as income, expense and goals change."

The online fixed-fee advisory model is helping registered investment advisors reach out beyond metros, where financial literacy is growing. Considering there are about 900 such advisors, there is a need for more. The Securities and Exchange Board of India's final guidelines for reviewing the regulatory framework for investment advisers and research analysts are awaited.

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Building wealth with purpose

The Kesarwanis were heavily invested in endowment and money-back plans, limiting the growth potential of their investments.

Anurag Kesarwani (39), Sneha Agarwal (wife, 36)
Children: Sons (twins, 8); daughter (1)
Profession: **Jewellery business**
Location: **Lucknow**

The blind spots

- 9 endowment and moneyback life insurance policies
- 27 regular mutual fund schemes
- No term insurance
- Inadequate health insurance
- No goal-based investment planning

Existing MF schemes

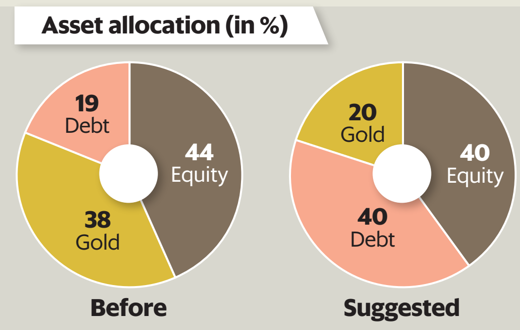
For short-term goals

- Overnight fund
- Liquid fund

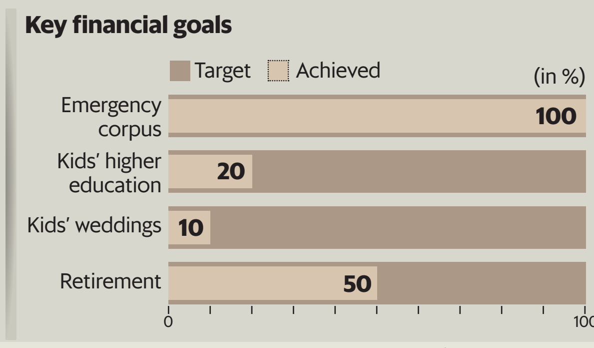
For long-term goals

- 50-50% allocation in debt & equity
- Nifty50 Index Fund
- Flexicap fund
- Gilt fund

Asset allocation (in %)



Key financial goals



Suggested term plan

Husband
₹7.5 crore
Wife
₹2.08 crore

Combined annual premium
₹90,000

Existing health insurance

Niva Bupa Reassure (family floater)
Coverage: **₹15 lakh**
Premium: **₹25,803**

Additional cover

Family floater super top-up

- Niva Bupa Health Recharge
- Coverage: **₹50 lakh** with **₹15 lakh** deductible

Premium: **₹5,000**

Personal standalone critical illness policy

Niva Bupa Criti Care
₹20,000 for **₹50 lakh** coverage

Kesarwanis are yet to buy a term plan and additional health cover

Financial plan by Abhishek Kumar, RIA & founder, SahajMoney

How to build a ₹1-cr education fund for my children in 12 yrs?

Harshad Chetanwala

HT

ASK MINT
INVESTMENT

I'm 35, planning to invest ₹50,000 monthly for my kids' higher education in 10–12 years, aiming for ₹1 crore. Should I focus on equity mutual funds, debt funds, or a balanced mix? What's the ideal asset allocation, and which funds or strategies must I consider? Should I review and adjust my portfolio periodically amid market volatility?

—Pratik Sharma

Investing through mutual funds offers flexibility in terms of liquidity, risk-based choices, and return potential, making them an excellent tool for achieving long-term goals like funding your children's education. Given your 10-year investment horizon, equity mutual funds are the ideal choice for building your target corpus, as they typically outperform debt and hybrid funds over longer timeframes.

Equity funds are best suited for goals with a horizon of five to seven years or more, as they can deliver higher returns despite short-term volatility.

Assuming an average annual return of 12%, a 10-year investment in equity mutual funds can help you achieve your ₹1 crore goal.

However, it's crucial to factor in education inflation, which is higher than general inflation. For example, assuming education costs rise at 10% annually, ₹1 crore in 10 years will have a purchasing power of ₹38.5 lakh today. If the estimated cost of education today is around ₹38 lakh, your target corpus aligns with your goal. Otherwise, you may need to reassess your target amount to ensure adequate funds.

Equity investments carry an inherent element of volatility, but a 10-year horizon helps mitigate its impact. Staying focused on your goals and being patient during market fluctuations are key.

Here are some equity funds you can consider: (i) ICICI Prudential Bluechip Fund; (ii) UTI Nifty 50 Index Fund; (iii) Parag Parikh Flexicap Fund; (iv) SBI Contra Fund; (v) HDFC Large & Mid Cap Fund; (vi) Nippon India Growth Fund.

It's advisable to review your portfolio every six to twelve months to monitor its performance and ensure you're on track. Periodic reviews allow you to make adjustments as needed, helping you stay aligned with your investment objectives.

Chetanwala is co-founder of MyWealthGrowth.com

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

THE ELEPHANT IN THE ROOM: WHY YOUR TAX REFUND IS UNEXPECTEDLY DELAYED?

POWER POINT

MAYANK MOHANKA

Respond to this column at
feedback@livemint.com

Have you ever wondered why your income tax (I-T) refund has still not come, whereas your colleagues and friends have got the same? The reason could be that your current year's refund may have been adjusted against your old income tax demand, embroiled in any long-pending appeal, before the commissioner (appeals).

A big elephant is roaming in the income-tax department's brainstorming room, well noticed yet unaddressed. The issue in point is the pendency of 580,000 income tax appeals before the commissioner (appeals) for disposal. This serious problem has been highlighted by the Gujarat high court in a recent judgement in the case of 'Om Vision Infraspace Pvt. Ltd vs. ITO'.

The high court, unable to get any concrete action plan from the revenue side concerning the large pendency of appeals, has stayed the recovery of outstanding income tax demands from the respective petitioners until the pendency of their appeals. Their appeals before the commissioner (appeals) had been pending for more than five years without any fault of theirs.

The faceless appeals system

Our Prime Minister Narendra Modi launched the faceless appeals scheme in 2020. However, even after five long years, a majority of such appeals are still pending, undisposed by the National Faceless Appeal Centre. An additional cadre of JCIT (appeals) has also been created to ensure faster disposal of small-value appeals. But the pendency of appeals looms large.

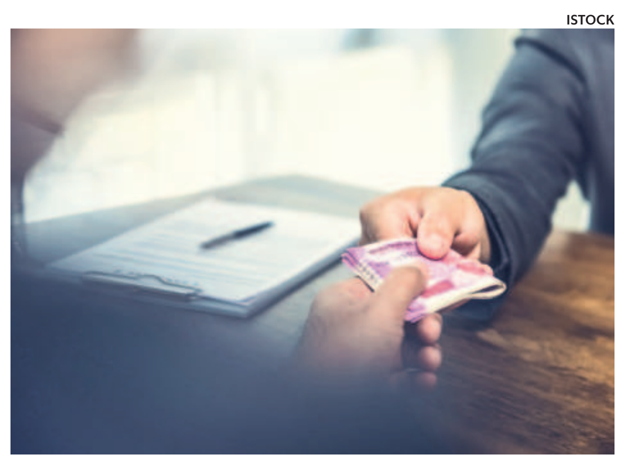
In many cases, the appellants have even filed their appeal submissions multiple times in the appeal filing window but with no response from the concerned appellate authorities. Even the mandatory opportunity of being heard through video conferencing (VC) is not being granted to the appellants.

In other cases, where the VC has been granted, but even after the lapse of a substantial time period after the VC hearing, no orders have been passed by the first appellate authority. This is leading to undue financial hardships for the appellants because there are many cases of high-pitched assessments wherein at least 20% of the demand has been coercively recovered, but the appellate relief is still not coming.

In view of a Central Board of Direct Taxes (CBDT) instruction, the taxpayers can get a stay of demand on paying 20% of such demand till the pendency of their appeals before commissioner (appeals). But, since such appeals have been pending for the last four or five years, the department is adjusting the entire demand stuck up in such appeals by way of adjusting the subsequent year's refunds against such demands.

The department has to grant an opportunity to the concerned

ISTOCK



taxpayers to agree or disagree with the proposed adjustment of their refunds against their old outstanding demands. But at the ground level, in view of the discretion available with the jurisdictional assessing officer, refunds are frequently getting adjusted, despite the taxpayers filing their disagreements with such adjustment. Thus, one of the prominent reasons for the substantial growth in the direct tax collections in recent years is such adjustment of refunds of subsequent years with old outstanding demands embroiled in appeals.

Another injustice the taxpayers face is that interest of 18% per annum keeps on adding up on their unadjusted tax demands until the pendency of their appeals. If taxpayers win their appeals, then they are entitled to interest on their refunds at just half the rate of 9% per annum.

Though amnesty schemes like 'e-Dispute Resolution' and 'Vivad se Vishwas' have been brought up by the legislature aimed at reducing the pendency of appeals, there is an urgent need to hammer the very root cause of such piling up of appeals before the commissioner (appeals).

The primary issue is the backlog of over 580,000 cases before (appeals) commissioner

A simple solution could be to convert the existing discretionary adjudication of appeals within a period of one year by the commissioner (appeals) into a mandatory requirement under the law. Besides, the currently flawed 'incentive points' system, awarding higher grading points to the commissioner (appeals) for disposing of higher-value tax demand appeals and lower points for adjudicating lower-value appeals, needs to be streamlined and restructured in the central action plan to ensure fairness and efficiency.

To achieve a permanent solution to this problem, the necessary supporting infrastructure should be ensured, along with the filling of vacancies and new appointments of the requisite number of competent commissioners (appeals).

It's high time now that this giant elephant of 580,000 pending appeals is sent gracefully to its home place, the jungle.

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

OUR VIEW

ISTOCKPHOTO

Banking reforms must show greater ambition

Tweaks in Indian banking laws are welcome, but this sector needs a structural shift. Much more credit must go to small needy businesses, while big firms raise funds by issuing bonds

The 19 amendments to banking laws that were passed by the Lok Sabha on Tuesday remove various niggles in extant provisions, straighten out some others and make life easier for bank customers, especially a tweak that allows four nominees per account. Under the present system of a single nominee, couples tend to nominate each other; should they both pass away together, say, in a road accident, their heirs would have a tough time accessing their inheritance. Instituting multiple nominees would significantly reduce the number of orphan accounts and the monies held in them. While these changes are welcome, they do not address India's principal challenge of banking. Bank credit to the commercial sector in India has hovered around 50% of GDP. This is far below the figure for most developed countries and also China, where bank loans exceed the economy's annual output. The only rich country where bank credit is a low proportion of GDP, like India, is the US. But then, America has a well-developed debt market that lets companies borrow from individual investors and saving pools, regardless of whether lending them money is deemed safe or very risky. Rated highly or as 'junk,' bonds issued by businesses tend to find takers in the US.

A 2022 report by the Lok Sabha Standing Committee on Finance put the unmet credit demand by micro, small and medium enterprises (MSMEs) at ₹25 trillion or 47% of their borrowing needs. While more than 90% of India's nearly 60 million MSMEs are micro sized and best served by specialized non-bank finance companies (NBFCs) that have the wherewithal for this task—which involves high processing costs loaded onto small loans—our banks must play their role, too, by lending money to NBFCs for them to lend tiny enterprises. While this has been happening to some extent, MSME associations still complain that barely 15% of their credit requirements are met from banks. Recently, the Reserve Bank of India (RBI) cracked down on some NBFCs that were allegedly making usurious loans. This was partly on the suspicion that an unhealthy chunk of retail loans were being used by borrowers to speculate on the stock market. The banking sector's regulator is right to be concerned about that, but wrong to curtail additional lending by NBFCs. After all, a tiny enterprise that's denied access to an NBFC would probably turn to an informal money-lender who will charge rates of interest many times higher than what even credit-card issuers do, which are typically higher than the rates RBI terms 'usurious' when levied by NBFCs.

India's credit market needs a structural shift. Large well-known companies must raise funds, especially project finance, by issuing bonds instead of borrowing from banks. Large clients lull banks into lazy banking; their funds get deployed relatively safely and profitably, and they're spared the job of doing risk assessments for relatively small loans. Since risk pricing is the core role that banks are expected to play as financial intermediaries in an economy, such laziness must end. India's Account Aggregator framework lets banks collate financial data on small borrowers and assess risks in a way that wasn't possible a decade ago. Banks should take on larger MSMEs as clients and invest in bonds issued by NBFCs that lend to tiny enterprises. Since they would be able to charge higher rates of interest than on loans to large corporations, it would help their bottom-lines too

MY VIEW | MYTHS AND MANTRAS

Cricket decisions to self-driving car deaths: Spot the AI paradox

Human biases lead to frequent failures but we expect technology systems to be entirely error-free

DEVINA MEHRA
is chairperson, managing director and founder of First Global, an Indian and global asset management company, and author of the forthcoming book 'Money, Myths and Mantras: The Ultimate Investment Guide'. Her X handle is @devinamehra

A recent Primer on artificial intelligence (AI) in this newspaper mentioned all the ways AI could go wrong. Some of the issues related to AI taking over, like robots coming up with a language of their own. But there were also examples like self-driving cars causing accidents or AI giving wrong medical diagnoses.

Even in cricket, while rule-enforcing systems have been in place for a while, there are still occasional murmurs from players, commentators and spectators about the number of errors these make. People still talk about the wrong dismissal in 2014 of Pakistani opener Shan Masood in a Test match against New Zealand on account of a review call taken by the Decision Review System.

It is rather obvious that human beings will be reluctant to outsource decision-making to systems like this which make errors. This appears to be the right way to do things. But is it?

Let us do a thought experiment. India has more than 150,000 people dying each year in road accidents—among the highest in the world even on a percentage-of-population basis. Now suppose all vehicles are changed to self-driving ones and the death toll drops to 50,000. What will newspaper headlines be? Think carefully before you read any further. Will the headlines be, "Self driving vehicles reduce death toll by two thirds"? Or will they be, "Self driving vehicles kill 50,000 Indians every year." My guess is, it will be the latter.

This is the paradox!

My favourite academic Daniel Kahneman talks about this phenomenon in his book *Noise,* albeit not in the context of AI or self-driving cars.

One key takeaway: A well designed algorithm/rule-based system will almost always beat a so-called experienced expert in any area of human enterprise that requires judgement.

The reasons are simple. One, human beings are prone to biases, which are more systematic. For instance, biases for or against a race, caste, gender, etc. as well as others like loss aversion bias or hindsight bias. Two, having human decision-makers adds noise, which is random variability, to the mix.

Equally experienced experts in areas like judicial sentencing, insurance or investing will differ dramatically in making a judgement on the same issue and with exactly the same facts or information. The same person may come to divergent conclusions at different points in time. Tip: judges are more generous in granting bail or other reliefs after, rather than before, lunch.

This variability is noise, which can be reduced by having a proper system. You can easily visualize this: Give the same company information to an array of stock market experts, analysts or fund managers, and each will have their own take on it. We have all seen that skilled well-known doctors will often differ in their opinion both on the diagnosis of an ailment and the recommended treatment. That, in short, is noise.

The book illustrates that in almost all human endeavours, right from reading mammograms to whether an accused should be granted bail, well-constructed algorithms consistently outperform human beings—that too humans who have a lot of experience and expertise—say, compared with judges with decades of experience.

So, what's the problem? It lies in how we judge the competing systems. We intuitively know that human beings will make errors. For instance, doctors routinely misdiagnose ailments and human cricket umpires make mistakes. But we consciously or not expect a machine-led system, say an AI system, to be error free.

We are willing to ditch it at the first mistake: the first wrong diagnosis based on a mammogram or the first accused out on bail who commits a crime. Never mind that doctors and judges are also error-prone. In short, instead of evaluating whether the machine works better than human beings, we expect the machine system to be 'perfect'.

This is irrational. What we should be testing is whether the machine system improves on the alternative, rather than whether it is completely error-free on a standalone basis.

This usual pattern of thinking leads to wrong choices, as we may abandon a system or machine even if it is better than what was being done earlier.

That is why in the case of self-driving cars, we are not willing to live with a single fatality, even though human car drivers make many more errors and cause more deaths. It is also the reason why we discuss wrong cricketing decisions made by the system far longer than we do the more numerous mistakes made by human umpires.

The moral of the story is this: When it comes to evaluating alternative processes or systems, always pause and think, especially whether you are using the same yardstick to evaluate all the systems or have unrealistic expectations of one.

As an aside, this book is an endorsement of the path that we chose at First Global some years ago to put all our decades of research expertise into a system, which could then be applied on a bias- and noise-free basis across the whole universe of stocks. Of course, this system does not outperform in every single month or quarter—and that is not a bug!

10 YEARS AGO

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LATEST ATTEMPT

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QUICK EDIT

A question of bouncers

Janata parties seek to turn back the clock

JUST A THOUGHT

> Technology... is a queer thing. It brings you great gifts with one hand, and it stabs you in the back with the other.
>
> CARRIE SNOW

MY VIEW | WORLD APART

Australia's social media curbs are worthy of emulation

RAHUL JACOB

is a Mint columnist and a former Financial Times foreign correspondent.

Australia's barring of children under 16 from accessing social media is a giant leap forward for humankind in its effort to police tech companies. The new law, passed in Australian parliament last week with support from the opposition as well, trains a spotlight on the damage that social media does to society. Australia has done the world a service.

Technology companies are mandated to take "reasonable steps" to prevent underage users from using social media services or risk being fined \$32 million. The bill was backed by Australia's main opposition party, the Liberal Party.

It is 60 years since Donald Horne, an academic, called Australia "the lucky country", a phrase intended as an insult. Instead, on every visit, I find a pragmatic and sensible country, relative to the thoroughly polarized US and UK. This past week saw calm responses to a freak electricity blackout in Sydney, and then, in the field of cricket, there was the always classy Pat Cummins' refusal to reflexively axe members of his team after a thrashing by the Indian team.

Critics of the social media bill will point out that enforcement is likely to prove, well, impractical. Certainly, deciding on what form of identity will serve as proof-of-age will be complicated by the need to protect the privacy of citizens.

Yet, the common-sense approach taken by Australian politicians of all stripes in acknowledging the damage social media does to young children is worth emulating. One need look no further than *The Anxious Generation*, a recent book by New York University social psychologist Jonathan Haidt. It documents how rates of depression, anxiety, self-harm and suicide among American undergraduates rose sharply in the decade between 2010 and 2020; anxiety by 134% and depression by 106%. Haidt places the blame squarely on the increased use of smartphones since then.

In Haidt's telling, the reason exposure to social media of teens and preteens needs policing is straightforward: "While the reward-seeking parts of the brain mature earlier, the frontal vortex—essential for self-control, delay of gratification, and resistance to temptation—is not up to full capacity until the mid 20s, and preteens are at a particularly vulnerable point in development," Haidt writes. "As they begin puberty, they are often socially insecure, easily swayed by peer pressure, and lured by any activity that seems to offer social validation." I happen to be a gay man who has never had any interest in having children, but several passages in this riveting book gave me the chills. As Haidt points out, we don't allow children to buy alcohol or tobacco or visit casinos—all three admittedly easier to police than access to the world wide web—so why would we allow unrestricted access to social media?

> **Barring under 16s from social media will at least spotlight the harm these platforms are doing them**

To take just one seemingly harmless example, the selfie, which has harmed young girls' sense of self-esteem disproportionately. Haidt notes "the increasing prevalence of posting images of oneself, after smartphones added front-facing cameras (2010) and Facebook acquired Instagram (2012), boosting (the practice's) popularity." Many among Gen Z, the generation born between 1997 and 2012, became the first casualties: "Succeeding socially in that universe required them to devote a large part of their consciousness—perpetually—to managing what became their online brand." Instead of spending time enjoying necessary unstructured play time with their peers, more and more children (and adults) spend their time online on social media. Negotiating differences on the playground or in less rule-bound games and benefitting from face-to-face camaraderie turns out to be a key foundational skill for children that helps in their social development.

Except when governments such as Australia's or the UK's move to police them, tech entrepreneurs are brazenly direct about the spell they are casting on us. Asked to name his top competitor, Netflix chief executive officer Reed Hastings said it was sleep. Similarly, by billboarding likes, shares and retweets, Facebook and other social media companies created "a social-validation feedback loop... exactly the kind of thing a hacker like myself would come up with because you're exploiting a vulnerability in human psychology," as Sean Parker, a senior executive at Facebook, is quoted as saying almost a decade ago.

Australia's social media ban on children under 16 should make adults sit up and pay attention to the damage social media is doing to the fabric of society. The polarization of politics worldwide and the swing right in countries as disparate as the US, the Netherlands and Germany is one sign of this. The toxic quality of much of the discourse on X another.

Billionaire Elon Musk's outsized role in the US election and his elevation to head a Department of Government Efficiency heralds an era of governance by tech oligopolists that even great novelists could not have dreamt of. Musk has recently taken aim at the British government, calling it a "police state" because the Labour government has prosecuted and jailed people who spread hate speech online during riots in the UK earlier this year.

It is abundantly clear that so-called Tech Bros are not shy about throwing their weight around. More governments, like Australia's and the UK's, urgently need to find ways to discipline them.

THEIR VIEW

India's insolvency code is a vital growth enabler: Let's enhance it

This reform would perform better if we adopt technology for processes, clarify legal principles and close cross-border gaps

AMITABH KANT & RICHA ROY
are, respectively, India's G20 Sherpa and former CEO, Niti Aayog; and a partner with Cyril Amarchand Mangaldas.

The Insolvency and Bankruptcy Code (IBC) transformed India's approach to corporate financial distress. Once, it was said that India transitioned from "socialism without an entry" to "capitalism without an exit" for businesses. This paradigm shifted with the introduction of the IBC, which provided a much-needed mechanism to address insolvency issues in a time-bound and efficient manner. Passed in May 2016, it has played a transformative role in the Indian economy. At the time of its enactment, we were grappling with a twin balance sheet crisis, where banks' non-performing assets (NPAs) were hovering close to 12%. This resulted in the choking of fresh credit, the jet fuel for any economy, stalling economic growth. The IBC emerged as the lighthouse of a new era, resulting in what J. Nariman eloquently paraphrased John Milton to call a "defaulter's Paradise Lost."

It engendered a culture of corporate accountability and credit discipline. Lan contracts regained their sanctity. A behavioural shift occurred for borrowers, who repaid their debt. NPAs are now at a historic low, bank balance sheets are robust, credit is growing at a healthy clip and growth is back on track. The IBC succeeded because the entire ecosystem and institutional infrastructure, from regulators, including the new Insolvency and Bankruptcy Board of India (IBBI), and the legislature to the courts, banks and the market worked for it.

However, we must acknowledge some concerns over the present functioning of the IBC that indicate a need for a second generation of reforms.

Analysis of IBBI data shows that insolvency resolution at the National Company Law Tribunal (NCLT) averaged 716 days in 2023-24, up from 654 days in 2022-23. More concerning is the average time taken for the admission of cases, which stood at 468 days in 2020-21 and rose to 650 days in 2021-22. Recovery from defaulters under the IBC fell in 2023-24 from the previous year, although 42% more cases saw resolution that financial year. The rate of recovery fell to 27% of creditors' admitted claims in 2023-24 from 36% the previous year, pulling down the cumulative recovery since the IBC was introduced in 2016 to 32%.

However, recovery touched 85% of the fair value of stressed companies when admitted for resolution and 161.8% of the liquidation value. Creditors are applying for IBC admission more than two years after the account is labelled an NPA. Delays in filing applications are leading to asset-value drops. IBBI studies show that about 50% of value is eroded before companies are admitted under the IBC. Given the inverse relationship between time and value, it is necessary that creditors apply as early as possible. Notably, the IBC allows for withdrawal in case of a settlement after admission.

MINT

The institutional infrastructure needs significant augmentation to improve admission and resolution timelines. Recent court rulings on the IBC have deviated from the established position on matters such as the supremacy of the commercial wisdom of the Committee of Creditors (CoC), the waterfall of dues with state dues subordinate, and the requirement for the NCLT to admit a petition without exercising discretion if a financial debt exists.

Substantive changes to the IBC on issues of cross-border insolvency, creditor rights, sector-specific nuances and pre-packs are necessary. The finance minister is cognizant of this. In her budget speech, Nirmala Sitharaman stated, "Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution."

This is a good to review the evolution of the IBC, which the International Monetary Fund had termed a "big bang" reform:

Phase I: 2016-2020: As a statute, the IBC combined international best practices with reforms specific to Indian ground realities. It adopted a creditor-in-control model, distinct from the US Chapter 11. The IBC sought a consensus forged among creditors, with a cross-class cram-down against hold-outs to ensure that once 66% of creditors agree, it's binding on all.This model was protected by offering liquidation value, reflecting a World Bank best-practice that has since been incorporated into the UK's law. The IBC also set up a new regulator, the IBBI, which has been agile, adaptive and adept at responding to the challenges of this transformative new law, and created specialized courts and a class of professionals known as resolution professionals. All regulators and arms of government worked together to ensure its success, with the judiciary upholding the Act's constitutionality and architecture.

Phase II: 2020-2022: A moratorium on new cases was issued in March 2020 due to the covid pandemic, barring creditors from filing applications.Provisions were added to specify that no applications for initiation of a Corporate Insolvency Resolution Process (CIRP) for defaults during the covid period could ever be filed. A modified version of the IBC was used to resolve non-bank finance company distress. One of the largest cases was the resolution of DHFL.

Phase III: 2022-present: Since the last resolution cases, there has been a significant slowdown.The NCLT's capacity inadequacy impacts both speed and quality. Several proposed amendments, including those concerning cross-border insolvency and pre-packs, are on hold.

Here are second-generation IBC reforms that could be carried out:

One, re-engineer tribunal processes: Justice delayed is justice denied. We must minimize judicial bandwidth on administrative matters while opening non-core functions to innovative technology for improved court management. We need to open our doors to cutting-edge tech solutions offered by the private sector, while carefully preserving the core of its sovereign judicial functions. Private involvement in passport Seva Kendras could serve as a model even for court processes. Global examples, such as the autonomous His Majesty's Courts and Tribunals Services in the UK, can guide us in transforming our judicial processes. Broader judicial process re-engineering could enhance the administration of justice in India.

Two, clarify legal principles: We need clarity on government dues, following the *Rainbow Papers* case, which highlighted the statutory priority of value-added-tax dues over the IBC distribution waterfall, stating that CoC members cannot secure their own dues at the cost of statutory dues owed to any government. This seems to contradict the IBC's legislative intent, which aimed for a lower priority given to government dues compared to secured lenders and financial institutions. We need a statutory amendment on this.

Three, address legislative lacuna on cross-border insolvency: India has yet to adopt a cross-border insolvency framework, under the UNCITRAL Model Law on Cross-Border Insolvency Framework. Sections 234 and 235 of the IBC provide only an enabling framework for cross-border insolvency, which is yet to be acted upon. We will need a model law on cross-border insolvency.

A comprehensive review of the IBC was undertaken last year, and the government is considering amendments. These are expected to reduce delays and increase recovery rates for creditors. The progress we have made over the past eight years is commendable. However, as we step into the next phase, dialogue, collaboration and innovation can strengthen our insolvency framework.

An enhanced IBC would be a vital enabler of India's economic growth, helping create a resilient and sustainable insolvency regime for a robust economy.

These are the authors' personal views.

MINT CURATOR

The US Fed must rethink the way it exercises its authority

Clarify quantitative tools and shift the rate targeted by Fed policy

BILL DUDLEY
is the chair of the Bretton Woods Committee and has served as president of the Federal Reserve Bank of New York from 2009 to 2018.

US policy could target the interest rate on reserves instead of the fed funds rate AP

Next year, the US Federal Reserve will undertake an exercise with global implications: its periodic monetary policy framework review, at which it rethinks its approach to managing the world's largest economy. Although the Fed plans to focus on some of the right things, it appears important bits will be left out.

On the positive side, the US central bank seems poised to scrap a regime aimed at preventing short-term interest rates from staying stuck at the zero lower bound. Adopted at the 2020 review, following the zero-interest-rate experiences of the 2008 financial crisis and the global pandemic, it committed the Fed to keep rates at the lower bound until three conditions had been met: employment had reached the highest level consistent with stable inflation; inflation had reached 2%; and inflation was expected to climb above 2% to offset past downside misses. This was supposed to keep inflation expectations more strongly anchored at 2%, preventing an unintended tightening of policy if those expectations were to fall.

That strategy was oriented at fighting the last war and proved poorly suited for an economy emerging from the pandemic. By March 2022, interest rates were still near zero and the Fed was buying Treasuries and mortgage-backed securities to push down longer-term rates—while the US unemployment rate was 3.8% and the central bank's preferred measure of inflation exceeded 5%. The Fed was providing extraordinary stimulus even as the economy overheated.

Chair Jerome Powell appears to recognize the problem. He has noted that the risk of getting pinned to the lower bound has likely declined because the neutral interest rate—the rate that neither stimulates nor hinders growth—is higher than it was in the decade following the 2008 crisis. As Powell put it: "You don't target an overshoot, you just target inflation."

So far, so good. But three major issues need to be on the review's agenda.

First, the Fed needs a framework for quantitative easing, the asset purchases it has used to provide added stimulus and for its reversal (quantitative tightening). Without a framework, market participants struggle to understand when and how policies will be implemented. This undermines their effectiveness, because market expectations affect longer-term Treasury rates, financial conditions and the transmission of monetary policy to the economy.

Second, a regime is needed to assess the costs and benefits of quantitative measures, to better understand what's actually worth doing. Consider, for example, the last year of the purchase programme that ended in March 2022: the Fed purchased \$1.4 trillion in assets at a time when it was pretty clear that the development of covid vaccines and the Biden administration's immense fiscal stimulus would obviate the need for the added monetary stimulus. Those purchases will end up costing the US taxpayer more than \$100 billion. The total cost of the pandemic-era quantitative easing could reach \$500 billion.

Third, the Fed should change its interest rate target. The federal funds rate is obsolete, tracking a market that banks mostly don't use anymore because bank reserves are so plentiful. This has complicated the central bank's job: In 2015, for instance, it introduced an overnight reverse repo facility to keep the fed funds rate from falling below its target range. The Fed should have switched to the interest rate on the reserves that banks hold at the central bank years ago, a power that the Fed got back in 2008. Better late than never.

Some argue the Fed can't easily switch targets because the rate on reserves is set by its Board of Governors, not by the Federal Open Market Committee (FOMC) that's responsible for monetary policy. This is unconvincing. Governors could vote once a year to abide by FOMC recommendations on what the interest rate on reserves should be. Given the membership overlap between the two entities, the risk of conflict seems negligible.

There's also one issue that's not worth considering: Whether the Fed should raise its inflation target above 2% to reduce the risk of getting stuck at the zero lower bound. As Powell noted, that risk has receded. More important, the 2% target has helped keep inflation expectations well anchored, even when inflation was soaring. Changing the target could weaken confidence in the Fed's resolve—a dangerous move at a time when inflation is still above the Fed's objective and the central bank might face pressure to loosen monetary policy to help deal with the government's unsustainable debt buildup.

As Donald Trump's victory over Kamala Harris underscored, voters don't like inflation. The will of the people has to count for something.

THEIR VIEW

India's GDP shocker: Bad news can sometimes be good

SACHCHIDANAND SHUKLA

is group chief economist at Larsen & Toubro.

India's growth in gross domestic product (GDP) of 5.4% in the three months ended 30 September, or the second quarter of 2024-25, was a shocker. It undershot even the most pessimistic forecasts. It's the lowest level seen since the third quarter of 2022-23 and a sharp drop from 8.1% growth in the same period last year and also from 6.7% in the first quarter of 2024-25. The consensus expectation stood at about 6.5% and the Reserve Bank of India (RBI) was expecting around 7% growth till its October policy, only to pare it to 6.8%. Growth in gross value added (GVA), which is the preferred measure of economists to gauge the economy's momentum, at 5.6% was a tad better (even if a seven-quarter low). Core GVA, which strips out more volatile components such as agriculture and thus is a broader and better measure of private-sector growth, stood at a mere 4.3%, capturing the intensity of the slowdown. Even nominal GDP growth slowed to 8% year-on-year in the latest quarter, the weakest since covid. Given the budget's 10.5% nominal growth assumption for 2024-25, any undershoot could also hurt India's fiscal accounts. Yet, with this sort of a shocker, a peculiar logic may take hold too: 'What's bad is good.' This may seem like yet another example that challenges the tradition of economics which assumes all economic agents as rational, but read on.

The first thing a shocker does is make everyone, including policymakers, sit up and take notice. It then forces an assessment that prompts corrective action and hence the 'bad news is good' thinking.

Why did growth slow down so dramatically? True, the world today is a fraught and uncertain place, but a large part of the slowdown (bar private capital expenditure) seems to be influenced by domestic factors.

Several experts have been pointing out that the government taking its foot off the accelerator of expenditure growth while the central bank's foot was on the brakes by way of a tight-money policy, combined with a slew of macro prudential measures, was bound to hurt growth. Fiscal spending that slowed expectedly in the first quarter of 2024-25 owing to the Lok Sabha elections did not reaccelerate at the desired pace in the second quarter. Most forecasters expected second-quarter growth to be only slightly weaker than in the first. Agriculture growth was also seen to be strengthening after a sluggish performance.

Government capital expenditure spending contracted about 15% year-on-year in the first half of 2024-25, while revenue expenditure grew 8.6%, leading to overall expenditure growth of a mere 3.3%. Overall investment growth (gross fixed capital formation, or GFCF, stood at 5.4% versus 7.5% in the first quarter) also moderated, as government capital expenditure spending tracked lower (37.3% of the Budget Estimate in the first half of 2024-25) compared to last year (49%).

A tango of fiscal and monetary policies can do the trick and give India's economy the fillip it needs

Not surprisingly, both investment and consumption dragged down GDP growth. Growth in consumption, which accounts for over 58% of GDP, slowed to 6% from 7.5% in the first quarter. Urban demand was hurt in part due to a moderation in leveraged consumption, visible in lower growth of unsecured retail lending on account of RBI's macro-prudential measures, soaring food inflation that squeezed disposable incomes and the lingering impact of slow hiring in some sectors.

For RBI's 7.2% target for 2024-25 to be achieved, growth in the second half will have to clock 8%-plus. The good news is that the policy levers needed are largely internal.

First, it will have to be the fiscal arm that must unclog the spending spigots. It will have to double down on its capital expenditure and spend at a run rate of about ₹1.17 trillion per month for the rest of 2024-25. It can do so by its own version of OMOs ('open mouth operations') by way of directives to various ministries and departments to raise spending. It can also nudge states that need to spend about ₹90,000 crore per month and to use their ₹1.5 trillion interest-free capital expenditure loans. To be fair, the government has already started spending, as seen in its cash balances with RBI being run down. Revenue expenditure shot up 42% year-on-year in October.

Reassuringly, select high frequency indicators are holding up. Higher *kharif* output and brighter prospects of *rabi* combined with the impact of government activity will spur rural demand and discretionary spending. The marriage season on the heels of a satisfactory festive season should also record gains from dismal third -quarter numbers.

As for monetary policy, RBI faces 'poor optics' if it cuts rates now when its own 2024-25 GDP forecast is at 7.2% and the last inflation print was 6.2%, given that it did not cut when inflation was under 4% a few months ago. RBI can now be expected to lower its GDP forecast. It will also help to sound slightly dovish by giving growth concerns due weightage in its upcoming policy statement. Infusing more liquidity by way of a cash reserve ratio cut (a 50 basis points cut could provide about ₹113,000 crore), variable rate repo auctions or open market operations would also help. It could allow gradual rupee depreciation to spur exports and mull cutting the repo rate between now and its February meeting if growth doesn't revive or vegetable inflation cools fast.

A coordinated and unwavering fiscal-monetary tango that has held India in good stead in the past could do the trick yet again and provide a back-ended fillip to growth going forward.

These are the author's personal views.

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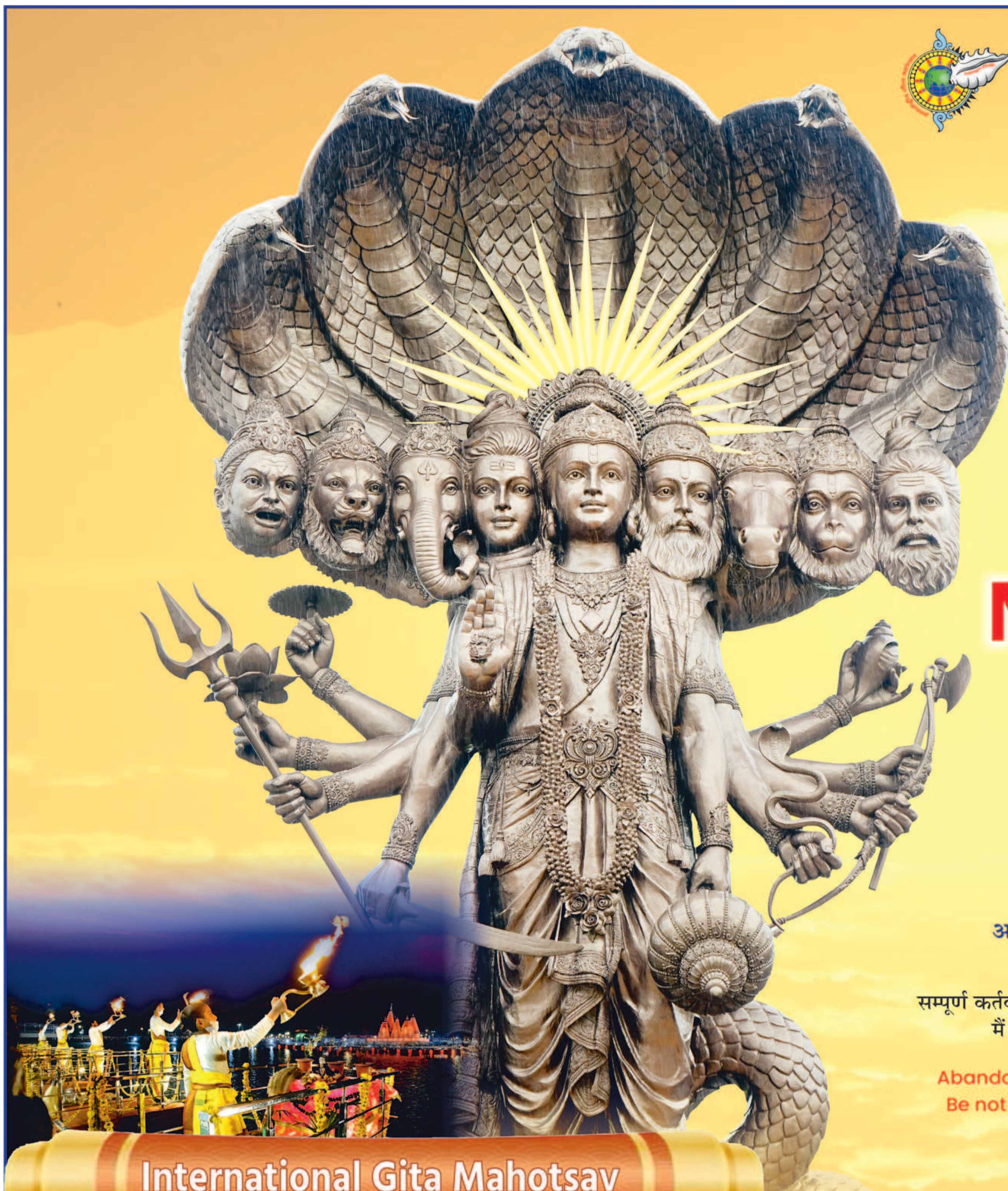

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Kurukshetra, Haryana

सर्वधर्मान्परित्यज्य मामेकं शरणं व्रज।
अहं त्वा सर्वपापेभ्यो मोक्षयिष्यामि मा शुचः॥
भगवद्गीता 18.66

सम्पूर्ण कर्तव्य कर्मों का आश्रय छोड़कर तू केवल मेरी शरण में आ जा।
मैं तुझे सभी पापों से मुक्त कर दूंगा, शोक मत कर।

Abandoning all duties, come to Me alone for shelter.
Be not grieved, for I shall release you from all evils.

International Gita Mahotsav

Inauguration

December 5, 2024

By

Sh. Bandaru Dattatraya
Governor, Haryana

Lt.Gen. Gurmit Singh (Retd.)
Governor, Uttarakhand

Sh. Arif Mohammed Khan
Governor, Kerala

Ms. Tabia
Minister for Information, Youth & Culture, Zanzibar

and

Sh. Nayab Singh Saini
Chief Minister, Haryana

Main Programmes

09:00 am	Gita Yajna and Gita Pujan (Brahma Sarovar, Kurukshetra)
11:15 am	Inauguration of the Pavilions of Haryana, Partner State Odisha and Partner Country Tanzania
12:30 pm	Inauguration of International Gita Seminar
05:00 pm	Bhajan Sandhya and Maha Aarti
06:00 pm	The Cultural Evening

"सभी देशवासियों को गीता जयंती की अनंत शुभकामनाएं।
श्रीमद्भगवद्गीता सदियों से मानवता का मार्गदर्शन करती आई है।
अध्यात्म और जीवन-दर्शन से जुड़ा यह महान ग्रंथ हर युग
में पथ प्रदर्शक बना रहेगा।"

- नरेन्द्र मोदी

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