HT MUMBAI, NEW DELHI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 8 NO. 45

Thursday, February 20, 2025

mint

Think Ahead. Think Growth.

mint primer

Another fraud: Did PMC crisis change anything?

BY SHAYAN GHOSH

Another cooperative lender is now embroiled in an alleged fraud. Mumbai-based New India Cooperative Bank faces crippling curbs from RBI and its board has been dissolved, similar to what PMC Bank faced in 2019. Has anything changed since then? *Mint* explains.

1 What happened at New India Co-op?

On 13 February, RBI placed the lender under restrictions and directed the bank to not allow withdrawals from savings, current or any other deposit accounts. While directing depositors to bank officials and to India's banking deposit insurance provider on how to claim their insurance payments against deposits of up to ₹5 lakh, RBI said the restrictions should not be seen as a cancellation of the bank's licence. A day later, uncertain over the future of their money, depositors rushed to branches of the bank in Mumbai. RBI also took control of the bank's board and placed a retired banker to manage the operations.

2 What do we know about the bank?

It started in 1968 as the Bombay Labour Cooperative Bank—founded by former minister George Fernandes, and Ranjit Bhanu, whom the bank's website refers to as a "noted criminal lawyer, trade unionist and a member of legislative assembly". The bank held deposits of ₹2,436.4 crore as on 31 March 2024 versus ₹2,405.9 crore a year earlier, says its annual report. About 67.2% were fixed deposits, 27.9% savings deposits, and the rest current accounts. Loans fell 11.7% on-year to ₹1,174 crore. Capital adequacy was 9.1% in FY24 against the required 10%. It has not met the minimum level for two fiscals now.

MINT

3 What is the cause of this disruption?

Hindustan Times reported that the police arrested 57-year-old Hitesh Pravinchand Mehta, who worked as general manager-accounts, for allegedly siphoning money on the pretext of transferring cash between the Prabhadevi and Goregaon branches. Last Wednesday, a team of RBI officials visited the bank headquarters and found that ₹112 crore in cash was missing.

4 Has RBI been watching cooperative banks?

It has stepped up the scrutiny of cooperative banks over the past few years. Enforcement actions against such lenders have risen from nine in FY20 to 43 in FY21, 145 in FY22, 176 in FY23, and to 215 in FY24, showed RBI data. RBI categorizes urban cooperative banks under four tiers, based on the size of deposits. At the end of FY24, there were 1,472 urban cooperative banks, with the number rising in the 1990s under a "liberal licensing policy". The sector has also seen consolidation with 156 mergers since FY05.

5 Has anything changed since 2019 PMC crisis?

The Punjab and Maharashtra Cooperative Bank was on the brink of a collapse due to loan irregularities when RBI seized it in September 2019. It was taken over by Centrum Financial Services and fintech BharatPe in 2022. In 2020, the government had amended the Banking Regulation Act, giving RBI more powers over such lenders. Urban cooperative banks are regulated and supervised by the RBI. But state co-operative and district central co-operative banks are regulated by RBI and supervised by Nabard.

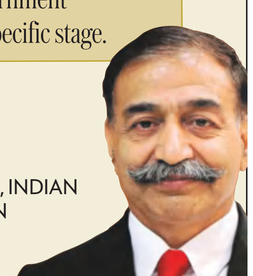
QUICK EDIT

Trump's new salvos

US President Donald Trump seems to have expanded his tariffs further. He has announced another round of impositions targeting automobiles, semiconductor chips and pharmaceutical imports. "I probably will tell you that on April 2nd, but it will be in the neighbourhood of 25%," he reportedly said, referring to the rate he had in mind. These follow recent trade barriers against steel and aluminium imports, and also his declared plan for "reciprocal" levies. With the contours of US trade policy shape-shifting by the day, it is getting harder to figure out how one proposal squares up with the next. The idea of reciprocity suggests that the US wants tariffs that mirror what its trade partners have. In many cases, that would clash with the 25% rate he seems so fond of. Which rate regime will supersede the other has been left unclarified. This heightens the trade uncertainty that he has plunged the globe into. For India, his pharmaceutical tariffs are a particular cause of worry, given America's value as a market for Indian exporters. Since about 40% of US generic drugs are from India, it would face higher healthcare costs in the bargain. But that aspect doesn't seem to perturb its leader.

QUOTE OF THE DAY

We are witnessing a surge of pioneering startups developing groundbreaking solutions for the space industry. But to turn these concepts into practical products that can be offered to a new marketplace, there must be sufficient funding, especially from government institutions at this specific stage.



A.K. BHATT,
DIRECTOR GENERAL, INDIAN SPACE ASSOCIATION

INSIDE

mint Data Bites

SMARTEST AI MODEL?

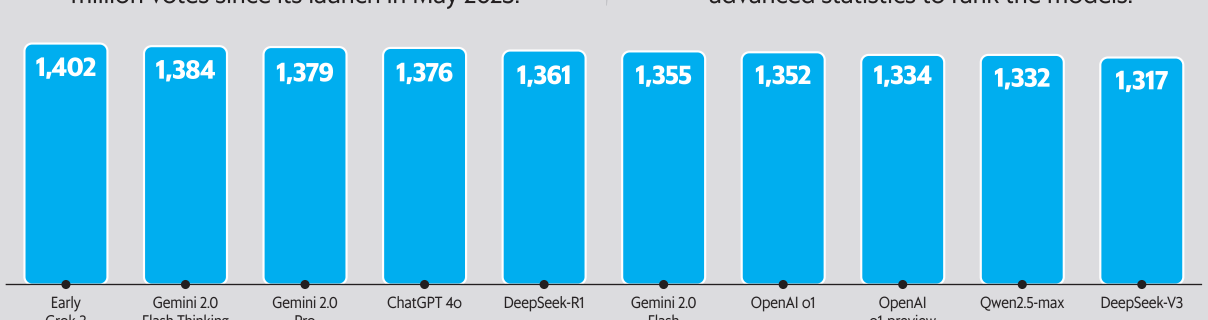
xAI'S GROK-3 SCORES 1,400 IN CHATBOT ARENA

WHAT IS CHATBOT ARENA?

"Chatbot Arena" is a crowdsourced, online platform used for benchmarking and evaluating performance of various AI models. The platform has so far evaluated 205 AI models based on 2.7 million votes since its launch in May 2023.

HOW IT WORKS

A user asks a question to two anonymous LLMs. Then they vote for the model with the preferred response. The models' identities are revealed only after voting. The data is then analyzed using advanced statistics to rank the models.



Data: Shuja Asrar, design: Satish Kumar

LLMs: Large language models

Source: Chatbot Arena

PLAIN FACTS

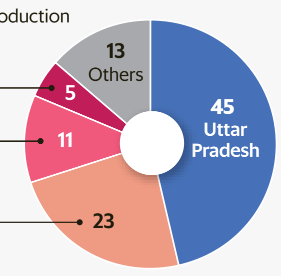
Hidden cost of India's rising sugar empire

BY NITESH KUMAR

Uttar Pradesh was India's largest groundwater extractor in 2023, using as much water as that could meet Bengaluru's water needs for 48 years.

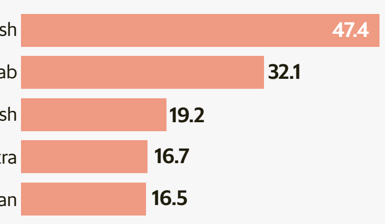
Uttar Pradesh accounted for nearly half of sugarcane production in 2013-2023

Share of sugarcane production (in %), 2013-2023



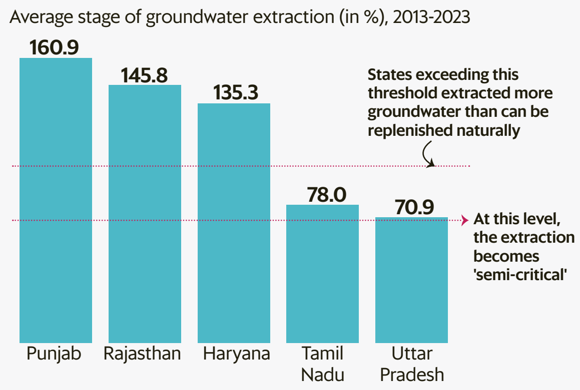
The state leads in groundwater extraction as well

States with highest groundwater extraction in 2013-2023, annual average (in billion cubic metres)



Key farm states, including Uttar Pradesh, have untenable groundwater extraction levels

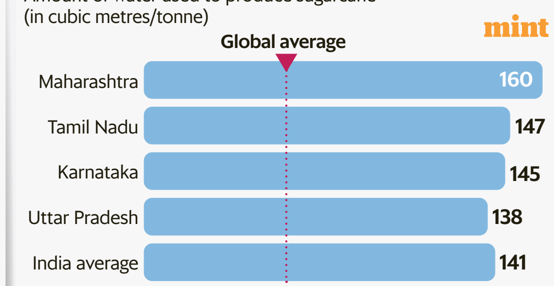
Average stage of groundwater extraction (in %), 2013-2023



The stage of groundwater extraction measures available groundwater, actual usage, and the percentage extracted. For example, if groundwater extraction exceeds 100%, it means the state is using more water than can naturally recharge, classifying it as over-exploited.

India uses more than double the water for sugarcane as against the average

Amount of water used to produce sugarcane (in cubic metres/tonne)

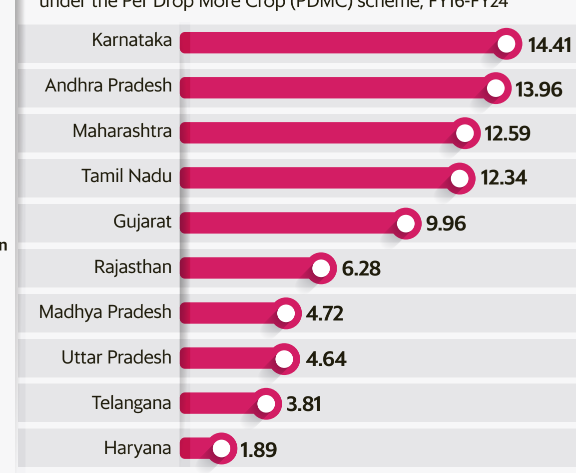


Sugar diversion to ethanol production has surged over the years

Share of sugar output diverted to ethanol production (in %)

Uttar Pradesh has been receiving a fraction of micro-irrigation funds

Share (in %) of funds allocated to states under the Per Drop More Crop (PDMC) scheme, FY16-FY24*



Source: Central Ground Water Board; Value of Water Research Report Series No. 47, Unesco-IHE, Delft, the Netherlands; department of food and public distribution; ministry of agriculture

PARAS JAIN/MINT

In just 10 years, India has become the world's second-largest exporter of sugar from the fourth largest, but this dominance has come at a high cost: rapid groundwater depletion. Sugar is extracted from sugarcane, a water-guzzling crop that adversely impacts India's groundwater sustainability. A deep-dive investigation by *Mint*, backed by interviews with multiple farmers, government officials, and experts, and data crunching from official sources, shows groundwater in Uttar Pradesh is at the risk of complete depletion of aquifers within years, unless a more sustainable way of producing sugarcane is adopted.

The unsustainable use of groundwater has already pushed major agrarian states such as Punjab and Haryana beyond their ability to naturally replenish the water. Uttar Pradesh and Tamil Nadu are on track to follow suit. Both these states have utilized more than 70% each of their available groundwater resources, which is deemed as a "semi-critical" level by the Central Ground Water Board (CGWB).

Scan QR code for more expert insights, data, and interviews.

WATER WOES

Despite the groundwater crisis, Uttar Pradesh alone has accounted for half of India's sugar production over the past decade, while farmers in the state extracted three-fifths of its available groundwater. Uttar Pradesh's sugarcane production surged 70% in this period, far above the national average of 40% growth. At this rate, the state's groundwater won't sustain another decade of intensive cane farming, experts said. According to a *Mint* analysis of CGWB data, Uttar Pradesh was India's largest groundwater extractor in 2023, using as much water as that could meet Bengaluru's water needs for 48 years.

Shamli and Saharanpur, two of the top 10 sugarcane-producing districts in Uttar Pradesh, are already water-scarce, and their extraction rates exceed more than 100% of their groundwater resources, meaning they are extracting more than can be replenished naturally. And farmers are struggling with depleting groundwater. "We haven't felt it as a real problem yet, but every two to three years, the water flow decreases, forcing us to dig 10–15 feet deeper," said farmer Bujhveer Singh from Shamli.

While India's sugarcane crop uses more than double the water than is normal globally, its role in the production of ethanol has presented a dichotomy for policy makers. In Uttar Pradesh, growing one tonne of sugarcane requires over a hundred cubic metres of water—equivalent to about four standard 20-foot shipping containers. Uttar Pradesh's yields—output per unit of cultivated land—improved by one-third over the past decade to 2023, but groundwater extraction remained in the unsafe category.

Despite this, farmers have stuck to sugarcane partly due to its growing role in India's energy independence. "Sugarcane is no longer just an industrial crop. It is an energy crop," said Sudhir Panwar, a professor at the University of Lucknow and a former member of Uttar Pradesh's Planning Commission.

The government's Ethanol Blended Petrol (EBP) Programme, targeting 20% ethanol blending in petrol by 2025, has further boosted demand, especially in major sugarcane-producing states like Uttar Pradesh. However, with four-fifths of India's ethanol sourced from sugar, leading agrarian states risk irreversible groundwater depletion unless sustainable irrigation methods are adopted.

LIMITED ALTERNATIVES

Since alternative crops like rice and maize need even more water, sugarcane production remains intact in the state. Even willing farmers face barriers. They said there were no *mandis* for crops other than sugarcane in many districts. While the government has been promoting micro-irrigation, a technique of drip irrigation to preserve water, under schemes such as Per Drop More Crop (PDMC), its adoption remains low due to the initial investment cost and a lack of awareness.

"Everything is on paper. I don't recall any official ever explaining alternative irrigation techniques," says cane farmer Lokesh Kumar from Shamli. Local authorities hold weekly *chaupals* to educate farmers, but scepticism persists. "Even with a 90% subsidy, farmers hesitate to invest," says Panwar, urging the government to set up free pilot projects to prove their benefits.

Reporting for this story was supported by the Environmental Data Journalism Academy, a programme of Internews' Earth Journalism Network and Thibi.

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Inside India's booming exotic species trade ▶P12

US SEC seeks India's help in Adani bribery probe ▶P5

SENSEX 75,939.19 ↓ 28.20 | NIFTY 22,932.90 ↓ 12.40 | DOLLAR ₹86.95 ↔ ₹0.00 | EURO ₹90.99 ↔ ₹0.00 | OIL $75.98 ↑ $0.34 | POUND ₹109.61 ↑ ₹0.03

Centre weighs single law for online gaming

Move to end maze of laws, bring clarity on taxation, attract investments

Shouvik Das
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NEW DELHI

The Centre plans to bring India's online gaming companies under a single regulatory framework, eliminating the patchwork of state-level laws that currently governs the sector, two people aware of the development said.

The home ministry has formed a committee comprising its officials, legal and policy experts and gaming industry executives to discuss the way forward, the people cited above said on the condition of anonymity.

Early discussions included whether a new law is required which would distinguish gaming from gambling, something that has remained contentious despite the Supreme Court terming online gaming as a game of skill, and gambling as a game of chance.

The government recognizes the sector's strong growth potential, one of the two people cited above said on the condition of anonymity. "The industry has also made multiple presentations showcasing its scope to draw foreign investments. To enable this, the Centre believes that a single law will be key in terms of regulatory clarity, and that it would also allow India's Financial Intelligence Unit (FIU) to crack down on offshore entities—something that the ministry of electronics and information technology (Meity)'s proposed self-regulatory body framework has so far failed to do," the person said on the condition of anonymity.

Queries sent to leading gaming companies Dream11 and Games24X7 remained unanswered.

Meity and MHA also did not immediately respond to *Mint*'s queries.

New Delhi's impetus for these discussions is two-fold. Firstly, it needs clarity on taxing online gaming companies, which have challenged GST notices for ₹1.12 trillion in the Supreme Court. (The court has stayed these notices, and hearings begin on 18 March) Secondly, the home ministry is worried about offshore entities hosting online gaming and betting, which may be abused for money laundering.

Unified regulation would be a much-needed relief for the industry that has faced multiple obstacles despite the Supreme Court clarification on gaming and gambling, said Jay Sayta, a technology and gaming lawyer who represents many gaming companies. "These gaming companies have a vital role to play in India's nascent gaming industry, and stifling them right at the onset can lead to a fast-growing industry being overridden by black-market, fly-by-night gambling operators. But, much will depend upon how much regulatory ambiguity is eventually addressed by this committee—many times, the discussions do not translate into intended results," Sayta said.

Karnataka, which unsuccessfully tried to ban online gaming in 2021, said in 2023 that it intends to regulate it for the state's residents. In December 2023, Maharashtra sought to restrict online games in the state. Earlier this month, Tamil Nadu imposed state-specific regulations on real-money games available to users in the state, after a previous attempt to ban them that was overturned by the High Court. Each of these matters was challenged in the Supreme Court. A unified law would be a relief for online gaming companies operating across states but face varying rules and regulations.

According to a policy executive at one of India's top three online gaming firms, state-wise regulations are confusing because gamers do not just interact with people from within a single state, leading to what he called regulatory spillage. "It is because of this that a single online gaming law can help bring back foreign investments into the sector, which have dropped by over 90% during the past two

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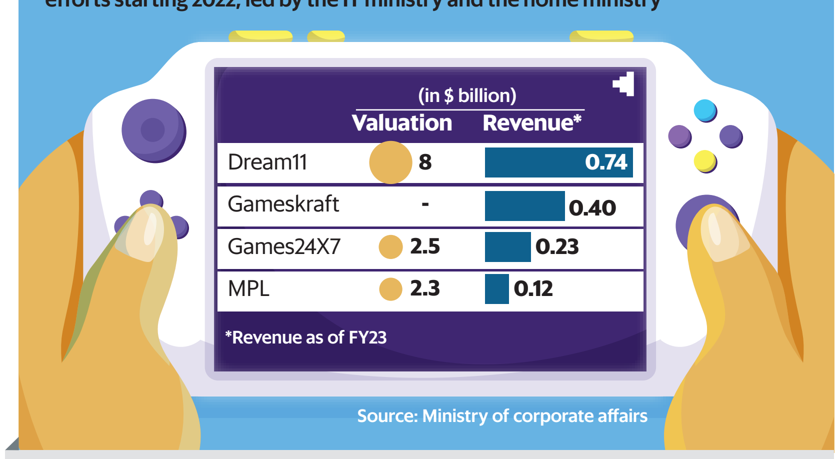
GAMING CODE

The latest attempt to regulate online gaming is a continuation of previous efforts starting 2022, led by the IT ministry and the home ministry



(in $ billion)

	Valuation	Revenue*
Dream11	8	0.74
Gameskraft	-	0.40
Games24X7	2.5	0.23
MPL	2.3	0.12

*Revenue as of FY23

Source: Ministry of corporate affairs

TAX CRACKDOWN

THE govt recognizes the sector's strong growth potential

BUT it needs clarity on taxing online gaming companies

ONLINE gaming firms have contested govt's ₹1.12 tn GST demand in SC

Trump doubles down on tariffs

US levies on drug exports may cost Indian firms $2.25 billion

Jessica Jani
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MUMBAI

The sword of import tariffs wielded by US President Donald Trump has sent investors and markets scurrying for cover across the world and across industries. On Wednesday, it was the turn of the pharmaceutical industry.

Trump's indication to impose 25% tariff on pharmaceutical imports into the US sent the Nifty pharma index slumping 3% in early trade, although it recovered to close about 0.7% lower on Wednesday.

Stocks of large generic drug manufacturers slumped: Aurobindo Pharma, Dr. Reddy's, Zydus Lifesciences and Sun Pharmaceuticals, which have strong presence in the US, slipped by up to 9.5%, 5.8%, 4.8% and 3.2%, respectively, in intra-day trading.

The uncertainty was fuelled by the heavy dependence on US exports for top Indian drug makers, which garner anywhere between 30% and 50% of their revenues from the American market. Also, the US is India's largest export market for pharmaceuticals. In FY24, of the country's overall pharma exports of $27.9 billion, $8.7 billion or 31% were to the US, according to industry body Pharmexcil (Pharmaceuticals Export Promotion Council of India).

Trump on Tuesday said he was considering imposing tariffs "in the neighbourhood of" 25% for automobiles and at least that for semiconductors and pharmaceutical products. He further indicated that tariffs would go "very substantially higher" for chips and drugs over the course of the year. While he said more details would be provided for auto tariffs after 2 April, he did not specify a timeline for pharmaceuticals.

"If levied, which we don't hope for, [it] would result in value erosion of approximately $2.25 billion for all exporters selling fixed dose formulations in the US," Namit Joshi, chairman of Pharmexcil, told *Mint*.

"Assuming that [manufacturers] are not able to pass on the tariffs to the final consumers or distributors, then they may have to be absorbed by them, which means there will be an impact on their profitability," Shrikant Akolkar, vice president and pharma analyst at Nuvama Institutional Equities, told *Mint*.

To be sure, there are a few factors in India's favour. The US itself depends on India for almost half of its generic drug imports, and any gap created by a fall in imports is unlikely to be immediately met by local drug makers.

Generic drugs are inexpensive versions of high-cost patented medicines innovated and

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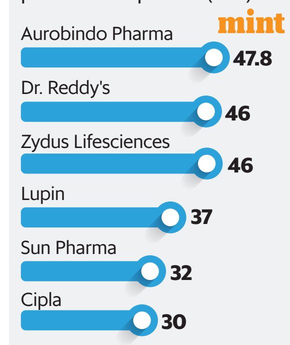
Pharma hub

Contribution of US business in total FY24 revenue of top pharma companies (in %)



Source: Company annual reports/ financial reports

Goldman sees GDP hit from US tariff plan

Rhik Kundu & PTI
NEW DELHI

India will not be spared from the US move to apply reciprocal tariffs on all trading partners, president Donald Trump said, adding he spelt out the decision during Prime Minister Narendra Modi's recent visit.

In a joint television interview with billionaire Elon Musk on Tuesday night, Trump reiterated his stance on existing tariff structures between the US and its partners, including India. "I told Prime Minister Modi yesterday-he was here-I said, 'Here's what we're going to do: reciprocal. Whatever you charge, I'm charging,'" President Trump said.

Under the reciprocal tariff system, the US

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DON'T MISS

Big paydays for top talent: Aon
Top performers are likely to be handsomely rewarded in an appraisal season that will see overall increment lower than last year's, as per a report by consulting firm Aon. >P6

Steel boon for autos may not last
Lower steel prices helped automakers trim costs and up margins. But lower input costs were not sustainable, the sector is exposed to geopolitics, that impacts steel prices. >P5

BCCI deal: Riju moves NCLAT
Suspended Byju's director Riju Raveendran has approached the NCLAT to prevent Byju's creditors from deciding on a ₹158 crore settlement with BCCI. >P3

The move comes amid rise in cases of sub-standard drugs. BLOOMBERG

Drug labels may need to name staff who release batches

Priyanka Sharma
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NEW DELHI

To fix accountability, the government is working on a plan to include the name of the person responsible for releasing a batch of medicines under the Drugs Rules, 1945, said an official familiar with the matter.

This comes against the backdrop of growing complaints about counterfeit and substandard drugs circulating in the market. Currently, under the Drugs Rules, there is a provision of mentioning the names of staff responsible for manufacturing and testing when the drug licence is issued to the manufacturer. If the proposal to add the names of the personnel releasing the batch is approved, the Drugs Rules will need to be amended and changes cleared at the Drugs Technical Advisory Board (DTAB) meeting.

At present, the process for manufacturing medicines entails the manufacturer opening two units—one for production and another for testing. Once the medicine is produced, it is sent for quality control and safety testing. The same person cannot head both units, so data from both units is compiled and approved by the person responsible for releasing the batch of medicines.

"Currently, there is no provision in the legal document for including the name of the person responsible for batch release while granting license to the drug maker. There was no accountability and the staff available at the time of the release of the batches of medicines would be the one whose name was put on the label as the person clearing the batch," the official said.

With the new plan in the works, "we will be able to know the name of the person responsible," the official said. The goal is transparency in the drug regulatory system and strengthening the quality checks. The official added that this is a step towards ensuring the quality and safety of pharmaceutical products made in India.

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

Centre to roll out credit rating for rural borrowers

The government is working with public-sector banks and the IBA to develop the framework

Subhash Narayan & Rhik Kundu
NEW DELHI

The Union government plans to launch a Grameen Credit Score system within six months, mirroring the MSME credit framework, to boost formal lending to farmers, self-employed individuals, and self-help groups (SHGs), two people familiar with the matter told *Mint*.

The government is working with public-sector banks and the Indian Banks' Association (IBA) to develop the framework. It will assess rural borrowers' creditworthiness based on digital transaction data, government subsidy receipts, and Unified Payments Interface (UPI) activity, the people mentioned above said on condition of anonymity. Like the Micro, Small and Medium Enterprises MSME model, the rural credit score will incorporate alternative financial indicators, such as utility bill payments, property ownership, and vehicle usage, the first person mentioned above said.

"The two models—the MSME credit assessment and the Grameen Credit Score—are being developed in parallel," the person said. "The MSME framework will be implemented first, while the rural credit score should be ready for deployment in the latter half of 2025."

The Budget 2024-25, presented by finance minister Nirmala Sitharaman in July last year, proposed that banks develop a new credit assessment model based on the scoring of digital footprints of MSMEs in the economy. This was intended to improve upon the traditional assessment of credit eligibility which relies on asset and turnover criteria.

Banks are expected to come out with a new framework and credit assessment model for MSME early next fiscal year.

Finance minister Nirmala Sitharaman has underscored the need for an inclusive credit assessment system in her FY2025-26 budget speech, particularly to enhance financial access for women in rural India.

Rural borrowers' creditworthiness will be assessed based on digital transaction data, government subsidy receipts, and UPI activity. MINT

HINTERLAND REACH

THE proposal aims to boost formal lending to farmers, self-employed and self-help groups

LIKE the MSME model, rural credit score will look into alternative financial indicators

THE credit score system should be ready for deployment in the latter half of 2025

The rural credit score will also enable banks to develop tailored loan products, making credit more accessible to entrepreneurs and small businesses, said the second person mentioned above, who didn't want to be named.

"A strong credit score could help secure larger loans at competitive rates, supporting business expansion in rural India. Farmers with a solid digital footprint, timely utility bill payments, and consistent spending patterns—reflected in UPI transactions—would qualify for better banking credit, fostering entrepreneurship and financial inclusion," the person added.

A data-driven rating system could help banks tailor loan products for rural borrowers.

A finance ministry spokesperson didn't respond to emailed queries.

Experts say the initiative could significantly boost lending to self-help groups, which historically have strong repayment track records.

"Grameen credit score will be of great benefit to quantify the intent to pay and increase the bank's abilities to assess borrowers more seamlessly. Any score is as good as the data used to create it, and the quality of the individual borrower-level data, especially for SHGs, etc., continues to be a challenge," said Nimilita Chatterjee, partner at EY India's Financial Services Risk Consulting practice.

"It is imperative that the details of individual borrowers who are part of the SHGs are captured accurately both retrospectively and prospectively. This is very important for the stability of the score and accuracy," Chatterjee added.

Grameen credit score will enable banks to effectively underwrite borrowers, which will increase credit, including rural credit, without compromising on credit quality, said Vivek Iyer, partner and financial services risk leader, Grant Thornton Bharat.

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

Investment treaties and free trade deals may be separated

Rajeev Jayaswal
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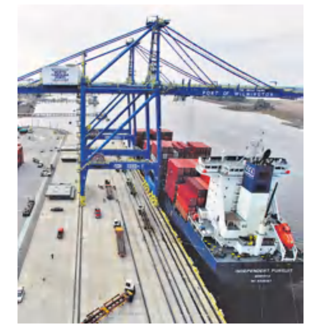
NEW DELHI



The move will prevent BITs from being used as bargaining chips. BLOOMBERG

India may treat investment treaties as separate from free trade deals so as to prevent partners from using the former as a bargaining chip to get concessions for the latter and vice-versa, indicating a new approach in ongoing talks with the UK, the European Union and the Eurasian Economic Union, officials said.

Negotiations for free trade agreements (FTAs) often include a separate chapter on the bilateral investment treaty (BIT), which is sometimes used as a negotiating card. But trade matters are often different from issues pertaining to BITs.

Investment protection treaties could be in conflict with sovereign functions such as taxation. Hence, there is a school of thought that BITs should be negotiated separately rather than as part of an FTA agreement, at least three officials with direct knowledge of the matter said.

Hindustan Times

India's ongoing free trade talks with the EU also involve simultaneous negotiations for bilateral investment treaties (BITs).

The UK is also keen on a BIT. Besides, the yet-to-be-finalised terms of reference (ToRs) for an FTA with the Eurasian Economic Union (EAEU) may also involve some kind of investment protection agreement, they added requesting anonymity. EAEU members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia.

That will change now, one of the officials cited in the first instance explained.

"While FTAs are in the domain of the commerce ministry, BITs are negotiated by the finance ministry, which is in the process of framing a template for future BITs," this person added.

The budget presented on 1 February clearly mentioned this, he said. "To encourage sustained foreign investment and in the spirit of 'first develop India', the current model BIT will be revamped and made more investor-friendly," finance minister Nirmala Sitharaman said in her budget speech.

Govt to sweeten deal for global EV makers

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NEW DELHI

The government introduced steep tax breaks about a year ago to lure global electric vehicle (EV) manufacturers to set up shop in India. Apart from indications that Elon Musk's Tesla Inc. might be preparing to sell its cars in India, EV makers haven't taken the bait.

Now, the Indian government is considering expanding the scheme to cover investments in charging infrastructure to make the policy more attractive to global EV manufacturers, people familiar with the matter said.

The Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI) was launched in March last year to encourage foreign automakers to set up production units. The scheme, notified on 15 March 2024, mandates a minimum investment of $500 million (₹4,150 crore) and requires carmakers to achieve 25% localization within three years and 50% within five years.

In return, India will lower import duties on fully built EVs manufactured overseas by participating automakers. For instance, a car priced at $40,000 can be imported at a reduced duty of 15% instead of the usual 70%. For EVs costing $50,000 or more, the import duty—typically 100%—will also drop to 15%, according to the scheme notification.

Centre plans to cover investments in charging infrastructure to make the policy more attractive to global EV makers. BLOOMBERG

Spending on EV charging infra may count towards the $500 million investment threshold

Automakers can bring in up to 8,000 EVs annually under this framework, provided they meet the investment and localization requirements.

Yet, not a single automaker has formally applied.

Local subsidiaries of Hyundai, Skoda-Volkswagen, and Toyota were reportedly considering participation as of November 2024, but have yet to make a move.

Multiple reasons may have contributed to the lack of demand for the scheme, including global fragmentation trends or economic policies that focus on domestic or local businesses over global trade, according to auto sector experts. Additionally, the conditions of the scheme could potentially be difficult to meet for companies, according to experts.

Now, in a bid to address investment bottlenecks, the ministry of heavy industries is considering allowing expenditures on EV charging infrastructure to count towards the $500 million minimum investment threshold, two people aware of the discussions said.

A formal decision is yet to be made, and an email query to MHI did not elicit a response.

The potential inclusion of EV charging infrastructure could be "a solid move to diversify foreign direct investment beyond manufacturing into charging infrastructure," said Abhijeet Sinha, national programme director at Ease of Doing Business, a tech-piloting agency.

The government's move comes at a time when India is pivoting away from direct EV subsidies towards building charging networks.

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

Energy storage systems set to be a must for new solar projects

Rituraj Baruah
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NEW DELHI

Upcoming solar power projects in the country are set to have energy storage systems integrated at the sites to ensure uninterrupted supply of renewable power and maintain grid stability.

The Central Electricity Authority (CEA) has asked state power utilities and renewable energy implementation agencies to incorporate two-hour co-located energy storage systems, equivalent to 10% of the installed solar project capacity, in future solar tenders.

"This requirement will help mitigate intermittency issues and provide critical support during peak demand periods. A suitable compliance mechanism may also be explicitly mentioned in the bid document to ensure the availability of storage during non-solar hours," the CEA said in an advisory on Tuesday.

The CEA, which advises the government on matters related to the national electricity policy and formulates electricity system development plans, suggested that power distribution companies (discoms) may also consider mandating two-hour storage with rooftop solar projects to improve reliability of supply at the consumer-end and lower the pressure during solar hours.

The storage systems are aimed to ensure grid stability. REUTERS

The development comes against the backdrop of the government's plan to achieve 500GW of non-fossil power generation capacity by 2030. The majority of the 500GW would comprise renewable power such as solar and wind energy, both intermittent in nature, which may render the power grid unstable. Storage capacity would ensure the supply of renewable power round the clock.

The CEA said in its letter to state governments, central generating stations and renewable energy implementing agencies that energy storage systems would be essential to ensure grid stability, reliability and optimal energy utilization. Energy storage systems can help address intermittency challenges.

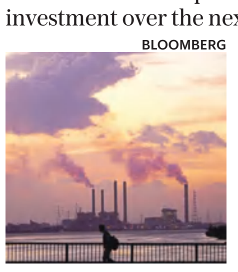
India had an installed energy storage capacity of 4.86GW, including 4.75GW of pumped storage projects (PSPs) and 0.11GW of battery energy storage systems (BESS) at the end of December. As per National Electricity Plan, India will need 73.93GW/411.1GWh of storage capacity (26.69GW/175.18GWh from PSP and 47.24 GW/236/22 GWh from BESS), to integrate the targeted 364GW of solar and 121GW of wind capacity by 2031-32.

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

MINT SHORTS

Power sector needs $700 bn to achieve net-zero: Moody's

New Delhi: India's power sector will need $700 billion investment over the next 10 years to help the country achieve its 2070 net-zero pledge, Moody's Ratings said on Wednesday. The rating agency said investments required by the power sector during FY2026-51 will be 1.5-2% of GDP (about 2% for the next 10 years), which India can manage. PTI



BLOOMBERG

Coal ministry plans more sops in underground mine auctions

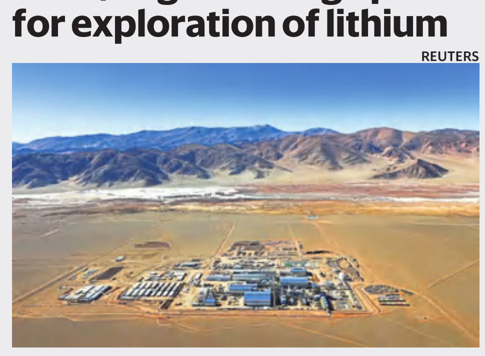
Kolkata: The coal ministry is planning additional incentives to boost underground commercial coal block auctions in India, a senior government official said on Wednesday. The push for UG mining aligns with India's drive for sustainable coal production. The proposed incentives are in an advanced stage of discussions and may be announced soon, coal secretary Vikram Dev Dutt said at a roadshow in the city. PTI

Centre sanctions ₹1,554.99 cr to five disaster-hit states

New Delhi: A panel headed by home minister Amit Shah has approved ₹1,554.99 crore of additional central assistance under the National Disaster Response Fund (NDRF) to five states affected by floods, flash floods, landslides and cyclonic storms during 2024. Andhra Pradesh will get ₹608.08 crore; Nagaland, ₹170.99 crore; Odisha, ₹255.24 crore; Telangana, ₹231.75 crore, and Tripura, ₹288.93 crore, as per an official statement. PTI

PTI

India, Argentina sign pact for exploration of lithium



REUTERS

New Delhi: India and Argentina on Wednesday signed a pact for deeper collaboration in exploration and resource development of critical minerals, chiefly lithium, an official statement said. The Memorandum of Understanding was signed in the presence of minister for coal and mines G. Kishan Reddy, and governor of Catamarca, Argentina, Raúl Alejandro Jalil, here. PTI

GDP growth this fiscal likely to be 6.3%: SBI research

Kolkata: The State Bank of India (SBI), in its research, has estimated GDP growth during the current financial year (2024-25) to be 6.3%, assuming that the National Statistics Office does not make major revisions to the erstwhile first and second quarter estimates. PTI

BLOOMBERG

India committed to transform Aardo rural areas: minister

New Delhi: India is committed to rural transformation in member nations of the African-Asian Rural Development Organization (Aardo) and will increase its technical contribution to the forum, Rural Development Minister Shivraj Singh Chouhan said on Wednesday. He was speaking at the inauguration of the 77th session of the executive committee of Aardo. PTI

CORRECTIONS AND CLARIFICATIONS

A 19 February, Page 12 story, 'Snack Time: Why ITC acquired Prasuma', should have identified Bertelsmann India Investments (BII) as a venture capital fund that is part of the German multinational Bertelsmann SE & Co. KGaA. The error is regretted.

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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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MINT SHORTS

Probus Smart Things secures funding for smart grid applications

Bengaluru: Probus Smart Things, a deeptech startup focused on smart grid applications, has raised $5 million in an extended Series A led by Unicorn India Ventures, which also saw participation from notable US-based and Indian family offices. The fresh round is a mix of equity and debt financing. To date, the New Delhi-based startup, which started in 2015, has raised over $8 million in funding. **ROSHAN ABRAHAM**

Nigeria sues Binance for $81.5 bn in economic losses, back tax


REUTERS

Abuja: Nigeria has filed a lawsuit seeking to compel cryptocurrency exchange Binance to pay $79.5 billion for economic losses it says were caused by its operations in the country and $2 billion in back taxes, court documents showed on Wednesday. Authorities blame Binance, the world's largest crypto exchange, for Nigeria's currency woes and detained two of its executives in 2024 after cryptocurrency websites emerged as platforms of choice for trading the local naira currency. **REUTERS**

Healthfab secures pre-Series A funding led by Mistry Ventures

Bengaluru: Healthfab, maker of a reusable period panty brand, has raised $1 million in a pre-Series A funding round led by Mistry Ventures with participation from BeyondSeed, Thrive Ventures and TV show Shark Tank investors Anupam Mittal, Aman Gupta, Vineeta Singh and Peyush Bansal. The company previously held a seed round in 2022, led by BeyondSeed. Founded by Kiriti Acharjee, Sourav Chakrabarty and Satyajit Chakraborty, Healthfab claims to have acquired more than 300,000 customers along with annual growth rate of 2.5-3x in revenue. **ROSHAN ABRAHAM**

Electric farm equipment maker Agrilectric snags seed cheque

Bengaluru: Agritech startup Agrilectric has raised $100,000 in seed funding led by angel platform AH Ventures and other angel investors. The capital raised will be used towards product development, expanding market reach and improving farmer engagement, AH Ventures said. Agrilectric makes farming solutions that use electricity for power. **ROSHAN ABRAHAM**

Riju Raveendran moves court to save BCCI deal

NCLAT to hear plea by former Byju's director on ₹158 cr BCCI settlement

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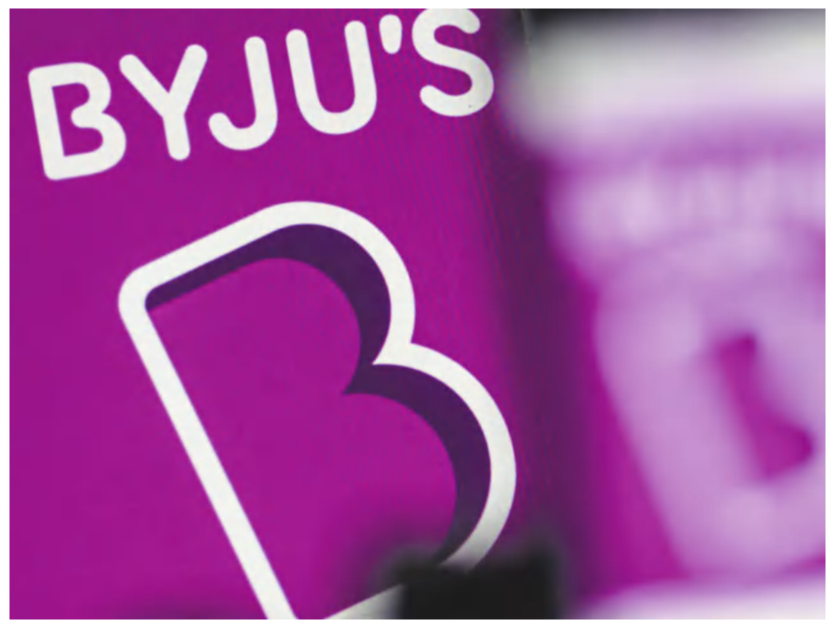


Riju Raveendran, ex-director of Byju's and brother of founder Byju Raveendran, told the NCLAT that the BCCI settlement was finalized before the CoC was formed. BLOOMBERG

Riju Raveendran, suspended director of embattled edtech firm Byju's, has approached the bankruptcy appeals court to prevent its creditors from deciding on a ₹158-crore settlement with India's cricket board.

Byju's Committee of Creditors (CoC) includes US-based Glas Trust Llc. and Aditya Birla Finance.

Riju, the younger brother of founder Byju Raveendran, told the National Company Law Appellate Tribunal (NCLAT) on Wednesday that the settlement with the Board of Control for Cricket in India (BCCI) had been finalized before the CoC was constituted.

The Bengaluru bench of the National Company Law Tribunal (NCLT) had on 10 February directed BCCI to submit the ₹158 crore settlement plea to the CoC for approval to facilitate Byju's exit from the insolvency process.

Byju's lenders, including Glas Trust, have opposed the settlement, terming the ₹158 crore involved as "tainted money" and asserting their right to be paid first as creditors. If NCLAT rules that the settlement was decided before the CoC was formed, Byju's will exit insolvency and the management of the edtech firm will return to Byju Raveendran. However, if the matter stays with the CoC, the firm must secure approval from the CoC, which is dominated by opposing lenders.

Currently, Glas Trust dominates the CoC, holding a 99.41% voting share due to its ₹11,432 crore claim. Other creditors include Aditya Birla Finance with a ₹47 crore claim (0.41% voting share) and Incred Financial Services Ltd with a ₹20 crore claim (0.18% voting share).

NCLAT has agreed to hear his plea. The next hearing is scheduled for 3 March.

The CoC proposed the appointment of EY's Shailendra Ajmera, the former resolution professional of bankrupt airline Go First, as the insolvency expert to manage Byju's affairs. This comes after NCLT in January decided that resolution professional Pankaj Shrivastava was unfit to oversee Byju's insolvency process. It had also directed that the reconstitution of the CoC on 31 August be cancelled, and the erstwhile CoC from 21 August be retained.

Byju's insolvency proceedings began on 16 June 2024 after it defaulted on a ₹158 crore payment to BCCI under a sponsorship agreement. Byju's had secured jersey sponsorship rights for the Indian cricket team in 2019, extending the contract till November 2023. However, financial woes led to missed payments, prompting BCCI to initiate insolvency proceedings. Both parties later sought a court-approved settlement, but NCLT did not issue an order, forcing Byju's to escalate the matter to the NCLAT in Chennai.

On 2 August, NCLAT dismissed Byju's insolvency case and approved BCCI's settlement after Riju Raveendran raised ₹158 crore to clear the dues, temporarily restoring his family's control over Byju's operations.

However, Glas Trust had challenged the settlement before the Supreme Court, arguing that the funds should be allocated to financial creditors first instead of prioritising the settlement with the BCCI.

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

TRIGGER FACTOR

BYJU'S lenders, Glas Trust, opposed the settlement, terming the ₹158 cr involved as "tainted money"

THE committee of creditors asserted their right to be paid first, before settling the BCCI deal

ON 2 August 2024, NCLAT dismissed Byju's insolvency case and approved BCCI's settlement

IN-SPACe launches $58 million fund to back spacetech cos

Reuters
feedback@livemint.com


The fund will offer support of up to 60% of project costs PTI

Indian National Space Promotion and Authorisation Centre (IN-SPACe) on Wednesday launched a ₹5 billion ($57.58 million) fund to help early-stage space technologies go commercial and reduce reliance on imports as India seeks to boost its market share in global space industry.

The Technology Adoption Fund will also connect government bodies with private sector, aiming to position India as a reliable partner in increasingly competitive market, the space regulator said in a statement. "The fund will offer financial support of up to 60% of the project cost for startups and medium and small businesses, and 40% for larger industries, with a maximum funding cap of ₹250 million per project," Pawan Goenka, chairman of IN-SPACe, said.

"This support will enable companies to refine their technologies, enhance production processes and meet market demands both within India and abroad," he added.

India opened its space industry to private investment last year as Prime Minister Narendra Modi's government pushed for greater monetization of the sector, long dominated by the state-run Indian Space Research Organisation (Isro).

The country hopes liberalized regulations will attract global players, mirroring the commercial space boom seen in the US and Europe.

A joint venture between Reliance Industries Ltd's Jio Platforms and Luxembourg-based SES has secured regulatory approval to provide gigabit fibre internet, while Elon Musk's Starlink and Amazon's Kuiper await licenses.

The central government has also sanctioned a separate ₹10 bn venture capital fund for Indian space startups

The government has also sanctioned a separate ₹10 billion venture capital fund for space startups, awarded contracts for Isro's main launch vehicle to private firms and intensified efforts to forge global commercial partnerships.

"We are witnessing a surge of pioneering startups developing groundbreaking solutions for the space industry. But to turn these concepts into practical products that can be offered to a new marketplace, there must be sufficient funding, especially from government institutions at this specific stage," said A.K. Bhatt, the director general of the Indian Space Association.

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
Close	75,939.18	22,932.90	20,731.45	60,156.40	23,368.55	40,376.68	45,455.83
Percent change	-0.04	-0.05	0.58	1.19	0.16	1.44	2.60
Previous close	75,967.39	22,945.30	20,611.40	59,449.40	23,331.40	39,802.16	44,304.90
Open	75,787.27	22,847.25	20,511.20	59,074.50	23,223.55	39,692.23	44,224.70
High	76,338.58	23,049.95	20,802.55	60,273.25	23,471.50	40,431.29	45,540.92
Low	75,581.38	22,814.85	20,459.20	58,798.75	23,181.30	39,461.86	44,000.19

Airtel vs Jio: Race is wide open

Manish Joshi
feedback@livemint.com

Investors who wish to bet on India's telecom sector have few pure-play options until Reliance Jio Infocomm is listed as a separate company. For now, tariff hikes have lifted all boats as far as the average revenue per user (Arpu) is concerned.

Vodafone Idea Ltd's Arpu rose by ₹7 sequentially to ₹173 in the December quarter (Q3FY25) on a subscriber base of 200 million. However, it still makes losses. With nearly ₹2 trillion of debt, a significant portion being government dues, Vodafone Idea will spend most of its future cash flows on repaying this, even if its profitability improves. This leaves little on the table for shareholders. Plus, its equity base continues to expand with frequent dilution. There's hope the company will get some relief from the government in the form of a debt waiver, but this appears unlikely as of now.

Meanwhile, Bharti Airtel Ltd's Arpu of ₹245 in Q3 was way ahead of Jio's ₹203. The gap widened to ₹42 from ₹38 in Q2, with Bharti's Q3 Arpu rising by ₹12 sequentially and Jio's by ₹8.

This difference in the Arpu increase can be explained by two factors—Bharti Airtel has a higher share of postpaid users than Jio and the former's 2G users are paying more after migrating to 4G.

While the gap between Arpu of the two rivals could continue, future tariff hikes for both should be similar. Consequently, the absolute revenue gain could be higher for Jio because of its larger mobile subscriber base of about 460 million versus 360 million for Bharti Airtel at the end of Q3 (excluding Bharti Hexacom's 28 million or so subscribers). Hence, there is greater scope for an upside surprise in Jio's earnings.

With 1.15 billion mobile connections in a country of 1.4 billion people, there's limited potential for subscriber growth. This means Arpu is the only growth driver. Arpu is a function of data price per GB and data consumption. However, there may be challenges in growing data consumption as home broadband penetration increases. For instance, if a family has a Jio Airfiber or Airtel Xstream Airfiber connection at home that offers, say, 30 GB of data per day, it is likely to consume less mobile data.

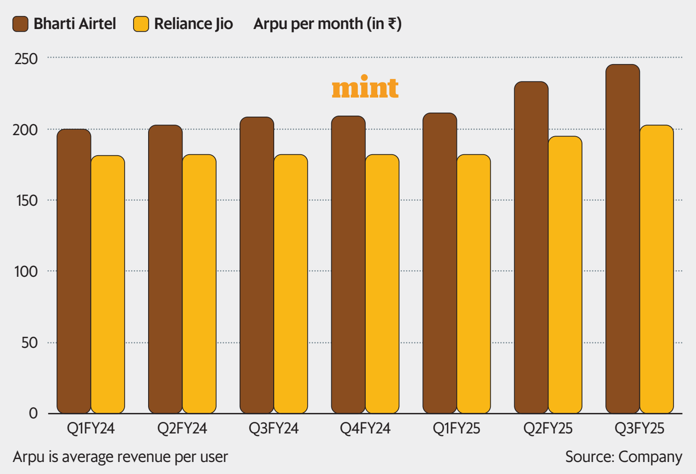
Another headwind to growing Arpu is a set of directions the Telecom Regulatory Authority of India (Trai) issued in December. The regulator said all telecom operators must offer voice-and-SMS-only plans since many customers in rural areas and senior citizens do not consume data. Though this may appeal to a small section of mobile users, it could hurt companies' Arpu as plans that come bundled with data have a higher revenue potential.

All telecom operators launched voice-and-SMS-only plans in the current quarter, so the impact will be seen from Q4FY25 onward.

To be sure, the utility nature of the telecom business offers a safe haven when equity markets turn jittery. Airtel's shares, for instance, have gained about 44% over the past year. Valuations still appear reasonable, with Airtel stock trading at an EV/Ebitda multiple of about 11x based on *Bloomberg* consensus estimates for FY26. Having said that, Tuesday's stake sale of about 0.8% by the Mittal family, the company's promoter, may cause a near-term hangover.

Jio has scope to catch up

Bharti Airtel's Arpu is ahead of Reliance Jio's, but it lags on subscriber base.



Arpu is average revenue per user. Source: Company

SATISH KUMAR/MINT

NO FREE CALLS

THE gap between Arpu of the two cos may persist, future tariff hikes for both should be similar

TRAI's December directive mandates voice-and-SMS-only plans; this may impact ARPU growth

NHPC weighs next power move with PTC stake boost

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NEW DELHI

NHPC chairman and MD Raj Kumar Chaudhary.

India's largest hydropower firm, NHPC Ltd, will shortly decide upon acquiring shares of other public sector entities in power trading major PTC India, and the state-run firm will inform the power ministry about its decision, said NHPC chairman and managing director Raj Kumar Chaudhary.

On 10 January, *Mint* reported that NHPC is keen on buying out its public sector co-promoters' shares in power trading firm PTC. NHPC, NTPC Ltd, Power Grid Corp. of India Ltd and Power Finance Corp. Ltd hold about 4.05% each in PTC India, totalling 16.2%. Chaudhary said the discussions are ongoing within the company.

"We currently have about 4% equity share, and the other companies also have about 4% each. A few of the companies want to exit. NHPC was asked whether it is also interested in exiting. So, we have said that we are not interested in exiting the PTC shareholding...We will continue our investment in PTC. But the question remains whether we are going to increase our holding in the company," he said.

"We are discussing the matter within our organization, and very shortly, we will let the power ministry know whether we want to increase our holding in PTC," he added.

Last month, power ministry officials met executives from the four public sector undertakings (PSU) to discuss the stake sale in PTC India.

As NHPC already has a licence for trading power, increasing its stake in PTC India would expand the hydropower company's share in the power trading space. The move may help NHPC since it is involved in hydro projects in Nepal and Bhutan, countries that export power to India.

PTC shareholder NTPC also has a power trading arm, NTPC Vidyut Vyapar Nigam Ltd.

NHPC does not plan to buy PTC India Financial Services, the controversy-hit financing arm of PTC India

NHPC, however, does not plan to buy PTC India Financial Services (PFS), the controversy-hit financing arm of PTC India, which has been under regulatory scrutiny over ever-greening of loans.

Several PFS directors resigned in February 2022, alleging corporate misgovernance.

In June 2024, the Securities and Exchange Board of India (Sebi) barred PTC India's erstwhile chairman, Rajib Kumar Mishra, and PFS' former managing director, Pawan Singh, from holding any position on the board or management of listed companies for six months and two years, respectively. Sebi imposed penalties of ₹10 lakh and ₹25 lakh, respectively, on Mishra and Singh. But in December 2024, the Securities Appellate Tribunal quashed the Sebi order barring Mishra as a director in listed firms.

ABB India profits soar but stock slump hints at trouble

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ABB India Ltd ended another year with strong earnings growth but the stock's sharp decline this year points to another story.

The engineering conglomerate's Ebitda grew 58% year-on-year in the December quarter aided by improved revenue mix, price advantage, and better economies of scale. Its electrification and process automation segments saw Ebit growth of 65% and 51%, respectively.

However, ABB India's growth outlook is subdued and its order inflow slowed to ₹2,695 crore from ₹3,000-₹3,600 crore range in the seven quarters prior. The order inflow fell 14% year-on-year in the fourth quarter, dragging 2024 inflow growth to 6% from 23% in 2023.

The company, majority owned by Swiss conglomerate ABB Ltd, follows a January-December financial year.

ABB India's large orders shrank in the December quarter, with its domestic order inflow falling 19%. However, exports orders, including from group companies, were up 34%, offering some support, and accounted for a 14% its total orders in 2024.

Of ABB India's four segments, order inflow improved only in robotics and discrete automation. However, the segment accounted for less than 4% of its 2024 revenue.

Jefferies India analysts in an 18 February report cut their revenue growth projections for ABB India as the Indian government's projected capex for 2025-26 fell short of allocations in recent years--up 12% year-on-year but lower than 15%+ CAGR since 2021.

"We lower our CY24-26E revenue CAGR to 22% from 25% and lower gross margins year-on-year which is leading to a 15%+cut in estimates," they said.

ABB India's gross margin in Q4 slipped sequentially, implying that its material cost advantage may have peaked out. The company expects a net profit margin of 12-15% in 2025, down from 15.4% in 2024.

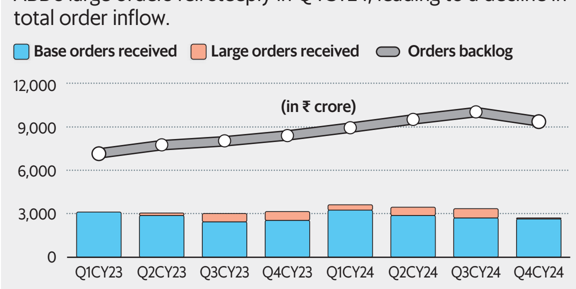
ABB India has a cash balance of nearly ₹5,400 crore, almost 45% of its balance sheet size. The company said it has a pipeline of opportunities for inorganic expansion.

ABB India's dividend and capex outgo was below ₹1,000 crore in 2024.

ABB India's shares are down by about 25% so far in 2025, trading at 44 times its 2026 estimated earnings, as per Bloomberg consensus. A big-ticket order win or an inorganic growth opportunity are triggers to watch out for.

Off the cliff

ABB's large orders fell steeply in Q4CY24, leading to a decline in total order inflow.



The company follows January to December financial year. Source: Company

SATISH KUMAR/MINT

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

63 Moons okays NSEL settlement

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MUMBAI

The settlement seeks to allocate ₹1,950 crore owed to investors. ISTOCKPHOTO

The board of 63 Moons Technologies Ltd, the parent of defunct National Spot Exchange Ltd (NSEL), has approved a one-time settlement even as the outcome is clouded by differences among investors seeking to recoup their money for more than a decade.

"The Board of Directors in its meeting of 18 February approved the participation and support of the Company to the Scheme of Arrangement between NSEL and the Traders," 63 Moons said in a filing.

The approval will involve two key steps: the closure of ongoing legal proceedings against 63 Moons; and the assignment of all claims and rights from NSEL traders to the company. That will enable 63 Moons to claim recoveries from defaulters, either through court decrees or asset liquidation.

NSEL will seek approval for the scheme of arrangement at the National Company Law Tribunal (NCLT), Mumbai, which it said, citing legal advice, is the most appropriate forum considering the interest of the parties involved to achieve the settlement.

This approval by 63 Moons effectively paved the way for a structured resolution mechanism, contingent upon investor consent and NCLT's approval, said Nilesh Tribhuvann, managing partner at law firm White & Brief-Advocates & Solicitor. "A key aspect of this settlement is the conditional withdrawal of legal proceedings against 63 Moons, which would substantially reduce its litigation risk and financial exposure."

The collapse of NSEL in 2013 left investors with unresolved claims of about ₹5,500 crore, owed to over 13,000 individuals. Although partial payments have been made over the years, large investors await a full resolution. The settlement, proposed in November, seeks to allocate ₹1,950 crore, or about 42% of the total ₹4,650 crore owed to investors, pending the necessary majority consent.

However, all investors have not agreed to the settlement. *Mint* reported on 10 December that while NSEL Investors Forum (NIF) claimed broad support, another group of investors, called the National Investor Action Group (NIAG), purportedly withdrew its consent for the OTS.

For an extended version of the story, visit livemint.com

Hexaware valued at $5 billion

Reuters
feedback@livemint.com

Shares of Carlyle-backed Hexaware Technologies rose as much as 10% in their debut on Wednesday, indicating rising retail interest in India's first billion-dollar IPO that struggled to achieve full subscription without an outsized help from large institutions.

The stock began trading at ₹745.50 on the National Stock Exchange, above its offer price of ₹708. The blue-chip Nifty 50 index closed marginally lower.

At the day's close of ₹762.55, the Indian IT exporter was valued at ₹46,340 crore ($5.34 billion). Analysts had expected a flat debut against the backdrop of single-digit premium in the indicative grey market.

"The IPO of Hexaware is a testimony to both the quality of the asset and the depth of the Indian capital markets," said Amit Jain, managing director and head of India at US private equity firm Carlyle Group.

The stock began trading at ₹745.50 on the National Stock Exchange, above its offer price of ₹708

Institutional investors bid for nine times the shares on offer, while retail investors bid for only a tenth of the portion reserved for them amid market volatility and investor caution over the IT services sector.

Arun Kejriwal of Kejriwal Research said most large investors were not looking to push Hexaware's share price and book their profit.

The IT services exporter is returning to public after more than four years when it was taken private by its former owner Baring Private Equity Asia.

Carlyle, which bought Hexaware in 2021, sold about 21% stake in the IT services exporter through the IPO. It will continue to have a controlling stake in Hexaware after the listing as it expects more AI-driven growth, Jain said.

Safe-haven gold hits all-time high on Trump's new salvo

Reuters
feedback@livemint.com

Prices scaled a record for a ninth time this year. REUTERS

Gold prices advanced to an all-time high on Wednesday as trade war tensions and concerns over global economic growth drove safe-haven flows following US President Donald Trump's new tariff threats.

Spot gold was up 0.3% at $2,943.25 an ounce as of 1025 GMT after surging to an all-time-high of $2,946.75/oz earlier in the session. Prices scaled a record for a ninth time this year. US gold futures rose 0.4% to $2,961.00.

"Gold's rally appears to be driven by President Trump's remarks on upcoming tariffs for autos and pharmaceuticals, which could pave the way for a push toward $3,000," said Zain Vawda, market analyst at MarketPulse by OANDA.

Since taking office, Trump imposed a 10% tariff on Chinese imports, and set a 25% tariff on steel and aluminium. On Tuesday, he said he intends to impose auto tariffs "in the neighbourhood of 25%" and similar duties on semiconductors and pharma imports.

"I don't see central banks stopping buying gold anytime soon, but rather expecting them to keep diversifying their reserves into gold and support the gold price," UBS analyst Giovanni Staunovo said.

Bullion is viewed as a hedge against rising inflation and geopolitical uncertainties, but higher rates reduce the non-yielding asset's appeal.

'India needs stronger credit rating to join $29.5 tn bond index'

Shayan Ghosh
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MUMBAI

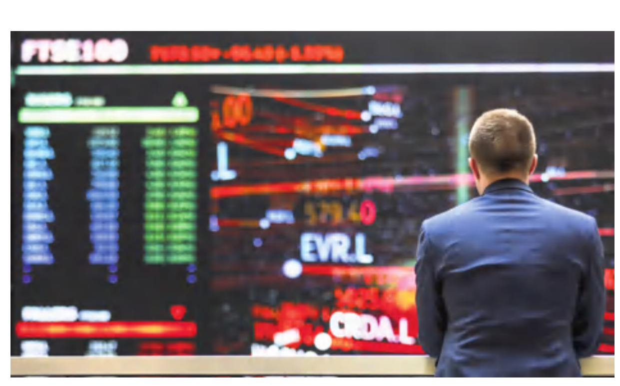
India would require a stronger credit rating as a prerequisite for inclusion into the FTSE World Government Bond Index, a 25-country benchmark with a market value of $29.5 trillion, said two senior executives at the provider of indices.

There are 18 different criteria that need to be met to gain entry to the World Government Bond Index, "the most difficult benchmark to gain access to in any asset class", Fiona Bassett, chief executive; and Scott Harman, the head of fixed income, currencies and commodities at FTSE Russell, said in an interview.

India is currently rated at the lowest investment grade by global rating agencies, something the government has been unhappy about.

"Typically, we will work with policy makers to help them in terms of understanding the framework," said Bassett. "Clearly, there's a desire for inclusion and so quite a lot of our work is around educating and all of our indices are transparent."

Come September, Indian government bonds will be included in the FTSE Emerging Markets Government Bond Index (EMGBI), which had a market value of $4.7 trillion as on 31 January. However, inclusion into the broader World Government Bond Index would require India to meet a few more conditions. The index provider had kept India in its watchlist for a few years before deciding to add it to the emerging market bond index.



In September, Indian government bonds will join the FTSE EMGBI, which had a market value of $4.7 tn as on 31 January. BLOOMBERG

Global investors with passive investment strategies buy stocks and bonds featuring in global indices, and FTSE Russell's addition of Indian bonds promises to attract investments. "India is a hugely strategically important market for us actually at FTSE Russell," said Bassett, who joined as the chief executive in 2023 and is on her first trip to India. "At the London Stock Exchange Group (LSEG), we employ 7,000 people in India, making India the organization's largest employee base globally."

FTSE Russell is wholly owned by the London Stock Exchange Group.

India has made some headway in getting included in global bond indices. In March 2024, *Bloomberg* said it will add a set of Indian government bonds to its emerging market index. *Bloomberg's* inclusion came about seven months after JP Morgan decided to include India's securities available under fully accessible route (FAR) in its GBI-EM Global index suite from 28 June 2024.

For an extended version of the story, visit livemint.com

US SEC seeks India's help in $250 mn Adani bribery probe

Adani broke the US Securities Act when AGEL raised $2 bn from American investors: SEC

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BENGALURU

The Securities and Exchange Commission (SEC) has sought the Indian government's assistance in the US market regulator's investigation of billionaire Gautam Adani, his nephew Sagar and their role in allegedly paying more than $250 million in bribes to Indian government officials between 2020 and 2024 to obtain lucrative solar-energy contracts.

The SEC told a New York district court on Tuesday that as the Adanis are based out of India, the regulator had sought help from India's law ministry to serve its complaint to the Ahmedabad-based business tycoon.

"Defendants are located in India, and the SEC's efforts to serve them there are ongoing, including through a request for assistance to the Indian authorities to effect service under the Hague Service Convention for Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters," SEC's counsel Christopher M. Colorado wrote in a letter, dated 18 January.

"Additionally, under Article 5(a) of the Hague Service Convention, the SEC has requested assistance from India's ministry of law and justice, the Central Authority for India under the Hague Service Convention," said Colorado in his letter to the judge.

Emails sent to the Adani group and India's ministry of law and justice seeking comment went unanswered.

The Hague Convention, which includes 90 countries, including India and the US, allows legal documents from foreign law agencies to be delivered to a citizen of another country through a nodal body.

"The SEC's decision to invoke the Hague Service Convention to serve legal documents highlights the seriousness of this enforcement action, as such measures are typically reserved for significant cross-border cases," said Kunal Sharma, a partner at Singhania & Co., a Bengaluru-based law firm.

On 20 November, federal prosecutors in New York indicted a total of eight individuals for allegedly paying more than $250 million in bribes to Indian government officials between 2020 and 2024 to obtain lucrative solar-energy contracts. According to the indictment, Adani Green Energy Ltd (AGEL) raised $2 billion from American and foreign investors based on false and misleading statements about the firm's anti-corruption and anti-bribery efforts. For this reason, the US Department of Justice (DoJ) opened a criminal investigation, while the SEC is pursuing a civil investigation against Gautam Adani, Sagar Adani and Adani Green Energy chief executive Vneet Jaain.


Gautam Adani and his nephew Sagar have been accused of paying bribes to Indian government officials between 2020 and 2024 to obtain solar-energy contracts. PTI

The SEC's case is that Adani broke the US Securities Act when Adani Green raised money from American investors as it did not disclose a justice department probe into allegations of bribes paid by the company's directors to unnamed Indian officials between 2020 and 2024.

The Indian conglomerate has denied the allegations by the DoJ and the SEC, describing the allegations against its directors as "baseless."

"All possible legal recourse will be sought," said a spokesperson for the Adani group in the past. "The Adani Group has always upheld and is steadfastly committed to maintaining the highest standards of governance, transparency and regulatory compliance across all jurisdictions of its operations. We assure our stakeholders, partners and employees that we are a law-abiding organisation fully compliant with all laws."

Since being charged by the DoJ and the SEC in November, the Adani group, comprised of 11 public companies, has faced new challenges to its global ambitions. Kenya has cancelled Adani's proposed deals worth $2.6 billion, which included expanding an airport and investing in electricity. French oil giant TotalEnergies, which has invested $3.85 billion in Adani group companies since 2019, decided not to make new investments in the group until the allegations are clarified.

In December, Adani chose to opt out of a $500 million loan with the US International Development Finance Corporation to finance a port terminal project in Colombo, saying it would fund the project internally.

UNDER SCRUTINY

ADANI has denied the allegations by the DoJ and the SEC, calling them 'baseless'

KENYA has declined Adani's $2.6 bn deals, including an airport expansion, investing in electricity

TOTALENERGIES will not make new investments in Adani until the allegations are clarified

ADANI chose to opt out of $500 mn loan with International DFC to fund a port project in Colombo

Cheap steel boon for Indian automakers unlikely to last

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Lower steel prices helped automakers trim costs and raise margins in the December quarter. However, experts said lower input costs were not sustainable, and the industry remains exposed to geopolitics, which has a bearing on steel prices. Steel accounts for about a third of the material cost for carmakers.

Automakers must find more sustainable cost savings to maintain margins in the face of slowing demand growth, experts said.

"In Q3FY25, at an aggregate level, the Ebitda margin improvement in the Indian auto sector was primarily driven by a favourable product mix, operational efficiencies, strong market demand, and lower commodity costs with government incentives," Nirav Karkera, head of research at Fisdom, a wealth management platform. "Among these, the benefits accrued on account of lower commodity costs may not be very sustainable considering upside risks to input prices," Karkera said.

Ebitda, a measure of profitability, stands for earnings before interest, tax, depreciation and amortization.

India is exploring the levy of a safeguard duty on steel imports after complaints from domestic steelmakers about dumping by overseas firms. If such a duty is levied, local prices will rise, eroding input cost gains for automakers.

India is exploring the levy of a safeguard duty on steel imports after complaints from domestic steelmakers

The Centre must take a balanced view of the impact of a safeguard duty on steel-consuming industries, Mahindra and Mahindra (M&M) managing director Anish Shah told reporters earlier this month. "Our sense is that the government will look at the impact on all user industries and ensure that the specific problem around dumping is addressed. But (that) shouldn't really translate into higher prices that impact all industries," Shah said. "Because that will essentially take inflation up and take away some of the good work that has been done in terms of demand stimulus."

M&M's industry-leading 15.5% standalone Ebitda margin during the December quarter was 1.3 percentage points above the previous year's. It attributed this to the higher demand for its cars, a price hike it took on select models at the start of the quarter, lower discounts, and benign steel prices.

The impact of cheaper inputs was much stronger for Tata Motors, whose standalone Ebitda margin rose 1.2 percentage points to 11.8% despite its revenues falling 9%. Its material cost during the quarter fell by almost a fifth year-on-year.

At Ashok Leyland, Ebitda margin improved by 0.8 percentage points to 12.8% after a 3% fall in material cost.

"There has been a substantial reduction in material costs, which has happened predominantly because of the softening of the steel prices. That has really helped us to post a better margin," K.M. Balaji, chief financial officer, Ashok Leyland told *Mint* last week.

When asked about how Ashok Leyland will counter an increase in steel prices, executive chairman Dheeraj Hinduja said the company was exploring other avenues to cut costs and improve efficiency.

"I would say that naturally, it has an impact, and we'll have to deal with that impact, but we will have to find ways to overcome any steel price increases as well," he said.

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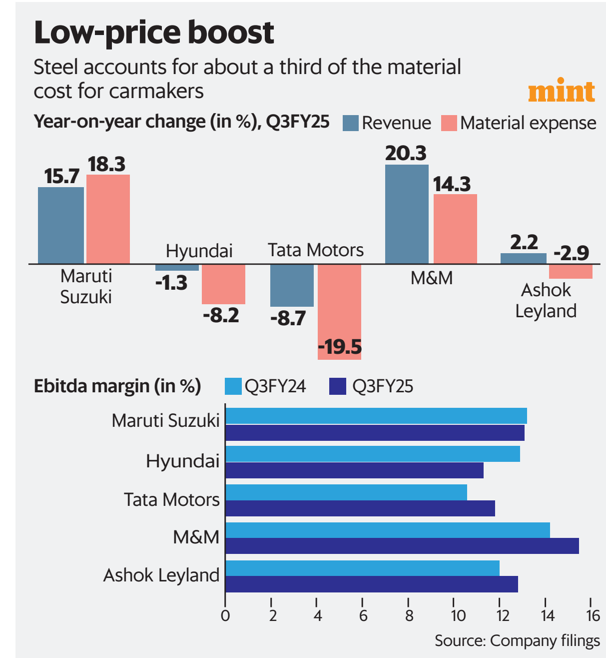

Big paydays for top talent, overall hikes may moderate

Top performers in IT product, consumer and lifesciences firms projected to get highest raise

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MUMBAI

Top performers are likely to be handsomely rewarded—in some cases getting raises double that of their peers—in an appraisal season that will see overall increment lower than last year's, according to a report by consulting firm Aon.

"Top performers in IT product firms are expected to get a 1.9x hike versus 1.73x that differentiated him/her from his/her peers in 2024," said Roopank Chaudhary, partner for human capital solutions at Aon, adding that key talent in consumer and life sciences will get 1.76x and 1.67x raise, respectively.

"The consumer sector is expected to see one of the lowest hikes in four years at 9.1%. But its top talent is always in demand from other sectors like e-commerce, technology and life sciences," pointed out Chaudhary, explaining the performance differential.

The consulting firm estimates that salaries across industries will rise by 9.2% in 2025, a marginal decline from the actual 9.3% hike rolled out on an average in 2024. Aon pegs it on "global uncertainty and softening growth". Interestingly, the firm had projected 9.5% hike for the year gone by.

Another estimate, from Mercer's Annual Total Remuneration Survey, predicts 9.4% overall salary increase across industries in India for 2025 versus estimate of 10% last year.

For some sectors, a generous hike is critical to retain their best even as attrition slows on the back of a lethargic job market. This is good news for top performers as their employers will stretch to retain them.

Mint in its 7 February edition had written how pay hikes would fall below the 2024 numbers. Slowing corporate earnings, which have led to constrained budgets, as well as sluggish economic growth have pushed firms to become even more tightfisted than last time. "This indicates a trend of declining salary increments since 2022 when companies provided 10.6% salary increases influenced by the Great Resignation," Aon noted.

Aon, which studied the data from more than 1,400 companies across 45 industries, highlighted that salary increments are also projected to vary across industries.

Engineering design services (10.2%) and auto/vehicle manufacturing (10.2%) are budgeting for the highest salary increases followed by nonbanking financial companies (10%), retail (9.8%), global capability centres (9.7%) and life sciences (9.5%).

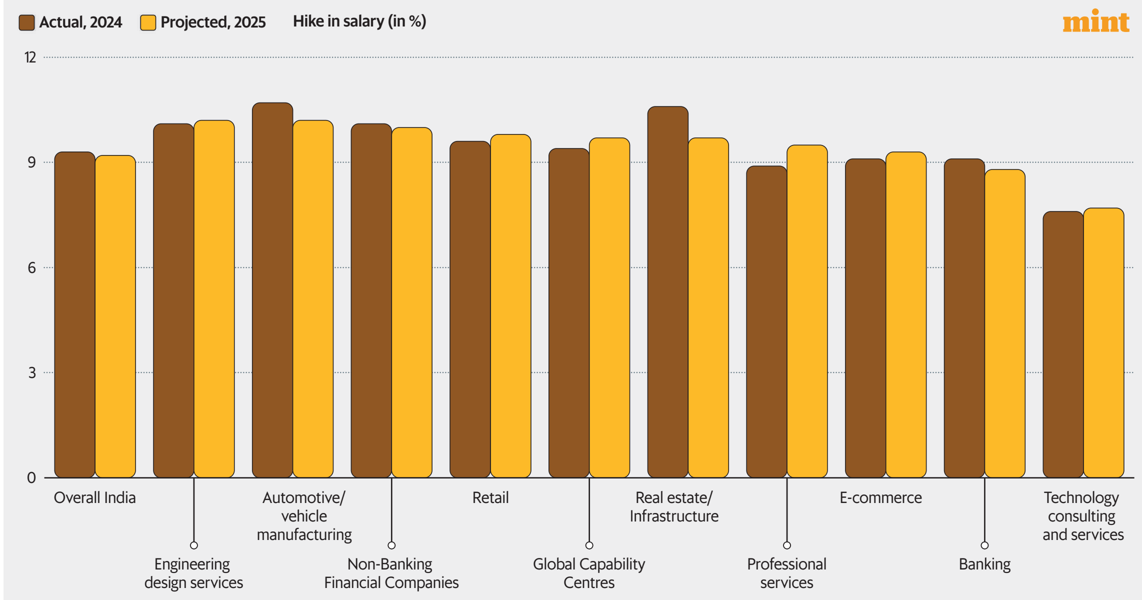
But professional services, which rolled out a hike of 8.9% in 2024, is expected to give 9.5% this year. Banking employees may be in for a disappointment as well since estimated hike is 8.8% versus a real one of 9.1% in 2024.

The study also reveals that overall attrition rates declined to 17.7% in 2024 from a high of 18.7% in 2023 and 21.4% in 2022, indicating the availability of a larger talent pool post the Great Resignation. The years 2021 and 2022 saw corporates guzzle talent right after muted growth during the pandemic. Employees held multiple job offers, and that period is called the Great Resignation.

The financial services sector, where a major chunk of one's compensation is linked to variable pay received, also placated its key employees well in 2024. Aon's Chaudhary said top talent took home a payout of 1.83x of their peers.

Salary trends

For some sectors, a generous hike is critical to retain their best even as attrition slows on the back of a lethargic job market.



Source: Aon's Annual Salary Increase and Turnover Survey 2024-25 India

SATISH KUMAR/MINT

CHEQUE MARKS

THE consulting firm estimates that salaries across industries will rise by 9.2% in 2025

AON pegs the salary growth on 'global uncertainty and softening growth'

ENGINEERING design, auto/vehicle manufacturing are budgeting for the highest increases

BUT professional services, which rolled out a hike of 8.9% in 2024, is likely to give 9.5% this year

In 2023, Maharashtra sought to restrict online games. AP

Govt plans single central law on online gaming

FROM PAGE 1

years of regulatory uncertainty. Larger investments would add a further fillip to the larger entities, thereby helping create big online gaming corporations in one of India's key sunrise sectors," the executive added.

Online gaming companies generated revenue of $2.4 billion in FY24, the annual report on online gaming by Google and venture capital firm Lumikai showed. Out of this, $1.7 billion came from Sporta Technologies (which operates Dream11), Gameskraft Technologies and Play Games24X7, the three biggest online gaming companies by revenue, corporate affairs ministry data showed.

The latest attempt to regulate online gaming is a continuation of previous efforts starting 2022, when Meity was appointed as the nodal ministry for the sector. Later, the home ministry formed a group of ministers to examine the matter.

Roland Landers, chief executive of industry body All India Gaming Federation (AIGF), said the fragmented regulations have "significantly slowed" the inflow of foreign investments into the sector. "With the support of initiatives like the AVGC mission, we are seeing renewed interest from investors. But, to sustain this momentum, a progressive, centralized regulatory framework is essential," he added.

Online gaming firms generated a revenue of $2.4 bn in FY24, as per the annual report by Google and Lumikai

The National AVGC-XR Mission is a government of India initiative to promote the Animation, Visual Effects, Gaming, and Comics (AVGC) sector.

To be sure, in January 2023, Meity had proposed a self-regulatory body (SRB) structure to certify permitted online real-money games in the country, hoping this would ease taxation, and shut out apps that are not permitted to operate. However, the model has not taken off, as senior officials were not convinced about the impartiality of these proposed bodies.

Ole Matthiessen, global head of cash management, Deutsche Bank.

'Corporate executives wary of regulatory changes'

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Corner-office executives across the world are wary of regulatory changes sparked by fresh tariff barriers, complicating investment decisions and adding to business uncertainties, said Ole Matthiessen, global head of cash management and head of corporate bank for Asia-Pacific, Middle East and Africa at Deutsche Bank.

"Tariffs add uncertainty, forcing clients to rethink supply chains and investments. Regulatory changes are among the top concerns for CEOs and CFOs, and we help clients navigate these challenges to maintain resilience and profitability," Matthiessen said in an interview.

In Deutsche Bank since 2008, Ole took the current role as global head of cash management in 2019. In 2022, he took on the additional responsibility as the head of corporate bank for the Asia-Pacific or APAC region. Thereafter, since January 2024, he is also responsible for the corporate bank in Middle East and Africa.

"I oversee Deutsche Bank's global cash management business, and regularly spend time in Europe, Asia, and the US. Within my responsibility for the overall corporate bank activities for Asia, Middle East and Africa and the associated travel, I visit both India and China up to four times a year," said Matthiessen.

Globally, the German bank has four main business divisions. These are corporate bank, investment bank, private bank and asset management. In calendar year 2023, pre-tax profit of the corporate bank division at Euro 2.9 billion (about $3.1 billion) accounted for over half of the total profit before tax of the bank.

US President Donald Trump came to power vowing to correct trade imbalances by imposing higher tariffs. Since taking office in January, Trump has already imposed tariffs on Chinese goods coming into the United States, but has paused a 25% duty on Mexico, and Canada for a month, even as he plans to enforce reciprocal tariffs on other nations.

Trump's plans for reciprocal tariffs would involve taxing foreign goods at the same rates other countries levy on US products.

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

Trump tariffs could hit pharma exports

FROM PAGE 1

manufactured by Big Pharma companies, which are mostly US- or Europe-based, and are crucial for people who cannot afford the expensive patented variety.

Plus, there is recognition that if 25% tariff is uniformly levied, it might harm other countries more than India since the latter has lower-cost manufacturing. "There is a level playing field when the tariffs are imposed across all the countries. So, the advantage will remain," Akolkar said.

Industry experts are also hopeful that the recent warmth in India-US ties would help India's case. The US has historically been one of the most significant markets for Indian generics drugmakers. Over 45% of generics and 15% of biosimilars by volume in the US originate from India, given the country's low-cost manufacturing that ensures affordability. (Biosimilars are similar but not identical copies of original biologic medicines, which are already FDA-approved.)

Should tariffs be imposed, Indian companies are expected to pass on the cost to the consumers, as indicated by India's largest drugmaker Sun Pharma's managing director Dilip Shanghvi recently at a media summit. He also said he was hopeful that generic products would be spared. "I'm not seeing a significant negative impact of the tariff on the industry...the competitive advantage that we have as a country is long term," he said.

Indian manufacturers are banking on their facilities in the US to mitigate the impact. MINT

India supplies over 45% of US generics and 15% of biosimilars, driven by low-cost manufacturing

While leading Indian exporters do have a manufacturing presence in the US, it is too small to have any significant impact. "It may not move a needle for them in terms of [avoiding] the tariffs," Akolkar said. It would also be unviable for companies to move a larger chunk of production to the US, as this would significantly impact profitability.

Meanwhile, Indian manufacturers are banking on their facilities in the US to mitigate the impact, with many addressing this in earnings calls in the past few weeks even before Trump's statement came through.

"The last three years, we have been setting up facilities in the US," Cipla managing director and global chief executive officer (CEO) Umang Vohra said. "There will come a time when we begin to understand the economics of shipping straight from India and having potential duties or whatever and the freight with it, linking up with what the cost of manufacturing and supplying from the US is. So, in some ways our model is de-risked to a large extent for our portfolio."

Like Sun Pharma's Shanghvi, Vinita Gupta, CEO of Lupin, is also hopeful that generic drugs would be exempted from the tariff. "If it's otherwise, we'll be looking at other ways and means of mitigating the impact with a combination of manufacturing in the US as well as wherever possible, from a cost perspective and otherwise," Gupta told investors in a call last week.

"There's nothing that we believe is going to be a challenge for us," Swami Iyer, CEO, North America of Aurobindo Pharma, said in the company's Q3 earnings call. "We would continue to import from India and competitors would be in the same state as we are in," he said.

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

India won't get a Trump tariff waiver; Goldman sees GDP hit

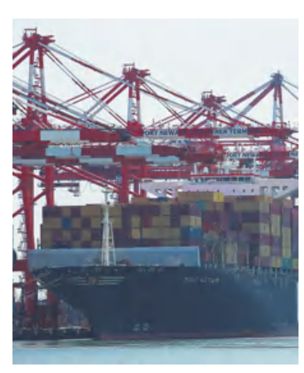
FROM PAGE 1

would impose the same level of tariffs on Indian imports as India does on American goods.

According to Goldman Sachs Economics Research, reciprocal tariffs may hurt India's GDP by 0.1-0.3%, based on varying US tariff hikes and demand elasticity for Indian exports. While India's trade surplus with the US doubled over the last decade to $35 billion in FY24 (or about 1% of GDP), the proposed tariff plan could pose new challenges for Indian exports, it said in a report.

"However, in case of global tariffs on all countries from the US, India's domestic activity exposure to US final demand would be roughly twice as high (about 4.0% of GDP) given exposure to the US via exports to other countries, and would likely result in a potential domestic GDP growth impact of 0.1-0.6pp," said the report, titled *India: Dealing with Potential Reciprocal Tariffs*.

Under President Trump's reciprocal tariff plan, India could face three potential impacts: a simple across-the-board tariff increase of about 6.5pp (percentage points) on all US imports from India, a more complex product-specific tariff match potentially raising the differential to about 11.5pp, or the most complicated scenario involving non-tariff barriers, which could result in even higher tariffs, the research unit said.



India's trade surplus with US doubled to $35 bn in FY24. AFP

"Nobody can argue with me," President Trump said in the television interview. "If I said 25%, they'd say, 'Oh, that's terrible.' I don't say that anymore...because I say, 'Whatever they charge, we'll charge.'"

Mint reported on 15 February that India plans to counter Trump's reciprocal tariffs plan with data to show that most imports from the US into India have duties less than 10%.

Goldman Sachs Economics Research said reports on Trump's meeting with Modi highlight four key aspects of the US-India relationship. These include a planned trade deal aiming to boost bilateral trade to $500 billion by 2030, the deportation of over 220 unauthorized Indian immigrants in February, India's growing defence imports from the US, and a trade agreement for increased US energy exports to India.

"Our estimates only include the direct impact of an increase in US average effective tariff rates on Indian imports (lower exports from India to the US)," the report said. It added that additional tariff impacts include real income effects if India retaliates with higher tariffs and reduced business investment due to trade policy uncertainty.

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HSBC expects revamp to cost $1.8 billion over two years

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HSBC Holdings Plc will incur $1.8 billion in charges over the next two years as it embarks on a global restructuring program that has seen the lender shutter some of its businesses and slash management ranks.

Europe's largest bank, which has been deepening its push into Asia and some Middle East markets, said it hopes the restructuring will allow it to whittle away $3 billion in expenses in the coming years. About half of that would then be reinvested into priority growth areas, according to its full-year earnings presentation Wednesday.

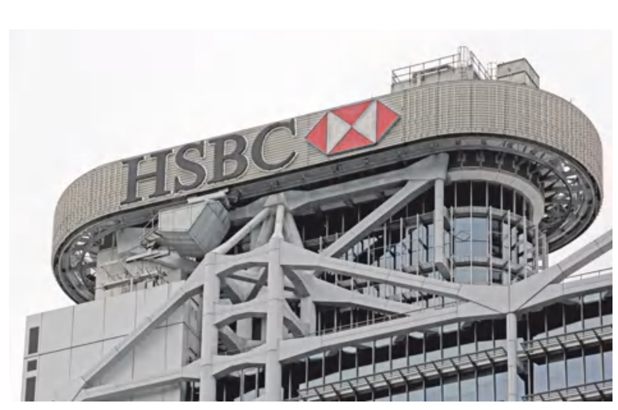
"Since becoming CEO, I have focused on simplifying how we operate," chief executive officer (CEO) Georges Elhedery said in a statement in which he also detailed a $2 billion share buyback. "We are creating a simple, more agile, focused bank built on our core strengths."

The lender's shares, which have surged 15.4% so far this year, were up 0.2% in early afternoon Hong Kong trading. Analysts at Jefferies Financial Group Inc. said "some investors would have hoped for a better than $2 billion share buyback."

With Elhedery at the helm for roughly six months, HSBC has witnessed one of the biggest upheavals in more than a decade. He wound down some of the lender's investment banking operations in Europe, the UK and Americas in a bid to focus on areas where it could "best serve" its corporate and institutional clients.

The broad moves have also seen a slew of top executives heading for the exit. The bank said Wednesday that its "severance and other up-front costs" will be spread through this year and next. The lender is focused on "opportunities where we have a clear competitive advantage," the lender said.

Last month, HSBC announced it would no longer provide equity underwriting and advisory services outside of its core operations in Asia and the Middle East. Those selective investment banking businesses have annual costs of approximately $300 million and are not "materially profitable," according to HSBC presentation slides.



The bank forecast that its full-year expenses are expected to rise about 3% in 2025. REUTERS

The company also noted its made progress on efforts to exit German private banking and French life insurance.

"Costs taken from non-strategic activities will be invested in priority growth areas," HSBC said in the presentation. The bank forecast that its full-year expenses are expected to rise about 3% in 2025.

Bloomberg News reported in December that HSBC was examining plans to cut costs by at least $3 billion. Discussions over the scale of the cuts have been going on for months at the top level.

STRATEGY SHIFT

EUROPE'S largest bank has been deepening its push into Asia and some Middle East markets

HSBC hopes the restructuring will let it whittle away $3 bn in expenses in the coming years

Days after taking over from Noel Quinn as CEO, Elhedery told a town-hall meeting in Hong Kong that he would be focused on keeping a lid on costs. Six weeks later, he unveiled the revamp that also involved creating a new global commercial and institutional banking unit through the combination of two of the lender's largest divisions, while splitting Hong Kong and the UK as standalone businesses.

Further management changes have followed, including the December announcement of the departure of Annabel Spring, global head of private banking. Other senior managers have been forced to reapply for their jobs. "The process has been measured, thoughtful and fair," Elhedery said at the time.

The CEO has also set in motion plans for further asset sales and business closures, including a strategic review of the bank's Maltese operations, sale of its South Africa corporate banking unit, as well as the closing of HSBC's Zing payments app. Last month, the bank said it would stop providing M&A and equity underwriting services in New York, London, and continental Europe.

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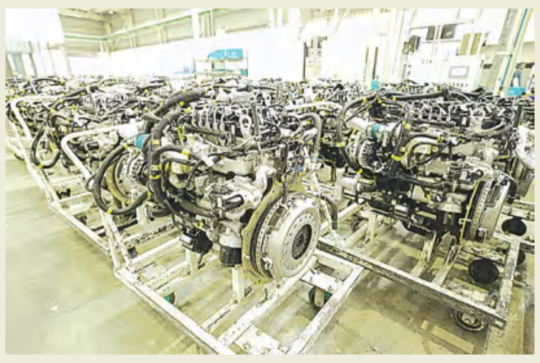

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- 50% Rebate in development fees

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- 50% subsidy on R&D and testing facilities
- Up to 25% rebate in development fees

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With GIS 2025 (Global Investors Summit 2025) as the launchpad, the government is extending unprecedented incentives to attract global investors, industrial giants, and entrepreneurs to set up in India's heartland.

India's First Fully Integrated Green Energy Hub

A Leap Towards Carbon-Neutral Industries. Madhya Pradesh is transforming into India's green energy hub with an ambitious Pumped Hydro Storage Policy (PSP) 2025. With a 12,000 MW energy storage roadmap, the state offers 24x7 renewable energy, making it the ideal location for industries transitioning to net-zero emissions.

- 50% exemption on transmission charges
- Fast-tracked land allotment
- Government-backed power purchase agreements (PPAs)

City Gas Distribution Policy 2025

Industries in Madhya Pradesh will benefit from affordable and uninterrupted natural gas supply, thanks to the CGD Policy 2025, promoting clean energy adoption.

- Subsidized PNG supply for manufacturing
- Special incentives for gas-powered industrial clusters
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The Tourism Policy 2025 aims to triple tourism investment by 2030, making Madhya Pradesh the preferred luxury and adventure tourism destination.

- Up to ₹90 Crore (USD 11M) capital grant for mega projects
- Land at collector guide rate for 90 years
- Single-window clearance for tourism ventures

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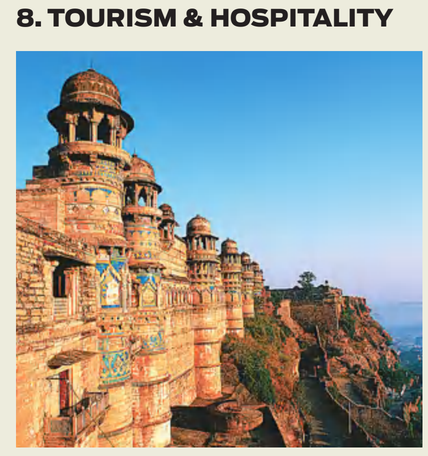

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Innerwear exports fall on dearer China inputs

Rise in prices of inputs has raised concerns about reliance on China

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India's dependence on Chinese raw materials for garment manufacturing, particularly in the innerwear segment, is hurting the domestic industry. As prices of key inputs have surged, exports in this category have sharply declined over the past three years (FY22-FY24), raising concerns about the long-term impact of reliance on China, two people aware of the matter said.

The rise in raw material costs by 20% to 30% for cotton yarn, spandex, synthetic fibres and elastics, many of which are sourced from China, is a major reason for the decline in exports of innerwear, said the first of the two persons cited earlier, both of whom spoke on condition of anonymity.

This input cost surge is largely due to the ongoing supply chain disruptions, increasing global demand, and fluctuating energy prices in China, the second person said.

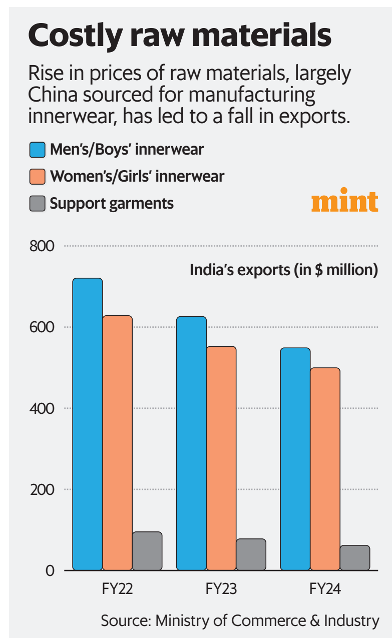
According to export data, there have been sharp declines in key innerwear categories. While men's and boys' innerwear exports, including underpants, briefs and pyjamas, fell by 24% from $720.86 million in FY22 to $548.28 million in FY24, exports of singlets and vests also recorded a modest drop, as per commerce ministry data, exclusively accessed by *Mint*.

As per the data, the women's and girls' innerwear category faced similar hurdles, with exports of slips and nightdresses decreasing from $627.74 million in FY22 to $499.86 million in FY24, reflecting a fall of 20.37%.

Queries emailed to spokespersons of ministries of commerce and textiles as well as the Chinese embassy in New Delhi remained unanswered till press time.

As per data provided by one of the country's leading innerwear manufacturers, Rupa, the company's exports dipped by 42.38% in rupee terms, from ₹41.11 crore in FY23 to ₹23.69 crore in FY24.

India's dependence on China for garment manufacturing is hurting local industry. AFP



SATISH KUMAR/MINT

The Men's Underwear Index (MUI), a concept introduced by former US Federal Reserve chairman Alan Greenspan, suggests that increased sales of innerwear can indicate a recovery in consumer spending.

In the case of India, the Men's Underwear Index is relevant to the dip in innerwear exports because it reflects consumer demand trends, which are closely tied to production cycles.

"A decline in exports of innerwear signals broader economic stress, supporting the MUI's idea that lower sales of essential goods indicate pressure on the economy," said Abhash Kumar, assistant professor of economics at the University of Delhi.

The support garments segment saw the sharpest decline, with exports of bras, corsets, and suspenders dropping by 35.30%, from $95.14 million in FY22 to $61.56 million in FY24, the data showed.

"The industry is undergoing a significant transformation, with rising demand for affordable, high-quality products in South-east Asia and the Middle East, further enhancing India's export potential. Consumers are increasingly prioritizing comfort, sustainability and innovation, shaping the future of innerwear," said Ramesh Agarwal, director of Rupa and Co. Ltd.

According to a report by fashion research platform Images Business of Fashion, India's innerwear market is projected to grow at a compounded annual growth rate of 10% between 2024 and 2029, expanding from ₹66,703 crore to ₹1.07 trillion.

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

EXPORT WOES

MEN'S and boys' innerwear exports fell 24% to $548.28 mn in FY24 from $720.86 mn in FY22

WOMEN'S and girls' innerwear exports fell 20.37% from $627.74 mn in FY22 to $499.86 mn in FY24

LEADING innerwear manufacturer Rupa's exports fell 42.38% from ₹41.11 cr in FY23 to ₹23.69 cr in FY24

Bollywood faces challenge from South

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The phenomenal pan-India success of movies such as *Baahubali*, *RRR*, *KGF* and *Kantara* appear to have emboldened southern producers to now consider releasing their films on major festivals such as Diwali and Eid as well as long weekends, which have typically been the preserve of Bollywood flicks.

Their rising popularity in the Hindi belt means southern films are threatening Bollywood in its own backyard.

In April, for instance, Kannada star Yash, best known for the *KGF* franchise, will release a new film called *Toxic* that will compete not just with another southern film, *The Raja Saab* starring Prabhas, but also Bollywood's Sunny Deol-starrer *Jaat* and Rajkummar Rao's comedy drama *Bhool Chuk Maaf*, all of which will arrive to cash in - and clash - on a host of holidays.

Meanwhile, the Gandhi Jayanti weekend in October will see the *Kantara: A Legend Chapter 1*, a prequel to the 2022 sleeper hit, joust with Varun Dhawan's new film *Hai Jawani Toh Ishq Hona Hai*. Theatre owners say that southern filmmakers are ready to take these Hindi movies head on, and while the problem of plenty is good, not enough screens may be available if multiple titles seek to target same audiences.

Further, in June, Kamal Haasan's new film *Thug Life* will collide with Akshay Kumar's ensemble comedy *Housefull 5*, though not over a holiday weekend.

In April, Kannada film *Toxic* will be competing with Sunny Deol-starrer *Jaat* and Rajkummar Rao's *Bhool Chuk Maaf*.

"Southern filmmakers are certainly buoyed by the success of their films across India and have consciously decided to reach out to wider audiences by looking at release dates typically meant for Hindi movies. Bollywood, too, has realised it must brace for competition, not just from other Hindi titles, but southern films too, like it has dealt with Hollywood so far," Rahul Puri, managing director, Mukta Arts and Mukta A2 Cinemas, said.

The past theatrical success of pan-India southern films shows inroads into the Hindi belt are possible, and their prospects brighten further when top A-listers such as Shah Rukh Khan or Salman Khan Bollywood are missing from the Bollywood line-up. "That there isn't that much of an opposition gives the southern filmmakers a sense of confidence. If both films generate equal demand and buzz, exhibitors will certainly be squeezed. But the other way to look at this is that more big and interesting films will bring people to theatres in larger numbers," Puri added.

RRR collected ₹916 crore in pan-India box office, while *KGF: Chapter 2* made ₹1,005 crore.

To be sure, audiences have started looking at southern language films as the real theatrical content, and Bollywood is falling way behind in the perception game, independent exhibitor Vishek Chauhan said. "When southern films are seeing such resonance, why wouldn't the makers take a chance against Hindi films by arriving on the same date?"

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

Atlys flies into UK with Artionis acquisition

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Atlys, a digital visa services provider that is backed by venture capital firms Peak XV Partners and Elevation Capital, has entered the UK market with an all-cash acquisition of Artionis.

The company, which raised $20 million (about ₹167 crore) in funding in September, didn't disclose the deal value.

However, a person familiar with the transaction said that the deal value was a little above $1 million.

Following the acquisition, Atlys will onboard Artionis' staff in the UK. The target company has 40 employees operating across offices in London, Manchester and Edinburgh. Atlys plans to double its UK headcount to 80 employees by the end of the year.

"Expanding to the UK represents more than just market growth; it's about creating a more equitable travel ecosystem," said Mohak Nahta, founder and chief executive of Atlys.

Artionis holds exclusive rights for processing UK-to-Russia visas. The acquisition will help Atlys reduce paperwork, provide more accurate approval timelines, and cut application time to under five minutes. Atlys says it has processed over 2 million visas since 2021.

In 2024, Atlys expanded into the UAE, catering to the growing expatriate population. Beyond visa services, Atlys aims to evolve into a one-stop platform for global travel services, branching out into offerings such as e-SIMs, forex, and travel insurance. It plans to introduce curated travel plans in the near future.

The startup was founded in 2021. That year, it raised $4.25 million in a seed funding round led by Andreessen Horowitz. Prior to that, it secured $1 million in a pre-seed funding round led by South Park Commons.

Atlys raised $12 million in a Series A round co-led by Elevation Capital and Peak XV Partners in September 2023. The round had seen participation from existing investors Andreessen Horowitz, musical duo Chainsmokers and South Park Commons, among others. EY was the advisor on the latest transaction.

Peak XV and Elevation co-led its Series B round last year.

Nikola goes bankrupt, capping troubled EV maker's long slide

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Nikola Corp. filed for bankruptcy, culminating a long decline for the onetime darling of the electric-vehicle industry, which grappled with weak sales and cycled through chief executive officers (CEOs) in the wake of a fraud scandal.

The company is exploring a sale of its assets after entering Chapter 11 in Delaware on Wednesday. In court documents, it listed total funded debt and lease obligations of $98 million.

CEO Steve Girsky had been leading a recent effort to raise money or find strategic alternatives. AP

The filing caps a struggle by the maker of electric and hydrogen-powered semi trucks to get a handle on dwindling cash, slow sales and a collapsing stock price. *Bloomberg* reported earlier this month that Nikola was exploring a possible bankruptcy filing as the company acknowledged it was "relentlessly working to raise capital."

Nikola's shares plunged 45% at 9:34 a.m. Wednesday in New York. The stock had already lost 97% of its value over the past 12 months through Tuesday.

The company has been on a tumultuous journey since it went public in 2020 through a deal with a special purpose acquisition company, with its stock surging in its early days. Shortly after, *Bloomberg News* reported that founder Trevor Milton had overstated the capability of Nikola's debut truck. Those allegations, coupled with a subsequent short-seller campaign targeting the company, led to Milton's ouster and later conviction on fraud charges.

In recent years, the company has endured cash-flow issues, slow demand and executive turnover. Nikola also recalled its battery-electric trucks after battery fires in 2023 prompted it to temporarily halt sales.

Nikola's market value peaked at $29 billion in the days after it began trading, but it had fallen to less than $100 million before the filing.

Nikola is the latest manufacturer to succumb to a punishing environment for electric vehicles (EVs), which are struggling to maintain traction due to high costs, spotty charging infrastructure and lukewarm customer interest. Fisker Inc. filed for Chapter 11 bankruptcy in June, while Canoo Inc. announced a Chapter 7 filing 17 January—both companies, like Nikola, went public via blank-check reverse mergers during a wave of such listings in 2020. The Swedish battery maker Northvolt AB filed for bankruptcy protection in the US in November.

Nikola's market value peaked at $29 bn in the days after it began trading, but fell to less than $100 mn before the filing

With its filing, Nikola is seeking authorisation to pursue an auction and sale process, the company said in a statement. The company said it intends to meet obligations to employees, and it has $47 million of cash on hand.

CEO Steve Girsky, a former Morgan Stanley analyst and General Motors Co. executive, had been leading a recent effort to raise money or find strategic alternatives, *Bloomberg* reported.

Nikola retained Houlihan Lokey in October as its investment banker to conduct a marketing process for a potential sale, following failed efforts by other bankers it had hired, including Goldman Sachs.

The truck maker hasn't selected a stalking horse bidder. As of the petition date, Nikola said it's in active discussions with at least three parties interested in such opportunity. At the same time, it has pivoted to evaluating the sale of its separate business segments "since a going concern sale may not ultimately prove viable."

Some potential investors walked away after having conversations.

Europe, Asia set for $130 bn listing exodus

Allure of loftier valuations may drive firms to list in the US market

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European and Asian firms may soon flood the US market with new listings, as the allure of loftier valuations and deeper liquidity fuels an exodus from their home markets.

From Swedish buy-now, pay-later giant Klarna Group Plc to equipment rental firm Ashtead Group Plc to Chinese bubble-tea maker Sexy Tea, businesses based outside the US with a combined estimated value of roughly $130 billion are working toward New York listings, according to calculations based on sources including *Bloomberg News* reports, PitchBook data and company disclosures.

The figure would add to last year's record number of cross-border listings in the US. Higher valuations are a key part of the allure. European and Asian stocks trade at a roughly 35% discount to US peers, according to data compiled by *Bloomberg*.

Glencore Plc became the latest company to unveil potential interest in a move on Wednesday. It would add another $50 billion to the total if it takes steps toward moving its main listing to the US.

"A lot of companies understand that right now the US is the deepest and most liquid market," said Seth Rubin, head of global equity capital markets at Stifel Financial Corp. "It's across the board and across industries."

Last year, the US attracted 101 initial public offerings (IPO) by foreign firms, a 51% jump from 2023, according to research by consultancy EY. The deals made up more than half of the US's entire IPO count for the year—a historic high—even if they only contributed to about a fifth of the proceeds. That's excluding transactions where capital wasn't raised, such as Flutter Entertainment Plc shifting its primary listing from London to New York.

Last year, the US attracted 101 initial public offerings by foreign firms, a 51% jump from 2023, according to research by consultancy EY AFP

Hopes for a growth rally spurred by President Donald Trump's pro-business agenda are also encouraging some European and Asian companies to think about a US float, JPMorgan Chase & Co.'s co-head of global banking Filippo Gori said in an interview with *Bloomberg TV* last month.

Much of the capital at risk of fleeing comes from Europe. FTSE 100 constituent Ashtead Group has announced plans to move its primary listing stateside, a relocation that building materials firm CRH Plc made in 2023.

The region has already lost out on several IPOs in recent years. British chipmaker Arm Holdings Plc chose to list in the US in 2023, while Carlyle Group Inc. has filed confidentially for a US IPO of Dutch chemicals producer Nouryon, *Bloomberg News* reported this month.

Swiss building solutions company Holcim Ltd is spinning off its North American unit with a US listing, with an additional one planned in Switzerland. Jan Jenisch, who will helm the spinoff, said last year that his valuation for the US business was around $50 billion. The company had said earlier that its US spinoff could be valued at more than $30 billion.

Elsewhere, Chinese companies have remained interested in listing in the US even after the ill-fated IPO of ride-hailing firm Didi Global Inc. in 2021, with 33 floating in the US last year, as per EY's count.

Chinese IPOs in the US raised $1.3 billion in 2024.

CROSS-BORDER LISTINGS

EUROPEAN and Asian stocks trade at a roughly 35% discount to US peers, shows data

HOPES for a growth rally after Trump's election prompting many firms to think about a US float

GLENCORE is the latest company to unveil potential interest in moving its main listing to the US

Court reviews Mastercard's settlement

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Mastercard Inc. unfairly reduced a £10 billion ($12.6 billion) class action case to a settlement of just £200 million, according to the firm that funded the lawsuit.

The credit-card company "skillfully maneuvered" claimant Walter Merricks and his lawyers by offering an inferior settlement to end the case, according to the litigation funder Innsworth Advisors Ltd. The lawsuit alleged Mastercard charged consumers and businesses too much to use its cards.

"To the extent that Innsworth's submissions make poorly aimed pot-shots at the negotiation process, they are hopeless," lawyers for Mastercard countered. "Innsworth's interests lie in maximizing its commercial recovery even if that entails a high-risk gamble," they said arguing the settlement is fair and reasonable.

The lawsuit alleged that Mastercard had charged consumers and businesses too much to use its cards. AFP

The legal drama follows the settlement in what was once the country's largest class action claim over the amount Mastercard charged consumers and businesses to use its cards. Merricks' lawyers have since acknowledged that "there was an overclaim" in his suit. The case highlights the tension facing courts in cases meant to maximize returns for consumers at a time when litigation funders are betting on a rise in class actions in the UK.

The outcome of the case will likely set a precedent for how judges balance fair compensation and returns for those who foot the legal bill.

"The potential settlement raises significant policy questions," Innsworth's spokesperson said. The intervention is aimed at getting clarity on the UK's class action regime for future cases and to ensure scrutiny of the proposed settlement, she said.

"It is notable that none of the over 44 million class members have objected," Mastercard's lawyers said in their document. The company declined to comment beyond the legal filing.

The £200 million settlement is a "very significant sum" out of which half is to be paid to consumers, according to lawyers for Merricks.

The funder incurred legal bills worth around £45 million and would double the investment in six years if it gets the remaining £100 million, lawyers for Merricks said. "Mr Merricks cannot accept that 89.5% of the settlement sum be paid to the funder as this would not be in the best interests of the class," his lawyers said.

Merricks obtained a £10 million indemnity from Mastercard to cover his expenses to contest a legal case against him started by Innsworth, according to the documents.

A spokesperson for Merricks declined to comment.

Mastercard and its rival Visa Inc. have for years been the focus of civil complaints over the amount they charge consumers and businesses to use their cards. The case stems from an EU ruling that the interchange card fees the company levied for transactions were unfair and breached competition law.

EU to boost protection of undersea cables

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The European Union will boost funding and surveillance for thousands of miles of undersea cables at risk of sabotage, to better protect the bloc's energy and digital security.

The European Commission, the EU's executive arm, will channel hundreds of millions of euros from existing budgets and work with private and public investors to roll out so-called "smart cable" systems to function as an early warning system for potential threats, according to a draft document seen by *Bloomberg News*.

"In the face of increased security threats, the EU must take swift and decisive action," the draft communication said. "It will act to protect the security of critical maritime infrastructure and hold malicious actors accountable."

In recent months there have been a number of incidents in the Baltic Sea where telecommunication and power cables strung across the sea floor between countries were damaged or severed by passing ships. Earlier this month, technology commissioner Henna Virkkunen told *Bloomberg* that there was an "urgent need for action" to combat a growing threat.

An additional €540 mn will be invested under the bloc's Connecting Europe Facility into digital infra

The institution will also boost cooperation with the North Atlantic Treaty Organization and propose establishing a reserve fleet of ships to repair damaged cables, according to the document.

Subsea cables carry internet and power connections across countries and continents and their loss can disrupt digital services, including web access and payments, and force telecommunications providers to reroute traffic. More than 95% of global data traffic goes through subsea cables, according to the International Cable Protection Committee.

An additional €540 million ($563 million) will be invested under the bloc's Connecting Europe Facility into digital infrastructure, including submarine cables, totalling almost €1 billion under the current budget, the draft document, which is still subject to change, said.

European capitals clash over Ukraine as Trump makes overtures to Putin

Stunned by Trump's outreach to Russia over Ukraine, European leaders are groping for common ground

Daniel Michaels & Laurence Norman
BRUSSELS

Europe over recent years has come together against the Covid-19 pandemic and Russia's invasion of Ukraine. The European Union held strong in the face of Britain's exit.

But faced with its biggest crisis in years—President Trump's high-speed effort to end the war in Ukraine by negotiating directly with Russia—Europe has reverted to form in a blur of inconclusive meetings and squabbling governments.

Just when the continent is urgently seeking leadership, no leader has emerged. Instead, looming national elections are hindering decisions in some of the EU's biggest countries, and diverging political poles are impeding compromise.

Europe's inability to step up was laid bare by its absence from a meeting Tuesday in Saudi Arabia between U.S. and Russian diplomats, who sketched out plans to negotiate over Ukraine. Ukrainian President Volodymyr Zelensky said any talks that don't include his country were doomed.

Later, the EU's foreign policy chief, Kaja Kallas, and the foreign ministers of Britain, Germany, France and Italy spoke to Secretary of State Marco Rubio about the talks.

"Russia will try to divide us. Let's not walk into their traps," Kallas said on X, advocating cooperation with the U.S. for "a just and lasting peace—on Ukraine's terms."

EU officials in Brussels met with Trump's Ukraine envoy, Keith Kellogg. Afterward, a senior European official said Kellogg offered little detail on what the U.S. wants to see from the Europeans as part of a security guarantee; Kellogg didn't say what role Washington thought European troops should play if they were sent to Ukraine under a peace plan.


Despite French President Emmanuel Macron's efforts, European unity is now being tested by domestic politics. REUTERS

The official said it remained unclear how much weight Kellogg would have in relaying European views and concerns into the negotiations over the war's outcome. Kellogg is expected to visit Ukraine this week.

The scene a day earlier, when German Chancellor Olaf Scholz scornfully left a meeting in Paris that French President Emmanuel Macron hastily had organized to plan a response to Trump, echoed the worst days of the euro crisis more than a decade ago when EU governments spent long nights bickering without result.

Macron is scheduled to host Romania's interim president Wednesday, and they will hold a videoconference with other European leaders who didn't attend Monday's gathering, the French president's office said.

Despite Macron's efforts, European unity is now being tested by domestic politics. Even Scholz's more-hawkish opponent in elections this Sunday, Friedrich Merz, is avoiding commitment to more support for Ukraine. "Germany will not and must not become a party to the war," he said in an interview.

In a further sign of the continent's drift, the Paris meeting attendee who is taking the boldest public stance on Ukraine isn't from the EU. It is British Prime Minister Keir Starmer, who is scheduled to visit Trump next week to discuss options and try to win a role for Europe in peace talks.

THE WALL STREET JOURNAL.

Europe's demonstrations of unity over recent years surprised even its own officials. When Britain in 2016 voted to quit the EU, many feared the bloc would splinter, but it pulled together. The Covid crisis began with discord, as EU countries resurrected borders within their borderless free-trade zone. Within months, though, not only had the barriers fallen but the EU reached an unprecedented deal to jointly bankroll a recovery fund.

And when Russian President Vladimir Putin three years ago launched his full-scale invasion of Ukraine, the EU, Britain and other European allies joined with the U.S. to support Kyiv and punish Moscow.

Those achievements were accomplished through initiatives and concessions from European leaders including Macron, Germany's then-Chancellor Angela Merkel and European Commission President Ursula von der Leyen, who stretched EU authority to create policies for the bloc on Covid and Russia's aggression.

The current crisis is fundamentally different and one that Europe, for all its progress, is unprepared to handle. It revolves around Europe's closest ally, the U.S., and a field where Europe has never unified: foreign policy.

In areas where EU countries function as one, such as competition regulation and foreign trade, its members have surrendered sovereignty to the bloc, represented by the European Commission. In other areas, including taxation and foreign policy, the 27 members remain sovereign states pursuing their own agendas.

Occasionally, as after Russia's 2022 invasion of Ukraine, the members unite against a foreign challenge. More often they bicker, as during the euro crisis, the Second Gulf War in 2003 and Israel's war in Gaza.

Today's upheaval is all the more traumatic for Europeans because it is happening inside the North Atlantic Treaty Organization, the one trans-Atlantic institution that has been sacrosanct for 75 years. Only NATO binds Washington to almost every European capital. Significantly, U.S. leadership in NATO has never been questioned. The U.S. created the alliance in the face of threats from Moscow at the Cold War's dawn at the request of Europeans.

U.S. leadership in NATO has let Europe off the hook on finding common ground regarding external threats. It has also let them skimp on security and military spending for generations. For the past decade, European military outlays have risen. Nonetheless, under pressure from Trump, Europeans are being forced to confront their shortfalls on both policy and spending, and are struggling to agree on an approach.

Ukrainian President Volodymyr Zelensky said any talks that don't include his nation were doomed

The Europeans say they want to coalesce in response to Trump.

"I think Europe needs to get its act together," Finnish President Alexander Stubb said before Monday's meeting. He said any peace talks should include Ukraine, Russia, the U.S. and Europe, with Europe including the EU, the U.K. and other allies. To represent what would be more than 30 countries, he advocates a special envoy.

Who that envoy would be, he said, "That's for the European leaders to decide."

NATO Secretary-General Mark Rutte, a former Dutch prime minister, said before Monday's Paris meeting that he had spoken with European leaders and told them, "Well, if you want a place at the table, make sure you come up with relevant proposals."

One of the few proposals under debate for a step Europe could take regarding Ukraine—one that U.S. officials have called for—is the idea of using European troops, among others, to enforce a peace deal with Russia. Macron one year ago suggested putting European troops in Ukraine to help Kyiv. Scholz and other leaders rejected the idea.

Now the concept is getting some endorsement, most vocally from Britain's Starmer. Britain and France have Europe's largest military forces in NATO, though Starmer is an EU outsider.

Macron hoped his Paris gathering would enable Europe to provide common answers to questions that Washington posed last week in a written questionnaire sent to European capitals. Questions included: Would they be prepared to put troops on the ground in a cease-fire, and what other capabilities were they prepared to commit to Ukraine to lock in robust security guarantees?

Macron also hoped to advance a European package of financial support for European military spending and its arms industry, which is expected to include new money for Ukraine. The first part of that plan is targeted for March, EU officials say.

Scholz, who left the meeting early, said now wasn't the time for Europe to be focused on its role in a peace plan that didn't yet exist. It should focus on supporting Ukraine's war efforts, he said. Germany remains deeply committed to the NATO model of trans-Atlantic cooperation, while France has long sought to buttress European military strength as an element of what Macron calls strategic autonomy.

Scholz bolted Monday's meeting to campaign before Sunday's election, a showdown that has cramped his room to maneuver on the Ukraine question. Poland, which is headed toward presidential elections in May, staunchly supports Ukraine, but leaders fearing blowback have hesitated on committing troops to a peace mission. And Macron, while still wielding foreign policy powers, was weakened by parliamentary elections that he called last year.

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Donald Trump has long accused other nations of ripping off the US and views import duties as a way to bring industries back. AFP

Trump floats 25% tariffs on US auto, drug, chip imports

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US President Donald Trump said he would likely impose tariffs on automobile, semiconductor and pharmaceutical imports of around 25%, with an announcement coming as soon as 2 April in a move that would represent a dramatic widening of the president's trade war.

Trump has previously announced 25% tariffs on steel and aluminium that are set to take effect in March. Tuesday's comments are his most detailed yet in specifying other sectors to be hit with fresh barriers if implemented.

"I probably will tell you that on 2 April, but it'll be in the neighbourhood of 25%," Trump told reporters at his Mar-a-Lago club when asked about his plan for auto tariffs.

Asked about similar levies on pharmaceutical drugs and semiconductor chips, the president said: "It'll be 25% and higher, and it'll go very substantially higher over a course of a year." Trump said he wanted to give companies "time to come in" before announcing new import taxes.

"When they come into the United States and they have their plant or factory here there is no tariff, so we want to give them a little bit of a chance," he said.

New levies on automobiles would have sweeping effects on the industry. The roughly 8 million passenger cars and light trucks brought into the US last year accounted for about half of US vehicle sales. European carmakers including Volkswagen AG and Asian companies including Hyundai Motor Co. would be among the most affected.

Trump didn't specify whether the measures would target specific countries or apply to all vehicles imported to the US.

It's also unclear whether cars made under a free trade agreement with Canada and Mexico would be spared from industry-specific duties, should they take effect.

Equities slipped across Asia when markets opened on Wednesday. While investors have seen prior threats of levies as a bargaining tool, they remain cautious amid the uncertainty.

While there are scant details about the latest tariff threat, it's clear that the targets in Trump's second trade war have broadened beyond China and will hit Asia in particular, according to Alicia Garcia Herrero, chief economist for the Asia Pacific region at Natixis SA. "In relative terms, Trump 2.0 is clearly going to hit everybody," she said. "Whoever thought that the rest of Asia outside of China may be a winner in this trade war was wrong."

Trump didn't specify whether the measures will target specific nations or apply to all vehicles imported to US

Globally, the countries most exposed to the most recent announcement include Mexico and South Korea, where exports of passenger cars to the US are equal to 2.4% and 1.8% of gross domestic product respectively, according to Bloomberg Economics. When it comes to chips, Malaysia and Singapore are among the most exposed.

Malaysia is the sixth largest exporter of semiconductors and exported a record RM601 billion ($136 billion) of semiconductors in 2024. Trump's announcement came only hours after Singapore Prime Minister Lawrence Wong announced plans to invest about S$1 billion ($744.8 million) for a new research and development semiconductor facility as part of his budget.

Representative at Samsung Electronics Co. and Taiwan Semiconductor Manufacturing Co., Asia's largest chipmakers, declined to comment.

This new Airbus jet is bad news for Boeing

Benjamin Katz
feedback@livemint.com

Airbus has a new jet that's winning over some of Boeing's best customers. It also raises the specter of more trouble ahead for the U.S. plane maker.

The European company started delivering the new aircraft—the A321XLR—late last year against a backdrop of manufacturing upheaval and financial strain at its American rival. So far the XLR has racked up more than 500 orders, many from airlines looking to replace older Boeing planes.

THE WALL STREET JOURNAL.

The jet's success is one of the starkest signs yet of the diverging fortunes of the two companies, with Boeing's troubles leading to gaps in its product lineup that are now being exploited by Airbus. It is also a warning of a bigger threat looming: While Boeing is strapped for cash, Airbus is increasingly investing in an entirely new generation of aircraft that could shape the duopoly for decades to come.

American Airlines and United Airlines have chosen Airbus's XLR to replace their aging Boeing 757 fleets. Other airlines including Australia's Qantas have also purchased the XLR—the first time that carrier has ordered one of Airbus's smaller, narrow-body jets.

Central to the XLR's appeal is a giant fuel tank behind the wings that means the aircraft can carry up to 220 passengers on trips as long as 11 hours. That is far longer than typical narrow-body jets, allowing airlines to open up new direct routes—including across the Atlantic—without needing to sell as many tickets as they would with a bigger, wide-body plane.

The new model—the latest in its A320 family of aircraft—has another advantage: It doesn't have much competition. Boeing discontinued the 757 in 2004 and shelved plans to build a new aircraft that would have competed directly with the XLR in 2020. The U.S. company's main rival aircraft—the 737 MAX 10—is years behind schedule, awaiting signoff from the Federal Aviation Administration.

"Clearly the first priority for Boeing is to resolve its manufacturing problems, which is no small issue," said Nick Cunningham, an analyst at Agency Partners who has followed the industry for almost 40 years. "But the very next thing they need to address is the product."

Customer doubts

Airbus usurped Boeing as the world's biggest plane maker in 2019 following the grounding of the 737 MAX after two fatal accidents. It has delivered more jets and booked more net orders each year since.

So far Airbus's XLR has racked up more than 500 orders, many from airlines looking to replace older Boeing planes. REUTERS

In 2024, Airbus not only pulled further ahead in narrow-body aircraft but also cut into Boeing's long-held lead in sales of wide-bodies, partly aided by repeated delays to the American company's 777X. With many 777s reaching the end of their lifespans, Airbus says the battle for bigger jets is just starting, including with its first-ever dedicated freighter.

Boeing currently has six passenger jet models available for customers, with four still awaiting signoff from regulators. Airbus has 12 distinct models available.

Benoît de Saint-Exupéry, Airbus's head of jet sales, attributed the company's performance to its product lineup, while acknowledging it had also benefited from the situation at Boeing "casting some doubts in the minds of some customers."

It hasn't been all gloom for Boeing. The company in December announced a landmark order for up to 200 MAX 10 jets from Turkey's Pegasus—a carrier that predominantly operates Airbus jets. American Airlines also doubled down on its commitment to the MAX 10 with 85 new orders last March.

And Airbus isn't without its own problems. Supply-chain issues have limited the company's plans to turbocharge production and meet booming demand in the wake of the pandemic. This month, Airbus said it was delaying a long-touted hydrogen-powered jet.

Lightweight frames and folding wings

Still, Airbus's superior financial position means it can embark on the expensive work of launching an all-new jet—giving it a head start in the battle for future leadership of the industry.

In the five years since 2019, Airbus has spent some $12.9 billion on research and development in its commercial-aircraft division. Boeing's plane-making business has spent $8 billion. Both also invest in other units that develop technology that can later be used in commercial aircraft.

Airbus has been working on lightweight airframes, fuel-efficient engines and even folding wings that could feature on a next-generation aircraft. The company is starting to narrow down the designs for an all-new plane that it expects to launch around 2030 and enter into service seven or eight years later.

Airbus usurped Boeing as world's biggest plane maker in 2019 following 737 MAX's grounding after 2 accidents

Boeing is far behind.

"We spend more time arguing within ourselves than we do thinking about Airbus and how we're gonna beat Airbus to the punch," Boeing Chief Executive Kelly Ortberg told workers at a companywide briefing in November, weeks after the first XLR was delivered.

But Ortberg is clear that Boeing isn't yet in a financial position to launch a new aircraft.

"We've got to spend a little bit more focus on getting ready, getting the business back to generating cash so that we have the cash to support the new airplane development," Ortberg said. "That is absolutely critical for us."

To focus on getting its delayed models to market, Boeing has shifted some engineers from a jet development project with NASA—called X-66—that could set the stage for its own next-generation plane. A Boeing spokeswoman referred to comments Ortberg made last month, in which he said the company was still investing in X-66 and that technology from that program could factor in an all-new plane.

Boeing hasn't launched an all-new aircraft for more than two decades. The 787, formally announced in 2004, cost tens of billions of dollars to develop and took seven years to hit the market. The plane maker spent almost as many years figuring out what that aircraft would look like.

'The queen on the chessboard'

Executives at both companies have long likened their duopolistic rivalry to a complex and expensive game of chess. Before making a move, each side carefully assesses the other's lineup and games out how they might respond.

They don't always get it right. The annals of aviation history are littered with failed aircraft programs, including Airbus's flagship A380 superjumbo.

Boeing's hasty development of the 737 MAX, which was delivered to customers with a fatal flaw, came as the company sought to respond to a revamped Airbus jet—the A320neo—that took Boeing by surprise in 2010.

For Airbus, Boeing's woes mean the game has changed, said Christian Scherer, head of the plane maker's commercial-aircraft division. Airbus now has more freedom when making strategic decisions "instead of responding to a threatening move of the queen on the chessboard," he said.

NEWS IN NUMBERS

6.2-6.3%
THE ESTIMATED growth of India's GDP in the Oct-Dec quarter of FY 2024-25, according to SBI Research. This is up from 5.4% growth in the Jul-Sep quarter.

₹1 lakh
THE AMOUNT that PVR INOX has to pay the consumer welfare fund as punitive damages for showing 25 minutes of ads before a movie, as per a consumer court.

2,000
THE NUMBER of jobs that will be slashed at Tata Steel's Port Talbot plant as a part of a £1.25-billion investment plan aimed at making it more sustainable.

₹1.54 tn
THE VALUE generated from 154 companies in Mumbai, making the city the top value generator in the country, according to data from Hurun.

$1.8 bn
THE COST that HSBC Holdings will incur over the next two years as it embarks on a global restructuring program, according to the bank.

HOWINDIALIVES.COM

HSBC India PBT up 11% to $1.69 bn in '24

HSBC on Wednesday reported an 11.3% growth in profit before tax (PBT) from India at $1.69 billion for 2024.

The bank has reported a profit before tax of $1.5 billion in 2023 from its India operations, where it operates 26 branches.

The bank said it has 44,000 employees in the country—the highest anywhere in the world. It also operates a back office in the country that supports global operations.

The biggest contributor to profit was the global banking and markets vertical, which delivered a pre-tax profit of $875 million in 2024 as against $774 million in 2023.

Commercial banking was the second-biggest contributor at $448 million in pre-tax profit for 2024, as against $398 million a year earlier, the bank said.

The corporate centre vertical saw its profit decline to $269 million from $289 million in the year-ago period. **PTI**

Supreme Court adjourned pleas against CEC and ECs' appointments under the 2023 law.

CEC, ECs selection: SC adjourns pleas

The Supreme Court on Wednesday adjourned the pleas against the appointments of the chief election commissioner (CEC) and election commissioners (EC) under the 2023 law.

A bench of justices Surya Kant and N. Kotiswar Singh indicated that the matter would be listed after the Holi festival break due to paucity of time. However, no date was fixed for hearing the matter.

Advocate Prashant Bhushan, appearing for petitioner Association for Democratic Reforms (ADR), said it was an important issue which required an urgent consideration.

He said the matter involved a short legal question—whether the 2023 Constitution bench verdict should be followed for the appointment of the CEC and ECs through a panel involving the Prime Minister, leader of opposition and the chief justice of India or the 2023 law, which excludes CJI from the panel.

At around 3 pm, justice Surya Kant told Bhushan that he would be sitting in a special bench and the court had numerous matters listed before the Holi break. **PTI**

NEW GOVERNMENT TODAY

Bharatiya Janata Party leaders congratulate Rekha Gupta (centre) after she was chosen as the Delhi chief minister following the BJP legislature party meeting in New Delhi on Wednesday. She will take oath of office at the Ramlila Maidan today. Prime Minister Narendra Modi, Union home minister Amit Shah, BJP-ruled state chief ministers and other prominent leaders are expected to attend the ceremony. PTI

Rekha Gupta, a first-time MLA, to be new Delhi CM

BJP legislator from Shalimar Bagh will be Delhi's fourth woman chief minister

PTI
feedback@livemint.com
NEW DELHI

First-time MLA Rekha Gupta will be the new chief minister of Delhi, the Bharatiya Janata Party (BJP) announced on Wednesday.

Gupta was chosen as the leader of the house in the Delhi assembly at the BJP legislature party meeting. The party has returned to power in Delhi after over 26 years, ending the 10-year rule of the Arvind Kejriwal-led Aam Aadmi Party (AAP).

Gupta and her cabinet ministers will take the oath of office at the Ramlila ground on Thursday. She will be the fourth woman chief minister of Delhi after Sushma Swaraj, Sheila Dikshit and Atishi.

Gupta will be the only woman chief minister among the states being ruled by the BJP at present. The 50-year-old leader won from Shalimar Bagh, defeating AAP candidate Bandana Kumari by over 29,000 votes in the 5 February assembly polls.

All 48 newly elected BJP MLAs attended the legislature party meeting in the presence of Central observers Ravi Shankar Prasad and O.P. Dhankar. Gupta's name was proposed by senior party leaders Parvesh Verma, Vijender Gupta and Satish Upadhyay.

The Delhi assembly election results were declared on 8 February. The chief minister-designate will now meet lieutenant governor V.K. Saxena at Raj Niwas to stake a claim in forming a BJP-led government in Delhi.

Soon after the announcement, Gupta thanked Prime Minister Narendra Modi and said she would work with full honesty, integrity and dedication for the welfare, empowerment and overall development of every citizen of Delhi.

In the recent assembly polls, the BJP won 48 out of the 70 assembly seats, while the AAP got 22 and the Congress drew a blank.

> Rekha Gupta won from Shalimar Bagh, defeating AAP candidate Bandana Kumari by over 29,000 votes in the 5 Feb assembly polls

Gupta is a former president of the Delhi University Students' Union and civic body councillor. A law graduate of Delhi University, she entered politics as an Akhil Bharatiya Vidyarthi Parishad member in 1992. Gupta is also the national vice president of BJP Mahila Morcha and a member of the party's national executive.

Q A with mint

EDITOR'S NOTE

Dear Reader,

I have a request. We want to understand your needs better so we can tailor our offerings to better serve you. We have prepared a short interview that will help us know your expectations from us better. Go to *https://bit.ly/mintqna* or scan this QR code. It takes less than 10 minutes. If you would like to share thoughts, ideas or feedback, please write to feedback@livemint.com. Looking forward to your response.

Sincerely,
— Ravi Krishnan
Editor-in-Chief

Hyundai's Unsoo Kim said the firm is positioning itself as production hub for emerging markets. PTI

Hyundai: India to be export mfg hub

Hyundai Motor India is looking to position itself as a manufacturing hub for exports for emerging markets like Africa and neighbouring nations, according to a top company executive.

The company, which is looking to diversify its export markets as it continues to face challenges regarding shipments to regions like the Middle East due to geopolitical issues.

"We are positioning the company as a production hub for emerging markets. We are manufacturing and exporting our cost-optimised vehicle to the emerging markets," Hyundai Motor India managing director Unsoo Kim told *PTI*. **PTI**

DanCenter launched in India

Travel tech unicorn OYO's parent company, Oravel Stays, on Wednesday announced the launch of its European holiday homes brand, DanCenter, in the Indian market.

Dancenter was acquired by OYO Vacation Homes in 2019.

Since then, the company has expanded its presence in Europe significantly.

The holiday home brand is making its India debut with premium villas and apartments in north Goa, OYO said.

"DanCenter is also in advanced stages of discussion with real estate major Provident Group to launch premium serviced apartments in Goa," OYO said in a statement.

DanCenter, a legacy Danish brand founded in Denmark in 1957, comprises a diverse portfolio of 12,000 properties across Denmark, Sweden, Norway and Germany. **PTI**

ONGC plans foray into ethane carriers

Oil and Natural Gas Corp. is seeking joint venture partners to build very large ethane carriers (VLECs) to ship feedstock for its petrochemical plant in western India, according to a document posted on the company's website.

ONGC Petro additions Ltd (OPaL), a unit of ONGC, operates a dual feed cracker. ONGC plans to source 800,000 ton per year ethane to secure feedstock for the plant from May 2028.

ONGC is seeking partnership with companies with experience in the operation and management of VLECs, very large gas carriers and liquefied natural gas carriers in the global market, it said.

The proposed joint ventures will secure local and foreign funding and select shipyards for construction of VLECs.

ONGC will be responsible for shipping of ethane and chartering of VLECs from the planned joint venture.

The last date for submission of interest is 27 March. **REUTERS**

China woos B'desh with healthcare

China's ambassador to Dhaka Yao Wen said it has designated hospitals for Bangladeshis.

China has said it is preparing dedicated hospitals for Bangladeshi patients after relations soured with former major healthcare destination India since the ouster of Sheikh Hasina.

Yao Wen, China's ambassador to Dhaka, said three hospitals had been specially designated for Bangladeshi patients, with efforts made to "improve medical service mechanisms, including streamlining visa procedures".

The Business Standard, a Dhaka-based daily, estimated that more than two million Bangladeshis had visited India annually for medical purposes before Hasina was forced out in August.

But relations between New Delhi and Dhaka have been frosty since Hasina—a former close ally of India—was toppled in a student-led revolution.

Many Bangladeshis now complain of difficulty in obtaining Indian visas.

India has long been wary of China's growing regional clout and the world's two most populous countries compete for influence in South Asia.

Yao Wen said on Tuesday healthcare was only part of the increased cooperation between China and the interim government that replaced Hasina. **AFP**

The Taliban official won't be recognized as a diplomat by India. PTI

A representative for Taliban in India

India's government is expected to accept a top Taliban representative to the country soon, the latest step from New Delhi to improve ties with Kabul and counter China's growing influence in Afghanistan.

The Taliban-led government has identified two potential candidates to take charge of the Afghan embassy in New Delhi, according to officials familiar with the matter, who asked not to be identified because the discussions are private.

The Taliban official won't be recognized as a diplomat by India but will be the top representative for the government there, the people said. The Taliban won't be able to fly its flag at the embassy, at events or on official vehicles, they said.

Only a handful of countries, including China, Pakistan and Russia, have accepted diplomats from the Taliban, which seized power in Afghanistan in 2021 and has been condemned internationally for human rights violations. India, like many other countries, severed diplomatic ties with Afghanistan at the time, closing its embassy in Kabul and limiting engagement with the country. **BLOOMBERG**

China proposes rules to tighten control over rare earth sector

China on Wednesday began public consultation on new regulations designed to protect its domestic rare earth industry, a sector where Beijing has previously weaponised its dominance via export controls and other restrictions.

Draft regulations were released by ministry of industry and information technology late on Wednesday and touched issues including quotas for mining, smelting and separating as well as monitoring and enforcement.

The rules are the latest in a series of attempts to bring the globally critical sector under tighter state control. China already dictates output via a system of quotas and state-controlled companies.

Rare earths are a group of 17 minerals whose production China dominates, accounting for nearly 90% of global refined output.

In 2023, Beijing banned the export of technology to make rare earth magnets, adding it to an existing ban on technology to extract and separate the critical materials. **REUTERS**

Draft regulations touched issues like quotas for mining, smelting. MINT

New iPhone 16e at ₹59.9k from 28 Feb

Apple on Wednesday announced a 'budget' iPhone 16e, with a retail price that's ₹20,000 lesser than what it has been selling its latest-generation smartphones at India for nearly a decade.

The iPhone 16e features the company's custom A18 processor, making it the least expensive iPhone with a latest generation processor in India since the iPhone 7 in 2016.

The move comes as Apple has reported record quarterly revenue from India for nearly three straight years, making it No. 1 smartphone brand by annual revenue from the country.

The iPhone 16e will support Apple Intelligence—firm's custom suite of generative AI features. Starting this April, users in India will also be able to select among 10 Indian languages on iPhones, including on iPhone 16e.

Other features of the phone include a 48-megapixel "2-in-1" camera that can take 2x zoom photographs, and a 6.1-inch OLED 'Retina' display, like the flagship models. **STAFF WRITER**

INSIDE INDIA'S BOOMING EXOTIC SPECIES TRADE

The trade is being fuelled by a growing fascination with owning exotic and rare animals as pets

Neha Bhatt
feedback@livemint.com
GURUGRAM

On the night of 6 December 2024, when Indigo Airlines flight 6E 1032 touched down in Chennai from Kuala Lumpur, it unloaded an unusual piece of luggage: nearly 5,200 red-eared slider turtles huddled in boxes, each smaller than the size of a palm.

This was the third attempt in 2024 alone to smuggle thousands of red-eared sliders at the Chennai airport, a species native to the US and Mexico and one of the most sought-after exotic pets in India today. It is classified as a Schedule IV species under the Wildlife Protection Act of 1972, and its capture and sale are regulated by law.

Just weeks later, an eight-kilo live pangolin, one of the mammals most vulnerable to poaching, was seized in Assam, along with thousands of pangolin scales in separate raids conducted in Madhya Pradesh, Odisha, and Chhattisgarh, a joint operation between forest, police and wildlife authorities. Meanwhile, the same month, four African De Brazza's monkeys, with their distinctive long white beard and orange crowns, were rescued by the Assam Rifles force from Champhai in Mizoram.

By all accounts, India's exotic wildlife trade is booming, fuelled by a growing fascination with owning exotic and rare animals as pets—both as a status symbol and for their perceived medicinal properties. From pangolin, gibbon, iguana, non-native monkeys, to wallaby, kangaroo, tri-coloured squirrel, and birds such as the maleo and Visayan hornbill, the list of exotic species being seized across the country is growing every year, being smuggled from remote corners of the world.

Traffickers have become bolder in their operations, too. When three malnourished kangaroos were found hopping on a highway in West Bengal in 2022, reportedly abandoned by traffickers who had gone into hiding during a patrol, it sent shockwaves through the wildlife conservation community in India. To even the most seasoned rescuer, it was a shocking display of how insidious the exotic species crime racket had become.

Driven by this surge in trade, authorities are now cracking down more firmly than before: the environment ministry had set a deadline of August 2024 for individuals, organizations and zoos in possession of exotic species to register it on a government portal, or face penal action.

(Clockwise from top left) A flock of budgerigars, native to Australia, rescued and rehabilitated at the Surya Keerthi Conservation Project Centre in Mysuru; a red-eared slider turtle, originally from the US and Mexico, housed in a pond at the same centre; pangolin scales, considered valuable for its apparent medicinal properties, seized by the Wildlife Crime Control Bureau in Assam; rescued star tortoises, considered as good luck charms. (Bottom) An albino red-eared slider, smuggled from Thailand, seized by the directorate of revenue intelligence at the Mumbai airport.

SURYA KEERTHI, WCCB, DRI

REPTILES TO INSECTS

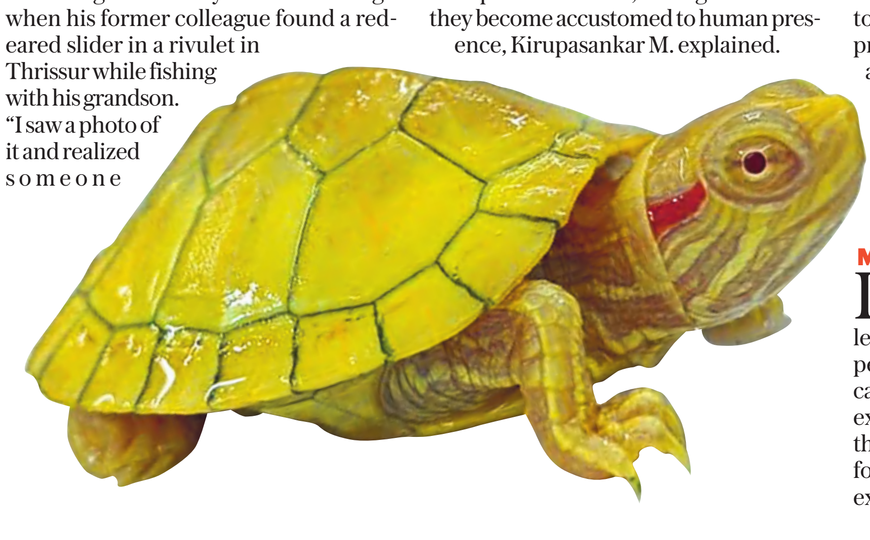
The trend of trading exotic pets has been on the rise in recent years. "There is a rising demand from consumers, and middlemen and traders have become very active. While the trend was once limited to Chennai, it has now spread to other major cities like Hyderabad, Visakhapatnam, and Jaipur, where we are seeing illicit activity for the first time. Exotic species are now coming in from Malaysia and Indonesia, in addition to Thailand," said Kirupasankar M., the joint director at the Wildlife Crime Control Bureau (WCCB), in an interview with *Mint*.

Many of the species that make their way into India's domestic markets from Southeast Asia originate from South America, Africa, and the Australia-Oceanic islands.

In 2023, more than 19,079 exotic animals belonging to over 80 species were recovered in 29 seizures, including reptiles, mammals, birds, rays, molluscs, insects, freshwater fish, and crustaceans, according to an open-source data assessment published by WWF in December 2024, up from 4,000 rescued exotic animals in 2022.

PET TURTLES OF KERALA

T.V. Sajeev, chief scientist in the department of forest entomology at the Kerala Forest Research Institute, first came across the problem of exotic species becoming invasive a year and a half ago when his former colleague found a red-eared slider in a rivulet in Thrissur while fishing with his grandson. "I saw a photo of it and realized someone had released the pet into the wild," he told *Mint*. It prompted him to start a campaign at the institute to make people aware of the dangers and start an exotic pet surrender programme.



"Trends have shifted since the pandemic as people, particularly those living alone, now seek pets more than ever due to feelings of isolation and loneliness, even as a replacement for human relationships," observed Sajeev.

Exotic species have also found a place in popular culture: the rise in popularity of the cartoon series Teenage Mutant Ninja Turtles, for example, saw a noticeable spike in the red-eared sliders as pets, and they have since become common in ponds, sewers, and canals, especially in Kerala.

The Smuggling in India Report 2019-2020, published by the Directorate of Revenue Intelligence, the apex anti-smuggling agency, highlighted that with a complete ban on trade in Indian species, "the interest of smugglers has shifted to exotic species, which has led to disastrous global environmental consequences."

Many of the animals being traded have previously interacted with humans, which makes them easier to domesticate and more appealing to buyers. They are often kept in facilities for a period before being transported and sold, during which time they become accustomed to human presence, Kirupasankar M. explained.

LICENSES TO BREED

While it is not explicitly illegal to own some exotic species in India, as a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the trade of many exotic species is regulated under India's wildlife protection laws, particularly due to their potential to become invasive and endanger native species as they compete for food and habitat. Government permits and compliance with quarantine protocol are required to sell some of these species legally.

Particularly since the pandemic, authorities are growing more concerned about the consequences.

"Wildlife crime has now become as important a concern as the trafficking of drugs, humans, and arms," said Wasim Akram, director of sustainability and special projects at Wildlife SOS, a non-profit organization that works with authorities to rescue and rehabilitate wildlife.

In June 2020, India's ministry of environment, forest and climate change issued an advisory for the voluntary disclosure of exotic live species to better manage and control zoonotic diseases, while providing guidance on their proper care and well-being. In 2022, the Wildlife Protection Act of 1972 was amended to include non-native CITES-listed species, making it illegal to own or possess such species without proper certifications. This amendment allowed owners to voluntarily report their possession of non-native species through the government's PARIVESH portal by 28 August 2024. New laws also require licenses for breeding and keeping high-risk species.

MONKEY'S WORTH

Despite the boost in such efforts to fight the trend on the ground, challenges abound. The illegal trade of exotic pets is increasingly driven by sophisticated and organized crime networks that exploit loopholes in the system and use the growing presence of social media platforms to facilitate illegal transactions and expand their reach across cities.

mint SHORT STORY

WHAT

The list of exotic species being seized across the country is growing every year. It includes pangolin, gibbon, iguana, kangaroo, birds such as the maleo and Visayan hornbill.

HOW

The illegal trade is being driven by sophisticated and organized crime networks who exploit loopholes in the system. This network cuts across many countries.

NOW

The global value of the illegal wildlife trade is estimated to be between $7 billion and $23 billion annually, according to the United Nations Environment Programme.

"The emerging threat is how traders are investing in exotic species to monetize them through platforms like Instagram and the dark web," noted Akram.

Attracted by the high prices consumers are willing to pay, the trade has become highly lucrative, spurring breeding centres too. Pet stores across India, online and offline, are becoming experimental in how they market their wares, tempting buyers with frequent reels and images showcasing the latest "catch" on their shelves, from sugar gliders to iguanas and macaws.

According to some estimates, exotics such as macaws can fetch up to ₹10 lakh each, star tortoises retail for ₹15,000 to ₹50,000, and De Brazza's monkeys can cost around ₹8 lakh in the black market.

The global value of the illegal wildlife trade is estimated to be between $7 billion and $23 billion annually, according to the United Nations Environment Programme (UNEP). However, determining its value in India is difficult, and the WCCB cautions against assigning any monetary figure, as the trade is illegal and its true worth cannot be accurately assessed.

GANGS AND GUNS

Several factors make India an attractive place for this trade: since not all exotic species are regulated under the laws, it's easier for traders to breed or sell them with little to no legal repercussions, experts said. Moreover, the country's porous borders with China, Nepal, Myanmar, and Bangladesh create prime routes for traffickers. India's dense population allows them to evade detection too. Trends in wildlife trafficking also shift with political changes.

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"For instance, Mizoram has become a major hotspot for land-route trafficking due to its proximity to Bangladesh and Myanmar, both of which are currently experiencing instability. This has led to a rise in all forms of trafficking, including wildlife. Aizawl Zoo (Aizawl Zoological Park) is flooded with seized exotic animals and struggling with limited space," Akram told *Mint*.

While changes in wildlife laws have been welcome, enforcement is a challenge, with a conviction rate of just 2%. The wildlife trafficking chain is a long and complex one, involving multiple middlemen across states, using all three modes—air, land, and sea. For example, in a recent big cat seizure in Coimbatore, a gang from Haryana travelled across multiple states to prepare the material, with plans to take it to Northeast India. This network involved several people, each passing it along until it reached its final destination.

"It's also become harder to trace traffickers now, as they have become tech-savvy. In many cases, when we arrest someone and confiscate materials, they often don't know the end source," said Akram. Even if they confess, they may genuinely be unaware because the people orchestrating the trafficking are far removed, possibly in Southeast Asia or China. The middlemen, who may only receive small amounts (e.g., ₹1,000), often don't realize the full impact of their actions.

Investigations also face challenges due to jurisdictional issues. For instance, if the Tamil Nadu forest department confiscates animals but the buyer is in Mizoram, the legal process becomes slower, often allowing traffickers to escape before action is taken.

The exotic wildlife traffickers themselves, said officials, are people who often operate in other illegal trades, such as drugs, human trafficking, or arms smuggling—sometimes even carrying weapons alongside the animals.

THE MACAW ON A TREE

But increasingly, it's the potential health and ecological risks of this trade that are alarming scientists and conservationists.

Many are working to raise public awareness through wildlife campaigns and rescue programmes to discourage people from keeping such pets. "Often, exotic pets are kept in poor conditions, and people are not aware of how to take care of them, what to feed them, or the environment they should be kept in," said Surya Keerthi, a wildlife rescuer and conservationist in Mysuru, who has rescued and housed several exotic species at his rehabilitation centre. He recalls rescuing a macaw that had escaped its cage and flown up a tree 60 feet high and had to be brought down using a crane.

"What commonly happens with exotic species is that people buy them thinking they are small and easy to handle, but once they grow larger, or owners become aware that it is illegal to keep them at home, so they release them into the wild, where they become invasive and threaten native species," he added.

Red-eared sliders, for example, carry harmful bacteria, such as salmonella and shigella, that can infect humans. When abandoned, they threaten local biodiversity by preying on plants, animals, and other amphibians. And importantly, as an exotic species without natural predators, their populations can rapidly expand, disrupting ecosystems, Kerala Forest Research Institute's Sajeev, explained.

CATCH THE THIEF

A growing movement is emerging to address this issue, bringing together government authorities, non-profits, scientists, conservationists, and civil society in a collective effort. To fight this surge, the government has ramped up regulations and checks. Border forces are on high alert. Wildlife authorities, forest and police forces are being frequently trained to tackle sophisticated smuggling networks. Some organizations, like WWF and Wildlife SOS, are working with authorities to build capacity and awareness of officers on the ground.

As India ranks among the top ten countries using the airline sector for wildlife trafficking, there are trainings targeted at customs officials to keep them up to date with the latest trends in wildlife crime to be able to detect and prevent trafficking through airports.

According to an analysis by global wildlife network TRAFFIC, over 70,000 native and exotic wild animals were trafficked, including their body parts or derivatives weighing around 4,000kg, in 141 wildlife seizure incidents at 18 Indian airports between 2011 and 2020.

Sophisticated scanners at nodal points could make detection easier, said Sanjay Kumar Shukla, former additional director at WCCB. "There are now 3D scanning technologies, like those used in Australia, that are programmed to detect live animals in baggage. Using more advanced technology could improve the accuracy and ease of identifying live animals being smuggled," he told *Mint*.

However, the responsibility of curbing the trade of exotic species doesn't just fall on frontline officers, said Akram. "The demand originates from the public. As urban people, we are often disconnected from nature. Many of us don't even fully understand what a forest actually is—we only have a concept of parks. We need to reconnect with our environment and forests to understand that animals thrive in their natural habitats and that keeping them as mere entertainment in a confined space isn't the right thing to do."

Could capital gains cost you your tax rebate eligibility?

Budget fails to offer clarity on whether capital gain will affect eligibility for section 87A rebate

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MUMBAI

In Budget 2025-26, finance minister Nirmala Sitharaman raised the tax-rebate threshold under Section 87A of the Income Tax Act from ₹7 lakh to ₹12 lakh. With the standard deduction of ₹75,000, the threshold is ₹12.75 lakh for salaried individuals.

Though the announcement was widely welcomed, it failed to address a critical question – does income from capital gains affect a person's eligibility for the rebate? In other words, if a person with a ₹12 lakh salary earns an additional ₹1 lakh from capital gains, will they lose the rebate or will they only have to pay tax on the capital gains?

This confusion isn't new. Even with the existing ₹7 lakh rebate, experts are confused over whether capital gains are clubbed under total income when determining whether a person is eligible for a rebate. *Mint* reached out to the Central Board of Direct Taxes, but experts said ambiguity still remains.

What did the CBDT say?

V Rajitha, official spokesperson for CBDT, said the tax treatment depends on the wording of the finance bill – specifically whether capital gains are considered part of a person's normal income or not when determining their eligibility for a rebate.

"Since capital gains are classified as special-rate income, they do not qualify for the rebate. However, their impact on overall tax liability depends on the way the rebate is structured—whether it is based solely on normal income or the total taxable income," she said.

"If the rebate applies only to normal income, an individual with a ₹12 lakh salary and any additional capital gains should still be eligible for the rebate on salary income," Rajitha said. "However, if capital gains are included when determining whether a person is eligible for a rebate, then exceeding ₹12 lakh may disqualify him from the rebate. The Finance Bill's specific language will determine this aspect," she added.

This confusion exists under the current rules, too. "Under existing provisions, the Section 87A rebate applies if total income (including capital gains) is below ₹7 lakh, and capital gains are taxed separately. However, If capital gains push total income above ₹7 lakh, the rebate may not be available."

Will capital gains affect your tax rebate?

Budget 2025 raised the threshhold for an income tax rebate from ₹7 lakh to ₹12 lakh.
But what if capital gains cause your total income to exceed this?

What CBDT says

Official spokesperson V Rajitha told Mint:

- The Finance Bill's specific wording will determine this aspect.
- If the rebate applies only to normal income, an individual with a ₹12 lakh salary and additional capital gains should still be eligible for the rebate on salary income.
- If total income (including capital gains) is considered for rebate eligibility, then exceeding ₹12 lakh may disqualify the taxpayer.

Big Four have different views

REBATE: YES
SONU IYER, EY India
"Income up to ₹12 lakh under the new tax regime will be eligible for a rebate. Capital gains will be taxed separately."

REBATE: NO
AARTI RAOTE, Deloitte India
"As per publicly available info, the rebate is not available if total income including capital gains exceeds ₹12 lakh."

REBATE: YES
SANJAY TOLIA, PwC India
"Rebate applies to income up to ₹12.75 lakh for salaried individuals (with standard deduction). Capital gains are taxed separately."

REBATE: NO
PARIZAD SIRWALLA, KPMG India
"Total income must remain within ₹12 lakh for the rebate. If capital gains push total income beyond this, the rebate is unavailable."

PARAS JAIN/MINT

What should you do?

CBDT's response failed to clarify the main question: will you get a rebate if capital gains push your total income above ₹12 lakh? So, you'll have to take guidance from a reputable chartered accountant when filing your return.

Views of Big 4 accounting firms

Deloitte, EY, KPMG and PwC have different opinions on how the tax will be calculated.

Sonu Iyer, tax partner and national leader-people advisory services at EY India, said the rebate should still apply to salary income, and capital gains will be taxed separately. "Short-term capital gains (STCG) and long-term capital gains (LTCG), which are taxable at special rates, will be taxed separately." This means a person whose total income exceeds ₹12 lakh because of capital gains will receive a rebate, and the capital gains will be taxed independently.

Sanjay Tolia, partner at Price Waterhouse & Co. Chartered Accountants LLP, had the same view. "If a person's total income exceeds ₹12 lakh because of capital gains, the rebate will still be available and capital gains will be taxed separately," he said.

Marginal relief will come into play for income slightly exceeding ₹12 lakh. "A person with an income of ₹12.10 lakh would have to pay ₹61,500 in tax without marginal relief. However, marginal relief reduces this ₹10,000," he said.

Aarti Raote, partner at Deloitte India, has a different view. She said the rebate becomes void if total income, including capital gains, exceeds ₹12 lakh. "As per available information, if a taxpayer has ₹12 lakh in salary and ₹1 lakh in capital gains, the rebate under Section 87A will not apply as total income exceeds ₹12 lakh." The person will be taxed on his entire ₹12 lakh salary, although marginal relief could help reduce the tax.

Parizad Sirwalla, partner and head of global mobility services and tax KPMG India, agreed. Total income, including capital gains, must remain within ₹12 lakh to qualify for rebate. "If ₹12 lakh salary is net taxable income after applying standard deduction, adding ₹1 lakh from capital gain pushes income to ₹13 lakh, making them ineligible," she said.

Gireesh Chandra Prasad contributed to this article.

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

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	7.10- 8.05	**7.50**	7.40-7.85	**7.25-7.65**
Axis Bank	6.70-7.25	**7.10**	7.10	**7.00**
HDFC Bank	6.6-7.25	**7-7.35**	7-7.40	**7.00**
IndusInd Bank	7.75-7.99	**7.25-7.75**	7.25	**7-7.25**
RBL Bank	7.50-8	**7.50-7.8**	7.10-7.50	**7-7.10**
YES Bank	7.75-8.0	**7.25**	7.25	**7.00-7.25**
ICICI Bank	6.7-7.25	**7-7.25**	7.00	**6.9-7**
Central Bank of India	6.85-7.45	**6.50-7.25**	7.00	**6.75**
Canara Bank	6.85-7.25	**7.30**	7.40	**6.70**
Dhanlaxmi Bank	6.75-7.25	**6.50-6.75**	6.50-7.25	**6.60-7.25**
Federal Bank	7-7.5	**7.15-7.40**	7.10-7.4	**6.6-7.10**
Bank of Baroda	6.85-7.30	**7-7.15**	6.80-7.15	**6.50-6.80**
Bank of Maharashtra	6.50-7.45	**6.50-7.25**	6.50	**6.50**
Indian Overseas Bank	7.10-7.30	**6.80**	6.50	**6.50**
State Bank of India	6.80-7.25	**7.00**	6.75	**6.50**
Union Bank of India	6.6-7.30	**6.40-6.60**	6.50-6.70	**6.50**
IDFC First Bank	6.50-7.90	**6.80-7.25**	6.75-6.80	**6.50-6.75**
Jammu & Kashmir Bank	7-7.20	**7.00**	6.75	**6.50**

Data taken from respective bank's website as on 17 February 2025; 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

PARAS JAIN/MINT

Source: BankBazaar

Steps to secure the best car loan deal following RBI repo rate cut

Rajendra Kumar Setia

The RBI recently reduced the repo rate. How does this affect interest rates on vehicle loans? Should I expect my monthly payments to decrease? What factors should I consider before taking a car loan in this scenario?

- Name withheld on request

ISTOCKPHOTO

ASK MINT
AUTO LOAN

With the RBI's repo rate cut, we may expect lower lending rates for home or vehicle loan. However, it usually takes some time for customers to see these benefits. A few loans directly linked to the repo rate may be available at lower rates for new borrowers. As lenders adjust to new base rates, impact of rate cuts is transferred to customers over 3-6 months.

If you take a loan to buy a car, keep the following factors in mind:

Interest rates for auto loans vary based on multiple factors including type of vehicle (new/used/commercial), the lending institution (banks/NBFCs), and borrower profile. Credit score, income and relationship with lender play crucial roles in determining your final rate. Different lenders offer varying rates, so it's advisable to compare multiple options

Rate transmission refers to how changes in RBI's policy rates reflect in retail lending rates. Banks and NBFCs typically adjust their lending rates gradually through their internal benchmarking systems. The impact varies across institutions, with new loans generally receiving revised rates sooner than existing loans

Timing car purchase needs balancing multiple factors. Do consider seasonal sales, festive offers, and year-end discounts against your immediate need. Manufacturers often increase prices at the start of new calendar year. However, it is important to base your decision on your financial readiness and requirements rather than just market timing.

Beyond the interest rates, vehicle loans come with various additional costs. These typically include processing fees, documentation charges, stamp duty (varies by state), and insurance requirements. Some lenders offer promotional waivers on certain charges. Read the fine print regarding prepayment penalties and other potential charges. Factor in all these costs while comparing loan offers from different lenders to understand the true cost of borrowing

Many banks and non-bank lenders offer competitive rates during the monetary policy easing cycle. There may be additional benefits such as zero foreclosure charges, minimal processing fees, and quick loan disbursement in a competitive scenario. For specific loan queries, contact a vehicle loan specialist at a bank or non-bank lender.

Rajendra Kumar Setia is the managing director and CEO of SK Finance Ltd.

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

F1's US success draws Morgan Stanley's star fund

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REUTERS

Formula One's rising popularity in US has drawn an investment from a top-performing Morgan Stanley fund. Kristian Heugh, manager of the $14.6 billion Global Opportunity Fund, opened a position in F1 owner Liberty Media Corp. in the third quarter of last year. His 34-stock portfolio outran 92% of peers in 2024 with 27% return, show data compiled by Bloomberg.

The racing series, that held a glitzy launch event for 2025 season in London on Tuesday evening, is probably "one of the most unique assets in the world," Heugh said in an interview. "It has a lot of growth in viewership, especially in the US, and it's far outpacing other marquee sports that may have seen viewership declines in some cases."

Long seen as a posh European motorsport, F1 has made inroads in US in recent years, helped in-part by a hit Netflix series. Las Vegas hosted first F1 grand prix in 40 years in 2023, drawing about 300,000 people. Three races are planned in this year, including in Miami.

An average 1.1 million viewers watched races on ESPN and ABC platforms last year, just short of the 2022 record but more than double the viewership from 2018, according to ESPN data.

Shares of Liberty Media touched a record high earlier this month after a 47% rally in 2024. The firm is planning to spin off Quint, which offers ticket and hospitality packages to sports and entertainment events. It's buying the motorcycle racing league MotoGP World Championship for $3.8 billion, though the deal is facing an in-depth probe from the European Union.

Apart from an under-monetized US market, the F1 brand holds other appeals to Heugh. With over 80% revenue locked in multiyear contracts, business benefits from "tremendous visibility," he said. He sees rising competition among streaming platforms boosting the value of sports rights.

A potential risk to F1 is automakers' rising focus on EVs. Formula E, a decade-old racing series, features the likes of Porsche, Jaguar and Nissan.

SEBI'S NEW RISK-ADJUSTED RETURN MANDATE: WHAT IT MEANS FOR DIY INVESTORS

POWER POINT

SAURABH MITTAL

We welcome your views and comments at
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The Securities and Exchange Board of India (Sebi) released a consultation paper last June, emphasizing the importance of risk-adjusted return (RAR) in mutual fund investments, followed by a circular on 17 January, mandating MFs to disclose the information ratio (IR) of each portfolio on their websites daily, along with returns. The rule takes effect three months from its issue date. While this initiative aims to help investors make more informed decisions, a key question remains: will it truly benefit DIY (do-it-yourself) investors—those who manage their own portfolios without professional advisors—by enabling them to assess risk effectively and select the right funds?

Two MF schemes can generate identical returns yet offer vastly different experiences due to volatility, an accepted measure of risk. Evaluating returns without considering the risks taken to achieve them can be misleading. Several metrics exist to measure RAR—Sharpe , Treynor and Sortino ratios. Sebi mandated information ratio as the standardized metric for fund comparison.

Decoding information ratio: IR measures how much excess return a fund generates over its benchmark, adjusted for volatility. It is calculated as the difference between the portfolio return and benchmark return, divided by the tracking error. Tracking error represents the standard deviation of excess return. A higher IR indicates a fund manager's ability to deliver consistent excess returns relative to the benchmark. IR serves as a comparative tool rather than an absolute performance measure. Sebi's directive requires the Association of Mutual Funds of India (Amfi) to compile IR data from all asset management companies (AMCs) and publish it in a standardized, downloadable format.

This enables investors to assess how consistently a fund has outperformed its benchmark, and which fund offers better risk-adjusted returns. However, IR assumes that investors understand and accept the risks associated with equity investments.

Key considerations: While IR provides useful insights, it has limitations. Standalone IR value holds little meaning unless compared with others. The most effective use of IR is to rank funds against one another. It also varies over time, making it unsuitable for comparisons across different periods. Since IR is benchmark-sensitive, funds tracking different benchmarks cannot be directly compared. Additionally, a positive IR does not always indicate positive returns. A fund may have a positive IR even during a market downturn if it outperforms its declining benchmark.

Anomaly of negative IRs: A key challenge with IR, as with many RAR metrics, is how it handles negative values. Sebi's consultation paper highlights an example where two funds, despite their actual performance, appear misleadingly ranked.

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Fund K, with an excess return of -1.11% and a tracking error of 4.08%, has an IR of -0.27. Fund L, with an excess return of -1.49% and a tracking error of 15.95%, has an IR of -0.09. At first glance, Fund L appears superior because -0.09 is mathematically greater than -0.27. However, Fund K actually yielded better returns and has lower risks, making it the preferable option.

This anomaly arises because the IR formula does not accurately reflect the performance when excess returns are negative. To address this, two approaches have been suggested. One option is to ignore the negative sign when IR is negative, but this creates inconsistencies when comparing positive and negative IRs.

The other approach is to multiply excess returns and tracking errors instead of dividing them. Applying this method, Fund K's adjusted IR becomes -4.529, while Fund L's adjusted IR is -23.766. Under this calculation, Fund K ranks higher, accurately reflecting its superior performance.

Information ratio mandate by Sebi boosts transparency and eases fund comparisons

Since this anomaly exists across most RAR metrics, regulatory intervention from Sebi may be required to standardize how negative IRs are handled.

Conclusion: Sebi's mandate for IR disclosure is a step towards improving transparency and enabling investors to compare fund managers more effectively. However, IR alone is not enough—it does not directly reflect the risk of capital loss and should not be the sole basis for investment decisions.

To make this data more accessible as well as actionable, online research platforms should integrate IR alongside other key metrics, allowing investors to filter and compare funds with ease.

Ultimately, sound investment decisions require both data and judgment, and while IR is a valuable tool, it is just one part of a broader evaluation strategy.

Saurabh Mittal is founding director of Circle Wealth Advisors

OUR VIEW

ISTOCKPHOTO

Investor fears of a bear market: Exaggerated?

Stock indices have deflated and corporate earning frailties make many prices still look too high. This correction is good. It's just that irrationality, like prices, can also go both ways

India's stock markets have taken a beating, the BSE Sensex having come down by more than 10,000 points from its peak last September. The broader market has fared worse, as the sharpest slide was in small-cap stocks, less severe in mid-caps and relatively modest among big companies. While weakening market indices disappoint millions of investors, especially those who joined the action in recent years, this is not a disaster. It reflects neither a fundamental problem with our economy, nor any structural flaw in capital markets. Rather, this correction represents the squeezing out of excess. Four factors had conspired to inflate equity prices: one, an influx of external liquidity arising from easy-money policies aimed at pandemic relief in the rich world; two, investor funds diverted to India by economic problems in China and some other emerging markets; three, euphoria over India's growth prospects, stoked by last year's election outcome; and four, a structural shift in the saving behaviour of our middle class, which swung away from the safety of bank deposits to embrace equities, either directly or via mutual funds. The resultant deluge of money pushed stock prices way above levels justified by their price-earning multiples.

The first three elements of that combination have petered out and our stock market has sobered up. Is that such a bad thing? If we set aside the sentimental hope that stocks offer a one-way ticket to easy riches, this pullback is welcome. The function of capital markets is to allocate financial resources efficiently among various sectors. Inflated equity prices result in capital being misallocated. The excess we underwent is illustrated by the incident last August of a two-wheeler dealership's ₹12-crore initial public offering (IPO) being showered with ₹4,800 crore worth of applications. When shares trade at sky-high multiples of annual earnings per share, it shows that people are buying them without looking at their business prospects, but in the hope that a 'greater fool' would buy them at even higher prices, letting them make a quick buck. Once this becomes a larger trend, companies find they can raise much more money than what's warranted by their ability to generate value. In the process, money gets diverted away from businesses that may better deserve funds. Irrational exuberance, thus, gets in the way of what's best for the economy. For funds to find their way to investment avenues that deploy it well, overpriced shares are a hindrance. We are better off with stock tickers going red if it expels the excess.

At what point will post-correction market prices be judged reasonable again? On average, the BSE's LargeCap index may have reached that level, going by prices as a ratio of earnings, while its SmallCap index still looks too high and MidCap index less so. The important part is whether quick-buck investors have begun to view stocks the way they should—as investments with varied risk-return profiles, rather than mere casino-style punts. The worry is that some retail punters will be so put off by falling prices that they'll opt for a clean exit from the market instead of focusing on what stocks are worth once asset inflation is reversed. There is no hard-and-fast valuation rule, but, by and large, share prices must go up in sync with profit potential. To the extent such rationality drives the market, we have reason to be optimistic over where it is headed. But then, we cannot dismiss the odds of a tight bear hug either. Irrationality can go both ways too.

MY VIEW | OTHER SPHERE

India needs an education system that helps with life experiences

Apprenticeship-based learning can develop real-world capacities if we fix our educational mindset

ANURAG BEHAR
is CEO of Azim Premji Foundation.

Almost every field of work needs three kinds of capacities: technical, social-human and operational. Their mix required in any field is determined by the nature of the work in that field, which becomes clear when we examine the role of the person at the frontline of work. In education, teachers form the frontline, and their role requires all three capacities. Software coders, who are at the frontline of the IT world, mostly require technical capacities and a few social-human capacities. The frontline politician's role is also complex, as it requires social-human and operational capacities in ample measure, though the typical political leader does not need technical capacities to match a teacher's.

This inherent nature of each field has profound implications. People, both individually and in groups, are unpredictable and have varying behaviour. They are often inconsistent, and change, not only across long periods of time, but even in short intervals. All this has direct implications for operational requirements because operations are often about getting things done with people, including managing your own self. Even aside from this people-driven complexity, all operations are context- and environment-dependent.

So, while most technical matters can be codified into knowledge that can be taught and used, it is very hard to do that for any of the social-human and operational stuff. It is also equally impossible to do it for that part of technical knowledge which is about 'know-how' and not 'know-what.' For example, which vaccine is to be injected, why and when, *vis-à-vis* how it must be done.

This underlying reality led to a near comical standoff in a recent meeting. In a group of 30 people, eight were MBAs from one of the five top business schools in India, each with over 25 years of career success. The non-MBAs were keen on developing an educational programme like the MBA for the social sector. The MBAs were united in opposition to that idea because "the educational value of the MBA is near zero."

The gist of their life experience was that as an education, the MBA degree gave them very little of use later in life, other than specific technical skills such as accounting. Almost every capacity they found useful, they only learnt later as they became practising managers; most of it being about people and operations. The MBAs were not undermining the MBA programme's value, as the credential could open doors, allow access to wide and deep networks, and grant social and economic opportunities. But it did not help develop the capacities needed at work.

This is not a fault or limitation of MBA programmes in particular. The problem afflicts most education that prepares people for work lives that require technical 'know-how' and social-human or operational capacities. Our standard classroom-based model of education cannot develop these adequately. Developing them requires actual experience, and learning from that, which works even better if someone helps the learner learn and the organizational or institutional backdrop has been set up especially for that learning.

This is not a novel insight. Most practitioners recognize that classroom learning prioritizes conceptual and abstract learning at the expense of hands-on know-how. This is an educational dogma reflected in institutional structures and the curricular approach. To counter it, most such programmes have mechanisms like exposure to work sites, live projects and internships.

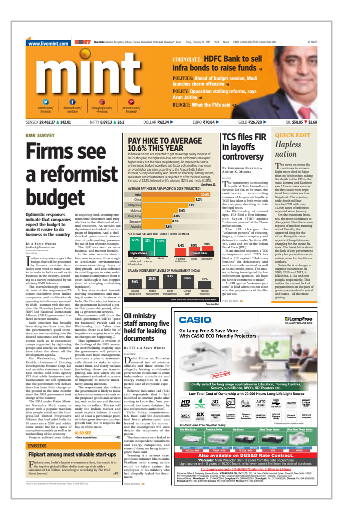
But all of this seems ineffective, so cries have arisen for education that's more practical and skill-oriented, with closer industry links. Improvements on these alone may not help. We must address three difficulties—problems of imagination, resources and what I call 'leakages.'

The problem of imagination is that we have institutionalized all learning. Institutional settings cannot provide the active life experience needed to develop these capacities. The apprenticeship model is most effective for this kind of learning. An even deeper issue is what constitutes useful knowledge. Our educational system privileges abstract and theoretical knowledge as more valuable. This sets up a power hierarchy of knowledge, significantly controlled by institutions. Thus our institutional imaginations are trapped in a '*chakravyuh*' with no clear way out of it.

This raises the resource problem. The scale of resources needed to convert teacher education from today's B.Ed system or management education from the MBA system to an apprentice-based one is prohibitive. It would take a one-on-one teacher-apprentice ratio, and that too in a work-scape with its associated costs, instead of the standard one-to-many ratio that keeps costs low.

The third factor, leakage, is well known to economists. In a context where exit barriers are low and people can easily leave one job for a 'better' one, organizations do not have an incentive to invest heavily in education, especially in apprentice models. An organization that invests may end up helping a competitor. So we have a Catch-22: only institutionalized settings like business schools can take on educational costs, but they cannot really teach what matters most. How could this be resolved? Much depends on it.

10 YEARS AGO



JUST A THOUGHT

If you weaponize currency enough times, other countries will stop using it.

ELON MUSK

THEIR VIEW

Dollar-free trade is an idea whose time hasn't yet come

MADAN SABNAVIS

is chief economist, Bank of Baroda, and author of 'Corporate quirks: The darker side of the sun'

The return to the US White House of Donald Trump has already generated market volatility, given his rather idiosyncratic stance on tariffs. A threat has also been made that the US will increase tariffs on the Brics group of countries if they dealt in any currency other than the dollar. But can countries really work without the dollar? In this context, we should analyse how global payments are transacted by countries.

Global talk of de-dollarization intensified after the US put an embargo on all of Russia's dollar assets in 2022. There is, hence, a palpable worry that any country on the wrong side of the US would risk such an embargo, besides punitive tariffs. The larger concern is that Washington may freeze the dollar assets of a country it chooses to punish. As most countries hold a significant part of their forex reserves in US government debt, this is no small fear. The forex assets of Russia being impounded could be treated as a sovereign default by the US. This explains why de-dollarization is back in discussion.

Presently, based on International Monetary Fund (IMF) data, 59% of global forex reserves are held in US dollars, followed by almost 20% in euros. The yen and pound account for 5.5% and 4.9%, respectively, while the balance is spread across the renminbi and Canadian and Australian dollars, each with shares of 2-3%. In the early 2000s, right after the euro came into existence, the ratios were more skewed towards the US dollar—it had a 71% share and the euro 18%. The euro ascended till 2009, peaking at 28% before declining post the euro crisis.

Next, let us look at the forex reserves of countries. As of 2022, the global pile of non-gold forex assets was dominated by China, with $3.2 trillion, followed by Japan with $1.2 trillion. Switzerland, Taiwan and India were the next three, followed by Saudi Arabia, Russia, Korea, Brazil and Singapore. There is a lot of money locked up in dollar assets. In an extreme situation, all or some of these assets could be impounded, which is reason enough to diversify forex holdings to include assets in other currencies, besides gold.

The dollar retained global acceptance after the Bretton Woods agreements collapsed in the 70s. It dropped its promise of conversion to gold in 1971, but as the IMF's Special Drawing Rights (SDRs) lost relevance, the greenback consolidated its position as the world's default reserve currency. The central requirement for any currency to act as a global anchor is that it should be in plentiful supply. So dollars have to be made available on an ongoing basis for countries to hold. For this to happen, the US has to run large fiscal and trade deficits forever, so that bonds are issued and subscribed to by various governments.

This policy of 'benign neglect,' where the anchor country keeps supplying its currency to keep the global financial system ticking, entails a paradox: It requires a degree of fiscal indiscipline, albeit calibrated to ensure that the currency's value does not drop even as its supply is kept up. It also means the US has to run trade deficits, not surpluses, or else global claims on the country would be negative. In November 2024, foreign entities held $8.6 trillion of the US government's total debt of around $36 trillion. Another $3.5 trillion was held by Japan, China, the UK, Luxembourg and Cayman Islands.

The world is stuck with the US dollar's dominance as there's no other currency that can take its role

The euro was to act as a substitute, but has had limited success. The eurozone is a group of 20 European nations with a common currency. As their collective GDP is around $15 trillion, compared with the US figure of about $27 trillion, the eurozone is financially powerful. But that alone does not make the euro a rival to the dollar across the world.

To qualify as an anchor currency in which global trade is conducted, certain assurers of credibility are needed as prerequisites. The first is the issuer's share in global GDP. Here, after the US and the euro region, China is the only country with a double-digit share. But the international transactions taking place in the renminbi are largely confined to countries with which it has special relations, like Russia and North Korea. Beyond that, the renminbi's acceptability is limited. Therefore, even though China's share in global trade is 11%, most transactions remain in hard currencies, with the dollar being dominant.

Also, the issuer country's credit rating is important. The US and eurozone have AA+ and AAA ratings. This makes dollar and euro bonds more acceptable. The Indian rupee faces a challenge here, given India's lower credit rating, even though its economic performance in the past few years has been exceptional. There is a natural tendency for emerging markets to score low on this count.

Creating a Brics currency is an option, but given that member countries are disparate, with differing styles of governance in both the political and economic spheres, finding common ground would be difficult. The euro may fit the bill, but the absence of a common treasury and lack of a unified European bond market are drawbacks. SDRs can be another option, though these face another set of challenges. Cryptocurrency too has been spoken of. But its opacity and control by anonymous entities go against it.

Therefore, de-dollarization can work only if countries form trade groups and use their own currencies for settlement. The acceptance of these outside these zones will remain uncertain. In other words, there is no getting away from the existing matrix of currencies. And for the next few years, at least, the US dollar will continue to be the world's anchor currency. There is no alternative.

Views are personal.

GUEST VIEW

Enlarged energy supplies from America should serve India well

We will gain from a more-efficient market for oil and gas even as our stance on a green transition gains greater legitimacy

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BLOOMBERG

The energetic kick-off of new policies by the US administration under President Donald Trump has shaken if not stirred the global economic cauldron a fair bit already, and continues to do so with much vigour. What began as levies on Chinese imports and on neighbouring countries Canada and Mexico has now begun to rapidly engulf the world. The US has articulated its intent: it wants a levelling-up over import levies imposed by others on American goods, the development of its domestic manufacturing industry, and to push ahead with fossil-fuel mercantilism.

Thus far, the world's response has ranged from trade skirmishes to capitulation, marked by intense sabre rattling. For example, the Trump administration suspended its 25% levy on goods from Canada and Mexico for a month. In return, Mexico agreed to provide more boots on the ground to secure its US border against cross-overs by illegal immigrants. On the other hand, China has retaliated with both tariffs as well as non-tariff measures, like anti-monopoly investigations on Google and export controls on certain metals. Trade conflagrations have heightened with affected nations issuing threats of potential retaliation, while the Trump administration refuses to relent.

The situation is fluid. The nature of this looming trade war is unprecedented on many dimensions. One of them is the way that energy markets will get affected. China has levied import tariffs on US fossil fuels—natural gas, coal and oil.

Europe, which imports a substantial portion of American LNG exports, is considering a price cap on gas, which potentially undermines Europe's Title Transfer Facility, the main clearing house for gas-price settlements, and could lead suppliers to look for other exchanges outside Europe to settle gas deals.

So, it appears that global energy pricing is getting more deeply enmeshed in local economic imperatives as much as it encourages larger regional and bilateral arrangements between countries. As a result, we might witness renewed formations or newer alignments.

What might be the impact of US tariff impositions and retaliatory moves (be it in the form of challenges or submission) on the Indian energy sector?

Let us examine it through three lenses. First, the availability of oil and gas in global energy markets. This is pertinent since India imports nearly 87% of its oil needs and more than half its natural gas consumption. Second, the source of these supplies: will these witness a shift? After all, there are likely to be new direct arrangements with the US, and there could be indirect effects on account of trade movements triggered by other nations. Currently, the Gulf countries are India's main suppliers of both oil and gas (while a limited volume of LNG is sourced from the US). Third, how does the Trump administration's repudiation of the global climate agenda and walking out of the Paris Agreement impact our own climate action?

The Trump administration's decision to lift the US suspension of fresh export permits for new LNG terminals holds promise for a better-supplied global gas market. American gas is largely an 'associated' product that emerges along with crude oil. Hence, improved finances on the back of increased gas exports would increase the viability of crude oil production as well. Thanks in part to its 'fracking' revolution, the US is already the world's largest oil and gas producer. This improves our energy security position, as it reduces the impact of Opec's production cuts to bolster oil prices.

Moving on to the sourcing of supplies, India has made it clear that it will henceforth be purchasing more gas and oil from the US. While we have imported significant crude volumes as recently as in 2022, shipments dropped substantially after Russian supplies became cheaper.

It remains to be seen how the pricing of US supplies takes shape, especially compared to that of its Gulf competitors, which cart it across shorter distances. For US crude oil (and LNG) supplies to reach Indian shores, the landed price will largely have to be competitive. It helps that high ocean freight costs from the US are largely offset by the lower prices of US hydrocarbon benchmarks, both West Texas Intermediate rates (for crude oil) and Henry Hub rates (for natural gas).

Furthermore, in global energy markets, swaps are often resorted to as a way to secure greater efficiency. For example, our public-sector gas major Gas Authority of India Ltd (GAIL) is already seeking swap deals for LNG supplies from the US, wherein gas is supplied to buyers in countries near the US landmass, and GAIL, in turn, gets to realize equivalent supplies from the cargo contracted by them from sources closer to India.

Enhanced LNG supplies from the US-based Henry Hub exchange will herald a tectonic shift in long established markers prevalent in various parts of the world. Europe's Title Transfer Facility, for example, is likely to be impacted. It could even mean a diminished role for the Japanese Crude Cocktail and Japan Korea Marker for supplies in the Asian region, particularly Japan and Korea.

Another aspect of American intervention concerns the future of the world's energy transition pathways in the face of climate change. The Trump administration's approach could provide India greater global legitimacy for its stated position—that of pursuing a transition that underscores reliable and affordable energy supplies to domestic consumers. Hence, the use of coal continues for the generation of electricity, while we also make sustained efforts to add renewable-energy capacity in the country.

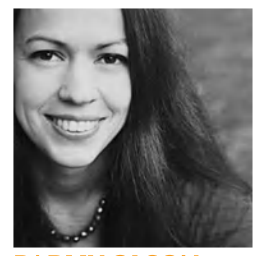
All in all, the US administration's energetic moves augur well for India.

These are the author's personal views.

MINT CURATOR

Wait: Did Microsoft just admit that AI could dumb us down?

It released a study on AI-led skill atrophy. Is this good marketing?



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Microsoft may be aiming to position itself as a promoter of responsible AI use. REUTERS

Microsoft plans to spend $80 billion on artificial intelligence (AI) this year, reinforcing its position as a leading vendor. So why did it publish a research paper showing an erosion of critical-thinking skills among workers using Generative AI tools such as ChatGPT? Genuine scientific inquiry? More likely, it wants to keep ahead of the curve as AI disrupts certain jobs, and ensure that its tools remain useful to businesses. At a time when Big Tech is racing to make AI models bigger, that's a good approach to the industry's business model and its social outcomes.

The study, carried out with researchers at Carnegie Mellon University, surveyed 319 knowledge workers on how they used AI, including a teacher generating images for a presentation about hand-washing to her students using DALL-E 2 and a commodities trader generating strategies using ChatGPT. The researchers found a striking pattern: The more participants trusted AI for certain tasks, the less they practised those skills, such as writing, analysis and critical evaluations. As a result, they self-reported an atrophy of those skills. Several said they started to doubt their abilities to perform tasks such as verifying grammar in text or composing legal letters, which led them to accept whatever GenAI gave them.

And they were even less likely to practise their skills when there was time pressure. "In sales, I must reach a certain quota daily or risk losing my job," one respondent said. "Ergo, I use AI to save time and don't have much room to ponder over the result."

A similar study by Anthropic, which looked at how people were using its AI model Claude, found that the top skill exhibited by the chatbot in conversations was "critical thinking."

This paints the picture of a future where professional workers become managers of AI's output, rather than originators of ideas and content. OpenAI's lDeep Research model, which costs $200 a month, can conduct research across the internet, scouring images, PDFs and text, to produce detailed reports with citations.

One result is that cognitive work is going to transform, according to a 12 February note to investors from Deutsche Bank. "Humans will be rewarded for asking their AI agent the right questions, in the right way, and then using their judgment to assess and iterate on the answers," research analyst Adrian Cox writes. "Much of the rest of the cognitive process will be off-loaded." As frightening as that sounds, consider that Socrates once worried that writing would lead to the erosion of memory, that calculators were once expected to kill our math skills and that GPS navigation would leave us hopelessly lost without our phones. That last one might be somewhat true, but by and large humans have found other uses for their brains when they outsource their thinking, even if our math and navigating skills become lazier.

What makes AI different? It encroaches on a much broader part of our cognition. We're put in positions to think critically far more often than we are to calculate sums or chart routes—whether crafting a sensitive email or deciding what to flag to our boss in a report. That could leave us less able to do core professional work, or more vulnerable to propaganda. And it leads back to the question of why Microsoft—which makes money from sales of OpenAI's GPT models—published these findings.

There's a clue in the report itself, where the authors note that they risk creating products "that do not address workers' real needs," if they don't know how knowledge workers use AI, and how their brains work when they do. If a sales manager's thinking skills go downhill by using Microsoft's AI products, the quality of their work might decline too.

A fascinating finding in Microsoft's study was that the more people were confident in the abilities of their AI tool, the less likely they were to double-check its output. Given that AI still has a tendency to hallucinate, that raises the risk of poor-quality work. What happens when employers start noticing a decline in performance? They might blame it on the worker—but they might also blame it on the AI, which would be bad for Microsoft.

Tech companies have loudly marketed AI as a tool that will 'augment' our intelligence, not replace it, as this study seems to suggest. So the lesson for Microsoft is in how it aims future products, not in making them more powerful, but in somehow designing them to enhance rather than erode human capabilities.

Perhaps, for instance, ChatGPT and its ilk can prod its users to come up with their own original thoughts once in a while. If they do not, businesses could end up with workforces that can do more with less, but are also left clueless if their newfound efficiency is sending them in the wrong directions. ©BLOOMBERG

MY VIEW | BEHAVIOUR BY BRAIN

Marketing in the age of AI: Let humans stay in charge

BIJU DOMINIC

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Will artificial intelligence (AI) agents take over the marketing functions of an enterprise? Will conducting market research, unearthing consumer insights (and new product ideas), making pricing decisions and developing evocative advertising campaigns be taken over by AI agents?

In my career, one of the most successful advertising campaigns I was part of was the '*dishum dishum*' campaign for Pepsodent toothpaste. I remember the various stages of developing that campaign.

For several years, the key thought that drove Pepsodent's advertising campaigns was that they should always have some new news about the brand. So, the latest findings of the company's research and development (R&D) team were almost always projected in the brand's ad campaigns. Those days, I had just begun understanding the human brain's functioning. Even my early readings on the brain convinced me that this vital organ is an energy-optimizing machine and not interested in processing new knowledge. Armed with this newfound learning from brain sciences, I presented a new advertising strategy for Pepsodent. It was a single-slide presentation. Since the core position taken by Pepsodent in the market had been as a germ-fighter for a long time, I suggested that we focus on strengthening this positioning and not be distracted by fresh news.

I recall the marketing head's reaction to my suggestion of changing our focus away from new news. He crumbled the printout of my presentation and asked me, "Do you think by moving away from our past practices, we will achieve the market share gain we are looking for?" He got up in apparent anger, threw the crumbled paper on the table and left the room. As he was leaving, I shouted back at him, "Compared to your old strategy, this strategy will sell at least one pack more of Pepsodent".

The next day, the marketing head called me. "You guys are right," he said, "Let's go back to focusing on the core positioning of the brand."

To unearth an evocative insight for a new campaign, my team and I met lots of young mothers, the brand's core target audience. They had the same thing to say: Responsible mothers make sure that their kids do not eat sweet foods that spoil their teeth; and that a toothpaste that fights germs for a long time is a good one. These truisms I had heard hundreds of times, but one cannot develop an evocative campaign based on them. Just then, I heard one woman say something different, "I do not want to be a policewoman monitoring my child's eating habits all the time. Occasionally, I do not mind my child eating some sweet food he wants to eat." But she revised her stance immediately: "No, I don't want to give him too much freedom. Otherwise, my mother-in-law will scold me for not taking care of my child's teeth."

The consumer's mind is far too complex for today's AI agents to extract truly useful insights

I felt there was something interesting in that random statement. But I was not confident enough. When I reached office the next day, I told Balki (R. Balakrishnan), my creative director, about this women's off-hand statement. He said, "Wow this is brilliant." Further, he said, "It is easy to say 'Pepsodent fights germs for a long time.' But no one has seen germs, nor this fight. We need to get mothers to visualize the brand benefit better." Taking a cue from Hindi film soundtracks, the new brand campaign (*https://tinyurl.com/sj6nrmdt*) revolved around the words '*dishum dishum*,' and of course the insight that emanated from the random statement of a mother.

Could an AI agent have created that campaign?

Sure, with multiple agents, debates on the campaign strategy could have been taken care of. But would an AI agent have recognized the deficiencies in human perception and suggested remedial measures borrowed from the world of Hindi cinema? The most critical question is whether, while looking for a big consumer insight, an AI agent would have given greater weightage to the statements of thousands of mothers, or to an outlier, the half-finished sentence of only one mother?

Marketing is a science and an art. Every brand campaign must be honest to the core benefit offered by the brand. But with so many competing brands promising to take care of that evolutionary need, each brand must differentiate itself. Yet, every brand must be consistent in the position it adopts, which could mean searching for new interpretations of it for every new campaign. Marketing is the art of setting a brand apart from other brands (and often from its own past), while adhering to its core positioning. Can AI agents, which are powered only with past data, manage this subtle but crucial dichotomy within the marketing function?

There might be few who believe that an ideal advertisement for Pepsodent would just display the pack shot with the headline, "Fights germs for a long time." To add persuasive power, perhaps a blurb could say, "20% discount." Those who think this is what persuasive brand communication is all about may well be pleased to let AI agents step in and take charge of ad campaigns.

However, there are also many marketers who believe that persuasive brand communication is all about understanding deeper but rarely articulated emotional conflicts in the consumer's mind, and then creatively positioning the brand to resolve a key conflict. These are the people who develop ad strategies that break the clutter and get a point across. To serve these marketers, AI agents will have to evolve much more.

The many screen lives of William S. Burroughs

Luca Guadagnino's film *Queer* is the latest to feature an avatar of the Beat icon and seminal American writer William S. Burroughs

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Luca Guadagnino understands the poetry of human bodies in motion, the raw frisson offered by both conflict and convergence. His tennis drama *Challengers* (2024) was a great advertisement for this quality, as is his latest, *Queer* (now streaming on Mubi). The film is based on the eponymous 1985 novella by the American writer William S. Burroughs (1914-1997). Almost as a counterpoint to the absorbing physicality of his films, there's a poignant moment when Eugene Allerton (Drew Starkey) tells his older lover, American expatriate William Lee (Daniel Craig) that he's not queer, he's "disembodied". This is especially moving considering everything going on in the story with Lee and by extension, Burroughs ("William Lee" was a frequent authorial stand-in). His physical dependence on heroin and morphine is so bad it's making him shit blood. He's desperately searching for yage, a psychedelic substance that he believes will help him 'transcend' the body and open hitherto untapped reservoirs of spiritual potential.

Craig's mesmerizing performance as Lee/Burroughs reminds us of just how much we lost in the 15 years he was tethered to the James Bond franchise. Is there even one moment in any of his Bond movies that rivals the eroticism of Nirvana's 'Come As You Are' playing while Lee/Burroughs does the classic movie-star walk? He's now the fifth actor to portray Burroughs, the others being Peter Weller in David Cronenberg's *Naked Lunch* (1991), Kiefer Sutherland in Garry Malkow's *Beat* (2000), Viggo Mortensen in Walter Salles' *On the Road* (2012) and Ben Foster in John Krokidas' *Kill Your Darlings* (2013). Weller and Sutherland had lead roles in their films while Mortensen and Foster's can be called extended cameos.

THE BEAT GENERATION

Alongside Jack Kerouac and Allen Ginsberg, William S. Burroughs was one of the principal figures associated with the Beat movement of the 1950s and 60s. His 'anti-novel' *Naked Lunch* (1959) is considered one of the pioneering postmodern texts, the story of opioid addict William Lee who travels to the surreal 'Interzone' and stumbles into working for the shadowy 'Islam Inc.' (inspired by the author's experiences living in the Tangier International Zone, where he witnessed the Moroccan Nationalist Movement up close). The novel featured examples of Burroughs' 'cut-up' technique, wherein a pre-prepared text is chopped up and rearranged to create a new entity, centering the element of chance in the literary process.

His early works, like the autobiographical novel *Junkie* (1953) and the nonfiction book *The Yage Letters* (1963), are some of the most forthright, unsentimental depictions of addiction. In the 70s and 80s, Burroughs wrote 'The Red Night Trilogy', culminating in *The Western Lands* (1987) which united several lifelong obsessions — drugs, hallucinations, Eastern spiritual traditions, the afterlife and, of course, writer's block. In the 80s and 90s, Burroughs also made the shift from counterculture icon to the mainstream-end-of-the-alternative, reading from *Naked Lunch* on Saturday Night Live in 1981, doing a Nike ad in 1994 and lending his voice to the Edgar Allan Poe-inspired video game *The Dark Eye* in 1995.

Out of the onscreen depictions of Burroughs/Lee, *Kill Your Darlings* and *On the Road* were mostly concerned with his engagement with the Beat writers — the leads in these films were Allen Ginsberg (Daniel Radcliffe) and Jack Kerouac (Sam Riley), respectively. *On the Road* sees Viggo Mortensen imbuing the role of Burroughs with mystique. "Old Bull Lee" (as he is called in the film and the book) was a drug-shaman, a distinctly American oracle, and to the other Beatniks, the platonic ideal of the writer-as-nomad. Ben Foster was diligent but much less effective in *Kill Your Darlings*, although the film itself soared thanks to an electric performance by Michael C. Hall (Dexter) as David Kammerer, a man who used the liberatory sexual ethos of the Beat Generation as cover for grooming a vulnerable teenager.

> There is a seminal event from Burroughs' life that *Naked Lunch*, *Beat* and *Queer* have shown as their climactic scenes

The pick of the lot, and the film most in sync with Burroughs' literary style as well as his life, is David Cronenberg's *Naked Lunch* (1991). Instead of a straight adaptation of the novel, Cronenberg intercut ('cut up', even) scenes from the book with scenes from Burroughs' real life, all given the signature Cronenbergian waking-nightmare treatment. And Peter Weller, who would later get typecast as an eccentric TV villain was immense as Burroughs. The twitchiness, the nervous energy and the generational intellect — Weller never had to try hard to communicate any of these traits to the audience.

THE TURNING POINT

There is a seminal event from Burroughs' life that *Naked Lunch, Beat* and *Queer* have all depicted as their climactic scenes. In 1951, Burroughs accidentally killed his partner, 28-year-old writer Joan Vollmer, in a game of 'William Tell' gone wrong. The duo would often perform the stunt—Burroughs shooting a glass off Vollmer's head—as a parlour trick at dinner parties. The incident left a lifelong impression on Burroughs and he frequently credited it as the reason he became a writer. The film *Beat* depicts this with the twee sentimentality of a true-crime thriller, Courtney Love playing Vollmer to Sutherland's Burroughs. *Naked Lunch* actually takes two bites at the William Tell apple, with the scenes bookending the film very effectively indeed — one scene taking place in the 'Interzone', the other in the real world.

Here again, *Queer* distinguishes itself with the way Guadagnino has staged and shot this scene. Allerton, after dying, vanishes in Lee/Burroughs's arms, who then vanishes into thin air himself. The earlier scene about Allerton feeling "disembodied" is elevated even further thanks to the magic realism of this climactic moment. We then see an aged Lee/Burroughs in bed with a still-young Allerton. This is neither a straightforwardly romantic story nor an outright tragedy but something considerably stranger, like Burroughs' own work. In a 1954 letter to Jack Kerouac, Burroughs wrote, "There is no intensity of love or feeling that does not involve the risk of crippling hurt. It is a duty to take this risk, to love and feel without defense or reserve." *Queer* is a film that embodies this sentiment in more ways than one.

25 years later, South Korean film resonates

Joint Security Area dealt with the division of the Korean peninsula

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Twenty-five years ago, director Park Chan-wook risked jail to make a movie about friendship between North and South Korean soldiers, striking box office gold and beginning his actors' ascent to global stardom.

Relations between the two Koreas have since plunged, with Pyongyang renouncing its long-held goal of unification and last week destroying a venue that traditionally hosted reunions of families separated by decades of divisions.

Park said his smash hit *Joint Security Area* still strikes a chord a quarter of a century later. "It is a sad reality that this movie's themes still resonate with the younger generation," he told reporters in Seoul this month. "I hope that by the 50th anniversary, we will be able to discuss it as just a story from the past."

The film is widely regarded as a masterpiece of South Korean cinema and its cast members have gone on to wider success, including *Squid Game* actor Lee Byung-hun and Song Kang-ho from Oscar-winning *Parasite*.

But when he set out to make it, Park was far from a prominent director. His first two feature films flopped. Desperate for success, Park delved into one of the most sensitive topics: the decades-long division of the Korean peninsula. At the time, Park feared that his tale of inter-Korean bonding could fall foul of laws banning the "glorification" of the communist-run North. "We prepared ourselves" for the prospect of being jailed, he told reporters.

> The film is set in the 250-kilometre strip of land dividing the Korean peninsula

But history was on his side. Three months before the film's September 2000 release, then-South Korean president Kim Dae-jung held a historic summit with his North Korean counterpart Kim Jong Il in Pyongyang. Against the backdrop of that reconciliation, *Joint Security Area* swept almost all domestic film awards that year. It was also nominated for best film at the Berlin film festival and became South Korea's highest-grossing movie up to then.

The film is set in the eponymous Joint Security Area, located inside the Demilitarized Zone, the 250-kilometre-long strip of land that divides the Korean peninsula. It is among the most heavily fortified areas on the planet—and the only place where soldiers from the North and South stand face to face. The tragic film tells the story of secret friendships that form after two North Korean troops assist a South Korean soldier who accidentally steps on a landmine, leading them to bond over South Korean pop music and chocolate desserts.

South Korea has since established itself as a global cultural powerhouse. Some credit *Joint Security Area* with laying the groundwork. The film was a "driving force behind the creation of films in the Korean cinema industry that combine the director's artistic vision with commercial viability," said Jerry Kyoungboum Ko, head of film business for CJ ENM, the South Korean studio that distributed the movie.

Park said he is often asked when the film is shown abroad if it was shot at the real-life JSA, also known as Panmunjom. "I would always respond by saying that if we could have filmed at the actual location, this film might not have been necessary at all."

A unique food festival that pairs chefs and visual artists

The Gathering offers a sensorial storytelling experience around communities, ingredients and techniques

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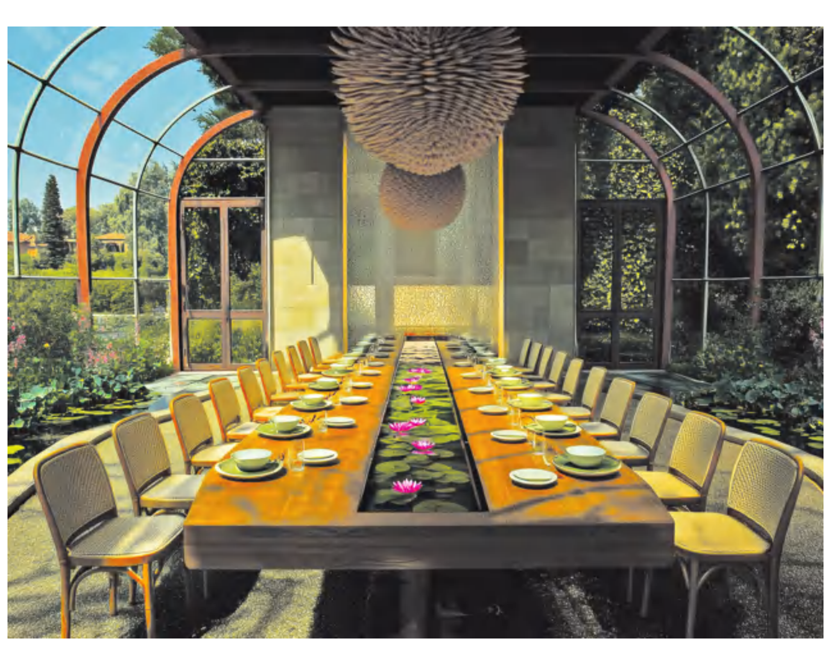
In the last few years, the concept of the immersive dining experience has seen many novel formats and innovations. Now, a unique festival, The Gathering, is bringing a new kind of interdisciplinarity to both the culinary and the visual arts by pairing chefs with artists. These nine pairs are creating nine exclusive pop-up restaurants, featuring five courses for 20 guests per sitting, to offer a sensorial storytelling experience. Chef Viraf Patel and Alex Davis take the guests on a journey to the future, wherein the rising sea levels have transformed ways of living on Earth. Through 'The Last Harvest', the duo are conceptualising a world in which the way we think about and approach food has changed forever.

To be held between 21-23 February at the Travancore House, Delhi, The Gathering has been curated by Sushmita Sarmah and Prasad Ramamurthy. The event has been divided into three segments: explorers, or global expressions of regional cooking; the innovators that are pushing culinary boundaries; and the conservators preserving culinary traditions. Some of the pairings include Prateek Sadhu and Aradhana Seth, Regi Mathew and Vinu Daniel, Adwait Anantwar and Devika Narain, Amninder Sandhu and Ekarth Studio, Anumitra Ghosh Dastidar and Archana Hande, and Vanika Choudhary and Punit Jasuja.

The festival offers a sensorial storytelling experience. Often while eating a plate of food, we don't know the story behind it. Sarmah, founder of the events company C.A.B. Experiences, and co-curator Ramamurthy have tried to offer an immersive experience featuring chefs and artists to build on histo-cultural themes that go beyond just food.

Chef Amninder Sandhu and Neha Jain of Ekarth Studio are looking at conservation from a community perspective. Their concept, 'Around the Campfire', draws from the chef's childhood years in Jorhat, Assam, when her uncle would organise outdoor picnics and teach her how to cook fish and game over an open fire.

Sandhu is known for bringing together naturally sourced ingredients in slow cooked dishes made on an open fire at her restaurants, be it Bawri in Goa or Palaash located in the wilderness near the Tipeshwar forest. When she was approached for The Gathering and the curators suggested Ekarth Studio as a collaborator, Sandhu felt that it was a perfect fit.



'Terra Firma' by Chef Auroni Mookerjee and Sonal Sawant.

When Jain heard Sandhu's story of going fishing and picnicking with her uncle, she immediately got down to creating that environment. "We needed to come up with ways of transporting guests to that campfire site within the environs of the Travancore Palace," elaborates Jain. "So, we have translated Chef Amninder's memory of the north-east region in design and materiality by creating a bamboo structure around the dining table."

People walk into the structure and get seated around an island. The whole feel is black and raw. "We will all be wearing white, with the headgear inspired by the traditional Assamese gamcha," explains Sandhu. The ingredients too celebrate the north-east, with courses featuring the Manipuri black rice, Sophie berry from Meghalaya, mejenga leaves, guti aloo, pink sticky rice, and more. Sandhu is featuring pithas in the dessert course and ending the meal with the traditional paan-tamul.

If Sandhu and Jain have focused on the eclectic produce of the north-east, Chef Auroni Mookerjee and Sonal Sawant are celebrating the cultural significance of the pukur, or pond, in rural Bengal. "You have Himalayas to the north, beachfronts as you approach Odisha, mangroves in Sunderbans, the Rarh region, which is an extension of the Chhota Nagpur plateau. I have been exploring produce in all of these areas, and have come to realise that the pukur is common to each of them," elaborates Mookerjee.

That idea resonated with Sawant, a production designer for ads and feature films. She drew on the different elements that make up the ecosystem—the rich foliage that grows around it, the fish, the ingredients that make their way into the village kitchens. "You get the feeling of being in a conservatory with a small water body and fish on the dining table," says Sawant.

In recreating the environment around the ecosystem, the story of the pukur becomes all the more relatable and immersive. Sawant has been quick to pick up the cultural significance of the pukur in Bengal, interpreting it in a huge kantha mural. "It features a tree from an area that I have visited many times, and from where a lot of the produce is coming. A lot of what I am getting are 'cru' ingredients [a term used in the context of wine to indicate a particular are where the grape quality is considered superior]. So, the black cumin honey comes from one plot of land, where there is zero cross pollination. The farmer is so proud of this honey," explains Mookerjee. Similarly, the Kalimpong ghee is being sourced from one family, which rears a certain kind of grass-fed cows and makes cultured ghee from the milk. "Whether it is a plot of land or the maker's hand, all of these are cru ingredients," he adds.

The first edition of The Gathering is serving as a learning ground for the participants as well as the curators. Sarmah and Ramamurthy looked at chefs who were open to experimentation. "That's how the conversation started. The next step was to ask them if they could do something that they had not explored before," explains Sarmah. The team is now planning to take The Gathering to Mumbai and Bengaluru as well. The festival might take place in different formats in the future.