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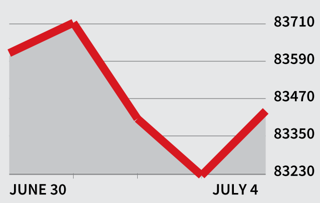

IN FOCUS

	Week's close	Week's change
Nifty 50	25461.00	-176.80
P/E Ratio (Sensex)	23.89	-0.18
US Dollar (in ₹)	85.39	-0.08
Gold Std 10 gm (in ₹)	96633.00	+1233
Silver 1 kg (in ₹)	107580.00	+2387

GROWTH ORBIT. **Investors must look** at growing downstream start-ups and products, says former ISRO chief S Somanath **p10**

SPARK. **IIM-B incubator** backs non-metro start-ups with patient capital, mentorship and reach **p8**

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MONDAY SPECIALS.

CORPORATE FILE

Jindal brushes past rivals in Dulux buy

"He's a tough negotiator," observed Greg Poux-Guillaume, the global chief of Dutch paint behemoth AkzoNobel NV, while referring to Parth Jindal, Managing Director of JSW Paints. In a deal that rewrote the contours of the decorative paints business, Jindal clinched the takeover of Akzo Nobel India, which owns the iconic Dulux brand. **p7**

CLEANTECH

Why RE must quickly adopt grid-forming inverters

Growing at a fast clip, wind and solar power installations in India — at 162 GW and 126 GW respectively — today form 35 per cent of the total electricity generation capacity in India. While this is something to be happy about, incorporating large parcels of an unsteady electricity supply into the grid brings huge problems for the grid operator. **p6**

RBI may tighten norms for over 8,700 base-layer NBFCs

TIGHT VIGIL. Those with high rates, churn, complaints, frauds may come under the radar

Piyush Shukla
Mumbai

The Reserve Bank of India (RBI) is likely to tighten its supervisory framework for non-banking finance companies (NBFCs) with a particular focus on base-layer entities, according to sources.

These NBFCs may be required to submit regulatory returns more frequently and adhere to stricter norms governing business growth, underwriting standards, risk management, customer service, compliance and corporate governance.

REGULATORY PUSH

- More frequent data reporting, stricter norms on business growth, underwriting, appointment of CRO, and higher customer service, compliance and corporate governance standards are on the cards
- Mid, upper-layer NBFCs may be subject to additional supervision based on the analysis or outcome of RBIA
- As of December 2024, there are over 8,700 base-layer NBFCs out of the total 9,291 NBFCs in India

STRICTER OVERSIGHT

"There could be a case for enhanced supervision. This could include more frequent reporting as against the current provision of filing returns only once or twice a year by base layer NBFCs," said Raman Aggarwal, CEO at FIDC, an industry body for NBFCs. As of December 2024, there are over 8,700 base-layer NBFCs out of the total universe of 9,291 NBFCs in India.

"Already, all NBFCs with an asset base of ₹5,000 crore and above (that covers all upper-layer and some middle-layer NBFCs) are supposed to undergo risk-based internal audits (RBIA). Perhaps these NBFCs may be subject to additional supervision based on the analysis or outcome of the RBIA," Agarwal said.

Vivek Iyer, Partner and Financial Services Risk Leader, Grant Thornton Bharat, said the supervisory framework for base-layer NBFCs would be focused more towards business growth, quality of underwriting and a specific focus on customer service, with some basic criteria being put in place for the assurance function from a governance perspective. The RBI did not respond to *businessline* queries till press time.

According to Karthik Srinivasan, Senior Vice-President, Financial Sector Ratings at ICRA, currently the scope and the frequency of supervisory oversight of base layer NBFCs (entities with assets less than ₹1,000 crore) is lower relative to their middle and upper layer peers. Some entities in the base layer, depending on their business models, target exposures and lending rates, may witness increased oversight in line with the RBI agenda to move to a risk-based supervision.

RISK FOCUS

The regulator, over the last few years, has increased access to data from regulated entities to assess and estimate any early warning trends. The move to risk-based assessment is a step towards formalising this via a framework and categorisation, which would require entities in the higher risk category to engage more with the regulator on the emerging business and credit trends.

"Further, as borrower protection is a key priority for the regulator, we can expect entities serving the relatively high-risk borrowers (consequently, high lending rates), entities having a high portfolio churn and entities with a higher level of fraud and customer complaints to witness increased scrutiny," Srinivasan said. To be sure, the RBI, in its FY25 annual report, had mentioned that it may enhance the existing framework for supervision of base-layer NBFCs.

India seeks edge in US trade pact for labour-intensive goods

Amiti Sen
New Delhi

DEAL TALKS. India is seeking a trade deal that ensures market access for its labour-intensive goods, with sustained preferential treatment over other countries, say sources REUTERS

While the US is favourably considering postponing the July 9 deadline for the imposition of reciprocal tariffs to August 1, India has hardened its stance and said the proposed bilateral trade agreement (BTA) has to necessarily give preference in the areas of its interests. This includes labour-intensive sectors, such as textiles and leather, to help it beat competition in the American market, a top source said.

"It is not possible to clap with a single hand. It takes two. India wants a trade deal where it would get market access in its areas of interest, including labour-intensive goods, and it should have sustained preference over other countries," a source tracking the matter told *businessline*.

India's team of negotiators recently returned from Washington DC after parleying hard with counterparts in the US for about a week, but not managing to seal a deal by the end of it. There were hopes that an interim trade deal would be agreed to by the two countries before July 9, when the 90-day pause period on US reciprocal tariffs end. However, it seems likely that the imposition of tariffs would be postponed.

On Sunday, US Treasury Secretary Scott Bessent said in an interview with US media that countries that don't make a deal with the US could expect tariff rates to return to the levels announced in April on August 1.

"The ball is now in the US' court as India has already offered to bring down tariffs in a number of sectors for American goods, while insisting that its red lines in sensitive areas, including agriculture and dairy, be respected," a second source said.

LETTER SHOCK

US President Donald Trump said he will be sending out letters to trade partners with which trade deals could not be struck, specifying the tariffs that would now be imposed on their products. "We have no idea what the letters would be about and how the tariffs would be calculated. Also, there is no clarity on how these new tariffs would be related to the reciprocal tariffs," the source said.

On April 2, Trump had announced reciprocal tariffs for most trade partners with which the US had a trade deficit. The tariff rate, which varied for different countries depending on the level of deficit, was fixed at 26 per cent for India.

This tariff was then suspended for a 90-day period, till July 9, except a base tariff of 10 per cent, to give time to countries to work out trade deals with the US.

Trump said he had already signed 12 letters that would be sent out on Monday, and all other countries would get letters by July 9.

INSIDE.

New employment scheme to check attrition rate among freshers

Shishir Sinha
Dalip Singh
New Delhi

A big issue that the recently-launched employment-linked incentive (ELI) is attempting to address is the 45 per cent attrition rate in the first six months among first-time employees.

"Based on EPFO data, we found that there is an attrition rate of 45 per cent among freshers within six months of joining work," a senior government official told *businessline*. When a first-timer quits his job within six months of joining, he misses out on training that being on the job offers. It creates a big problem in getting rehired.

Also read **p10**

Edible oil, sugar consumption fall as fitness campaigns catch on

Prabhudatta Mishra
New Delhi

The consumption of edible oil and sugar in the last 2-3 months has dipped due to various factors, including weather, prices and shifting preferences, according to industry players. The drop also coincides with a government campaign to reduce the consumption of edible oils, sugar and salt.

The campaign uses an appeal by Prime Minister Narendra Modi to cut the use of cooking oils to stay fit.

Cooking oil imports in May dropped 22 per cent to 11.78 lakh tonnes (lt) and in April the fall was 32 per cent from a year-ago level.

Read more on **p3**

New milk co-op in Gujarat to source milk from 20 States, 2 UTs

Avinash Nair
Ahmedabad

A new multi-State co-operative that will engage in the collection of milk in 20 States and two Union Territories, including Karnataka and Tamil Nadu, was announced at an event in Gujarat on Sunday.

The Sardar Patel Co-operative Dairy Federation Ltd will engage in collection only from 20,000 "untapped" village-level milk co-operatives in various States and will not rival either Gujarat Cooperative Milk Marketing Federation (GCMMF) or any other State-level dairy federations that exist in the States, officials said.

Read more on **p10**

NQM, DoS team up on quantum-safe communication tech for defence

Vallari Sanzgiri
Mumbai

The Department of Space (DoS) is working with officials from the National Quantum Mission (NQM) to build quantum-safe, hack-proof space technologies for the defence forces in the wake of Operation Sindoor, during which security concerns were flagged.

Officials said that while the defence forces navigated with the Indian Constellation (NavIC) system to pinpoint targets, these technologies could have been easily hacked by quantum computing, a form of technology that countries like China have made great strides in.

Also read **p10**

HISTORIC WIN

Jubilant scenes unfolded after India crushed England by 336 runs to seal its first-ever Test win at Edgbaston on Sunday and level the five-match Test series 1-1. Fast bowler Akash Deep took 6 wickets for 99 runs, dismissing England for 271 in its second innings REUTERS

Buzz in Amaravati as ghost city wakes up from slumber

The new capital of Andhra Pradesh finally seems to be getting off the ground

G Naga Sridhar
Vijayawada

BACK IN BIZ. About half a dozen construction firms have started work, and more are set to join them G NAGA SRIDHAR

A ghost city has come awake. The eerie silence that enveloped the deserted construction sites of Amaravati has given way to the hum of machinery and the babble of migrant workers who have poured into the greenfield capital of Andhra Pradesh. Over 600 workers have come from Bihar, Odisha, West Bengal and Chhattisgarh, engaged for a period of one to two years to work for different construction companies that have bagged contracts for projects worth ₹58,000 crore.

"About half a dozen construction firms have begun work and more are set to join soon. As of now, construction on the Capital Region Development Authority corporate office, residential complexes for ministers, bureaucrats and judges has commenced. Soil-testing for the proposed mega towers of the Secretariat is on," a site engineer at the construction site told *businessline*.

The NDA government, led by Chief Minister N Chandrababu Naidu, revived the ambitious project after coming to power in 2024. Landowners who had leased or sold their holdings for the new capital are euphoric. "It is heartening to see the renewed buzz of activity. As we have given the land for the capital as part of land-pooling, completion of its construction is vital for us," M Peddayya, a landowner from Velagapudi, said.

According to Minister for Municipal Administration and Urban Development P Narayana, the main phase of administrative towers and residential quarters will be ready by 2027.

INFRA PUSH

The renewed buzz has buoyed the spirits of villagers who are waiting to give their land for the second phase of the capital development programme. The CRDA has approved the pooling of an additional 20,494 acres in the capital region, in addition to the over 30,000 acres already acquired in the first phase.

Several top-class hotels, four convention centres and a greenfield international airport have been added to the original blueprint. About 2.5 acres of land will be earmarked for the convention centres that will come up near an upcoming Taj Vivanta and Hilton hotel in Mandadam, a Hyatt Regency in Thullur, and a Novotel in Lingayapalem.

The revised estimates now peg the total cost of construction at ₹71,000 crore as per details submitted by the State government to the 16th Finance Commission.

Nominal sops undermine push to scrap old vehicles

S Ronendra Singh
New Delhi

Even though India has a network of 171 approved registered vehicle scrapping facilities (RVSFs) across 20 States and Union Territories — with 101 already operational — public enthusiasm for vehicle scrappage remains remarkably low.

According to the Ministry of Road Transport and Highways (MoRTH) data, since April 2022, only 2.5 lakh vehicles have been scrapped at these centres — a stark contrast to the estimated 3 crore vehicles nearing the end of their lives.

KEY REASON

A key reason for this reluctance stems from the unwillingness of carmakers to offer significant discounts, with industry insiders explaining that a 10 per cent discount on new vehicle purchases in exchange for a scrappage certificate is not viable.

The government's Vehicle

The availability and accessibility of registered vehicle scrapping facilities remain inconsistent

Scrappage Policy was officially launched in March 2021, with phased implementation beginning from April 1, 2022.

However, the policy faces significant headwinds. Industry insiders say that many individuals harbour a strong emotional attachment to their first or gifted cars, making them unwilling to voluntarily scrap their vehicles or utilise the scheme when buying new ones.

This sentiment was highlighted during the Delhi government's recent ban on older petrol and diesel vehicles, which triggered such a strong public backlash that Chief Minister Rekha Gupta was forced to put the rule on hold.

"In India, a car is a valuable possession, often bought with hard-earned money. That's why many owners are reluctant to go to scrappage centres, unlike in the Western countries," explained a Delhi-based auto expert.

Another critical factor contributing to this is low per capita income, coupled with the rising cost of vehicles, making new purchases increasingly unaffordable.

Rahul Bharti, Senior Executive Officer, Corporate Affairs, Maruti Suzuki India, recently said, "Historically, passenger vehicle sales used to grow at 1.5 times the GDP growth. But, now, even after 6.5 per cent GDP growth, the car market is nearly flat. This is because the once dominant mass small car segment is not participating in the growth at all. This is clearly an affordability issue. Since 2019, the industry's entry-level price point has jumped by over 70 per cent, largely due to stricter regulations, and the sales of smaller cars have fallen by over 70 per cent."

Adding to the challenge, the availability and accessibility of RVSFs remain inconsistent. While MoRTH reports 101 functional RVSFs and over 50 more under construction, their geographical spread and operational status vary significantly.

Uttar Pradesh leads with 79 centres, but only 29 are operational. Haryana has 16 functioning centres, while Gujarat has six. Interestingly, Delhi has only one RVSF, which is still non-functional. This forces Delhi residents to tow scrap-bound vehicles to Noida, Ghaziabad or Haryana.

This creates a catch-22 situation for owners. They expect maximum discounts for scrapping their old vehicles and purchasing new ones, but few original equipment manufacturers (OEMs) are offering substantial incentives.

It's time India created a sovereign wealth fund: CII President

ON SOLID FOOTING. Rajiv Memani says the country's economy is in a good position but cautions against non-tariff barriers while negotiating free trade agreements

bl.interview

Shishir Sinha
New Delhi

Indian industry is confident about all macroeconomic indicators and believes the country has fared well under challenging geopolitical circumstances. CII President Rajiv Memani talks about the enabling factors, especially policy stability, in India's growth trajectory and future reforms, including ease of doing business and creation of a sovereign wealth fund.

Edited excerpts:

The government's assessment is that India's macroeconomic health is in a relative 'Goldilocks' situation. How do you read the present state of the Indian economy?

I am not qualified to comment on whether it's a 'Goldilocks' situation, but I would certainly say it's in a very good position. From a growth standpoint, we may not have achieved our full potential but relative to what's happening in the world today, India demonstrates a stable hand. If you look at all the domestic economic parameters, they are all pointing in the right direction. Interest rates are probably at one of their lowest points. Inflation is extremely low. Food inflation is under control. Exchange reserves are very strong and bank balance sheets are very strong. Looking at corporate balance sheets and the amount of fundraising that's occurred, I believe that's also very strong.

The resilience and buoyancy of the capital markets are very clear. The dependence on foreign capital and capital markets is reduced. We have almost $35 billion in SIP money flowing into the capital market, and that gives enough capital to grow businesses.

> Ease of doing business is a significant issue, and it can be resolved if processes like land acquisition or the issuance of NOCs for environmental matters are expedited
>
> RAJIV MEMANI
> CII President

The second factor is policy consistency. While some may desire a greater pace of reforms and change, I would say, by and large, stable changes have been implemented. All of these have really helped in putting India in a very good position.

Do you think low inflation rate on a sustainable basis is good for the economy?

It is much better than having a higher inflation rate. The government has stated that it is comfortable with 4 per cent inflation. At present, the rate is 2.8 per cent, which is positive. It should give a fillip to consumption because there is more disposable income. Interest rates will be lower, leading to a reduced cost of capital, thereby enhancing manufacturing competitiveness. I believe some inflation is indeed good. Anything between 2-4 per cent is a good number, and we are right in the centre of that range.

Regarding the trade deal with the US, what are your expectations?

In the first tranche, it would be better if we can address issues that are politically more palatable and acceptable to a broader range of stakeholders. As long as a significant portion of stakeholders perceive a greater market opportunity and it's clear that India and the US are pursuing a much more strategic relationship, thereby enabling the import of critical technology or long-term investments between the two countries, I believe it should be fine.

Do you think India should be more aggressive in negotiating trade agreements?

By and large, the Indian government has not been in a rush to compromise. My view is that both countries need to respect politically unpalatable or sensitive issues, but strive to achieve win-win agreements. The government has been doing that. However, India needs to be more cautious regarding non-trade barriers. This is an area where considerable patience is required, and it must be ensured that while tariffs are reduced, they do not become meaningless due to excessively high non-tariff barriers.

We have not seen a GST Council meeting in the last six months. How is this affecting corporations?

I cannot comment on whether the periodicity of GST Council meetings has an impact but irrespective of the Council meetings, a significant amount of dialogue occurs between the State and the Centre, and substantial work is also underway.

Regarding rate rationalisation, the amount of work required to arrive at a new rate and then the ability to achieve consensus is truly immense. I am hoping that some of the background work for rate rationalisation is progressing. Another area is the accumulation of input tax credit, which needs to be eliminated. Another challenge is GST assessments or audits. Conducting multiple audits, proportional to the number of States a company operates in, can easily be streamlined. Audits could be conducted at one or perhaps two locations if it's a large company. Also, regarding the new compliances that have been introduced, can they be implemented in a phased manner?

What are the three critical reforms that you believe should take place in the next one or two years?

Ease of doing business is a significant issue, and it can be resolved if processes like land acquisition or the issuance of NOCs for environmental matters are expedited.

The second area is that more GST-like and Manufacturing Commission-like platforms can be created as many issues require resolution and necessitate active participation from numerous ministries at both the Centre and State levels.

Thirdly, I believe that India creating a sovereign wealth fund, especially for providing capital to MSMEs and using disinvestment as a funding mechanism for this fund, would be very important. Today, the market capitalisation of listed government securities is almost $500 billion. There is an opportunity that some of this can be monetised, and we can explore creating a sovereign wealth fund that can address strategic areas where India has supply chain vulnerabilities or specifically focus on MSME financing, especially if we are looking at scaling operations, creating more jobs and fostering greater manufacturing activity in the country.

TODAY'S PICK.

Engineers India (₹243): BUY

Gurumurthy K
bl. research bureau

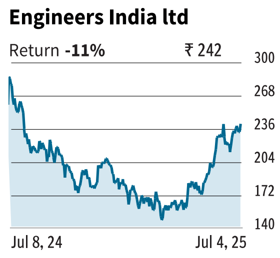
The short-term outlook is bullish for Engineers India. The stock has been in a strong uptrend since March this year. This upmove is happening inside a channel.

The 3 per cent rise on Friday indicates that a new leg of the upmove is beginning. Strong support is around ₹230, which can limit the downside. Both the 21-Day Moving Average (DMA) and the channel support lie around ₹230.

Engineers India's share price can rise to ₹285-290 in the coming weeks.

Traders can buy Engineers India shares now at ₹243. Accumulate on dips at ₹237.

Engineers India ltd



Keep the stop-loss at ₹224 initially. Trail the stop-loss up to ₹248 as soon as the stock goes up to ₹255. Move the stop-loss further up to ₹258 and ₹270 when the price touches ₹265 and ₹275 respectively. Exit the long positions at ₹280.

Note: The recommendations are based on technical analysis. There is a risk of loss in trading.

Edible oil, sugar consumption fall as fitness campaigns catch on

Prabhudatta Mishra
New Delhi

The consumption of edible oil and sugar in the last two-three months has dipped due to factors including weather, prices and shifting preferences, according to industry players. The drop also coincides with a government campaign to reduce consumption of edible oil, sugar and salt. The campaign uses an appeal by Prime Minister Narendra Modi to cut the use of cooking oil to stay fit.

In India, the per capita annual consumption of edible oil is 18 kg and that of sugar is around 20 kg, trade data show. Cooking oil imports, which have a direct co-relation with domestic demand, in May had dropped 22 per cent to 11.78 lakh tonnes (lt) and in April, the fall was 32 per cent from a year-ago level.

Similarly, industry sources said there was 1 lt sugar unsold in June from the government allocated 23 lt quota for the month, despite lower allocation against 25.5 lt year-ago. Officials, however, said the final sales data for the month will be available only after July 20, based on the monthly details filed by the mills.

"During summer, cooking oil consumption is normally lower. As temperatures rose from February, the consumption too started to decline. Some companies selling cooking oil at lower quantity in terms of weight

in gram also contributed to the drop," said BV Mehta, Executive Director of the Solvent Extractors' Association of India (SEA).

NOT A SINGLE REASON

However, a top executive of a leading edible oil brand, while admitting to a drop in sales during the April-June quarter, said there are a combination of factors responsible for lower consumption.

"It may not be the sole reason, but Modi's appeal to cut 10 per cent use of edible oil has definitely contributed to the drop in consumption, which can only be ascertained through a survey. But, there is an overall negative sentiment on consumption," the CEO said, adding that in the festival months, there may be a rebound in rural demand as the monsoon is helping the country to have a bumper harvest.

While industry leaders are divided on the impact of PM Modi's appeal on obesity management by reducing intake of cooking oil by 10 per cent, all of them agreed that the people may have cut expenditure on these two items as well as on other FMCG products.

The Agriculture Ministry first aired some jingles through FM radio channels in March, requesting people to cut consumption of edible oil in which Modi's appeal was included. Later, FSSAI started a campaign by including sugar and salt in the appeal to stay fit.

SUGAR CONSUMPTION

The total allocation of sugar quota by the government for domestic sales during October 2024-July 2025 reached 229.5 lt, which is 6 per cent lower from 245 lt in the year-ago period. India had a record 290 lt sugar consumption in the 2024-25 season (October-September).

Industry experts said that last season witnessed high consumption of sugar due to the general elections and attributed the fall to tighter curbs on the cross border movement to Bangladesh in the current season. Some experts said there had been a shift towards jaggery due to social media influence.

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Crooked street

Jane Street vindicates SEBI action against F&O trade

Indian regulators are often criticised for enforcing their writ only on small offenders while letting the big fish swim free. But Securities and Exchange Board of India's (SEBI) meticulous investigation into Jane Street (JS), a New York-based multi-billion-dollar proprietary trading firm, shows that it doesn't cavil at going after Goliaths to curb market manipulation. Alerted by media reports to JS's trading activities in India, SEBI examined trading patterns of JS group entities between January 2023 and March 2025.

On finding prima facie evidence of manipulation of indices, SEBI has now passed an interim order against four JS group entities, impounding part of their alleged gains, restraining them from participating in the market and barring debits from their bank accounts pending a final order. In its 105-page order, SEBI has provided granular details of the JS group's trades from 21 selected trading sessions, which smack of index manipulation. SEBI unearthed two main 'strategies' used by the group in India which had nothing to do with its vaunted strengths in quant and algorithmic trading. In one "strategy", JS entities bought large volumes of Bank Nifty constituent stocks/futures in the morning session of option expiry days. As this caused the Bank Nifty to soar, they built large short positions in Bank Nifty options. In the afternoon, they reversed the same trades to pocket hefty profits on options. The manifold leverage offered by options contracts relative to cash markets allowed JS entities to make outsized options gains for much smaller outlays. A second 'strategy' was about JS entities aggressively buying or selling Bank Nifty stocks during the last hour of trade. The last-minute index swings foxed other market participants but helped JS pocket big gains on options expiry.

While there is nothing wrong with any market player making contra trades, JS entities cornering 25-38 per cent of the total traded value in specific stocks/futures, allowed them to actively manipulate index movements so that their options positions gained. SEBI has said that these trades were prima facie in violation of its Prohibition of of Fraudulent and Unfair Trading Practices (PFUTP) Regulations. It estimates that such trades may have generated net gains of over ₹35,000 crore for JS entities between January 1, 2023 and March 31, 2025.

This order, although an interim one, has important takeaways. One, it proves that SEBI's recent regulatory crack-down on retail participation in derivatives, though unpopular with both exchanges and investors, was very much needed to protect retail folk from gratuitous losses. Two, the ability of a single global firm to move India's bellwether indices at will, is a sad reflection on the lack of depth in the cash market. The exchanges need to take the blame for running after F&O volumes, while doing little to develop cash markets. But most important, the Jane Street order cautions retail investors on the futility of betting family fortunes on options trades.

OTHER VOICES.

The Guardian

Labour's 1st year in power: crisis reveals the cost of caution

"Nothing is inevitable until it happens," wrote AJP Taylor, rejecting the idea that history unfolds according to a plan. Taylor distrusted grand visions. Sir Keir Starmer seems afraid to have one. A year into power, the prime minister doesn't act like a man chosen by history, but one hoping to avoid its glare. Modern politics shifts quickly and governing as if nothing has changed is a risk. Yet Sir Keir treats pragmatism as principle and surrounds himself with advisers recycling New Labour-era habits: technocracy, market deference and fiscal discipline. In a world of Trumpian shocks and geopolitical realignments, that strategy risks looking less like responsible government than crippling rigidity. Sir Keir cuts a confident figure abroad. At home, the instincts stumble. LONDON, JULY 4

THE WALL STREET JOURNAL. EUROPE

Justice Sotomayor Endorses a Judicial Mutiny

Are lower courts obliged to heed rulings from the Supreme Court? The answer seems obvious, but not to some judges and apparently not to two members of the Supreme Court. That's the news in Thursday's 7-2 Court rebuke to a federal judge who failed to heed its earlier stay on his preliminary injunction. On June 23 the Supreme Court stayed federal Judge Brian Murphy's April 18 injunction on the Trump Administration's plan to deport to South Sudan eight men convicted of violent crimes. The order lets the Administration resume sending illegal migrants to countries other than their own, pending appeal on the legal merits to the First Circuit Court of Appeals. A few hours later Judge Murphy announced the eight men were still protected from removal by an order he issued modifying the original injunction. NEW YORK, JULY 4

LINE& LENGTH.

TCA SRINIVASA RAGHAVAN

GETTY IMAGES

The dollar and its challengers

Is Kenneth Rogoff right in saying cryptos are a threat to the dollar?

Mark Twain, or Samuel Clemens, which was his real name, is reported to have said "reports of my death have been exaggerated". Actually, he had written to a newspaper saying "the report of my death was an exaggeration". Whatever, his meaning is clear.

This comes to mind every time one reads about the impending demise of the dollar. The latest round has been started by Kenneth Rogoff, a world renowned economist and former managing director of the IMF.

The talk had started back in the late 1990s when, after the Maastricht Treaty of 1996 that brought 15 European countries together to form, amongst other things, a monetary union. Since then it surfaces every now and then.

The baby that was born out of the Maastricht union came to be known as the Euro and almost at once the murmuring started that the dollar's days of overwhelming dominance were numbered. But the world is still waiting patiently, and with a resigned air, for that to happen.

Then about a decade ago an aggressive Xi-ised China restarted the talk. The renminbi would replace the dollar eventually but, to start with, it would bite away a large chunk of the dollar-denominated transactions, went the talk. We are waiting for that to happen, too.

About two months ago Rogoff said in an interview to Bloomberg that it's the cryptocurrencies that are going to nibble away at the dollar's share. The dollar, he said, "is fraying at the edges where, of course, the renminbi is breaking free of the dollar, the euro is going to have a larger footprint — that's been going on for a decade. But there's also crypto, because one of the dollar's main markets is the world underground economy. And there, the government does not control things."

NOT SO FAST

That's probably the most interesting thing that's been said about the issue. Rogoff said that underground transactions are maybe around 20 per cent of world GDP.

The question, of course, is if this number is accurate and increasing and, if so, how rapidly. And, even if the rate of increase is alarming, does it necessarily mean the end of dollar dominance because the demand for it is declining.

The answer, by definition, is that we don't know because we are talking about illegal or banned transactions that aren't visible.

This is not to say that the dollar will not go the way of the pound sterling which was the globally preferred reserve currency before 1945. But in that year, having defeated Germany in the Second World War, the British people elected the Labour Party to power which quickly set about dismantling the British empire.

> **How do you replace a reserve currency that has not just economic clout behind it but also military,** technological and social clout? Acceptability isn't just a function of how much a country exports

It was chiefly that process which dethroned the mighty pound sterling. Britain was seen as a loser who was hanging onto the coattails of America.

By 1960 the dollar had replaced the pound fully. The question now is what can do unto America that decolonisation did to Britain. All guesses are equally valid but not equiprobable.

Rogoff talks about a few of them. All concern Trump and his unorthodox ways. Thus, one problem for the dollar is his trade policies. Another is his threat to renege on debt. Third is the use of the dollar as a weapon as happens when a country is sanctioned by America. A fourth is his clearly revealed preference for crypto currencies regardless of the fact that they don't work in the overground economy.

This is a formidable combination which, taken together, could reduce the influence and importance of the dollar not only by devaluing it but also forcing other countries to look for acceptable alternatives.

That acceptability is the tough part. Who'd want to be a hostage to the Chinese Communist Party?

OLD PROBLEM, NO SOLUTION

It's an old problem. How do you replace a reserve currency that has not just economic clout behind it but also military, technological and social clout? Acceptability isn't just a function of how much a country exports but also, far more importantly, esteem.

So who holds China in high esteem? No one. Who thinks cryptos are respectable? No one. Does anyone really believe that the US will repudiate its debt, despite its record in 1971 when it went off the gold standard? Even within Trump, no one. And above all, how much can the dollar depreciate? 20 per cent at best before markets kick in?

All this could change. But how quickly is the question. Don't forget the first challenge to the sterling, a unified Germany, came 70 years before it finally gave away.

Even if, as Alvin Toffler pointed out in the 1970s, the future comes more quickly now, what's the time span we are looking at? If you know the answer, write an article here. If not, watch cartoons on your TV.

Data, insights and governance: MoSPI's evolving role

The Statistics Ministry is producing new and better data to facilitate improved policy making

Rao Inderjit Singh

Data is omnipresent but a silent sentinel in our age. Data does not merely represent empirical reality but also encapsulates critical insights within itself.

The Ministry of Statistics and Programme Implementation (MoSPI), has been playing a vital role in formulating and overseeing policies concerning collection, processing, and dissemination of official statistics. It conducts periodic large-scale sample surveys, compiles crucial macro-economic indicators and maintains a repository of comprehensive datasets at the micro and macro levels. These datasets provide vital socio-economic information that shape policy, facilitate monitoring of the economy and inform public discourse.

In the age of data revolution, better use of data is integral to achieving powerful developmental outcomes. The key is to harness the tremendous potential offered by it to create value for improving policies and programs, to drive socio-economic development and empower our citizens. The shifting socio-economic landscape due to this revolution and the resolve to make India a Viksit Bharat by 2047, underlines the need for an evolution in the role of MoSPI to modernise the National Statistical System and make it future ready.

To this end, MoSPI is leading the transformation of the National Statistical System to enhance the uptake and use of data for evidence-based policy making by enhancing the timeliness, frequency, quality and diversity of data and by strengthening its role as a coordinator and custodian of statistical principles and data quality.

CUTTING TIME LAGS

With innovative technological interventions, the Ministry has significantly reduced the time lag in release of survey results, from 8-9 months earlier, to 45-90 days at present. Also, the initiatives, like the monthly estimates of labour force indicators under the PLFS, quarterly estimates under the survey of unincorporated enterprises, will fulfil the demand for high frequency data. The new series of all the key macroeconomic indicators like the GDP, CPI and IIP will be available by early 2026.

From the launch of Capex survey last year and the forthcoming ASSSE to gauge the dynamics of incorporated services sector, to exploring an Index of Services Production (ISP) on the lines of the Index of Industrial Production (IIP), the Ministry is widening the range of statistical products it intends to offer to support decision making.

The digital revolution and e-governance initiatives are generating trove of data across Ministries and Departments, and thus, the future of data-driven policy-making, lies in combining information from multiple data sources, and thereby, unlocking the value of these datasets. Creating an enabling environment, that not only

DATA. Driving policy/ISTOCKPHOTO

fosters synergies across the system but also helps the users turn data into actionable insights, is at the heart of any such vision. In this regard, being the nodal statistical agency in the Government, the Ministry is building strong governance and coordination mechanisms to facilitate leveraging of administrative datasets for efficiency gains and better policy making. MoSPI's initiatives, like the 2024 compendium of datasets, identification of unique identifiers, development of a statistical quality framework and harmonisation of concepts and definitions along with adherence to standard classifications by all data producers, will pave the way for enhanced quality, discoverability, and interoperability of administrative datasets.

States and UTs are our key partners in the strategic transformation of the National Statistical System and, therefore, MoSPI is prioritising the statistical strengthening of States.

A fully functional Data Innovation Lab (DI lab), in the Ministry, is actively collaborating with various organisations to find ways to successfully integrate emerging technologies such as AI and ML in the statistical value chain for greater efficiency and better statistical products. Maximising the value of data for decision-making necessitates building the capacity of users to derive actionable insights and demand more and better data. Achieving this requires enhanced data dissemination strategies, effective communication, and sustained user engagement.

With the launch of the user-friendly e-Sankhyiki portal, the revamped microdata portal, and the regular convening of Data User Conferences and stakeholder consultations, the Ministry is making data access easier and embedding user perspectives into the data it generates.

The time has come for the public sector to recognise data as a strategic asset for policymaking, rather than merely a bureaucratic by-product. Putting data-driven decision making at the core of our journey towards Viksit Bharat and adopting a whole-of-government approach to leverage the value of data, will accelerate the progress on the key pillars of inclusive development, sustainable progress, and effective governance.

To this end, MoSPI is redefining its role — from being solely a custodian of data to serving as a key enabler of policy intelligence.

The writer is Minister of State (Independent Charge), Ministry of Statistics and Programme Implementation

BELOW THE LINE

TN Minister for IT and Digital Services Palanivel Thiaga Rajan
BIJOY GHOSH

Mega encroachments

Tamil Nadu IT Minister Palanivel Thiaga Rajan was quite vocal at a Nasscom event when he spoke about urban planning issues. He said that urban planning has not been proper over the last few decades. Giving an example of his home town Madurai, the Minister said, "in my own house in Madurai, when I was probably 10 years old, there may have been 10 water bodies around my house within 2 km radius. All have been encroached."

And guess who are the encroachers. " Income Tax office, Kendriya Vidyalaya, City of Madurai Corporation Office, District Court, High Court and Tamil Sangam," he said. So, they were encroached by the government — from the city to the Union. But this is not unique to Madurai or Tamil Nadu.

"The faster you have urbanised the more these problems are going to haunt you and we are the most urbanised State," he said.

Caught in the crossfire

Senior civil servants have become the latest football in a game of political one-upmanship in Karnataka. Recently, some crude remarks were made by a senior BJP leader against the state chief secretary and earlier the DC of Kalburagi. Egged on by the ruling Congress, the IAS Officers Association has demanded an apology, even as the state police have filed cases.

However, BJP leaders point out that the same association was silent when Chief Minister Siddaramaiah publicly 'abused' a DC and raised his hand at an SP, leading to his resignation. The majority of the civil servants, however, feel that increasingly it is becoming difficult to function in a non-partisan manner due to 'undue' political pressure from all parties. The iron frame of India seems to have corroded by politics.

Capital concerns

Notwithstanding the mandate won by the NDA Alliance in the elections last year in Andhra Pradesh and resumption of construction works on the new capital at Amaravati, concerns on the fate of the upcoming capital are still strong. There is a nagging doubt among a good section of officials in the State government — what if YSR Congress Party led by Jagan Mohan Reddy comes back to power in 2029? Surprisingly, many agree that there is a possibility of relocating it as he did after coming to power in 2019. The question will be answered after four years.

Iconic stations

Praveen Khandelwal, Member of Parliament from Chandni Chowk, has written to Railway Minister Ashwini Vaishnaw requesting that New Delhi Railway Station be renamed as "Atal Behari Vajpayee Railway Station". He termed it as a significant and emotional step toward immortalising the memory of Vajpayee.

He has also proposed that Delhi Junction (Old Delhi Railway Station) be renamed as "Maharaja Agrasen Railway Station".

He argued that just as major railway stations like Chhatrapati Shivaji Maharaj Terminus in Mumbai and Krantivira Sangolli Rayanna Station in Bengaluru have been named after historical icons, similarly, a station located at the heart of the national capital must be dedicated to a national icon like Vajpayee. OUR BUREAUS

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The story of simplicity

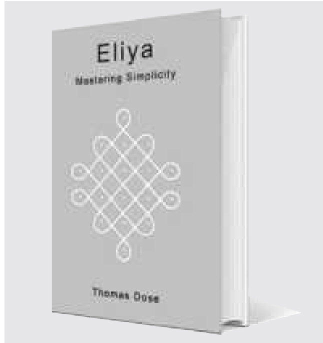
Simplifying manufacturing through a tale

bl.interview

Vinay Kamath

Thomas Dose, Managing Director of the BMW plant in Chennai, in a unique book, writes about mastering simplicity through a story, told through Pavithra, a young trainee in an auto plant, who has lengthy conversations with her worldly-wise grandmother, Gayathri, who offers sage advice.

Excerpts from a conversation.



Title: Eliya: Mastering Simplicity
Author: Thomas Dose
Publisher: Sivakami Puthahalayam
Price: ₹270

So why did you opt for this technique where you tell a story through the eyes of a trainee and her grandmum?

A friend of mine said while it's good that you want to write down your experience, a textbook nobody will read. You have to write it as a novel. I thought it was a good idea to do it that way. I don't know what came through my mind creating Pavithra and her grandmother. I thought if I focus on a young lady, here in Chennai, in this environment, it would be something unique. So, the idea was born to let the story happen mainly via these telephone calls and the advice from the grandmother. I used the grandmother's voice to share my wisdom, maybe influenced by my own grandmother as well. But I found this is the right way to convey a message.

For an outsider's view into India, you seem to have got a lot of the local idiom right. Is that through your observations or did you consult others?

Mainly by observation one part. Second is by asking my colleagues and my associates about things. How is this interlinked? Tell me more about this and that. I was just keen to learn. I wanted to emphasise the local traditions.

And the tradition is underestimated from my point of view by many Indians themselves. They take it for granted. But it's a very unique and valuable thing which I really love. The more I understand it, the more I love it.

Let's talk about the core of your book? What did you want to convey in terms of the simplification of the manufacturing process?

The decoupling of the management from the shop floor is, from my point of view, the most dangerous development in the industry. If management cannot convey the key message to the shop floor they are creating more of a distance. And sooner or later they will be in a bubble. This is the core message. If you cannot explain this in a simple way, then you need to rethink because no matter is so complex that it cannot be explained.

So would you say that the principles in your book, which talks about simplifying manufacturing processes, be applied universally?

It's just one aspect. The second aspect is applying this to management as well, not only the manufacturing process. It's how the management should act in this system as a leader and this is something that I really have experienced here in Chennai as well. We have banned all computers in management meetings. What happened yesterday we cannot change. We can learn from it, but can't spend 90 per cent of our time just talking about what happened. It's like driving a car looking in the rear-view mirror. I said we need to look through the windshield.

Everything we want to communicate we do with a pen and we will ask ourselves the question. is the production safe for tomorrow?

For next week, for next month and for the next quarter? If not, what do we need to do? So this helps the team to solve everything, not me. That was a big breakthrough.

How did you arrive at the title of the book, *Eliya* (simplicity in Tamil)?

I asked my team if there's a word in Tamil that reflects exactly this? Easy, simple to understand. And then they came up with this, *Eliya*. I love this word and I love how you can project everything in this world with this beautiful word.

A cocktail of marketing wisdom

Marketing Mixology is a treasure trove of knowledge and a sparkling read, bringing together the right marketing ingredients

BOOK REVIEW.

Harish Bhat

What are the essential ingredients for marketing success? What are the key skills that marketers should possess? Are there simple, practical methods to learn and master these skills? What are the common pitfalls that marketers should avoid?

Ambi Parameswaran's new book *Marketing Mixology* attempts to provide a simple guide to all these questions. Ambi is one of the finest marketing minds I have known, and in this book he draws on his extensive experience, spanning 45 years, to deliver a treasure trove of knowledge for every marketer.

A great cocktail firstly requires all the right ingredients. Thereafter, it also requires a superb bartender who knows these ingredients well, and can bring them together beautifully to create the magic. In keeping with these time-tested principles of mixology, Ambi first introduces us to four key elements which go into a successful marketing cocktail — understanding consumers, brand building, selling and negotiation and communication skills. Then, he provides us practical wisdom on how we can understand what makes these elements really tick.

Take, for instance, the art of understanding consumers. Ambi breaks down this art into many questions — Who is the customer? How does the customer buy? What goes through the customer's mind? He then takes us through various well established research methods which can help us answer these questions, and thus inform our marketing actions.

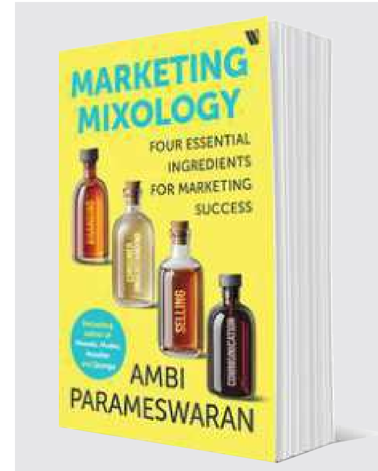
Along the way, he cautions us that consumer behaviour studies cannot be similar across categories, because, as he points out, "buying a pack of potato chips is not the same as buying a car or a smartphone." You may think that this is obvious, but Ambi is right in striking this note of caution, because even experienced marketers often fall into the trap of thinking that some insights are universal.

Similarly, as Ambi walks us through the process of building brands, he begins by shattering some common myths, as he explains how brand building is not necessarily expensive, nor is it complicated, nor is it restricted only to the large companies of our world. He then puts forward a lovely framework of branding that can be used both by local entrepreneurs and established firms. I found this five step process, which Ambi calls the "Pentagon", to be very simple and powerful.

PENTAGON MODEL

The introduction to such memorable frameworks is one of the best parts of this book. The Pentagon model of brand building, the SPANCO model of selling, the six Ms of integrated marketing communication — they all come to life in these pages through Ambi's lucid explanation. These frameworks are very useful guides, because they help ensure a systematic approach to each of these disciplines. These models are accompanied by lovely storytelling, which help illustrate some of the key steps inherent these frameworks. What makes these stories particularly valuable is that so many of them are born out of Ambi's own experience. Hence, they are real-life narrations which resonate greatly. I think every practitioner of marketing will find these stories interesting and insightful.

Over the years, I have developed a fondness for books that can be read easily and at a single sitting. *Marketing Mixology* meets both these criteria. Ambi writes in simple language that is easy to understand, and the book flows fluently from cover to cover. In addition, this is a slim volume, only 152 pages long. A first reading took me not more than two hours. Thereafter, I have indexed some pages which I think will be particularly useful to me, and I plan to re-read these pages at leisure, in the days ahead.



Title: Marketing Mixology: Four Essential Ingredients for Marketing Success
Author: Ambi Parameswaran
Publisher: Westland Business
Price: ₹350

ABOUT THE AUTHOR

Ambi Parameswaran is a brand coach and founder, brand-building.com, a brand advisory. He is a guest faculty at IIM Calcutta, IIM Ahmedabad, MICA and an Adjunct Professor of Marketing at SPJIMR Mumbai

There are some areas which I wish had received better coverage in the book. One of these is the art of pricing, which has always been key to marketing success, but is now growing further in importance and complexity, particularly given the advent of new sales channels such as modern trade, e-commerce and quick commerce. I feel that Ambi could have devoted some space to discussing the techniques of pricing, as well as the strategies and trade-offs that are integral to this area.

Second, I think the entire arena of customer service, including after-sales service, which is as important as the selling process, should have received some coverage in this book. This is often a relative blind spot for many marketers, and many brands have perished because they have fallen short in this space.

Notwithstanding these two exclusions, I think *Marketing Mixology* is one of the most useful and practical books on marketing that I have read for a long time. It is a superb refresher course for experienced marketers, and an equally refreshing introduction to the art of marketing for students and youngsters who wish to make an impact in this field. In addition, the book is immensely readable. I would also like to congratulate the publishers and the author on one of the finest book covers which I have seen in the recent past.

Many years ago, Ambi Parameswaran and I would meet in Mumbai around once a month for a nice Chinese dinner, where we would discuss all things marketing over our soup, chopsticks and noodles. These days, we live in different cities and don't have the opportunity to meet so often, but this book was the closest equivalent of a delightful virtual dinner conversation with him. I strongly recommend the book to every marketer, and every reader who has interest in the art of marketing.

The reviewer is an avid marketer and a bestselling author. He was previously the Brand Custodian at Tata Sons

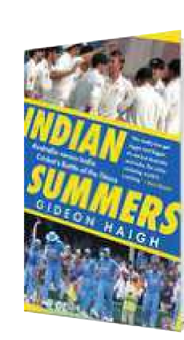
NEW READS.

Title: Everything All At Once: India and the Six Simultaneous Global Transitions

Authors: Rajiv Kumar, Ishan Joshi

Publisher: Rupa Publications India

The steps that India needs to take to achieve its national goals in a changing world

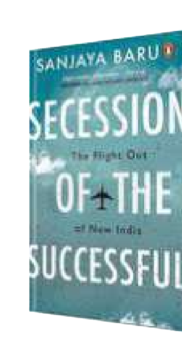


Title: Indian Summers: Australia versus India, Cricket's Battle of the Titans

Author: Gideon Haigh

Publisher: Westland Sport

Gideon Haigh explores the near-mystical bond of India and Australia, two countries divided by a common game



Title: Secession of the Successful: The Flight Out of New India

Author: Sanjaya Baru

Publisher: Penguin Viking

Baru goes into why so many Indians are disentangling from India's future to invest in the destiny of other nations

thehindu businessline.

TWENTY YEARS AGO TODAY.

July 7, 2005

Advance tax payment of top taxpayers to be 'monitored'

The Finance Ministry has decided to "monitor" advance tax payments by the top 100 taxpayers — personal and corporate — in each commissionerate to improve direct tax collections. Since more than 45 per cent of the direct tax payments are received through advance tax, the revenue department does not want any slippages on this front.

No stake for foreign airlines in domestic carriers

Despite pressures for a rethink, the Government is firm in its resolve of not allowing foreign airlines to pick up a stake in domestic airlines. Official sources told Business Line that the new civil aviation policy, to be announced by the end of the month, would not allow foreign airlines to pick up a stake in domestic airlines.

'Pvt oil cos may be asked to bear part of subsidy burden'

The Petroleum Ministry is likely to ask private oil companies and standalone refineries to bear a portion of the burden on subsidised retail fuel prices. The Ministry proposes to ask private and other oil companies to pay about Rs 1,500 crore, official sources said, adding that negotiations on this issue are going on.

Short take

What's next for Democrats in the US?

Sridhar Krishnaswami

It will take some time for the Big Beautiful Bill to settle down, for Republicans and Democrats. Republican leaders will eventually realise the full weight of what the US President Donald Trump signed.

Perhaps only the fiscal hawks, hold outs and the diehards on both sides of the aisle would have read every paragraph of the 850-odd page Bill.

But in a superficial sense it is maintained that the first major piece of legislation of this Trump administration has made the 2017 tax cuts permanent, a broad appeal to the middle class by doing away with taxes on tips and raising the deductions of state and local taxes (SALT).

The downside, many argue, is changes made to Medicaid including reductions in cost sharing between the federal government and the states. Carefully crafted, the provisions pertaining to cuts in Medicaid are not to be implemented until after the November 2026 Mid Term elections, it is pointed out.

Without a doubt the GOP will cast the new legislation as the best thing that happened after a loaf of bread stressing that the President had stayed with what he had laid out during the course of campaigning last year, especially pertaining to lowering taxes and taking care of tips becoming non taxable.

The opposition hopes to hammer away on the issue of a huge, if not obscene, "transfer of wealth" from the poor to the rich impacting every strata of society. The most vulnerable law makers are those Republicans who opposed the Bill until the very end but ended voting for it.

The ad machine of Democrats has already started cranking, if its strategists and law makers are anything to go by.

What irks the fiscal conservatives is that the new legislation instead of coming to terms with the fiscal deficit has made matters worse. Spending will be up by about $3.5 trillion over 10 years although other estimates push it closer to $5 trillion and the federal debt is already pegged at around $36 trillion.

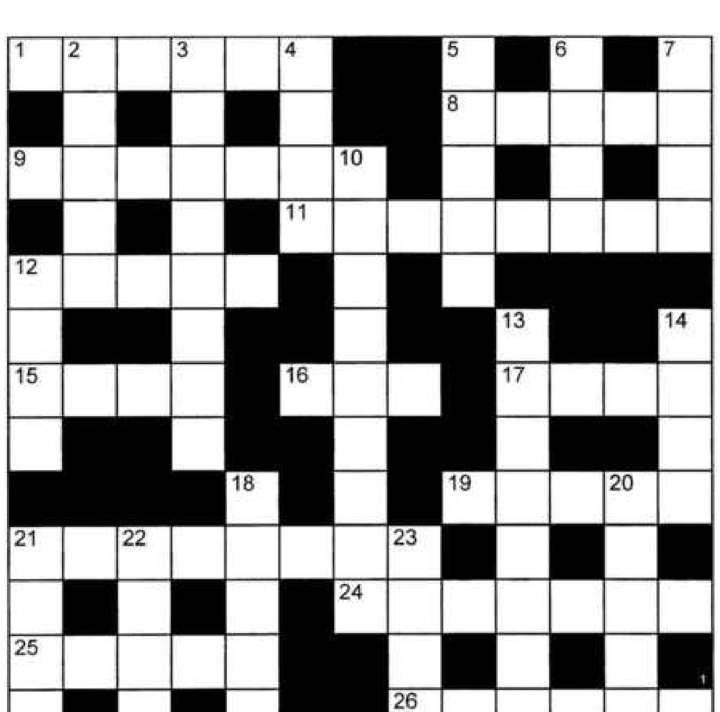
Still many are opposed to the idea of taking money away from social and health programs and putting additional funds on border protections and missile defence, for instance.

The Democrats, one perception goes, have been handed an opportunity on a silver platter and it is left for the leadership to see how they could take it forward. Many see in the opposition to the new massive legislation, a rare chance to make a comeback on Capitol Hill.

All this would of course require in a party getting its act together which seems to be quite a distance away.

The writer is a senior journalist who has reported from Washington DC on North America and UN

BL TWO-WAY CROSSWORD 2733



EASY

ACROSS
01. Unfeeling, inhuman (6)
08. Sound hour as clock (5)
09. Patterns (7)
11. Shoulder-ornaments (8)
12. Devotional song, hymn (5)
15. First light (4)
16. Swine (3)
17. Solemn ratification (4)
19. Scorched (5)
21. Woman of property (8)
24. Reverse, check, relapse (7)
25. Overflow banks (5)
26. Swayed, tottered (6)

DOWN
02. Water grasses (5)
03. Singing runs (8)
04. Isolated, solitary (4)
05. Oxford college servant (5)
06. Explosive charge (4)
07. Charges for services (4)
10. Iberian nationals (9)
12. Leg-guards (4)
13. Of high worth (8)
14. Tangle in hair (4)
18. Fly without an engine (5)
20. Mother-of-pearl (5)
21. Elevator (4)
22. Secluded retreat (4)
23. Twelvemonth (4)

NOT SO EASY

ACROSS
01. Inhuman rat turning endlessly blue (6)
08. Sound as a bell – a tubular one? (5)
09. Forms a plan that ends GI's deployment (7)
11. Shoulder parts of easel put in the right order (8)
12. What David wrote for little Sarah in the afternoon (5)
15. Jackdaw never appears to take part at daybreak (4)
16. Greedy eater is one to be entertained by paying guest (3)
17. So let it be the name that goes head-to-tail (4)
19. Overcooked as sienna on the palette (5)
21. She'll let one get ashore with the mistress of the house (8)
24. A relapse – bet it could make it in the bag (7)
25. Too much water begins liquefying in nourishment (5)
26. Was staggering about the East with an elder somehow (6)

DOWN
02. Musicians' mouthpieces one soundly studies (5)
03. Sounding like a bird working the land right inside (8)
04. Nobody else with one who's fifty ahead (4)
05. College servant will make us cot up (5)
06. What is not yours is the pit (4)
07. Wife escaped professional charges that were contained (4)
10. European nationals at a health resort clearing drains (9)
12. Leg-shields for old highwaymen (4)
13. It's worth a lot to a bull, Eva might put it (8)
14. Closely unite it to a speed rating afloat (4)
18. Move smoothly with a glancing stroke at cricket (5)
20. Multi-coloured shell turned up in the proper canister (5)
21. Purloin something to take one up or down (4)
22. Cosy corner, but one that hasn't got the go-ahead (4)
23. It's not enough to strongly desire such a time (4)

SOLUTION: BL TWO-WAY CROSSWORD 2732

ACROSS 1. Chiropodist 8. Unsettle 9. Pore 10. Cress 13. List 16. Cook 17. Seat: 18. Toad 20. Abbot 24. Ogre 25. Concerto 26. Commemorate

DOWN 2. Host: 3. Rotor 4. Poles 5. Impel 6. Duplication 7. Restitution 11. Extra 12. Shrub 14. Idea 15. Coda 19. Dream 21. Bloom 22. Occur 23. Trot

CHENNAI
businessline.
MONDAY - JULY 7 - 2025

NEWS SNIPPETS.

50% RE target met in June

In August 2022, India submitted its updated 'Nationally Determined Contributions' (NDC) — a country's voluntary climate action commitment — to UNFCCC. One of the five commitments was: "To achieve about 50 per cent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, with the help of transfer of technology and low-cost international finance."

When the figures for June arrive, it would be seen that India has achieved 50 per cent electricity generation from non-fossil fuels — wind, solar, hydro, nuclear and biomass — five years ahead of the target year.

At the end of May, the gap between India's non-fossil fuel capacity and '50 per cent of total generation capacity' was a mere 2,265 MW. This gap would almost certainly have been filled in June — the figures are expected to be announced soon. India is adding much more than 2,265 MW of RE capacity monthly — for example, the RE capacity addition in May was 3,122 MW, while the addition to fossil fuel-based generation was zero.

Capacity addition numbers are dynamic and change monthly. In theory, it is possible that by 2030 non-fossil-fuel-based generation may have fallen short of the '50 per cent target' but it is unlikely — because India's renewable energy capacity additions are rising far faster than fossil fuel-based capacity additions.

The industry sector's energy intensity has not improved, and demand is increasing on average by almost 2 per cent per year, says the International Energy Agency (IEA). The sector consumes 170 EJ of the total energy consumption.

Proactive and systematic monitoring, control and optimisation of energy use gives the biggest bang for the buck.

"An analysis of more than 300 energy management case studies in 40 countries has shown an average 11 per cent energy savings within the first years of implementation, well exceeding average improvements in energy intensity across industry. A growing number of companies are demonstrating even larger savings of 30 per cent and even higher, with many of them low- or no-cost measures," the agency says.

CEA pulls up PGCIL

The Central Electricity Authority (CEA) has pulled up the public sector power transmission company PGCIL for its failure to strengthen the foundation for a power transmission tower despite being told to do so. Tower no. 144 of the 135 km Kishenpur–New Wanpoh transmission line, which was commissioned in 2017, collapsed; PGCIL said the cause was "sliding/ sinking of landmass around the tower".

At a meeting held recently to discuss tower failures — 78 towers collapsed in 2024 — the CEA said that the issue of the foundation sinking was brought to its notice in April 2020.

In October 2021, tower no. 145, too, suffered the same problem. PGCIL was told to carry out a geological investigation of the landmass to ensure that such incidents did not recur.

"However, action is still pending and land sliding/sinking repeated at location no. 144 due to which tower failed," say the minutes of the meeting. PGCIL tried to defend itself by saying that "land sinking is common in that area" but the CEA would have none of it, and asked PGCIL about the health of the other towers in the region; PGCIL responded that "the nearby towers were checked and found in good condition".

ENDING INTERMITTENCE

Why renewable energy needs rapid adoption of grid-forming inverters

NO MORE BLACKOUTS. Experts call for mandating the installation of these 'unsung heroes of modern power infrastructure'

M Ramesh

Growing at a fast clip, wind and solar power installations in India — at 162 MW and 126 MW respectively — today form 35 per cent of total electricity generation capacity in India.

While this is something to be happy about, incorporating large parcels of unsteady electricity supply into the grid brings huge problems for the grid operator. Making the problem worse, 60 per cent of the under-construction wind and solar plants (87,671 MW out of 1,45,143 MW) are coming up in two States — Gujarat and Rajasthan — posing a nightmare for the grid operator.

While traditional options, such as despatching power via high-voltage direct current (HVDC) transmission lines to load centres and integrating battery energy storage systems (BESS), are being explored, India has been slow to adopt a technology that is spreading rapidly elsewhere in the world, namely grid-forming inverters.

AC-DC. Inverters convert solar direct current into alternating current ISTOCK

Inverters are electronic devices that convert direct current from solar into the alternating current that we use in homes and factories. A conventional inverter needs a reference voltage and frequency from the grid, much like a dancer needing a beat, to start injecting power into the grid.

If there is a blackout, these inverters stop working and restart after some electricity enters them. These conventional inverters are grid-following inverters (GFL).

For some years, countries rich in renewable energy — notably Australia (Hornsdale Power Reserve project), Germany (Energiewende project), China (projects in Gobi, Qinghai and Inner Mongolia) and the US — have switched to inverters of higher technology, namely grid-forming inverters (GFM). These inverters have microprocessors and software that constantly measure voltage, current, and frequency; instead of waiting for the grid signal, they actively generate a stable voltage and frequency signal on their own.

A GAME CHANGER

GFMs provide inertia to the grid — 'inertia' here being the ability of the grid to resist sudden changes in frequency.

Experts hold that GFMs are game changers. Vinay Pabba, CEO of Vibrant Energy, describes them as the "unsung heroes of modern power infrastructure" and stresses that "it is time for regulators, policymakers and industry leaders to champion grid-forming technologies as a standard for all new inverter-based systems".

In a LinkedIn post, he notes that GFMs can "ensure that our power supply remains rock-solid even as we add more intermittent renewable energy".

He adds that these modern inverters "provide the foundational stability that allows us to integrate even more renewable energy sources, accelerating our journey towards energy independence".

At a meeting of the Ministry of Power on April 19, 2024, a representative of government-owned grid operator Grid India "suggested that grid-forming inverters would be required in future, in place of grid-following inverters" in Gujarat and Rajasthan.

Also, in a note dated December 2, 2024, Grid India called for "mandating" GFM. Grid India did not respond to an email from *businessline* seeking details, but it is said that the company is conducting simulation studies on frequency and voltage control using GFMs.

CRIME SCENE

Power transmission towers toppled by theft and sabotage

Our Bureau

ISTOCK

A power transmission tower in a remote area, it appears, is a lucrative target for thieves; many instances of tower damage have come to light, caused by thieves spiriting away chunks of iron.

A recent 'Report of the standing committee of experts on failure of EHV transmission towers' in the calendar year 2024 says that there were 76 instances of towers collapsing, many due to theft of parts.

For instance, along the 166 km Deepalpur-Bawana line of the Power Grid Corporation of India, some 40 tower members and bracings were found missing.

A similar issue has been reported by the Rajasthan Rajya Vidyut Prasaran Nigam Ltd, along its 132 km transmission line between Bara Thermal Power Station and Mewar Industrial Area. Two towers buckled when the highly stretched conductors between them were cut by "unknown thieves".

RVPN officials told the standing committee that the line had been targeted by thieves often. "More than 24 attempts of theft were made by unknown miscreants," the report says.

The Madhya Pradesh Power Transmission Company Ltd found that on a transmission line set up in 2022 in the "theft-prone" Rewa and Sidhi region, thieves made away with 900 m of 'high-tension, low sag' conductor.

On the 172 km Silchar-Imphal line, a tower collapsed apparently after miscreants blasted away two of its legs with an improvised explosive device (IED).

While the report covers 2024, thefts are known to take place all the time. Transmission utilities say that a big cause of tower collapse are high winds, whose intensity has increased due to climate change.

The standing committee, however, is not buying that argument. "The main cause of tower failures is attributed to high-intensity wind, as reported by the transmission utilities; however, the utilities failed to produce wind data in many cases of EHV transmission line tower failures which could substantiate their reasoning. The transmission utilities are unable to produce the actual wind speed data on the day of failures due to non-availability of wind speed data at the failure location," the committee report says, adding that wherever reporting of tower failure is due to wind, "the utility needs to get the wind data for the area from the IMD observatory/ nearby airport".

Businesses beat a 'green' path to Africa

What explains the growing number of sustainable products and services wending their way from India to the African subcontinent?

K Bharat Kumar

Greenway Grameen recently won an order to supply nearly 22,000 cookstoves in Tanzania. A few months earlier, Husk Power announced a $5 million debt facility by World Bank agency IFC and the government of Canada to roll out its solar hybrid mini-grids in northern Nigeria, helping address a key development challenge in that country: access to electricity.

A growing number of 'green' offerings are making their way to Africa from India. What's driving this trend?

"It's intuitive. Africa is a developing region and solutions that don't require access to sophisticated fuel — such as LPG or even electricity — and which also reduce labour lend themselves to African countries," explains Ankit Mathur, Co-founder of Greenway Grameen.

Households in parts of Tanzania still use wood-fired stoves. Greenway's cookstoves allow the use of wood, coal or charcoal as fuel but work more efficiently, Mathur says, with 60 per cent less wood. This saves time and effort in procuring wood.

CLEAN STRATEGY

Last year, Tanzanian President Samia Suluhu Hassan unveiled a 10-year clean cooking strategy. Acknowledging that the country could not leapfrog from open fires to LPG or PNG, the focus turned to cookstoves that would help achieve the 'green' goal.

Greenway Grameen, along with 4-5 other manufacturers, won a tender put out by Tanzania's Rural Energy Agency, under the auspices of the World Bank.

"The need for reliable, affordable energy is the greatest in sub-Saharan Africa, where nearly 700 million people still live without any access to electricity, 90 million in Nigeria alone," says Husk Power's Chief Marketing Officer William Brent.

The company is the largest mini-grid developer in Nigeria, which will serve as a "beachhead for expansion into the rest of sub-Saharan Africa".

With the world's largest off-grid population, however, Nigeria definitely presents the biggest opportunity for isolated mini-grids, Brent says. "We've seen massive uptake and impact on the ground since establishing our presence there in 2020. We have a fleet of about 70 mini-grids and are building a pipeline of more than 250 MW of decentralised renewables," he says.

CARBON CUTTER. Kenyan macadamia nut company Privamnuts is backed by Aavishkaar Capital

Despite high inflation and currency volatility in recent months, business is good, he says, "largely because of the progressive policy and regulatory framework put in place by the government of Nigeria and states such as Nasarawa and Plateau".

Husk has raised about $150 million to date in equity and debt. Later this year, it plans to raise $400 million, with half of it to be deployed in Africa. The IFC facility is a $5 million revolving debt facility, with which Husk aims to build 108 new mini-grids.

CLIMATE-SMART BUSINESS

In 2022, Aavishkaar Capital launched a $250 million fund focused on "strengthening the environmental, social and governance (ESG) practice of mid-cap businesses". Abhishek Mittal, Partner-Credit at Aavishkaar, says that the fund focuses on credit, rather than early-stage equity investments, due to the nascent early-stage ecosystem. On the choice of environment-friendly solutions, he says, "Africa missed industrialisation 2.0, allowing new sustainable solutions to be the primary option rather than an alternative."

Aavishkaar has engaged with two firms in the textile space and one in macadamia nut processing, all in Kenya. "These investments leverage solar energy to address unreliable grids and high energy costs, making them commercially viable and climate-smart." The macadamia nut company Privamnuts also presents a carbon sequestration opportunity with its tree nut farming, Mittal says. The trees are large with substantial foliage, have a long lifespan, and can hence absorb and store significant amounts of carbon dioxide from the atmosphere.

"Macadamia nut processing can offer net profit margins in the high double digits," says Mittal, and, he adds, often higher than the 30 per cent that IT services firms in India saw in their best years. He credits this to the limited competition and high demand. He noted that even in the case of commodities like spices, profitability could be significant, with organic produce being more readily available.

Aavishkaar's Intellecap arm acts as an investment banker, bringing entrepreneurs and funds to the conversation. It has a 40-strong consulting team in Nairobi, working with 850-900 start-ups in Africa annually across various sectors, including 250-300 in the climate space.

Prompt Innovation, one of Aavishkaar's portfolio firms, offers milk chilling solutions using solar power, which is currently being piloted in Kenya with support from the Kenya Dairy Board. Intellecap provides grant support and facilitates connections with distribution partners.

CARBON CREDITS

Companies that invest in Africa also gain the opportunity to earn carbon credits for climate-friendly solutions.

Greenways' Mathur says that in FY24, about 30 per cent of its revenues came from carbon credits.

That's not to say that it's all rosy in Africa. As Mathur explains: "It's sometimes surprising for Indians, but a lot of local costs in Africa are higher than what you have in India."

The second cost, which takes a toll both in terms of direct expenditure and effort, is in developing local skills, he adds.

OFFICE BUZZ.

Shaping the future workforce

Global professional services firm Aon, in its 2025 Asia Pacific Skills Impact Survey Report, says that almost 40 per cent of organisations

are at the critical stage of developing talent strategies and programmes tailored around new and future skills. Further, 68 per cent of organisations have an articulated skills framework as the foundation for such practices. Overall, 44 per cent of organisations are exploring technology tools, assessment platforms and external benchmarks for skills identification but over half (56 per cent) still depend on traditional methods, such as job descriptions and manager surveys.

The study gathered inputs from over 135 organisations across the Asia-Pacific region to identify the common challenges businesses face in integrating skills into workforce decisions.

The survey found that the top skills influencing talent practices include career development and mobility, learning and development, recruitment and selection, succession planning and workforce planning.

The study also found that organisations are using skills information for employee career development.

Allyship and Zinclusion

Pride month saw a lot of positive announcements from India Inc. India's largest integrated zinc producer, Hindustan Zinc,

announced a 44 per cent year-on-year growth in LGBTQIA+ employees across operations. It said it employed 23 transgender employees across its business units in mainstream roles like finance, supply chain, marketing, medical and other departments.

Last week, the company, which has created an in-house organisation-wide platform called 'Zinclusion' to embrace diversity in all forms, also launched a 'Guidebook to Inclusive Language'. The guidebook promotes sensitisation towards various communities, encourages inclusive communication and supports equitable practices across all levels of the organisation.

Among the workplace policies that support inclusion are providing financial aid of up to ₹1 lakh for LGBTQIA+ community employees, and ₹2 lakh for gender reaffirmation and leave for transgender employees considering gender reassignment surgery. The company also has in place a buddy system of embedding inclusion. The goal, says the company, is to achieve 30 per cent diversity in the workforce by 2030.

AI integration and jobs

Even as hiring is impacted due to inflation and recession fears, a new survey says that business school graduates can remain

optimistic about their career prospects, thanks to the rapid pace of AI integration by companies.

According to a survey of global corporate recruiters, released by the Graduate Management Admission Council (GMAC), problem-solving and strategic thinking remain the top skills employers desire today and tomorrow.

In addition, new hires' knowledge of using AI tools has risen in importance for the average employer since last year, and tops the list of skills employers value the most five years from now.

"As AI becomes more integral in a company's decision-making and strategy development, employers continue to turn to business school graduates for their versatility and strategic thinking, along with growing appreciation for their ability to innovate and navigate the challenges and opportunities of technological disruption," says Joy Jones, CEO at GMAC.

BATTLE COLOURS

Jindal brushes past rivals in Dulux buy

THROWING THE GAUNTLET. With a premium brand in its fold, JSW Paints looks to be a top-three paint company in three years

Abhishek Law

He's a tough negotiator," observed Greg Poux-Guillaume, the global chief of Dutch paint behemoth AkzoNobel NV, in reference to Parth Jindal, the 35-year-old heir to the JSW empire and Managing Director of JSW Paints.

In a deal that rewrote the contours of the decorative paints business in India, Jindal clinched the takeover of Akzo Nobel India, which owns the iconic Dulux brand. This landmark transaction, widely seen as one of the most aggressive consolidation plays in recent memory, vaulted JSW Paints to the No. 4 position in the country's intensely contested paints sector.

This is also the first time an acquirer will utilise Regulation 7(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, to pro-rata reduce the transaction size and the open offer size to help maintain public shareholding, sources in the know said.

Moreover, this is the first acquisition in the paints space to be referred before the Competition Commission of India.

DONE DEAL. Parth Jindal, Managing Director of JSW Paints, and (right) Greg Poux-Guillaume, global chief of AkzoNobel NV

INDUSTRY SLUGFEST

Jindal's JSW outflanked a formidable consortium of Advent International–Indigo Paints and a distant third bidder, Pidilite, to emerge as the frontrunner in May — eventually sealing the deal by June-end.

The transaction saw the ₹2,500 crore unlisted JSW Paints acquiring a commanding 75 per cent stake in the ₹4,000 crore Akzo Nobel India.

The acquisition hands the Jindal family a firmer grip over the decorative paints segment — a competitive arena now witnessing a slugfest with deep-pocketed entrants like Birla Opus and entrenched incumbents such as Asian Paints, Berger Paints and Kansai Nerolac.

The deal also provides JSW a larger play in the high-margin industrial and protective coatings business — a segment overlooked in the shadow of decorative, but known for delivering superior profitability.

REVERSE MERGER

Yet, there's a catch: JSW must now rustle up the finances to consummate the Akzo deal. JSW will acquire Akzo India for ₹9,000 crore and subsequently float an open offer (as per Indian laws) for nearly ₹3,500-4,000 crore.

Jindal is reportedly in talks with private equity funds, while the Jindal family itself is preparing to inject fresh capital. A judicious mix of debt, internal accruals and strategic fundraising is in the offing for the acquisition. Reportedly, JSW is eyeing issuing non-convertible debentures (NCDs) to the PEs.

"We want to grow fast. We want to grow sustainably. And we want to grow by being competitive. We're not going to allow someone else to grow at our expense. We are going to be as aggressive, if not more aggressive. And we will fight tooth and nail for the market," Jindal told *businessline*.

And going by the Jindal scion's assertions, the combined entity of JSW–Akzo will now eye "the third spot in the paints market", breathing down heavily on the No. 3 player Kansai Nerolac.

"We are hopeful that by the end of this calendar year all of this will happen (merger gets regulatory clearance). The combined entity will be (going by last year's numbers) roughly about ₹6,000 crore, and the No. 3 player is at about ₹7,500 crore. So, we have to grow significantly to get to No. 3. I would think it would take a three-year period to come into the top three," he said.

DULUX: THE PREMIUM PLAY

In India, paint is not sold off-the-shelf like in Western countries. It is not a DIY segment. It relies on distributor-led models and tinting machines at shops. For instance, some companies like JSW follow a 'direct to retail' approach as a part of its cost management strategy, whereas Akzo India has a distributor-led model. The merger could lead to reworking business models.

As Jindal explained: "The two coming together allows us to scale up our distribution significantly. Today, Akzo Nobel India has about 19,000 retailers across the country. JSW has about 9,000 retailers. A very low overlap, only about 10 per cent exists. So, the universe for both companies becomes 27,000, and when these retailers get access to selling products from both entities, it will allow them to grow and will gain share for us."

Dulux — post the merger with Akzo, to be owned by JSW — is positioned in India as a premium player, typically targeting tier-I and select premium tier-II markets in decorative paints.

In comparison, JSW Paints is a tier-III and tier-IV dominant player. The Jindals do have Halo in the premium segment, and there are some whispers that 'Dulux–Halo' could be one of the premium positioned brands post the merger.

Today, Dulux has a 15–20 per cent market share in the premium segment.

JSW is growing fast in the mass premium and value segment, where Dulux has normally found it difficult to grow; JSW Paints has found it difficult to grow in the premium segment. So, now, the merger will "unlock a lot of value".

The combined entity will have 6,30,000 kilolitres per annum capacity (4,50,000 klpa decoratives and 1,80,000 klpa industrial) across seven units. So there is enough dormant capacity across the two entities to have doubled revenues before fresh capex is put in, said Jindal.

END-TO-END SOLUTIONS

JSW will also be entering into a 4.5 per cent royalty and licensing arrangement (on sale) with AkzoNobel NV for the powder coatings business. This will allow Akzo a presence in India and enter new segments like aerospace.

Jindal wants JSW to be known as an end-to-end solutions provider. So, when one builds a house, JSW would be their go-to brand. Adjacencies like chemicals, putty and other categories will be explored at some stage.

"We understand that steel, cement and paint and, obviously, waterproofing, construction chemicals, they all go into building materials. And our aim is to be seen as a building materials player. So if someone thinks of building a home, they should think of JSW," he emphasised.

SLOW LANE TO LUXURY

Speed bumps in Jaguar Land Rover's road to recovery

Aroosa Ahmed

In 2019, recounting his experience of acquiring Jaguar Land Rover (JLR) from Ford, Ratan Tata said his friends had called him 'stupid' for buying the British luxury car maker. Asked what he intended to do with the expensive purchase — priced $2.3 billion — Tata recalled that "at that time, quite frankly, I didn't know"!

Cut to today. JLR is a major component of the Tata Motors group, accounting for around 70 per cent of revenues and 80 per cent of pre-exceptional items profit. The ambitious 'Re-Imagine' strategy in 2021 — to drive JLR's transformation towards sustainability and electrification, and accelerate growth — seemed to be paying off.

But now, suddenly, it seems to have hit speed bumps.

NEW OBSTACLES

It was a difficult FY25 for JLR as the automobile sector globally was buffeted by constraints in supply of critical components, higher marketing and advertising spends, languid demand in China (a big market for JLR) and escalating geopolitical tensions.

Still it came as a surprise when JLR slashed its earnings before interest and taxes (EBIT) margins for FY26 to 5-7 per cent last month, from the forecast 10 per cent, and projected near-zero cash flows.

JLR reported flat revenue at £29 billion, with EBITDA 14.3 per cent, EBIT 8.5 per cent, and PBT at £2,489 million in FY25. It turned net cash-positive with free cash flows at £1.5 billion for FY25.

In FY24, it reported revenue of £29 billion, PBT £2.2 billion and free cash flow at £2.3 billion.

At the annual investor day, the company cited a number of reasons for the dire forecast, including risks from US tariffs, a cloudy outlook for the Chinese market and the transition to electric vehicles.

Besides the UK, its primary markets include North America, China and Europe.

PB Balaji, group CFO, Tata Motors, said during a media roundtable that the company intends to dial up its market activation and mitigate some of the demand stress on the strength of its brands, including the Range Rover, Range Rover Sport and the Defender. It would also reroute some demand to other parts of the world, he said, pointing to the revival in the UK and a stable Europe.

ROAD TO ELECTRIFICATION

As for the company's transition to battery-operated vehicles, credit rating agency Moody's said, "The launch of JLR's Range Rover Electric later this year and the relaunch of Jaguar with the first new fully electric model sometime in 2026 are milestones in the company's plan towards a full electrification of its fleet by 2030."

POWER STEERING. JLR is focusing on building resiliency BLOOMBERG

However, sales in China last year were hit by retailer insolvencies and the lack of credit availability.

At the investor meet, JLR contended that while the challenges may impact EBIT margins, it is focusing on building resiliency.

"JLR's move to revise its EBIT guidance downward due to ongoing geopolitical tensions and tariff concerns underlines the growing strain on global automotive operations. The risk of rising trade barriers, especially between the US, the EU and China, complicates cost structures and market access," Nikhil Dhaka, Vice-President, Primus Partners, told *businessline*.

"For Tata Motors, which derives a significant share of its consolidated revenues and profits from JLR, this downgrade will likely impact overall profitability and market sentiment. This could affect short-term liquidity planning, especially against the backdrop of committed investments in technology and EV platforms."

Tata Motors is, however, anticipating strong performance in its passenger and commercial vehicles in India.

CASCADING EFFECT

Any impact on the company's Re-Imagine strategy will directly affect its EV expansion plans in India, experts said.

"JLR has outlined a significant R&D roadmap for electrification under its Re-Imagine strategy, including a dedicated EV platform and plans for an all-electric Range Rover in 2025. At the same time, Tata Motors in India is gearing up to launch new EVs under the Gen-2 and Gen-3 architectures, including the Curvv EV and Harrier EV. Given the shared R&D and modular platform architecture between Tata and JLR, any slowdown at JLR may have a cascading effect on Tata Motors' EV rollout," Dhaka said.

In 2024, for the Re-imagine strategy, JLR stepped up its investment plan to £18 billion until 2028 from £15 billion. During FY26-28, it will deploy 50 per cent towards engineering.

"Under the newly implemented US-UK trade policy, tariffs on automobiles exported from the UK to the US have been reduced from 25 per cent to 10 per cent. The US will allow the import of 1,00,000 units of vehicles annually built in the UK," said a note by BNP Paribas.

"Clarity on multiple architecture approaches, EV rollout, Freelander (dedicated EV) brand launch in China and the commitment to cash generation lend credibility to the plan," said an analyst.

But the road ahead is far from smooth.

Talent tug-of-war: Why companies get rattled when stars join rivals

Post a recent ruling by Delhi High Court, you might want to browse again the fine print of your employment contract

PEOPLE@ WORK

KAMAL KARANTH

When your top performer resigns and discloses she is joining the competition, will you be gutted that a rockstar is leaving or feel betrayed that she is joining the competition? It's likely to be the latter more often. But the opposite is true, as well: We also believe that the best place to hire from is the competition.

Just recently, Meta's new division — with an eye on developing artificial general intelligence (AGI) — announced 11 key hires from arch rivals like OpenAI, Anthropic and Google. If reports are to be believed, Mark Zuckerberg has been personally leading the hiring campaign by hosting some of the potential hires at his home. This prompted OpenAI CEO Sam Altman to claim that Meta offered $100 million signing bonuses to some of his employees. And Meta isn't alone. The move echoes industry-wide trends. This year alone, Microsoft spent $650 million acquiring much of Inflection AI's team while Amazon hired the co-founders of Adept, a start-up developing AI-powered agents. Begs the question whether anti-compete contracts aren't at play?

ANTI-COMPETE CONTRACT

In a recent case of a software engineer vs his former employer, the Delhi High Court ruled that the non-compete clauses blocking job switches are not enforceable. The court said that Section 27 of the Indian Contract Act, 1872, clearly says that any agreement that restrains anyone from exercising a lawful profession, trade or business shall be void. A research handbook published by the leading global law firm DLA Piper offers insights into anti-compete laws worldwide. Interestingly, among the 34 major countries they studied, only in five, including India, are the non-compete employment contracts non-enforceable. But, just in

ISTOCK

case you have forgotten the fine print of your employment contract and want to browse it again, you will find an anti-compete clause glaring at you. Did the MNCs bring their global template to India and were we only too happy to copy and paste it from entry-level jobs to senior leaders, making no distinction between the dictates of the roles and the laws of the land?

HIGH STAKES

Cognizant's hiring of Wipro's former CFO sparked a legal battle, which eventually got settled after nine months. The current legal proceedings between Cognizant and Infosys, involving allegations of anti-competitive practices in the US healthcare IT market, show that the stakes are high for these enterprises. When firms lose leaders who hold key customer relationships or techies who have the IP to build new-age products or platforms at the competition, the threat is real. This may prompt organisations to protect their interests, which explains the suits. In spite of these potential legal exposures, why do boards still hire CEOs from the competition? The mindset of large enterprises with deep pockets is to 'buy' talent, rather than 'build' it, since this takes time, and the risks of a potential anti-compete suit are outweighed by the benefits of the hiring.

The popular ask from hiring managers is "We want to recruit someone who hits the road running".

When Zomato wanted to boost its live events business, it didn't promote someone internally— it hired the live events head from BookMyShow and designated him as Founder. Ditto Starbucks — within 17 months of hiring a new CEO, Laxman Narasimhan, it replaced him with a leader from Chipotle, and immediately its stock price went up by 20 per cent and has remained steady since. Even the stock market cheers when you hire from the competition.

THE CULTURAL PARADOX

The hypocritical mindset of enterprise culture is hard to miss. We hire our top talent from rivals but internally we berate them on a regular basis to build the competitive spirit in our teams.

Whenever we chest-thump about our products, services or employers, we can't help but reference them against our competitors, and hence it's emotionally hard to accept anyone amongst us joining a rival. Hence, we resort to practices like 'garden leave', immediate relieving, legal threats, and/or holding on to financial dues as a mark of retaliation. All these also send a 'message' to colleagues of the consequences of joining the competition.

These over-the-top reactions breed a different set of behaviours among team members, who eventually start lying about their health and personal matters when they leave or join friendly employers briefly and eventually join competitors a couple of months later.

SPORTIVE MINDSET

I agree it's an uphill task to eliminate the anti-compete clauses we have included in all roles within our enterprises. But can we take a leaf out of Belgium, where non-competition clauses are valid only if the employee earns an annual gross remuneration of at least €78,706?

Day in and day out, our leaders talk about the strength of our brands, the legacy of the company, loyal customers, enviable culture, best financial rewards and, not to forget, the Best Employer certificates that we keep flashing. However, our employment contracts don't reflect the same spirit that we find on our office posters.

Are enterprises built with such weak foundations that one leadership movement to the competition can bring them down?

What's the fear? When sports clubs and premier leagues allow players to be bought and compete against the club where they were trained at, why not enterprises?

Kamal Karanth is Co-founder of Xpheno, a specialist staffing firm

CHENNAI
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FUND FACTS.

$120 million

Jumbotail Technologies Private Limited received Series D funding from Invus Group and SC Ventures on June 30, taking the total funding to $264 million.

$100 million

Raphe Mphibr Private Limited received Series B funding from General Catalyst, Amal Niranjan Parikh and Think Investments on June 26, taking the total funding to $154 million.

$61.57 million

Indiejewel Fashions Private Limited received Series C funding from Premjiinvest, Epiq Capital, Creaegis and Edelweiss Discovery Fund on June 25, taking the total funding to $123 million.

$29 million

Upgrid Solutions Private Limited received Series B funding from responsAbility Investments, Rising Tide, Ecosystem Integrity Fund and LeapFrog Investments on June 26, taking the total funding to $144 million.

$28.81 million

Incred Holdings Limited received funding from Nithin Kamath and Nikhil Kamath on June 23, taking the total funding to $566 million.

Source: PrivateCircle Research, a private market intelligence platform

RE POSTS.

Building a startup is 10% idea, 90% execution. Everyone focuses on the 10%.
George Pu
@TheGeorgePu

Sometimes you have to go all in and bet the life of your startup on one choice. The odds of it not working are high, but if it does, it can change the trajectory of your startup and potentially the market.
Imran Khan
@Imrankhan

Just because your #AI can scream louder... Doesn't mean people want to listen.
Humans still value trust over tech.
#Automation doesn't build connection.
Your customer's not a database—they're human.
And humans buy when they feel, not just when they're told.
Gaurav VK Singhvi
@GauravSinghvi14

BREAKING THE VC MOULD

Backing innovators beyond the big cities

NO FIXED ADDRESS. Investing patient capital in smaller towns, IIM-B incubator sees potential for the next billion-dollar venture in them

Rohan Das

ALL SALES AHEAD. Women-led start-ups showcasing products at the 'WSP Santhe' on the IIM-Bangalore campus

NS Raghavan Centre for Entrepreneurial Learning at IIM-B

When Siji Mathew decided to launch a software-as-a-service start-up, all she had was a rough idea — an early vision that would later grow into Insightdials, a business analytics platform for small and medium businesses. As her idea began to solidify, she felt the need for mentorship and an enabling environment to breathe life into it. She found her answer in the women start-up programme of the Indian Institute of Management-Bangalore's NS Raghavan Centre for Entrepreneurial Learning (NSRCEL).

"Getting accepted into the programme didn't just give me access to resources," Mathew recounts. "It gave me the confidence and direction to move from vague ideation to actionable steps."

Like Mathew, more than 8,000 start-up founders have benefited from IIM-B's business incubator — spanning product development, market feasibility, funding, partnerships and more.

Founded in 2000, NSRCEL works with ventures ranging from enterprise SaaS, B2B technology and consumer-tech to newer cutting-edge fields like climate-tech, deep-tech, generative AI and biosciences. In FY25 alone, the centre has hand-held 1,106 ventures from the ideation stage to execution.

PAN-INDIA PRESENCE

While India's start-up ecosystem is rooted in the big six cities, NSRCEL has ventured beyond this metro concentration with a presence in over 82 towns. "We believe that innovation does not have a location or a home... the long tail of innovation across tier-2 and tier-3 clusters has been an inspiration for us," says Anand Sri Ganesh, CEO of NSRCEL. The centre's portfolio boasts a mix of commercial and social impact enterprises.

Take, for instance, Indian Yards, a non-profit foundation based in the Nilgiris, Tamil Nadu. The start-up has collaborated with NSRCEL to train rural women to produce macramé products for a sustainable livelihood.

"Our extensive reach is our USP — the ability to touch an innovator in any part of the country, who might potentially be creating the next billion-dollar business," Ganesh says.

FIVE-STEP FRAMEWORK

NSRCEL's five-point incubation system is designed to guide both businesses and the teams leading them. First, start-ups are assessed for market readiness, ensuring a meaningful customer exists and identifying the possible early adopters. Next, the founders are guided to build a business and technology roadmap for one to five years. The third step involves evaluating the venture's operational readiness, including its team and technology, while securing the resources and funding for the project.

"The team at NSRCEL played a critical role in stress-testing our business plan, helping bring clarity to our model. As we entered a phase of expansion, their guidance became instrumental in sharpening our marketing narrative," says Jose Thattil, CEO and Co-founder of PhiCommerce, a digital payments company catering to both B2B and B2C businesses worldwide.

The centre provided feedback to refine and strengthen the company's investor pitch, focused on both growth and investor expectations, says Thattil.

In the final two critical stages, the centre ensures that start-ups understand the regulatory landscape and policy frameworks to better navigate the highs and lows of building a company from scratch.

ROTATING CAPITAL

Through grants or equity funding, NSRCEL helps start-ups tackle early hurdles like product testing, validation and customer acquisition. The grants offered are ₹5-30 lakh while equity support is ₹20-50 lakh. In FY25, the grants, targeted at 150 ventures, reached nearly ₹9 crore. In this period, 10 ventures received equity funding. Ganesh says the centre is more selective with equity funding, offering it to only about 5 per cent of incubated start-ups, as against the nearly 30 per cent of start-ups benefiting from grants.

Unlike traditional venture capital firms, NSRCEL does not retain equity stakes for the long term. "We are not a VC in the classical sense," says Ganesh. "Any little capital we have, ideally we would like to rotate it with the next promising venture, as quickly as possible. So, as soon as there is a significant equity infusion, a series A equivalent, we would like to exit." The returns from successful exits are reinvested into other budding start-ups or to manage operational expenses.

The centre also depends on corporate social responsibility (CSR) initiatives to fund its operations. Accounting for nearly 70 per cent of its funding, these initiatives include organisations such as Pernod Ricard, Capgemini and Kotak Mahindra Bank, among others. Government grants and philanthropic foundations make up another 5-7 per cent of the centre's funding. Additionally, NSRCEL has support from high networth individuals like Nikhil Kamat and Anupam Mittal.

The centre, however, does not take any voting board seats or offer equity incentives to faculty mentors. "While we do take advisory positions on the board at the request of the founders, we don't want governance obligations to become a bottleneck," Ganesh clarifies. "Our focus is always founder-first."

SUCCESS STORIES

Over the years, some of the centre's early-stage ventures have gone on to make headlines, including the medi-tech firm Amagi, which is looking to go public this year. Many of the centre's alumni have bagged handsome strategic exits, with startups like Brillo, Quantum and other deep-tech players being acquired by larger firms.

Impact-driven ventures, such as Mantra for Change and The Apprentice Project, have made strides in the education and skilling space, while others like Minimind, which is innovating lithium-ion battery recycling, and Binbag, one of the largest e-waste recyclers in the North-East, point to NSRCEL's growing role in climate innovation.

More recently, some of its partner companies like Chara, Farmers for Forests and E-Plane Company are pushing boundaries in emerging sectors like green mobility, conservation-tech and electric aviation.

At a time when venture capital typically focuses on quick growth and the pursuit of unicorns, NSRCEL's patient capital, with a focus on non-urban entrepreneurs and social impact, has carved for itself a distinctive niche.

The writer is an intern with businessline

STARTUPS: VAI-THEE-FUSS

The thrill of the chase for an early-stage venture: Growth or profit?

VAITHEESWARAN K

Early-stage entrepreneurs are regularly faced with a choice between growth and profits. Growth means increasing revenues and acquiring customers rapidly, and this approach is normally associated with high marketing and people costs. On the other hand, profit means margins, managing costs efficiently and improving net income, sometimes even if it involves sacrificing revenues. Both approaches have their merits and demerits and while there are no easy answers, here are some pointers that can help in making this decision.

One, the market and the business. In a greenfield industry where the start-up has an early-mover advantage, growth is the way to go; capturing market share is critical, and profitability can follow. On the other hand, in a mature industry where there are several players in the market, a new entrant must build unique advantages, grow customer accounts steadily and ensure good profit margins, even if it means sacrificing some revenues. Start-ups, at this stage, must keep a close eye on metrics like customer acquisition cost, customer churn rate and lifetime value of customers. There's also the business-to-customer (B2C) and business-to-business (B2B) segmentation. Consumer businesses tend to lose money in the initial years, until a certain scale is reached but B2B businesses can and, must, break even faster. I always tell the B2B companies I mentor that it takes an extremely capable management to keep losing money on a B2B business for long!

Two, the stage of the venture matters. Early-stage start-ups, including those that have raised seed capital and up to Series A must focus on growth. The goal should be to acquire customers, demonstrate market fit and drive customer repeat and retention. At this stage, profits are less important. Companies that are in the Series B to D stage should continue to grow fast but efficiently, and the revenues-at-any-cost mantra will not work here. Companies beyond Series D must focus relentlessly on margins and EBITDA because this is where investors looking to exit may want the company to go public.

Three, capital availability is decisive. Start-ups chasing growth over profitability need marketing budgets. Without raising adequate funding, they may not have the option to choose the growth path and will be forced to take the slow-and-profitable approach. There's nothing wrong with this but the risk is that a well-funded competitor start-up, even if late to the market, can quickly overtake. Most start-ups falter and wither away due to capital inadequacy.

The simple rule, always, is to grow as fast as possible without losing sight of margins. For example, SaaS companies follow the 'Rule of 40' (growth % + margins % >= 40%) to track if the company is blending revenues and margins in a healthy manner.

The writer is a serial entrepreneur and best-selling author of the book 'Failing to Succeed'; posts on X @vaitheek

Lending a robotic arm in high-value fabrication

Fabheads operates at the intersection of materials science and advanced manufacturing

Jyoti Banthia

AUTO FOCUS. Fabheads Automation Co-founders Abhijeet Rathore (left) and Dhinesh Kanagaraj

Engineer-turned-entrepreneur Dhinesh Kanagaraj had always been interested in the field of composite materials. After leaving his job at the Indian Space Research Organisation, Kanagaraj and a former colleague, Abhijeet Rathore, launched Fabheads Automation in 2015. Today the company is a leading player in building automated solutions for the fabrication of composite products.

Chennai-based Fabheads, which recently raised $10 million in funding, is gearing up to serve the global market for lightweight, high-performance components in sectors like aerospace, mobility, robotics and clean energy.

Fabheads operates at the intersection of materials science and advanced manufacturing, offering clients customised automation systems to produce carbon fibre and composite parts. The company's business model is built on replacing labour-intensive manual fibre placement with intelligent, robotic systems that are faster, more precise and significantly more cost-effective.

"Composite fibre manufacturing is typically slow, wasteful and expensive," said Kanagaraj, who is the company's CEO. "By automating critical steps like fibre placement and layering, we help clients cut rejection rates by 20 per cent, material wastage by 20 per cent and shorten production cycles by up to 30 per cent."

REVENUE MODEL

Fabheads primarily offers a suite of patented material processing technologies and a software layer that enables real-time design exploration, helping engineers work with delicate materials like carbon fibre with robotic precision. Unlike conventional systems that struggle with the brittleness of uncured carbon fibre, Fabheads uses adaptive tow placement to handle complex geometries with minimal risk of breakage.

Its clients include ISRO, Tata and Motherson, and the applications range from drone airframes and robotic arms to parts for ISRO's upcoming human spaceflight programme. "Aerospace is currently our largest vertical," says Kanagaraj, adding that automotive and robotics are fast-growing segments, while marine applications are on the anvil.

Fabheads derives revenues through a mix of direct manufacturing services, sale of automation systems and long-term manufacturing partnerships. Over the past two years, it has seen an uptick in inquiries, including from global OEMs looking to shift supply chains away from traditional Western vendors under the 'China-plus-one' strategy, he says.

"Companies are exploring localised, faster and more reliable alternatives to traditionally import-dependent composite part manufacturing," he says.

NEW FACILITY

To meet the growing demand, the company is setting up an 80,000 sq ft facility in Bengaluru's Aerospace Park to house over 70 automated machines — up from 13 today — and produce parts up to 5 m in size. The facility is expected to go live in six months.

"Meanwhile, our Chennai lab/micro-facility will remain active, continuing to serve R&D and prototyping requirements," he says.

As global supply chains seek flexible, affordable and IP-secure alternatives, Fabheads is positioning itself as a high-tech bridge between India's R&D talent and the growing demand for next-gen materials.

The lure of IP in the deep-tech sector

bl.interview

Sanjana B

> Deep-tech is a fairly generic phrase. We are trying to brand it as tech led by IP in engineering and science

MANU IYER
Co-founder, Bluehill.VC

Bluehill.VC is a Chennai-based venture capital firm focused on the deep-tech sector. Established in 2024 by Manu Iyer and Sridhar Parthasarathy, the VC firm's external investment committee includes Vipul Parekh, Co-founder and COO of Big Basket, and MP Vijaykumar, Chair of LIC's audit committee and an LIC board member with seats on the boards of numerous public and private companies.

Iyer, a BTech graduate from IIT-Madras, has specialised in technology related to electric vehicles and semiconductors. Before launching Bluehill.VC, Iyer's investments in deep-tech over a seven-year period delivered a 38 per cent internal rate of return; Parthasarathy's prior investments over a four-year period delivered 35 per cent IRR.

Focusing on intellectual property (IP) in the deep-tech segment, the firm prefers to offer the first institutional cheque, says Iyer.

What is your investment thesis?

Bluehill.VC follows an invest-and-build strategy, which involves deep operational engagement to scale up portfolio companies into sustainable businesses. We aim to provide strategic support in hiring, structuring, finance and capital management, and future fundraising.

How much funding have you raised so far?

The fund has a corpus of ₹350 crore, with a green shoe option of ₹50 crore. As of now, with commitments from two institutions, we've secured approximately ₹230 crore. One of our key backers is the government of Kerala, investing through the Kerala Startup Mission. The fund specifically focuses on IP in the engineering and science domains within the deep-tech umbrella.

What is the strength of your current portfolio?

So far, we have invested in two companies. The first is EtherealX, a startup developing a fully reusable 25-tonne launch vehicle, specifically pioneering re-usability in the second stage of the launch vehicle. We invested around $1 million in this round, towards building the product. Our second investment of $1 million is in counter-drone solutions — Zebu Intelligent Systems, which has won three iDEX challenges and is working closely with the armed forces to indigenise India's defence manufacturing. We have signed up to invest in two more opportunities — a company developing proprietary cell technology and another building ultra-low power AI inference chips.

Which sectors excite you?

Today, deep-tech is a fairly generic phrase. We are trying to brand it as tech led by intellectual property in engineering and science. Our areas of interest include energy, EVs, nuclear science, semiconductors, material science, defence, space, water, manufacturing, robotics and IoT.

Do you prefer early-stage or later-stage funding?

We look to be the first institutional cheque. The stage for us to enter is pre-series A to series A. Companies should be able to absorb $1-1.5 million in equity capital.

What is your funding horizon?

The fund follows an 8+1+1 structure — a four-year investment period followed by a four-year harvest phase. The idea is to see whether the companies we invest in during the first year can generate returns by the fifth or sixth year. Overall, we aim for a holding period of four to five years.

What is your average cheque size?

It ranges from $7,50,000 to $2 million for our first cheque, with $2-4 million in follow-on investment.

DATA BANK.

Flow data points to lower debt trajectory, supported by strong nominal GDP growth

India's public debt levels, primary deficit and share of interest payment in government revenue have remained relatively on the higher side compared to peer emerging market economies (EMEs), according to the latest edition of the financial stability report (FSR), the bi-annual joint publication of financial sector regulators.

However, India's fiscal position and credibility have enhanced significantly in recent years on account of ongoing fiscal consolidation, improvement in the quality of expenditure and the earmarking of debt-to-GDP as the nominal anchor for the central government's fiscal policy.

In addition, the government debt is predominantly rupee-denominated.

The FSR noted that the weighted average maturity of the outstanding stock of central government market borrowings has risen from 10.4 years in 2018-19 to 13.2 years in 2024-25, and around 97 per cent are issued at a fixed rate (as on June 18).

Furthermore, unlike in most other major economies, the flow data points to a lower debt trajectory supported by strong nominal GDP growth. Additionally, the favourable interest rate-growth rate differential of the central government augurs well for debt sustainability.

External sector

The FSR emphasised that the resilience of the external sector has been a key contributing factor to India's macroeconomic and financial stability. Current account deficit (CAD) at 0.6 per cent of GDP during 2024-25 remains eminently manageable, supported by sustained buoyancy in services exports and remittances. Moreover, the current account balance turned into a surplus of 1.3 per cent of GDP in Q4 2024-25.

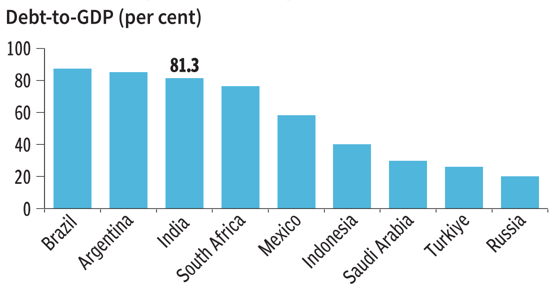
In the capital account, high gross foreign direct investment (FDI) during 2024-25 indicates that India continues to remain an attractive investment destination.

Net FDI flows, however, moderated due to higher repatriation and net outward FDI. Foreign portfolio investments (FPI) moderated during 2024-25. On the other hand, both external commercial borrowings (ECB) and non-resident deposits recorded higher inflows compared to the previous financial year.

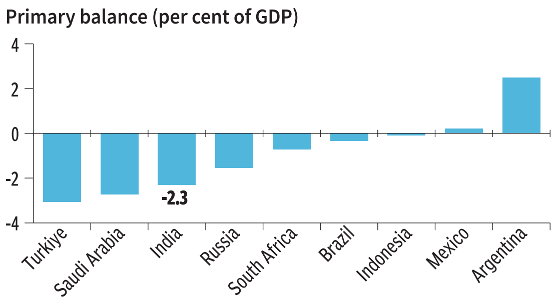
Overall, net capital flows fell short of CAD during 2024-25, leading to a depletion in foreign exchange reserves.

India's fiscal position comparison — 2024

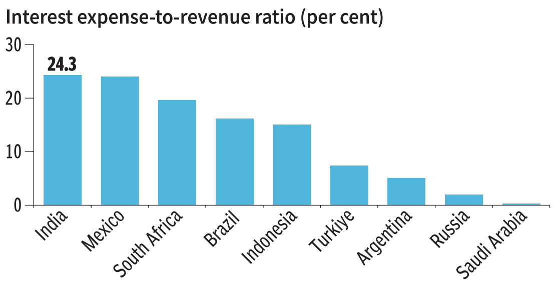
Debt-to-GDP (per cent)



Primary balance (per cent of GDP)

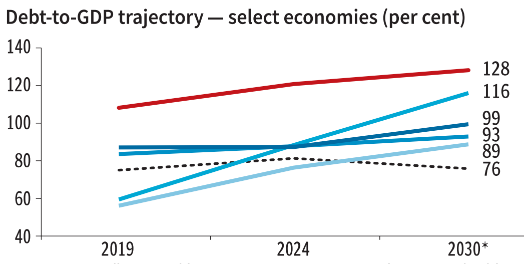


Interest expense-to-revenue ratio (per cent)



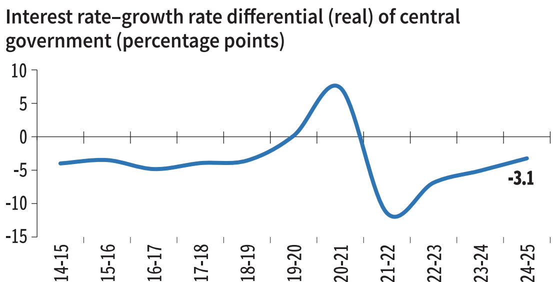
Debt-to-GDP and interest rate–growth rate differential

Debt-to-GDP trajectory — select economies (per cent)



Note: * IMF April 2025 projections.

Interest rate–growth rate differential (real) of central government (percentage points)



Capital flows

All figures are in $ billion

Component	Financial Year so far			Financial Year	
	Period	2024-25	2025-26	2023-24	2024-25
FDI (net)	April	1.8	3.9	10.2	1.0
FPI to India (net)	April-June	-0.2	-0.5	44.6	3.3
ECB to India (net)	April	2.9	0.5	3.5	18.4
Non-resident deposits (net)	April	0.8	1.1	14.7	16.2

Note: Data on FPI for financial year so far and corresponding previous year period have been sourced from NSDL, whereas data for full year is based on BoP

Source: IMF Fiscal Monitor (April 2025), NSDL and RBI

INCLUSIVE FINANCE

'We need more urban co-op banks'

LOCAL IMPACT. RBI Director Satish K Marathe makes a case for the multiplier effect of bottom-of-the-pyramid banking

K Ram Kumar

Allowing large co-operative credit societies to take over small and weak urban co-operative banks (UCBs) and encouraging voluntary amalgamation among tier-I UCBs (having deposits less than ₹100 crore) will help strengthen the co-operative banking sector, says Satish K Marathe, Director, Central Board of the Reserve Bank of India.

In an interaction, Marathe — who started his career at Bank of India (BoI) in the 1970s, moved to the co-operative banking sector in the 1980s (rising to helm the Mumbai-based Janakalyan Sahakari Bank for 10 years from 1991), and became Chairman and CEO of the erstwhile United Western Bank (2002-06) — strongly feels that there is a need for more UCBs in the country as newer urban centres are springing up and these banks could promote financial inclusion in these centres.

Edited excerpts:

As at March-end 2024, there were 1,472 UCBs. Is there a need for setting up more banks?

What I have learnt from the construction industry is that a few thousand new urban centres are coming up across the country. Also, the Ministry of Housing and Urban Affairs has received 26 proposals from 21 States to develop new cities.

But we have people, both in the rural and urban areas, with limited resources.

Who will reach out to the people at the bottom of the pyramid? They really need to be supported. It is only the co-operative institutions, including UCBs, which can do that.

These banks are needed for furthering financial inclusion, offering loans to micro and small enterprises, for children's education, personal consumption, etc, to the underprivileged segments of the population. This has to be done.

Local people, local support, local resources are missing. That is why urban banks are relevant. A start can be made by licensing 100 banks in as many urban centres.

If large cooperative credit societies meet the entry point norms, IRAC (income recognition, asset classification and provisioning) norms and other regulatory prescriptions, they should be allowed to convert into UCBs... because it is in the public interest. Their depositors need to be safeguarded.

Some of these societies are bigger than many UCBs. There are some 200 large co-operative credit societies, which can be converted into banks. And this should be voluntary. If the process is started, the societies will come forward.

The UCB sector has been undergoing consolidation since 2004-05. What further possibilities do you see in this space?

If a large co-operative credit society, which complies with RBI norms, takes over a small and weak UCB, the licence of the bank could be transferred to the society. As a result, the society will become an UCB. There are large co-operative credit societies that are keen to take over UCBs.

The RBI can put in place regulatory prescriptions to give UCBs enough operational room to grow, and allow time to consolidate.

Roughly, today there are 1,420 banks in the UCB sector. Of this almost 50 per cent are tier-I banks (having deposits below ₹100 crore).

Now, these tier-1 banks are facing huge challenges. They are good banks, not financially weak, but they are small... Their area of operation is also small. And the challenge they are facing is that banking is becoming more and more complex, technology-driven.

POOLED WISDOM. Satish K Marathe, Director, Central Board of RBI

After the passage of the Banking Regulation (Amendment) Act, 2020, the co-operative banking sector is increasingly getting integrated with mainstream banking. These factors are posing challenges to the entire sector.

The smaller UCBs have limited capital/own funds, have staff who are not necessarily trained/experienced to handle technology. And these banks need a lot of expertise to draft a policy (relating to credit, interest rate, liquidity, operations, etc.) and keep on tweaking it as things change.

Some of the UCB top brass, who recognise these challenges, feel that it is high time a few banks voluntarily came together to form a bigger bank.

This is one thinking in the sector, though nothing much has happened.

The other line of thinking favours the merger of a smaller UCB with a bigger UCB so that the interest of stakeholders, including depositors, staff and borrowers, is protected.

This way these banks can retain their identity as co-operative banks and continue to serve the common man.

Besides consolidation, is there any other way smaller banks can survive?

In our (UCB sector's) submissions to the expert committee on UCBs (2021), we had proposed the concept of "cluster banks", whereby small UCBs come together, [and] work in close coordination. While they will have distinct identities, broadly the policies and everything else will be similar.

These banks will cooperate amongst themselves, so that they will have scale as well as identity.

There is a need for thinking outside the box. Otherwise, personally, I feel that over a period of 10 years, 50 per cent of these banks will be gone.

The RBI was nudging large UCBs to convert into small finance banks (SFB) some time ago. Except for one — Shivalik Mercantile Co-operative Bank — none have shown interest in converting. What is the reason for this?

Before the amendment to the Banking Regulation (Amendment) Act, 2020, the UCB sector was facing the issue of dual control, whereby the Registrar of Co-operative Societies (RCS) and the Central Registrar of Co-operative Societies (CRCS) were empowered to oversee their incorporation, management, audit, recovery, supersession of board of directors, etc, even as the RBI had limited regulatory and supervisory powers.

So, till about five years back, the RBI had inadequate powers for the resolution of troubled UCBs. It had to always act through the RCS/ CRCS.

This was an inhibiting factor and the RBI could not take timely steps. So, if large UCBs convert into SFBs, the RBI would get a better handle on them.

But now there is no need to nudge UCBs to convert into SFBs as the RBI has adequate powers under the Banking Regulation (Amendment) Act, 2020, to regulate and supervise them.

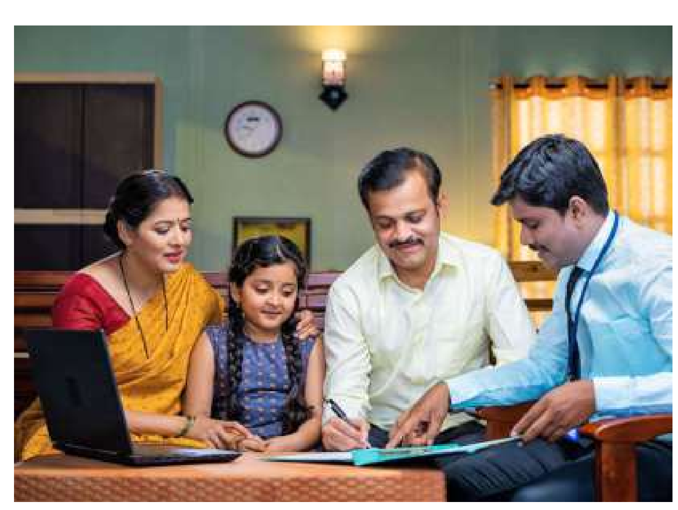
Getting saved pennies to earn more for families

On the back of rising incomes and digital penetration, India must channelise household savings into productive avenues

MANORANJAN SHARMA

India has historically been a high-saving economy, with its conservative and security-conscious households. The country's gross domestic savings rate fell from 34.6 per cent of GDP in 2011-12 to 29.7 per cent in 2022-23 — the lowest in four decades — owing to increased consumption, rising inflation and financialisation of savings. Household net savings, which historically constituted 60 per cent of aggregate gross domestic savings, fell secularly. These savings were mainly in physical assets, such as gold and real estate, driven by cultural preferences, lack of financial literacy and limited access to financial products.

The decline in household savings has been extensively debated. "Fisher dynamics" reveal an increase in interest rates and a reduction in the nominal income growth rate of households. The transforming economic landscape necessitated a recourse to riskier investment avenues like equities and mutual funds. This changing asset mix, favouring financial assets, potentially hampers domestic capital formation and overall economic growth and, therefore, needs a tweaked policy response.



NEST EGG. Household investments in equities and mutual funds nearly doubled to ₹2.02 lakh crore during FY21-23 ISTOCK

STRUCTURAL CHANGES

- Household financial savings as a percentage of GDP fell from 11.5 per cent in 2020–21 to 5.1 per cent in 2022–23 (RBI).
- Concurrently, household liabilities rose, primarily due to increased borrowing for consumption, education and housing.
- Equity is an increasingly important asset class, as reflected in a marked shift towards mutual funds, insurance, equities, and pensions, supported by digitisation and financial inclusion. The contribution to systematic investment plans (SIP) zoomed 8.5 fold, from ₹3,122 crore in April 2016 to ₹26,632 crore in April 2025. The capital market does not progress linearly.

Nobel laureate Paul Samuelson rightly stressed patience — "Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas."

- The Covid-19 pandemic led to a temporary spike in savings due to forced reductions in consumption during lockdowns, but this reversed as economic activity resumed.

Net household financial savings sharply rebounded to 7.3 per cent of the GDP in the first half of FY25, as against 3.7 per cent last year, as household liabilities like personal loans fell to 4.7 per cent of GDP from 6.9 per cent. The RBI tightened the lending norms for personal loans, gold loans and loans to non-banking financial companies (NBFCs) to maintain financial stability and protect both the banking sector and consumers from the risks stemming from high levels of unsecured debt.

Household liabilities reached a 17-year high of 6.4 per cent of the GDP in FY24, just below the 6.6 per cent record in FY07, due to shifting consumption patterns, changing investment preferences for higher-risk, higher-return equities and mutual funds, the Covid-19 impact on savings behaviour and altered spending habits.

RURAL-URBAN DIVIDE

Household investments in equities and mutual funds nearly doubled from ₹1.02 lakh crore to ₹2.02 lakh crore between FY21 and FY23. While wealth creation is welcome, concerns emerge as low-income households are more vulnerable to financial shocks and the risk-reward trade-off. Fostering financial resilience requires micro-savings initiatives, customised micro-savings products for rural and urban needs, providing tax benefits or government-backed guarantees and revamping post-office savings schemes and initiatives like the Kisan Vikas Patra (KVP) or the Public Provident Fund (PPF).

While the share of financial savings in total savings declined from 40.3 per cent in 2019-20 to 28.5 per cent in 2023-24, the share of physical savings rose from 59.7 per cent to 71.5 per cent during this period. Deposits, which accounted for 58 per cent of savings in FY12, shrank to 37 per cent in FY23. The share of household savings in provident and pension funds rose significantly from 10 per cent in FY12 to 23 per cent in FY24.

Urban households generally have higher financial literacy and better access to banking, resulting in increased savings through financial instruments. Rural households, however, still primarily depend on cash and physical savings. Factors such as gender, income level and educational background significantly impact saving behaviour.

Household savings declined due to India's shift towards consumption-driven economic growth, erosion of disposable incomes caused by persistent inflation, increased borrowing and consumer credit, low or even negative real interest rates (adjusted for inflation) on fixed deposits and savings accounts, and the surge in real estate and stock markets after the pandemic.

A comprehensive approach to household savings is necessary, addressing economic, behavioural and structural issues — namely enhancing financial literacy, improving access to financial services, offering higher real returns on small savings schemes, inflation-indexed bonds or incentivised savings accounts, controlling inflation, promoting social security and formal employment, establishing minimum wages and providing social benefits to stabilise incomes and increase the savings propensity.

ROADMAP AHEAD

With a young population, rising incomes and increasing digital penetration, India can channelise household savings into productive avenues.

This calls for policy reforms, including simplifying tax structures by rationalising capital gains and savings-related tax policies to encourage participation in financial markets, strengthening regulatory oversight to ensure that mutual funds, insurance and digital lending platforms operate transparently and are investor-friendly, and expanding the coverage of formal retirement schemes by making the National Pension Scheme (NPS) universal, auto-enrolling informal workers and incentivising employers to contribute to boost retirement savings.

TECH INNOVATIONS

A further boost can come from fintech start-ups that offer user-friendly savings tools, AI-based financial advice and micro-investing platforms for small savers. Blockchain and smart contracts can be used to enhance the transparency and efficiency of saving products, such as recurring deposits and peer-to-peer lending.

INSTITUTIONAL SUPPORT

The country should explore developing a national strategy on household savings with clear targets and a coordinated approach across ministries. To bridge the urban-rural gap, programmes should be tailored to address the unique savings challenges of rural India, including seasonal income, low literacy and social norms.

BEHAVIOURAL NUDGES

Behavioural economics suggests that people are more likely to save if the savings options are made default (for example, opt-out pension schemes).

The use of gamification — such as apps that gamify saving behaviour — can encourage regular, small savings, especially among the youth.

Given the macroeconomic challenges, there is a strong need for a careful mix of financial literacy, access to diverse savings options, promotion of digital savings platforms, social safety nets and macroeconomic stability to boost household savings. In the short term (2025-27), we should focus on promoting financial literacy programmes to educate households about savings and investment options, tax benefits and the higher interest rates for savings.

Over the medium term (2027-30), digital savings platforms must be developed to improve accessibility and convenience while diversifying investment options to reduce reliance on traditional savings instruments. Over the long term, policies should foster economic growth, raise household income levels and develop a comprehensive, supportive framework. Execution is crucial.

The writer is Chief Economist, Infomerics Ratings

CHENNAI
businessline.
MONDAY - JULY 7 - 2025

Investors must look at downstream start-ups, products: Former ISRO chief

SHIFT IN FOCUS. 60% of real revenue lies downstream in applications, equipment, data services, says Somanath

bl.interview

Aishwarya Kumar
Bengaluru

India's space ambitions are accelerating. With 100 per cent FDI now allowed, major tech transfers in progress, and legacy players like HAL entering launch vehicle production, the country is opening its space sector to private enterprises like never before.

Former ISRO Chairman and Vikaram Sarabhai Professor S Somanath, however, wants the focus to shift more sharply downstream, where long-term value is created and space applications can deliver real-world impact. From rethinking the role of public sector players to challenging investor priorities, Somanath outlined what must be done for India to become a truly competitive space economy.

Edited excerpts:

> ISRO must focus on what it does best, cutting-edge R&D, and hand over operational roles to capable private players
>
> **S SOMANATH**
> Former ISRO Chairman

What are some of the significant gaps in India's space value chain today?

The downstream. Everyone is chasing upstream, rockets, satellites, launches. But 60 per cent of the real revenue lies downstream in applications, equipment, data services.

Unless we grow the downstream ecosystem, the upstream cannot be sustainable. Investors should look more seriously at downstream start-ups and products that solve real societal problems.

You've said earlier that ISRO should move from being a "doer" to an "enabler". What does that transformation look like today?

For decades, ISRO had to do everything, build rockets, satellites, systems because no one else was equipped. But that's changed. Capabilities have spread, private companies are ready, and there's now a business case. ISRO must focus on what it does best, cutting-edge R&D, and hand over operational roles to capable private players.

How do you see the start-up ecosystem evolving in the Indian space sector?

Start-ups are great at incubating ideas, but they're not built for full-scale production or long-term business from the outset. The real goal is for them to evolve into mature enterprises that solve real problems, build reliable products, and monetise them. We have start-ups but very few have scaled into sustainable, profit-making space companies.

Unlike sectors like fintech, where the path from start-up to enterprise is relatively quick due to lower investment and faster feedback loops, space is capital-intensive, has long gestation periods and offers slower returns. This naturally deters many from entering or staying in the sector. Failure is also more complex here; it can happen not just in the market but at the product level itself.

While HAL's entry into space through SSLV is a positive move, it can't do everything on its own. An ideal model would be for HAL to act as an integrator and aggregator, supported by a strong supply chain of private vendors.

My preference is to see private companies independently leading these efforts. For instance, telecom companies could build and operate their own satellite constellations. That's the kind of private-sector ambition we need to truly scale the space ecosystem.

Wouldn't that risk creating monopolies, with a few large players dominating space services?

That concern always comes up when someone begins to scale. But monopoly isn't inherently bad; it often stems from the strength of a product, its reliability and market fit. The real solution isn't to resist monopoly, but to foster more innovation so new players can emerge and challenge incumbents, just as the Sony Walkman once dominated until others disrupted it.

New milk co-operative in Gujarat to source milk from 20 States, 2 UTs

Avinash Nair
Ahmedabad

WHITE REVOLUTION 2.0. Union Home and Cooperation Minister Amit Shah with Gujarat CM Bhupendra Patel VIJAY SONEJI

A new multi-State co-operative that will engage in collection of milk in 20 States and two Union Territories, including Karnataka and Tamil Nadu, was announced at an event in Gujarat on Sunday.

Christened 'Sardar Patel Co-operative Dairy Federation Ltd,' the co-operative body has been registered at Gandhinagar under Section 7 of the Multi-State Co-operative Societies Act, 2002.

The new co-operative body will engage only in milk collection from 20,000 "untapped" village-level milk co-operatives in various States, and will not rival either Gujarat Cooperative Milk Marketing Federation (GCMMF) or any other state-level dairy federations that exist in the States, officials said.

A logo for this body was unveiled by Union Home and Co-operative Minister Amit Shah at an event in Anand to mark the completion of four years of establishment of the Union Ministry of Co-operation. "This Sardar Patel Co-operative Dairy Federation will help farmers at a level that Amul does by engaging in fair practices of procuring milk and providing appropriate pricing," Shah added.

This co-operative with an initial corpus of ₹200 crore will bring together small and big unregistered milk co-operatives on a single platform.

NO CREDIT

Of the 300 lakh litres of milk collected by GCMMF daily, 20 per cent comes from 20 different States outside Gujarat and is sourced from 20 lakh farmers. The registration of the new multi-State co-operative does not allow it to indulge in credit or housing related activities in any form.

GCMMF will hold 20 per cent equity in the co-operative body, while 60 per cent will be shared between the other district co-operative milk unions in Gujarat that function under the GCMMF umbrella.

The remaining 20 per cent equity will be distributed among the village-level milk co-operatives in other States and Union Territories from whom milk will be procured.

"We will connect only with the individual village-level co-operative societies which are not affiliated to any State-level milk co-operative bodies. We are tapping only those uncovered and unrepresented in the co-operative sector," Jayen Mehta, MD of GCMMF, said, adding that there are about five lakh uncovered villages that lie outside the existing milk co-operative framework.

NQM, DoS collaborate on hack-proof, quantum-safe communication tech for defence

Vallari Sanzgiri
Mumbai

The Department of Space (DoS) is working with officials from the National Quantum Mission (NQM) to build quantum-safe, hack-proof space technologies for the defence forces in the wake of Operation Sindoor, during which security concerns were flagged.

Officials said that while the defence forces navigated with the Indian Constellation (NavIC) system to pinpoint targets, these technologies could have been easily hacked by quantum computing — a form of technology that countries like China have made great strides in.

NETWORK SAFETY

A quantum-secure satellite network with post quantum cryptography (PQC) VPNs will protect any satellite communication against hacking by a quantum computer. India's private satellite companies are also involved in building this quantum-safe satellite network. "China has made major strides in quantum computing and in certain areas where they can break regular security systems much faster than anybody else. The biggest threat to India is China, not any other country. Technologies like NavIC can be broken by China if it uses quantum. So, quantum-secure space communication is very important for us," said Ajai Chowdhry, Chairman of the Mission Governing Board for the (NQM), stressing the need for Indian IP hardware chips to prevent any data going back to China.

While the entire network of satellites may take until 2027, sources said that the first quantum satellite will likely be announced within the next two to three months. Authorities are also working to integrate long-distance quantum key distribution (QKD) networks on LEO and higher satellites by early August and to equip defence satellites with PQC solutions.

These solutions will generate digital signatures for each defence location, doing away with the need for each ground station to send its individual authentication key to the satellite.

However, to achieve this, sources involved with the work said that NQM will require the help of satellite providers like ISRO to carry the hardware on satellites. The government has already fast-tracked the launch of 52 dedicated surveillance satellites.

Chowdhry said the authorities are dedicated to making all these satellites quantum secure in the required time frame.

CYBER THREAT

According to the Observer Research Foundation (ORF), Indian cyberspace become a war zone following the Pahalgam attack and Operation Sindoor. Computer networks were targeted by multiple cyberattacks allegedly from Pakistani threat actors, alongside a surge in State-linked propaganda operations, said ORF. Prior to Operation Sindoor, ORF reported that Pakistan-based hackers had targeted Indian defence organisations and local government portals.

"In one such case, the website of the Armoured Vehicle Nigam Ltd, a defence public sector unit, was defaced to display a Pakistani flag and the Pakistan Army's Al Khalid tank," said ORF, adding that there was a growing cyber alignment between China and Pakistan, worsening India's fears of a potential 'two-front war'.

To Chowdhry's point, China, in March 2025, reportedly announced Zuchongzhi-3, a superconducting quantum computer prototype that can process quantum random circuit sampling tasks a quadrillion times faster than the world's most powerful supercomputer.

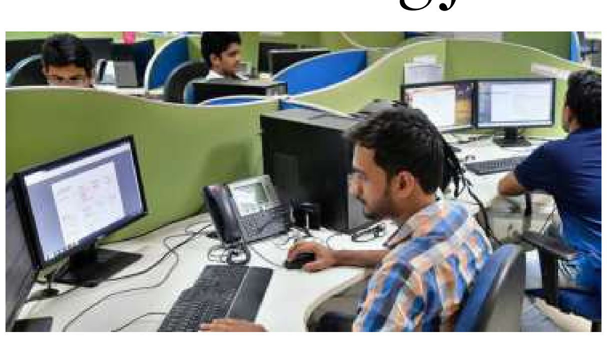
Employment-linked incentive scheme aims to stop 45% of first-timers leaving jobs within six months

Shishir Sinha
Dalip Singh
New Delhi

A big issue that the recently-launched employment-linked incentive (ELI) is attempting to address is the 45 per cent attrition rate in the first six months among first-time employees. "Based on EPFO data, we found that there is an attrition rate of 45 per cent among freshers within six months of joining work," a senior government official told *businessline*.

When a first-timer quits his job within six months of joining, he misses out on training that being on the job offers. It creates a big problem in getting rehired.

"On job training is the best way to get trained. But when you do not have the job, then how will you be trained? Employers want trained people but those are not available. Our effort has to be not just to generate jobs, but also quality jobs," the official said.



MUCH-NEEDED NUDGE. The ELI scheme is designed to incentivise first-timers to continue in their jobs DEEPAK KR

The ELI scheme is designed to incentivise first-timers to continue in their jobs. The scheme consists of two parts: Part A is focused on first-timers and Part B is focused on employers.

Part A will offer one-month EPF wage of up to ₹15,000 in two instalments. Employees with salaries of up to ₹1 lakh will be eligible. The first instalment will be payable after six months of service, and the second will be payable after 12 months of service and the completion of a financial literacy programme by the employee.

SKILLING GAP

The official said the scheme is also aiming to fill in the wide disparity in formal skilling between India and the developed nations.

Various sources like India Skills Report and the more recent PLFS data show that a very small percentage of India's workforce — estimates range between 2.3 per cent to 5.4 per cent — have undergone formal skill training. Developed countries exhibit much higher rates, going up to 80 per cent, of formal vocational training.

"The ELI scheme aims to overcome these challenges," said the official.

The scheme was first announced in the Union Budget 2024-25 while on July 1, the Union Cabinet approved the scheme with an outlay of around ₹1 lakh crore. The benefits of the scheme would be applicable to jobs created between August 1, 2025, and July 31, 2027.

The official explained that the entire scheme will be financed through the Budget. EPFO will implement the scheme. "The employers will have to ensure operationalisation of proper EPFO accounts and based on that incentives will be provided".

Budget documents show that under the head 'New Employment Generation Scheme', a total of ₹10,000 crore was provided in FY25, which was revised to around ₹6,800 crore.

For the current fiscal, ₹20,000 crore has been provided to implement ELI.

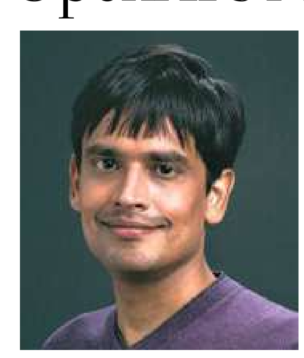
SOPS FOR EMPLOYERS

Part A will benefit around 1.92 crore first time employees. Under Part B, the employers will get incentives in respect of employees with salaries up to ₹1 lakh.

The government will incentivise employers by up to ₹3,000 per month for two years for each additional employee with sustained employment for at least six months.

Creating indigenous AI models crucial, says OpenAI's Narayanan

Sanjana B
Bengaluru



Srinivas Narayanan, VP of Engineering, OpenAI

India is OpenAI's second-largest market, Srinivas Narayanan, VP of Engineering, said while underlining the importance of creating indigenous AI models that address culturally specific needs and under-represented data.

He emphasised the need for India-specific AI models to tackle culturally relevant challenges and welcomed innovation in Indic models.

Speaking at the IIT-Madras Alumni Association's Sangam 2025 global innovation and alumni summit in Bengaluru, he said, "From OpenAI's perspective, India is a big user base for us. There should be innovation happening in India, with Indic models solving unique problems for India, and we welcome that. There are use cases that might be more culturally relevant and sensitive. That data may or may not be represented in a larger setting, like if there is proprietary data the country cares about that is not represented in a large model."

Addressing the debate of whether India needs its own LLM or if SLMs will be sufficient, Narayanan said that both types of models may have a role to play, depending on task complexity. While smaller models might be adequate for simpler applications, many real-world use cases demand generalisation and adaptability to entirely new contexts, areas where large models tend to outperform smaller ones.

Narayanan also commented on policy engagement, sharing that the company actively interacts with the Indian government and has a dedicated policy representative based in the country.

SIGNIFICANT ROLE

"Governments must play a significant role in shaping this technology and deeply understand what they care about, and how to make it useful at citizen scale, what can we use it for. Thinking about policies when the entire landscape is shifting is a new problem," he said.

He noted that policy should be approached in a way that doesn't stifle innovation, especially in a rapidly evolving landscape.

Concor to procure 1,000 specialised containers to transport cement by rail

TE Raja Simhan
Chennai

The Container Corporation of India (Concor), a part of the Indian Railways, plans to procure nearly 1,000 specialised tank containers that can transport cement by rail. This is part of a bid to divert the cargo from road to rail.

It has already procured 90 such containers from Braithwaite, a public sector unit under the Ministry of Railways, said sources.

Recently, Concor flagged off its first tank container rake carrying 2,199 tonnes of bulk cement from Maha Cement (Mellacheruvu, Andhra Pradesh) to ICD Whitefield, Bengaluru.

The client was Hyderabad-based My Home Cement, sources said.

The shipment marked a new development in cement transportation for Concor, introducing specialised tank containers that enable safe, efficient movement of cement in loose form; reduced dependency on conventional bagged transport by road; lower transit losses and a significant cut in carbon footprint, the source said.

By moving cement using these tank containers, storage silos are not required and the containers can function as a warehouse.

> It has already procured 90 such containers from Braithwaite, a public sector unit under the Ministry of Railways, said sources

Cement can be transported directly to the market or to customer sites rather than a railway siding from where it needs to be moved by road, sources said.

METRO PROJECTS

The containers can also be taken to ready-mix concrete plants in urban centres and large construction sites like highways and metro projects.

The containers offer the flexibility of multimodal transport, they said.

Interestingly, in 2022, Concor handled the first rake movement of bulk cement for Bharathi Cement in specialised tank containers from the cement siding of Bharathi Cement (Yerraguntla, Andhra Pradesh) to ICD/Irugur where they unloaded some into silos and took the rest to Kerala.

Aakash accuses EY of professional misconduct

Press Trust of India
New Delhi

Test preparatory firm Aakash Educational Services has sent a legal notice to consultancy firm EY, its partners and officials, accusing them of advising rivals in conflict of interest and professional misconduct, the company said on Saturday. Aakash Educational Services Ltd (AESL) has alleged that EY was deeply involved in its financial operations since 2021, including advising on the proposed merger with Think & Learn Private Ltd, which owns the Byju's brand.

Rejecting charges, EY said, "We refute all allegations. We treat matters of client confidentiality and conflict with utmost seriousness. Therefore, we cannot comment further on this matter."

The test preparatory firm said EY has been involved in the structuring and conversion of debentures into equity and it has now come to light that the consultancy firm also acted as the "exclusive financial advisor and official result validators" to AESL's direct competitor, Allen Career Institute.

LEGAL NOTICE

"Aakash Educational Services has served a second legal notice through Senior Advocate CV Nagesh to multiple partners and officials of EY, accusing the firm of conflict of duty and professional misconduct," AESL said.

The notice highlights that despite AESL's repeated requests dated April 12, May 6, and May 17, 2025, EY has failed to provide documents and communications related to key transactions, suggesting concealment of critical information."

IndiGo targets transit passengers with new routes to Europe via Mumbai

Rohit Vaid
Manchester

Pieter Elbers, Chief Executive Officer of IndiGo BLOOMBERG

Airline major IndiGo is eyeing a significant share of the transit passenger market between Europe and South-east Asia via Mumbai.

The airline's Chief Executive Officer, Pieter Elbers, said, "India's geographical position allows passengers to catch connecting flights beyond India. If you fly from Europe to South-east Asia, connecting in Delhi or Mumbai is a good opportunity."

NEW DESTINATIONS

The airline has launched direct flights from Mumbai to Manchester and Amsterdam, and plans to operate to new destinations like Copenhagen this winter.

"Even the potential for point-to-point traffic from Manchester to Mumbai is massive," Elbers told *businessline* in Manchester. "This service will help us mitigate seasonal fluctuations," he added. According to Elbers, IndiGo's growth strategy is designed to offer an additional option for Indian travellers, rather than simply taking away traffic from West Asian carriers and European operators.

"We will take away some traffic, but I see it as offering an additional option for Indian travellers," said Elbers.

"Our product is designed to feel at home for Indians and offer a taste of India for non-Indians.

Indian travellers are diverse, and our network reflects that diversity," said Elbers, adding, "We're not just looking at where Indian travellers go, but also new places."

Further, the airline is preparing for expansions with its new Airbus A321XLR aircraft. "We're developing our network... We're preparing for expansions with the XLRs," he said. At present, IndiGo has a fleet of over 400 aircraft, with which it operates more than 2,200 daily flights.

The writer was in Manchester at the invitation of IndiGo