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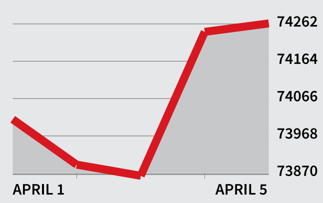

IN FOCUS

	Week's close	Week's change
Nifty 50	22513.70	+186.80
P/E Ratio (Sensex)	25.44	+0.29
US Dollar (in ₹)	83.29	-0.11
Gold Std 10 gm (in ₹)	69602.00	+2619
Silver 1 kg (in ₹)	79096.00	+4969

MORE CONS THAN PROS. **Thierry Delaporte's exit** from Wipro doesn't come as a suprise as the company has been floundering with him at helm **p10**

POLLSCAPE. **While BJP is gung-ho** about the high-speed train in Gujarat, opponents question its necessity **p3**

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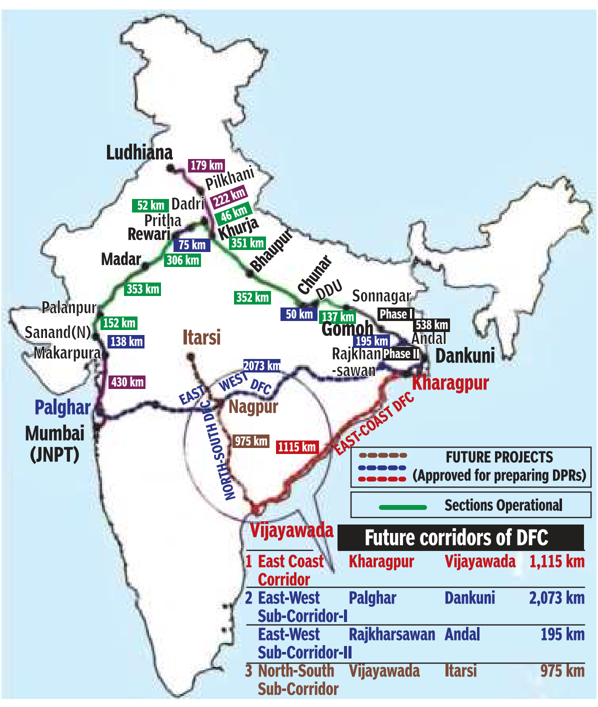
Three new dedicated freight corridors on track

MASTER PLAN. Rlys to take final call on funding, alignment of ₹2-lakh crore project, spanning 4,300 km; expected to boost freight traffic, free up regular tracks



Abhishek Law
New Delhi

At least three more dedicated freight corridors, including commodity-specific routes, are being considered as part of the Indian Railways' plan to push faster freight movement and free up regular tracks for passenger trains.

Covering the east coast route, the north-south trail, and an east-west one, these three corridors span a total length of 4,300 km, with the estimated project cost being ₹2-lakh crore.

The network alignment reports for all three corridors are being prepared by the Dedicated Freight Corridor Corporation of India Ltd .

While two of the DPRs have been submitted, a third will be ready by this month-end, sources told *businessline*.

"The first priority was decongesting the Delhi–Howrah and Delhi–Mumbai routes to ensure faster movement of freighters and free up tracks for improved running of passenger trains," an official said.

EAST COAST TRACK

According to officials in the know, the first dedicated freight corridor so proposed is along the East Coast, running almost parallel to the existing coastal passenger rail line and covering an approximate distance of 1,200 km starting at Kharagpur (West Bengal) and terminating at Tenali (in Andhra Pradesh).

The initial plan was to end the route at Vizag, connecting the port, but it was subsequently extended to Tenali.

"This route passes through Bengal and Odisha – two mineral-rich states – and also connects to the Vizag port. The target sectors for this corridor include coal, fertilizer, and iron ore transportation, as well as other commodities like steel," the official explained. "Port connectivity with Chennai would also improve if the corridor is extended to Tenali," he added.

The second route or the North-South Corridor is from Itarsi (in Madhya Pradesh) to Tenali, a distance of 1,000-1,200-odd km. The proposed corridor will pass through Itarsi-Nagpur-Vijayawada and end at Tenali.

It will pass through Madhya Pradesh, Maharashtra, Telangana and Andhra Pradesh.

"Traffic would cover coal, cement, fertilizers, petroleum, oil and lubricants, among others," the official said, adding that the long-term plan would be to connect Dadri in Uttar Pradesh with Itarsi. This will allow connecting the existing and operational Dedicated Freight Corridor with the upcoming one.

PROPOSAL UNDERWAY

The third corridor, which is still under preparation, covers the East–West route connecting Andal (West Bengal) with Palgar (Maharashtra). This route passes through five States – West Bengal, Jharkhand, Odisha, Chhattisgarh and Maharashtra. The main line covers close to 2,100 km and there will be spur lines with an additional 300 km.

"Some route redesign was suggested and the DPR is expected to be submitted by April-end," the official said, adding that the major traffic generators would be coal and iron-ore, bauxite, manganese, ferro alloys, steel, ports – major and minor, fertilizers, thermal power plants, Container Corporation (Concor), Inland Container Depots (ICDs) and Food Corporation of India godowns.

"The Ministry of Railways will take a final call on the funding and alignment, and how to carry out these projects. Those decisions are currently under discussion," a Railway official said.

GPS jamming hits cargo ships transiting through Mediterranean and Black Sea

T E Raja Simhan
Chennai

Cargo ships travelling through the Mediterranean and the Black Sea are encountering increasing incidents of GPS jamming, where ship navigation data are manipulated or interfered with, especially in proximity to conflict zones. On April 4, some 117 different cargo-carrying vessels appeared in Beirut-Rafic Al Hariri International airport in Lebanon, according to Lloyd's List Intelligence data.

While the 'spoofing' of ships' AIS (automatic identification system) signals to create false vessel locations has become a common tactic to circumvent sanctions, the widespread jamming of GPS signals in the Black Sea marks a potentially dangerous new method of AIS manipulation.

Details p10

RBI may issue guidance on SFB upgradation to universal banks

Hamsini Karthik
Mumbai

MISSION UNIVERSAL BANK

- An application process for the upgradation to universal bank is also likely to form part of this circular
- At present, SFBs can seek to become universal banks upon five years of operations as an SFB
- Equitas SFB, AU SFB, Ujjivan SFB and Jana SFB have indicated their intention to become a universal bank

The Reserve Bank of India is expected to issue guidelines or a circular that could pave the way for small finance banks to become universal banks. This circular is expected to outline the necessary requirements for SFBs seeking to convert into universal banks, including details of the application process for this upgrade.

At present, SFBs can seek to become universal banks upon completion of five years of operations as a small finance bank. The current licensing norms for SFBs do not have any additional requirements or conditions to be met to convert to a universal bank.

"However, there is a dilemma on whether a fresh application needs to be made to convert into a universal bank or the department concerned at the RBI should be approached for this purpose," said a senior executive of an SFB who didn't want to be named. Currently, there is no formal process for applying for an upgrade from an SFB to a universal bank. "This is stalling many of us from seeking universal bank licence, because there is no form or application to be furnished in this regard," said a CEO of an SFB on condition of anonymity. The RBI's move to come out with a circular or application format is expected to end this logjam.

UPGRADATION NEEDS

While the exact contents of the circular or the application format is still under deliberation, it is understood that asset quality, asset composition, branch network, adherence to corporate governance, the quality of leadership and information technology capabilities of the bank may be some of the yardsticks based on which the regulator could assess the ability of the SFB to convert to a universal bank.

That said, a section of senior SFB executives have expressed their apprehension on the expected circular.

"When the licensing norms specify that any SFB can apply to become a universal bank after five years of operations, how can additional riders be introduced? It might go against the essence of the licensing norms," said a CEO of an SFB.

Currently, at least four small finance banks – Equitas SFB, AU SFB, Ujjivan SFB and Jana SFB – have indicated their intention to convert to a universal bank. However, their talks with the regulator have been informal in the last one to two years. CEOs of some of these SFBs have said in the past that once the window for conversion opens, they would apply to become universal banks.

Pilot training schools run out of (Av)gas

Aneesh Phadnis
Mumbai

Training of pilots at flying schools across the country has been hit over the last four weeks due to the non-availability of certified aviation gasoline or Avgas.

While commercial aircraft rely on aviation turbine fuel, around 80-90 per cent of the trainer aircraft in India use Avgas, which is produced by Indian Oil Corporation.

Around 80-90% of the trainer aircraft in India use Avgas, which is produced by IOC

KEY REASON

IOC tests the product for its performance at an overseas laboratory. A delay in certification has held up the supplies. Flying schools, however, are not convinced by the refiner's claims and fear that supply disruption could slow down pilot production.

"For the past month, Avgas supply is around a tenth of our requirement. Consequently, our flying has declined to 10-20 per cent of the normal. In fact, on Saturday, we gave a day off to conserve the limited stock. April-May is a fair weather season across the country. If the disruption continues for longer, students would be badly hit as flying halves during the monsoon months," said Jati Dhillon, Managing Director of Government Aviation Training Institute, Odisha.

"Any shortage of Avgas, regardless of the reason, will ultimately impact the airline industry and, therefore, the populace of our country and the policies of the Indian government," the president of Association of Flight Training Organisations HVP Singh said. The association has sought Civil Aviation Ministry's intervention and suspects that the supply shortage was caused by exports. An IOC executive denied this and said the company always meets domestic demand first before exporting products.

Before September 2022, all the Avgas consumed in the country was imported from Europe. IOC began producing it from its Vadodara refinery as a part of an initiative to reduce dependence on imports. Local production is now taking care of domestic requirements.

"There are around 220 trainer aircraft with flying schools across the country and nearly 80-90 per cent of them run on Avgas. While some larger schools keep buffer stocks, even those would be close to exhaustion. Thus, the impact of supply disruption will be felt across the board," said Hemanth DP, CEO of Asia Pacific Flight Training Academy.

34 TRAINING SCHOOLS

There are 34 DGCA-approved flying training schools in the country operating at 55 bases. Last year, the DGCA issued a record 1,562 commercial pilot licences to domestically trained pilots and those trained overseas.

In a statement, IOC said there is no disruption in Avgas production. "Before supplying it to our customers, one final test is done in a foreign laboratory. We are awaiting the certification report. We expect to receive it in the coming week. We have sufficient stock in our refinery and normal supplies can resume immediately once we receive the certification," IOC said.

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QUICKLY.

Coal import increases 13% in February

New Delhi: India's coal import rose by 13 per cent to 21.64 million tonnes (mt) in February as some buyers took fresh positions to replenish stocks ahead of summer, according to online marketplace mjunction. The country's coal import was 19.15 mt in the corresponding month of FY23. "Coal imports in February 2024 were up by 13 per cent as against 19.15 mt in February 2023," as per the data compiled by mjunction. PTI

Tata Steel's sales up 5% in March quarter

Mumbai: Tata Steel has reported that its sales in the March quarter were up five per cent at 5.41 million tonnes (mt) against 5.15 mt. In the Netherlands, it was down marginally at 1.40 mt (1.48 mt), and in the UK, it dipped to 0.69 mt (0.76 mt). In the financial year ended March, its domestic sales increased six per cent to 19.90 mt (18.85 mt), while in the Netherlands and UK, they were down at 5.30 mt (5.2 mt) and 2.80 mt (2.95 mt). It was down at 1.12 mt (1.21 mt). OUR BUREAU

Pre-IPO investments see threefold surge in FY24

CRAZE CONTINUES. Companies making a debut raise ₹1,309 cr, the highest since FY17

Ashley Coutinho
Mumbai

Companies that made their debut on the bourses in the last financial year raised over ₹1,300 crore by way of pre-IPO placements. This is three times the amount collected through this route in the last fiscal and the highest mop-up since FY17, the year from which data is available. The amount is 1.93 per cent of the funds mobilised through IPOs in FY24.

The previous highest mop-up from such placements was in FY21 when companies raised ₹931 crore, making up 2.95 per cent of the total amount raised through IPOs that year, data from primedatabase.com, a primary market tracker, showed.

Companies that garnered the most by way of such placements in FY24 include Rashi Peripherals (₹150 crore), SBFC Finance (₹150 crore), Jupiter Life Line Hospitals (₹123 crore) and Yatharth Hospital & Trauma Care Services (₹120 crore).

Pre-IPO investing refers to buying shares in a company before the issue actually opens and is typically done after the draft prospectus is filed and before the issue opens for subscription.

"Companies are able to get a pricing benchmark for their issues through a pre-IPO placement and also potentially get some marquee investors on board. Investors are assured of a certain allocation at a certain price, which may or may not be the case if they invest through the anchor or qualified institutional buyer book," said Pranav Haldea, Managing Director, Prime Database Group.

According to Haldea, pre-IPO placements could be particularly useful for smaller IPOs as getting marquee investors can add credibility to the issuance. Mid and small-cap companies dominated the IPO scene last year. The average deal size reduced significantly to ₹815 crore in FY24 compared with ₹1,409 crore and ₹2,105 crore in the previous two years.

On a high (₹ cr)

	Pre-IPO placements
2016-17	779
2017-18	193
2018-19	-
2019-20	356
2020-21	931
2021-22	198
2022-23	434
2023-24	1,309

Source : primedatabase.com

The decision to do a pre-IPO is taken by the company in consultation with the investment bankers. Such placements are particularly targeted at wealthy investors and family offices.

From April 1, 2022 the market regulator changed its rules for IPO allotment for wealthy investors. One-third of the shares under the NII category are allotted to HNIs with an application size of ₹2-10 lakh. The remaining is for applications of over ₹10 lakh.

"HNI allotments are now done through draw of lots. Earlier, if you put in a bid of ₹100 crore and the issue was subscribed 100 times you got an allocation of ₹1 crore.

NEW RULES

Under the new rules, there is no guarantee that an HNI will get a higher allotment just by putting in higher bids for well-subscribed issuances. This is one reason why wealthy investors now prefer investing through pre-IPO funds," said Munish Aggarwal, Managing Director and Head - Equity Capital Markets, Equirus.

Pre-IPO investors must compulsorily hold the shares for six months from the time of the IPO. Anchor investors are subject to a lock in of 30 days post which can sell half their holdings and the rest after 90 days. The Pre-IPO shares can be allotted at any price while anchor allotment happens within the IPO price band.

March heralds sizzling summer sales for seasonal products makers

Meenakshi Verma Ambwani
New Delhi

Early summer demand trends in March indicate that makers of seasonal products such as air conditioners, beverages and ice creams have begun seeing soaring sales. AC, beverage and ice-cream companies are eyeing strong double-digit growth rates as they have ramped up capacities and distribution for a scorching summer season. This is a respite for seasonal product makers who witnessed sluggish summer sales last year due to unseasonal rains.

Sanjay Chitkara, Senior VP, LG Electronics India, said, "Our growth on a pan-India basis was about 35 per cent in March. However, in certain States such as those in the southern and eastern regions, the growth was much higher as sales have doubled. It's a very encouraging trend and indicates that we are going to have a strong summer season this year."

Kamal Nandi, EVP and Business Head, Godrej Appliances, said that the air conditioner industry is estimated to have clocked a value growth between 12-15 per cent in March. "At Godrej Appliances, we have seen a growth of over 25 per cent for March alone. We expect this momentum to continue during Q1 and are aiming for over 30 per cent growth for the overall summer season year-on-year," he said.

Consumer durable players are hoping to also see an uptick in the entry-level mass segment during the June quarter PTI

Consumer durable players are hoping to also see an uptick for the entry-level mass segment in categories such as refrigerators during the June quarter.

"Looking at early trends, we are very bullish on the summer season and anticipate to see 40 per cent growth year-on-year in the air conditioner segment," said N S Satish, President, Haier Appliances India.

Voltas said it registered a "significant" volume growth of 72 per cent in AC sales in the March quarter.

BEVERAGES, ICE CREAMS

Demand has picked up for the beverage segment, triggered by the elections, the timely onset of the summer season and the four-month-long cricket season. According to Ankit Kapoor, Head of Marketing and International Business, Parle Agro, maker of Frooti and Appy Fizz, after a tepid 2023 due to a weak summer season, the category is expected to grow in high double digits this year.

A spokesperson for Coca-Cola India said it is adopting a segmented approach and strategically ramping up distribution to meet consumer demand.

"Our focus is on accelerating our refreshed portfolio of carbonated soft drinks. Additional manufacturing capacities have become operational in time for the season. Bisleri and carbonated drinks range are also available for vending and experience in stadiums of our five partner teams in IPL," Angelo George, CEO, Bisleri International, said.

Manish Bandlish, MD, Mother Dairy, said, "With soaring temperatures, ice creams alone have witnessed a 20 per cent rise in demand in March over last year. We have already augmented our production capacities as well as our distribution infrastructure to meet demand."

Mohit Khattar, CEO, Graviss Foods Pvt Ltd also said the Baskin Robbins brand is expected to see 17-20 per cent increase in summer sales over the same period last year.

Adani Green to invest $5 b on expanding RE capacity at Khavda

Rishi Ranjan Kala
Ahmedabad

Adani Green Energy (AGEL) will invest around ₹41,400 crore, or roughly $5 billion, in expanding the solar and wind power capacities at its flagship renewable energy (RE) park in Gujarat by 2026. The renewables arm of the mining-to-energy Adani Group is setting up the world's largest RE plant with 30 GW of renewables capacity by 2030 near Khavda village in Kutch district.

Earlier this month, AGEL became India's first company in the renewables space to surpass the 10 GW mark with an operating portfolio of 10.93 GW. It aims to achieve a capacity of 45 GW by the end of this decade.

KHAVDA EXPANSION

The latest expansion will increase the capacity of the Khavda project, which is spread over an area roughly the size of Mumbai or five times that of Paris, to 11 GW in the next two years from 2 GW at present.

Speaking to the media, AGEL MD Vneet Jaain said, "In FY25, we are planning to deploy 4 GW at Khavda. We have already completed 2 GW. So, we will have 6 GW by March 2025. Then every year, we have a plan of setting up a minimum 5 GW."

When asked about investments, he said the total investment in Khavda is around ₹1.5 lakh crore. Generally, as a thumb rule, solar requires around ₹4.5-4.6 crore per megawatt (MW) and wind about ₹6.5 crore. As for financing, Jaain said the company has charted out the entire road map.

"We have a complete programme. As in how much we will get every year through internal accruals, how much equity is required or how financial closures will happen. Then how we will go for domestic loans or how we will go for ECBs and how we will convert into bonds. So, the whole, up to next 7-8 years, up to 45 GW, which we have planned for 2030. Complete financial plan is there, year by year and quarter by quarter," he added.

The total investment in Khavda is around ₹1.5 lakh crore, of which the company will spend ₹26,000 crore on wind power for setting up 4 GW and ₹1.17 lakh crore will be on setting up 26 GW of solar capacities.

Vneet Jaain, MD, AGEL

MANUFACTURING PUSH

Based on Jaain's break up, AGEL will require around ₹18,400 crore for setting up 4 GW solar capacity in FY24. Similarly, for FY26, the company will require another ₹23,000 crore for another 5 GW. Assuming that the upcoming capacities till 2026 at Khavda are entirely for solar power, the minimum investment required for the expansion will be ₹41,400 crore, which amounts to $4.97 billion at today's exchange rate. Besides setting up renewables, the group is also establishing a comprehensive RE manufacturing ecosystem across wind, solar, electrolyser and allied equipment at Mundra in Gujarat.

The manufacturing ecosystem push is through Adani New Industries (ANIL), a subsidiary of Adani Enterprises (AEL). Jaain, who is also a Director at ANIL, said, "We are going ahead with the expansion of our manufacturing capacities. Right now, we have 1.5 GW of wind manufacturing capacity. We have started 2.5 GW additional. On the solar side, we are finalising how much expansion we should go for immediately and then how much in phases. The ultimate aim is to go for a minimum of 5 GW in wind and 10 GW for solar with a complete manufacturing ecosystem. For wind, I personally believe that we are adding 1 GW by March 2025 and maybe 2.5 GW by March 2027. For solar, we can say in 3.5 years from now. For this, over ₹30,000 crore is the investment," he added.

The reporter was in Ahmedabad at the invitation of Adani Green Energy

TODAY'S PICK.

Sun Pharma Advanced Research (₹433.4): BUY

Akhil Nallamuthu
bl. research bureau

Sun Pharma Advanced Research's stock rallied sharply towards the end of 2023.

But since the beginning of this year, it was largely trading in a broad sideways trend. Last week, it gained nearly 18 per cent, indicating that the stock has resumed the uptrend.

While there is a chance for the price to see a corrective decline to ₹400 from here, we expect it to eventually rally to ₹500 in the short term. Therefore, participants can consider buying this stock now at ₹433 and accumulate if the price dips to ₹405. Place stop-loss at ₹375. When the stock touches ₹460, tighten the stop-loss to ₹435. Raise the stop-loss further to ₹460 when the stock hits ₹485. Book profits at ₹500.

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

E-way bill generation touches all-time high of 10.35 crore in March

Shishir Sinha
New Delhi

Fiscal year-end closing coupled with better compliance and improved consumption pushed e-way bill generation to an all-time high of 10.35 crore in March, data collected by GST Network (GSTN) showed. This could have some impact on the GST collection in April the data on which data will be out on May 1. Normally, April records a very high collection. Last April saw an all-time high collection of ₹1.87-lakh crore.

E-way bill, GST collection

E-way bill (in crore)		Collection (in ₹ lakh cr)	
March 2023	9.09	April 2023	1.87
April 2023	8.44	May 2023	1.57
May 2023	8.82	June 2023	1.61
June 2023	8.61	July 2023	1.65
July 2023	8.79	August 2023	1.59
August 2023	9.34	September 2023	1.63
September 2023	9.20	October 2023	1.72
October 2023	10.03	November 2023	1.68
November 2023	8.76	December 2023	1.65
December 2023	9.53	January 2024	1.74
January 2024	9.6	February 2024	1.68
February 2024	9.73	March 2024	1.78
March 2024	10.35	April 2024	TBA

Source: Finance Ministry, GSTN

This is the second time since the introduction of an e-way bill in 2018 when generation crossed 10 crore in a month. The previous all-time high was in October, when 10.03 crore e-way bills were generated.

Barring November, e-way bill generation has been nine crore plus since August last. Also, during the last fiscal i.e., 2023-24, seven out of 12 months saw more than nine crore bill generations and two out of these seven months recorded 10 crore plus.

HIGHER GENERATION

During the last three months (December, January and February), more than 9.5 crore e-way bills had been generated. Also, October saw an all-time high generation of over 10 crore. Explaining the reasons behind the higher generation, Vivek Jalan, Partner with Tax Connect Advisory, said: "While e-way bills have been long prevalent in the indirect tax space, under GST, the linkage with e-invoicing and the moving squads enforcing implementation have resulted in the unorganised movements and corresponding supplies being brought under the GST net."

According to Ankur Gupta, Practice Leader (Indirect Tax) at SW India, the latest number shows several significant trends in India's economic landscape. First, it reflects a notable increase in consumption across various sectors, with heightened economic activity driving the need for transportation and logistics services. This rise is particularly evident in industries such as FMCG and electronics, where year-end supplies and the increased demand contribute to the surge. "With advancements in digital infrastructure and regulatory frameworks, businesses are becoming more vigilant in adhering to documentation requirements, thereby enhancing overall compliance levels," he said.

How will this latest number of e-way bills impact GST collection? Prateek Bansal, Tax Partner with White and Brief – Advocates & Solicitors, said an increase in consumption is directly relatable to the jump in GST revenues. "Given the buoyancy in GST collections due to increased compliances, particularly generation of e-way bills and e-invoices, GST collections are likely to settle at an elevated level with a more robust economic recovery in the coming months," he said.

Jalan said the generation of e-way bills has been increasing and correspondingly, the GST revenues. "However, it is to be kept in mind that the intrastate e-way bills resulting in CGST plus SGST revenue will be more relevant from the GST revenue point of view as IGST will largely be utilised as ITC in B2B supplies," he said.

POLITICS ON RAILS

Bullet train, a campaign issue in Gujarat

BONE OF CONTENTION. While BJP is gung-ho about the Mumbai-Ahmedabad high-speed train, opponents question its necessity

Avinash Nair
Ahmedabad

The BJP is emphasising Prime Minister Narendra Modi's Mumbai-Ahmedabad bullet train project in its election campaign in Gujarat.

The high-speed train on the Mumbai-Ahmedabad High-Speed Rail Corridor, operating at speeds of 320 km/hr and covering a distance of 508 km with 12 stations, has become a point of contention. Critics are questioning the utility and necessity of the train, sparking debate between the BJP and its opponents.

"The Bullet Train will first start from Bilimora (in Navsari) to Surat. It is not a small matter that the country's first bullet train is happening in our region," said BJP President of Gujarat CR Patil, who represents the Navsari constituency — which is one of the 26 Lok Sabha seats currently occupied by the BJP in Gujarat.

Patil had won the 2019 polls with a victory margin of 6.87 lakh votes, the highest in the State.

Speaking at the Vibrant Gujarat Global Summit recently, Union Railway Minister Ashwini Vaishnaw stated that the 35 km stretch between Surat and Bilimora in Gujarat is expected to be completed, with the bullet train on this segment becoming operational by 2026. The Minister also attributed delays in the project to the Shiv Sena-NCP-Congress government led by Uddhav Thackeray in Maharashtra.

DUE COMPENSATION

Speaking at a political gathering in Navsari on April 2, Patil said, "The farmers who gave up their land for the Bullet train project were initially offered ₹3 lakh per bigha (1.5 bighas is equivalent to an acre). They approached me and I assured them that I would not allow any injustice. I advocated on their behalf and the compensation was increased to ₹1.03 crore, providing them with an additional crore. This compensation is tax-free and exceeds double the market rates. Our efforts are aimed at ensuring that no one suffers injustice."

Patil did not mention the farmers' protests in Gujarat against the compensation provided by the National High Speed Rail Corporation Limited (NHSRCL).

In September 2018, a year after the project's foundation stone was laid, the Gujarat government announced that compensation for affected farmers would be doubled.

The first trial run of the bullet train is expected to happen on a 50 kilometre stretch between Surat and Bilimora in South Gujarat in 2026. NHSRCL has already paid more than ₹9,400 crore as compensation for land acquired in Maharashtra, Gujarat and the Union territory of Dadra and Nagar Haveli. Of this, ₹6,104 crore compensation for 6,248 private land parcels in Gujarat.

The Gujarat unit of BJP has published a video reel on the Bullet Train project on social media and stated, "For the Congress, the Bullet train was a day-dream. But it is a resolve for the Modi government. The project is taking shape and by 2026 it will be ready for the general public. This video begins with an old pubic address of Congress leader Rahul Gandhi where he says, "The bullet train is never going to be built. It should not be called a bullet train, but it should be called a magic train." The video then shows pictures of infrastructure — including bridges, viaduct and stations — being built as part of the project.

POLL ISSUE

While BJP leaders in Maharashtra have not emphasised the bullet train project in their election campaign, the party's leadership remains committed to advancing the project. Raj Thackeray, who previously opposed the project, is currently in discussions with the BJP for a potential alliance. Meanwhile, Uddhav Thackeray, who expressed that the bullet train was not a priority during his tenure as Chief Minister, is now out of power in the State.

ON THE FAST TRACK. Construction work underway at the Bandra Kurla Complex Station, a key component of the Mumbai-Ahmedabad High-Speed Rail (HSR) corridor, in Mumbai PTI

QUICKLY.

Andhra CM Jagan gets EC notice for violating MCC

The Election Commission of India (ECI) on Sunday issued a notice to the Chief Minister of Andhra Pradesh, YS Jagan Mohan Reddy, for making derogatory comments about Telugu Desam Party (TDP) chief, Chandrababu Naidu. This follows an official complaint filed by TDP Politburo member Varla Ramaiah against Jagan Reddy on April 5. The EC served the notice to Jagan asking him to submit his stand within 48 hours from time of receipt of the notice, failing which a report will be sent for further action. During YSRCP's '*Memanta Siddham*' public meetings at Puttalapattu, Madanapalle, Naidupeta, Jagan equated Chandrababu Naidu to multiple demonic characters from popular films, apart from making false allegations against Naidu. OUR BUREAU

AAP fasts to protest against Kejriwal's arrest

Top Aam Aadmi Party leaders held a day-long fast at Jantar Mantar here on Sunday to protest against the arrest of Delhi Chief Minister Arvind Kejriwal and accused the BJP of resorting to dictatorship. Several party volunteers and supporters took part in the fast in the national capital, singing patriotic songs and waving posters showing an image of Kejriwal behind bars. Similar protests were held in other states as well as by Indians abroad, including at Harvard Square in Boston, the Hollywood Sign in Los Angeles, outside the Indian Embassy in Washington DC, in New York Times Square and Toronto, London and Melbourne among others, party leaders said. Senior AAP leaders, including Delhi Assembly Speaker Ram Niwas Goel, Deputy Speaker Rakhi Bila, ministers Gopal Rai, Saurabh Bharadwaj, Kailash Gahlot and Imran Hussain attended the day-long 'Samuhik Upwas' at Jantar Mantar. PTI

QUOTE.

The track record of Modi ji's politics has been fabulous. And it was fabulous because we treat people as supreme whereas the Congress treats a family supreme

RAJNATH SINGH
Union Minister

Modi ki guarantee about providing 2 crore jobs reverberates as a bad dream in the hearts and minds of our youth. Therefore, the Congress has brought in 'Pehli Naukri Pakki' guarantee under 'Yuva Nyay'

MALLIKARJUN KHARGE
Congress president

GROUND ZERO

Gadkari hopes to bag Nagpur with over 5 lakh margin

Radheshyam Jadhav
Pune

Nitin Gadkari, the 'highway man' known for navigating political obstacles, is now on a quest for his third consecutive Lok Sabha victory from Nagpur. As he prepares to contest against Congress' MLA Vikas Thakre in the stronghold of Rashtriya Swayamsevak Sangh (RSS), Gadkari finds himself at a crossroads while charting his own course.

While his supporters hope for a larger national role post-2024, Gadkari is focused on winning the Nagpur seat by a margin exceeding five lakh votes.

POLL AGENDA

The Nagpur LS constituency has historically been a stronghold for the Congress party. Since 1977, Congress has clinched the Nagpur Lok Sabha seat nine times. While the BJP's Banwarilal Purohit managed to win the seat in 1996 amid the Ram Mandir issue dominating headlines, the Congress regained its dominance and held the seat for the subsequent four terms.

In 2014, Nitin Gadkari shattered Congress' stronghold by defeating the four-term sitting MP and veteran Congress leader Vilas Muttemwar with 54.17 per cent of the votes, while Muttemwar received just 27.92 per cent of the votes. Gadkari further solidified his position in 2019, increasing his vote share to 55.61 per cent and defeating Congress' Nana Patole, who received 37.42 per cent of the votes.

BJP leader and Union Minister Nitin Gadkari

After filing his nomination papers on Wednesday, Gadkari highlighted his efforts over the past decade to drive Nagpur's overall development, citing projects totaling more than ₹1 lakh crore. He emphasised initiatives such as the *Mihan* (special economic zone), 24x7 water supply and infrastructure development, appealing to voters to elect him to the Lok Sabha with a margin exceeding five lakh votes. He didn't forget to praise Prime Minister Narendra Modi for India's rapid progress under his leadership.

Vikas Thakre criticised Gadkari, alleging that Nagpur still suffers from development shortcomings despite his leadership. Thakre framed the election as a broader struggle to preserve democracy and combat autocratic rule. Coming from the Kunbi community, which holds a significant vote share in Nagpur, Thakre aims to capitalise on dissatisfaction among Kunbi Marathas regarding the State government's decision to grant OBC quota reservation benefits to Marathas using old government documents. Thakre hopes to leverage this discontent in his bid against Gadkari.

ROADBLOCKS

The Congress is also banking on Gadkari's foes within the BJP-led alliance. Gadkari, hailed as the "blue-eyed boy" of the RSS, entered national politics as a promising figure. Having played diverse roles in state politics, Gadkari became the BJP's national president in 2009, setting a record as the youngest person to hold the position at the age of 52. However, his tenure was cut short in 2013 when he resigned from the post amidst allegations of questionable investments in the Purti group of companies. Despite being poised for a second term, opposition within the BJP prevented his re-election. Following his resignation, senior RSS ideologue MG Vaidya had suggested that Gadkari was ousted due to an "internal political conspiracy."

While Nitin Gadkari's supporters and mentors in the RSS envision a significant role for him post the 2024 LS polls, a faction within the BJP is growing apprehensive about this prospect. Gadkari's supporters are eager to see him unleash his full potential on the political stage, setting the stage for a potential clash of ambitions and power dynamics within the party.

India's largest slum chases the redevelopment mirage

A LONG, ARDUOUS WAIT. Twenty years have passed since the govt unveiled a redevelopment plan; till date, it remains just that

Aroosa Ahmed
Mumbai

SILENT BATTLE. With cramped lanes and limited access to basic amenities, Dharavi reflects the stark realities of urban poverty REUTERS

In the heart of Mumbai, lies Dharavi, India's largest slum, where residents strive for progress amidst challenges. With cramped lanes and limited access to basic amenities, Dharavi reflects the stark realities of urban poverty. However, beneath the surface lies a vibrant community eager for change. As election approaches, Dharavi is flooded with promises of development, with re-development emerging as a key focus in recent years. However, as residents prepare to cast their votes, many feel that the search for development remains elusive.

"I started living in Dharavi after my marriage. It has been 25 years and we are still struggling for essentials. I get up at 5 am every morning to fill potable water available only for one hour every day. My husband and I travel 10 km every month to get basic healthcare. I am contemplating on voting in this election because we have not got anything apart from assurances," said Anjali Kamble, a Dharavi resident.

Dharavi is home to over two lakh voters and is a part of the Mumbai South-Central constituency. The voter's profile in the area consists largely of scheduled castes and minorities.

"No political party cares for what is happening in Dharavi. The promised redevelopment is yet to begin and people are forced to live in unhygienic conditions," said Ravi Jadhav a Dharavi resident who has lived in the slums of Dharavi since childhood.

In 2004, the Maharashtra government announced the Dharavi redevelopment project, promising to transform the lives of the slum residents and turn the area into a business centre. Twenty years later, the redevelopment project is yet to start. The $3 billion Dharavi redevelopment project — undertaken by the Adani group — is expected to be completed in seven years.

"Voters residing in Dharavi are fed up with the assurances and are against the BJP and Shinde Sena alliance... All types of election gimmicks are being used just to get votes" says Raju Korde, social worker and president of Dharavi Redevelopment Committee (RDC).

Despite its challenges, Dharavi is a testament to the resilience and entrepreneurship, and is home to a slew of manufacturing businesses. The area has a small-scale manufacturing industry for leather goods, garments and pottery. Recycling of plastics is also carried out on a large scale here. But the shop owners in Dharavi say that their businesses are not thriving.

"The leather business in Dharavi has drastically reduced after the increase in GST. Businesses have reduced up to 40 per cent in the last three years. If this continues, the Dharavi leather industry will be in trouble. The business owners are also not very hopeful about the Dharavi redevelopment project because the business could be impacted more by the placement of shops. Presently all leather shops are located on the main road," said Anil Khade whose family runs the 1975 leather shop Rank in Dharavi.

"Dharavi residents want development. Those opposing the project are outsiders, not the real residents of the area. Prime Minister Narendra Modi is personally monitoring the project. The project requires various State and Central approvals and people realise that the project will be implemented quickly with the Centre's support," said South Central MP Rahul Shewale.

With inputs from Aneesh Phadnis

STATE OF PLAY: KERALA

BJP eyes elusive Christian votes to break the 'bipolar jinx' in Kerala

Vinson Kurian
Thiruvananthapuram

For a political juggernaut aiming to breach the last bastion, the BJP has repeatedly found Kerala to be an enigma. Hindus account for 54.73 per cent of the population, while Muslims (26.56 per cent) and Christians (18.38 per cent) combined make the 'significant other.'

Findings of an All-India Post-poll NES 2019-Survey in 2019 by CSDS-Lokniti had spelt out in some detail the challenge at hand. As much as 50.4 per cent of the Christian respondents viewed the rise of the BJP as 'bad' for the State; only 3.1 per cent said it is 'good'. For 11.9 per cent, its rise 'would not make difference.' Separately, 37.2 per cent of the respondents said they did not 'like the party at all' while 10.2 per cent 'liked it a lot'; 25.1 per cent liked it 'somewhat' and 18.2 per cent liked it 'very little.'

CHANGING CHOICES

The Sabarimala agitation had helped it to raise vote share substantially in 2019 and end up a close second in seven assembly segments. But State Assembly elections in 2021 saw it forfeit the only seat it had won with great fanfare in 2016. Political preferences in Kerala depending on the unfolding social reality. Except for the extremely poor, all other socio-economic groups, including dalits, OBCs, the lower classes and the younger generation, are highly volatile.

Christians enjoy better economic clout and social heft than in Goa or the North-East, as evident in an array of imposing churches, schools, hospitals, skilling centres and other infrastructure standing tall along the main roads. The community can potentially tilt scales in at least 13 out of the 20 seats. But the BJP queered the pitch this time by leaving only one seat to it. That this seat happens to be Pathanamthitta, fulcrum of the Sabarimala agitation, is purely coincidental.

WAXING AND WANING

Outside of Central Kerala, where they are numerically strong, Christians are present in fewer numbers in the hill districts. Bishops of Thalassery and Wayanad in the North have waxed and waned in their disposition towards governments at the State and the Centre.

While one famously promised to win a seat for the BJP if interests of rubber farmers are taken care, the other took up cudgels on behalf of those suffering from man-animal conflicts. The unspoken rule is a candidate must win a threshold 30-32 per cent share in Assembly elections and 35-40 per cent in Lok Sabha elections to make the cut. The best the BJP has managed so far is in Thiruvananthapuram where it garnered 32.4 per cent in 2014 and 31.4 per cent in 2019. In 'A' class Pathanamthitta, the party has fielded this time a novice: Anil Antony, son of senior Congress leader AK Antony, against sitting UDF MP Anto Antony.

In the absence of persuasive campaign issues, analysts feel core Hindu votes may get split to benefit the Congress-led United Democratic Front's (UDF) under the watch of Rahul Gandhi (Wayanad). The crucial question is whether the BJP can break the 'bipolarity jinx' with help from fringe groups of committed Christian voters, aptly dubbed '*Chryssanghis*.'

Joseph John, senior journalist, said from Kottayam that the '*love jihad*' polemic was flogged to death by the clergy and the interested laity. Rival political parties had gleefully joined in to serve own interests, pitting one community against the other.

TOUGH CHOICES AHEAD

There is a realisation among sections of the community that a Modi-led dispensation at the Centre is a foregone conclusion in 2024. A retired professor in Thiruvananthapuram said there is no charm to be marked out as a perennial fence-sitter only to find oneself at the wrong end of the stick every time. It is time to make tough choices.

There is no sign yet any mass mobilisation will unfold with the clergy remaining outwardly indifferent citing Manipur and 'minority insecurity.'

Locally, analysts are keenly watching the grant scheme of the ruling Left Democratic Front (LDF) to win over the 'powerless' Indian Union Muslim League (IUML), rival UDF's very *raison d'etre*. UDF's loss will be an indirect gain for the BJP, but these are early days yet.

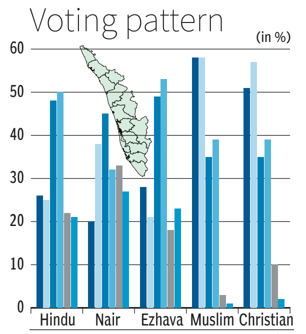
Kerala at a glance

BJP vote share (%) in seats with Christian population of 12% and above

Lok Sabha Seat	Christian population	Parliament elections 2019	Parliament elections 2014	Parliament elections 2009	Assembly elections 2021	Assembly elections 2016	Assembly elections 2011
Idukki	41.88	0	0	0	3.9	3.4	4.2
Pathanamthitta	39.66	29.0	16.0	7.1	13.6	11.0	5.7
Kottayam	38.70	0	0	4.6	7.2	5.6	4.2
Ernakulam	32.10	14.3	11.6	7.1	8.2	8.4	4.5
Chalakkudi	28.00	15.7	10.5	5.7	7.4	3.9	5.3
Mavelikkara	21.80	**13.8	9.0	5.1	13.6	13.0	4.1
Thrissur	21.40	28.3	11.2	6.7	18.2	18.7	18.3
Thiruvananthapuram	19.10	31.4	32.4	11.4	23.3	24.1	12.5
Alappuzha	14.30	17.3	0	0	6.6	4.9	3.2
Wayanad	13.70	**7.2	8.8	3.9	6.6	4.2	4.0

Source: Chanakkya.com **contested by NDA partner BDJS

Voting pattern



Source: Lokniti CSDS; *Communities chosen at random

the hindu businessline.
MONDAY - APRIL 8, 2024

Plane truths

Pilots' working conditions crucial for passenger safety

In recent days, the aviation industry has been rocked by two developments. On January 8, the Directorate General of Civil Aviation (DGCA) issued a revised set of 'flight duty time limitation guidelines', laying down maximum weekly duty and minimum rest hours for pilots, in the interests of passenger safety. This has caused a flutter in the industry, holding up its implementation. More recently, Vistara Airlines ran into resistance from its pilots for enforcing a new salary contract which reduces the fixed part of their salary. These developments are not unrelated to each other.

The January 8 guidelines rightly take a considerate view of pilot fatigue (and its impact on passenger safety), allowing for more weekly rest periods vis-a-vis the April 2019 rules which are now in force. These rules were expected to come into effect in June, but their implementation has been 'deferred' without any clear explanation. Under the proposed new guidelines, weekly rest has been increased from 36 hours to 48 hours. Night duty has been enhanced by an hour from midnight to 6 am (5 am at present), which allows for pilots flying into the dawn and morning more time to recuperate. Flight time and landings have been adjusted for pilots moving across time zones. Airlines shall submit 'quarterly fatigue reports', including action taken on them. However, the permissible monthly flying time presumably remains the same at over 100 hours.

The DGCA appears to have been persuaded by the airlines that they need more time to adjust to the pilot-friendly norms, as they would have to recruit an estimated 15-20 per cent more pilots. India has about 770 aircraft and over 9,000 pilots, which implies that about 1,500 more pilots would be needed to fly the same number of flights if and when the new FDTL rules come into force. Opinions are divided within the industry on whether so many pilots can be recruited in six months (of which three have gone by). Even if there is some basis to the airlines' plea, an extension of six months seems enough for recruiting the required pilots. Industry players should submit a transition plan. Passenger safety should be of utmost importance. Pilot training and hiring would have to be ramped up anyway to cope with fleet expansion plans of Air India and IndiGo.

Vistara pilots protested a new salary structure that aligns their package with industry counterparts. Their salary package is now tailored around 40 hours a month of flying, against 70 hours earlier. The reduction in fixed salary appears to be the sore point. Since pilots can still fly 100 hours a month (despite the proposed rules on rest), they stand to earn higher rates, over and above the package, as they approach the limit. Safety concerns stem not just from this motivation to log in more hours, but even more so from aircraft being up in the air for more than 12 hours in a day, cramping maintenance. The DGCA must review this ecosystem so that flying is safe, affordable and competitive. A sweatshop approach will not do, when labour is estimated to account for less than 10 per cent of an airline's operational costs.

FROM THE VIEWSROOM.

Lessons from electoral bonds saga

Jayant Pankaj

The Supreme Court's (SC) February 15 verdict, declaring the 'electoral bond scheme' unconstitutional, has instilled a renewed sense of confidence in democracy. The ruling underscores the fundamental right of voters to know who funds political parties, as emphasised by the SC bench in its verdict.

The comprehensive dataset on electoral bonds (EB) from 2019-24 disclosed by the State Bank of India reveals that over 90 per cent of donations originated majorly from corporate entities. Notably, the Bharatiya Janata Party (BJP), being in power, received the largest share of these funds, totalling more than ₹6,000 crore.

In addition to the Congress party, even regional political entities such as the All India Trinamool Congress and the Dravida Munnetra Kazhagam have also received substantial funding from EB. This highlights two significant factors in Indian politics: firstly, the role that 'big money' plays in shaping political dynamics, and secondly, the existence of an opaque funding mechanism that allows political parties to conceal their connections with donors.

Many critics have levelled accusations of quid pro quo against both the government and corporations in the context of EB. The disclosure of bonds coincided with raids conducted by India's central agencies on numerous organisations that are purchasers of electoral bonds. There have been instances where certain corporations made donations just days before receiving significant government tenders.

EBs represent just one symptom of a larger problem. Over the past two decades, political funding in India has become increasingly opaque. Prior to these bonds, other mechanisms, such as 'electoral trusts,' were considered partially opaque.

Indeed, achieving transparency in the funding mechanism will not happen overnight. However, the electoral bonds saga highlights the pressing need for policymakers to enact legislation that aligns with the public's right to information about political funding in India.

Why don't govt policies work?

There is an urgent need for expertise in policymaking. We need an Indian Policy Management Service

LINE& LENGTH.

TCA SRINIVASA RAGHAVAN

As the Modi government nears the end of its second term it is telling the country how well its economic policies have worked. The Opposition on the other hand is saying how badly these policies have worked.

We can define success as achieved when a policy benefits at least half the people it was meant to help. Benefit can be defined as making them better off than before. In financial terms, when the bang per buck is 50 per cent.

Incumbent governments focus on the successful part. Opposition focuses on the failed part.

If you leave aside politicians, the question we should really be asking is why government policies don't work. Not of any particular government but all governments.

The standard answer is faulty policy design. But why is policy design faulty? How can all policy designs have been wrong for 77 years?

The answer is blindingly obvious: those who design policies don't know what they are doing. If they did, we would probably have a higher success rate.

So why do those who design policies don't know what they are doing? One major part of the answer is well known: the top-down approach. This has been discussed continuously for half a century.

EXPERTISE, EXCELLENCIES

But lack of accountability is again just one part of the story. A far bigger problem is that all our governments have been asking the wrong people to design policies, namely, the generalist bureaucracy.

Barring maybe 20-25 per cent of them, Indian bureaucrats and politicians are totally lacking in even the minimum expertise that their jobs require. Of those around half manage to get by because of diligence, intelligence and commitment. It's only a small fraction that's truly deserving of the work it is assigned.

This is in sharp contrast to the other arms of the state. Just look around. It's no coincidence that institutions like the RBI, SEBI, TRAI, IRDA etc deliver a higher success rate than their masters in the parent ministries. It's like pilots taking instructions from the cabin crew.

The success rate of policies in India is abysmal because they are designed by a generalist bureaucracy lacking in expertise

This is in fact the biggest challenge India faces, regardless of the political parties in power. Remember Lalu Yadav as rail minister? He achieved loading targets by overloading over the repeated protests of professional railway people that this was bad for the tracks.

These examples — of cabin crew telling the cockpit crew what to do — can be multiplied many times over. True, it happens in all democracies but in India we have a double whammy: both the political and the administrative leadership is clueless.

Both learn on the job by using the old maxim. In the case of bureaucrats it is when in doubt confuse and confound. In the case if politicians it is bash on regardless.

Jawaharlal Nehru recognised the need for special expertise way back in 1951. So in 1952 he set up a new service called the Industrial Management Pool. After 10 years or so the ICS men killed it by simply ignoring it.

The same thing happened to the Indian Economic Service which was set up in 1961. I know because in 2011 Kaushik Basu who as the chief economic adviser was the head of this service asked me to write its history to celebrate its diamond jubilee. It turned out that there was nothing to write about.

The service is still there but on Ajit's liquid oxygen. The liquid will not let it live and the oxygen won't let it die. And it's regarded as a lower form of civil service.

INDIA'S EXPERTISE CHALLENGE

Filling the expertise gap has been the Modi government's biggest challenge. Since 2014 it has tried hard to find the right people to frame the right policies.

But there's still a huge gap, which isn't going to diminish if governments rely only on those who the government recruited. Let's face it. These guys are not the sharpest pencils in the box. They are where they are because recruitment is a lottery based on pure, blind luck.

And of course there are structural reasons that make policies fail. One of the most important reasons is the civil servants' obsession with fairness without knowing what it actually means. They need some economists and judges to teach them before they design a policy, not after the thing is challenged intellectually and judicially.

I have been suggesting for a long time that what we need is an Indian Policy Management Service. Currently the PMO is performing this function in a not very satisfactory way because it is staffed on the same rotational basis by the same learn-on-the-job civil servants. What we need is a permanent service with specialists with far higher intellectual attainments.

After all this is how RBI, SEBI, TRAI, even IRDA etc work. And this is why they outperform the government so consistently in devising policies that work. Surely after 77 years we can learn a lesson from that.

Beating digital in its own game

By digitising itself, traditional trade can consolidate its position over digital disruptors

Aakriti Agarwal/Harsh Chhaparia

Traditional trade companies stand tall even at the time of digital disruptions. Despite the exciting growth stories of their digital-first competitors, the traditional trade channels contribute 95 per cent of sales in India.

Eliminating retailers, wholesalers and middlemen with digital go-to-market (GTM) strategies, disruptors improve margins and offer customers attractive assortments and lower costs, which traditional companies find hard to beat. Yet, they cannot rely on digital sales alone.

A consumer durables D2C brand grew over 100 per cent in just five years, it has now expanded to general trade channels, setting up physical stores and 3,000 plus retail partners. A Mumbai-based furnishings company that began as an online-only marketplace now has 200 physical studios in 100 cities, growing at over 50 per cent revenue CAGR since inception.

And there are several more examples. A look at channel-wise sales contributions shows that traditional trade is here to stay. In fragmented sectors such as cement, steel, paints, sanitaryware, auto aftermarket, digital channels contribute under 5 per cent of sales, compared to 95 per cent from physical channels across distributor or dealer-led sales, institutional channels, and exclusive brand stores. This prompts most digital-first companies to expand to other distribution channels after an initial digital splash.

We studied the total market size for the fragmented sectors of cement, steel, paints, sanitaryware, auto aftermarket — on the basis of the balance sheets of top five to six companies in every sector plus industry reports on total estimated market size. We then estimated the total sales coming from digital channels in these sectors, evaluating toplines of digital disruptors in these sectors to arrive at the percentage of sales coming from digital channels and corroborated these findings through interviews.

While digital-first companies are not a threat to traditional trade companies, they are a crucial nudge to traditional trade to digitise their GTM strategies.

Entrenched in the brick-and-mortar approach, companies feel hesitant to take such initiatives for lack of ability or resources. This needs to change. First, because digitisation can help optimise costs — which are traditionally high due to leakages in trade margins for channel partners, and high costs for logistics, warehousing, and inventory. Tech solutions like analytics-enabled demand

BRICK AND MORTAR. Digital benefits
/ISTOCKPHOTO

forecasting or real-time inventory tracking could boost efficiencies. And second, because digitisation can enhance customer experience and choice at the point-of-sale (POS), with analytics and personalised marketing strategies attracting the end-customer and increasing footfall.

Several companies that long relied on traditional trade channels have now added digital technologies for more effective GTM strategies.

– A large steel company used technology to grow secondary sales visibility for better incentive planning; they enabled third-party credit for their retailers, based on the history of their digital payments to distributors, seeing 20 per cent incremental sales growth for their distributors.

– An auto parts company used secondary sales data to better segment channel partners and customise trade promotion schemes, optimising trade spend by 10-15 per cent. They digitally paid out incentives to over 50,000 retailers – forming a direct connection for repeat purchases. Granular demand data has strengthened their logistics network planning and integrated business planning: they halved their depot footprint, improved direct dispatch to 70-80 per cent, reduced inventory by 20-30 per cent, and raised demand forecast accuracy 20 per cent.

– A tyre manufacturer used tools such as Google My Business and social media to generate demand for their channel partners. They caught customers at the moment of choice – when customers researched online before a tyre purchase, they pushed information on their nearby dealers and directed these potential customers to a physical store. Twenty to 30 per cent of their incremental growth now came via digital leads.

Besides reducing service costs, traditional trade companies have used digital technologies to differentiate their value propositions and enhance customer convenience. Doing so will allow them to beat disruptors at their own game, offering customers the unique value propositions usually monopolised by digital-first companies.

The writers are with McKinsey & Company

BELOW THE LINE

RBI Governor Shaktikanta Das ANI

Elephants in the room?

RBI Governor Shaktikanta Das, making his monetary policy statement, said inflation — which was the elephant in the room in April 2022 at 7.8 per cent — is now under control (well within comfort zone).

The elephant has now gone for a walk and appears to be returning to the forest, Das had quipped, adding that RBI would like the elephant to return to the forest and remain there on a durable basis!

This remark has sparked lot of chatter in political and bureaucratic circles in the capital with some even wondering whether the Guv has ignored the other elephants in the economy — such as lagging private investments, surge in government debt and other structural rigidities in the economy!

True to its dharma, RBI's Arjuna Eye is only fixated on price stability for now, it seems, noted an economy watcher.

Heard in Dalal Street

History shows that benchmark indices have rallied in every election year since the 2004 general election.

Now with Congress Party also throwing its hat in the 'guarantees' game by talking of 25 guarantees to counter PM Modi's 'Modi Ki Guarantee' assurance, a retail investor cheekily wondered if someone can give a "guarantee" that benchmark indices will see a pre-election or post-election rally this year too?

Rice via contract farming

With India and Singapore heading to a situation where the latter may face a shortage of rice, the island nation could, perhaps, urge India to help it get the cereal via contract farming.

A little bird says India would readily agree if Singapore seeks to source rice via contract farming. Singapore is a "strategic" partner of India and New Delhi would readily oblige in case the Tharman Shanmugaratnam government approached it.

Relations between both the nations have strengthened a lot after Shanmugaratnam took over the reins last year.

Impatient Patra

BJP spokesperson Sambit Patra now has to contend with his arch rival from the Congress, Gaurav Vallabh whose search for greener pastures has landed him in the saffron party as Patra's peer.

Vallabha had famously demolished Patra in a TV debate by demanding to know whether he knew how many zeroes there are in 5 trillion. Patra was stumped, it seems.

But Patra still maintains good humour and is an eager participant in BJP press conferences except sometimes, his enthusiasm gets the better of him. After the Congress accused the BJP of using the Income Tax Department to freeze their accounts during elections, BJP fielded Ravi Shankar Prasad and Patra for rebutting the charges.

While Prasad was still explaining the finer points of the IT Act that the Congress has apparently violated, Patra couldn't hold himself back and butted in. The senior leader didn't take kindly to being interrupted. "Hold it," he said. And then delivered the coup de grace: "Don't be impatient like Rahul Gandhi." Patra hasn't been seen around much since then.

Veg vs non-veg war

During elections mudslinging is common. However, a leader of the DMK has taken it to the next level by warning people that they will not get non-veg food if the BJP is elected again. In a video that is going viral, a leader of the DMK in an election rally says that if they elect the BJP again, there won't be chicken, mutton and beef to eat but only sambar rice, tamarind rice and curd rice!

Our Bureaus

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The write and the wrong

A practical guide to effective writing

BOOK REVIEW.

KC Vijaya Kumar

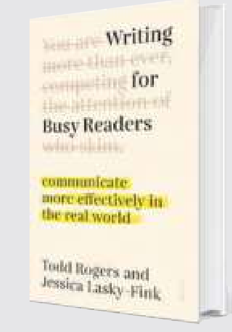
Distilling thoughts, emotions and knowledge, and then lending it expression while a pen glides on a page or fingers clatter on a keyboard, is never easy. Writing, be it literary endeavours, journalistic output, day-to-day communication and official notes, demands a certain rigour, nuance and an awareness of the immediate context and the larger world.

Ask anyone staring at a blank page or screen and they would agree that there's often a moment of trepidation before the nervous energy settles and words emanate. Usually people seek comfort in the familiar; they might just write the subject title and their name, some, especially in diaries, may even invoke God. These are all tropes that writers employ before charging headlong into the cut and thrust of lending an exposition to their thoughts.

This is the age of pithy lines, abbreviations like FOMO, and tiny notes on WhatsApp or SMS. Twitter may give more space and yet language overall gets truncated, alphabets get sacrificed and this is akin to the culture of brewing a strong cuppa with tea bags or whipping up two-minute noodles. Speed is the essence and as every micro-second vanishes, writing throws up various challenges.

In their book *Writing for Busy Readers*, authors Todd Rogers and Jessica Lasky-Fink dwell into the textures of finding an expression to the various thoughts that jostle in our brains. In their preamble, the duo state this fact: "Writing about writing sounds a lot like, say, singing about singing. Then gradually, almost without noticing, we became convinced that there is a genuine need for a different kind of book about writing – one that explains, point by point, the proven techniques for communicating effectively with any recipient."

Then they cut through the jargon and get straight to the point with a rhetorical flourish: "A text message is writing. A work email is writing. A Facebook post or a tweet is writing. An update on Slack is writing. Even a to-do list on the fridge is a form of writing." The authors make it clear upfront about their desire to cut through the frills and get close to the bone. They also offer a fine-print: "Effective writing is not the same as beautiful writing." And so if you are a reader with time enough to drool over William Shakespeare's iconic line from *The Merchant of Venice*: "The quality of mercy is not strained; it droppeth as the gentle rain from heaven," you might as well stay away.



Title: Writing for Busy Readers
Authors: Todd Rogers & Jessica Lasky-Fink
Publisher: Scribe Publications
Price: ₹699

CATCH THE EYE

The writers stress on how contrasts in a picture get us focussed and then juxtapose it with creating a similar vein in writing through the skill of formatting, like making a line bold or using block letters or underlining or highlighting with a shade. Catch the eye is the mantra and it works. This is essentially a book that brings a scientific rigour to understanding the way the art of reading is practised, and through that the authors try to tell how to write and cater to a specific demand.

The larger principles of good writing shimmer into view, like brevity, being concise, and how a single word can replace multiple words, and that effectively lessens reader fatigue. Writing to communicate and not to impress is also dealt upon with a scathing line: "It was all in the English language, yet I could not understand the mumbo jumbo!! This for me feels condescending and corrupt."

The visual element of presenting writing on a page is also dissected. The need for space and headings, but also not to overdo the stylistics, are mentioned too. Words matter, and the aesthetic element should be like seasoning in a curry, seems to be the polemic. Writing and reading, like the act of breathing, is often taken for granted, we believe that it is second nature and will keep happening on auto-pilot. This practical book makes us pause and ponder why we write the way we do.

The reviewer is Sports Editor, The Hindu

Can biology counter aging?

There has been an explosion of research on aging with billions being poured into it

BOOK EXTRACT.

Extract published from ***Why We Die: The New Science of Aging and the Quest for Immortality*** **by Venki Ramakrishnan published by Hachette India/Hodder & Stoughton**

For centuries, our life expectancy hardly changed. But over the last 150 years, we have doubled it, primarily because we better understood the causes of disease and its spread, and improved public health. This progress allowed us to make enormous strides in extending our average life span, largely as a result of reducing infant mortality. But extending maximum life span—the longest we can expect to live even in the best of circumstances—is a much tougher problem. Is our life span fixed, or could we slow down or even abolish aging as we learn more about our own biology?

Today the revolution in biology that began with the discovery of genes more than a hundred years ago has led us to a crossroads. For the first time, recent research on the fundamental causes of aging is raising the prospect not merely of improving our health in old age but also of extending human life span.

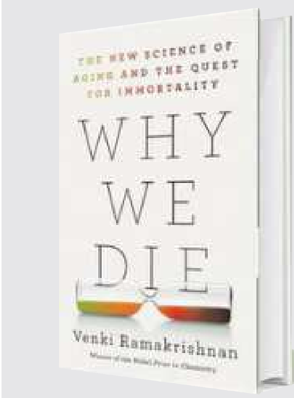
Demographics is driving a huge effort to identify the causes of aging and to find ways to ameliorate its effects. Much of the world is faced with a growing elderly population, and keeping them healthy for as long as possible has become an urgent social imperative. The result is that after a long period in which it was a scientific backwater, aging research—or gerontology—has taken off.

In the last ten years alone, more than 300,000 scientific articles on aging have been published. More than 700 start-up companies have invested a combined many tens of billions of dollars to tackle aging—and this is not counting large, established pharmaceutical companies that have programs of their own.

This enormous effort raises a number of questions. Could we eventually cheat disease and death and live for a very long time, possibly many times our current life span? Certainly some scientists make that claim. And California billionaires, who love their lifestyles and don't want the party to end, are only too willing to fund them.

The immortality merchants of today—the researchers who propose trying to extend life indefinitely and the billionaires who fund them—are really a modern take on the prophets of old, promising a long life largely free of the fear of encroaching old age and death. Who would have this life? The tiny fraction of the population who could afford it? What would be the ethics of treating or modifying humans to achieve this? And if it becomes widely available, what sort of society would we have? Would we be sleepwalking into a future without considering the potential social, economic, and political consequences of humans living well beyond our current life spans? Given recent advances and the enormous amount of money pouring into aging research, we must ask where this research is leading us, as well as what it suggests about the limits of human beings.

I have spent most of my long career studying the problem of how proteins are made in the cells that make up our body. The problem is so central that it impinges on virtually every aspect of biology, and over the last few decades, we have discovered that much of aging has to do with how our body regulates the production and destruction of proteins. But when I started my career, I had no idea that anything I did would be connected with the problem of why we age and die. Although fascinated by the explosion in aging research that has led to some very real breakthroughs in our understanding, I have also watched with growing alarm the enormous amount of hype associated with it, which has led to widespread marketing of dubious remedies that have a highly tenuous connection with the actual science. Yet they continue to flourish because they capitalize on our very natural fear of growing old and disabled and eventually dying.



Title: Why We Die: The New Science of Aging and the Quest for Immortality
Author: Venki Ramakrishnan
Publisher: Hodder Press
Price: ₹699

ABOUT THE AUTHOR

Venki Ramakrishnan received the 2009 Nobel Prize in Chemistry for uncovering the structure of the ribosome. He runs the Ramakrishnan Lab at the MRC Laboratory of Molecular Biology in Cambridge, UK.

Considering how rapidly the field is advancing, the enormous amount of both public and private money invested in it, and the resulting hype, I thought it was an appropriate moment for someone like me, who works in molecular biology but has no real skin in the game, to take a hard, objective look at our current understanding of aging and death. Because I know many of the leading figures in this area personally, I have been able to have many frank conversations to gain an honest and deeper understanding of how they see aging research in its many aspects. I have deliberately refrained from talking to those scientists who have made their positions clear in their own books, especially when they are also tied closely to commercial ventures on aging, but I have discussed their highly publicized views.

Given the pace of discovery, any book that focuses just on the most recent aging research would be out of date even before it was published. Moreover, the most recent discoveries in any area of science often do not hold up to scrutiny and have to be revised or discarded. Accordingly, I have tried to concentrate on some of the essential principles behind the most promising approaches to understanding and tackling aging. These principles should not only stand the test of time, but also help readers realize how we got to our present state of knowledge. I also give a historical background to some of the basic research that led to our current understanding.

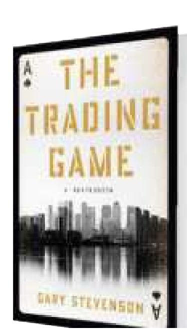
We are all concerned about how we will face the end of life—less so when we are young and feel immortal, but more so at my age of seventy-one, when I find that I can do only with difficulty, or not at all, things I could do easily even just ten or twenty years ago. It sometimes feels that life is like being constrained to a smaller and smaller portion of a house, as doors to rooms that we would like to explore slowly close shut as we age. It is natural to ask what the prospects are that science can pry those doors open again.

I hope to probe, as well, the crucial ethical question that runs beneath anti-aging research:

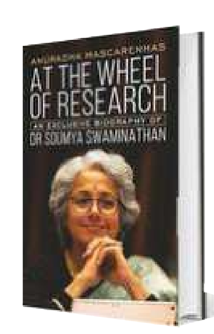
Even if we can, should we?

Extracted with permission from Hachette India/Hodder & Stoughton

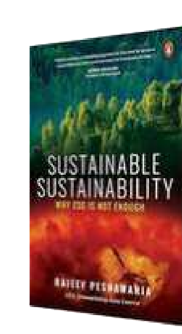
NEW READS.



Title: The Trading Game: A Confession
Author: Gary Stevenson
Publisher: Crown Currency
This book is an unvarnished, white-knuckle journey to the dark heart of an intoxicating world—the trading floor



Title: At The Wheel of Research: An Exclusive Biography of Dr Soumya Swaminathan
Author: Anuradha Mascarenhas
Publisher: Bloomsbury India
Dr Swaminathan's remarkable story of medicine, research, and philanthropy



Title: Sustainable Sustainability: Why ESG is Not Enough
Author: Rajeev Peshawaria
Publisher: Penguin Business
To encourage sustainability we need innovation, which can neither be legislated nor driven by incentives

thehindu businessline.

TWENTY YEARS AGO TODAY.

April 8, 2004

GM to make India low-cost supply base

The world's largest car maker, General Motors (GM), plans to develop India as a low-cost manufacturing hub for cars even as capacity constraint in the country is hindering the company's plan to source more auto parts. "I can't see why it wouldn't (be possible)," GM Vice-President for Manufacturing for Asia-Pacific, Mr Robert J. Moran, told presspersons when he was asked whether the company wants to develop India as a low-cost manufacturing hub just as Hyundai has done.

Ministry examining issue raised by Nasscom on tax holiday

The Finance Ministry is examining the facts of the case taken up by Nasscom in its representation to the Revenue Department on Section 10A of the Income-Tax Act, 1961.

PTC, Biocon make debut at huge premium

Shares of Power Trading Corporation and Biocon, which had received good response from the investors in the primary market, today listed at a huge premium to their offer prices. The overwhelming interest of investors in these two stocks was also seen from the huge volumes in these counters.

Short take

Impact of monetary policy on banks for FY25

K Srinivasa Rao

The direction of monetary policy 2024-25 is on expected lines to retain the repo rate intact at 6.5 per cent and signalling continuing policy stance to remain accommodative. The forward guidance and the new range of regulatory measures provides strategic guidance to banks to rework their business and operational strategies for near term.

In the given state of buoyancy and transparency in the interest rate trajectory, banks on very strong footing can work out resource augmentation strategies to finance the burgeoning credit needs of multiple sectors of the economy. The total flow of resources to the commercial sector from banks and other sources at ₹31.2-lakh crore during 2023-24 is significantly higher than that of last year at ₹26.4-lakh crore.

But in this equation, banks have to reflect on their role when the deposit growth continued to trail behind at 13.5 per cent as of March 22, 2024, during the current fiscal compared to credit growth at 16.3 per cent. If the trend continues, banks will be constrained in lending despite having decadal low NPAs and comfortable capital adequacy ratio.

Banks can always draw comfort from the fact that the deficit in system liquidity is getting phased out due to proactive RBI interventions.

Going forward the onus of banks will be to innovate strategies to augment their resources to facilitate acceleration of flow of credit to industry.

With non-banks becoming more aggressive in sharing domestic savings through fixed deposit offerings, banks will have to diversify and design innovative liability products with a right fusion of liquidity, return and convenience.

Banks with a vast command on demand deposits can always create differentiated products where the competition is among banks, but not beyond banks. Given the demographic shift of customer base with millennials and Gen Z occupying bigger space, banks will have to shift their gear to customise offerings to them.

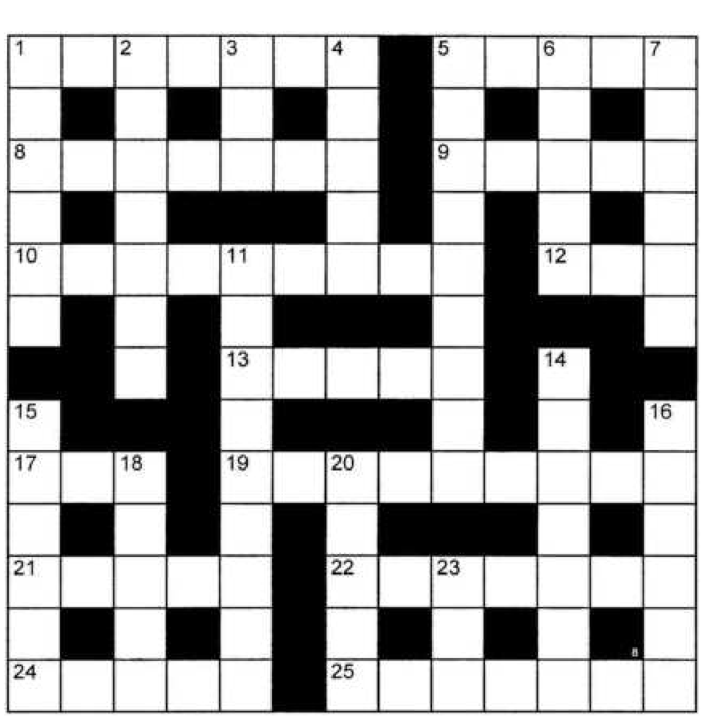
The ongoing policy reforms of RBI to deepen digital banking though UPI could be built into liability products to make them more attractive.

The long-term vision should be on building a perpetual deposit base making room for usual volatility and building resilience for unexpected customer behaviour.

Ensuring high quality customer service with built in faster redressal of grievances and assuring robust cyber security in digital mode will be the right recipe to bridge the gulf between deposit and credit growth.

The writer is Adjunct Professor, Institute of Insurance and Risk Management – IIRM. Views expressed are personal

BL TWO-WAY CROSSWORD 2412



EASY

ACROSS

01. Washleather (7)
05. Disliked (5)
08. Likely to cry (7)
09. Lights (5)
10. So it would seem (9)
12. Take to court (3)
13. African river (5)
17. Layer (3)
19. They are punctiliously insistent (9)
21. Bush (5)
22. Type of repeating rifle (7)
24. Division of act (5)
25. Cads (7)

DOWN

01. Ship's boat (6)
02. Incredible (7)
03. Clumsy boor (3)
04. Divide (5)
05. Garden flower (9)
06. Domesticates (5)
07. Removed film (6)
11. May be pardoned (9)
14. Accurate (7)
15. Paper for doctorate (6)
16. Fix rate payable (6)
18. Scandinavian (5)
20. Become liable (5)
23. Decay (3)

NOT SO EASY

ACROSS

01. Antelope like a goat is after meat in company (7)
05. Didn't like death to be so complicated (5)
08. It is right in a flute arrangement to be so sorrowing (7)
09. Sources of illumination of fifty electrical measures (5)
10. Needy: try to change after a loss, it would appear (9)
12. Solicitors usually expect leaders to prosecute at law (3)
13. Political party given the green light at the river (5)
17. There's a bird at the end of the room one cooks in (3)
19. They insist fussily on about fifty gummed labels (9)
21. Something growing one will massage after a plea for silence (5)
22. Mind about the rubbish receptacle getting fired (7)
24. Part of play viewed, one is told (5)
25. Outsiders right at the head of the fish-eating mammals (7)

DOWN

01. Tailor's man may be propelled by oars (6)
02. Alphabetic extremes in a Chinese dynasty – incredible! (7)
03. He's clumsy, having removed the top of the bread (3)
04. Quietly inserted in the knifecut there's a cream bun (5)
05. Prickly stuff, wine, grown in the garden (9)
06. Removes wildness as met, perhaps (5)
07. Put powder on : took powder off? (6)
11. Blue case perhaps involving ten that can be understood (9)
14. Manufacture of crepe is included, to be exact (7)
15. Aspiring doctor's paper (he's involved in a sit-up situation) (6)
16. Rate a she-fool? (6)
18. Norwegian beak right in the middle of it (5)
20. At home to no end of a remedy one will become liable for (5)
23. The trouble with wood Durer otherwise managed to contain (3)

SOLUTION: BL TWO-WAY CROSSWORD 2411

ACROSS 1. Rapid 4. Servant 8. Truce 9. Recline 10. Rug 11. Diversion 12. More 13. Scut 18. Terminate 20. Toe 21. Holdall 22. Miami 23. Sisters 24. Theme **DOWN** 1. Return matches 2. Plunger 3. Dreads 4. Strive 5. Recurs 6. Alibi 7. Toeing the line 14. Citrate 15. Visage 16. Faults 17. Permit 19. Rolls

CAREER COMPASS

'Learning how to deal with pressure is my valuable lesson from IIM-A'

FROM PANIC TO PURPOSE. SEBI Chairperson on finding your mojo and mantras for success

Madhabi Puri Buch, Chairperson, SEBI, an alumna of IIM-A herself from the 1984 batch, delivered an inspirational address to the graduating students of India's top B-school at the 59th annual convocation held on March 30, 2024. Edited excerpts from her talk:

Madhabi Puri Buch, Chairperson, SEBI, with a student at IIM-A convocation

The strongest memory of my *alma mater* is that of feeling like I was inside a pressure cooker for two years. The panic, the self-doubt, the tears, the mad dash to meet deadlines, the successes, the failures, and then, every now and then, the whistle of the cooker that would release the pressure only to build up again. It felt like torture. But in hindsight, how to deal with being inside a pressure cooker was perhaps one of the most valuable learnings I took away from IIM-A.

As you go through your journey, if you are having a blast, don't think, just enjoy yourself! But if you are facing a dilemma, if there is noise in your head, what are the four questions that you can ask yourself that might help you navigate your journey:

a. What exactly is my mantra, what exactly is my core and what exactly is my mojo?

b. What goal am I taking aim at? Am I sure that this is the goal I want to shoot for?

c. Is my mantra a match for the goal that I am aiming for ? If yes, great. If not, maybe I need to rethink my mantra or rethink my goal.

d. Lastly, all this analysis is for a point in time and this aspect is often the most important because the goal you want to reach for will change over time as it should. When you are 25, you will have a certain set of goals, at 40 a different set, at 55 quite different. Or, when you are single, when you are married, when you are a parent... all quite different. And the only thing I can say is that you have plenty of time over a working career that could possibly span 40 years or more. There is plenty of time to achieve what you want if you bring your A-game to it.

Let me share 2 short stories with you. The first relates to when I was running the client side treasury business for ICICI bank. This was around 2006-07. I had just taken over and I really didn't understand the world of fx derivatives at all! For about a month I took tutorials from a young officer to get to grips with the basics. Then I graduated to sitting in the dealing room and listening in on the telephonic confirmations that clients gave for their deals. Now, this really worried me! The deal confirmation script was so full of jargon; I couldn't believe that any normal CFO on the other side understood a word of what he was confirming. I mean, I had taken tutorials for a month and I barely understood half of what was being said!

I took a decision and rewrote the script in simple English on what exactly was the upside and downside of the deal that the client was agreeing to. Now remember, this was a time when the most popular deals were exporters selling options on currency pairs. Their upside was the premium they earned while the downside, potentially could be anything!

The team was aghast — this is not the market practice they said; the clients will run away to competition they said; we won't meet our ₹1,800 crore profit target they said. I had only one answer: what is the right thing to do? Simple. And if we do the right thing, will we have to work harder to meet our targets, perhaps, but that is what we are going to do.

Cut to 2008, the global financial crisis hits the world and the most popular currency pair of Swiss franc to US dollar is in 'deeeeep' trouble. Our clients have 10s of crores of losses, some of them 100s of crores. Globally, law suits are flying left, right and centre, while banks are struggling to collect from their clients. And one large diamond exporter walks into my office, red in the face, raging. The bank mis-sold these options to my CFO; I will sue you he says!

I politely request him to hear just one call recording: the bank officer is saying: Sir, you are selling an option for 100 million. If the Swiss franc vs USD crosses 'x' threshold, you would lose ₹5 crore. If it crosses 'y' threshold, you would lose 20 crore and so on. Would you like to proceed? And the CFO says yes. I look at the client, he looks at me, and in the most gracious manner I have ever seen, he says, how much time can the bank give me to pay for my losses. Doing what is right is just that, right! It is usually the harder path and it take a lot to traverse that path, but it is the right thing to do. By the way, that year, we almost got to our ₹1,800 crore profit target!

My generation got to ride the wave of the dawn of a new India. You will get to see the high noon of the new India. Everywhere, there is opportunity for growth, for inclusion, for entrepreneurship, for breaking the mould and for leading the world. It's a wonderful time to be 25. Interestingly, it is also a wonderful time to be 60!

GenZ jobseekers place high value on learning, growth: Report

Anjana PV

The career expectations for each generation will continue to evolve over time. A recent report by Internshala Jobs, the jobs arm of career-tech platform, Internshala, titled, 'Navigating GenZ Workplace Expectations in 2024: Insights for HR Professionals,' reveals some of the expectations GenZ have while applying for jobs.

Says Sarvesh Agrawal, Founder and CEO, Internshala Jobs, "With the rapid influx of GenZ job seekers into the market, it has become increasingly crucial for HR professionals to delve deeper into understanding the nuanced expectations and aspirations of this demographic. To capture a comprehensive understanding of the preferences, motivations and priorities of this burgeoning talent pool, we have conducted this survey, encompassing insights from over 4,700 actively job seeking GenZers."

According to the report, 67 per cent of GenZ job seekers prioritise learning and growth prospects offered by organisations and only 25 per cent prioritise salary packages. While 4 per cent are motivated by the company culture, 3 per cent by brand reputation and a mere 1 per cent by additional perks such as health insurance and ESOPs.

Kamal Karanth, Co-founder, Xpheno, a specialist staffing company, says that it will be a 'generous' statement to make that GenZ wants growth and learning in their jobs over money. This generation has been inundated with terms like job-readiness, industry readiness, skill-gaps, and finishing school. Having experienced an abundance of engineering and business talent in the job market, Gen Z understands the importance of staying relevant through continuous learning and upskilling. However, despite these priorities, it's improbable that GenZ would accept new job opportunities without a substantial salary increase.

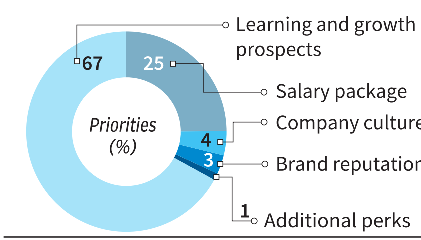
BRIMP MODEL

The report also suggests that 84 per cent of Gen Z applicants prioritise work–life balance. Hence, 45 per cent of the applicant are favouring a hybrid model, 31 per cent prefer remote work, and only 21 per cent opting for traditional in-office setups. Meanwhile, the report also exhibits the crucial role of review platforms such as Glassdoor when it comes to hiring. Thirty-nine percentage of Gen Z applicants rely on review platforms and the ratings of their potential employers on such platforms. Karanth says that the review platform provides insights into the BRIMP model — Brand, Role, Industry, Money and People — a framework curated by Xpheno. Online reviews can provide insights into BRIMP, to help them in decision-making while choosing a company to work for. These platforms can enable the applicants to take informed decisions.

When asked about AI's future impact on their careers, Gen Z applicants had varied views. Fifty-seven per cent saw it as a valuable asset capable of bolstering productivity and efficiency, 13 per cent anticipated transformative changes in job roles, 11 per cent viewed it as a collaborative tool. Another 11 per cent perceived AI as competition, possibly replacing tasks. And 8 per cent expressed uncertainty or minimal anticipation of AI significantly affecting their job roles.

According to the report, 49 per cent of Gen-Z job seekers show a positive attitude toward job hopping, indicating a readiness to change jobs often and pursue varied career paths and experiences. Karanth suggests that this could be because most of Gen Z job aspirants entered the workforce during a period of significant post-pandemic uncertainty. This experience may have instilled in them a sense of adaptability and preparedness for change. Consequently, they actively seek better opportunities that provide greater security and a more favourable work environment.

GenZ's priorities



Source: Based on a report by Internshala Jobs titled 'Navigating GenZ Workplace Expectations in 2024: Insights for HR Professionals'

bl.podcast

Decoding career priorities

In this podcast, businessline's **Anjana PV** and **Kamal Karanth**, Co-founder of Xpheno, a specialist staffing company, discuss the priorities of Gen Z while applying for jobs

https://tinyurl.com/blogenzpodcast

Also available on Spotify, Apple Podcasts and Google Podcasts

bl • gavel

TAXING DILEMMA

No consideration, no service tax

Team Gavel

If a service is rendered, but no consideration is received, service tax cannot be charged, according to the Customs, Excise and Service Tax Tribunal.

The Tribunal rejected the tax authorities' contention that a notional value of what could have been the consideration, could be the basis of levying a service tax.

Pharmax Corporation provided various services and pays service tax on them. However, it had also provided corporate guarantee on behalf of its sister concerns, but not charged any commission or fee for that.

Revenue authorities argued that if the sister concerns had approached a bank, the bank would have charged them fees, which would be taxable in the hands of the banks. Such fees would have been taxable in the hands of the banks under the category of "Banking & Financial Services".

Therefore, even if Pharmax had not received any consideration for the corporate guarantees which it had provided, a notional value equivalent to the amount which banks could have charged for similar services should be taken as a consideration and service tax should be charged on such notional amount.

The Tribunal held that a service tax can be charged only when there is a service provider, a service recipient and a consideration for the service. The tax liability falls on the service provider. If a service is provided but no consideration is received, no service tax can be charged. The consideration shall be deemed ₹0; as such, the tax liability shall also be ₹0.

This issue has been settled in many decisions.

In the present case, there is not an iota of doubt that no consideration was received at all because the show cause notice itself says so. This being the position, the impugned order is correct and proper and calls for no interference. Appeal dismissed.

When insolvency meets money laundering

SETTING GROUND RULES. Bombay HC upholds NCLT's authority to direct the Enforcement Directorate to release attached assets

Vasanth Rajasekaran
Harshvardhan Korada

In a recent decision, the Bombay High Court was faced with an interesting question — whether the National Company Law Tribunal (NCLT), under the Insolvency and Bankruptcy Code, had powers to direct the Enforcement Directorate (ED) to release assets seized under the Prevention of Money Laundering Act, 2002 (PMLA).

The matter pertained to the insolvency resolution of DSK Southern Projects (corporate debtor). A few years prior to the commencement of the insolvency proceedings, the assets of DSK had been attached by ED, under PMLA. The attachment of DSK's assets continued long after the commencement of the insolvency proceedings and even after the approval of the resolution plan.

The petitioner and successful resolution applicant who challenged the continuance of the attachment placed reliance on Section 32A of the IBC, which provides for immunity to the corporate debtor and its assets, upon the approval of a resolution plan provided the conditions stipulated in the provision were met. As per the petitioner, Section 32A, being a non-obstante provision, would override the provisions of PMLA should a conflict arise.

The ED argued that the continuance of attachment on two counts. (a) The attachment of assets happened prior to the insolvency proceedings. Hence, anyone aggrieved by the attachment could file an appeal under Section 26(1) of PMLA. (b) Section 32A of IBC could not be interpreted in a manner that nullified the special objectives for which the PMLA was enacted.

The High Court felt that Section 32A could be attracted only if specific prerequisites were met. The immunity under Section 32A was available only when a resolution plan is approved, resulting in a change in the character of ownership and control of the corporate debtor. In such a case, the corporate debtor's liability for an offence committed before the beginning of the insolvency proceedings ceases. The liability of individuals of the previous management of the corporate debtor would continue.

UNLOCKING ASSETS. For a chance at a fresh start post insolvency GETTY IMAGES

The HC observed that Section 32A (2) also protected the property of the corporate debtor from attachment linked to offences committed prior to the initiation of insolvency proceedings. The provision clearly stated that immunity would also be available in relation to attachment, seizure, retention, or confiscation of assets. Thus, as per the High Court, once the resolution plan was approved with the conditions set out in Section 32A being met, further prosecution of the corporate debtor and its properties would cease.

On the ED's argument that the NCLT could not travers into PMLA, the Court said that NCLT directed the release of the attached assets of DSK—the ED had no other option but to obey the rule of law. The HC cited the decision of the Supreme Court in *Manish Kumar vs Union of India*, which discussed the tussle between the provisions of IBC and PMLA. In Manish Kumar, the SC opined that Section 32A was a carefully thought-out provision. It was not as if the wrongdoers were permitted to get away with their crimes. It was only the corporate debtor whose criminal liability was extinguished to enable it to have a fresh start post-revival upon successful completion of insolvency proceedings.

Upon reiterating this, the Bombay HC found no infirmity in the directions passed by NCLT to ED, directing the money-laundering watchdog to release the assets of the corporate debtor.

The authors are advocates at Trinity Chambers, Delhi

Blurred boundaries: Taxing escrowed funds in M&A deals

Sandeep Jhunjhunwala
Udit Jain
Sravani Raghuram

Trust and security emerge as cornerstones of every meticulously executed contract. Nowhere is this more conspicuous than in the high-stakes arena of mergers and acquisitions where buyers seek reassurance against potential future claims of liabilities from the seller.

Enter the escrow account — a mechanism epitomising this assurance by housing a portion of the sale proceeds under the oversight of a third party for a period of time. The release of proceeds deposited here hinges upon fulfilment of certain conditions, collectively enshrined in the share purchase agreement (SPA).

Within M&A transactions, one could interestingly juxtapose an escrow account with earn-out arrangements. While the former shields the buyer from potential claims or liabilities, the latter ties a portion of purchase consideration to the attainment of specific business performance goals.

Despite similar fund flow mechanics, the objectives behind such arrangements diverge significantly. Earn-out structures give rise to "deferred consideration" which may be quantified in the year of transfer but crystalises in subsequent years. This has created uncertainty regarding the timing of taxability due to inconsistent jurisprudence and ambiguity in the Income Tax Act.

Similar to earn-out arrangements, navigating the labyrinth of taxation becomes even more convoluted when considering capital gains implications for the seller, where sale consideration is partially parked in an escrow. The challenge lies in discerning whether the consideration stipulated in the SPA falls under the purview of taxation or should be adjusted to reflect actual consideration.

Recent rulings by Delhi Income Tax Appellate Tribunal in the case of *Modi Rubber* has shed some light on this. However, diverse judgments (such as in *Dinesh Vazirani*, *Carborundum Universal* and *Vivek Medicare*) and ambiguous legislative frameworks leave taxpayers and legal practitioners alike grappling with uncertainty regarding timing of taxability.

Revenue authorities assert that taxation under Capital Gains arises when consideration accrues upon transfer of capital asset. Funds deposited in an escrow designated for future claims are deemed as an application of income rather than a reduction in income.

Taxpayers argue that tax liability concerning the escrowed sum should arise only upon its actual receipt on fulfilment of agreed conditions. Given that assessment surfaces post financial year and judicial rulings have been relying heavily on hindsight, this approach leaves taxpayers wondering whether the entire escrowed sum should be included in the consideration or if income tax return filed in the year of transfer could be revised subsequently in the year of actual receipt of escrowed funds.

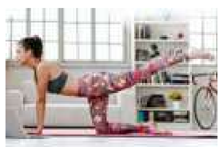
With the law remaining largely silent on this matter, Courts are tasked with dissecting scenarios on a case-to-case basis, further complicating matters. While judicial precedents have from time-to-time postulated 'hypothetical income' (income which has not accrued) cannot be subject to taxation, a crucial absence persists — the lack of an enabling provision to levy capital gains tax on escrowed funds in the year of receipt. Courts frequently rely on specific terms outlined in the SPA to ascertain whether the sale consideration encompasses funds deposited in escrow. SPA, thus, appears substantial in determining the timing of taxation, underscoring the significance of a diligent drafting.

The authors are lawyers at Nangia Andersen, a consultancy

OFFICE BUZZ.

Healthy initiatives

April is Health Month and several offices are doing their bit to promote wellness at the workplace. Co-working space provider Dextrus has curated a line up of events to promote physical activity, nutritious eating habits, and mental well-being at its centres. Among these are Zumba workouts, plank challenges, salad making workshops and laughter yoga sessions. "Through these events, we aim to inspire and empower individuals to make positive lifestyle changes that benefit both their personal and professional lives," said Robin Chhabra, Founder and CEO of Dextrus.



Zomato's new serve

Food aggregator platform Zomato may be trialling a new service, reports Entrackr. It is ensuring last mile delivery for office goers through a stationed team, says the platform. Several services — including PR and communication — use implanted teams to serve the client better, so Zomato may be on to a good thing. According to Entrackr, Zomato has set up a micro hub at an office premise in Gurgaon, where the delivery partners can deliver the food. Then, a "walker" picks up the food parcel and hands it over to a customer on their respective floor or exact location. It cites sources to say Zomato is piloting the service at around five-six places in Gurugram, including Unitech Cyber Park.

Greaves Electric Mobility appoints Vijaya Kumar as CEO

Greaves Electric Mobility Private Ltd (GEMPL), the electric mobility segment of Greaves Cotton Ltd (GCL), has appointed K Vijaya Kumar as its new Executive Director and CEO. In his new role, Vijaya will lead the company's initiatives in product development, dealer distribution, and market expansion, among other areas. With over three decades of experience in the mobility sector, Vijaya Kumar has served as the Managing Director and CEO of SAR Group's E-Mobility Business, shaping the growth of electric vehicles. His return to Greaves marks a significant milestone, having previously served as the President of the automotive business at GCL. His career encompasses senior leadership roles at TVS Motor and Bajaj Auto.

DAIRY TALES

Inside Milky Mist's paneer revolution

CHANGING TASTES. How, in three decades, the Erode-based company made cottage cheese a household product in the South

Vinay Kamath

Glistening white blocks of fresh paneer (cottage cheese) come hurtling down a conveyor belt, met by robotic arms that slice the blocks precisely into half kg chunks. Another arm quickly pushes out the paneer slabs that are not the correct size and weight into a drum before the next right-sized chunk comes along — all at bewildering speeds — and is packaged in a Milky Mist branded tub. The tubs are then stacked in boxes ready to be sent out in refrigerated trucks to retail shelves. Elsewhere in the cavernous dairy floor, paneer is being sliced into small cubes to be packaged and sold as frozen paneer.

This sprawling, highly automated dairy of milk processing major Milky Mist is set amidst vast green fields in a verdant belt of Erode district in Tamil Nadu. Apart from humungous quantities of paneer, the dairy churns out a variety of over 20 products and over 350 SKUs, mostly under the Milky Mist brand. In different sections of the dairy, one can see ghee, cheese, fresh cream in cartons, buttermilk, milk shakes, Greek yoghurt, protein enriched curd under its Skyr brand, ice cream, chocolates under the Capella brand and more are being produced. "We process close to one million litres of milk per day sourced from around 70,000 farmers spread over 12 districts," says T Satish Kumar, the self-effacing founder and managing director of Milky Mist and the 'pioneer of paneer' in the South. From producing 50-60 tonnes of paneer a day, the plant is scaling up to produce a whopping 100 tonnes of paneer a day!

FREEZE THAT. From 50-60 tonnes of paneer a day, Milky Mist is scaling up to produce a whopping 100 tonnes

Satish Kumar, Founder and MD, Milky Mist

FARM TO FACTORY

The gleaming edifice of steel vats, miles of steel tubes, robots and a vast fleet of refrigerated trucks with Milky Mist emblazoned on them waiting for dispatches from the dairy, is a far cry from the humble beginnings of Satish Kumar. Hailing from an agriculturist family in Chithode, a neighbouring town, his father traded in milk, sending it to Bengaluru. In 1991, at the age of 17, Satish quit his studies to join the milk trading business.

One day, Satish took away large quantities of milk to try and make paneer. When his father returned in the evening, much to his horror, he found that Satish had diverted some 400 litres of milk to make paneer in a rudimentary way. He thought Satish had spoilt all that milk. "No Google or YouTube videos those days to learn," he says wryly. He had learnt that hotels in Bengaluru wanted good quality paneer and he saw in that a good market to value add to the milk they procured.

Today, paneer is ubiquitous in the South, but in the early 1990s, it was a low consumption and novelty product. Only some hotels and large department stores in Bengaluru stocked it. In 1997, when supplying the erstwhile Foodworld supermarket chain, the purchase manager asked him what his brand name was. "I had no idea what a brand name was. We went to a browsing centre and searched 10-15 names and selected Milky Mist. But at that time, I did not have any vision. We just gave a brand name for the market," he explains.

For the next decade or so, Milky Mist trundled along supplying two to three tonnes of paneer to the southern market but slowly local consumption picked up. "Like the white revolution, we created a paneer revolution in the South," says Satish Kumar proudly. But he was a single product company with a semi-automated plant. A visit in 2009 to a dairy trade fair in Hanover was a game changing moment for him as he saw the possibilities that automation offered. He later invested in a fully automated plant at the present site and expanded the Milky Mist offering to curd, yoghurt and cheese. "We realised we couldn't build a cold chain by being a single product company," he adds.

In 2013, with a turnover of ₹150 crore and a debt of less than ₹15 crore, Satish Kumar said he wanted to invest at least ₹500 crore for a mega, fully automated plant. While many private equity players have been beating a path to his doors, Milky Mist has primarily grown through debt with bank loans.

K Rathnam, the CEO, and a former MD of Amul, says the company focused on three areas: one is good quality of milk sourced, second, manufacturing in its own premises to ensure good process control and the third is cold chain distribution. "All the logistics is owned by the company and not outsourced. We burnt our fingers, as often the drivers would shut off the refrigeration of the reefer truck and switch on during the delivery time, and we got several complaints from the market of our products being spoilt," he explains. Also, he adds, "Milky Mist sells only value-added milk products and not fresh milk. It gives us greater pricing flexibility."

MILKING PROFITS

The company today runs a fleet of 280 refrigerated trucks with its Milky Mist branding, motoring across the length and breadth of the country. Around 60 per cent of its products are distributed in the South and the rest up country. The company claims running the fleet is profitable with some smart reverse logistics wherein the returning trucks bring back food products from those regions meant for the south. Bharat Benz has even set up a workshop on its premises to service this huge fleet.

Milky Mist expects to wrap up FY23-24 on a turnover of ₹2,000 crore with an EBIDTA of 14 per cent. Satish Kumar says the company has been growing at a quick nick of 30 per cent annually and has sufficient cash accruals to plough back. It's pumping in ₹600 crore to expand dairy operations and raise paneer and cheese output.

An analyst points out that while P&L and operating metrics are in line or better than peers, there may be some risks in the event of any impact to business from pricing pressures at the topline or higher raw material costs, both of which can impact margins. "While the company's growth in recent years has been much better than that of larger peers like Hatsun, this growth appears to have been funded by heavy leverage," says this analyst. The balance sheet for FY23 indicates a debt of ₹800 crore on ₹181 crore of shareholder funds.

Asked about the high debt strategy, Satish Kumar says as the company's growth and revenues remain rapid, it can service the debt. "We want to freeze this investment and plan for an IPO in 2026," he says, adding he does not want to be drawn into the private equity route for which there are incessant callers. "Their perception is different from mine as an entrepreneur," he says. Ask him when his father became convinced about the paneer business after Satish first ventured into it, he laughs and says, "Very quickly he was convinced and he soon became my paneer 'master cutter'!"

TABLE TALK

Learning what makes this Titanian tick

RED-HOT RIDE. CK Venkataraman, MD, Titan Co, on his long career in the company and how it's turbo charged now

Vinay Kamath
Venkatesha Babu

In the early 2000s, CK Venkataraman, the Managing Director of consumer goods major Titan Co Ltd, had an offer to head the Levi's business in India. After Titan's founding MD, Xerxes Desai, heard that Venkat had put in his papers, he called Venkat in and bawled him out. He said — recalls Venkat — that Titan is one big family, and you don't quit on family! So, Venkat withdrew his resignation and continued in the company. In retrospect, just as well, as Venkat went on to head Tanishq for 17 years, which now contributes to over 80 per cent of Titan's revenues and wound up as MD of the company. And Titan now, in terms of market cap, is the second largest in the Tata group. But Venkat's affinity for Levi's continued as his favoured brand of clothing is Levi's jeans.

And he's in Levi's jeans paired with an ethnic casual shirt the morning we meet him at the Leela Palace on Bengaluru's old airport road for breakfast. Only, it's Venkat's day of intermittent fasting, so he's having just a cup of black coffee. We order an omelette, *idlis* and *dosas* and some coffee, feeling a mite guilty that Venkat won't be eating anything. Titan has been on a red-hot ride past few years and its growth has been closely dissected and analysed every other day, so we decide to ask Venkat more about his life and times and what makes the watch man-turned-jeweller tick.

Venkat spent the first five years of life in Mettur, near Salem, where his father worked for Mettur Chemicals. "I had studied in the Tamil medium initially and in Coimbatore, the school headmaster, my father's friend asked my dad if I was to be admitted in Tamil or English medium, and my dad said, English, of course. In retrospect, I am glad he did because it makes you eligible to participate in a larger world," recalls Venkat.

UNIQUE BALANCE

His later years in school saw him tinkering with assembled radios — 'the joy was to keep tuning it till it suddenly caught a signal" — which ignited a passion for electronics engineering. However, he didn't get admission to this course and settled for a BSc in Maths, followed by a year of CA, which bored him. He joined Sarabhai in Mumbai and the following year a bunch from the company wrote and cracked the CAT. Venkat earned his MBA from IIM-A in 1985 and moved to join advertising firm MAA in Bengaluru as his parents were alone there. Though, Bengaluru then was the "backwaters for a corporate career," he says. He met his future wife, Bharati, in MAA.

Then Venkat joined Mudra as it was being set up where he was accounts supervisor and R Balki, who later would be an acclaimed filmmaker, was copy writer. "We had no business. I used to sit pillion on my boss, R Sridhar's TVS Suzuki and we would go round with layouts and pitch it to clients saying we have a campaign for you, but I soon got fed up with this," he recalls.

Talk about serendipity. On October 30, 1989, his birthday, an ad appeared for an ad manager for Titan. The profile matched, an ad agency background, an MBA *et al* and in late '89, Venkat joined Titan, little knowing that he would spend the next 35 years in the company.

Though Venkat heads a large consumer products company, with a clutch of luxury brands, he himself remains grounded in the middle-class ethos he grew up in. To most places, he still travels by train like the Great Indian travelling public, eats roadside stuff in remote places. He still lives in the LIC colony where the family bought a house 25 years ago. "We only upgraded to a larger house in the same colony," he explains. We ask him if that ethos does not militate against his role of being the chief of a company that markets some high-end luxury brands?

WATCH MAN TO JEWELLER. CK Venkataraman, MD, Titan Co VISVESWARAN V

It's an interesting conundrum, he says thoughtfully. "Zoya, for example, I was at the centre of creation of the brand. But I find it perfectly fine as my discrimination and refinement for choosing the right standards for Zoya are quite different from my lifestyle. It is not hampered by what I do or how I live," he elaborates.

We then ask Venkat about Titan's international foray and re-entry into the US market a few years ago. After Titan's disastrous foray into nine European countries in the 1990s, it withdrew, stung. In the 2000s it again forayed with Tanishq into the US market in a calibrated way, but again shut down. We ask Venkat why he thinks this time Titan has got it right?

Venkat is ruminative when he says that an important difference between what it did in 2008 and now is that in the earlier foray, it targeted white Americans and Hispanics. "The feeling was that the next gen Indian in America would have become assimilated. We thought that there would no longer be an NRI market for and a brand like Tanishq which was wrong in hindsight."

But with so many brands in the US market, it couldn't get enough Americans to walk into the store. "And the money that we needed to spend to get them into the stores was looking really large. And Lehman happened," recalls Venkat. Tanishq then withdrew from the US market.

However, now, much has changed. Tanishq is going after the diaspora. Indians in the 2020s are very different, he explains. Indian CEOs have made strides in the US, the community is sitting on greater wealth and there's a newfound confidence in one's Indianness. "It's a huge difference now and its showing," adds Venkat. Tanishq has 14 stores outside India, four of them in the US.

By now, we've polished off our breakfast and are having our coffee while Venkat is nursing his one black coffee. We're sitting outdoors and there's a gentle breeze swirling around; mornings in Bengaluru are still cool. We ask Venkat what's turbo charged Titan the past few years that revenues and m-cap have soared.

The first thing is that some 20 people came into new roles and six CEOs were new, he says. So are the CFO and the CTO. "Some are new to the company, some new to the role. So, they brought a freshness to the job," he explains. Covid brought agility and the company also transformed digitally. It also restructured, creating an international business division.

While many joke that Titan is now a jewellery company with a watch business attached, it is Titan's initial and instant success in watches that gave it the impetus to launch jewellery. We ask Venkat, who has around 20 watches in his collection, what the future of the analogue wristwatch is. "It's in the hands of the industry and we are doing a good job to keep the meaning of the wristwatch alive. That meaning is the mood of the day; does the watch reflect that and the dress of the day. The analogue watch is an accessory, a symbol of self-expression and a status symbol," he elaborates.

BEYOND WORK

So what does Venkat do when he's not breathing Titan? Singing, of course, pat comes the response. He loves belting out old Kishore, Rafi and Hemant Kumar numbers and contemporary Tamil movie songs as well. An avid cyclist as well, he used to cycle to work earlier and that keeps him fit as a fiddle. And, cooking, of course, for the family. Sundays are the day he's in the kitchen, cooking up a storm for his wife and two daughters. When his term as MD ends in December 2025, he wants to take up farming at his two-acre farm near Krishnagiri, he says. Venkat's interests are varied and that also includes Tamil literature. A few years ago, he collaborated with another person, Bombay Kannan, to produce a 78-hour audio book on *Ponniyin Selvan*, which was later made into a hit movie by Mani Ratnam.

Running Titan and its multifarious businesses must be a stressful job and how does he handle that is a question we put to him. "I make a distinction between pressure and stress. I feel people use these terms interchangeably without realising they are not the same. There's a famous poster in our industry: 'No pressure, no diamonds'. Pressure actually brings out the best in you. When somebody says, too much pressure, they mean stress. Pressure is a good thing. But, if you let that pressure affect you it means you are worrying about failure and that creates a negative cycle of anxiety," he elaborates. On that philosophical note, we bid goodbye to Venkat to deal with another day at Titan and its multiple blockbuster brands.

PORCELAIN DREAMS

Deepak Agarwal, Director at Clay Craft India

Clay Craft wants to grab a larger share of the table

Chitra Narayanan

The big boom in hospitality, as well as changing consumer lifestyles, has led tableware company Clay Craft to set up a new manufacturing facility. With new hotels and restaurants opening at a rapid pace all over the country, demand for tableware from the HORECA (Hotel Restaurant and Catering) segment is growing, spelling opportunity for the Jaipur-based ceramic crockery giant.

Demand is also growing on the retail side. "People who were using plastic, melamine, steel plates are bettering their lifestyle and shifting to fine porcelain and ceramic," says Deepak Agarwal, Director at Clay Craft India. "The industry is growing at 15-16 per cent per annum and that's why we have established a new factory."

Clay Craft's existing factory is India's largest for ceramic tableware in terms of installed capacity, producing one lakh pieces a day. The company's revenue stands at ₹146 crore. "We will be doubling capacity to two lakh pieces a day with the new factory, which is 25 per cent in production now," says Agarwal.

The fact that one of its biggest competitors, Kochi-based Tata Ceramics, which supplied to all the Taj Hotels, has exited the business (the Tatas sold the company) has also increased the opportunity for Clay Craft. "This is an oligopolistic industry — you can count the number of players," says Agarwal, a third generation entrepreneur. "My grandfather envisioned the company, my father implemented it," he says.

The business was set up in 1978 initially as a trading house. In 1994, the group entered manufacturing. "It is common to see Rajasthan families — particularly the Agarwal community — test the water with trading and then get set to acquire the river," he says humorously.

Currently 60 per cent of Clay Craft's business is in retail, 40 per cent is HORECA. But the B2B segment is growing on the back of both domestic as well as international demand. "A lot of hotels are opening in the Middle East, Qatar especially," says Agarwal. Though exports are less than five per cent of its business right now, but the demand from international markets is growing and with the new factory, the company can cater to it better, he says. "Domestic is a big market, but we have to increase international exposure. It's time India makes for the world like China," he concludes.

CHENNAI
businessline.
MONDAY - APRIL 8 - 2024

FUND FACTS.

$30 million

Wannamo Marketing Pvt Ltd received funding from PayPal Ventures and Asia Partners on April 4, taking the total funding to $47.11million.

$26 million

Infinity Fincorp Solutions Pvt Ltd received funding from Jungle Ventures and Magnifico on April 4, taking the total funding to $43.47 million.

$14.5 million

Sindhuja Microcredit Pvt Ltd received Series C funding from GAWA Capital, Oikocredit, Carpediem Capital, and Abler Nordic on March 28, taking the total funding to $28.62 million.

$10.21 million

Sub Ko Coffee Pvt Ltd received Series B funding from NKSquared, Blume Ventures, The Mehta International Mauritius Ltd, Progressive LLP, Pallavi Dempo, Suprapadh S Manohar, John Abraham, Kalpathi Ratna, Sangita Jindal, Suparna Gupta, and The Gauri Khan Family Trust on March 22, taking the total funding to $15.19 million.

$9.99 million

Nivara Home Finance Ltd received funding from Baring Private Equity Partners India on April 4, taking the total funding to $19.54 million.

Source: PrivateCircle Research, a private market intelligence platform

RE POSTS.

Still maintain that founders need to listen primarily to their users & market, because there is a lot of negativity out here.
Self proclaimed startup experts will have lots to say about what & how you are building. The only validation you need is from users.
Just build.

Money & Vibes
@b3npayd

If you're building a startup that a lot of people misunderstand but you hold a deep insight that seems like it will obviously come true, you should be really optimistic. That is the best possible scenario for your company—you know something people don't know and is unpopular.

Suhail
@Suhail

As a founder if you are not actively listening and talking to your customers directly but only your team is doing so, you will be missing out on insights that can help you grow. It's never beneath your role to talk to customers. You need them to exist not the other way around.

Ritesh Agarwal
@riteshagar

CAFFEINE RUSH

Raising millions over a cup of coffee

SIP BY SIP. The beverage of choice at cafes mushrooming in metros and small towns alike is proving a strong draw for VC funding too

Jyoti Banthia

Hot or cold, finely ground or coarse, arabica or robusta, mellow or strong... coffee lovers are rather choosy about their perfect cuppa. Smelling an aromatic opportunity, coffee entrepreneurs are pouring their heart and money into innovating newer flavours and pairings of ingredients.

Speciality coffee chains are not only growing in number but also attracting significant interest from venture capital funds. Cumulatively, they have raised close to $100 million over the last two years — $37 million across five rounds in 2023, and $66 million across twelve rounds in 2022, according to data research and analysis firm Tracxn. And this year, in barely three months the sector has already raised $13 million in just two rounds.

GLOBAL DRIP. Hatti Kaapi wants to give filter coffee an international spin

Third Wave Coffee raised $35 million in a Series C round

GAINING FLAVOUR

While the global coffee market has grown 2.5-3 per cent year-on-year, as per reports, in India the growth is 10-15 per cent, with a compound annual growth rate (CAGR) of 8.9 per cent from 2020 to 2025.

It is not just the quantum of coffee consumed but also the quality and variety that is seeing a sea change.

"People now want coffee in different flavours, made using different techniques. Some like their coffee bitter, some like it floral. Everybody has a different taste profile. All coffees cannot be roasted the same way. The demand is growing and somebody needs to answer that," says Matt Chitharanjan, co-founder of Bengaluru-based Blue Tokai Coffee Roasters.

Artisanal coffee — made from high-quality seeds sourced directly from farms — come in varied flavours. Treated with special care, they are different from regular coffees right from the harvesting stage to their processing and storage, Chitharanjan says.

The brand sources from the entire coffee-growing belt in India — namely Karnataka, North Kerala, Tamil Nadu, Orissa and the North-East.

Bengaluru-based coffee brand Hatti Kaapi, too, is launching cold brews and other blends using single-origin coffee beans (sourced from a specific region and not blended with others) from plantations in Karnataka.

Coffee chains are also changing tack to suit changing moods and seasons.

Third Wave Coffee, for instance, is reinventing its menu to beat the extra-blazing summer this year.

"Our team has worked on a couple of limited-time offerings for summer. We will soon launch tropical fruit-inspired beverages and food items to bring the summer vibe to Third Wave Coffee cafes," says co-founder Ayush Bathwal.

US Mahendar, Chairman And Managing Director, Hatti Kaapi

As the chains attempt to think big and better, investors appear more than happy to play along. Blue Tokai Coffee Roasters has raised $30 million in its latest funding round, while Third Wave Coffee raised $35 million in a Series C round.

Blue Tokai wants to expand its offerings in existing outlets while also venturing into 50-60 more cities, Chitharanjan says.

The chain has about 98 cafes countrywide, with the brick-and-mortar outlets accounting for 75 per cent of its revenue, and the online segment making up the rest. The estimated revenue for FY24 is around ₹220 crore.

After raising ₹10 crore in a recent pre-Series A round, Hatti Kaapi wants to raise more to open newer outlets and build other verticals such as food.

"We're raising funds to seize more opportunities. Our foremost goal is to introduce Indian traditional filter coffee to the global market. With the raised capital, we're prioritising investments in research and development, learning and development, and building capability across verticals," says Chairman and Managing Director US Mahendar.

ROASTED TO PERFECTION

Speciality coffee is a global megatrend that is now gaining popularity in India, investors point out.

Coffee companies are increasingly focusing on quality, with single-origin coffee beans being one of the popular offerings. This means they become involved in the procurement process right from the harvesting to the processing stage.

Blue Tokai's Chitharanjan explains that speciality coffee must score above 80 points on flavour, body, acidity, and sweetness, among other factors.

"Most of the coffee we buy is anywhere from 83 to 86 points. We are now working with small-scale coffee growers who lack the resources or knowledge to produce speciality coffees; we buy the coffee cherries from them and process the coffee ourselves," he says.

There is little doubt that artisanal coffee roasters and brands have captured more than just a niche following. The proof is in the drinking... speciality coffee and roasteries are to be found today even in places where one would least expect them.

"Health-conscious consumers are switching their caffeine source from colas to pure coffee, turning it into the fastest-growing hot beverage category across the world. In India, speciality coffee is riding a wave and cafés are popping up even in the remotest of towns. We expect the sector to grow at least 5x in the next decade," says Vikram Chachra, Founding Partner, 8i Ventures.

START-UPS: VAI-THEE-FUSS?

What comes first — a company or its founders?

VAITHEESWARAN K

In my over two-decade journey as an entrepreneur, there have been several occasions where I wasn't sure how I was going to pay employees the next month's salary. The most depressing moment for a founder is when a bunch of folks who have joined the start-up trusting the leadership have to be given the bad news of delayed salaries or, worse, layoffs.

As an entrepreneur, the only thing I promised myself was that, if ever such a situation arose, my conscience should be clear that I did my best before resorting to salary cuts or layoffs as a last resort and that I walked the talk by first cutting my token salary before asking colleagues to share the burden. I recall a particularly tough phase in Indiaplaza where, for over a year, I cut my salary to zero and later wrote off the amount from the books and from my mind.

So, whenever I read about storied and iconic start-ups going down rapidly with plunging valuations, I am able to empathise with the founders until I learn that only the company is in deep trouble whereas the founder(s) have already accumulated huge personal wealth.

This is a moral dilemma, at least for me.

I strongly feel a start-up is a founder's baby and all the available nutrition must be utilised to meet the needs of the growing baby.

ISTOCKPHOTO

The start-up must have first right on all scarce resources and it's morally incorrect for a founder to create personal wealth from the struggling company, even though legally and procedurally things may be above board.

Make no mistake. I am not advocating the romantic image of start-ups where the founders struggle to make ends meet, because this approach makes no sense. As far as possible, I always tried to take a small salary every month just to keep things going at home.

The number is less important than the idea and I urge founders to implement this as early as they can. However, the entrepreneurs' fiduciary responsibility is to make sure their start-ups do well financially; and, until the company reaches profitability, I am not convinced that the founders must create personal wealth.

On at least two occasions, I had an opportunity to complete a secondary transaction of some of my shareholding with investors, but I chose not to, not because I wanted to maintain my shareholding but because it just didn't pass my personal smell test.

When things went downhill later and I ended up with nothing, I was left wondering, "What price straightforwardness?"

There's no right or wrong here. To each, his or her own. Just make sure that next time you decide to set aside a nice nest egg while your start-up is still deep in the red, just inhale deeply and smell harder. Then do what you must.

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

A road inspector with AI prowess

HanuAI uses artificial intelligence to detect and record defects on major and minor roads

Haripriya Sureban

Despite the rapid expansion of road networks in India, the quality checks continue to rely on legacy methods such as visual assessments and physical inspections.

In an effort to modernise road inspections, HanuAI's 'Road Athena' ropes in artificial intelligence technology to lend a helping hand.

India's road network — the second largest in the world — has long been riddled with potholes, ravellings, cracks and other defects.

BOT SHOWS THE WAY. HanuAI co-founders (from left) Rahul Kalra, Prerna Kalra and Manav Singal

Even today, 97 per cent of roads in India are dependent on manual surveys for maintenance.

The remaining 3 per cent, comprising express and national highways, are examined by a Network Survey Vehicle (NSV), which is expensive, limited (only 50 available countrywide), and rolled out once in six months, explains Prerna Kalra, Co-founder of HanuAI.

In order to address this problem, Kalra, Rahul Kalra and Manav Singal co-founded HanuAI in November 2022. The bootstrapped start-up has so far invested ₹1.5 crore to develop its AI-based solution 'Road Athena'.

Through a fixed device on a vehicle, it records and scans roads, and processes the data using AI models to identify various anomalies.

Additionally, the anomalies are classified and the survey data is presented on a dashboard.

"Our offering spots pavement anomalies and furniture anomalies such as pothole, patch, crack ravelling, kerb, vegetation, hidden signage, broken crash barrier, and so on. It also spots assets such as poles and trees, which helps in road widening projects. The service can be used for all kinds of roads, across cities, villages and highways, through different models.

"Our system also runs the data collected by NSVs and manual inspections, and processes it to provide dashboard insights," Kalra says.

REVENUE MODEL

The company's customer base includes the public works department (PWD), municipal corporations, contractors in charge of road maintenance, and private players responsible for continuously monitoring highways.

Its revenue model is flexible and varies on the basis of duration of service, insights signed up for, and other added services. Kalra says the company started making revenues in 2023, and is currently on the lookout for more customers.

HanuAI has so far worked on different stages of projects, from pilots to full-time execution, in Punjab, Uttar Pradesh and Gujarat.

Going forward the company targets an international venture in the Latin American and African markets.

Getting funds and fans together

bl.interview

Haripriya Sureban

Focused on sports tech and gaming industry, newbie venture capital firm Centre Court Capital has launched a ₹350-crore fund. It is founded by Mustafa Ghouse, former CEO of JSW Sports, along with Alok Samtaney, former investment director with TVS Capital, and Sabre Partners.

The fund has the Sajjan Jindal Family Trust as anchor investor, with Parth Jindal at the helm. Ghouse spoke with *businessline* on the objective and roadmap of the new fund. Edited excerpts from the interview:

> Sports and gaming are becoming mainstream, with the potential to grow exponentially over the next 10-15 years

MUSTAFA GHOUSE
Co-founder, Centre Court Capital

What is the potential you see in the sports tech and gaming industry?

This is an untapped segment. Sports and gaming are both becoming mainstream, with the potential to grow exponentially over the next 10-15 years. India is becoming front and centre for both these sectors and, with our expertise and understanding of the market, we felt this was the right time to launch a fund to invest in the space.

So far, we have had success stories in the real-money fantasy gaming space, and names such as Nazara, JetSynthesis, and Nodwin in the esports space. We have had these handful of early movers, but we think that's just a starting point.

Which areas are you interested in?

Studios and developers are currently what we're looking at extensively across genres. We are looking at the content and technology space. These are our key focus areas on the sports side. It is extremely vast; we are looking at a lot of analytics, AI-driven platforms, whether from a performance improvement perspective or content and media perspective. Further, there is fan engagement, monetisation, mass participation... a whole bunch of stuff that we've factored in.

What is your investment target?

The investment period for the fund is 3.5 years, and we target 15-18 investments, while 40-50 per cent of the fund will be reserved for follow-on rounds. Preferably, we would like to enter in the Series A or Pre-Series A round, and cheque sizes will be in the range of ₹8-24 crore.

We have raised ₹200 crore in commitments from investors and athletes, and plan to close the fund by the end of the calendar year. We have invested in two start-ups so far — one in the sports analytics space, and the other in broadcast technology.

Gaming start-ups often face monetisation and regulatory issues. Does that make them riskier bets?

We are still seeing the space evolve. Monetisation in certain aspects remains an area of focus between developers and platforms. That's definitely something we're tracking; but, along with user behaviour, it's definitely changing.

We are also looking at B2B businesses in the sports technology space that have better and more stable monetisation aspects and avenues.

VAULT MATTERS.

HAMSINI KARTHIK

Why the personal integrity of bank CEOs matters above all else

The number of allegations that have surfaced against bank CEOs in recent weeks is astounding. While one is under the scanner after a female colleague accused him of using improper language, another faces sexual harassment charges.

Then there is the growing breed of CEOs with interests in businesses that directly compete with the bank and run by family members as proxy. It's even worse when there are "shared resources" between the bank and the entity in which the CEO has a vested interest.

This brings us to a critical question: Why isn't the integrity of a bank CEO beyond doubt?

A CEO is considered the face of an organisation — the person who sets the tone and agenda of the entity. Therefore, the CEO is expected to possess qualities such as high integrity, reputation, and professionalism, ensuring that the brand image of the bank is never compromised.

Much as the RBI has a tab on the financial health of banks, does the regulator also keep an eye on the personal traits of the CEOs?

The answer is yes and no.

All bank CEO appointments are preceded by stringent checks by the RBI, which focuses not just on professional eligibility and behavioural aspects but also the investments and assets held by the candidate and their immediate family. On the other hand, the process of reappointments is not necessarily as rigorous, perhaps because the CEO is already under the RBI's watch and it is usually the bank's financial performance that comes up for scrutiny.

However, given the thin line between legally correct conduct and morally ethical behaviour, especially given the recent disturbing instances in the private banking space, the test for a CEO's reappointment must go beyond mere professional excellence to unimpeachable personal qualities too.

Agreed that CEOs usually don't take their reappointments for granted, but familiarity born of long years of association may blind board members to faults, if any. The RBI should play the neutral umpire's role in such cases.

After all, the tone set at the top is apt to trickle down the ranks. And in the case of banks, it is depositors' money at stake ultimately.

While behavioural traits may not necessarily have a direct impact on a bank's health, there are enough examples to show how one bad act is enough to pull the rug from beneath.

SMALL TALK.

Taking problem child to market

This is about a housing finance company that was recently in the news yet again. Apparently, one of the largest private equity firms has placed bids for this company, which is part of a large financial conglomerate. Now for almost three years in a row, the housing finance subsidiary has been on the block. But this remained off the record because the housing financier has been attempting to go public, even as the 'dad' has other plans. But now it's at a stage where the subsidiary has been digging into the parent's purse too often and this isn't going down well with the group apparently. The father isn't too keen to take 'chotu' to the market. Which is why, this time around, valuations may not be a 'make or break' for the deal so long as the problem child is reined in.

INSURING PROFIT

Surrender value: Regulator holds fire

CUT SHORT. Life insurers breathe easy as IRDAI hits pause over a proposed hike in payouts to policyholders who drop out

KR Srivats


GETTY IMAGES

Premature worries for policyholders

Guaranteed surrender value as share of premiums paid for non-par products

Year	HDFC Life Sanchay Plus	ICICI Pru GIFT Pro	Max Life Smart Wealth Plan	IRDAI draft proposal	IRDAI final regulation
1	–	–	–	75	–
2	30	30	30	83	30
3	35	35	35	84	35
4	50	50	50	88	50
5	50	50	50	88	50
6	50	50	50	88	50
7	50	70	50	93	50
8	75	70	70	93	70
9	90	90	90	98	90
10	90	100	100	100	90

All figures in % — Source: Company, IRDAI and Kotak Institutional Equities

The Insurance Regulatory and Development Authority of India (IRDAI) recently found itself walking a tightrope between policyholders and insurers as it attempted to recalibrate 'surrender value' — the sum disbursed to a policyholder upon premature termination of a life insurance policy.

The regulator's attempt to favour policyholders by introducing a 'threshold concept' — in effect, lowering the surrender charges or penalty for discontinuing a policy before time — fell flat. It, instead, settled for a status quo, dropping the December 2023 draft proposal for a hike in the guaranteed surrender value (GSV) for policyholders.

The prospect of a sharp increase in surrender value payouts threatened to strain the finances and margins of life insurers. Moreover, it could have sparked an increase in policy surrenders. The final guidelines, therefore, saw insurers heaving a sigh of relief.

CLASH OF INTERESTS

Surrender value is used by policyholders to meet unforeseen expenses or avoid further payment of premiums. However, the computation of surrender value has remained a bone of contention between insurer and insured, mostly to the disadvantage of the latter.

The IRDAI's final regulations, branded by some as a prudent retreat, is being widely criticised as succumbing to industry pressure at the expense of policyholders.

Consumer advocates decry the dilution of the draft regulations to the detriment of policyholders. Monika Halan, a writer focusing on personal finance and the chairperson of SEBI Investor Protection and Education Fund (IPEF), aired her views on social media platform X: "It is shocking that the insurance regulator has discarded a fairer value proposal to policyholders for early surrender. Now with first year commissions that can go up to 100% and very high surrender costs, expect to be mis-sold more and more. What is the @FinMinIndia doing?"

Those backing IRDAI's 'balancing act', including legal experts and industry veterans, argue that it alleviates concerns of diminished profitability and augmented capital requirements.

Nilesh Sathe, former IRDAI member, says, "The discussion paper that was floated was itself faulty... it was not well thought out. When they realised it will badly impact the profitability of life insurance companies, and that customers will be tempted to go in for early surrender, they have almost withdrawn it."

Offering a different take, Sakate Khaitan, founder and senior partner, Khaitan Legal Associates, says the IRDAI is right in reinstating the pre-December position as it is not the regulator's call to tell businesses how they should be run. Instead it should focus on reducing lapses in insurance premium payments. "People need to comply with the contracts they enter into," he says.

He believes that such compliance can be promoted through adequate incentives, especially given that high surrender values can prove to have the opposite effect. "If there is adverse incentive, it causes increased risk to the industry. If the industry suffers, everybody suffers," he points out.

Agreeing with Khaitan, Arvind Ramesh, partner, Vritti Law Partners, at the firm, says, "It may be unfair to say that a benefit to policyholders has been taken away. The exposure draft was always intended to invite comments from stakeholders, and did not constitute binding regulations."

Lauding the regulator's rollback on surrender value, Alok Rungta, MD and CEO, Future Generali India Life Insurance Company, says it is in the best interests of both consumers and insurance players. "By gradually increasing surrender value payments as the policy approaches maturity, the IRDAI is ensuring that consumers stay invested unless it is necessary for them to opt out," he says.

DELICATE EQUILIBRIUM

IRDAI's back and forth on surrender value regulation reflects the need to maintain the delicate equilibrium between policyholder protection and industry exigencies. Needless to say, the regulator's latest retraction will be seen as a lost opportunity for ushering in reforms, especially by policyholders.

Industry players, on the other hand, are glad that the 'surrender value' axe did not fall on them, after all. There is more joy in store for them as they continue to laugh their way to the bank each time there is a policy surrendered.

SPOTLIGHT

PEs love a mature market

Indian market's receding fear of block trades will help draw bigger investors

Hamsini Karthik

Subhrajit Roy, Head, India Global Capital Markets, Bank of America, explains in an interview to *businessline* how the current trend of block deals in the equity market can deepen private equity participation in India. Edited excerpts:

Promoters and private equity players have made the best of the recent market rallies. Do you see this as a sign of maturing equity markets and will it continue for a while?

Sustained flows from investors, both domestic and foreign, in the recent past is proof that India is an attractive place for investments. This has made India more resilient vis-à-vis global markets.

If there is consistent demand for quality paper, and the only way to get that in one go would be through market transactions, then, naturally, block deals become the optimal way. Also, wherever sponsors have been selling, it is well understood that they are financial investors who will look to exit at a point of time, and this maturity has mitigated the stock overhang, which used to be a concern in the past.

There were times when tranched monetisation was not appreciated, as that often created a sustained overhang. But now, markets realise that if the underlying stock/ company is doing well, every block trade is an opportunity to accumulate. This maturity gives private equity sponsors the confidence to take bigger stakes in companies, knowing they can exit over time.

Does it also mean market participants are able to distinguish a company and its management from the promoters?

Absolutely. And these are still early days of that trend. In any other developed market like the US, we'll see a lot of high free float in professionally run companies, irrespective of the promoter shareholding.

We see many instances where the CEO becomes a face that investors are comfortable with, and the focus is less on the promoters. In fact, you will typically find the CFO being a market veteran. We're probably 5–7 years from this scenario.


Subhrajit Roy, Head, India Global Capital Markets, Bank of America

How do you see the IPO market shaping up this year?

The Indian IPO market was one of the bright spots globally in 2023 and we expect this to strengthen. We expect the average IPO size to be bigger and a diversified IPO calendar across sectors led by technology, healthcare and financial institution group (FIG).

At the same time, we expect block trade volumes to remain robust. Every quarter one can expect around $3 billion-plus block trades, and even more in a good quarter, across sectors, market caps and types of sellers. As long as the Indian market remains attractive, block trade volumes will remain strong.

One can always say that valuations appear rich compared to history and compared to other markets, but finally the demand-supply dynamics would determine the clearing price for deals. If there's enough demand chasing quality paper at a reasonable price, there will be deals.

A lot of the demand is domestically driven...

In my view, the demand is quite balanced, with foreign investors also wanting to participate in the 'India rising' story. There is consistent FII [foreign institutional investors] demand over the last six months, and most sizeable deals have equal participation from large FIIs. FII flows picked up momentum in Q4 CY23 with improving global risk appetite and a strong Indian macro.

Mid- and small-caps have been viewed favourably in recent times. Will the IPO market be matured enough to disregard some of these warning signals?

Yes, I think so. Most of the main-board IPOs have done well. The average IPO size was around $100 million last year; a few were larger.

Notwithstanding the current noise around small- and mid-cap — there may have been some exuberance in that space given the money chasing these stocks — each IPO gets evaluated in its own right. Interestingly, none of the IPOs have been priced aggressively. There have been no claims that the pricing of IPOs is unreasonable and investors have lost money. That is important because, as investors make money on these IPOs, they would feel confident about the next IPO.

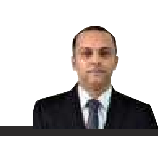
Do you see the big bang IPO towards the latter half of 2024?

Yes, with many of them expected to come in 2025. We expect a busy period post monsoon this year. Starting from the fourth quarter, we'll keep building scale going forward. There could be some periods of inactivity around the India/ US elections, but, in general, people are feeling comfortable.

NBFC assets grow from strength to strength

Non-banking financial companies sit pretty on strong credit demand across retail segments

IN MY VIEW.



AJIT VELONIE

The assets under management (AUM) of non-banking financial companies (NBFC) are back in focus since fiscal 2023, after having weathered multiple challenges exacerbated by the pandemic.

From around 15 per cent growth in fiscal 2023, AUM growth accelerated to 18 per cent in fiscal 2024, and shows no sign of slowing down.

Strong credit demand across retail segments, resilient economic activity, strong balance sheets due to higher liquidity, capital and provisioning buffers, and improved asset quality are seen driving AUM growth to 15-17 per cent in fiscal 2025.

Overall, growth continues to be driven by large NBFCs. Between fiscals 2019 and 2023, the share of the top 10 NBFCs had risen around 1,000 basis points (bps) to 57 per cent. The top NBFCs have also diversified into more asset classes over the past five years.

RETAIL LOANS

AUM growth is expected to be broad-based across retail segments. Home loans are likely to grow about 15 per cent in fiscal 2025, supported by affordability, higher urbanisation, and mortgage penetration. The government's capital expenditure outlay and the focus on 'housing for all' through multiple schemes should help step up demand for housing as well as micro, small and medium enterprise (MSME) credit.

Vehicle finance saw strong growth in the past two years with a rebound in new asset sales and more focus on used vehicle financing. For fiscal 2025, with a likely moderation in sales, we expect growth to temper marginally but remain healthy at about 17 per cent, supported by higher ticket sizes. Used-vehicle financing will continue to outpace new vehicle financing, even for NBFCs.

Unsecured loans (about 16 per cent of overall AUM as of December 2023) could see a recalibration within the growth strategy of NBFCs. This follows a change in regulations in November 2023 that saw the risk weights for unsecured consumer credit increase to 125 per cent from 100 per cent earlier. Overall, growth is likely to taper to 25-30 per cent in fiscal 2025 from about 35 per cent in fiscal 2024; signs of moderation have been visible since December 2023.

As in the last five fiscals, the wholesale loan segment — largely real estate lending — will decline. However, we could see a selective re-entry of NBFCs, especially housing finance companies, into real estate lending, but contributing less to overall AUM than in the past. There could be stronger risk guardrails around factors such as stage of construction, geographies, and credit quality of developers, among others.

ROOF RATE. Home loans are likely to grow about 15 per cent in fiscal 2025, supported by affordability ISTOCK.COM

ASSET QUALITY

Delinquency metrics across asset classes have steadily improved. The gross Stage 2 loans halved to 3.7 per cent as on December 2023 from 7.4 per cent as on March 2022. However, asset quality of unsecured loans will bear watching given the higher growth, especially amid higher interest rates, inflation, and indebtedness of borrowers. Additionally, the recent private loan waiver campaigns, along with staff attrition challenges, could impact the asset quality of microfinance loans.

The capital structure of NBFCs remains healthy, supported by internal accruals and equity raise in recent years. Debt-equity ratio has improved to around 4.9 times as of December 31, 2023, down from 5.3 times and 5.7 times as of March 2023 and March 2022, respectively.

Bank funding to NBFCs has slowed to ₹13.01 lakh crore in February 2024 from ₹13.08 lakh crore in December 2023. Yet, on-year credit growth remains healthy.

Additionally, cost of borrowing for NBFCs has increased by 25-50 bps in the last quarter of fiscal 2024 and may rise more in the first half of this fiscal as banks recalibrate lending rates. Hence, funding diversification would be imperative for NBFCs.

The higher cost of funds may compress net interest margin and temper profitability — return on managed assets — to about 20 bps in fiscal 2025.

Finally, compliance and operational controls would remain key for NBFCs amid the evolving regulations.

The writer is Senior Director, CRISIL Ratings Ltd

CHENNAI
businessline.
MONDAY - APRIL 8 - 2024

QUICKLY.

China to set up $70-b tech re-lending programme

Beijing: China's central bank will set up a ¥500 billion ($70 billion) re-lending programme to support the country's science and technology sectors, according to a statement. The programme will offer loans via 21 banks to small and midsize technology companies at an interest rate of 1.75 per cent. The one-year loans can be extended twice, for up to a year each time, the statement said. REUTERS

Israel reduces troops in southern Gaza

Jerusalem: The Israeli military has withdrawn more ground troops from the southern Gaza Strip, leaving just one brigade there six months after the start of its offensive, a spokesperson for the force said. The military did not give details on its reasons or the number of soldiers involved. The move comes as Egypt prepares to host a new round of talks aimed at reaching a ceasefire and hostage release deal. REUTERS

Embassy invests ₹1,160 cr in Indiabulls Real Estate

Mumbai: Embassy Group, the largest shareholder in Indiabulls Real Estate, has invested ₹1,160 crore through a preferential allotment of shares and warrants. Of this, 25 per cent is upfront and the balance will be invested over 18 months. The floor price of the issuance was ₹111.51 per share. OUR BUREAU

RBI surveys see improving biz, job outlook for fourth quarter of FY24

MOMENTUM BUILDS UP. Optimism prevails across sectors, indicating economic resurgence

Our Bureau
Mumbai

The Reserve Bank of India's forward-looking surveys suggest improving macroeconomic sentiments across different sectors. Services sector companies have reported additional improvements in the overall business situation, job landscape, and turnover during the fourth quarter of 2023-24.

Enterprises experienced increased cost pressures from input costs, although pressures from salary outgo and finance costs moderated during the quarter. Respondents expressed greater optimism regarding the overall business situation, turnover, and employment conditions—both full-time and part-time—during April-June 2024. Service sector enterprises continue to be optimistic about the availability of finance and anticipate further improvement in the coming quarter.

'HIGHLY OPTIMISTIC'

Infrastructure players were optimistic about the overall business situation, turnover and employment conditions in the first quarter of 2024-25 though the expectations were somewhat tempered when compared to the previous survey round. Respondents remained highly optimistic about demand and employment conditions till Q3:2024-25. However, a majority of the firms anticipated further rises in input costs and selling prices till end-2024. Bankers assessed sustained loan demand across major sectors during Q4 of FY24. They expressed continued optimism on overall loan demand conditions during Q1:2024-25, albeit a tad below that in the previous quarter, which was a seasonal peak. But they remained upbeat on loan demand across major sectors up to the end of 2024.

INDUSTRIAL SURVEY

Another survey of professional forecasters on macroeconomic indicators has assigned the highest probability of real GDP growth in the range of 6.5- 6.9 per cent for both the years 2024-25 and 2025-26. Annual growth in real private final consumption expenditure (PFCE) and real gross fixed capital formation (GFCF) for 2024-25 are expected at 6.0 per cent and 8.4 per cent, respectively.

In the industrial outlook survey, manufacturers reported better demand conditions in their assessment of production, order books, capacity utilisation and overall business situation for Q4:2023-24.

Manufacturers remained optimistic about demand conditions in Q1:2024-25, with well over half of the respondents reporting a rise in production, order books and overall business situation; the optimism was, however, lower when compared to that in the previous quarter, which is partly seasonal. The bi-monthly inflation expectations survey of households showed that inflation expectations for both three months and one year ahead moderated by 20 basis points (bps) each to 9.0 per cent and 9.8 per cent, respectively; their perception of current inflation, however, remained unchanged at 8.1 per cent. The share of households expecting overall prices and inflation to increase over the next three months and one year moderated for general prices as well as for most of the product groups when compared to the previous survey round.

SET TO SOAR. Bankers expressed continued optimism on overall loan demand conditions during Q1 of FY25 REUTERS

The consumer confidence survey for the year ahead improved further on the back of higher optimism in all CCS parameters; higher optimism resulted in the future expectations index rising further by 2.1 points to 125.2 – also its highest level since mid-2019. Households' sentiments on the general economic situation and employment prospects recorded notable improvements for both the current period as well as the upcoming year; in sync, their outlook on discretionary spending improved.

OVERALL IMPROVEMENT

Economists' survey projects that annual growth in real PFCE and real gross fixed capital formation for 2024-25 is expected to be 6.0 per cent and 8.4 per cent, respectively. Bankers have expressed continued optimism regarding overall loan demand conditions. Surveys on services and infrastructure outlook indicate further improvement in the overall business situation, job landscape and turnover.

Retail inflation likely to be high during elections

Retail inflation (in %)

	Headline	Food	Core
April 2023	4.70	3.84	5.19
May 2023	4.31	2.96	5.05
June 2023	4.87	4.55	5.11
July 2023	7.44	11.51	4.94
August 2023	6.83	9.94	4.78
September 2023	5.02	6.62	4.51
October 2023	4.87	6.61	4.26
November 2023	5.55	8.70	4.10
December 2023	5.69	9.53	3.88
January 2024	5.10	8.30	3.59
February 2024	5.09	8.66	3.34

Source: MoSPI, Research Reports

Shishir Sinha
New Delhi

Elections combined with a heatwave may keep retail inflation, based on the Consumer Price Index, at a high level in the coming months. Based on 11 months (April-February) figures for the fiscal year 2023-24, the average headline inflation has been 5.4 per cent, as against 6.8 per cent for FY22-23 and 5.4 per cent for FY22-21. The inflation number for March is to be out on April 12 and it is expected to exceed 5 per cent.

businessline talked to economists to make sense of the inflation number during the coming months on account of the elections and the heatwave. While the election is likely to impact the demand side, the heatwave coupled with the prevailing geopolitical situation is expected to put pressure on supply factors.

This year, the election is spread over 44 days, the longest in independent India. Also, for the first time, candidates will have a higher expenditure limit between ₹75 lakh and ₹95 lakh. Four States will have Assembly polls, where the limit for expenditure is ₹28 lakh to ₹40 lakh. There will also be some additional expenditure by political parties besides expenditure by the government to conduct the poll.

D K Shrivastava, Chief Policy Advisor with EY, said: "The election expenses would also add to demand in the system, so I do not expect any tangible downward trend in CPI." There has been a mixed trend during the last two general elections. According to Devendra Kumar Pant, Chief Economist with India Ratings & Research, the average inflation between December 2013 and February 2014 was 8.7 per cent, which declined to 8.4 per cent during March-May 2014. However, the average inflation during December 2018 and February 2019 was 2.2 per cent, which increased to 3 per cent during March-May 2019.

INCREASE IN DEMAND

"The expenditure incurred by the political parties during elections leads to a temporary increase in demand. Inflation is impacted by several factors and an increase in demand due to the election process is one of them," Pant said.

On the supply side, the heat wave would be key. Shrivastava said the heatwave will have one direct implication for the agriculture sector, which has been languishing compared to other sectors in the last several quarters. On the global side also, supply-side challenges continue to operate. "I expect some inflation pressure. Most of the supply-side factor would account for pressure on CPI inflation, though WPI inflation would remain low," he said.

The food and beverages group weighs 54.18 in the overall CPI, which is why it bears more on headline inflation. At the same time, this group has seen a divergent trend in inflation.

Meanwhile, core inflation (excluding food and fuel from the headline) continues to rule low.

Vistara reduces flights by 10% to address pilot issues

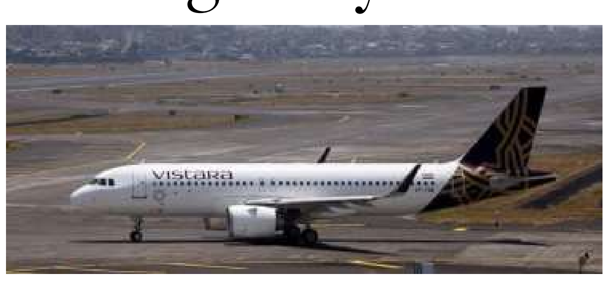
Our Bureau
New Delhi

Tata-owned Vistara is reducing its daily departures by 25-30 flights, which represents approximately 10% of its capacity. This measure is intended to revert to pre-April flight levels and establish a buffer in pilot schedules in response to recent disruptions.

Over 150 Vistara flights have been cancelled since April 1 due to pilot dissatisfaction with rosters and a new salary structure.

SCALING BACK

A Vistara spokesperson said, "We are carefully scaling back our operations by around 25-30 flights per day, i.e., roughly 10 per cent of the capacity we were operating. This will take us back to the same level of flight operations as at the end of February 2024 and provide the much-needed resilience and buffer in the rosters." The spokesperson added, "These cancellations have mostly been done in the airline's domestic network and 'much ahead of time' to minimise inconvenience to the customers."



TARMAC TROUBLE. Over 150 Vistara flights have been cancelled since April 1 due to pilot dissatisfaction with rosters and a new salary structure. REUTERS

Vistara has apologised to passengers for the recent disruptions and claims all affected passengers have been re-booked on other flights. The airline anticipates a full merger with Air India by mid-2025.

Vistara pilots have raised concerns about work-life balance, fatigue and pay. These issues mirror complaints from pilots at other Tata airlines, IndiGo and Akasa.

AMENDED NORMS

The recent amendment to pilot work-hour regulations, intended to improve pilot well-being, has been deferred by aviation authorities due to opposition from airlines. The Directorate General of Civil Aviation (DGCA) had amended the flight duty time limitation norms for pilots of Indian carriers to ensure more humane rostering. However, airlines, including Vistara, argued that implementing the amended norms would increase their pilot requirement, and hence, wage bill, leading to the deferment.

Vistara's new salary plan offers pilots a fixed salary for 40 hours of flight time, with additional compensation for exceeding that threshold and a service-based bonus. This aligns with Air India's pay structure in preparation for the merger. Vistara has responded partially to pilot concerns, but as the spokesperson said, there's not much it can do about pay cut as the wage structure has to be brought at par with Air India with which it will be merged into by next year.

Delaporte's exit from Wipro: More a question of when than why

Haripriya Sureban
Bengaluru

Thierry Delaporte, IT major Wipro's CEO find – bought in four years ago to get the lagging company out of the rut – resigned a year before his term ends, on April 6. His exit, although abrupt, isn't a shocker, as the Frenchman, besieged by macroeconomic conditions, was largely unable to get ahead in the race.

Wipro under Delaporte only excelled in the very beginning of his tenure, as the tailwinds provided by Covid-19 pushed the entire sector into a high-growth environment. However, as the demand environment dampened, Wipro, in comparison to its peers, has been lagging persistently.

In the last quarter (Q3), for instance, the company reported a 12 per cent year-on-year (y-o-y) profit decline at ₹2,694 crore.

While Infosys reported a a 7.3 per cent y-o-y decline in profit at ₹6,106 crore, TCS reported a 2 per cent y-o-y growth at ₹11,058 crore and HCL Technologies, a 6 per cent y-o-y growth at ₹4351 crore.

Under Delaporte's stewardship, Wipro slipped from its position as the third largest IT services provider in India, too.

TECH DOWNTURN

The headwinds brought on by a possible slowdown in the Western economies have resulted in weak tech spending, creating a tougher demand environment. In this market, Wipro has not seen meaningful topline conversion of its deal pipeline. Analysts have noted that the company has been lacking the ability to execute. Weakness in the consulting business added to its woes.

The weakness in consulting businesses has also brought into focus the underperformance of acquisitions made under Delaporte. In his pursuit to transform, the executive had made costly bets, with the acquisition of Capco and Rising. Capco was the company's largest acquisition at $1.5 billion.

Pareekh Jain, Founder of Pareekh Consulting, notes that Thierry's resignation was only a question of when. Underperformance resulting in resignations is seemingly being seen more with similar situations at Cognizant and Tech Mahindra in the recent past. "Even though it is a bad market to judge the performance of changes made, there is uncertainty whether his changes will pay off even in the future, as the market is again constantly pivoting with the advent of GenAI."

Thierry Delaporte, CEO and Managing Director, Wipro PTI

In Delaporte's defence, he did believe the shots he called would pay off eventually when the market improved. The last time *businessline* spoke with Delaporte, he had said he remained steadfast in his belief that the company would transform, and the occasional quarters where Wipro lagge behind its competitors would not derail the long-term trajectory of the transformation journey.

"Wipro is progressing and taking steps in the right direction. Given that it is a massive organisation, the transformation wouldn't happen overnight as it is not just superficial but deep. We remain ambitious, persistent, resilient and patient and are growing stronger by the day," he had said.

Delaporte is also reported to have not lived up to the expectations of the company's founder Azim Premji. Reports in the recent past had suggested that Premji was dissatisfied with how Wipro's turnaround journey has been hampered by broad cultural changes, declining growth and profitability, constant senior-level exits and underperforming shares. However, Premji has always publicly backed Delaporte.

When *businessline* asked Delaporte how confident he was of re-appointment, given that historically the average tenure of a CEO in Wipro is about five years, Delaporte laughed and said with a shrug: "It's very simple. I am focused on my mission. And I will focus on my mission as long as I'm in charge."

MULTIPLE CHANGES

During his term, Delaporte had effected multiple changes. His recent moves included reshuffling its business units under four broad categories termed as global business lines and changing the reporting structure.

Industry watchers have often indicated that Delaporte's transformational moves were probably unnerving and did not sit well with senior-level executives in the company, resulting in exits.

GPS jamming hits cargo ships transiting Black Sea, Mediterranean region

T E Raja Simhan
Chennai

Cargo ships travelling through the Mediterranean and the Black Sea are encountering increasing incidents of GPS jamming, where ship navigation data are manipulated or interfered with, especially in proximity to conflict zones.

On April 4, some 117 different cargo-carrying vessels appeared at Beirut-Rafic Al Hariri International airport in Lebanon, according to the US-based Lloyd's List Intelligence vessel-tracking data.

This trend has become common since the Hamas attacks on Israel in October 2023. Vessels sailing in the eastern Mediterranean first started showing up at an airport — on land — at the end of October.

While the 'spoofing' of ships' AIS (automatic identification system) signals to create false vessel locations has become a common tactic to circumvent sanctions, the widespread jamming of GPS signals in the Black Sea marks a potentially dangerous new method of AIS manipulation.

Lloyds List, one of the world's oldest continuously running journals, having provided weekly shipping news in London as early as 1734, says that over 100 cargo-carrying ships appeared to show up in Beirut airport on Wednesday.

An average of 35 ships operating in the region were impacted each day in March. However, this figure jumped to 74 on April 3 and climbed to 117 on April 4, the journal said.

Lloyd's List analysis of AIS signals has identified 655 individual incidents of third-party interference in Global Navigation Satellite System signals in the past year. A vast majority of those cases have been recorded since January 2024, the journal said.

NAVIGATION ALERT

The UK Maritime Trade Operations in a notice on Wednesday said that it had received a report of a vessel experiencing disruption to electronic navigation systems (GPS/AIS) between April 1 and 3 east of Ras Al Zour, Saudi Arabia. Vessels are advised to transit with caution.

K Vivekanand, Academic Director of the Chennai-based ADU Academy India, a collaborative venture between VEDA in India and American Digital University (ADU) Services in the US, says war zone GPS jamming can be a serious problem mainly with military operations, rather than merchant shipping. Due to heavy dependence on GPS, military operations may be affected by disruption of navigation, targeting systems, communication systems and counter-measures, he told *businessline*.

Beyond face value — symbolism and design of banknotes

Researcher Rukmini Dahanukar's project 'Money Talks' delves into the history, art and messaging in currency notes

Chitra Narayanan
New Delhi

Money is the medium for commerce, we all know, but can it be a means of communication? At a unique exhibition at Alliance Francaise in Delhi, featuring 25-odd French banknotes, Rukmini Dahanukar, an independent researcher and founder-partner of brand design consultancy Nirmiti, shows us the symbolism, propaganda, art, design and romance in currency notes.

For several years now, Dahanukar says she has been spending money "to buy money that I cannot use" in order to study the art and design of banknotes. She has a collection of over 3,500 banknotes from the 180 nations that issue their own currency and even from nations that have disappeared.

'Money Talks', her proprietary research and passion project on banknotes, which began 18 years ago as a thesis when she was doing her Master's in Communications at the California State University, Fullerton, has grown and taken shape in exhibitions, talks and will soon be a coffee-table book. "I want a person who uses banknotes every day to begin looking at the design, symbolism and messaging inherent in them," she says.

FRANC'S ART & FLAIR

So why an exhibition on only French banknotes? Because, says Dahanukar, French banknotes have art, romanticism and flair.

FRENCH FLAIR. The Franc, through the ages, shows a consistency in style and design

"They carry a certain style of design. There is a consistency across time, and across geography in all the Francs whether in France or its overseas territories." Incidentally, the exhibition has a note from Pondicherry from French India days.

Also, the French banknotes were the starting point of her research.

When she was looking for a subject for her thesis, the euro had just come into circulation (in January 2002) and the French were feeling a loss of national identity at the franc slipping out of their wallets. That's when Dahanukar began studying the franc in-depth and got hooked.

The ongoing exhibition 'Beyond Face Value: French Banknote Designs from around the world' is split into four parts. The first section highlights the quintessentially French elements of the note.

There is a lot of detailing of the human form and inspiration from fashion, art, culture and design.

The next three sections focus on Marianne – the symbol of France; the motto – Liberty, Equality and Fraternity; and the Republic.

RUPEE SHINES, TOO

The evolution and depiction of Marianne – as a peasant woman, as a warrior, as a queenly figure, as a motherly figure and so on – shows the contexts of the time.

Ask Dahukar, how the Indian banknotes compare in design and, she says, there are several unique features in our rupee notes to be proud of. First is the language panel on the reverse side, with the denomination written in 15 languages, showcasing the diversity of the country.

India is also among a small set that uses subliminal messaging in the note, she says, pointing to the little Swachh Bharat message that is neatly tucked inside Gandhiji's glasses at the bottom of the reverse side. It's also among a select list of countries that use UNESCO heritage sites on its banknotes, a subtle promotion.