CHENNAI - FRIDAY - AUGUST 16, 2024

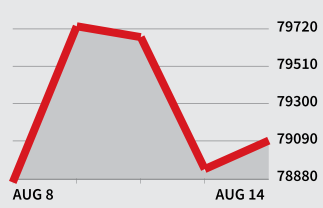
₹10 • Pages 10 • Volume 31 • Number 228

www.businessline.in

businessline thehindubusinessline

the hindu businessline.

SENSEX 79105.88 (-362.13)



IN FOCUS

	Week's close	Week's change
Nifty 50	24143.75	-153.75
P/E Ratio (Sensex)	23.19	-0.11
US Dollar (in ₹)	83.96	--
Gold Std 10 gm (in ₹)	70510.00	+1845
Silver 1 kg (in ₹)	80921.00	+1762

DATA FOCUS. **Bank credit to industries** is picking up, driven by the infrastructure, chemical and metal sectors **p2**

MAKING UP FOR DEFICIT. **Overall rainfall** during the current south-west monsoon is 105% of long period average **p8**

BENGALURU - CHENNAI - COIMBATORE - HUBBALLI - HYDERABAD - KOCHI - KOLKATA - MADURAI - MALAPPURAM - MANGALURU - MUMBAI - NOIDA - THIRUVANANTHAPURAM - TIRUCHIRAPALLI - TIRUPATI - VIJAYAWADA - VISAKHAPATNAM

Regd. TN/ARD/14/2012-2014, RNI No. 55320/94

QUICKLY.

NEW LINE-UP

Ola Electric rolls out three e-bikes

Bengaluru: Ola Electric has launched three electric motorcycles and announced the integration of battery cells in its vehicles. The electric motorcycle portfolio, 'The Roadster Series' has three motorcycles — Roadster X, Roadster and Roadster Pro. The introductory price of the e-bikes is ₹74,999. **p2**

EYEING OPPORTUNITY

Centre, garment exporters focus on Bangladesh

New Delhi: The Textile Ministry held preliminary discussions with industry players on the possible implications of the Bangladesh political crisis on Indian apparel and textile exports. The focus of discussions was on how Indian exporters could gain from a probable 'Bangladesh plus one' situation that could arise if foreign brands sourcing from the neighbouring country look for alternative sources, officials said. **p3**

SGBs turn too pricey for govt, fail to curb imports

SHINING ASSET. Sovereign gold bonds double investors wealth, earn regular income

Suresh P. Iyengar
Mumbai

The fund-raise through sovereign gold bonds (SGB) has turned out to be a costly proposition for the government as gold prices have more than doubled compared to the issue price.

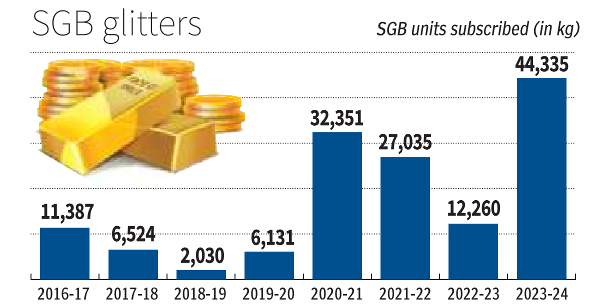
Besides the run-up in gold prices, the government also paid an interest of 2.5 per cent per annum and has foregone long-term capital gains tax as redemptions after 8 years are tax-free in the hands of investors.

While two SGBs will mature by this year-end, 22 bonds will come up for early maturity after the completion of five, six and seven years.

The two SGBs due to mature in September and November were issued at ₹3,007 and ₹3,150 per gm and the RBI will fix the redemption price based on the average gold price on the last three days before maturity.

SGBs are government securities denominated in grams of gold and serve as a substitute for holding physical gold. The bonds are issued in denominations of 1 gm of gold and in multiples thereof. Minimum investment in SGB is 1 gm with a maximum limit of 4 kg for individuals and 20 kg for trusts and similar entities notified by the government in a financial year.

SGB glitters



Source: RBI

SURGING IMPORTS

The financial strain apart, SGBs have also not served the purpose for which they were launched. The government intended to bring down gold imports by diverting physical gold demand to demat form with the launch of a series of SGBs. Interestingly, investors viewed SGBs as an attractive investment opportunity with sovereign guarantee. Though liquidity remains a concern, all the SGB series are listed and traded in the cash segment of the BSE and the NSE.

Despite the run-away success of SGBs, gold imports continue to surge unabated; they rose 16 per cent in the first half of the year to 376 tonnes against 325 tonnes in the same period last year, according to the World Gold Council.

Incidentally, even after the recent fall in gold prices due to the import duty cut in the Budget, the RBI had to fix a pre-mature redemption price of ₹7,000 per gm for the SGBs that completed five-year tenure on August 14. These bonds were issued at ₹3,499 in August 2019.

Aamir Makda, Commodity & Currency Analyst, Choice Broking, said if the government releases new SGBs, they are expected to be more popular due to the recent price drop.

Investors with long-term bullish view on gold can explore buying SGBs on the stock exchanges but it hinges on comparing the bond's current market price to its eventual redemption value, he added.

RBI data on the four bonds that have matured so far suggest that SGBs have more than doubled investor returns over its eight-year tenure. The last SGB was announced in February at ₹6,263 per gm and gold prices closed at ₹7,093 as of Wednesday.

On behalf of the government, the Reserve Bank has so far issued 67 tranches of SGBs since the first issue on November 30, 2015. The outstanding units of SGBs are worth ₹96,120 crore.

IBC resolution plan approvals drag beyond two years

KR Srivats
New Delhi

The government's most transformative reform — the Insolvency and Bankruptcy Code (IBC) — which was intended to enforce a time-bound insolvency process, is grappling with inordinate delays.

Latest IBBI data showed that the average time for the approval of resolution plans is extending to over two years (761 days), far exceeding the statutory limit of 330 days.

This time period of average 761 days (April-June 2024) is only in respect of the time taken between the insolvency commencement date (ICD) and the date of approval of resolution plan by the Adjudicating Authority (AA), which basically is the National Company Law Tribunal (NCLT).

This does not cover the time taken from the date of filing application till the date of commencement of the Corporate Insolvency Resolution Process.

The delays are getting prolonged with each passing month as the average time taken for the resolution plan approval as on March 2023 stood at 611 days while it went up to 680 days as on March 2024, IBBI data showed.

LIQUIDATION ORDERS

The same situation of absence of timelines holds true for liquidation cases too, with the average time period for order of liquidation by AA from the ICD coming in at 680 days, IBBI data showed.

The absence of timelines is now threatening to question the success of this IBC framework as it completes eight years, said insolvency law experts.

Understanding the root causes of these delays is crucial to addressing the inefficiencies that undermine the effectiveness of the IBC. These include judicial bottlenecks, complexity of cases, litigation tactics by promoters, creditors and other stakeholders, resolution plan rejections and regulatory and administrative hurdles, they said.

Some of the solutions could be strengthening the NCLT, discouraging frivolous litigation and encouraging the pre-packaged insolvency mechanism for all companies.

WHAT EXPERTS SAY

Hari Hara Mishra, CEO, Association of ARCs in India, said, "The timelines for approval of resolution plan and order for liquidation are on the rise. There is a need to have an empirical study to find out the actual time taken at various stages of the IBC process versus prescribed timelines based on some representative cases."

Wherever substantial time overrun is noticed, the reasons for delay and measures to overcome them need to be initiated. "Time is money and more so in distressed assets, where value erosion is fast," he said.

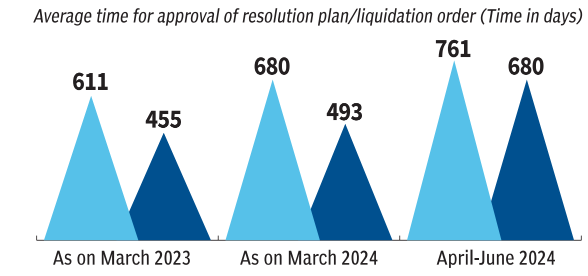
Misha, Partner, Shardul Amarchand Mangaldas & Co, said, "Ever since the Covid pandemic, an apathetic mindset has crept into the system. The urgency and sanctity of timelines under IBC are no longer sacrosanct.

"The reason for delays is not only huge pendency but also the lack of active disposal of matters. What is more worrisome is that delay in IBC litigation has become a norm rather than an exception."

Deepika Kumari, Partner, King Stubb & Kasiva, Advocates and Attorneys, said this delay is primarily due to the overburdened NCLT, with its limited capacity and staffing shortage, along with the complexity of cases that require extensive negotiation and judicial scrutiny.

Abdullah Qureshi, Associate Partner, IndiaLaw LLP, said inherent causes of delay, such as inadequate bench strength and case back log, still persist.

Worrisome picture



Source: IBBI

Strictest punishment for crimes against women: Modi

Shishir Sinha
New Delhi

STERN WARNING. Prime Minister Narendra Modi addressing the nation during the 78th Independence Day celebrations in New Delhi on Thursday RV MOORTHY

Amidst nationwide outrage at the brutal rape and murder of a woman doctor in Kolkata, Prime Minister Narendra Modi on Thursday said the strictest punishment should be handed out in such cases, and there ought to be fear of consequences among culprits.

In his Independence Day address to the nation from the Red Fort, he touched upon a wide range of issues, including the need for 'one nation, one election' and a 'secular civil code'.

"As a society, we will have to think seriously about the atrocities against women — there is outrage against this in the country. I can feel this outrage. The country, society, State governments will have to take this seriously. Speedy investigation of crimes against women, awarding strictest of punishments to those executing these monstrous deeds is important to instil confidence in society," Modi said.

ELECTION REFORMS

The PM said extensive consultations had been held across the country on the issue of election reforms, and all political parties had given their views on 'one nation, one election'. A committee, he added, had submitted a report.

"Frequent elections are creating hurdles in the progress of the nation. It has become easy to link any scheme/initiative with elections," he said.

"There are elections somewhere every three to six months. Every work is linked to elections," Modi said, adding, "We have to come forward to realise the dream of one nation, one election."

CIVIL CODE

Making a strong pitch for a uniform civil code, the PM said laws that divide the country have no place in a modern society and must be done away with. "The Supreme Court has repeatedly held discussions on uniform civil code, given orders... because a large section of the country feels, and rightly so, that the current civil code is a communal civil code, a discriminatory civil code. The Constitution tells us, the Supreme Court tells us too and it was the dream of the Constitution makers. So, it is our duty to fulfil it."

"There must be widespread discussions, everyone should come forward with their opinions and laws that divide the country on religious lines must be done away with. They have no place in a modern society. Time demands a secular civil code. And then we will be free of religious discrimination," he said.

BANGLADESH CRISIS

Modi hoped that the situation will return to normal in Bangladesh soon. He said there was concern in India for the safety of Hindus and minorities in the neighbouring country.

Taking a cue from organising the multi-location G20 summit, PM Modi has a new plan — hosting the Olympics. "This (G20 summit) proves that Bharat has the capability to organise major international events. Our goal is clear: to host the 2036 Olympics on Indian soil. We are preparing for this and making significant progress," he said.

Also read p3

How India's first woman mining engineer cut a rocky path for herself

From braving 'roof collapses' to lack of basic amenities in mines, Akanksha Kumari scripts an inspiring tale of passion, grit

Richa Mishra
Hyderabad

Growing up in a mining area of Jharkhand, Akanksha Kumari remembers being intrigued by the constant references to "roof collapse" and "roof fall" that caused panic and fear all-round. Little did she imagine she would find out first-hand what these dreaded words meant as she embarked on her career as the first Indian woman mining engineer.

Since her appointment at Coal India Ltd in 2021, only three more women have joined the public sector miner.

What inspired her to choose this career path that literally entailed storming a male bastion?

"I belong to an area that is famous for coal mining and the locals, though not working for any coal mining company, are nevertheless involved in mining activities. In the school hostel, I would often hear my friends talking about 'roof collapse' and it made me wonder about the how and why of it. I did not understand then but today I know the gravity of it," she says in a chat with *businessline*.

SOCIETAL PRESSURE

After Class X, Kumari was in a dilemma over her next course of action. "I was very good at sports and participated in athletics at the national level. So, the discussion was whether to go for sports or academics," she recalled.

Academics won as getting a job was a priority, she says. After Class XII, she again found herself debating over the divergent paths ahead. "The vote was in favour of computer and IT but that was not an area which interested me. Software was not meant for me."

Her heart beat, instead, thinking of the challenges and excitement of the mining world. While it wasn't that tough to convince her father, who is a teacher, and her mother, an anganwadi worker, the hurdles proved more societal in nature.

Akanksha Kumari

"My father spoke to his friend who worked for one of the mining companies and he said mining is not a good field for girls to work in. Coming from a middle class background, you can understand the pressure thereafter," she says.

But she forged ahead, only to face the next hurdle — at the counselling level during admission to an engineering course.

"The counsellor was not willing to give me mining engineering. But arguments and persuasion worked. In 2018, I passed out with B.Tech from BIT Sindri, Dhanbad, Jharkhand," she says.

THE CHALLENGES

The real challenges were yet to come as she soon found out. "When it was time for compulsory vocational training, which required training in an underground mine also, the general manager (personnel) of the company told me, 'Who sent you here? Does your head of department not know we do not have facilities (accommodation) for women. Finally, I was given a room at the guest house but I was told I could not stay alone as I was the only girl in the group. My aunt and my mother took turns staying with me while I underwent training," she narrates.

After studies, her first job was with Hindustan Zinc, where she worked in the mines for three years. She then moved on to the coal mines of Churi Colliery of Central Coalfields Ltd, a subsidiary of CIL.

Apart from the grind of working six hours (maximum) in the underground mines, she says the bigger challenge for her as a woman was the lack of basic amenities.

She was forced to adapt to the conditions that suited male workers.

Having opened the doors to the mining world for other women, she has a word of advice: "It is not easy. It is a choice that you make. Come prepared and, if you are ready, go for it."

QUICKLY.

Committed to Bangladesh power supply: Adani arm

Ahmedabad: Despite a recent amendment to rules concerning export of electricity, Adani Power on Thursday said it was committed to supplying electricity to restive Bangladesh. Adani Power's 1,600 MW power plant in Jharkhand is under contract to export 100 per cent of its electricity produced to Bangladesh. OUR BUREAU

Freshworks' chief product officer quits

Chennai: Srinivasagopalan Ramamurthy, Chief Product Officer at the Chennai /US-based Freshworks Inc, has quit. This is the third major exit this year. On August 12, 2024, Ramamurthy notified Freshworks of his resignation to pursue another professional opportunity. He is working closely with the CEO to ensure a smooth transition period and he will continue in his current role until October 1. OUR BUREAU

Ola Electric rolls out Roadster series e-bikes

CHANGING TRACKS. EV maker also announced its entry into quick commerce

Jyoti Banthia
Bengaluru

Bhavish Aggarwal, Founder and CMD of Ola Electric

Ola Electric launched three electric motorcycles and announced the integration of its battery cells in its vehicles. The 'The Roadster Series' has three motorcycles — Roadster X, Roadster and Roadster Pro. The introductory price of the e-bikes is ₹74,999.

The entry-level bike Roadster X will come in battery variants of 2.5 kWh, 3.5 kWh and 4.5 kWh, and a peak motor output of 11 kW. The top variant will have a maximum speed of 124 km/hour. It ranges between ₹74,999 and 99,999.

The Bhavish Aggarwal-led company, at its annual event 'Sankalp 2024', said that the delivery of Roadster Pro will begin in Diwali next year, while Roadster X and Roadster will be available from January 2025.

Roadster will have a peak motor output of 13 kW and comes in 3.5 kWh, 4.5 kWh and 6 kWh battery variants, they are priced between ₹1,04,999 and ₹1,39,999. Ola Electric also showcased its Bharat 4680 cell and battery pack, new Gen-3 platform and MoveOS 5.

Aggarwal, Founder and CMD, Ola Electric, said, "Today, two-third of India's two-wheeler (2W) market consists of motorcycles, and with Ola's entry into this segment, EV penetration is poised to accelerate in the Indian 2W segment. With our futuristic portfolio of products, we are now focused on supercharging EV penetration through our motorcycles."

The cell has a wider operating window (10-700C), a longer life with more than 1,000 charge cycles, and better fast-charging capabilities with a 50 per cent charge guaranteed in 13 minutes.

OLA KRUTRIM
Ola's artificial intelligence arm, Krutrim, will be manufacturing a set of chips called Bodhi for AI, Sarv for General Compute and Ojas for Edge. The company plans to design and produce India's first AI silicon chip by 2026, tailored for complex AI workload.

The chip will enable the development of faster and more efficient AI systems, and it will also launch Bodhi 2 for AI training, inferencing, and fine-tuningby 2028.

Aggarwal said that Krutrim is now live with Ola Electric and Ola Cabs along with Krutrim's AI customer care tool. He added that the company would set up a 1-GW data centre facility by 2028.

OLA CONSUMER
Ola Group has also rebranded its ride-hailing platform, Ola Cabs, as Ola Consumer. It is also looking to enter the quick commerce vertical, as it will be launching a fully-automated warehousing solution, which it claims is 90 per cent cheaper than existing dark store operators.

"We have built tech that makes warehousing completely automated and change the state of warehousing with robot-first warehousing," Aggarwal said, adding that automating dark store operations will cut order processing time from four minutes to under one minute.

Classic Legends launches iconic BSA Gold Star at ₹2.99 lakh

Aroosa Ahmed
Janaki Krishnan
Mumbai

GOLDEN RIDE. Anand Mahindra, Chairman, Mahindra Group, with co-founders of Classic Legends PTI

Mahindra-backed Classic Legends on Thursday launched the marque BSA Gold Star 650 cc in India at an introductory price of ₹2.99 lakh (ex-showroom Delhi), bringing another classic brand to bike enthusiasts in the country.

The iconic brand will be available in 52 dealerships of the company's 450 outlets. It plans to increase the availability of the motorcycles at other dealerships and will commence deliveries in 10 days.

Currently, the company manufactures BSA at the Pithampur plant in Indore, Madhya Pradesh, and exports it to the UK, Europe, Japan, New Zealand, Germany, France, Italy and Austria. Across its brands Jawa, Yezdi and BSA, the company plans to produce one lakh units this year.

Classic Legends is a three-way venture between the Mahindra Group, Anupam Thareja and Boman Irani of Rustomjee Group.

Mahindra & Mahindra, which has 60 per cent majority stake in the venture, nearly lost the opportunity to buy the Birmingham-based bike maker that started as a small firearms company before branching into motorcycles in 1903.

INVESTMENT
Around ₹350 crore has been spent so far on upgradation, research and development, tooling and motorcycle launches.

It plans to invest ₹1,000 crore over the next three years to ramp up marketing, distribution and new product development. Half of the amount will be used to roll out BSA bikes.

"The 650 cc market is large with 15,000-20,000 units and is growing fast. The price at which BSA is priced is affordable and we will double the segment," said Thareja, adding that two-three models would be introduced soon.

"Post World War II, BSA got the world back to motorcycling and we think that the global midway of motorcycles is going down and the average age of a rider is going up."

Thareja said the BSA bikes being sold in India would be the same as the ones sold overseas and there would be no attempt to tweak it to 'Indian conditions'.

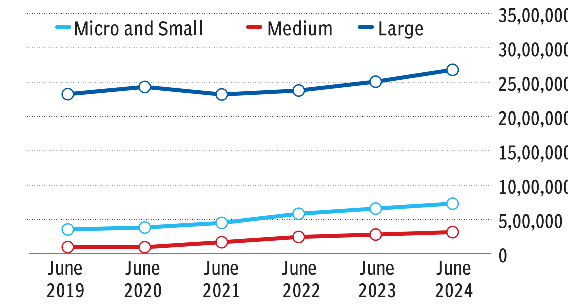
The company plans to introduce an electric version of the motorcycle, but believes that the market is not ready for motorcycle EVs due to charging issues.

Bank credit to industries picks up, led by infra, chemical and metal sectors

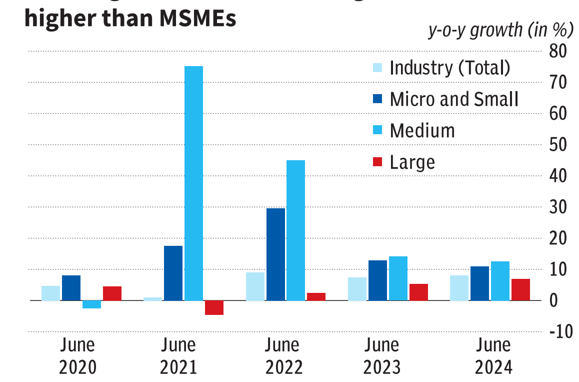
Sindhu Hariharan
Chennai

Green shoots for corporate investment?

Bank credit to large corporates on a rise



Rate of growth in credit to large industries higher than MSMEs



Infrastructure, food and chemical sectors drive credit growth

	(in ₹ cr) As of June 2024	(in %) Share of total industry credit	(y-o-y growth %) June 2024	June 2023
Infrastructure	13,23,860	35.5	5.5	1.8
Basic metal & metal product	3,98,182	10.7	11.7	22.6
Textiles	2,55,274	6.8	6.2	9.4
Chemicals & chemical products	2,54,950	6.8	11.7	6.7
Food processing	2,06,410	5.5	10.8	6.8

Source: RBI

In early signs of fresh capital investments by private sector and increased demand for loans, bank credit to industries (micro, small, medium and large) has expanded 8 per cent year on year in June 2024 compared with 7.4 per cent growth in 2023.

DATA FOCUS.

businessline's analysis over the last five years showed that while credit offtake by micro, small and medium enterprises (MSMEs) is growing at a slower pace in the last two years, lending to large corporates has picked up steam.

Bank credit to large industries grew at 6.9 per cent in June 2024 compared with just 5.4 per cent rise in June 2023. This growth was at 2.5 per cent in June 2022 and declined 4.5 per cent in June 2021 due to the pandemic, as per RBI data.

As of June 2024, outstanding bank credit to industries stood at ₹37.3 lakh crore, of which ₹26.8 lakh crore was to large industries, ₹7.3 lakh crore to micro and small entities, and ₹3.2 lakh crore to medium enterprises.

Credit to MSMEs saw a spike in 2021 and 2022 after the launch of the Emergency Credit Line Guarantee Scheme (ECLGS) to tide over Covid disruptions and growth has been sober since then.

The numbers reflect the sentiment of the central banker in recent weeks.

In his statement last week as part of the MPC, Reserve Bank of India (RBI) Governor said that private corporate investment is picking up due to a combination of the government's thrust on capex and due to expansion in bank credit.

The results of the RBI's Bank Lending Survey for April-June quarter also reflected an upbeat sentiment among bankers on loan demand across major sectors for the subsequent quarters of FY25.

Easy loan terms and conditions are expected to continue in the second half of 2024-25, except for the mining sector, the survey noted.

SECTOR-WISE OFFTAKE
Credit offtake grew the most in the metals and chemicals sector at 11.7 per cent each in June 2024. Food processing and engineering grew at 10.8 per cent and 8.8 per cent respectively in the same period.

Infrastructure, which holds the largest share among industrial credit, grew at 5.5 per cent in June 2024 compared with just 1.8 per cent annual growth in June 2023. Within infrastructure, bank credit expanded 3.3 per cent, 8.8 per cent and 7.0 per cent, respectively, in power, roads and telecommunications.

Jignesh Shial, Director - Research and Head of BFSI, InCred Capital, said credit growth to industries is a good sign for private capex, but it needs to be sustained over a longer period.

"A robust double-digit growth across key sectors and not just cyclical ones will help corporate investment," he said. "Today, there are also other avenues such as equity and bond markets that companies are able to tap for expansion funds," he adds. Despite the growth, bank credit to industries holds just about 22 per cent share in total bank credit as of June 2024 compared with 25.9 per cent share it held in June 2022.

Total bank credit as of June 2024 was ₹168.8 lakh crore, growing 17.4 per cent.

Mahindra aims to make Thar range leader in mid-size SUV segment in 3-5 yrs

Press Trust of India
Kochi

Mahindra & Mahindra (M&M) on Thursday said it aims to make Thar range leader in the fast-growing mid-sized sports utility vehicle (SUV) segment over the next three-five years.

The company on Wednesday rolled out five-door Thar Roxx and may also introduce new products under the brand over the next few years to cater to different sets of customers.

"The opportunity that gets presented to us with the launch of Thar Roxx is that we would like to make it (the Thar portfolio) the number one brand over the next three-five years in the more than ₹12.5 lakh price point," said M&M Executive Director and CEO - Auto and Farm, Rajesh Jejurikar.

He said that Thar Roxx has not been designed as a niche product but as a mainstream SUV, keeping in mind the needs and requirements of the buyers in the segment.

INVESTMENT IN SUV
Jejurikar said the automaker has invested around ₹1,100 crore in the development, including creating additional production capacity for the new model.

Replying to a query, he stated that the company has no plans to export the model.

The Mumbai-based automaker has a market share of around 19 per cent in terms of volumes in the domestic SUV segment.

In the mid-sized SUV segment, the company has a market share of around 27 per cent.

The automaker also sells models like XUV700, Scorpio Classic and Scorpio N in the SUV segment. M&M said bookings for the Thar Roxx will open from October 3, and deliveries will commence on Dussehra (October 12). Designed at the Mahindra India Design Studio (MIDS) in Mumbai, the new model is being built at its Nashik plant, Maharashtra.

Cognizant's pay for freshers draws flak on social media

TE Raja Simhan
Chennai

A post on X (Twitter) on Cognizant's entry-level salary, although for non-IT jobs, opened a Pandora's box on how the salary offered by large IT service companies to engineers fresh out of college has not seen a big increase in the last decade.

The post said, "Cognizant has announced an exciting off-campus mass hiring drive, welcoming applications from candidates belonging to the 2024 batch. Application deadline - August 14. Package - ₹2.52 LPA (lakhs per annum)."

Responding to the post, a person said, "Technology companies hiring is a good sign. But ₹2.52 LPA is seriously concerning. Ten years ago, the average package was around ₹3 LPA. Instead of the emoluments growing, we have lower payouts now." However, sources said the job posting was for college freshers with three-year graduate degrees and not for engineers. The post stirred a debate on the low package offered by the top software companies - for fresh engineers.

The package for college freshers is ₹3.5-5 lakh, while the projected to reach ₹2-2.4 lakh, said Aditya Narayan Mishra, MD & CEO, CIEL HR. These salaries are significantly lower than what IT product companies, GCCs

and tech teams of start-ups pay because the skill requirements are different, he told *businessline*. GCCs are paying ₹8-12 lakh, and ₹30 lakh in some scenarios, he added.

DEMAND-SUPPLY ISSUE
It is a pure demand and supply issue. But, in three-five years, they climb the salary lattice. If they join another company, in three years, they earn ₹8-10 lakh, an official of an IT company said.

MS Prasadh, Head - Workforce Research, Xpheno, said salary level at the bottom of the engineering talent pyramid is impacted by oversupply of talent and employability of the pool. The employers' narrative of 'employability challenges' with freshers has been unchallenged for decades. It remains the Achilles heel of freshers.

The per capita spend to make freshers job-ready has remained high with enterprises budgeting for six-nine months before they become billable. Employers split costs on freshers into compensation costs and training costs. As training costs continue to grow year on year and are not entirely in the enterprises' control, they pull the reins in on the compensation cost of freshers.

The IT sector collectively logged a net headcount growth of 1.5 lakh last year, while the GCCs registered 60,000 and replacement hiring of 2.5 lakh, he said.

A placement officer of a larger engineering college said in the history of software and support services industry, the advantage India had was cost and time (12-hour difference), as 100 per cent of the service was for companies in the US. Hence, the job roles have not seen significant growth.

Whisky emerges as top choice for young consumers in India

Sanjana B
Bengaluru

IN HIGH SPIRITS. To promote engagement, companies are trying out the Do It Yourself (DIY) trend ISTOCKPHOTO

Wine may be used as a metaphor for age but it is whisky that seems to have rhymed with the spirit of the youth in India - also the largest market for whiskey in the world. Traditionally consumed by an older age group (between 45 and 60), the hard drink's admirers now fall in their 20s, with a median age of 28. This, industry players said, is driven by the younger population's ability to churn out disposable income.

"Generally, single malt whisky, especially in the UK, is perceived as an elderly gentleman's drink - somebody above 50. That perception has changed. When we launched in Europe, the consumers were as young as 25. You can see the same trend in the US and India today. The younger generation is aspiring to drink better quality and less quantity. The demographics and the concept of premiumisation have changed to where it is not only older adults that enjoy single malts," Rakshit Jagdale, Managing Director, Amrut Distilleries, told *businessline*.

According to an industry report by Allied Blenders and Distillers Ltd of Officer's Choice Whisky fame, India's market is dominated by distilled spirits, with up to 90 per cent of pure alcohol consumption recorded in this category in FY22.

GROWING INCOME
"Growing income has a direct correlation with an increase in per capita consumption, and the whisky category being the largest in the Indian alco-beverage market will benefit the most from the positive demographic factors and growing income," stated the report.

In the Indian Made Foreign Liquor (IMFL) category in FY23, the report added, whisky accounted for the largest share by volume at 59 per cent. Whisky consumption in the country was close to 243 million cases in that fiscal, making it one of the strongest categories that helped recover the alco-beverage market in India after COVID-19, said the report, adding that the Indian whisky market was valued at ₹1,50,880 crore in FY23 and is projected to reach ₹2,45,180 crore by FY 2028.

Bikram Basu, chief strategy & marketing officer of ABD, said, "India has advantages in a large demography for domestic consumption, a young population coming into the workforce with a relatively higher disposition to spend on experiences.

The alcohol beverage market in the country has an estimated 11 million consumers inbound into the legal drinking age annually, which is 21 years of age in most Indian states. Whisky is a preferred flavour in India with a salience of around 64 per cent of the total industry, which has crept from 59-60 percent."

Another player, Paul P. John, Chairman of John Distilleries, said, "We find consumers of single malts getting younger. Earlier, they were between the age of 33 and 35. But now, consumers aged around 25 are leaning towards single malts,"

ON A PAR WITH TRENDS
"We are observing an interesting shift in the demographics of whisky drinkers, particularly with DEWAR'S. The average age of DEWAR'S consumers in India is currently around 34 - 35 years. There are more women in our consumer base, indicating a broader appeal and evolving preferences within the whisky market," said Vijay Dev, Category Lead - Global Whiskies, Bacardi.

Gokaldas Exports to complete Atraco and Matrix integration by fiscal-end

Aishwaraya Kumar
Bengaluru

Apparel manufacturer Gokaldas Exports looks to complete the integration of its newly-acquired Atraco and Matrix units by FY25-end.

In August 2023, Gokaldas Exports entered into an agreement to acquire Atraco, an apparel manufacturer with a strong market presence in the US and Europe, for $55 million. Subsequently, in April 2024, Gokaldas announced the acquisition of Matrix Design & Industries Private Ltd for an enterprise value of ₹489 crore.

In the initial phase, Gokaldas Exports expects to incur some expenses without generating corresponding revenue. Despite these challenges, the company expects expenses to diminish when operations stabilise and the new facilities start contributing effectively.

CASCADING EFFECT
The transition challenges from Atraco in Q4-FY24 had a cascading effect on the profitability of Q1-FY25. The company is seeing strong traction for business volume in the upcoming quarters and anticipates that capacity across all acquired and expanded apparel units will be fully utilised.

Additionally, the new manufacturing unit in Madhya Pradesh is being ramped up to full capacity and is expected to reach optimal levels by Q3FY25.

QUICKLY.

NMDC Steel hits 1 mt in liquid steel production

Hyderabad: NMDC Steel Ltd on Thursday said it achieved 1 million tonne liquid steel output on August 11, a year on. The newest entrant to India's public sector steel manufacturing, NSL had on August 12, 2023, marked the first blow-in of the blast furnace at its 3 mt steel plant in Nagarnar, Chhattisgarh. OUR BUREAU

China economy recovery hit by property slump

Beijing: A continued property crisis and weak consumption dragged on China's economic recovery in July, according to data released on Thursday by the National Bureau of Statistics. Unemployment rose for the first time since February, clocking in at 5.2 per cent, compared to 5 per cent in June. PTI

India's drug exports gaining share in US

New Delhi: Commerce Ministry data showed India is the third largest import source of 'medicine put up for retail sale' for the US. In 2023, the country exported medicines worth $9 billion as against 7.33 billion in 2022. India's share went up to 13.1 per cent in 2023. PTI

STATE OF THE ECONOMY

As the fractional ownership market matures, smaller or emerging markets could offer higher returns due to less competition and untapped potential. This contrasts with REITs, which typically provide a more diversified portfolio across different city tiers, says **Sudarshan Lodha**, Co-founder &CEO, Strata, in this *State of the Economy* podcast.

https://tinyurl.com/SoE-Real-Estate

Also available on Spotify, Apple Podcasts and Google Podcasts

CIL to pay penalty for non-supply of coal sold in e-auctions

STREAMLINING SUPPLY CHAIN. Govt aims to make miners accountable for timely, cost-efficient supply to industries, including non-regulated sectors

Rishi Ranjan Kala
New Delhi

In a historic step, the government has mandated that Coal India Ltd (CIL) — which accounts for around 80 per cent of India's production and despatch — will now have to pay a penalty if it fails to supply coal procured by consuming industries through e-auctions.

Besides aiming to enhance the ease of doing business, particularly for the non-regulated sector (NRS), CIL has started online signing of fuel supply agreements (FSAs), which is also being extended to include the SHAKTI B auctions.

These developments are part of Tuesday's announcement by the mining behemoth that power plants, including independent power producers (IPPs), will be supplied coal beyond their annual contracted quantity (ACQ).

In FY24, of the total 972.60 million tonnes (mt) coal production, the despatch to power sector stood at 809.64 mt (up 8.78 per cent y-o-y), and supplies to NRS was at 162.96 mt (up 22.32 per cent y-o-y). Coal share of the power sector stood at 83.24 per cent and that of NRS was 16.76 per cent.

CONSUMER FIRST

A top government official said, "Consumer is king and we want to impress this upon everyone in the coal sector. CIL used to forfeit security deposits, which was earlier ₹200 a tonne before being raised to ₹500. But, it has been slashed to ₹150 based on market movements and auction premiums. "Now with a penalty for CIL for non-supply, the government is making contracts equitable and fair. Earlier, there was no penalty on CIL if it failed to supply coal. This will also boost supplies to NRS industries, which have been complaining for long about reduced supplies and priority given to the power sector."

Another senior official pointed out that India's coal production is increasing at a healthy pace, and is expected to hit 1,080 mt by March 2025. The Ministry wants to ensure that higher quantities produced are consumed, and miners are not left with supplies accumulating at pit heads, thereby leading to loss of income and wastage of the mined resource. Online signing of FSAs, said another source, is a game-changer.

"Earlier, consumers had to physically go to coal company offices to sign FSAs. Now, CIL has been signing FSAs of NRS consumers from Tranche VII of e-auctions. That apart, it is also being implemented for SHAKTI B (VIII) (a) auctions, that are held about seven times annually," he added.

FOCUS ON NRS

The Ministry has now started focusing on meeting requirements of the NRS customers, which include captive power plants, steel, cement, sponge iron, etc. — important building blocks in India's expanding infrastructure and manufacturing base. In the traditional method, coal was first supplied to the power sector, and after meeting the demand, the requirements of the NRS industries were met, an official said.

ABUNDANT SUPPLY

"But this year, coal is in abundance. So, there are no restrictions or priority to power as there are good stocks at their end, from April till now. As a result, for NRS industries, the supplies this fiscal so far are around 20 per cent higher y-o-y," he added.

The Ministry is now planning to offer long-term coal linkages to NRS consumers, without end use restrictions, a move that will not only boost supply of the critical fuel but also aid companies in better planning of the key resource.

ACCOUNTABILITY CHECK. CIL has started online signing of fuel supply agreements (FSAs), which is also being extended to include the SHAKTI B auctions REUTERS

Centre, garment exporters weigh in on 'Bangladesh opportunity'

Amiti Sen
New Delhi

The Textile Ministry held preliminary discussions with industry players on the possible implications of the Bangladesh political crisis on Indian apparel and textile exports. The focus of discussions was on how Indian exporters could gain from a probable 'Bangladesh plus one' situation that could arise if foreign brands sourcing from the neighbouring country look for alternative sources, officials said.

Problems in scaling up capacities to meet the additional demand was the biggest concern highlighted by the industry in a meeting with Textiles Secretary Rachna Shah earlier this week on the Bangladesh situation, a source told *businessline*.

TIRUPUR FACTOR

"India may not benefit immediately from Bangladesh's production loss due to the ongoing unrest because we don't have the capacity. It can't be augmented so fast. Only knit-wear producers, mainly in Tirupur, that manufacture on a per-piece basis and are in direct competition with Bangladesh, may gain to some extent. But the gains will be limited," the source said.

Bangladesh's garment industry, which accounted for exports worth $47 billion in 2022-23, making the country the second largest exporter of apparels after Vietnam, suffered a blow owing to violent anti-government protests in the country that resulted in factories shutting down. Tensions spiralled after former Prime Minister Sheikh Hasina abdicated her post and fled to India on August 5.

While things are now fast getting back to normal, at least in big cities such as Dhaka and Chittagong, after the interim government headed by Nobel laureate Muhammad Yunus took charge last week, there is a perception that big brands may not want to increase their sourcing from Bangladesh, especially if there is a delay in restoration of normalcy, the source pointed out.

"The US orders, quite likely will move to Vietnam, Pakistan and Sri Lanka, while some part of it could move to India as well.

"The European orders may move to different places as there isn't enough capacity in India. Premium denim may move to Turkey or Portugal. Men and women's trousers, lowers and suits may move to countries like Morocco, Romania and Bulgaria. Lingerie may move to Sri Lanka," pointed out Mithileshwar Thakur, Secretary General, Apparel Export Promotion Council.

POLICY SHIFT

Thakur said that both the Indian industry and the government need to take steps for augmenting capacity. "Unless we do something big such as tweak the policy and bring something to the table that will result in some extra benefits to producers to offset the cost disadvantages that we have compared to competitors, augmenting capacity would be difficult," he added.

The government expressed hopes that the seven Mega Integrated Textile Region and Apparel (PM MITRA) parks, that are to come up across the country with a total outlay of ₹4,445 crore, will change the scenario, but the industry was quick to point out that these would not come immediately, the source said.

"The industry raised the issue of liberalising fabric import policy, particularly for MMF, so that imports from Bangladesh is made easy," the source further noted.

The need to expand capacities by moving to the hinterland, where adequate labour is available, rather than wait for labour to come to the factories, was also discussed.

India Inc hails PM's *Viksit Bharat* roadmap

KR Srivats
New Delhi

Corporate India on Thursday welcomed Prime Minister Narendra Modi's Independence Day speech, and said it laid out a roadmap to transform the country into '*Viksit Bharat*' by 2047.

Apex industry bodies were particularly enthused by Modi's call to State governments to frame attractive investment policies to woo global corporations.

Describing Modi's longest ever Independence Day address, at 98 minutes, as "inspiring on many fronts", industry captains committed to working closely with the government to realise the *Viksit Bharat* vision.

Anish Shah, President, FICCI, said, "The PM has laid out a national vision encompassing steps that would shape India's growth, drive innovation and scale up our position as a global leader across various sectors of the economy. The Prime Minister's vision for India reflects the aspirations of all sections of our society, and would galvanise all Indians to work towards the goal of *Viksit Bharat* by 2047."

Sanjiv Puri, President, CII, said the standout feature of the speech was its emphasis on State-level reforms, including at the district and panchayat levels. His suggestion that even two reforms per year at the sub-national level are sufficient to transform the country is spot on, and in line with CII suggestions on governance reforms, Puri said. The key takeaways from the speech include the commitment to environmentally sustainable development, green hydrogen, developing manufacturing excellence, innovation, and the quest for a technologically advanced India, especially in futuristic areas such as semi-conductors and design, he said.

PITCH PERFECT. Industry captains described the PM's longest ever I-Day address, at 98 minutes, as "inspiring on many fronts" ANI

SUSTAINABILITY

Chandrajit Banerjee, Director General of CII, emphasised that realising the Prime Minister's vision to make India a global manufacturing hub will necessitate further enhancements to ease of doing business and cost reduction, while staying committed to sustainability goals.

Prime Minister Modi's strong appeal to State governments to contribute to India's growth by implementing investment-friendly policies and reforms in key areas aligns with the long-standing advocacy of CII, Banerjee added.

"Industry strongly feels that the extra firepower to support India's ascent will indeed come from building consensus with the States for undertaking next-gen reforms, especially in factors of production such as land, labour, etc., which are in the domain of States," he said.

Deepak Sood, Secretary General, ASSOCHAM, said the initiative to rope in the States to establish clear policies to attract investments would be a double-down approach for scaling up investment-led growth.

He said it was reassuring to see Prime Minister Modi conveying his resolve to make lives easier for the people of India. "Stress on minimum government interference, and reforms in governance would help the nation leverage the innate strength of our people, particularly the youth, who form the majority of the human resource," Sood said.

QUALITY CONTROL

Meanwhile, FICCI President Shah said that among the areas the Prime Minister outlined in his address, FICCI is particularly focused on those related to transforming India into a global manufacturing hub, strengthening indigenous design capabilities, improving self-reliance and technological self-sufficiency in critical segments of industry such as chips and semiconductors, as well as the need to be recognised for commitment to quality, with Indian standards setting international benchmarks.

"FICCI strongly believes India must be seen as a high-quality nation and our products must match the best in class anywhere in the world in terms of design, sustainability and service quality," Shah said.

Sanjeev Agrawal, President, PHD Chamber of Commerce and Industry, described the speech as inspiring on many fronts, including India's resilient economic structure, perfect banking system, infrastructure development, new innovations, and sports.

"India has become self reliant. The country has significantly moved towards ease of doing business and living, showing resilience in the global economic headwinds and geopolitics ," he added.

FM to review PSBs' performance on August 19

Our Bureau
New Delhi

Finance and Corporate Affairs Minister Nirmala Sitharaman will review the performance of Public Sector Banks (PSBs) on August 19. This will be the first review meeting after Sitharaman presented the Modi 3.0 government's first budget on July 23.

The review meeting, which would be held in the capital, is expected to cover the performance of PSBs for the entire fiscal year 2023-24 and the first quarter ended June 30 this fiscal, sources said. It comes at a time when India's banking sector has shown remarkable resilience and PSBs showed a stellar performance in 2023-24, despite persistent challenges.

Nirmala Sitharaman, Finance Minister

TACKLING BAD LOANS

The review will happen amidst ongoing improvements in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and a rise in profitability. Total combined net profit of the 12 PSBs touched ₹1,41,203 crore in 2023-24, reflecting a 35 per cent growth from the ₹1,04,649 crore in 2022-23. The growth tempo in PSB profitability has been maintained in first quarter this fiscal as well despite continued deposit challenges.

Credit growth remains robust, mainly driven by lending to services and personal loans. Credit disbursal by Scheduled Commercial Banks (SCBs) stood at ₹164.3 lakh crore, growing 20.2 per cent at the end of March 2024, compared to 15 per cent growth during the same period last year. The trend is continuing in FY25, as reflected in a 19 per cent, and a 19.8 per cent, year-on-year growth, in bank credit in April 2024 and May 2024, respectively.

The gross non performing assets (GNPA) ratio of SCBs continued its downward trend, reaching a 12-year low of 2.8 per cent at the end of March 2024 from its peak of 11.2 per cent in FY18. The improvement in SCBs asset quality has been broad-based.

The previous occasion Sitharaman had taken a review meeting of performance of PSBs was on December 30 last year.

At that meeting, she had advised the National Asset Reconstruction Company Ltd (NARCL) and PSBs to closely coordinate to expedite on-boarding of stressed accounts.

Sitharaman had also asked PSBs to concentrate on fraud prevention pertaining to both large corporate frauds and wilful defaults.

Malaysia orders probe into iron, steel imports from India, other countries

Reuters
Kuala Lumpur

Malaysia has begun an anti-dumping duty investigation of imports of flat-rolled products of iron or non-alloy steel originating or exported from China, India, Japan and South Korea, its Trade Ministry said on Thursday.

The investigation was initiated following a petition by a domestic producer.

The petitioner alleged imports of flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, and clad, plated or coated with tin, were being sold well below the domestic price in the four countries, the Ministry said.

The complaint alleged that the dumped imports from China, India, Japan and South Korea had increased in absolute quantity and caused material injury to the domestic industry.

A preliminary finding will be made within 120 days from the start of the investigation, the Ministry said, without specifying when it began its probe.

Swan Energy to sell FSRU to Turkey's Botas for $399 million

Press Trust of India
New Delhi

Billionaire Nikhil Merchant-led Swan Energy Ltd said it plans to sell its stake in a floating LNG receipt terminal to Turkey's state-run Botas for $399 million. The company plans to sell assets of subsidiary Triumph Offshore Pvt Ltd to Botas Trading IC, said a filing.

"The definitive documents shall be signed in due course," it said, adding the deal is likely to be completed in six months. The sale consideration of $399 million is to be received in multiple tranches. Triumph Offshore Private Limited (TOPL) owns a 5mt-a-year floating storage and regasification unit (FSRU) Vasant-1. Swan Energy holds 51 per cent stake in TOPL while fertilizer maker IFFCO holds 49 per cent. The filing did not say if IFFCO is also offloading its stake.

Swan is building a liquefied natural gas (LNG) import facility at Jafrabad in Gujarat. In the initial phase, gas, which is used to make fertilizers, generate electricity and turned into CNG and cooking gas, was to be imported in its liquid form after being super-cooled (called LNG) at the floating terminal.

CHENNAI
businessline.
FRIDAY - AUGUST 16 - 2024

thehindubusinessline.
FRIDAY - AUGUST 16, 2024

Dragon dollars

India should be careful about Chinese investment

Marking a major shift in policy, India appears inclined to relax both the entry of Chinese labour and capital into the country. According to a report in this newspaper, the Centre may reconsider the restrictions imposed on investment from China since April 2020 (allowed only with government approval, on a case by case basis), in the wake of the Galwan clash.

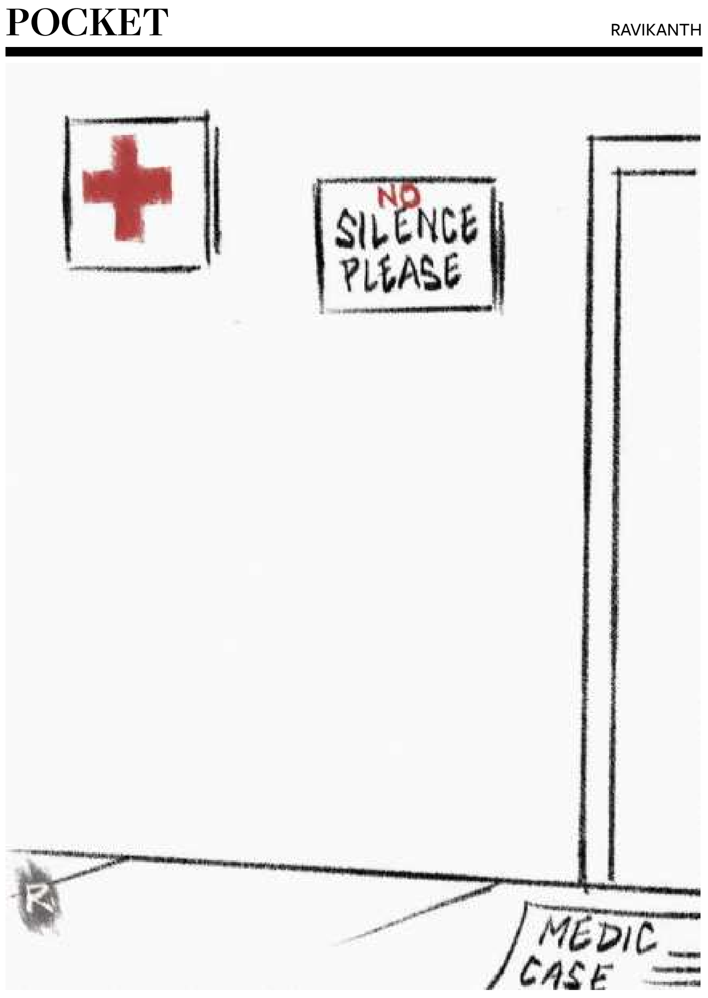
Meanwhile, a dedicated portal to expedite short-term visa applications of Chinese professionals has become operational this month to address the shortage of technicians in sectors under the production-linked incentive (PLI) scheme. These moves raise some concerns. The security issues arising out of the entry of Chinese professionals (even if for three or six months), especially into sensitive sectors, cannot be brushed aside. Just two years back, the Centre curtailed the operations of telecom major Huawei on security considerations. But even if the security risk is addressed by ruling out sensitive sectors, the entry of the Chinese workforce could hold up India's efforts at skilling unless if clauses are built into approvals for domestic talent to be trained by them. If Chinese professionals are to deal with immediate issues regarding machine installation and training in PLI sectors, it should be made clear to companies seeking these services that the visa relaxation will be phased out over, say two years — to make way for an Indian workforce. India should, therefore, be careful and selective in handing out these visas.

As for inviting Chinese FDI — just about $4 billion has entered in two decades, accounting for less than one per cent of India's FDI stock — India must proceed realistically, and with caution. The Economic Survey has argued for allowing Chinese FDI in the hope that it would bring down India's over $100 billion imports from China, besides turning India into a hub for exporting to US and Europe which is pursuing a 'China plus one' sourcing strategy. However, it should not be forgotten that China is plagued by overcapacities; the trade spat with the US is only making things worse for China. India's large market gives it a chance to export its electric vehicles and solar panels, besides the more familiar consumer items, rather than invest in producing them here — more so if tariffs are lowered. Trade experts have pointed out that while some investment has moved from China to ASEAN in recent years, Chinese imports into the region have risen as well. This is a complication best avoided. India should follow a nuanced approach of granting investment approvals after deep study of the impact that it would have on domestic industry and labour. If opening up is inevitable, it should be on terms favourable to India.

While there can be no denying India's dependence on China for intermediaries, India can perhaps work out a FDI and PLI strategy that guarantees technology and skills transfer with local sourcing. That, in fact, was China's investment strategy.

POCKET

RAVIKANTH



POORNIMA VARMA

SUSHIL KUMAR VERMA

'Inflation' shouldn't exclude food

REALITY CHECK. Research shows that monetary policies of low and middle income economies should target headline inflation, and not just core inflation

The Economic Survey (ES) of 2023–24 made a suggestion that food inflation could be ignored while targeting inflation. Monetary policy measures focus more on demand-side factors to curb prices, while supply-side factors predominantly drive food prices.

Though the effectiveness of inflation targeting in containing inflation remains largely inconclusive in research findings, the suggestion to exclude food from inflation targetting has been met with scepticism from many economists.

Can we exclude food items that constitute almost half the consumption basket from inflation targetting and worry only about the non-food inflation? Research shows that monetary policies of low and middle income economies should target headline inflation rather than only core inflation.

INFLATION TARGETING REGIME

The multi-indicator approach followed by the Reserve Bank of India before the inflation targetting regime came under criticism due to the co-existence of high inflation and poor growth rate, especially after the Global Financial Crisis of 2008.

Subsequently, India adopted flexible inflation targeting (FIT) in May 2016, following an amendment to the RBI Act. The RBI's target of consumer-price-index-based inflation is 4 per cent, with a tolerance band of 2 per cent on either side.

Currently, around 45 central banks worldwide have adopted the inflation targetting framework, with New Zealand being the first country to adopt it.

While experiences from countries such as Canada, New Zealand, Australia, Spain and the UK show that inflation remained within or close to the target range or rate, several other countries that did not follow an inflation targetting regime also experienced moderate inflation rates.

Empirical findings also show that higher exchange rates and world prices pass through to domestic prices, especially when domestic overall inflation and food inflation are high.

After dropping to 4.75 per cent in May from this year's peak of 5.10 per cent in January, India's retail inflation further jumped to 5.08 per cent in June. This was contrary to the expected rate of 4.80 per cent. The primary driver of this increase continues to be food inflation, which stands at 9.36 per cent.

In April, when overall inflation was 4.83 per cent, food inflation was 8.70 per cent. Food items constitute 39.06 per cent of the consumption basket, with a slightly higher weighting for rural (47.25 per cent) than for urban (29.62 per cent). Within this, cereals and cereal products have the highest weighting at 9.67 per cent, followed by milk and milk products at 6.61 per cent and vegetables at 6.04 per cent.

CONSUMPTION EXPENDITURE TRENDS

According to the Household Consumption Expenditure Survey (HCES) for 2022–23, food items continue to have a greater share in total household expenditure for both urban and rural households, though this share has declined in recent years.

On average, food consumption accounted for around 46.4 per cent of total monthly per-capita consumption expenditure (MPCE) in 2022–23 for rural India. The corresponding figure for urban population was 39.2 per cent.

In 2009-10, the figures for rural and urban populations were 57 per cent and 44.4 per cent, respectively. Not only did the share of food in total household expenditure decline, but there has been a compositional shift within the food consumption basket — from starchy cereals to animal and horticulture products. The percentage share of cereals in average MPCE declined from 13.8 per cent in 2009-10 to 6.9 per cent in 2022–23 for rural population.

For urban population, the share dropped from 8.2 per cent to 4.5 per cent. The milk and milk products, eggs, fish, meat and vegetables constitute one of the highest shares among the food items in the MPCE.

Though there has been a compositional shift towards non-cereal items and a marginal decline in the share of food in MPCE, food expenditure still constitutes a major chunk of the food basket of both rural and urban populations.

What India probably needs to do is reconsider the weights in the CPI basket, and remove certain items, such as vegetables, from the focus of inflation targetting

WAY FORWARD

Although deploying short-term monetary policy tools, which largely focus on demand-side factors, may be counterproductive given that rising food prices are mainly due to supply-side factors, excluding the food items that constitute almost half of India's consumption basket is a cause for concern. In many countries such as Thailand, which has an inflation targetting regime, monetary and fiscal policies are well coordinated to tackle inflation.

Any surge in food prices may pose a threat to inflation targeting, as high food prices can lead to higher inflation expectations.

Current food inflation trends are less transitory as they tend to be persistently high. Food is an important input in the production of several non-food items; therefore, an increase in food prices can also raise the prices of non-food items, putting the inflation targetting regime in jeopardy.

What India probably needs to do is reconsider the weights in the CPI basket, ensure the smoothening of supply-side shocks to regulate domestic food prices, and remove certain items, such as vegetables, from the focus of inflation targetting, since the vegetable prices are more volatile but transitory.

The current weightage of vegetables in the consumption basket is quite high at 6.04 per cent. Only cereals and cereal products (9.67 per cent) and milk and milk products (6.61 per cent) have higher weightage than vegetables in the consumption basket. The inflation rate for April 2024 also shows that vegetables exhibited the highest rate of inflation, 27.8 per cent.

This is followed by pulses and products, which highlight the excess domestic demand despite an import surge and a series of government interventions to boost domestic production.

Additionally, caution is required to tackle the impact of currency depreciation on exchange rate pass-through, especially for imported food items such as edible oils and pulses.

The writer is a faculty at IIM-Ahmedabad. Views expressed are personal

Woes of MSMEs remain unaddressed

A focus on MSMEs as job creators is needed. Their problems with GST and credit need to resolved

Chetana Chaudhuri
Sanjib Pohit

Recently, Arvind Panagariya, the Chairman of the Finance Commission, expressed his view that employment challenge is on account of the country not being able to generate employment in labour-intensive sectors.

The transition from agriculture to other sectors is slow in India. Besides, unlike other countries, the labour force in India is shifting from agriculture to services sector, rather than to manufacturing sector, the principal hub of jobs in other emerging/developing countries.

Indian manufacturing sector is characterised by the existence of a large informal sector, which operates with low capital. Despite this, these small manufacturing units, provide employment to a large section of population. But historically in India, unorganised sector, on an average, flared a lower growth of total factor productivity as compared to organised manufacturing sector.

Hence, higher growth is witnessed in capital-intensive industries rather than labour-intensive industries, despite the latter's employment generation potential.

This is also reflected in the low share of labour intensive goods in India's export basket where India's competes with countries like Bangladesh and Vietnam. So, the right strategy would have been to concentrate on labour intensive manufacturing. But this has not happened in the past. Majority of the policy level reform initiatives focus on organised sector manufacturing. For example, PLI scheme is largely focused on capital intensive industries.

MSMEs AND JOBS

MSMEs are the backbone of labour intensive industries. According to PLFS 2022-23 data, 74.3 per cent of workers in non-agricultural sector are engaged in the informal sector. The contribution of the Micro, Small and Medium Enterprises (MSMEs) sector to overall GVA was 26.8 per cent in FY21 and its contribution to the manufacturing sector's GVA is 36 per cent (Economic Survey 2022-23).

MSME performance is dismal; they suffer from limited and costly access to finance. India's MSMEs tend to remain as MSMEs unlike in other countries where they mature into large companies.

MSMEs. Need for help

MSMEs often struggle to secure financing from traditional banks due to stringent lending criteria and a complex regulatory framework. Even when financing is available, the interest rates are very high. High cost of capital plagues MSMEs in India, affecting profitability, and hence, financial viability.

Moreover, GST is an added burden on the financial stress faced by the MSMEs. For instance, a study on New Zealand, suggests that nearly 60 per cent of the compliance costs of the GST fell on MSMEs. The benefit by these businesses is felt only over a long period of time if those firms survive.

In case of India, it is often found that MSMEs lack access to finance for working or fixed capital.

Thus, if GST indirectly leads to delay in receiving payments from their customers or receiving refunds from government in respect of input credit resulting from submission of GST returns, it would be fatal for the MSMEs.

MSMEs often pay GST even if there is no receipt from the client — to avoid penal charges and other complications. To do so, MSMEs need to block a part of their working capital, which an MSME is always short of.

The GST system's efficacy depends on the timely compliance of all players in the chain, even from the government if it is a vendor. Of course, this lacuna also applies to medium and large firms, but because of their financial capacity, this is not a serious concern for them.

The Budget announced credit relief for MSMEs through a number of schemes. But these are not focused on changing the regulatory framework which can provide better access to credit, and reduce compliance cost of GST.

The writers are at NCAER. Views expressed are personal

LETTERS TO EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

Farm research reboot

With reference to 'Agricultural R & D needs a reboot' (August 15), the Budge prioritised agriculture. Agriculture research must be revamped, focusing on competitive funding, priority research areas, and impactful outcomes.

A comprehensive review of research planning, monitoring, and impact assessment is necessary, involving collaboration with international institutions, donor agencies, and private sector partners.

To further strengthen agricultural research, integrating artificial intelligence and machine learning can improve precision farming and decision-making. Developing climate-resilient crop and animal varieties, strengthening extension services, and promoting agroforestry and conservation agriculture practices can also enhance soil health, biodiversity, and farmer livelihoods.

Amarjeet Kumar
Hazaribagh (Jharkhand)

Disclosure woes

With reference to the editorial 'Lifting the veil' (August 15), in the present wild goose chase for the shadow owners of FPIs, securing the granular data of the ultimate beneficiaries is going to be complex, since most of the original investors either operate through P-Note route or through shell companies operating in tax-haven countries.

Also, in case of a single FPI with assets under management covering large number of funds, segregating the cross holdings of the promoter-investors across multiple layers in these funds, would be an uphill task for the regulator.

FPIs, being backbone of indirect investments in Indian companies and are the main pillar of stock market ecosystem, any deterrent regulatory measures, under the guise of securing the critical data, are not desirable.

Sitaram Popuri
Bengaluru

Tread with caution

Apropos the news report 'Govt 'relooking restrictions' on investments from China' (August 15), it is true that "no nation has decoupled from China" and India also need not do so. However, given the border tensions, rising trade deficit, any reconsideration and lifting of restrictions on FDI needs to be carefully calibrated with caution. Easing of restrictions on FDI from China may not exactly have the desired impact on manufacturing and value addition, but end up in establishment of mere assembling units. In addition, unbridled FDI from China could pose national security and data risk issues. In order to enhance our participation in the global supply value chains and to take advantage of China+1 policy, FDI policy can be liberalised in respect to other countries.

Our endeavour should be to increase exports to China and reduce trade deficit.

Kosaraju Chandramouli
Hyderabad

Published by Nirmala Lakshman at Kasturi Buildings, 859-860, Anna Salai, Chennai-600002 on behalf of THG PUBLISHING PVT LTD., and Printed by Ra Babu Vijay at THG PUBLISHING PVT.LTD. Plot B-6 & B-7, CMDA Industrial Complex, Maraimalai Nagar, Chengalpattu Taluk, Chengalpattu Dist., Pin: 603209. Editor: Raghuvir Srinivasan (Editor responsible for selection of news under the PRP Act). ISSN 0971 - 7528

Buybacks and capital gains

There are ambiguities in the Budget proposals

M Meyyappan

Budget 2024-25 proposals go a long way in simplifying capital gains tax on most financial assets. The proposed 12.5 per cent rate of tax for long term capital gains (LTCG) on most financial assets held for more than one year is reasonable, even without indexation. It will generate a substantial revenue stream without aggrieving the taxpayer.

However some other related provisions are worrying and are likely to cause legal issues in the future. Most important is the treatment of capital gains in the case of buybacks.

Earlier, the tax was paid by the company and the proceeds were tax-free in the hands of the selling shareholder. This was inequitable. The tax burden fell on the continuing shareholder and the selling shareholder got tax-free proceeds. It is against the fundamental principles of economics and taxation, where taxes should be paid by the seller, if there is a gain. These rules existed because a large amount of tax was collected at a single point with minimal administrative issues.

This provision is being replaced by a proposal where the entire proceeds of shares sold in a buyback will be treated as dividends in the hands of the selling shareholders and taxed at their marginal rate. It further states that the cost of the shares will be treated as a capital loss and set off against future capital gains.

BUYBACKS. More clarity needed on taxing capital gains

KEY ISSUES

There are many issues with this proposal:

The sale of a capital asset is being treated as a revenue item and taxed as such, with no cost allowed to be set off against it.

A buyback could be through two methods. One, by the tender offer method where there is full clarity of the buyer of the shares being offered in the buyback, in which case this proposal could apply, with tax being paid by the seller.

However, a buyback could also be done through open market purchases. Here it is not possible to differentiate whether the shares are being absorbed in the buyback or by another market participant. Hence the seller could sell his shares in the market and pay capital gains in the regular method.

The department would never be able to prove that the shares went to the buyback and hence should be taxed as dividend. Result, in due course the buyback by the tender offer method will disappear and only buybacks through open market purchases will survive.

All sellers will claim they have sold in the open market and not in the buyback. Pay capital gains at 12.5 per cent or 20 per cent and not as per the proposed provisions.

Another complication can arise when a company takeover occurs, where an open offer for usually 26 per cent has to be made to the public shareholders. Hopefully this will not be considered buyback, and normal capital gains tax will apply. A clarification is needed in this regard.

The issue of treating the cost of the shares as a capital loss to be set off against future gains, is difficult to digest. This is because the sale of a capital asset is treated as revenue and its underlying capital cost is not set off but carried forward to be set off against future capital gains. If for any reason there is no future capital gain, the assessee is hit hard.

It also needs to be clarified whether these 'dividends' will get the 'dividend pass through benefits'.

Clarification is also needed as to whether the valuation date of January 31, 2018, continues.

Summing up , the basic proposals of the capital gains taxation in the Budget are simple, clear and straightforward. They can be applied to an assessee whichever way the shares are sold — that is, in the open market, buyback or open offer. The tax liability can be easily ascertained and the assessee would pay it without a grudge.

If simplification and equity or fairness of our tax code is the objective, this is the way to go.

The writer is a chartered accountant

Is our household debt high or low?

COMPLEX ISSUE. The debt service ratio of Indian households could be higher than the official estimates. That is a concern

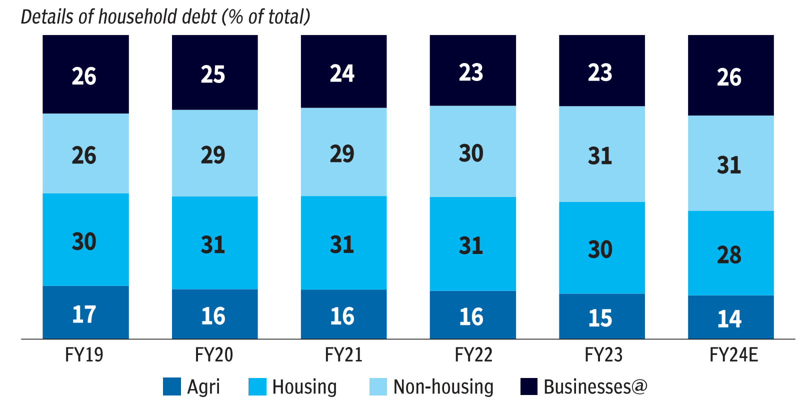
NIKHIL GUPTA

In this article on household finances, we have looked into various aspects of household debt. Household debt in India was 48 per cent of personal disposable income (PDI) in FY23, much lower than 80-100 per cent in the Western world, and as much as 100 per cent in China. As percentage of GDP, it was over 38 per cent in India, compared to 73 per cent in the US, 80 per cent in the UK, more than 100 per cent in Australia and 62 per cent in China. Is India's household debt high or low? What is the threshold level of household debt in India, beyond which it would turn unsustainable?

One of the most common and reliable ways to answer this question is to estimate debt service ratio (DSR) for Indian households, compare it with its counterparts in other nations and with its own past trends. DSR measures the proportion of income dedicated to meet loan-related obligations (principal and interest). So, a DSR of 10 per cent would mean that, on an average, a typical household spends 10 per cent of its income to meet its loan repayment dues. A higher DSR means higher debt repayment obligations, which tend to affect GDP growth adversely via the restricted ability of a household to grow its spending.

Constituents of household debt in India...

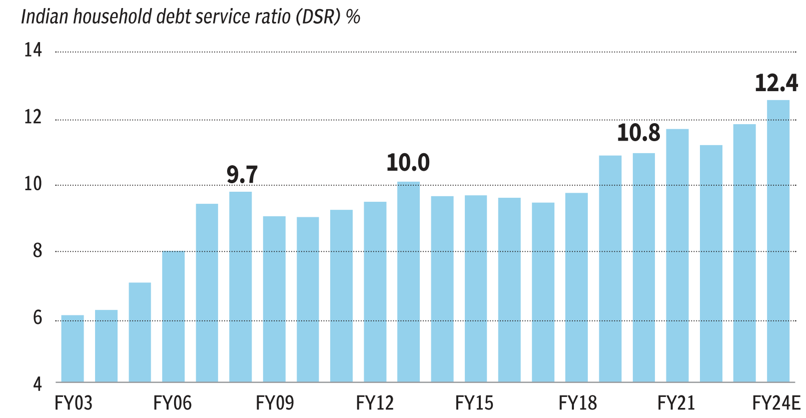
Details of household debt (% of total)



@Residual (only SCBs) FY24E are author's estimates Using data from SCBs, NBFCs and HFCs

...suggest that household DSR has risen to 12% in FY24

Indian household debt service ratio (DSR) %



Source: Various national sources, RBI, CSO, MOFSL

TWO KEY COMPONENTS

An estimation of DSR has two major components — residual maturity and effective interest rate. The lower the residual maturity and the higher the effective interest rate, the higher (and worse) the DSR will be and vice-versa. According to the Financial Stability Report of the Reserve Bank of India published in December 2023, DSR of Indian households is 6-7 per cent, which is not only comparable to other economies, but also very stable in the past few years.

According to the RBI, the weighted average effective interest rate stood at 9.7 per cent in FY23 and the residual maturity of retail loans (from a survey of 12 major scheduled commercial banks, comprising about 80 per cent of the retail loan portfolio at the system level) was 12.7 years on the existing stock of debt. One, thus, does not need to worry excessively about the rising household debt in India, as DSR is contained.

This, however, is in stark contrast to our calculations of household DSR in India, which was published in a report titled '*How sustainable is India's household debt?*' on October 4, 2023. According to our analysis, DSR for Indian households is 11-12 per cent (almost double of that estimated by the RBI), which is not only much higher compared to its counterparts in other major economies, but has also increased in the past years. The substantial difference between our and the RBI's estimates of household DSR emerges from the residual maturity (effective interest rates are similar). In stark contrast to the RBI's residual maturity of 12.7 years, our calculations suggested a residual maturity of only about 5.5 years. What explains this difference and what are its implications?

There are four parts in India's household debt — housing loans (including priority sector lending), non-housing personal loans, agricultural loans and business loans. Of these four parts, housing loans, by far, would be the longest maturity loans. Of the total household debt totalling ₹102 trillion in FY23, housing loans were ₹29 trillion (banks and housing finance companies). It means housing loans account for less than 30 per cent of household total debt in India, which, when compared with other major economies, is among the lowest share. Even if one assumes a residual (not contracted) maturity of 12 years on the housing loan portfolio, the remaining household debt must have a residual maturity of around 13 years to make RBI's estimates credible. This looks impossible.

A higher debt service ratio means higher debt repayment obligations, which tend to affect GDP growth adversely via the restricted ability of a household to grow its spending

Agricultural loans, which account for about 15 per cent of household debt in India, are primarily short-term crop loans, with a maturity about one year. Similarly, business loans, which account for another 24-25 per cent of household debt in India, are also likely to be dominated by working capital loans (of 1-3 years), rather than long-term investment loans (which we expect to be a part of corporate loans).

Of the remaining non-housing personal loans, vehicle loans (including that of banks and non-banking finance companies, NBFCs) account for 9 per cent of household debt and education loans were less than 1 per cent of household debt. These loans are likely to have a residual maturity of 3-5 years, with the remaining non-housing personal loans (which include all unsecured and gold loans) falling into 1-3 years' maturity profile.

In short, this understanding suggests that around 30 per cent of household debt may have a residual maturity of 12 years, another 10-15 per cent is likely to have a residual maturity of say, 5 years, and the remaining 55-60 per cent may have a residual maturity of, say 2 years (i.e., 1-3 years). If so, the weighted average residual maturity of the entire household debt would be less than 5.5 years.

In fact, according to the RBI, only 22.5 per cent of banks' entire loan book (at ₹143 trillion in FY23) had a maturity of above 5 years in FY23, compared to 16-17 per cent a decade ago. With an effective interest rate of 9.7 years and weighted average residual maturity of 5.5 years, Indian household DSR would be around 12 per cent, instead of 6-7 per cent estimated by the RBI. Is this high or low?

REVERSE CALCULATION

This can be gauged by comparing a 11-12 per cent DSR for Indian households at <50 per cent leverage ratio (debt-to-PDI), with 6-9 per cent household DSR in several advanced economies with much higher (almost double) leverage ratio. Household DSR in China with debt-to-income ratio of >100 per cent is estimated at 8.8 per cent. A few advanced economies, which have a household DSR of more than 10 per cent, have household debt at more than 175 per cent of income.

Doing reverse calculations, if we assume that DSR should not exceed 15 per cent, residual maturity increases to 6 years and effective interest rate reduces to 9 per cent over the next years, then the threshold level of household debt in India would be 67 per cent of PDI. At the current rate of the growth in household debt and PDI, this threshold level will be reached by the end of this decade, i.e., around FY30. This is, thus, not an immediate concern, but presents a potential threat, if it continues to grow at the same pace.

Overall, as we conclude this four-part series, households' financial position has weakened in India. And even though the headline debt-to-income ratio is low in India, it is not without its share of concerning trends.

The writer is Senior Group Vice-President - Institutional Research - Economist, Motilal Oswal Financial Services Ltd. He is the author of *The Eight Per Cent Solution*

thehindu businessline.

TWENTY YEARS AGO TODAY.

August 16, 2004

PM sets tone for reforms

The Prime Minister, Dr Manmohan Singh, outlined a seven-pronged growth plan for the economy to bring about reforms in the Government. The seven priority sectors identified for special attention are agriculture, water, education, healthcare, employment, urban renewal and infrastructure.

OBC chief allays fears of GTB customers

With the erstwhile Global Trust Bank (GTB) coming under the fold of Oriental Bank of Commerce (OBC), the OBC top brass is busy boosting the morale of GTB staff and customers. The OBC Chairman, Mr BD Narang, said in a letter to GTB customers: "Since the total workforce of the erstwhile GTB comes aboard OBC, you will interact with the same personnel at its various service outlets."

Law soon to regulate clinical establishments

The Health Ministry is planning to come up with a legislation that will certify and set standards for clinical establishments. The Bill will have provisions for registration of hospitals, clinics and diagnostic centres. It will ensure standardisation of procedures and also push for accreditation of healthcare centres

Keeping MSMEs safe — in the virtual world, too

Gautam Aggarwal

Imagine a small business owner logging in to her IT network one day to find out that all the data has been wiped clean — from transaction records, customer data to access controls. Along with severe revenue loss, such an event can potentially cause irreparable damage to reputation, leaving the young entrepreneur staring at business closure. As India's MSMEs (Micro, Small, and Medium Enterprises) sector embraces its 'new normal' of innovation powered by digital adoption for growth, it's important to protect it from cybercrimes.

According to the CyberPeace Foundation, about 43 per cent of all cyberattacks target small businesses and start-ups in India. Per a report by cybersecurity firm Trellix, Indian MSMEs faced an average of 37 cybersecurity incidents per day, amounting to a loss of nearly 7 per cent in revenue last year. However, cybersecurity threats, such as data breaches, phishing, and ransomware, still rank low on the priority list of most MSMEs. This knowledge gap, along with the lack of dedicated IT and cybersecurity specialists and financial constraints, leaves them vulnerable.

These limitations also expose small businesses to legal tangles as they are not able to comply with key regulations, such as the Information Technology Act, 2000. The complexity of cybersecurity tools only aggravates the problem, with most small entrepreneurs lacking an in-depth understanding of both the tools, as well as the business requirements.

DIGITISATION. MSMEs need mentoring

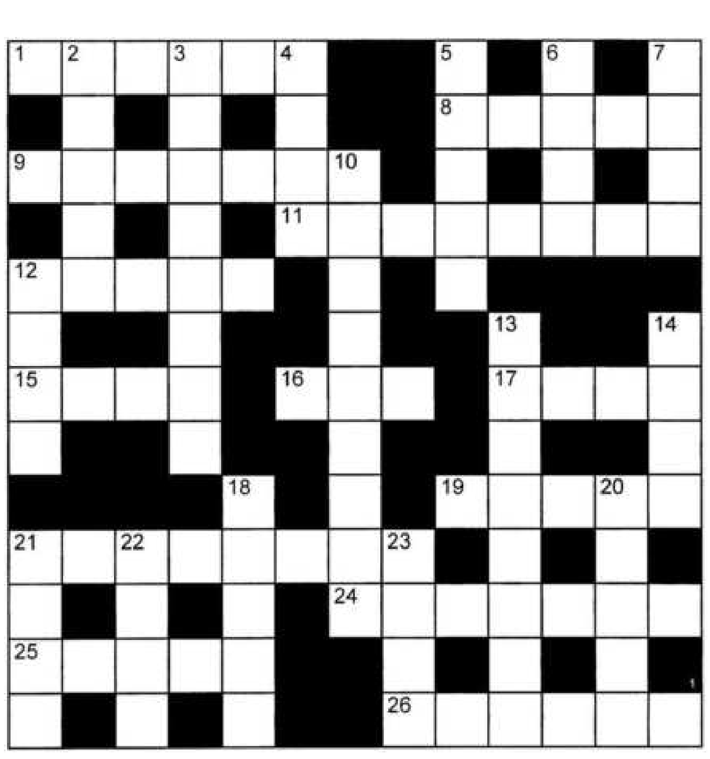
TAKING THE RIGHT STEPS

Securing a thriving sector with over 60 million companies can be a mammoth task. MSMEs' initiation into a secure cyber world has to start with awareness programmes for employees across all levels. To bridge the gap in knowledge and resources, MSMEs can also look to engage with cybersecurity advisors, who offer tailored solutions, helping businesses address specific vulnerabilities. Secondly, implementing robust cybersecurity policies can be crucial for protecting MSMEs. These policies can cover data protection, access control, incident response, and password management, offering a detailed framework for employees.

Further, developing tool-kits with resources like guidelines and checklists can enable employees to adhere to best practices.

The writer is Division President, South Asia, Mastercard

BL TWO-WAY CROSSWORD 2505



EASY

ACROSS

1. Animal related to polecat (6)
8. Cry of horse (5)
9. Run off to escape the law (7)
11. They go with the current (8)
12. Took the oath (5)
15. Hobbling, disabled (4)
16. Place for theatre orchestra (3)
17. White caustic earth (4)
19. Piles up (5)
21. Having vital power (8)
24. Perruque (7)
25. Be in contention with (5)
26. Puts a match to (6)

DOWN

2. Push through using arm joint (5)
3. Wind instrument (8)
4. Minister to, wait upon (4)
5. Rappee (5)
6. Go walking backpacking (4)
7. Accordingly, in this way (4)
10. Preparing a draft (7,2)
12. Auction, reduced price time (4)
13. Lying unconscious (8)
14. Smaller amount (4)
18. Square-bashing (5)
20. Impress on paper (5)
21. Make changes (4)
22. To present (4)
23. Water in a gas-trap (4)

NOT SO EASY

ACROSS

1. Rummage around with hesitation in the ornamental woodwork (6)
8. Sound horse makes one hears is negative (5)
9. Run off with a rating, the second to be forsaken by the East (7)
11. They moved aimlessly but created first Red revolution (8)
12. Promised to be true, but used bad language to do so (5)
15. Halt what is feeble as an excuse (4)
16. Remove cherry stones quietly with it (3)
17. It may be slaked with fruit (4)
19. Makes a pile but gets out of shape (5)
21. Six leave the Right: nothing American is so full of life (8)
24. False hairpiece constructed of wire held by glutton (7)
25. Stand against one staged by Sheridan (5)
26. Clues sought among the lungs of an animal (6)

DOWN

2. Joint that draws the Spanish to the East End of London (5)
3. It may issue notes to man sitting over trial (8)
4. Incline to look after one (4)
5. Amusement is given up in science fiction, taken at a pinch (5)
6. Take a walk in the country and come back in a week, I hear (4)
7. So the USA finishes away (4)
10. Making a draft when stopping the car (7,2)
12. Stag-nights begin with beer at bargain time (4)
13. Is not aware of fish returning in Spring right away (8)
14. Not so much to go after international statesmen if not (4)
18. March men up and down and turn a bit with it (5)
20. Use block capitals to create an impression (5)
21. In Weller's way it is right not always to stay the same (4)
22. Yield six in, for instance, returning it (4)
23. A wafer a marine mammal might render watertight (4)

SOLUTION: BL TWO-WAY CROSSWORD 2504

ACROSS 1. Contentious 8. Argument 9. Lice 10. Bring 13. Thud 16. Idem 17. Grin 18. Gone 20. Scrap 24. Ache 25. Windward 26. Interpreter

DOWN 2. Orgy 3. Timer 4. Ninon 5. Owlet 6. Laughing-gas 7. Leading lady 11. Irons 12. Giver 14. Herd 15. Mean 19. Eject 21. Crisp 22. Addle 23. Make

CHENNAI
businessline.
FRIDAY - AUGUST 16 - 2024

QUICKLY.

Disclose AI tool usage to clients: SEBI

New Delhi: SEBI has proposed that registered Investment Advisers and Research Analysts who employ artificial intelligence tools in their services must disclose the extent of usage to clients. This transparency is crucial for clients to understand how AI tools contribute to their investment decisions and to make informed choices about their advisory services. PTI

Ecom Express files for ₹2,600 crore IPO

Bengaluru: Logistics firm Ecom Express on Thursday filed for an IPO worth up to ₹2,600 crore. The IPO will consist of a fresh issue of shares worth up to ₹1,285 crore while existing investors will offload shares worth ₹1,316 crore. REUTERS

SEBI hits a wall on dues worth ₹76,000 crore in FY24

LOSING OUT. Difficult to recover dues were 4.1% higher compared with previous year

Ashley Coutinho
Mumbai

The Securities and Exchange Board of India (SEBI) has marked dues worth ₹76,293 crore as difficult to recover (DTR) at the end of 2023-24, 4.1 per cent higher than the figure of ₹73,287 crore the previous year.

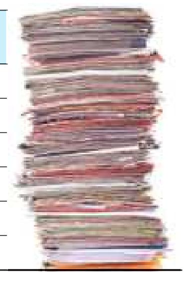
DTR dues are those which could not be recovered even after exhausting all the modes of recovery.

Section 28A of the SEBI Act, 1992, and the corresponding provisions of SCRA, 1956, and the Depositories Act, 1996, empower SEBI to recover money from persons who fail to pay the penalty imposed by an adjudicating officer or fail to comply with any directions of the Board for refund of money or fail to comply with the direction of disgorgement order or fail to pay any fees due to the Board.

Break-up of difficult to recover cases

	No. of cases	Amount (₹ cr)
No attachable assets	94	32.9
Pending before courts	36	12,198
Pending before committees	60	59,969
Defunct company	380	3,084
Untraceable	140	29
Stay by courts	69	965

Source: SEBI annual report



PENDING CERTIFICATES

A total of 6,781 recovery certificates were generated till March 31, 2024, of which 3,871 recovery certificates are pending, amounting to ₹1.02 lakh crore, the regulator's annual report said.

Of this amount, 61.5 per cent or ₹63,206 crore, pertains to collective investment schemes and deemed public issues matters of PACL and Sahara India Commercial Corporation respectively. A total amount of ₹95,346 crore of the total amount due, which includes PACL and Sahara India Commercial Corporation, are subject to parallel proceedings before various courts and court-appointed committees, the report said.

In these cases, SEBI's recovery proceedings are subject to directions and approvals of the respective courts and committees. In matters where the Insolvency and Bankruptcy Code (IBC) is invoked, SEBI's recovery proceedings are affected by the moratorium under the said code.

Out of the 140 DTR certificates falling under the untraceable category, 131 relate to individuals and nine relate to companies, amounting to ₹13.3 crore and ₹15.7 crore respectively.

There are 418 cases pending before various courts, tribunals and other for related to matters where recovery certificates are drawn. A majority of these matters are sub-judice before the Securities Appellate Tribunal.

Among the DTR cases, the regulator has classified 380 companies as defunct, with a yet to be recovered amount of over ₹3,000 crore.

Kalpataru to raise up to ₹1,590 cr via IPO

Our Bureau
Mumbai

Real estate developer Kalpataru has filed a draft red herring prospectus to raise ₹1,590 crore through a fresh issue of shares, the major portion of the funds being used to repay loans and the rest for general corporate purposes. The entire initial public offering is a fresh issue of shares.

The Mumbai-based builder has completed 70 projects covering an area of over 15 million square feet in Mumbai, Pune, Thane, Hyderabad, and Bengaluru. It has 25 ongoing projects with an area of 22 msf, 10 projects that are forthcoming and 5 projects that are being planned. Together they will have an area of close to 50 msf. Of the total number of projects, 37 are residential.

The company is focused on luxury, premium, and mid-income residential, commercial and retail projects, integrated townships, lifestyle gated communities and redevelopments. In the residential segment, it sells villas, duplexes, apartments, and plots of varying sizes.

Over 67 per cent of the developable area of its residential projects are located in the Mumbai Metropolitan Region as on March 31, 2024. It also has land banks of 1,886 acres that have been either purchased outright or acquired through development rights. It owns five land reserves in Surat, Shirol and Udaipur.

LOSSES DOWN

In FY24, the company narrowed its loss to ₹100.7 crore from ₹200.7 crore the year before while revenue from operations fell to ₹1,930 crore from ₹3,633 crore in the year-ago period.

The company will be repaying debt to the tune of ₹1,192.5 crore from the funds raised via the IPO. At the of June this year, it had dues worth ₹7,060 crore owed to banks and lending institutions.

HZL to pay special dividend of ₹8,000 crore to shareholders

Press Trust of India
New Delhi

Vedanta group firm Hindustan Zinc Ltd (HZL) plans to dole out a special dividend payout of ₹8,000 crore to its shareholders in the current fiscal, according to sources.

HZL's board is likely to meet on Tuesday to consider and approve the special dividend payment for this fiscal, they said.

"Of this, around 30 per cent or ₹2,400 crore may go to the Centre, contributing to its non-tax revenues for the fiscal," sources said.

The move follows the National Company Law Tribunal's (NCLT) approval to transfer ₹10,383 crore of general reserves to its retained earnings. This special dividend will be over and above the regular dividend of around ₹6,000 crore, which HZL doles out every year.

Apart from the government, this will also benefit promoter Vedanta, which holds around 65 per cent stake in HZL, and will receive around ₹5,100 crore, which it may use to further deleverage its balance sheet.

Vedanta will also be selling up to 3.31 per cent stake in HZL through the Offer for Sale issue from August 16 to 19. It has set the floor price at ₹486 per share.

HZL has benefited from a steady growth in sales volume and balanced capital expenditure for continuing operations, creating a strong track record of generating cash flows.

The company said in its scheme of arrangement filed with the NCLT that it expects the growth trajectory to continue, and its business operations to keep generating incremental cash flow over the coming years.

'More than 5 lakh homes lying undelivered across the country'

Our Bureau
Mumbai

About a fifth of under-construction homes in India aggregating to over five lakh units, belonging to stalled projects, are lying undelivered over the last eight years to buyers who have purchased them, according to data analytics firm PropEquity.

The remaining homes were delivered but with a delay of three-four years.

Close to 2,000 projects in 44 cities have been stalled across the country, the data showed. Over the last six years, that is from 2018 onwards, the number of stalled units have risen 9 per cent to 5.08 lakh units.

"The problem of stalled projects and the subsequent rise is due to the lack of execution capabilities of developers, cash flow mismanagement and diversion of funds to buy new land banks or retire other loans," said Samir Jasuja, Founder and CEO, PropEquity.

STALLED PROJECTS

While Mumbai, the biggest and most expensive real estate market in the country, has the most number of stalled projects, Greater Noida accounted for the highest number of units that had not been delivered to homebuyers. "The need of the hour is an independent third-party audit service for home-buyers to empower them to make an informed decision about the developers' capabilities to complete the project on time," he said.

PROLONGED DELAY. Greater Noida accounted for the highest number of units that had not been delivered to homebuyers

In 2019, the Centre had launched the Special Window for Affordable and Mid-Income Housing (SWAMIH) Fund in order to address the issue of stalled projects. So far, the fund has raised ₹15,530 crore and in the last five years only 32,000 units have been completed.

The Economic Survey, tabled last month, stated that the government aimed to deliver 20,000 delayed homes annually. Jasuja pointed out that courts across the country were clogged with real estate disputes, and cases were rising. Across 14 tier-1 cities, 1,636 projects with over 4.3 lakh units were stalled and across 28 tier-2 cities, 345 projects with over 76,000 units were stalled.

LEADING THE PACK

Mumbai had the maximum number of stalled projects at 234, followed by Bengaluru with 225 projects and Thane with 186 projects.

The advent of the Real Estate Regulation and Development Act, which is enforced State-wise, has made some impact in ensuring that developers construct projects on time and adhere to timelines.

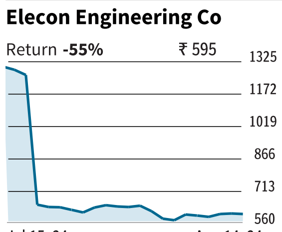
However, while top developers follow the guidelines and timelines, smaller ones are often in violation, mostly due to lack of finances and diversion of funds for other purposes.

"The mounting number of stalled projects is not just a matter of concern but also a challenge that may take years to resolve," said Vijay Harsh Jha, Founder and CEO, VS Realtors, a Gurugram-based property brokerage firm.

TODAY'S PICK.

Elecon Engineering Co (₹595.25) : BUY

Akhil Nallamuthu
bl. research bureau



The stock of Elecon Engineering Company has been on a decline over the past month. It faced a resistance at ₹700 and fell off this level. On Wednesday, it closed at ₹595.25. But the chart shows that the stock found support at ₹565 last week and rebounded on the back of it. A rising trendline coincides at this level, making it a good base that the bulls can capitalise on.

We expect the stock to rally and retest ₹700. Therefore, participants can buy shares of Elecon Engineering at the current level of ₹595 and accumulate if the price dips to ₹570. Place stop-loss at ₹535. When the price rises to ₹650, revise the stop-loss to ₹615. Tighten the stop-loss further to ₹660 when the stock touches ₹680. Exit at ₹700.

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

Day trading guide

		S1	S2	R1	R2	COMMENT
24175	Nifty 50 Futures	24125	24000	24250	24500	Buy with a stop-loss at 24100 if the contract breaks out of 24250.
₹1607	HDFC Bank	1600	1580	1650	1680	Go long if the stock bounces off 1600; place stop-loss at 1580.
₹1822	Infosys	1800	1770	1880	1900	Consider long positions at current level; place stop-loss at 1800.
₹491	ITC	490	480	498	510	Refrain from taking intraday positions as the trend is unclear.
₹328	ONGC	326	310	338	345	Go short on this stock if it slips below 326; stop-loss can be at 332.
₹2922	Reliance Ind.	2915	2880	2950	3000	The stock is range-bound. Avoid taking fresh trades at this level.
₹802	SBI	796	760	820	830	As the risk-reward is favourable, go long with a stop-loss at 790.
₹4291	TCS	4250	4170	4340	4400	Buy now and accumulate on a dip to 4250. Keep a stop-loss at 4170.

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

TI Clean Mobility charts network expansion for e3Ws with new product rollouts

G Balachandar
Chennai

TI Clean Mobility (TICMPL), the electric vehicle subsidiary of Tube Investments of India under the Murugappa Group, is embarking on an aggressive expansion of its electric three-wheeler business.

The company plans to introduce two new products in the coming months and broaden its dealer network in the northern and eastern regions, utilising location-specific strategies to boost volumes and market share.

"Our journey in the passenger electric three-wheeler segment has been remarkable," KK Paul, Managing Director, TI Clean Mobility, told *businessline*. "In the southern region, we've captured about 30-33 per cent of the market share in the electric passenger auto category. Nationally, our market share is around 7 per cent, and in the markets where we're present, we've achieved over 19 per cent market penetration. This progress is especially impressive, given that we've only been in full-scale operations for the past eighteen months."

The company has sold about 5,000 units of its e-passenger auto Montra in the past year. Looking ahead, TICMPL is gearing up for new product launches in the cargo and e-rickshaw segments, slated for this quarter and the coming ones.

"These launches will further strengthen our portfolio and help us capture larger volumes," Paul added.

Kalyan Kumar Paul, MD, TI Clean Mobility

KEY CHALLENGES

Despite its success in the electric three-wheeler business, the company acknowledges challenges, particularly in penetrating the North and East regions, which constitute a significant portion of the electric passenger auto market. "We are increasing our visibility through dealer expansion and both above-the-line and below-the-line marketing campaigns," Paul said.

"We're also conducting numerous customer trials and test rides to showcase the benefits of our vehicles. The positive feedback is encouraging — customers consistently report achieving over 150 km on a single charge wherever our Montra has been deployed."

Paul explained that the company is developing location-specific strategies for these regions, intending to make rapid progress.

"By the end of this financial year, we expect to have close to 200 dealers across India, covering both electric autorickshaw and e-rickshaw segments," he stated.

Reflecting on the company's learnings, Paul emphasised the importance of understanding the diversity of the Indian market, noting that different regions had distinct requirements. "We've excelled in providing exceptional customer service, ensuring that any vehicle brought into our dealerships is serviced within 24 hours."

"Our Net Promoter Score, which reflects customer and dealer satisfaction, is among the best in the industry, and we rigorously track this each month," Paul highlighted.

In light of its expansion plans, TICMPL is strengthening its sourcing, sales, service, quality, and research and development teams to meet growing demand. "We're also working on stabilising our supply chain, especially as our vendors, being relatively new to the EV sector, need considerable support," he said.

The company's new battery plant in Coimbatore will soon be operational, a critical step given that batteries account for a significant portion of material costs.

"With the launch of our electric cargo three-wheelers, we expect significant growth in our market share, though specific targets remain confidential. With the capacity to produce 75,000 vehicles across three shifts, we're well-positioned for aggressive expansion, leveraging our investments to drive volume growth," Paul said.

Biocon's Syngene expected to turn headwinds into tailwinds by H2 FY25

bl.interview

Venkatesha Babu
Aishwaraya Kumar
Bengaluru

Leading biotech company Biocon recently released its quarterly numbers which saw revenues go up by 30 per cent, aided by growth in the biosimilars business. However, Biocon's other two business segments, contract research services and generics, saw some challenges. Peter Bains, Group CEO, Biocon, spoke about how Syngene, the contract research segment of the pharma major, is set for a positive turnaround in the second half of the year as venture capital funds flow back into biotech, driving renewed investment and growth in the sector. He spoke about the surge in request-for-proposals (RFPs), expansion in bio-manufacturing and the Biosecure Act, which is expected to turn current headwinds to tailwinds for the segment.

What factors will be driving this anticipated growth for research services?

The research services were going through a transitory phenomenon fundamentally related to tightening of the US' biotech venture capital funding. The anticipated growth is fuelled by several factors. Firstly, the release of funds from VCs, which will take more than a quarter to materialise. Additionally, we are seeing a significant increase in our request-for-proposals (RFPs).

The first quarter also saw the start of several pilot projects for pharma companies. Successful delivery of pilot projects is expected to build a foundation for larger-scale future collaborations.

What does the increase in RFPs mean for Syngene?

The RFPs are at a four-year high, up by 50 per cent year-on-year (y-o-y). We are confident that we will successfully secure some of these opportunities. Consequently, the challenges we are facing currently should turn into advantages in the second half of the year.

> The RFPs are at a four-year high, up by 50 per cent y-o-y. We are confident that we will successfully secure some of these opportunities
>
> **PETER BAINS**
> Group CEO, Biocon

How well-positioned is Syngene to capitalise on the Biosecure Act?

Companies are looking to diversify their exposure to China with the Biosecure Act, leading to a significant increase in inquiries. While this shift will not yield immediate results, we anticipate a steady flow of inquiries as companies recalibrate over the next few years. We believe Syngene is very well-positioned to capitalise on this opportunity in India.

What role does bio-manufacturing play in Syngene's growth?

The bio-manufacturing supported by dedicated centres has continued growing despite the degrowth noticed in discovery services. This boost was led by both commercial and clinical-scale projects.

So the Syngene story is transitory. It is a turnaround, and we are expecting the momentum to build in the second half, helping the research services to meet its guidance range for the year.

Can you elaborate on how Biocon is addressing pricing pressures in the generics segment?

The company is addressing the pricing pressure in the generics segment through geographical expansion and the launch of new products. We are actively expanding beyond our main market in US into Europe, Asia, Latin America and Australasia. Upcoming launches include Liraglutide, a GLP-1 for obesity and diabetes.

What impact are new product launches, such as Liraglutide, expected to have on overall performance?

We have secured approval in the UK to launch Liraglutide by the end of this fiscal year and are preparing for this independently and with our partner. Peptides, especially Liraglutide, are crucial for our generics business.

Obesity is a global epidemic with serious consequences. It is closely linked with diabetes, as they share common causes and occur together. Biocon is well-positioned to address this issue due to our long-standing global expertise and capability in insulin. We are taking a global approach, entering various markets and forming partnerships, like the recent collaboration with Handok in South Korea, to maximise patient reach. Additionally, other GLP-1 and peptide products, like Semaglutide and Tirzepatide, are being developed to strengthen our position in this market.

The biosimilar segment has shown strong performance. What were the main drivers for this growth?

The biosimilars have shown an 11 per cent revenue hike on a like-for-like basis, primarily driven by strong performance in the US, where we have achieved significant market shares in our oncology business, with figures around 19 per cent to 20 per cent. The steady performance of the insulin business complemented this growth.

Looking forward, we aim to launch five products in the US over the next two years and in Europe, three new products are in the pipeline. The current traction is encouraging and we can add these new products as fuel to that, to continue to drive a sustained momentum over the next few years.

QUICKLY.

Ramky Infra's Q1 profit declines 33% to ₹71 cr

New Delhi: Ramky Infrastructure Ltd has reported a 32.6 per cent decline in consolidated profit after tax (PAT) to ₹70.9 crore for the April-June quarter of this fiscal compared to ₹105.2 crore in the year-ago period, according to a statement. Revenue from operations rose to ₹569.1 crore in the first quarter of 2024-25 from ₹556.7 crore in the year-ago period. "Despite the seasonal economic headwinds, we have maintained a healthy growth trajectory, with significant improvements in our core financial metrics when adjusted for last year's one-time gain," Ramky Group CFO NS Rao said in the statement. PTI

Cisco gives upbeat forecast amid layoffs

Cisco Systems, the biggest maker of computer networking equipment, gave a bullish revenue forecast for the current period thanks to a rebound in orders, but announced plans to cut thousands of jobs as part of a strategy shift. Sales will be $13.65 billion to $13.85 billion in the fiscal first quarter, which ends in October, the company said in a statement on Wednesday. Analysts had estimated a number at the very low end of that range. BLOOMBERG

Violence and vandalism rule Kolkata after doctor's murder

MASS UPRISING. Thousands rally demanding justice, igniting state-wide outrage

Our Bureau
Kolkata

Anger and protests intensified across West Bengal over the gruesome incident of miscreants entering State-run RG Kar Medical College and Hospital and vandalising portions of the medical facility, even after a massive mass movement took place to protest against the rape and murder of a junior woman doctor.

Women in Kolkata and many other parts of the country on Wednesday night organised a mass movement, calling it 'Women, Reclaim the Night' after the body of the woman doctor was found at the RG Kar Medical College and Hospital.

NIGHT OF RAGE

The unidentified miscreants in late night forcibly entered the premises of the RG Kar Medical College and Hospital and attacked the agitating doctors. The miscreants even vandalised portions of the hospital, including the emergency department and critical care units. They also attacked police outposts and damaged police vehicles.

In the wee hours of Independence Day, thousands of people, mostly women, holding flaming torches and blowing conch shells began to march through streets across the State as a part of the mass movement.

After the vandalism, junior doctors, students and nurses of Kolkata's RG Kar Medical College and Hospital intensified their protests against the rape and murder of the 31-year-old doctor. Kolkata Police on Thursday arrested nine miscreants in connection with the mob violence. "The scene of the crime is Seminar Room which is intact and has not been touched," the Kolkata Police wrote on X.

CM REACTS

Speaking on the mob violence, Chief Minister Mamata Banerjee said, "politically-motivated outsiders who wish to create issues in the State" were responsible for the attack.

"They viciously attacked the police. A Deputy Commissioner was found unconscious due to injuries to his head," Banerjee said. "The police did not wish to resort to violence, so they took a peaceful stance," she added.

The female doctor was found dead last Friday. Police said she had been raped and murdered and a police volunteer was subsequently arrested in connection with the crime.

ESCALATING PROTESTS. Women protesting against the sexual assault and murder of a doctor at the RG Kar Medical College in Kolkata ANI

Seeking justice, doctors to go on countrywide strike tomorrow

PT Jyothi Datta
Mumbai

Seeking justice for the female doctor who was sexually assaulted and killed in RG Kar Medical College and Hospital in Kolkata last week, and push for a safe work place, doctors across the country have called for a strike on Saturday.

The Indian Medical Association has called for a "24 hour withdrawal of services" across the country and across public and private hospitals, IMA President RV Asokan told *businessline*.

The strike will start at 6 am on Saturday (August 17) and end on Sunday (6 am).

Emergency and casualty services will not be affected, he said.

However, OPD (out patient department) services and elective surgeries will be impacted, he added.

IMA representatives, including the National President and Secretary General, were in Kolkata along with IMA's Action Committee on Wednesday, to meet the parents of the deceased and the protesting doctors, said Vinay Aggarwal. The strike on August 17 reflects the medical fraternity's anger on the incident in the hospital premises and the second attack by goons, he said.

IMPACT AND FEARS

The call is for a Central Act to protect doctors from violence, to declare hospitals a safe zone and to investigate and punish those involved in the death of the doctor and give her family a "respectable compensation," he said.

On the strike's impact on patients, Dr Harjit Singh Bhatti, national president, Progressive Medicos and Scientists Forum (PMSF), a non-profit organisation of doctors and scientists, said, "No doctor wants to strike. But no one is listening and doctors are working in extreme conditions and dying. There is distrust and fear, especially among women colleagues, that they cannot be safe in their duty-rooms."

Meanwhile, the Federation of Resident Doctors Associations has resumed its strike following the attack on the Kolkata hospital that was ground-zero in terms of the crime and the doctors protest that followed.

HOLDING GROUND. Doctors of NIMS protesting in Hyderabad on Thursday NAGARA GOPAL

SBI raises MCLR by 10 bps across all tenors, 3rd hike in 3 months

Our Bureau
Mumbai

State Bank of India (SBI) has upped its Marginal Cost of Funds-based Lending Rate (MCLR) across all tenors by 10 basis points with effect from August 15, 2024.

The revised six-month and one-year MCLR will be 8.85 per cent (8.75 per cent) and 8.95 per cent (8.85 per cent), respectively. This is the third month on the trot that India's largest Bank has upped the MCLR. This comes in the backdrop of the banking system seeing rising cost of deposits amid challenges for mobilising resources and ongoing transmission of the cumulative repo rate hike of 250 basis points (bps) undertaken during May 2022-February 2023.

This also comes in the wake of RBI's rate-setting monetary policy, at its meeting on August 8, 2024, keeping the repo rate unchanged at 6.50 per cent.

Last Friday, Bank of Baroda (BoB), Canara Bank and UCO Bank, among others, had announced that they will up their MCLR.

SBI's move comes in wake of RBI's rate-setting monetary policy, at its August 8 meeting, keeping the repo rate unchanged at 6.5 per cent

BoB has increased its MCLR by 5 basis points on certain tenors with effect from August 12. The revised six-month and one-year MCLR are 8.75 per cent (8.70 per cent) and 8.95 per cent (8.90 per cent), respectively.

REVISED RATES

Canara Bank too increased its MCLR by 5 basis points across the board with effect from August 12. The revised six month and one-year MCLR are 8.80 per cent (8.75 per cent) and 9 per cent (8.95 per cent), respectively.

UCO Bank has upped its MCLR on certain tenors by 5 basis points with effect from August 10.

The revised six-month and one-year MCLR are 8.80 per cent (8.75 per cent) and 8.95 per cent (8.90 per cent), respectively.

All floating rate rupee loans sanctioned and renewed with effect from April 1, 2016, were priced with reference to MCLR, which is the internal benchmark for such purposes.

Further, to ensure better transmission of changes in policy repo rate, RBI asked banks to ensure that all new floating rate personal or retail loans and floating rate loans extended to micro and small enterprises from October 01, 2019, and floating rate loans to medium enterprises from April 01, 2020, are linked to external benchmarks such as repo rate or 3-month/6-month treasury bills. In response to the 250 bps policy rate hike since May 2022, scheduled commercial banks (SCBs) have revised their repo-linked external benchmark-based lending rates (EBLRs) upwards.

The 1-year median MCLR of SCBs increased to 168 bps during May 2022–June 2024, according to RBI.

Amid global cocoa shortage, chocolate makers up prices

Aroosa Ahmed
MUMBAI

Amid the global shortage of cocoa, Indian chocolate and pastry makers have resorted to price increases, shrinking quantity, local sourcing and use of carob powder.

The dip in cocoa production in Ghana and Ivory Coast has led to the global cocoa shortage resulting in the creation of immense pressure among chocolate makers. Companies are taking up to 10 per cent increase in prices.

"To mitigate the impact of rising cocoa prices, we adopted a diverse approach. This includes a modest price adjustment of approximately 8-10 per cent. A comprehensive review of packaging and supply chain expenditures was undertaken to identify cost-saving opportunities. To maintain the growth trajectory and diversify the product portfolio, we accelerated the launch of a new snacking chocolate line," said Vimal Sharma, Founder-Director and CEO of SMOOR.

BITTERSWEET. A dip in cocoa production in Ghana and the Ivory Coast has led to the global cocoa shortage REUTERS

BUSINESSES HIT

Chocolate makers are now sourcing locally-produced cocoa.

Anshi co-founder of Colocal said, "In India, Kerala and Andhra Pradesh produce most of the country's cacao. Colocal sources single-origin beans from Kerala's Idukki. It takes about 5 years for a cacao seed to start bearing fruit, so the re-plantation rate is very low. A lot of brands are also incorporating other ingredients to compensate for the cost. At Colocal we've decided not to shift gears. We are still producing 1.5 tonnes of chocolate every month."

Due to an increase in cocoa prices, small bakery owners and home chefs are shutting down their businesses.

Birdy's Bakery's Managing Director, Srinivas Rao said, "The India chocolate market was growing with a rise of lifestyle choices of the middle class. New products and innovations were introduced. This has reduced drastically. Single owners opened a small cake shop and made and sold cakes from that premises. Home bakers proliferated. A number of these have had to shut down. Birdy's have worked with multinational companies to develop ready-made chocolate solutions to replace the base products that they used to make themselves."

Bakeries are shifting their focus from non-chocolate desserts and increasing their focus on fruit-based products.

"India, being relatively new to the chocolate market, as a manufacturer of cocoa beans is struggling with price rise.

Multinational brands are increasing their prices by an exuberant 20-30 per cent for the final product to balance with the cost of cocoa and are planning to increase further by making chocolate not so affordable. As pastry chefs, we plan to take this scarcity as an opportunity to experiment with new flavours or use alternative ingredients," said Chef Sehaj Ghuman, Pastry Chef and Instructor at the Academy Of Pastry and Culinary Arts, India.

"There is a reduction in chocolate-based desserts in our menu and have consciously promoted non-chocolate desserts like fruit-based products or other desserts that have low or no chocolate dependence," said Rahul Seth, Founder and Owner of Patisserie'22.

ED attaches ₹678 crore worth assets of Gautam Thapar-owned Avantha Group

Our Bureau
New Delhi

Businessman Gautam Thapar-owned Avantha Group's real estate worth more than ₹678 crore has been attached by the Enforcement Directorate in a ₹2,435 crore-worth loan fraud case under the Prevention of Money Laundering Act (PMLA).

The ED said in a statement on Thursday that a provisional order under the PMLA has been issued to attach the company's properties located in Haryana, Maharashtra and Uttarakhand. According to the agency, the assets belong to various companies of Avantha Group, "owned and controlled" by industrialist Gautam Thapar.

On August 19, 2019, CG Power and Industrial Solutions Ltd had made disclosure under Regulation 30 of the SEBI (listing obligations and disclosure requirements) Regulations, 2015, to Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) regarding findings which had potential implications on the financial position of the company.

"The disclosure made by CG Power and Industrial Solutions Ltd revealed that assets and liabilities of the company have been understated considerably," the ED said. The agency also found out that advances to related parties and unrelated parties were understated, certain assets provided as collateral, company was made a co-borrower and/or guarantor for enabling financing of loans which were immediately routed out of the company without due authorisation.

Lender banks took notice of the disclosure, as per the ED, after a complaint made by the State Bank of India (SBI). The ED swung to probe money laundering aspect of the case booked initially by the CBI in June 2021 against CG Power and Industrial Solutions Ltd and others for allegedly indulging in a "bank fraud" to cheat a consortium of banks to the tune of ₹2,435 crore.

Telangana will borrow funds with caution: Revanth Reddy

Our Bureau
Hyderabad

Telangana Chief Minister A Revanth Reddy announced that the State government will not borrow funds at higher interest rates, to avoid placing a heavy burden on the people.

"Despite facing financial hurdles, the government is making all out efforts to fulfil the promises of *Abhayahastham* with a commitment of bringing happiness in every family," he said in his maiden Independence Day speech.

Reddy said his government is making efforts to restructure State debts. "We met with the World Bank President during our recent visit to America... talks with the World Bank representatives were held in a cordial manner in extending financial assistance with low interest rate for State development," the Chief Minister said.

Telangana Chief Minister A Revanth Reddy

He then give an update on the six promises made by his party ahead of elections.

Reddy also spoke about the pending division of assets a decade after the bifurcation of Andhra Pradesh and Telangana formation. "Water sharing in river Krishna and Godavari was also not addressed. My government is giving priority to State interests and maintaining cordial relations with the neighbouring states as well as with the Centre. Government is hoping for a positive outcome from the talks held recently with Andhra Pradesh Chief Minister N Chandrababu Naidu on pending bifurcation related issues," he said.

US TOUR

He also spoke about his recently concluded US and South Korea tours. "We held talks with 10 most popular global companies. The government entered agreements for ₹31,532 crore investments in Telangana. The MoUs with global companies will create 30,000 job opportunities," Reddy said.

On fixing government accountability, he said, "A facility was also created to seek suggestions from people to run the people-friendly government. The State government is functioning in the interests of the majority of people."

Andhra Pradesh targets 15% growth in GSDP

Our Bureau
Hyderabad

Andhra Pradesh Government is working on all fronts to achieve 15 percent annual growth in the State Gross Domestic Product (GSDP) and reviving 'Brand Andhra Pradesh', according to Chief Minister N Chandrababu Naidu.

Speaking after unfurling the national flag in Amaravati on Thursday on the occasion of the Independence Day, Naidu said a comprehensive review of departments was being done with a view to ignite growth across various sectors which were 'adversely affected' in the rule of previous YSR Congress government led by YS Jagan Mohan Reddy.

"The welfare and development are like two eyes of our Government and we are moving forward with a 100 Days Plan to review all the departments and to take necessary action to bring them back on track," Naidu said.

Andhra Pradesh Chief Minister N Chandrababu Naidu

The Government had so far released seven white papers on key departments including finance, power and mining.

"As part of the development measures, the government has already commenced the first of its kind skill census in the State and also committed to take the Polavaram project, which was stalled by the previous Government, forward," the Chief Minister said.

IndiGrid partners with global giants for green energy transmission

Our Bureau
New Delhi

Power sector infrastructure investment trust IndiGrid said on Thursday that it has partnered with British International Investment (BII), Norwegian Climate Investment Fund and Techno Electric and Engineering Company to develop greenfield Interstate Transmission System (ISTS) projects.

During FY24, IndiGrid operationalised its first greenfield ISTS project, Kallam Transmission and won five additional projects, across ISTS and Battery Energy Storage System (BESS), with a tentative capex outlay of around ₹2,000 crore to be deployed over the next 12-24 months, it said.

GREEN DREAMS

Under this partnership, BII and Norfund (through KNI India AS, Norfund's joint venture with KLP, Norway's largest pension company) will invest in IndiGrid's three ISTS projects won last year and currently under-construction — Ishanagar Power Transmission (IPTL), Dhule Power Transmission (DPTL) and Kallam Transco (KTCO).

SUSTAINABLE SUPPORT

The projects are expected to support evacuation of renewable energy of around 6 gigawatts (GW) in Madhya Pradesh and Maharashtra.

Additionally, Techno will co-develop the IPTL and DPTL projects. Techno will invest minority capital and will also be responsible for the complete execution of the projects on a Lump Sum Turnkey (LSTK) basis.

IndiGrid will be acquiring an entire stake in these projects once they are operational and revenue generating.

Rohit Anand, Head of Infrastructure Equity, Asia at British International Investment, said: "India requires a substantial investment of ₹4.75 lakh crore in the transmission sector to facilitate integration of renewable energy capacities and meet its decarbonisation goals."

"As a long-term partner and committed climate finance provider to India, we are delighted to bring not just our capital but also our ESG expertise to support the transmission sector which is a vital part of India's energy transition," he added.

IndiGrid CEO Harsh Shah said, "On the back of India's commitment to energy transition and grid parity across renewable energy technologies including BESS, we are witnessing tremendous investment opportunities in our target areas. This offers a compelling prospect for investors with preference for sustainability."

CHENNAI
businessline.
FRIDAY - AUGUST 16 - 2024

QUICKLY.

Crude oil up on hopes US rate cut will fuel demand

Crude oil prices rose supported by optimism that potential US interest rate cuts will boost economic activity and fuel consumption though concerns over slower global demand curbed gains. Brent crude futures climbed 17 cents to $79.93 while US WTI increased by 21 cents to $77.19 per barrel. REUTERS

Gold rebounds as hopes for rate cut stay firm

Gold prices rose a day after US inflation data suggested the Federal Reserve might reduce interest rates next month. Spot gold was up 0.5 per cent at $2,458.74 an ounce. US gold futures rose 0.7 per cent to $2,496.50. Silver gained 1.7 per cent to $28.06, platinum rose 1.8 per cent to $935.77 and palladium edged down to $934.50. REUTERS

Palm oil hits 10-day high on lower stocks

Singapore: Malaysian palm oil futures closed at their highest level in 10 days as falling inventories and bargain hunting outweighed softer exports data. The benchmark palm oil contract for October delivery on the BMD rose 31 ringgit to 3,754 ringgit ($847.40) a tonne. REUTERS

15% surplus rain in Aug first half; La Nina by month-end

MAKING UP FOR DEFICIT. Overall rainfall during the current south-west monsoon is 105% of long period average, says IMD

Prabhudatta Mishra
New Delhi

The country received 153 mm in the first half (1-15) of August, which is 15 per cent above the normal of 133.3 mm for the period.

This has helped the overall seasonal rainfall reach 105 per cent of its long period average (LPA) between June 1 and August 15.

The rainfall was 11 per cent deficient in June and 9 per cent surplus in July.

The country has received 606.8 mm of rain between June 1 and August 15, which is 4.8 per cent above its LPA of 579.1 mm.

The India Meteorological Department (IMD) had earlier forecast rainfall across the country to be "normal" (94 to 106 per cent of LPA) in August, except for many areas in southern parts of the central meteorological subdivision and adjoining northern peninsular India, north-east and adjoining areas of east India as well as some parts of north-west and south peninsular India, where "below normal" rainfall was predicted.

EXCESS IN ALL REGIONS

Latest data show that the east and north-eastern meteorological subdivision comprising West Bengal, Bihar, Jharkhand and north-eastern States received 198.6 mm of rain in the first fortnight of this month, which is 21.4 per cent more than its LPA of 163.6 mm.

The north-west subdivision, comprising Punjab, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, Himachal Pradesh, and Jammu and Kashmir, reported 154.6 mm rainfall — 44.8 per cent more than its normal 106.8 mm during the August 1-15 period.

Central India, comprising Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, Odisha and Goa, has reported 160.9 mm of rainfall, which is 1.5 per cent less than the LPA of 163.4 mm.

But the south peninsula comprising Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana reported 99.7 mm rainfall in August 1-15, which is 0.9 per cent above normal of 98.8 mm.

WEATHER UPDATE. The India Meteorological Department had earlier forecast rainfall across the country to be "normal" (94 to 106 per cent of LPA) in August

DEFICIENT ZONES

The number of meteorological sub-divisions with deficient rainfall has reduced to 6 from 9 in past 15 days.

Of the 36 meteorological sub-divisions, deficient rainfall has been reported from 6 such units, representing 17 per cent of India's geographical area, as on August 15; whereas the number of deficient subdivisions was 9 with 25 per cent area until July 31.

Bihar, Punjab, Himachal Pradesh, Jammu and Kashmir and some N-E States have received deficient rainfall so far.

Meanwhile, the IMD on Thursday said active monsoon conditions were observed over most parts of north-west and adjoining central India during the week ended August 15.

"This was mainly due to a cyclonic circulation that remained active in most dates during the week over the region and it was persisted over north-east Rajasthan and neighbourhood. Besides, the convergence of moisture laden southerly and south-westerly winds from the Arabian Sea to north-west India also observed at lower levels," IMD said.

ENSO-NEUTRAL

Currently, neutral El Nino-Southern Oscillation (ENSO) conditions are prevailing in the equatorial Pacific region, it said, adding that La Nina is likely to develop towards the end of August as suggested by forecasts from the Monsoon Mission Climate Forecasting System (MMCFS).

The IMD said the Madden Julian Oscillation (MJO) index, another global weather pattern that influences monsoon rainfall, is currently in phase 1 with amplitude more than 1.

MJO is likely to contribute to enhanced convection starting from around August 20-21 over the Equatorial Indian Ocean and the adjoining Arabian Sea and Bay of Bengal, it said.

The weather bureau advised farmers of Uttar Pradesh, Rajasthan, Madhya Pradesh, Chhattisgarh, West Bengal, Odisha, Jharkhand, Bihar, Punjab, Haryana, Tamil Nadu, Kerala, Karnataka and Rayalaseema region to drain out excess water from field crops and horticultural crops.

Agri Ministry launches app to collect information on pest attack in crops

Our Bureau
New Delhi

Union Agriculture Minister Shivraj Singh Chouhan on Thursday launched a mobile app, National Pest Surveillance System (NPSS), for farmers to send photos of crops from their field, if affected by pests or insects.

It will help the government to know the scale of infestation and respond accordingly.

Launching the app at a gathering of farmers who had come to Delhi as special invitees to witness the Independence Day function, Chouhan said he had personal experience of how the soyabean crop got completely damaged within a few days of the first report. He underscored the importance of timely action, for which "timely availability of information" is the key factor.

Shivraj Singh Chouhan, Union Minister of Agriculture

A farmer has to take a photo of the crop using the app and the saved photo on the mobile can be uploaded, an official source said.

SAVING COSTS

"As the intention of the government is to gather information and assess the scale of infestation, it is equally important to ensure the location of the crop. This is because AI can analyse the situation better whether any particular pest attack is found at the village level or in more villages in a district or in more districts or States," the official said.

Chouhan stated that the current practice of farmers rushing to local pesticide retailers for advice and purchasing pesticides based on the suspicion of a pest attack will be reduced, helping them save costs. The app will not only provide farmers with accurate advice but also guide them in purchasing the correct pesticide.

The Agriculture Minister said starting September, the government will start a programme over All India Radio, titled *Kisano ki Baat* — modelled on the lines of Prime Minister Narendra Modi's *Mann ki Baat* programme — where farmers and scientists will interact to solve the issues faced by the cultivators.

Tea garden soil conditions not linked to Wayanad landslides, claim planters

Our Bureau
Kochi

The Association of Planters of Kerala (APK) has refuted reports that soil conditions in tea plantations are responsible for landslides.

In a statement, Prince Thomas, Chairman, APK, said tea plantations in South India follow sustainable agricultural practices, where soil heath is closely monitored.

Many plantations have internationally acclaimed sustainability certifications like the Rainforest Alliance.

Fertilizer applications are based on the guidelines of the UPASI Tea Research Foundation. Besides, the use of pesticides is based on the Plant Protection Code of the Tea Board of India and the EU norms, he said.

Quoting the reports of eminent scientists from NCESS, Thiruvananthapuram, he said incidences of landslides have been minimum in tea plantations on account of the positive properties of tea roots and the close plant spacing adopted. They also highlighted the role of tea plants in preventing soil erosion.

According to the APK chairman, most of the tea plantations in Kerala are over 100 years old and the root system goes deep into the soil.

The tea bush cover, which acts like a canopy, is effective in reducing the direct impact of rain on the soil surface.

CLIMATE CHANGE

Referring to the recent Wayanad incident, he said the starting point of the landslide was a remote forest area on the mountain top, at an altitude much above the tea plantations.

The primary reason for recurring natural disasters like the landslide at Wayanad is climate change due to global warming.

Landslides reported from Puthumala, Kavalappara, Pettimudy and the very recent Mundaki/Churalmala can be directly correlated to the excessive rainfall received over a short period as a result of a cloud burst, he said.

'India's role as key supplier in global grains market has shrunk'

Subramani Ra Mancombu
Chennai

India's role as a key supplier to the global grains market has diminished over the past three years due to strong domestic demand and the government's policies to keep domestic supplies within the country, the US Department of Agriculture (USDA) has said.

"From trade year (TY) 2020-21 to 2023-24, corn exports are estimated to decline 86 per cent, rice exports 20 per cent, and wheat exports 90 per cent."

"India is exporting half the volume of grains compared to record shipments in 2021-22," the USDA said in its "Grain: World Market and Trade" report.

The government's ethanol policy and the growing poultry demand for corn, export restrictions for certain types of rice, and an export ban for wheat have all contributed to the change in India's grain trade environment and will continue to impact the outlook for 2024-25, it said.

APEDA DATA

According to the Agricultural and Processed Food Products Export Development Authority (Apeda), non-basmati rice exports dropped to 11.16 million tonnes (mt) in the 2024-24 fiscal from a record high of 17.78 mt in 2022-23.

Wheat exports dropped from 7.23 mt in 2021-22 to 0.19 mt last fiscal. Exports of corn (maize) during the same period slipped to 1.44 mt from 3.69 mt.

For the first time this century, India will likely be a net importer of corn this trade year ending this month.

"The largest shift in India's grains trade is for corn. In 2023-24, India is on pace to lose its position as a net exporter for the first time this century," the USDA said.

India is set to become net importer of corn for the first time this century on surging demand

A surge in demand for feed, primarily from the poultry sector, along with domestic policy incentivising corn for ethanol production within the country and spurred India to begin importing for the first time since 2019-20, the USDA said.

In addition, a 15 per cent year-on-year decline in global corn prices has made Indian exports less competitive. This has supported favourably priced corn imports.

SHARE IN GLOBAL MARKET

According to the Food Security portal, the share of restricted products in the country's total food exports is about 5 per cent in dollar terms. The share of these products in the global market is nearly 7 per cent.

India recently revised its 2018 National Policy on Biofuels to include corn as a feedstock, offering price incentives for corn-based ethanol.

"Sugar, India's primary feedstock for ethanol, has faced government restrictions in usage for ethanol following multiple years of low production, further incentivising corn feedstock," said the USDA.

"In June, India announced corn imports of 5,00,000 tonnes under the Tariff Rate Quota (TRQ) regime at a 15 per cent duty to satisfy this sharp rise in demand," the USDA said.

SHIFT TO OTHERS

India has been a key corn exporter to Vietnam, Nepal, and Bangladesh, exporting 2.8 mt in 2022-23, nearly a quarter of the countries' combined total corn imports.

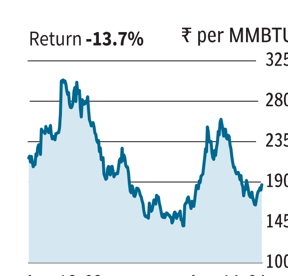
However, exports from India to these countries declined 86 per cent in the first 8 months of 2023-24.

"In response to this dropoff, countries shifted to other exporters or relied further on domestic supplies," it said.

Buy natural gas futures on a breakout of ₹195

Akhil Nallamuthu
bl. research bureau

Natural gas futures on the Multi Commodity Exchange (MCX) fell below the support at ₹170 early this month, extending the downtrend.



COMMODITY CALL.

However, after slipping below the support at ₹170, natural gas futures recovered quickly, regaining the ₹170-mark.

This is giving some hope for the bulls. However, currently trading at ₹187, the contract faces a resistance at ₹195.

A breakout of ₹195 can confirm the reversal of the trend. While the long-term trend may remain down, a breach of ₹195 can turn the short-term outlook positive. In this case, natural gas futures can rally to ₹220, a resistance. At this level, the 50 per cent Fibonacci retracement level coincides at this barrier.

However, if the contract resumes the downswing and falls below ₹170 again, it can drop deeper to ₹135.

TRADING STRATEGY

Buy natural gas futures on a breakout of ₹195. Place initial stop-loss at ₹185. When the contract rallies to ₹210, tighten the stop-loss to ₹190. Book profits at ₹220.

NIFTEM-K develops low cost pesticide detection kit for tea

Vishwanath Kulkarni
Bengaluru

The National Institute of Food Technology Entrepreneurship and Management, Kundli, (NIFTEM-K) has developed a low-cost pesticide detection kit for tea, which is expected to be commercialised soon.

The biosensor based rapid kit helps detect the presence of pesticides in tea samples within minutes, officials at NIFTEM said. Tata Consumer Products Ltd has supported the development of this kit.

"The development of this kit assumes significance in the light of emerging food safety concerns, especially pesticides and added colours in tea," said HS Oberoi, Director, NIFTEM-K.

The portable kit may cost about ₹300 per unit and comprises a small pestle and mortar, buffer solutions, droppers, Eppendorf tubes and cellulosic strips impregnated with a biosensor.

FASTER DETECTION

It will enable faster and accurate detection of prominent pesticide residues, thus ensuring better safety and quality standards.

"Very simple to use, the kit can screen major pesticides both in fresh as well as dried leaves within 30 to 60 minutes, including the sample preparation time. It will only help detect the presence of pesticides and not quantify," Oberoi added.

He said the kit is likely to be useful for growers, tea processors, food business operators, food safety officers and even general consumers to check the presence of major pesticides in tea.

The pesticide detection kit for tea is likely to be launched at the upcoming World Food India in Delhi in September.

'Tech adoption can help overcome challenges in agriculture traceability'

AJ Vinayak
Mangaluru

Bar Code India (BCI), a company offering track and trace technologies since 1995, says it is only a matter of time before the farming sector adopts such technologies for its benefit.

Dinesh Pilgaokar, EVP, Process Manufacturing, BCI, said despite being an agricultural economy, the majority of the farming community in the country is economically backward. Investment in automation and digitisation, although not prohibitive, is still unaffordable to the farmer. "Having said so, this landscape is fast changing with the mobile revolution, and it is only a matter of time before farmers adopt innovative technology for their own benefit," he said.

In an online interaction with *businessline*, he said the government has mandated the seeds and pesticides industries to ensure digitisation in the supply chain to enable transparency and traceability. This helps the farmer to know the authenticity and validity of the products they use.

Dinesh Pilgaokar, EVP, Process Manufacturing, Bar Code India

USE IN AGRI SECTOR

Regarding the role of BCI technologies in the agriculture sector, he said they can be used in areas such as identifying and monitoring critical parameters like temperature and moisture of the soil, segregating and marking the quality of produce, and packing, storing and distribution. In indirect agriculture, technologies such as IoT, barcodes, RFID and vision-based automation play a significant role in processes such as traceability, visibility and digital workflow control throughout the supply chain.

He said there were use cases for fruits and vegetables that are exported, where the product genealogy is tracked from the seed vendor, soil parameters, record of infections, if any, quality, storage and retrieval, transport conditions monitoring and product delivery.

He said implementing traceability systems in India's agriculture faces challenges such as economic hardship of farmers, high digitisation costs and limited access to technology. To address these issues, India can focus on enhancing digital literacy, subsidising technology adoption and promoting mobile-based solutions.

Bengal potato traders fear 'financial loss' as State extends ban on inter-State trade

Mithun Dasgupta
Kolkata

Potato traders in West Bengal fear losing markets to Uttar Pradesh as the Mamata Banerjee-led government is sticking to its decision to not allow inter-State trade of the spud.

According to the traders, they are staring at huge financial losses as the State government is extending the ban on the export of potatoes to other States.

A further extension is likely to result in its major markets such as Odisha, Andhra Pradesh, Bihar and Assam to Uttar Pradesh.

Last month, the West Bengal government enforced a ban on inter-state trade after prices shot up in the State significantly.

Potato growers and traders in West Bengal are likely to commence a State-wide agitation soon against the government's decision to continue the restriction imposed on inter-State trade.

SPUD TROUBLES. A further extension of the ban is likely to result in Bengal losing out in its major potato markets such as Odisha, Andhra Pradesh, Bihar and Assam

AMPLE STOCKS

"We held meetings with the government twice, requesting it to lift the ban immediately as traders are incurring huge losses. Potato prices in Bengal have stabilised now. Cold storages across the State have enough stocks for own consumption for the rest of the year."

"Like every year, we have excess potatoes for inter-state trade. But, despite our repeated appeals, the government is sticking to its decision not to allow supplying potatoes to other States," Paschim Banga Pragatishil Alu Byabsayee Samiti leader Lalu Mukherjee told *businessline*.

West Bengal sells around 20-25 lakh tonnes of potatoes to other States every year.

According to Mukherjee, cold storage across West Bengal had around 40 lakh tonnes of potatoes at the beginning of August.

"Our State requires around 21 lakh tonnes for consumption during August-December. Around 4 lakh tonnes of the spud we need to set aside for cultivation next year. So, after meeting these requirements, currently we have 15 lakh tonnes, which we can use for interstate trade. If the government does not allow us to sell it to the other States, we would have a huge unsold amount at the end of the year," he said.

Mukherjee said Odisha, Bihar and Assam had already started to procure potatoes from Uttar Pradesh, amid the unavailability of the tuber from West Bengal.

QUICKLY.

Modi to address Indian diaspora in US on Sept 22

New York: Prime Minister Narendra Modi will address members of the Indian-American community at a mega diaspora event in Long Isalnd on Septemeber 22 during his visit to the US for UN General Assembly session. PTI

Signature Global plans to foray in Delhi, Noida

New Delhi: Realty firm Signature Global, which has a significant presence in the Gurugram property market, is looking to enter Delhi, Noida and Greater Noida by launching housing projects in these locations. The firm has so far delivered 11 million sq ft of area. PTI

Modi urges States to attract investors

ROADMAP. In his I-Day speech, PM presented a 14-point agenda for *Viksit Bharat* with focus on green jobs

Shishir Sinha
New Delhi

VISION VIKAS. Prime Minister Narendra Modi addressing the nation on the 78th Independence Day PTI

Prime Minister Narendra Modi on Thursday presented a 14-point agenda as part of a 'Vision for India's Future'. This includes competition among States for investment and green jobs. He also said that per capita income has doubled in India during his tenure.

Delivering his 11th successive Independence Day address, Modi said there will be no compromise on reforms.

"Our government is deeply committed to major reforms and through these efforts, we aim to set the country on a path of progress," he said.

On efforts to attract more investment, the PM said projects are usually established in the States, so more work is required at their end. "I urge State governments to establish clear policies to attract investors. Provide assurance of good governance and build their confidence in the law and order situation. Every State should engage in healthy competition to attract investors. This competition will bring investment to their States, providing local youth with opportunities and creating jobs," he said.

PROGRESS IN BANKING

As development of banking sector is key to growth, he said that the government implemented multiple reforms to strengthen the banking sector.

And today, as a result, "our banks have secured their place among the selected strong banks in the world. And when banks become strong, the power of the formal economy is also strengthened. When a banking system is established, it becomes the greatest strength to meet the needs of the common poor, especially middle-class families," he said.

RISE IN JOBS

Taking note of growth in new employment opportunities, he said that India has made significant strides in setting new records in employment and self-employment. Today, "we have successfully doubled the per capita income. *Bharat*'s contribution to global growth is substantial, our exports are continuously rising, our foreign exchange reserves have doubled and global institutions have increasingly placed their trust in *Bharat*," he said.

On the need to accelerate growth alongside efforts to combat climate change, he said the focus is now on green growth and green jobs, which will generate employment while contributing to environmental protection.

Taking note of two rising sectors — domestic semiconductor manufacturing and gaming — Modi outlined India's commitment to becoming a global leader in semiconductor production.

"We have embarked on the semiconductor mission and aspire to have Made In India products which are available at competitive rates for the world. We have great talent pools and our youth should dream big in this sector," he said,

He also said India must leverage its rich ancient legacy and literature to come up with 'Made in India' gaming products.

"Indian professionals must lead the global gaming market, not just in playing but also in producing games," he added.

The growth of the manufacturing sector will need a strong skilled labour force, Modi said, referring to the Union Budget's proposed initiatives to train India's youth.

'75k medical seats to be created in 5 years'

Our Bureau
New Delhi

Prime Minister Narendra Modi on Thursday announced that 75,000 more medical seats will be created in next 5 years. This will help to achieve not just developed nation but also a healthy nation by 2047.

"Around 25,000 youths, every year, go abroad for medical education. I get surprised when I hear about them. So, we have decided, 75,000 new seats will be created in the medical line in the next five years," the Prime Minister said in his Independence Day speech.

COLLEGES ON RISE

The Union Health Ministry, recently told the Rajya Sabha that there has been an increase of 88 per cent in medical colleges in the country, from 387 in 2014 to 731 in 2024. MBBS seats went up by 118 per cent from 51,348 in 2014 to 1,12,112 now. There is also an increase of 133 per cent in PG seats from 31,185 in 2014 to 72,627 now, it stated. Taking note of this rise, he said that Modi said medical seats have been increased to nearly one lakh in the past decade but many from the middle class still go to other countries for medical education and spend "lakhs and crores" on medical education abroad.

He emphasised that a developed India of 2047 should also be a healthy India. "*Viksit Bharat* 2047 should also be a healthy *Bharat*. And for a healthy *Bharat*, there is a need to pay attention to the nutrition of today's children starting now. Keeping this in mind, we have implemented a nutrition campaign for the first generation of *Viksit Bharat*," he said. He further said, there has been tremendous progress in infrastructure in the last 10 years and listed projects.

SBI, PNB in talks with Karnataka govt for 'amicable resolution' of ban

Press Trust of India
Mumbai

◉ STORY SO FAR
The Karnataka government order came after the denial to redeem ₹12 crore deposited by the Karnataka Industrial Area Development Board (KIADB) following a scam involving bank employees

Hit by the surprising decision by the Karnataka government to stop all transactions with them, State Bank of India and Punjab National Bank on Thursday said they are engaged with the State for an "amicable resolution" on the matter.

In the first official comments after the Karnataka government decision, the state-run lenders issued separate statements, saying the matter at the root of the problem is subjudice. "As the matter is currently subjudice, we are unable to provide any specific comments at this time. However, we remain in ongoing discussions with the Government of Karnataka to resolve the issue amicably," the SBI statement said.

SBI's peer Punjab National Bank, also had a similar statement and pointed out that it will not be prudent to offer a specific comment on the matter. "The bank is committed for an amicable resolution of the matter and is in discussion with Government of Karnataka," the PNB statement said.

BEHIND THE BAN

Karnataka government ordered all its departments, boards, corporations, public sector units and universities to withdraw all their deposits and investments in the State Bank of India and the Punjab National Bank and stop any business with these institutions on August 12. The order was reported on August 14. The order came after the denial to redeem

₹12 crore deposited by the Karnataka Industrial Area Development Board (KIADB) following a scam involving bank employees.

A State government official said the meeting with the bank officials did not yield any result, and the matter is now sub judice. Similarly, ₹10 crore deposited by the Karnataka State Pollution Control Board (KSPCB) was not returned by the bank owing to a scam by the bank officials. The government also directed the government institutions to close their accounts in these two banks and submit the certified closure report and send details of deposits and investment reports in the prescribed format to the finance department by September 20, 2024.

WAR OF DEPOSITS

The ban by one of the most prosperous States in the country comes at a time when the banking system is reeling under a "war for deposits" where challenges on liability accretion dominate all discussions. A senior banking source on Wednesday said that the relationship is as important for the State as well, for it has borrowings from the lenders.

Tamil Nadu to implement low-cost drug supply scheme as Pongal gift

Our Bureau
Chennai

As a Pongal gift to people, the Tamil Nadu government will implement a new low-cost drug (medicine) supply scheme called the Chief Minister's Pharmacy. This is to make generic drugs and other medicines available to people on Pongal day 2025, Chief Minister MK Stalin announced on Thursday.

The Centre had already launched the *Jan Aushadhi* initiative to make available quality drugs at affordable prices through dedicated stores selling generic medicines that are available at lesser prices but are equivalent in quality and efficacy as expensive branded drugs.

Delivering the Independence Day speech, the Chief Minister said that special treatment and quality medicines are provided to the poor and downtrodden who approach the government hospitals.

The middle class families who get treatment in private hospitals have to buy medicines at high prices. They incur high costs. Under this scheme, 1,000 Chief Minister dispensaries will be opened in the first phase. The government will provide a subsidy assistance of ₹3 lakhs along with necessary loan assistance to pharmacists and co-operative societies, he said, after hoisting the national flag at Fort St. George.

KAAKUM KARANGAL

A new scheme 'CM's *Kaakum Karangal*' will also be introduced to improve the livelihood and security of retired Ex-Servicemen who have served their young years in the armed forces for the motherland. The Ex-Servicemen will be facilitated to avail loans up to ₹1 crore from banks for starting their business.

ICF to manufacture 22 % more coaches this fiscal

Our Bureau
Chennai

ICF turned out 75 Vande Bharat train sets till July 2024

In the current financial year, the Integral Coach Factory (ICF) in Chennai plans to manufacture 3,457 coaches, which includes 1,640 distributed power rolling stock (DPRS) coaches, 22 per cent higher than last year's production.

In 2023-24, the ICF turned out 2,829 coaches, which includes 1,091 DPRS. "This is an extraordinary achievement since we have never produced so many DPRS coaches in one financial year," said U Subba Rao, General Manager, ICF.

VANDE BHARAT

ICF has received an order to build 24 Vande Bharat sleeper coaches with pantry cars by August 2026. The production of 25 Amrit Bharat trains with enhanced features, catering to the non-AC segment, is also in progress, with the first set expected by October. Lastly, the Vande Metro train, resembling Vande Bharat coaches, began service on Western Railway, offering comfortable travel for short distances.

Rao said that production of the first 16-car Vande Bharat sleeper train set is underway at the ICF. The rake is expected to be rolled out shortly after which production of nine more rakes will be taken up.New Vande Bharat trains with pantry cars will cater to the long-distance premium segment. "We hope by August 2026, this train will be in service," he said, while delivering his Independence Day address on Thursday.

ICF also turned out 75 Vande Bharat train sets till July 2024. Of these, 53 rakes, including one for the Jammu & Kashmir region, were manufactured in 2023-24. Rao said that 25 Amrit Bharat trains with improved passenger-friendly features along with a pantry coach is in the works. The first rake is likely to be turned from ICF by the last week of October.

Concession agreements for 4 Gujarat ports to expire in 10 years; 3 operators seek extension

Avinash Nair
Ahmedabad

IN A LOGJAM. Adani Port and SEZ made similar applications in 2015 and 2021 for an extension of the agreement for Mundra, which ends on February 16, 2031 PTI

The concession agreements of four crucial ports in Gujarat — Pipavav, Mundra, Hazira, and Dahej — are set to expire in the next 10 years and three of the port operators have already applied for an extension of their respective 30-year agreements.

According to the Gujarat government, in 2011 and 2021, APM Terminals Pipavav, which operates the Pipavav port, applied for extension of its 30-year concession agreement of the port, which is set to expire on September 29, 2028.

Similarly, Adani Port and Special Economic Zone (APSEZ) also made similar applications in 2015 and 2021 for an extension of the agreement for Mundra, which ends on February 16, 2031.

BOOT POLICY

Petronet LNG Ltd, with Bharat Petroleum Corporation Ltd, GAIL (India) Ltd, Indian Oil Corporation Ltd and Oil and Natural Gas Corporation as promoters, has applied for an extension of its agreement for Dahej port in 2012 and 2013. The concession agreement for Petronet LNG Ltd expires in December 2035.

"Upon the request of various port operators whose concession agreements are set to expire in the next 10 years, discussions have been ongoing for several years regarding the policy to be followed in the future. No announcements have been made by the government regarding the extension of these agreements so far," the Gujarat Maritime Board (GMB) said in a statement.

Under the 1997 Build-Own-Operate-Transfer (BOOT) policy, GMB signed concession agreements with ports like Pipavav, Mundra and Hazira for development over an initial 30-year period, with potential extensions. Coastal States like Odisha, Tamil Nadu and Andhra Pradesh have agreements ranging from 30 to 99 years.

The Gujarat government responded to allegations by Congress leader Jairam Ramesh, claiming that Adani Group sought to extend concession periods for Mundra, Hazira and Dahej ports before the 2024 Lok Sabha elections.

Big Bang Boom in talks with African nations for export of anti-drone tech

Dalip Singh
New Delhi

Big Bang Boom Solutions Private Ltd (BBBS), the Chennai-based defence start-up, is at an advance stage of talks for export of cyber security solutions and anti-drone systems to seven African nations and a United Kingdom-based company, "...with the first order expected this quarter," Dr R Shivaraman, Director and CTO, BBBS told *businessline*. "Overall, we are engaged with a dozen strategic African nations -- such as Kenya, Mozambique, Algeria, Tanzania and Nigeria -- to export our products to them. Recently, representatives from Mozambique visited BBBS to address kidnapping issues. The company is also expanding to the UK and Europe, negotiating a deal for see-through armour systems for tanks.

How a ₹2-cr drone start-up raised ₹20 cr in equity

M Ramesh
Chennai

Satyabrata Satapathy, CEO, BonV Aero

BonV Aero is a supplier to Indian Army; it specialises in a type of drone that can fly high and is capable of vertical takeoff

Tim Drapers, the legendary American venture capitalist, runs a pitch competition in the form of a reality show, called *Meet the Drapers*. The winner bags an investment of $1 million from Draper.

But in Season 6 of Meet the Drapers, which concluded a couple of months ago, Tim was so impressed with the winner that he decided to up the investment to $1.6 m. That is how the Bhubaneswar-based drone start-up, BonV Aero bagged ₹14 crore. This investment came on top of an earlier fundraise of ₹6 crore from a group of investors led by IPV Ventures.

AERIAL LOGISTICS

Company's turnover last year was just ₹2 crore. When a ₹2 crore company raises ₹20 crore in equity, a good guess is that there is something happening in the company.

BonV Aero is already a supplier to Indian Army. It specialises in a type of drone that can fly high. It makes about 400 drones a year at its plant in Bhubaneswar. These drones, capable of vertical takeoff, can carry loads up to 50 kg to an altitude of 10,000 feet, but the start-up is developing, in collaboration with the Indian army, a higher version that can go up to 18,000 feet. Furthermore, these drones are capable of 'self-flying' -- no pilot is required, Satyabrata Satapathy, Co-founder and CEO, BonV Aero, told *businessline* recently. He said, such high altitudes are a technological challenge, as they must be higher-powered, which calls for different thermal management.

CUTTING-EDGE VEHICLE

BonV is also developing a bigger drone that can remain in flight for 24 hours, with a range of 1,000 km. For these, the company is looking to raise another ₹10 crore, Satapathy said. Winning the 'Meet the Drapers' pitch competition was a big moment for BonV, he said. Draper, a legendary venture capitalist, has funded icons like Tesla, Skype, Baidu, SpaceX and, interestingly, Hotmail. Satapathy said that securing the backing of Drapers would give the company access to all the resources and handholding from the Draper ecosystem, which will fast-track the start-up's growth.

Satapathy recalled that winning the hotly contested 'Meet the Draper' competition was thrilling. As part of the competition, the participants were given $10 each and were asked to come up with the best trade deal possible, on the streets.

Gaurav Achha, another of the six founders of BonV, exchanged his $10 for a bottle of Yamazaki, a Japanese whisky, priced around $1,000. This, he managed by convincing the liquor store owner that the deal would get the store a wave of publicity. That trade deal titled the scales in favour of BonV Aero, helping it emerge the winner among 36 contestants, including two from India.

IBC played key role in revival of real estate, says IBBI Chairman

Our Bureau
New Delhi

The Insolvency and Bankruptcy Code (IBC) has emerged as a crucial instrument in the rejuvenation of the Indian real estate sector, fostering confidence among stakeholders and paving the way for the timely resolution of distressed assets, Ravi Mital, Chairman, IBBI has said. By providing structural framework for insolvency resolution, empowering homebuyers and ensuring time bound process, IBC has instilled a sense of hope and confidence among stakeholders, Mital wrote in the latest IBBI newsletter for April-June 2024.

The resolution framework for real estate sector sends a signal to distressed homebuyers that they can seek recourse through the IBC, Mital said. Despite ongoing challenges, IBC's success in resolving high profile real estate cases highlights its potential to bring positive change in the sector, he added.

RESCUED COMPANIES

As of June 2024, around 1,400 real estate/construction companies were admitted into insolvency resolution process. Out of this, 645 companies were successfully rescued and 261 were liquidated. Rescued companies were 2.5 times of liquidated, he added.

CHENNAI
businessline.
FRIDAY - AUGUST 16 - 2024

QUICKLY.

ISRO to launch Earth observation satellite today

Sriharikota: ISRO will launch an Earth observation satellite EOS-08 onboard the third and final developmental flight of its Small Satellite Launch Vehicle. The significance of the launch scheduled to take place at 9.19 a.m. on Friday is that it is the third and final developmental flight of the SSLV-D3. PTI

Google brings AI answers in search to new countries

San Francisco: Google parent Alphabet said on Thursday it was expanding its AI-generated summaries, AI overviews, for search queries to six new countries, just two months after it rolled back some capabilities following a problem-riddled launch. AI Overviews is now coming to Brazil, India, Indonesia, Japan, Mexico and Britain, in local languages such as Hindi and Portuguese. REUTERS

WHO declaring mpox as emergency is a 'call to action', say epidemiologists

CONTAGION ALERT. Health body seeks to raise global attention, funds to halt rapid spread in African countries

PT Jyothi Datta
Mumbai

The World Health Organization (WHO) has declared the spread of mpox a "public health emergency of international concern" for the second time in two years.

This is a call to action, to bring global attention, funding and therapeutics to treat a disease that has been steadily increasing, largely in African countries, say epidemiologists.

Over the last several months, the WHO has been turning the spotlight on the increasing mpox cases in the Democratic Republic of the Congo (DRC) and other countries in Africa. On Wednesday, WHO Director-General Dr Tedros Adhanom Ghebreyesus called the upsurge in cases a PHEIC under the International Health Regulations (IHR-2005).

RISING THREAT. A child, suspected to be suffering from mpox, being treated in Munigi, Congo. The WHO has been warning about increasing mpox cases in the country REUTERS

PHEIC DECLARATION

A PHEIC declaration is the highest level of alarm under international health law and is often viewed as a precursor to a pandemic declaration, where rapid spread is seen across multiple geographies.

However, epidemiologists told *businessline* that mpox spreads through contact and that is less rapid compared to a respiratory disease spread through the air.

The PHEIC declaration is meant to bring global attention to a disease that is increasingly spreading, and raise more funding to take therapeutics and vaccines to underserved and affected regions.

Earlier this month, the WHO called on manufacturers to produce vaccines against mpox. Currently, Bavarian Nordic's vaccine (Imvanex/Jynneos) has been approved against mpox in countries, including the US.

WHO had earlier called mpox a PHEIC in July 2022, even as global health administrators were grappling with the Covid-19 pandemic, caused by the SARS-CoV-2 virus. The multi-country outbreak of mpox was declared a PHEIC as it spread rapidly via sexual contact across a range of countries where the virus had not been seen before, the WHO said. It was downgraded from the PHEIC status in May 2023, following a sustained decline in global cases.

In the wake of the recent spread, the WHO anticipates an immediate funding requirement of $15 million to support surveillance, preparedness and response. It has released $1.45 million from its contingency fund for emergencies.

INCREASED SPREAD

Mpox has been reported in the DRC for more than a decade. With a steady increase in the number of cases, the WHO said, "Last year, reported cases increased significantly, and already the number of cases reported so far this year has exceeded last year's total, with more than 15,600 cases and 537 deaths."

Tedros said, "The emergence of a new clade of mpox, its rapid spread in eastern DRC, and the reporting of cases in neighbouring countries are very worrying. On top of outbreaks of other mpox clades in DRC and other countries in Africa, it's clear that a coordinated international response is needed to stop these outbreaks and save lives."

Caused by an orthopoxvirus (with symptoms similar to smallpox), mpox was first detected in humans in 1970 in the DRC. The disease is considered endemic to countries in central and west Africa, the WHO said.

The WHO DG had, last week, triggered the process for 'emergency use listing' (EUL) for mpox vaccines — to facilitate vaccine access for lower-income countries that have not yet issued their own national regulatory approval. EULs enable partners, including Gavi and UNICEF, to procure vaccines for distribution.

Entry-level smartphone segment declines by 36% in the first half of 2024

Ayushi Kar
Mumbai

As the wave of premiumisation in the handset space continues to persist, the affordable category for smartphones declined yet again in the first half of the 2024 calendar year.

According to a report by IDC research, the entry-level segment smartphones (sub $100) in India witnessed a strong decline of 36 per cent year-on-year to a total of 14 per cent overall market share in India. During the same period last year, the sub $100 smartphone category had a 22 per cent market share.

Experts believe that the decline in market share for entry-level phones is a result of OEMs introducing fewer models.

According to the IDC report, smartphone shipments to India grew by 7.2 per cent year-on-year to 69 million units in the first half of 2024. However, the growth in shipments is primarily driven by the mass budget ($100-$200) and largely by the mass premium ($200-$400) category.

DECLINING SHARE

The entry-level segment, on the other hand, witnessed a strong year-on-year decline of 36 per cent to a 14 per cent overall market share, down from 22 per cent. Currently, according to the IDC report, Xiaomi continues to dominate the market in the entry-level space followed by Poco and Realme.

These numbers are largely in line with the broader trends that have been observed since the pandemic-induced chip shortage. As the purchasing capacity of those in the economic fringes remains weak, and the overall chipset supply for entry-level phones remains poor, smartphone companies are launching fewer models in the entry-level category preferring to vie for a share of the premium smartphone market which saw a major boost as middle-class Indians and above have begun to buy more expensive handsets.

Experts believe that the decline in market share is due to OEMs introducing fewer models in the category

Faisal Kawoosa, Chief Analyst at Tech Arc explained, "The decline in the entry-level smartphone segment is largely supply-based. The pandemic-induced chip shortage induced the global chip market to largely prioritize 5G chipsets (which are more expensive) over chipsets for the entry-level category of smartphones. OEMs also dedicated their focus to this segment especially as the premium or the mass premium segment gives them much better margins over entry-level phones."

Kawoosa believes that the entry-level smartphone segment is expected to recover in 2025. "The premium segment in India has reached saturation," Kawoosa explained, "which means OEMs will have to shift their focus on the entry-level segment as it has the headroom to grow," he said.

According to the IDC data, the premium segment ($600-$800) held a 2 per cent share and declined by 37 per cent in unit terms in the first half of 2024. In July, Qualcomm introduced its first 5G chipset in the sub-$99 category, signalling the likely shift in focus for the smartphone industry.

RJio leads India's internet market with 50.4% share

Our Bureau
New Delhi

Reliance Jio Infocomm (RJio) holds the top position with a 50.4 per cent market share of total Internet subscribers, followed by Bharti Airtel (Airtel) with 30.47 per cent in FY24, the Telecom Regulatory Authority of India (TRAI) has said.

According to a TRAI report, titled 'The Indian Telecom Services Performance Indicators 2023-2024', the total number of Internet subscribers rose to 954.4 million at the end of March 2024, representing a yearly growth of 8.3 per cent, compared to 881.25 million at the end of March 2023.

MARKET SHARE

The top 10 service providers together held a 98.94 per cent share of the total Internet subscriber base at the end of March this year, the TRAI report said, adding that out of the 40.27 million wired Internet subscribers, RJio commands 27.99 per cent market share with 11.27 million subscribers, followed by Airtel with 7.73 million subscribers.

TOP SPOT. In the wireless Internet segment, RJio dominates with a market share of 51.39 per cent share REUTERS

In the wireless Internet segment also, RJio dominates with a 51.39 per cent market share with 469.73 million subscribers, followed by Airtel with a 30.97 per cent market share and 283.1 million wireless Internet subscribers at the end of March 2024.

The TRAI report noted that of the total 954.4 million Internet subscribers in India, the number of broadband subscribers is 924.07 million while the number of narrowband subscribers stands at 30.34 million at the end of March this year.

Both the number of rural and urban Internet subscribers increased during the year.

Rural Internet subscribers rose to 398.35 million from 357.99 million at the end of March 2023 while the number of urban Internet subscribers grew to 556.05 million as of March 2024, up from 523.26 million during the same period last year.

However, the TRAI report also mentioned that the total outgoing minutes usage for Internet telephony declined in FY24 compared to the previous year.

"As per the reports received from 14 service providers offering Internet telephony services, the total outgoing minutes of usage for Internet telephony amounted to 337.68 million in 2023-24 compared to 350.10 million in 2022-23," it said.

Wearable makers innovate to counter market decline

Anupama Ghosh
Mumbai

Leading Indian wearable technology companies are ramping up innovation and expanding their retail strategies in response to the first-ever decline in the country's wearable device market. This comes as the International Data Corporation (IDC) reported a 10 per cent year-on-year drop in shipments for Q2 2024.

Noise, a major player in the Indian market, is focusing on product innovation and strategic positioning to address the challenges.

Amit Khatri, Co-Founder of Noise, said, "We view the current market dynamics not as a decline but as a natural phase of maturation and transformation." The company is maintaining its strong position, with Khatri noting, "In the smartwatch segment, our market share is 25.7 per cent indicating that

India's wearable device market declined by 10% y-o-y to 29.5 million units in Q2 2024 BLOOMBERG

1 out of every 4 smartwatches sold in India is a Noise smartwatch."

INNOVATION BOOST

To combat "innovation exhaustion" cited in the IDC report, Noise has established Noise Labs, a dedicated research and development arm.

Meanwhile, boAt is shifting its focus towards more premium offerings. Sameer Mehta, Co-Founder and CEO of boAt, said, "Going forward, we are looking at a new product strategy where we will focus on innovative smartwatches that offer buyers better experiences, and a greater value."

Both companies are addressing the challenge of balancing competitive pricing with product quality. Noise is adopting a dual approach, catering to both entry-level and premium segments. Khatri emphasised, "India is not a market driven by mere low prices but by the perceived value of products." To strengthen its offline presence, Noise is expanding its retail footprint.

"We are present in close to 20,000 offline stores across India, and this number is continuously growing," Khatri stated.

The company's sales are currently split 80 per cent online and 20 per cent offline, with a focus on growth in tier 2, 3, and 4 cities.

Despite IDC's projection of a 10 per cent decline in smartwatch shipments for 2024, companies remain optimistic about the upcoming festival season.

SHIPMENT DECLINE

The IDC report, released on August 8 revealed that India's wearable device market declined by 10 per cent y-o-y to 29.5 million units in Q2 2024. Smartwatch shipments fell by 27.4 per cent to 9.3 million units, while the earwear category remained flat with a 0.7 per cent growth.

Vikas Sharma, Senior Market Analyst at IDC India, suggested that new product launches during the festival season might help arrest the decline. "Several new model launches by incumbent brands are expected which may help in arresting this decline," Sharma said.

As the market evolves, companies are adapting their strategies, focussing on innovation, premiumization, and expanding offline presence to navigate the challenging landscape.

SHINING BRIGHT

GLOWING TRIBUTE. People at India Gate, illuminated on the occasion of the 78th Independence Day on Thursday PTI

Onam travel demand drives up air fares to Kerala by 20-25%

Aneesh Phadnis
Mumbai

Airfares to Kochi, Kozhikode and Thiruvananthapuram have increased by 20 to 25 per cent on a year-on-year basis as natives of Kerala head to the State ahead of Onam in September.

While the Kerala government has cancelled all of its official events in view of the Wayanad tragedy, there is no bar on private celebrations. Hotels and malls have lined up special activities and offers to attract customers.

"Travel demand for Onam festivities has surged this year, with flight bookings and searches for travel to Kerala doubling compared to last year. Average domestic airfares to key cities like Kochi, Kozhikode and Thiruvananthapuram have risen by 20-25 per cent year-on-year," said Aloke Bajpai, group CEO, ixigo.

According to ixigo, the highest increase in average one-way fares (30 per cent) is seen in the Mumbai-Kozhikode and Hyderabad-Thiruvananthapuram routes. Mumbai-Kochi airfares have increased by 25 per cent on a year-on-year basis.

UAE ADDS TO THE RUSH

The rush has also pushed airfares from UAE to Kerala up by 5-7 per cent.

"Travel from the UAE to Kerala has consistently grown year-on-year. The festival, coupled with the extended weekend, typically sees a significant uptick in bookings. While VFR travel (visiting friends and relatives segment) remains a primary factor, we have also observed a growing trend in leisure travellers seeking to experience Onam festivities," said Rashida Zahid, Vice-President (operations) of UAE-based musafir.com

Kerala witnesses most of its tourist footfall (both domestic and international) between October and

FESTIVE FLUX. Travel demand for Onam has surged this year, with flight bookings and searches for travel to Kerala doubling as compared to last year

March. The period between June and August is when tourists from West Asia visit the State. In 2023, Kerala received over 2.2 million visitors, a 15 per cent growth from the previous year.

"Each year during Onam, the Kerala government organises cultural events, art exhibitions and food festivals across all districts. Government-supported boat races are also conducted in Alappuzha. However, all official celebrations have been cancelled this year as a mark of respect for the victims of the Wayanad landslide," said Biju K, secretary (tourism), Kerala government.

While celebrations are muted this year, he expressed optimism that the State would receive a steady flow of tourists during Onam. In fact, all hotels and resorts in the State are booked during the festival, which will be celebrated between September 9 and 15.

Thiruvananthapuram airport, which sees an average passenger traffic of 400,000 a month, expects a 10 per cent increase during September. The airport will deploy extra staff at the terminals to manage the passenger rush.

SUBDUED CELEBRATIONS

"Kerala remains a sought-after destination during the Onam season. The Leela Raviz Ashtamudi and The Leela Raviz Kovalam, have seen a consistent interest from travellers," a Leela Palaces, Hotels & Resorts spokesperson said.

"Considering the recent events, the properties have adapted a subdued and respectful approach to celebrations. Traditional Onam activities, such as the elaborate Onam Sadhya and cultural performances, will be offered in a more intimate setting, allowing guests to partake in the festivities while also acknowledging the ongoing recovery efforts in Wayanad," the spokesperson added.

"In light of this tragedy, while the government has decided to cancel official Onam festivities, businesses like ours have carefully curated celebrations to support Kerala's economy," a spokesperson for LuLu Malls said.

LuLu Malls said its celebrations will focus on supporting the local community, particularly artists and craftsmen whose livelihoods depend on the season.

"Our malls will showcase traditional Kerala art forms, including Puli Kali, Shinkari Melam and Theyyam. Additionally, Pookkalam competitions and a revival of traditional Onam games and songs will connect the younger generation with their heritage," the spokesperson added.

Sri Lanka's presidential race draws 39 aspirants

Meera Srinivasan
Colombo

As many as 39 presidential aspirants will contest a crucial poll in Sri Lanka on September 21, the Election Commission said on Thursday, after closing nominations.

Incumbent President Ranil Wickremesinghe, who rose to the top office through a parliamentary vote during the island nation's 2022 crisis, is seeking a mandate to take forward his government's economic reform agenda.

Wickremesinghe, 75, is contesting as an independent candidate on a "stability" plank, while his challengers Opposition Leader Sajith Premadasa, who broke away from Wickremesinghe's United National Party following political differences, and Anura Kumara Dissanayake, who leads the centre-left National People's Power alliance, are promising change. More recently, Namal Rajapaksa, son of former President Mahinda Rajapaksa entered the race. Lawyer Nuwan Bopage, a prominent activist representing a section of the 2022 uprising, is also contesting for the recently formed 'People's Struggle Alliance'.

Addressing supporters after filing his nomination, President Wickremesinghe said: "Had I not stepped up (in 2022) Sri Lanka would face the crisis now plaguing Bangladesh...I ask for your mandate to continue this work."

Nearly 17 million eligible voters will have a say on September 21, when the country goes to the polls for the first time after former President Gotabaya Rajapaksa was unseated by citizens.

Meera Srinivasan is *The Hindu* Correspondent in Colombo