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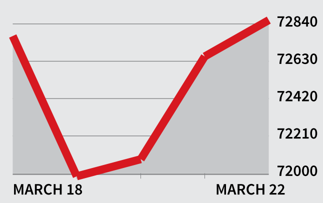
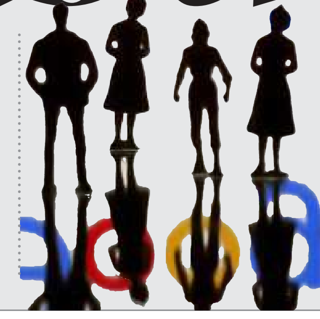


IN FOCUS

	Week's close	Week's change
Nifty 50	22096.75	+73.40
P/E Ratio (Sensex)	24.83	-0.01
US Dollar (in ₹)	83.42	+0.54
Gold Std 10 gm (in ₹)	66003.00	+706
Silver 1 kg (in ₹)	74052.00	-158



UPPING THE ANTE. **Start-ups readying** to contest the CCI's denial of relief, and move NCLAT against Google's Play Store payment policies **p10**

POLLSCAPE. **It's a high-voltage** contest in Maharashtra as NCP and Sena factions take on the Uddhav-NCP-Cong trio **p8**

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

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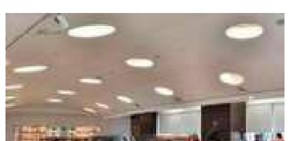
QUICKLY.

BHARAT PUSH.
Vehicle-makers upbeat on rural drive in FY25



New Delhi: Led by the government's infrastructure development push and their own network expansion plans, original equipment manufacturers (OEMs) said that passenger vehicle (PV) sales in rural areas have grown exponentially and the trend is expected to continue in the next financial year. p2

STRONG BONDING.
How India-UAE ties have touched a new high

Chennai: India and the United Arab Emirates (UAE) have always had close ties. But the relations have significantly deepened in recent years. While trade has strengthened following the Russia-Ukraine war, a few recent developments across the commerce and cultural spheres have brought a new dimension to bilateral relations. p7

GIC, Blackstone property talks break down over pricing

NO DEAL. Blackstone wanted $1.5-2 b for the properties with 26 million sq ft leasable area

Janaki Krishnan
Mumbai

Talks between the Singapore sovereign wealth fund, GIC, and global asset manager Blackstone Inc for a property sale broke down over valuation issues as the former was not prepared to meet the price the latter had set. Sources said that both the parties have walked away from the deal as they could not agree on the pricing.

Blackstone had put on the block half the stake in some commercial real estate assets that it owns jointly with the Panchshil Group and Salarpuria Sattva at an asking price of $1.5-2 billion.

REALTY BYTES

- Projects with Panchshil include Eon Free Zone, Tech Park One, a 415-key JW Marriott hotel, and Pavilion Mall
- Projects with Salarpuria in Hyderabad that are up for sale are Knowledge City and Knowledge Capital
- Blackstone turns to REITs, firming up plans to launch one in the region of $1 billion

REIT, THE ONLY OPTION

This has left Blackstone with little option but to launch a REIT for its office properties housed under Nucleus Office Parks and the two joint ventures, sources said. The sources indicated that Blackstone has firmed up its plans to launch a REIT in the region of $1 billion as public markets are trading better than private markets. Blackstone is in the process of identifying investment bankers to the issue.

Neither Blackstone nor GIC responded to *businessline's* requests for clarification in the matter.

Last year, *businessline* had reported that discussions between the two were under way and a decision would be taken based on the pricing and valuation of assets.

HIGH VALUATIONS

Singapore-based GIC is one of the few overseas funds that still invests in the Indian commercial realty market. However, it has balked at the asking price of $1.5-2 billion for the Blackstone properties, sources with knowledge of the developments said. The deal pricing would have valued the properties at around $4 billion.

Properties that are part of the sale have a leasable area of 26 million square feet (msf). Projects with Panchshil include Eon Free Zone, Tech Park One, a 415-key JW Marriott hotel, and Pavilion Mall. Projects with Salarpuria in Hyderabad that are up for sale are Knowledge City and Knowledge Capital.

The joint ventures have been in effect for 7-10 years and sources said Blackstone is under pressure from its global investors for payback. The usual period for investments that private equity firms like Blackstone follow is 5-7 years after which they monetise their investments either through a sale or a listing.

Blackstone owns over 20 msf of commercial assets in Nucleus Office Parks. Combined with its joint venture assets, it has over 46 msf of real estate. This will be part of Blackstone's REIT portfolio, on which work is apace.

REITs ON THE RISE

The December quarter saw a spurt in office absorption and 2023 ended with gross absorption of close to 60 million square feet, and is forecast to cross 50 msf this year.

Also, REITs have shown an improved performance in the markets. Blackstone-owned Nexus Select Trust has gained 23 per cent from its 52-week low, while Embassy Office Parks REIT, in which Blackstone was a sponsor and exited in December, has surged over 40 per cent.

Market circles said Global Capability Centres are continuing their job flow to India, so the commercial real estate story is strong for another 8-10 years horizon.

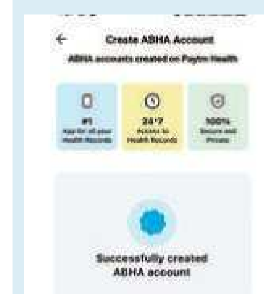
Ayushman Bharat sign up soars, 58 crore can get free treatment

G Naga Sridhar
Hyderabad

The acceptance of digital healthcare is fast catching on as seen in the rapid surge in registration with the Ayushman Bharat Digital Mission (ABDM), the flagship healthcare initiative of the Centre.

In the last three months, 8.55 crore new registrations have been done for Ayushman Bharat Health Account (ABHA), which is a 'record' surge in any quarter since the launch of the scheme, a senior official of the National Health Authority (NHA), told *businessline*.

As on date, the total number of ABHA accounts is 58.61 crore and new registrations are in the range of 1.5-2 lakh daily, per NHA data.



DIGITAL PUSH. As on date, the total number of ABHA accounts reached 58.61 crore and the daily new registrations are in the range of 1.5-2 lakh

FREE TREATMENT

This implies that over 58 crore accounts holders are now eligible for free treatment of up to ₹5 lakh per annum per family at empanelled hospitals.

There are 2.40 lakh verified health facilities where people can get treated apart from over 3 lakh verified healthcare professionals, per the latest data.

DIGITISED RECORDS

"More significantly, there has been remarkable enthusiasm among the general public to use the digitised health records, as the records of about 36 crore ABHA accounts are already digitised," the official said.

Patients can access these records on their mobiles using any ABDM's Personal Health Records (PHR) app. "A large number of individuals are now using the app to securely manage their health records in a digital format," the official said. According to him, the drivers for increasing interest in ABDM include post-Covid surge in healthcare costs especially for Non-Communicable Diseases (NCDs), and digital access to personal health records with increasing digitisation of front-desk operations in hospitals.

Further, the NHA has been providing many incentives to various stakeholders such as the Digital Health Incentive Scheme (DHIS) for health facilities, insurance companies and health solution providers based on the progress made in ABHA-linked health records.

CAMPAIGNS

For active adoption of ABDM by smaller health facilities in the private sector, the NHA announced the 100 Microsites project last year.

Awareness campaigns are also being run on FM radio stations and the electronic media to spread the benefits of the cards.

The top five States in terms of enrolment are Uttar Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Andhra Pradesh.

Manipal's Ranjan Pai eyes Byju's 42% stake in Aakash

Hamsini Karthik
Jyoti Banthia
Mumbai/Bengaluru

Months after taking a large stake in Bjyu's-owned Aakash Educational Services, Ranjan Pai, Chairman of Manipal Education and Medical Group, is said to be readying to take a large stake in Aakash.

According to several highly placed sources, Pai is eyeing the 42 per cent stake collectively held by Byju Raveendran and Byju's parent company Think and Learn (see chart).

NO TALKS: BYJU'S

Pai is said to have offered to acquire the stake in Aakash at a valuation of $700-800 million, which is at a slight premium to the valuation at which Pai acquired stake in Aakash earlier this year. However, a spokesperson for Byju's, when contacted over an email, said, "There is no such conversation taking place between Think and Learn and the Manipal Education Group."

SALEABLE OPTION

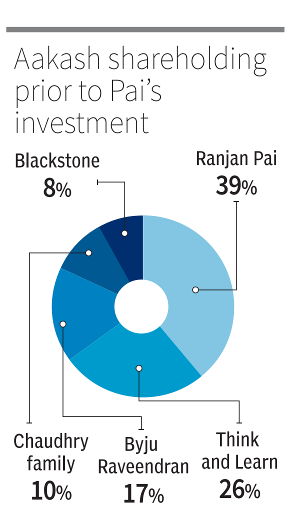
For cash-strapped Byju's caught up in multiple lawsuits, selling a stake to Pai could offer respite to its financials.

In September last year, Byju's had put two of its subsidiaries, Epic and Great Learning, on the block.

"There hasn't been any firm interest in these assets so far and there has been no progress in the transaction," said a person familiar with the matter.

But with Aakash, the crown jewel for Byju's, selling a stake could be an easier option, fetching better valuations *vis-à-vis* other businesses.

Aakash shareholding prior to Pai's investment



ALL OR NOTHING

In November 2022, Ranjan Pai invested about $200 million in Aakash to help Byju's clear its dues to Davidson Kempner and is said to have invested around $300 million so far in Aakash, including the equity conversion that concluded last year.

Expanding his stake to 82 per cent now would strengthen Pai's position in Aakash's board.

"Right now, the vetoing power is still with Byju's and that goes against Pai's style of operating. He would like to have everything or nothing when it comes to board decisions," said another highly placed source.

It is also learnt that if Pai's offer to Raveendran and Think and Learn is turned down, he may want to exit Aakash at a valuation of $600 million. "This is approximately the price at which Pai entered Aakash and his decision has been communicated to the board and Raveendran," said a source quoted earlier.

Further, with the Chaudhry family, the original promoters of Aakash, backing off from the share-swap deal that would have given them commensurate stake in Think and Learn and was part of the original share-purchase agreement, it needs to be seen how they would continue to hold interest in Aakash.

Recently, a group of investors in Byju's parent, Think & Learn, unanimously voted to remove founder Byju Raveendran at the EGM held on February 23.

But the Karnataka High Court extended the interim order asking the shareholders not to bring into effect any resolutions passed by investors at the EGM.

In FY22, Bjyu's reported a net loss of ₹8,245 crore — up from ₹4,564-crore loss in FY21.

KALEIDOSCOPE OF COLOURS

HOLI HAI! People play with colours and dance in abandon during Holi festival celebrations in Navi Mumbai, on Monday. It was gaiety across the country as the people danced to festive music, exchanged food and drinks, and smeared each other with colour powders to celebrate the festival that marks the arrival of spring PTI

Paytm exit effect: BharatPe sees 77% jump in merchant on-boarding in Feb

Anshika Kayastha
Mumbai

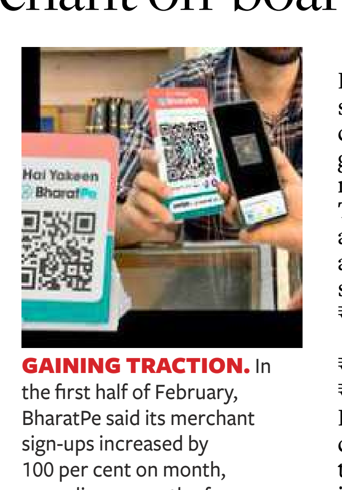
Payments platform BharatPe has claimed a surge in business following the restrictions imposed on competitor Paytm and its payments bank arm on January 31, 2024.

In February, BharatPe's merchant on-boarding surged 77 per cent on month and platform's website traffic for on-boarding inquries increased by more than 47 per cent, the company told *businessline*.

Of this increase, on-boarding from Tier-I cities increased 76 per cent followed by 63 per cent growth in Tier-II cities. The rise in 'Tier-III and beyond' cities was at over 83 per cent leading to the total merchant base crossing 1.3 crore as of February 29.

The maximum traction was seen in the first 15 days post the restrictions imposed on Paytm.

Over 42 per cent *kirana* stores have reportedly switched from Paytm to other platforms such as Mobikwik, BharatPe, PhonePe and GooglePay to ensure seamless continuation of their UPI payments. Previously, Paytm had around 69 per cent market share among *kirana* stores.



GAINING TRACTION. In the first half of February, BharatPe said its merchant sign-ups increased by 100 per cent on month, recording a growth of 104 per cent in metro cities and 95 per cent in Tier-II/III cities

In the first half of February, BharatPe said its merchant sign-ups increased by 100 per cent on month, recording a growth of 104 per cent in metro cities and 95 per cent in Tier-II/III cities. This was also aided by additional features and offers such as free QR code set up, flat earnings of up to ₹300 and instant settlements.

BharatPe's loss narrowed to ₹886 crore in FY23 from ₹5,594 crore in FY22. The EBITDA loss declined by ₹158 crore in FY23, the fintech had then said. Its merchant lending business has grown 129 per cent to ₹5,339 crore and total loan disbursements to about ₹12,400 crore till date.

Since its inception, BharatPe has raised over $583 million in equity from investors such as Peak XV Partners, Ribbit Capital, Insight Partners, Amplo, Beenext, Coatue Management, Dragoneer Investment Group, Steadfast Capital, Steadview Capital and Tiger Global.

Fall in mid/small-caps may see a shift in MF flows

Ashley Coutinho
Mumbai

Small- and mid-cap schemes are likely to see lower inflows in March after the recent correction in the space and the regulatory diktat to mutual funds to conduct stress tests on such schemes, according to industry officials.

About two-fifths of equity flows in the past two years have gone to such schemes, say market-watchers.

Inflows into small cap funds in the first 10 months of FY24 stood at ₹37,360 crore, 69 per cent higher than the amount collected in FY23.

Flows in mid-cap schemes this fiscal have also surpassed the ₹20,205 crore garnered the previous year.

Distributors and advisors are now asking clients to park a larger share of their incremental money in flexi, large, large- and mid-cap, and multi-cap schemes instead of small/mid-cap funds.

FROTH BUILD-UP

"Investors have been chasing returns," said Swarup Mohanty, Chief Executive of Mirae Asset Mutual Fund. "We have seen a build-up of froth in the small- and mid-cap space and some of the incremental flows could move to other equity categories and even hybrid funds."

The Nifty Midcap 100 and Nifty Smallcap 100 have slid 3.7 per cent and 6.6 per cent, respectively, in the last one month.

Market observers expect large-caps to relatively outperform the broader market in the months ahead.

ADVANTAGE LARGE-CAPS

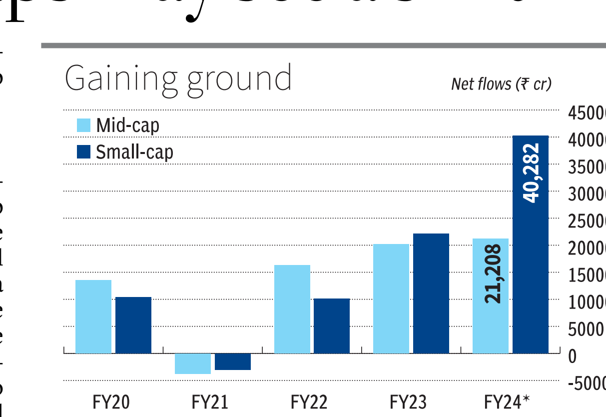
B Gopkumar, Chief Executive of Axis Mutual Fund, said investors are now preferring multi-cap funds over flexi-caps as the former invest an equal portion in small-, mid and large-cap stocks whereas flexi-caps lean towards large-caps.

"Multi-cap funds have built a three-year track record and may see greater investor interest going forward."

According to Amol Joshi, a distributor, there won't be a substantial re-allocation from existing funds resulting in shifting of money from small/mid-cap schemes to other equity categories. Fresh funds, however, may find their way into 'large- and mid-cap', flexi-cap or multi-cap schemes, driven more by intermediaries rather than investors themselves.

"Investors convinced about the rally in mid- and small-cap schemes may gravitate towards multi-cap schemes. Lumpsums could go to PMS schemes, especially for investors who have a lot of conviction in mid- and small-caps and a higher risk appetite," said Joshi.

Gaining ground



Source: Fisdom Research *till Feb

HSBC Global Research prefers large-caps but sees opportunities in the current mid-cap sell-off, too.

The research house remains positive on the broader market and ruled out any deep sell-off in mid-caps from current levels.

It said that mid-cap valuations had come down to the five-year mean and that the mid-cap market breadth had declined to 73 per cent from 90 per cent and above at the beginning of the year (60 per cent being the normal cycle average breadth), signalling some potential but limited downside.

"After the recent correction, many quality companies have approached their key support. Investors should focus on accumulating quality stocks from a long-term perspective," ICICI Securities said in a recent note.

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Vehicle-makers bet big on rural drive

GROWTH FACTORS. Govt's infrastructure push and companies' network expansion plans boost PV sales

S Ronendra Singh
New Delhi

Led by the government's infrastructure development push and their own network expansion plans, original equipment manufacturers (OEMs) said that passenger vehicle (PV) sales in rural areas have grown exponentially and the trend is expected to continue in the next financial year.

For companies like Maruti Suzuki India (MSIL), the growth in rural sales is much higher than the urban market.

MARUTI'S SALES

"The rural growth for PVs this fiscal has been higher than urban by a fair margin. Rural PV growth is at 11.7 per cent against eight per cent for urban areas. For Maruti Suzuki, the rural penetration is at around 45 per cent and sales are expected to cross eight-lakh units," Shashank Srivastava, Senior Executive Officer, Marketing and Sales, MSIL, told *businessline*.

DRIVING AHEAD. Passenger vehicle sales in rural areas have grown exponentially and the trend is expected to continue in the next financial year

Good rural sales came on the back of near normal monsoon and Rabi sowing of eight per cent higher than last year, he said adding " the large investment in rural infrastructure also helped."

MSIL sold 16,07,163 PVs in the domestic market between April 2023 and February this year, compared with 14,74,107 units in April-February 2022-23.

Tata Motors said that its new generation products including the Nexon, the Punch and the Tiago were well received in these markets.

"With 40 per cent of the total sales being generated from rural markets, Tata Motors' rural sales volumes in FY24 are five times higher than those in FY20. To get closer to our customers, we have expanded both sales and service networks, resulting in over 800 outlets being located in nearby towns, catering specifically to our rural customers," Shailesh Chandra, Managing Director, Tata Motors Passenger Vehicles and Tata Passenger Electric Mobility, told *businessline*.

He said the company has also deployed 135 Anubhav Vans (mobile showrooms) and going ahead, it is working extensively with dealer partners on expanding sales and service networks, increasing manpower and providing more test drives for a wholesome customer experience.

RURAL MARKET

Tarun Garg, Chief Operating Officer, Hyundai Motor India (HMIL), said the contribution from rural market to its total sales has gone up significantly in the last few years.

"From 17 per cent in calendar year (CY) 2021 to an impressive 20 per cent in 2023, it is evident that the rural market is becoming a significant pillar of our success. One big reason for this increase in contribution is the growth in road infrastructure which is bringing the hinterland more and more closer to us," Garg said.

The company sold a total of 6,02,111 PVs in the domestic market in CY 2023, up nine per cent compared with 5,52,511 units in CY2022.

"We believe rural markets have further potential to grow faster in the future and we remain committed to serving and engaging with rural customers, leveraging our expertise and innovative approach to meet their evolving needs and preferences," Garg added.

"Rural sales will grow backed by expansion of dealer network, growing infrastructure. Private and government capex investment will fuel job demand and on other side boost in agricultural income will support growth," Puneet Gupta, Director, Vehicle Sales & Powertrain Forecast - India and ASEAN at S&P Global Mobility, said.

Maruti to introduce first EV through NEXA

Aroosa Ahmed
Mumbai

Maruti Suzuki India Ltd, which will launch its first electric vehicle in 2025, will be introducing the vehicle through its premium and luxury channel — NEXA.

eVX will be the carmaker's first electric vehicle in India. The EV will be powered by a 60kWh battery pack offering a range of up to 550 km.

The EV was designed and developed by Suzuki Motor Corporation in Japan. The company plans on exporting the 'Made in India' electric vehicles to Europe and Japan.

NEXA is Maruti Suzuki's premium sales channel, which was introduced in 2015. The channel offers the company's flagship and premium vehicles. The channel has more than 1 million customers and is present in over 200 cities across the country.

DIGITAL NETWORK

The company through NEXA has also created a digital network that offers experiences and journeys to its customers.

"The electric SUV which

will be introduced by Maruti Suzuki will be through NEXA," Shashank Srivastava, Senior Executive Officer, Marketing and Sales, Maruti Suzuki India Ltd, told *businessline*.

Maruti Suzuki, which dominates the non-SUV segment in the domestic automobile market with a 65 per cent market share, is expecting to grow its SUV market share to 50 per cent. Jimny, Fronx, Brezza and Grand Vitara, which were launched in 2023, grew the company's market share to 22 per cent.

"The share in the SUV segment was 10.5 per cent until last year which is less than other segments such as hatchbacks, sedans and MPVs. The SUV segment has been the fastest-growing, accounting for around 49 per cent of the market share. Our strategy is also to consolidate and retain our share in other segments," said Srivastava.

Danfoss plans fresh investment of ₹500 cr in localisation, capacity expansion

G Balachandar
Chennai

Danfoss, a leading player in providing energy-efficient solutions, is planning a fresh investment of ₹500 crore in India in localisation and capacity expansion.

Denmark-based Danfoss seeks to continue its investment-led strategy in India given the country's strong growth outlook. It has invested ₹2,200 crore in India in the past 10 years.

After recording strong growth in H1 of 2023, the company faced challenges in H2. Overall, the group ended the year 2023 with a growth of 7 per cent (in local currency terms). Its revenue stood at €10.7 billion in 2023, up from €10.3 billion in 2022.

"But, India proved to be a star-performer and became the fastest growing market for Danfoss with a growth of about 20 per cent in 2023. We had said we would like to reach a revenue level of ₹5,000 crore by 2025 in India and we are absolutely on track for that. In 2023, sales in India crossed ₹3,400 crore," Ravichandran Purushothaman, President, Danfoss India, told *businessline*.

For the group, Asia Pacific sales growth was negative, mainly driven by the economic slowdown in China. But, India continued to deliver a strong growth performance and is poised to emerge among the top 5 markets soon.

"We have planned a capex of ₹500 crore over the next 12-20 months, primarily in localisation and expansion of capacity across our six factories in India," he said. The expansion will see the company adding more than 500 people, taking the total strength from about 3,400 to 4,000 by the end of this calendar year.

AREAS OF LOCALISATION

The proposed investment in localisation is prompted by the need to stay cost-competitive by building a value chain in order to prepare for the emerging business opportunities due to the realignment of

Ravichandran Purushothaman, President, Danfoss India

the supply chain on account of geopolitical factors and the PLI schemes that are aimed at supporting India's energy transition and associated areas.

The company, which helps its customers to decarbonise their businesses, has identified 4-5 areas for localisation in order to take advantage of opportunities in the energy transition space, where the company has emerged as one of the significant players. Since the future energy system appears to be electric and where improving energy efficiency will be key, it sees a favourable growth outlook.

Danfoss supplies power modules for solar inverters and controllers for connecting solar plants to the grid, among others. Further growth opportunities are opening up with the government's increasing focus on RTC (round-the-clock) power supply, which requires battery storage and Danfoss offers standalone BESS (battery energy storage system) solutions. "We help the peak loads to move to the off-grid ie, we bring them in and take them out," he added.

In the area of industrial decarbonisation, the company has been selling its products and solutions to the power sector and to hard-to-abate industries such as mining, cement, steel etc. It has now started supplying systems such as converters to electrolyser manufacturers in the green hydrogen space.

NET ZERO TARGETS

It also sees opportunities in the net zero targets of corporates. "More than 500 companies, listed on the Indian stock exchanges, have announced their net zero targets. All these companies have started to measure about their Scope 1 and 2 emissions," said Purushothaman.

In the area of commercial building decarbonisation, the company has been offering solutions in the areas of energy, water and waste management. However, heat pumps are now emerging as a solution to decarbonise. "We collect the heat from buildings and bring it back for water heating or cooling using heat pumps. This heat pump technology has become very important both in industrial and commercial applications globally," he added.

FY24 block deals on a high at ₹1.7-lakh crore

Janaki Krishnan
Mumbai

It is raining block deals and FY24 is set to end with a sizeable total of ₹1.7-lakh crore ($20 billion) worth of transactions, but a few thousand crores short of the heights reached in FY23.

Till the end of last week, deals worth over ₹1.6-lakh crore had been transacted, compared with ₹1.9-lakh crore transacted in FY23, according to data provided to *businessline* by Prime Database and data on the exchanges.

In the fiscal year 2023, several large block deals took place within the Adani Group stocks as the promoter family offloaded minor stakes in four major Adani Group companies to GQG Partners in March, thereby expanding the block deal landscape.

There are just three trading days this month in this truncated week, boxed in by holidays at the beginning and end.

'PRIME' NUMBERS

- Deals worth ₹1.6-lakh crore transacted till last week, down from ₹1.9-lakh crore in FY23
- In FY23, there were several large block deals in the stocks of the Adani group
- March has seen a number of large deals through block trades
- In one of the largest deals, cigarette maker BAT Plc sold stake in its Indian subsidiary ITC for ₹17,485 crore

BLOCK DEALS TREND

Block deals have risen over the years as this window has been increasingly used by promoters, private equity firms to sell large stakes or exit their holdings in India.

In FY20, block deals were just ₹52,264 crore, while the next year there was a dramatic increase in the deals to over ₹1.04-lakh crore. It was also the first full year of the pandemic and promoters, strapped for cash and wanting to clean up their balance sheets by reducing leverage, sold stakes in their companies. PE firms also took the opportunity to exit their holdings.

Over the next two years, there was a steady increase in block deals reaching a peak last year. Calendar 2023 was, in fact, the year of block deals with transactions of $26 billion, up 62 per cent on year.

The exits have been fuelled by the extraordinary rally in the equity markets last year, which has been continuing this year too despite periodic corrections.

MARCH DEALS

Analysts are expecting more sell-downs in 2024 with many private equity investments nearing maturity or time to monetise their investments. March has seen a number of large deals through block trades. One of the largest deals has been that of cigarette maker BAT Plc selling stake in its Indian subsidiary ITC for ₹17,485 crore.

Two days prior to that Interglobe Aviation's co-promoter Rakesh Gangwal sold stake in the airline for over ₹7,800 crore. Two weeks ago, Tata Sons sold under 1 per cent in Tata Consultancy Services for around ₹9,000 crore.

Singtel sold stake in Bharti Airtel for ₹5,849 crore. In December, private equity firm and one of its oldest investors Warburg Pincus had sold stake in the telecom operator for ₹8,302 crore.

The Nifty50 benchmark index has rallied over 30 per cent over a 12-month period, while the surge in the mid-cap and small-cap stocks has also encouraged exits.

XIAOMI'S 'SMARTEST CAR'

EV DRIVE. Xiaomi's first electric vehicle SU7 is displayed at a showroom in Beijing. Xiaomi CEO said that his firm's first electric vehicle aims to be the "smartest car" priced below 500,000 yuan ($69,424), as the Chinese electronics maker gears up for orders this week. The SU7 will come in two versions — one with a driving range of up to 668 km on a single charge and another with a range of up to 800 km. In comparison, Tesla's Model S has a range of up to 650 km. REUTERS

Snack brand Farmley to scale up offline

Meenakshi Verma Ambwani
New Delhi

Healthy snacking brand Farmley is scaling up its offline presence and expects the channel to contribute nearly 30-40 per cent to the overall business in the next 2-3 years. The brand, which raised $6.7 million in December, has crossed the ₹300-crore ARR mark.

Leveraging on its back-end linkages with over 5,000 farmers and in-house production facilities, the brand offers a range of products

Akash Sharma, Co-founder, Farmley

that includes raw dry fruits and nuts, trail mixes, makhanas and natural desserts.

EXPANSION PLAN

Akash Sharma, Co-founder, Farmley, told *businessline*, "Currently, we are sold at over 5,000 retail outlets. We aim to expand our offline presence across 60,000-70,000 outlets. The online channel contributes a large chunk to our business. But, as we scale up, we expect offline channels to contribute 30-40 per cent or even 50 per cent to the overall business in the next 2-3 years."

In December, the brand raised $6.7 mn in its pre-series B funding round led by BC Jindal Group. Existing investors DSG Consumer Partners, Omnivore and Alkemi Partners also participated in this round.

Sharma explained that Indian consumers are increasingly looking for guilt-free healthy snacks. "Our primary objective is to offer snacking products that have flavour, taste and indulgence but can be consumed guilt-free. The fresh funds are helping us expand our reach wider and increase our visibility," he added. Last year, it roped in Rahul Dravid as its brand ambassador.

Talking about the brand's growth, Sharma said, "We are at an annualised run rate of ₹300 crore. We expect to garner a growth of ₹60-70 per cent next financial year. We have also seen some profitable months. But from the overall fiscal perspective, we expect to become profitable by the next financial year."

FOCUS AREA

While raw dry fruits and nuts contribute a large chunk to the overall business, the brand is also seeing strong growth in segments such as trail mixes, flavoured makhanas and flavoured dry fruits. Sharma explained that the company is also sharply focussing on the on-the-go snacking category by offering products at affordable price points.

The brand is also looking at regionalisation strategy. "We have begun looking at launching products for micro-markets. These products will be focussed on a specific zone, taste palate and target audience," Sharma explained.

Boeing CEO Dave Calhoun to step down in management shake-up amid safety crisis

Reuters

Boeing Co CEO Dave Calhoun will step down by year-end, in a broad management shake-up brought on by the planemaker's sprawling safety crisis stemming from a January mid-air panel blowout on a 737 MAX plane.

The planemaker also said that Stan Deal, Boeing Commercial Airplanes President and CEO, would retire, and Stephanie Pope would lead that business.

Steve Mollenkopf has been appointed the new chair of the board.

REGULATORY SCRUTINY

The leadership change caps weeks of turmoil at Boeing, after the mid-air incident involving an Alaska Airlines-operated MAX 9 jet carrying 171 passengers turned into a full-blown safety and reputational crisis for the iconic planemaker.

The company is facing heavy regulatory scrutiny and US authorities curbed production while it attempts to fix safety and quality issues. The company is in talks to buy its former subsidiary Spirit AeroSystems to try to get more control over its supply chain.

Last week, a group of US airline CEOs sought meetings with Boeing directors without Calhoun to express concern over the Alaska Airlines 737 MAX 9 accident, saying it was an unusual sign of frustration with the manufacturer's problems and Calhoun.

Calhoun, an industrial veteran who has held top positions at several troubled companies, was given the CEO role in January 2020

Dave Calhoun, CEO of Boeing

with the mandate of steering the planemaker through a series of crises emanating from the two MAX crashes and a pandemic led slump in demand for new jets.

Following the incident, the FAA curbed Boeing production to a rate of 38 jets per month, but CFO Brian West said last week it had not even reached that figure.

Since Calhoun took the reins, the company has endured ongoing delays to production. Still, in October, Calhoun was upbeat over how fast Boeing could raise output of its the MAX jets, saying Boeing would get back to 38 jets a month and was "anxious to build from there as fast as we can."

But weeks after the mid-air cabin panel blowout in January, Calhoun said it's time to "go slow to go fast."

The company's crisis has frustrated airlines already struggling with delivery delays from both Boeing and its rival Airbus, and the planemaker has been burning more cash than expected in this quarter than expected.

"For years, we prioritised the movement of the airplane through the factory over getting it done right, and that's got to change," West said last week.

QUICKLY.

Eicher Motors sets up Dutch unit, plans EU warehouse

The maker of Royal Enfield motorcycles has incorporated a unit in the Netherlands with plans for a warehouse in the EU, after Brexit made it more difficult to move parts to mainland Europe. Eicher Motors Ltd set up the Dutch arm to reduce its dependency on the UK and is in talks to establish a warehouse, potentially in Germany or France, to speed up the supply of non-motorcycle products like spare parts and branded merchandise. "Brexit has made it challenging to move materials to and from the UK to Europe," Arun Gopal, Royal Enfield's international head, said in an interview. BLOOMBERG

AstraZeneca Pharma India appoints biz unit head

AstraZeneca Pharma India Ltd. has appointed Vinay Sharma as Business Unit Head of Rare Disease, with effect from July 1. Currently, Sharma is a part of the Philippines country leadership team as the business unit head, Respiratory and Immunology. OUR BUREAU

Novo Nordisk to buy Cardior Pharma for $1 b

Novo Nordisk A/S agreed to buy Cardior Pharmaceuticals for up to €1 billion ($1.1 billion) as the Danish maker of weight-loss drugs continues to expand into treatments for cardiovascular disease. The maker of hit obesity drug Wegovy said on Monday it will make an upfront payment for Cardior with additional payouts dependent on reaching certain milestones. BLOOMBERG

Red Sea crisis: 100 days on, trade still in dire straits

PAIN INTENSIFIES. Pressure is slowly building on the suppliers as the inventory at the consuming markets is drying up; difficulty in passing on increased freight cost adds to their woes

T E Raja Simhan
Chennai

It's been over 100 days since the start of the Red Sea crisis, which forced commercial ships to avoid the critical Suez Canal and sail via the Cape of Good Hope in southern Africa to avoid attacks by the Houthi rebels of Yemen.

The trade continues to bear the brunt of the diversion, with delays in shipments reaching Europe and the US and stead y increase in sea freight.

For instance, freight by sea to Europe and the US from India has increased over $1,000 per box in the last couple of months and freight by air has more than doubled.

Some of the urgent shipments are being sent by air, but at a premium, as space is a constraint with the slow diversion of cargo from sea to air.

Nearly 90 per cent of global trade is moved via sea. The Red Sea connecting Asia and Europe via the Suez Canal handles nearly 12 per cent of the global trade, with large ships carrying everything from electronics goods to machinery to oil and gas to automobiles.

TARIFF SURGE. Average container spot freight rates registered their highest-ever weekly increase in the last week of December

In the last three months, the Houthi rebels have been targetting ships in the Bab el-Mandeb strait between Djibouti and Yemen at the southern end of the narrow strait, 20 miles wide, of the Red Sea.

Due to the disruption in the Red Sea, pressure is slowly building up on the global supply chain as inventory in the consuming markets is depleting fast.

MOUNTING PRESSURE

In a month or two, Indian suppliers will start feeling the pressure to deliver the products. This requires an effective supply chain management plan, said an official in charge of logistics at a large leather company in Chennai.

At present, the delay in sending the cargo to Europe or the US is around 20 days due to the diversion via the Cape of Good Hope. However, if the delay continues for over a month, there will be increased pressure from the clients. Many clients work on a free-onboard basis, wherein they take care of the entire logistics and freight cost. While this could be a short-term relief for the suppliers, the clients, who need to bear the additional cost in the future, will ask suppliers to reduce their price, the official said.

CARGO CRUNCH

Suppliers delivering goods on a cost, insurance, and freight basis are under tremendous pressure to immediately absorb the increase in freight, said an official of a leading customs house agency.

While they would like to increase the cost of the goods, the clients are not willing to pay, he said.

The United Nations Conference on Trade and Development (Unctad) estimates that ships passing the Suez Canal decreased by 42 per cent compared with the peak. With major players in the shipping industry temporarily suspending Suez transits, weekly container ship transits have fallen by 67 per cent and container carrying capacity, tanker transits and gas carriers have experienced significant declines. Growing significantly since November 2023, the average container spot freight rates registered the highest-ever weekly increase – $500 – in the last week of December. This trend has continued.

Average container shipping spot rates from Shanghai have more than doubled since early December, growing more than threefold to Europe, Unctad said.

Meanwhile, media reports suggest that both Russia and China are in talks with the Houthi rebels to allow their ships to pass through the Red Sea.

CHENNAI
businessline.
TUESDAY - MARCH 26 - 2024

the hindu businessline.
TUESDAY - MARCH 26, 2024

Tax tales

Interesting shift in tax contribution

The recently released direct tax collection numbers up to March 17 indicate that direct tax revenue is continuing to grow at a healthy rate, led by fiscal measures and improved compliance. Net direct tax collection, at ₹18.9-lakh crore, was 20 per cent higher compared to ₹15.77-lakh crore collected in the same period in FY23. The strong growth in direct taxes will help buttress the gross tax revenue this year given the sluggish growth in indirect taxes — 4 per cent decline in excise duty collection and just 2 per cent increase in custom duties, according to revised estimate for FY24.

Within the direct tax collections, personal income tax is doing the heavy lifting, with growth of 23 per cent, compared with 12 per cent growth in corporate tax collections in the revised estimates for FY24. Personal income tax revenue has been registering a very strong growth trajectory, above 20 per cent, since FY22. This has been led by initiatives such as pre-filling of returns with data captured from various sources including salary, interest, dividend and brought forward losses and the annual information statement, which captures all the income which is likely to be missed by the taxpayer. These initiatives are helping increase the tax paid by existing taxpayers. More transactions being subject to tax collection at source, while increasing the compliance burden for honest taxpayers, could be aiding in checking evasion. While the growth in personal income tax collections is laudable, it needs to be noted that the tax base is not increasing at the same rate. Number of individuals filing tax returns has grown at a much slower pace, at 4.5 per cent annually between FY20 and FY23. This implies that the existing tax base, comprising primarily of the salaried taxpayer cohort, is facing the higher tax incidence.

The increase in personal income tax collections has been accompanied by tepid corporate tax collections. Since FY21, revenue from personal income tax has been higher than that from corporate tax. If the time series of direct tax collections is seen, corporate tax collections have always been higher than income tax collections from 2000-01 to 2019-20, with the difference ranging between 60 and 80 per cent in most years. This trend has changed since FY21, and the personal tax collections are now estimated to be 10 per cent higher than corporate tax in FY24 and FY25.

The lower growth in corporate tax collections confounds even if one factors in the sharp reduction in corporate tax rate in FY20. Companies have displayed resilience to domestic and global growth challenges and have reported healthy growth in profits the last few years. This is something for the Centre to examine. Meanwhile, personal income tax payers cannot be faulted if they have a grouse over coughing up more taxes every year, with high rates being a clear red rag. While latest data is not available for gauging conversion to the new tax regime, the fact is that more needs to be done to make the new regime attractive. The next government at the Centre has a job at hand in reforming personal income tax.

POCKET: SUMMER OF '24

RAVIKANTH

"I wrote Holi is celebrated to waste water during a water crisis!"

LINE & LENGTH.

TCA SRINIVASA RAGHAVAN

RAVINDRAN R

Leon Walras and the political process

India's democracy and Constitutional journey has evolved over the last seven decades in a unique manner

There is a whole industry in India which manufactures myths about Indian democracy. Its output has increased in the last few years and it's very productive now. But it's been there since 1951.

A not insignificant reason for this is that some partially educated Indians who think a new democracy will, should and must function exactly like the ones that have been evolving for a few hundred years in the West. They want "monkey see, monkey do".

But they forget many things, including the fact that political and constitutional evolution is a process. It is not something that you buy off the shelf as our Constitution makers thought they could. Indeed, they borrowed ideas from five western constitutions which made things harder.

Likewise, there are those sad-faced lawyers who, because they are forbidden to advertise themselves, take up constitutional issues on television. It's good for their business but it impresses no one.

Even political 'scientists' and commentators, who admit that democratic evolution is a process, forget that political and constitutional processes can't be replicated exactly and that as they take time.

The important thing, therefore, is to understand the nature of the evolutionary process, and not keep grumbling that it's happening very differently here than it did in the West. After all, as the saying goes, there is more than one way to skin a cat.

The eventual outcome must, of course, be the same in India as it is in the highly evolved democracies — non-negotiable. The state must guarantee individual freedoms and their abridgement can't be arbitrary.

But the process by which we get there can't be the same. This is what the people with good intentions and/or biases don't get. Democratic evolution is not a T20 cricket match. It's not something that gets over in three hours.

WALRASIAN TATONNEMENT

To see what really happens, we can learn from economics. Thus, a French economist called Leon Walras pointed out at the end of the 19th century that competitive markets reach a stable equilibrium by a process of '*tatonnement*', the French word for groping your way to a solution or, in plain English, trial-and-error.

Equilibrium, by the way, is reached when there is no longer any reason to change. It is very elusive. Later other economists pointed out that equilibrium and stability are two different things. You can get there but can you stay there?

After that it became a long drawn out wrangle between theorists. Eventually everyone got bored and moved on.

But the basic insight about groping your way to success remains and it is fully applicable to constitutionalism and democracy. Both are processes that are unique to each country. Until this is recognised, the laments of the half-educated will continue.

This is the main reason why India must develop the study of political and constitutional processes as a fully developed area of research and teaching. The course can be called 'Walrasian equilibrium and stability in politics and constitutions'.

> **The 106 Constitutional amendments and scores of Supreme Court judgments that have the same effect** as an amendment so far tantamounts to Walrasian *tatonnement* — trial-and-error at its best

THE INDIAN EXPERIENCE

Happily, India offers a perfect example of Walrasian *tatonnement*. Various amendments to the Constitution are exactly that. But our constitutionalists don't see it. There have been 106 amendments to the Constitution so far. And there have been scores of Supreme Court judgments that have the same effect as an amendment.

All this tantamounts to Walrasian *tatonnement*. It's trial-and-error at its best and it has yielded unique equilibria that is also stable. Like for example the unique doctrine of basic structure or several of the constitutional provisions like 74A that makes it binding on the President to accept the Cabinet's advice.

Here are a few more examples of constitutional and political *tatonnement*. Was the First amendment (1951) necessary? Is it wrong to impose a restriction of reason on free speech?

Was the fourth amendment (1955) necessary? It curtailed judicial prerogatives to interpret the Constitution but only in the specific context of compensation to farmers when their land was taken over by the government in the public interest, that eminent domain thing.

Or didn't the Supreme Court's unique basic structure doctrine of 1973 further the cause of democracy? It's a wonderfully vague concept but it defines our democracy.

Likewise, the 73rd and 74th amendment resulted in the devolution of administrative power to the lowest levels of governance like panchayats and municipalities respectively. Again *tatonnement*.

I can go on but I urge you to find your own examples. You will be surprised at how well our system works as long as there is no misuse of police powers.

Thus, there is genuine *tatonnement* in Indian democracy. It's important to remember this.

Moscow terror attack: How worried should we be?

The needle of suspicion points to ISIS (K) for now. India cannot afford to lower its guard

RK Raghavan

Last week's terror attack at a concert hall in the outskirts of Moscow should send an alarm to governments across the globe. Till now more than 130 people have been reported dead. The ease with which four camouflaged and armed men walked into the auditorium during a Pop music programme and displayed enormous calm while executing their diabolical plan demonstrated the strength of terrorist guile and prowess.

They used powerful firearms and also set fire to parts of the hall. Four suspects have since been arrested and charged in Court. It will be several weeks before the world gets to know their background and motivation. Moscow will try its best to prove any Ukrainian links.

The incident makes a mockery of all that security forces do constantly to make us feel safe at any public place. Even conceding that the venue of the concert was not protected — there was no specific intelligence to make special arrangements, such as frisking and posting of armed guards — there are allegations of complacence on the part of the organisers.

Washington claims it had very recently alerted Moscow about a possible terrorist assault .

The latter denies that any actionable information had in fact been conveyed to it. This is the usual passing of the buck seen across the world, especially in India.

Of course the first suspect for the attack was Ukraine. This was natural in the context of the prolonged hostilities between that country and Russia. President Putin is emphatic that it was Ukraine that was behind the gory incident. Reports however suggest that he did not have any credible evidence to bolster his accusation.

Also, the ISIS Korshi a regional affiliate of the central ISIS, was quick to claim responsibility and released several video images of its attack.

A relatively unknown outfit to many of us, ISIS (K) had in the past been seen in Afghanistan in hostile manoeuvres against the Taliban, that included the 2021 attack outside Kabul airport. Its presence in Iran and Pakistan is also generally known. Actually about 20 of its suspected associates had been arrested in Russian territory in the recent past. Unless concrete evidence is adduced to prove a Ukrainian hand, we have to go by the ISIS (K) claim.

Experts believe that the terror outfit had for long openly accused Moscow of an anti-Islam posture.

MOSCOW TRAGEDY. Homage to victims REUTERS

The latter's active intervention in the Syrian civil war in 2016 in favour of President Bashar al-Assad had infuriated many Islamic groups, including the ISIS and this is perceived to be a major cause for the Moscow outrage.

Whatever be the trigger for the incident, President Putin is undeniably shaken.

While he may work hard to prove that Ukraine was the villain — if only to appease public opinion in his country — he should be worried how to contain terrorism in his multi-ethnic country with a substantial Muslim population (more than 15 million), the largest in Europe.

AVOID COMPLACENCY

We in India should be concerned as we have evidence of latent support to the ISIS in certain parts of India. The known numbers of activists and sympathisers may be small, but should not lull us into complacence.

The arrest on March 20 of Harris Farooqi, believed to be ISIS head in India in Assam, and his associate demonstrates that terror threat to our country is not insignificant. Close on the heels of this action comes the arrest of an IIT Guwahati biotechnolgy student for pledging allegiance to the ISIS.

This confirms the belief that there are substantial efforts to recruit educated youth and indoctrinate them. Despite all the stern measures taken by New Delhi, it is believed that there is no let-up of surreptitious efforts to finance terror.

It is a tribute to our law enforcement agencies that there has been no major terror attack since 2008. Is this due to terror fatigue or the high state of alertness of the security apparatus? Only time will tell.

The writer is a former CBI Director and former High Commissioner of India to Cyprus

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.

Banks' dilemma

Apropos 'Is CASA all that bankable anymore' (March 25). Today banks are facing challenges in mobilising deposits to keep pace with the growing demand for credit.

Banks are forced to hike the interest rate on deposits, which results in the conversion of savings deposits into term deposits and a decline in the ratio of savings and current deposits to aggregate deposits.

To balance this banks either have to hike their lending rates or recover bad assets.

Banks are facing increasing competition in mobilising low-cost deposits and from UPI payment systems.

As savings deposits are unattractive in terms of return, no account holder will maintain a substantial balance in their account. Businesses with current accounts manage the funds in such a way as to minimise their cost of funds and therefore keep minimal funds to cope with the cash outflows.

It is a tough time for bankers to mobilise low-cost deposits, as such banks have to enforce more ways to check the growth of their cost of funds.

VSK Pillai
Changanacherry

BJP's southern outreach

With reference to the Editorial 'Southern push' (March 25), the BJP's nuanced strategy in Southern States signifies a strategic recalibration to address the varied political terrains across the region. By tailoring its approach to local contexts and sensitivities, the party seeks to penetrate regions historically less amenable to its ideology, potentially strengthening its foothold in Southern India.

The upcoming Lok Sabha elections will serve as a litmus test for the efficacy of these strategies, with factors like coalition-building, candidate selection, and issue prioritisation pivotal in determining the BJP's ability to expand its influence in the South.

This adaptive approach underscores the party's recognition of the importance of regional dynamics and its commitment to broadening its appeal beyond traditional strongholds.

Amarjeet Kumar
Hazaribagh, Jharkhand

This refers to 'Export of Vande Bharat trains on the right track' (March 25). The 'Train 18' named as Vande Bharat (VB) has been making rapid strides since its launch.

The Railway Ministry's plan to manufacture Standard Gauge version of VB to meet the demands of South American nations and Broad Gauge version of VB to Spain, Portugal, Brazil and Argentina are remarkable.

The number of VB trains on track has now reached half a century. Two thirds of it has only eight coaches which is not in sync with the actual demands.

With the number of coaches restricted to eight for most of the VB trains, could be due to technical reasons, steps must be take to increase the coaches to 16 to cater to the rising demand.

RV Baskaran
Chennai

Inspirational teachers

The 'From the Viewsroom' column made interesting reading.

Good teachers have an uncanny ability to make complicated concepts simple for the students.

Also, they impart values in the course of teaching lessons which are important for making students into responsible citizens. It must be remembered that students always love industrious and enterprising teachers.

It is these teachers who can inspire students and draw many to the noble profession.

S Ramakrishnasayee
Chennai

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GST: Boost for businesses

It has eliminated the cascading impact of taxes

Chandrajit Banerjee

E-INVOICING. Easing compliance

The Goods and Services Tax (GST), the biggest indirect tax transformational reform in India, was implemented on July 1, 2017, after a decade-long consultation process. GST subsumed multiple and complex Central and State taxes, with the aim of simplifying and enhancing the efficiency of the tax system, promoting ease of doing business, and reducing tax incidence under the rubric of One Nation One Tax.

The GST Council played a pivotal role in the successful implementation of GST by monitoring its overall implementation across the country and facilitating consensus building and decision making among the Central and State governments. Constitution of the GST Council is a unique example of cooperative federalism in India that can be replicated in other areas as well in achieving goals of a 'Viksit Bharat'.

SUCCESSFUL ADOPTION

Over the past few years, GST has been adopted successfully across sectors. Its roll-out provided the much-needed fillip to the indirect tax administration as it transformed manual assessments and reduced documentation and processes significantly through digitalisation and faceless compliances. This in turn has led to visibly improved buoyancy in tax revenues and significant increase in compliance levels.

Central Board of Indirect Taxes and Customs (CBIC) has been actively introducing various trade facilitation measures since the introduction of GST to simplify compliance procedures and enhance ease of doing business. Extensive outreach programmes and help-centres set up by CBIC assisted taxpayers by increasing awareness and understanding GST compliance requirements.

Since its introduction, taxpayer registrations through GST portal have almost doubled to 1.44 crore. GST revenue has recorded significant growth, increasing from an average of ₹0.90-lakh crore per month in 2017-18 to ₹1.5-lakh crore in 2022-23. It is expected to exceed ₹1.7-lakh crore per month in the current fiscal year.

Technology and data analytics have been leveraged greatly for automating tax compliances. In a short span of time, the Goods and Services Tax Network (GSTN) platform has substantially enhanced functionality and improved user experience. The concept of e-invoicing has been introduced to improve invoice reporting and compliance. These measures have reduced the compliance burden on businesses and improved overall efficiency. Use of technology has facilitated the process of refunds through online platforms, significantly reducing processing times and providing refunds faster to taxpayers.

Further, over 2,310 crore e-invoices and 445 crore e-way bills have been issued by taxpayers through the digital platform. Tax payments of over ₹71-lakh crores have been made through the portal.

The specific initiatives and measures taken so far under GST require to further evolve over time with changing business needs and rapid pace of technological advancements. Tax management needs to gradually shift focus from administration to good governance, aligning with the vision of a 'Viksit Bharat' by 2047.

Reducing the existing four tax slabs to three slabs by merging the slabs of 12 per cent and 18 per cent into one of 14 per cent or 15 per cent, maintaining 5 per cent slab for essential goods and 28 per cent for few luxury/demerit goods would help in removing ambiguities and tax inversions within a category of products.

Widening the scope and reducing conditions for input tax credits to include all business expenses can bring many benefits and lower costs. Also, consensus required with the States for introducing centralised registrations and assessments for pan-India service suppliers.

The landmark GST regime has provided a significant boost to Indian businesses and improved competitiveness by eliminating the cascading impact of taxes and encouraging a conducive business environment.

The writer is Director General, Confederation of Indian Industry

MRIDUL SAGGAR

Japan's unconventional monetary policy gamble

INEFFECTIVE. Bank of Japan's experiments with negative interest rates, quantitative and qualitative easing, and yield curve control haven't delivered

Bank of Japan (BoJ) raised its policy rate by 10 basis points (bps) on March 19. It was the first hike in 17 years that ended its negative interest rate policy (NIRP) that prevailed for the last eight years. While doing so, it communicated that it considers that the large-scale monetary easing measures have fulfilled their roles. This was a reference to its NIRP, quantitative easing (QE) and the yield curve control (YCC).

One can at best take this statement with a pinch of salt. The key lessons from the Japanese experience are: (i) central banks can't afford to leave asset price booms unchecked; (ii) they must focus on prudent regulation and supervision and ensure financial stability; and (iii) unconventional monetary policy tools (UMPTs) may be used sparingly and not treated as standard monetary policy tools.

The story of Japan's follies began 38 years ago. During 1986-91, an asset price bubble was allowed to be built unchecked. With deregulation of interest rates in 1985, competitive rise in deposit rates caused net interest margins (NIMs) to be squeezed. They sold corporate stocks on their balance sheets to maintain profits. But with cross-holdings of the large family businesses and connected lending they were compelled to buy them back.

After real estate prices soared 50 per cent higher than anywhere else in the world and stock price rose 3.8 times during 1986-91, BoJ raised policy rates five times. By August 1990, the Nikkei stock index plummeted to half its peak. By early 1992, asset prices had completely collapsed. Non-performing loans (NPLs) shot up.

THE MESS DEEPENS

The real economy went into a tailspin. GDP growth dropped from 6.8 per cent in 1988 to a contraction of 0.5 per cent in 1993. After averaging 4.4 per cent in the 1980s, it has averaged just 0.7 per cent since 1993. Japan's inflation has averaged 0.28 per cent during this period, making a mockery of its 2 per cent inflation target. In the same period, it has run an average fiscal deficit of 5.7 per cent, causing its gross debt to GDP ratio to climb from 66.6 per cent to 260.1 per cent.

In all fairness the BoJ neither had the mandate, nor the independence to ensure a stable financial system. The mandarins in the Ministry of Finance (MoF) kept those powers through various agencies under its arm. It is currently the responsibility of Japanese Financial Services Agency (JFSA), which is designed as a super-regulator. But it is subordinated to the Cabinet Office and headed by three Ministers. Regulation in Japan remains political heavy. On top of it the Banking Act, that provides for JFSA its regulatory authority, is an archaic Act.

How did the monetary policy respond to the growth collapse? Though the BoJ, then under the control of MoF, started cutting its interest rates, it was slow. BoJ formally gained independence only in 1997. By 1999, it reduced rates to zero, entering the classic Keynesian Liquidity Trap where conventional monetary policy is ineffective. With continuous deflation during 1999-2005, real interest rates kept rising. So, BoJ unconventionally introducing QE in 2001 buying Japanese Government bonds (JGBs), and later asset-backed securities, equities and *tegata* (CPs).

It initially announced that it will increase banks' current account balances with it by ¥1 trillion, to ¥5 trillion, but then raised this target nine more times to ¥35 trillion by 2004. BoJ stopped QE in 2006.

The overwhelming empirical evidence suggests that the policy had weak overall effects. It lowered yield on money substitutes by just about 10 bps and contributed little to the deflation mitigating expectations. One can lead the horse to water but can't make it drink. Even though the monetary base expanded 70 per cent during 2001-06, broad money (M2) growth languished in 2-3 per cent p.a. range, while bank lending declined by 10 per cent. Excess liquidity infused got re-parked with BoJ as NPLs reached a high of 8.4 per cent in March 2002.

BOJ'S SWITCH

BoJ reluctantly revived QE during 2010-13. At end-2012, Shinzo Abe started his second term promising three arrows — monetary, fiscal and structural policies — to lift Japan out of the quagmire. In January 2013, BoJ set a 2 per cent inflation target hoping to lift inflation expectations. In March, Governor Kuroda set a 2-2-2 target, aimed at doubling the base money and achieving 2 per cent inflation target in 2-years' time. A month later he introduced Quantitative and Qualitative Easing (QEE) that doubled its QE. A year later it added ETFs to its QE buying making a qualitative shift. In late January 2016, Kuroda started NIRP by pushing the cash rate to below zero.

> **Fiscal and monetary arrows have been used up by Japan. It is time the Japanese Government gave more regulatory and monetary independence and re-focused itself on structural policies.**

YIELD CURVE CONTROL

In September 2016, he launched the strategy of YCC, promising to peg the 10-year JGB yield to around 0 per cent, committing to buy whatever amount is offered at that target yield, hoping it will become the market yield.

BoJ's experiment with QEE failed the same way as its earlier experiments of QE. Research work does not establish that YCC provided any additional benefits over NIRP. NIRP itself had pushed the 10-year JGB yield into negative terrain that persisted for most of 2016 and 2019. During Covid-19, BoJ further expanded its market operations and re-emphasised the YCC target. YCC has not succeeded in any place. It is best dispensed with as a UMPT even in the times of crisis.

It has for long remained in a state of denial. In its "assessment" of QEE in May 2015 it blamed its failure on decline in oil prices claiming the changes in various macro-financial indicators had been in line with its anticipation. Even in its "Comprehensive Assessment" of QQE in September 2016 was similar. BoJ clearly had no appetite for a serious re-examination of its strategy despite its abject failure. BoJ's current exit from NIRP and YCC, with commitment to taper its QE has come more as a quirk from a spike in global inflation than genuine improvement in domestic conditions. Japan's inflation has now stayed above its 2 per cent target for 22 successive months. But one cannot lose sight of the fact that in this period inflation in the US, euro area and the UK had peaked at 9.1 per cent, 10.6 per cent and 11.1 per cent, respectively, against 4 per cent in Japan.

Japan's GDP growth has slowed in successive quarters of 2023, recording an expansion of just 1.4 per cent y-o-y and 0.1 per cent q-o-q in Q4. Japan's IIP has contracted in the last three quarters to January 2024. Only the labour market conditions are improving. The Shunto wage negotiations resulted in a 33-year high 5.3 per cent wage increase.

This resulted in BoJ taking a call that its price stability target of 2 per cent would be achieved in a sustainable and stable manner, despite falling inflation in recent months.

NOT A UNANIMOUS DECISION

This is nothing but an arrow shot in the dark after 23 years of QE failure. The decision to end NIRP and ETF and REITS purchases was not unanimous, but there is clear indication that BoJ will be scaling down QE across other assets.

Will BoJ be able get rid of all UMPTs? BoJ will look to raise its policy rate by another 15-25 bps later this year and end QE, but a sustained improvement in the Japanese economy is unlikely unless massive structural reforms are carried out.

Fiscal and monetary arrows have been used up by Japan. It is time the Japanese Government gave more regulatory and monetary independence and re-focused itself on structural policies. BoJ's experiment to get out of UMPTs may be not much loss to Japan as its woes lie elsewhere.

The writer is Professor at IIM Kozhikode and a former member of RBI MPC

thehindu **businessline.**

TWENTY YEARS AGO TODAY.

March 26, 2004

Microfinance units won't be allowed to accept deposits

Micro-finance institutions will not be allowed to accept public deposits as it puts public money at risk... the Reserve Bank of India cannot allow such entities to accept public deposits, the RBI Governor, Dr YV Reddy, has said. This is going by the recent experience of urban co-operative banks in the country.

Investors sell small, mid-cap stocks to reduce I-T burden

With the current fiscal nearing its end, several market players have started selling their shares even at a loss to minimise their income-tax liabilities. The selling is visible more in small and mid-cap stocks and this is said to be the main reason for sharp dip in their prices in the last couple of months, say brokers and analysts.

IT cos need not show overseas staff pay in annual report

In a major regulatory relief for the IT sector, the Department of Company Affairs (DCA) has formally exempted IT companies from disclosing in their annual reports, the remuneration particulars of employees posted overseas. The exemption would, however, be available only in respect of those employees who earn less than ₹24 lakh in a financial year.

China vows to treat foreign firms equally

Liangping Gao
Ryan Woo
Jing Xu

China pledged on Monday to treat foreign companies the same way as domestic peers in a bid to attract more foreign investment, cooperation and expertise, as Asia's largest economy moves to upgrade and strengthen its industrial chains. "China will fully guarantee national treatment for foreign companies, so that more foreign companies can invest in China with confidence and peace of mind," Vice Commerce Minister Guo Tingting said at the China Development Forum in Beijing. Guo did not give details about how China would guarantee "national treatment", or the equal treatment of locals and foreigners as per World Trade Organization (WTO) principles. For years, Western firms have complained of unequal access in China, a vast consumer market and also global supplier of raw materials and components.

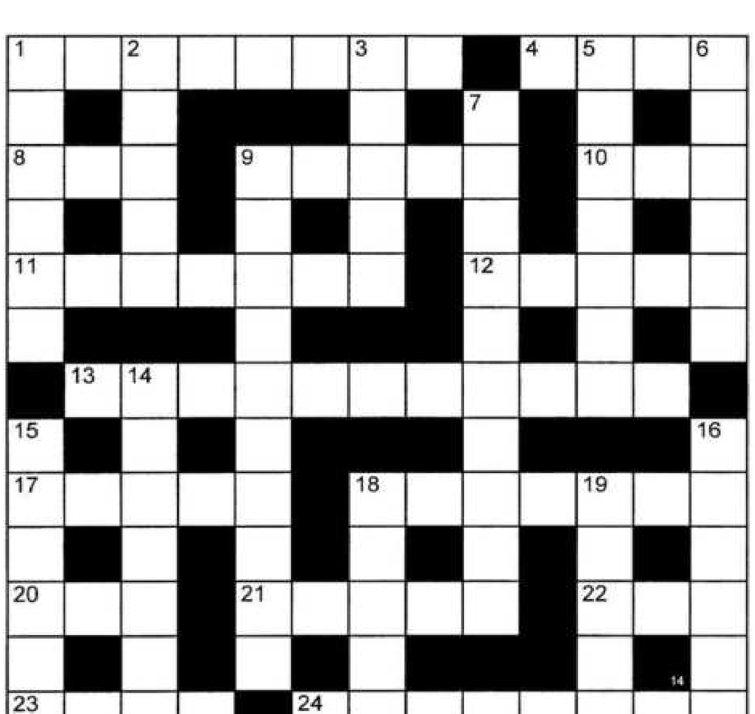
Western governments have expressed concern about "economic coercion", and companies have considered "de-risking" supply chains and operations away from China. China's introduction of a broader anti-espionage law, exit bans and raids on consultancies and due diligence firms have further chilled foreign fund inflows.

Inbound foreign direct investment contracted 8 per cent last year. Geopolitical tension, most prominently with the US on a range of issues including US concern that US chips and AI technology could be used to boost Chinese military capabilities, has also weighed on investor sentiment.

In response, China has stepped up efforts to address concerns of foreign investors, pledging to protect the rights of foreign companies and promising to further enlarge entry into its markets. China will continue to open up high-level areas of industry and finance and create more market opportunities, and will firmly safeguard a multilateral trading system with the WTO at its core, Guo said.

China will fully lift restrictions on foreign investment access to its manufacturing sector and deepen in-depth cooperation with firms from all countries, Minister of Industry and Information Technology Jin Zhuanglong said at the forum. REUTERS

BL TWO-WAY CROSSWORD 2403



EASY

ACROSS

1. A bit of a pest (8)
4. Amphibian (4)
8. Fuel (3)
9. In the vicinity (5)
10. Catch breath in sorrow (3)
11. Shake with fear, etc (7)
12. Sing in Alpine fashion (5)
13. Short in vision (4-7)
17. Rowing crew (5)
18. Those who wantonly destroy property (7)
20. Cur (3)
21. Guide-lines (5)
22. Be indebted (3)
23. Compelled (4)
24. Showing great respect (8)

DOWN

1. Deny, nullify (6)
2. Publish (5)
3. Bike (5)
5. What is left (7)
6. Eat greedily (6)
7. Toys (10)
9. Scientific workshop (10)
14. Took on the enemy (7)
15. Not often (6)
16. Lay claim to, insist upon (6)
18. Speaking power (5)
19. Solitary (5)

NOT SO EASY

ACROSS

1. Something annoying is discovered in shade of meaning (8)
4. Braided button produced from tadpole perhaps? (4)
8. Anaesthetic may make one droop backwards (3)
9. Pub with no end of ale following return of colonel (5)
10. Unhappy sound thus reaching Brideshead (3)
11. Boy-singer, enheartened by big number, will shake ... (7)
12. ... and so sing part of chorale: do you return it? (5)
13. Can't see well how things are de-composed (4-7)
17. Topless measurement according to scales for number in boat (5)
18. They destroy a youngster coming back in vehicles (7)
20. Faithfully follow steps of one such as setter (3)
21. Pulls up horse in a mire in Sussex (5)
22. Be due to marry, end off: ring first! (3)
23. Had to have been a manufacturer (4)
24. Full of respect, always being involved in accommodation payment (8)

DOWN

1. Deny there are four less in what one may take print from (6)
2. Publish the point in dispute (5)
3. Group of songs related how one might ride (5)
5. It is left re-introducing the team universally included (7)
6. Talk turkey, and eat fast! (6)
7. Toys with object in dramatic presentations (10)
9. Classic work a right-winger needs for scientific room (10)
14. Took on a funny man s line, in need of change (7)
15. Elms do get blown about on rare occasions (6)
16. Declare when rest has been disturbed (6)
18. Inflection of the verb heard from one speaking (5)
19. What borrower soundly seeks by himself (5)

SOLUTION: BL TWO-WAY CROSSWORD 2402

ACROSS 1. Challenge 5. Cap 7. Alto 8. Blackleg 10. Careless 11. Spin 13. Robbed 15. Floods 18. Club 19. Complain 22. Meditate 23. Fire 24. Car 25. Perchance

DOWN 1. Chaucer 2. Alter 3. No less 4. Each 5. Calypso 6. Pagan 9. Bleed 12. Slaps 14. Blunder 16. Sincere 17. Porter 18. Comic 20. Alien 21. Step

CHENNAI
businessline.
TUESDAY - MARCH 26 - 2024

Centre may continue FCI's wheat, rice OMSS

KEEPING TRADERS AT BAY. Wheat likely to be offered to millers at ₹2,275/quintal, rice reserve price may be ₹3,100/quintal

Prabhudatta Mishra
New Delhi

The government has indicated that it is ready with the open market sale scheme (OMSS) policy for the next fiscal in an apparent move to keep private traders off the wheat market and allow official procurement to meet the target of 37.3 million tonnes (mt). Wheat is likely to be sold at a minimum ₹2,275/quintal (same as the minimum support price) across the country through e-auction throughout the year.

Earlier this month, the Food Ministry conveyed its approval to the Food Corporation of India (FCI) on the policy for the sale of food grains (wheat and rice) stocks in excess of buffer stock norms under OMSS. However, the policy will be effective from April 1 next fiscal and will be valid till July 31. A review will be done in July based on the actual wheat procurement and the price will be fixed for remaining period of the next fiscal, Food Ministry sources said.

IMPOSING HURDLES. The Ministry has stipulated that no sale will be undertaken during the procurement period (tentatively until June 30) in wheat-procuring States such as Punjab, Haryana, Uttar Pradesh, Rajasthan and Madhya Pradesh PTI

According to the policy, sale to private parties in open market through e-auction of wheat will be made at a pan-India reserve price of ₹2,275/quintal for under relaxed specification (URS) variety and ₹2,300/quintal for fair and average quality (FAQ) type of all crop years.

The ministry has stipulated that no sale will be undertaken during the procurement period (tentatively until June 30) in wheat-procuring States such as Punjab, Haryana, Uttar Pradesh, Rajasthan and Madhya Pradesh. The ministry will also take a call when to start the e-auction and the quantity to be sold in each round, depending on the market rates of wheat, sources said.

MESSAGE TO MILLERS

"This is a clear message to flour millers of the southern region not to buy wheat in this procurement season and get it from FCI at subsidised rate and save at least the transport and handling charges from Madhya Pradesh to their factory gate," said a leading flour miller of a northern State.

The Food Ministry has reportedly come up with an aggressive plan to achieve the wheat procurement target this year as the Centre's buffer stock, maintained by the Food Corporation of India (FCI), will likely drop below the mandatory norm of 7.66 mt as of April 1. This will be for the first time in 16 years that wheat stocks, which are currently at a 7-year low, will be below the buffer norms.

Uttar Pradesh, the largest producer of wheat, after fixing a target of procuring record 6 mt, has asked some 40 big traders, stockists and flour millers to stay away from market till the government procurement target is achieved. A district magistrate in UP even went a step ahead and sent a letter to Railways not to accept indent from private sector for allocating rakes for the transport of wheat out of the State.

FIAT TO CO-OPS

Under OMSS, the Food Ministry has fixed the pan-India reserve price of rice at ₹3,100/quintal until July 31. In the north-east and other hilly States, rice will be sold at ₹3,400/quintal (including fortified rice) . The government has barred private parties in surplus-producing States from buying rice from FCI when paddy procurement continues.

Under the retail sale scheme, the Food Ministry will allocate to semi-government and cooperative organisations wheat at ₹23/kg till July 31 and rice at ₹24/kg till June 30. The sale will be done only if these organisations agree to sell the atta (flour derived from the wheat) and rice at the maximum retail price (MRP) fixed by the government. Currently, the MRP of atta is fixed at ₹27.50/kg and rice at ₹29/kg.

QUICKLY.

Aluminium hits 11-week high over Yunnan doubts

London: Aluminium prices touched an 11-week high on Monday over concerns over slow recovery in production in China's Yunnan province and supported by a strong technical outlook. Three-month aluminium on the London Metal Exchange (LME) was up 0.4 per cent at $2,318.5 a metric ton as at 1207 GMT, after touching $2,323, its highest since January 3. REUTERS

Crude oil prices up on heightened supply concerns

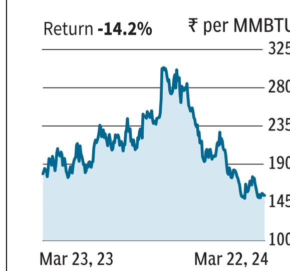
London: Crude oil prices rose more than 1 per cent on Monday as hostilities intensified between Russia and Ukraine and in the Middle East. Concerns over global oil supply are being heightened by attacks on Russian energy facilities and Ukrainian energy infrastructure as well as fading hopes of a ceasefire in the Israel-Hamas conflict. REUTERS

Gold firms as traders position for US data

Bengaluru: Gold prices firmed on Monday as investors positioned for key economic data and comments from Federal Reserve officials this week for further clues on the timing of interest rate cuts signalled by the US central bank. Spot gold was up 0.5 per cent at $2,175.21 per ounce, as of 1306 GMT, while silver rose 0.5 per cent to $24.78. REUTERS

COMMODITY CALL.

Buy natural gas contracts, stop-loss at ₹145



Akhil Nallamuthu
bl research bureau

Natural gas futures (April contract) on the Multi Commodity Exchange (MCX) has largely been flat over the past few sessions. But it has been hovering around support. That said, the broader trend is bearish. So, now there is a tug of war between the bulls and the bears.

The April futures has a support band between ₹148 and ₹150. If bulls gain traction on the back of this support, the contract can move up towards the nearest resistance at ₹165. Subsequent resistance is at ₹176. A breach of this can turn the short-term outlook positive.

But in case the contract slips below the support at ₹148, we are likely to see another leg of downtrend. The nearest support levels can be spotted at ₹130 and ₹120.

TRADE STRATEGY

Last week, we recommended buying natural gas futures (April contract) at ₹156 with a stop-loss at ₹145. Retain this trade. When the contract rallies past ₹165, raise the stop-loss to ₹158. Book profits at ₹176. If the above stop-loss is hit, it could mean that the support at ₹148 is breached. In this case, one can consider going short with a stop-loss at ₹152. Target for this trade can be at ₹130.

FCV tobacco prices up to a new high in Karnataka auctions

Vishwanath Kulkarni
Bengaluru

Prices of tobacco at auctions in Karnataka continued to increase on robust demand from overseas markets. The average price for flue-cured virginia (FCV) tobacco at the auctions in Karnataka touched a new high of ₹257.46 per kg during the recently concluded 2023-24 season. Prices in the 2023-24 season were up by 13 per cent at ₹29.46 against ₹228.01 kg in the previous season.

Average prices of tobacco in Karnataka, which plunged to a six-year low of ₹119.87 per kg during 2020-21, have been on an upward trend over the past four years, scaling new highs annually over the last two years, per the Tobacco Board data.

SAME CROP SIZE

In Karnataka, the highest bid recorded during 2023-24 season touched a new high at ₹290 per kg against ₹271 the previous year, Tobacco Board officials said. FCV tobacco, mainly grown in the Mysuru region, has good export demand as it can be blended with any other tobacco in the world and has less nicotine, less tar and less sugar.

BLENDING GAINS. FCV tobacco, mainly grown in the Mysuru region, has good export demand as it can be blended with any other tobacco in the world THE HINDU

The total estimated production of tobacco in Karnataka during 2023-24 season stood at 82.85 million kgs against an authorised crop size of 100 million kgs. Of the total production, the estimated production by authorised registered growers was 71.34 million kgs.

Excess production by registered growers was 3.02 million kgs and the unauthorised production by unregistered growers was estimated at 8.49 m kgs.

For the 2024-25 season, the Tobacco Board has fixed the crop size at 100 million kgs for Karnataka, similar to last years.

COMPETING GINGER

"Growers who are happy with the last year's record prices have already started preparing the nurseries for production of seedlings, even as the pre-monsoon rains are yet to arrive in the key producing regions around Mysuru. The high prices of ginger in the recent past, a competing crop, is likely to attract the attention of a section of farmers in the forthcoming season," said B V Javare Gowda, President of the Federation of Karnataka Virginia Tobacco Growers Association.

Gowda said the decline in global output mainly from African producers (mainly due to El Nino) is keeping the prices firm.

Farmers holding back mustard, chana crops for at least 3 months: Study

Our Bureau
New Delhi

Mustard and gram (chana) farmers in Rajasthan and Madhya Pradesh prefer staggered sales now, which is contrary to popular perception that farmers dump their entire produce upon harvest, according to a study conducted by New Delhi-based Arcus Policy Research and commissioned by futures trading platform NCDEX. The decision on the timing of the sales is now based on farmers' own perception of prices and behaviour of the fellow farmers, the study said.

The survey respondents - 400 farmers - were selected on random sampling, from 32 villages in Madhya Pradesh and 82 in Rajasthan, the two top producers of gram and mustard. These two States together account for about 46 per cent of India's gram production and about 57 per cent of mustard output, the authors said. Farmers stored crops for at least three months post-harvest, but offloaded most of it before the next harvest, the study said and mentioned the behaviours of farmers with regard to agriculture marketing.

MARKETABLE SURPLUS

In case of mustard, about 34 per cent of the crop's marketable surplus was held back by farmers in Madhya Pradesh and the share was about 70 per cent in Rajasthan. In case of gram, 69 per cent of the marketable surplus was held back by Madhya Pradesh farmers and about 77 per cent in Rajasthan.

Farmers in Rajasthan took greater risks by storing both mustard and gram crops for longer compared with farmers in Madhya Pradesh, it said. On an average, they stored gram for 102 days (more than three months after harvesting in March) in Madhya Pradesh and 114 days (close to four months post-harvest) in Rajasthan. Mustard crop was also held for about 107 days in Madhya Pradesh and 110 days in Rajasthan.

Though most of the farmers emptied their previous crop stocks before the onset of next harvest of gram/mustard, both grown in Rabi season, some medium and large farmers of gram however, found to carry forward their stocks into the next year. The authors have recommended adhocness in government policy actions must be reduced.

In February, global steel output gained 3.7%

Achuth Vinay
Chennai

Global crude steel production went up by 3.7 per cent in February 2024 to 148.8 million tonnes (mt) against 143.6 mt in the corresponding period a year ago. For the January-February period, production in the 71 nations that account for 85 per cent of world steel output was pegged at 306.9 mt, up 3 per cent.

According to the World Steel Association, top producer China's output increased to 81.2 mt in February, up by 3.5 per cent from the year-ago period. India reported a surge of 11.4 per cent rise in production at 11.8 mt.

RUSSIAN OUTPUT DOWN

Turkey's production soared 46.6 per cent to 3.1 mt. Iran's production climbed up by 14.3 per cent at 2.2 mt. While output from Russia decreased by 4.4 per cent at 5.7 mt, South Korea's output saw a fall 1.5 per cent at 5.1 mt. Japan's production went up slightly by 1.1 per cent at 7 mt. The United States saw its output dip by 1.2 per cent while Germany saw its production gain by 4.4 per cent year-on-year, at 6.5 mt and 3.1 mt, respectively. The steel output in Brazil saw a steep rise going up by 13.1 per cent at 2.8 mt.

Region-wise, Africa saw their output rise steeply by 8.1 per cent. While EU saw its numbers dip by 3.3 per cent, while Europe (Others)'s production saw its output go north by huge 32.5 per cent. Asia and Oceania's steel production grew by 3.9 per cent. The Middle-East region's production went up by a 10.8 per cent while North America's output decreased by 1.3 per cent. South America's steel production surged by 10.5 per cent compared with February 2023 figures. Russia and other CIS nations saw their figures go down by 2.5 per cent.

HOT SPUD

TUBER TROUBLE. Farmers harvesting potatoes on a farm in Prayagraj, Uttar Pradesh. Prices of the spud have increased over 40 per cent since March 1 to ₹1,340 a quintal from ₹925 on March 1, compared with ₹670 a year ago. The Agriculture Ministry has estimated the crop to be lower this year at 58.99 million tonnes (mt) against 60.14 mt last year due to lower output in West Bengal and weather impact on the crop in Uttar Pradesh PTI

Amul to sell 'fresh milk' for the first time in US

Avinash Nair
Ahmedabad

For the first time in its history of milk cooperatives in India, Amul's brand of "fresh milk" will be sold in the US.

The Gujarat Cooperative Milk Marketing Federation (GCMMF) --- the umbrella body of milk cooperatives in Gujarat that markets and sells milk under the brand Amul --- has tied up with the Michigan Milk Producers Association to sell "fresh milk" in the East Coast and Midwest markets of the US.

GAMECHANGER

"We have been exporting milk products to the US market for the last 25 years. However, this will be the first time we will be selling fresh milk in the US under the Amul brand. We expect this to be a game-changer," Jayen Mehta, Managing Director of GCMMF told *businessline*. "We announced our entry into the US market in presence of board members at the 108th annual general meeting of the Michigan Milk Producers Association a couple of days ago. They are a 108-year-old cooperative and among the top 10 cooperatives in the US. Our products will be supplementing their products," said Mehta who was present at the announcement on March 20.

Jayen Mehta, Managing Director, GCMMF

The GCMMF official said the dairy plant of the Michigan Milk Producers Association in Ohio was strategically placed and Amul could access markets in Chicago, Dallas and other areas on the East Coast of the US. The US dairy cooperative serves members in Michigan, Ohio, Indiana and Wisconsin.

Amul will be launching its range of fresh milk in one-gallon (3.8 litres) and half-a-gallon (1.9 litres) packs under the Amul brand in the US. This includes Amul Gold containing 6 per cent milk fat, Amul Shakti with 4.5 per cent milk fat, Amul Taaza with 3 per cent milk fat and Amul Slim with 2 per cent milk fat. "These fresh milk products will have the same composition as they have in India," Mehta added. Amul exports milk products to over 50 countries across the globe. These products will be available in leading Indian grocery stores throughout the East Coast and Midwest markets of the US.

"We have not yet decided on the amount of milk we will sell in the first year," Mehta added. Amul products including Cheese, Butter, Panter, Ghee, Ice cream, Beverages, chocolates, Gulab Jamun, Rosogolla, Mithaimate, Amulya, Frozen snacks, Shrikhand, Lassi and Buttermilk are already being exported into the US through distributors in New Jersey, New York and other places.

GCMMF is India's largest exporter of dairy products and has also been accorded a "trading house" status. Last year, GCMMF registered more than 20 percent growth in Exports and added Tanzania, Ghana, Mozambique, Haiti and Republic of Congo on the list of export markets.

NAB warns it may suspend Karnataka organic certification agency's accreditation

Subramani Ra Mancombu
Chennai

The National Programme for Organic Production (NPOP) has given accreditation to four new certifying bodies (organisations), while removing curbs on Fair Cert Certifications allowing it to register new processors and traders.

According to source, on February 9, the National Accreditation Board (NAB) under NPOP has decided to restrict three agencies from making new registrations, while also not permitting Fair Cert to certify organic cotton.

The NAB has suspended the accreditation of two agencies, while, in a separate decision, blacklisted three organic exporters for a year for not paying the penalty imposed on them for irregularities detected in their shipments to the European Union.

The accreditation body has severely criticised the Karnataka State Organic Certification Agency (KSOCA) and has warned that its accreditation will be suspended from May 1, 2024, if its compliance is not satisfactory, the sources said.

WELCOME INITIATIVES

On the accreditation provided to four new agencies, the sources said a few decisions taken by NAB recently are welcome initiatives.

"The NAB has decided to give accreditation to four new agencies when it has suspended the accreditation for 14 others. This is welcome since there will be more organisations involved in certifying organic products," a source said.

A feature of permitting the four new certification bodies is that the NAB has given them accreditation zone-wise. "Agencies located in Bangalore or Mumbai which provide organic certification for farmers in far away places pass the cost to farmers. The accreditation of new companies and restricting them to specific regions is a good move and reduces certification costs," the source said.

NON-COMPLIANCE

The four new organisations are GSCI Pvt Ltd for the west zone, Agroland Services Pvt Ltd and Krushi Certification Pvt Ltd for the north zone and Cert India Pvt Ltd for crop production, processing and handling. The accreditation body has suspended the accreditation under NPOP of Reliable Organic Certification Organisation and another agency for non-compliance in the certification programme. It warned that the accreditation will be terminated if the firms do not comply within a year.

The NAB said, in the case of KSOCA, it has decided to issue a warning letter and address the "serious non-compliance" in its certification within two months. It has asked the State organic certification agency to rework and strengthen its sanctions catalogue, which will be a deterrent on certifying agencies and operators. The accreditation body refused to waive a ₹1.5-lakh penalty imposed by its sub-committee for non-compliance.

How India-UAE ties have touched a new high

STRONG BONDING. Recent developments across commerce and cultural spheres have brought a new dimension to bilateral relations

Sindhu Hariharan
Chennai

With geographical proximity, cultural affinity and friendship dating back to the 1970s, India and the United Arab Emirates (UAE) have always had close ties. But the relations have significantly deepened in recent years.

DEEP DIVE.

While trade has strengthened following the Russia Ukraine war, a few recent developments across the commerce and cultural spheres have brought a new dimension to bilateral relations.

BI-LATERAL PACTS

Recently, the central banks of the two countries gave permission to use local currencies (rupees and Dirhams) for cross-border transactions including trade, remittance, and investment flows. India's payment system, UPI, was linked with UAE's instant payment system Aani in a move likely to benefit over 3.5 million Indians living in the UAE, and travellers between the two countries. India's Rupay cards can also be used in the UAE.

CEPA

The boost to trade also came from the landmark Comprehensive Economic Partnership Agreement (CEPA) signed between the two nations in February 2022. While UAE is India's second top export destination after the US, India is UAE's second largest trading partner after China.

Eyeing bilateral trade of $100 billion in the next five years, CEPA brings cuts in tariff, fast-tracked approvals for business, access to trade zones etc. As a result, trade between India and the UAE touched historic highs going from $72.9 billion in FY22 to $84.5 billion in FY23. During its implementation (May 2022 to March 2023), bilateral trade grew 14 per cent y-o-y. 90 per cent of India's exports to UAE now attract zero duty under the FTA with gems and jewellery, pharmaceuticals, food, energy, etc the key beneficiaries.

Ajay Sahai, Director General & CEO, Federation of Indian Export Organisations (FIEO), says that the CEPA with the UAE is India's first such agreement with a complementary economy compared to those in the past with South Korea or Japan. "FTA utilisation is going up and this is further helped by digitisation of issue of certificate of origins (COOs) for exports," he said. While official data on FTA utilisation is not released, analysts estimate this at over 50 per cent based on the COOs issued.

FOREIGN INVESTMENT

In FY23, Emirates emerged as the fourth largest foreign investor into India from being in the seventh spot in FY22. $3.3 billion of FDI inflow came from the UAE into India in the said fiscal. Further, UAE's sovereign fund has been an active participant in Indian stock market; Abu Dhabi Investment Authority (ADIA) holds 22 listed stocks with a net worth of over ₹3,447 crore, as per a December 2023 filing. This is across real estate, infrastructure, logistics, food, and other sectors. Reports also suggest that ADIA is setting up a $4-5 billion fund to invest in India through GIFT City, Gujarat.

Inspired by Saudi Arabia's success with its Vision Fund, UAE funds ADIA, Mubadala and ADQ have also deployed money in India's new-age firms. Reliance subsidiaries Jio Platforms and Reliance Retail, Byjus, Greenko and Lenskart are a few private companies backed by the Emirati investors.

INNOVATION PUSH

Neelesh Bhatnagar, founder of Dubai-based VC firm NB Ventures, said that the UAE's innovation push has increased start-up opportunities for Indian entrepreneurs in e-commerce, logistics, EVs and other areas. NB Ventures has invested in more than 50 start-ups and helps them tap UAE and larger West Asia region.

DP World, Sharaf, and Lulu Group are few top UAE companies with presence in India and similarly Indian enterprises like L&T, ONGC, Adani Group, and others also operate in the UAE. Recent data from the Dubai Chamber of Commerce show that 15,481 new Indian-owned companies became members of the industry body in 2023, a growth of 38 per cent year-on-year.

"UAE's ease of doing business makes it attractive for Indian companies, especially those looking to expand in Africa and GCC," Rudra Kumar Pandey, partner, Shardul Amarchand Mangaldas, said.

DEMOGRAPHY

Almost 30 per cent of the UAE's population are Indians, which is around 3.5 million. Dubai and Sharjah, in particular, are preferred destinations and are popularly considered as "an India without the everyday hassle."

As the UAE builds a knowledge economy, it has also acknowledged the role of Indian professionals. Many of India's investors, entrepreneurs, doctors, scientists, creatives and others are beneficiaries of the Golden Visa scheme.

Per a recent World Bank report, the UAE and other GCC nations are major contributors to India's foreign remittance inflow and the use of local currencies in cross-border transactions will further increase this.

SOFT POWER

Leaders of both countries have increasingly demonstrated their new relations on the world stage. PM Narendra Modi alone made seven visits to the UAE during his 10-year tenure. In a milestone moment for cultural ties, PM Modi inaugurated a ₹700-crore BAPS temple in Abu Dhabi last month. Built in land gifted by UAE ruler Sheikh Mohamed bin Zayed Al Nahyan, this is the third temple in the UAE but the largest by far in the Middle East, placing UAE among India's top allies.

CHALLENGES REMAIN

Trade analysts noted that while CEPA is increasing trade, it is yet to pick up in new categories. Moreover, the value add in India's exports to the UAE is low as they are mostly import-dependent, they added.

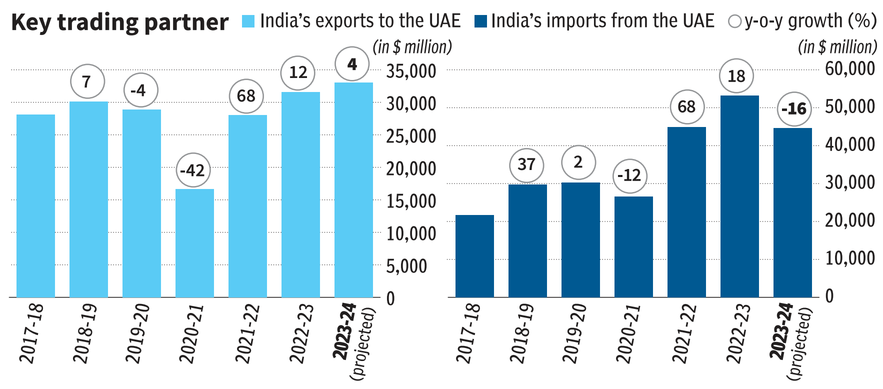
"While exports from India to the UAE are on a rise, it's important to note that imports are also rising," Ajay Srivastava, founder, Global Trade Research Initiative, says. India's imports from UAE rose 19 per cent year-on-year in FY23 to end at $53,231 million. "Gems and jewellery, petroleum, and smartphones comprise 60 per cent of India's exports to the UAE; trade diversification is yet to happen," he added.

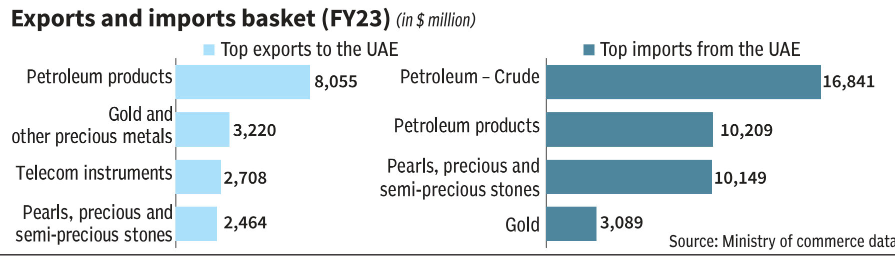
FIEO's Sahai says value-added jewellery exports are on a rise and the growth in the lab-grown diamonds market will help increase this in the coming years. "It takes three to five years for any trade agreement to show results," said Sahai.

Shardul Amarchand Mangaldas' Pandey notes that while foreign portfolio investment from the UAE has picked up, FPIs are still constrained by the steep valuation of the Indian stock markets.

Prime Minister Modi inaugurated a ₹700-crore BAPS temple in Abu Dhabi last month. Built on land gifted by the UAE ruler Sheikh Mohamed bin Zayed Al Nahyan, this is the third temple in UAE but the largest by far in the Middle East, placing UAE among India's top allies.

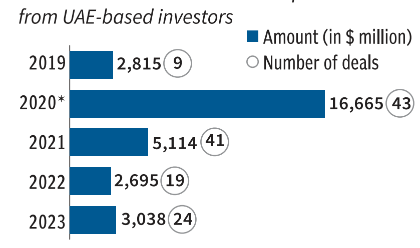
India-UAE, deepening ties





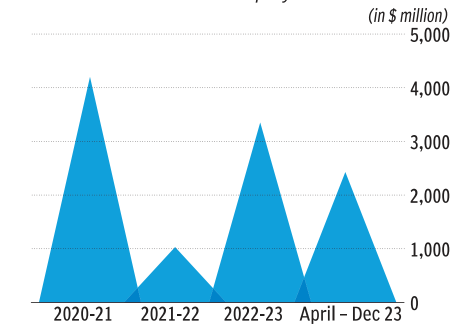
Source: Ministry of commerce data

Rising commitments in private markets
PE-VC investments in Indian companies from UAE-based investors



Note: The values relate to rounds in which the UAE investors were part. The value of their share is not available
*Year of investment by Mubadala in various Reliance entities
Source: Venture Intelligence

Fourth-largest foreign direct investor in FY23
FDI equity flows from the UAE (in $ million)



Note: Before 2020-21, FDI flows from the UAE were not in top 10
Source: DPIIT

EXIM TIES. The boost to trade also came from the landmark Comprehensive Economic Partnership Agreement (CEPA) signed between the two nations in February 2022. While UAE is India's second top export destination after the US, India is UAE's second largest trading partner after China ISTOCK

15,481
Number of new Indian-owned companies that became members of the Dubai Chamber of Commerce in 2023

18%
UAE's share in India's total forex remittances in CY2023

3.5 million
Indians in the UAE – making up 30% of the Emirate's population

TODAY'S PICK.

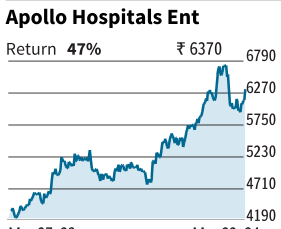
Apollo Hospitals Enterprise (₹6,370.30): BUY

Gurumurthy K
bl. research bureau

The short-term outlook is bullish for Apollo Hospitals Enterprise. The stock has formed a strong base around ₹6,000.

Several attempts made to break below ₹6,000 since the beginning of this month has failed. The strong 3 per cent rise on Friday, indicates the beginning of a new leg of up-move which can take the price further higher. Cluster of supports are there in the ₹6,300-6,250 region. Intermediate dips are likely to be limited to ₹6,250. Apollo Hospitals Enterprises share price can rise to ₹6,700 in the next few weeks.

Traders can go long now at ₹6,370. Accumulate on dips at ₹6,310. Keep the stop-loss at ₹6,210 initially. Trail the stop-loss up to ₹6,410 as soon as the stock moves up to ₹6,470. Move the stop-loss further up to ₹6,530 when the price touches ₹6,590. Exit the shares at ₹6,680.



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

Day trading guide

22155 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
22100	22000	22255	22325	Go short on a break below 22100 with a stop-loss at 22120

₹1443 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1430	1410	1450	1475	Go long only above 1450. Keep the stop-loss at 1440

₹1509 » **Infosys**

S1	S2	R1	R2	COMMENT
1500	1485	1530	1545	Take fresh shorts below 1500 with a stop-loss at 1510

₹428 » **ITC**

S1	S2	R1	R2	COMMENT
426	424	431	435	Go long only above 431. Stop-loss can be placed at 430

₹263 » **ONGC**

S1	S2	R1	R2	COMMENT
261	258	265	267	Outlook is unclear. Avoid trading this stock for now

₹2910 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2890	2875	2920	2960	Go long only above 2920. Stop-loss can be kept at 2910

₹746 » **SBI**

S1	S2	R1	R2	COMMENT
741	738	751	758	Go long only above 751. Stop-loss can be placed at 749

₹3913 » **TCS**

S1	S2	R1	R2	COMMENT
3850	3830	3930	3950	Go short now and also at 3925. Stop-loss can be kept at 3945

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

Bank loans, term deposits with interest rate of over 8% rose substantially in last 21 months

K Ram Kumar
Mumbai


GETTY IMAGES/ISTOCKPHOTO

The share of bank loans and term deposits bearing 'over 8 per cent' and '7 per cent & above' interest rate, respectively, has increased substantially in the last 21 months, reflecting the pass-through of policy rate increases.

The share of bank loans bearing over 8 per cent interest rates increased from 47.2 per cent in March 2022 to 78.9 per cent in March 2023 and further to 83.7 per cent in December 2023, according to RBI's latest monthly bulletin.

In response to the cumulative increase of 250 basis points (bps) in the policy repo rate since May 2022, the one-year median marginal cost of funds-based lending rate (MCLR) increased by 169 bps during May 2022 to February 2024, RBI officials said in an article "State of the Economy" in the latest bulletin. One basis point equals to one-hundredth of a percentage point.

Consequently, the weighted average lending rate (WALR) on fresh rupee loans increased by 194 bps and that on outstanding rupee loans rose by 113 bps during May 2022 to January 2024.

The monetary policy committee increased the policy repo rate by 250 basis points from 4 per cent to 6.50 per cent between May 2022 and February 2023 to align the retail inflation to the 4 per cent target. The committee has been on hold since February, 2023.

FRESH RUPEE LOANS

The pass-through to WALRs on fresh rupee loans during May 2022 – January 2024 was higher for public sector banks/PSBs (at 186 bps) than for private banks/PVBs (at 175 bps), while the transmission to WALRs on outstanding rupee loans was higher for PVBs (113 bps) vs PSBs (105 bps).

Bank of Baroda's economic research team assessed that Small Finance Banks (SFBs) have a distinct trait of having 71 per cent of their loans priced at above 13 per cent.

"In fact around 90 per cent of their loans are priced at above 10 per cent. This is what adds to their profitability," opined BoB economists.

In the case of PSBs, the share of high priced loans carrying 13 per cent plus interest is just 3 per cent, the economists said in a report. Eighty per cent of the loans are priced between 7-11 per cent, while another 12 per cent are priced in the 11-13 per cent range.

In the case of PVBs, 13 per cent of their loans are priced at above 13 per cent while 2/3rd are priced in the 8-11 per cent range.

Foreign banks have a concentration of loans (84 per cent) carrying 7-11 per cent interest rate.

In the case of loans linked to an external benchmark (repo rate), the 250 bps hike in repo rate has been fully transmitted to the borrowers.

Personal loans and other retail loans, as well as loans to micro, small and medium enterprises have floating interest rates based on EBLR (usually repo rate).

TERM DEPOSITS

The share of term deposits offering 7 per cent and above interest rates has also increased from 4.5 per cent in March 2022 to 33.5 per cent in March 2023 and further to 61.4 per cent in December 2023, RBI officials said in the bulletin.

This has increased the relative attractiveness of term deposits vis-à-vis savings deposits, they added.

Term deposit rates of more than one year maturity are fetching 6.50/7.25 per cent interest vs savings bank interest of 2.70/3 per cent.

Coal, the dirtiest fuel, gets a second life

Bloomberg

More than two years after climate negotiators first attempted to consign coal to history, the dirtiest fossil fuel is having a moment.

Thanks to a combination of China's energy insecurity — pushing Beijing back to trusted power sources — plus rising Indian demand, the continued fallout from the war in Ukraine and faltering international programmes to wean developing economies off fossil fuels, coal is proving remarkably resilient. Output hit a record last year, and producers are preparing for a future where they will be required for decades yet to balance renewable energy.

Even prices are holding up. While thermal coal is trading at just a fraction of the lofty levels reached in 2022, after Russia's invasion of its neighbor, prices are still well above historic norms. Benchmark Newcastle coal futures are changing hands just under $130 a ton, roughly a quarter of the peak but higher than any level between 2011 and 2020.

SECOND WIND

Much of this second wind is down to Asia. In 2000, the International Energy Agency estimated advanced economies accounted for almost half of coal consumption. By 2026, China and India alone will make up more than 70 per cent.

Those two heavyweights and Indonesia started operating new coal power plants amounting to 59 gigawatts last year, and either launched or revived proposals for another 131 gigawatts — about 93 per cent of the world's total, according to Global Energy Monitor.

"You look at Asia, the demand and the build out of coal-fired power plants, particularly in India — coal's not going anywhere anytime soon," Rob Bishop, chief executive officer of Australian miner New Hope Corp., said in an interview.

The extended final act will be a vindication for fossil fuel executives, who have long argued against the feasibility of shifting swiftly out of carbon-intensive power, pointing out benefits in terms of reliability and cost. A mention of coal's buoyancy earned Saudi Aramco CEO Amin Nasser a round of applause at a major energy conference in Houston last week.

It's less good news for efforts to curb carbon emissions and reach global climate goals.

ENERGY SECURITY

For years, analysts expected coal production to plateau after it hit a then-record in 2013. Funding, after all, was drying up. Then came 2021, when power shortages in China set Beijing on a path to order more mining to ensure energy security.

In 2022, Russia's invasion of Ukraine and blackouts during heatwaves in India further bolstered coal demand. By last year, output had risen to a record 8.7 billion tons, according to the IEA.

That figure is expected to drop this year. But the agency expects it to stabilize through 2026 — in line with industry forecasts of a long goodbye.

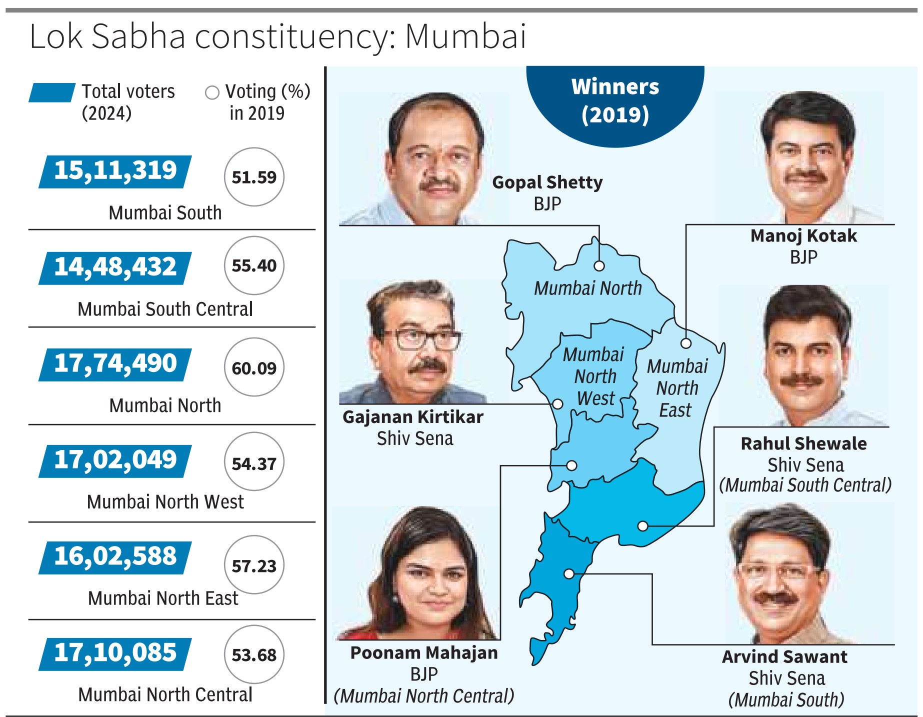
CHENNAI
businessline.
TUESDAY - MARCH 26 - 2024

◉ GROUND ZERO

BJP, Shiv Sena set for an epic showdown in Mumbai

FIERCE BATTLE. It is going to be a high-voltage poll as factions of NCP and Sena take on the Uddhav-NCP-Congress trio

Aneesh Phadnis
Aroosa Ahmed
Mumbai



Source: ECI

The looming showdown between the BJP and Uddhav Thackeray's Shiv Sena in the Lok Sabha elections sets the stage for a high-stakes battle that will serve as a litmus test for the crucial Brihanmumbai Municipal Corporation (BMC) and State elections. Shiv Sena held sway over India's financial capital for the past 25 years but now faces a determined BJP, which is pulling out all the stops to seize control of Mumbai, eyeing a clean sweep in both national and local polls, which will be held soon after the LS results.

In 2019, the unified Shiv Sena and its ally BJP swept the Lok Sabha elections, repeating their success from 2014. Now, the BJP is rolling the dice with factions led by Eknath Shinde of Shiv Sena and Ajit Pawar of NCP. Both Shinde and Pawar have aligned with the BJP, wresting party symbols and names from Uddhav and Sharad Pawar, respectively.

Despite the BJP's display of strength, the battle for the city's six constituencies promises to be fierce, with the opposition vocally pointing out the ruling regime's shortcomings. The BJP, along with Shinde's Sena and Ajit Pawar's NCP, is expected to rely on the charisma of Prime Minister Narendra Modi and the city's infrastructure development. "The State and central government's performance, Prime Minister Modi's reassuring leadership, and the party's organisational strength will be the key to the alliance's success," said BJP's Ashish Shelar to *businessline*.

"There was no trans-harbour sea link or coastal road to showcase in 2019. New Vande Bharat trains have been launched and suburban railway stations chosen for development. The party has delivered on all its key poll premises: Ram Mandir construction, repeal of Article 370 of the Constitution, and notification of the Citizenship Amendment Act. We are confident because of our performance," said another BJP functionary

The BJP has chosen Piyush Goyal as its candidate for Mumbai's North constituency, replacing Gopal Shetty, who won by a significant margin in 2019. Mihir Kotecha has been named as the candidate for North-East, while the other parties are also yet to announce their candidates.

Furthermore, the BJP has not yet announced candidates for the North-West, North-Central, South-Central, and South constituencies.

NO CAKEWALK FOR BJP

The BJP-led Mahayuti's prospects have been bolstered by the defection of several leaders from Uddhav Thackeray's Sena and the Congress to rival camps. This includes Ravindra Waikar, a close aide of Thackeray who joined the Shinde-led Sena, senior Congress leader Milind Deora, and Baba Siddiqui, another senior Congress leader, who have joined Ajit Pawar's NCP.

POWER PLAY. BJP is rolling the dice with factions led by Eknath Shinde (left) of Shiv Sena and Ajit Pawar of NCP PTI

Moreover, the BJP is expected to form a tacit understanding with Raj Thackeray's MNS in exchange for support in the upcoming assembly elections later this year. Despite these developments, political commentators believe that the BJP will face challenges in Mumbai and that victory won't come easily.

"This election will not be like the previous ones. While the BJP is strong in North and South Mumbai, NCP does not look strong in Mumbai. Sympathy votes are likely for the Uddhav Thackeray-led Shiv Sena as people have resentment towards the politics of BJP in Maharashtra with multiple issues," said Abhay Deshpande, a political analyst.

Local civic issues, including the redevelopment scheme of Dharavi and BMC functioning without an elected body for over two years, could dominate results in certain constituencies in the city.

"The opposition is not in disarray. It is the Eknath Shinde-Sena-BJP alliance which is in disarray, with their ministers divided on quotas for Marathas and OBC. It is the ruling alliance that is lusting for power by misusing all central agencies. What is the Shinde-BJP government taking credit for? All key projects, such as Airbus C-295 or Foxconn's manufacturing plant, were pursued when we were in power and now all of them have gone to Gujarat," said Priyanka Chaturvedi, Shiv Sena (UBT) Rajya Sabha MP.

Karnataka parties battle dissent from aspirants who missed the bus

REBELS GALORE. Heartburn among ticket seekers maximum in BJP; Congress' preference for kin of leaders too angers party cadre

Venkatesha Babu
Bengaluru

With the ruling Congress and the opposition BJP-JDS alliance having announced most of the candidates for the 28 Lok Sabha seats, they are now battling dissent from those who missed out. The BJP, which had won 26 of the 28 seats in the 2019 polls, including an independent backed by it, is surprisingly facing the maximum dissent internally.

The saffron party, which is contesting the polls in an alliance with the regional Janata Dal (Secular), has announced 24 of the 25 seats in its quota, with the remaining 3 seats being allocated to its alliance partner.

Of the 24 announced names, it has dropped eleven sitting LS members, creating a lot of heartburn among their supporters.

Sanganna Karadi, BJP's sitting LS member from Koppal, who has been denied a ticket, speaking to media, said, "'My supporters want me to contest as an independent due to the injustice done to me. I am considering the same." He, however, said that he would not join Congress. Similarly, former law minister JC Madhuswamy, who was a contender for the Tumkuru ticket, is upset with the party leadership for ignoring his claim.

The BJP has nominated V Somanna as its candidate in Tumkuru. "He is an outsider to the constituency. How can I ask votes for him? I will take a final decision shortly (on whether to contest as an independent or join another party)," Madhuswamy told the media.

IN-HOUSE DUEL. Former Deputy Chief Minister and erstwhile State Unit President KS Eshwarappa (right) has decided to contest against official BJP candidate BY Raghavendra, the son of BJP Karnataka patriarch BS Yediyurappa (left) SREENIVASA MURTHY V

Former Deputy Chief Minister and erstwhile State Unit President KS Eshwarappa has decided to contest against official BJP candidate BY Raghavendra, the son of BJP Karnataka patriarch BS Yediyurappa.

"There is no question of withdrawing from the race even if Modiji asks me," Eshwarappa has asserted.

The party, however, seems to have swung into action to mollify some of the aspirants who missed tickets.

After expressing anger initially, both DV Sadananda Gowda and Pratap Simha, sitting MPs who were denied tickets in Bengaluru North and Mysuru, respectively, have said that they will not quit the party and will support the official candidates.

DILEMMA IN CONGRESS

Congress is facing a similar dilemma too. Most of the tickets announced till now have gone to relatives — either son, daughter, wife or in-laws — of ministers, including Congress President Mallikarjun Kharge's son-in-law, Radhakrisha Doddamani, who has been given the Kalaburgi ticket. This has created a lot of anger amongst other aspirants.

Veena Kashappanavar, wife of sitting Congress MLA Vijayanad Kashappanavar, publicly broke down after the Grand Old Party announced that Samyuktha Patil, daughter of cabinet minister Shivanand Patil, would be its candidate. Veena has said that her supporters want her to contest as an independent, as the 'party has given the ticket to an outsider.'

SOLIDARITY MESSAGES

To contain any adverse fallout, the ruling party in the State is trying to reassure those who missed out that they would be provided other opportunities. KPCC Chief and Deputy CM DK Shivakumar has said that he will reach out to those who missed out and sort out any 'misunderstanding.'

State BJP President BY Vijayendra, too, said, "It is natural for those who may not have gotten the ticket to feel unhappy. However, we will ensure that we fight as a united unit and contribute maximum to strengthen Modiji's hands."

◉ POLITICAL LEGACIES

Paswan to Narasimha Rao: MPs who won with a majority vote share

Parvathi Benu
Chennai

In Indian polls, 6,451 people have been elected as members of the Lok Sabha since 1962. The dream of every candidate is to get a landslide victory, that is, win by a wide margin. But how many of them managed to do so?

MOST POPULAR FACES

Data shows that in the past, there were MPs who won the election with more than 90 per cent vote share in their respective constituencies. However, not all of them have had a strong opponent to contest against. For instance, PL Handoo of Jammu & Kashmir National Conference won the elections in 1989 from Anantnag, with close to 98 per cent vote share.

However, data from IndiaVotes, an election database shows that Handoo didn't have to face any major opponents, barring a few independent candidates.

The same applies to most MPs, who have the highest vote share ever in Indian history.

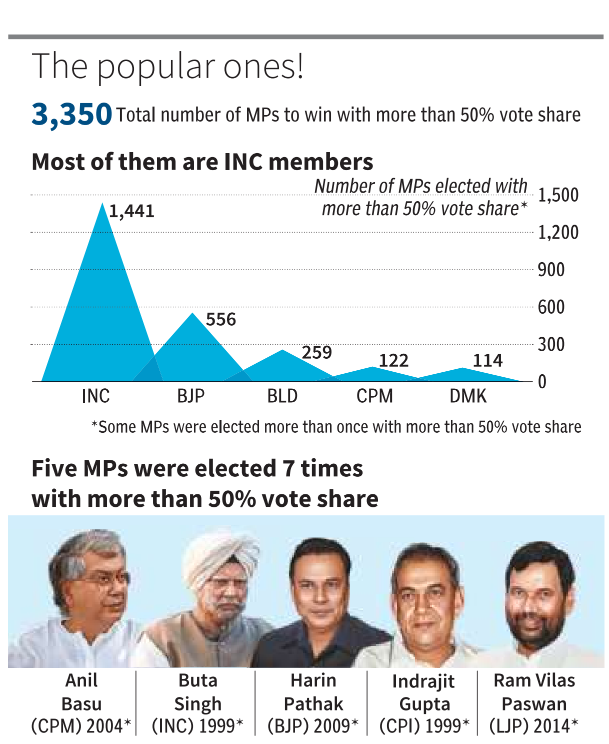
The person to have won with the seventh highest vote share in history is former Prime Minister PV Narasimha Rao, who fought the 1991 bypolls from Nandyal. He won the elections with an 89.5 per cent vote share, against a BJP candidate and five independents.

Lok Janshakti Party founder and former minister Ram Vilas Paswan follows Rao. Paswan was first elected to Parliament in 1977 as a member of the Bharatiya Lok Dal, from Hajipur in Bihar, and won with an 89 per cent vote share.

This was right after the emergency, and he fought against Congress veteran Baleshwar Ram and six independent candidates then.

SEVEN-TIME WONDER

Paswan was elected as an MP with a majority vote share for a total of seven times. He was elected the last in 2014.



Source: LokDhaba – Ashoka University, BL Calculations

Four politicians, apart from Paswan, were elected more than seven times as the popular candidate in their constituency. One of them is CPM's Anil Basu, who was elected multiple times from West Bengal's Arambagh constituency. During his last parliamentary election in 2004, Basu emerged victorious by a margin of 5.92 lakh votes, which was the highest-ever victory margin in LS polls in the country until 2014.

Former Home Minister Buta Singh, too, was elected seven times with a majority vote share. While he was elected as an Akali Dal MP during his first election, he contested all other winning elections as a member of the Indian National Congress. He was last elected in 1999. In 2014, he fought the polls as an independent candidate backed by the Samajwadi Party. However, he was defeated at that time by BJP's Devji Patel.

Former Union Minister Harin Patel has also won the elections with a majority vote share seven times. A BJP member, he was last elected in 2009.

Communist Party of India (CPI) leader and former Home Minister Indrajit Gupta is the other person on the list. He was last elected to Parliament in 1999 and remained a parliamentarian until he died in 2001. Gupta was an MP for close to four decades and was conferred with the 'Outstanding Parliamentarian' Award in 1992.

The credit for being the most favoured candidate, or to win with more than 50 per cent of the total votes in their constituency goes to 3,350 MPs, according to the analysis of data put out by Ashoka University's Lokdhaba portal.

While a whopping 1,441 of these MPs were members of the Congress at that time, 556 were BJP members. The data also shows that 259 of them were members of the erstwhile Bharatiya Lok Dal party, which existed between 1974 and 1977. Then come the Communist Party of India (Marxist) and the Dravida Munnetra Kazhagam, with 122 and 114 members, respectively, who emerged as the most popular candidate in the constituency.

QUICKLY.

Janardhana Reddy rejoins BJP

Former Karnataka Minister and mining baron G Janardhana Reddy on Monday rejoined the BJP ahead of the 2024 Lok Sabha polls. The Gangavati MLA, who is an accused in an illegal mining case, had formed the 'Kalyana Rajya Pragati Paksha' (KRPP) ahead of the state assembly polls last year, snapping his two-decade-old association with the BJP. Reddy today merged his KRPP with the BJP as he joined the party in the presence of its veteran leader and former Chief Minister BS Yediyurappa, State President BY Vijayendra, and others.

Reddy had recently met Union Home Minister Amit Shah in New Delhi. However, in the February 27 Rajya Sabha polls he had extended support to the Congress candidate. Calling it a "home coming", Reddy explained that the move to merge KRPP with the BJP is to "strengthen Narendra Modi's hands and make him the Prime Minister third time". PTI

Shiv Sena (UBT) to release first list of candidates today

The Shiv Sena (UBT)'s first list of candidates in Maharashtra for the ensuing Lok Sabha elections will be formally declared on March 26, party leader Sanjay Raut said on Monday. The list of the Uddhav Thackeray-led opposition party, a constituent of the Maha Vikas Aghadi (MVA) in the State, will contain up to 16 names, he said. "The Shiv Sena (UBT)'s (first) list will be declared tomorrow (March 26). We will declare candidates for 15-16 seats tomorrow," the Rajya Sabha MP told media here. So far, Shiv Sena (UBT) president Uddhav Thackeray has given indications that Amol Kiritkar (Mumbai North-West), Chandrahar Patil (Sangli) and Anant Gete (Raigad) will be party candidates from these three Lok Sabha seats. Another MVA constituent, NCP (Sharadchandra Pawar) is yet to officially declare its candidates in the state for the April-May Lok Sabha polls. On the other hand, the Congress, which is also a part of the state-level grouping of the opposition parties, has declared its candidates on some seats where there is no tussle with its alliance partners. PTI

BRS fields Gaddam Srinivas for Hyderabad LS seat

The BRS on Monday announced Gaddam Srinivas Yadav as its candidate from the Hyderabad Lok Sabha constituency for the upcoming 2024 polls. With this, the party has named its candidates for all the 17 Lok Sabha seats in the State. BRS sources said the party has ensured social equity in selection of candidates, giving adequate representation to backward communities. The sources indicated that party President and former Chief Minister K Chandrasekhar Rao is likely to kick off their campaign for the parliament elections soon. Some prominent BRS candidates for Lok Sabha polls include Nama Nageswara Rao (Khammam), P Venkatram Reddy (Medak) and RS Praveen Kumar (Nagarkurnool-SC). PTI

QUOTE.

"Wayanad is a constituency where there is a development crisis. Rahul Gandhi has done nothing for the constituency. He will meet the same fate in Wayanad as he encountered in Amethi last time

K SURENDRAN
Kerala BJP President

"Everyone is fed up with the BJP. Inflation, taxes, unemployment and corruption are at their peak. The promises BJP made were false and hollow. This time people will ensure victory of SP.

SHIVPAL SINGH YADAV
Samajwadi Party leader

QUICKLY.

Cong slams 'withholding' of Karnataka funds

New Delhi: The Congress accused the government of withholding funds that should "rightfully" go to Karnataka, saying the people of the state are being made to pay the price just because they exercised their democratic right to elect a Congress government. Congress general secretary in charge, communications, Jairam Ramesh alleged that Modi is constantly trying to "throttle" the State's finances. PTI

JSL, IIT-Kharagpur partner for metallurgical projects

New Delhi: Jindal Stainless Ltd and IIT Kharagpur will jointly work on metallurgical projects like primary alloy production and materials characterisation. It is an industry-academia collaboration, under which the premier educational institution will offer technical and operational solutions, Jindal Stainless Ltd (JSL) said. PTI

BJP inducing voters by offering bonus: DMK

Chennai: The DMK accused the BJP of inducing voters by offering a bonus for a poll survey on its website for the ongoing Lok Sabha election and urged the Election Commission of India to take appropriate action on the saffron party. Offering bonuses/gifts to those who participated in the poll survey amounts to bribing the voters, DMK Organisation Secretary RS Bharathi argued and said that the Model Code of Conduct was equally applicable to candidates and their parties during elections. PTI

MeitY to release rules for data protection law post elections

ALL SET. Drafting process is complete and the rules are expected to be posted in July

Ayushi Kar
Mumbai

The Ministry of Electronics and IT has completed the drafting process for the rules of the Digital Personal Data Protection Act (DPDP), 2023. However, the rules will be open for consultation only after the Lok Sabha Elections. A source told *businessline* that most of the drafting process for these rules was done earlier this year. "The only reason to hold back releasing the specific rules for consultation is the general elections," the source added.

Several industry executives lobbying with MeitY also confirmed with *businessline* that the drafting process is complete and the rules are expected to be posted in July.

The DPDP Act 2023 was passed by the Lok Sabha on August 7, 2023. Putting data protection and privacy legislation in place in India after several years of drafting and consultation. However, the law is not in actual implementation since the MeitY has to set up specific guidelines for the industry or the data fiduciaries to follow to implement this data protection and data privacy law. The industry hopes that the guidelines and rules formulated by the MeitY will go into exact details on how the Bill is supposed to be followed.

GROUND RULES. There is a need for internal rules for the data protection board itself as a guideline to resolve privacy-related disputes and grievances, say experts

MAJOR CONCERN

"The industry should not expect much deviation from the Act when the guidelines come out. There have been no amendments made to the Act while drafting the rules," the source further added.

One of the major concerns that the industry had with the Bill was the control of the Central government in appointing members of the data protection board — an adjudicatory body that will deal with privacy-related grievances and disputes between two parties. In this regard, the experts that *businessline* spoke with added that there is a need for internal rules for the data protection board itself as a guideline to resolve privacy-related disputes and grievances. The executives further added that the rules must also provide industry-specific guidelines that differ for data fiduciaries belonging to different industry verticals.

Several firms, including several FMCG firms and law firms that *businessline* spoke with added further that they have started readying infrastructure to implement the rules and guidelines for the DPDP Act once they are rolled out.

A WIN-WIN RELATIONSHIP

STRATEGIC PARTNERSHIP. External Affairs Minister S Jaishankar met Singapore Prime Minister Lee Hsien Loong on Monday. Jaishankar also called on the Foreign Minister of Singapore Vivian Balakrishnan and other senior ministers and discussed ways to boost strategic ties PTI

NMDC resumes operations at India's only mechanised diamond mines in Panna

Abhishek Law
New Delhi

Operations have resumed at India's first and only mechanised diamond mining project at Majhgawan, some 15 km from Panna town in Madhya Pradesh.

NMDC, the country's largest iron-ore miner and a CPSE under the Ministry of Steel, obtained all the requisite approvals, and operations resumed on March 11, sources told *businessline.*

There was no production in the mines from FY22, as per the annual report of the company. Losses from the diamond mining project for the first nine months stand at close to ₹50 crore.

"The diamond mining project, Panna, has got all the requisite approvals and resumed operations from March 11," a senior Steel Ministry official said. The Panna Diamond Mining Project commenced production first in 1971-72.

The project includes an ore processing plant with a heavy media separation unit, an X-ray sorter for separation and a

disposal system for tailings generated.

PLAN OF OPERATIONS

Officials said that for at least one year, the focus will be on overburden removal, and "producing small amount of diamonds from its stockpiles". After that, work will take place on increasing production. "The project will gradually reach production of 40,000 carats per annum over the next 2-3 years, once the mine pit is sufficiently expanded, and after overburden removal," an official said.

In many mineral industries like coal, in open-cast mines, extraction happens only after removing layers of soil, stone, etc. This soil and stone, etc, are known as overburden. The process of doing away with this is known as overburden removal.

Amitava Mukherjee, Chairman and Managing Director (Additional Charge) and Director (Finance), during a recent analyst call, said: "But now for one year, we have to do waste mining. One year we do not expect any diamond to be found. Because the one-year waste mining in Panna is generally not a very profitable venture for us. But it is our oldest mine, the only mine.... so it is like the diamond on the crown."

"Once we start producing it will come on drastically, but it will not be a money spiller for us," he had said.

In FY21, the mines had achieved a production of 13,681 carats. While there was no production in FY22, diamond sales (from stockpiles) stood at 25,219 carats in FY22 and were valued at ₹62.93 crore. There was no production in FY23 and for over 11 months of FY24. The annual report (FY23) mentions that it has a prospecting license in the Baloda-Belmundi diamond block in Chhattisgarh.

48% of 'entitled' MPLAD funds in Gujarat remained unutilised in 2019-24: ADR

Our Bureau
Ahmedabad

About 48 per cent of the total ₹442 crore that were to be spent as MPLAD funds in Gujarat between 2019 and 2024, remained "unutilised", stated Association for Democratic Reforms (ADR).

"The Member of Parliament Local Area Development (MPLAD) Scheme was started in December 1993. Between 2019 and 2024, the Covid pandemic had caused the scheme to be frozen for 1.5 years. Each MP was entitled to spend ₹17 crore instead of ₹25 crore in their respective constituencies. Thus the total entitled amount was ₹442 crore for the 26 MPs in Gujarat," Pankti Jog, the State coordinator for Gujarat told *businessline.* All the 26 seats in the State belong to the BJP.

FUNDING ALLOCATION

"However, the 26 MPs together recommended works worth ₹354 crore, of which ₹269 crore worth of works were sanctioned and ₹220 crore funds were released by the Government of India. This allocated amount of ₹220 crore is just 49.77 per cent of the total entitled amount of the MPs. If MPs do not recommend work, then the government will not allocate more funds. The onus of recommending works within their constituency lies with the MP," she said.

The 26 BJP MPs incurred an expenditure of ₹230 crore (including interest) which is about 52 per cent of the entitled amount of ₹442 crore.

Despite just ₹220 crore being released, the MPs failed to spend ₹31 crore which is about 13.5 per cent of the funds released by the government. According to the data shared by ADR, Union Home Minister Amit Shah's constituency of Gandhinagar had the highest unspent balance of ₹3.54 crore, followed by Vinod Chavda of Kutch (₹2.35 crore of unspent balance), Devusinh Chauhan of Kheda (₹2.35 crore) Poonamben Madam of Jamnagar (₹2.19 crore) and Bharattsinji Dabhi of Patan (₹2.01 crore).

"Each MP could have easily used ₹17 crore during these five years. However, they have spent less than this amount," Jog said. Of the total sanctioned works in Gujarat, the highest –₹114.81 crore – has been spent on railways, roads, pathways and bridges. And ₹71.32 crore on "other public facilities."

FSSAI asks States to step up vigilance on quality of food products during festivals

Meenakshi Verma Ambwani
New Delhi

The Food Safety and Standards Authority of India (FSSAI) has asked the state food safety commissioners to carry out special surveillance and enforcement drives for milk and milk products ahead of the Holi festival season. With the upcoming Navratri season, the food safety authority has also asked state food safety commissioners to maintain "strict food safety vigilance" on food products such as buckwheat flour (kuttu atta), chestnut flour (Singhada atta) and barnyard millet, among others, that are consumed during fasting.

Referring to the ensuing festive season, the food safety authority in its latest order said during this period, demand for milk and milk products such as khoya and sweets, among others, increases, as a result the motivation to adulterate such products to meet the rising consumer demand also increases.

'STRICT VIGIL'

"In such a scenario, preventive action, including special surveillance and enforcement drives by Food Safety Officers and Designated Officers (especially at hotspots for such practices) under their respective jurisdictions can be an effective tool to curb such practices while ensuring the safety of such products," it stated in its order.

It has asked food safety officers to keep a "strict vigil" on manufacture and sale of milk and milk products like khoya and sweets. It has also asked them to position Food Safety on Wheels (FSW) where available, "so as to ensure that such products are safe to consume and meet food products standards, while boosting consumer sentiment across the country."

Meanwhile, in a separate advisory, FSSAI noted that many communities observe a fast during the festival season, which leads to higher demand for food items such as samvat rice, buckwheat flour, chestnut flour, fruits and vegetables, makhana, sabudana mix namkeen, and dry fruits, among others.

"Unfortunately some unscrupulous food business operators exploit the surge in demand by resorting to adulteration and by selling stale and inferior quality products to maximise profits," the food safety authority noted.

It also flagged that the majority of food poisoning incidents during the Navratri festival season have been linked to the sale of old stock or unhygienically stored stocks of buckwheat flour (kuttu atta), among other reasons.

PREVENTIVE MEASURE

As a proactive preventive measure, the food safety authority has asked commissioners of food safety of the states and UTs to exercise "strict food safety vigilance on the manufacture and sale of food items meant for consumption during the festival season. It has asked them to conduct frequent inspections and sampling of items consumed during the Navratri festive season.

Housing finance companies' AUM expected to grow by 12-14% in FY24 and FY25

Anshika Kayastha
Mumbai

Housing finance companies' AUM is seen growing 12-14 per cent in FY24 and FY25 led by continued growth momentum in housing loans coupled with an expected revival in developer loans, according to CareEdge Ratings.

"While the share of wholesale financing of HFCs is expected to rise in the medium term, it is broadly expected to remain in the range of 10-12 per cent as financiers embark on cautious growth," said Gaurav Dixit, Director – BFSI Ratings.

The residential real estate sector is experiencing robust demand, backed by strong macroeconomic fundamentals and drivers such as improving affordability, rising urbanisation, a low mortgage-to-GDP ratio, favourable demographics and government policies. Shift in post-pandemic consumer behaviour towards a preference for open living spaces, premiumisation, as well as other factors such as low-interest rates and stamp duty rebates, are also supporting growth.

RESIDENTIAL SALES

HFCs' AUM grew 9 per cent in FY23, with the housing segment growing 13 per cent, while the non-housing portfolio, including developer finance, contracted marginally. As of March 2023 (excluding HDFC), HFCs' outstanding portfolio stood at ₹7.4 lakh crore , of which housing loans comprised ₹5.5 lakh crore. In comparison, housing loans by banks stood at ₹19.4 lakh crore.

"In the backdrop of strong residential sales, a shrinking pool of stressed developers and progressive resolutions/recoveries within the de-

veloper financing book, the share of developer financing is expected to gradually pick up in the medium term," CareEdge said, adding that the pool of stressed wholesale assets as a proportion to HFCs' net worth is expected to improve to roughly 10 per cent by March 2024.

NET NPA

Net NPA to net worth for HFCs improved from 16.6 per cent to 11.7 per cent. Stage 3 provision cover ratio, estimated at 42 per cent as of March 2023, is expected to remain healthy in the range of 44-46 per cent in the near to medium term.

Going forward, lenders are expected to adopt a calibrated approach between growth and asset quality. Further, anticipated interest rate cuts in FY25 are also expected to lead to downward pressure on margins as portfolios reprice faster vis-a-vis borrowing.

While NIMs may be marginally impacted, profitability is expected to remain robust, supported by portfolio growth, with comfortable asset quality and receding credit costs, CareEdge said. It added that it expects return on total assets (ROTA) to be near or marginally exceed pre-Covid levels.

However, regulatory changes, tighter liquidity, a continuation of elevated interest rates, delayed resolutions/ recoveries concerning wholesale loans and competition from banks may pose downside risks.

'New Delhi's bureaucracy can't understand complexities unique to Ladakh'

bl.interview

Gulzar Bhat
Srinagar

Swathed in several layers of clothing, climate change activist Sonam Wangchuk continues his fast-unto-death-protest under the expansive open skies of Leh, where night temperatures occasionally plummet to a bone-chilling minus 12 degrees.

Joined by a knot of local residents, Wangchuk is pressing for statehood and inclusion of Ladakh in the Constitution's sixth schedule to protect the fragile ecosystem of the newly-carved out Union Territory.

As his fast-unto-death entered its 17th day, the visibly debilitated activist in a strained voice, his breath rasping, responded to a few questions posed by *businessline.*

> The Union Territory status was the long-pending demand of the people of Ladakh, but it is not the UT that we had aspired for
>
> **SONAM WANGCHUK**
> Climate change activist

How has the Union Territory status without legislature impacted Ladakh?

We have regressed into a State resembling that of a colony. We are directly being ruled by a bureaucracy controlled by New Delhi. It often fails to understand the complexities and intricacies, which are unique to this region.

The Union Territory status had been a long-standing demand of the people of Ladakh; why is there a significant level of dissatisfaction among them?

Yes, the UT status was the long-pending demand of the people of Ladakh, but it is not the kind of UT that we had aspired for. If you look at the records, the demand was always for a UT with a Legislative Assembly — the Puducherry type and not the Lakshadweep type, where the people could elect their own representatives and form a government that decides how to manage a region.

Why do you think that you were better off in the erstwhile State of J&K?

In J&K, there were safeguards to the land and environment and other vital aspects concerning people. Additionally, we used to have four representatives in the Lower House and two in the Upper House of the J&K Assembly along with at least one cabinet minister. However, in the absence of a legislature, it is not the case now. We had always expected that when the region would be granted a UT status, similar safeguards would be ensured through the application of the sixth schedule of the Constitution.

Do you say that the government failed to live up to the expectations of the people of Ladakh?

Not only were these our expectations, but such safeguards were also promised by the current dispensation itself in various meetings of the Tribal Ministry and the National Commission for Schedule Tribes. There are records of these commitments in meetings' minutes. Even in two prestigious elections — Lok Sabha elections (2019) and Ladakh Hill Development Council elections (2020) — it was one of the crucial parts of their (BJP candidates') agenda. We were very much assured that the government would provide us with these safeguards and we felt that the government was equally interested and generous, but then they backtracked.

Does Ladakh meet the criteria for inclusion under the Sixth Schedule of the Constitution?

The schedule is primarily intended for the areas with a tribal population of more than 50 per cent and in Ladakh's case it is more than 90 per cent.

The writer is a Srinagar-based journalist

'96.55% claims settled under PM Suraksha Bima Yojana'

Asian News International
New Delhi

The central government has settled 96.55 per cent of claims under PM Suraksha Bima Yojana till February, amounting to ₹2,610 crore, officials informed. An official at the Finance Ministry said as many as 1.73 lakh claims have been settled under the scheme since its launch in 2015. PM Suraksha Bima Yojana is a scheme offering insurance coverage on account of death or disability due to an accident. So far, 43.29 crore people have been insured under the scheme, as per the official.

"As of February 29, 2024, 1.73 lakh claim pairs amounted to ₹2,610 crore. The claim settlement ratio is 96.55 per cent," the official told ANI.

The Pradhan Mantri Suraksha Bima Yojana was launched on May 9, 2015, by PM Narendra Modi. It intends to provide an affordable insurance scheme for the people belonging to the underprivileged sections of society. PMSBY is a one-year accidental insurance scheme renewable from year to year, offering coverage for death or disability due to an accident.

CHENNAI
businessline.
TUESDAY - MARCH 26 - 2024

QUICKLY.

Chennai to host IPL final on May 26

Chennai will host the Indian Premier League (IPL) final on May 26, the first time in 12 years the city is hosting the summit clash after BCCI released the full schedule of the T20 franchise tournament on Monday. In the playoffs, Ahmedabad's Narendra Modi Stadium will host the first qualifier between the top-two ranked teams on May 21 as well as the eliminator between the next two best teams a day later. The playoffs will then move to Chennai where the second qualifier will be played on May 24 followed by the final on May 26. REUTERS

BioNTech gets notice from NIH over royalties default

Bengaluru: BioNTech said on Monday the US National Institutes of Health has sent a notice to the German company regarding default in the payment of royalties and other amounts related to its Covid-19 vaccine. BioNTech's royalty payment dispute relates to its Covid-19 vaccine for which it partnered with US pharma giant Pfizer. REUTERS

Lufthansa gets EU warning over €325-m ITA deal

Deutsche Lufthansa AG's €325 million ($352 million) investment in Italian carrier ITA Airways faces a potential veto from European Union merger watchdogs unless it fixes a list of competition concerns handed down by regulators. The European Commission said in a so-called statement of objections it has concerns the deal could hamper competition on routes connecting Italy with central European countries, as well as flights between Italy and the US, Canada and Japan. The Brussels-based watchdog said the combination could also strengthen ITA's dominant position at the Milan-Linate airport. BLOOMBERG

Google billing: Start-ups to challenge CCI order declining interim relief

AT LOGGERHEADS. Appeals likely to be filed before NCLAT soon; start-ups seek fair play in app fee policies

KR Srivats
New Delhi

Start-ups are set to challenge the Competition Commission of India's recent order denying them interim relief during the pendency of their plea challenging tech giant Google's Play Store payment policies.

The appeals are likely to be filed before the National Company Law Appellate Tribunal in the next few days, sources said.

"Despite the CCI finding prima facie contravention against tech giant Google, the competition watchdog had not given any interim protection to start-ups," they added.

PROBE AGAINST GOOGLE

The Commission had last Wednesday rejected start-ups' interim relief application for complete restraint on Google from collection of its fees under tech giant's updated payments policy. This ruling came close on the heels of the competition watchdog ordering an investigation against Google on March 15 for excessive pricing on Play Store.

The CCI had then held that tech giant's users choice billing (UCB) payments policy was "prima facie" violative of the Competition Act 2002.

Three informants in separate applications had urged the Commission to restrain Google from collecting any fee for transactions involving paid downloads or in-app purchases on apps offering digital products / services.

The applications were filed by Shaadi.com, KukuFM and Indian Broadcasting & Digital Foundation (IBDF) and Indian Digital Media Industry Foundation (IDMIF).

They had alleged that Google Play Store's payment policies were discriminatory in nature and opposed the excessive fees/commission (up to 26 per cent) levied on the app developers by the tech giant for download of apps and in-app purchases of users.

ALLEGATIONS. Applicants alleged that Google Play Store's payment policies were discriminatory and opposed the excessive fees/commission (up to 26%) levied on the app developers for download of apps and in-app purchases of users REUTERS

START-UPS MOVE SC

Separately, a dozen start-ups had also moved the Supreme Court in appeal against the order of a Division Bench of the Madras High Court that redirected the start-ups to approach the CCI for legal remedy against tech Giant Google's User Choice Billing policy.

The start-ups contend that Google had violated the CCI's earlier October 25, 2022 order asking the tech giant not to restrict app developers from using third party billing or payment processing services to purchase apps or for in-app purchases on Google Play.

Due to purported discriminatory policies by Google, a select group of app developers have asserted that they are facing substantial costs, greatly affecting their profitability, business operations, and capacity to compete effectively with other apps not subject to such expenses.

Google and some domestic start-ups have been fighting it out at various forums after the tech giant unilaterally removed certain apps from Play Store. However, these apps were reinstated by Google on March 5 this year on a "temporary basis".

The start-ups have been engaged in a four-year-old dispute with the tech giant on the latter's anti-competitive conduct arising from a dominant position in Android ecosystem and its App Store Google Play.

EU to probe Apple, Google, Meta under new digital law

Bloomberg

Apple Inc, Alphabet Inc.'s Google and Meta Platforms Inc face the risk of potentially hefty fines as the European Union opened a full-blown investigation into the firms' compliance with strict new laws reining in the power of Big Tech.

The European Commission said Monday that Apple and Google's app store rules will be targeted in the first probes under the bloc's Digital Markets Act, how Google search results might unfairly preference its own services and how Apple may make it harder for users to choose alternatives to its Safari browser.

New subscription fees for Meta's Instagram and Facebook platforms will also be targeted by the probe, which could hit firms with fines of up to 10 per cent of global revenue, or up to 20 per cent in the case of repeated breaches.

"We suspect that the suggested solutions put forward by the three companies do not fully comply with the DMA," EU antitrust chief Margrethe Vestager said.

The Commission also warned about further scrutiny on Apple's new fee structure for alternative app stores and Amazon.com Inc.'s ranking practices on its marketplace.

For Apple, the EU probe comes as a one-two punch with a sweeping antitrust probe in the US, where the Justice Department and 16 attorneys general sued the firm last week, accusing the iPhone maker of violating antitrust laws by blocking rivals from accessing hardware and software features on its popular devices. The EU also recently hit Apple with a €1.8 billion ($2 billion) fine for blocking music streaming apps from informing users of cheaper deals. Bloomberg reported last week that the EU probes on Apple, Google and Meta were due imminently.

UNDER THE LENS. EU antitrust chief Margrethe Vestager and European Commissioner for Internal Market Thierry Breton at a press conference in Brussels, Belgium REUTERS

SIX TECH GIANTS

Under the DMA, six tech giants — Alphabet, Apple, Amazon, Meta, TikTok owner ByteDance Ltd. and Microsoft Corp. — are subject to a range of new prohibitions and obligations.

For Apple, that means having to break open its previously closed iPhone app ecosystem and allow users to download software from other online stores and from the web.

Apple's attempt to step into line with the rules in the EU involves jettisoning the up-to-30 per cent commission it has has imposed on developers since its App Store launched in 2008. But the company has added other costs for software makers — including a 3 per cent payment processing charge for apps that use Apple's in-app purchase system. It also is imposing a €0.50 fee per app install — via Apple's store or third-party marketplaces — for software installed more than 1 million times in a 12-month period.

Last year, Google faced its fourth EU abuse of dominance case in recent years — with the Brussels watchdog probing the firm's conduct in advertising technology. This came following fines of over €8 billion from the EU, as part of three other decisions that are still being challenged through the bloc's courts.

Meta, meanwhile, continues to face an ongoing EU abuse of dominance investigation into Facebook Marketplace, which the commission alleges harms competition for classified ad rivals.

Multinational drugmakers to seek clarity on new pharma marketing code

PT Jyothi Datta
Mumbai

A platform for multinational drugmakers is seeking clarity on provisions involving doctor engagement and continuous medical education, among other things, outlined in the recently updated Uniform Code for Pharmaceutical Marketing Practices (UCPMP- 2024).

The updated code is directionally good, but the Organisation of Pharmaceutical Producers of India will seek guidelines for implementation of the code, Anil Matai, OPPI Director-General, told *businessline*. A platform largely for multinational drug companies, OPPI has created a taskforce for identifying details that need clarity in the updated code, he said, adding that the organisation has its own ethical code as well.

The UCPMP 2024 was recently issued by the Department of Pharmaceuticals to draw an ethical line between drugs and drugmakers, and to ensure there is no payment/ inducement to push prescriptions

NEED FOR MORE 'TEETH'

With the word 'voluntary' dropped from the code and 'mandatory' not mentioned, civil society voices have called for the UCPMP to have more 'teeth'. Matai said the industry would need to honour the UCPMP 'in letter and spirit' and foster collaborations with health practitioners 'in a rightful way'.

Pointing to contractual obligations that may exist between doctors and drug companies, possibly in an advisory capacity, he said, a transition period needs to be indicated, to allow for the engagement to be completed. The code outlines engagement with doctors for research services, subject to the Income-Tax Act, 1961 and in line with the NMC (National Medical Commission) regulations.

On CMES, he said, clarity would be sought on how to approach an educational event hosted overseas by a multinational company, for instance, that would bring together a global fraternity.

CMEs are meant to update doctors on the new trends, drugs and technology from drugmakers, but it came under intense scrutiny after reports emerged of events hosted on cruises and family members being entertained. The updated UCPMP allows for these events to be held in India and in educational or medical institutions, thereby attempting to weed out cruises and other possible methods of inducement.

The code also outlines a ₹1,000 limit for brand-reminders etc., but clarity is needed on electronic educational material shared with doctors, on a pen-drive, for example and other wordings in the code that need to be defined for implementation, he explained.

The UCPMP 2024 was recently issued by the Department of Pharmaceuticals to draw an ethical line between drugs and drugmakers and to ensure there is no payment / inducement to push medicine prescriptions. The code continues to generate much discussion in the industry and among pro-health groups, with both sides seeking clarity on implementation of the code.

Overseas travel gets a visa boost

Aneesh Phadnis
Mumbai

Outbound travel is on the upswing this summer with relaxation in visa norms and reduced wait times. While Sri Lanka and South-East Asian destinations are witnessing a surge in travellers due to visa relaxations, New Zealand has seen demand picking up following a reduction in processing time from 25 days to 11 days now.

"Between July and September 2023, we saw a surge in high-risk applications from Indian nationals which led to higher decline rates and slower processing times. During this time, the average processing times for a visitor visa from India was 25 weekdays," said John Gilray, Director (visa), New Zealand government's immigration department.

Gilray said application flows have moved since then and the quality of visa applications has improved. "Approval rates are up and our processing times have improved since then averaging around 11 weekdays for applications from Indian nationals in recent months," Gilray said.

ON THE RISE. Demand for outbound trips, especially those for long-haul destinations such as Europe, Australia and New Zealand, is 28-32 per cent higher on a y-o-y basis

Last year, New Zealand received 114,500 visitor visa applications from Indians and approved 79,600 of them. The average processing time last year was two weeks for Indian applicants in 2023.

HUGE DEMAND

Demand for outbound trips especially those for long-haul destinations such as Europe, Australia and New Zealand is 28-32 per cent higher on a y-o-y basis, tour operator Thomas Cook said. Bookings to the US too are showing growth, it added.

"We are witnessing huge demand for Europe and Australia with customers preferring offbeat destinations," said Guldeep Singh Sahni, co-chairman (outbound travel), FICCI.

Long-wait times for visas have been a pain point for Indian travellers. Visa delays have led to cancellations or deferral of trips. Estimated wait time for US tourist or business visa appointments is now lower than 200 days in Delhi and Kolkata but over 400 days in Mumbai and Chennai. Travel agents also complain of long wait time for biometrics appointments for Germany and Italy.

On their part embassies are stepping up efforts by deploying more staff and resources for visa processing. US Consulate in Mumbai recently organised a special drive on Saturday this month to screen 1500 visa applications.

PROCESSING TIME

"Our processing time has improved and applicants in Mumbai receive visa within 48 hours after submission. Visa processing has increased by 30 per cent compared to 2022," said Spain's consul general Fernando Heredia Noguer.

Switzerland Embassy in New Delhi said it is well prepared to handle visa applications. "Last year we issued nearly 200,000 visas in India. The processing time remains at 15 calendar days from the successful submission of the visa application. This processing time complies with the rules set out in Schengen framework," the Swiss embassy said.

Travel credit cards seeing strong growth as Indians warm up to reward miles, discounts

Anshika Kayastha
Mumbai

Travel-based co-branded credit cards are seeing strong growth led by steady demand as more and more users utilise these cards for reward miles and discounts for their domestic and overseas travel.

Travel credit cards were the fastest growing category in 2023, with demand rising 27 per cent on year, especially in Tier-2 and Tier-3 towns and cities. The rise in demand has been led by offerings such as air miles, hotel discounts, or travel-related rewards, according to a recent report by Zet, adding that demand was highest for SBI IRCTC, Axis Vistara, and IDFC Vistara credit cards.

POPULAR CARDS

Other popular cards in the category include Standard Chartered EaseMyTrip Credit Card, Air India SBI Signature Card, SBI Yatra

GOING PLACES

- Demand for cards rose 27% on year, especially in Tier-2, Tier-3 towns and cities
- Demand was the highest for SBI IRCTC, Axis Vistara and IDFC Vistara credit cards
- SBI Card saw spends in its travel, entertainment and restaurant category going up 23% on year as of December 2023

Credit Card, Air India SBI Platinum Card, Axis Atlas Credit Card, Intermiles HDFC Signature Credit Card and Kotak IndiGo Kaching 6E Rewards XL Credit Card.

SBI Card, one of the largest players in the travel segment with seven co-branded travel cards, saw spends in its travel, entertainment and restaurant category going up 23 per cent on year as of December 2023. This was led by 30 per cent increase in online spends and 13 per cent in PoS (point-of-sale) spends.

Visa, in its 'Global Travel Intentions Study 2023', said that 95 per cent Indian travellers aim to utilise credit cards at overseas travel destinations to make their trips more convenient.

Another report by American Express said 62 per cent Indians are planning to spend more on travel in 2024 compared with the global average of 40 per cent. Further, 43 per cent Indians are using credit card points to offset flight and hotel expenses, as against the global average of 30 per cent, whereas 42 per cent (vs global average of 26 per cent) are opting to book from companies offering complimentary hotel benefits such as room upgrades and credits.

"While spending more, Indians are also looking for value for money by mastering the art of using travel hacks to make their journeys more affordable and rewarding," the report titled 'American Express Global Travel Trends' said. The report is based on data from India, the US, Australia, Canada, Mexico Japan, and the UK, collected between January–February 2024.

Snapchat bets on GenZ to expand user base

Our Bureau
Bengaluru

Snap Inc. is looking to attract more GenZ users for its instant messaging app Snapchat as the company is doubling down on building localised experiences in India.

With one of the world's youngest populations, India is a key market for the future growth for the company, said Pulkit Trivedi, Managing Director, India, Snap Inc.

"India is home to 20 per cent of GenZ worldwide, presenting an unmatched opportunity for brands and businesses to tap into the priorities and technological engagements of this influential demographic. Snapchat offers a unique platform for engaging these young audiences in creative ways, standing out as a vibrant hub for dynamic users who are not readily accessible on other platforms," he said.

HUGE POTENTIAL

Snapchat has the potential to grow its user base to a more sizeable number. Currently, the social media giant claims to have a monthly active user base of 200 million in the country.

With its offerings — high-tech augmented reality (AR) enabled camera filters, AR lenses, location-based feeds (timelines), and short video content (Spotlight) — Snapchat is looking to grow its GenZ user base.

Nearly, 80 per cent of users in India interact with Snapchat lenses on a daily basis, and the usage further spikes during festive months. The company claims its users in India have engaged with AR lenses over 50 billion times a month.

The company recently rolled out a Holi Lens and is also looking to offer relevant lenses to users during festive occasions such as Pongal, Diwali and others, to drive AR adoption in the country. About 120 million of Snapchat's 200 million users in India are consuming content across its Stories and Spotlight, the short video format, the company said.

Another key objective for the company is to push in the Indian digital advertising space driven by growth in e-commerce and the rise of influencer marketing by content creators.

"Over the last four months, we've doubled the number of people on our team. With team expansions in Mumbai, Delhi and Bengaluru, our goal is to reinforce our position and offer new and exciting experiences for Snapchatters," said Trivedi.

Digital ad impressions rise 31% in 2023

Meenakshi Verma Ambwani
New Delhi

Digital ad impressions increased by nearly four times in 2023 compared to pre-Covid levels in 2019. As per the latest report released by TAM Media, digital ad impressions increased by 31 per cent in 2023 compared to 2022.

"In terms of Quarterly Trends, Q'4 of CY 2023 observed a significant growth of 71 per cent compared to Q'1 of 2023. Additionally, both Q'2 & Q'3 of CY 2023 witnessed growth in ad impressions by 60 per cent and

TOP ADVERTISERS

Amazon India,
Snapchat,
Samsung India,
Apple India and
Flipkart in 2023

43 per cent respectively over Q'1 of CY 2023," the report added.

The top five digital advertisers, in terms of share of ad impressions, were Amazon India, Snap Inc, Samsung India, Apple India and Flipkart in 2023. "The top 10 advertisers contributed 16 per cent share of ad impressions on digital. More than 99,000 advertisers were present on Digital medium during CY 2023," the report added.

In terms of categories, the report noted that "e-commerce media, entertainment and social media" was the leading category with 11 per cent share of ad impressions in 2023. Online shopping, gaming, other e-commerce services, corporate IT, software, online financial services, cars, smart phones and real estate were among the other leading categories that were advertised heavily on digital medium in the past year. "Together, the top 10 categories added 48 per cent share of ad impressions," the report by TAM Media added.

"Programmatic was the most popular method for promoting ads on digital platforms, accounting for 78 per cent of total ad impressions, followed by ad network method with 11 per cent share in 2023," the report, which outlined digital advertising trends, by TAM Media noted.

"Video ads grabbed the highest impressions (33 per cent) on digital, followed by single image ads with 29 per cent share," the report added.