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CHENNAI
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MONDAY - MARCH 11 - 2024

Left high and dry, Bengaluru clutches at straws

SORRY STATE OF SILICON CITY. Lack of long-term investments in essential infrastructure, depleting groundwater and 'disappearing' lakes add to city's woes

Haripriya Sureban
Bengaluru

IN DIRE STRAITS. People stand in a queue to get drinking water at Jnana Jyothi Nagar, Bengaluru; and (right) residents of Bharathi Nagar stage a protest over water scarcity PTI

Seven years ago, when Sridhar Rao bought an apartment at New Bank Colony, Konanakunte in Bengaluru, it was the culmination of a nearly decade-old dream. The software professional and his homemaker wife felt vindicated in their decision when a mall and a metro station came up within a two- kilometer radius over the next few years, pushing real estate prices even further up.

However, since mid-February, they are regretting their decision. The borewell at their small apartment complex has dried up for the first time. Water tankers, which used to be the lifeline in previous years, cost three times of what it used to. An 8,000-litre tanker of water earlier used to cost ₹400 during 'off-season' now costs ₹1,200.

DEEP DIVE.

Demand is so high that even after paying that there are significant delays in supply of water through such tankers.

The only 'solace' that the Rao couple console themselves with is that just a kilometer and half away where the tony Prestige Falcon City is located, the situation is even worse. Apartments here cost anywhere between ₹1.5 crore and ₹3.5 crore.

Stories of residents unable to even get water for toilets, to bathe and being encouraged to use disposable cutlery make them feel that their situation is 'better.'

SURGING POPULATION

Bengaluru's water woes aren't new. For nearly a decade now, every summer it is haunted by the scarcity of the precious commodity.

The reasons are well known. Population has more than doubled in the last two decades while supply hasn't kept pace. The shortfall was being mainly by tapping groundwater. However, over the years as the city has grown, natural landscapes that absorbed rainwater have been concretised. As a result, there is less water percolation due to increased surface runoff and less groundwater recharge. In tandem, the borewells used by residents are also running dry as groundwater levels are rapidly declining.

Then there is the curious case of 'disappearing lakes.' For centuries, the city depended on lakes built by far-sighted rulers. However, the current leader of the opposition in the Assembly R Ashoka, who was the revenue minister in the previous government, said in 2022 on the floor of the Assembly that more than 40 lakes had 'disappeared' after being encroached upon and converted into layouts. Even the remaining ones, like Bellandur, Ulsoor and Varthur lakes feature more in the news for the toxic wastes that are dumped into them than for any other reason.

The State at large has been seeing insufficient rainfall over the last two monsoons. From October to December, Karnataka experienced a 38 per cent decrease in north-east monsoon rainfall, and from June to September, the State experienced a 25 per cent shortfall in southwest monsoon precipitation. As a result of this, 223 of the 236 talukas have been declared as drought-hit.

PRIMARY SOURCES

The two primary water sources for Bengaluru are the Cauvery, which provides 1,450 million litres per day (MLD) of surface water, and borewells managed by Bruhat Bengaluru Mahanagara Palike (BBMP), which provide 700 MLD. Per reports, towards the end of last month, the water levels in reservoirs in the Cauvery Basin, such as Harangi, Hemavathi, KRS, and Kabini, were just 39 per cent of their full capacity. Further, according to information shared by the State government, 6,997 of the 16,791 borewells in the city are now dry. As bad news mounts, the water input to Bengaluru has fallen by 50 per cent, according to Bangalore Water Supply and Sewerage Board (BWSSB).

DEPLETED AQUIFERS

Vishwanath Srikantaiah, Water Activist and Educator, explains that the issue isn't solely a shortage of pipe water, but rather a depletion of groundwater resources. Those connected to the Cauvery lines won't face immediate shortages as reservoirs can supply water until June. However, those reliant on groundwater, particularly in the city's outskirts, are experiencing a crisis due to depleted aquifers caused by draining lakes for desilting. Refilling lakes with treated wastewater can sustain both the lakes and aquifers, alleviating some groundwater stress.

Similarly, Madhuri Subbarao, Co-Founder, Friends of Lakes (FOL), notes that even as the city of Bengaluru does not have any perennial source of water, the population numbers are shooting up every year, thus causing a water crisis. In a situation like this, the conservation of water is of utmost importance. "With groundwater being a major source of water, efforts have to be made towards recharging the groundwater. One way of doing this is pumping treated sewage water to lakes, to make sure they don't go dry. Additionally, the lake beds have to be cleaned too," she said.

'NEEDS PLANNING'

Experts note that the city lacks an Integrated Urban Water Management Institution to oversee all water sources including rainwater, surface water, groundwater, pipe water, and treated wastewater.

Theoretically, Cauvery provides 1,450 million litres per day (MLD), the upcoming Cauvery 5th stage would provide 770 MLD, rainwater provides 500 MLD, ground water provides 600 MLD, and treated water provides 2,280 MLD. In total, 5,600 MLD is available, which means 135 litres per capita per person is available for a population of 41 million, which is fairly good availability. Hence, in the long term, the situation is more so about the investment and management scarcity, than resource scarcity. If adequate planning is made for all forms of water, the water crisis can be averted easily, Srikantaiah says.

"Once Cauvery fifth phase gets implemented, we should focus on bringing treated waste water to Bengaluru, as a large portion of it is currently going to Kolar, Chikkaballapura, and surrounding districts. We should also create a ground water cell in BWSSB to develop groundwater management plans. In the long term, it will be beneficial for the city, if all bodies, BWSSB, BBMP, KSPCB, and KTCDA sit together and purposefully solve this problem," suggests Srikantaiah. The Karnataka government has implemented some measures so far. It has set up a control room at its head office to address water supply challenges, along with appointing nodal officers. It has cracked down on unregistered water tankers and instructed the utilization of unused milk tankers for water supply. Financially, ₹556 crore has been allocated, with each MLA receiving ₹10 crore for water scarcity in their constituencies. Furthermore, the BBMP and BWSSB have allocated ₹148 crore and ₹128 crore, respectively, to tackle the issue.

'FAILURE OF GOVTS'

Mohandas Pai, Ex-Infosys exec and a prominent voice in Bengaluru, said, "The government has a knee jerk reaction to solve an immediate problem. It needs to urgently assess water needs for each ward until June and identify existing water sources. They should expedite the completion of the Cauvery 5th phase to be operational by April instead of May to avoid crisis by June."

He further notes that this a failure of successive governments as no long-term investments over the past decade have been made. This highlights the need for prioritising essential infrastructure like power, water, transportation, and cleanliness for building the "Brand Bengaluru."

Criticising the present Congress government, BJP spokesperson Prakash said, "They were caught off guard when the crisis emerged, leading to panic and a lack of preparedness. There's still no concrete plan in place to address the situation."

The government's failure to anticipate the water shortage has led to a lapse in governance. Citizens are concerned about the lack of basic necessities and safety, especially after the Rameshwaram Cafe incident. These issues are likely to become focal points in the upcoming elections.

Mamata decides to fight LS polls alone in Bengal

Mithun Dasgupta
Kolkata

In a big blow to the Congress and the INDIA bloc, the Trinamool Congress on Sunday announced the list of the candidates for all the 42 Lok Sabha seats in West Bengal as the Mamata Banerjee-led party decided to fight the upcoming elections alone in the State.

Senior Congress leader Jairam Ramesh criticised the Trinamool Congress for not going for seat-sharing with his party in Bengal, calling Banerjee's decision a "unilateral announcement."

Launching its Lok Sabha polls campaign with a grand rally at Kolkata's historic Brigade parade ground, the ruling Trinamool Congress brought in 26 new faces, who did not fight the last elections in 2019.

In a surprise move, the party fielded former cricketer and all-rounder Yusuf Pathan, who had played for Kolkata Knight Riders (KKR) in the Indian Premier League (IPL), from Berhampore, which has been a stronghold of senior Congress leader Adhir Ranjan Chowdhury.

NOMINATIONS

The Trinamool Congress also nominated former cricketer Kirti Azad. The party renominated 16 sitting MPs and fielded 12 women.

"It will be TMC versus BJP in Bengal. Here, our fight against Congress and CPM will continue. Trinamool will fight alone in Bengal. Our party will also fight in Assam and UP. In UP, for one seat, we have spoken with Akhilesh Yadav. We are the Opposition in Meghalaya, where we will fight. And, it is the Trinamool Congress which will decide on the country's roadmap going forward. Bengal will show the path," said Banerjee, the Trinamool Congress supremo and Chief Minister of West Bengal, while addressing the "Jana Garjan Sabha" rally here.

TMC chief and West Bengal Chief Minister Mamata Banerjee speaks during a rally, ahead of the Lok Sabha elections, in Kolkata PTI

"You had given 18 seats to the BJP last time (in 2019 LS polls) from West Bengal. They also got many seats in Assembly polls (in 2021). But, they did not do any work. The BJP leaders, who went to Delhi, said they would not give money for the 100-day work (under MGNREGA), housing projects, and road projects, among others, to the State. Then why will you give vote to them (BJP)?" she said addressing a massive gathering at the Brigade parade ground.

The Trinamool Congress has been alleging that the Central government has been denying the state's rights under a federal polity by depriving the citizens of their entitlements under MGNREGA, Prime Minister Awas Yojna and Prime Minister Grameen Sadak Yojna.

The BJP has been accusing the State government of widespread corruption and economic mismanagement.

After the Trinamool Congress decided to fight the upcoming elections alone in West Bengal, senior Congress leader Jairam Ramesh said, "The Indian National Congress has repeatedly declared its desire to have a respectable seat-sharing agreement with the TMC in West Bengal. The Indian National Congress has always maintained that such an agreement has to be finalised through negotiations and not by unilateral announcements. The Indian National Congress has always wanted the INDIA group to fight the BJP together."

'CAN'T TRUST MAMATA'

Commenting on former cricketer Yusuf Pathan's nomination for the LS polls, Congress leader Adhir Ranjan Chowdhury said if the Trinamool Congress wanted to "honour" Pathan, then the party should have sent him to the Rajya Sabha.

Referring to Banerjee's decision to announce the list of candidates for all the 42 Lok Sabha seats in the State, Chowdhury alleged that she has "proven today that none of the political parties of India should trust a leader like her."

SEBI notifies regulations for small and medium REITs

Janaki Krishnan
Mumbai

The Securities and Exchange Board of India has notified the regulations for small and medium real estate investment trusts and specified that investment managers of such REITs should have a minimum net worth of ₹20 crore and REITs can raise a minimum of ₹50 crore from at least 200 unit holders.

The markets regulator had issued a consultation paper on small and medium REITs with the intention of bringing unregulated fractional ownership platforms under its ambit. In November, it approved the launch of such REITs but the detailed framework for their issue has been issued now. Under fractional ownership, several people pool in funds to purchase and own mainly, commercial property in India.

The size of the asset proposed to be acquired in a scheme would be in the range of ₹50 to ₹500 crore.

For SM REITs, at least 95 per cent of investments should be in revenue generating assets and they cannot invest in under-construction or non-revenue generating real estate assets. This is a big difference compared to larger REITs, for whom the threshold is 80 per cent in rent-generating assets and they can hold under-construction assets too. Minimum unit holding requirement at all times for the first three years after listing by the sponsor or investment manager is 5 per cent for an SM REIT that does not have any debt borrowings and 15 per cent for a REIT that has taken on leverage.

"This opens a plethora of opportunities across size and scale of markets and products to retail and institutional investors to invest in office yielding real estate," said Piyush Gupta, Managing Director, Capital Markets & Investment Services, Colliers India. "With minimum size of ₹50 crore and minimum holding of 5 per cent of investment manager, this isn't a significant entry barrier for newer fund managers. However, key checks and balances have been provided by SEBI," he added.

Shrinivas Rao, CEO, Vestian, said that the minimum subscription of ₹10 lakh per investor will further boost the participation of retail investors, "contrasting with the earlier norm where fractional platforms often required an investment of about ₹25 lakh."

Coastal Road between iconic Marine Drive and Worli set to open today

Built at ₹13,989 crore, the undersea tunnel is expected to reduce the commuting time to 8 minutes from the present 45 minutes

Aroosa Ahmed
Mumbai

India's first undersea tunnel, an arm of the Mumbai Coastal Road between the iconic Marine Drive and Worli, will be inaugurated on Monday. The bridge will be inaugurated by Chief Minister Eknath Shinde and Deputy Chief Ministers Devendra Fadnavis and Ajit Pawar.

Built at a cost of ₹13,983.83 crore, the undersea tunnel is expected to reduce the commuting time to 8 minutes from the present 45 minutes. The maximum speed on the coastal road is set at 80 kmph with an initial average of 60 kmph.

The undersea tunnel that has 111 hectares of reclaimed land will have 70 hectares of recreational open and green spaces. The recreational spaces will consist of jogging and cycle tracks, a butterfly garden and a play area for children.

CONNECTIVITY

Built with a 7.50-km promenade and a 7.47-km sea wall, the undersea tunnel has the India Saccardo Ventilation System that is installed in the road transport tunnel for the first time. The bridge is constructed on monopile foundation with the tunnels bored by India's largest diameter (12.19 m) Tunnel Boring Machine (TBM). "The road will improve connectivity between the southern and northern parts of Mumbai and provide better accessibility to the historical and heritage structures of South Mumbai. The estimated commuting time will be reduced by 70 per cent and fuel consumption can be reduced by up to 34 per cent.

INFRA BOOST. A view of the coastal road connecting Worli and Marine Drive, which will improve connectivity between the southern and northern parts of Mumbai DEEPAK SALVI

The coastal road that is designed to reduce traffic congestion on the existing roads will have a dedicated bus lane.

The tunnel provides coastal erosion protection by providing a sea wall and protection against storm surges and floods. Natural materials of rock boulders, armour rock is being used for sea wall which will help in the growth of marine fauna," stated the Brihanmumbai Municipal Corporation (BMC), the nodal civic body handling the project.

The Coastal Road is expected to boost the rental of offices for the old central business district.

"With the first phase of Coastal Road likely to connect Princess Street Flyover to Worli and the second phase (Bandra-Versova sea link) connecting Bandra with western suburbs in 2027, the entire Old Central Business District (CBD) area will witness improved connectivity with western suburbs and Central Mumbai.

With developers of repute in constant pursuit of commercial developments for acquisition, a refurbished office market of Old CBD could present alternate REITable opportunities within Mumbai for prospective investors.

With supply bottlenecks easing in future, the micro market can once again be on the radar for occupiers and eventually regain its lost allure partly, if not fully," mentions an MMR Infra Report by Collier.

In the second phase, the BMC will connect a 20.75-km coastal road between Versova with Dahisar in the western suburbs.

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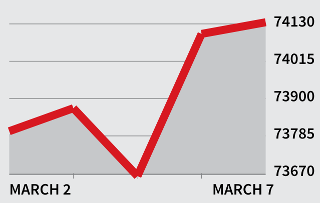

IN FOCUS

	Week's close	Week's change
Nifty 50	22493.55	+115.15
P/E Ratio (Sensex)	25.39	+0.15
US Dollar (in ₹)	82.78	-0.12
Gold Std 10 gm (in ₹)	64695.00	+2131
Silver 1 kg (in ₹)	72265.00	+2367

ON TARGET. **The Centre is expecting** ₹10,000 crore of investments in steel PLI next year, says Nagendra Nath Singh, Steel Secretary **p2**

CORPORATE FILE. **How the Disney-Reliance JV** is shaking up India's broadcast as well as streaming landscape **p7**

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MONDAY SPECIALS.

GAVEL

Mediation, the future of insolvency resolution?

The Insolvency and Bankruptcy Board of India (IBBI) has constituted an expert committee to examine the feasibility of resolution of disputes by way of mediation and the scope of its use under the Insolvency and Bankruptcy Code (IBC). The IBBI expert committee released an extensive report of its recommendations, positively advocating and proposing a discrete mediation framework under IBC aligned with its fundamental objectives. p6

SPARK

Edtechs that cleared the endurance test

What with the near daily alarming reports about a biggie like Byju's, you'd be forgiven for thinking the Indian edtech sector is in deep trouble. However, it is not all doom and gloom. While some of the bigger firms are indeed facing a tumultuous time, some start-ups focused on learning have managed to not only scale up but also do it profitability. p8

RBI cracks down on P2P credit card payments

REGULATORY BREACH. Funds that are being routed through a third party in any unauthorised manner under scrutiny

Anshika Kayastha
Mumbai

After barring Visa from undertaking certain commercial business-to-business (B2B) credit card transactions, the Reserve Bank of India is now seen cracking down on peer-to-peer (P2P) credit card payments made via third-party service providers, sources told *businessline*.

This comes after the central bank found instances of retail customers using credit cards to pay rent and tuition fees through third-party apps.

These third-party players, usually fintechs, allow customers to make a credit card payment to their authorised merchant account. They then instantaneously transfer the money to the bank account of the recipient (for instance, a landlord in case of rent payments) in exchange for a commission.

The central bank found instances of retail customers using credit cards to pay rent and tuition fees

REGULATORY NORMS

"Credit card transactions are only meant to be between merchants and customers (P2M). If funds are being routed through an escrow account operated by a third party, it is bypassing the regulations and will not be allowed," a senior official said. As per regulatory norms, a credit card is defined as a physical or virtual payment instrument issued with a pre-approved revolving credit limit that can be used to purchase goods and services or draw cash advances.

"Funds that are being routed through a third party in any unauthorised way are attracting scrutiny," another official said, adding that rent payment is one of the biggest segments under this. Fintechs such as CRED, OneCard and NoBroker currently provide this service. Amazon Pay and Paytm used to allow rent payments via credit cards earlier but have now limited the scope only to registered housing societies and commercial agreements that have a merchant bank account.

These entities charge a commission of 1.5-3 per cent on such transactions in addition to GST. To understand, a rent payment of ₹25,000 via a credit card would attract additional charges or fees of ₹400-600.

VIOLATION

Such transactions violate not just the credit card framework but is also beyond the scope of the current licensing of these entities, a source said, equating such payments to Business Payments Solution Provider (BPSP)-type retail transactions. CRED has only a TPAP (Third Party Application Provider) licence from NPCI and has applied for a PA licence from the RBI, whereas OneCard is a co-branded card issuer.

The central bank, had last month, barred Visa from offering its BPSP facility that allows businesses to make card payments through intermediaries (usually fintechs) to entities that do not otherwise accept card payments. "Under this arrangement, the intermediary accepts card payments from corporates for their commercial payments and then remits funds via IMPS/RTGS/NEFT to non-card accepting recipients," the RBI had then said.

Marking a 'watershed moment', India and EFTA nations ink $100-b investment deal

Amiti Sen
New Delhi

The India-EFTA Trade and Economic Partnership Agreement (TEPA), signed on Sunday, with a committed $100-billion investments into India from the four-member bloc over 15 years creating an estimated 1 million jobs, marks a "watershed moment" in bilateral relationship opening up enormous trading and investment opportunities, Prime Minister Narendra Modi has said.

The EFTA countries – Switzerland, Iceland, Norway and Liechtenstein – will benefit from elimination or reduction of import duties by India on a large number of industrial goods, which include pharmaceutical products, machinery, watches, fertilizers, medicines, chemical products, minerals and fish, according to the agreement. Market access will also be provided for some agricultural goods, based on specific interests.

EXCLUSION LIST

However, sectors such as dairy and coal and sensitive agricultural products have been kept in the exclusion list, which means there won't be any tariff cuts by India on these, the government said.

Speaking on behalf of the EFTA member states, Swiss Federal Councillor Guy Parmelin said at the signing ceremony of the India-EFTA TEPA in New Delhi on Sunday: "EFTA countries gain market access to a major growth market. Our companies will strive to diversify their supply chains while rendering them more resilient. India, in return, will attract more foreign investment from EFTA, which will ultimately translate into an increase in good jobs."

HISTORIC PACT. Commerce Minister Piyush Goyal speaking at the signing ceremony of the India-EFTA Trade & Economic Partnership Agreement in New Delhi on Sunday

India already enjoys duty free market access for most of its industrial goods in EFTA countries, particularly Switzerland, which accounts for over 70 per cent of India's exports to the bloc. In agriculture, it has been offered improved market access based on specific trade interests.

With its imports from EFTA countries at $20.45 billion (the bulk of it comprising gold from Switzerland), and exports at only $1.87 billion, India had a huge trade deficit of $18.58 billion with the bloc in CY2023.

"The trade agreement symbolises our shared commitment to open, fair, equitable trade, as well as generating growth and employment for the youth," Modi said in his statement read out by Commerce & Industry Minister Piyush Goyal at the signing ceremony.

Commitment from TEPA countries to invest $100 billion in India over 15 years was a unique one, Goyal pointed out. "It is for the first time in the history of the world that we are inking an FTA with a binding commitment to invest $100 billion in India from EFTA countries," he said.

In case the EFTA countries do not fulfill the defined investment target after 15 years, India may, after a further grace period of three years, suspend concessions in a proportionate and temporary manner, the agreement states.

BIZ OPPORTUNITY

The TEPA provided a big opportunity for businesses from sectors such as pharmaceuticals, medical devices, food, R&D and many more, Goyal added.

The pact is also expected to stimulate India's services exports in sectors such as IT services, business services, personal, cultural, sporting and recreational services, other education services, audio-visual services, per a government statement.

Pact provides zero tariffs on exports to India: Norway

Shishir Sinha
New Delhi

Norway on Sunday announced that the Trade and Economic Participation Agreement (TEPA) between the EFTA will provide zero tariffs on almost all of its exports to India. The country also announced there will be no capping on several professionals, planning to come there for work. Details p3

EbixCash puts Indian operations up for sale, but buyers not in sight

Hamsini Karthik
Mumbai

In under three months of filing for bankruptcy in the US, Ebix has reportedly initiated the sale of its Indian operations.

The decision to divest EbixCash comes as there are limited or no prospects for listing the Indian operations. In December 2022, EbixCash filed documents for a ₹6,000-crore initial public offering (IPO).

Sources say the IPO plans didn't sail smoothly even with the market regulator as SEBI had sought further information on litigations surrounding the company. An updated red herring prospectus hasn't been filed since. Meanwhile, with ongoing bankruptcy proceedings in the US firming up, repatriating money from the Indian entity will be seen as very critical in the process. "EbixCash is the only potential cash cow for Ebix and with the IPO unlikely to go through, the next best solution is to find a buyer for the company," said a highly-placed source aware of the matter.

EbixCash: Key financials
(₹ in cr)

	FY21	FY22	FY23
Revenue	1,043.69	1,622.95	2,371.93
Operating profit	443.19	692.61	895.15

Source: Company

Sources also add that with the US unit swamped in bankruptcy, EbixCash has the risk of losing its remittance licences as well. "Usually, the banking regulator doesn't entertain companies to trade their licences for valuation or to seal a deal."

An email sent to EbixCash seeking confirmation remained unanswered till press time.

TOUGH DEAL

According to sources, three key players in the fintech and non-banking space had evinced interest in EbixCash. "But it didn't materialise to even the stage of due diligence because of numerous legal issues surrounding the company. Ultimately, it's boiling down to reputational issues about the company which makes it tough to predict the downside risk of these pending cases," said an industry source aware of the development. The hesitation around EbixCash is despite the company holding a leadership position in inward money remittance, travel and forex businesses.

These are said to be highly profitable businesses, though people in the know say the 24 acquisitions (more than half of it being India-specific) between 2005–2018 have helped it secure the top spot in the country. The company is said to have spent $1.8 billion, including the $150-million spent to acquire ItzCash in 2017.

The rice plate expands as heirloom grains are revived, sold

You can think beyond the ponni, matta and basmati as a host of players are now bringing you fragrant ancient rice varieties

Anjana PV
Chennai

A day in the life of an Indian is incomplete without a bowl of rice. But now your rice plate can expand beyond the usual matta, ponni, basmati or sona masuri, as a host of players are resurrecting and bringing heirloom grains online or to stores near you.

An exciting catalogue of 52 indigenous scented rice has just been made available by the Small Farmers' Agri Business Consortium (SFAC) on the Open Network for Digital Commerce (ONDC).

CURATED BY SFAC

The 52 heirloom varieties, one for each week of the year, have been specially curated by SFAC with a link provided of the Farmer Producer Organisation (FPO) that grows the paddy and processes to rice – so that there is a seamless farm to table connect. There are varieties such as Chin Shakkar from Chhatisgarh, Javaphool from Madhya Pradesh, the small slender Kalo Nunia from West Bengal and more.

TIME TO ACT. There was a time when India had 1.1 lakh varieties of rice, which have now dwindled to 6,000.

There was a time when India had 1.1 lakh varieties of rice, which have now dwindled to 6,000. But the good news is that SFAC is not the only one. Online there are platforms like Bio Basics that are retailing varieties like Mullan Kaima, an aromatic white rice indigenous to Wayanad or the fragrant Ambe Mohur from the foothills of the Western Ghats. In Chennai, there are stores like the 'Spirit of the Earth' in Mylapore and the 'Namma Nellu' initiative run by the Centre for Indian Knowledge Systems that are reviving heritage rice varieties. 'Spirit of the Earth' is an endeavour supported by the Swami Dayananda Educational Trust (SDET) and was launched in 2013 during the 'NelThiruvizha' (Seed Festival) in Manjakkudi, under the guidance of Sheela Balaji, the chairperson and managing trustee. Initially conserving two rice varieties, the initiative has now amassed 289 heritage rice seeds from farmers nationwide. These include Karuppu Kavuni, Thanjavur Black, Kala Bhat. The rice varieties are priced between ₹130 and ₹180. Factors such as value, production costs and yield are considered during pricing.

ORGANIC FARMING

'Namma Nellu', founded in 2016 by AV Balasubramanian and KS Vijayalakshmi, operates with the goal of promoting sustainable and organic farming practices. According to Balasubramanian, Director of CIKS, the initiative emphasises the medicinal values of these rice varieties, such as Pitchavari for treating diarrhoea and Navara and Neelan Samba for supporting pregnant and lactating mothers.

With inputs from Prabhudatta Mishra

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PM-led panel to select election commissioners to meet on March 15

Dalip Singh
New Delhi

A selection panel led by Prime Minister Narendra Modi will meet on March 15 to fill vacancies for two central election commissioners that arose after the sudden resignation of Arun Goel and the retirement of Anup Chand Pandey.

The government moved swiftly to hold a meeting of the Election Commission members selection committee, which post comprises Narendra Modi, a Union Minister and Leader of Opposition in Lok Sabha, as the ECI was supposed to announce the 2024 Lok Sabha election schedule around mid this month.

Now, the announcement will be slightly delayed since ideally, the government would want the Commission to have full strength of three members to preside over the general poll process to avoid any controversy, according to sources.

‘Expecting ₹10,000-cr investment in steel PLI next fiscal’

NOT A CAUSE FOR CONCERN. The Ministry is looking into the issue of increasing imports, which appears to be a temporary phenomenon

bl.interview

Abhishek Law
New Delhi

The Steel Ministry is expecting ₹10,000 crore of investments in specialty steel-making by PLI short-listed companies next year. Nearly ₹16,000 crore is expected by the FY24-end, Nagendra Nath Singh, Union Steel Secretary said.

The Ministry is looking into the issue of increasing imports, which looks temporary. In an interview to *businessline*, Sinha talks about the PLI scheme, working with the industry to minimise CBAM impact, reworking FTAs, maintaining the consumption momentum, among others. Excerpts:

How has the PLI scheme played out?

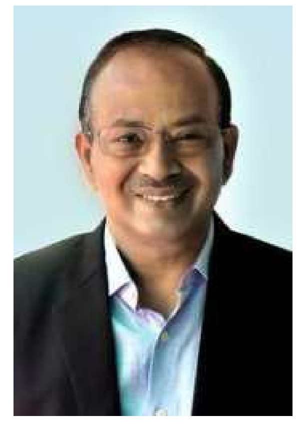
Under the PLI scheme, 57 MoUs have been executed for an investment of ₹29,500 crore with an additional capacity addition of 25 mt by FY28.

Our December review showed that selected companies have invested about ₹12,900 crore already, against an investment commitment of ₹21,000 crore up to the current financial year. It is expected that another ₹3,000 crore will be invested by FY24-end. Thus about ₹16,000 crore of a total of ₹29,500 crore will be invested by FY24.

Another ₹10,000 crore of investment is being envisaged by the PLI companies in FY25. It may also be mentioned that five units have begun production and 9 more units are expected to begin production by March quarter-end.

But, green steel is yet to take off?

> Europe is an important destination for Indian steel exports. Our Ministry is in consultation with the Commerce Ministry to take up at the appropriate forum, the concerns of our exporters
>
> **NAGENDRA NATH SINGH**
> Union Steel Secretary



The first pilot project for use of green hydrogen under stainless steel was launched by the Union Steel Minister, Jyotiraditya Scindia on March 4. Tata Steel has already conducted trials and some other companies have their own plans.

The National Mission on Green Hydrogen is supporting pilot projects in the steel sector with a budget of around ₹500 crore until FY30.

The CBAM concerns still loom large.

Europe is an important destination for Indian steel exports. Our Ministry is in consultation with the Commerce Ministry, to take up at the appropriate forum, the concerns of our exporters. Some of the discussions are going on with the European Union and other agencies for mutually beneficial outcomes.

We are also looking to have stakeholder feedback during the just commenced implementation phase of reporting obligation.

Are the FTA reviews under-way?

The Government has been negotiating for melt-and-pour norms. The product-specific rules of origin will ensure that only those steel products melted and poured in the country with which we are having the trade agreement will be allowed to be traded.

This also means, FTA benefits are available only to genuine manufacturers of another country, rather than those who re-route their products to India.

But imports are up, mostly from China. Is this worrying?

Steel is a deregulated sector. Fluctuations in international trade are influenced by the prevailing global market conditions. We think India's mature steel industry has the capability to weather these. The steel import situation is gradually improving. Shipments coming in are being closely monitored for its impact on the Indian market too.

Any policy intervention?

Not yet. Stakeholder consultation is an ongoing process for any corrective action. National policies are long term in nature. So these short-term fluctuations in global or domestic markets are not the right way to address the outcome.

But can we hold on to our high consumption and demand numbers?

The growth in steel production (126 mt for 11M FY24, up 13 per cent) and consumption over the last couple of years defied global trends.

It is backed by a 7 – 8 per cent economic growth and a subsequent increase in capital expenditure - from 2.8 per cent of GDP in FY14 to 4.5 per cent in 2023-24 (BE).

Targeted spending under the national infrastructure pipeline will further boost consumption. Domestic steel consumption is 68 per cent towards infra-building & construction, 22 per cent for engineering and packaging, 9 per cent towards auto sector and 1 per cent in defence.

India's per capita steel consumption is up by 12 per cent to 86.7 kg per capita in 2022-23, from 77.2 kg per capita in 2021-22. We are on course to achieve 158 kg per capita consumption by 2030-31.

Reference from PMO or VIP can prompt out-of-turn disposal of income tax appeals

Shishir Sinha
New Delhi

A reference from the Prime Minister's Office or a VIP reference will help your income tax appeal to be taken up on priority or be considered for an out-of-turn disposal, the Central Board of Direct Taxes (CBDT) has said in its new guidelines.

The new guidelines will replace the 2021 mechanism and will also set a framework for priority or out-of-turn disposal of pending appeals at the level of Commissioners of the Income Tax (Appeal/Appeal Unit) and Additional/Joint Commissioner of Income Tax (Appeal). The new guidelines have listed five situations for priority or out-of-turn disposal.

These include, 'cases having demand above ₹1 crore, cases where a VIP/PMO reference is received for expeditious disposal, cases where request is made by senior citizens and or super senior citizens or any other case of genuine hardship.'

The 2021 guidelines also prescribed five situations, out of those, four have been retained while a refund of ₹1 lakh has been replaced.

The guidelines also mentioned that requests for such disposal of appeals, covering genuine and exceptional circumstances, raised at the instance of the appellant or referred at the instance of the appellant or referred to by Assessing Officer/Range head may be considered by the Principal Commissioner, Chief Commissioners or Director General of Income Tax. The recommendations need to be made by the Jurisdictional Principal Commissioner of Income Tax. In case of appeals falling under faceless Commissioner, it will be referred to the Principal Chief Commissioner.

KEY FOCUS

Disposal of appeals has been the key focus, as huge amounts of money are involved in cases pending before the Commissioner of Income Tax (Appeal).

For example, earlier last year, the Finance Ministry informed the Lok Sabha that over ₹14 lakh crore was locked up in appeals at the end of fiscal 2021-22.

Similarly, the Central Action Plan for FY24 mentioned that while closing number of appeals at the end of FY23 was over 5.16 lakh, approximate pendency in respect of appeals filed prior to April 1, 2020, as on March 31, 2023 was over 2.82 lakh.

The appeal mechanism says that if an assessment order is passed and the taxpayer does not agree with the tax demand raised by the tax officer, he can file an appeal against such an order. The first level of appeal is CIT(A), who is also an Income Tax Department official.

In case the CIT(A) order goes against the taxpayer, then he can appeal to the second level of appellate authority, the Income Tax Appellate Tribunal (ITAT). After the ITAT, higher appeals are made to the High Court and ultimately to the SC.

To make efficient and effective administration for disposal of appeal at the first level, the government launched the concept of Faceless Appeal in 2020 which was replaced by a new updated system next year.

Not paid tax according to specific financial transaction? Do so by March 15: IT Dept

Shishir Sinha
New Delhi

The Income Tax Department has cautioned taxpayers on mismatch between specific financial transactions and tax paid. It has advised taxpayers to calculate their tax properly and pay the balance, if any, as advance tax, the last instalment on which is due on March 15.

According to a statement by the Central Board of Direct Taxes (CBDT), the Department has received certain information on specific financial transactions undertaken by persons/entities during Financial Year (2023-24 (FY24). On the basis of analysis of the taxes paid so far during the current financial year, the department has identified such persons/entities where payment of taxes for FY24 (Assessment Year 2024-25) is not commensurate with the financial transactions made by the persons/entities concerned.

"As a part of taxpayer service initiative, the department is undertaking an e-campaign, which aims to intimate such persons/entities of significant financial transactions, through email (marked as Advance Tax e-Campaign-Significant Transactions for AY24-25) and SMS, urging them to compute their advance tax liability correctly and deposit the due advance tax on or before March 15, 2024," the department said.

Under Rule 114E, there are 13 types of specified financial transactions and details are reported by institutions such as banks, registrars, stock exchanges etc. to the Income Tax Department. These transactions include payment of ₹10 lakh or more made in cash for purchase of bank drafts or pay orders, payment of ₹10 lakh or more during the financial year for purchase of prepaid instruments issued by , cash deposits or cash withdrawals (including through bearer's cheque) aggregating to ₹50 lakh or more in or from one or more current account, cash deposits aggregating to ₹10 lakhs or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person, beside oters.

All these information is reflected in the Annual Information Statement (AIS) module and is available to the persons/entities for viewing. Accordingly, an individual can see whether applicable tax paid or not. If not, he is required to calculate and pay. For viewing the details of significant transactions, the persons/entities can login to their e-filing account (if already created) and go to the Compliance Portal. On this portal, e-Campaign tab can be accessed to view significant transactions. The Department said the e campaign aims towards easing compliance for taxpayers and reinforce its commitment towards enhancing taxpayer services.

Collection through direct taxes has been better during the current fiscal. Improved compliance and high growth in Personal Income Tax (PIT) propelled net direct tax collection to grow over 20 per cent during April 1 and February 20 of 2023-24. On February 1, the Union Budget had raised the estimate for direct tax collection to ₹19.45 lakh crore from ₹18.23 lakh crore.

In boost to regional connectivity, 15 new air terminals take flight

Forum Gandhi
Aneesh Phadnis
New Delhi/Mumbai

Air travellers in India can expect more flights, improved comfort and potentially fewer delays with the inauguration of terminals in 15 cities by Prime Minister Narendra Modi.

The projects, valued at over ₹9,800 crore, aim to address growing passenger demand and enhanced regional connectivity. The airports, virtually launched by the Prime Minister, included 12 new terminal buildings across cities like Pune (₹475 crore), Kolhapur (₹256 crore), Gwalior (₹498 crore), and Jabalpur (₹412 crore). Additionally, foundation stones were laid for new terminals in Kadapa (₹266 crore), Hubballi (₹320 crore), and Belagavi (₹323 crore). The total peak hour capacity for 14 of these airports is 13,817 passengers, with Delhi's Indira Gandhi International Airport (IGI) adding a significant 4 crore passengers annually, according to ministry officials.

GETTING MORE SWANKY. The new terminal at Chaudhary Charan Singh International Airport in Lucknow that was virtually inaugurated by Prime Minister Narendra Modi PTI

"Azamgarh, once considered a backward area, is writing a new chapter of development today," said Modi, highlighting the project's potential to improve accessibility for smaller cities.

The expansion aligns with the growth plans of airlines like Air India and IndiGo, which aim to add new aircraft throughout 2024. The increased capacity is expected to accommodate these additions, particularly on regional routes. Jyotiraditya Scindia, Civil Aviation Minister, while attending the Gwalior airport event, highlighted the project's significance:

Passenger traffic

Airport	Peak hour PAX capacity
Kolhapur (Maharashtra)	500
Pune (Maharashtra)	3,000
Jabalpur (Madhya Pradesh)	800
Gwalior (Madhya Pradesh)	1,400
Lucknow (Uttar Pradesh)	1,817
Azamgarh (Uttar Pradesh)	50
Aligarh (Uttar Pradesh)	50
Moradabad (Uttar Pradesh)	50
Shravasti (Uttar Pradesh)	50
Chitrakoot (Uttar Pradesh)	50
Delhi T1 (New Delhi)	(annual) 4,00,00,000
Adampur (Punjab)	None
Hubli (Karnataka)	2,400
Belgaum (Karnataka)	2,400
Kadapa (Andhra Pradesh)	1,800

Source: Aviation ministry

"India has scripted history by inaugurating 15 airport terminals together," Scindia said. "This is a significant achievement for Indian aviation and will improve passenger convenience."

Scindia further elaborated on plans to expand Madhya Pradesh's airport network from four to ten, mentioning ongoing and upcoming projects in Rewa, Satna, Datia, Ujjain, Guna, and Shivpuri. Scindia also noted a substantial increase in weekly flights in the State, from 490 to 1,000.

AIR TRAFFIC

The expansion comes as India grapples with rising air traffic, which has strained existing infrastructure and led to congestion and delays. Rating agency ICRA estimates domestic passenger traffic to grow by 8-13 per cent in FY24, reaching 15-15.5 crore. The new facilities aim to address these challenges and accommodate future growth.

CONNECTIVITY SCHEME

The government's flagship regional connectivity scheme (RCS) is also expected to benefit from the new airports in Aligarh (cost not available), Azamgarh (₹27.52 crore), Chitrakoot (₹31.58 crore), and Shravasti (₹31.32 crore), according to ministry officials. These airports, along with 14 others developed under the RCS in Uttar Pradesh, will be linked to the State capital, Lucknow, further boosting regional travel options.

ATM ecosystem players looking to adapt UPI for making cash deposits

K Ram Kumar
Mumbai

> Currently, when a customer chooses the 'UPI cardless cash' withdrawal option on the ATM screen, he will be prompted to enter the amount to be withdrawn

If UPI (Unified Payments Interface) can be used for cardless cash withdrawals at an ATM, can it not be adapted for making a cash deposit at a cash recycler machine (CRM)? This may be possible, going by the innovation that players in the ATM ecosystem are working on.

Currently, when a customer chooses the 'UPI cardless cash' withdrawal option on the ATM screen, he will be prompted to enter the amount to be withdrawn. After entering the amount, a single-use dynamic QR code is displayed and the customer needs to scan the same using any Bank's mobile banking app and authorise the transaction with UPI PIN to get cash.

Sumil Vikamsey, MD and CEO – Cash Business, Hitachi Payment Services, said, the process for a 'UPI cardless cash' deposit will be the reverse of a 'UPI cardless cash' withdrawal.

"So, you can do a UPI-based cash withdrawal at an ATM. You can tap on the 'UPI cardless cash' withdrawal option on the ATM screen, scan the QR code that is generated using any mobile banking app and withdraw money.

"We are now trying to work with the RBI and the National Payments Corporation of India (NPCI) on the possibility of allowing UPI-based deposits." He underscored that for this, the rails need to be changed, with a QR code being generated by the CRM for making a deposit.

"So, if you want to make a UPI-based deposit of ₹10,000 at a CRM, you could choose the 'UPI cardless cash' deposit option on the screen and enter the amount. A QR code will be generated. You can scan this code with your mobile banking app.

"From that QR code, you will figure out, which bank it (deposit) needs to go to. Today, it happens the reverse way. If you want to withdraw, say, ₹10,000 from an ATM, you scan the QR code and at that point, the app figures out that you're connected with ICICI or any other bank and then it debits the account. With 'UPI cardless cash' deposit, the process has to be reversed," Vikamsey said.

Santhosh Nair, Director, WLA Business, Site Acquisition andojects, Hitachi Payment Services, observed that interoperable cash deposits and UPI-based deposit at CRMs are expected to get a fillip this year.

Adani pulls out all stops to make Dharavi slum rehabilitation smooth

The $3-billion project is scheduled to be completed in seven years

Janaki Krishnan
Mumbai

Dharavi Redevelopment Project Pvt Ltd (DRPPL), the joint venture between the government of Maharashtra and the Adani group, is making concerted efforts to incentivise residents and commercial establishments in the slum cluster to ease the resettlement and rehabilitation process.

The $3-billion project is scheduled to be completed in seven years.

A number of sweeteners have already been offered and more are in the offing. It is not only the over one million residents in one of the largest slum clusters in the world, but also the large number of industries such as pottery, textiles, leather, and waste recycling, who will be affected. While the master plan for the project development is yet to be approved by the State government, the project will provide upskilling opportunities, vocational training, and education initiatives that are expected to open up new employment avenues for the residents.

BUILDING A PROMISING FUTURE. The project will provide upskilling opportunities and vocational training and roll out educational initiatives that are expected to open up new employment avenues for the residents REUTERS

PROJECT DEVELOPMENT

"This comprehensive approach not only safeguards existing businesses but also paves the way for enhanced skills and empowerment for the commercial ecosystem in Dharavi," said a source. Just last week, DRPPL stressed on the tax refund that eligible commercial units in the area will receive in the form of a refund of State Goods and Services Tax for five years.

This was also specified in the tender. The tender conditions stated that SGST for industrial and commercial units would be reimbursed by the State government's finance department through the DRP/SRA for five years from the date of issuance of the OC. Eligible industrial and commercial units will have to provide SGST payment details as proof while claiming the refund.

STAMP DUTY

In addition to this, the stamp duty payable on the first sale of commercial properties by DRPPL has been exempted. The project has also ensured clearly demarcated commercial areas with the necessary infrastructure.

Earlier this year, rehabilitated residents were assured of getting apartments with a carpet size of 350 sq ft, which is 17 per cent more space than what slum redevelopments in Mumbai usually get. The new flats will also have separate kitchens and toilets. Gautam Adani, who bagged the project last year and aims to complete one of his most ambitious projects within the stipulated timeframe, has committed to improving the living conditions of the people living in the slums and provide them with better amenities. Dharavi's redevelopment has been delayed by over two decades.

Rahul Johri quits Zee, Goenka to oversee vertical

Our Bureau
Mumbai

Rahul Johri, the President – Business, South Asia of Zee Entertainment Enterprises Ltd, has resigned after a three year stint. Johri was responsible for leading the integrated revenue and monetisation team.

Following his exit, Punit Goenka, MD & CEO, will over see the revenue vertical. Ashish Sehgal, Chief Growth Officer, Advertisement Revenue will now directly report into the MD & CEO. All other reportees of Johri, will report directly to Goenka.

In line with the strategic approach undertaken by the MD & CEO, this announcement is the first step towards streamlining the organisation to optimise the resource allocation and enhance productivity, the company said in a statement.

QUICKLY.

Brajesh Kumar Singh is new ED, Indian Bank

Chennai: Indian Bank said the Central government has appointed Brajesh Kumar Singh as its Executive Director for the period of three years. "...the Central government vide Notification No 4/1(viii) dated March 9, 2024, appointed Brajesh Kumar Singh, Chief General Manager, Bank of Baroda as Executive Director of Indian Bank for three years, with effect the date of assumption of office on or after March 10, or until further orders, whichever is earlier," Indian Bank said. PTI

STATE OF THE ECONOMY

"Copper is considered expensive, and that's why garbage scavengers dig this material out. Therefore, in India, the theft of copper also is relatively higher", says **Mayur Karmarkar**, Managing Director, India International Copper Association, in conversation with *businessline's* **Subramani Ra Mancombu.**

http://surl.li/rkckw

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Assam, Gujarat and AP make strong pitch at coal mine auctions

SEAMLESS OPERATIONS. Tranche-wise reforms make the auctions smooth

Mithun Dasgupta
Richa Mishra
Kolkata/Hyderabad

States have been trying to outdo each other in the coal mine auctions with Assam, Gujarat and Andhra Pradesh bidding aggressively up to the seventh round. In fact, Assam has got three mines under its belt so far.

States and State-owned entities along with a few private sector players are battling it out at the auctions. Meanwhile, West Bengal's West Bengal Power Development Corporation Ltd (WBPDCL), which was disqualified in 2015, is still not eligible to participate. However, other State-owned entities can participate. The Coal Ministry on March 4 had termed any allegations of manipulation by the Ministry to disqualify WBPDCL as baseless.

According to WBPDCL Chairman & MD P B Salim, "We should be eligible to participate in auctions to get additional coal mines. The Centre does auctions in batches—some mines are in Bengal, some mines are in Odisha and some are in Jharkhand. Looking at the mines which are under auctions, if they are suitable for us in terms of economic feasibility, logistics and distance, then we would participate."

INVESTOR-FRIENDLY. The Ministry has simplified and made the terms and conditions flexible to attract investors REUTERS

Elaborating he said, "If the mine concerned is situated far from the State, then the transportation cost would be high and it may not be economically feasible. Purchasing coal from Coal India would be profitable in this case rather than participating in the auction."

AUCTION PROGRESS

On whether WBPDCL is looking at any particular mine through auctions, Salim said, "We will participate once the list is available."

According to a Coal Ministry official, seven rounds of commercial coal mine auctions have been completed and a total of 91 coal mines have been successfully auctioned. The 8th and 9th rounds of the auction are going on. Of the blocks under the hammer, there are 31 mines which were allocated but since have been terminated or surrendered.

REFORM IMPACT

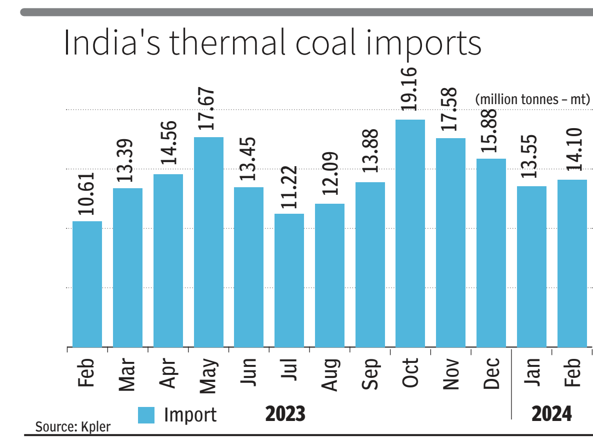
Asked what has worked for a rather smooth auction, the official said, it is because of the tranche-wise reforms which the Ministry has undertaken. The introduction of market-linked transparent allocation mechanism shifts from the notified price regime to the National Coal Index (comprising of three components viz notified price of Coal India Ltd, auction price and imported price channel) has made it attractive. Others include no stipulation of technical or financial eligibility criteria to enable wider participation (domestic and international as 100 per cent FDI under automatic route is permitted for the sale of coal) and create competition. Migration to per cent revenue sharing mechanism instead of fixed ₹/tonne-based auction - floor price for the auction process has been kept reasonable at 4 per cent of revenue share to attract participation (i.e. equivalent to ₹50-85/tonne for G9-G14 grade of coal) as compared to ₹150/tonne of coal in the previous regime.

The requirement of a minimum number of technically qualified bidders for continuing the auction process has been brought down to two, instead of three earlier; reduced/ optimised payments and guarantees.

Besides, these incentives for promoting early production and clean technology along with bringing maximum coal to the market at the earliest possible and promoting the use of clean technology, have also proved to be an attraction. To make it investor-friendly, the Ministry has simplified and made the terms and conditions flexible.

Keeping pace with surging power demand, coal imports too spike

Rishi Ranjan Kala
New Delhi



India's thermal coal imports during the first 11 months of the current financial year ending in March have surpassed the shipments of FY23. Thermal power plants (TPPs) have increased their reliance on this dry fuel to meet the growing power consumption, anticipating peak demand to reach 255 GW during April-June 2024.

According to data from the energy intelligence firm Kpler, India's coal imports during February 2024 increased by 4 per cent m-o-m and 33 per cent y-o-y to 14.10 million tonnes (mt). The overall imports for April-February in FY24 reached 163.40 mt, reflecting a y-o-y growth of 11 per cent over the same period in FY23.

Shipments of the critical commodity, which accounts for more than 70 per cent of India's power generation, have already surpassed the cargoes contracted during the entire FY23 (160.42 mt) in the first 11 months of FY24, Kpler data showed.

HIGHER IMPORTS

Government and analysts expect power demand to grow 6-7 per cent y-o-y due to increasing consumption from industries and households. The peak power demand in FY23 reached 243 GW in September 2023 and projections suggest that it will reach 255 GW this summer.

A senior government official said that imports will be higher in FY24 as electricity consumption is increasing. This is coupled with the Power Ministry's advisory on March 4 to TPPs to continue importing the fuel for blending at 6 per cent till June 2024.

"Coal production has been impressive as India is on track to hit 1 billion tonnes this fiscal, but demand is also growing rapidly. Over the last two years, heat and humidity have led to increased demand for cooling, which is reflected in peak demand," he explained.

Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender, told *businessline*, "Indian thermal coal imports rose sharply y-o-y in February, climbing by 3.49 mt to 14.10 mt, as shipments surged higher as the month progressed, Kpler data shows."

At 3.75 mt, imports in the seven days commencing on February 26 were the highest for a week since December 2023. Combined with the robust growth reported in January shipments, this resulted in an annual expansion of 31 per cent over the combined period of January and February, he explained.

OPPORTUNISTIC BUYING

"The recent upturn in thermal coal shipments may, in part, reflect some opportunistic buying after prices cratered in February; however, we also view this increase as the beginning of stock building ahead of the peak summer demand season. Stockpiling has also been aided by further strong production data from domestic miners," Ellender said.

"We continue to expect further m-o-m and y-o-y growth in thermal coal imports in March and April, with shipments expected to reach a seasonal peak in the second quarter," Ellender projected.

Indonesia will remain the single largest source of imported thermal coal. A near 12-month high for Supramax dry bulk carrier time charter earnings on Indonesia-to-East Coast India coal trades, according to Baltic Exchange Assessments, is evidence of further robust cargo volumes to come, he added.

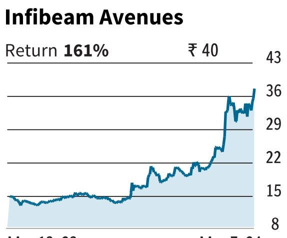
He emphasised that the Power Ministry's announcement to extend the directive, mandating all domestic coal-fired utilities to use 6 per cent imported coal in their fuel mix will provide further support to seaborne import demand.

India Ratings and Research (Ind-Ra) in a February 2024 report said that TPPs' plant load factor (PLF) or capacity utilisation, is estimated to be in the range of 65-70 per cent in the medium term, considering the current and historical capacity addition trend and the forecasted energy demand in FY30 under the National Electricity Plan (NEP). It expects PLF to be around 68 per cent in FY24-FY25, with a 5-6 per cent y-o-y increase in power demand.

TODAY'S PICK.

Infibeam Avenues (₹40.15): BUY

Gurumurthy K
bl research bureau



The stock has been in a strong uptrend. The 5.8 per cent rise on Thursday last week indicates the resumption of the uptrend. The inverted head and shoulder pattern on the daily chart strengthens the bullish case.

Here in this case, the pattern will act as a continuous pattern. The neckline support of this pattern is around ₹37.50. Below that the next important support is at ₹35. Infibeam Avenues' share price can rise to ₹48-50 in the coming weeks. Traders can go long now at around ₹40. Accumulate on dips at ₹38. Stop-loss can be kept at ₹34 initially. Trail the stop-loss up to ₹42 as soon as the stock moves up to ₹45. Move the stop-loss further up to ₹46 when the price touches ₹48. Exit the long positions at ₹49.

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

NourishCo nears breakeven, eyes ₹1,000-crore revenue

Meenakshi Verma Ambwani
New Delhi

NourishCo Beverages, the liquid beverage arm of Tata Consumer Products Ltd, is on track to end FY24 with revenues to the tune of ₹900-₹1,000 crore and also achieve breakeven. Nearly, 19 per cent of the company's revenues come from products launched in the past 36 months.

Vikram Grover, MD, NourishCo Beverages, told *businessline*, "From a turnover of just about ₹180 crore in FY 20-21, we have scaled up the business substantially and we expect to end this fiscal with a turnover of ₹900-1,000 crore. We have not just been able to garner hypergrowth over the last 3-4 years but we have also significantly upped the game as far as profitability is concerned and we expect to break even by the end of this fiscal."

The company's growth has been driven by expansion in distribution, manufacturing capacity and product portfolio. In recent times, it has forayed into spaces including into the energy drink segment with Say Never as well as ready-to-drink Tata Coffee Gold Cold Brew..

Grover explained that for the brand Himalayan, the company's go-to-market strategy is to focus on profitable customers and price increases that the company was realising from their customers to get it to break even. "The growth in scale has helped cut down on our fixed costs. We have also upped our game in cost savings across the supply chain ," he added.

EFTA pact provides zero tariffs on almost all exports to India: Norway

Shishir Sinha
New Delhi

Norway on Sunday announced that the Trade and Economic Partnership Agreement (TEPA) between the European Free Trade Association (EFTA) will provide zero tariffs on almost all of its exports to India. The country also announced there will be no capping on several professionals, planning to come there for work.

Norway is a member of EFTA along with Iceland, Liechtenstein and Switzerland. The Prime Minister of Norway, Jonas Gahr Store said that India will provide big export opportunities for Norwegian businesses. "After the agreement, this could become one of the most important trade agreements Norway has ever entered," he said in a statement.

The agreement was signed on Sunday. Describing the event as 'tremendous', Norway's Minister of Trade and Industry, Jan Christian Vestre said: "Norwegian businesses that export to India, today, meet high tariff barriers of up to 40 per cent in certain goods. With the new agreements, we have secured zero tariffs on almost all the exports." Vestre was addressing a press conference in the national capital after signing the agreement.

EXPORT INITIATIVE

The trade agreement is a part of the government export initiative 'Hele Norge Eksporterer'. Accordingly, as the first in Europe, Norwegian enterprises get exemption from customs duties on most of the goods they export to India. These are advantages enterprises in EU countries and the UK do not have, a statement issued by the Norwegian embassy said. Further, it said that a good example is seafood businesses that today must pay a 33 per cent tariff in India. With this agreement, Salmon and mackerel from Norway will be subject to zero tariffs after five years. "This gives Norwegian exporters large competitive advantages compared to competitors in Europe and the rest of the world," Vestre said.

He also said that the agreement contributes to strengthening the cooperation between the countries and provides Norway with a new platform for discussion with India. "In a turbulent world, with geopolitical tensions, it is important to strengthen the ties between India and the West. The agreement also elevates climate ambitions and will ensure workers and women's rights," he said.

The agreement talks about a $100 billion foreign direct investment in India which will create 1 million jobs in India over 15 years. "The EFTA countries commit to promoting investments and creation of more jobs in India. A designated officer will be established in India to support Norwegian businesses in India," Vestre added. As of date, 130 companies from Norway are already working in India.

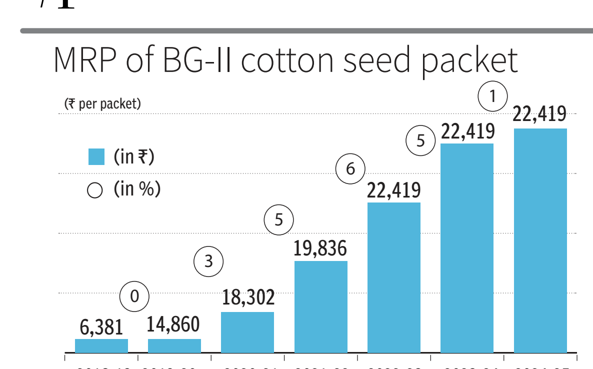
DIGITAL TRANSITION

The Minister highlighted that India will undergo a major green and digital transition and, in this context, Norwegian businesses have a lot to offer within everything from renewal energy, health technology green mobility and seafood. "The agreement provides large possibilities for trade and investments in a market that is growing rapidly. Through investments in India, Norwegian businesses can contribute to sustainable development," he said.

Among EFTA members, India has received about $10 billion in foreign direct investments (FDI) from Switzerland between April 2000 and December 2023. It is the 12th largest investor in India. The FDI inflow was $721.52 million from Norway, $29.26 million from Iceland and $ 105.22 million from Liechtenstein during the period.

Centre fixes MRP of Bt cotton seed at ₹864/packet for 2024-25

Our Bureau
New Delhi



The Union Agriculture Ministry has fixed the maximum retail price (MRP) of Bt cotton seed at ₹864/packet for Bollgard II and at ₹635 for Bollgard II for the upcoming Kharif season, as sowing is to commence with the arrival of monsoon in June.

In a notification issued by Joint Secretary Ajeet Kumar Sahu, the Ministry said that in the exercise of the powers conferred by Section 3 of the Essential Commodities Act, 1955 (10 of 55) read with sub-clause (1) of clause 5 of the Cotton Seed Price (Control) Order, 2015, the Central government, after taking into consideration the recommendation made by the committee, has notified the maximum sale price of Bacillus thuringiensis (Bt) cotton seed packets (475 gm RIB seed packet containing minimum 5 per cent and maximum 10 per cent non-Bt cotton seed) for the financial year 2024-25.

In 2023-24, the government had raised the MRP of BG II by 5 per cent to ₹853 and the seed industry was hopeful of a similar increase for next season. Some industry experts attributed the minimal hike to last year's drought in many parts of Maharashtra, a key growing cotton region. Farmers in India mostly use BG II seeds to grow cotton.

DROP IN PRODUCTION

According to industry estimates, there was a 30-40 per cent drop in cotton seed production in 2023 and there was not much surplus from the previous year to offset the loss. In Kharif 2023, the actual sales were 4.4 crore packets (of 450 grams each) against the availability of about 4.8 crore packets, Ram Kaundinya, adviser at the Federation of Seed Industry of India (FSII), had said earlier. The industry expected the demand to grow to 4.8 crore packets in Kharif 2023 from 4.2 crore packets in Kharif 2022.

The drop was due to long dry spells in the monsoon season. In many places, even germination was an issue. For seed purposes, the cotton crop has to be good in every aspect, Kaundinya has said.

India to phase out import duties on chocolates, watches, textiles, smartphones

Amiti Sen
New Delhi

Duties on a substantial number of goods imported from EFTA countries--Switzerland, Norway, Iceland and Liechtenstein--including chocolates, watches, smartphones, olive oil, corn flakes, machinery, textiles, medicines, cod liver oil, tuna, trout and salmon, will be phased out by India under the India-EFTA Trade and Economic Partnership Agreement signed on Sunday.

"India is offering 82.7 per cent of its tariff lines which covers 95.3 per cent of EFTA exports of which more than 80 per cent import is gold. The effective duty of gold remains untouched. Sensitivity related to PLI in sectors such as pharmaceuticals, medical devices and processed food have been taken into account while extending offers," per a statement released by the Commerce Department.

EXCLUSION LIST

Sectors such as dairy, soya, coal and sensitive agricultural products are kept on the exclusion list, it added.

The items on which tariffs will become zero immediately on entry into force of the FTA include coal (except steam and coking coal), most medicines, dyes, most textiles and apparel and iron and steel products, according to an analysis carried out by research body Global Trade Research Initiative.

Tariffs on cod liver oil and fish body oil will be eliminated in five years while those on tuna, trout, salmon, olive oil, cocoa bean, powder, malt products, corn flakes, instant tea, roasted chicory, most machinery, bicycle parts, clock and watches will be eliminated in seven years.

Phasing out of import duties on smartphones, chocolates, medical equipment (most), chocolate, caramel, coffee, avocado, apricot and olives will happen over ten years.

Some of the duty cut offers

Piyush Goyal

are exclusive to Switzerland as it is by far the largest trade partner amongst the EFTA countries. Concessions for some agriculture items have been made based on specific requests.

Duty cuts on wines from Switzerland will be mostly at par with concessions extended to Australia under the Australia-India Economic Cooperation and Trade Agreement, the GTRI report said. There will be no import duty reduction on wine bottles priced lower than $5. For bottles priced between $5 and $15, the duty cut in the first year will be to 100 per cent from 150 per cent. Duties will subsequently be reduced to 50 per cent in ten equal yearly instalments.

For wine bottles priced at $15 or more, the duty cut in the first year will be to 75 per cent from 150 per cent. Duties will finally be brought down to 25 per cent over ten years with a yearly reduction in ten equal instalments.

TARIFF CUT IN SUGAR

India has also committed to a 50 per cent tariff reduction in sugar in 10 years and a 50 per cent tariff reduction for cut and polished diamonds, to 2.5 per cent, in five years, the GTRI analysis noted.

As much as 98 per cent of India's exports to Switzerland (market accounting for 70 per cent of India's exports to EFTA) are industrial products and they will now be imported duty-free, the GTRI report said. "However, this doesn't create new market opportunities since these products were already entering Switzerland without duty under the Most Favoured Nation (MFN) status," it added.

The remaining 2 per cent of exports are agricultural products. "Switzerland has excluded most agricultural items such as dairy products, honey, various vegetables, wheat, maize flour and cane sugar from these concessions," it said.

thehindubusinessline.
MONDAY - MARCH 11, 2024

No more exemptions

SEBI should stop with leeway to university FPIs

Markets regulator Securities and Exchange Board of India (SEBI) had recently released a consultation paper seeking feedback on relaxing the additional disclosure framework for FPIs, stipulated last August. The regulator is proposing to exempt two categories of FPIs from granular disclosure of beneficial ownership — university funds and university-related endowments and FPIs which have concentrated exposure in companies with no identifiable promoter groups.

These exemptions appear justified as there is lower risk of these entities flouting the minimum public shareholding rules through such holdings. The paper proposes safeguards to ensure that these relaxations are not misused. There is a case for exempting university funds and university-related endowments from the additional disclosure norms. Since many enjoy tax exemptions, they are well-supervised in their jurisdictions. SEBI is taking further precautions by stating that only those university funds which qualify to register as category I FPI, associated with one of the top 200 universities as per latest QS world university rankings, with India AUM (assets under management) less than 25 per cent of their global AUM and global AUM more than ₹10,000 crore are exempted from these disclosures. These caveats are likely to ensure that only the largest and well diversified university funds, tied to reputed universities, are exempted.

The other proposed exemption — for FPI investment in companies with no promoter — can also be allowed as the entire shareholding of these companies belongs to the public, and breach of the minimum public shareholding norm is not possible. Further, the reason why the regulator originally sought this information was to establish the link between the promoter group and the FPIs investing in them. In the absence of a promoter, these additional disclosures may be irrelevant. But the regulator must be careful not to relax additional disclosure rules any further. SEBI mandated granular details of all entities owning, controlling or having economic interest in an FPI on a look-through basis last August. These disclosures are needed when the foreign investor holds over 50 per cent of its Indian equity assets in a single Indian group or holds more than ₹25,000 crore of Indian equity assets.

These rules were a result of allegations made in the Hindenburg report on the Adani group that the foreign investors in many of the Adani stocks were related to family members or close associates. The regulator was unable to establish the allegation due to gaps in regulations on disclosing FPI ownerships. It is therefore important that these rules are enforced effectively to prevent round-tripping or stock price manipulation through FPI entities owned by Indian promoter groups. Once the disclosures are made by FPIs by the specified deadline of March 11, 2024 (today), their veracity must be established by an independent authority. There are likely to be demands from several categories of foreign portfolio investors to exempt other categories too. It's best that SEBI does not accede to such demands.

FROM THE VIEWSROOM.

Make AI Mission inclusive

Kurmanath KV

The government's decision to launch a ₹10,372-crore AI Mission is a welcome step. This was long overdue as countries like the US and China have already made giant strides in this space over the last two decades.

The government's move comes at a time when some individuals and groups are making efforts to create India-specific large language models and small language models. The amount allocated looks small for a country like India and for the infrastructure that would be required to support AI initiatives and start-ups. But of significance is the recognition of the problem and the opportunity ahead.

Going by the initial remarks of Commerce and Industry Minister Piyush Goyal, the funds would be deployed to democratise computing access, improve data quality and develop indigenous AI capabilities. The Mission is also aimed at attracting top AI talent, providing start-up risk capital, and driving responsible and inclusive growth of the country's AI ecosystem.

While we have to wait for the guidelines on how these funds would be deployed across multiple objectives, the government's move would drive private investments into the AI ecosystem. It would give confidence to the industry, particularly venture capital funds, prompting them to mobilise funds for AI research and start-ups. While top-tier IT companies have already announced huge investments in AI, the move would drive others to join the fray.

The announcement also indicates the willingness of the government, one of the biggest consumers of IT products and services, to deploy AI-based solutions for various use cases.

While the intent seems to be good, it remains to be seen how it will be rolled out. It should break the traditional route of deploying funds in the top 4-5 IT hubs in the metros. A significant portion of the funds should be allocated to tier-II/III cities to make the AI revolution democratic and inclusive.

LINE & LENGTH.

TCA SRINIVASA RAGHAVAN

India can teach IMF Marxist economics

Efficiency Vs Equity is all very well but what about fairness?

The recent weekend issue of IMF's *Finance & Development* magazine is devoted to reforming economics. Some very well-known and some less well-known names have contributed to it.

The lone Indian contributor is, surprisingly, Jayati Ghosh. Avinash Dixit of Princeton would have been a better choice. Or Kaushik Basu.

The basic presumption is that efficiency alone will not do. Economics must also be guided by morality and compassion. Apparently Adam Smith also thought so.

I wish the editors of the magazine had noticed that Indian economists since 1928 have been saying exactly this. BR Ambedkar, wearing his economist hat, was the first. Many others did so, too.

Indeed, Indian economic policy since Independence, as a reaction to colonialism depredations, has been balancing efficiency with equity. IMF quotes Keynes who seems to have said: "...economics a moral science... must draw on a wide culture while keeping an "open mind to the shifting picture of experience."

Well, yes. Been there, done that guys, it's not for nothing that we are what we are — socially stable, culturally integrated and economically very sensible. India has always kept culture, equity and efficiency in view, often at the cost of efficiency.

Fact is that before Independence, a number of economists wrote along these lines. The best of those essays were collected by the unsung J Krishnamurti who used to teach at the Delhi School of Economics and later joined the ILO. He is also the maternal uncle of our foreign minister.

The book is called *Towards Development Economics: Indian Contribution, 1900-45*. The essays in that collection cover nearly all the subjects the IMF's *F&D* covers, including, quite presciently, the gender stuff.

But the IMF's ignorance apart, the point about reforming economics by demoting efficiency is worth thinking about. One doesn't have to approve of it but it's important to understand the implications.

When you boil away all the surrounding guff, what remains is the core of Marxist economics: which must have primacy, between labour or capital? India gave the answer 75 years ago.

And what will make it happen: politics or sociology. India chose sociology as the medium and politics as the method.

A MARXIST IMF!

India also showed how easy it is to attack capital which comes in only two forms: money and technology. But the latest Western view of labour is different.

It has all sorts of distinctions, so as to remove the labour homogeneity assumption. It's that whole LGBTQ+ thing. Our caste system is similar.

That's the sociology part and here politics becomes important because, as we in India who are obsessed with equity know so well, politicians like to exploit social divisions. Reservation, which is called affirmative action in the West, is exactly that. It seeks to integrate sociology with politics to shape economic policies.

> **If you try to achieve equity and don't bother with** fairness, all you end up doing is leaving a space for politicians to mediate. And that doesn't work and you end up sacrificing all three: equity, efficiency and fairness.

That's why in India, regardless of how 'right' wing a political party is, its economics can be deeply Marxist. The BJP therefore has always been what's called '*aadha teetar, aadha batayr*' in North India. Half partridge, half quail. Both are delicious and that's why politicians love the combination.

This introduction of horizontal and vertical equity by not treating labour as homogeneous must surely have implications for economic theory. Intuitively one can see how it leads to allocation problems which require, for effective solutions, fairness as the guiding principle.

And it's here that we get into subjective and, therefore, intractable problems. That is if you allocate profits on a 50:50 basis between labour and capital, how do you allocate their shares within those categories?

You can divide national income into wages, profits, rents and interest. But within wages who gets what? In deciding, fairness will always be sacrificed.

WHEN THE POLES SHIFT

That much is obvious but it must be asked why has the IMF has chosen to go down this route. What is its agenda in shifting the poles of economic discourse? Why talk about equity without even mentioning fairness? The two aren't identical as many people assume.

A key requirement of fairness is that the affected parties themselves decide what's fair. How are the owners of different types of labour, let alone labour and capital, going to agree?

If you try to achieve equity and don't bother with fairness, all you end up doing is leaving a space for politicians to mediate. And believe me that doesn't work and you end up sacrificing all three: equity, efficiency and fairness.

To conclude, all one can say is that the IMF must learn from the Indian experience. The Leninist call of "to each according to his need", which the IMF now appears to be suggesting, is fine except that there's no fair way of determining need.

The impact of Modi's Tamil Nadu outreach

The BJP is leaving no stone unturned to woo voters in the southern State

B Baskar

Prime Minister Narendra Modi made his second trip in seven days to Tamil Nadu on Monday last, where he addressed a mammoth rally in Chennai and inaugurating projects across the State.

Back-of-the-envelope calculations show that projects worth more than ₹30,000 crore have been showered on Tamil Nadu so far.

The political imperatives of paying so much attention to Tamil Nadu by the BJP in an election year are not hard to fathom. That the Prime Minister has himself come down for launching these projects is hardly surprising. One, it gives Modi the opportunity to talk about the achievements of the NDA government over the last almost 10 years.

Two, the project inauguration meetings are also platforms for the Prime Minister to slam the DMK government and make a pitch for the BJP in Tamil Nadu. Modi in his speeches has repeatedly berated the DMK over its "misrule" in the last three years, its dynastic politics, its "anti-Hindu" leanings, etc.

Interestingly, while in Tamil Nadu the Prime Minister barely mentions the Ram Mandir, recently consecrated in Ayodhya. He perhaps shrewdly realises that this will not have much traction in the southern State unlike in the north.

While Modi has been slamming the DMK, he has been silent on AIADMK, BJP's erstwhile ally. In a recent speech, he even heaped praises on former Chief Ministers MG Ramachandran (MGR) and J Jayalalithaa. At a barely concealed swipe at the DMK he even said that MGR was against corruption and family politics.

There could be two ways of looking at the PM's remarks. One, he is still keeping the door open to the AIADMK for an alliance in the upcoming Lok Sabha elections. This is something BJP Central Ministers have repeatedly said, though the AIADMK chief Edappadi Palaniswami has ruled out any such possibility.

The second way of reading this is that by praising MGR and Jayalalithaa and going soft on the AIADMK, the BJP is trying to cut into the AIADMK vote bank which should worry the Dravidian major.

It is also interesting to note that the last three BJP State Presidents have come from the Gounder (K Annamalai, the incumbent chief), Dalit (L Murugan) and Nadar (Tamizhisai Soundararajan) communities. This is a clear indication of how deftly the national party is playing its caste card in Tamil Nadu.

In one sense the BJP and DMK going hammer and tongs at each other is entirely logical as for the national ruling party, the DMK is the major political foe in a State where the saffron party has failed to make any significant in-roads so far.

STRATEGY. A different one for Tamil Nadu

For the BJP, the DMK's "dynastic rule" and "anti-Hindu" leanings are handy weapons to attack the DMK. The DMK to counter the BJP's attacks, talks up its "Dravidian model" (growth with social justice) and its "Periyarist" legacy of a casteless society founded on rationalism.

But as a disclaimer, it has to be said, in Tamil Nadu the gulf between ideology and practice has always been quite wide.

AIADMK'S DILEMMA

But for the AIADMK the BJP's pitch in Tamil Nadu presents a dilemma. That the national party is eyeing its vote bank may be giving the AIADMK the jitters. But given its ideological dilution over the years, thanks to its personality-centric politics of the past, the AIADMK faces now a curious existential crisis.

The DMK and BJP being natural foes, has left the AIADMK in a tricky spot.

AIADMK for long a Thevar dominated party, is now dominated by the Gounder community, which is influential in the western belt of the State, a region where the ruling DMK has found it hard to make inroads.

The AIADMK has also been busy sewing up alliances and finalising seat adjustment talks with its allies — PMK, DMDK, Puthiya Tamizhagam and others.

The AIADMK also tried to rope in another Dalit party, Viduthalai Chiruthaigal (VCK), but its leader Thol Thirumavalavan has chosen to remain with the DMK and the INDIA bloc.

AIADMK's choice of allies is also a reflection of the party's efforts to balance the intricate caste equations in the various regions of the State.

In a sense the upcoming Lok Sabha elections will be a litmus test for the AIADMK.

If its alliances with smaller Dravidian parties pay off and it puts up a decent show, the AIADMK will live to fight for another day, which is of course is the 2026 Tamil Nadu Assembly elections.

BELOW THE LINE

Collateral damage

In a showdown between the Government and the Supreme Court over disclosure of electoral bond details, the banking behemoth State Bank of India finds itself in legal cross-hairs, accused of playing hide-and-seek with vital electoral bond details.

The heart of the matter: SBI's alleged foot-dragging in complying with a Supreme Court mandate to lift the veil on electoral bond transactions. As the curtain rises on this legal drama, all eyes are on the Supreme Court, where the principles of democracy and the rights of voters hang in the balance.

Will the pursuit of transparency triumph, or will bureaucratic red tape hold sway? Only time will tell, but one thing is certain: this courtroom clash is more than just legal wrangling. Big chatter in the corridors of power this past week is which way will the apex court move on March 11?

Turbocharged CCI

In an electrifying turnaround that has set the business corridors abuzz, the Competition Commission of India (CCI) has shaken off its sluggish shell, morphing overnight into a regulatory dynamo.

After weathering a storm of criticism for its perceived inertia, particularly from the vibrant start-up sector beleaguered by the looming shadows of Big Tech goliaths, the CCI has hit the ground running, leaving stakeholders and the public wide-eyed with its newfound zeal.

In a dramatic pivot, the CCI has unleashed a flurry of regulations (three at the same time besides penalty guidelines this past week), breathing life into the much-anticipated Competition Amendment Act.

This sudden surge in activity has tongues wagging and keyboards clacking, as the once under-fire regulator now basks in the spotlight of approval.

This regulatory renaissance couldn't have come at a more crucial time, with India's burgeoning start-up ecosystem increasingly voicing concerns over the David-versus-Goliath battles playing out in the tech arena. One thing is clear: the watchdog means business, and it's not pulling any punches.

Hacker and a bride

A potential groom, who was into ethical hacking, had a problem — nobody was willing to giving him a girl in marriage. V Kamakoti, Director, IIT Madras, said he had personally intervened to ensure that the boy, a hacker, got married.

The student was an ethical hacker but family members thought he was doing something shady. "When a girl was identified, I had to personally convince family members on either side and told them that he was doing a brilliant job and that hacking is a very lucrative and respectable profession. The boy then got married," he told students at a event on cyber security. Ethical hacking is going to be the next big employment opportunity, do not to get carried away by the negative perception about the profession.

Call me if you can

Strange are the ways private sector banks treat their customers. After getting a phone number of a dedicated "relationship manager" from ICICI Bank through SMS, this correspondent tried to reach him over an issue.

The call was received by the relationship manager's assistant who after listening to the complaint patiently directed to dial the call centre as she could not fetch the details. Reaching out to the bank's call centre is like hoping to win a lottery ticket.

Our Bureau

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The resolute civil servant

The IM Lall case helped shape Article 311

BOOK REVIEW.

Paran Balakrishnan

The author calls it, "the case that shook the empire". It was more like the case that should never have gone in appeal. But bureaucratic bloody-mindedness and a reluctance to admit defeat ensured that this case against the author's grandfather worked its way through the courts even while World War II was raging. India had won its independence by the time the Privy Council in London (the highest court of appeal in that era) got round to pronouncing judgment on it.

Inder Mohan Lall, the author's grandfather, signed up to fight in World War I and was dispatched to fight in Mesopotamia where the British suffered sharp defeats. But he returned to India determined to pursue his original ambition to become one of the 'heaven born', an ICS officer. In those days the ICS was the pinnacle of the civil service and only a handful of Indians had risen to these exalted heights. Inder Mohan had to make an expensive trip to London for the interview, but returned as an ICS officer. Since he had a law degree, he was assigned to the judicial side of the ICS and posted as an assistant commissioner and finally a sessions judge.

The author, Chander M Lall, speculates that his grandfather Inder Mohan fell out of favour with the British when he was posted in the North West Frontier Province and took the side of painter and writer Nicholas Roerich, who argued that many Gandhara-era statues there should be kept in India. The British had very different ideas.

DISMISSAL ORDER

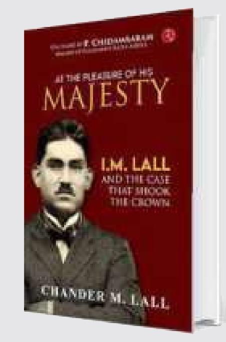
Later, Inder Mohan hired a relative to work with him, and some disgruntled staffers filed a complaint about this. It led to a series of inquiries followed by an order of dismissal. But Inder Mohan was not given a copy of an administrative report against him. The government roughly took the stand that civil servants like Inder Mohan held office "at the pleasure of his majesty" and that pleasure could be withdrawn at any time. Even the Privy Council did not accept this. Inder Mohan's case was one reason why Article 311 of the Constitution lays out the rights of civil servants.

One of the most extraordinary chapters in this book is the story of the Partition and how Inder Mohan's family managed to escape — by the skin of their teeth because Inder Mohan's wife Dropadi insisted she would not leave Lahore until her husband returned from London where he was still fighting his case. Her son Amar Raj (the author's father) too ignored their neighbour's suggestion that the family should get out of the communal cauldron.

Finally, one of Inder Mohan's younger sons and a cousin were packed off to Amritsar to find their former neighbour Budh Singh Bindra, who had tried to persuade the Lall family to leave with him. Bindra was the senior superintendent of police in Amritsar and organised the family's escape from Lahore.

But the story doesn't end there. Inder Mohan's son Amar Raj kept criss-crossing back and forth between the newly created Pakistan and India, mainly to bring back the family's possessions they had left in their Lahore home but also to meet the friends he had left behind. During one trip he drove back the family's Studebaker car which had been filled full of Kraft cheese. At the border he presented the illiterate border guard an official-looking government document and made it back to India. But during a later trip he was reduced to sleeping in a church and heard two people discussing that they might be killed because of him. He never went back.

This book is a quick look at the author's illustrious grandfather and a look at how an affluent family made it through those difficult times. To say that this case shook the crown is a slight exaggeration. This book needed a bit more careful editing but still makes for an entertaining read.



Title: At the Pleasure of his Majesty: IM Lall and the case that shook the crown
Author: Chander M Lall
Publisher: Rupa Books
Price: ₹295

Fusion Strategy may redefine work

Vijay Govindarajan argues that the future is all about evolving a new business model that fuses digital with physical assets

Vinay Kamath

Vijay Govindarajan is the Coxe Distinguished Professor at Tuck School of Business at Dartmouth College and is widely regarded as one of the world's leading experts on strategy and innovation. VG is a gold medallist CA from India and received his MBA with distinction from the Harvard Business School. In his latest book, *Fusion Strategy*, co-authored with Venkat Venkataraman and published by HBR Press, the authors say that leveraging AI and real-time data will be the way companies have to prepare for the future and it will transform the way companies function. Excerpts from an e-mail interview:

Just a short while ago, the buzz was all about if a company had a digital strategy. Now you say a company needs a fusion strategy. What does this mean in short? Why do you say it's the new imperative?

We used to talk about digital strategy in the past. That is about automating processes. Think: SAP, ERP, and other large-scale investments to automate processes. We used to automate supply chain, accounting, and so on. That improved efficiency but it did not change strategy. It did not create new business models.

Fusion Strategy is about creating new business models and developing new strategies. It's about digitising the product which, in turn, changes strategy. We argue that industrial companies must combine what they do best — create physical products — with what digitals do best — use AI to analyse large product in-use datasets — to develop new strategies. In other words, the laws of competitive advantage are changing, rewarding those who have the most robust real-time insights rather than the most valuable physical assets. Consider these company examples that highlight how, for asset-heavy industrial companies, competitive advantage is shifting to data and AI.

Rolls-Royce collects enormous amounts of data on every flight that uses its aircraft engines. Rolls-Royce analyses fuel consumption patterns based on product-in-use data such as the routes aircraft take, the altitudes at which they fly, the weather conditions during flight, the speed at which they fly, and the load the aircraft is carrying. It receives more than 70 trillion data points each year from its engines. By leveraging the power of data and AI, Rolls-Royce helps airline companies to optimise fuel efficiency, estimating that improving an engine's fuel efficiency by one per cent results in $2 billion of annual savings for an airline. Fusion Strategy embodies five principles:

Integrate steel and silicon: Tractor is not just Big Iron but is about leveraging data and AI on the physical tractor to create new value.

Combine intelligent humans with powerful machines: AI should be called augmented intelligence, not artificial intelligence.

Infuse digital into analog disciplines of sciences, arts, and engineering: Historically, computer science was regarded as distinct from medicine, law and economics. Now every discipline is being impacted by digital. In health, the future is personalised health with biomarkers and customised cures.

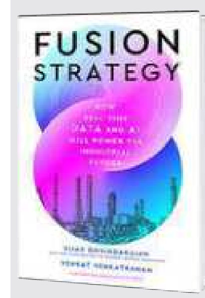
Link the physical and virtual worlds through digital twins, mixed reality, and metaverses: We must simultaneously operate in the physical and virtual worlds, in designing and building a new factory.

Move away from a firm-centric view to an ecosystem view: Value is created by orchestrating ecosystems with multiple partners.

Can you give some examples of companies that exemplify how best this Fusion Strategy is working and how?

The auto industry has made the most progress in Fusion Strategy. Tesla is an example and it follows the five principles. Tesla can observe every mile their vehicles travel on roads using the multiple cameras designed into the car's body. Based on product in-use data, Tesla can plan predictive maintenance on its cars through over-the-air software updates. Every Tesla is designed to interconnect the physical and digital domains, creating the ability to collect data in motion.

Every Tesla has an in-built "shadow mode" that simulates, even if the car's autopilot computer is not in use, the driving process in parallel with the human driver. When the algorithm's predictions don't match the driver's behaviour, snapshots of the car's cameras, speed, acceleration, and other parameters are recorded and uploaded. Tesla's AI team reviews and analyses the data to identify human actions that the system should imitate and use as training data for its neural networks. For instance, they may notice that the system fails to identify road signs obscured by trees and figure out ways to get better-quality data.



Vijay Govindarajan

Do you envisage a complete overhaul of the way of thinking and working when companies infuse AI into their products and services?

Fusion Strategy requires complete overhaul of the organisation — talent base, its structure, training employees, process of creating and capturing value. We expect the following fundamental changes:

Instead of linear and gradual growth, industrials will experience non-linear and exponential growth.

Instead of focusing on familiar competitors with similar business models, industrials will compete with digital natives with new capabilities.

Instead of production-based scale, industrials will shift to data-based scale.

Instead of product-market extensions, industrials will compete with data and AI to redefine industry boundaries.

Instead of vertical integration, industrials will pursue virtual integration.

Instead of firm-centric approach, industrials will compete in ecosystems.

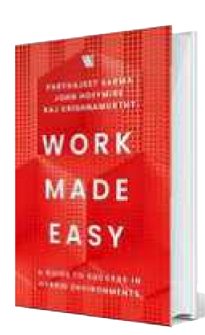
Instead of siloed databases, industrial will integrate all product in-use data in one location that can serve the needs of all managers.

You talk about datagraphs. Does that mean companies need more data scientists? Will there be an overkill of data?

We are not arguing for Big Data. We are not arguing for volumes of data. In fact, most companies are drowning in data lakes, not knowing how to create value from data.

We argue for Smart Data. Smart Data is not about volume, but it is about value creating data. This is the idea behind product in-use data. Industrial companies collect data on products as sold. For instance, General Motors knows how many cars it sold. Smart Data is about all the data from the car that the customer of GM is driving. This is what we mean by product in-use data.

NEW READS.

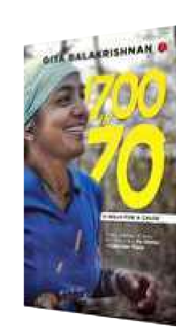


Title: Work Made Easy: A Guide to Success in Hybrid Environments

Authors: Parthajeet Sarma, John Hoffmire and Raj Krishnamurthy

Publisher: Westland Business

The book lays out actionable steps towards a thriving workplace, high employee satisfaction and higher efficiency.

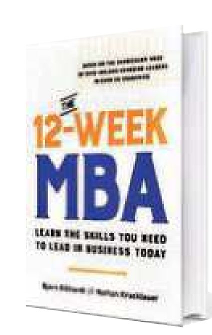


Title: 1700 In 70 : A Walk for a Cause

Author: Gita Balakrishnan

Publisher: Rupa Publications India

The book awakens all your senses with its captivating narrative and compelling accounts. It urges you to slow down and find purpose in your individual journey.



Title: The 12-Week MBA: Learn the Skills You Need to Lead in Business Today

Authors: Bjorn Billhardt and Nathan Kracklauer

Publisher: Hachette Go

An alternative way to learn business essentials by focusing on the skills and knowledge required to succeed as both a manager and a business leader.

thehindubusinessline.

TWENTY YEARS AGO TODAY.

March 11, 2004

MFs unlikely to face redemption pressure

Unlike in the past, this March would be an easy ride for mutual funds. The pressure on redemptions — corporate and retail — is anticipated to be low this March, according to fund managers. In March 2003, the mutual fund industry saw redemptions aggregating to over ₹41,500 crore, 48 per cent of the total assets under management. This year fund managers expect redemptions to be under 30 per cent of total assets managed by them.

NDTV plans ₹100-cr IPO

News broadcaster NDTV India plans to raise about ₹100 crore through an initial public offering, reports Reuters quoting a banker to the issue. "It will be a book-built issue," one banker said. The pricing and number of shares on offer will be decided later, he added

Volvo draws up global export hub plans for India

Volvo has selected India as its fourth global export hub and plans to outsource more development work to the country. The country has also worked out a new marketing strategy for India to increase its market share in the country. Sweden, Belgium and Botswana are the other three export hubs for Volvo.

Short take

Why women's participation in sports is still lagging

Anjana PV

Yet another International Women's Day has gone by. As always, there were discussions and debates on women and their empowerment. One area where women's participation is still not up to par is sports.

While names like Minnu Mani, Renuka Thakur, Deepti Sharma and Deepika Kumari are gradually gaining recognition, it's evident that women in sports continue to face challenges that hinder their full participation and empowerment.

A significant hurdle for women in sports is to secure sponsorship. The key to attracting sponsors lies in generating substantial viewership and support from audiences. Unfortunately, this remains a challenge, often perpetuating the cycle of financial struggles for aspiring female athletes.

Another critical issue hindering women's progress in sports is the glaring inequality in pay compared to what their male counterparts get. This, coupled with societal stigma and the pressure to conform to traditional gender roles, discourages women from pursuing sports as a viable career option. The burden of family responsibilities largely falls on women from a young age. This limits their ability to focus on their professional sporting careers.

INEQUALITY ACROSS SPORTS

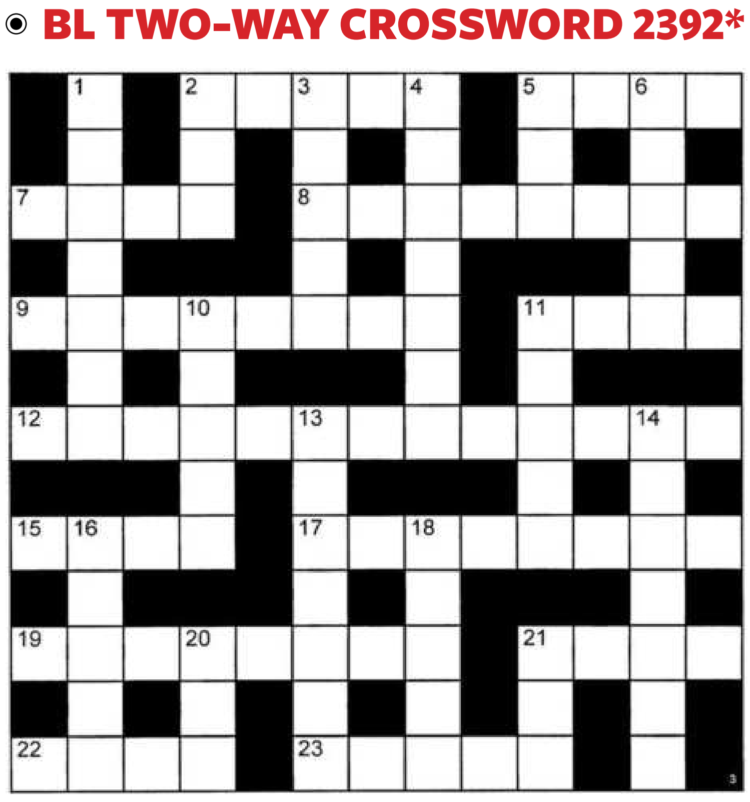
While some sports in India, such as cricket, badminton, tennis and kabaddi have witnessed positive change in terms of opportunities for female players, others like football and hockey are struggling to provide equal opportunities. Despite these challenges, India has made strides with the introduction of the Women's Premiere League; it has arrived 15 years after the men's league, though.

The Odisha Government has set an exemplary standard in supporting women in sports. By sponsoring the women's archery team and the U-17 football team, as well as hosting the FIFA Women's World Cup, the government has demonstrated a commitment to fostering a conducive environment for female athletes. These kind of initiatives f can do wonders for women's sports.

On a global scale, women's participation in sports has seen remarkable growth, evolving from negligible representation in the early editions of the Olympics to nearly 50 per cent at Tokyo 2020. Reports from PwC and Wasserman portray the positive trend, indicating increased funding, scholarships and grants for female players. Viewership of women's sports has tripled in the last five years, with its share of media coverage averaging 15 per cent in 2022, according to Wasserman. FIFA's report of a 22 per cent year-on-year growth in broadcast revenue highlights the growing prominence of women's sports.

The journey towards empowering women in sports involves dismantling barriers, rectifying disparities, and creating a supportive ecosystem. With continued efforts from the authorities, sports can become a good career option for women.

BL TWO-WAY CROSSWORD 2392*



EASY

ACROSS

2. Reigned (5)
5. Head-and-shoulders (4)
7. Snatch (4)
8. Turned to (8)
9. Number (8)
11. Discover (4)
12. Defer, put off for a time (13)
15. Declare to be true (4)
17. Mixing in (8)
19. Fauteuil (8)
21. Victoria, for instance (4)
22. Retain (4)
23. Live (5)

DOWN

1. Heat of emotion, zeal (7)
2. Polish (3)
3. Big (5)
4. No longer functioning (7)
5. Impediment (3)
6. Polish (5)
10. Machine designed for speed (5)
11. Ultimate (5)
13. Brassard (7)
14. Monkish hair style (7)
16. Roadside (5)
18. Tend (5)
20. Liquid holder (3)
21. Chum (3)

NOT SO EASY

ACROSS

2. Gave as one's judgment how one had subjects (5)
5. Feature of the female figure (4)
7. Suddenly take Greek rating (4)
8. Whistle-man was wrong to have handed over for consideration (8)
9. Two weekdays considered separately? (8)
11. Discovery of a bit of fish on end of rod (4)
12. Professional right among players at home dined, so put it off (13)
15. A very curtailed form will claim it's so (4)
17. Mixing the dynasty with the fish (8)
19. Such a critic as has no standing in the home? (8)
21. It's a good job it's got a heart of stone! (4)
22. Maintain what is essential to castle (4)
23. Stay some time on the subject of how to live (5)

DOWN

1. Some heat engendered if one has to rove around in mink (7)
2. Abrasive action of Radical, Unionist and Bennite leaders (3)
3. Great lager redistribution (5)
4. Dead bit of merriment in December, before time (7)
5. Prevent one going to a place for a drink (3)
6. Lustre she produced with last two of the women (5)
10. Speedy job, one one can't get back? Right, before and after! (5)
11. Possibly fail to include name for the last round (5)
13. Get the gang guns and they'll wear this on 'the sleeve (7)
14. Not up to certain shaving of the crown (7)
16. The brink is over-generously revealed (5)
18. Look after railmen's union, some being without order (5)
20. Get hands together for the trophy (3)
21. One who is friendly is a novice-driver quietly beginning (3)

SOLUTION: BL TWO-WAY CROSSWORD 2391

ACROSS 1. Complication 8. Interest 9. Star 11. Virus 12. Effendi 13. Rock 15. Berg 19. Moisten 20. Credo 22. Tree 23. Horrible 24. Standing down

DOWN 2. Outer 3. Peruse 4. Issued 5. Intense 6. Nursing homes 7. Silversmiths 10. Off 14. Chimera 16. Sty 17. Enjoin 18. Scored 21. Elbow

* Repeating Crossword 2392 with the right grid. The one carried on March 8, 2024, had the wrong grid. The error is regretted

CHENNAI
businessline.
MONDAY · MARCH 11 · 2024

THE BLOC INTERVIEW

BIM Tiruchi: 40 years of working with close industry linkages

NURTURING INNOVATION. Director Asit K Barma on the journey so far and the roadmap ahead

TE Raja Simhan

It's been 40 years since the Bharathidasan Institute of Management (BIM), Tiruchi, was set up in 1984 by the former Union Minister and Bharat Ratna awardee late C Subramaniam. He was motivated by the idea of a School of Excellence in Management that's organically linked well with the industry needs.

The Institute was set up in collaboration with BHEL within its sprawling Tiruchi campus on the same analogy of a medical college attached to a hospital — for providing real-world learning experience. In this interview at the BIM's sprawling campus, its Director Asit K Barma shares the journey so far and the road map ahead. Excerpts:

What's been the major achievement in the last four decades ?

BIM has witnessed many changes in its forty years of journey. B-schools must respond to these changes in global business orders with an ever-evolving curriculum and pedagogy to stay contemporary. It is like running on a treadmill; the only way to remain steady is to keep running. However, what does not change is the vision and values of the institute and its governance. The BIM Tiruchirappalli Society is governed by an independent Board of Governors (BoG) comprising leaders from industry, government and academia. Distinguished personalities like Dhirubhai Ambani, IG Patel, V Krishnamurthy and S Ramadorai have been on the BoG. Today, 4,500 plus BIM alumni significantly impact industry, academia and society. Several BIM alumni work in the World Bank and Indian Administrative Services and as CXOs in Indian and global MNCs.

What has been the USP of BIM in attracting students?

BIM maintains a small cohort of 120 students in each batch, ensuring intense faculty/student interaction. Each student receives personal mentoring support from three faculty members throughout their stay at BIM: a dedicated faculty mentor, a research incubation faculty member and the clubs and committee faculty member in charge. Students cherish this level of personal attention for their holistic growth. A small cohort against a large recruiter pool also ensures a wide career choice for the students.

Being a self-financed institution, what challenges do you face ?

Unlike in the West, a self-financed institute in India is usually constrained by a lack of grants or endowments which makes the creation of rapid infrastructure difficult. Providing scholarships to students and generating research output are other challenges. The main focus of BIM is to maximise the learner experience. BIM has, therefore, invested enormously in learning infrastructure, being at par with the top IIMs regarding academic delivery cost per student.

How do you compete with top-tier institutes like IIMs?

We do not intend to be another IIM or play on scales. We want to be known as a boutique B-school specialising in new technology applications and sustainable development. On that thought, we have set up several Centres of Excellences (CoE), such as the Financial Trading and Analytics Centre with 12 Bloomberg terminals — the first of its kind in Tamil Nadu; Real-Time Contextual Marketing Lab with Sales Force Social Studio; Centre for Operations Excellence; Centre for Sustainable Development; Robotic Process Automation Lab. Students can experiment in these labs for research, do various certifications and participate in global competitions.

What sort of specialisation does the BIM plan?

We have chosen a niche where our students are at par with other students from any tier-1 B-school. We seek to be the destination for new-age firms. An MBA student can do a Post Graduate Certificate in ERP (SAP) and a Post-Graduate Certificate in Public Policy and Management alongside the MBA programme.

What sort of relationship do you have with the industry?

BIM perhaps is the only B-school that originated within a large industrial complex — BHEL Trichy. The founding Chairman, late C Subramanian, wanted to create a world-class B-school organically linked to the industry. So, industry integration runs deep into our programme architecture. We have introduced several industry-designed and industry-delivered courses on blockchain, data science, fintech, AI/ML and RPA.

Asit K Barma, Director, BIM Tiruchi

How do you envision BIM's future for the next 20 years?

We are aggressively working on various international accreditations such as AACSB, SAQS and BGA (AMBA). We are due to submit our SER for AACSB by 2025-26. Globalisation is another priority for us. We are partnering with the Rennes School of Business, France, for exchange and dual degree programmes. We are in advanced talks to sign an MoU with three top B-schools in the US and the UK. We also intend to introduce more programmes, including an MBA, for working executives. We have just concluded a partnership with Anna University to offer PhD programmes in Public Policy and Management to the participants of TN CM's Fellowship participants.

BIM's competitive strength will be in the ecosystem it builds in coming years while remaining asset-light, having a batch size optimised for maximum learner outcome. We will be known for impactful research powered by the CoEs we have created.

DRIVING CHANGE

Disrupting automotive design the XLRI way

STEERING A NEW COURSE. (From left) Avik Chattopadhyay, Prof IV Rao, Dr Fr KS Casimir, Justice Indra Banerjee, and Rajeev Roy, Dean Academics, at the launch of INDEA

Chitra Narayanan

Think automobile design and nations and what associations come to mind? Italian flair, French quirkiness, Japanese harmony, German balance, American flamboyance and Korean edginess? What about India? Hard pressed to think of an adjective?

The newly-launched INDEA, India's first dedicated school for automobile design and management, at XLRI Delhi-NCR, hopes to create a distinctive Indian style. Senior automotive industry professional and XLRI alumnus Avik Chattopadhyay, who is the driving force behind the Indian School for Design of Automobiles (INDEA) says the long-term objective of the centre will be to create a distinct Indian design style and form factor, and carry that sensitivity into global projects.

SCHOOL FOR AUTOMAKERS

The idea is pretty ambitious. In the words of Chattopadhyay, who has worked with Maruti Suzuki, Apollo Tyres, PSA Peugeot Citroen and Volkswagen among others, it is to "create India's first finishing school for automobile design". It would produce talent for not just automakers but studios as well, he said.

Explaining the need for such a centre, Chattopadhyay described how India is the second largest auto market in the world after China and yet penetration is low. "There are only 1.3 buses per thousand people, only 25 four-wheelers per thousand people. There are just 130 two-wheelers per thousand people. Penetration is a big issue. Then there are issues to do with emissions, safety, sustainability and personalisation. We need to respond to all these issues," he said.

"That throws up the critical need for a new-age design school that can nurture and develop world-class automobile designers and design managers," he added.

When he broached the idea to his alma mater XLRI, the institute was receptive. The centre is being established in collaboration with XLRI alumni and has mentors like Gautam Sen, who set up India's first auto magazine, Justice Indira Banerjee, a former Supreme Court Judge and IV Rao, former Director-Engineering at Maruti Suzuki India Ltd and a distinguished TERI fellow. It will be operational by the end of 2025. During the launch announcement of the centre, Justice Banerjee pointed out some of the pain points of users — she described how at her age she faces problems getting into the car — and urged the institute to look inclusively into all consumer needs.

The Director of XLRI Delhi-NCR, Father KS Casimir, said it was fitting that in its 75th year when XLRI is expanding its horizons in a big way, the centre is coming up. "We are expanding our legacy... and responding to the changing dynamics of the automotive industry which is poised on the edge of technological advancements," he said.

INDEA will be offering various programmes — from a Master's in Automobile Design and Management to a six-week refresher course for practising designers and induction sessions for CXOs. Seminars, master-classes and workshops will also be planned as part of the annual calendar. A programme in Automobile Restoration is also proposed. "It's all about cohabitation and co-creation," said Chattopadhyay.

Summing up, Chattopadhyay said, "This would go beyond making in India, to design in India and create in India."

CASE IN POINT

Arbitration trumps criminality

Team Gavel

Arbitrable issues arising from a contract can be decided under the terms of the arbitration agreement in the contract, regardless of whether there are adjacent criminal proceedings.

This message is clear from a recent Bombay High Court judgment in the case of *Nilesh Shejwal vs Agrowon Agrotech Industries*.

Nilesh Shejwal was the CEO of Agrowon Agrotech Industries. The employment agreement had an arbitration clause. Shejwal's employment was terminated by the company, which alleged operational irregularities. The company also filed a criminal complaint against him for criminal breach of trust, cheating and falsification of accounts.

Shejwal issued a notice to the company demanding ₹1 crore in wages and revocation of the termination. The company refused both. Then, he invoked the arbitration clause and asked for an appointment of an arbitrator. Again, the company refused. Agrowon's stand was that Shejwal had defrauded and because there was an aspect of criminality, there was no room for arbitration.

The issue before the Bombay HC was whether the dispute involved rights in rem (a general right, available against the whole world) or rights in personam (a right conferred against a person.) The distinction was important because it would determine whether the dispute would be adjudicated by a civil court or a criminal court.

In this case, the employment agreement involved the rights of Shejwal. Therefore, the rights are in personam. So, there is no bar on the arbitrability of the dispute.

The Court observed that although Shejwal faced criminal proceedings, there is no justification for the claim of salary/remuneration to be non-arbitrable. It noted that it was a trite position of law that if there is an arbitration clause, it is imperative to invoke it, unless the arbitration agreement itself is found to be invalid.

Shejwal's claim that he should be permitted to serve the remainder of his employment and whether the Petitioner is entitled for his claim, of being continued in service or not, is ultimately the dispute which arises out of the Employment Agreement. The court disposed of the petition by appointing a sole Arbitrator to adjudicate the matter.

Mediation, the future of insolvency resolution?

IMPROVED VISION. A new report by the IBBI's expert committee makes a strong case for mediation as an ADR method under IBC

Trisha Shreyashi

The Insolvency and Bankruptcy Board of India (IBBI) has constituted an expert committee to examine the feasibility of resolution of disputes by way of mediation and the scope of its use under the Insolvency and Bankruptcy Code (IBC). The IBBI expert committee released an extensive report of its recommendations, positively advocating and proposing a discrete mediation framework under IBC aligned with its fundamental objectives — time bound reorganisation and maximisation of value This gave autonomy to parties to voluntarily opt for the "out-of-court" mediation process to enhance the efficiency of the insolvency resolution process.

A glance at the recommendations indicates that the Committee aims at increasing awareness and building confidence of stakeholders and users in the resolution of disputes by encouraging the use of mediation, especially in bilateral issues.

The mediation process envisaged under the Mediation Act of 2023, based on a 'one-size-fits-all' approach, may not be made applicable to the insolvency processes under IBC. Thus, the report suggests that the proceedings under IBC be specifically excluded from the ambit of the Mediation Act and provide for a bespoke adoption of mediation in insolvency disputes or lay out tailored application to specific aspects of IBC.

The proposed mediation framework is aimed at expediting resolution of insolvency cases and would best operate as a self-contained blueprint within IBC, with independent infrastructure to ensure that the objectives of IBC are met without compromising or diluting its basic structure.

The committee has proposed enabling provisions for introduction of mediation as an Alternative Dispute Resolution (ADR) method under IBC. The report recognises the need for conferring statutory sanctity to settlements and seeks to enforce Mediated Settlement Agreements (MSA) under IBC.

One of the most striking features

OUT OF COURT. For faster, efficient and tailor-made insolvency resolutions

of the recommendations is the endeavour to resolve disputes through mediation within the statutory timelines of Corporate Insolvency Resolution Process (CIRP)— 180 days extendable up to 270 days and with an outer limit of 330 days. This is to ensure that there is no delay in the insolvency resolution process and that the goal of mediating a dispute parallel to such a process is achieved. It is pivotal to avoid any delays in the mediation under IBC as it may directly affect the stress status of the CD from the time of default and have a cascading effect on the possibility of its revival as a going concern.

The committee has recommended delegating powers to the Central Government and IBBI for legislating rules, regulations and notifications, as may be required.

The Centre may prescribe rules for the basic structure of the insolvency mediation framework, including specifying categories of disputes that are considered 'mediable'. An NCLT annexed in-house insolvency mediation cell/secretariat may also be established by the Centre.

The report suggests that voluntary mediation is preferable over mandatory mediation.

Further, it makes proposals to outline the types of disputes for reference to mediation under IBC. It includes selective reference of applications by OCs and corporate applicants under CIRP.

The proposed mediation framework provides for a specialist mechanism and infrastructure including specialist mediators for resolving insolvency disputes. Mediation aims to reduce the caseload in the NCLT docket and will be implemented in a phased manner under a regulatory sandbox space, to address bottlenecks in current regime of IBC and the Mediation Act, with room for incorporation of implementational learnings.

Trisha Shreyashi is a lawyer and writer

Vedanta's environmental violations: A wake-up call for industries

Vasanth Rajasekaran
Harshvardhan Korada

The Supreme Court's refusal to entertain a Special Leave Petition filed by Vedanta seeking to challenge an August 2020 Madras High Court judgment — which called for the closure of Vedanta's copper smelting plant in Thoothukudi for repeated environmental violations — upholds the citizen's right to clean environment.

The unit received environmental clearances in 1995 and commenced production in 1997. However, concerns were raised over the years about the large-scale environmental pollution caused by the unit's operation. Ever since, the plant has been the subject of many rounds of litigation, including one at the SC in 2013 and Madras HC in 2020.

The unit had been a polluter between 1997 and 2012 owing to non-compliance with environmental standards and operated without the consent of the Tamil Nadu Pollution Control Board (TNPCB) for almost 16 years. Also, the unit did not have proper systems for hazardous waste disposal and had also dumped large amounts of copper slag, which not only lead to air and water pollution but caused floods in the region.

The Madras HC came down heavily on TNPCB in its 2020 judgment and held that the regulator failed to exercise its powers in a timely and effective way.

Upon considering the merits of Vedanta's challenge to the Madras HC's judgement, the Supreme Court opined that the case did not warrant any interference.

SC STANDS BY MADRAS HC. Shuts down Vedanta's plea, upholds citizens' right to breathe

The apex Court believed Vedanta was afforded enough opportunity to take remedial action to obliterate environmental violations and clarified that the closure of industry is not a matter of first choice. It was only upon witnessing the persistent environmental pollution and the lack of remedial measures by Vedanta that the Madras HC was compelled to call for the unit's closure.

The decision of the SC aligns with a series of previous judgments that prioritise the right to a clean environment above all. This ruling highlights the significance of environmental compliance for businesses operating in India.

In *Indian Council for Environ-Legal Action* case, the Supreme Court ruled that individuals engaged in hazardous or inherently dangerous activities would be responsible for any environmental damage caused, irrespective of whether they exercised reasonable care. Moreover, in *MC Mehta vs Union of India* (1986), the apex court, while addressing the accountability of industries, emphasised that enterprises must conduct their operations with the highest safety standards. In case any harm arises from the activities of an enterprise, it would be strictly liable to compensate all those affected by such harm. Similarly, in *MC Mehta vs Union of India* (2004), the SC held that air, water and soil were indispensable elements of life, and their misuse or pollution, leading to the deterioration of others' quality of life, could not be tolerated.

As environmental, social and governance (ESG) considerations gain prominence, companies must be vigilant about meeting the environmental standards. The verdict is a reminder for businesses to prioritise sustainable practices and ensure minimal environmental impact, reflecting a broader societal shift towards environmental consciousness and responsibility.

The writers are advocates at Trinity Chambers, Delhi

SCREEN WARS

The making of a media goliath

MEGA MERGER. How the Disney-Reliance JV is shaking up India's broadcast as well as streaming landscape

Ayushi Kar

In June 2022, when Mukesh Ambani-backed Viacom 18 outbid Disney Star to bag the digital rights to stream the Indian Premier League (IPL), everyone knew that India's broadcasting sector was set for a major shake up. Until then, Disney Star was the undisputed leader in this space with others like Sony and Zee trying to catch up. The ₹23,758 crore bid by Viacom 18 catapulted its streaming app Jio Cinema into the living rooms of millions of viewers. Just like he disrupted the telecom market with free data plans, Ambani broke Disney Star's subscription-based model by streaming IPL matches for free. As a result, Star India's consolidated net profit for FY23 dropped 31 per cent year-on-year to ₹1,272 crore.

Around the same time, Ambani initiated talks with former Walt Disney and Star India boss Uday Shankar and James Murdoch's investment vehicle, Lupa Systems. The fact he was in talks with Rupert Murdoch's son and Shankar showed clear intent on Ambani's part to take his media business to the same soaring heights achieved by his telecom business.

What followed is a two-year-long play, in which Reliance blew its competition in its signature fashion using its deep pockets, ultimately culminating in India's largest media merger creating a $8.5 billion media behemoth — the Disney-Reliance joint venture (JV).

SIZE AND SCALE

The joint entity will command 50 per cent of India's streaming market, reaching 243.5 million internet users in India. The platform has ICC cricket broadcast and digital rights till 2027, digital rights for IPL till 2027 and media rights for BCCI domestic and international matches till 2027. It also owns rights for EPL and the Olympics. "The Jio Cinema app, Viacom 18's 40 linear TV channels along with Disney's 70 linear TV channels make it the most prolific player in India's media space," said analysts at broking firm Jefferies.

The resultant JV will be a dominant player in the ecosystem, with an estimated 40 per cent viewership share in linear TV and over 50 per cent share in digital. RIL, in its announcement, stated that the JV would reach 750 million viewers across India. This will allow the combined entity to consolidate the ad inventory across all cricketing events and monetise better with lower competition.

The merger, which is set to complete in the next 12 months, has made the operating environment even more difficult for the number 3 and number 4 players, namely Zee (16-17 per cent viewership share) and Sony (8-10 per cent share). To counter the Disney-Reliance effect, Zee and Sony tried to merge their businesses but failed. "Both these firms are established players in their own rights, but will need a partner of some sort. Sony which has committed to long-term growth in India will need to find a strategic partner, either amongst smaller streaming firms or regional linear channels. Zee will need a financial partner to run day-to-day operations as well as content production," said Karan Taurani, Senior VP-Research Analyst, Elara Capital.

A big concern for the financially weak players such as Zee is that production costs continue to rise. At Zee, which was once a powerhouse of original content — targeted at the Indian masses — the management is scaling down expectations on titles in the next fiscal year. Zee's Managing Director Punit Goenka recently said he was adopting a frugal approach.

NEWER RIVALS

Global streaming firms such as Netflix and Amazon boast deeper purses and could be the bigger threat for the Star-Disney combine. In a recent interview with *businessline*, Netflix content head Monika Shergill said the streaming company has learnt its lessons in the Indian market and is ready with quality content aimed at reaching a wider audience.

Analysts reckon that Reliance-Disney cannot write-off competition just yet.

"At $12 billion, India's video market showcases scale and remains one-of the fastest growing in the world. Thus, despite the Zee-Sony merger falling through, both companies are committed to investing and charting their own paths for expanding operations," said Mihir Shah, Vice President, Media Partners Asia.

In addition to the size and scale of the merged entity, another factor that bodes well for the Disney-Reliance combine is that it has roped in Uday Shankar as the Vice Chairman of the joint venture. Shankar who is credited for Disney's rise in the Indian market, is now commandeering an even bigger ship. He has a clear vision. "We still have a lot of work to do on technology personalisation, to decentralise the content funnel and change the revenue models," he said in an interview.

A Reliance-Disney merged entity becomes attractive for advertisers, says Ajimon Francis, Managing Director at Brand Finance India. "Expect advertising revenues of Reliance to grow by threefold for IPL. In the last edition of the league, JioCinema pulled regional advertisers that wanted the granular advertising experience provided by JioCinema's strong digital presence. Disney continued to commandeer the national advertisers... Disney and Reliance joining forces makes them the go to destination for advertisers," he says.

Francis feels ad rates may not go up for non-cricket content. However, others note that ad rates could go up by 20-24 per cent after the merger.

A report by UBS, post the merger, predicted that ad rates would rise by 20-25 per cent across the board. "Bargaining power of the broadcasters (now fewer and larger) would increase at the cost of the advertisers. There would also likely be some rationalisation in content costs as well, leading to industry-level margin improvement," analysts at UBS said.

The good news for consumers of digital content is that they can expect lower prices, but reduced number of content titles as well, with preference given to productions of mass appeal.

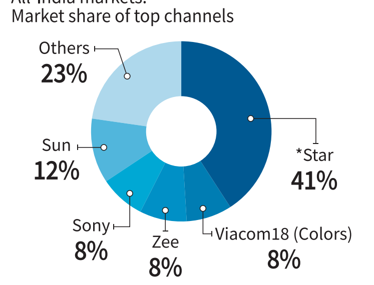
"We are at a time when production is becoming more expensive, but consumer appetite for entertainment is not reducing. This has lent itself to another scenario which is more advertising-bundled. I see a growth in the AVOD (advertising video on demand) space, which will mean that streaming firms will make such calls while commissioning content... perhaps keeping less budget for SVOD (subscription video on demand) or subscriber-oriented premium shows and using most of their budget to push out high-volume advertiser-friendly shows that are cheaper to produce," says Saeed Akhtar, Founder of IdeaRack, a film production company in Mumbai.

According to Media Partner's Shah, the competitive intensity will increase, but more importantly, as India's pay-TV market transitions to connected TV, all players will have to recalibrate their content strategy. "Content creators serving these platforms will need to move away from edgy concepts and explore new formats that are more conducive to advertising. For instance, formats such as tele-novella shows with 60-70 episodes offer versatility for streaming online as well as creating new programme bands for television channels," he says.

Get set for a change in your screen experience.

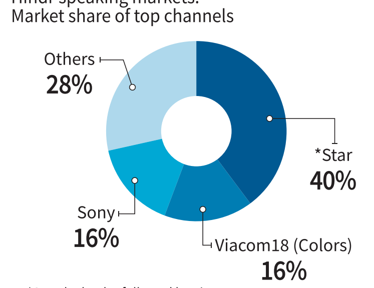
India's changing media story

All-India markets: Market share of top channels



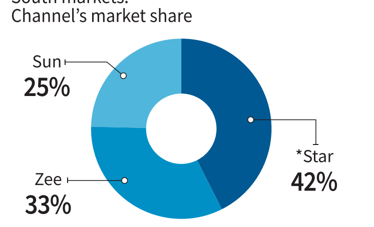
*Star No.1 in top 10 channels

Hindi-speaking markets: Market share of top channels



*Star the leader followed by Viacom18

South markets: Channel's market share



*Star No.1 across top 5 regional channels

Visitors and reach of key OTT apps (AVoD/SVoD)

	Unique visitors*	Subs (mn)	Est** revenues
YouTube	465	NA	90
MX Player	120	NA	3
JioCinema	107	NA	NA
Disney/Hotstar	101	40	32
Zee5	72	9	7.4
Amazon Prime Video	49	22	12
Netflix	45	10	24
SonyLIV	33	21	19

*mn (Jun'23), **(₹ bn) - FY23

Source: BARC India; BofA Global Research; Comscore India, Media Partners Asia; Company, FY22 revenue for YouTube and MX Player

WOMEN@WORK

India Inc's DEI initiatives and the meritocracy debate

VASANTHI SRINIVASAN

ISTOCK.COM

At every event that I address on gender diversity, one question gets asked: "Our organisations have made commitments on gender diversity goals. Senior management performance evaluation and bonuses are tied to meeting these goals. We do not find enough women professionals in the labour market. To meet the goal, we will end up bringing women not necessarily only on merit. Don't you think this compromises meritocracy?".

This framing positions diversity and meritocracy as contradictory and states that achieving one value will affect the other negatively. While the definitions of diversity span a broad continuum across several dimensions, the notion of merit is ambiguous.

A simple and well-understood definition of meritocracy is a system of management and organisation in which appointments and placements are made based on job-related suitability, intelligence, knowledge, skills, abilities and qualifications rather than unwarranted bases like wealth, social position and networks. In such a system, the representation of competent people is a given condition and does not warrant any discussion. Yet, when it comes to women in the workplace, this definition seems to fall flat.

Women constitute 50 per cent of the world population but are nowhere represented at those levels across the hierarchy. The gender pay gap is real, and we know that men, on average, earn more than women for the same work. A report published by Ashoka University shows that 73 per cent of Indian women exit their jobs after childbirth and struggle to re-join the workforce. Fifty per cent of employed women in the nation leave their positions to care for their children by age 30. Furthermore, among those who manage to return to work, a staggering 48 per cent drop out within just four months of reintegration into the workforce. Fundamental to this is the missing social support and physical infrastructure of reliable help at home and *creche* facilities, unchanged social expectations and individual pressures to excel on all fronts.

MOTHERHOOD PENALTY

Since 2017, India's most educated women are leaving jobs faster than others. Motherhood penalty is a significant contributor to declining rates for women at work. Organisations, even today, are structured around the notion of "Think Manager, Think Male." Long working hours, commutes and lack of flexibility characterise workplaces. While there are few entry points for women, the exit gates are many — pregnancy, childcare, elderly care, lack of family support and unsupportive work environments. The fundamental assumption of Meritocracies predicated on the belief that only the best are chosen and that hard work and talent are always rewarded is essentially flawed within this context.

On this women's day, we must pause and ask the key question: "Is it a level playing field for women in India?". We can now see that merit is a context-specific phenomenon. Socially advantaged women can afford to hire help or find avenues to manage childcare or elder care. Strong family support allows women opportunities to invest time and effort in their career development process.

Elite institutions and access to mentors and networks provide professional development opportunities and are a function of class/caste and geography. With growing inequalities in wealth and income globally, the opportunities the few elites enjoy will be challenged. The gendered social fabric and the patriarchal privileges will be questioned. In the short run, gender diversity quotas will be subverted since they challenge the status quo of the dominant majority. Yet, no society can brush away its historical wrongdoings to the disadvantaged.

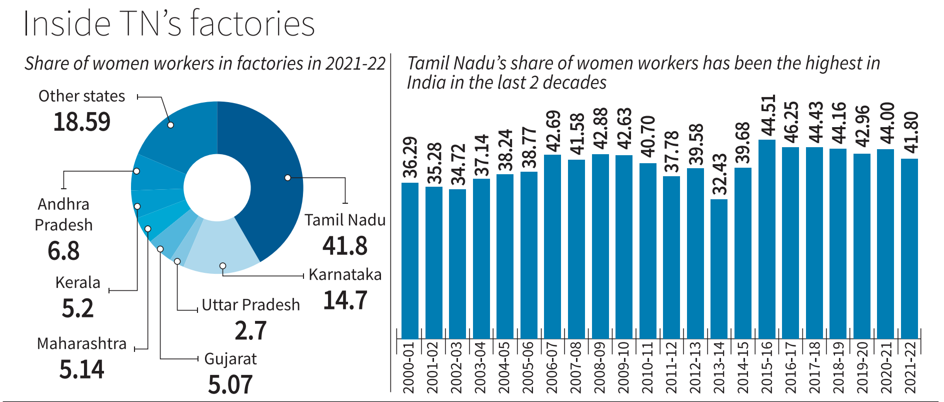
Organisations need to go beyond gender diversity policies; they need to embrace a compelling purpose of social change and a commitment to make the world better for future generations by being more inclusive. This includes building communities of change champions (men and women), identifying new ways of work that enable women, male allies and mentors, and finally, a willingness to imagine new ways of shaping work culture.

Vasanthi Srinivasan is a Professor of organisational behaviour and human resources management at IIM-B

BREAKING BARRIERS

TN remains the leading state for women in manufacturing

Inside TN's factories



All figures are in percentage value

Source: Annual Survey of Industries, BL Calculations, TN State Planning Commission

Parvathi Benu

Many moons ago when Saranya was a computer science teacher in a private school in Tiruppur, her working day would begin at 8 a.m. She had small kids and juggling between home and work would be worn out. The meagre salary was not enough compensation. That's when she quit her teaching job and joined a textile firm. Her work hours are flexible, the job pays better and makes her happier.

In Tirunelveli's Gangaikondan, 33-year old Rageena has been working as a machine operator in Bosch India's plant since 2015. "At that time, I had two young children and to run a family, we needed more income. Though my family was hesitant, they allowed me to join seeing the huge cohort of women," she says, saying the decision improved her family's financial condition. In the shop-floor where she works, 80 per cent of the workforce is female.

Saranya and Rageena form a minuscule proportion of Tamil Nadu's 6.26 lakh-strong women factory workforce. The Central Government's Annual Survey of Industries, 2021-22, released a month back shows that 42 per cent of the country's total women factory workforce was employed in Tamil Nadu. Karnataka secured the second position, albeit with a considerable gap, hosting 14 per cent of female workers in factories.

In Tamil Nadu, 37.5 per cent of the total factory workforce is female. *businessline* also accessed the archived data from the last two decades, analysed by Jaganth, a former policy consultant with the Tamil Nadu State Planning Commission, which shows that more than 35 per cent of the country's factory workforce come from the State every financial year since 2000-2001.

"Tamil Nadu was the first state in India to introduce the third shift for women in the manufacturing sector. Many other states followed suit. We executed third shift for women with utmost care for safety, where women will be picked from and dropped back to their residences. This helped in opening up the avenue for women to participate in manufacturing activities and we can expect it to go up in the coming years," said Anil Kumar MR, President and MD, SEG Automative India. He added that the company's plant in Hosur has more than 70 per cent women workforce.

"Our (Tamil Nadu's) emphasis on education and skill development, particularly among women, has been instrumental. By ensuring access to quality education and vocational training, especially for rural women, we've enabled women to excel in various manufacturing roles traditionally dominated by men," TRB Rajaa, Minister for Industries, Government of Tamil Nadu, told *businessline*.

In the bustling industrial landscape of Tiruppur, where Krishnan (name changed) operates, the substantial presence of female workers in the factory workforce does not strike him as surprising. It has been nearly a decade since he took over his family-owned elastic manufacturing unit. He says he has always seen many women working in the unit.

"Currently, around half of our blue-collar workforce comprises of women," he says, adding, "This is the case in the neighbouring factories too." However, Krishnan admits that the women workforce is paid less than men. He says that is a norm followed throughout the sector.

TABLE TALK

How Elgi equipped itself for its global forays

Vinay Kamath

CATALYSING CHANGE. Jairam Varadaraj, MD, Elgi Equipments

The tall and shady trees one sees all round through the large windows of the ground floor boardroom in the Elgi Equipments HQ at Singanallur in Coimbatore are pleasing to the eye. It is from this very boardroom, perhaps ruminating often on the tranquil scene outside, Jairam Varadaraj, Managing Director of Elgi, is looking to steer the air compressor maker to be among the top three in the world in the next decade.

We are here to converse with Varadaraj on his ambitious plans over a quick lunch in the office but find that he's been called out for a compelling reason. We are led to a small and pretty courtyard at the rear of the office with a tiled roof open verandah that serves as a dining hall for top management. A simple and tasty repast of *ragi dosas*, rice, *sambar*, *rasam*, *kootu*, curd, *appalams* later we are back in the boardroom, and joined soon by Varadaraj. He's apologetic that the reason he couldn't join us for lunch is that he had to go home to give his three-and-a-half-year-old grandson lunch and get him to sleep after. That, definitely, is an important enough reason, we aver.

Over coffee, we ask Varadaraj, who holds a PhD in international business from the University of Michigan Ann Arbor, where he was a student of the renowned management guru, the late CK Prahalad, on what sparked his global ambitions — over 50 per cent of Elgi revenues today comes from overseas.

It's been a long and arduous journey, Varadaraj explains. In the early 1990s when the country liberalised, the Elgi group was in 5-6 businesses — from braking systems and horns to pasteurisers and bottle washers for breweries — all of which it shut down and decided to focus on compressors and a smaller business of automotives. "We knew the world's best in compressors were going to compete in India. The kind of investments needed in systems, hardware, people was not just defined by the size of the Indian market, but global benchmarks. If you didn't do it, you were out of the Indian market anyways. So, we were between a rock and a hard place. We decided to take the long, hard path, make the investments and make it globally relevant," he elaborates.

GLOBAL AMBITIONS

Elgi, which expects revenues of ₹3,200 crore this FY, made investments at the back-end in quality and systems all through the 1990s and the first decade of this century. "In 2013 there was an opportunity; the number 1 was huge (Atlas Copco), and the number two (Ingersoll Rand) was 30 per cent of number one. We said we have the right to be a credible number two. The upgrade was completely done internally till about 2016 when we brought in an outside agency (City University, London) to help us become more granular and deliberate," says Varadaraj.

A foray into China for about a decade was enough for Elgi and it pulled out when it found that the Chinese expected ridiculously low prices. "We had planned 25 per cent lower and they wanted even 20 per cent lower. So, we decided to pick our markets where there will be a certain level of openness. We picked Australia, Indonesia, Thailand, India, Europe and the US as our strategic markets and started putting all our attention there, in terms of resources," he elaborates.

It wasn't easy, especially with an unknown brand with a Made-in-India label. "It's a long road to acceptance and seeing results," admits Varadaraj. The European and US markets today contribute 45 per cent of its overseas revenues.

We ask him how much of an influence was CK Prahalad on his international outlook. "CKP was my tutor when I did my PhD and a significant part of my work has been influenced by him: on why can't we build an Indian MNC, but his definition of an MNC was more on scope and scale, but I took it a little further, to be country agnostic and competitive, which means I put on another layer of challenge," he says, grinning.

With a PhD, Varadaraj wanted to be a teacher, but needed to be a tenured prof in a US university. "And, you had to publish papers which were all mathematical and statistical models. I realised that I can't see myself doing this abstract stuff for the rest of my life. My thesis in 1987 was why aren't Indian companies competitive worldwide? Coming from a business family, I said let me put my money where my mouth is." And, Varadaraj returned to India to turbo charge Elgi. He has seven patents to his name and the most interesting one, he says, was in trying to make the *idli* cool to eat for the youth with a patented process that made the *idli* as a roll with stuffing, instead of its round shape.

SOLVING UNSTATED NEEDS

How has Elgi been solving unstated needs of its consumers? Air compressors are lubricated with oil or there are oil-free ones, less efficient, less messy but more expensive. Four years ago, it launched water compressors. "From a price point of view and efficiency, we are pushing the envelope to see if we can converge the two — can we make it as efficient and as low a price point as an oil lubricated one?" explains Varadaraj.

Where is Elgi on the journey to become number 2 by 2027, we ask? That goalpost shifted when four years ago, Ingersoll Rand, the number two and the third player, Gardner Denver, merged and they are at $3.5 billion in revenues while Atlas has moved further up. "We can't get to number two, which is double the size now, within the time frame that we had set ourselves as it has become a larger entity. So now by 2035-36 we want to be in the top three players internationally."

Elgi's at No. 2 in India in the air compressor sweepstakes. Internally its aspiration is called CK2, of which we see a lot of mention in the plant. "Conquer K2 is our aspiration, our goal, we are moving in that direction. We are No. 6 globally and in India a close No. 2. K2 is the second tallest mountain and more difficult to climb, and that's our journey," says Varadaraj, smiling. Being in the top three will definitely give him a lot of glee.

For full version, visit:
thehindubusinessline.com/specials/corporate-file

CHENNAI
businessline.
MONDAY - MARCH 11 - 2024

FUND FACTS.

$100 million

Shadowfax Technologies Pvt Ltd received Series E funding from Qualcomm Ventures, Trifecta Capital, International Finance Corporation, Nokia Growth Partners, TPG NewQuest, Mirae Asset Venture Investments (India), and Flipkart Internet Pvt Ltd on February 28, taking the total funding to $204.21 million.

$42 million

Matrix Gas And Renewables Ltd received funding in a pre-initial public offering from Gunavanth Vaid, Sarda Group, Sunil Kumar Singhvi, Blue Lotus Fund, and NAV Capital Emerging Fund on March 5, taking the total funding to $42 million.

$34.25 million

Kushal's Retail Pvt Ltd received Series B funding from Lighthouse Fund on February 28, taking the total funding to $50.02 million.

$33 million

Newspace Research & Technologies Pvt Ltd received funding from Cornerstone Venture Partners Fund, 360 ONE, and Volrado Venture Partners on March 1, taking the total funding to $70.90 million.

$27 million

Baldor Technologies Pvt Ltd received funding from Elev8 Venture Partners, KB Investment, and Tenacity Ventures on March 6, taking the total funding to $48.01 million.

Source: PrivateCircle Research, a private market intelligence platform

RE POSTS.

There has been a deep and decisive transformation in India's #startup ecosystem over the past 10 years. From fewer startups in 2014, we now have more than 1 lakh startups and 113 unicorns, with the potential to add 10 lakh startups and 10,000 unicorns in the coming decade. Under the leadership of PM @narendramodi ji, the Govt will continue to work towards a level playing field for big and small firms alike while creating an ecosystem that will catalyze growth for startups.
Today, startups presented their concerns regarding a few policies of @google. Assured them that @GoI_MeitY will take it up with Google for a sustainable and long-term solution.

Rajeev Chandrasekhar (Modiyude Kutumbam)
@Rajeev_GoI

Those who keep getting validation and attention without building substance get fairly delusional about their importance. Substance is only built when new skills are learned and increasingly hard problems solved.

Kunal Shah
@kunalb11

◉ **PASS PERCENTAGE**

Edtechs that cleared the endurance test

BEYOND BYJU'S. Start-ups focused on learning while remaining conservative with cash have not only scaled up but proved profitable

Jyoti Banthia

DIGITAL-FIRST. e-learning is popular across age groups, thanks to accessibility, flexibility and affordability ISTOCK.COM

What with the near daily alarming reports about a biggie like Byju's, you'd be forgiven for thinking the Indian edtech sector is in deep trouble. However, it is not all doom and gloom. While some of the bigger firms are indeed facing a tumultuous time, some start-ups focused on learning have managed to not only scale up but also do it profitability.

The ongoing funding winter did force many edtechs to revisit their growth plans and cut costs, but this only served to help them raise funding and record impressive growth too.

In 2023, the sector cumulatively raised $311.5 million across 75 rounds, which was significantly lower than the $2.4 billion raised in 2022 across 238 rounds and the whopping $4.1 billion in 2021 across 364 rounds, according to data from market intelligence platform Tracxn.

This year has seen six funding rounds so far, totting up $10.8 million.

Edtechs such as Byju's, which thrived on the massive surge in online learners during the pandemic-induced lockdowns, began slowing down thereafter as students returned to offline modes; but others — including the unicorn Physics Wallah, ArivuPro, and K12 Techno Services — that remained conservative with cash while focusing on growth have managed to stay profitable.

EDUCATION PAYS

Physics Wallah is on course to reporting more than ₹2,000 crore revenue during financial year 2023-24, says its co-founder Prateek Maheshwari.

He credits this to the company's focus on both academic and professional requirements.

"By empowering students throughout their educational journey — from initial learning phases to becoming self-sufficient skilled professionals — PW ensures that learners are well-equipped for both academic and professional success," he says.

To widen its offline reach, the company has set up 75 tech-enabled centres across India; and to cater to learners who are more familiar with regional languages, it offers courses in nine Indian languages.

"PW's primary revenue generation continues to be driven by its online courses, accounting for approximately 55 per cent of its business. This segment has seen remarkable growth, with online student enrolments expanding 2.5 times, from 9 lakh in FY22 to 23.5 lakh in FY23," Maheshwari says.

The offline student base has grown 5.5 times, with 60,000 enrolments in FY23, he adds.

ArivuPro, an eight-year-old bootstrapped edtech, offers tutoring for commerce course examinations such as chartered accountancy and company secretary.

It anticipates maintaining a minimum growth rate of 100 per cent for the next two years, driven by a strong demand for the courses, the planned expansion of its offline centres, and diversified educational offerings, says its CEO and founder, Arjun Varadraj.

Revenue is derived from three primary sources: offline classes in Bengaluru and Chennai, live online or recorded sessions, and college tie-ups. "This diversified revenue model allows us to cater to a broad spectrum of learning preferences, ensuring accessibility and convenience for all our students," says Varadraj.

Recognising the untapped demand in tier 2 cities, the company has entered into partnerships with colleges in several such centres, including Delhi NCR, Gulbarga, Udupi, Kochi, Kolar, and Goa.

Yet another edtech with comfortably flowing revenue is K12 Techno Services, which provides management services to ICSE and CBSE schools right from kindergarten to Std XII (referred to as K12), under the 'Orchid, The International School' brand.

It expects to see its revenue increasing from ₹383 crore in FY23 to about ₹450 crore in FY24. After registering a profit of ₹39 crore in FY23, the start-up will remain profitable in FY24, says its founder and CEO, Jai Decosta.

It provides 1,000-plus schools services covering content, marketing, software, curriculum, and security, among others. The partner schools own the land, building and licence.

From 100-plus, K12 Techno Services plans to increase the network of Orchids schools to 150 in three to four years.

"We sign contracts with schools for 30-50 years. Those students are going to consume my product and they need to go through the whole cycle of the product. That can only happen over a 10-, 20-, 30-year period," says Decosta.

He points out that industry players have realised that the K12 segment is best addressed through in-person teaching rather than delivering lessons through a device.

"If you have to be on Zoom calls for eight hours a day, invariably you will open some chat window. The physical [in-person teaching] part of it will continue. How we add on a digital part is still being figured out," he says.

FUTURE INVESTMENT

While investors are keenly eyeing sectors such as upskilling and test prep, among other verticals, they are also circumspect about the sector following the Byju's episode, says an investor.

"The sector may see more consolidation in the near term as investor scepticism will ensure only the strong ones with a clear business model survive," he says.

However, the edtech industry rests its hope on the rising tide in favour of digital-first learning across age groups, thanks to the accessibility, flexibility and affordability, among other reasons.

◉ **START-UPS: VAI-THEE-FUSS?**

What prevents a business from scaling sustainably?

VAITHEESWARAN K

School kids are familiar with the word 'scale' and most use it interchangeably with 'ruler'. Technically they are wrong because scale and ruler are not the same. Simply put, a scale is a unit measured through a series of marks on a measuring tool or device, such as a ruler.

I hated rulers in school. I struggled with units and measures and conversions but learnt quickly the hard way that the best ruler was the one in plastic, because when the teacher used it to whack you for any reason, wood or metal ones caused more pain. Many years later, I learnt that the pain of not scaling a start-up sustainably is way worse than getting whacked by a solid ruler.

Scale has a different meaning for start-ups. Building a product, launching a service, getting some passionate folks together, signing up the first customer, and even getting the first cheque are all key milestones, but they merely signify the start of a long, hard climb. Real success is when the venture significantly ramps up business operations and achieves scale.

Start-ups add manpower and headcount at the operating levels as business and revenues increase, but this only helps them manage daily

ISTOCKPHOTO

operations efficiently. Many a time, entrepreneurs confuse headcount jumps as organisational growth. They are not the same. The critical challenge start-ups must overcome in their quest for scale and successful organisation building is to attract and retain experienced talent; and this is really, really hard.

In all my start-ups, this was a key issue. Senior talent costs serious money and start-ups cannot afford this expense (not counting the privileged ones that raise Series E or beyond while accumulating huge losses).

The best approach for me has been to appeal to the person's sense of fulfilment — a bit like Steve Jobs asking John Sculley of Pepsi if he wanted to sell sugared water for the rest of his life or try to change the world.

Just a few months back, I helped a promising start-up recruit a CFO who was in his 26th year at a top MNC and someone I had been in touch with over the years. I told him that he could continue doing boring stuff at his current gig and earn huge amounts (his overall compensation was a mind boggling number) or take an 80 per cent salary cut, help a start-up grow into a solid company, and look back on this with a sense of satisfaction and maybe even recover more than what he lost through some attractive stock options.

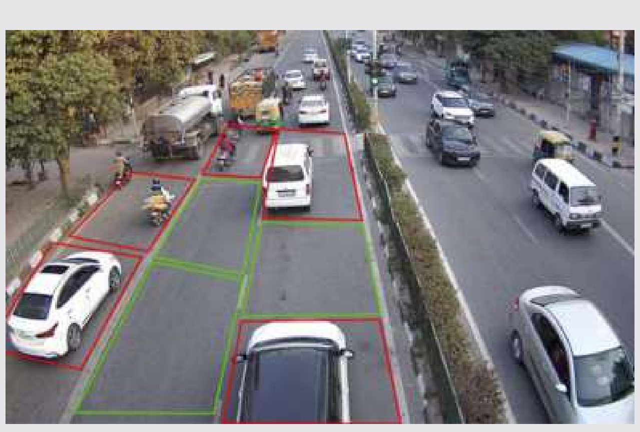
Many folks will not have the courage to accept this challenge, but those who do are no less entrepreneurial than the founders. The real challenge is to locate such folks.

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

Traffic stopper: AI-powered road discipline

Pushpak AI's automated system is programmed to curb traffic jams and violations

Haripriya Sureban



STAY IN YOUR LANE. Pushpak AI taps roadside camera feeds

When you forget your helmet but cannot go back to get it, as you need to be somewhere super-quick, all you can hope for is to avoid the traffic cop at the next junction or pray they're busy fining some other violator.

Well, Pushpak AI promises to put paid to any hopes of your escaping the law.

Founded in 2021, the company's AI-powered traffic management system can perform tasks such as automatic licence plate reading and detection of traffic violations such as red light jumping, speeding, helmet-less riding, and triple riding.

Anurag Kushwaha, co-founder, says the company recognised the market saturation of text-based natural language processing (NLP) technologies, and sought to innovate by integrating NLP with computer vision. This idea emerged from the need to automate tasks that are currently performed by people monitoring feeds in mission-critical environments.

"We use GPU [graphics processing unit]-enabled edge devices, like Jetson devices by Nvidia, which are small enough to fit in your hand. These devices, on which the models and applications are run, are connected to the cameras on roadsides and elsewhere. This 4G-enabled device sends the data to a central server," kushwaha explains.

Pushpak AI has worked with the governments of Delhi, Gurgaon, Haryana, Himachal Pradesh, and Jammu and Kashmir in the area of traffic management. Internationally, it has deployed solutions in Indonesia and Singapore.

The company has till date invested ₹3-4 crore in the development of the platform. It charges customers a one-time fee for setting up its service and a recurring fee for every camera it services. Last financial year, it recorded a revenue of ₹1.6 crore. In the near future, it aims to deploy its solution in south India and more places overseas.

In its intelligent traffic management system vertical, Pushpak AI is implementing a feature whereby traffic light changes are automatically readjusted in tune with road traffic density, rather than relying on a traffic officer to manually do it.

For instance, to take advantage of thin traffic on one road, the monitoring cameras automatically prompt a readjustment in traffic signals and vehicular flow. This automated system ensures efficient traffic flow by dynamically adapting to real-time conditions, Kushwaha says.

Beyond traffic management, the company provides security and surveillance, and document identification services.

Innovate for wealth creation

bl.interview

Anchal Verma

Inflection Point Ventures (IPV), a sector-agnostic investment platform, plans to deploy ₹150-200 crore in 2024, according to its founder and CEO, Vinay Bansal.

The company aims to foster innovation and create wealth for investors, including retail investors, he says.

In 2023 the company gave investors 160 per cent internal rate of return (IRR) on the back of 12 exits. It plans about 20 exits this year, he says. Edited excerpts from the interview:

> We believe India is the go-to place for global investment, with excellent returns over the next 30 years
>
> **VINAY BANSAL**
> Founder and CEO, Inflection Point Ventures

What is your investment strategy?

IPV was established with the primary objective of making private market investing available to the common man. With investments spanning 185 start-ups and a substantial base of about 12,000 investors, our invested base is $100 million with a return of 40-plus per cent IRR. The key focus at IPV is on identifying exceptional founders and running successful businesses. We focus on creating wealth while making innovation a way of life for the country.

How many investments are you targeting this year?

IPV focuses on making 50-60 investments each year — a pattern observed over the past three years. Our strategy involves evaluating approximately 8,000 start-ups annually, before ultimately choosing to invest in around 50 of them. IPV aims to invest in the ₹150-200 crore range.

Can you describe some of the companies in your current portfolio?

Our focus is on early growth-stage investments (from pre-seed to pre-series A) in start-ups. IPV is sector-agnostic and has invested ₹630 crore in category-defining companies, including BluSmart, Buyofuel, Falca, Raaho, Kazam, and Otipy, among others. It has backed unicorns and soonicorns like BharatPe, BluSmart, and Milkbasket.

Which are the sectors that hold significant growth potential in the Indian market?

IPV emphasises the significance of healthcare, electric vehicles, and physical well-being. Furthermore, IPV aims to enhance preventive healthcare by focusing on sports-related initiatives.

What is your exit strategy?

The exits are achieved through strategic acquisitions, whether from listed or unlisted players. Additionally, we consider raising fresh rounds from VC funds or late-stage rounds from private equity firms as potential exit options. With a Category II fund in place, IPV also has the option of exiting through an IPO. We have exited from 40 companies so far.

Last year we created 14 exits, and this year we will look for about 20 exits with great returns for our investors.

What is the current state of the start-up funding ecosystem?

IPV believes that India is the go-to place for global investment. With the largest and fastest-growing economy, India will yield excellent returns over the next 30 years. Strong leadership, political stability, a thriving ecosystem, and a focus on start-ups make India a top choice for global investors.

VAULT MATTERS.

HAMSINI KARTHIK

Rats on a sinking corporate ship

This column will take a slight detour this week, but do read on... given the implications for the financial services sector. How much do India Inc's promoters and senior management own up to their business boo-boos?

Recently we saw Vijay Shekhar Sharma, founder of Paytm, step down from his position as Chairman at Paytm Payments Bank. A few weeks ago, we heard about the silent exits of some luminaries from a bank's board ahead of all hell breaking loose. Byju's Raveendran was ousted from the company board by some shareholders.

A few years ago, Kumar Mangalam Birla gave up his executive role in Vodafone Idea, only to be reinstated in a non-executive capacity barely months later. Anil Ambani relinquished his managerial role in several companies, including Reliance Communications, when trouble closed in from all sides.

The list can go on, but a common thread is that the promoters and/or top management seldom stick around to shepherd a company out of a tight corner.

In other words, when the going is good it's good to latch on, but not when the going gets tough? Few step up to the slog job of pulling a company out of a mess.

Remember how Lizzy Chapman and her co-founders quietly dissociated from ZestMoney and left three management representatives — who probably had no hand in the unfolding crisis — holding the baby?

Of course, such dereliction of corporate responsibility is not India-specific alone. But with capital increasingly becoming choosy, such cavalier attitudes could cost heavy. Vodafone Idea is a case in point. Until recently, both promoters appeared to have given up on the company.

Now when they are attempting a multibillion-dollar capital infusion, it would be interesting to see who would be brave enough to write that cheque.

There's another vital angle too. Intangible concepts such as environmental, social and governance (ESG) parameters are gaining ground.

Shouldn't companies be graded on the promoters' and senior management's ability to stay committed rather than vanish at the slightest hint of trouble?

With new-age companies likely to deploy bank loans in an ever more complex and sophisticated manner in the coming years, the ability to judge the staying power of promoters and senior managements becomes all the more crucial.

bl.podcast

Favouring prevention over cure

AM Karthik, Senior Vice President and Co-Group Head, Financial Sector Ratings, ICRA, explains the rationale behind the restrictions on non-banking financial companies in recent months

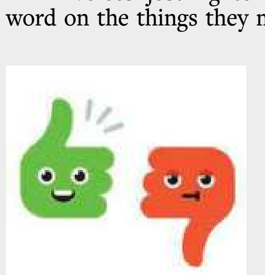
https://tinyurl.com/CurrentACCNBFCs

Also available on Spotify, Apple Podcasts and Google Podcasts

SMALL TALK.

A crowded driver's seat

A few months ago we told you about this large bank that has multiple voices jostling to have the last word on the things they manage. While this isn't the biggest issue facing the bank right now, nevertheless it has festered long enough for nearly two years and threatens to overshadow all else. Any solution hammered out and taken to the top for approval is immediately vetoed by a bigger head, who is apparently the last word on the matter. That's splitting the teams right down the middle, leaving everyone wondering, naturally, who really is the boss around here. Having one voice and one focus matters now more than ever. But whose will it be?



POST-PAYTM WORRIES

Can fintechs overcome the 'initial' scare?

NERVOUS DEBUT. Feted as market disruptors, fintechs are second guessing their ability to become wealth creators in the stock market

Jyoti Banthia

In early 2021, when Vijay Shekhar Sharma, Founder and CEO of Paytm or One97 Communication Limited, made it clear that his company would hit the market that year, it sparked a thousand IPO, or initial public offering, dreams in the fintech sector.

By July that year, when Paytm filed for an IPO and targeted $25–30 billion valuation, listing became the hot topic of fintech discussions. It gave wings to every promoter and investor's aspiration to go public.

By November, when the fate of Paytm at the stock exchanges proved to be less than ideal, as its acceptance among investors was quite slim, fintechs went back to the drawing board to relook their IPO stance. Words like 'efficiency', 'scale' and 'profitability' — which rarely found mention among fintechs earlier — suddenly became serious talking points.

About two years later, when the Paytm stock touched an all-time high of ₹998.30, the IPO dreams of fintechs suddenly seemed within reach again.

Cut to the present, with the Paytm stock languishing at ₹400 a share, marred by regulatory and operational issues, the question that plagues Indian fintechs is whether they can ever transition from being market disruptors to wealth creators in the stock market?

PATH TO PROFITABILITY

At a staggering 87 per cent, the fintech adoption rate in India towers above the global average of 64 per cent.

The subcontinent is redefining digital finance. Indian fintechs are poised to become a $100-billion market by 2025.

Yet, faced with more and more compliance requirements, particularly on the regulatory front, many fintechs that were about to embark on the IPO path have now dropped out. They are held back by a string of worries, including cash burn and mounting losses, not to mention Paytm's singeing experience at the bourses.

"There is no doubt that valuations were very stretched in 2021 and until about early 2022," says an investor who declines to be named. "Some companies came out with IPOs at valuations that were just not tenable, and that caused a lot of stress in the market," he adds.

The bottom line for any company to list at bourses is profitability.

The idea is to keep a simplified approach to financials, mainly the profit-and-loss (P&L) statement.

"P&L could be boiled down to just four pivotal lines — revenue, contribution, gross profit, and profit before tax (PBT). We may look bad in the near term, but in the long run this is what will help the company, investors and the retail investors," says a co-founder of a fintech major.

> Learning from the past, especially from pioneers like Paytm, which led the fintech IPO charge, we've gained valuable insights into navigating market and regulatory dynamics with a focus on profitability
>
> KUNAL VARMA
> Co-founder and CEO, Freo

> We are looking to scale and become profitable on all our business fronts. We give ourselves two years to get to that scale before we can go public. Our online payments business is break-even
>
> HARSHIL MATHUR
> Co-founder and CEO, Razorpay

PUBLIC ISSUES IN THE WORKS

The fintech sector hasn't had a supportive environment in the last two years.

The volatile nature of the stock market and high interest rates dampened sentiment, forcing investors to think twice before doing even a due diligence on any aspect of a fintech's business.

"Anyone who was predicating their business models around regulatory arbitrage had to go back and realign the business," says another fintech founder.

Navi Technologies, GoDigit, Pay-Mate and MobiKwik are among the fintechs that have filed IPO papers with Sebi.

Unicorn fintech One MobiKwik Systems has re-filed papers for an initial share sale to raise up to ₹700 crore, which is way below the ₹1,900 crore it had proposed when it first filed the draft papers in July 2021.

The company may consider a pre-IPO placement of its securities worth up to ₹140 crore. If that happens, then the size of the fresh issue may be further slashed, clearly indicating that current IPO sentiments don't favour fintechs.

What's more, MobiKwik's IPO documents reveal that proceeds from the issue, to the tune of ₹250 crore, will be used to fund growth in the financial services business and ₹135 crore would go towards the payment services business.

This is quite a departure from the initial expectations of fintechs, which had viewed IPOs as an exit route for existing private equity and venture capital investors, rather than a capital raising exercise for their business.

LESSONS LEARNT

Fintech platform KreditBee is inching closer to a public listing. Madhusudan Ekambaram, co-founder and CEO, says the credit platform is probably one round away from an IPO.

In January last year, it raised $100 million in an extended Series D funding led by Advent International. "The company plans to go for an IPO in less than three years," Ekambaram says.

Ahmedabad-based LendingKart is also said to be gearing up for its IPO in 1–2 years.

Striking an optimistic note, Kunal Varma, co-founder and CEO of Freo, a neo-bank outfit, says, "Learning from the past, especially from pioneers like Paytm, we've gained valuable insights into navigating market and regulatory dynamics with a focus on profitability. The experience has not only enriched fintechs but also made the market more receptive and better prepared for fintech offerings... the path to IPOs for fintech companies in India seems not just realistic but also filled with opportunities."

WAIT AND WATCH

Some experts, however, remain circumspect about the fintech sector's IPO prospects.

Profitability isn't just a milestone but a recurring theme for companies preparing for an IPO, an industry executive points out. In order to ensure a successful list and life after that in the bourses, it is crucial to align projections accurately, he says.

"Founders are resilient and have conviction in their business model, but investors are wary post the regulatory crackdown. If the regulator has not clearly defined rules, that means the area is a no-go zone," another late-stage investor says.

Take the case of Razorpay, a major business-to-business fintech player. The company is clear that it should be profitable across its business verticals in the next two years before it can think of listing.

"We are looking to scale up and become profitable on all our business fronts. We give ourselves two years to get to that scale before we can go public. Our online payments business is break-even," says Harshil Mathur, co-founder and chief executive, Razorpay.

Moreover, turning profitable goes beyond its IPO strategy; it is a key component of the company's long-term plans, Mathur says. Currently, while Razorpay's payment business is profitable, it is busy cutting losses in its non-payment business vertical.

There were strong talks of IPO at PhonePe and Cred, two marquee fintechs, until recently. The fate of these plans remains unknown post the Paytm show.

It needs to be seen which companies would attempt the IPO journey once the dust settles down around the Paytm saga. For now, it seems that the quitters may outnumber the bravehearts.

SPOTLIGHT

Kaku Nakhate — banker with the golden touch

Blazing a trail in the world of investment banking, Bank of America's India head urges more women bankers to claim their spot at the top

Hamsini Karthik

"I consider myself extremely lucky that I got to experience so many different roles and constantly acquire new skill sets, without having to switch jobs. I was fortunate to find the right employer, who trusted me with responsibilities and allowed me to learn on the job." Kaku Nakhate makes it sound as simple as that when asked about her ascent to the top rungs of the banking industry, more specifically investment banking. President and India Country Head at Bank of America, Nakhate is also among the last few women still ruling the roost in the highly competitive world of banking today.

She recalls how, at one point, there were seven or eight women CEOs making all the important decisions, particularly in the area of non-performing assets. While that golden period of powerful women bankers may now seem far into the past, Nakhate is confident of a return to the good old days soon. "The younger generation of female workers is less hesitant in demanding their right to equality as compared to women in our generation. There has been a transformation in attitude, and that is absolutely great for society. But we need more women's participation in the workforce, especially at the senior level," she says.

A FEW MUST-HAVES

The czarina of investment banking urges women to speak out more about their work and choose a career they are passionate about. "Women are generally less vocal about their achievements as compared to their male colleagues. They need to come forward and highlight their contributions. I also think one should enjoy his/her work. For women, it is extremely important because we tend to be more passionate. If we do what we like, then opportunities are limitless. If you are not happy with your role early on in your career, then you should make a conscious effort to find something that you like and switch," she advises.

So, how easy or difficult was her own journey?

ART OF NEGOTIATION. Kaku Nakhate, President and India Country Head, Bank of America

Nakhate recalls her first job at DSP Merrill Lynch, one of India's oldest financial services firm, on the research side before moving to equities. "As a fresh MBA graduate, I had offers from a number of multinational corporates and banks. But I chose DSP. If I get a chance to do it all over again, I would still choose DSP."

From equity sales she rose through the ranks to head the equities business. A few years later, she became head of equity and debt markets. When Bank of America acquired Merrill Lynch, Nakhate rose to the level of country executive at the bank. That's when she also began focusing on investment banking.

She describes it as the best thing that could have happened to her. "I had to roll up my sleeves and learn almost everything from scratch."

PERSISTENCE PAYS

Except during the formative years in her career, she rarely found her gender to be a stumbling block, she says. "I was always treated with respect and gained significant experience during my time "in the ring" (trading floor of stock market). The only challenge I faced was with a few institutions that were not very receptive to opinions from a woman. In those situations, a male colleague would accompany me to the meetings," she reminisces.

Some would not even look at her when she presented her ideas during the meetings. "To be honest, it did bother me initially," Nakhate admits. "I used to wonder why they would not listen to me, because I had worked hard, did my research, consulted my seniors, and come up with advice that I felt was in the best interest of my clients."

It was at this juncture that Nakhate fell back on one of her most critical learnings — the importance of being persistent.

"It took me almost a year and a half, but I finally convinced them to have faith in my abilities, and since then my contributions were always acknowledged and appreciated," she says with a smile.

She also recalls something that she often tells her son: Do not always seek instant gratification. "If you do your job honestly, work hard, then appreciations will eventually follow."

PASSIONATE GO-GETTER

Colleagues, friends and contemporaries describe Nakhate as passionate, hardworking, decisive, and tenacious. "What stands out about Kaku is her ability to take her team along. If Kaku has grown in her space, so has everyone who has been with her on the journey," says a senior executive in the financial services space who has interacted with Nakhate on a few deals.

"My 'one team, one dream' motto is known to everyone who has worked with me. As a leader, it is my responsibility to get everyone together to deliver the common goal. Only then, I will be able to ensure that the franchise continues to outperform," Nakhate explains, attributing this learning to her experience in the markets.

Yet another quality that sets her apart from peers is her willingness to go the extra mile. For instance, at the start of the pandemic, when deals were slowing, Nakhate spearheaded the $5.7-billion Facebook-Jio Platforms transaction, with Bank of America representing Facebook. It was among the first few deals that were closed through video conferencing, which was still a novelty in the investment banking world at a time when bankers took pride in overseas trips to close transactions.

SIGNED AND SEALED

Big wins under Kaku Nakhate's baton

- Facebook invests $5.7 billion in Jio Platforms
- Multiple transactions involving Greenko, including Orix's acquisition of 21.8 per cent stake
- TPG Rise invests $1 billion in Tata Motors' electric vehicle arm
- Tata Technologies' $560-million initial public offering
- Bajaj Finance's $1.1-billion qualified institutional placement
- Nexus Retail's $391-million real estate investment trust

Orix's stake acquisition in Greenko was another memorable transaction for her, as also the billion-dollar investment by TPG Rise in Tata Motors' electric vehicle arm (*see table*). This also happens to be one of the largest global deals in the EV space.

WORD OF ADVICE

So, what does it take to be Kaku Nakhate? Just follow your dreams, she says; this was exactly what her father, too, had told her when she was growing up.

She wrapped up our meeting with two important takeaways for aspiring women leaders.

"Once you find your passion, keep acquiring new skill sets. Don't be afraid of challenges; they will always be there," she says, urging women to be problem solvers and open to learning new things every day. "A true leader is not defined by his/her title but the respect he/she commands. If you are confident about yourself, don't be shy to raise your hand for a new opportunity."

On the importance of having a mentor, she says, "While mentors are valuable, having sponsors within the system is extremely crucial for growth and career progression. The sponsor can serve as a sounding board for your ideas and advocate on your behalf. A sponsor can be your brand ambassador within the company."

With that, she was off to tend to the next big deal in the works.

CHENNAI
businessline.
MONDAY - MARCH 11 - 2024

QUICKLY.

India not to tailor policy for Tesla: Piyush Goyal

New Delhi: India will not tailor its policies to suit US EV maker Tesla, and its laws and tariff rules will be formulated to attract all-electric vehicle manufacturers from across the world to set up a base in the world's fastest-growing economy, Commerce and Industry Minister Piyush Goyal said. Goyal said the government recognises the need for a vibrant EV ecosystem but for this, it will not tailor policies that suit any one company. PTI

US mulls blacklisting CXMT amid semiconductor race

The Biden administration is weighing sanctions on several Chinese tech companies, including chipmaker CXMT, according to sources, in a bid to restrain China's development of advanced semiconductors. The Bureau of Industry and Security is allegedly considering adding ChangXin to its Entity List, which restricts companies' access to US technology. BLOOMBERG

Asif Ali Zardari sworn in as Pakistan's 14th President

Islamabad: Asif Ali Zardari on Sunday took oath as Pakistan's 14th President, a day after the veteran politician staged a remarkable comeback when he was overwhelmingly elected as the only civilian president of the coup-prone country for a second time. Zardari replaces Arif Alvi, who stayed in office for five months after completing his five-year term in September 2023. PTI

Panel may not ease pain of digital news publishers

PAPERED OVER. Draft Bill silent on extracting 'fair share' of revenue from Big Tech

Our Bureau
New Delhi

The Centre-appointed 16-member inter-ministerial Committee on Digital Competition Law (CDCL) is set to recommend a draft Digital Competition Bill without any specific bargaining guidelines that could come in handy for digital news publishers in realising fair share of advertising revenues garnered by Big Tech from their platforms.

Except for making a general recommendation that gatekeeper platforms should operate in a fair, reasonable and non-discriminatory (FRAND) manner with business users, the digital panel has not made any specific recommendation for enabling news publishers to bargain with digital giants, sources privy to the working of the panel said.

UNFAIR. Currently, there is complete information asymmetry and news publishers have no way to ascertain the advertising revenue earned by Big Tech through the usage of their news content REUTERS

FIGHT FOR FAIR SHARE

The panel, which has now firmed up its recommendations, is expected to soon submit its report to Finance and Corporate Affairs Minister Nirmala Sitharaman, sources said. Digital news publishers have been fighting for their survival as Big Tech companies are monetising the content generated by news publishers by way of advertising revenues, leaving publishers high and dry. Digital news publishers want to get a "fair share" of the digital advertising revenues earned by Big Tech platforms from the content being monetised by them.

However, there is now complete information asymmetry and news publishers have no way to ascertain the advertising revenue earned by Big Tech through the usage of their news content, according to digital news publishers.

To address this, the Parliamentary Standing Committee on Finance headed by BJP MP Jayant Sinha had in its December 2022 report on "Anti-competitive Practices by Big Tech" recommended enactment of the Digital Competition Act. The House Panel had called for "regulatory provisions" to ensure that news publishers get a "fair share" of the digital advertising revenues.

Regulatory provisions are required to ensure that news publishers are able to establish contracts with Systemically Important Digital Intermediaries (SIDIs) through a fair and transparent process, the Standing Committee had recommended. In this context, it suggested that gatekeeper platforms should grant publishers access to the performance measuring tools of the gatekeeper and the data necessary for publishers to carry out their own independent verification of the advertisements inventory, including aggregated and non-aggregated data.

AUSTRALIAN LAW

Now, it appears that the CDCL has remained silent on the draft Digital Competition Bill, firmed up by it, on this front.

There is also a thinking that government may, in the coming days, look at enacting a separate law for digital news publishers (besides a digital competition law) on the lines of Australia's the New Media and Digital Platforms Mandatory Bargaining Code. The Corporate Affairs Ministry (MCA) had, on February 6, constituted a 10-member inter-ministerial committee to examine the need for a separate law on competition in digital markets. The digital panel has been tasked, among other things, to prepare a draft Digital Competition Act and submit a report in three months.

EV firms to focus on premium segment as FAME subsidy ends

Aroosa Ahmed
Mumbai

With the Faster Adoption and Manufacturing of Hybrid and Electric Vehicle (FAME-II) subsidy coming to an end on March 31, electric vehicle companies are looking at focussing on the premium vehicle segment even as they hike prices by up to 25 per cent.

Automakers are still hoping for the subsidy to be further extended but are gearing up for a dip in sales if their request is not granted by the Centre.

SPEED BREAKER. EV penetration in the country will be impacted by a rise in competition and price wars if the subsidy is not extended, industry players say

IMPEDING GROWTH

"The discontinuation of FAME-II subsidies not only presents challenges for electric vehicle players but also introduces the risk of a sudden 25 per cent surge in electric vehicle prices. This substantial increase raises concerns about discouraging consumers from embracing electric vehicles, potentially causing a reversal in the positive demand trajectory.

"Beyond the immediate impact on consumer adoption, the withdrawal of subsidies may disrupt investments from manufacturers, component makers, and charging infrastructure companies, impeding the overall growth of the EV sector and obstructing the progress of the 'Make in India' initiative. Aspiring for long-term self-sustainability, demand incentives remain pivotal until a 15-20 per cent demand penetration is achieved," Sulajja Firodia Motwani, Founder and CEO of Kinetic Green, told *businessline*.

The Union government recently enhanced the financial outlay of the FAME scheme to ₹11,500 crore.

The scheme was rolled out in 2019 for three years with an outlay of ₹10,500 crore and was extended up till March 2024.

According to electric vehicle players, electric vehicles penetration in the country will be impacted by a rise in competition and price wars if the subsidy is not extended.

"This will be a challenge for the electric vehicle manufacturers. Some might focus on cost reduction initiatives by using more economic materials. Others might look to capitalise on the premium section where consumers tend to be less price conscious and the net profit is significantly higher. The discontinuation of the subsidy will adversely affect electric vehicle manufacturers. Overall sales might experience a rapid descent due to the significant cost increase which will affect the profit," said Pritesh Mahajan, founder of Revamp Moto.

JSW Group, MG Motor India to roll out first model under new joint venture

Suresh P Iyengar
Aroosa Ahmed
Mumbai

Months after Sajjan Jindal-led JSW Group picked up stake in MG Motor India, the joint venture is gearing up for its first-ever launch in India with its most stylish offering MG5 sedan set to make its debut on March 20.

JSW Group will also close the deal to acquire 38 per cent in MG Motor India and announce its roadmap for further investment in the automobile venture.

In January, the Competition Commission of India approved JSW Ventures' Singapore proposal of acquisition of up to 38 per cent of MG Motor India. Both MG Motor and JSW Group, have sent invitation to the media for an event on March 20 without mentioning the purpose or the venue.

MG5 UNVEILING

However, the market is rife with expectations that MG Motor India will launch its long-range electric vehicle MG5 which has found success in the international markets since its global debut in 2020. The official unveiling will provide a clearer picture of the MG5's specifications and features tailored for the Indian market.

While SUVs continue to dominate sales charts, MG's decision to introduce a sedan reflects a strategic and different approach. With its competitive pricing strategy, the MG5's entry into the Indian car market is set to stir competition in the sedan segment.

The MG5 caters to a growing segment of buyers who prioritise comfort, fuel efficiency and a dynamic driving experience. It offers a compelling alternative to SUVs for those seeking a stylish and well-equipped car without the bulkier dimensions.

With its blend of style, comfort and practicality, the MG5 has the potential to be a game-changer.

Earlier, Jindal has envisioned a made-in-India EV, just like a Tesla and better it further. The Group intends to produce electric cars and commercial vehicles at the same price as combustion engines for easy and wider adoption in the cost-competitive Indian market. According to industry estimates, the price difference between EVs and ICE vehicles is almost 30 per cent.

JSW Group will also invest ₹40,000 crore in a one-of-a-kind advanced technology-based electric vehicle battery manufacturing plant of 50 GWH and an electric vehicle component manufacturing project in Odisha.

Adani Group to invest ₹60,000 cr in airport sector over next 10 years

Our Bureau
Lucknow

The Adani Group will invest ₹60,000 crore over the next ten years to develop its airports into aviation hubs and commercial attractions for city residents.

At present, the group operates seven airports in the country and has one under construction in Navi Mumbai. Together, these have annual passenger handling capacity of 100-110 million. The group plans to increase their capacity by 2.5-3x by 2040.

The group will invest ₹30,000 crore in enhancing airport terminal and airside facilities at group airports in next five years. This will be in addition to the ₹18,000 crore it has already invested in building the first phase of Navi Mumbai airport. "We are building a new terminal in Guwahati. We have a plan to build a new terminal in Ahmedabad. Early next year, the Navi Mumbai airport will start functioning and will have a capacity of 20 million passengers per year," said Arun Bansal, CEO of Adani Airport Holdings on Sunday after the inauguration of a newly integrated terminal at Lucknow.

BIG PLANS

Karan Adani, MD of Adani Ports and SEZ Ltd, said group-operated airports in Ahmedabad and Lucknow will eventually turn into aviation hubs with direct connectivity to Europe and the US

Karan Adani, Managing Director of Adani Ports and SEZ Limited, said group-operated airports in Ahmedabad and Lucknow will eventually turn into aviation hubs with direct connectivity to Europe and the US. Now residents from Ahmedabad or Lucknow travel to Europe or US via West Asia, Delhi or Mumbai. "What we will see is that these airports will be connected directly to the destinations overseas," Adani said. Additionally, the group plans to invest ₹30,000 crore in city-side developments at eight airports over ten years. These would include construction of hotels, multiplexes and other facilities. The group expects significant revenue upside from commercial development as aeronautical tariffs are regulated and expects commercial investments to materialise over ten years depending on various approvals.

INTERNAL FUNDING

Bansal said, the investments will be made with internal funding from the group. He declined to comment on reports of $2.6 billion fund raise by the group for its airport and green hydrogen business. He said the priority is to operationalise Navi Mumbai airport and start city-side development at airports and added the group will look at an IPO of business at a later date. "Internationally, our strategy is to participate in (airport development) opportunities where it makes sense for the group...where there is larger opportunity in the country to participate in ports, transmission etc. We are looking at one specific country at the moment," Bansal said.

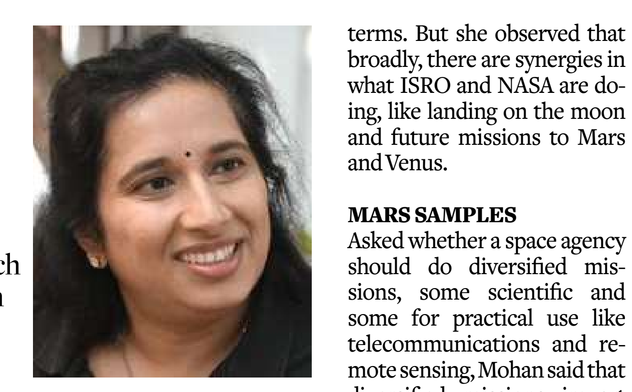
Universe is the limit for NASA-ISRO collaboration, says Swati Mohan

M Ramesh
Chennai

The NASA-ISRO Synthetic Aperture Radar (NISAR) mission, the first of its kind in terms of the depth of collaboration between the space agencies of the US and India, will open the door for future missions.

For future collaborations, "the universe is the limit," says Swati Mohan, the Indian-born NASA engineer, whose historic words, "touchdown confirmed", announced to the world the successful landing of the Perseverance rover on the surface of Mars on February 18, 2021.

> It (the NASA-ISRO partnership) is a very balanced partnership which helps us learn from each other and learn which aspects each agency has strengths in
>
> **SWATI MOHAN**
> NASA Engineer



NISAR PROJECT

Mohan, who is on a visit to Chennai, works at NASA's Jet Propulsion Laboratory, which is ISRO's partner in the NISAR project. The NISAR is a satellite and it is expected to be launched in December 2024.

The synthetic aperture radar will "measure Earth's changing ecosystems, dynamic surfaces, and ice masses providing information about biomass, natural hazards, sea level rise, and groundwater, and will support a host of other applications," per information provided by the NASA.

The satellite will observe Earth's land and ice-covered surfaces globally with 12-day regularity on ascending and descending passes, sampling Earth on average every 6 days for a baseline 3-year mission.

In a conversation with *businessline*, Mohan said that the NISAR project is a good example of an "equal collaboration" between NASA and ISRO. Observing that both NASA and ISRO contributed equally to the development of the satellite, Mohan said, "It is a very balanced partnership which helps us learn from each other and learn which aspects each agency has strengths in."

"This will teach us what our strengths are and will pave the way for future collaborations," she said. "It is our first attempt to do a broad collaboration and the success of that will really open the door for future missions," she added.

Asked about areas in which both agencies could collaborate, Mohan pointed out that she is not the spokesperson for NASA and hence not in a position to speak in specific terms. But she observed that broadly, there are synergies in what ISRO and NASA are doing, like landing on the moon and future missions to Mars and Venus.

MARS SAMPLES

Asked whether a space agency should do diversified missions, some scientific and some for practical use like telecommunications and remote sensing, Mohan said that diversified missions impart robustness to the space agency. Mohan, who was the 'Guidance, Navigation and Controls Operations Lead' for NASA's Perseverance Mars rover mission, is currently working on the 'Mars sample return programme'. This programme is for picking up the rock and soil samples collected by the Perseverance rover and bringing it back to the Earth, in order to detect any signs of past life on Mars.

The first leg of Mars sample return is currently underway. Perseverance has successfully collected about 23 rock samples. "It still has the capability to collect a few more," Mohan said.

Jio Payments to disrupt market with entry into soundbox segment

Hamsini Karthik
Mumbai

Jio Payments is set to enter what has been the domain of Paytm and PhonePe so far — the soundbox segment. Reckoned as a payments and audio verification device, Jio is all set to venture into the soundbox play across retail merchants.

The full-fledged launch is happening after 8-9 months of rigorous pilot launch of the soundbox across Reliance Retail stores. Initially, the device was tested across retail entities of the Reliance group in tier-2 cities and smaller metros such as Jaipur, Indore, and Lucknow. With this round of testing proving to be successful, Jio's soundbox entered urban markets albeit within the group's retail outlets.

Now, with the two pilot projects proving to be successful, Jio Payments is all set to take this product across retail stores, including those other than the group's franchises. Jio's entry into the segment is viewed as very 'strategic' by industry experts, as it comes when Paytm is neck-deep in crisis. Said to be the industry leader in soundbox segment and also the first mover, Paytm is believed to be in the process of recalibrating its soundboxes to align with new QR codes, post the Paytm Payments Bank debacle.

Experts view soundbox as a steady revenue generating proposition. The device is charged at the time of procuring it and there is a fixed monthly rental for the services it provides. Doubling up as POS in the case of QR code-based transactions, soundboxes are proving to be a lucrative source of income for fintechs. While charges of Jio's soundbox isn't known yet, experts say if priced well, it could shake up the market extensively. Paytm, according to its website, is offering the device at ₹1 and monthly charges are ₹125. According to reports, PhonePe charges ₹49 a month as rentals.

Aramco profit falls on lower oil prices; company sees 'healthy' Chinese demand

Reuters
Dubai

Saudi Aramco Chief Executive Amin Nasser said on Sunday the oil giant was looking at further opportunities to invest in China, where he said oil demand was robust and growing.

"So far we are in the early part of 2024, demand is healthy and growing in China," Nasser said on a media call following the release of Aramco's results that showed net profit falling to $121.3 billion from a record $161.1 billion in 2022 on lower oil prices.

"We see that in terms of their offtake from the different producers around the world," he said. Aramco has invested in Chinese refineries with crude supply deals attached and is in talks for more, with a focus on converting liquids into chemicals. Nasser said the country's refineries were some of the most fully integrated and had the highest conversion rates. "We are currently looking at some opportunities for investment in China." Nasser sees the global oil market remaining healthy throughout 2024. "We expect it to be fairly robust, we are looking at growth of about 1.5 million barrels," Nasser said.

BRIGHTER PROSPECTS. Saudi Aramco Chief Executive Amin Nasser put demand for 2024 at 104 million barrels as opposed to an average of 102.4 million barrels in 2023 REUTERS

Nasser put demand for 2024 at 104 million barrels as opposed to an average of 102.4 million barrels in 2023.

OUTPUT GROWTH

Aramco aims to grow its gas production by 60 per cent by 2030 from 2021 levels. Aramco may partner with MidOcean Energy — in which it agreed last year to take a strategic minority stake — to invest in liquefied natural gas (LNG) projects in geographical areas besides Australia, Nasser said. "We are partnering with MidOcean in Australia and we might partner with them in other enclaves depending on the opportunities," he said.

Nasser also said Aramco was interested in investing in LNG opportunities in the US but said he could not reveal further details. "We are in discussion with a number of companies."

Sources told Reuters last week that Aramco is in talks to invest in phase 2 of Sempra Infrastructure's Port Arthur LNG project in Texas, which represents a proposed expansion to the already producing first phase. Discussions are also still ongoing for a tie-up with French carmaker Renault and China's Geely for a 15 per cent to 20 per cent stake in their joint-venture for combustion and hybrid engines, Nasser said.

A $31-billion boost to Saudi budget

Bloomberg

Aramco raised its dividend despite a retreat in energy prices and lower production, a boost for Saudi Arabia as it faces a widening budget deficit. The total payout of about $31 billion for the fourth quarter to investors and Saudi Arabia's government, including a special component, rose from the previous quarter's level even as lower oil output pushed net income down 25 per cent year-on-year. The world's biggest crude oil exporter provides much of the Saudi government's income via generous dividends.

The distribution is becoming ever more vital as Crown Prince Mohammed bin Salman pursues expensive projects such as the futuristic project of Neom, the purchase of high-profile footballers and stakes in sporting leagues, while looking to diversify the economy from oil. The budget shortfall, however, is starting to bite. The Saudi government is predicting a deficit every year until 2026, pushing it to delay past 2030 some of the projects that it launched as part of its economic transformation plan. It also ordered Aramco last month to halt the expansion of its production capacity, helping free up spending for other areas.

The suspension is likely to reduce Aramco's capital investments by about $40 billion between this year and 2028, the company said. Capital expenditure rose about 28 per cent to just short of $50 billion last year, and is expected to be $48 billion to $58 billion in 2024.