CHENNAI - THURSDAY - JULY 18, 2024

₹10 • Pages 10 • Volume 31 • Number 199

www.businessline.in

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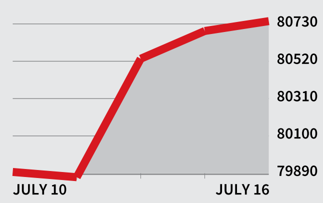
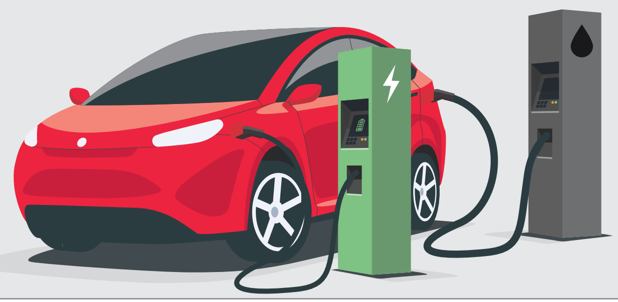
SENSEX 80716.55 (+364.91)



IN FOCUS

	Week's close	Week's change
Nifty 50	24613.00	+179.80
P/E Ratio (Sensex)	24.52	+0.07
US Dollar (in ₹)	83.58	+0.09
Gold Std 10 gm (in ₹)	73045.00	+989
Silver 1 kg (in ₹)	92014.00	+167

GREEN BOOST. **UP's hybrid car policy** offers ₹1 lakh or 15% of ex-factory cost as subsidy, diverging from FAME-II guidelines **p2**



TECHNOPHILE. **Moto Razr 50 ultra,** a customisable flip phone with vibrant display and stunning features **p6**

QUICKLY.

STAFF DOWNSIZING

Ahead of Vistara merger, Air India introduces VRS

Mumbai: Air India has introduced a voluntary retirement scheme and a voluntary separation scheme for ground staff as it prepares to integrate with Vistara. In a staff notification, the airline said the VRS scheme is applicable for employees with a minimum of five years of service and the VSS is applicable to those with less than five years of employment in Air India. **p10**

NORMS OVERHAUL

SEBI to float consultation paper on F&O norms

Mumbai: SEBI may soon float a consultation paper outlining steps to curb the retail frenzy in F&O trading. This follows a meeting of the regulator's 17-member Secondary Market Advisory Committee on Monday to discuss proposals put forth by an expert panel. The proposals include increasing the minimum lot size from ₹5 lakh to ₹25 lakh, restricting weekly options to one expiry per stock exchange per week and others. **p7**

Karnataka pauses jobs quota Bill for locals in private sector

UNDER FIRE. Industry leaders criticise the Bill, prompting the government to review it

Jyothi Banthia
Sanjana B
Bengaluru

The Siddaramiah-led Congress government, late on Wednesday, suspended the introduction and implementation of a proposed jobs quota Bill for locals in the private sector after backlash from industry. In a social media post, the Chief Minister claimed the Bill was still under preparation but gave no explanation as to why it had been passed by the Cabinet on Monday.

On Monday, the State Cabinet approved the 'Karnataka State Employment of Local Candidates in Industries, Factories and Other Establishments Bill 2024', which makes it mandatory for the private sector to reserve jobs for Kannadigas in their establishments. The Bill mandates 50 per cent of management jobs and 70 per cent of non-management roles to be reserved for locals in the private sector. The Bill was slated to be tabled in the Assembly today.

A statement from the Chief Minister's Office said the proposed Bill — which had been approved by the Cabinet earlier — will be in abeyance till a "detailed discussion is done in the next Cabinet meeting before arriving at any further measures".

TECH CONCERNS. Nasscom stated that the tech sector, which contributes 25% to the GDP of the State and houses a quarter of the country's digital talent, might be forced to relocate

Nasscom expressed its "disappointment and deep concern", pointing out that the tech sector, which contributes 25 per cent to the GDP of the State and houses a quarter of the country's digital talent, might be forced to relocate. Kiran Mazumdar-Shaw, Executive Chairperson of Biocon Ltd, said, "As a tech hub, we need skilled talent and whilst the aim is to provide jobs for locals, we must not affect our leading position in technology by this move. There must be caveats that exempt highly skilled recruitment from this policy."

Former Infosys CFO TV Mohandas Pai described the Bill as "fascist". He said the Bill, in its current form, should be discarded as it is discriminatory, regressive and against the Constitution.

OTHER STATES

Last November, the Punjab & Haryana High Court had quashed a Haryana law that mandated 75 per cent reservation for locals in private sector jobs having gross salary of less than ₹30,000. It ruled that the Haryana State Employment of Local Candidates Act, 2020, was "unconstitutional" and "violative of Part III of the Constitution". Industry bodies argued that the law creates an "unprecedented" intrusion by the state government into the fundamental rights of private employers to carry on their business and trade. However, Haryana government appealed to the Supreme Court and the matter is now pending before the top court.

Rajeev Chawla, Chairman, IamSMEofIndia, an industry body that was one of the petitioners in the Haryana case, said, "Any proposal of this kind of reservation on parochial grounds in the private sector hurts the competitiveness of the industry, impacts the ease of doing business and increases the compliance burden, and is hence not logical."

Both the Telangana and Andhra Pradesh governments have a similar policy. "It was not mandatory. Mandating it will act as a deterrent and companies may stay away," a Telangana government official said.

With inputs from Kurmanath KV and Naga Sridhar G in Hyderabad, Meenakshi Verma Ambwani in New Delhi

With an eye on rating upgrade, Budget likely to focus on fiscal consolidation

Shishir Sinha
New Delhi

The Budget for FY25 is likely to focus more on fiscal consolidation than populist schemes. According to government officials, this is critical in securing a sovereign rating upgrade from at least S&P Global after a gap of 17 years.

The interim Budget projected a fiscal deficit of 5.1 per cent for FY25 and reiterated, as announced in the Budget speech for FY22, that the government would continue on the broad glide path of fiscal consolidation to reach a fiscal deficit-to-GDP ratio below 4.5 per cent by FY26.

REVENUE GROWTH

"Tax collection, along with record surplus from the RBI, have boosted revenue growth to provide an opportunity to expand the budget. Still, the effort could be more on optimal allocation of resources and sticking to fiscal consolidation," an official told *businessline*.

Another official said, "A strong focus on fiscal consolidation might bring one more good news, and that is sovereign rating upgrade."

In May, S&P Global retained the rating at BBB- but revised the outlook to positive. It stated that the positive outlook reflects its view that continued policy stability, deepening economic reforms and high infrastructure investment will sustain long-term growth prospects.

Tax collection and record surplus from RBI boosted revenue growth, allowing for budget expansion (file photo)

"That, along with a cautious fiscal and monetary policy that reduces the government's elevated debt and interest burden while bolstering economic resilience, could lead to a higher rating over the next 24 months," it said.

The rating was last upgraded on June 2007 from 'BB+' while the outlook was revised to stable on September 26, 2014.

POSITIVE OUTLOOK

Various research agencies expect fiscal deficit estimates to be moderate. In a note, CARE cited a bumper dividend transfer from the RBI, along with a marginal upside in tax collection, for strengthening the Centre's fiscal position.

"We expect a total upside of ₹1,40,000 crore in overall revenue collection, compared to estimates of the interim Budget (₹1,25,000 crore in non-tax revenue plus ₹15,000 crore from tax revenue)," it said.

However, the government will seek to allocate part of this fiscal space from higher revenue collection to increase revenue expenditure. Given the above factors, it believes there is sufficient room to reduce the fiscal deficit target for FY25 to 5 per from 5.1 per cent projected in the interim Budget.

"With sovereign rating agencies monitoring the debt trajectory, the focus on fiscal consolidation should continue," it said.

In a report, Morgan Stanley predicted that the fiscal deficit for FY25 would narrow to 5.1 per cent of the GDP, in line with the government's interim Budget estimates. "We ascribe the fiscal consolidation to the continued buoyancy in receipts, especially direct tax collections, while the record-high RBI surplus dividend provides additional fiscal space to retain the emphasis on higher capital spending, better targeting of welfare measures, and continued fiscal consolidation to align with the medium-term target of 4.5 per cent of GDP by FY26," it said.

QUICKLY.

Ashok Leyland arm acquires German firm

Chennai: Hinduja Tech, a mobility-focused global engineering R&D services company and a subsidiary of Ashok Leyland, has signed a definitive agreement to acquire German TECOSIM Group for an undisclosed sum. The acquisition will broaden Hinduja Tech's presence in the European and international markets. OUR BUREAU

Zydus Lifesciences inks pact with Takeda Pharma

Ahmedabad: Zydus Lifesciences entered into a non-exclusive patent licensing agreement with Takeda Pharmaceutical Company to market the novel Potassium Competitive Acid Blocker (P-CAB) Vonoprazan in India. The drug will be marketed under the brand name Vault® in India, stated an official release. Under the terms of this agreement, Zydus will be marketing the drug in India. OUR BUREAU

UP policy on strong hybrid cars different from FAME-II: Officials

THE OFFER. ₹1 lakh or 15% of ex-factory cost will be sop for electric or strong hybrid cars

S Ronendra Singh
New Delhi

The Uttar Pradesh government's new policy, providing for no registration cost on strong hybrid vehicles, is very clear that the only reference it has taken from the Faster Adoption and Manufacturing of Electric Vehicles (FAME-II) scheme is on efficiency and performance, which companies have matched.

Sources said senior officials from the UP government and representatives from companies such as Bajaj Auto, Mahindra & Mahindra (M&M), Maruti Suzuki India (MSIL), Tata Motors, and Toyota Kirloskar Motor (TKM) met on Monday for a discussion on the policy.

"The UP government has asked them to give all the inputs in writing within the next few days."

"According to the UP government's policy, any four-wheeler, either electric or strong hybrid, will get ₹1 lakh or 15 per cent of the ex-factory cost as subsidy (to the customers). The State has a total outlay of ₹250 crore and the maximum number of vehicles approved is 25,000 units," a source, privy to the meeting, told *businessline*.

FIRST-MOVER ADVANTAGE. This move is expected to benefit companies like Maruti Suzuki India, Honda Cars India and Toyota Kirloskar Motor GETTY IMAGES

FAME-II GUIDELINES

Sources added that there is no price bracket on the cost of strong hybrid vehicles right now, so even luxury electric cars around ₹1 crore will benefit from the policy. "If they follow the FAME-II guidelines in entirety, then they will be violating the new policy because in FAME-II only commercial vehicles (taxis) were allowed and not private cars. The new policy is different from the FAME-II policy," an official clarified.

On July 5, the UP government announced a complete waiver of registration tax on strong hybrid cars.

This move is likely to benefit companies like MSIL, Honda Cars India and TKM as a first-mover advantage.

LARGER AUTO MARKETS

According to Federation of Automobile Dealers Associations (FADA), UP is one of the largest markets for passenger vehicles in the country after Maharashtra, with retail sales of 2,36,097 units in the first half (H1) of this year — a jump of 13.46 per cent compared with 2,08,092 units in January-June 2023.

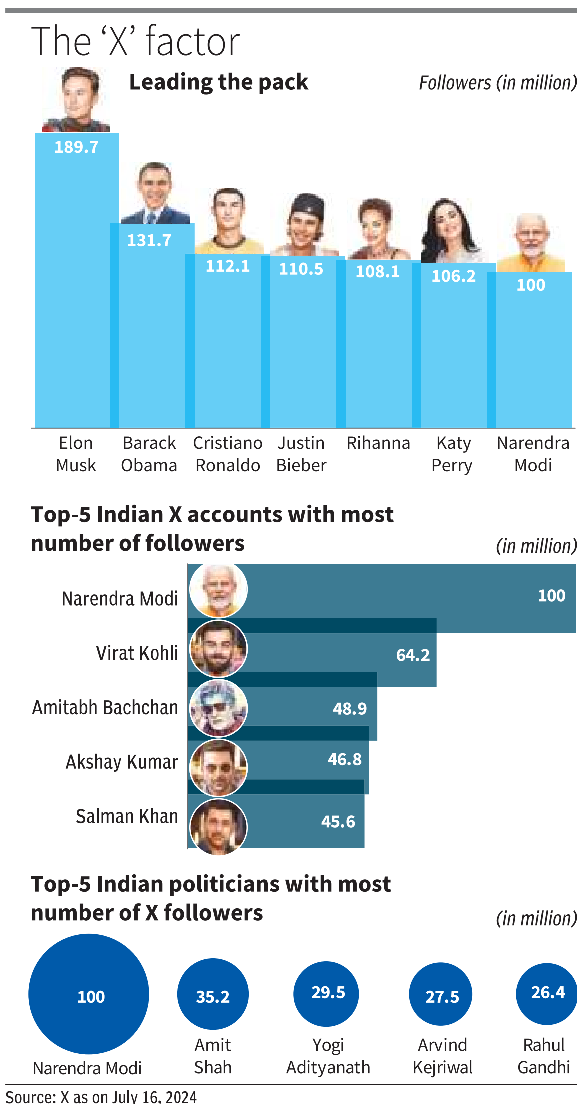
The UP government had announced the policy in 2022, which has now been implemented. In March 2023, the State announced a policy of zero registration cost for electric vehicles (EVs), including two/three-wheelers, e-buses and e-goods carriers.

Meanwhile, some industry veterans said that incentives should be given only to strong plug-in hybrids, which can also run as independent battery EVs, and not on those in which battery is used only for improving fuel efficiency.

Entertainment personalities have more followers on X than politicians

AJ Vinayak
Mangaluru

Although the number of followers of Prime Minister Narendra Modi crossed 100 million on July 14, political leaders lag behind personalities from the entertainment industry in attracting followers, both domestically and internationally.



DATA FOCUS.

Available data show that only seven X accounts have more than 100 million users globally.

Modi is the second political leader in the world to have more than 100 million followers on X. Former US President Barack Obama has 131.7 million followers on this platform.

Another former US President Donald Trump, who was known for his posts on the then Twitter, has 87.6 million followers now. Erstwhile Twitter management had banned Trump on its platform. It was revoked after Elon Musk took over the company.

In fact, Musk has the highest number of followers (189.7 million) on X. Footballer Cristiano Ronaldo is in the third position with 112.1 million followers.

Celebrities from the entertainment industry Justin Bieber, Rihanna and Katy Perry have 110.5 million, 108.1 million, and 106.2 million followers.

A March 2022 Occasional Research Paper of Observer Research Foundation, titled 'Social Media and Political Leaders: An Exploratory Analysis' by Shamika Ravi and Mudit Kapoor, said social media channels are unique because of the scale, speed and minimal cost at which political leaders can directly reach out to people to disseminate their message.

15 YEARS TO THE TOP

Launching the Gujarat edition of *businessline* on May 24, 2013, Modi, the then Chief Minister of Gujarat, had said that social media had given voice to the common people.

It took almost 15 years for the handle @narendramodi to reach the 100 million followers mark. At a time when many were still figuring out the use of social media, Modi started using the then Twitter in 2009.

Abhishek Desai, a techie from Ahmedabad, who had registered the handle @narendramodi, handed it over to the then Gujarat Chief Minister on October 12, 2009.

The number of Modi's followers on Twitter crossed 25 million in December 2016, and 50 million in September 2019. It reached 75 million in January 2022.

WIDE GAP

When it comes to India, there is a wide gap in terms of the total number of followers on X.

Of the top five X accounts with the most number of followers, three are from the entertainment industry, and one each from the sports and political spectrum.

Cricketer Virat Kohli comes second with 64.2 million followers on X. Bollywood actors such as Amitabh Bachchan, Akshay Kumar and Salman Khan have 48.9 million, 46.8 million, and 45.6 million followers respectively.

INDIAN POLITICIANS

Three leaders represent the top-five list of Indian politicians with the most number of followers on X.

Union Home Minister Amit Shah has 35.2 million followers, followed by Uttar Pradesh Chief Minister Yogi Adityanath at 29.5 million.

Delhi Chief Minister Arvind Kejriwal has 27.5 million followers, and the Leader of Opposition in the Lok Sabha Rahul Gandhi has 26.4 million followers.

A robust Q1 predicted for Infosys

Sanjana B
Bengaluru

Infosys will announce its first quarter earnings for FY25 on Thursday. While it registered flat revenue growth in Q4 of FY24, the IT giant is expected to witness favourable outcomes in Q1 this fiscal. Here are five performance indicators:

VERTICAL GROWTH

According to a Motilal Oswal Financial Services report, verticals like BFSI and Communications have been under pressure for the past five-six quarters. However, an IDBI Capital report estimates that for Infosys, BFSI growth in FY25 is expected to be better than in FY24.

Revenue is predicted to rise to over ₹38,800 crore from Q4 FY24's ₹37,923 crore and Q1 FY24's ₹37,933 crore.

REVENUE GROWTH

The IT giant is reported to experience a relatively strong revenue growth of 2-2.4 per cent, according to a poll of brokerages.

MARGIN, GUIDANCE

Infosys is likely to record an earnings before interest and tax (EBIT) margin between 20.4 per cent and 21.15 per cent, according to a poll of brokerages. This is a slight increase from Q4 FY24's recorded operating margin of 20.1 per cent. However, compared with 20.8 per cent in Q1 FY24, margins are expected to remain somewhat steady on a year-on-year basis. Brokerages expect EBIT margins to expand in the 30-99 bps range. Meanwhile, most brokerages also predict that Infosys will maintain its growth guidance of 1-3 per cent constant currency for FY25.

DEALS & TCV

In Q4, the large deal total contract value (TCV) stood at $4.5 billion, marking sequential growth from Q3's $3.2 billion.

Motilal Oswal noted that the deal TCV is likely to be robust in Q1. "While spending patterns remain largely unchanged, deal wins over the past few quarters should start accelerating this quarter. This should offer some respite to growth rates for these verticals, especially for Infosys as the base becomes more favourable," read the report.

ATTRITION & HIRING

In Q4FY24, Infosys headcount stood at 3,17,240, marking a decline of 19,054 from 3,36,294 in Q1FY24.

Q4 saw a voluntary attrition rate of 12.6 per cent as opposed to Q1's 17.3 per cent, indicating a sequential decline during the fiscal. According to a Prabhudas Lilladher report, hiring is expected to be moderate across the sector.

LTI Mindtree Q1 net down 1.5%

Our Bureau
Mumbai

LTIMindtree on Wednesday reported a consolidated net profit of ₹1,134 crore for the quarter ended June 30, 2024, down 1.5 per cent from ₹1,152 crore reported in the year-ago period.

Revenue from operations stood at ₹9,143 crore (₹8,702 crore), up 5 per cent.

The management attributed the increase in revenue to the ramp-up in deals seen in previous quarters.

Anticipating better demand, LTI Mindtree hired 14,000 freshers in Q1FY25. The utilisation of trainees increased to 88.3 per cent (86.9 per cent).

Net profit attributable to shareholders stood at ₹1,134 crore.

With £200 m investment, TVS Motor to drive Norton Motorcycles' global expansion

G Balachandar
Chennai

TVS Motor Company, a leading two-wheeler manufacturer in India, has announced an investment of £200 million to support the global expansion of Norton Motorcycles, the iconic British sporting motorcycle brand it acquired in 2020.

Norton is gearing up for its next growth phase, which includes the introduction of a new range of motorcycles aimed at global markets. The management is optimistic about consistent growth in the premium and super-premium segments, and is preparing a new product portfolio to position Norton as a strong contender.

At the Goodwood Festival of Speed, an annual motorsports event that is held every summer in southern England, members of Norton's senior leadership team – Sudarshan Venu, Managing Director of TVS Motor; Robert Hentschel, Executive Director and CEO of Norton; and Richard Arnold, Executive Director of Norton — shared the vision of the Norton brand and its global expansion, according to a statement.

Sudarshan Venu, MD, TVS Motor Company

GLOBAL BRAND

Backed by TVS Motor's capabilities, Norton is being revitalised as a global brand, driven by a dynamic team. The investment will focus on new product development, facilities, research and development (R&D) and engineering, it stated.

Starting in 2025, Norton plans to launch six models over the next three years, adhering to its philosophy of "Design, Dynamism, and Detail." The brand will initially target international expansion in the US, Germany, France, Italy and India.

Norton's revitalised R&D has been channelled into its product pipeline through its state-of-the-art facility in Solihull, UK.

Last year, TVS made an investment of ₹88 crore in Norton to enhance the appeal of the brand and introduce innovative products.

The company said 2024 also marks the fulfilment of orders for customers of the erstwhile Norton company, allowing the brand to fully focus on its future.

Norton invested £2.3 million in developing, manufacturing and re-engineering the Commando and V4 platforms to honour these commitments.

Wheels India plans ₹225 cr capex for FY25

Our Bureau
Chennai

Wheels India plans a capex of ₹225 crore for the current fiscal. The leading auto parts maker seeks to ramp up capacity in some product segments to support emerging demand.

The proposed capex is expected to be spent on machining large castings, aluminium wheels, earthmoving wheels, tractor wheels and hydraulic cylinders.

The production capacity of aluminium wheels will be ramped up from 25,000 a month now to 40,000 a month this year, S Ram, Chairman of Wheels India, said while addressing the company's 65th Annual General Meeting through video conference.

LEADERSHIP TEAM. (from left) Directors S Viji and S Prasad, Srivats Ram, MD, and S Ram, Chairman of Wheels India

He said that after the merger of Sundaram Hydraulics with Wheels India in FY24, the hydraulic cylinder business had grown reasonably and become profitable.

The business is expected to show good growth, going forward.

NON-AUTO BUSINESS

Discussing the non-auto business, Ram said, "While the demand for windmill components was muted in FY24, we could ramp up production at our plant machining large windmill castings. The plant is now a profitable business that we hope to grow, ramping up in line with our casting partner."

The business supplying wheels to the construction equipment industry saw reasonable growth in FY24, with increased volumes for most customers.

The ₹4,619-crore company's export business grew considerably in FY24, up 24.5 per cent, driven by the export of earthmover wheels and aluminium wheels. Wheels India has incorporated a subsidiary in the US and intends to form a subsidiary in Europe as well to give further thrust to business development in these geographies in line with the company's commitment to growing the export business.

Managing Director Srivats Ram responded to a shareholder's question, indicating that the bottom line should improve in FY25 due to the company's diversified product mix and strategic efforts.

"The mix of products should help us improve and sustain the profit," he said.

JSW MG Motor plans 5 launches; first a CUV by Sept

S Ronendra Singh
New Delhi

JSW MG Motor India will launch five vehicles in the next year.

The first product launch will be a premium crossover vehicle (CUV) in September, and the company is expanding its manufacturing plant in Halol (Gujarat) to three lakh units per annum from one lakh now, according to a top official.

"We have five new products approved (from headquarters in China) to be launched in the next year. Of these, two will be premium products, and the first product starts a few months from now in the festive period and it's a CUV — comfort of a sedan but utility of a sport utility vehicle (SUV)," Rajeev Chaba, Chief Executive Officer Emeritus at MG Motor India, said.

He said the passenger vehicle market that slowed down in the first quarter of this year would see better growth in the coming quarters with the festive season and new launches planned by original equipment manufacturers (OMEs).

CHALLENGES

However, Chaba said that high inventory levels and high container prices due to the Red Sea crisis were still a concern.

"There is a bloodbath for dealers right now. But MG's dealer inventory is 35-40 days, which is lower than the industry average of around 60-65 days. We will further reduce our inventory to under 30 days and re-energise the dealer network," he said.

> MG's dealer inventory is 35-40 days, which is lower than the industry average of 60-65 days
>
> **RAJEEV CHABA**
> Chief Executive Officer Emeritus, MG Motor India

On expansion of the network, he said the company is putting up 200 more touchpoints to reach up to 600 in the next two-three years, apart from increasing capacity at its plants.

"We are putting up our second plant in Halol and increasing our capacity to three lakh cars a year. And when you have three lakh units in capacity, you need to have the products to fill the plant. So that's our plan in the next three-five years," he said.

NEW GST STRUCTURE

Chaba also said that the current GST rate structure of passenger vehicles in India is outdated and needs to be aligned with the new developments in the auto industry, especially with new-age vehicles with different kind of fuel options.

Talking about the demand for incentives on hybrid vehicles, Chaba said it should be given only on strong plug-in hybrids which can also run as an independent battery electric vehicle, and not on those in which battery is used only for improving fuel efficiency.

Asian Paints Q1 net down 25 per cent on weak demand, lower realisation

Our Bureau
Mumbai

Asian Paints has reported that its June quarter net profit was down 25 per cent at ₹1,187 crore against ₹1,575 crore logged in the same period last year on the back of weak demand and lower realisations.

Income dipped 3 per cent to ₹9,126 crore (₹9,379 crore). PBDIT (profit before depreciation, interest, tax, other income and exceptional items) decreased 20 per cent to ₹1,694 crore (₹2,121 crore). PBDIT margin was down at 18.9 per cent (23 per cent).

The company has doubled capacity at its Mysuru plant to six lakh kilolitre per annum. It has registered a volume growth of 7 per cent in the decorative segment, aided by recovery in rural markets. However, realisation declined 3 per cent due to price cuts taken earlier in the year and a shift in product mix, said the company.

INDUSTRY CHALLENGES

Amit Syngle, Managing Director and CEO of Asian Paints, said demand conditions for the paint industry were tough, impacted by the severe heatwave and general elections in the quarter.

Unanticipated material price inflation, coupled with supply chain challenges, impacted profitability of the decorative business for the quarter, the company added.

The industrial business grew 6 per cent due to value-backed growth in the auto OEMs and powder coatings segment. The economy segment registered a good off-take, aided by the launch of latex paint NeoBharat.

QUICKLY.

Nazara arms get ₹1,120-cr GST demand notice

New Delhi: Nazara Technologies has informed that two of its subsidiaries have received show cause notice and intimation for GST liability adding up to nearly ₹1,120 crore. Openplay Technologies has received a show cause notice from the Director General of GST Intelligence, Kolkata, for a proposed liability of ₹845.72 crore while for another subsidiary, namely Halaplay Technologies, the liability amounts to ₹274.21 crore. PTI

STATE OF THE ECONOMY

Increased mobile tariffs will impact small and medium enterprises (SMEs) with limited budgets for Internet and broadband connectivity. However, alternative solutions like Captive Non-Public Networks (CNNs) can provide high-bandwidth communication within their premises at reasonable prices, says **Dr. V. Sridhar**, Professor, Centre for IT and Public Policy at IIIT, Bengaluru, in this *State of the Economy* podcast.

https://tinyurl.com/SoE-DigitalEconomy-Tariffs

Also available on Spotify, Apple Podcasts and Google Podcasts

IPEF: India likely to sign clean, fair economy pacts

WRAPPING UP. Cabinet notes in advanced stage of finalisation by Commerce Dept

Amiti Sen
New Delhi

FOCUS AREAS. The IPEF framework is structured around the four pillars of trade, supply chains, clean energy and tax & anti-corruption, but there are no provisions on tariff cuts on goods

India is likely to soon be able to sign the clean economy and fair economy agreements under the US-led Indo Pacific Economic Framework for Prosperity (IPEF) as Cabinet notes on the pacts are in an advanced stage of finalisation, official sources have said.

The country, however, is not yet ready to join the trade pillar of IPEF as it continues to be uncomfortable with some of its components, such as framing of high-standard rules on digital economy, including cross-border data flows and data localisation, and labour and environment issues, the source added.

"The Cabinet notes on clean economy and fair economy pacts have almost been readied by the Commerce Department and Departments are largely on board on its contents."

"Since India is not set to take on heavy additional obligations by signing the two pacts, the domestic discussions are not complicated," an official tracking the matter told *businessline*.

India was the only country in the 14-member IPEF bloc that had not endorsed the clean economy and fair economy pacts at the Ministerial-level meeting in Singapore in June because of its general elections. It assured other members that it would get domestic clearances after a new government was in place.

In a move seen by many as an attempt to counter China's growing influence in the Indo-Pacific region, US President Joe Biden launched the IPEF in Tokyo on May 23, 2022. The 14 members include the US, India, Australia, Brunei, Fiji, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam.

FOUR PILLARS

The IPEF framework is structured around the four pillars of trade, supply chains, clean energy, tax and anti-corruption but there are no provisions for tariff cuts on goods. All 14 IPEF members, including India, have signed the supply chains resilience agreement which entered into force on February 24, 2024.

The clean economy pact focuses on energy security and transition, climate resilience and adaptation; GHG (greenhouse gas) emissions mitigation; finding/developing innovative ways of reducing dependence on fossil fuel energy; promoting technical cooperation, workforce development, capacity building, and research collaboration; and collaborating to facilitate development, access, and deployment of clean energy and climate-friendly technologies.

"India hopes to attract investments and concessional financing for its clean energy projects," the official said.

MORE TRANSPARENT

The agreement on fair economy intends to create a more transparent and predictable business environment that can spur greater trade and investment in the markets of member countries, enhance efforts to prevent and combat corruption by strengthening anti-corruption frameworks, support efforts to improve tax transparency and exchange of information for tax purposes between competent authorities.

The pillar 1 of IPEF, which deals with trade, is nowhere near finalisation as the US does not seem to be interested any more in the chapter on digital trade. India had opted out of the negotiations on trade pillar right at the beginning.

ADB retains India's GDP growth forecast at 7% for FY25

Our Bureau
New Delhi

Taking cue from the performance of the manufacturing sector, supported by a possible rebound in the agriculture sector, the Asian Development Bank (ADB) on Wednesday retained India's GDP forecast at 7 per cent for fiscal year 2024-25. This is at par with the International Monetary Fund's (IMF) projection of 7 per cent but lower than the Reserve Bank of India's estimate of 7.2 per cent.

"India's industrial sector is projected to grow robustly, driven by manufacturing and strong demand in construction. Agriculture is expected to rebound amid forecasts for an above-normal monsoon while investment demand remains strong, led by public investment," the multilateral agency said in the latest edition of Asian Development Outlook. It maintained its growth forecast at 7.2 per cent for FY26.

On Tuesday, the IMF said, in the latest update of its World Economic Outlook (WEO), that it raised the country's growth forecast for the current year by 20 bps to 7 per cent. The agency said the forecast for growth in emerging markets and developing economies has been revised upward; the projected increase is powered by stronger activity in Asia, particularly China and India. "The forecast for growth in India has been revised upward to 7 per cent this year, with the change reflecting carry over from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas," the agency said.

SERVICES ON THE RISE

Meanwhile, the ADB said services continued to expand robustly in Q4 of FY23, and the forward-looking services PMI is well above its long-term average. Industry is also expected to grow robustly, driven by manufacturing and a strong demand for construction led by housing.

"After muted growth in FY23, a rebound in agriculture is expected, given the above-normal monsoon projections. This is notwithstanding the slower advance of the monsoon in June. A rebound in agriculture will be important to sustain growth momentum in rural areas," the agency said.

Further, investment demand continues to be strong, led by public investments. Bank credit is fuelling robust housing demand and improving private investment demand. However, export growth will continue to be led by services, with merchandise exports showing a relatively weaker growth. The Centre's stronger-than-expected fiscal position could provide a further boost to growth. However, "this must be weighed against downside risks arising from weather events and geopolitical shocks," the agency cautioned.

CHINA'S FORECAST

China maintained growth forecast at 4.8 per cent this year. A continued recovery in services consumption and stronger-than-expected exports and industrial activity are supporting the expansion, even as the nation's struggling property sector is yet to stabilise. The government introduced additional policy measures in May to support the property market, the agency said.

For overall Asia, it slightly raised its economic growth forecast for developing Asia and the Pacific this year to 5 per cent from a previous projection of 4.9 per cent, as rising regional exports complement resilient domestic demand. The growth outlook for next year is maintained at 4.9 per cent.

IEA sees India's natural gas demand rising by 8.5% this year

Our Bureau
New Delhi

India's natural gas consumption will grow by 8.5 per cent in calendar year 2024 from 7 per cent earlier, on account of rising demand from the power and industrial sectors, according to the International Energy Agency (IEA).

"For the full year 2024, India's natural gas demand is expected to increase by 8.5 per cent, primarily driven by higher gas use in the power sector and in industry. Liquefied natural gas (LNG) imports into India are expected to increase by 17 per cent (Y-o-Y) in 2024," IEA said in its Q3 2024 gas market report.

In the Q2 2024 report, the agency projected gas consumption to grow by 7 per cent annually. In calendar year 2023, consumption stood at 60.12 billion cubic meters (BCM).

The world's fourth largest importer of LNG consumed 66.63 BCM natural gas in FY24, compared to 59.97 BCM and 64.16 BCM in FY23 and FY22, respectively.

RISING CONSUMPTION

According to the Petroleum Planning & Analysis Cell (PPAC), the country's primary gas supply (including net domestic production and LNG imports) rose by an estimated 10 per cent y-o-y in the first five months of 2024, extending the recovery that began in 2023 (with a 7 per cent increase for 2023 as a whole).

This increase in supply was supported by an estimated 8 per cent y-o-y growth in domestic production, and an estimated 11 per cent surge in LNG imports for the first five months of 2024, the IEA added.

Over the first five months of 2024, the fertilizer sector maintained its dominant share of 28 per cent of Indian demand, followed by city gas (20 per cent), power generation (14 per cent) and refining (9 per cent). Gas demand increased by 21 per cent Y-o-Y over this period.

"In absolute terms, the sectors that contributed most to the increase were refineries, the power sector and city gas distribution," IEA said.

India's LNG imports hit a record 3.3 BCM in May 2024, up 23 per cent M-o-M, with equivalent contributions from spot and contract purchases.

While India's LNG imports have largely been met by Qatar (representing 45 per cent of the total LNG imports in the five first months of 2024), the y-o-y supply increase originated mainly from Angola and the US.

HEAT WAVE

"In India, continued spot buying during the rest of the year is set to push 2024 imports to within striking distance of the 2020 record high of approximately 37 BCM," IEA said.

SURGING IMPORTS. Liquefied natural gas imports into India are expected to increase by 17 per cent in 2024 REUTERS

As with other countries in South Asia, the IEA said India experienced extreme heat and record temperatures in April and May, resulting in increased electricity consumption for cooling, and placing considerable stress on the power supply infrastructure.

Although the proportion of natural gas in the Indian electricity mix is relatively low (2-3 per cent), the country's gas-fired power generation has increased significantly in recent months.

"According to data from Grid India, gas-fired power generated in April and May was more than double that in the same period last year. In addition to the high demand for cooling during the heatwave, this was also partly due to the invocation of an emergency clause to force the operation of idle gas-fired power plants. The objective of this clause was to avoid power cuts during the 43-day elections that ended on May 28 (June 1)," the IEA added.

GAS-BASED POWER

Gas-based power plants reported a PLF of 28.7 per cent in May 2024, the highest in the last five years. Before this, they had reported a PLF of 28.9 per cent in May 2020.

Gas-based power generation rose by 83 per cent y-o-y and 39 per cent m-o-m to 2.8 billion units (BU) last month.

Overall power generation rose by 15 per cent Y-o-Y to 167.55 BU.

Generation by gas-based power plants, with a monitored capacity of almost 25 gigawatts, has been scaling records during the summer peak electricity demand month of May 2024.

For instance, the share of gas-based plants almost doubled to 3.1 per cent in India's overall generation last month, from 1.6 per cent a year ago, Crisil Market Intelligence & Analytics said.

ADB clears $240 m loans for rooftop solar systems

Our Bureau
New Delhi

The Asian Development Bank on Wednesday said it has approved $240.5 million in loans to finance rooftop solar systems in India that will help the government expand energy access using renewable energy.

The financing will support tranches 2 and 3 of the Multitranche Financing Facility (MFF) Solar Rooftop Investment Programme, approved by the ADB in 2016. The programme was restructured in 2023 to focus on deploying residential solar rooftop systems.

"India aims to achieve about 50 per cent of cumulative electric power installed capacity from non-fossil fuel energy sources by 2030 in line with its global commitments to reduce carbon emissions. ADB's financing supports these goals and will contribute to the Prime Minister Surya Ghar programme, which encourages people to install rooftop solar systems across the country," ADB's Principal Energy Specialist Kaoru Ogino said.

The financing will be made available to State Bank of India and the National Bank for Agriculture and Rural Development (Nabard) to provide loans to developers and end-users throughout India to install rooftop solar systems.

ADB will provide SBI with $90.5 million from its Clean Technology Fund while Nabard will receive $150 million.

Industry pushes for fiscal sops in Budget to enhance oil output

Rishi Ranjan Kala
New Delhi

SLIPPING UP. Pre-NELP and nomination blocks account for about 90% of India's crude oil production, which has been declining consistently for the last 10 years

Better fiscal incentives, such as rationalising the tax structure, for pre-New Exploration Licencing Policy (NELP) and nomination blocks, can aid oil and gas companies invest more in high-cost oil recovery technologies to improve crude oil production.

Pre-NELP and nomination blocks account for around 90 per cent of India's crude oil production, which has been declining consistently since the last 10 years ending FY24.

For instance, Petroleum Planning and Analysis Cell (PPAC) data show that oil production fell from a record 35.9 million tonnes (mt) in FY15 to 27.2 mt (provisional) in FY24, with both state-run exploration and production (E&P) firms as well as JV companies/private sector reporting a fall in output.

Analysts and industry players said given the maturity of these blocks, their operators will have to incur additional investments in secondary and tertiary recovery methods to sustain production.

These technologies/methods are capital intensive and require higher fiscal incentives.

India has 26 sedimentary basins covering 3.36 million sq km, with 10 of them accounting for 51 per cent of the area and 59 per cent of the resources located offshore, as per the International Energy Agency (IEA).

India has around 2,500 million barrels of proven plus probable (2P) reserves, with Mumbai Offshore, the Rajasthan Basin and the Assam Shelf holding 80 per cent.

ONGC holds two-thirds of the remaining 2P reserves on its books, with Vedanta and Oil India each owning around 13 per cent.

BUDGET EXPECTATIONS

Industry players and analysts said the government should offer better fiscal incentives to pre-NELP and nomination blocks to encourage companies to enhance production from depleting fields.

Senior officials from both public and private sector companies emphasised that the government liberalised the E&P sector with NELP and Hydrocarbon Exploration and Licencing Policy (HELP), which infused some traction in the largely stagnant domestic E&P industry.

"However, Pre-NELP and Nomination blocks face higher levies. For instance, Pre-NELP blocks' tax outgo is almost 70 per cent, compared to roughly 55 per cent in the NELP and HELP regimes. Reducing levies will lead to more investible surplus with companies that can be invested in recovery technologies," said one of the top officials, who did not wish to be quoted.

Deloitte India Partner Anoop Kalavath said that the Oil Industry Development (OID) cess of 20 per cent ad-valorem and Special Additional Excise Duty (SAED) that is presently levied at ₹6,000 per mt impacts the companies doing crude exploration in coastal/ onshore regions.

"As per interim Budget FY25, estimated collection for OID cess and SAED is around ₹19,400 crore and ₹1,52,080 crore. Cess is almost 30-50 per cent of the PAT of large exploration companies.

"Cess and SAED (in the form of windfall tax) directly impacts profitability of oil exploration companies. Cess applies only to pre-NELP blocks where government does not share many entrepreneurial risks."

"Given that oil exploration is generally risky and capital-intensive, the government may reduce cess and SAED and leave a higher surplus for investment in the hands of companies," he said in his budget expectations for FY25.

OID cess and SAED also put domestic crude at a significant disadvantage to imported crude oil.

Another senior official with an E&P company said the upstream oil and gas industry faces a skewed scenario as procurement of key goods and services as inputs is under the GST, while output is outside the GST. Multiple tax regimes apply to different parts of the value chain. "Instead of having specific elements of the value chain under GST, the entire oil and gas sector should be subsumed under GST. This will provide seamless credit to E&P players and help boost investor confidence," he added.

FALLING PRODUCTION

The IEA, in its India Oil Market Outlook 2030, which was released at the India Energy Week 2024 in February, pointed out that oil production was on a managed decline for more than a decade, following its peak at just over 9,00,000 barrels per day (b/d) in 2011 to just under 7,00,000 b/d in 2023, of which crude oil production was 6,00,000 b/d and the rest natural gas liquids (NGLs).

Production declined by around 4 per cent per year between 2018 and 2023, lower than the global average annual rate of 7 per cent.

Field output declines are expected to continue at a similar rate through 2030, bringing total oil output down to 5,40,000 b/d, and crude production to 4,60,000 b/d as growth in the Krishna-Godavari and Mumbai Offshore Basins help support legacy fields, it added.

Institutional investors step up due diligence in investee firms

Janaki Krishnan
Mumbai

CLOSE SCRUTINY. While institutional investors, PE firms and AMCs are flush with funds to be deployed, they are taking time to thoroughly vet the firms before investing

Qualified institutional investors, especially asset management companies (AMCs), have stepped up due diligence prior to investing in companies through qualified institutional placements and also in the case of initial public offerings.

"Business diligence done by institutional investors have been very rigorous," said Bhavesh Shah, Managing Director, Equirus Group, which recently closed three QIPs for MAS Financial, Allcargo Gati and Carysil that collectively raised ₹795 crore. It was also involved in the ₹418 crore IPO of Dee Development.

TAKING TIME

While institutional investors, private equity firms and AMCs are flush with funds that have to be deployed, they are taking time to thoroughly vet the companies before investing. "Investors are doing a lot of due diligence before they put in money. They are not writing cheques because they have the money," Shah added.

"As the fund industry in India is becoming bigger, the players are becoming more rigorous in their diligence and very process-driven. The diligence pans across heavy interactions with investee companies for deeper understanding of the business to even doing customer calls and channel checks," Shah said.

Another investment banker, who has handled several smaller QIPs, said every deal is taking time and effort because investors now want to get deeper into the business of the target companies. "Mutual funds especially have a fiduciary responsibility towards their unitholders, the majority of whom are retail investors. They have the pressure to deploy funds but they are undertaking massive scrutiny."

Qualified institutional placements have become a favoured mode of fundraising by listed companies over the last two-three years, with a good appetite for Indian equities among domestic and foreign institutions. Last year, $9.4 billion was raised through QIPs and this year industry expects the figure to cross $15 billion.

A major reason for the increased due diligence by investors is the higher valuations that Indian companies are attracting.

Regulations have also become more stringent, with the Securities and Exchange Board of India insisting on specifics with regard to the objects of the issue and use of the proceeds.

From a company's standpoint, QIPs allow them to have a diversified and good-quality shareholder base, who stay invested for a long time.

CHENNAI
businessline.
THURSDAY - JULY 18 - 2024

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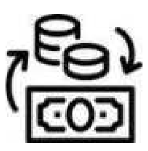
THURSDAY - JULY 18, 2024

New on the menu

Idea of riskier product above MFs needs fleshing out

The Securities Exchange Board of India's (SEBI) idea of a wholly new product category, sandwiched between mutual funds and portfolio management schemes (PMS), seems to be aimed at weaning retail investors away from risky products such as derivatives and unregulated portfolio managers. It may also open up a new growth avenue for asset management companies (AMCs), many of whom have exhausted the 36-category menu of permitted funds. AMCs will be allowed to launch a separate vertical with new high-risk strategies for retail investors.



The minimum investment will be ₹10 lakh, compared to the ₹500 entry ticket for mutual funds, and ₹50 lakh threshold for PMS. SEBI proposes to allow managers of this new vehicle to experiment with naked exposure to derivatives, long-short strategies, inverse funds, lower-rated bonds and other risky strategies, which are untested and expressly forbidden to mutual funds. Therefore, it appears to be prudent to allow these launches only by AMCs which have built up a credible track record of creating retail wealth. The requirement that the new products only be offered by AMCs with a 3-year record of managing ₹10,000 crore, with no regulatory issues, makes sense. But SEBI has also suggested that new players who don't meet the above criteria, hire a Chief Investment Officer and fund manager with requisite experience.

This seems avoidable given that the sponsor's pedigree and track record are critical to good governance. PMS and Alternative Investment Fund (AIFs) managers are bound to feel aggrieved that they haven't been allowed to lower their ticket sizes to cater to this market. But they offer customised products to HNIs and enjoy light-touch regulations, while the new product will follow a pooled structure which will be subject to SEBI's onerous mutual fund regulations. SEBI also proposes to vet all offer documents for new launches and strategies under this vertical. Nevertheless, granular aspects of regulating this new category need fleshing out. Given that these products will dabble in non-traditional assets such as derivatives, they will require different valuation, accounting, disclosure and risk management rules compared to mutual funds. AMCs will also need to build internal capacity to offer these schemes. Whether this will be possible under SEBI's extant expense limits for mutual funds, is moot.

Both the regulator and AMCs should be prepared for a long journey before this new category is well-understood. It has after all taken over three decades for the mutual fund industry and its regulations to attain their current mature state. It is all too easy for retail folk to over-estimate their risk appetite and clamour for sophisticated products when the markets are on song. The real test will come when markets deliver losses. Even if this consultation paper finds widespread acceptance, SEBI must take its time to flesh out the regulation and risk disclosures, before rolling out this product.

OTHER VOICES.

The Guardian

Attainment gap: poorer children need a boost

The widening gap between the educational attainment of the richest and poorest pupils at English schools is a blow for everyone who wants to see the latter fulfil their potential, and for our society to become less divided and more equal. It is revealed in the latest report from the Education Policy Institute (EPI), which focuses on 2019-23, so its findings are a snapshot of the pandemic and its aftermath. While the declining achievements of children from poorer backgrounds are not a surprise, it is dismaying to see predictions about the damaging and uneven impact of Covid disruption come true. Shrinking this gap is a longstanding objective, and one that the pupil premium – extra funding for schools with poorer intakes – was designed to further. LONDON, JULY 16

The Washington Post

How to read J.D. Vance

Former president Donald Trump's selection of Sen. J.D. Vance of Ohio as his running mate is a seminal moment in the history of the Republican Party. At the 1952 Republican convention, Dwight D. Eisenhower defeated another isolationist Ohio senator, Robert Taft, for the presidential nomination in a contest that turned heavily on the U.S. role in foreign affairs after World War II. After the failure of the "America First" movement in the 1930s, conservatives recognized the indispensable nature of U.S. leadership. Seven decades later, a new "America First" movement now dominates the party. The GOP has broken with its postwar tradition by unanimously backing a ticket that is deeply skeptical of not just U.S. support for Ukraine but even the promotion of democracy overseas. The Trump-Vance ticket is unapologetically populist and isolationist. WASHINGTON, JULY 16

The many challenges of BRSR

SOCIAL AGENDA. Business Responsibility and Sustainability Reporting will require large amount of data, so firms will have to revamp IT systems

GETTY IMAGES

PS KUMAR

Business Responsibility & Sustainability Reporting (BRSR) is now the medium through which listed companies report matters concerning Sustainability and ESG (Environment, Social and Governance) in the non-financial disclosure part of the annual reports. The BRSR has come a long way since the days it was known as Business Responsibility Reporting (BRR) which had evolved from the National Voluntary Guidelines for Responsible Business Conduct. It is still a work-in-progress.

The BRSR is applicable to the top 1000 companies by market capitalisation. The revised format of the BRSR focusses on the BRSR Core, which has nine key performance indicators subjected to reasonable assurance report by verifying professionals — a form of assurance report. The assurance requirement starts from the financial year 2023-24 for the top 150 companies progressively extending to others per a glide path prescribed.

An extension of BRSR Core to the value-chain for the top 250 companies from the FY 2024-25 is on cards, to the extent attributable to the company on a comply-or-explain basis.

Further, the value chain disclosures will have to be assurance-reported on a limited assurance basis from 2025-26 on a comply-or-explain basis. As can be seen, SEBI has adopted a time-frame taking into consideration what could be doable.

THE MAIN POINTS

BRSR is an amalgam of various global standards having incorporated what are relevant for India without putting too much pressure on the preparers and issuers of annual reports;

(a) BRSR is not inter-operable in the sense that the reporting-entities within a multinational ecosystem will need to tailor-make it for all entities in the system. For example, an Indian subsidiary of an MNC will still need to align its BRSR report to suit the requirements of parent firm located in the EU, the US and countries in the European Free Trade Association etc.

(b) BRSR has two different set of questions to be answered while reporting: (i) Essential indicators and (ii) Leadership indicators.

Reporting on Leadership Indicators is optional since that will require a greater degree of preparation on the managements' part given that even the Essential Indicators can be challenging going by the experience of most companies.

(c) Going by the feedback from professionals it is obvious that: (i) the information technology (IT) systems are not geared for capturing the relevant information. The general flow of information as currently captured from the grassroots level does not take into account the nature of information required for preparation of BRSR report; (ii) there is also a general lack of awareness and unpreparedness and (iii) there is a shortage of sustainability-trained personnel. This is a global phenomenon.

(d) There is an immediate need for having a relook at the IT systems in order to diversify the reporting structure. Companies should take note that the Digital Personal Data Protection Act, 2023 (DPDP) is already a statute and that the Rules pertaining to it will be announced shortly, making it imperative for firms to take a comprehensive look at their IT systems.

> **IT systems need to be revamped to diversify the reporting structure.** Firms also need to fix the shortage of sustainability-trained personnel

(e) It would be a good idea to prepare the BRSR on a continuous basis rather than leave the exercise to the year end.

STANDARDS AND FRAMEWORKS

According to one count there were over 600 reporting frameworks in 2015 which, since then, have shrunk into a few globally acceptable standards.

The IFRS sponsored ISSB's (International Sustainability Standards Board) standards IFRS S1 and IFRS S2 have gained acceptance and similarly, the IFAC's (International Federation of Accountants) standards for assurance are now the norm.

However, one must take note that these standards are not yet officially prescribed although the prescription of 'Reasonable Assurance' by SEBI as the level of assurance required would tilt it in favour of IFAC.

GREENHOUSE GASES

Greenhouse gases are the main reason for climate change and they are related to the anthropogenic activities. The GHG protocols (World Resources Institute and WBCSD) are the pioneering studies in the measurement of GHG emissions which are classified into Scope 1, Scope 2 and Scope 3.

While Scope 1 is about own emissions in processes employed by an entity, Scope 2 is the gases emitted in generating energy bought by the entities. Scope 3 emissions are by the value-chain and being outside the control of an entity, are the most difficult to measure.

Scope 3 lists 15 types of emissions in the supply chain (includes own carbon footprint). There are eight upstream and seven downstream sources for emissions. Item 15 is an innocuous entry titled "Investments" i.e. financed by an entity. This extends and puts the onus on the lending institutions to ensure that the money being financed to borrowers causes least damage to the environment.

Consequently, banks, now nudged by the Reserve Bank of India are beginning to take interest in the emissions of their borrowers.

New sanctions are getting vetted more thoroughly.

The RBI as a member of "Network for Greening the Financial System (NGFC)", (a coalition of central banks) has been raising concerns since 2022 about the risks the business community is facing on account of climate change.

Going forward, the monitoring by banks and financial institutions will get more rigorous.

The International Organisation of Securities Commissions (IOSCO) of which SEBI is a member is now engaged in strengthening the reporting structure of Sustainability and ESG.

OTHER CONCERNS

There are non-tariff trade barriers coming up especially in the EU such as Carbon Border Adjustment Mechanism (CBAM), the anti modern slavery initiatives, the Deforestation disclosures.

Therefore, any entity wishing to do business with the EU will need to consider compliance with the EU reporting standards which will require generation of huge amount of data.

The above are some of the issues and challenges that businesses will face. BRSR is only a starting point.

These challenges have already become risks and require a constant monitoring for their management.

The writer is a Chartered Accountant

Budgeting for FY25 and beyond

Along with the continuing focus on government capex, more jobs in the formal sector need to be created

Ramnath Krishnan

The Union Budget for FY2024-25 is eagerly awaited, as is always the case. This year we have the benefit of the Vote-on-Account that had been presented in February, which gave us a sneak peek into the upcoming full Budget. The added anticipation in FY2025 draws from the new political dynamics post the recently held elections.

While our Parliamentary election cycle has concluded, a number of key States go to the polls shortly. Apart from that, the global political landscape appears exceedingly uncertain, with ramifications for the path that the ongoing geo-political conflicts may take in 2025 and beyond.

So, what can our Union Budget and the overall policy environment realistically do to buttress India's enviable macroeconomic position amidst the global uncertainty? One clear ask is to safeguard the domestic drivers of economic growth. Another is to create a supportive environment for the private sector to add jobs in large enough numbers to absorb the impending surge of new entrants into the labour force.

Government capital spending has soared since the pandemic, helping to fuel the GDP expansion. The Interim Budget had built in a 17 per cent rise in the government's capital spending in FY2025, which we estimate will be maintained in the full budget. ICRA foresees healthy allocations on transportation infrastructure projects, including on roads, railways, ports and airports.

CAPEX PUSH

Beyond FY2025 as well, we expect the government to continue to prioritise the available fiscal space towards enhancing capital spending, both directly and through the interest-free loans provided to the State budgets.

Private consumption accounts for around 60 per cent of India's GDP. With the awaited demographic dividend, domestic consumption growth will remain a key lynchpin of India's economic momentum going forward. This is doubly so, as ageing societies in our export partners will cast a shadow over what, how much, and to whom we export going forward.

UNION BUDGET. Eagerly awaited PTI

Discomfortingly, private consumption has recorded a CAGR of just 4 per cent between FY2019 and FY2024. Overall consumption growth was lacklustre in FY2024, despite pockets of high demand in urban areas, which were interspersed with more cautious consumer sentiment in the rest of the urban segment as well as in the rural areas.

Enhanced spending on schemes such as PM Kisan, MGNREGA or PM Awas Yojana may help to bolster sentiment in the rural segment, which is bearing the brunt of another uneven monsoon.

Additionally, a higher threshold for personal income tax would certainly enhance sentiment for salaried individuals. The marginal propensity to spend the reduced tax outgo is likely to be rather high, which would boost activity in the near term.

Spending on education, with a clear view towards skilling and upskilling, as well as on health, to reduce the anxieties faced by households, needs to be boosted over the medium term.

Another critical component towards rapidly improving the participation of women in the labour force is addressing childcare needs.

For the demographic dividend to be adequately realised, policies must focus on creating an enabling environment to generate well-paying formal sector jobs over the medium term.

To this end, and to reduce our net imports, we anticipate a continued focus on the Production Linked Incentive (PLI) schemes, both for high-technology new-age sectors, as well as the more traditional ones that employ labour in greater numbers. It will be equally important to maintain a supportive environment for the services sector as well, with the Global Capability Centres having emerged in the recent years as a big source of services exports.

The writer is MD and Group CEO, ICRA Ltd

LETTERS TO EDITOR

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

Bad move

With reference to the news report 'Karnataka cabinet clears local job reservation Bill'. Karnataka is not the first State to provide reservation in private sector jobs, Haryana also contemplated this but failed.

Reserving 50 per cent of management jobs and 75 per cent non-management jobs for the locals in the private sector is a bad move and what is more shocking is that the State government is also contemplating 100% reservation in C & D grade government jobs. Karnataka government must remember that it is the merit not the domicile which matters in the private sector. Better sense should prevail and the decision should be reversed. Bengaluru is known as the IT capital of our country and this move will demotivate professionals from other States from coming to the IT hub.

Bal Govind

Noida

The decision of the Karnataka Cabinet's decision to reserve jobs for locals in the private sector is surprising, given that the government is focussing on Ease of doing Business' even cancelling 44 Labour Acts and introducing 4 Codes.

The very essence of Globalisation is free mobility of Labour, besides capital and goods. The decision to reserve jobs for locals goes against the essence of a liberalised economy. Karnataka is an industrially advanced State and this Bill will lead to dismay among investors.

The government must focus on improving skills of the locals and eschew politically expedient measures to address youth unemployment.

The government should mobilise all its political and moral courage to mend the agenda of the private educational institutions to provide skill instead of only degrees.

AG Rajmohan

Anantapur

Responsible corporates

I read the article 'Making corporates work for the greater good' (July 17) with profound interest. Production of commodities, be it by private or public sector, should not affect the climate or environment in the society. Negative externalities (pollution of any kind) affect the general welfare of the people. It is imperative that firms do not ignore the social cost in their production processes.

S Ramakrishnasayee

Chennai

Transparent accounting

The editorial 'Holding to account' (July 17), rightly stresses on the need for total honesty in the accounting processes of banks. That banks use "lakhs of accounts (other than clients') "for no valid reason" than Internal accounting and record keeping, is shocking.

The RBI flexing its muscles to weed out this malaise, amplified in the exhortation of its Deputy Governor to those concerned to come clean, is most welcome. The RBI's stringent penal action on the erring bigwigs of the system should serve as a warning. That utmost honesty, transparency and integrity: all add up to accountability can never be overstated — more so with bank accounts.

Jose Abraham

Vaikom (Kerala)

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

Don't push sugar exports

Ensure supplies for ethanol blending, domestic use

Harsh Soni

Sugar production in India has exceeded expectations, leading to increases in stockpile. This was primarily due to the government's decision to divert less sucrose towards ethanol blending. Instead, the focus shifted to ensuring sufficient production to meet domestic demand. Consequently, sugar production increased during the 2023/24 season, and ethanol diversion was significantly reduced, resulting in an addition of nearly 2 million tonnes (mt) to sugar stocks. Now, the challenge is to manage these stocks, sitting in the warehouses of more than 500 sugar mills across the country.

Historically, sugar mills have managed larger stockpiles, thus managing the current level of inventories should not be a major challenge. The surplus, which is well distributed between States and sugar mills, will ensure stable domestic supplies, help meet local demand, and prevent sugar prices from spiking, thus avoiding stringent government intervention as seen in the case of pulses, wheat and rice.

STOCK LEVELS

Like in other commodities, there's often uncertainty in sugar stock levels. Variances of 1-2 mt in stocks can significantly impact local prices, policy-making and industry structure. Rising sugar demand necessitates higher stock levels for food security. Previously, 6 mt was deemed sufficient to meet three months' demand. However, with a monthly average release of 2.4 mt, 7.2 mt is now required for food security and the level will only continue to rise with the rising demand trend. The mills at some point will have to carry much higher stocks, and provision for same should be made. The government must consider this when formulating trade policies.

Sugar production estimates released before the crushing season often undergo significant revisions based on actual yield, sucrose recovery, ethanol prices, and blending commitments. These estimates are typically finalised around February when most of the crushing is complete and that's when the surprise element is unleashed — that is, where the production is headed. Therefore, formulating trade policies should wait until there's more certainty about the production numbers, to avoid jeopardising domestic supplies.

SUPPLIES. More sugar must be diverted for ethanol blending

The ethanol programme, previously disrupted by lower supply concerns, needs revitalisation. The government had temporarily reduced ethanol supplies from BHM (B-heavy molasses) and cane juice in anticipation of lower sugar production in the ongoing 2023-24 season but reintroduced them once higher sucrose production was confirmed. This policy flexibility helped manage commodity supplies and stabilise prices especially during the election period. Now, it's time to refocus on achieving higher ethanol blend targets, higher capacity utilisation of ethanol plants, and supporting the sugarcane industry in a much bigger way than just exporting sugar.

The government is aiming at 20 per cent blend ratio by 2025 which won't be possible without the sugar industry supplying ethanol in a major way.

Opening up sugar exports, particularly the requested 1 million tonne quota, will offer minimal benefits to the industry. The quota distribution among 530 sugar mills, potential quota sales between mills, and the logistical aspects of garnering sugar from small manufacturers and exporting in volumes are major challenges. Additionally, global sugar markets will react negatively to news of Indian exports. World prices could collapse and domestic prices would inch up, diminishing any price advantage available for sugar exports.

Even with a price advantage of around $75/tonne prevailing today (at cost), the industry might benefit more by increasing ethanol supplies and negotiating higher prices for the same. This will provide long term and sustainable gains to the industry.

Sugar exports should, therefore, be considered only when there is excess sucrose production after meeting domestic consumption, ethanol blending, and food security needs.

The writer is Founder Director, GreenLeaf

thehindu businessline.

TWENTY YEARS AGO TODAY.

July 18, 2004

PM hopes to resolve FDI issue through dialogue

The Prime Minister, Dr Manmohan Singh, today said the heat generated over the Budget proposal to hike foreign direct investment (FDI) cap in civil aviation, insurance and telecommunications, even by allies of the Left parties supporting from outside, would be resolved through dialogue and there would be "a smooth sailing in the end".

Lodha's audit firm opts out of Birla Ericsson

Lodha & Co, the audit firm of RS Lodha, has opted out of the statutory auditorship of Birla Ericsson Optical Ltd, the joint venture company between the MP Birla Group and Ericsson Cables AB of Sweden. The company has resolved to appoint Clark, Gardner, Wolf & Co as the new auditors in place of the retiring auditors.

SEBI clears TCS public issue

The Securities and Exchange Board of India (SEBI) has given clearance to Tatas for the proposed initial public offering (IPO) of Tata Consultancy Services (TCS) that is likely to realise over ₹5,000 crore. The Tatas had submitted their response to a clarification sought by SEBI on the draft red herring prospectus.

Deciphering RBI's record dividend

KEY DRIVERS. Record asset size, healthy return on assets and high bond yields help boost payout to govt

N MOHAN

The Reserve Bank of India stunned everyone with an unexpected bigger ever dividend of ₹2.11-lakh crore this year. And details that accompanied initially were a bit confusing rather than illuminating. While the Total Income increased only by 17.04 per cent, RBI paid a dividend 2.4 times that of FY23. And simultaneously increased provisions from 6 per cent of total assets to 6.5 per cent.

How was RBI able to do both? Corporates sometimes do make large payouts by dipping into their reserves. Here RBI, on one hand made a record dividend payout; and with the other hand, increased provisions and strengthened its balance sheet even on its historically highest asset base. And when one reads the balance sheet, more questions get thrown up.

Last year, RBI provisioned ₹130,875.75 crore on a smaller balance sheet and increased the total Available Realised Equity (that is, Provisions plus Capital and Reserves) from 5.5 per cent to 6 per cent. And balance sheet size went up by just 2.5 per cent last year. But this year, balance sheet went up by 11 per cent. But with a much lesser provisioning of ₹42,819.91 crore it had further increased the provisioning by another 0.5 per cent to 6.5 per cent. It appears as a conundrum.

A further look at the income statement shows that RBI had sent ₹42,819.91 crore to Contingency Fund. But the Contingent Fund had gone up by ₹77,415.34 crore. Where did the additional ₹34,595.43 crore come from? And a last major question on everyone's lips: Will RBI be able to repeat such a high payout or similar payouts year after year?

Well. We will answer all these questions; may be, not in the same order.

RBI's income statement consists of four major components: Income, Expenditure excluding Provisions, Provisions and finally Dividend Payout.

A) Income: RBI's income majorly consists of the following. (1) Interest from Loans and Advances to banks as well as State and Central governments; (2) Income from foreign and rupee assets; (3) Commissions and other income; and (4) Surplus lying in revaluation accounts that get transferred to the Income statement on maturity/sale.

B) Expenditure excluding Provisions: RBI's expenses like printing of notes, employee costs, depreciation, etc., for running its operations are extremely low and stable over the years. These are typically less than 10 per cent year after year (see Table 1).

Essentially, every year, around or more than 90 per cent of the income is available with RBI to allocate to Provisions and Dividends.

C) Provisions: As per Bimal Jalan's formula, RBI should maintain its Available Realised Equity between 5.50 per cent and 6.50 per cent of total assets.

D) Dividend payout: After meeting the above, the balance surplus should be paid to government.

ASSETS, REVALUATION OF ASSETS

RBI has, over the years, built up the following two assets: (A) Foreign Assets like dated securities, T bills, SDRs as well as gold; and (B) Rupee Assets like Indian Treasury bonds.

These assets fluctuate in value daily. As per its accounting policy, RBI does not carry "Mark to market" fluctuations to the Income statement, unless the Asset is sold/redeemed. But parks variations in four different revaluation accounts. They are Currency and Gold Revaluation Account (CGRA), Investment Revaluation Account Foreign Securities (IRAFS), Investment Revaluation Account Rupee Securities (IRARS) and Foreign Exchange Forward Contracts and Valuation Account (FCVA).

When any of these assets are either sold or mature, the corresponding profit or loss are brought to the Income statement.

CGRA always carries a huge credit balance, due to constant currency depreciation and gold appreciation. But the other three accounts can have a debit or credit balance, which is squared only on sale/maturity.

WHAT HAPPENS ON YEAR CLOSING

On March 31, if there are any debit balances in revaluation accounts, they are transferred to Contingency Fund; so that when provisioning for next year's Contingency Fund, it is calculated after debit balances are posted.

On the very next day, these debit entries are reversed from Contingency Fund and put back in their respective accounts.

While provisioning is done only for all "unrealised revaluation losses", "unrealised revaluation profits" are never adjusted while provisioning. A conservative approach.

Thus, while provisioning is done only for all "unrealised revaluation losses", "unrealised revaluation profits" are never adjusted while provisioning. A conservative approach.

Contingency Fund between two successive years: If there are negative debit balances posted on March 31 for year "Y", since these are reversed on April 1 of the following year, closing balance on March 30 of "Y+1" will be higher to the extent of accounting reversals done on April 1.

To this balance, further debit entries should be done, if any, pertaining to "Y+1", before calculating provisioning for "Y+1".

What happened between FY23 and FY24 is shown in Table 2.

Though there were debits posted in both these successive years, since debits were less for FY24 than FY23, RBI could transfer just ₹42,819.91 crore, while moving up Contingency Fund by ₹77,415.34 crore.

Additional Contingency requirement versus asset growth: Supposing, debit balances for FY25 are lower than that of FY24, Additional Contingency Fund requirement would be a maximum of 6.5 per cent of Asset growth, as RBI had already met 6.5 per cent requirement in FY24. Asset growth during the past six years is given in Table 3.

What can increase the Balance Sheet Assets in FY25?: (A) Growth in printed notes; (B) Growth in CRR deposits with RBI due to deposit growth in banking system; (C) Revaluation of either Foreign or Rupee Assets due to currency depreciation, gold prices or lower bond yields.

Growth in printed notes: In a non-digital economy, currency is needed for financial transactions (including for parallel economy) as well as wealth storage (including ill-gotten). Hence in the past, printed notes growth far exceeded the nominal GDP growth. During 2013-14 to 2019-20, currency in circulation went up by 96 per cent while the nominal GDP grew by 79 per cent. Subsequently, with digitisation of the economy, the public's demand for currency went down and currency growth had been much lower than GDP. It had been 7.26 per cent, 9.86 per cent, 7.81 per cent and 3.88 per cent during last four years.

Growth in CRR deposits with RBI: This will grow in line with deposit growth in banking system. Currently bank deposits are growing at 13 per cent.

Revaluation of gold, Foreign and Rupee Assets: Bank rates will likely reduce both in the US and India by this year end. This will increase the "mark to market" values of both foreign and Indian securities and subsequently the Revaluation Assets. Currency may hold steady. While gold prices are uncertain, given its low share in RBI's assets, we can ignore it.

Let us summarise the basis on which we would forecast the "Dividend payout for FY25."

(1) An RBI Asset growth beyond 10 per cent appears unlikely, as currency notes contribute to 50 per cent of balance sheet size.

(2) Return on Assets had ranged from 2.3 per cent to 4.7 per cent in the past. But it could be 4 per cent or lower depending on the rate cut (see Table 4)

(3) Since provisioning had been fully met at 6.5 per cent, additional need will be confined to 6.5 per cent of Asset growth. Nothing more, if "debit carry forwards" are also favourable. (And they would be, in a 'rate cut' scenario.)

A full matrix of likely dividends in FY25 under different Asset growths and per cent Return on Assets scenarios is given in Table 5. (A liberal expense of ₹ 25,000 crore is assumed; refer past data in Table 1)

Since RBI provides Assets and Liabilities data weekly, we can track Asset growth. Similarly, by tracking the bond yields in US and India, we can guestimate per cent return of Assets band. And our estimates can be further sharpened as the year pans out. But Table 5 assures us that a good dividend is more likely than unlikely.

The writer, a retired veteran with international experience in auto industry, likes to dabble in macroeconomics

Trends in RBI income, expense excl provisions

TABLE 1

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
A) Total income (in ₹ cr)	193,035.88	149,672.46	133,272.75	160,112.13	235,457.26	275,572.32
B) Expenditure excluding provisions (in ₹ cr)	16,980.55	18,925.93	13,436.63	15,133.67	17,161.30	21,874.42
% of (B) over (A)	8.8	12.64	10.08	9.45	7.29	7.94
Balance money available for provisions & dividend (in ₹ cr)	176,055.33	130,746.53	119,836.12	144,978.46	218,295.96	253,697.90

RBI asset growth over years

TABLE 3

Item	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
A) Total assets (in ₹ cr)	41,02,905	53,34,793	57,07,669	61,90,302	63,44,756	70,47,703
B) % growth over earlier year		30	6.99	8.45	2.50	11.08

RBI assets versus total income

TABLE 4

Year	RBI assets (in ₹ cr)	Total income (in ₹ cr)	% return
2018-19	4,102,905	193,036	4.7
2019-20	5,334,793	149,672	2.8
2020-21	5,707,669	133,273	2.3
2021-22	6,190,302	160,112	2.5
2022-23	6,344,756	235,457	3.7
2023-24	7,047,703	275,572	3.9

Prediction of RBI dividend in different scenerios

TABLE 5

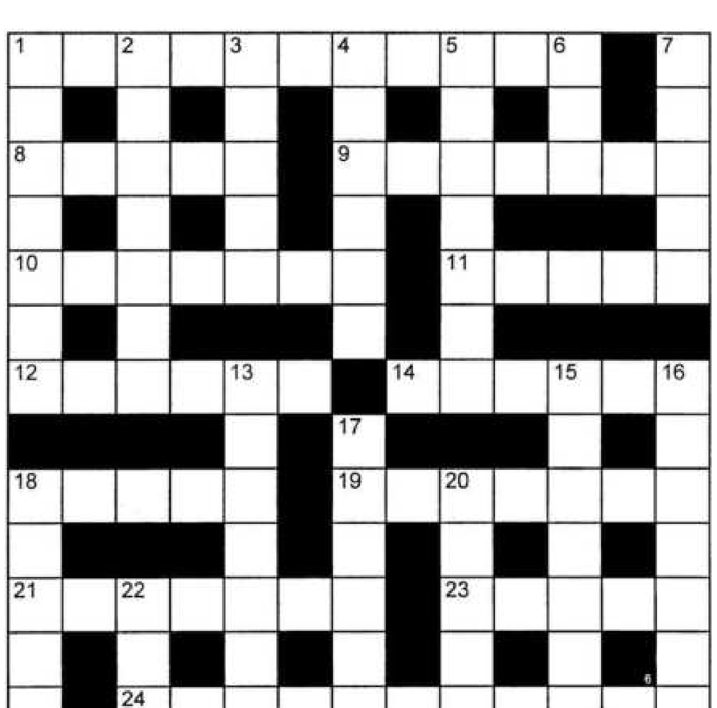
		Asset growth in FY25		
		5%	10%	15%
Dividend at different % return on assets	2.50%	137,097.17	123,001.76	108,906.36
	3.00%	174,097.61	161,764.13	149,430.65
	3.50%	211,098.05	200,526.50	189,954.94
	4.00%	248,098.49	239,288.86	230,479.23

Contingency fund after carry over adjustments

TABLE 2

	2022-23	
1)	Contingency fund as on March 31, 2023	351,205.69
	Reversals done next day	
2)	IRA FS (Investment revaluation account - foreign securities)	165,488.93
3)	IRA RS (Investment revaluation account - rupee securities)	19,417.61
4)	After reversal, contingency fund on April 1, 2023 (4) = (1+2+3)	536,112.23
	2023-24	
	-ve balances posted on March 31, 2024	
5)	IRA FS	-143,220.82
6)	IRA RS	-7,090.23
7)	Contingency fund transferred from income of FY23-24	42,819.91
8)	Contingency fund as on March 31, 2024 (8) = (4+5+6+7)	428,621.09

BL TWO-WAY CROSSWORD 2485



EASY

ACROSS

1. Nursery-rhyme hill-climbers (4,3,4)
8. Scene of combat (5)
9. Runs in hose (7)
10. Remain beyond one's welcome (7)
11. Corner; to fish (5)
12. Plot (6)
14. Dominion of North America (6)
18. Newspapers (5)
19. Shout applause or consent (7)
21. Raiding excursions (7)
23. Type of nose; upright type (5)
24. One drumming up enthusiasm for team (5-6)

DOWN

1. Incensed at rivalry (7)
2. Big cat (7)
3. Not together (5)
4. Hold-ups in time (6)
5. One of the USA (7)
6. Be untruthful (3)
7. Unseemly speed (5)
13. Projectile (7)
15. Given a fright (7)
16. Former hospital charity officer (7)
17. Roman emperor (6)
18. Difficult question (5)
20. Bend (5)
22. Giant bird of legend (3)

NOT SO EASY

ACROSS

1. Hill-climbing children who missed their footing (4,3,4)
8. Where there's fighting it takes an age to put it back (5)
9. Fifty calculators needed to take one up on board (7)
10. Remain too long in the open to be welcome? (7)
11. Corner fish (5)
12. Having little science, he needs me to formulate plan (6)
14. Roughly, North America has half-days in the Dominion (6)
18. Strive to do too much for journalists as a whole (5)
19. Bill will lay a stake to fame (7)
21. That is apparent in different kinds of forays (7)
23. A capital type (5)
24. Hurrah for the man ahead, who will whip up enthusiasm (5-6)

DOWN

1. Incensed at rivalry, James the First may have been a louse (7)
2. Creature responsible for the ache, perhaps (7)
3. What resting actor seeks on the side (5)
4. In twenty-four hour periods the Spanish cause hold-ups (6)
5. State the Sioux first letter (7)
6. A white one may be well meant, but inaccurate (3)
7. Has only five-and-a-half players made fast? (5)
13. Fail to connect with the Italian (East) projectile (7)
15. With concern sees a limb in a deal of trouble (7)
16. The palm one rigidly extends to show old hospital official (7)
17. The emperor who got seasick in a car? (6)
18. A difficult question, but a model one (5)
20. Rounded way to make about five well again (5)
22. Fabulous old bird __ steady, by the sound of it (3)

SOLUTION: BL TWO-WAY CROSSWORD 2484

ACROSS 1. Cramp 4. Nomadic 8. Undergraduate 10. Steer 11. Fall 12. User 16. Alert 17. Exceptionable 19. Luridly 20. Drake

DOWN 1. Court of Appeal 2. And 3. Perish 4. Nerves 5. Modern 6. Diagnosis 7. Cheddar cheese 9. Police car 13. Lapped 14. Levity 15. Atoned 18. Boa

CHENNAI
businessline.
THURSDAY - JULY 18 - 2024

WHAT'S HOT: GADGETS

Groovy tunes

The new **Marshall Major V** delivers signature sound, improved to reduce distortion. You can access your favourite features with the M-button on the headphones as well as on the Marshall Bluetooth app. You can also reconfigure the settings to switch the EQ presets or customise a shortcut to trigger the voice assistant. With a promise of 100+ hours of wireless playtime on a single charge cycle, the headphones ensure you stay tuned for long, without having to plug it in. The device is enabled with wireless charging; so just place them on a charging pad and you're good to go. With a rugged design, these headphones are also foldable; so you can easily tuck them into your backpack to go. The premium headphones are priced ₹14,999.

Sleek performer

The new **Dell XPS 13** is said to be the thinnest and lightest XPS model yet. Powered by Snapdragon X1 Elite X1E-80 CPU, the XPS 13 delivers powerful performance. The laptop also introduces more AI features for users. This includes 'Cocreator' where users can create AI-generated images using a combination of descriptive words and brushstrokes and iterate images in real-time to make them exactly as how they need them to be, say, for a presentation. 'Live Captions' adds the ability to translate any live or pre-recorded audio from 44 languages to English, making it seamless to connect with friends and colleagues on video calls. The laptop, which also comes in an OLED display variant, is priced between ₹1,39,990 to ₹1,69,990.

Run wild

The **Sennheiser Momentum Sport** earbuds come with interchangeable ear fins and ear tips for a personalised, secure fit that stays in place over prolonged training sessions. The earbuds have an inbuilt heart rate sensor and a body temperature sensor that can give critical data based on your activity. Users can closely monitor their body temperatures — within +/- 0.3 °C accuracy — to avoid heat-related fatigue that could occur when exceeding the optimum target range during their workouts. Sennheiser's new sports earbuds can be controlled with the Sennheiser Smart Control App, and all essential features can be controlled with simple tap gestures on the device itself. The earbuds are available in three colours — Polar Black, Burned Olive, and Metallic Graphite — and priced ₹27,990.

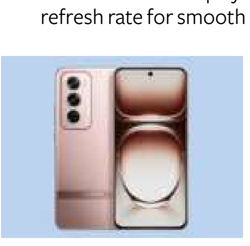
Raising the bar

The **Sony Bravia Theatre Bar 9** uses a unique 360° Spatial Sound Mapping technology, wherein multiple phantom speakers are generated in locations where there are no actual physical speakers. This enables a 360-degree spatial sound experience that is optimised for your space. The soundbar supports Dolby Atmos immersive audio and has IMAX Enhanced certification as well. It features Voice Zoom 3, a feature that ensures dialogues are consistently clear despite intense background sound effects or music. The soundbar has enhanced gaming support for 8K/4K at 120Hz and Auto Low Latency Mode (ALLM) so gamers can enjoy smooth, responsive gameplay. The Bravia Connect App lets users control the Sony Bravia Theatre Bar 9 directly from their smartphone. The premium soundbar is priced ₹1,29,990.

Smart snapper

The **Oppo Reno 12 Pro** sports a 6.7-inch FHD+ AMOLED display with up to 120 Hz refresh rate for smooth browsing. A peak HDR brightness of 1200 nits ensures legibility even under direct sunlight. The triple camera set-up includes a 50 MP main camera, a 50 MP telephoto camera with 2x portrait zoom and up to 20x digital zoom and an 8MP ultra-wide-angle camera. For selfies, the Reno12 Pro offers a 50 MP sensor with autofocus. Powered by a Dimensity 7300 Energy SoC, co-designed by OPPO and MediaTek, the smartphone also supports smart features such as AI Writer, AI Summary, AI Eraser 2.0 and AI Best Face.

The Reno12 Pro 5G — available in Sunset Gold and Space Brown colours — is priced ₹36,999 (12 GB + 256 GB) and ₹40,999 (12 GB + 512 GB).



This flip ain't a flop!

MOTO RAZR 50 ULTRA. Ironically, this loveable new flip phone gives users way less reason to open the smartphone

PICS: BIJOY GHOSH

Mahananda Bohidar

I have been spending way too much time staring at a screen. The weird thing is this screen is only 4 inches across. The last time I spent so much time looking at a 4-inch display was easily a decade ago, if not more! This time around, the new Moto Razr 50 Ultra has got me hooked, more than anything else, to its cover display.

The swanky device landed on my desk a couple of weeks ago. I've got the Spring Green colour variant, although personally, I love the Peach Fuzz colourway, much chirpier than the third Midnight Blue option. The rear has a lovely vegan leather finish that offers a firm grip, with stylish, shiny, aluminium frames in the same shade of deep green.

The first thing that strikes me about the Moto Razr 50 Ultra is how deeply customisable the whole experience is. Toying around with the cover screen personalisation options, I can do what's naturally expected — endless changes to the appearance, font, colours and opacity of the wallpaper. However, it goes the extra mile and lets me customise the flip-open action to answer calls and to disconnect a call. In a sweet little feature, it lets me display my dog's photos as an auto-shuffle album on the cover display when I place it on my desk in Tent mode. I'm suddenly catapulted to my Winamp days from the 2000s when I discovered the option to change the skin for the default music player app. Insane! After much toying around with these options, I discover one last cherry on top! There are a tonne of games customised to the 4-inch cover display — something I don't think I've ever experienced on any other flip smartphone! Casual gaming on the external display is so much fun that I almost forget to try them on the main bigger display.

I open up the 6.9-inch pOLED display, which feels tall and narrow in hand. Both the displays — main and cover — offer a crazy refresh rate of up to 165 Hz, something you'd expect only on gaming-focused smartphones or gaming monitors. There's Google Gemini integrated into the smartphone and, at the time of launch, the Razr 50 Ultra was the first flip phone to run Google Gemini on its external display as well! It brings in handy functionalities like writing a quick response to send over text or email, planning an event, getting quick summaries of text, getting step-by-step instructions for a task and much more!

CAMERA

The primary camera setup on the Moto Razr 50 Ultra rests in one corner of the cover display. It includes a 50 MP main camera and a 50 MP telephoto sensor. The stills taken in daylight were vibrant, with the smartphone amping up the pictures with saturation by just a little bit. As a result, bright colours really pop, even on a cloudy day. But the result isn't exaggerated to an extent where it looks unnatural. Portraits were generally nice in terms of contrast and colour tones. However, edge detection still needs a fair bit of work. Thanks to the form factor, I could use the stand mode and take a very sweet snap of my pet taking a nap under my bed. The videos I took on the smartphone were really stable as well.

The selfie camera is 32 MP and takes some lovely snaps even in low light. The results are mostly true to the original in terms of skin tone. Interestingly, I can use Google Photos to edit my snaps on the external display too! While the exclusion of a wide-angle lens is hard to ignore, I can't say I sorely missed it.

TECH SPECS

It's also a joy to discover that there is a bare minimum number of pre-installed apps on the smartphone. The Moto Razr 50 Ultra manages to offer a clean, stock Android experience with only Moto's own apps that cannot be uninstalled. Moto's Hello UI has ensured that not just the main screen but also the cover screen is hugely customisable. And I'm not just talking about the features and widgets. I can pinch to have an overview of all panels that are active on the cover display. And while I wouldn't want to have my phone half-open on the desk, the Tent and Stand mode too can be customised to either show photos, the clock, customisable text or an album cover.

The Motorola Razr 50 Ultra is powered by Snapdragon 8s Gen 3, with single-spec of 12 GB RAM and 512 GB storage. It runs on Android 14 and offers three years of OS upgrades and four years of security updates.

BATTERY

There's a 4,000 mAh battery, which easily keeps the phone powered through a whole day of gaming, checking and responding to emails, playing around with gen AI for images and text, and taking the occasional snap or video. This is with the brightness almost close to max, as I end up using it outdoors quite a bit during the review. There's a 68W charger that ships with the device. It takes just about an hour to get the smartphone fully charged from zero.

VERDICT

The OG foldable feature phone brand has managed to do what very few tech brands can. Build on nostalgia, yet manage to deliver functional, exciting, meaningful, deeply personalised features on a classy-looking foldable smartphone. There are niggles, of course, but the camera doesn't go hard in low-light conditions. Some of the generative AI features such as Magic Canvas take forever when they work, and while operations are still smooth, the smartphone doesn't sport a flagship-grade processor. Having said that, as any brand should, Motorola has mitigated these issues by building in so many capabilities that you'll be too occupied having fun to notice what's missing!

◉ SNAPSHOT

Price: ₹99,999 (12 GB + 512 GB)
Pros: Great UI features that make the most of the cover display, meaningful AI feature additions, decent battery life
Cons: No ultrawide camera, not a flagship-grade processor, fewer years of upgrades compared to competitors

Power walking, on your wrist!

ONEPLUS WATCH 2R. With a unique legacy of dual-OS architecture, this smartwatch offers a tonne of heavyweight features

STYLE MEETS SUBSTANCE. With a refresh rate of 60 Hz, swiping from one app to another and swiping across watch faces feels fluid PICS: BIJOY GHOSH

Siddharth Mathew Cherian

Launched earlier this year, the OnePlus Watch 2 was able to offer the best of both worlds with its unique dual OS and overall smooth functionality. Five months along the way, they already have the OnePlus Watch 2R, a more affordable version of the flagship smartwatch, which I've been using for the last couple of weeks. Here's my experience with the smartwatch.

DESIGN

When I strapped on the watch, it fit well on my wrist and felt pretty light, weighing in at 59 grams, along with the rubber straps. I got the Gunmetal Gray variant for review while there's also a Forest Green option to choose from. The brushed rubber strap was quite comfortable to wear for daily use and while exercising.

DISPLAY

The OnePlus Watch 2R features a 1.43-inch AMOLED round display, which is bright and legible in direct sunlight. With a refresh rate of 60 Hz, swiping from one app to another and swiping across watch faces feels fluid. There are two physical buttons on the device — a back button on top and a power button at the bottom, which also doubles up as a shortcut to exercise. It would've been nice to have a rotary functional digital crown that can be used as an alternative for navigating menus and options.

PERFORMANCE

The OnePlus Watch 2R has the same dual architecture that made the Watch 2 a delight. The Snapdragon W5 performance chipset runs Wear OS 4, and the BES 2700 efficiency chipset runs RTOS to handle background activity and daily tasks. Switching from smart mode (Wear OS) to power saving mode was seamless. However, switching the other way around, back to smart mode, needed me to restart the watch. This was a bothersome blip in an otherwise seamless experience.

The device has 2 GB RAM and 32 GB ROM, which offers ample space for the list of apps I want to install on the device. Moving between apps was fluid without any stutter while using the workout modes and otherwise. I could install almost all the Wear OS equivalents of Android apps that added to functionality like Strava, Spotify and more.

The smartwatch has a decent speaker and mic setup which I used to answer calls and often to activate Google Assistant or to play music.

HEALTH AND FITNESS

The smartwatch features over 100 workout modes — as strong as its predecessor. The workout modes were accurate, as were the oxygen saturation levels, double-checked against a pulse oximeter. The step count sometimes gracefully added a couple of extra steps while I'd taken fewer. The OHealth app is used to set up, synchronise and display workout and sleep-related analytical data; it can also be used to download new watch faces, tweak settings and more.

BATTERY

The OnePlus Watch 2R carries the same battery specs as the OnePlus Watch 2. It lasted through 2.5-3.5 days in smart mode when used with a smartphone. Power Saving mode is rated at giving close to 12 days without active sync and the always-on display switched on. Chances are you can use it even longer. The 500 mAh battery could be charged from 0-100 in under an hour using the supplied square charging tile.

VERDICT

The OnePlus Watch 2R delivers functional form and performance, just like its predecessor did. With a fairly affordable price tag, considering the features it offers, it earns a spot way ahead of its competitors this year, packing in holistic features and powerful performance.

◉ SNAPSHOT

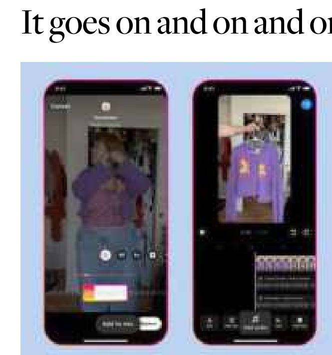
Price: ₹17,999 onwards
Pros: Bright display, excellent battery life, decent health and fitness features
Cons: Switching between power saver and Smart mode requires reboot

◉ TECH DIGEST

A quick round-up of updates that you don't wanna miss this week!

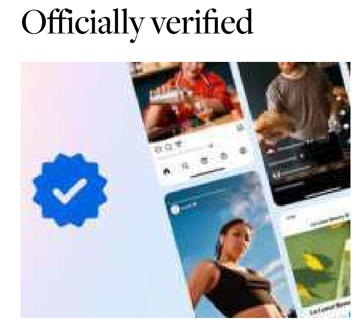
Mahananda Bohidar

It goes on and on and on...



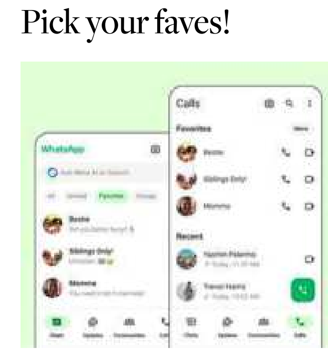
Instagram has announced a new multi-audio track feature on reels. With this, you can now add up to 20 tracks to a single reel and visually align audio with elements like text, stickers and clips while editing in-app. These can be easily remixed by other users and content creators. The ability to use multiple tracks in one reel brings more versatility and uniqueness to each reel made in this format.

Officially verified



Meta has introduced 'Meta Verified' subscription plans for businesses on Facebook and Instagram in India. The plan includes the verified badge along with improved account support, impersonation protection and additional features for discovery and connection. It also includes quick access to chat or email with agents for troubleshooting, offering the ability to request a call back for dedicated case monitoring. Similarly, a business can add more links in their Instagram reels. Meta Verified plans for businesses start at as little as ₹639 for a single app per month and go up to ₹21,000.

Pick your faves!



WhatsApp has launched a new feature that lets you quickly find the people and groups that you reach out to most often on the app. You can pick your favourites and they stay at the top of your calls tab. Whether it's your family group chat or your best friend, your 'favourites' will be the same across your chats and calls so you can speed-dial them from your calls tab too. To enable this, select the 'favourites' filter and choose your contacts or groups there. From the calls tab, tap 'Add favourite' to select your contacts or groups. This feature was rolled out yesterday and will be available to everyone in the coming weeks.

QUICKLY.

HSBC appoints Elhedery as group chief executive

Bengaluru: HSBC Holdings Ltd has appointed Georges Elhedery as its group Chief Executive, with effect from September 2. Elhedery, who joined HSBC in 2005, is the current Chief Financial Officer and will replace outgoing head Noel Quinn in September. Quinn will remain CEO until his successor starts in the role. REUTERS

Dharana buys shares for ₹400 cr in Urban Company

Mumbai: Dharana Capital has acquired shares worth over ₹400 crore in Urban Company (UrbanClap Technologies) from employees and other shareholders through a significant secondary transaction, making it the largest ESOP liquidity in the company, with Founder and Managing Partner Vamsi Duvvuri joining the Board as Non-Executive Director. OUR BUREAU

SEBI to float consultation paper on F&O norms

SUGGESTIONS. 17-member panel okays hike in lot size by 4-5x, undecided on other changes

Ashley Coutinho
Mumbai

RINGFENCING. F&O trading regulations are aimed at curbing retail frenzy, impacting traders, algo firms and wealthy individuals

The Securities and Exchange Board of India may soon float a consultation paper outlining steps to curb retail frenzy in F&O trading.

This follows a meeting of the regulator's 17-member Secondary Market Advisory Committee (SMAC) on Monday to discuss proposals put forth by an expert panel led by Former Reserve Bank of India Executive Director G Padmanabhan.

The proposals include increasing the minimum lot size from ₹5 lakh to ₹25 lakh, restricting weekly options to one expiry per stock exchange per week, limiting the number of strike prices for options contracts, higher upfront margins, monitoring of intra-day position limits, increasing margin requirements closer to expiry and removal of calendar spread benefits on expiry day.

"The SEBI committee has partially recommended some of the measures and are in agreement for a 4-5x increase in lot size. The regulator will now invite wider discussions for most of the recommendations through a consultation paper," said a person familiar with the matter.

POTENTIAL IMPACT

It is not clear if the regulator will further tweak some of these proposals before including them in a consultation paper.

The proposals may be further taken up by the SEBI Board before a final decision on the norms is reached.

More than 75 per cent of traders in the options segment have a turnover of less than ₹10 lakh every month. So, increasing the capital requirement could make trading unaffordable for the retail segment. Options trading has a high skew, given that about 20 per cent of retail option traders likely drive 90 per cent of premiums.

The proposals, if implemented, could curb the impact of the profitability of high-ticket players such as algo firms and wealthy individuals due to higher margin requirements and position limits.

Regulatory interventions in the past had a crushing and lasting impact on volumes in Korea (options) and in China (futures). Recently, the RBI's interventions in the currency derivatives market caused a major upheaval, leading to a sharp decline in volumes.

OPTIONS TRADING

Among the available alternatives to trade equities (intraday, delivery, futures and options), options are by far the most complex product and yet has the lowest cost both in terms of ticket size and transaction costs, with the highest leverage to the underlying spot.

"The debate around regulating options often deflects into the relevance of average losses. However, the key issue is not as much about average or median losses as much about the accessibility of a complex product with a very high probability of incurring losses," said a recent note by Kotak Institutional Equities.

'At ₹3.9 lakh cr, deposit inflows higher in fortnight ended June 28'

Our Bureau
Mumbai

Bank credit growth (excluding the impact of HDFC's merger with HDFC Bank) slowed to 13.8 per cent year-on-year (y-o-y) for the fortnight ended June 28, compared to 16.2 per cent growth recorded last year, due to a drop in credit demand, RBI measures such as higher risk weights on unsecured loans, and a higher base effect, according to CARE Ratings.

However, the outlook for bank credit offtake remains positive. Without considering the effect of the merger of HDFC with HDFC Bank, deposit growth, too, slowed to 8.7 per cent in the reporting fortnight, compared to 11.8 per cent last year.

In the fortnight under review, net deposit inflows were at ₹3.9-lakh crore, as against net credit expansion of ₹1.7-lakh crore.

SECTORAL TRENDS

"Credit offtake (including the impact of HDFC's merger with HDFC Bank) continued to grow, albeit at a slower pace, increasing by 17.3 per cent y-o-y for the fortnight ending June 28, 2024 (vs 19.2 per cent y-o-y growth in the preceding fortnight) to reach ₹168.8-lakh crore.

"The impact of HDFC's merger with HDFC Bank (which would subside by the end of Q1FY25) along with growth in personal loans continues to account for this growth," said Sanjay Agarwal, Senior Director; Saurabh Bhalerao, Associate Director; and Tejas Poojary, Analyst, CARE Ratings.

In absolute terms, over the last 12 months, credit offtake expanded by ₹24.9-lakh crore to reach ₹168.8-lakh crore as of June 28, 2024.

"Personal loan demand, supported by the MSME and commercial real estate sectors, continues to drive bank credit growth (which continues to outpace deposit growth). Personal loans remain the leading segment, while industrial sector growth remained slow compared to others," the rating agency officials said.

The medium-term outlook appears positive, with sustained personal loans and expected increase in capex spending, particularly in the private sector. The rating agency projects credit growth to be around 14-14.5 per cent in FY25, aided by decreasing inflation. The impact of the HDFC merger is expected to wane by Q1FY25, but high interest rates and global uncertainties may hinder credit growth.

DEPOSIT GROWTH

In absolute terms, deposits expanded by ₹26-lakh crore over the last 12 months to reach ₹212.9-lakh crore as of June 28.

"Deposit growth, though it has improved, has continuously lagged credit growth in the past year. It is expected to be prominent in FY25 as banks intensify efforts to strengthen their liability franchise.

"This focus aims to prevent constraints on credit uptake due to deposit growth," the agency said. It estimated deposit growth to range between 13 per cent and 13.5 per cent during FY25.

Suzuki outlines tech strategy

Press Trust of India
New Delhi

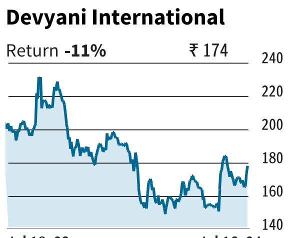
Suzuki Motor Corporation on Wednesday said it will focus on aspects like light body structures and usage of small batteries to power its models including electric vehicles across various markets, including India. Outlining the company's technology strategy for the next 10 years, the Japanese automaker stated that compact and light vehicles not only reduce CO_2 emissions during use, but also reduce the resources and CO_2 emissions in production, thus contributing to resource conservation and CO_2 reduction.

The automaker said it will further evolve the light-weight and safety body 'HEARTECT', and also work to minimise energy consumption through weight reduction technology.

TODAY'S PICK.

Devyani International (₹174.5): BUY

Akhil Nallamuthu
bl. research bureau



The stock of Devyani International broke out of resistance at ₹170 in early June. But then, the uptrend lost momentum, and the price declined before the stock entered a sideways trend. However, after some consolidation so far this month, the scrip has seen a sharp rise in price this week.

The price action indicates that the bulls have gathered good strength, and this time, a sustainable rally is likely to be established.

This upswing can take the stock to ₹200. But there could be a minor dip from here, so participants can buy at ₹175 and accumulate at ₹168. Place the stop-loss at ₹160. When the stock surpasses the potential hurdle at ₹180, raise the stop-loss to ₹170. Tighten the stop-loss further to ₹182 when the price hits ₹190. Exit at ₹200.

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

Day trading guide

24644 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
24580	24500	24800	25000	Buy now and add longs at 24580; keep stop-loss at 24500.

₹1619 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1600	1575	1640	1680	The stock is not trending. Refrain from taking trades.

₹1725 » **Infosys**

S1	S2	R1	R2	COMMENT
1700	1680	1735	1750	Buy now and on a dip to 1700. Place stop-loss at 1675.

₹465 » **ITC**

S1	S2	R1	R2	COMMENT
460	456	467	480	Go long at current level and at 460. Keep stop-loss at 454.

₹322 » **ONGC**

S1	S2	R1	R2	COMMENT
316	305	330	340	Initiate longs when the price dips to 316; stop-loss at 305.

₹3151 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
3135	3085	3215	3300	Stay out for now as the next leg of trend is uncertain.

₹880 » **SBI**

S1	S2	R1	R2	COMMENT
872	860	888	910	Buy the stock as the trend is bullish. Stop-loss at 860.

₹4175 » **TCS**

S1	S2	R1	R2	COMMENT
4140	4030	4250	4300	Go long now and on a dip to 4140; place stop-loss at 4030.

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

$3 billion PE investments flow into real estate in H1

Our Bureau
Mumbai

Private equity investments of $3 billion have been made in Indian real estate in the first half of 2024, an increase of 15 per cent on year from $2.6 billion year ago, a report by Knight Frank India said.

Warehousing sector accounted for largest share at 52 per cent of total PE investments in the period under review, followed by residential (29 per cent) and office (20 per cent). PE investments in the residential sector also saw a significant increase of over 3 times to $854 million.

INVESTOR DYNAMICS

There was shift in investor dynamics and sectoral preferences for private equity investments in Indian real estate sector, the report pointed out.

The office sector, which has received the highest share of PE investments since 2018, was surpassed by the warehousing sector, which has become the most popular now, attracting more investments than the combined totals of the office, retail, and residential sectors.

On an overall basis, Mumbai received the most investments at $1.7 billion from $1.24 billion year ago. Flows to the residential segment in the city was to the tune of $201 million.

Bengaluru received around a fifth of the total investments, at $581 million. Around 69 per cent of these investments were dedicated towards the residential sector. The remaining 31 per cent were invested in office sector.

"Indian commercial real estate continues to thrive due to factors like return to work, rising office absorption and strengthening rental values," Knight Frank India CMD Shishir Baijal. "Similarly, a year-on-year strengthening of residential demand and continued consumer activities in retail further bolstered by economic growth has incentivised funds to adopt a long-term perspective towards investment in real estate."

WAREHOUSING SECTOR

Investments in the warehousing segment showed a significant upward trajectory in H1 2024, reaching $1.53 billion, a steep rise of 176 per cent y-o-y, driven by a single deal that accounted for the bulk of it. Mumbai and Chennai were the primary beneficiaries, attracting $1.5 billion and $32.3 million, respectively, in the warehousing segment.

According to the report, PE investors are actively engaged in the warehousing market, particularly targeting sub-sectors such as e-commerce, logistics, and third-party logistics facilities. "Warehousing sector is experiencing robust growth due to the burgeoning e-commerce industry and an increasing focus of the companies on supply chain optimisation," Knight Frank said.

The inherent demand for warehousing due to growing consumerism and manufacturing coupled with supportive government policies and growing demand from various industries, make it a compelling proposition for PE investors, it added.

Godrej Storage Solutions plans 2nd unit near Chennai

Our Bureau
Chennai

Godrej Storage Solutions, part of Godrej & Boyce Manufacturing Co, plans to set up a second facility near Chennai to manufacture components of storage systems used in warehouses and shop floors, including pallet-racking and shelving solutions.

The annual production capacity of its Ambattur plant is 90,000 tonnes and it will produce 60,000 tonnes, or nearly 75 per cent of capacity this year.

INVESTMENT

"We are okay with this situation for another 18 months and have started making plans for another plant in or around Chennai," said Vikas Choudaha, Executive Vice-President and Business Head, Godrej Storage Solutions.

"If we have to build a similar capacity as the Ambattur plant, ₹350-400 crore is the minimum investment required, plus the land cost," he told mediapersons. Chennai will be the first choice for its access to the port, he added.

Third-party logistics is the biggest sector for the company with TVS Supply Chain Solutions and DHL as major customers, he said. Choudaha said the company eyes ₹1,000-plus crore revenue this fiscal and ₹1,500-1,600 crore revenue in the next three years, including ₹500 crore from exports.

At the end of March 31, 2027, the company hopes to reach revenue of ₹1,600 crore. Of this, exports would be around ₹500 crore, he said. "The domestic industry is looking at 8-10 per cent growth. We want to grow in the domestic market in line with that," he said.

Audio series platform Pocket FM to expand to EU, Latin America

Jyoti Banthia
Bengaluru

Audio series platform Pocket FM is expanding its footprint globally to Europe and Latin America, Rohan Nayak, Co-Founder and Chief Executive Officer, Pocket FM told *businessline*. The audio streaming platform is also running pilots for Spanish content in the US.

"We are growing across all languages even in the US, and we're also launching some markets in Europe and Latin America. We are getting into UK, Germany, Brazil, Mexico, and others sometime this year," said Nayak.

Pocket FM's focus on short-form episodic audio entertainment caters perfectly to busy Indians' schedule —ideal for commutes, workouts, workhours or even household chores and relaxing hours. Additionally, Pocket FM prioritises regional content for India, ensuring a wider audience can connect with the stories and voices on the platform.

The company's addition of regional languages seems to be a winning formula which has garnered a loyal user base. This, coupled with their focus on creating high-quality, original content, has propelled its user base.

"Our primary content is in Hindi, and we have added regional languages Tamil, Telugu, Bengali and Marathi. We are in an early stages of building these languages and feel there's a massive headroom. The headroom comes from the fact that we have a small catalogue of content," he added.

Pocket FM now a catalogue of over 2,00,000 audio series has a community of over 250,000 writers creating content for more than 3,000 series on the platform. Drama is the leading genre, followed by suspense and thriller, romance and science fiction.

THE US MARKET BOOST

Pocket FM has revolutionised entertainment by adapting Indian content for US audiences and creating original audio series tailored for Americans. The American Midwest, particularly 15-25-year-olds, is a key demographic enjoying Pocket FM's content, with states like Texas, California, New York, and Florida being its top markets.

"There's a greater demand for sci-fi and fantasy shows in the US," mentioned Rohan adding that the platform has seen increased engagement times with its offerings.

The US users spend an average of more than 135 minutes (nearly the size of an average film) on Pocket FM daily, surpassing global engagement levels of 115 minutes. "Our focus is on meeting the preferences of the mainstream American audience," he said.

FREEMIUM MODEL

Pocket FM's blockbuster successes such as *Insta Millionaire* and *Ek Ladki Ko Dekha* (reimagined as *Saving Nora* in overseas markets), which span across 1,400-1,800 episodes each, and have grossed $15 million and $18 million in revenues, respectively.

Pocket FM's annualised revenues have skyrocketed from $2.4 million to $160 million (until December 2023).

"Micro-transaction is still is predominant majority of our revenue. We are a freemium product and have a substantial free user base as well which we also eventually integrate ads with," he noted.

AI BOOST

Pocket FM focuses on micro-subscriptions and pay-per-episode transactions for revenue, with plans for further growth and expansion. Through partnerships with US-based AI technology, Pocket FM has enhanced its audio library, offering over 5000 AI audio series in English. Having raised $200 million in venture capital, including a recent $103 million Series-D round, Pocket FM is poised for further success and growth.

Acer to open over 90 stores in India by early next year

Sanjana B
Bengaluru

Acer India plans to expand its retail footprint in India by launching over 90 stores by the beginning of 2025. Following the launch of its 210th store, its 10th in Bengaluru, the consumer tech giant hopes to launch 300-325 stores by early 2025.

"40 per cent of our business is consumer-centric, and the rest 60 per cent is commercial business for us. Out of this 40 per cent, about five years ago in 2019, we had close to 45 per cent of the business coming from our online stores," Harish Kohli, President and Managing Director, Acer India, told *businessline*.

Acer has also introduced Acerpure, a range of consumer electronics and appliances including TVs, water and air purifiers.

'MAKE IN INDIA'

Acer has become the third largest company in the Indian PC market, with record-breaking sales numbers in 2024.

Kohli said Acer India's numbers for the second quarter of the calendar year 2024 are the highest ever in 25 years. "And in the third quarter, we will be doing almost 1.5 times of what we did in the last quarter. What we used to achieve in one quarter earlier, we achieve in a month now."

As time progresses, we want most of our products to be made in India than be imported from elsewhere."

QUICKLY.

US rate cut optimism steers gold to record high

Gold prices hit a record high as comments from the US Federal Reserve officials boosted hopes of a September interest rate cut. Spot gold was up 0.2 per cent at \$2,473.89 per ounce. US gold futures gained 0.4 per cent to \$2,478.50. Silver fell 1.4 per cent to \$30.95; platinum rose 2.1 per cent to \$1,021.20 and palladium added 2.1 per cent to \$979.48. REUTERS

Crude oil eases on slowing China demand

Singapore: Crude oil prices eased with global benchmark Brent hovering near a one-month low hit in the prior session on signs of weakening demand in China, although losses were capped by declining US oil stockpiles. Brent crude oil futures fell 15 cents to \$83.58 a barrel. US WTI crude futures eased 13 cents to \$80.63. REUTERS

Copper firms as \$ slump offsets China demand woes

London: Copper prices edged higher as a slide in the dollar countered worries about weak demand in China and rising inventories. Three-month copper on the LME was up 0.6 per cent at \$9,719 a tonne. LME copper stocks have nearly doubled since the start of June, climbing to their highest since September 2021. REUTERS

Excess rain to drive farm output in South

WEATHER INTERVENTION. Thanks to recent showers, the Cauvery water row between TN and Karnataka is temporarily resolved

Sanjana B
Bengaluru

Agriculture prospects look bright in South India with all States in the region receiving excess or normal rainfall during the current south-west monsoon. According to the India Meteorological Department, the southern region has received 17 per cent excess rainfall so far with Tamil Nadu, which normally receives rains during the north-east monsoon, getting "largely excess" precipitation.

A positive fallout of the bountiful south-west monsoon is that the prolonged Cauvery water dispute between Karnataka and Tamil Nadu will likely be temporarily resolved. With Karnataka receiving 15 per cent excess showers, the State government has begun releasing around 1.5 TMC ft of water into Biligundlu in Tamil Nadu daily.

Karnataka Deputy CM DK Shivakumar, who is also the State's Water Resources Minister, said late on Tuesday that more water was flowing into Tamil Nadu than mandated by the Cauvery Water Tribunal. The Tribunal had asked Karnataka to release 1 TMC of water daily till the month-end.

The Cauvery catchment areas have received good inflows and heavy rains for a few more days could see the inflow in the Mettur Dam in Tamil Nadu at 35,000-40,000 cusecs, Tamil Nadu Weatherman wrote on "X".

Following heavy rains in Wayanad in Kerala, Karnataka and the Nilgiris in Tamil Nadu, the inflow in Kabini dam is 30,000 cusecs. The dam is filled to 95 per cent of the capacity. The Krishnaraja Sagar is filled to 60 per cent of the capacity, while Hemavathy is filled to 70 per cent of the capacity.

In Tamil Nadu, the Mettur Dam has been filled to 15 per cent of the capacity, while the Bhavanisagar is filled to 37 per cent of the capacity.

BOUNTIFUL HARVEST. Paddy being dried on a road near Orathandu in Thanjavur district, Tamil Nadu. The paddy, grown during the Navarai season that extends till June, will soon be taken to procurement centres R VENGADESAN

With rains continuing to lash the region, the water storage in key reservoirs in the region is expected to increase further.

The current situation is better than what the region faced the past two years, said an agriculture expert. Last year, deficient rainfall in the region affected Karnataka, Andhra Pradesh and Tamil Nadu.

KHARIF PROSPECTS

Kharif crops in the region could fare well, though things depend on the temperature during August and September, the expert said. Data from the Ministry of Agriculture showed that though the area under paddy in all southern States, barring Kerala, is marginally lower, the coverage of pulses is higher.

The coverage of *arhar* (pigeon pea) and *urad* (black matpe), in particular, is higher in Tamil Nadu, Karnataka, Andhra Pradesh and Telangana. Similarly, the area under coarse cereals and Shri Anna, particularly maize, is up in Tamil Nadu, Karnataka and Telangana. With the acreage of paddy catching up, overall kharif crops production could be better than last year, the expert, who did not wish to be identified, said.

Even for areas where farmers have not got irrigation for crops such as paddy, particularly in Tamil Nadu, the filling up of reservoir will help.

Many of the farmers in the Thanjavur delta, particularly beyond Pudukottai and Nagapattinam, are tapping borewells for irrigation.

Meanwhile, the Karnataka Deputy Chief Minister told the Assembly on Tuesday, "If there is water, we will let it flow. Around 177 tmcft has been released in a normal year, and we don't want to hold back.

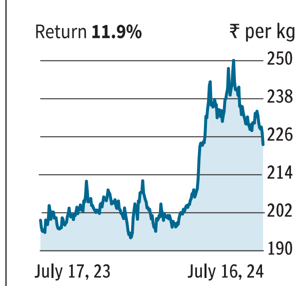
There have been some showers, so that is a good sign. The water has to travel 250-300 km. Today, we are getting good inflows. Tamil Nadu should not worry and neither are we," he said, adding that Karnataka does not want to disrespect the court either.

Karnataka Chief Minister Siddaramaiah, after an all-party meeting on Sunday, said the government was ready to release 8,000 cusecs of daily water from the river to Tamil Nadu instead of one tmcft (11,500 cusecs). An all-party meeting in Tamil Nadu on Tuesday decided to approach the Supreme Court to direct Karnataka to release Cauvery water as directed by the Tribunal.

COMMODITY CALL.

Go short in aluminium futures

Akhil Nallamuthu
bl. research bureau



Aluminium futures on the Multi Commodity Exchange (MCX), which has been on a decline for about three weeks, broke below the support at ₹225. The contract also made a lower low on the daily chart.

Following the breach of the support at ₹225, the outlook has turned weak. The nearest support can be spotted at ₹215. Immediately below this level is another support at ₹210.

Therefore, the price region between ₹210 and ₹215 can offer support to aluminium futures.

But in case the contract recovers from here, it can face barriers at ₹230 and ₹235. So, for the trend to turn positive, aluminium futures ought to surpass the resistance at ₹235.

In such a case, the price can rise to ₹250.

Nevertheless, as it stands, the probability of a decline from the current market price is high. So, traders can consider going short on aluminium futures.

TRADE STRATEGY

Sell aluminium futures now at ₹224. Add shorts if the contract inches up to ₹230. Place stop-loss at ₹235.

Revise the stop-loss lower to ₹220 when the price falls to ₹215. Book profits at ₹210.

Robusta coffee continues to gain on supply issues in S-E Asia

Vishwanath Kulkarni
Bengaluru

Prices of robusta coffee continue to move up in India in sync with the global trend on supply issues in Vietnam, the largest producer, while the arabica prices are largely ruling stable.

Prices of robusta cherry, the widely produced variety in the country, crossed the ₹10,000-mark for a 50-kg bag recently and are currently hovering around ₹10,400 levels at the farmgate. Robusta cherry prices have gained by close to a tenth from the early April levels, and have moved up by over 50 per cent since early January.

Similarly, the robusta parchment prices have moved up to record levels of ₹18,300 per bag — an increase of around 66 per cent over early January levels. Globally, robusta futures at the ICE have also seen an increase of over 60 per cent in the year-till-date.

GROWERS IN NO HURRY

Ramesh Rajah, President, Coffee Exporters Association, attributes the surging price trend in robustas to the lower availability from Vietnam. Also the demand from European buyers ahead of the year-end deadline for the EUDR (European Union Deforestation Regulations), is aiding the price trend.

Rajah said some growers, who feel that prices would go up further, are still not in a rush to sell.

"We think that 70 per cent of the coffees have been sold while 30 per cent is still with the growers," Rajah said adding that it was just a "guesstimate".

India's coffee exports in the calendar year 2024 till July 11 were up by 11 per cent at 2.53 lakh tonnes (lt) over 2.28 lt in the same period a year ago, per the Coffee Board data. The increase has been primarily led by higher demand for robusta cherry followed by instant coffees. Robusta cherry exports were up by 18 per cent at 1.19 lt during the January 1 -July 11 period against 1.01 lt a year ago. The instant coffee shipments, including the re-exports, were up over 11 per cent at 82,771 tonnes.

INDIA'S CHANCE

Praveen Kumar Kolimarla of Agrani Coffee and Commodities Ltd, who sources beans for exporters and roasters, said robusta continues to be very tight in terms of availability and prices due to supply issues in Vietnam and Indonesia. "With Vietnam and Indonesia not selling any coffees, there's an opportunity for India. Also with monsoon turning active, there's some liquidity available and more coffees are being released by growers amidst demand from buyers," he said.

In its recent outlook, BMI, a Fitch company expects coffee markets to remain buoyant over supply issues from key producers such as Vietnam and Brazil. "Continued accumulation of stocks could create some headwinds to price development in H2 2024. Meanwhile, rainfall and water reservoir levels in Vietnam ahead of the peak of the coffee robusta harvest in November 2024-February 2025 will be monitored; replenishment will be vital if a further production decline is to be avoided." BMI said.

Oilmeals shipments down 9% in Q1 as export of rapeseed, castorseed meals dip

Our Bureau
Mangaluru

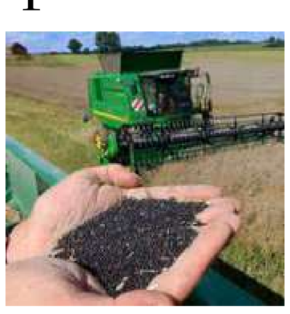
India exported 11.02 lakh tonnes (lt) of oilmeals during the first three months of 2024-25 against 12.10 lt in the corresponding period of the previous fiscal, registering a decline of 9 per cent.

However, oilmeals export increased by 19.71 per cent in June. Data compiled by the Solvent Extractors' Association of India (SEA) showed that India exported 3.35 lt of oilmeals in June 2024 against 2.80 lt in June 2023.

BV Mehta, Executive Director of SEA, said the decline in the oilmeals export during the first quarter was mainly due to cut in export of rapeseed meal and castorseed meal. Added to this, there has been no export of de-oiled ricebran since September 2023 as the Government has prohibited its export.

India exported 5.23 lt of rapeseed meal during Q1 of 2024-25 against 6.20 lt in the corresponding period of 2023-24, registering a decline of 15.7 per cent. India's castroseed meal exports decreased to 78,776 tonnes (90,750 tonnes).

He said the de-oiled ricebran prices are at the lower level and likely to go down further with increased availability of dried distiller grain solids.



However, the country shipped 3.35 lt of oilmeals in June 2024 against 2.80 lt in June 2023

In view of the above facts and sharp fall in prices of de-oiled ricebran, SEA has once again appealed to the Government not to extend the prohibition beyond July 31, he said.

India exported 4.96 lt of soyabean meal during April-June of the current fiscal against 3.64 lt in the corresponding period of the previous fiscal.

Mehta said soyabean meal (ex-Rotterdam) is being quoted at \$423 a tonne now; while soyabean meal (ex-Kandla) is being quoted at \$495 a tonne. This makes the Indian soyabean meal expensive in international market. Excessive production of soyabean meal is also putting downward pressure on oilmeals prices, he said.

MAJOR IMPORTERS

South Korea imported 1.88 lt of oilmeals from India during April-June 2024-25 (2.47 lt in April-June 2023-24). This included 1.37 lt of rapeseed meal, 40,039 tonnes of castorseed meal, and 10,388 tonnes of soyabean meal.

Vietnam shipped in 55,420 tonnes of oilmeals (1.92 lt) which included 48,920 tonnes of rapeseed meal, 4,736 tonnes of soyabean meal, and 1,764 tonnes of groundnut meal.

Thailand imported 1.08 lt (1.86 lt) of oilmeals from India during the quarter under review.

This included 1.05 lt of rapeseed meal and 2,296 tonnes of soyabean meal. Meanwhile, Bangladesh imported 2.18 lt (2.57 lt) of oilmeals which included 1.83 lt of rapeseed meal, and 34,437 tonnes of soyabean meal.

Iran has turned out to be the largest importer of Indian soyabean meal. This includes shipment via Dubai also. Iran imported 1.14 lt of the meal during April-June 2024-25.

Cropin launches agri-intelligence platform Sage, powered by Google Gemini

Our Bureau
Bengaluru

Agritech firm Cropin Technology has announced the launch of Sage, the planet's first real-time agri-intelligence solution powered by Google Gemini.

Cropin Sage converts the world's agricultural landscape into a proprietary grid-based map with options of 3x3 m, 10x10 m, or 5x5 km, delivering data and intelligence with unprecedented scale, accuracy and speed, the company said in a statement.

This enables consumer product goods (CPG) players, seed manufacturers, food processors, multilateral organisations, financial institutions and governments to make informed decisions based on historical, present, and future data on cultivation practices, crop, irrigation, climate, and soil, the company said.

Ninjacart to bring blueberries from Peru, partners with Camposol

Our Bureau
New Delhi

Flipkart-backed B2B agri start-up Ninjacart has tied up with Peru's leading blueberry producer, Camposol, to bring the exotic fruit to India with the objective of getting the supplies year-round.

However, prices will be market-driven and not fixed for any particular period.

The partnership, which was formalised through a memorandum of understanding (MoU) this month, was announced at an event in Delhi by Ninjacart's Co-founder Sharath Babu Loganathan.

The partnership will leverage Ninjacart's technology-driven supply chain and extensive retail network to distribute Camposol's blueberries across 100 cities through over 1 lakh retail outlets in India, he said.

"Our strong connections with *kirana* stores, supermarkets, modern trade outlets, e-commerce/quick commerce platforms, and HoReCA (hotels, restaurants, and cafes) partners enable global brands to seamlessly reach premium customers," said Sharath Babu.

Sharath Loganathan, Co-founder and Head of International Business of Ninjacart with Sergio Torres, Senior Vice President-Commercial Operations, Camposol ANI

In a joint statement, both companies said they plan to market 250-275 tonnes of Peruvian blueberries in the current season that started in July.

STRONG DEMAND

"Ninjacart's strong presence and deep understanding of the Indian consumer will be invaluable in establishing Camposol as a leading supplier of blueberries in India," Sergio Torres, Senior Vice President-Commercial Operations, Camposol, said.

He cited the China experience, where blueberries are in demand now (Camposol entered seven years ago), and said that in India too, the company hopes to generate a good volume.

PRICING

The blueberry import by India is about \$5 million, which the industry expects to grow by a quarter in the next three years. The imported blueberries are sold in the range of ₹315-515 per pack of 125 gram in India.

Exporters urge Centre to lift ban on palm oil imports via Kerala ports

V Sajeev Kumar
Kochi

Stressing the need for the removal of palm oil imports through Kerala ports, the Kerala Exporters Forum (KEF) has urged the Directorate-General of Foreign Trade (DGFT) to come up with a proper timeline for removing the trade ban on palm oil rather than continuing with unending extensions. The DGFT imposed the ban in 2007 and subsequently extended it to protect the interests of coconut farmers.

A KEF study suggested that Kerala's 17-year ban on palm oil imports to protect coconut and coconut oil production may have been excessive. Despite this protection, the sector remains uncompetitive globally and faces price and production fluctuations, indicating deeper issues.

LACK OF EVIDENCE

There is no evidence to suggest that large imports of palm oil have caused a drop in the prices of coconut and coconut oil. Rather the decline is the result of the integration of the domestic market with the international market for coconuts.

The fluctuations and shocks in the international market are behind the sudden drop in the prices of coconut and coconut oil, the report said.

The ban, according to the report, resulted in the loss of business for Cochin Port, impacting the development of other minor ports in the State, and hit consumer interest.

This led to a rise in logistics costs as palm oil imported from neighbouring ports were transported to refineries in Kerala via road, leading to an increase in the price of palm oil for end-consumers due to the tax levied on import to Kerala via road.

The Karnataka and Tamil Nadu (two States with coconut production higher than Kerala) governments have not banned the import of palm oil.

The report requested the government to set up an expert panel to study the magnitude of revenue loss due to the trade ban.

India has powerful role to play in food security, says BII

Subramani Ra Mancombu
Chennai

British International Investment (BII), UK's development finance institution and impact investor, thinks that India has a "very powerful" role to play in food security in many emerging markets, Abhinav Sinha, BII Managing Director and Head of Technology and Telecoms, has said.

"...milk is one example. India is already self-sufficient and also a huge exporter. Basmati rice is one example, but in many such areas we think that with the right approach to productivity improvement, you (India) can make this (agriculture) one of the biggest export sectors for the country," he told *businessline* in an online interaction.

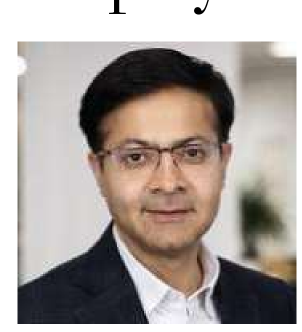
BII is excited about investment opportunities in India, though it recognises there are many challenges to address. It thinks that working capital needs and credit access of farmers are important. The Union and State governments are supporting this.

"But with some tools that we've seen work in other sectors, like credit ratings, connectivity directly between the consumer and businesses, you can see quite an important change," Sinha said.

'FORCE MULTIPLIER'

Stating that farmers are now connected to their mobile devices, he said almost all of them have bank accounts and therefore, they can show their digital identity and some credit history.

This is a "massive force" multiplier. "I think agriculture is the next where you will see some changes come through," he said.



Abhinav Sinha, MD and Head of Technology and Telecoms, BII

On how agtech is evolving, he said in the future, the yield improvement will get "sharper". "It's no more about I'll connect farm to fork or something. It's actually how can I help the farmer produce better?" Sinha said.

A genuine improvement in yield for the farmer needs to increase his earnings. Any business model that supports it will, therefore, be better, the BII Managing Director said.

"I think we are already seeing an overlap between the fintech and the agtech space. I think that will become bigger. You will get real access to credit from financial firms that focus on the agri side. Farmers are the ones who get affected by climate change the most," he said.

Sinha said agtech companies will try and see how to mitigate climate change. Another area where there could be a wave soon is carbon trading and how it could benefit small farmers.

Stating that climate change is a huge challenge for India, he said farmers and the Government will have to be realistic about it. He said irrigation is an area of focus and optimum use of it should be made. BII, which is a trusted investment partner to businesses in Africa, Asia and the Caribbean, sees many opportunities in India, though with challenges. "But there is a path where good investments can be made. People can make money off it and farmers can be richer," said Sinha.

The British investment organisation sees value-addition as the way forward, while traceability and quality control can fetch better returns. For example, BII has invested in Captain Fresh, which helps fishermen to get 15-15 per cent higher for their produce due to these factors, he said, adding that consistency is also important.

QUICKLY.

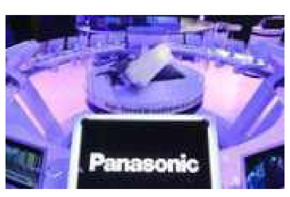
SC to hear pleas related to NEET-UG today

New Delhi: The Supreme Court is scheduled to hear a batch of petitions related to the NEET-UG 2024 exam on Thursday. A bench will hear more than 40 pleas, including those filed by the NTA seeking transfer of cases pending against it in various high courts on the NEET-UG row to the apex court. PTI

'Modern laws must conform to Constitution'

New Delhi: Terming the Constitution as the "bedrock" of any legislation, Supreme Court judge Hima Kohli said modern laws like the proposed Digital Competition Bill, 2024, must be in line with the constitutional principles of checks and balances. "Modern legislation must meet the standards of a society governed by the rule of law," Justice Kohli said. PTI

Panasonic Avionics opens software facility in Pune



Pune: Panasonic Avionics opened its facility in Pune for developing and delivering in-flight entertainment and connectivity solutions. This facility marks the company's first dedicated centre in India. The facility aims to expand its software engineering capabilities to meet the growing demand from airlines worldwide for personalised passenger experiences. OUR BUREAU

WTO: Small scale fisher bodies cry foul over threat to subsidies

THE DEMAND. Want talks to be brought to Committee of Fisheries under FAO

Amiti Sen
New Delhi

Small scale fisher organisations from India, Bangladesh, Ecuador, Gambia and Indonesia have submitted that the comprehensive agreement on curbing overcapacity and overfishing (OCOF) subsidies at the WTO, once concluded, will have serious implications for their future.

They demanded that subsidy negotiations be kept out of the WTO and any negotiations be brought to the Committee of Fisheries under the mandate of the Food and Agriculture Organisation's Sub-Committee on Trade, which has the expertise to deal with policy decisions related to fisheries and small scale fishers.

"Our biggest concern lies with the very limited special and differential treatment provision that proposes exemption for small scale fishing across developing countries (in the draft text)," per a statement endorsed by the World Forum of Fisher Peoples and World Forum of Fish Harvesters and Fish Workers after the recent SSF Summit and Committee on Fisheries meeting in Rome.

SPOT OF BOTHER. Attempts are on to speedily conclude the pact on disciplining OCOF subsidies, which may hit small fishers

The two international organisations bring together national organisations of traditional small-scale fishing communities across the world, including India. "We note that while it is agreed that the exempted category will be nationally determined, these activities should not be industrialised. This still poses major challenges in terms of clear definitions that exclude small scale fishers. Without clarity, such designations by governments may be subject to disputes that developing countries will not have the resources to fight," it noted.

An agreement to prohibit subsidies for illegal, unreported and unregulated (IUU) fishing, as well as subsidies for fishing overfished stocks and fishing in unregulated high seas, was signed by WTO members in 2022.

FISHERS' WOES

Attempts are now on to speedily conclude an agreement on disciplining OCOF subsidies, the scope for which is much larger and could hit small fishers more.

Earlier this month, India rejected the draft text circulated by the chair of the WTO negotiations on curbing overcapacity and overfishing subsidies, arguing that the special and differential treatment provisions for its fishing communities, which include 9 lakh small fishers, needed to be stronger.

Fisher organisations underlined that the WTO was aiming to discipline subsidies that contribute to harmful and unsustainable fishing, aggravating the rapid deletion of marine resources based on SDG mandate provided by SDG 14.6 which clearly aims to rein in industrial scale fishing, including deep-sea fishing and fishing in distant waters.

"However, as the current situation with the current text stands, contrary to our expectations from this agreement, we do not see effective disciplines on those responsible for the state of the oceans today. On the other hand, exemptions for small scale fishers across developing countries is being restricted by imposing irrational conditionalities," the statement noted.

A KALEIDOSCOPE OF DEVOTION

HOLY CURRENTS. On the occasion of Ashadi Ekadashi, 'warkaris' (devotees of Lord Vitthal) are seen near the Vitthal Rakhumai Temple in Pandharpur. Ashadhi Ekadashi, also known as Devshayani Ekadashi, is considered one of the most auspicious Ekadashi, holding great religious significance among Hindus. EMMANUAL YOGINI

More Union Ministers from NDA allies find place in rejigged NITI Aayog

Our Bureau
New Delhi

The Centre has reconstituted the NITI Aayog, increasing the representation of BJP and NDA allies in the 'Special Invitees' category in the government think-tank.

On Tuesday, the Cabinet Secretariat issued a notification, stating that Prime Minister Narendra Modi has approved the revised composition of the National Institution for Transforming India (NITI Aayog). While the Prime Minister remains the Chairperson and economist Suman K Bery the Vice-Chairperson, Shivraj Singh Chouhan has found a place among the four ex-officio members by virtue of being the Agriculture Minister. The other three remain the same — Defence Minister Rajnath Singh, Home Minister Amit Shah and Finance Minister Nirmala Sitharaman.

Similarly, scientist VK Saraswat, agricultural economist Ramesh Chand, paediatrician VK Paul and macroeconomist Arvind Virmani will continue to be full-time members.

However, of the 11 Special Invitees, six Union Ministers are from the NDA's partners. They include Minister of Micro, Small and Medium Enterprises Jitan Ram Manjhi; Fisheries, Animal Husbandry and Dairying Minister Rajiv Ranjan Singh; Civil Aviation Minister KR Naidu; Women and Child Development Minister Annpurna Devi; and Minister of Food Processing Industries Chirag Paswan.

While Kumaraswamy is from the JD(S), a regional party of Karnataka, the remaining three belong to Bihar-based parties — Manjhi from Hindustan Awam Morcha-S, Rajiv Ranjan Singh from JD (U) and Chirag Paswan from LJP-Ram Vilas.

The est of the special invitees are from the BJP. Road Transport Minister Nitin Gadkari has been retained while BJP president and Health Minister Jagat Prakash Nadda has been inducted.

The others are Virendra Kumar, Minister of Social Justice and Empowerment, Jual Oram, Minister of Tribal Affairs, and Rao Inderjit Singh, Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) of the Ministry of Planning; and Minister of State in the Ministry of Culture.

'Led by QSR segment, retailers see 5% sales growth in June'

Meenakshi Verma Ambwani
New Delhi

Retailers reported a growth of 5 per cent in June compared with the same period last year, per the latest survey findings by the Retailers Association of India (RAI).

This was a tad higher sequentially compared with April. The growth was led by quick-service restaurants and food and grocery categories. Kumar Rajagopalan, CEO, RAI, said, "Retailers saw a 5 per cent growth in June 2024 compared with the same period last year, indicating positive consumer spending trends. With the upcoming festival season and a promising monsoon, we anticipate improvement in consumer sentiment and retail sale."

Retailers in the southern region reported the highest growth with 7 per cent in June 2024 compared with June 2023.

The Northern and Eastern regions reported 5 per cent growth each. The Western region reported 4 per cent growth.

GROWTH CATEGORIES

Among the categories, the QSR sector reported growth of 8 per cent last month, compared with June 2023.

Food and grocery, sports goods and furniture and furnishings each reported growth of 7 per cent. Sales in the footwear segment were up 5 per cent.

Apparel, clothing and jewellery segments reported a low single-digit growth at 4 per cent each.

After seeing a high in the summer months, consumer durables and electronics products settled down for a mere 2 per cent growth in June 2024 compared to June 2023.

DVC may explore equity market for fundraising, says Power Minister

Mithun Dasgupta
Kolkata

Union Power Minister Manohar Lal on Wednesday suggested that state-run power utility Damodar Valley Corporation (DVC) may explore the equity market for fundraising for its future growth plans after becoming a company instead of continuing as a corporation.

The command area of the Kolkata-headquartered DVC, jointly owned by West Bengal, Jharkhand and the Centre, is spread over the two States.

OFFERS SUPPORT

Lal reviewed the performance of the corporation and discussed the operational challenges and financial issues faced by it.

DVC is planning to increase its installed solar power capacity to around 4,000 MW by 2030

The Minister assured full support to the corporation in resolving the operational and financial issues, according to a statement issued by the Ministry of Power. "The Minister is suggesting that we will have to become a company and go public. We have to first convert the corporation into a company after we unbundle different segments. For unbundling, the company's generation, transmission and distribution segments have to be separated. It will take quite some time, but we will do it," a company source told *businessline*.

The Minister also stressed upon the need for increasing the renewable energy portfolio of the corporation and bringing more efficiency in its operations. Notably, the power utility is planning to increase its installed solar power capacity to around 4,000 MW by 2030, making a capital expenditure of around ₹20,000 crore. Currently, it has around 14 MW installed solar power capacity and 6,540 MW installed thermal power capacity.

DVC, which now has a total installed capacity of around 6,700 MW, is planning to make a total capital expenditure of around ₹50,000-₹60,000 crore by 2030 to add nearly 10,000 megawatts capacity.

Panel moots setting up of IFSC International Court at Gift City

Avinash Nair
Ahmedabad

An IFSC International Court — having powers similar to a High Court — should be set up for dealing with all alternate dispute resolution matters arising out of international financial services centres in the country, according to a report from an expert committee set up by IFSCA for drafting rules for an International Arbitration Centre at Gift City.

Laying down several guidelines and suggestions for setting up of an "autonomous" Alternative Dispute Resolution Centre or ADRC in Gift City, the panel stated that a bench of the Gujarat High Court should be designated to deal with matters arising out of the ADRC in Phase-1, immediately after constitution of an ADRC.

SERVING JUSTICE. The report recommends that a separate High Court be established for all IFSCs in India

"In Phase-II, a separate High Court shall be established for all IFSCs in India. This High Court shall be named IFSC International Court and shall have all powers of a High Court other than the writ and criminal jurisdiction. This court shall act as the court of first instance and the court of appeal for all ADR matters arising from IFSCs. In Phase-III, international judges may be allowed to sit in the IFSC International Court. This is the prevalent practice in Singapore and Dubai. Many retired Indian judges are already providing their services abroad to ease the interpretation of Indian law. Phase-II and Phase-III may require amendments to the Constitution of India. Countries like Singapore and Dubai have amended their respective constitutions to allow international judges," states the report filed by the committee headed by MS Sahoo, Distinguished Professor, National Law University, Delhi.

INTERNATIONAL JUDGES

"The government is examining the proposed amendments that need to be made. Once that is done, the ADRC will be set up," K Rajaraman, Chairman, IFSCA, told *businessline*.

"The report also talks about setting up a panel with international judges. Those will be subsequently taken up by the government," he added.

The IFSCA committee also proposed to use four extant legislations, namely, the International Financial Services Centre Authority Act of 2019, the Arbitration and Conciliation Act of 1996, the Mediation Act of 2023 and the Special Economic Zones Act of 2005 — with minimum changes — to develop and support the ADRC at Gift City.

The proposed ADRC envisages resolution of disputes emanating from contracts executed anywhere in the world, under laws of any jurisdiction, among parties from any nation.

The Committee recommends that the ADRC be established as a section 8 company (not-for-profit) under the Companies Act, 2013. It is the typical structure adopted by all international institutions providing ADR services to avoid conflict of interests.

Maharashtra launches scheme for youth employability

Our Bureau
Pune

In a bid to tackle unemployment among the youth, the Government of Maharashtra has unveiled the Mukhyamantri Yuva Karya Prashikshan Yojana (Chief Minister Youth Work Training Scheme) aiming to provide valuable internship opportunities, equipping young individuals with essential skills and enhancing their employability in a competitive job market.

The government has made provision of ₹5,500 crore for the scheme. Candidates aged between 18 to 35 years and residing in Maharashtra are eligible to apply. Minimum educational qualifications range from 12th pass to post-graduation, ensuring a broad spectrum of youth can benefit from practical training opportunities. Industries and establishments operating within Maharashtra, registered with the Department of Skills, Employment, Entrepreneurship and Innovation, are also encouraged to participate.

Key features of the scheme include a six-month internship duration and a stipend structure designed to support interns based on their educational qualifications. Interns will receive monthly stipends through Direct Benefit Transfer (DBT). For the 12th pass, a stipend of ₹6,000 is allotted, and for ITI/Diploma – ₹8,000 and degree/post graduation – ₹10,000 will be offered.

Both government establishments and private sector industries are eligible to participate.

Chief Minister Eknath Shinde, speaking in Pandharpur said, "We have launched Ladli Behan scheme for women in the State. We were asked what are we doing for the brothers. We have brought this scheme for youth and the government is going to pay for the apprenticeship"

IMC to host seminar on 'Making Mumbai future ready'

Our Bureau
Mumbai

The IMC Chamber of Commerce and Industry (IMC) is organising a seminar on 'Making Mumbai Future Ready – The Sustainable Way' on Thursday, August 1, 2024, at the IMC headquarters in Mumbai. "The seminar would initiate a dialogue on the importance of sustainability and effects of climate change, encompassing key themes such as rainwater harvesting, urban forestry, waste-water recycling, rural sustainability, individual carbon footprint, media and sustainability, usage of plastics and disaster planning and management," said a press release.

Ram Gandhi, ex-president and governor, IMC said, "Our objective is to assemble a team of specialists on a variety of topics and preparing Mumbai for any potential disaster caused by climate change.."

CII TN chief advocates tax cut for sub-₹20 lakh income group

G Balachandar
Chennai

Srivats Ram, Chairman of the CII (Confederation of Indian Industry) Tamil Nadu State Council, said that introducing some key measures such as reducing income tax rates for the sub-₹20 lakh category, increasing infrastructure spending, focusing more on manufacturing jobs and adopting an MSME-friendly approach, in the upcoming Union Budget will greatly contribute towards sustainable economic growth and job creation. "This government has excelled in building good infrastructure and executing projects effectively," Ram stated in a discussion with *The Hindu* Group of journalists.

While the interim Budget saw a 16 per cent increase in infrastructure spending, the CII recommends a 25 per cent increase. This should include investments in rural infrastructure, warehousing and irrigation canals to address the issues in rural areas. Given the current inflation levels, lowering the tax rate for those earning under ₹20 lakh would significantly boost consumption, he said. Ram also emphasised the importance of boosting manufacturing for employment generation.

Srivats Ram, Chairman, CII Tamil Nadu State Council

He suggested that beyond the current Production Linked Incentive schemes, which promote technology-based manufacturing, there should be employment-oriented incentive schemes in sectors like furniture, toys, textiles and hospitality. "While India has performed well recently, job creation remains a concern," he added.

SUPPORT FOR MSMEs

Supporting MSMEs is another critical area. Although the government has made significant efforts, it needs to be more friendly towards MSMEs on credit facilitation and GST practice. These two areas need serious attention for improving the ease of doing business for MSMEs.

He stressed the need to increase spending on education and healthcare. "Education spending should rise to 6 per cent from the current sub-3 per cent levels," Ram said. He pointed out that while States like Tamil Nadu perform better than others, many parts of the country still face logistical challenges in accessing healthcare, especially primary health centres. Increased investment in these areas will lay the foundation for long-term progress.

Navy deploys assets to rescue Indian crew on capsized vessel

Our Bureau
New Delhi

Indian Navy's warship INS Teg, along with maritime surveillance aircraft P-8I, have joined the Omani vessels and personnel to carry out search and rescue missions near Ras Madrakah, Oman, after MT Falcon Prestige, a Comoros-flagged ship with a 16-member crew including 13 Indians, capsized on July 15.

The Indian warship was carrying out an operational turnaround in the area when it was directed on July 15 to carry out the search and rescue (SAR) mission. The warship had subsequently located the capsized oil tanker on July 16 morning, defence sources said.

Swift mobilisation of the naval assets happened after MT Falcon Prestige transmitted a distress call around 2200 hours on July, 14 off the coast of Oman, defence sources said. "Our embassy in Oman is in constant touch with the Omani authorities. A search and rescue operation for the seafarers, coordinated by the Oman Maritime Security Center (OMSC), is on," the sources added.

The Maritime Security Centre of Oman confirmed this on its official media platform, X: "A Comoros-flagged oil tanker capsized 25 NM southeast of Ras Madrakah. SAR Ops initiated with the relevant authorities."

QUICKLY.

Google-backed GitLab eyes sale, say reports

US-based software firm GitLab backed by Google parent Alphabet is exploring a sale. The San Francisco-headquartered company, valued at about $8 billion, is working with investment bankers and has drawn interest from peers including Datadog, a cloud monitoring firm, Reuters reported. BLOOMBERG

SpaceX 'to move HQ to Texas from California'

SpaceX will move its headquarters to Texas, said CEO Elon Musk due to "frustration with laws in California." On X, Musk cited a new law in the State to ban school districts from requiring teachers to notify parents about changes to a student's sexual orientation and gender identity. BLOOMBERG

Centre overhauls beneficial ownership disclosure norms

TRANSPARENCY TWEAK. Two new forms introduced to better capture SBO and improve disclosures

KR Srivats
New Delhi

In a move that will help enhance corporate transparency and regulatory compliance, the Corporate Affairs Ministry (MCA) has overhauled the disclosure requirements on beneficial ownership and their changes.

It has, in two separate notifications, come up with two new forms detailing the information on 'Significant Beneficial Ownership' (SBO) and 'Beneficial Ownership' that need to be filed with the Registrar of Companies (RoC).

With the new forms (BEN-2 and MGT-6), companies can easily update or change the SBO details and also change the particulars of the holding reporting company. This latest MCA move is expected to facilitate regulatory scrutiny of beneficial ownership and their changes.

CLOSER LOOK. Move to help enhance corporate regulatory compliance

CRACKDOWNS

It comes on the heels of RoCs cracking down on large corporations as well as certain global private equity firms (funds) in relation to compliance with SBO declarations.

In the just-ended June quarter, RoCs penalised at least four unlisted companies with foreign shareholding for not taking steps to identify significant beneficial owners or for failing to report the SBO.

These include penalties on Microsoft-owned LinkedIn, Microsoft chairman Satya Nadella, Leixir Resources and two Samsung units for violation of beneficial ownership disclosure norms.

MCA has, in recent quarters, enhanced its scrutiny of SBO-related declarations. Many companies that faced RoC penalties had all declared in their annual filings that they did not have any SBO.

India has been tightening its regulatory scrutiny of beneficial ownership in the latest MCA move related to unlisted companies.

Market regulator SEBI, which oversees listed companies, has tightened several rules related to beneficial ownership in foreign portfolio investors (FPI) over the past year. Section 90 of the Companies Act addresses the identification of individuals who hold beneficial interest (above 10%) in a company, requiring companies to disclose SBO details. The primary intent is to identify natural persons having ultimate beneficial ownership in a company. Indirect ownership is mandatory for becoming a SBO.

Vishwas Panjiar, Partner, Nangia Andersen LLP, said, "These amendments aim to bolster governance and transparency by facilitating accurate reporting and updating of details related to beneficial owners. It aligns with the government's efforts to enhance regulatory frameworks that promote accountability and clarity in corporate ownership structures."

Ahead of Vistara merger, Air India introduces VRS

Our Bureau
Mumbai

Air India has introduced a voluntary retirement scheme (VRS) and a voluntary separation scheme (VSS) for ground staff as it prepares to integrate with Vistara. This is the third such VRS exercise since privatisation two years ago and aimed at right sizing the staff count.

In a staff notification on Wednesday, the airline said the VRS scheme is applicable for employees with a minimum five years of continuous service and the VSS is applicable for those with less than five years of employment in Air India. The schemes will run till August 16 and are applicable to permanent ground staff, excluding pilots, cabin crew and any licenced post holders. Currently, Air India has over 18,000 employees. The airline confirmed the development.

The National Company Law Tribunal gave its nod to Vistara's merger with Air India in June and the two airlines are targeting year end to complete the integration.

NEW ROLES

Employees have been communicated of their new roles in the merged entity, following a fitment exercise. However, Air India may have to let go around 500-600 of its staff though attempts are being made to find suitable roles for them within the airline and other Tata Group companies.

In May, Air India and Vistara executives had said an unbiased and merit driven approach had been followed for fitment. Current roles and experience had been factored in for identifying the best talent.

Despite funds, Vi's subscriber loss widens

Ayushi Kar
Mumbai

Even as Vodafone Idea appeared to have arrested its subscriber loss in the first quarter of 2024, subscription data from the Telecom Regulatory Authority of India (TRAI) showed Vi's subscriber loss widening again despite the successful fundraising efforts.

In April, Vodafone Idea successfully raised ₹18,000 crore in a follow-on public offer, seen as a turning point.

However, three months on, Vi continues to lose subscribers.

TRAI's monthly subscriber reports revealed that Vi lost 9.2 lakh wireless subscribers in May, 7.3 lakh in April and 6.8 lakh wireless subscribers in March.

These numbers will likely widen with the operator increasing tariffs by 20 per cent in July, prompting some subscribers to cancel their telecom subscription.

In the same three-month period, BSNL significantly reduced its subscriber loss. In May, BSNL lost nearly 5 lakh wireless subscriptions, compared to 23 lakh in March.

REVIVAL PLAN

The revival plan outlined by Vodafone Idea includes large investments in the operator's 4G network to arrest subscriber loss, particularly in the 2G subscriber base, which is unable to upgrade to 4G plans.

J&J patent rejection paves way for 'breakthrough' TB drug for children

PT Jyothi Datta
Mumbai

With the Indian Patent Office (IPO) rejecting Johnson & Johnson's (J&J) patent application on the paediatric formulation of its breakthrough tuberculosis drug bedaquiline, public health voices are calling on Indian drugmakers to develop and supply these drugs for children.

The IPO's rejection earlier this month followed a pre-grant opposition by The Delhi Network of Positive People (DNP+) and a Mumbai-based tuberculosis (TB) survivor Ganesh Acharya, supported by Médecins Sans Frontières/Doctors Without Borders (MSF).

NO INVENTIVE STEP

The application was rejected for lacking an inventive step. J&J had not replied to the pre-grant opposition.

MSF urged generic manufacturers "to take the opportunity to develop and supply the paediatric formulation to TB programmes."

The organisation also called on the Indian government to implement the WHO's 2022 treatment recommendations, and make paediatric bedaquiline available to children of all ages with TB.

An email query was sent to the US healthcare company by *businessline* on the development and a response is awaited. A public health lawyer working on access to medicines, Leena Menghaney, said, "While we have removed the IP barriers, there are significant regulatory barriers for the youngest children to be provided the new drug."

The application was rejected for lacking an inventive step. J&J had not replied to the pre-grant opposition

"And the alternative is to put them on injection-based regimens which we know have significant side effects, such as hearing loss."

APPEAL TO REGULATOR

"So we appeal to the Indian drug regulator to look into the matter, particularly in the light of the WHO's recommendation to provide the drug to children of all ages and support the TB programme."

About a year ago, the primary patent on the adult version had lapsed and Indian drugmakers including Lupin, Natco and Macleods had confirmed to businessline that they were making versions of the product.

Sanofi to invest €400 m in Hyderabad GCC

Our Bureau
Hyderabad

Sanofi Healthcare India is planning to invest €400 million in capacity expansion of its Global Capability Centre (GCC), Hyderabad, including €100 million by 2025.

Over the next two years, the GCC will expand to host up to 2,600 employees, "making it the largest of Sanofi's four global hubs that give the company a competitive edge in delivering best-in-class enterprise solutions."

Established in 2019, the Hyderabad hub has grown exponentially, providing best-in-class services to Sanofi's global functions.

'FUTURE-FORWARD'

"This future-forward global hub is a state-of-the-art workplace designed to be environmentally sustainable, and foster diversity and inclusivity. Hyderabad is emerging as a preferred shared services destination with a large pool of talent. We're excited to invest and build this hub... with digitalisation at the heart of our transformation," Madeleine Roach, Executive Vice-President, Business Operations, Sanofi, said.

"This underscores Telangana's commitment to fostering a thriving environment for innovation...," D Sridhar Babu, Telangana Minister for Industries, added.

Google unveils plans for developers, start-ups

Sanjana B
Bengaluru

At Google I/O Connect, the company unveiled a range of tools, programmes, and partnerships for Indian developers and start-ups. Google said it is working with MeitY Start-up Hub to train 10,000 start-ups in AI, expanding access to its AI models like Gemini and Gemma, introducing new language tools from Google DeepMind India, and enhancing the software development process with AI-powered features, with a steadfast focus on responsible AI.

The tech giant said that at present, more than 1.5 million developers globally use Gemini models.

RESPONSIBLE AI. Google claims to be democratising AI by focusing on multimodal, multilingual and mobile aspects

Google claims to be democratising AI for developers by focusing on three key areas — multimodal, multilingual, and mobile. The company is reportedly supporting start-ups in their AI journeys through Google Cloud credits and AI-first programming curriculum, among other initiatives.

Developers can access Google's AI models with the 2 million token context window in Gemini 1.5 Pro and Gemma 2, the next generation of open models. Ambharish Kenghe, Vice-President, Google, said "We have been investing in AI for over a decade, driving fundamental advancements that have led us to the exciting Gemini era. AI is a powerful enabler and a major inflection point that will require us to continuously reimagine what's possible. We're committed to empowering Indian innovators to harness AI's full potential, creating solutions that not only address India's unique needs but also shape the future of AI globally."

For developers using Google Maps platform, India-specific pricing is introduced with up to 70 per cent lower costs on most APIs.

Railways told to speed up 'black box' installation

Abhishek Law
New Delhi

The Railways have been asked to expedite the installation of black-box type devices on all locomotives.

The devices will allow voice and video recording of crew, typically pilots and assistant pilots, and facilitate recording of the conversation of the loco pilot with train managers and station masters.

In a probe report (seen by *businessline*) on the accident involving the Kanchanjunga express and a goods train, the Chief Commissioner of Railways Safety said the Railways is in the process of "retro-fitting Crew Voice and Video Recordings (CVVRs)... It shall be implemented on priority."

In 2018, the then Minister of State for Railways, in a response in the Parliament said CVVRS were being installed in diesel and electric locomotives. Around ₹100.40 crore was sanctioned in Budget 2018-19 for the acquisition of 3,500 LCVRs/CVVRS.

The Railways year book for 2021-22 said provision of CVVRs similar to provision of black boxes in aeroplanes "is being tried on electric locomotives for recording of cab voice and video, and track-side, through microphones and cameras". Recording of crew communication and interactions will assist in investigating accidents, it said.

ON RECORD. Chief Commissioner of Rail Safety says Railways is in process of "retro-fitment of Crew Voice and Video Recording" SHANKER CHAKRAVARTY

"Procurement of 5,000 and 500 CVVRs is underway through CLW (Chittaranjan Locomotive Works) and DMW (now called Patiala Locomotive Works) respectively. Subsequently, it will be provided in all locomotives as a regular measure," the year book said.

'WORK ONGOING'

A Railways official told *businessline* that work on CVVRs is "currently ongoing" and all stakeholders are being brought on board.

Incidentally, there have been objections to the installation of CVVRS. An official said that in a previous meeting, loco pilots were against the installation of CVVRs. Interestingly, the Railways saw 208 instances of "signal passing at danger" from April 1, 2019 to March 31, 2024 and of these 12 "resulted in collision", per the report of the Chief Commissioner of Railways Safety.

JUNE INCIDENT

In fact, the incident in June involving the Kanchanjunga Express was attributed primarily to automatic signal failure. In the report, it was noted that the introduction of new auto signalling sections should be consummate with the provision of Automatic Train Protection (Kavach).

"The large number of signalling failures... is a cause of concern and should be taken up with the RDSO (Research Design and Standards Organisation) and OEMs to improve reliability of the system," the report said.

Crash worthiness of passenger coaches needs to reviewed, the report said. "On priority... the last two coaches of every passenger train should have crash worthiness feature...," it said.