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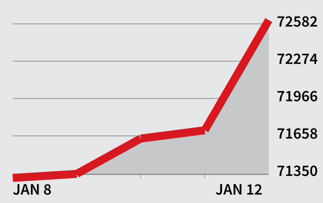


IN FOCUS

	Week's close	Week's change
Nifty 50	21894.55	+183.75
P/E Ratio (Sensex)	25.71	+0.19
US Dollar (in ₹)	82.92	-0.24
Gold Std 10 gm (in ₹)	62265.00	-25
Silver 1 kg (in ₹)	71530.00	-20

CORPORATE FILE.
Starbucks Global CEO Laxman Narasimhan says a growing economy is going to propel the coffee culture even faster **p7**

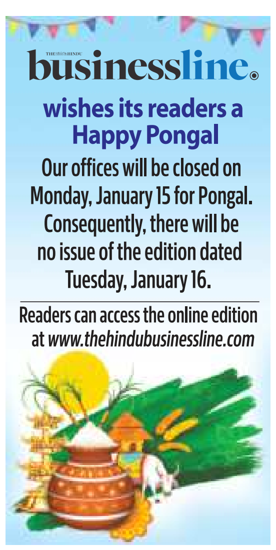
SPARK.
Even as start-up investments dip to a 7-year low, VCs are sitting on mounds of unallocated funds **p8**

QUICKLY.

DEEPENING ROW

Maldives sets India March 15 deadline to withdraw troops

Male: Maldivian President Mohamed Muizzu has asked India to withdraw its military personnel from his country by March 15, said a senior official here on Sunday, nearly two months after Male sought their removal. According to the latest government figures, there are 88 Indian military personnel in the Maldives. **p10**



India Inc worried over end of sop for new manufacturing firms

AWAITING CLARITY. Seeks 3-year extension of sunset clause for 15% concessional tax rate

Ashley Coutinho
Mumbai

India Inc is eagerly awaiting clarity on an extension of the sunset period for availing the concessional tax rate of 15 per cent for companies setting up greenfield manufacturing units.

Several industry bodies have petitioned the Finance Ministry for a longer three-year extension to the concessional tax regime, which ends on March 31 this year, along with clarity on a number of ambiguities plaguing the scheme, said people in the know. It is unclear if the extension will be announced in the interim Budget to be presented next month.

"The scheme has been popular, with a number of corporates setting up new capacities or subsidiaries to avail of the concessional tax rates," said Vaibhav Gupta, Partner, Dhruva Advisors.

A one-year extension is inadequate given two years of Covid and the capital-intensive nature of setting up a manufacturing plant, said experts.

"There are many foreign multinationals looking to set up operations in India and a suitable extension will incentivise them further," said Sandeep Sehgal, Partner, AKM Global.

TIME FOR INTERVENTION

- In 2019, a tax rate of 15% (17.16% after surcharge and cess) was announced under Section 115BAB for new companies set up for manufacturing
- The deadline to avail of lower rates was March 31, 2023; this was later extended by a year
- Corporate income tax collections in January saw a net growth of 12.37% y-o-y
- At present, companies have to clear certain tests to qualify for the lower tax rate

POSITIVE IMPACT

Despite the concessional tax rates – 15 per cent for new manufacturing companies and 22 per cent for all other corporates – the corporate income tax collections in January saw a net growth of 12.37 per cent year-on-year.

"The concessional or lower tax rates have positively impacted the revenues of the government, given a boost to the industrial and manufacturing sector, especially MSMEs, and complement the other schemes and initiatives launched by the Centre and States well," said Yashesh Ashar, Partner, Illume Advisory. He believes that the sunset period should be extended for at least three years to enable the business community to plan better.

"All companies, irrespective of their date of incorporation, should be made eligible for participation, subject to criteria such as increase in existing production capacity or investment in new manufacturing facility. Segments allied to manufacturing such as simulation services and testing services should be brought under the ambit," Ashar said.

At present, companies have to clear certain tests to qualify for the lower tax rate. For example, a company can use old plant and machinery, only if their value does not exceed 20 per cent of the total value of the plant and machinery used by it. A number of other aspects too require clarity. For instance, will the provisions get extended to any more capacities that are added subsequently and will the benefit be available on setting up of plants for manufacturing of a different product?

CRITERIA

As part of the tax return filing, companies are required to mention the date of commencement of production, which in most cases wouldn't have happened by the time the first income tax return is filed, said experts. The law prescribes a 22 per cent tax rate on incomes generated in the same company which are not incidental to or ancillary to the manufacturing business.

"This was meant to cover incomes in the nature of interest, etc. Will the same rate be available to any other income stream such as trading sales or AMC incomes earned by the company? Clarity on this will be helpful," said Gupta.

Reduce on-lending to smaller peers: RBI tells larger NBFCs

Hamsini Karthik
Mumbai

In a bid to further streamline the unsecured loans market, the Reserve Bank of India has asked some of the larger non-banking finance companies to curtail their lending to smaller peers.

It has been observed that these smaller NBFCs, reckoned as digital lenders and fintech lenders, often play a dominant role in the unsecured loans space, particularly the small-ticket personal and business loans segment. These players often tap the large NBFCs as their primary source of funding, as availing bank funding could be challenge for them.

"Invariably, such small NBFCs don't have the required rating strength to directly tap the banking channel for funds at competitive rates and hence they turn to large NBFCs," said a person directly aware of the development.

PLAYING IT SAFE

- Smaller NBFCs reckoned as digital and fintech lenders play a pivotal role in case of unsecured loans
- These NBFCs tap the large NBFCs as the primary funding channel
- Lack of strong rating a hurdle in accessing bank funding at competitive rates
- Loan exposure of large NBFCs to smaller players including MFI loans is 15-40% of total book

LOAN EXPOSURE

At present, loan exposure of large NBFCs to smaller players including microfinance lenders is 15–40 per cent of their total loans, while in exceptional cases such as MAS Financial Services, the exposure to non-banks exceeds 70 per cent of its total loans and advances.

Among the larger names, Piramal Enterprises has about 19 per cent exposure to NBFCs, including loans to NBFC-MFIs, while Aditya Birla Capital has about 27 per cent exposure to mid-market and corporate loans.

Although the yield may not be very rewarding, for the large NBFCs, on-lending to their smaller peers helps in adding bulk to their loan books and adds up as an important business vertical.

In some cases, it has been observed that the NBFCs on-lending to small peers have operational arrangements for loan products as well. For instance, large NBFCs source digital loans through the smaller NBFCs with whom they already have a relationship for loans and advances.

"The regulator is of the view that such an arrangement could turn dicey for the ecosystem if there should be any major disturbance in the unsecured loans space," said another person aware of the issue.

Industry observers say that the directions to large non-banks with respect to their exposure to smaller peers are akin to the guidance given to banks about three years ago when banks were wary of taking direct exposure to small-ticket loans.

"They were doing so through NBFCs and now with most banks directly engaged in the digital lending business without using fintechs as intermediaries, large NBFCs are filling the shoes of banks for these smaller players," said a CEO of a retail non-bank who didn't want to be named.

Want to invest in Bitcoin ETF? With fuzzy taxation, it pays to play wait-and-watch game

Shishir Sinha
New Delhi

Planning to invest in a Bitcoin Exchange Traded Fund (ETF) approved by the US Securities and Exchange Commission (SEC)? It is better to wait for the government to come out with a clear policy with regard to taxation.

Indians, using the Liberalised Remittance Scheme with a cap of $250,000, can invest in various approved securities abroad through a special overseas investment account. The latest approved security is a crypto-based ETF in the US.

11 SPOT FUNDS

On January 10, the SEC approved the listing and trading of many spot bitcoin exchange-traded product (ETP) shares. Following this, according to reports, eleven spot bitcoin ETFs

- including BlackRock's iShares Bitcoin Trust, Grayscale Bitcoin Trust, and ARK 21Shares Bitcoin ETF - began trading on January 11. News agency *Reuters* reported that on the first day alone, the total volume touched $4.6 billion.

Though India has not banned bitcoins or cryptocurrencies in general, to discourage people, the government has imposed heavy tax on virtual digital assets (VDAs). Any income from the transfer of a VDA is taxed at the rate of 30 per cent with no deduction for any expenditure (except the cost of acquisition); and no set-off of any loss is allowed while computing the transfer of such asset. The losses cannot be carried forward as well. Also, any person who is responsible for paying to any resident any sum by way of consideration for the transfer of a VDA is required to levy TDS at the rate of one per cent, provided the aggregate consideration payable is more than ₹10,000 in a year.

Under the Income Tax Act, VDA has been defined in a wide manner to, inter-alia, include any information, code, number or token not being Indian or foreign currency, and generated through cryptographic means or others.

Now, there is no clarity on whether the Bitcoin-based ETF, which derives value from underlying assets (here Bitcoin or VDA), should be included in this definition. Another issue is whether the Bitcoin-based ETF can be taken under exchange-traded products with different asset classes such as equity or debt for taxation purposes.

EXPERTS' TAKE

Experts offer varying advice on this. Rahul Charkha, Partner, Economic Laws Practice, said: "Bitcoin falls within the definition of virtual digital asset under the IT Act, and hence, any income from transfer of Bitcoin is taxable at the rate of 30 per cent. While Bitcoin ETF can be treated as a capital asset, it does not fall within the definition of VDA."

Amit Maheshwari, Tax Partner with AKM Global, a tax and consulting firm said: "In case where an Indian resident taxpayer is selling Bitcoin ETF, there is no clarity on what would be the tax implications."

Charkha opined that the transfer of Bitcoin ETF would be chargeable to tax as capital gains leading to tax efficiency.

Fog grounds flights, lands passengers in deep trouble

Airports across the country saw diversion and cancellation of flights

Our Bureaus
Mumbai/Delhi

Sunday proved to be a day of delays and diversions as low visibility conditions in North India and Chennai impacted flight operations across the country.

A planned one-hour closure of the runway at Mumbai due to an Indian Air Force aerial display added to challenges with passengers venting their frustration on social media.

LOW VISIBILITY. A dense blanket of fog enveloped Indira Gandhi International Airport in New Delhi on Sunday ANI

DELHI, WORST HIT

Delhi airport is the busiest in the country with around 1,300 flight movements. However, on Sunday, not a single aircraft took off and only 15 planes landed between 4 am and 10 am. Ten Delhi-bound flights were diverted to Jaipur. Passengers of a few of those arriving planes were stuck on the taxiway at Delhi airport for over two hours as all parking bays remained occupied.

"I wish to declare temporary refugee status. Flights getting delayed or canceled at Delhi airport. Been here for 5 hours," George Kotakkal, a flyer, said in a X post.

Manish Ambwani, head of Global Operations at Gurgaon-based GreenTree Advisory Services, spent nearly seven hours at the Delhi international airport on Sunday to catch a flight to Dubai as the capital city coped with intense fog. "When I reached the check-in counter, I was informed that my flight was delayed by about three hours. But it ended up being delayed by nearly five hours. With so many flights getting delayed, it was utter chaos at Terminal 3. In fact, even after boarding, we had to wait for nearly one hour inside the aircraft due to severe congestion on the runway," he said.

Two of Delhi airport's runways are equipped with CAT IIIB instrument landing system which allows landings in 75 metres visibility and take offs in 125 metres visibility. However, only one of them is in operation currently and the other is undergoing re-carpeting. The civil work is complete and runway lighting system is being inspected before the runway is made available for use.

BHOGI IMPACT

Flight operations at Chennai airport were impacted between 4.30 am and 8 am due to low visibility caused by bonfires on account of Bhogi. The airport saw diversion of seven flights and cancellations of 47 flights.

Other airports in North India such as Amritsar, Chandigarh, Lucknow and Varanasi too were impacted due to fog, resulting in delays and cancellations.

"Our staff kept passengers apprised of all delays and cancellations across airports and made every possible effort to facilitate the passengers," IndiGo said in a statement.

CHENNAI
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MONDAY - JANUARY 15 - 2024

QUICKLY.

Rahul Gandhi begins Bharat Jodo Nyay Yatra

Thoubal: Embarking on the Bharat Jodo Nyay Yatra from here, Congress leader Rahul Gandhi said this was needed as the country was going through a period of "great injustice". Gandhi commenced the more than 6,700 km Manipur-to-Maharashtra yatra with a rally at a private ground here after offering tributes to martyrs of Manipur at the Khongjom War Memorial Complex. PTI

Reliance seeks minimum $10 for coal-seam gas

New Delhi: Reliance Industries Ltd is seeking a minimum $10 rate for the gas it plans to produce from coal seams, as it altered its pricing formula to reflect the changed energy scenario. Reliance has sought bids from users for 0.90 million standard cubic meters per day of gas it will produce from coal-bed methane (CBM) block SP (West)_CBM-2001/1 in Madhya Pradesh, according to a tender floated by the company. PTI

Indian debt market sizzles as FPIs inject $1 b in just 12 days

TIDAL WAVE. Investments in debt outpace flow into equities by a long margin

KR Srivats
New Delhi

Foreign portfolio investors (FPIs), recognising the advantage of early investments, are clearly doubling down on Indian debt market, pouring ₹7,912 crore (nearly $1 billion) in government securities in the first 12 days of this month.

This comes on top of the turnaround seen in 2023, when the total debt inflows by FPIs hit a six-year high of $7.3 billion. Of this, almost 50 per cent came in November-December 2023, amidst a sharp correction in US yields.

In December 2023, FPI debt inflows stood at record ₹18,302 crore (highest monthly inflows last year), much higher than the ₹14,860 crore seen in November 2023, and ₹6,381 crore in October 2023.

This recent surge in FPI interest in Indian debt market contrasts sharply with equity, which saw FPI inflows of ₹3,862 crore between January 1-12, data with depositories showed.

FPIS' BOND WITH INDIAN DEBT

- FPIs aggressively investing in Indian debt
- FPI debt inflows in Jan 1-12 more than double the flow into equities
- India's expected inclusion in JP Morgan EM Index and Bloomberg EM Index spurs FPI interest
- 2023 witnessed six-year high FPIs debt inflows of $7.3 billion
- FPIs have utilised only 31% of debt market limit as of Dec 31, 2023
- India's inclusion in global bond indices likely to bring $25-28 billion in 2024

FPI EQUITY INFLOWS

FPI equity inflows so far in January 2024 is much lower than the ₹58,372 crore that they pumped through the stock exchanges in December 2023.

The Indian debt market, once a backstage player, is now in the spotlight with its every move scrutinised by those who hold the strings of global finance, experts say. The catalyst for FPIs' financial fervour in Indian debt markets lies in the impending inclusion of India in two global bond indices.

GLOBAL BOND INDICES

The first domino to fall was the anticipated entrance into the JP Morgan EM Index scheduled for June 2024.

As whispers of India's likely inclusion rippled through the global financial community and eventually turned into formal announcement, FPIs strategically positioned themselves to ride the wave, say experts.

The narrative took another compelling turn recently with the Bloomberg EM Index setting the stage for India's entry in September 2024. Collectively, the inclusion in these two bond indices may bring in $25-28 billion of FPI inflows in six to 12 months from June 2024.

Aditi Gupta, Economist, Bank of Baroda, said in a note that as of end December 2023, FPIs had utilised only 31 per cent of the total limit in the debt market, and hence, there is sizeable potential for them to invest.

VK Vijayakumar, Chief Investment Strategist, Geojit Financial Services, said "Since 2024 is expected to witness further declines in US interest rates, FPIs are likely to increase their purchases in 2024 too, particularly in the early months of 2024 in the run up to the general elections."

Two-wheeler exports show revival signals in December quarter

G Balachandar
Chennai

Two-wheeler exports from India appear to be exhibiting signs of revival with the December 2023 quarter reporting positive growth, supported by a strong increase in shipments of India-built scooters.

Though overall two-wheeler exports for the 9 months of the current fiscal are lower compared with the year-ago period, the October-December 2023 quarter period saw an increase in shipments of two-wheelers when compared with the year-ago period, according to the data provided by the Society of Indian Automobile Manufacturers. Total two-wheeler exports for the December 2023 quarter stood at 8.57 lakh units compared with 8.46 lakh units in the year-ago quarter. Total motorcycle sales were lower at 7.36 lakh units against 7.63 lakh units, and scooter exports grew to 1.2 lakh units compared with about 83,000 units in the December 2022 quarter.

EXPORT SURGE

Also, two-wheeler exports in December 2023 grew to about 2.88 lakh units compared with 2.72 lakh units in December 2022.

Bajaj, TVS Motor and Honda reported an increase in their exports. Bajaj Auto saw its exports grow to about 1.25 lakh units in December 2023 compared with 1.22 lakh units in December 2022. TVS Motor's two-wheeler exports stood at 75,000 plus units against 66,300 units. Honda Motorcycle & Scooter India's two-wheeler shipments witnessed an increase to about 31,000 units against 17,000 units.

"Market conditions in some of the key destinations are improving. But it is a little early to conclude about the rebound in demand," said an auto analyst. Two-wheeler exports were hit mainly by headwinds in African markets, which accounted for the major portion of our two-wheeler exports. Though the demand scenario has been improving, some of the key markets are yet to return to normal levels.

KN Radhakrishnan, Director and CEO, TVS Motor Company, had indicated that the second half of this fiscal would see a revival in two-wheeler exports. The company already has a presence in the African region and has been expanding its presence in new markets like Latin America and ASEAN, where the company was present only in a few countries. For the 9-months of this fiscal, total two-wheeler exports stood at 25.421 lakh units when compared with 29.51 lakh units in the April-December 2022 period. Bajaj Auto accounted for about 44 per cent of the total two-wheeler exports, followed by TVS Motor Company (26 per cent) and Honda Motorcycle (10 per cent).

"While exports of Bajaj have yet to reach their previous peaks yet but export volumes appear to be bottomed out. Average monthly export volume run rate in Q3 FY24 stood at 140,905 units when compared with 133,708 units in H1FY24. The management is expecting export volume run rates in Q4 FY24 to be better than Q3 FY24," according to analysts at Sharekhan.

Get ready for a river cruise covering Ayodhya, Varanasi and Mathura

Abhishek Law
New Delhi

As cruises pick up pace in India, the Ministry of Ports, Shipping and Waterways (MoPSW) is looking at river pilgrimage circuits.

At least one circuit covering seven temples in Assam has been developed on the National Waterways 2 (covering Brahmaputra river), while tours along the Ayodhya-Mathura-Varanasi circuit and individually on these routes along the National Waterways 1, are being planned, Union Minister Sarbananda Sonowal told *businessline*.

According to the Minister, new cruise vessels and electric catamarans have been ordered for operation along these circuits. Some eight catamarans are being procured by the Inland Waterways Authority of India (IWAI) covering Ayodhya, Varanasi, Mathura and Guwahati.

"The MoUs have been signed in May last year for going ahead with riverine-based religious tourism circuit through special purpose vehicles," he said. Four cruise vessels for pilgrimage river cruise are already plying in Varanasi.

In Assam, the specific route for pilgrimage tourism includes the temple circuit – Kamakhya, Pandunath, Ashwaklanta, Doul Govida, Umananda, Chakreshwar and Auniati Satra – and services are being carried out on a 'hop-on and hop-off' basis.

AYODHYA RIVER CRUISES

Keeping in mind the Ram Temple inauguration, the Ministry is also pushing for infrastructure development surrounding cruises to the city. The consecration ceremony is scheduled for January 22.

At least two electric catamaran vessels, especially for pilgrimage river tourism in and around Ayodhya, have been ordered by the Ministry.

"One vessel, MV Guh, is already on its way to Ayodhya," said Sonowal, adding that the second is expected to be deployed in the next few months.

"There is special emphasis on pilgrimage tourism," he added. Meanwhile, the Uttar Pradesh government is said to be pushing for river cruises in Mathura and Ayodhya, with tenders being invited for the same. Two cruises are reportedly planned and are underway on the Sarayu river in Ayodhya.

EXISTING CRUISES

Currently, there are a total of 14 cruise vessels operating on National Waterways 1, covering the river Ganges. Four cruises of 'Nordic Cruise Line' are operate around Varanasi; and two cruise vessels of Assam Bengal Navigation Company operate along Kolkata, Farakka, Patna, Ghazipur, Varanasi, Sarnath, Chunar, and Raj Ghat routes.

Three cruise vessels of Heritage River Journeys operate between Kolkata, Maitiari, Murshidabad, Chandernagore and Kolkata. Vivada Inland Waterways has four cruise vessels plying between Sunderban, Ganga Sagar, Kolkata, Farakka, Bhagalpur, Mungher, and Semaria.

'400 e-vessels will be plying inland waterways in 5 years'

bl.interview

Abhishek Law
New Delhi

The Ministry of Ports, Shipping and Waterways (MoPSW) will invest ₹45,000 crore for the development of river cruise tourism in the country.

According to Union Minister Sarbananda Sonowal, ₹35,000 crore of this allocation has been earmarked for cruise vessels, while ₹10,000 crore will be invested for the development of cruise terminal infrastructure by 2047.

Following the maiden Inland Waterways Development Council (IWDC) meeting held recently, Sonowal discussed the adoption of electric propulsion in boats, exploration of river cruises along Indo-Bangladesh protocol routes, and the facilitation of cargo movement through inland waterways in a conversation with *businessline*. Excerpts:

> MV Ganga Vilas – the world's longest river cruise – is so successful that it has been booked in advance for the next five to seven years

SARBANANDA SONOWAL
Union Minister

With river traffic moving up, will there be a push towards the use of electric propulsion-driven boats?

Electric propulsion led inland vessels are plying on National Waterways-3 (in and around Kochi) since April 2023. Some 12 electric catamaran boats with passenger carrying capacity of 50 sitting and 50 standing have been deployed. Another 66 vessels shall be deployed in Kochi Water Metro within a year.

The Inland Waterways Auhtoirty of India (IWAI) is procuring eight catamaran vessels, two each for Ayodhya, Varanasi, Mathura and Guwahati. Two of these, MV Guh and MV Nishadra, are on their way to Ayodhya and Varanasi.

What sort of fleet expansion or replacement is being planned in green drive?

The MoPSW aims to have at least 1,000 vessels based on green fuel (including electric and green hydrogen) within the next decade. We are gradually working towards having 100 per cent of vessels powered through green fuel by 2047. Over the next 5 years, MoPSW will have about 300 to 400 electric vessels plying on inland waterways.

How have river cruises along the India-Bangladesh route fared?

On January 13, the Prime Minister flagged off the world's longest river cruise MV Ganga Vilas, which sailed for 3,200 km from Varanasi to Dibrugarh using the Indo-Bangladesh route. The voyage has been so successful that the service has been booked in advance for the next five to seven years. The PM's vision has put us on the global river tourism map.

The first river cruise vessel along Indo-Bangladesh Protocol (IBP) was flagged in March 2019 when Indian private vessel RV Bengal Ganga travelled from Kolkata to Dhaka, and Bangladeshi vessel MV Madhumoti travelled from Dhaka to Kolkata. The MoU for passengers and cruise services on coastal and IBP routes was signed in April 2017. And the standard operating protocol for the same was signed between India and Bangladesh in October 2018.

The river cruise tourism was disturbed due to Covid during 2020-21. Till now, 10 river cruise movements have happened on the IBP route. The active route for river cruise tourism is from Kolkata, Dhaka, Guwahati, Neamati (Majuli Island) and Dibrugarh (Protocol Routes 1 and 2).

What sort of investments are being made to accommodate river cruises?

Investment in river cruise tourism is of two types: creation of infrastructure, which is taken care of by the IWAI or MoPSW; and the second – procurement of vessels – is taken care of by private entrepreneurs.

The infra include setting up of river cruise terminals, fairway, aids to navigation, pilotage, assistance to the cruise vessels in distress while plying on NW, and coordination with State governments.

Puri temple gets a new-look *parikrama*

Our Bureau
Bhubaneswar

Even as consecration of the Sri Ram Temple in Ayodhya is attracting national attention, an important redevelopment project around the Sri Jagannatha Temple in Puri is all set for inauguration by Odisha Chief Minister Naveen Patnaik on January 17.

The ₹800-crore project, conceived in 2019 with actual work starting in 2021 involved building a 75-metre heritage corridor around the 12th century temple of Sri Jagannatha. The immediate area around the temple was congested with commercial and residential buildings, and 19 different 'mathas' set up hundreds of years ago. The narrow lanes and by-lanes presented a security hazard apart from causing hardship to pilgrims in moving around the temple.

The precincts of the temple after construction of the parikrama presents a very different look now with wide open spaces all around.

UNCLUTTERED. The precincts of the temple before redevelopment (top image) and after (image below)

GREEN ZONE

The parikrama has a seven-metre wide green buffer zone that protects the outer walls of the temple followed by a ten-metre wide inner 'pradakshina' path.

The outer pradakshina comprises landscape zones, pilgrim amenities, and emergency service lanes.

About 4.88 acres of private land around the temple was acquired with generous compensation, rehabilitation and resettlement grants.

Of the project cost of ₹800 crore, ₹500 crore was only to compensate and resettle the displace residents, commercial shops, lodges and mathas.

There are also other development projects that are set to be inaugurated by Patnaik on January 17, including a 2.3-km long four-lane road that will connect the national highway into Puri to the multi-level car parking lot inside the town.

Pilgrims can directly reach the Bada Danda or Grand Road in front of the temple without entering Puri town. The Parikrama project was spearheaded by VK Pandian, chairman of 5T and Nabin Odisha, known for his proximity to the chief minister.

Army's in-house innovation helps detect blind shells

AI-based UXO Detection System detects, alerts and plots the location to prevent fatal accidents

Dalip Singh
New Delhi

An in-house first-of-its-kind innovation by two officers has helped the Indian Army overcome the age-old problem of tracing blind tank and motor rounds that fail to go off during firing, but have proved catastrophic in terms of human lives lost.

Lt Colonel VK Pandey and Major Akshat Chaudhary's prototype 'UXO Detection System' has been successful in tracing 102 artillery and infantry shells that were washed away from an Eastern Command depo in Sikkim during Teesta flash floods last October. "The Artificial Intelligence (AI)-based software, fed with over 2,250 to 3,000 images per ammunition from different angles, is linked to an unmanned aerial platform (UAV), which flies and scans an area of operation to detect images of 'unexploded ordnance' (UXO) or rounds that did not (and which the Army has been looking for). The software model analyses video feed from the drone to detect the presence of UXO," Lt Col VK Pandey told *businessline*.

It will detect, alert the user, and plot the location of detected UXOs on Google map, thereby creating a digital footprint of the area. This data can then be utilised by troops for timely destruction of the blind rounds, preventing chances of fatal accidents, he explained. The model is flexible and can detect even scattered ammunition protruding 20 per cent above the ground since the drone is trained on an enormous data bank to pick similar images from a distance in air, the Lt Col said, sharing insights into the capacity of the system.

The system has been tested at practice firing ranges to check its efficacy

UNDERGOES TEST

The system has been tested at practice firing ranges to check its efficacy. One in say 1,000 rounds may not explode even after firing due to technical error and my lie scattered on the ground, which is dangerous, Major Chaudhary said.

However, this system is not meant to identify small arm bullets. As of now, the job of collecting and destroying UXO is being done manually in the Army, which is labour-intensive and time-consuming. It is also nearly impossible for the jawans to sweep an area of firing normally spread over about 10 km without leaving unattended blind ammunition, the Major elaborated.

Now, the same thing can be done by one quadcopter, its operator and a laptop and its user, Lt Col Pandey stressed. Comparatively, the time taken is also very less.

Scanning an area of one km by one km would require about six soldiers and more than eight hours. Now, the sweeping can be done in an hour by the UXO Detection System, Pandey added. The cost is not huge either since the UAVs are already available in units and high-resolution cameras as payloads on quadcopters are not very expensive too, he said.

Pandey and Chaudhary had their eureka moment when the unit they were posted in Jharkhand thought of finding a solution after a blind round explosion in Ranchi last year consumed two lives.

Need regulatory sandbox approach to deal with crypto issues: GTRI

Press Trust of India
New Delhi

India should consider a regulatory sandbox approach to deal with issues related to crypto products and services, economic think tank GTRI said in its report on Sunday.

Regulatory sandbox usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain relaxations for the limited purpose of the testing.

The Global Trade Research Initiative (GTRI) said that in the light of crypto's acceptance in the regular financial system in the US, it remains to be seen how India's crypto policy evolves in coming months. With the new US action, with ramifications on global capital flows, price of gold, foreign trade, it may not be possible to live with no regulation, it said.

Workforce of top IT firms shrinks for third consecutive quarter

NO GOOD NEWS FOR NOW. Companies to focus on efficiency and utilisation

Haripriya Sureban
Bengaluru

The top three Indian IT services firms – Tata Consultancy Services (TCS), Infosys and Wipro – witnessed a reduction in workforce for the third consecutive quarter, with a total decline of 16,254 employees, in the third quarter.

This comes as revenue growth remains subdued due to macroeconomic headwinds for the significant white-collar jobs providing sector.

In a down market, companies have slowed down hiring significantly and are focusing on improving utilisation rates.

In the seasonally weak Q3, Infosys' headcount reduced by 6,101 employees, Wipro's dipped by 4,473 employees and TCS' plunged by 5,680 staff.

HCL Technologies, however, bucked the trend this quarter as its headcount grew by 3,617 employees.

REASON FOR THE DIP

Underscoring the reason for the dip, Kamal Karanth, Co-Founder of staffing firm Xpheno, said, "Q-o-q headcount movement of IT services in Q3 is typically conservative given that it's a furlough quarter. Low demand, owing to the holiday season in key client markets, drives a cyclical drop in talent demand.

"Over and above the cyclical drop, bellwethers are also currently experiencing a lag in revenue recognition from running projects."

MULTIPLE HEADWINDS. Slow revenue recognition and sustained margin pressures will keep the talent demand low for most part of 2024

IT majors have flagged that there are no immediate plans to increase employee headcount; rather the focus would be on leveraging the current pool. Nilanjan Roy, CFO, Infosys, in earnings call said, "We have a lot of utilisation headroom as we are still at 83.7 per cent and our comfort range is 84-85 per cent. In addition, we also have the option to hire more trainees on short notice. At this stage, we are not seeing any campus requirements either. Our flexi-hiring model will help in case of influx in demand."

Similarly, TCS' CHRO Milind Lakkad noted that the company's high investment in hiring made in the past years, is currently being leveraged to drive the business and it does not see the need to hire more employees.

Going forward, the hiring outlook remains bleak. Karanth adds, "The headcount de-growth is also a tactical headcount correction for some bellwethers. Dealing with slow revenue recognition and sustained margin pressures will keep the talent demand low for a great part of 2024. If not de-growth, IT services sector will maintain an overall status quo on headcounts and not load headcounts for capacity expansion."

Subsea cable connecting Lakshadweep rolled out

Our Bureau
Kochi

NEC Corporation India (NEC India) along with NEC Corporation has successfully completed the optical submarine cable system in southern India connecting Kochi and Lakshadweep Islands.

The Kochi- Lakshadweep Islands Submarine Cable, was inaugurated recently by Prime Minister. He unveiled the initiative to link the Lakshadweep Islands with a submarine optical fibre cable within 1,000 days.

Funded by the Universal Services Obligation Fund (USOF), the project was executed by BSNL.

'TCS is ready with 10 AI use cases for internal deployment'

Ayushi Kar
Mumbai

Even as IT major, Tata Consultancy Services is set to deploy Generative AI (GenAI) for its clients, it has developed at least 10 use cases, for talent acquisition and development.

Milind Lakkad, Chief Human Resource Officer at TCS, told *businessline*, "We have developed several use cases (in Gen AI). We are just going through our security approvals to just make sure that we can do that, whether it is in talent development or talent acquisition. Even compliance is a good area which we need to look at. So, all these things we will internalise. But I think right now, close to 10 used cases are already in place, but still not operationalised."

Milind Lakkad, Chief HRO

ON GENAI

GenAI is the frontier which has taken the IT world by storm. At the press conference for Q3FY24 results, the TCS management added that 4 of TCS' projects have evolved from the proof-of-concept stage to actual implementation for their clientele. As AI becomes the investor buzzwork and more entities seek to make it part of their digital transformation plans, this technology is taking off for every possible use case. Lakkad believes it has a place in HR practices too.

GenAI is also reducing the need for a run-in-the-mill engineer. Reliance on using AI to generate code could potentially reduce the need for engineers to write everyday code.

At a time when IT firms have reduced hiring significantly, Lakkad reassured that such technologies would not necessarily have a tangible impact on the number of jobs as "Gen AI, will only change the nature of work. It will change the role of a developer to some extent. But that does not mean that I will have a volume issue. There will be a lot more... different kinds of new roles will also come in, in the process."

FULL STACK SKILLS

However, Lakkad advises the outgoing class of engineers to develop full-stack skills. "You also basically need to have full stack skills. Those skills have also changed. With AI coming in, it will also be another step change that will happen, because what will be done by you, how is this complete software development life cycle reimagined in the context of AI," he added. Understanding what use cases these new technologies can be deployed into will be another skill that will need to be prioritised by the outgoing class of engineers.

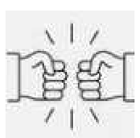
This is the third consecutive quarter that IT firms such as TCS, Infosys and Wipro have reduced their total headcount, which is in contravention to the usual trend of these large IT firms to increase their ranks. Even as Lakkad assures that TCS has not stopped hiring, "there a certain volume of engineers required to run a company of this scale," he tells students looking at a market with fewer jobs to not lose heart and use this time to learn.

THE HINDU businessline.
MONDAY - JANUARY 15, 2024

Maldives muddle

Tricky period for Indo-Maldivian relations

India's relations with Maldives is on the rocks. After President Mohammed Muizzu swept into power in November last riding on an "India Out" campaign, the relationship has steadily been going downhill. The Muizzu government's diktat to India on Sunday to withdraw troops by March 15 is the latest salvo in what is fast becoming a fractious relationship between the two nations.



It's worth examining the seriousness of the matter. In order to do that it is necessary to see why Maldives matters to India and the world. After all, it's such a tiny country, the second smallest country in the world with a population of 600,000. Eighty per cent of the national revenues come from tourism. A whopping 1.8 million tourists went there last year. The 200,000 Indians who went there last year make up the largest group. India is also a source of emergency drinking water supply. In the past, India has been an all-weather friend. Maldives, despite its minuscule size, commands clout because of its 800 km long exclusive economic zone and its strategic location. Its largely uninhabited 35 islands are perfect for setting up different types of military and civilian installations. If required, they can be used as stationary and unsinkable aircraft carriers — unsinkable, until the rising sea level claims them eventually.

So from an international geostrategic view, Maldives is enormously important. Maldives was an Indian ally for over five decades. But that alliance has been under strain since China started wooing the Maldives 20 years ago. Like Sri Lanka some years ago, Maldives, too, has moved under the Chinese umbrella, becoming a part of the BRI. This is bad news for India whose current political choices make it easy for rivals to exploit dormant anti-Indian sentiments in Islamic countries in the neighbourhood. Their politicians with an eye on the main chance are the beneficiaries.

What we need now is mature diplomacy from India that will see the relationship through without serious damage until the next change of government in Maldives. The tasteless comments from Maldivian ministers and the subsequent outrage in India in the last fortnight after Narendra Modi's visit to Lakshadweep have only complicated an already troubled relationship after Muizzu moved into power. India is in an unenviable position, reminding one of the relationship with Sri Lanka under Mahinda Rajapaksa when the island nation moved into China's orbit. The consequences of that disastrous move for Sri Lanka are now evident. It can only be hoped that the Muizzu government will learn from the Sri Lanka experience and tone down the anti-India rhetoric and actions. Geographical realities cannot be wished away even if Muizzu were to funnily believe that the Indian Ocean is not India's backyard. India is really the "911" help, as one Maldivian Opposition member remarked. It is never smart to antagonise your friendly neighbour who's the first to help you in a time of need.

FROM THE VIEWSROOM.

CCI's roadmap for 2024

KR Srivats

In 2024, the Competition Commission of India (CCI) faces challenges and opportunities. The foremost task is addressing a backlog of cases due to a lack of quorum in the previous year. Swift resolution of these cases, especially those involving big tech companies, is crucial for both justice and the business environment. The CCI must streamline processes and prioritise cases for prompt disposal.

The passage of the Competition Amendment Act 2023 brings significant changes to the regulatory framework. The CCI's next critical step involves finalising and notifying new regulations based on this amendment, providing clarity and certainty to stakeholders. This is vital for enhancing the Commission's effectiveness in enforcing competition law.

To future-proof against new-age challenges, the CCI must prepare for issues arising from advancements in artificial intelligence and digital technologies. This involves not just understanding the nuances of these technologies but also developing the capability to foresee and address potential competition concerns proactively. To stay ahead of the curve, the CCI must invest in upskilling its workforce, creating specialised units for technology and digital markets. This approach will enable the Commission to better assess the competitive impact of digital market players and ensure that competition law evolves in tandem with technological advancements.

Resource mobilisation and capacity building are also crucial in 2024. Implementing new regulations and handling complex cases in the digital economy require legal, economic, and technical expertise. Partnerships with academic institutions and international bodies can foster a deeper understanding of emerging market dynamics.

CCI's progress in 2024 will impact the immediate competitive environment and lay the groundwork for India's economic dynamism and market integrity.

ASHIMA GOYAL

Indian women: Climbing the U curve

GENDER POSITIVE. Women's participation rate in labour has risen, thanks to improvements in convenience and safety of working, and changes in social norms and preferences

Much concern is voiced about the low labour force participation of Indian women. But the rapid changes taking place in this and the reasons for them, are less noticed and are the subject of this piece.

Overlapping U-shaped curves have affected women's labour force participation through the ages. There is evidence that women's position deteriorated as the agricultural revolution made male roles more remunerative than female roles, unlike in the hunter-gatherer economy that had lasted for millions of years and where women had brought home 60-80 per cent of the evening meal.

Claudin, who won this years' economics Nobel Prize for her careful work with US data, finds the participation of married women decreased further with the transition from an agrarian to an industrial society in the early nineteenth century, but then started to increase with the growth of the service sector in the early twentieth century.

But East Asian manufacturing assembly lines, that largely employed women, improved their work participation. In India social constraints reduced women's participation but economic necessity increased it. So work participation is higher in rural than in urban areas and it fell in post-reform India as incomes rose.

NSS various rounds reports the Female Labour Force Participation Rate (LPR), measured as those more than 15 years old and working or seeking or available for work over the past year, falling from 34.1 per cent in 1999-00 to 27.2 per cent in 2011-12, when it was 15.5 per cent for urban and 56.3 per cent for rural women. The NSS 68th round showed it to be 22.5 per cent, even lower than in many less developed economies.

THE TURNAROUND

The Periodic Labour Force Survey (PLFS) began measuring this annually. The 2022-23 Report shows it at 37 per cent (urban 25.4 per cent, rural 41.5 per cent) in 2023, risen from a 2017-18 low of 23.3 per cent (urban 20.4 per cent, rural 24.6 per cent).

Many factors have contributed to this climb up an Indian U curve, including changes in the convenience and safety of working, in social norms and in preferences.

Women's contribution to domestic work is not measured. An ILO survey at the time of the slump in participation had found that one-third of women reporting their occupation as 'domestic duties' were willing to work if the work was made available at their premises.

Women do allocate more time to the household, especially in a period that could be critical in their career, so their productivity in the external market falls, reducing their earnings compared to males. It follows if she works more at home and the partner more outside, total household earnings rise. But, over time, this leads to a loss of her human capital. As learning-by-doing in remunerative skills falls, future wages fall as well. Thus an allocation of household resources that may be efficient at a point in time reduces the household's consumption set over time.

Internet and communications technologies (ICT) have the potential to correct these distortions at the source, since they facilitate distance work, flexi-time activity and reduce location constraints. They make it easier for women to maintain and upgrade skills without disruptions. The Indian mobile communication sector grew in double digits after 2000, from just 5 million telephone (mobile plus landline) subscribers in 1991 to 37 million in 2001 and 933.01 million in 2014. Mobile cellular subscriptions per 100 at 70.78 by 2013 compared well with the US figure of 95.53.

The spread of the smartphone coincides with the rising LPR. It has greatly increased access to the Internet and has perhaps contributed to climbing the U curve as work from home (WFH) became easier. It was a rare example of an inclusive high tech innovation. The pandemic also contributed to the acceptance of WFH and this fact, along with rising economic necessity may explain the puzzle of why women's LPR increased in this period when employment was falling. As rapid growth creates skill shortages, it remains worthwhile for firms to make special efforts, including flexi-work, to retain their skilled women employees. Moreover, since the latter better understand the needs of the growing share of women customers, workplace diversity contributes to profits.

> **The spread of the smartphone has greatly** increased access to the Internet and has perhaps contributed to climbing the U curve as work from home became easier

In the US in 2022 women's LPR was 56.8 per cent, so India has a long climb as yet. More participation can contribute to faster as well as more balanced development in India. Women's share in political power, in boards and in many professions is less than their population ratios. How to accelerate this share?

POLICY INTERVENTIONS

The long stay at the bottom of the U created distortion in perceptions and power that are entrenched in historical processes playing out over time. It is not only employers and patriarchs that have distorted perceptions; women also do in self-reinforcing traps. Modern ICT may have the potential to correct the source distortion, but just its availability is not enough. Changing perceptions and embedded social norms requires special policies. Bottom-up, context, and culture sensitive policies have a better chance of success. Supportive social and institutional change is especially a prerequisite.

Some of this is happening but needs to go further. There are signs of deep social change in attitudes to the female sex. *Beti padhao beti bhachao* has reached every village and its message is reinforced by the sports medals young village girls are winning. Piped water reduces onerous water-fetching duties that girls were often trapped in. Better sanitation improves nutrition, health and safety. Government credit schemes, such as Mudra, favour women entrepreneurs, who often WFH. The possibility set has expanded for girls and their families, leading to rise in girl-child preference. This already reflects in a sharp fall in excess female deaths and missing female births in the last decade and will show up in more even sex ratios.

Policy interventions continue to be necessary to make social structures and perceptions supportive. A better social infrastructure for care-taking is essential to release time for women. A major reason for the shrinking population and low birth rates in Italy is the relative paucity of such infrastructure there, compared to other European countries. The care burden, for both the young and the old, also largely falls on women. Local women leaders understand these issues and would act to resolve them.

Since this is the age of big data, sex-disaggregated data can help fine-tune policies to remove gender biases while creating more business opportunities. Finance, for example, generates a lot of data, which can be used to understand usage, preferences and constraints of women, to sensitise both sexes and to develop winning need-specific products, thus enabling greater participation by women.

The writer is Emeritus professor, IGIDR

Regulators should take expert advice

By consulting accomplished economists, the RBI and SEBI can deliver better regulations

LINE & LENGTH.

TCA SRINIVASA RAGHAVAN

One of the most celebrated deputy governors of the RBI, SS Tarapore, retired on September 30, 1996. I happened to be in Bombay that day and went to call on him.

Just before he ended the meeting, he said he wanted to give me a gift. I made the usual noises but he called Alpana Killawala, the communications head of the RBI at that time, to fetch guess what. Three bound volumes of RBI circulars.

He presented me those bulky and heavy volumes very solemnly and said: "We have ended the days of the weekly circular. Keep these safely". About ten years ago I handed the volumes over to the NCAER library. I hope it has kept them safe.

The reason I tell this story is that the RBI seems to be almost back to the weekly circular. And SEBI is ahead of it, if that's possible. It also keeps publishing discussion papers which is fine, except that most of them are trivial.

Even if I am exaggerating for effect, which I am, it seems clear that we are back to the days of excessive fine tuning. In 2023 around 80 out of about 300 editorials in this newspaper were devoted to the tinkering efforts by these two regulators. Some of course make sense. But most don't. It looks like a lot of activity for the sake of activity, like those ineffectual but highly irritating traffic barriers that the police put out to catch terrorists.

This is consistent with the NDA government's overall approach of excessive intervention in economic activity. It's not very clear whether the guys in the RBI and SEBI who do this are driven by a motive to prevent something going horribly wrong or by a motive to protect themselves in case something does go wrong. But one thing is clear: there's a lot of confusion in both, especially over conceptual issues. This is an important hallmark of bureaucracies. Idle minds are the devil's workshop.

CONCEPTUAL FOG

One of these conceptual issues is *caveat emptor*. Another is market efficiency. There are other concepts, too, that the RBI and SEBI are either not aware of or choose to ignore because that way lies institutional safety. It's the Nike ad exhortation: Just do it.

Caveat emptor means buyer beware. Another, ruder, way of saying this is that a fool and his money are soon parted. Due diligence is the buyer's responsibility. Market efficiency means the lowest possible transaction costs. All the huffing

ECONOMICS. Can help rule makers

and puffing by the two regulators tend to lower efficiency by increasing transaction costs. This happens time and again. But market players always game the regulations because they don't want to add to transaction costs. Then we get a fresh set of rules.

Arbitrary compliance requirements and arbitrary ceilings or floors are the two main manifestations of the urge to play both nanny to the customers and safe bureaucratically. It helps no one.

LAW AND ECONOMICS

So what should be done? Two things only. First, the regulators should consult accomplished theoretical economists. The Indian Statistical Institute in Delhi has lots of them. And two, they should listen to the advice. It's a low cost effort with very high returns. I am not joking. The truth, I think, is that although the two regulators have good economists they are rarely consulted over regulatory matters. The left hand not knowing what the right hand is doing is the problem.

It was to sort out the problem of economically illiterate laws that 70 years ago some economists, like Ronald Coase, Richard Posner, George Stigler and a few others tried to develop a branch of economics called law and economics.

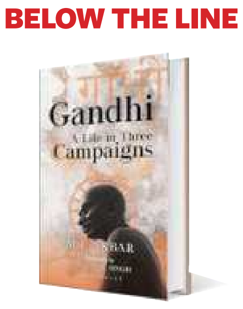
The idea was to sensitise rule makers to economics. The purpose was to show legislators that superior outcomes can be achieved that way. There is even an old established journal called *Law and Economics* but it isn't taken very seriously.

In India for a time Kaushik Basu, when he was teaching at the Delhi School of Economics, tried to breathe some life into the subject. It's hard to say what went wrong but the subject never took off. As Raj Krishna said in 1978, bureaucracies are 'knowledge proof'.

Undeterred, in 1994 Ashok Desai who was the chief economic adviser, set up Project LARGE (Legal Adjustments and Reforms for Globalising the Economy). It was headed by Bibek Debroy. Again, its recommendations fell on deaf ears.

Since then Debroy has been ploughing a lonely furrow campaigning for regulation that respects the laws of economics. RBI and SEBI could make a start by consulting him.

BELOW THE LINE



No one to hear the author

At the book launch of MJ Akbar's *Gandhi: A Life in Three Campaigns* held at Teen Murti House, the host Nripendra Mishra, chairman of the Prime Minister's Library and Museum, was a bit discomfited as the auditorium couldn't seat all the visitors. We need to upgrade this place, he said as he opened the event. He had further moments of discomfiture when one of the speakers, Ram Bahadur Rai, rambled on throwing the event out of gear. Chief guest Arif Mohammed Khan too spoke at length leaving no time for Mohandas Pai to utter a word. The author Akbar himself found he was unable to speak as the assembled guests departed with Khan who had a flight to catch.

No 'halwa'?

A whisper of disappointment is echoing through the corridors of North Block. The air, usually thick with the aroma of 'halwa' around this time, is likely missing this year. The 'Halwa Ceremony', a cherished ritual in the Finance Ministry, marking the commencement of the Budget preparation process, seems to be facing the axe. This year, with general elections on the horizon and only a 'Vote-on-account' in the pipeline, the buzz is that the ceremony might not be conducted.

This ceremony is not just about preparing and distributing the sweet dish. It symbolises the sealing of secrecy as officials involved in the Budget preparation are then secluded until the Budget is presented in Parliament.

Twist here

During the current rabi harvesting, data show that Tamil Nadu leads the country in sowing of paddy. This has become a norm, and with the final production being lower than expectations. One of the reasons attributed is poor yield. However, a little bird says the trick is that many people claim to grow paddy without actually doing it but claim losses for one reason or another to seek agriculture insurance. That's something the Centre needs to check, says the bird.

TN vs Gujarat

Will it be Tamil Nadu or Gujarat? This is an oft-asked question following the global investors meets in both the States. Some of the companies that signed MoUs with the Tamil Nadu government at the Global Investors Meet participated in the Vibrant Gujarat event too, making officials in Tamil Nadu quite nervous. In a few days, there will be clarity as to who is investing where.

When negative is good

The organisers of 10th edition of Vibrant Gujarat seemed slightly nervous during the valedictory session on January 13 when Auguste Tano Kouame, World Bank Country Director for India, said he had a "feedback to give which may not be so positive". But the feedback left everyone asking for more as Kouame went on to say, "The food was way too delicious to keep our weights down. So I am sure that over the past three days we have gained at least one kilogram." **Our Bureaus**

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On the perfume trail

The book captures the fragrance of perfume centres

BOOK REVIEW.

Chitra Narayanan

Title: The Perfume Project: Journeys Through Indian Fragrance
Author: Divrina Dhingra
Publisher: Westland Books
Price: ₹599

A trip that has stayed in my mind is one that I made many years ago to Kannauj, the attar capital of India. Chaotic, dusty and crowded , the UP town is otherwise unprepossessing until you enter the older parts through a regal doorway, and the scent of perfume wafts through. Then you get entranced as there are rows of stores that beckon you in as their show windows are full of intriguing glass goblets, beakers and camel skin bottles. The perfumiers had many an intoxicating tale on the art of manufacturing the oil based botanical scents. They also had many tales of hardships to share, of how the flowers, especially rose, were getting too expensive, and labour difficult to get, and how the whole industry was struggling.

This is why when I saw Divrina Dhingra's book, *The Perfume Project*, I had to get it, as it has a full chapter on the town. The exquisite cover, beautifully designed by Saurabh Garge, was another pull. With rose petals strewn around, the gorgeous pastel hued cover creates an illusion of nostalgia and scented memories.

It is a fairly small book — just 166 pages — on good paper with a leafy imprint on every page making it a pleasure to turn the pages. The introduction also hooks you, when the author, a journalist, from her perch in Manhattan, is suddenly assailed by the memories of scents of India. The olfactory references be it the pinewood scent of Shimla or the cloying notes of the flowers of the Saptaparni tree in Delhi and the scent of the first rain, all hit a chord as the author explains why she embarked on a project to explore the perfume traditions of India. The idea of smell and home sparked the idea of looking at fragrances.

ANCIENT TRADITIONS

There follows a fairly informative note on fragrances, and the ancient tradition in India of using sandalwood or turmeric on one's bodies as referenced in many of our classical treatises.

After the introduction, the book is divided into six chapters — Rose, Jasmine, Sandalwood, Saffron, Oud, and Vetiver. Each of the scents takes the writer on a journey — rose to Kannauj, jasmine to Grasse in France and Madurai, sandalwood to Mysore, saffron to Kashmir, oud to Mumbai and Assam, and vetiver or khus to Hasayan, a town in UP.

The book is vastly informative. But the travelogues themselves leave you feeling a tad disappointed. Perhaps because I have been to many of these places, including Madurai and Mysore. If you have not been to Kannauj you will love the chapter. But having been there, I feel the treatment is a tad superficial and while the processes are nicely explained, the people stories are missing, and the challenges are fluffed over. Also, one gets the feeling the writer has not stayed long enough in the town to absorb the feel and flavour.

To me Kannauj today is as much about potatoes as perfumes, lined as it is with cold storage units and the streets yield a delightful dish of baby potatoes cooked in their jackets on a bed of sand and charcoal. It's also the town where Akhilesh Yadav made his poll debut from and the town folk are full of gossipy political stories. The erstwhile UP minister was full of ideas for a perfume park, a perfume museum and also wanted to bridge the gap between a Chanel and a Ruh Gulab.

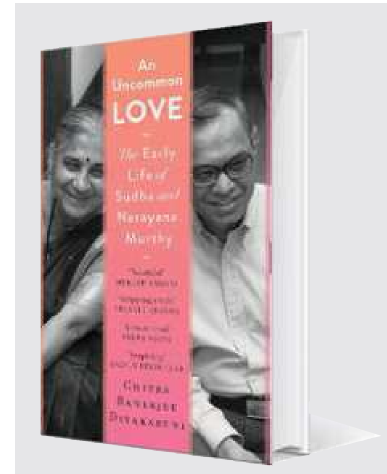
The book is very well conceived, organised and structured beautifully, and packaged excellently. The writing is polished and there are lots of interesting information and nuggets, gleaned from Dhingra's own trips, and studies (she even enrolled into a perfume course at Grasse). But, what it lacks is a certain earthiness, the struggles of the labourers, the cheating and the adulteration that goes on, the customer stories (who are the consumers), and depth and flavour of the places. Life after all does not smell of roses all the time.

A date with Infy's power couple

Their love for books brought Sudha and Narayana Murthy together. And thereon began their life's journey

BOOK EXTRACT.

Extract published from ***An Uncommon Love: The Early Life of Sudha and Narayana Murthy*** **by Chitra Banerjee Divakaruni and published by Juggernaut**



Title: An Uncommon Love: The Early Life of Sudha and Narayana Murthy
Author: Chitra Banerjee Divakaruni
Publisher: Juggernaut
Price: ₹799

On a pleasant October evening in 1974, a slender young woman hurried along a narrow residential street in Pune, her short, bobbed hair curling around her vivacious face. She was headed for the flat of her co-worker Prasanna, a young man with whom she had become friends because they rode the TELCO (Tata Engineering and Locomotive Company) bus together to work each day and because they both came from Karnataka.

The young woman liked Prasanna because, like her, he was a voracious reader. Each day on the bus, he would have a different book with him. She would glance over at what he was reading and feel pleasantly surprised because usually it was something she had read already, like *The Discovery of India* or *My Experiments with Truth*. Sometimes they would talk about the book and she would dive in eagerly into their discussion with forthright opinions. But recently Prasanna had surprised her. He had been engrossed in a writer she had never heard of: George Mikes. The titles of Mikes's books were unusual, too: *How to Be an Alien*, *How to Tango: A Solo across South America* and *How to Unite Nations*. And on the flyleaf of each book was written, with a confident flourish, a name and a place. The places were unexpected, exotic: Paris, Rome, Munich, Istanbul and Kabul.

The young woman couldn't resist asking, 'How is it you have all these books? And who is this man, anyway? A global bus conductor?'

Prasanna had laughed. 'He's my friend — and now my flatmate... He has certainly travelled to many countries and had many adventures! Why don't you come over sometime and meet him? He's a most interesting man, full of stories. Also, he's a Kannadiga like us. You'll love his collection of books. They've taken over most of our living room. In fact, I'd say that books are the only things he cares to own.'

The woman had hesitated. She had never visited a male friend in his flat. As the first woman employed by TELCO, living alone in a city far from her more traditional home town of Hubli, she knew there were many eyes on her. Thus, she was ultra-careful about her behaviour, about establishing boundaries. When she went out with male friends for dinner, she made sure to pay for herself so there would be no confusion about their relationship. 'Paying my share allows me to keep them at the right distance,' she explained to her women friends.

RAINING BOOKS

But this time, on the verge of saying no, she hesitated. It was too tempting, the thought of an entire room filled with exotic foreign writers she had not read and might never come across elsewhere, shelves and shelves of books she could perhaps borrow. And the owner of the books — she admitted to herself that she was quite curious about him. What would he look like? In her mind, she imagined this intrepid world traveller to be suave and debonair, tall and broad-shouldered. Maybe, she thought, because she loved Hindi movies, he would look like Rajesh Khanna, sporting sideburns and boots. 'All right,' she had finally said. 'I'll stop by tomorrow, just for a little while.'

When she walked into Prasanna's flat, though, she was surprised by the man her co-worker introduced her to. He was thin and slight, with thick glasses and a small scar on his forehead — a far cry from a movie star. He had on a checked coat that was nothing like the fashionable leather jackets the heroes of Hindi movies favoured. He was quiet — almost shy, she thought — until they started discussing books. Then he shed his reticence and sparkled with intelligence and an eloquence that startled her. She discovered that they shared a passion for Kannada writers: Kuvempu, Shivarama Karanth, Triveni and SL Bhyrappa. But more exciting was the fact that his bookshelves — as crowded as she had imagined — sported many new and fascinating writers. There were also more books by Mikes. She read out the titles excitedly: *Little Cabbages*, *The Prophet Motive*, *The Land of the Rising Yen*, *How to Scrape Skies and Shakespeare and Myself*.

Her visit stretched longer than she had intended as she listened to him talk about his favourite writers and describe how he had discovered them while living in Europe. At the end of the evening, before she could ask, he offered to loan her as many books as she wanted. He filled a shopping bag — the simple kind a housewife might take to the market to buy vegetables — with the volumes she chose.

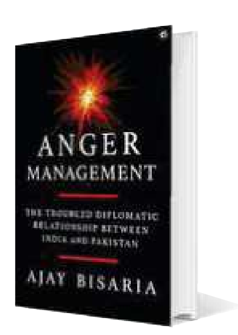
At the door, as she was about to say goodbye, he took a deep breath. 'May I invite you to have dinner with me tomorrow night — maybe at a restaurant?'

It was not her habit to go somewhere with a man she had just met. But to her surprise, she heard herself agreeing. She pulled herself together and said, 'But Prasanna must come with us, too.' In a stern voice, she added, 'And I will pay for my dinner.' She chose the venue: Poona Coffee House, which was inexpensive and unpretentious and served tasty meals and was therefore popular with young people. It was the kind of restaurant where one went with friendship — not romance — in mind.

The next night, he showed up outside Poona Coffee House half-an-hour early. Despite what she had said, he tried to pay for her dinner. But she found herself unable to get angry with him. She could already tell that he wasn't like other men, who might presume there might be a romance brewing if they bought dinner for a woman. There was a straightforwardness in him that, as a straightforward woman herself, resonated with her. That is how Sudha Kulkarni, 24, and Narayana Murthy, 28, began a relationship that would open the doors of aspiration for many young people who came from similar middle-class backgrounds and ultimately change the face of entrepreneurship and philanthropy in India

Extracts published with permission from Juggernaut

NEW READS.

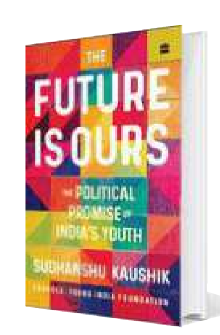


Title: Anger Management: The Troubled Diplomatic Relationship between India and Pakistan

Author: Ajay Bisaria

Publisher: Aleph Book Company

Blending scholarship, memoir and history, the book is a remarkable study of diplomatic engagement between India and Pakistan.

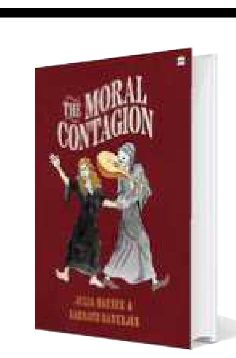


Title: The Future Is Ours : The Political Promise of India's Youth

Author: Sudhanshu Kaushik

Publisher: HarperCollins India

The book is part explanation and part a call to action to ensure more young people understand and participate in politics.



Title: The Moral Contagion

Author: Julia Hauser and

Publisher: HarperCollins India

The book playfully melds meticulous research with imaginative storytelling to create a graphic narrative about pandemics and reflect on how societies and individuals tend to react.

businessline.

TWENTY YEARS AGO TODAY.

January 15, 2004

Foreign participation in oil PSUs sell-off cleared

The Centre's urgency to complete the disinvestment process in oil sector PSUs in the current fiscal prompted the Finance Ministry to clear proposals for foreign participation in the public issues of IBP Ltd, Gail India, Oil and Natural Gas Corporation (ONGC) and Indian Petrochemicals Corporation Ltd.

Brokers told to disclose details of bulk deals

In order to prevent speculation on bulk deals in the market, SEBI has decided to make the disclosure of such deals mandatory. SEBI said the disclosure shall be made with respect to all transactions in a scrip where total quantity of shares bought or sold is more than 0.5 per cent of the number of equity shares of the company listed on the stock exchange.

BPCL in talks with Reliance for long-term purchase pact

Bharat Petroleum Corporation is negotiating a five-year agreement with Reliance Industries to buy products from its Jamnagar refinery. A previous product-sourcing agreement between the two companies expires on March 31, 2004. Destined for the North Indian market, the company hopes to source roughly three million tonnes of petroleum products.

Short take

Clean energy adoption key to better health, air quality

K Madan Gopal

India's grave air quality crisis ranks it among the world's most polluted nations, with 14 cities facing alarming AQII levels. Studies reveal a grim reality — on average, Indian life expectancy could drop by 5.3 years, with Delhi alone facing a shocking 12-year decline. Even more alarming is that air pollution has overtaken unsafe water and unhygienic conditions to become the second major cause of illness.

India's air quality crisis isn't just about statistics; it's a public health catastrophe. Over two million annual deaths are attributed to pollutants like PM2.5, NO2, SO2, and O3, all directly linked to respiratory, cardiovascular, and neurological issues.

During winters, the problem escalates, causing respiratory ailments in nearly 40 per cent of the population, with children, the elderly, and those with pre-existing health conditions bearing the brunt.

IMPACT ON PRODUCTIVITY

Beyond the health effects, air pollution significantly impairs the ability to function effectively, affecting everyone from farmers to office workers. Research confirms that breathing polluted air lowers test scores, impairs decision-making, and inflicts long-term damage, especially on children.

The economic impact of India's poor air quality is substantial, affecting labour productivity, consumer activities, and resulting in premature deaths. Studies reveal that Indian businesses endure an annual cost of approximately $95 billion, equivalent to around 3 per cent of the country's GDP. In 2019, air pollution accounted for 18 per cent of deaths and led to 3.8 million lost workdays. Pollutants like sulphur dioxide cause 5-12 per cent losses in crop yields, affecting various sectors and stifling the nation's economic growth.

Transportation emissions from fossil fuels are particularly acute in India's cities. Addressing this crisis demands a holistic approach. Scaling up the use of technologies like solar and wind power, along with embracing electric vehicles (EVs), is pivotal to reducing harmful emissions and combating air pollution.

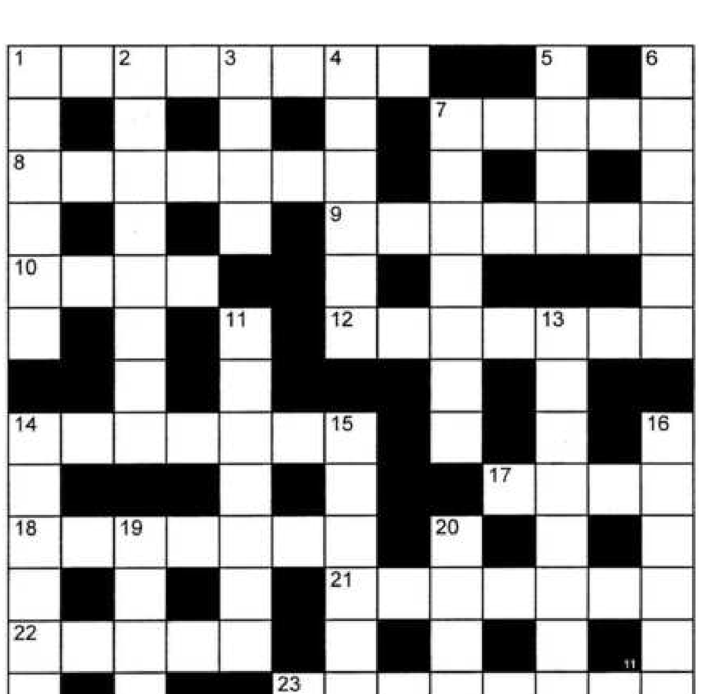
I Promoting green building practices can further reduce energy usage in the construction sector. Additionally, improving public transportation systems can help reduce the number of vehicles on the road, mitigating pollution. Effective waste management and recycling techniques can minimise air pollution resulting from open burning.

The Government of India is likewise taking commendable steps to promote EV adoption by reducing taxes, offering incentives, and investing in a robust charging infrastructure, making the switch even more appealing.

Cleaner technologies, coupled with initiatives like carpooling and tree planting, empower individuals to contribute to a cleaner environment and combat air pollution. It's a collective endeavour towards a sustainable and healthier life for all.

The writer is Advisor-Public Health Administration, National Health Systems Resource Centre, Ministry of Health and Family Resources. Views are personal

BL TWO-WAY CROSSWORD 2355



EASY

ACROSS
1. Heightened the effect of (8)
7. Humorous (5)
8. Young swans (7)
9. Johnny-come-lately (7)
10. Face-bearing jug (4)
12. Officer of royal household (7)
14. Boat part to keep oar in place (7)
17. Peruvian capital (4)
18. A long curl of hair (7)
21. Acrobat's swing (7)
22. Beau, swain (5)
23. Blood feud (8)

DOWN
1. Stir up, arouse (6)
2. An intellectual (8)
3. A requirement (4)
4. Make certain (6)
5. End part of musical movement (4)
6. Downright (as with refused) (6)
7. A quarrel (7)
11. Four-wheeled horse-cab (7)
13. One living at a place (8)
14. Infrequently (6)
15. Water boiler (6)
16. Photographic apparatus (6)
19. The body of a church (4)
20. A fat (4)

NOT SO EASY

ACROSS
1. Intensified ache around top of nerve, in the end (8)
7. It's funny, to turn over and over after an old copper (5)
8. Possibly they will be pen-friends in future (7)
9. A nouveau riche at the beginning of the rocket race? (7)
10. Punch's dog may be full of beer (4)
12. It is re query about a palace official (7)
14. Wise old bird in Gibraltar found on a boat (7)
17. Where the mail is distributed in South America (4)
18. Wedding pledge allowed to be seen growing ahead (7)
21. Gin is simplicity, one is told, as a prop for the circus artiste (7)
22. Shakespeare said he was sighing like a furnace (5)
23. A blood-feud to sell – and for the French, a thank-you (8)

DOWN
1. Stir things up, go out when about a hundred, and go east (6)
2. Elevated a feature that's intellectual (8)
3. Lack direction being in the wrong end (4)
4. Make certain sun has moved before being surrounded (6)
5. A finish to fish that puts an end to movement (4)
6. Thus refused, at fifty, to have an insect around (6)
7. Put in, off-side, to start a quarrel (7)
11. Carriage might soundly be announced by an angry dog (7)
13. One living in the team is torn about (8)
14. Not often does one count on artist turning up inside (6)
15. It may be a whistler among the drums (6)
16. In which, exposure is secret perhaps (6)
19. A feature of church architecture in a Corinthian avenue (4)
20. A fat Scottish landowner I left (4)

SOLUTION: BL TWO-WAY CROSSWORD 2354

ACROSS 7. Thoroughgoing 8. Potentially 12. Retail 14. Trowel 16. Travel 18. Tenors 19. Advancement 23. Burnt-offering

DOWN 1. Shop 2. Trot 3. Tunnel 4. Thrift 5. Foil 6. Only 9. Outward 10. Lowdown 11. Alas 12. Rite 13. Ice 15. Rye 17. London 18. The off 19. Ague 20. Vane 21. Earl 22. Tank

CAMPUS HIRING

Why can't B-schools forecast MBA demand better?

THE ART OF MANAGEMENT. Institutions need to own the placement process, not let students run it

SHIV SHIVAKUMAR

THE BROKEN PROMISE. A B-school lets a student down when it cannot place him/her well. It is a breach of trust

The current placement season is tough, and B-schools are sending SOS mails to alumni seeking jobs for students of their alma mater. My wife asked me: "B-schools teach their students demand forecasting, predicting trends and so on, then why are they not doing it for themselves?" Good question!

Why the slowdown? A soft economic situation, threat of recession, AI- and tech-led job shedding, too many B-school students, all add up to a weak 2024 market for MBAs. This was not a surprise; and many saw this coming. Summer internship (when IIMs struggled to place the full batch) was a red flag. However, B-schools still thought they could score 36 runs in the last over. Hope is never a strategy.

The promise of a good job is an informal guarantee between a B-school and the student. This is not a written guarantee. When B-schools flaunt their ranking and salary packages, they fuel this informal guarantee. So, a B-school lets a student down when it cannot place him/her well. It is a breach of trust.

What drives this B-school myopia and what could be some answers/enablers to this challenge of poor demand forecasting?

• A part of the problem is that B-school placement is mostly run by students for the students. This is the first hurdle in building a decent demand forecast model. Students have short term memory; they chase a few big-name companies. The student placement team pursues companies that came to campus before and students reach out to previous batches for new contacts. For students, this is a 4-week festival they need to see through. The argument that this is real-life exposure for the placement committee and helps them build skills is far-fetched.

• If things need to change, the B-school needs to own its placement and must institutionalise relationships with at least 500 companies in India and overseas. The institute must develop a holistic database to track the top 25 sectors in the country. They need a full-time team to analyse opportunities and track CEO, CHRO commentary on hiring, attrition, expansion plans, new launches, mergers and acquisitions. AI will help. This analysis will help the B-school develop an overall macro index of demand for its students by discipline. B-schools that offer a one-year MBA don't have the problem to the same degree as the institute that owns placement lock, stock and barrel and co-opts students where needed.

• Next is focus. The B-school focus is diffused — they have too many MBAs — a two-year MBA, an online MBA, an exec MBA, executive education and so on. Each of the sub-brands generate revenue and the B school is now an assembly line. The B-school wants to be outcome accountable only for the two-year MBA and that's not fair to the other programmes. The B-school needs to own the outcomes for every significant programme they offer. Till they do that, they will not develop a better market sensing mechanism or build deeper relationships for their two-year MBA placements.

• Every B-school needs a professional placement office and team to place all programme students. A professor of a department cannot do the placement job as a side show. You cannot give a student a certificate with your logo and then tell him he is on his own! In one of the B-school boards, I recommended that the B-school tie up with a headhunting firm for a period of three years, so that the placement officer and his team develop those capabilities. Can headhunting firms volunteer? Professionalising placement will help better demand forecast.

• The B-schools need to build transparency around the cost of the MBA programme and salaries. Every B-school reports it in a different way to suit its agenda and this hurts credibility with the industry, who are the B-school's customers. The bigger B-schools should embark on self-regulation. It will help smoothen demand for all B-schools over time. A baseline data point is good and the government can ask all IIMs to report data uniformly or all the IIM Directors can agree to do it in one way.

• A wild suggestion — limit batch size to 500 for a few years in IIM Ahmedabad, Bangalore and Calcutta; this will help raise quality of students, teaching, campus student experience and placements in the top 50 B-schools. These institutes struggle to place the last 100 students today and they need a breather. Limiting intake will get better quality demand forecast.

The worst thing for B-schools is to say 'this is cyclical and this will go away'. Then, they will not be practising what they preach: "Never waste a crisis as an opportunity for change."

The writer has been on eight B-school boards.

THE DIVERSITY CHALLENGE

Spanning generations in the accounting profession

V PATTABHI RAM

FROM LOST TO ALPHA. To win, harmonise the multi-generational workforce

More people will work into their seventies, rubbing shoulders with fresh-faced teenagers starting their audit careers. Yes, the concept of retirement shifts with 75 becoming the new 60 and career charts are redefined in the process. With its multi-generational workforce, the accounting profession now threatens to surpass the diversity depicted in iconic serials such as *SaaS Bhi Kabhi Bahu Thi or Hum Log*! Each generation applies the brush in unique ways. Let me introduce them.

LOST GENERATION (1945–60)

Anil, a seasoned accountant, values loyalty and hierarchy in his work. His mastery of traditional methods is the firm's foundational pillar in audits. Regarding his equation with the boss, the spirit is one of 'the boss is right.' He breathes dedication, arriving at the office well before others and departing long after sunset. He takes his career seriously and everything — his family included — comes a distant second. To leverage Anil's expertise, you must encourage mentorship programmes where his insights on meticulous record-keeping can be shared with younger colleagues.

GENERATION X (1961–80)

Meet Amit, who is immensely adaptable to technology but is a massive proponent of work-life balance. He is the one who would not stir into office, come hell or high water, on a weekend. On those days, he might catch up with work from home but not the workplace. His ability to adapt to digital tools while valuing personal time paints a modern portrait of accounting. To accommodate Amit's strengths, offer flexible work hours and remote options, focusing on results rather than micromanagement. Introduce digital collaboration platforms for him to feel at home.

GENERATION Y (1981–99)

Think of Neha, seeking purposeful work and craving collaboration. She wants to know why a particular task is being carried out and how it will improve her career. She is the 'why' and 'how', not the 'what' person. Her innovative ideas and thirst for recognition often clash with the Lost Generation's beliefs. Recognise Neha's achievements publicly and offer opportunities for skill development to fuel her ambition.

GENERATION Z (2000-20)

Meet Aarav, the embodiment of Generation Z, born into the digital age with an entrepreneurial flair from the word go. His adaptability and tech-savviness bring forth a wave of fresh ideas. You should nurture an inclusive workplace where Aarav can freely contribute his thoughts without fearing ridicule. Encourage cross-generational team projects, allowing Aarav to show his adaptability and tech proficiency.

GENERATION ALPHA (>2021)

Though their symphony has yet to join our team, let's envision Vihan, a future accountant shaped by more advanced technology and sustainability. We must prepare for his arrival by investing in cutting-edge AI training programmes and incorporating eco-conscious practices into accounting.

In this potpourri of generations, a conductor like Zubin Mehta is indispensable. To win, encourage cross-generational mentorship, providing platforms for seasoned professionals to guide younger talents. Cultivate a culture of continuous learning with workshops bridging technological gaps. Promote diversity in team projects. Embrace technology while preserving traditional methods. Understanding and leveraging each generation's strengths harmonises conventional and modern techniques and crafts an accounting symphony that resonates across time.

Anil's structured approach can go well with Amit's adaptability, Neha's thirst for innovation, Aarav's tech-savvy flair and the arrival of Vihan. Understanding and appreciating the differences among these members is essential for effective leadership. A word of caution: Some may belong to a particular group based on birth, but their attitudes and skills differ. For example, someone considered part of the 'Lost Generation' might act more like a person from Gen Z.

As the landscape evolves, leadership ideas may change where expertise, not age, becomes the guide. It's a mindset shift. Interestingly, in the future, teams might not need a clear leader. Instead, they might look up to someone really good at specific things.

The writer is a CA, and co-author of the book, India in 2047: The Amazing Rise of a Modern Nation

DISSENTING CREDITOR

Settlement issue sent to larger bench

Team Gavel

On August 16, 2019, Section 30(2)(b) of the Insolvency and Bankruptcy Code (Amendment) Act, 2019, was amended to provide that operational and dissenting financial creditors shall not be paid less than what creditors can get in the event of liquidation of the corporate debtor under Section 53(1) of the code. In other words, a dissenting creditor shall not be asked to take a settlement that is less than what he would get if the debtor was liquidated.

Ruchi Soya, which owes banks and operational creditors ₹8,398 crore, went into liquidation. Patanjali Ayurvedic Ltd submitted a resolution plan for ₹4,134 crore, representing 49.22 per cent of the dues. DBS Bank of Singapore, which had lent ₹243 crore to Ruchi Soya, has mortgaged assets, which, if liquidated, would fetch it ₹217.86 crore. But under the resolution plan, which was approved, it would get less. DBS Bank invoked the amended Section 30(2)(b) and demanded that it should get at least ₹217.86 crore.

In an earlier case, India Resurgence ARC Pvt Ltd vs Amit Metaliks, the Supreme Court had said that a dissenting secured creditor lacked the standing to contest an approved resolution plan.

However, in the Ruchi Soya case, Justice Sanjiv Khanna and Justice SVN Bhatti noted that the point (in India Resurgence ARC Pvt Ltd) that a dissenting secured creditor can ask for a higher amount is correct. "However, this does not affect the right of a dissenting secured creditor to get payment equal to the value of the security interest in terms of Section 30(2)(b)(ii) of the code."

The SC noted that "a dissenting financial creditor is entitled to not partake in the proceeds in the resolution plan, unless a higher amount in congruence with its security interest is approved in the resolution plan". The dissenting financial creditor cannot, of course, force liquidation, but should get an amount not less than what he would get if the debtor were liquidated and the assets sold.

In view of the divergence from the set precedent, the SC felt that "it would be appropriate and proper if the question framed at the beginning of this judgment is referred to a larger Bench. The matter may be, accordingly, placed before the Hon'ble Chief Justice for appropriate orders".

SC solves stamp duty puzzle in arbitration

BALANCING SCALES. In a three-round battle, the apex court rules for the harmonious coexistence of Arbitration Act and Stamp Act

Vasanth Rajasekaran
Harshvardhan Korada

FINAL WORD. Stamp Act — fiscal statute, not a weapon of technicality, rules SC

In a recent seven Judge Bench decision, the Supreme Court crystallised the legal position pertaining to a pressing issue which arose in the context of three laws — the Arbitration and Conciliation Act, the Indian Stamp Act and the Indian Contract Act. In a rare instance, the matter witnessed three rounds of adjudication at SC.

In the first round of adjudication in NN Global Mercantile Pvt Ltd vs Indo Unique Flame Ltd (NN Global – I), a three Judge Bench was faced with the question — whether an arbitration agreement found within an unstamped or inadequately stamped contract would be legally enforceable. The Bench invoked the doctrine of separability to hold that an arbitration clause was deemed to be an independent and a separate contract, compared with the underlying contract. In addition, the court opined that in contemporary jurisprudence, arbitral tribunals are believed to be competent to rule on issues pertaining to their jurisdiction. However, in its examination of relevant judicial pronouncements on the issue, this Bench was unable to concur with the findings of another three Judge Bench which approved the understanding that arbitration agreements contained in unstamped agreements would be unenforceable.

In the second round in NN Global – II, by a majority verdict, a five Judge Bench rejected these findings — that the independent status of an arbitration clause as a distinct agreement would still leave it eligible to stamp duty. Thus, the five Judge Bench held that the foundational premise in NN Global was untenable. The Supreme Court also emphasised that the Stamp Act served as a fiscal measure and was designed to be rigorously enforced. An unstamped instrument is liable to be impounded under the applicable provisions of law and, as such, is unenforceable. In essence, parties could execute transactions and goods may exchange hands, but the Courts or the State would not provide legal protection to an inadequately stamped or unstamped instrument.

The decision, rightly, came with a lot of criticism. Without having much guidance on the practical implications of the decision, the references to arbitration almost came to a standstill. While dealing with referral applications seeking the appointment of an arbitrator, many Courts across India witnessed parties raising objections pertaining to stamping. Interestingly, instruments were also impounded in matters for further steps to be taken in compliance with the statutory mandate under the Stamp Act.

Eventually, in a curative petition, a seven Judge Bench of the Supreme Court settled the issue. The SC held that the inadequately or improperly stamped instruments were inadmissible as evidence under the Stamp Act. There is a fine distinction between voidness and inadmissibility. The voidness of an agreement referred to its enforceability, whereas inadmissibility focused on whether a Court could depend on the agreement as a piece of evidence in legal proceedings.

The apex court held that the Stamp Act was a fiscal statute, intended to raise revenue and not to arm a litigant with a weapon of technicality. At the stage of referring a matter to arbitration, a referral court need only check for the existence of arbitration agreement, it said.

This landmark decision not only sets a precedent for the harmonious coexistence of the Arbitration Act and the Stamp Act but also safeguards the delicate balance between them. While rectifying the perceived imbalance from NN Global – II, the SC has rejected prioritising the Stamp Act's revenue objective over the Arbitration Act.

The writers are advocates at Trinity Chambers, Delhi

The permanence of skill in the arena of monetary play

Sidharrth Shankar

The Supreme Court of India has settled jurisprudence distinguishing between 'games of skill' and 'games of chance' by laying down the preponderance test. If skill is predominant, then the game amounts to a 'game of skill' and is legally permissible; if there is a predominance of chance, then the game amounts to gambling and falls within the jurisdiction of the State Government to regulate. Despite the settled law, many legitimate platforms are left to navigate a complex regulatory maze, sometimes even at the risk of attracting criminal proceedings.

To address this ambiguity, in April 2023, the MeitY notified amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, (Online Gaming Rules) to add provisions for online gaming. These rules provided the industry with much-needed clarity while ushering in an atmosphere of responsible growth for the online gaming platforms. The self regulatory bodies (SRBs), as defined in the rules, are expected to play a pivotal role in this, to ensure a fair playing field. However, they are yet to be operationalised owing to concerns regarding their independence (or lack thereof). These SRBs are tasked with verifying permissible real money games and are required to ascertain that these games do not fall within the ambit of wagering. An unbiased

SRB through regulatory oversight is important not only for online gaming platforms but also to ensure that consumer protection remains paramount.

With most online skill gaming formats being played with real money today, the more pertinent question that needs to be understood is whether a game of skill played with stakes is permissible or would it fall within the jurisdiction of the State to decide its legality? for example, Will Chess remain a game of skill when played for money? The obvious answer to the question is a "Yes" This question becomes important not only for the policy makers and law enforcement agencies but also for the consumers to understand the legality of their actions.

The Supreme Court dealt with this question in the *State of Andhra Pradesh vs K Satyanarayana* case where it held that a competition which substantially depends on skill is not gambling. Wagering or betting on a such a game of skill would not amount to gambling.

As online gaming continues to flourish, the legal perspective that skill-based games retain their character, even in the presence of financial stakes, provides a stable foundation for their growth. This understanding ensures that players can engage in these games, hone their skills and partake in the competitions with the assurance that the law recognises the prowess they bring to the virtual table. It is therefore important for the central government to statutorily recognise the judicial precedent laid down by the Supreme Court in K Satyanarayana and reiterated by the Madras High Court in Junglee Games and recently in *AIGF v State of Tamil Nadu* that games of skill do not lose their element of skill when played with stakes.

The writer is a Partner in Corporate Practice, JSA Advocates & Solicitors

OFFICE BUZZ.

Marginal hike in salaries in 2024

India Inc is likely to see a median salary increment of 9.7 per cent in 2024, according to Korn Ferry's latest India Compensation Survey. This surpasses the actual median increase of 9.5 per cent reported by organisations in 2023.

The marginal uptick of 0.2 per cent signifies a measured approach by companies in shaping their reward strategies, says the report. Among the industries that are seeing double digit percentage hikes are financial services – 10 per cent increment as compared to 9.3 per cent last year, industrial goods – 10 per cent hike (9.9 per cent) and chemical – 10 per cent (9.8 per cent). Oil and Gas has seen a fall with only 9.5 per cent hike expected as compared to 9.9 per cent last year.

Comparatively, India is forecast to see a higher salary increment as compared to other countries in Asia Pacific. India's 9.7 per cent median salary hike is far higher than Australia (4 per cent), China (5.6 per cent) and Japan (2.5 per cent).

Labour market to worsen

It's grim news on the jobs front globally. The ILO's World Employment and Social Outlook Trends: 2024 report finds that both the unemployment rate and the jobs gap rate — which is the number of persons without

employment who are interested in finding a job — have fallen below pre-pandemic levels. The 2023 global unemployment rate stood at 5.1 per cent, a modest improvement from 2022 when it stood at 5.3 per cent. The global jobs gap and labour market participation rates also improved in 2023.

However, beneath these numbers fragility is starting to emerge, the report finds. It projects that the labour market outlook and global unemployment will both worsen. In 2024 an extra two million workers are expected to be looking for jobs, raising the global unemployment rate from 5.1 per cent in 2023 to 5.2 per cent. Disposable incomes have declined in the majority of G20 countries and, generally, the erosion of living standards resulting from inflation is, "unlikely to be compensated quickly".

Income inequality has widened, the report warns, adding that the erosion of real disposable income "bodes ill for aggregate demand and a more sustained economic recovery."

◉ SMELL THE COFFEE

Starbucks' strong brew for India market

FULL OF BEANS. Laxman Narasimhan, Global CEO, Starbucks, says a growing economy is going to propel the coffee culture even faster

Vinay Kamath

BARISTAS IN ARMS. Laxman Narasimhan, CEO, Starbucks, with baristas at the Koregaon Park outlet in Pune

One of the requisites when Laxman Narasimhan joined Starbucks as its global CEO in October 2022 was to be trained as a barista. On his recent visit to Pune, where he grew up and studied mechanical engineering at the College of Engineering, Narasimhan, 56, visited the Starbucks outlet at Koregaon Park, gamely donned the green apron of a barista and went behind the counter to serve up some coffee. With excited Starbucks staff and camera persons milling around, he prepared filter coffee in its newly launched 'picco' sized six ounce coffee cups for those who prefer a small shot of the brew.

In this interview, Narasimhan, whose grandfather and uncle both worked in *The Hindu* group for several years, talks about what it means to step into the iconic shoes of the founder, Howard Schultz, his plans to 'refound' Starbucks and the India story for the coffee giant. Narasimhan, a polyglot who speaks six languages, has worked across several countries in Latin America, Asia and Africa and in the US. Starbucks had a record year in 2023 with revenues of $36 billion and Narasimhan intends to grow on this base rapidly. Excerpts:

How did your role with Starbucks happen? How did Howard Schultz identify you from hundreds of managers in the US and the world?

I have had a privileged career. I went to America with very little, graduated from Wharton with an MBA in finance and then had a global career. I spent many years at McKinsey, PepsiCo and then Reckitt; it has helped me get an experience and quite a global life. So, when I was in the UK with Reckitt, I needed to return to the US for personal reasons. Starbucks too searched across the world and they probably saw in me the fact that I understood the categories they were present in. I am a global citizen and I understand the importance of our partners in the execution of the Starbucks brand. Starbucks saw that our values were consistent, and through the interviews, they also got a sense of my love of technology and how tech plays a key role in Starbucks.

How has it been stepping into Howard Schultz's large shoes?

Howard is an iconic entrepreneur. He's redefined how the world drinks coffee. He built the company with a market cap of well over $100 billion, 38,000 stores across the world and he's built a platform for 4.6 lakh partners. We buy coffee, in a sustainable way, from over half-a-million farmers, and with a platform that supplies information and knowledge to another half-a-million. It's been a journey of an iconic founder who built an iconic brand. I don't have that record that he has, but I bring different things to the table. The company is at that stage where he needed somebody who understood the partners, the theatre at the store front as well as the factory at the back, the importance of the global opportunity, and bring in an innovative way of thinking to bear on the products to scale the business.

My relationship with Howard has been one of a sensei — a teacher. When I first came over, we agreed that we will 'refound' this company, which is exactly what we have been doing since January of last year. So, we have gone on a path to contemporarise this company for the next generation.

What is the India story in the Starbucks piece?

We have a launchpad; the coffee culture in India is at the moment where you are going to see us move even quicker. Last year we did 71 stores — that's one store in five days. Now we are going to do one store every three days. India is a very important market for us. Now that we have built the foundation, the time has come to further develop it and grow it sustainably.

India is primarily a tea drinking country; do you see a shift towards coffee?

Look at it this way: we went to China 25 years ago when it was a fully tea drinking country. We worked really hard and we now have 6,000 stores there. We open a store in China every eight hours. But consumption is still only at 12 cups per capita. While in Japan, the per capita consumption is at 280 and in the US it's at 380. In markets like China, which had a history of tea drinking, it takes time. The true test is not what happens in the next one year, but what happens in the next 10-20 years. With partners like the Tatas, we can really think in the long term and build a business that is substantial and something that makes an impact for India.

Starbucks is perceived as a premium offering. Are you looking at affordable options for the middle market?

First of all, we have to ensure we deliver a consistent experience that customers value. In addition to that is accessibility in meeting customers where they are — both in terms of formats and locations, and also in terms of providing them options. We have done this with the recently introduced 'picco' range (a six ounce cup of coffee). We'll continue to give customers an accessible choice in both beverage and food attach as the market evolves.

Will India be among your faster growing markets?

India is definitely one of our faster growing markets but it's on a small base, relative to what we have internationally. On a global base of around 38,000 stores, we have only 390 in India. We plan to get to 1,000 stores by 2028. This is a game we are playing for the long term; India will grow and change as the investments come to bear in the cities and they evolve. We are not chasing numbers, we are here for the long term. We are looking at a business that is substantial and delivers a great experience. So far, we are pleased with the investments we have made in India and we intend to, along with the Tatas, continue to do more.

Do you see Starbucks in India also emerge as a 'third place' for consumers?

We are in the business of human connection. The need is universal. That's the secret sauce of this business and we do that with coffee, a medium to make that happen. One of the memories I have, maybe it's my Tamil upbringing, but it's to do with the early morning coffee which my parents would have, and it's about connecting with yourself. Only when you connect with yourself you connect with others.

In the US we are the number one coffee brand. In the connection business, we play across the spectrum. Some drink our coffee at home, some in the stores, some come alone but like to be with others around; they sit with their coffee and may be a laptop and look around at other people and perhaps think that they are part of something bigger. Many just observe life as they work. In a polarised world, we need that place where we can come together and find a common ground.

◉ TABLE TALK

In the driver's seat at Ashok Leyland

NEW AVATAR. Ashok Leyland chief Shenu Agarwal on transitioning from a tractor maker to a CV company

Vinay Kamath
G Balachandar

SHIFTING GEARS. Shenu Agarwal, MD and CEO, Ashok Leyland VISVESWARAN V

Ashok Leyland, Shenu Agarwal says, is only the second company that he's worked in. Unlike many CEOs who have moved several companies, Agarwal, the 53-year-old Managing Director and CEO of Ashok Leyland, was for almost 30 years a one company man with the Escorts group in New Delhi and in the US. Agarwal was the president of tractors and agri-machinery company Escorts Kubota, when he made the transition in December of 2022 to the trucks and bus maker.

It's just the second day of the new year, and Agarwal kept his promise of meeting us after he completed a year in office. We meet Agarwal for a working lunch and conversation at the plush executive lounge of the Leyland office tower at a prominent corner on Chennai's Mount Road, where traffic surges around in an incessant flow.

Our first volley to Agarwal is on how the transition has been from North to South India, as well as from an agri-biz company to a trucks and bus maker.

Agarwal is thoughtful when he says that customer dynamics, of course, is different, but competitive intensity in buses and trucks, where there are three major players, Tatas, Volvo-Eicher and Leyland itself, is as much as it is in the tractors business — which has around 17 players, including major foreign ones.

Though it's been a little over a year, Agarwal is still settling into the Leyland culture.

"Although I worked for 30 years in the previous company — and this is only my second company — it's not so much the dynamics of the business but the cultural dynamics of the company itself, to be able to understand and manoeuvre or change it in a particular direction, is a bigger challenge. And that takes time, to get the right relationships and understanding," he explains.

This is Agarwal's first stint down South to work and he's liking the pace of life in the city. It takes only 11 minutes to get to the office, he says, whereas in Delhi, to his office in Faridabad, it would sometimes take him almost two hours of travel.

"I have travelled widely in the South too, but this is my first time living here. I was based in Delhi for about 14 years and before that in the US for nine years, all with the Escorts group," he says.

Ask him how it's been after working at an aggressive group such as Escorts, to work in a relatively conservative company like Leyland, Agarwal counters, "I don't think Leyland is conservative at all, but the brand perception is of us being conservative. One of the tasks is to change that. From being a South-India focussed company to a national company and then a global one is a journey that we have to take. And, it's happening, but we may need to speed it up."

ROAD AHEAD

Agarwal says that a shift is happening in the business that it generates from South and North. "Even overseas, even if it's small, we are happy that we are in many more markets now than we used to be. The international markets are subdued but our penetration is much more than what it used to be." Leyland is present in 50 countries now.

While the South is still generating a lot of revenue for Leyland, the Northern markets are growing faster. The pie is larger in its non-traditional markets.

"We have grown the pie in North, East and Western markets. We used to be 15 per cent in the North and 45-50 per cent in the South, which we are still maintaining, but in the North we are now at 25 per cent, hitting close to 30 per cent. So, the market share is growing. I am not talking about the numbers, but about the perception — what people see in us, rather than what the numbers portray," says Agarwal. Switch Mobility, an e-vehicle subsidiary of Leyland, operates around 300 buses in Bengaluru and 48 double decker buses in Mumbai.

Lunch is served — a simple yet tasty meal. *Pulao*, a paneer dish, some *dal* and a delectable potato fry. As we tuck in, we ask Agarwal what else needs to be done for the Leyland brand?

Agarwal gives a lengthy explanation. The need of the hour is to make Leyland future-ready, looking far beyond today's horizon to see what technology will be like 15-20 years later and how those changes will require Leyland to be more agile and innovative.

"We have five values in Leyland which we reiterated last year: trust, customer-centricity and partnership — we are good on this as we did a senior leadership survey recently on how leaders are behaving around those values and we got good scores. The other two are agility and innovation — we need to bring a lot more changes there," elaborates Agarwal.

These are important, Agarwal repeatedly stresses, to be relevant and lead or participate in the coming changes. Agile, he says is making quick choices; "And we have many more with all these tech changes, we have to be quick to make decisions; right or wrong, time will tell," he adds.

ELECTRIC JOURNEY

Leyland, he says, has been innovative as it started working on electric buses in 2011, when no one was even talking about EVs. "Innovation is there in our roots but the ability and acceptance of failing fast and resurrection — that spirit should be invoked. What matters is can you come back fast and try out new things," he adds.

Technology for EVs is changing rapidly. For the ICE engine, apart from modifying it for emissions, nothing much needs to be done.

"In the next ten years, evolution of EVs is going to be fast; it's been two years since we put our electric buses in the market and we have already changed the battery chemistry thrice. And we may have to change it again in the next two-three years. Now work is going on in sodium batteries and other chemistries," he elaborates.

Agarwal spends a lot of time in tech development and with customers, gleaning their pain points.

As we're served some *gulab jamun* and ice cream, we switch gears and ask him how he and his family have taken to Chennai. Agarwal, who studied at NIT Kurukshetra and earned an MBA from Duke University in the US, says that he likes the culture here; people are competitive, but they take time out to relax, socialise, indulge in art and music. "I am learning. Maybe in another couple of years, I will get a better understanding of what Chennai is. So far, I like it, more peaceful, with more things to do." Along with his family, he likes to indulge in the plentiful varieties of *dosas* that Chennai's famous eatery, Murugan Idli, has to offer.

Agarwal says, for him, unwinding is all about spending time with family — "For busy executives like me, the best time is those little moments we get with our family." Agarwal says he has never really planned for the long term, even financially, but things have worked out well for him.

◉ SKILLING INDIA

Coursera's GenAI push for executives

Chitra Narayanan

INCREASING ACCESS. Leah Belsky, CRO, Coursera

Leah Belsky, Coursera's Chief Revenue Officer is slightly jet lagged after a long flight from the US to Delhi, but speaks passionately about increasing access to knowledge. Belsky, who served on former US President Obama's Technology Policy Committee, now sits on the Board of Engine Advocacy, a tech start-up policy body that promotes freedom of expression, innovation and access to knowledge. In Delhi, Belsky was part of a Coursera event along with CEO Jeff Maggioncalda to launch a host of new solutions for Indian learners, including 4,000 AI-translated Hindi Courses. The edtech firm, which had revenues of $609 million in the 12 months ending September 2023, also unveiled a GenAI Academy to help corporate executives — with L&T being the first to sign up.

Belsky, who helped build Coursera's enterprise business in the early days, spoke to *businessline* about what companies are seeking when it comes to skilling. Excerpts:

How many companies have signed up in India with Coursera? Overall, how big is the enterprise business for you?

The enterprise business is roughly half of our business, another 25 per cent is government and the rest is campuses. In 2021, 90 companies had signed up from India and now it is up to 150. Axis Bank was the first one.

But how is the enterprise market now? During recession would companies still invest in skilling and pay for the education of employees? Or do you notice cutbacks?

In recession, companies actually double down on their investment in skills. Skills are changing so fast and they want a productive workforce. We know that around 50 per cent of the graduates don't have the necessary skills to get jobs. Many of the companies are trying to re-train their employees in core digital skills like data analytics, Generative AI. They see it as a business imperative.

In India we are seeing 3.2 times the penetration of Gen AI than the rest of the world. A Stanford study found that over 50 per cent of tasks are likely to be impacted by GenAI. The reason why companies will adopt Gen AI Academy from Coursera is because they see it as a way to save money and make workers more productive.

It is structured in a way that enables both foundational literacy as well as help leaders understand how they can drive Gen AI transformation.

What kind of employees do you train?

We see three sets of learners. The first category is entry level, recent college grads. They use foundational courses from Coursera. They also use guided projects and online labs where companies can create their own case studies.

The second set are advanced corporate workers who just need to upskill in particular skills. For instance, PwC has built something called Digital IQ to assess and identify the core skills needed to drive the workforce in the future, and they see advanced skilling as a way of increasing productivity of their consultants and reducing costs over time.

The third group that we see are frontline workers. The use-case there is fascinating. For instance, some companies, as part of their offering to frontline workers, make degrees available through Coursera. One of the new degrees we have made available for the working professionals is a Bachelors in Computer Science from BITS Pilani and IIT Guwahati. It's an online degree that also has certification courses from leading international companies like Google in it.

How many seats would there be?

1,000 for BITS and 750 for IIT Guwahati. This is the first cohort actually.

How big a market is India for you? And which is your biggest segment?

We have 23.4 million registered learners in India and it is the second biggest market for us. In India, enterprise business is the fastest growing. The campus business is comparatively a newer one.

When you opened up for IPO in 2021, your shares sold for $33 and market valuation was at $5.8 billion. But now the stock price is down to $19.6 and market valuation is down considerably. What has driven the value down?

Coursera went public at a time when tech companies were valued incredibly high. Often stock price is potentially a reflection of future growth and when we IPO-ed, the multiple for tech stocks were very high. However, Coursera's stock has gained considerably in the last year.

CHENNAI
businessline.
MONDAY - JANUARY 15 - 2024

FUND FACTS.

$16 million

Ampa Orthodontics Pvt Ltd received funding from 360 ONE (IIFL Asset Management), investment office of Ashish Kacholia, Eight Roads Ventures and Paramark Ventures on January 9, taking the total funding to $90.8 million.

$13.25 million

Infifresh Foods Pvt Ltd received Series C funding from Nekkanti Sea Foods Ltd, Shakti Finvest Pvt Ltd, Ravi Shankar Pemmasani and Shibu Mathai on January 3, taking the total funding to $147.29 million.

$12.05 million

Akshayakalpa Farms and Foods Pvt Ltd received Series C funding from A91 Partners, Rainmatter Ventures, and British International Investment (CDC Group) on January 10, taking the total funding to $39.11 million.

$11.21 million

Radar Ventures Pvt Ltd received Series B funding from SBI Investments, Tiger Global, Nippon Express Fund, Axilor, Unikon Shipping Ventures and Arali Investments on January 4, taking the total funding to $40.01 million.

Source: PrivateCircle Research, a private market intelligence platform

RE POSTS.

Be bold, early, impactful AND mentor the founders who want help to build large companies. We are not investors but "venture assistants" in helping entrepreneurs building companies that matter and have societal impact. Returns follow company building, not the other way around.

Vinod Khosla
@vkhosla

The fight for the future is a struggle between technological-driven growth and managed decline. the growth path has inherent risks and challenges along with its fantastic upside, and the decline path has guaranteed long-term disaster. stasis is a myth.

Sam Altman
@sama

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DRY POWDER PILE-UP

Funds in search of bright business plans

IN RESERVE. Even as start-up investments grind down to a seven-year low, VCs are sitting on mounds of unallocated funds

Jyoti Banthia

ISTOCK.COM

Indian-focused private equity and venture capital firms find themselves in a peculiar situation as they sit on sizeable unallocated funds even as start-up funding hits a seven-year low. This implies that while the Indian VCs are holding a record amount of dry powder, they face a dearth of quality late-stage companies.

According to data service firm Preqin, Indian VCs had $9.5 billion of unallocated funds as of March 2023, way higher than $7 billion in the year-ago period. As of December 2023, there were 185 India-focused VC funds with a targeted capital raise of $10.73 billion, according to Preqin.

In 2023, VC firms announced 41 fund closures valued at $3 billion, while in 2022 the nearly 47 fund closures aggregated $6.79 billion, according to data from analyst firm Venture Intelligence.

DIPPING VALUATIONS

Investors believe that the funding cycle in the Indian start-up ecosystem will stabilise in the second half of 2024, though not at the levels observed in the previous two years.

"The resurgence of the IPO [initial public offering] market and the projections of global interest rate reductions are expected to create a favourable investment climate. With the Indian start-up ecosystem holding $20 billion in dry powder, 2024 promises robust funding activity," says Ankur Bansal, co-founder and director of venture capital firm BlackSoil.

According to Pankaj Makkar, managing director of Bertelsmann India, a VC firm focused on early- and growth-stage start-ups, venture capital funding peaked in 2021 and 2022 globally. The sizeable funds raised, however, were meant to be deployed over a period of 3-4 years.

When valuations began dipping in 2023, funding slowed and led to a pile-up of dry powder, says Vikram Chachra, founder of early-stage VC firm 8i Ventures.

"As valuations have shrunk, there is more capital available to be deployed and that process of recalibration has been on," he says.

INVESTORS' OUTLOOK

There is now a greater emphasis on extensive and thorough scrutiny of deals. Investors are turning more selective, dedicating additional time to commercial and financial due diligence, alongside seeking a clear path to profitability and better unit economics from founders.

"Sentiments play a crucial role. The renewed emphasis was on evaluating the profitability of start-ups. It's understood that start-ups, depending on their stage, require initial cash for customer acquisition, product development, and market testing. The critical aspect is to ensure that there are strong unit economics in place for future monetisation," says Ankur Mittal, COO and co-founder of VC firm Inflection Point Ventures.

Investors with substantial dry powder are looking to deploy them in pre-IPO rounds and late-stage companies set for IPOs in FY25. On the other hand, smaller VCs continue to scout for early-stage investments for their unused funds.

The success of equity markets, particularly the surge in IPOs, has spurred many series B-plus funds to divert their attention to public markets. This, in turn, impacts series B and series C funding for start-ups, where bigger cheques are common.

"For instance, as a series A investor, the uncertainty over series B investments can slow down the overall deal activity. This cyclical nature is inherent in every ecosystem," says Mittal.

However, several VCs also observe that raising funds has not been an easy task. "The appetite is almost nil among LPs [limited partners, who contribute funds to VCs] as they are looking for a demonstrated track record. I think first-time fund managers have had a tough 2023," Chachra says.

SECTORS IN FOCUS

Start-up investment in 2023 plunged 72 per cent to $7 billion, as compared to $25 billion in 2022, according to data from Venture Intelligence. However, the year ended on a more positive note with December witnessing an uptick in deal activity, including the $600 million that e-commerce giant Flipkart secured from Walmart as part of its $1-billion fundraising.

With the dawn of a new year, the key sectors drawing attention include fintech, space technology, climate tech/clean tech, healthcare/healthtech, deep tech/SaaS, consumer internet, and logistics and supply chain.

Notably, the widespread adoption of GenAI across diverse industries is poised to emerge as an overarching trend, driving a shift in focus to innovation and integration in the technological landscape.

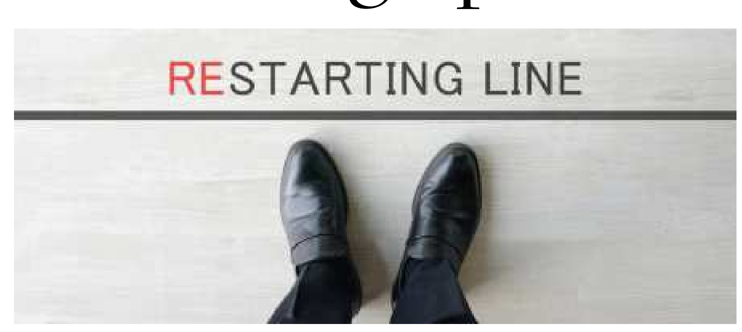
"We can look at increased investment in deeptech start-ups, sustained growth in tier-2 and tier-3 cities, a pronounced emphasis on social impact start-ups, and a heightened focus on sustainability within the Indian start-up ecosystem," says Ankit Kedia, founder and lead investor at early-stage VC firm Capital-A.

Investors observe that early-stage funding will still attract greater attention as compared to growth- and late-stage investment.

START-UPS: VAI-THEE-FUSS?

There must be ease of winding up business, too

VAITHEESWARAN K



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The World Bank regularly publishes an 'ease of doing business' ranking of countries. In the last published report in 2020, India had significantly improved its ranking to 63 from 142 in 2015. This is an important parameter because it tells the world how friendly we are as a nation to attract international business investments. Entrepreneurs prefer to operate in environments where they have freedom to do business without facing red tape or political interference.

However, there's another half of the problem that is very relevant for start-ups. The failure rate of start-ups is quite high and this is unlikely to improve anytime soon. Founders of failed start-ups must be facilitated to shut down the unsuccessful venture without a hitch and move to their next start-up.

A good business environment must not only enable the setting up and running of a business smoothly but also offer the right support when the business wants to close operations. In other words, there must be ease of not doing business, as well.

When I had to shut down Indiaplaza due to funding troubles, I realised the enormity of the challenge I was facing. As per regulations, the management of the company that wants to down shutters must get 'no objection' certificates from several groups including creditors, which is impossible. Further, in India there is no social separation between the founder and a business. Legally, dues are owed by entities; in India, however, creditors start hounding individuals for the dues, leading to severe harassment and abuse.

While we all want to build a start-up ecosystem in India that matches global standards, this is an area where we are way behind. The founder of a failed start-up in the San Francisco Bay Area is headhunted by big brands because of the huge learning the entrepreneur can bring to the table; but in India, a failed founder is treated like a persona non grata and hounded by creditors. This needs to change and the government can play an important role in this by instituting a simple process to shut down a company; and providing a safety net for entrepreneurs to avoid getting entangled in legal wrangles. This would allow entrepreneurs to do what they are good at, namely launch their next start-up.

It is, of course, possible that such a protection may be gamed by some folks by taking undue advantage of the support, but that's a small risk in any initiative.

We cannot have a process that punishes 100 per cent of the participants to catch 5 per cent of the deviants. That's the thinking we need to truly build a world-class start-up ecosystem.

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

Last-mile Rx: The Dr is in... the e-clinic

CureBay mobilises digitisation to take quality medical care to underserved areas

Isha Rautela

AGGREGATING HEALERS. CureBay has 100 doctors on board

A surge in healthtech innovations, especially in the post-Covid period, promises to revolutionise the Indian healthcare sector like never before. However, these medical advancements largely benefit only those living in the bigger cities, even as millions in rural areas struggle to access even basic healthcare.

To address this critical gap, healthtech start-up CureBay seeks to harness technology to upgrade primary healthcare in remote areas. It uses a hybrid model combining physical infrastructure with digital capability to deliver quality and affordable healthcare in underserved regions.

At its core, the model involves using a technology platform to aggregate a spectrum of healthcare services. This includes doctors, hospitals, labs, pharmacies, and medtech devices, among others. Complementing this virtual network is a physical network of e-clinics — medical centres set up in remote areas lacking healthcare facilities.

The e-clinics act as hubs for assisted healthcare at affordable cost.

AFFORDABILITY NO BAR

Challenging the view that healthcare services in rural areas cannot be sustained financially owing to insufficient revenues, Priyadarshi Mohapatra, founder and CEO of CureBay, stresses that rural patients are more than willing to pay for quality services.

Elaborating on the company's affordable pricing strategy, he says, "Now, how are we able to make it affordable? For instance, we charge ₹100 for the first consultation, cutting the travel cost [needed to seek treatment in a city hospital], and we sell branded ethical medicines at discounted rates."

Additionally an annual membership programme, priced ₹399, gives patients access to free consultations with doctors, diagnostic tests, and discounts on medicines, besides ambulance and other services.

The platform currently has on board 50 hospitals and about 100 doctors.

Within six months, the programme has garnered more than 15,000 members, underscoring the demand for accessible and affordable healthcare in remote areas.

HEALTHY SPREAD

As to the choice of location for the e-clinics, Mohapatra says the first criteria is the catchment area, namely any site that has at least 50-100 underserved villages within a 10-km radius.

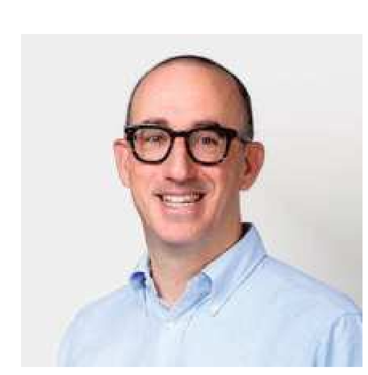
The start-up recently raised ₹62 crore in a Series A1 funding round, taking its overall funding to over ₹120 crore across three rounds.

Currently operational in Odisha and Chhattisgarh, the start-up has so far established 92 e-clinics and plans to add more. "We continue to expand within the same markets and plan to have 150 clinics in each of the two states, after which we will enter a new market, Jharkhand," Mohapatra says.

'We hope to see the first public offering in agritech next year'

bl.interview

Haripriya Sureban



We think the story of credit and insurance in rural India is still in its earliest days, so we are actively working in that space

MARK KAHN
Managing Partner, Omnivore

Venture capital firm Omnivore sees a pick-up in funding momentum in the Indian agritech space with the emergence of newer start-ups focused on the country's crucial sectors, including agriculture, food, climate, and rural economy.

Loopworm, DeHaat, Farmley, and Varaha are among the start-ups the firm has backed since it was set up in 2011.

Mark Kahn, Managing Partner, discusses the company's roadmap for the future. Edited excerpts from the interview:

Could you give us an overview of the fund?

Omnivore is a sectoral VC fund focused on backing entrepreneurs building the future of agriculture, food, climate and the rural economy.

We have been around for 13 years, with our first fund in partnership with Godrej Agrovet. We raised the second independent fund of ₹675 crore in 2018, and deployed it during 2018-22. Since 2023, we have been investing from our third fund of $150 million, which is due for the final close soon.

What is your cheque size and preferred exit route?

Our cheque size for a seed round is $1-3 million, and $2-5 million for Series-A round.

We have taken multiple exits from our earliest vehicle, through sale to other companies. There is no preferred exit route; I think, for product companies, strategic exits tend to make sense. But we've also done secondaries [where investors can buy and sell shares in private companies] and we're hoping to see the first IPOs [initial public offering] in the agritech space next year.

Which are your newer investment themes?

Three themes are piquing our interest. We are interested in circular and novel materials, which is: How do you use agricultural waste to create value, and how do you upcycle it? Second area of interest would definitely be rural fintech.

We think the story of credit and insurance in rural India is still in its earliest days, so we are actively working in that space.

Finally, the space of climate-smart deeptech, where you have deep applications related to climate, is where we are going to be more active this year.

How do you see the funding momentum changing in 2024?

If I look at the series A and series B investments that are occurring in our portfolio, we hit the bottom in the second or third quarter of FY24, and things are getting better.

I think, calendar year 2024 will be an up-year over calendar year 2023, for sure.

Our fund this year plans to make approximately five new deals.

VAULT MATTERS.

HAMSINI KARTHIK

How relevant is a bank licence today?

Once in a decade since 1994 we've had new names enter the banking sector. In 1994, it was ICICI Bank and IndusInd Bank. A year later, it was HDFC Bank, and a decade later Kotak Mahindra Bank and Yes Bank. 2014 saw the birth of IDFC Bank and Bandhan Bank. Will this trend continue in 2024?

The general expectation is that there should be more banks in the ecosystem. In fact, every discussion around the economy, credit growth and financial inclusion will circle back to one point that there is a need for more banks in the country. In fact, in 2016, when rules around bank licences were relaxed to make it 'on-tap', the assumption was that all candidates who rigorously pursued for licenses in 2012 would knock the doors of the regulator.

But two interesting things have happened since – almost every application (barring three which are still under consideration) in the last five years has been rejected. Second, except for Indiabulls Housing, which tried to acquire Lakshmi Vilas Bank in 2019, none of the interested candidates of 2012 are pursuing bank licences.

If any, the experience in the last decade has

nudged many to conclude that there are several ways to pursue the business of lending. Even from a compliance and regulatory perspective, the Reserve Bank of India has increased the ambit of regulated entities and, accordingly, expanded the regulatory and supervisory purview, that the entity need not necessarily be a bank for the regulator be comfortable with it. Today, non-banking finance companies face as much oversight and tight regulations as a bank that the operational arbitrages have significantly reduced. Some of the large fintechs aren't spared either. Therefore, does a bank licence offer alpha?

Not quite, because there are various ways of executing lending business and, unless a player is very deep pocketed and entrenched with scale and volumes, operating as a bank could end up as an expensive proposition. But the advantage of being a bank is the ability to build a sustainable liabilities franchise over time, whether in the form of low-cost CASA or term deposits. Moreover, being a bank allows an entity to enjoy full play in the interest income space, rather than dabbling with the fee income model.

In short, banks will always remain the big daddy in arena. But if the objective is to participate in financial inclusion, becoming a bank isn't the solution. Perhaps it is for this reason that Annapoorna Finance's universal bank application and two small finance bank licences are still pending approvals. Learnings from Bandhan, IDFC and a host of SFBs is that while on paper the process of converting from NBFCs to banks seems simple, it is a complete change in business model at all levels.

From leadership to risk management and operations, it needs a new pair of eyes. Without these things in place, having more banks could end up as a recipe for disaster.

SMALL TALK.

Grow up soon, please!

This is something that happened just ahead of New Year and a topic of laughter in the fintech world. It's about this promoter who focusses on non-retail small-ticket loans, whose company recently went through the regulator's grind — something which most fintechs with a non-bank set up are being subjected to these days. Now, the regulator came up with a list of observations and sought clarification from the company.

Being quite the smartie he is, this founder, instead of clarifying the doubts raised, approached another division of the regulator with a swanky presentation on what could be done by the institution to make the life of fintechs better. Now, the big boys in the room gave him a patient listing and when the founder sought feedback, what came out was a dashing reply: "you're trying to ride a motorised cycle when we are talking about race cars."

Grow up soon, was the word of advice.

TROUBLE IN THE MAKING

Watch out for credit bubble in used-car market

BUCKLE UP. Fewer on-ground checks by lenders and more reliance on third-party valuers leading to compromised underwriting

Anshika Kayastha

When her office shifted locations, Roma was faced with a daunting daily commute from her Vashi residence in Navi Mumbai to Bandra Kurla Complex in Mumbai. Unwilling to depend on autorickshaws in BKC, she decided to buy a car.

Given her immediate need, Roma opted for a used vehicle, and a quick online search led her to one of the many wholesale markets in Mumbai. Before Roma could put her bargaining skills to use, the dealer presented her with papers for the sale of a car, financing options for near complete value of the vehicle and third-party motor insurance.

What caught her by surprise was that a second-hand car was being sold at nearly a new car's price. After several more online searches and visits to multiple second-hand car dealers, she gave up and went back to the first dealer who'd kept everything ready for her. The same evening, a down payment of ₹55,000 allowed her to drive home in a shining blue three-year-old Hyundai i20.

The next morning Roma drove to office and realised that many of her colleagues had recently opted for second-hand cars at price points very similar to hers. This got her thinking to the time her sister had purchased a used car, about five years ago, when used cars weren't as expensive and largely the domain of non-banks, whereas banks stayed away from the segment.

Today, the fight to finance used cars — whether from non-banks or banks — is outrageous.

EXPLODING MARKET

As Shruti Saboo, Director, India Ratings & Research, reasons: "The demand for used car has been increasing continuously amid consumers' desire to upgrade their lifestyle, on account of growing middle-class population and increasing disposable income. With the widening demand-supply gap, prices of used car vehicles have been inching up." She adds that prices of new cars have increased post Covid, and is one of the factors leading to higher prices of used cars, which are "expected to stay on higher side in the near future".

Shortage of new vehicles, sustained demand led by rising incomes, desire to upgrade from two-wheelers to four-wheelers, customer awareness, digitisation and easier access to finance, have helped open up the market; pricing in the segment has also increased in line with the around 20 per cent rise in demand.

"Typically, the first holding period is around 3-5 years. At that time, during Covid, new car sales de-grew, which means that availability of used vehicles coming to the market now is lower and creating a demand-supply gap," says Aniket Dani, Director-Research, Crisil Market Intelligence & Analytics. To top it, eagerness of financiers to lend to retail consumers, especially credit-worthy borrowers, has helped sustain demand, creating a vicious cycle of stretched valuations and higher loan amounts.

In short, with demand far exceeding supply, used cars have turned into an intermediaries market, and pricing is also influenced by how the intermediaries value the cars.

With deep-pocketed private equity-backed online sellers such as Spinny, CarDekho, CarWale and Cars24 dominating the market (accounting for 20–24 per cent of sales in the used car market), there seems to be an irrational exuberance, particularly with respect to pricing, even if at the cost of their own profitability.

PRICING IS KEY

Let's go back to Roma's case. Assuming the car would have cost ₹6.5 lakh three years ago, it's depreciated value should be in the ballpark of ₹4 lakh. Top it up with a dealer margin, the car should have cost her ₹4.25-4.50 lakh at most, whereas Roma's purchase price is ₹5.5 lakh. The cost of a Hyundai i20 today is about ₹8.5 lakh. In 3-4 years, about 40 per cent of the car's value could be considered as depreciation. Consequently, the car's price would work out to ₹5.1 lakh, clearly throwing up the pricing mismatch.

Old-timers in the used car financing space say the spurt in demand and consequent need for funding meant fewer on-ground checks by financiers and more reliance on third-party valuers, which in some cases, is leading to compromised underwriting.

In cases where higher loan to value may not be possible, ecosystem players have reported instances of lenders encouraging partner third-party valuers to stretch the pricing of the vehicles to enable higher loan disbursement amounts.

A senior analyst with an automobiles research outfit agrees. "Unlike a few years ago, today cars in the second-hand market are being priced based on demand for similar variants in the new cars segment. Certain important considerations like life of the car or kilometres run aren't being considered adequately, and this is particularly prevalent for cars above the entry hatchback segment. This poses a systemic risk, given how the used cars space is exploding," he said.

What's more, the increased pricing across the board over the past 2–3 years and aggressive financing have led to a surge in demand for even older vehicles, including those that are closer to the 15-year limit on re-registration. This has had a rub-off on the price of relatively newer second-hand vehicles as well, especially the 2020–21 model SUVs, now being sold at up to 80 per cent of the new car value, according to multi brand dealers.

BUBBLE IN THE MAKING

Is a credit bubble brewing in this segment? According to a Crisil report, the share of used-vehicle financing rose to 40 per cent from 33 per cent in the past four years. Finance Industry Development Council (FIDC) suggests that NBFC lending for used vehicles has grown 154 per cent in the last two years, whereas the pricing differential for loans between used and new vehicles has shrunk to 250 bps from 400 bps earlier.

The used car market is poised to touch $31.62 billion in 2024 and compound to $63.87 billion by 2029. It is 1.3x bigger than the new car segment. Credit penetration in the used cars segment has increased to 15 per cent from low-single digits about five years ago. At a time when the RBI is cautioning lenders against accelerated consumer lending, this poses the question of whether the used vehicle ecosystem is a credit bubble in the waiting.

It certainly seems so with the present credit underwriting framework very different from the past, and lenders — particularly smaller banks and NBFCs — riding on the demand wave. Hope the pedal is pressed to avert an accident.

> Prices of new cars have increased post Covid, and is one of the factors leading to higher prices of used cars. Prices of used cars are expected to stay on higher side in the near future
>
> SHRUTI SABOO
> Director, India Ratings & Research

> During Covid, new car sales de-grew, which means the availability of used vehicles coming to the market now is lower and is creating a demand-supply gap
>
> ANIKET DANI
> Director-Research, Crisil Market Intelligence & Analytics

KEY POINTS

- Demand for used cars has risen by around 20% year-on-year
- Independent third-party platforms account for 20-25% of used car transactions
- Banks account for about 70% of the used vehicle finance and NBFCs the remaining 30%
- Lenders are giving car loans at up to 90% LTV of the used car price, compared to 65-80% earlier
- Typical first holding period for cars is around 3-5 years

SPOTLIGHT

Dhanlaxmi Bank surviving on long rope

Hamsini Karthik

The first bank that will see a change in top leadership in 2024 is Dhanlaxmi Bank. On January 29, the current MD & CEO, JK Shivan, will conclude his three-year tenure. Given that his predecessors gave up on the role in less than a year, it's quite appreciable that Shivan would have served his full term. Who will replace him isn't known yet and, more importantly, what lies next for the bank once he's gone is a question with no convincing answers.

Apparently, five names have been shared with the Reserve Bank of India to be considered for the CEO's role, but the regulator is yet to revert. Meanwhile, the ₹130-crore rights issue, which ought to have been rolled out by July last year, is still in limbo. Capital adequacy of the bank hovers just a few decimals above 12 per cent, and has been at a precarious level for almost two years. Highly placed sources say the regulator is very much aware of the wobbly situation at the bank.

WHAT'S GONE WRONG?

Faced with a typical 'old private sector banks' issue, Dhanlaxmi Bank is yet another case of influential individuals holding sizeable chunks of shares and wanting things done their way, including having their people in the bank.

Resident individuals hold 53 per cent stake in the bank and non-resident Indians 19 per cent stake. The unceremonious exit of Sunil Gurbaxani, Shivan's predecessor, reflected on the poor corporate governance standards at the bank.

"Coming from a PSU background, Shivan was nuanced in balancing the influential shareholders and the bank's business," said a former senior executive of Dhanlaxmi Bank. This was good to sustain the bank through the pandemic and keep its wheels moving. His test came in early 2022. In FY22, the bank's capital adequacy plunged to 12.98 per cent (down 149 basis points year-on-year), and was left with little option other than bringing in capital.

All that's asked is ₹130 crore to shore up the bank's capital base. Despite over 24 months of struggle, the bank is far from getting the internal approvals for its rights issue; a reasonably easy fundraising option largely involving the existing shareholders. Initially, it was the legal battle against the bank instituted by a section of its shareholders which caused the delay. Now, it is disharmony among the bank's directors stretching the process. On September 17, 2023, when an independent director, Sridhar Kalyanasundaram, stepped down from his position, it caused another stir within the bank.

But ironically, a few days later, despite the RBI approving the appointment of KN Madhusoodanan as part-time chairman, there is little progress on the rights issue. Meanwhile, the bank's stock price has more than doubled to now touch ₹30 apiece amid fundraising woes.

EFFECTS OF STALEMATE

Weak financials and stretched capital position have been synonymous with Dhanlaxmi Bank for almost a decade. Hinging largely on gold loans (25 per cent of total loans) and bulk deposits (19 per cent of total deposits), the bank is managing to keep its head above water. Nearly ₹336 crore of loans form part of the restructured book. Therefore, while optically, the gross and net non-performing assets seem to have reduced to 5.36 per cent and 1.29 per cent, respectively, in the September FY23 quarter, down 60-100 basis points each year-on-year, the threat to asset quality has far from receded.

"If the bank were to run a stress test on its books, the picture could very different," said a person closely aware of the matter. Skirting on thin ice, will the regulator continue handing out a long rope to the bank?

A TOUGH CALL

The banking system has just recovered from three back-to-back shocks, and there is no room to afford another bank failure, especially when the fight for deposits is getting difficult and expensive. Perhaps that's the regulator's concern, too. That said, the RBI hasn't shied away from taking bold and unconventional solutions to solve the bank failures in 2019 and 2020 and even in the case of North East Small Finance Bank. With rights issue getting delayed for operational reasons, is the regulator taking the time to work out another unconventional solution for Dhanlaxmi Bank?

The present leadership is believed to have been a bridge between the regulator and investor groups, shielding the bank from untoward actions. Will things change when Shivan steps down, or will he stay longer to see through the capital raise? The coming weeks will reveal the answers.

> **Faced with a typical 'old private sector banks' issue, Dhanlaxmi Bank is** yet another case of influential individuals holding sizeable chunks of shares and wanting things done their way, including having their people in the bank

Why regulators are not to be patronised

IN MY VIEW

SRINATH SRIDHARAN

Having seen the start-up ecosystem closely for nearly a decade, a vexing question persists: what concoction of misguided principles plagues the minds of some of the founders? Failures are acknowledged as stepping stones to success. But arrogance that grows with faulty metric of valuations is dangerous.

Regrettably, recent years have witnessed a recurring saga — a founder, initially propelled by confidence, erects a start-up on a visionary premise, secures investments, but then descends a treacherous path of expedient tactics. This descent is fuelled by the insatiable thirst for inflated metrics, rapid growth, and astronomical returns, culminating in a landscape strewn with the wreckage of once-promising ventures.

In the world of financial services, a strong reminder needs to resonate among fintech entrepreneurs: regulators are not to be patronised. There's no room for grandstanding or superiority complex, when your innovative aspirations are tethered to the regulatory nod in the tightly governed space of finance.

Attempting to lecture regulators on how they should conduct their regulatory duties is nothing short of fool's arrogance. Regulators, seasoned professionals well-versed in the complexities of their domains, do not care about or benefit from unsolicited global-gyaan from entrepreneurs or any investors, trying to preach about their virtues or how to steer the sector. This misguided attitude towards regulators stems from the position of enterprise valuation and perceived network of influence.

POOR UNDERSTANDING

In reality, it reflects a profound lack of understanding and appreciation for the depth of knowledge and experience regulators bring to the table. Ignoring this not only undermines the regulatory process, but also exposes a foolhardy overestimation of one's own capacity to comprehend the intricacies of sectors governed by regulatory oversight. Regulators, often underestimated, aren't mere bureaucratic gatekeepers. They possess a profound understanding of industrial shifts, societal dynamics, and market repercussions.

A COMMON TREND

Another common trend visible is the incestuous circle formed by a small group of investors, and founders often sharing similar high-profile academic or consulting backgrounds, perpetuates a concerning culture within the start-up ecosystem. Probably they harbour the belief that their connections within political or bureaucratic systems grant them leverage to influence regulatory frameworks.

Moreover, the current pattern of regulatory capture as investors strategically engage retired regulators on their boards and advisory boards, adds to their belief that their inclusion can facilitate navigation and exertion of influence over current regulatory system. No wonder that these foster a sense of superiority over the current regulatory stakeholders.

To build actual mutual trust, the industry needs to break free from its own echo chamber. Only through genuine rapport can a more transparent and respectful relationship with regulators be established, fostering an ecosystem that thrives on accountability and mutual understanding.

Fintechs, with their relentless pursuit of rapid scaling, must not see it as conflict with the regulators' by-design obsession for financial stability and consumer protection. Intelligence and funding prowess may dazzle the investor landscape, but within the regulatory framework they hold little sway. A word to the wise for fintech founders: regulatory approval is not a given nor is it owed.

If you can't align with the sectoral regulators dedicated to upholding financial stability and safeguarding consumers, perhaps a re-evaluation of your approach is in order.

The writer is policy researcher and corporate advisor

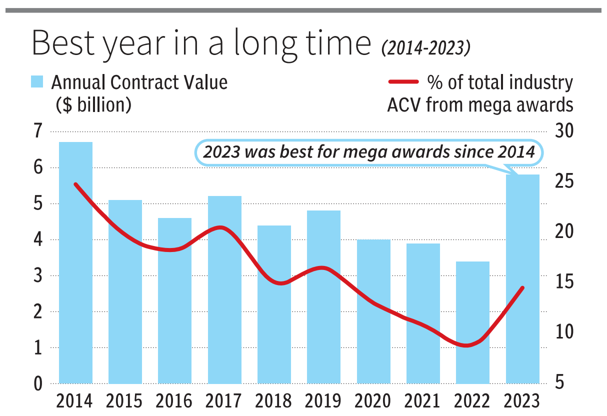
2023 saw strong recovery in IT mega deals

POSITIVE OUTLOOK. The deals made up almost 15% of the total annual contract value last year, says ISG

TE Raja Simhan
Chennai

Mega global IT deals saw strong recovery in 2023. There were more deals with annual contract value (ACV) of $100 million in 2023 than there have been since 2014. Deals worth $6 billion were awarded in 2023 against $3.50 billion the previous year, but less than the high of $6.75 billion in 2014, according to data by the US-based research firm ISG.

Mega awards made up almost 15 per cent of the total ACV in the industry last year, and was one of the key reasons for the strong ACV growth.



Source: ISG 2024

DEAL ACTIVITY

The IT and business services industry reversed a nearly 10-year trend of declining mega-deal activity.

By both ACV and award counts, 2023 was the best year for big deals in a very long time.

There were 34 mega deals in 2023 with a combined ACV of nearly $6 billion, with 18 of the deals in the Americas, 12 in EMEA, and four in Asia Pacific, according to ISG data. The reasons for the mega-deal growth include companies needing to optimise costs and providers getting better at shaping large deals, said the research firm.

> **There were 34 mega deals in 2023 with a combined** ACV of nearly $6 billion, with 18 of the deals in the Americas, 12 in EMEA, and four in Asia Pacific

There are a couple of reasons for the increase in the mega deals. First, companies continue to be laser-focussed on cost optimisation. These are not small cuts here and there. Many firms are looking for fundamental change in their cost structure, and outsourcing is a lever they are pulling to make that happen.

A decade ago, mega deals were infrastructure-heavy. Lots of IT assets were moved to a provider, and the provider managed it for less. With the advent of cloud, infrastructure outsourcing ACV started to decline, which means there were fewer assets to transfer – and this led to a decrease in mega-deal activity.

As providers recognised that these large, infrastructure-heavy deals were on the decline, they started to focus on shaping deals that combined different areas of scope, modernisation, re-badging the people who supported these areas and financial engineering to create near-term value for clients.

WHAT'S NEXT?

Given the continued need to optimise costs in 2024 and the fact that more providers are growing their big deal teams, ISG expects the environment to be conducive to more large deals in 2024.

Maldives asks India to withdraw military personnel by March 15

Press Trust of India
Male

Maldivian President Mohamed Muizzu has asked India to withdraw its military personnel from his country by March 15, said a senior official here on Sunday, nearly two months after Male sought their removal.

According to the latest government figures, there are 88 Indian military personnel in the Maldives. In a press briefing, Abdulla Nazim Ibrahim, the public policy secretary at the President's Office, said that President Muizzu has formally asked India to withdraw its military personnel by March 15, the *SunOnline* newspaper reported.

The Indian government did not immediately confirm the media report or comment on it. "Indian military personnel cannot stay in the Maldives. This is the policy of President Mohamed Muizzu and that of this administration," he said.


Maldivian President Mohamed Muizzu

Maldives and India have set up a high-level core group to negotiate the withdrawal of troops. The group held its first meeting at the Foreign Ministry Headquarters in Male on Sunday morning.

The meeting was also attended by Indian High Commissioner Munu Mahawar, the report said. Nazim confirmed the meeting and said the agenda for the meeting was the request to withdraw troops by March 15.

STRONG MANDATE

Soon after taking oath as the President of Maldives on November 17 last year, Muizzu, who is regarded as a pro-China leader, formally requested India to withdraw its military personnel from his country, saying the Maldivian people have given him a strong mandate to make this request to New Delhi.

The request for the withdrawal of Indian military personnel comes amid a row between the two nations in the backdrop of derogatory comments posted by three Deputy Ministers of the Muizzu government against Prime Minister Narendra Modi.

Muizzu suspended the three Ministers after their social-media postings, which stirred concern in India and calls for boycott by Indian tourists.

Hanu Man, the new homegrown superhero, wins Tollywood's Sankranti race

Makers of the film also ride on the shoulders of spiritual movement by offering to contribute ₹5 on every ticket sold to Ram temple in Ayodhya

KV Kurmanath
Hyderabad

The Sankranti season is usually the biggest money spinner for Tollywood. But it turned out to be a dampener for big films – *Guntur Kaaram, Saindhav* and *Naa Samiranga*. *Hanu Man*, a socio-fantasy film directed by Prashant Varma, emerged as the unlikely winner, with the film clocking bookings of 10 lakh on BookMyShow, according to the producers.

Ironically, the makers of the film, which was considered an underdog, were advised by some to delay the opening and avoid a Sankranti race. However, they stuck to their original release date, and got rave views from the word go.

Megastar Chiranjeevi championed the film, saying even a small film stood a chance if it was made well.

LEAD ACTOR

With Teja Sajja in the lead role, the homegrown superhero movie reportedly earned ₹20 crore in just two days of its release, with the US weekend bookings contributing about ₹8 crore ($1 million).

RIDING ON LORD RAMA

The makers of the film have come out with a novel marketing strategy to attract footfalls.

With the nation's attention focussed on the upcoming inauguration of the Ram temple at Ayodhya, they announced that they would donate ₹5 on each ticket sold to the temple.

As it connected well with the mood of the nation, audiences flocked to theatres in various Southern States. The film has gained good traction in the Hindi belt too.


SMASH HIT. With Teja Sajja in the lead role, the superhero movie reportedly earned ₹20 crore in just two days of its release

"No star power to attract a strong initial. No extensive pre-release promotions. Yet, *Hanu Man* embarks on a wonderful start.

"While most South-to-Hindi dubbed films struggled to take off in 2023, 2024 begins on an optimistic note thanks to *Hanu Man*. The strong word of mouth should convert into footfalls and ensure a good, healthy weekend," film critic Taran Adarsh said in an 'X' post (tweet).

Meanwhile, big-budget films disappointed at the box office.

Gunturu Kaaram, the much-hyped film starring Mahesh Babu and directed by Trivikram Srinivas, elicited negative reviews. Impromptu one-liner reviews on social media from the US, where the films are released a day earlier, and those from the benefit shows spread 'negative talk'.

Dil Raju, a film producer who owns a good chunk of screens in the two Telugu States of Andhra Pradesh and Telangana, hoped the film would pick up later.

"The initial response would prove to be wrong as the film is being liked by family audiences.

"We hope it will pick up during the festive season," he said.

IMDB RANKING

The other two films – *Saindhav* (actor Venkatesh's 75th film) and *Naa Samiranga* (starring Akkineni Nagarjuna) – too have failed to meet expectations, leaving the floor open for *Hanu Man*. The film, which has got 9/10 ranking on IMDb, will soon gain more screens across the South.