HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 16

Thursday, January 18, 2024

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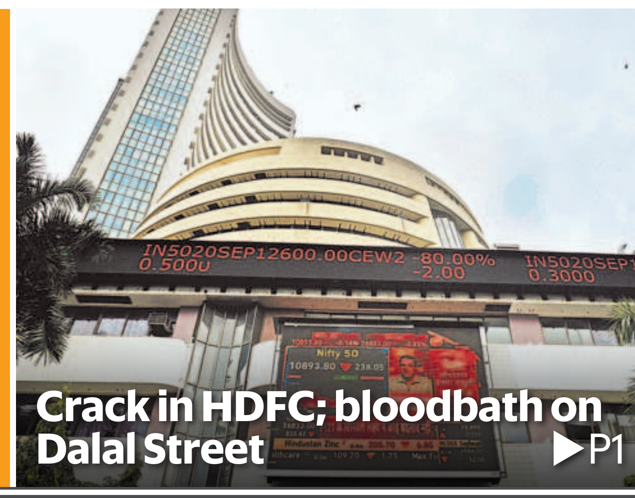

Crack in HDFC; bloodbath on Dalal Street ▶P1

LIC books ₹3,816 crore profit in 3 Adani firms ▶P1

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Think Ahead. Think Growth.

mint primer

250 million out of poverty: How to read this headline

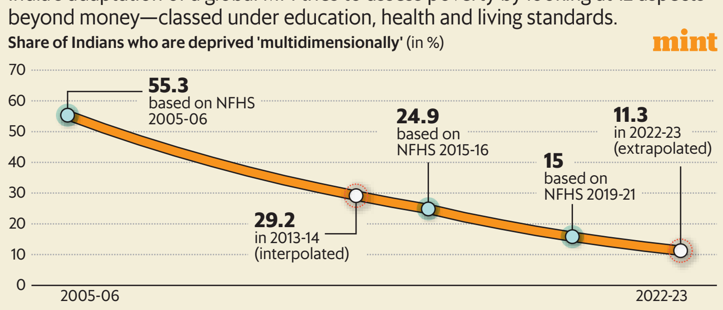
BY TANAY SUKUMAR

In a new paper, the Niti Aayog said around 248 million Indians exited 'multidimensional poverty' (MDP) in the nine years from 2013-14 to 2022-23. Prime Minister Narendra Modi has used the data to suggest a reduction in poverty during his tenure. *Mint* explains how to read it:

The math of 'poverty'

India's adaptation of a global MPI tries to assess poverty by looking at 12 aspects beyond money—classed under education, health and living standards.

Share of Indians who are deprived 'multidimensionally' (in %)



Note: Actual data is available for only three years, and for the rest, Niti Aayog has derived it by interpolation/extrapolation assuming uniform pace (compounded annually). The paper assumed the period between 2015-16 and 2019-21 to be 4.5 years for this calculation.

Source: Niti Aayog, Mint calculations

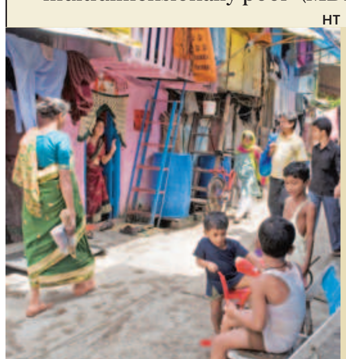
PRANAY BHARDWAJ/MINT

1 What exactly is multi-dimensional poverty?

No measure of poverty is perfect. Traditionally, it's measured in monetary terms (you're 'poor' if you earn or spend below a certain threshold). India's adaptation of a global multidimensional poverty index (MPI) tries to assess poverty by looking at 12 aspects of life beyond money—classed under education, health and living standards. These are seen as real-life indicators of poverty, making up for flaws in monetary measures. A household is first judged 'deprived' separately on each of the 12 indicators, and based on each weightage, if you turn out to be 'deprived' overall as well, you're 'multidimensionally poor' (MDP).

2 What's the data source?

Household-level raw data comes from the National Family Health Survey (NFHS), and Niti Aayog adds its MDP calculations. The last three NFHS rounds were in 2005-06 (NFHS-3), 2015-16 (NFHS-4) and 2019-21 (NFHS-5). Niti Aayog had already updated its numbers to reflect NFHS-5 findings in July 2023, estimating that 135 million Indians came out of MDP between 2015-16 and 2019-21. Now, it's gone one step ahead. The three data points (2005-06, 2015-16, 2019-21) have been used to derive the same for 2013-14 and 2022-23 to establish the progress made in this nine-year period (i.e. "248 million Indians" out of MDP status).



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3 Where did the data on these two years come from?

For simplicity, let's look at the share of multidimensionally poor Indians. It was 55% in 2005-06 and 25% in 2015-16. Assuming a uniform pace, the paper says it could be deduced to be 29% in 2013-14. Since the share fell to 15% in 2019-21, it could be said to have reduced further to 11% by 2022-23, and will decline to 9% in 2024-25, the paper says.

4 Just how healthy is this assumption?

The choice of 2013-14 as the starting point is vague, and is set to serve as a poll pitch. Assuming a uniform pace in such a long period (2005-06 to 2015-16) is tricky: the derived 2013-14 baseline would be misleading if, say, a bulk of the progress was in 2005–2010. Such a claim should ideally be made for a period where the start or end point had actual data. The 'uniform' pace assumption neglects the pandemic impact. Assuming the same pace in 2022-23 and 2024-25 without taking into account the reversals of 2020–2021 could be faulty.

5 So, what to make of the numbers?

The choice, definition and weightage of indicators in any index can be debated. Yet, such indices are useful as they offer a combined view of several indicators. But it shouldn't distract us from the long-awaited monetary poverty data. Nor should it be confused with poverty itself, as several political leaders have done since July 2023. The NFHS-recorded progress is evident, and India is moving to its goals. Data interpolation and extrapolation to fit a government's tenure could be seen as selective math.

QUICK EDIT

Chinese shudders

For an economy already caught in a slowdown, Wednesday's release of China's population data made it a double whammy. The official headcount fell for the second straight year in 2023. The decline of 2.08 million, though small for a country of more than 1.4 billion, was twice the fall in 2022, its first in six decades. Notably, the number of those aged 16-59 dropped by 10.75 million, while those above 60 increased by 16.93 million. China's covid toll was estimated at about 11.1 million last year and 10.4 million in 2022. It now faces an adverse demographic turn, with fewer people who can contribute to economic activity even as an elderly bulge adds to its welfare burden. Beijing abandoned its misguided one-child policy only in 2016, having found that prosperity tends to spell smaller families anyway. Its efforts since then to get people to have more children will take time to work. While China's economy grew 5.2% in 2023, it was among its worst performances in over three decades. In dollar terms, its output actually shrank. Beijing is betting on high-tech advances and domestic consumption reshaping the economy, with "common prosperity" as a slogan. How it'll pan out is anybody's guess.

BUDGET EXPECTATIONS

We have always operated independently without seeking government assistance. Currently, we're not looking for subsidies or incentives... Our focus is on creating an environment where we can thrive, addressing minor procedural and infrastructure issues rather than major game-changing initiatives that a budget might cover.

JAIRAM VARADARAJ
MD, ELGI EQUIPMENTS

mint

PLAIN FACTS

Tata Consumer's big appetite for M&As

BY HOWINDIALIVES.COM

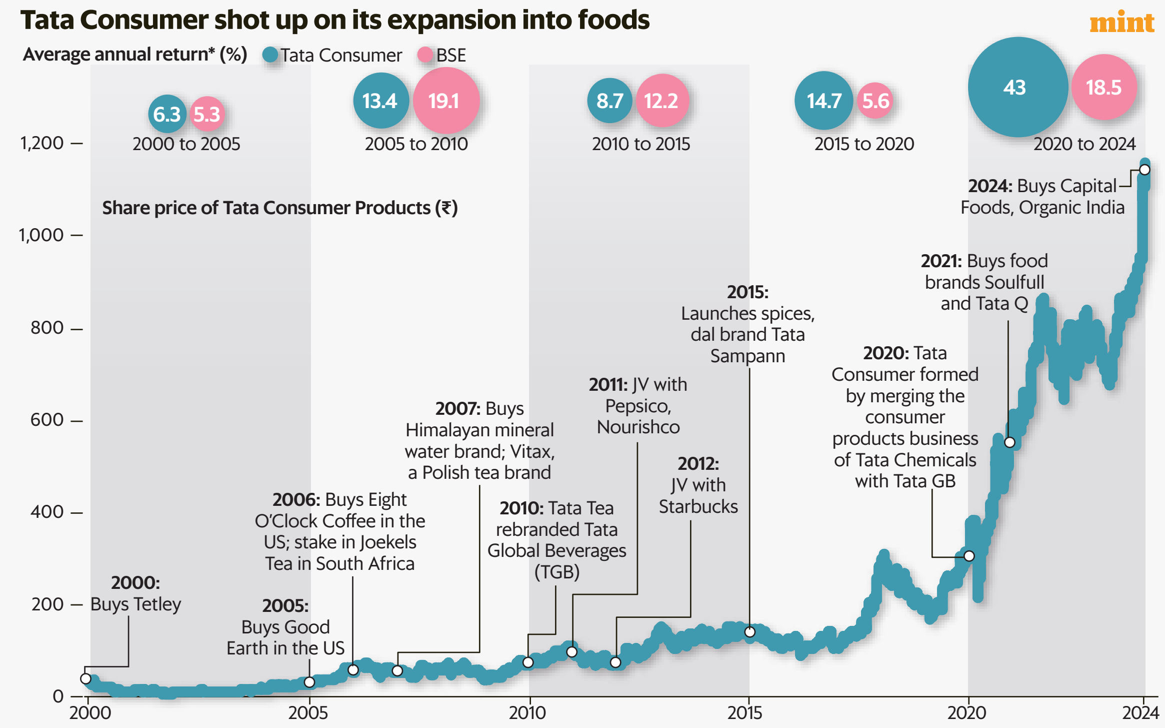
For all their first impressions of adding a significant piece, corporate acquisitions don't always work out in a pat manner. Tata Consumer Products, which closed two acquisitions last week at a combined enterprise value of about half its 2022-23 turnover, would know well. In February 2000, when Tata Consumer was known as Tata Tea, it acquired UK tea major Tetley—a company about twice its size. While it spent a good part of the next decade trying to make that work, it also redefined its own boundaries of possibilities and how it would like to move towards them.

Three things stand out, each of which runs through last week's big announcement. One, the company can handle big and challenging acquisitions by playing the long game. Two, it could be a leader in the branded and packaged foods and beverages (F&B) space. Three, more than global, India is the current engine of growth in this space.

But it learnt all this the hard way. Of the three five-year periods between 2000 and 2015, as it absorbed Tetley, its stock barely beat the Sensex only in one. While Tetley was a respected global brand, it was laden with debt, its operating costs were high and it was culturally different.

Further, Tata Tea did not stop there. Between 2005 and 2007, it made more acquisitions, especially abroad. While these built its name and were value-accretive, it took a re-imagination in 2020 by the Tata Group on how to best ride the F&B space that catapulted it to a higher trajectory.

Tata Consumer shot up on its expansion into foods



*Data for 1 March for all years (Tata acquired Tetley on 28 February 2000). For 2024, the data is till 12 January. Share prices adjusted for dividends and stock splits.

Source: Yahoo Finance, Bombay Stock Exchange

Global Consolidation

BEFORE THAT, there was a period of consolidation, as Tetley and the other brands were integrated. Tetley was the first of the three big global acquisitions that the Tatas would make that decade, the other two being Tata Steel acquiring steelmaker Corus and Tata Motors buying auto company Jaguar Land Rover.

Tetley was also a watershed moment for corporate India—of an Indian company buying a global company, of a smaller company using debt to buy a bigger one.

Shaped by R.K. Krishna Kumar, a Tata Group veteran who passed away last year, Tetley was intended to be a pathway for Tata Tea to go global and lift the branding credentials of its product portfolio.

Even as it integrated Tetley, the company started diversifying beyond tea and coffee, into other beverages. In 2010, it was renamed Tata Global Beverages. It focused on tightening its ship, crafting synergies and increasing profitability. Thus, its consolidated debt-equity ratio, which was 1.53 in 2001-02, was gradually brought down to 0.11 in 2016-17.

Even as this happened, the company was seeing greater growth in its India business than the global business. While the exact India-international mix is not available for all years, owing to the company's choice to house acquisitions in separate entities, its stand-alone numbers serve as a useful proxy for the India piece. In each of the five financial periods that broadly coincide with the return periods outlined above, the stand-alone revenues of Tata Global Beverages grew faster than its consolidated revenues, that too by some margin. The global market was not as easy and enticing for an Indian company, and India was a good market for the company to be in.

The India Breakout

INDIA ALSO held more potential beyond the envelope that Tata Global Beverages had drawn for itself till then. The company started making moves to shed its beverage tag. In 2015, it launched spices and dal brand Tata Sampann. Then, in 2020, came the clearest sign of what it wanted to be.

The Tatas merged the consumer products business of Tata Chemicals into Tata Global Beverages, to form Tata Consumer Products. In came Tata Salt (the largest salt brand in India) to sit alongside Tata Tea (second-largest tea brand in India), Tetley (third-largest tea brand in UK and largest in Canada), and others.

In 2021, it acquired food brands Soulfull and Tata Q (from Tata Industries). And last week, it acquired Capital Foods, the maker of Ching's Secret and Smith & Jones, for an enterprise value of about ₹5,100 crore and Organic India for ₹1,900 crore. Both companies add to Tata Consumer's F&B product portfolio.

Capital Foods gives it a presence in sauces, chutneys, noodles, soups, and Chinese masalas and pastes. Organic India gives it a presence in organic tea, infusions and packaged food, and herbal supplements.

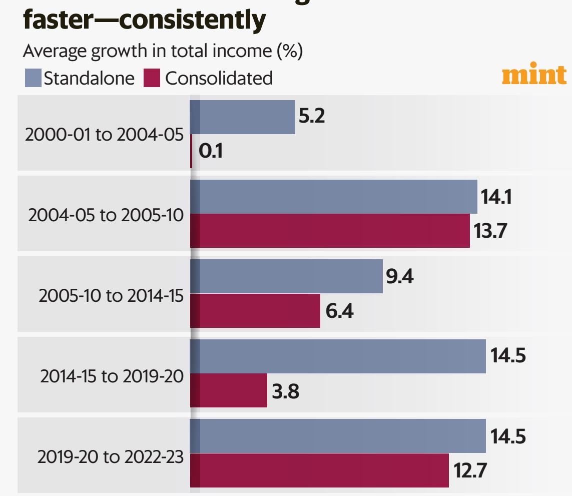
According to Tata Consumer, it is paying about 6.5 times their combined revenues for brands that are known, fast-growing and high-margin.

This is expected to further improve the company's operating margin on a consolidated basis, which has risen from 8% in 2013-14 to about 11% in 2022-23. It will further increase the share of revenues from India (71% in 2022-23) and share of revenues from food (58% in 2022-23).

Acquisitions are at the heart of this change, and Tata Consumer will hope they are easier to absorb, and be more productive, than Tetley.

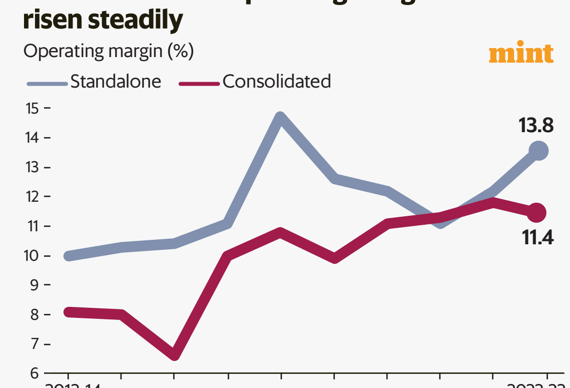
www.howindialives.com is a database and search engine for public data.

Tata Consumer's India growth has been faster—consistently



Standalone financials can be seen as a proxy for Tata Consumer's India business.

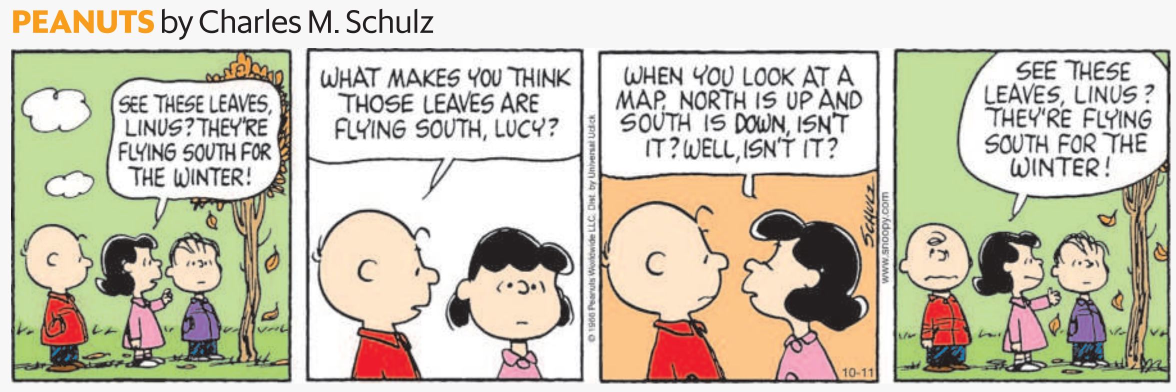
Tata Consumer's operating margin has risen steadily



Source: Tata Consumer Products annual reports

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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Thursday, January 18, 2024

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SENSEX **71,500.76** ↓ **1,628.01** NIFTY **21,571.95** ↓ **460.35** DOLLAR **₹83.13** ↓ **₹0.06** EURO **₹90.44** ↔ **₹0.00** OIL **$77.86** ↓ **$1.90** POUND **₹105.43** ↓ **₹0.42**

Crack in HDFC; blood on Street

Record single-day selling by foreign investors mauls HDFC Bank; indicators point to more volatility ahead

Ram Sahgal
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A collapse in the shares of HDFC Bank Ltd brought the broader market to its knees on Wednesday, inflicting a ₹4.6 trillion loss on investors as key indices fell the most in 19 months. Provisional data from BSE showed that foreign portfolio investors (FPIs) sold ₹10,578.13 crore worth of shares, the highest in a day, pulling down the Nifty and the Sensex by over 2%.

HDFC Bank, India's largest private lender with the highest weight in the indices, contributed to over a fifth of the day's total wealth erosion. The bank's shares plunged 8.46% on BSE, erasing ₹1.07 trillion of value. The decline, the lender's biggest fall in three years and 10 months, came after a mixed bag of earnings the previous day, with net interest income falling below market expectations.

The steep fall pushed indices below important technical levels; unless indices cross their record highs scaled recently, investors may sell every time the market rises, analysts said.

Wednesday's FPI selling was partly absorbed by domestic institutional investors, who purchased a provisional ₹4,006.44 crore, and retail/high net-worth investor buying of ₹34 crore till 12 noon, according to BSE.

WEDNESDAY WHIPLASH

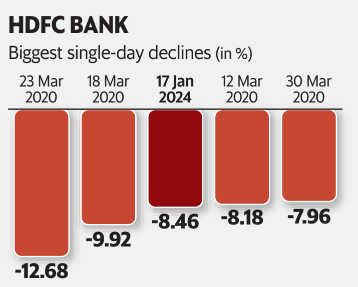
The Bank Nifty, which plunged by 4.28% to 46,064.45 points on Wednesday—its biggest single-day fall in 18 months—was the biggest loser among the NSE's sectoral indices.

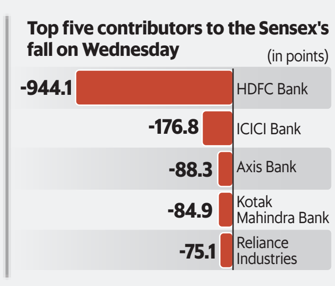
Largest single-day declines in the Nifty 50 since June 2022

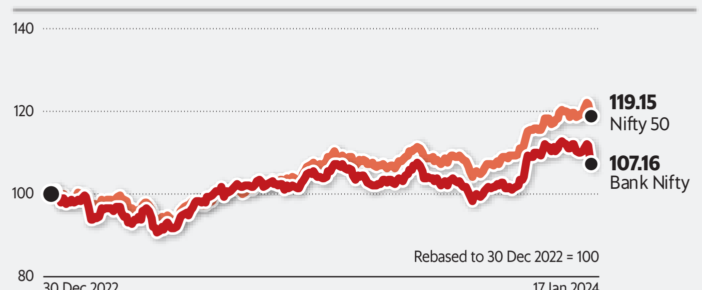
	% change	Nifty 50 close
13 Jun 2022	-2.64	15,774.4
16 Jun 2022	-2.11	15,360.6
17 Jan 2024	**-2.09**	**21,572.0**
16 Sep 2022	-1.94	17,530.9
26 Sep 2022	-1.80	17,016.3

Biggest declines in the Nifty Bank index since July 2022

	% change	Nifty Bank close
3 Jul 2022	-4.47	32,871.3
17 Jan 2024	**-4.28**	**46,064.3**
5 Dec 2022	-3.35	33,532.2
27 Jan 2023	-3.13	40,345.3
13 Jun 2022	-3.13	33,405.9







Source: Bloomberg, Capitalmarket

SARVESH KUMAR SHARMA/MINT

The fall in banks, which coincided with the expiry of the weekly Bank Nifty options expiry on Wednesday, dealt a severe blow to those long on banking stock futures and short on their options contracts, apart from the notional losses for holders of banking shares.

The Sensex plunged by 1,628.01 points or 2.23% to 71,500.76, while the Nifty fell 460.35 points or 2.09% to 21,571.95. HDFC Bank alone contributed to 944.11 points of the Sensex's fall, followed by ICICI Bank Ltd (176.75 points), Axis Bank Ltd (88.29 points) and Kotak Mahindra Bank Ltd (84.85 points). Overall, these banks contributed to almost four-fifths or 80% of the Sensex's fall.

Not surprisingly, the Bank Nifty, which plunged by 4.28% to 46,064.45—its biggest single-day fall in 18 months—was the biggest loser among the National Stock Exchange's (NSE) sectoral indices. All of NSE's sectoral indices except Nifty IT ended in the red, underlining the all-around weakness in the market.

There are already indications of more volatility ahead: One, both the Sensex and Nifty have fallen below their 20-day simple moving averages of 71,827.26 and 21,628.76, while the Bank Nifty ended below its 50-day simple moving average of 46,264.80. Two, the negative divergence in the relative strength index (RSI)—a gauge of market weakness or strength—since mid-December.

The RSI is a technical indicator that measures the speed and change of price movements. An index is considered overbought or oversold when it rises or falls above or below a certain RSI level. Above 70 is overbought while below 30 is oversold. The divergence between the indices and RSI arose in mid-December when the Nifty RSI, for instance, hit 85 when the Nifty hit 21,492.3. Since then, RSI has fallen, while the Nifty rose on to a record high of 22,115.55 on Monday, on which day it was at 73.

Currently, the RSI of the Sensex is 52.67, down from 69.81 on Tuesday, and that of the Nifty is 54 (70.86) and Bank Nifty 38.18 (60.70).

"The falling RSI since the middle of December, despite the rising Nifty, indicated that the market was losing steam or topping out, and the fall of today spells some trouble, unless the market pulls back above the key levels," said Rohit Srivastava, founder of IndiaCharts.

Commenting on the outlook for banking stocks, A. Balasubramanian, managing director and chief execu-

TURN TO PAGE 4

Shriram in talks to sell home finance unit for ₹5,000 cr

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The Shriram Group is in talks with US-based fund management giants Warburg Pincus Llc and Bain Capital LP to sell its housing arm Shriram Housing Finance Ltd for around ₹5,000 crore, two people directly familiar with the development said.

Shriram Housing Finance is a midsize housing finance company with assets of over ₹10,000 crore. The sale is part of the Chennai-headquartered conglomerate's plan to redesign its growth strategy.

A Shriram Group spokesperson declined to comment.

Over the past few weeks, the bankers appointed by the group's listed flagship Shriram Finance Ltd, which holds 85% in Shriram Housing Finance as the promoter, opened discussions with Bain Capital and Warburg Pincus, the people cited above said. If the negotiations conclude, a deal could be closed before the June quarter, they added.

"(We) Have received a phenomenal interest from several suitors. There are buyers with bids of up to ₹5,000-5,500 crore and offers are still coming. It's a neat business and bidders are credible. So, evaluation before a sale may not take much time," the first of the two people cited above said.

Ravi Subramanian, MD and CEO, Shriram Housing Finance.

The Shriram Group has appointed investment bankers from Barclays Bank Plc, JM Financial Ltd and Avendus Capital Pvt. Ltd to shortlist buyers, the two people added.

Spokespeople from JM Financial and Barclays declined to comment while queries sent to Bain, Warburg Pincus and Avendus remained unanswered.

TURN TO PAGE 6

LIC books ₹3,816 cr profit in 3 Adani firms

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Life Insurance Corp. of India (LIC) sold shares in three Adani group companies totalling ₹3,816 crore in the December quarter amid volatility in the stocks of the ports-to-renewable energy conglomerate, data from stock exchanges showed.

Despite this sale, the value of LIC's investment in Adani group companies has risen almost 54% from ₹36,470 crore on 30 January 2023 to ₹56,073.64 crore on 17 January 2024, as shares gained during the period. During the third quarter, LIC also bought shares in Ambuja Cements Ltd worth ₹20.3 lakh.

"This reduction in specific stakes by LIC likely aligns with a cautious approach in anticipation of the uncertain market conditions expected during the Union elections," said Atul Parakh, chief executive officer (CEO) of Bigul, an online investment and trading firm. "Additionally, the subsequent recovery and surge in Adani stock prices post-crisis presented an opportune moment for LIC to realize profits."

In Q3, LIC sold a little more than 37 million shares across flagship Adani Enterprises Ltd, Adani Ports and Special Economic Zone Ltd (APSEZ) and Adani Energy Solutions Ltd (AESL). The insurer's stake dipped from 4.23% in the September quarter to 3.93% in December in Adani Enterprises, from 9.07% to 7.86% in APSEZ, and from 3.68% to 3% in AESL.

"The recent volatility in

TURN TO PAGE 6

Retail investors bought into Adani during rout >P4

DON'T MISS

FMCG firms prep for Ayodhya sales
Makers of packaged foods and beverages are ramping up supplies in Ayodhya, ahead of the Ram temple inauguration on 22 January. >P7

Alteria Capital eyes $100 mn funds
Venture debt fund Alteria Capital plans to raise $80-100 million by next quarter, its co-founder Vinod Murali said. >P3

Hybrid tax move miffs Tata Motors
Any attempt to lower tax rates levied on hybrid cars will confuse the industry, Shailesh Chandra, MD, Tata Motors PVs and passenger EVs, said. >P5

Investors worry over tax residency
The Indian tax department's aggressive stance on tax residency certificates (TRCs) has evoked fresh concerns among offshore investors. >P6

MINT SHORTS

India eyes $100 billion annual FDI in coming years: IT min Vaishnaw

Davos: India is eyeing $100 billion in annual foreign direct investment (FDI) "in the next few years", IT minister Ashwini Vaishnaw said on Wednesday, as Prime Minister Narendra Modi seeks to attract investors ahead of a reelection bid. "We see 6-8% consistent growth rate over the next full decade, and this is based on a very clearly thought-out strategy. This strategy has four major engines," the information technology minister told *Reuters* in an interview at the World Economic Forum in Davos. **REUTERS**

Govt committed to revive BOT model for highways: Gadkari


HT

New Delhi: The government is committed to reviving BOT (build operate transfer) model in the highways sector and making it investment-friendly and attractive for private partnerships, minister of road transport and highways Nitin Gadkari said on Wednesday. "This will not only strengthen the road infrastructure but will have a ripple effect that will help to strengthen the economy, increase the employment potential and reduce the logistic cost," he said. **SUBHASH NARAYAN**

India an extraordinary success story: US secy of state Blinken

Davos: Describing India as an "extraordinary success story", US secretary of state Antony Blinken on Wednesday said the "remarkable achievements" of the Modi government have materially benefitted and positively impacted many Indian lives. Speaking at the World Economic Forum Annual Meeting 2024, he also said US-India relations have reached a new high with efforts from both Prime Minister Narendra Modi and US President Joe Biden. **PTI**

GDP growth in most countries not sustainable, inclusive: WEF

AFP

Davos: Most economies are growing in ways that are neither sustainable nor inclusive and are limited in their ability to absorb or generate innovation and minimize their contribution and susceptibility to global shocks, a new report said on Wednesday. The Future of Growth Report released by the World Economic Forum Annual Meeting 2024 called for a new approach to economic growth that balances efficiency with long-term sustainability and equity. **PTI**

Ayushman Bharat health insurance cover likely to be doubled

New Delhi: The government is working on finalizing a proposal to double the insurance cover under its flagship Ayushman Bharat health scheme to ₹10 lakh to ensure that serious diseases like cancer and transplants that entail more expenditure are supported by it, officials said on Wednesday. An announcement to this effect is likely to be made in the interim budget. **PTI**

Govt disburses ₹4,415 crore in incentives for eight PLI schemes

New Delhi: The government has disbursed just ₹4,415 crore in incentives for eight sectors out of a total 14 production-linked incentive (PLI) schemes, a senior government official said, adding the target of disbursal was ₹11,000 crore till the end of the current fiscal. The PLI scheme had drawn investments of over ₹1.03 trillion till November 2023. The investments in PLI schemes created 678,000 jobs—direct and indirect. **DHIRENDRA KUMAR**

Viability gap funding eyed for offshore wind projects

The ₹6,000-crore scheme will be aimed at boosting India's offshore wind energy capacity

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NEW DELHI

The upcoming interim budget for FY25 is expected to propose a ₹6,000 crore viability gap funding (VGF) scheme for the offshore wind energy sector, boosting India's renewable energy ambitions.

The initial allocation is specifically aimed at supporting 1 GW of offshore wind capacity, two people familiar with the developments said, adding that the ministry of new and renewable energy (MNRE) has sent a proposal to the finance ministry.

The renewable energy and finance ministries didn't immediately reply to queries on the funding proposal.

This proposed scheme aligns with the government's broader strategy for offshore wind projects, to be developed under three models. The first involves VGF for two 0.5 GW sites off the coasts of Gujarat and Tamil Nadu. The other models propose bidding processes for sites exclusivity during the survey periods, with or without seabed rights.

Offshore wind offers higher quality wind and more efficient energy conversion due to the absence of physical obstructions at sea. The Centre had notified the 'National Offshore Wind Energy Policy' in October 2015, but projects failed to take off due to the high investments needed and lack of economic viability.


This proposed scheme aligns with the government's broader strategy for offshore wind projects, to be developed under three models. BLOOMBERG

Given that offshore wind farms need to be set up on the seabed, the technology and infrastructure involved are more complex, resulting in higher gestation periods.

"The cost involved, technology, and the lack of manpower are some challenges for the growth of the sector. The VGF may help lower the cost and help (power distribution companies) take up power from these projects. Incentives would be required for initial projects," said Vikram V., vice president and co-group head of corporate ratings, ICRA.

"Further, compared to the two years to two-and-half years required to set up onshore wind projects, offshore projects would require at least four years from the award of the project," he said.

Because of the capital-intensive nature of these projects, the MNRE's revised strategy paper in September last year had highlighted the need for central financial support to bridge the gap between actual tariffs and designated power purchase rates. This is particularly crucial given the high costs of setting up turbines on the seabed and the associated power evacuation expenses.

In 2022, the MNRE had informed a parliamentary committee that the cost of offshore wind projects could range from ₹20 crore to ₹25 crore per megawatt, depending on the technology, marine conditions and distance from the shore.

Acknowledging the financial challenges, the committee recommended VGF to ensure project viability and the necessary transmission infrastructure.

It had added that the potential for offshore wind projects should also be explored in areas other than in Gujarat and Tamil Nadu along India's 7,600 km-long coastline.

The ministry's estimates indicate a need for ₹14,212 crore in VGF to set up 3 GW of offshore wind energy capacity, along with an additional ₹13,500 crore for transmission and power evacuation infrastructure.

The September strategy paper for offshore wind projects had, however, recommended that VGF should be initially provided for 1 GW capacity.

The renewed focus on this capital-intensive segment comes as India pursues ambitious renewable energy goals to be net-zero by 2070 and achieve 500-GW installed capacity by 2030. As part of this, the government aims to establish 10 GW of offshore wind capacity by 2030.

As of now, India's onshore wind energy capacity stands at an estimated 44 GW.

Despite the higher costs of offshore turbines, the renewable energy ministry believes desirable tariffs are achievable with the development of a supporting ecosystem.

India to grow 7% in FY25: RBI governor

Gopika Gopakumar
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MUMBAI

The Indian economy is likely to grow at 7% and inflation is likely to average 4.5% in fiscal year 2025, according to Reserve Bank of India (RBI) governor Shaktikanta Das.

Speaking at an event organised by the Confederation of Indian Industry at Davos, Das said the economy is poised for a long haul of higher growth.

"At this stage, our expectation is that the CPI inflation will average around 4.5% in FY25. As regards growth, my sense is that the GDP growth in India will touch 7% in FY25. I am saying this on the basis of strong momentum of economic activity seen in India. Consequently, growth would be 7% and above for four consecutive years starting from FY 2021-22," he said.

As per RBI's forecast, India is expected to clock in a growth of 7% and consumer price inflation of 5.4% this fiscal year.

Das said the Indian economy presents a picture of confidence, positivity and optimism amid an uncertain and challenging global macroeconomic environment.

On rupee volatility, Das said that excessive volatility has to be checked through market interventions by the central bank.

Fertilizer sop to fall to ₹1.8 tn in FY24

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NEW DELHI

The government's fertilizer subsidy bill in FY24 is expected to fall 20-24% from the year before to ₹1.7-1.8 trillion because of lower international prices and smaller urea imports, said chemicals and fertilizer minister Mansukh Mandaviya on Wednesday.

In FY23, the Centre spent ₹2.25 trillion on fertilizer subsidies, as per revised estimates. The budgeted estimates for the ongoing fiscal year is ₹1.75 trillion. "The subsidy bill is estimated to be lower this year at around ₹1.7-1.8 trillion because of the fall in global prices. We have not increased retail prices to reduce subsidy," Mandaviya said.

"When the global rates skyrocketed in the last financial year, the government increased subsidy and kept the retail prices of urea, di ammonium phosphate and other fertilizers to protect farmers' interest," Mandaviya added.

On the ongoing Red Sea tension, Mandaviya said that India has an adequate stock of fertilizers to meet requirements for the summer.

"The Red Sea crisis will not have an impact on Indian trade, including fertilizer imports as the government is intervening and the Indian Navy is providing security to get vessels in the country safely. Indian fertilizer cargoes are now coming via the Cape of Good Hope that has raised freight costs significantly."

On the ongoing Red Sea tension, Mandaviya said India has enough fertilizer stock to meet summer requirements

"There will be no shortage of fertilizers next Kharif season as we reserve stocks for one season in advance to avoid shortage," Mandaviya said.

Urea imports are at 4-5 million tonnes this fiscal, lower than 7.5 mt imported in the previous year, helped by higher domestic production and increased use of nano-liquid urea.

Food subsidy bill for FY24 to breach ₹2 tn

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NEW DELHI

The government's food subsidy bill for fiscal year 2024 is likely to overshoot the budgeted estimate of ₹1.97 trillion, prompting the food department to seek additional funds primarily to support its flagship programmes.

The revised allocation for the ongoing fiscal year is expected to go up by 3% to ₹2.02 trillion, a top official of the department of food and public distribution told *Mint*.

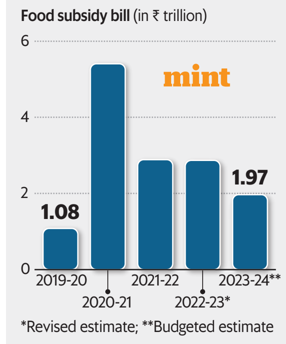
The department needs an extra ₹5,600 crore for decentralized procurement of foodgrains under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) scheme, and sugar subsidy for families covered under the Antyodaya Anna Yojana programme, this official said, declining to be identified.

India's food subsidy bill is likely to go up next year as well, as the government recently extended the PMGKAY scheme, its flagship food welfare programme, for another five years ahead of this year's general election.


Revised allocation for ongoing fiscal year may go up by 3%. HT

Rising expenses

Since PMGKAY scheme got extended, food subsidy bill may go up next year as well.



*Revised estimate; **Budgeted estimate
Source: Budget documents
PRANAY BHARDWAJ/MINT

This will require more procurement and storage capacity and a higher state-set minimum or guaranteed price for wheat and rice.

Containing spending on food subsidy is crucial for managing India's fiscal deficit, which the government is targeting at 5.9% of gross domestic product (GDP) this financial year, with plans to lower it by at least 50 basis points in fiscal year 2025.

"In view of a hike in (minimum support price) of crops and other incremental expenses, including the extension to the free food scheme, the food subsidy bill is bound to increase," the official mentioned above said.

Additional ₹5,600 crore is needed for decentralized procurement of foodgrains under the PMGKAY scheme

"Though the (budgeted estimate) is ₹1.97 trillion for food subsidy in FY24, we require a slightly higher budget. We have given a proposal for additional allocation, and ₹2.02 trillion may be allocated for food subsidy alone in the ongoing financial year."

A fund for assistance to state agencies for intra-state movement of foodgrains is also expected to be revised to a little over ₹8,500 crore from the budgeted estimate of ₹7,400 crore, the official said.

About ₹23 crore is also likely to be allocated for the Scheme for Modernization and Reforms through Technology in Public Distribution System (SMART-PDS), which had not received any allocation in the Budget for 2023-24, the official said. The expenditure and the food and public distribution departments did not immediately reply to queries on the request for additional funds.

India runs its multi-billion-dollar food welfare programme, the world's biggest, by buying rice and wheat from millions of domestic farmers at guaranteed prices and then supplying the staples at subsidized rates or for free to 800 million Indians.

The government spends some part of the food subsidy on maintenance and other administrative costs.

"Food subsidy depends on the quantum of offtake from the central pool. As there is no additional allocation, food subsidy will not rise much," said Siraj Hussain, former Union agriculture secretary.

Budget may cite Vision 2047 to seek long-term allocations

Rhik Kundu & Subhash Narayan
NEW DELHI

The upcoming Union budget may integrate the government's Vision 2047 plan with allocations, departing from tradition to lay out longer term economic plans, two people aware of the matter told *Mint*.

Typically, an interim budget sees the government seek permission from Parliament to meet its expenses in the short-term leading up to the general elections. However, this year the exercise may be supplemented by requirements for ministries to execute schemes over a longer period.

The government's economic road map for the medium-to-long-term is likely to be visible in the 1 February-budget, said one of the people mentioned above. Both spoke on the condition of anonymity.

To be sure, finance minister Nirmala Sitharaman has played down expectations of big proposals in the budget, saying as a vote-on-account, it is unlikely to make any "spectacular announcements".

"It is a matter of truth that the 1 February, 2024 budget will be a vote-on-account because we will be in election mode," she said in December.

However, the budget could declare the government's intentions by announcing funds and development plans for priority sectors and groups—the poor, farmers, women, youth, economy and infrastructure.

These could include allocations and long-term plans for key infrastructure, social and agricultural sectors that are key to accelerating economic growth, said the second person.


Sectors like agriculture, automobiles, consumer electronics and pharmaceuticals could remain in focus during the budget. MINT

This would mean announcing indicative figures of investment over a 5-10 year period for various sectors and aligned goalposts.

A finance ministry spokesperson didn't respond to emailed queries.

Experts believe 2024 will be a critical year for India, as it faces multiple global headwinds while maintaining economic recovery.

Sectors like agriculture, automobiles, consumer electronics and pharmaceuticals could remain in focus though the overall announcements could see only a marginal rise in government borrowing compared to FY24.

"Risks to global commodity prices, foreign inflows, export demand, global growth and geopolitical balances will remain heightened, requiring the government to put on reserve sufficient firepower to safeguard India's economic and financial stability as the future unfolds. Given this, I expect a conservative budget to start with, focussed on areas with high multiplier effects," said Debopam Chaudhuri, chief economist at Piramal Enterprises Ltd.

"The public capex momentum will continue, albeit at a slower pace with an outlay not more than 10%, higher than the previous year. Fiscal consolidation will be a core theme, with the finance minister likely targeting a fiscal deficit of 5.3% in FY25, after meeting the FY24 target of 5.9%," he added.

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MINT SHORTS

Upswing gets pre-Series A funding from Quona Capital, others

Bengaluru: Upswing Financial Technologies, which runs the open finance platform Upswing, has secured $4.2 million (₹35 crore) in a pre-Series A funding round led by fintech-focused venture capital firm Quona Capital. The round also saw participation from QED Investors. The startup will use the funds to expand its offerings as well as for product development. "The funding will be used to expand the reach of our multi-bank deposit product and also aid in the launch of new products around deposits and lending," said Anupam Bagchi, co-founder, Upswing. **K. AMOGHAVARSHA**

RTP Global leads $35 million funding round in battery maker

ISTOCKPHOTO

Bengaluru: International Battery Company (IBC), which manufactures rechargeable Lithium ion batteries, on Thursday said it has raised $35 million in its pre-Series A round led by early-stage venture capital firm RTP Global in its first funding round since inception. Singapore-based venture capital firm Beenext, early-stage investor Veda VC, a few other strategic Korean and US investors also participated in the round. "Our investment in International Battery Company underscores RTP Global's steadfast and ongoing commitment to sustainable technology investments," Nishit Garg, partner on RTP Global's Asia investment team, said. "It reinforces our strategy of investing in early-stage, innovative ventures and our long-term support for their visionary founders," he said. **MALVIKA MALOO**

Jeh Aerospace gets seed funding from General Catalyst, others

Bengaluru: Aerospace and defence manufacturing startup Jeh Aerospace has raised $2.75 million (₹22.8 crore) in a seed funding round led by San Francisco-based venture capital firm General Catalyst. The round also saw participation from angel investors Pratyush Kumar (ex-Boeing India) and Dwarakanath Srinivasan (ex-Airbus India). The company will utilize the funds for building infrastructure and hiring talent, according to the company's statement. Founded by Vishal Sanghavi and Venkatesh Mudragalla, Jeh Aerospace offers manufacturing, engineering, and supply chain management solutions to the global aerospace and defence industry. **K. AMOGHAVARSHA**

Alteria Capital eyes funds up to $100 mn

The new fund aims to provide working capital solutions to startups

Priyamvada C
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BENGALURU

Venture debt fund Alteria Capital plans to raise by next quarter $80 million to $100 million for the shorter duration scheme of its third fund, in its bid to provide working capital to startups in some specific sectors, its co-founder and managing partner Vinod Murali said.

The fund will support fintech, consumer, and B2B platforms, especially those with liquidity needs for inventory build-up, receivables, and book debts, Murali said.

"By creating these two sleeves of debt options for founders, we want to ensure founders are able to meet their short-to-medium-term needs to create strong enterprise value," Murali told *Mint*.

The third fund of Alteria consists of two distinct schemes: a venture debt scheme with about $180 million to $200 million, and the shorter duration scheme tailored to provide working capital solutions to startups. Alteria, currently the largest venture debt fund in India, manages assets worth ₹4,250 crore in domestic capital.

"The two sleeves of capital will have different returns for investors as the shorter duration scheme is intended to be cheaper for founders and, hence, will target 13-14% return for limited partners (LPs). Hence, there are two different schemes," Alteria's managing partner Punit Shah said.

In 2022, Alteria announced the first close of its third venture debt fund, which now stands at about ₹1,500 crore.

The fund has been instrumental in backing early and growth-stage startups, providing specialty debt solutions with cheque sizes up to ₹150 crore.

Murali emphasized that venture debt complements equity financing.

"The fundamental risk that we take for traditional venture debt is: Will a startup that we fund be able to raise one more round of equity funding? If they do that in a reasonable period of time, our money is safe...hence the complementarity with equity capital," he explained.

The development comes at a time the Indian startup ecosystem is experiencing a funding downturn, influenced by macroeconomic volatility and a broader economic uncertainty, fuelled, in particular, by geopolitical tensions. This has led investors to adopt a more cautious stance.

Earlier this week, Alteria invested ₹120 crore in venture debt in FPL Technologies, the parent company of mobile-first credit card startup OneCard.

It has consistently focused on domestic consumption, with 40-45% of its portfolio in the consumer, food and beverages, and e-commerce sectors.

It has 35-40% of its investments in other areas such as fintech, logistics, B2B platforms, and rural and agritech sectors.

Founded in 2017, Alteria has been a pioneer in venture debt capital in India, funding over 250 startups.

Its portfolio includes names like Rebel Foods, Dealshare, Spinny, Mensa Brands, BharatPe, Cars24, Good Glamm Group, Niyo, Zepto, Lendingkart, and Portea, among others.

(L-R) Alteria Capital managing partners Ankit Agarwal, Punit Shah and co-founder and managing partner Vinod Murali.

GROWTH CAPITAL

THE fund will support fintech, consumer, and B2B platforms

ALTERIA, currently the largest venture debt fund in India, manages assets worth ₹4,250 cr

IN 2022, Alteria announced the first close of its third venture debt fund

Funding slowdown helped IPV strike good deals in 2023

Samiksha Goel
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NEW DELHI

It was a buyer's market for angel investment company Inflection Point Ventures insofar as 2023 goes.

A funding slowdown for startups led to a correction in their valuations.

A subdued investor activity meant there was no fear of missing out (FOMO), helping the Gurugram-based company make better investment decisions at ease, its co-founder Mitesh Shah said.

Venture capital funds were on the fringes last year, Shah said, adding that Series A financing rounds that would usually take 3-4 months to close, suddenly started taking 8-9 months.

"We started last year on a muted note on the external environment. It seemed it will be a difficult year for startups to raise funds, and for our existing entities to raise follow-on rounds, and for us to secure exits. It also meant it would be an investor's market, as there would be plenty of opportunity for us to invest at good valuations," he said.

The investment deals took very long to close, and this helped IPV in carefully finalizing its own investment decisions, Shah said, pointing out that there was no fear of missing out in the market.

"We were happy because FOMO destroys sanity. In 2022, while there was quality deal flow, there were many new investors and much liquidity chasing few startups. In 2023, investors started realizing we should wait for some exits and investor activity generally slowed down."

"In terms of quantity, there was never a dearth. In terms of quality, I am very happy that we managed to grab some good deals and the environment helped us because the valuations were much more sane," he said.

In 2020, the early-stage investment platform looked at about 4,000 startups and ended up investing in about 57, according to Shah. In 2023, it looked at about 5,500 startups and invested in 57-58.

"In 2022, we did 15 exits and last year also we did 15 exits."

The firm invested in startups like dairy-tech startup Happy Nature, AI platform EaseMyAI and frozen food startup FroGo among others.

Talking about valuations, Shah gave an example of corrections in the D2C market. "While valuations skyrocketed to six to eight times of revenue, today they have corrected to two-three times."

Mitesh Shah, co-founder, Inflection Point Ventures.

Series A financing rounds, that would usually take 3-4 months, suddenly started taking 8-9 months, Shah said

Jubilant Industries Limited

(CIN: L24100UP2007PLC032909)
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E-mail: investorsjil@jubl.com; Website: www.jubilantindustries.com, Phone: +91-5924-267437

NOTICE OF POSTAL BALLOT

Members are hereby informed that pursuant to Section 108 and Section 110 of the Companies Act, 2013 (the 'Act'), read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 as amended from time to time read with the Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs ('MCA') (hereinafter collectively referred to as 'MCA Circulars') and SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11, SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 and SEBI/HO/CFD/CFD - PoD-2/P/CIR/2023/167 dated May 12, 2020, January 15, 2021, May 13, 2022, January 5, 2023 and October 7, 2023, (hereinafter collectively referred to as 'SEBI Circulars') and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and other applicable provisions of the Act and the Listing Regulations, circulars and notifications issued thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Company has sent E-mail along with the Postal Ballot notice dated January 10, 2024 through National Securities Depository Limited (NSDL) on January 17, 2024, and the Login ID and password to the Members for e-voting who have registered their E-mail IDs with the Depository Participants or with the Company / Registrar and Share Transfer Agent ("RTA"), for seeking approval of members of the Company for the: 1) Appointment of Mr. Jagat Sharma (DIN: 02997958) as a Director of the Company; and 2) Appointment of Mr. Jagat Sharma (DIN: 02997958) as Whole-time Director of the Company.

The Board of Directors of the Company has appointed Mr. Kapil Dev Taneja (FCS No. 4019, CP No. 22944) or failing him Mr. Neeraj Arora (FCS No. 10781, CP No. 16186), Partner(s) of M/s. Sanjay Grover & Associates, Company Secretaries as 'Scrutinizer' for conducting the Postal Ballot process through remote e-voting in a fair and transparent manner.

Members shall be able to provide their assent or dissent through e-voting only. The Company has engaged the services of NSDL as an agency to provide remote e- voting facility to the Equity Shareholders of the Company to enable them to cast their votes electronically. The detailed procedure for e-voting is mentioned in the notes to the Postal Ballot Notice. Members are requested to note that e-voting shall commence from Saturday, January 20, 2024 at 9:00 A.M. (IST) and shall end on Sunday, 18 February, 2024, at 5:00 P.M. (IST). The e-voting module shall be disabled by NSDL for voting thereafter.

In accordance with the aforesaid MCA Circulars, physical copies of the Postal Ballot Notice along with Postal Ballot forms and prepaid Business Reply Envelope are not being sent to the Members. The communication of the assent or dissent of the Members would take place through the remote e-voting system only.

The voting rights of Members shall be reckoned as on Friday, January 12, 2024 ("Cut-off date"). The copy of the Postal Ballot Notice is available on the Company's website at www.jubilantindustries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at https://www.evoting.nsdl.com/. Members who have not received the Postal Ballot Notice may download it from the above mentioned websites.

Process for those shareholders whose email ids are not registered:

1) Members, who are holding shares in physical form and whose e-mail addresses are not registered with the Company / RTA / their respective Depository Participants, are requested to register their E-mail addresses at the earliest by sending scanned copy of the share certificate (front and back) and a letter duly signed by the Member(s) mentioning their name, complete address, folio number, number of shares held with the Company along with self-attested scanned copy of the PAN Card and self-attested scanned copy of Aadhar Card in support of the address proof of the Member(s) as registered with the Company for receiving the Postal Ballot Notice by emailing at investorsjil@jubl.com.
2) Members holding shares in demat form can update their email address with their Depository Participants.

In case of any queries or grievances relating to e-voting, you may contact Mr. Amit Vishal, Assistant Vice President, NSDL, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, India through e-mail at evoting@nsdl.co.in or call on 022 - 4886 7000 and 022 - 2499 7000 or Mr. J.K. Singla, Dy. General Manager, M/s. Alankit Assignments Limited, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110 055, India through email at rta@alankit.com or call on Telephone No.: 011- 42541234.

The Scrutinizer will submit his report to the Chairman or person authorized by the Chairman, after the completion of scrutiny of the e-voting, and the results will be announced on or before Tuesday, February 20, 2024. The results along with the Scrutinizer's Report shall be communicated to the Stock Exchanges, NSDL and will also be displayed on the website of the Company (websites mentioned above) and at the Registered Office and the Corporate Office(s) of the Company.

For **Jubilant Industries Limited**
Sd/-
Brijesh Kumar
Company Secretary & Compliance Officer
ACS No: 36070

Date: January 17, 2024
Place: Gurugram

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
Close	71,500.76	21,571.95	19,487.60	54,206.25	21,839.95	37,597.29	43,963.89
Percent change	-2.23	-2.09	-1.71	-1.11	-1.95	-1.09	-0.90
Previous close	73,128.77	22,032.30	19,827.55	54,816.90	22,274.60	38,009.80	44,361.39
Open	71,998.93	21,647.25	19,556.40	54,478.65	21,925.60	37,780.40	44,054.02
High	72,484.80	21,851.50	19,707.70	54,813.10	22,110.55	37,948.89	44,378.47
Low	71,429.30	21,550.45	19,470.05	54,116.55	21,819.90	37,473.35	43,790.02

MINT SHORTS

Traders see fewer BOE rate cuts as inflation quickens

Traders significantly pared bets on interest-rate cuts from the Bank of England and UK bonds tumbled after data showed inflation picked up unexpectedly for the first time in 10 months. Money markets are now pricing four quarter-point reductions and about a 65% chance of a fifth in 2024, according to swaps tied to the central bank meetings. Yesterday, five cuts were fully priced and a month ago, six such reductions were seen as a certainty. The repricing toward fewer monetary easing comes after a report showing Britain's consumer prices rose 4% in December from a year earlier. It also follows a series of speeches from policymakers around the world pushing back against market bets on aggressive rate cuts. The latest UK data "has provided the mood music for the concerted efforts by various central bankers to keep rate cut expectations in check," said Jane Foley, head of FX strategy at Rabobank. **BLOOMBERG**

Aluminium output was boosted by strong operations in China's main producing regions.

China 2023 aluminium output hits record high; growth slow

China's primary aluminium output reached a record high in 2023 but the growth rate slowed, data showed on Wednesday, amid weather-related production curbs at smelters in the country's southwest. The world's biggest aluminium producer churned out 41.59 million metric tonnes of primary aluminium last year, according to data from the National Bureau of Statistics. Output was boosted by strong operations in China's main producing regions, amid profitable conditions, and new projects that came online. However, the annual growth rate of 3.7% marked a third consecutive year of slowing, the data showed. Output in 2023 grew modestly as capacity neared a government-imposed ceiling, and was affected by power shortages in the country's southwest, state-backed research house Antaike said in a report. China in 2018 set a national capacity cap of 45 million tonnes for aluminium as part of its efforts to control energy consumption in the energy-intensive sector. **REUTERS**

Bold outlook of LTTS warrants caution

Harsha Jethmalani
harsha.j@htlive.com

L&T Technology Services Ltd (LTTS) management commentary may sound like music to the ears of investors in information technology (IT) stocks. The winter for the general engineering R&D (ER&D) space is over and spring may be around the corner, LTTS said in its December quarter (Q3FY24) earnings call. In fact, LTTS is of the view that this is likely to be the case for the entire industry. Yes, potential interest rate cuts by the US Federal Reserve in 2024 is fuelling hopes of revival for IT companies. Nonetheless, amid the looming global macro uncertainty and with tier-1 IT firms still cautious about near-term demand, LTTS' outlook appears bold.

In Q3, LTTS sequential constant currency revenue growth at 0.9% missed consensus estimate, impacted by furloughs. But the management has retained its FY24 CC revenue growth guidance of 17.5-18.5% year-on-year. In contrast, larger peer Infosys tightened its FY24 CC revenue growth guidance from 1.0-2.5% year-on-year to 1.5-2.0%. HCL Technologies narrowed its overall FY24 CC revenue growth guidance from 5-6% earlier to 5.0-5.5%.

LTTS' guidance implies a steep ask rate of 4-7% sequential growth for Q4FY24. The management seems fairly confident to meet the lower end of revenue growth guidance. This would be aided by lower furloughs, seasonal strength in subsidiary company SWC in Q4 and faster ramp-up of deals. Even so, meeting the guidance would be challenging. Note that the ER&D business—LTTS' forte—is discretionary in nature and has a high sensitivity to macroeconomic conditions.

The company is witnessing a rise in cost takeout and value engineering deals and strong deal wins are anticipated in Q4. In Q3, LTTS saw six large deal wins which had total contract value over $10 million. But as the alongside chart shows, the trend has been range-bound lately and LTTS needs to close more deals to meet its ambitious target. "Large deals seem to be trending in the right direction though, further impetus is required to change the growth trajectory and more disclosures will help to analyse the trend with more granularity," said the Kotak Institutional Equities report dated 16 January.

Geographically, growth in Europe was driven by improving traction in transportation and partially by industrial production and plant engineering. On the other hand, the US was a laggard.

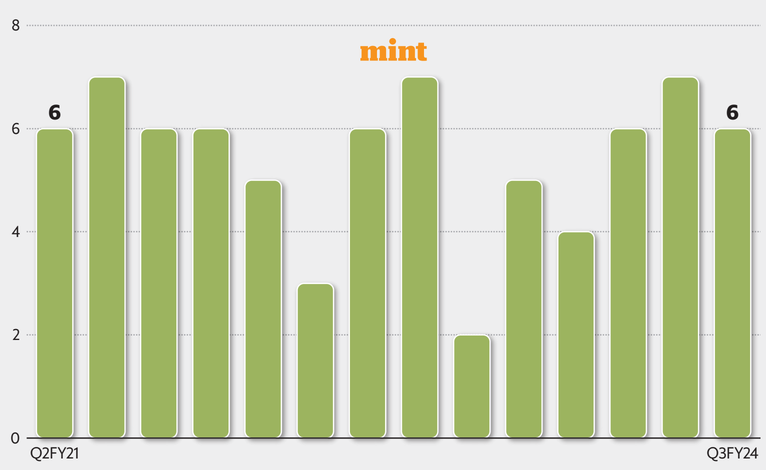
Further, while the headcount dropped, LTTS' margin improvement was unimpressive as utilization was low due to furloughs and elevated selling, general and administrative costs. In Q3, Ebit margin at 17.2%, rose 10 basis points sequentially. Ebit is earnings before interest and tax. LTTS has maintained its FY24 Ebit margin guidance of 17%. Levers such as revenue growth, cost optimization and productivity measures would aid margin outlook. It aims to get back to the 18% level by H1FY26. "In the medium term, higher offshoring (aims to improve to 60% from about 58.7% in end-Q3 FY24) would be a key element in margin improvement. We expect LTTS to deliver 17.2-18.7% Ebit margin over FY24-26F," said a Nomura Financial Advisory and Securities (India) report.

Meanwhile, reacting to its Q3 earnings, the stock rose more than 3% on Wednesday. It remains to be seen whether the management confidence translates into higher revenue growth and thus, meaningful earnings upgrades. But valuations are expensive, so investors should take the upbeat outlook with a pinch of salt.

The stock trades at nearly 39 times estimated earnings for FY25, showed *Bloomberg* data. This is at a premium to other IT companies.

Lacking impetus

LTTS's large deal wins have remained range-bound over the past 14 quarters



Note: TCV is total contract value; SWC deals included in the first three quarters of FY24
Source: Company, Kotak Institutional Equities
PRANAY BHARDWAJ/MINT

AIMING HIGH

LTTS guidance implies a steep ask rate of 4-7% sequential growth for Q4FY24

THE company is seeing a rise in cost takeout and strong deal wins are anticipated in Q4

LEVERS such as revenue growth and cost optimization would aid margin outlook

HDFC Bank stock loses grip as Q3 margin disappoints

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A continued dull show on the margin front in the December quarter (Q3FY24) caught HDFC Bank Ltd's investors off-guard. Remember Q2's muted margin was understandable as the quarter was the first one after the merger with HDFC Ltd and hence the bank had to keep surplus liquidity to manage the merger.

In Q3, HDFC Bank had margin levers such as a fall in liquidity coverage ratio (LCR) and no requirement to maintain incremental cash reserve ratio (ICRR). Still, the bank clocked a net interest margin (NIM) of 3.4%, flat sequentially.

Thus, investors punished the stock, taking it down by over 8% on Wednesday. This is on a day when the benchmark Nifty 50 index was down 2%. Collectively, higher funding costs and slower pace of growth in retail loans took a toll on the bank's margin.

The management expects NIM to recover going ahead but this is likely to be gradual at best. The upward trajectory is dependent on factors such as an uptick in retail loan growth and ramp up in the current account savings account (CASA) ratio.

Further, another concern is HDFC Bank's elevated loan to deposit ratio (LDR)—over 110% in Q3. In fact, the bank's deposits grew by a mere 1.9% sequentially in Q3 lagging the 4.9% increase in loans.

The management expects NIM to recover going ahead but this is likely to be gradual at best

The management expects the LDR to fall in the coming quarters. The company aims to tap the deposit opportunities by adding more branches. But this would be a challenge at this time. "The bank's intention of driving deposit growth through branch addition is tough to execute given slow pace of branch addition and new branch locations being focused mainly outside Tier 1 centres (and hence, with low deposit potential)," said analysts at Yes Securities (India) in a report dated 16 January.

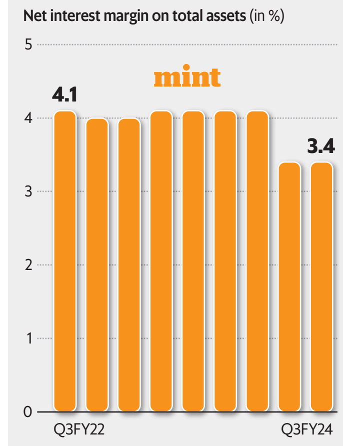
Notably, the HDFC Bank has added only 270 branches in the nine months ended December versus 840 branches over the same period last year.

After factoring in Wednesday's drop, shares of HDFC Bank are down by over 4% in the past one year.

Significant upsides in the stock hinge on margin improvement. "Given the regulator's focus on LDR and HDFC Bank already at 110%, with LCR of 110%, the bank has much to balance (growth versus NIM conundrum)," said analysts at Elara Securities (India) in a report on 17 January. While one may argue on bottoming of earnings, Elara's analysts believe that recovery may take longer and the stock may see time correction till investors find merit in execution.

A letdown

HDFC Bank's net interest margin was flat sequentially in Q3FY24 bogged down by higher funding costs



Note: The Q2FY24 and Q3FY24 figures are post the merger of HDFC with HDFC Bank
Source: Company, Elara Securities
PRANAY BHARDWAJ/MINT

Mark to Market writers do not have positions in the companies they have discussed here

Indians picked up Adani stocks during rout

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India's retail investors piled into Adani Group companies as their shares cratered in the wake of the Hindenburg Research's scathing report last January. A year later, they're still keeping the faith.

Individual holdings in nine of the group's 10 stocks at the end of December are higher than they were before the short-seller's attack on the conglomerate, exchange data compiled by *Bloomberg* show.

The group's market value has increased by more than $60 billion since late November, and is just $50 billion away from erasing the losses spurred by Hindenburg's report. The recovery likely rewarded retail investors who used the selloff as a buying opportunity.

"Many of the retail investors came in after the crash," said Chakri Lokapriya, managing director at Mumbai-based asset manager RedStrawBerry LLP and former fund manager at BNP Paribas Asset Management. "They have exhibited a sense of maturity to hold on given that infrastructure companies take longer to realize their earnings potential."

In 2023, the number of retail investors—those with at least ₹200,000 ($2,411) to invest—jumped 42% to 6.7 million in Adani companies, *Bloomberg* data show.

LTIMindtree Q3 operating margin dips

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India's sixth largest IT services company, LTIMindtree Ltd, saw its operating margin drop further below its full-year guidance of 17-18% as higher than expected furloughs and less working days in the December quarter dented its profitability.

In its December quarter earnings filed after market hours on Wednesday, LTIMindtree reported operating margin of 15.4%, down 60 basis points from September quarter. In a post-earnings call, CEO and MD, Debashis Chatterjee, said the drop was due to more holidays and less working days, as well as unfavourable, and cautious macro conditions.

Debashis Chatterjee, CEO and MD, LTIMindtree.

Yet, the company did not revise its margin guidance for FY24, and also reported record quarterly order booking of $1.5 billion—up 21% YoY.

The Mumbai-based IT company posted a 0.8% sequential growth in operating revenue to $1.08 billion for the December quarter, and net profit grew by a slim 10 basis points to $140.5 million. Both revenue and profit missed Street expectations—Bloomberg estimates based on analyst polls expected $1.09 billion in revenue, and $143.8 million net profit.

The IT company posted 0.8% sequential growth in operating revenue for the Dec quarter

Revenue from its biggest revenue-generating vertical—banking, financial services, and insurance (BFSI), as well as hi-tech, media and entertainment—dropped 1.6% and 3.1% sequentially, due to spending pressure for clients.

While the company did not report positive revenue growth from North America and Europe sequentially, its rest of the world region grew 14.6% sequentially, which Chatterjee said was due to business in the Middle East.

"LTIMindtree's performance was below expectations because I expected higher growth. It was a very flattish growth in dollar terms. Despite easing supply side constraints post covid and a fall in headcount this quarter, I was expecting expansion of operating margins but here it has declined. Even the rise in net income is because of higher other income," said Omkar Tanksale, equity research analyst at Axis Securities.

Crack in HDFC; blood on Street

FROM PAGE 1

tive officer of Aditya Birla Sun Life Asset Management Co., said, "The banking pack could experience consolidation in the near term as it is over-owned and some money could move from banking to information technology stocks. That said, for the long term, the banking sector remains integral to economic growth and will continue to perform."

The banking pack corrected on heavy delivery volumes, which showed the intensity of Wednesday's selling. On NSE, the HDFC Bank counter witnessed delivery of 53 million shares against the six-month average delivery of 9.35 million shares. ICICI Bank saw 41.9 million shares change hands against the six-month average of 7.01 million shares, Kotak Mahindra Bank of 5.02 million shares (2.14 million) and Axis Bank of 11.6 million shares (4.49 million).

HDFC Bank was the most actively traded stock on the derivatives counter, with outstanding trader positions rising a whopping 52.29% to 554,868 contracts.

Despite the fall in HDFC Bank, Saurabh Mukerjea, founder of Marcellus Investment Managers sounded optimistic: "The bank has posted solid results and is adding 1,400 branches a year, which is as many as Federal Bank counts as its own, and I would continue to be sanguine about its growth."

HDFC Bank contributed to over a fifth of Wednesday's total wealth erosion. MINT

Asian Paints Q3 net up 35% at ₹1,447 cr on fall in raw material prices

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India's largest paints company Asian Paints Ltd reported a consolidated net profit of ₹1,447.98 crore for the December quarter, up 35% from ₹1,072.67 crore a year ago on the back of softening raw material prices and growth in luxury products.

Revenue during the quarter rose by 5.4% to ₹9,074.9 crore primarily due to double-digit growth in the industrial business along with the extended festive season.

"Growth was supported by the extended festive season, though we saw some moderation in demand in the latter part of the quarter. Both our Auto OE and General Industrial coating businesses achieved sturdy revenue growth and good profit margins...Our margins gained significantly from growth in luxury products and softening raw material prices coupled with operational, formulation, and sourcing efficiencies in Q3," said Amit Syngle, managing director & CEO of Asian Paints Ltd, in an exchange filing. "Moving forward, we will maintain focus on driving strong sales growth and continue to invest in multiple initiatives and solutions for our customers, building on our leadership position."

Revenue during the quarter rose by 5.4% primarily due to double-digit growth in the industrial business, and the festive season. MINT

The paint manufacturer's material costs for Q3 rose marginally to ₹3,837.04 crore. The company's earnings before interest, taxes, depreciation, and amortization (Ebitda) stood at ₹2,056.1 crore, while operating margin was 22.7%.

During the quarter, the firm witnessed 12% volume growth in the decorative paint business. It also reported double-digit revenue growth in the industrial business, while the coatings business grew 6.1% in the third quarter of the current fiscal year.

Revenue for its international business remained flat at ₹779.1 crore due to certain macroeconomic challenges. "Our international business saw growth in the Middle East and Africa and registered increased profitability overall. It, however, continued to remain constrained by macroeconomic headwinds, inflationary pressures in key geographies of South Asia and Egypt," Syngle added.

The company's home décor business revenue saw improvement in Q3 as new categories made headway

The paint company's home décor business's revenue saw improvement during the third quarter of FY24 as new categories made headway. The revenue from its bath fittings verticals under home decor declined to ₹85.4 crore from ₹89.8 crore, on the back of weak industry demand. While the kitchen vertical remained flat at ₹100.1 crore after four quarters of de-growth, the company added in the filing. White Teak vertical saw an 18.3% rise in its revenue to ₹33.7 crore in the quarter along with more than double sales for Weatherseal to ₹13.7 crore. "We saw a better quarter in the Home Décor space, with new categories making headway, as we made good progress on integrating our offerings within our Beautiful Homes stores and network," he added.

Tata Motors warns against lower GST for hybrid vehicles

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Shailesh Chandra, MD, Tata Motors passenger vehicles and passenger EV divisions. AFP

Any attempt to lower tax rates levied on hybrid cars will confuse the industry and "spread thin" the government's efforts to achieve its net-zero objectives, a senior official of Tata Motors, the country's leading passenger electric vehicle maker, cautioned on Wednesday.

Shailesh Chandra, managing director, Tata Motors' passenger vehicles and passenger EV divisions, said hybrid vehicles use a small battery pack and a motor that relies heavily on a fossil-fuel engine, effectively making them gasoline-run vehicles. He argued that hybrids do not align with the key objectives of achieving net carbon-zero, improving air quality levels, and cutting fossil fuel imports.

These objections come amid the Department for Promotion of Industry and Internal Trade (DPIIT) and Ministry of Heavy Industries' move to seek the auto industry's consensus on rationalizing taxes on hybrid passenger vehicles.

Chandra dismissed the idea of offering incentives for hybrids, calling it a "misguided effort" by some Original Equipment Manufacturers (OEMs). He pointed out that fossil fuel-based technologies, such as Gasoline Direct Injection (GDI) and Compressed Natural Gas (CNG), contribute to improving fuel efficiency without the need for additional incentives, highlighting the existing benefits for hybrids in the form of a 2% lower cess on hybrid vehicles.

Chandra dismissed the idea of incentives for hybrids as a "misguided effort" by some OEMs

India currently levies a goods and service tax (GST) of 28% on hybrid vehicles, and 5% on EVs.

Efforts by the India units of Japanese carmakers Toyota Motor Corp. and Suzuki Motor Corp., which are global leaders in hybrid technologies and have been slow in developing and adapting fully-electric vehicle technologies, to persuade the government to rationalize the GST levied on hybrid vehicles have once again split the industry into two distinct, vociferous lobbies—one, constituting domestic manufacturers Tata Motors, Mahindra & Mahindra & South Korean carmakers Hyundai and Kia, and the other consisting of Japanese carmakers Toyota, Suzuki and Honda.

Indian firms struggle to find suitable directors for boards

More than 1,400 independent directors are set to retire by 1 April, as per primeinfobase.com

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Indian companies scrambling to find replacements for their boardrooms are struggling to find candidates with the right technology chops or expertise in handling the outcomes of geopolitical uncertainties.

According to a study by executive search firm Heidrick & Struggles, three out of five respondents who participated in its survey are reshuffling their boards, and more than half of these firms are unable to find suitable talent.

The survey analysed responses from about 150 managing directors, board chairs and chairs of subcommittees in India to understand their business priorities for 2024, and their perception around refreshing their boards.

More than 1,400 independent directors are set to retire by 1 April, according to data research firm primeinfobase.com. The Companies Act, 2013, stipulates that firms cannot have directors on their boards for longer than 10 years.

Companies are seeking independent directors with niche talent in digital and consumer behaviour, as well as an understanding of generative artificial intelligence, Heidrick & Struggles said in its study titled *2024 Heidrick & Struggles India CEO and Board Survey*.

10 yrs Maximum tenure of a board director as stipulated by law

"With key areas such as cybersecurity risk and incorporating AI being top issues organizations are expected to face in the new year, many recognize the need to identify board members who possess the skill-sets and capabilities relevant in navigating these new challenges," the search firm said, sharing findings of the study exclusively with *Mint*.


Companies are seeking independent directors with niche talent in digital and consumer behaviour, among others. ISTOCKPHOTO

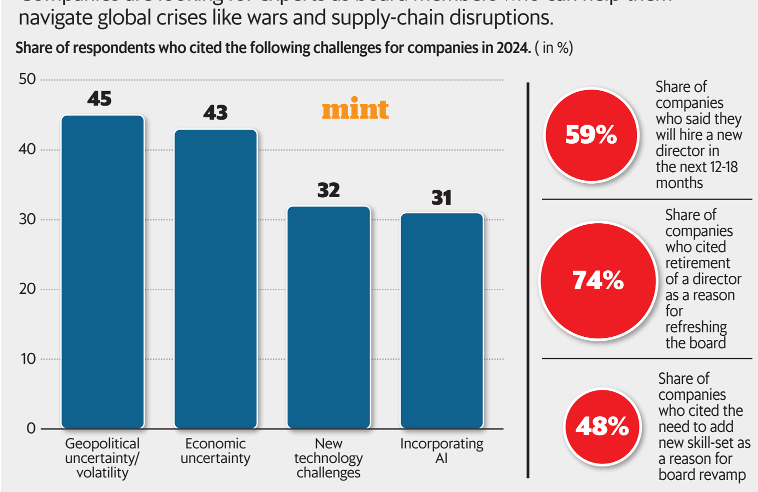
Heidrick & Struggles said three in five respondents were seeking new directors either to overhaul their board or as they needed to hire a new director in 12–18 months. "About three quarters of the respondents cite the retirement of a director as the reason they are undergoing a refresh, and one in two aim to infuse new skill-sets into their boards," stated the study.

The hunt is proving tougher than expected also because of global factors that are weighing more heavily on Indian companies.

"Indian businesses are not isolated anymore and global crises like wars are impacting supply chains. Companies need experts who can offer strategies and guidance against these events, which is a rare skill-set," Suresh Raina, partner at Heidrick & Struggles India, told *Mint*.

Talent hunt

Companies are looking for experts as board members who can help them navigate global crises like wars and supply-chain disruptions.



The survey covered 150 current managing directors, board chairs and chairs of subcommittees, and was conducted at the end of 2023.

Source: 2024 Heidrick & Struggles India CEO and Board Survey

PRANAY BHARDWAJ/MINT

Executive search firms have sought out expatriates living in India to join some of these boards, but such candidates typically have high demands. Potential "senior directors ask for $150,000–$200,000 (₹1.25–1.7 crore per annum) to be part of a board," said Raina.

Commissions of independent directors on the boards of Nifty50 companies have doubled over the previous five fiscal years, according to a study by consulting firm Deloitte.

An independent director's commission is largely dependent on a mix of fees for attending board meetings, called sitting fees, and commissions linked to a company's performance. While sitting fees are capped at ₹1 lakh, commissions are expected to increase.

₹1 lakh Ceiling on sitting fees for board directors

Currently, about 84% of a director's payments is in the form of commissions, with sitting fees accounting for the rest. At banks and insurance companies, the commissions account for about 89% of a director's payments.

Heidrick & Struggles said that 41% of the respondents in its survey preferred experienced executives when appointing new directors. "There are a number of new directors but firms are not keen to hire those who haven't sat on boards before," said K. Sudarshan, managing partner at executive search firm EMA Partners. "We are working on 7–8 open positions for tech, manufacturing and fintech firms."

Chipmaker Synaptics eyes gains in India biz

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US-based semiconductor design major Synaptics is looking at a rapid business upside from the Make in India initiative, specifically in areas of continuous glucose monitors, smart meters, and wearables where demand for locally-made devices is rising.

Synaptics president and chief executive Michael Hurlston told *Mint* in an interaction that a large opportunity has emerged from local manufacturers of these categories of devices that were looking for providers of semiconductors and software to increase the scale of local manufacturing.

"We see a big push in India now, particularly through the medical distributors, who are sourcing products from Europe or from US, they want to have a Made-in-India approach to continuous glucose monitoring and we are now engaging on that initiative," Hurlston said.

"India sources almost all meters that go on the sides of homes to measure electrical power consumption, water consumption, gasoline consumption, natural gas consumption from overseas. We are seeing a big push now for local industries to make smart meters. And we are engaging because the smart meter manufacturers don't have the semiconductor and software capability that we think we can bring to the table," he added.

Hurlston said Synaptics was reducing costs of its solutions to corner a larger share of the global and Indian market.

Foreign funds fret over tax residency dispute

Apex court judgement in Blackstone case likely to set a precedent

Krishna Yadav & Pavan Burugula
NEW DELHI

The Supreme Court on Friday stayed the Delhi HC's ruling in favour of Blackstone that said TRCs were sufficient for availing benefits from double tax avoidance agreements. PTI

The Indian tax department's aggressive stance on tax residency certificates (TRCs) has evoked fresh concerns among offshore investors. In a case pertaining to Blackstone Partners that came up for hearing in the Supreme Court last week, additional solicitor general (ASG) N. Venkataraman expressed concerns that the Delhi High Court (HC) verdict in the matter could potentially set a precedent and, hence, must be stayed.

The Delhi HC had ruled in favour of Blackstone, saying TRCs were sufficient for availing benefits from double tax avoidance agreements (DTAAs). The revenue department challenged the verdict in the apex court, which stayed the order on Friday. The case will soon come up for final judgement.

A TRC is a document issued by the tax department to non-resident investors that mentions the jurisdiction where the fund is based out of, and acts like a proof for availing DTAA benefits.

At the crux of the dispute is whether TRCs alone are sufficient for foreign funds to claim benefits under DTAAs. The funds say they are, but the revenue department says the funds also need to prove they have proper establishment in the foreign country, and not just produce a residence certificate.

"Typically, in disputes with tax authorities, the principal contention often hinges on the sufficiency of a TRC as the definitive document for claiming benefits under tax treaties, supported by established judicial precedents. Should the Supreme Court revise this stance, affirming that a TRC alone does not suffice to secure tax treaty benefits, this could embolden the tax office to scrutinize treaty benefit claims more rigorously," said Suresh Swamy, a partner at Price Waterhouse & Co. Llp.

Experts say the tussle between Blackstone and the revenue department will have an industry-wide impact.

"The decision of the apex court to grant a stay and look into the matter on the tax department's plea may unfold new dimensions to the issue and would be keenly watched by investors who may look forward to certainty on the position from the highest level," said Kumarmangalam Vijay, a partner at law firm JSA.

In the Blackstone case, the revenue department has claimed that the global fund underpaid tax to the tune of ₹108 crore. "We are not interested in ₹108 crore immediately being protected," the ASG emphasized in the Supreme Court. "The judgment has to be 'stay' here (sic.) because this will replicate."

Offshore funds often route their India investments through jurisdictions like Singapore, Mauritius and Luxembourg. Such structuring is done to ensure both tax efficiency and operational efficiency.

For instance, a US-based fund may set up an intermediary structure in Singapore to invest in India. In such a case, the TRC from the tax department in India would note that the fund is a resident of Singapore. Now, the fund may claim it is entitled to benefits under the India-Singapore DTAA, which provides for concessional tax rates.

However, the tax department says that the fund having a residency certificate of Singapore is not enough to claim treaty benefits. It also needs to show that it has a proper establishment in Singapore and the whole arrangement was not for tax avoidance.

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TUSSLE ON

EXPERTS say tussle between Blackstone and the revenue dept will have an industry-wide impact

IN the Blackstone case, the revenue dept has claimed that the global fund underpaid tax

DELHI HC had ruled in favour of Blackstone and final judgement is expected soon

Foxconn, HCL in semiconductor duet

Gulveen Aulakh & Shouvik Das
NEW DELHI

Foxconn will deploy its build-operate-localize model to support local communities, the Taiwanese firm said. REUTERS

Taiwan's Foxconn Technology Group and India's HCL Group will form a joint venture (JV) to set up a semiconductor outsourced assembly and testing (OSAT) unit, where Foxconn will hold 40% equity with an investment of $37.2 million, the companies individually confirmed on Wednesday.

"HCL Group plans to partner with Foxconn Group to establish OSAT operations in India. HCL Group has a strong engineering and manufacturing heritage and this is an opportunity that provides strategic adjacency to the Group portfolio," an HCL Group spokesperson said in response to queries.

A Foxconn spokesperson said: "Foxconn looks forward to jointly setting up OSAT operations in India with HCL. Through this investment, the partners aim to build an ecosystem and foster supply chain resilience for the domestic industry. Foxconn will deploy its BOL, or build-operate-localize, model to support local communities."

Foxconn Hon Hai Technology India Mega Development Pvt. Ltd, a subsidiary of Foxconn Technology Group, informed the Taiwan Stock Exchange on Wednesday that the JV was a non-binding memorandum of understanding and would be followed by negotiations.

A senior industry veteran with knowledge of the matter told *Mint* that the proposal currently remains under consideration with the India Semiconductor Mission.

Industry insiders added that since HCL has had semiconductor design and testing software expertise for a long time, besides existing partnerships with a number of top chipmakers, a partnership with Foxconn made sense for both parties. "What needs to be seen is how the specifics of the project play out," a second executive said.

The partnership announcement comes a day after minister of state for electronics and information technology Rajeev Chandrasekhar said the government has so far received nine proposals for setting up different kinds of semiconductor fabrication units as well as plants that will test the semiconductors made elsewhere in the world.

"After Micron's successful investment, there has been an extremely robust pipeline of proposals that have come. There's a lot more interest. There are two very serious fab proposals, four OSAT proposals and three compound fab proposals," he said on Tuesday while briefing on the National Startup Day. The minister did not name the companies that have submitted proposals.

US-based Micron Technology Inc. had announced an $825 million investment into its assembly, testing, monitoring and packaging plans in India, and started construction of its first unit in September last year, with plans to produce the first packaged chip by the end of this year.

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Third fog-proof runway in Delhi in a week

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The Indira Gandhi International Airport in Delhi will soon increase its capacity to operate flights in low visibility due to fog, as it moves to operationalize its third CAT-III compliant runway—28/10—this week after finishing re-carpeting work.

The work was delayed due to enforcement of the Graded Response Action Plan (GRAP) in Delhi to reduce air pollution, Union civil aviation minister Jyotiraditya Scindia said.

"The maintenance was taken as top priority to be completed by 15 December before the onset of the fog season. However, due to pollution incidents and enforcement of GRAP-IV in Delhi, the re-carpeting got delayed, resulting in a delay of one month in its commissioning," Scindia said, adding the runway will turn operational this week.

Category III, or CAT-III, refers to a type of instrument landing system (ILS) approach that allows for landing in very low visibility conditions, such as fog, rain or snow. A CAT-III system helps with a precision approach and landing when the runway falls to at least 15m and is at a visual range of 50-200m.

The work was delayed due to enforcement of the Graded Response Action Plan to reduce air pollution

At present, the Delhi airport has three runways—27/9, 29R-11L, and 29L-11R. Of these, 29R-11L and 29L-11R are CAT-III compliant. However, 29R-11L is CAT-III compliant just from one end. Airport officials expect CAT-III certification for both sides next month.

The other CAT-III compliant runway, 29L-11R, was also being used one way, as cranes for building the Dwarka Expressway were causing interference in its landing path.

"In view of (the expressway construction's) impact on the runway, it has been decided that the crane operation shall be allowed only on non-fog days. Thus, RWY 29L/11R is operational as CAT III as of yesterday," Scindia added.

Meanwhile, India's aviation regulators have imposed fines totalling ₹3 crore on IndiGo, Air India, SpiceJet and the Mumbai airport following passenger inconvenience and violation of security norms amid fog-related disruptions in air travel over the past few weeks.

Amicus hits first close of second fund at $146 mn

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India-focused growth capital fund Amicus Capital on Wednesday announced the first close of its second fund at $146 million (₹1,215 crore).

The fund plans to invest $10-30 million each in 10-12 middle market companies across five key sectors—financial services, consumer, healthcare, technology & business services, and specialty manufacturing, a company statement said.

European Investment Bank, US International Development Finance Corporation, Self-Reliant India (SRI) Fund, HDFC Fund of Funds, large domestic insurance companies & financial institutions, family offices and HNIs from across the world are some prominent investors that participated in the second fund.

"Their participation will catalyze Amicus Capital in supporting middle market companies in India," Amicus Capital's co-founder and partner Sunil Theckath Vasudevan said in the statement.

With this closing, the second fund will progress towards a final close later in the year, as per the statement. 'Digitalization' and 'market access', which refer to penetration across tier II cities and beyond, are key investment themes of the fund.

"The fund is highly committed to ESG with the aim of building resilient businesses that generate long-term sustainable returns for its stakeholders," said Mahesh Parasuraman, co-founder and partner at Amicus Capital.

So far, Amicus Capital has a portfolio of 12 companies including RenewBuy.com, Wonderchef, Altum Credo Home Finance, Capital SFB, and mCaffeine, among others.

Jet rescue plan unworkable, say lenders

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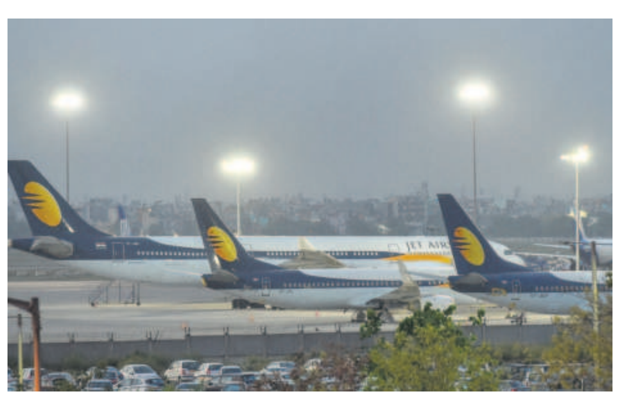

As the NCLT order has reached its finality, the resolution plan is deemed to be in violation of the IBC and is liable to be set aside. PTI

The Jalan-Kalrock Consortium (JKC) has not met various pre-conditions to take over Jet Airways, lenders to the bankrupt airline said, adding its rescue plan is unworkable and liable to be set aside.

The lenders voiced their disapproval during a Supreme Court hearing on several appeals challenging JKC's ownership of the airline before a bench led by Chief Justice D.Y. Chandrachud.

This was challenged by JKC's lawyers, who said the company wants to restart the airline but its plans have been delayed since lenders have challenged it despite JKC making the mandatory payments.

Lenders contended that the plan is non-workable, citing breaches of court orders and a failure to comply with conditions precedent, particularly in relation to payments to the workers.

Solicitor General Tushar Mehta, representing the lenders, argued that the resolution plan violates a previous National Company Law Tribunal (NCLT) order that had mandated JKC to make a full payment of ₹272 crore for provident fund and gratuity to the workers.

Mehta said not paying these dues puts the resolution plan in breach of the provisions of the Insolvency and Bankruptcy Code (IBC). As the NCLT order has reached its finality, the resolution plan is deemed to be in violation of the IBC and is liable to be set aside.

Mehta said that lenders, including State Bank of India and Punjab National Bank, are expected to recover a total of ₹7,800 crore. However, even after two and a half years, JKC is yet to fulfil its obligation to make the scheduled payments in instalments.

Mehta added that the total maintenance cost, including the upkeep of aircraft, is ₹386.72 crore, and monthly payments of ₹22.26 crore are being made to the airport for parking purposes by the lenders. Other dues, such as those owed to the Airports Authority of India, remain unpaid.

Mehta said a comprehensive examination of the facts and JKC's conduct over the past three years would reveal that the plan has become non-workable. He asserted that there was never any intention to comply with the plan, and the rosy picture painted by JKC led the Committee of Creditors to accept it.

The lenders also said that in December, they received an update from the Directorate General of Civil Aviation (DGCA) stating that the Air Operator Certificate (AOC) would not be reissued to JKC. Without the AOC, the airline cannot resume operations.

Senior lawyer Mukul Rohatgi, representing JKC, argued that if their plan is set aside, the only option for the airline would be liquidation. According to Rohatgi, the issue could have been resolved in September when JKC fulfilled its conditions precedent and handed over ₹350 crore, including cash and encashing of a bank guarantee. However, lenders challenged even this.

LIC books ₹3,816 crore profit in three Adani firms in Dec quarter

FROM PAGE 1

In Q3, LIC sold a little more than 37 million shares across the three Adani companies. PTI

Adani stocks, coupled with strategic portfolio adjustments, could have prompted LIC to reduce its exposure in the group," said Kranthi Bathini, director of equity strategy at WealthMills Securities, a stock market and investment management firm.

In terms of the number of shares offloaded, LIC sold the most shares—26 million—in APSEZ, at a volume weighted average price (VWAP) of ₹875.42, fetching ₹2,289.6 crore. Interestingly, foreign portfolio investors (FPIs) raised their stake in APSEZ from 13.97% to 14.86% in the same period.

The next highest was in AESL, where the insurer sold 7.66 million shares at a VWAP of ₹865.45, realizing ₹662.73 crore. FPIs also marginally reduced their stake in AESL from 18.63% to 18.52% in the same period.

The least number of shares—3.47 million—were offloaded in Adani Enterprises, at a VWAP of ₹2,488.18, fetching LIC ₹863.53 crore. Here, too, FPIs increased their stake from 18.19% to 18.32% in the same period.

In the March quarter of fiscal year 2023 (Q4FY23), LIC had hiked its stakes marginally in four group companies, including Adani Enterprises (4.23% to 4.26%), Adani Green Energy Ltd (1.28% to 1.36%), Adani Total Gas Ltd (5.96% to 6.02%) and Adani Transmission (3.65% to 3.68%).

Adani Transmission was renamed Adani Energy Solutions in July last year.

According to a market participant, who spoke on condition of anonymity, LIC's stake hikes following the Hindenburg crisis were viewed critically in certain market circles, but the recovery in Adani shares and the Supreme Court's recent ruling that the Securities and Exchange Board of India (Sebi) was the competent authority to investigate the allegations by New York-based short seller Hindenburg Research have proved them wrong.

Sebi has completed its investigation in 22 out of 24 matters pertaining to the allegations, and said it has not found any evidence of wrongdoing.

Shriram Group in talks to sell housing finance unit for ₹5,000 crore

FROM PAGE 1

The business of affordable housing has become somewhat challenging over the past year. HT

"The demand for affordable housing finance firms is intact in India, especially given the potential in tier-II cities and locations beyond them. Also, the company's (Shriram Housing) financials and growth rate are stronger than others in the comparable segment. The interest rate cycle is currently favourable and retail investors may benefit from that. The company has a wide presence. The buyer can leverage on these factors," said the second person.

The group will use the proceeds from a successful sale to expand new businesses in the financial services space and strengthen its balance sheet.

The Shriram Group, which is primarily in financial services, recently launched its own asset reconstruction company and a super app called Shriram One that provides a one-stop solution to customers for financial planning, investments, loans, insurance, UPI money transfers, mobile and DTH recharges, and other bill payments.

According to the two persons, apart from its core lending business done directly through its main non-banking financial company (NBFC) Shriram Finance, the group intends to focus on the new ventures and beef up the cash component in its books, which is one of the reasons why it is looking to sell off the housing finance arm that has hitherto focused on the tough business of affordable housing.

Shriram Housing's loan portfolio has grown at a steep 44% compound annual growth rate over the last four years, and about three-fourths of its business comes from India's western and southern states with an average loan size of ₹16.6 lakh.

However, the business of affordable housing has become somewhat challenging over the past year, which is another reason why the group is now planning to exit this business and redesign its growth strategy by increasing focus on Shriram Finance's core lending business and the two insurance ventures.

The group will use the proceeds from a successful sale to expand new businesses in the financial services space

"A major challenge for the housing finance company has been its concentration in the southern and western states and more than two-thirds of the housing loan business coming from unbanked, self-employed homebuyers," said the second person.

Ravi Subramanian, managing director (MD) and chief executive officer (CEO), Shriram Housing Finance, on 2 January, stated in a *Mint* report, "Within the affordable housing segment, we are witnessing different trends in urban vs semi-urban segments. On the urban side, high land costs and rising material costs make the affordable housing segment unattractive for realtors. Consequently, the share of affordable homes in the overall residential realty market is shrinking rapidly."

He said rate hikes totalling 2.50 percentage points by the Reserve Bank of India in a short period of less than a year have had some impact on the consumer's psyche and the market did see some degree of postponement in purchases when the cycle was underway.

According to property consultant Anarock, real estate developers are now launching fewer affordable housing units and more mid and luxury-segment projects. The share of affordable homes in the total new supply during Q2FY24 fell to 18% in seven major cities, from 42% in 2018. In the total launches, too, the share of affordable homes has been falling steadily since 2018. The urban labour market has not witnessed a surge post-pandemic and that dealt another major blow to the affordable housing segment.

FMCG cos stock up on supplies in Ayodhya

Firms ramp up marketing campaigns, get ready with new products

Suneera Tandon
suneera.t@htlive.com
NEW DELHI

Makers of packaged foods and beverages are ramping up supplies of their products in Ayodhya, as well as activating on-ground marketing campaigns, to capitalize on the surge in footfalls the pilgrim town of north India is expected to see ahead of the temple inauguration on 22 January.

Bottled water brand Bisleri is augmenting supplies across all road routes leading to the city as well as key consumption centres in Ayodhya. The company is also setting up a plant in the city that is set to become operational over the next few months. "We are ensuring responsible consumption and disposal of used plastic in collaboration with municipal authorities. We have a new plant coming up in Ayodhya which will be operational in a few months," said Angelo George, CEO, Bisleri International.

The seven-day religious rituals for the Ayodhya Ram Temple 'Pran Pratistha' ceremony that commenced on 16 January and will continue till 22 January is expected to draw huge crowds. Prime minister Narendra Modi is expected to inaugurate the temple next week—that is likely to draw lakhs of daily visitors by the end of the year. Companies said they are expecting greater religious tourism in the city—that has seen an infrastructure upgrade in recent years with a swanky new airport and wider roads.

Makers of packaged goods use such occasions to sample new products as well as generate trials for existing brands. These events also translate into high footfalls, giving brands an opportunity to drive on-ground brand activations.

Packaged foods maker Parle Products said the days leading up to the 22 January inauguration will be "massive".

"We have significantly increased distribution across biscuits, confectionery and snacks across touch-points. Not just in Ayodhya, but even in nearby towns and cities. The company is also sampling brands across its portfolio," said Krishnarao Buddha, senior category head, Parle Products.

Buddha equated the intensity of the event to the Kumbh Mela, among the largest religious congregations seen in India, though the latter stretches over a longer duration and sees a more consistent flow of pilgrims. Parle has also been sponsoring the "Ayodhya ki Ram Leela" a two-hour play that stretches over 10 days over the last two years.

Homegrown fast moving consumer goods company Dabur India is ramping up distribution of its products in the city expecting a surge in demand for daily essentials. The company is also investing in marketing activities on-ground such as setting up of experience zones in the city for its brands like Real juices, Dabur Amla hair oil and Dabur Vedic Tea, said Mohit Malhotra, CEO, Dabur India Ltd. Dabur has tied up with dhabas and eateries on the Lucknow, Gorakhpur and Varanasi highways leading up to Ayodhya. Dabur is branding these dhabas with key brands like Hajmola and Real, besides undertaking extensive sampling of its product range here, said a company spokesperson.

Beverage maker Coca-Cola and its bottling partners in the state, is increasing the availability of vending machines in the area and working with retailers to stock up its low unit packs.

Ayodhya is expected to see huge footfalls ahead of the Ram temple inauguration. AFP

WELL PREPARED

COMPANIES said they are expecting greater religious tourism in the city

MAKERS of packaged goods use such occasions to sample new products

SUCH events give brands an opportunity to drive on-ground brand activation

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पत्रांक : वाई.ई.ए. / GM(P) / 2024 / 869 दिनांक : 15/01/2024

ई–निविदा आमंत्रण सूचना

निम्नलिखित कार्य हेतु केन्द्र सरकार / राज्य सरकार / केन्द्र शासित / अर्द्धशासिक / सार्वजनिक उपक्रमों के कार्यों का कम से कम चार वर्ष का अनुभव रखने वाले ठेकेदारों / फर्मों से ई–निविदायें आमन्त्रित की जाती है। ई–प्रीक्योरमेंटसोल्यूशन द्वारा निविदायें द्विस्तरीय पद्धति से खोली जायेंगी।

कार्यालय आदेश संख्या : वाई.ई.ए. / **GM(P) / 2024 / 868 दिनांक 15.01.2024** के अनुपालन में यमुना एक्सप्रेसवे औद्योगिक विकास प्राधिकरण की कार्यों में संविदाकार द्वारा बिल ऑफ क्वान्टिटी (बी0ओ0क्यू0) पर डाले गये 10 प्रतिशत कम दरों तक 0.5 प्रतिशत प्रति एक प्रतिशत कम दर पर तथा उसके पश्चात 10 प्रतिशत से अधिक कम दरों पर 1.00 प्रतिशत प्रति एक प्रतिशत कम दर पर सिक्योरिटी / परफॉर्मेन्स गारन्टी प्राप्त की जायेगी तथा परफॉर्मेन्स गारन्टी एफ0डी0आर0 / सी0डी0आर0 / बैंक गारन्टी / एन0एस0सी0 के रूप में न्यूनतम संविदाकार द्वारा अनुबन्ध गठन से पूर्व देनी होगी, जो कार्य के अन्तिम बीजक होने के बाद वापिस होगी।

क्रम सं.	कार्य का नाम / वर्क सर्किल	अनुमानित लागत
1.	Supplying and Stacking of Bhusa for Jewar Bangar Gaushala yeida Wc-06	रु. 88.18 लाख
2.	P/o Trees shrubs on central verge and green belt towards sec 32 side and remaining length of 100 mtr road between sec 29 & 33 with two year maintenance for yeida Wc-Horti	रु. 19.27 लाख

जिन्हें दिनांक 18.01.2024 से 29.01.2024 को 5.00 बजे तक अपलोड किया जा सकता है। प्राप्त ई–निविदाओं की प्री–क्वालीफिकेशन दिनांक 30.01.2024 को प्रातः 11.00 बजे खोली जायेगी।

क्रम सं.	कार्य का नाम / वर्क सर्किल	अनुमानित लागत
3.	Supplying and Stacking of Khal Choker Chilka and Bhusa for Gaushala in Village-Faleda Bangar yea Wc-06	रु. 202.31 लाख
4.	C/o Service road on 45.0m wide road in Sector-18 (Node (455-458 1098-1105, 1106-1110, 1111-1114A and 1115-1122) Part in yea Wc-01	रु. 783.81 लाख

जिन्हें दिनांक 18.01.2024 से 05.02.2024 को 5.00 बजे तक अपलोड किया जा सकता है। प्राप्त ई–निविदाओं की प्री–क्वालीफिकेशन दिनांक 06.02.2024 को प्रातः 11.00 बजे खोली जायेगी।

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E-Tender Notice

Tender ID	Work Description	Last Date
34886	Civil Renovation work of Late Shri Mansinghbhai Patel and Motibhai Chaudhary Statue At DSD, Mehsana.	08/02//2024
34904	Supply, Installation, Commissioning and Testing of Hydraulic goods Lift for yogurt & paneer section at Dudhmotisagar Dairy, Dharuhera and UHT Plant at Dudhmansagar Dairy, Manesar.	08/02//2024
35733	Supply of formal shoes for employees at Dudhsagar Dairy - Mehsana and Dudhmotisagar Dairy- Dharuhera.	08/02//2024
35947	Design, Supply, Installation, Testing and Commissioning of Standalone HVAC And FAV System (Clean Room) as Turn Key Project at Yogurt Packing Section of Dudhmotisagar Dairy, Dharuhera- Unit Of Dudhsagar Dairy, Mehsana.	08/02//2024
35988	Supply of moduler belt conveyor for new UHT milk packing machine at Dudhmansagar Dairy, Manesar.	08/02//2024
34211	ARC of various Consumables and Spares of Cattle feed Pellet Mill and Hammer Mill at Ubkhal CFP and Jagudan CFP.	07/02//2024
36061	Re-tender ARC for Refrigeration, Cooling Tower and Condensor Chemicals at Dudhmotisagar Dairy, Dharuhera.	01/02//2024

E-Tender Website: tender.nprocure.com

For details refer tender document available on e-tender website. We regularly publish e-tender on above website.

Date: 18/01/2024 I/C Managing Director

CHHATRAPATI SAMBHAJINAGAR MUNICIPALCORPORATION

CORRIGENDUM

Please refer to the Chhatrapati Sambhajinagar Municipal Corporation Tender NIT No: - OC/CSMC/SWM/39/2024 on 17-01-2024. In the Notice, against the 'Date of opening of Technical bids', error in the mentioned date and time. The correct date for the event is 12/02/2024 at 15:30 hours. The above correction may please be noted. Other terms and conditions will remain the same.

Sd/-
Deputy Commissioner - 5
For Chhatrapati Sambhajinagar Municipal Corporation

NEXT MEDIAWORKS LIMITED

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Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2023

(INR in Lacs except Earnings per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	March 31, 2023 (Audited)
Revenue from operations	1,055	809	1,035	2,761	2,622	3,625
Loss before exceptional items and tax	(588)	(720)	(505)	(1,988)	(1,833)	(2,433)
Loss before tax after exceptional items	(588)	(1,156)	(505)	(2,424)	(1,833)	(2,433)
Loss after tax after Non- Controlling Interest for the period (after exceptional items)	(358)	(647)	(303)	(1,408)	(1,049)	(1,415)
Total Comprehensive loss after Non- Controlling Interest	(356)	(641)	(303)	(1,402)	(1,050)	(1,424)
Paid-up Equity Share Capital (Face Value - INR 10/- per share)	6,689	6,689	6,689	6,689	6,689	6,689
Other Equity excluding Revaluation Reserves as per the audited balance sheet						(13,264)
Loss Per Share (of INR 10/- each)	Not Annualised	Not Annualised	Not Annualised	Not Annualised	Not Annualised	
Basic and Diluted	(0.54)	(0.97)	(0.45)	(2.10)	(1.57)	(2.12)

Note: Above is an extract of the detailed format of quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financials Results are available on the Stock Exchanges' websites and Company's website:
www.nseindia.com
www.bseindia.com
www.nextmediaworks.com

Notes:

1. The above un-audited consolidated financial results for the quarter and nine months ended December 31, 2023 were reviewed and recommended by the Audit Committee and were approved by the Board of Directors at their respective meetings held on January 16, 2024. The Statutory Auditors of the Company have conducted "Limited Review" of these results in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, "SEBI (LODR)" as amended and have issued an unmodified review opinion.
2. The consolidated financial results have been prepared in accordance with the Indian Accounting Standards ('Ind-AS') prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.
3. Additional Information on Standalone financial results is as follows :-

(INR in Lacs except Earnings per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	March 31, 2023 (Audited)
Revenue from operations	-	-	-	-	-	-
Loss before tax	(114)	(885)	(90)	(1,110)	(223)	(1,724)
Loss after tax	(114)	(885)	(90)	(1,110)	(223)	(1,731)
Total Comprehensive Loss	(114)	(885)	(90)	(1,110)	(223)	(1,731)

For and on behalf of the Board of Directors

Praveen Someshwar
Chairman
DIN: 01802656

Place: New Delhi
Date: January 16, 2024

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E-TENDER FOR DEPLOYMENT OF FIREMAN AT VARIOUS PREMISES OF RESERVE BANK OF INDIA, MUMBAI

Tender No. - RBI/Mumbai Regional Office/Others/4/23-24/ET/353

1. Reserve Bank of India, Mumbai Regional Office invites E-tenders under Two – Bid system (Technical Bid & Financial Bid) for "DEPLOYMENT OF FIREMAN AT VARIOUS PREMISES OF RESERVE BANK OF INDIA, MUMBAI" for estimated cost of **₹2,92,00,000/-** (excluding GST). The period of contract will be up to March 31, 2025 from the date of award of work. For full details of eligibility as well as for downloading the tender-form, please visit our website https://www.rbi.org.in.
2. Online tenders will be available for viewing/download from **11.00 AM on 18-01-2024** from the website www.mstcecommerce.com.
3. The last date for submission of E-tender on MSTC portal (www.mstcecommerce.com) is till **12.00 Noon on 26-02-2024.**
4. The Bank reserves the right to reject any tender without assigning any reason thereof.

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MINT SHORTS

Apple to allow outside payments for apps after US decision

Apple Inc. is opening its US App Store to allow outside payment options after the Supreme Court refused to consider the company's appeal in an antitrust suit challenging its practices. The company plans to let all third-party apps sold in the US include an outside link to a developer website to process payments for in-app purchases. Apple shares slid as much as 2.7% after the court's announcement before paring their decline. BLOOMBERG

Quantum computing to spark 'Cybersecurity Armageddon,'

ISTOCKPHOTO

Governments and businesses are not prepared for the havoc quantum computers will sow in cybersecurity by the end of the decade, according to an International Business Machines Corp. (IBM) executive. "Is quantum going to really create a cybersecurity Armageddon?" Ana Paula Assis, IBM's general manager of Europe, Middle East and Africa, said on a panel at the World Economic Forum in Davos on Wednesday. "It's going to." Businesses are not equipped to utilize quantum machines or deal with the disruption they will cause, SandboxAQ CEO Jack Hidary said on the panel. BLOOMBERG

SpaceX to launch 1st all-European commercial crew to Space Lab

Elon Musk's SpaceX is set to launch the first all-European commercial crew to the International Space Station, a landmark mission for a region yearning for a better year of space exploration following a series of setbacks. SpaceX's Falcon 9 rocket is due to lift off at 5:11 pm local time on Wednesday from NASA's Kennedy Space Center in Florida. The Ax-3 mission is operated by Axiom Space Inc., a Houston-based company focused on developing private space stations and human spaceflight. BLOOMBERG

Opec sees robust oil demand next year in first look at 2025

BLOOMBERG

OPEC forecast that global oil demand will continue to increase strongly next year and exceed growth in supplies, according to the group's first detailed assessment of 2025. World consumption will swell by a "robust" 1.8 million barrels a day next year, driven by China and a recovering global economy, the Organization of Petroleum Exporting Countries (Opec) said in its monthly market report. BLOOMBERG

OpenAI is working with US military on cybersecurity tools

OpenAI is working with the Pentagon on a number of projects including cybersecurity capabilities, a departure from the startup's earlier ban on providing its artificial intelligence to militaries. Microsoft Corp., OpenAI's largest investor, provides several software contracts to the US armed forces and other government branches. BLOOMBERG

Google to tweak search results to comply with EU tech rules

Alphabet's Google will tweak online search results to give comparison sites more prominence, the company said in a blogpost on Wednesday, as it outlined efforts to comply with new EU tech rules that could hit revenues for some companies. It is also required to allow business users to access the data that they generate when using Google's platform. REUTERS

Red Sea crisis: Biz heads fear lasting bottlenecks

Attacks by the Houthi militia on ships since Nov have slowed trade between Asia and Europe

Reuters
feedback@livemint.com
DAVOS, SWITZERLAND

The Houthis say they are acting in solidarity with Palestinians and have threatened to expand attacks to include US ships in response to American and British strikes on their sites in Yemen. REUTERS

Business chiefs warned on Wednesday that disruption to shipping in the Red Sea caused by attacks by Yemen's Houthi militants could affect supply chains for months and lead to a shortage of tankers needed to transport fuel.

Attacks by the Iran-allied Houthi militia on ships in the region since November have slowed trade between Asia and Europe and alarmed major powers—an escalation of Israel's more than three-month-old war with Palestinian Hamas militants in Gaza.

The Houthis say they are acting in solidarity with Palestinians and have threatened to expand attacks to include US ships in response to American and British strikes on their sites in Yemen.

Iranian foreign minister Hossein Amirabdollahian, whose country backs Hamas in its war with Israel, said an end to the war in Gaza was needed to remove the threat to shipping.

"The security of the Red Sea is tied to the developments in Gaza, and everyone will suffer if Israel's crimes in Gaza do not stop ... All the (resistance) fronts will remain active," Amirabdollahian said at the World Economic Forum in Davos.

India has held diplomatic talks with Iran and is taking other measures to help shield its exporters from the impact of the attacks, a government source said on Wednesday.

Maersk and other large shipping lines have instructed hundreds of commercial vessels to stay clear of the Red Sea, sending them on a longer route around Africa or pausing until the safety of vessels can be assured.

"It's one of the most important arteries of global trade and global supply chains and it's clogged up right now," Maersk chief executive Vincent Clerc told Reuters Global Markets Forum in Davos, adding that disruption would probably last at least a few months.

Banking executives are worried the crisis might create inflationary pressures that could ultimately delay or reverse interest rate cuts. Freight rates have more than doubled since early December, according to maritime consultancy Drewry's world container index, while insurance sources say war risk premiums for shipments through the Red Sea are also rising.

The attacks target a route that accounts for about 15% of the world's shipping traffic and acts as a vital conduit between Europe and Asia. Japanese trading house Sumitomo Corp. was the latest company caught up, saying it had some cargoes in the Red Sea that were affected by the situation.

The alternative shipping route around South Africa's Cape of Good Hope can add 10-14 days to a journey

US Strikes

The attacks are causing major disruption to Italian ports and fuelling fears that a prolonged crisis may force companies to move traffic away from the Mediterranean more permanently.

Italy wants fellow European Union members to agree next week to create an EU maritime security mission so that it can become operational as soon as possible, Italian Foreign Minister Antonio Tajani said on Wednesday.

The alternative shipping route around South Africa's Cape of Good Hope can add 10-14 days to a journey when compared to a passage via the Red Sea to the Suez Canal.

Prolonged attacks by the Houthis on ships would lead to a shortage of tankers, the CEO of Saudi oil giant Aramco said.

"If it's in the short term, tankers might be available ... But if it's longer term, it might be a problem," CEO Amin Nasser said in an interview in Davos.

The US military carried out new strikes in Yemen on Tuesday against anti-ship ballistic missiles in a Houthi-controlled part of the country as a missile hit a Greek-owned vessel in the Red Sea.

In a bid to cut off their funding and supply of weapons, US President Joe Biden's administration plans to put Houthi rebels back on a US list of terrorist organizations, two US officials told *Reuters*.

In a sign of the tensions, a Malta-flagged container ship was approached on Wednesday by three skiffs and a drone 10 miles southwest of Yemen's Dhubab. No damage or casualties were reported, British maritime security firm Ambrey said in an advisory note.

Boeing sees progress on 737 with first checks

Bloomberg
feedback@livemint.com

Operators of Boeing Co.'s 737 Max 9 have completed inspections on an initial batch of 40 planes, a key step to eventually end the grounding of the aircraft ordered by US regulators in the wake of an accident earlier this month.

The US Federal Aviation Administration (FAA) will now review findings from those 40 checks to determine whether the Boeing-drafted procedures are appropriate to return the fleet of 171 parked Max 9s to service, the agency said in a statement Wednesday.

The agency ordered the grounding after a Max 9 operated by Alaska Airlines suddenly lost a fuselage section shortly after takeoff on 5 January, sparking a crisis in confidence in Boeing's manufacturing processes and a flurry of investigations.

"Once the FAA approves an inspection and maintenance process, it will be required on every grounded 737-9 MAX prior to future operation," the agency said. "The safety of the flying public, not speed, will determine the timeline for returning these aircraft to service."

Wrapping up the initial round of checks is a sign of much-needed progress for Boeing as it works to rebuild trust with regulators, customers and the flying public. Boeing rose 1% as of 9:53 am. in New York following the FAA's announcement, after rising much as 2.2% in earlier trading. The shares had sunk 23% this year through Tuesday's close, by far the worst performer this year on the Dow Jones Industrial Average.

Iran strikes militants in Pakistan as regional tensions escalate

Bloomberg
feedback@livemint.com

Iran conducted a missile strike on a militant group in Pakistan, sparking a diplomatic crisis between the neighbouring countries at a time of rising regional tensions.

Pakistan said it's recalling an ambassador to Iran and barring Tehran's envoy from re-entering the country over the "unprovoked and blatant breach" of its sovereignty.

The attack marks a sharp escalation of Iran's campaign against *Jaish al-Adl*, a separatist group based in Pakistan. Iran's *Tasnim* news agency said two bases belonging to the militants in Balochestan province were destroyed late on Tuesday with missiles and drones.

Jaish al-Adl is a Sunni group that operates along predominantly Shiite Iran's porous border with nuclear-armed Pakistan. It's launched multiple attacks on Iranian security forces, most recently a December assault on a police station that killed 11 people. Iran and the US both consider it a terrorist group. The strike came as tension rippled through the Middle East over the war between Israel and Iran-backed Hamas, which has been raging in Gaza for more than 100 days. The Houthi group in Yemen, also backed by Iran, has been escalating assaults on shipping in the Red Sea, drawing counter attacks from the US and its allies.

The attack marks Iran's stance against *Jaish al-Adl*. AFP

Pakistan, which said the strike killed two children and injured three others, became the second of Iran's neighbours to complain of an attack by the Islamic Republic on its soil within 24 hours. Earlier Tuesday, Iraq criticized a deadly Iranian missile hit on an alleged Israeli spy base in Iraqi Kurdistan.

The attack on Pakistan came hours after Iranian foreign minister Hossein Amirabdollahian met Pakistan's Prime Minister Anwaar-ul-Haq Kakar in Davos on Tuesday.

China posts 5.2% GDP growth amid slowdown concerns

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BEIJING

China's gross domestic product (GDP) grew by 5.2% last year, higher than the government's target of 5% amid mounting market concerns, waning investor confidence and a protracted property market slump in the world's second largest economy, according to official data released on Wednesday.

The country's GDP touched a record 126.06 trillion yuan (about $17.71 trillion) in 2023, according data from China's National Bureau of Statistics (NBS).

Despite external pressure and internal difficulties, China has successfully achieved the major targets set for 2023 and recorded a rebound and improvements in the economy, Kang Yi, head of the NBS, told the media here.

China's GDP touched a record at about $17.71 tn in 2023. AFP

Kang said at the same time, the Chinese economy faced an external environment that was increasingly complex, severe, and uncertain, and that economic growth was still facing difficulties and challenges.

Despite exceeding the 5% target, analysts say that major challenges remain for the Chinese economy, which is still struggling to recover from the covid-19 lockdowns.

"On top of economic growth, other requisites for a confidence boost include a stable property market, receding deflationary pressure, as well as less policy unpredictability," Yu Xiangrong, chief economist for Greater China at Citigroup said.

Property investment, which has been a major drag on the post-covid recovery, fell by 9.6% in 2023 having dropped by 9.4% in the first 11 months of last year according to the data.

Significantly the NBS, which stopped providing the unemployment data for about half a year amid concerns of shrinking job market, reported on Wednesday that the unemployment rate has dropped to 5.2%. Unofficial data projected the unemployment was above 21%.

Chinese lab mapped Corona two weeks before Beijing told the world

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Chinese researchers isolated and mapped the virus that causes Covid-19 in late December 2019, at least two weeks before Beijing revealed details of the deadly virus to the world, congressional investigators said, raising questions anew about what China knew in the pandemic's crucial early days.

Documents obtained from the U.S. Department of Health and Human Services by a House committee and reviewed by The Wall Street Journal show that a Chinese researcher in Beijing uploaded a nearly complete sequence of the virus's structure to a U.S. government-run database on December 28, 2019. Chinese officials at that time were still publicly describing the disease outbreak in Wuhan, China, as a viral pneumonia "of unknown cause" and had yet to close the Huanan Seafood Wholesale Market, site of one of the initial Covid-19 outbreaks.

China only shared the virus's sequence with the World Health Organization on Jan. 11, 2020, according to U.S. government timelines of the pandemic.

The new information doesn't shed light on the debate over whether Covid emerged from an infected animal or a lab leak, but it suggests that the world still doesn't have a full accounting of the pandemic's origin.

THE WALL STREET JOURNAL.

The extra two weeks could have proved crucial in helping the international medical community pinpoint how Covid-19 spread, develop medical defenses and get started on an eventual vaccine, specialists have said. In late 2019, scientists and governments worldwide were racing to understand the mystery disease eventually named Covid-19 that would kill millions and sicken many more.

It "underscores how cautious we have to be about the accuracy of the information that the Chinese government has released," said Jesse Bloom, a virologist at the Fred Hutchinson Cancer Center in Seattle who has reviewed the documents and the recently discovered gene sequence. "It's important to keep in mind how little we know."

The Chinese researcher who submitted the virus sequence, Dr. Lili Ren of the Beijing-based Institute of Pathogen Biology, didn't respond to an email seeking comment. The institute is part of the state-affiliated Chinese Academy of Medical Sciences.

"China has kept refining our COVID response based on science to make it more targeted," a Chinese Embassy spokesperson said. "China's COVID response policies are science-based, effective, and consistent with China's national realities. They can stand the test of history."

A Chinese researcher uploaded a nearly complete sequence of the virus's structure to a US database on December 28, 2019. REUTERS

The documents describing a new timeline were obtained by Republicans on the House Energy and Commerce Committee after the committee threatened to subpoena the Department of Health and Human Services.

Melanie Egorin, HHS Assistant Secretary for Legislation, wrote last month to the committee's chair, Rep. Cathy McMorris Rodgers (R., Wash.), that Ren submitted the virus sequence on Dec. 28, 2019, to a genetic database, GenBank, run by the U.S. National Institutes of Health.

The first known publication of the sequence of the Covid virus, called SARS-CoV-2, came on Jan. 11, 2020, after Chinese authorities shared the information with the World Health Organization. In addition, the Centers for Disease Control and Prevention in Atlanta says the virus sequence was shared with China's equivalent of the CDC on January 5 but not made known globally to scientists.

The sequence that Ren provided in Dec 2019 was never published and was deleted on 16 Jan 2020

The sequence that Ren provided in December 2019 was never published and was deleted from the database on Jan. 16, 2020, after NIH asked her for more technical details and she didn't respond, Egorin wrote. Then, on Jan. 12, NIH received and published a SARS-CoV-2 sequence from another source. "The sequence published on January 12, 2020, was nearly identical to the sequence that was submitted by Lili Ren," Egorin told the committee.

The discovery that a researcher in the state-affiliated Chinese lab had isolated and mapped the virus well before Beijing revealed publicly that it had done so shows the U.S. "cannot trust any of the so-called 'facts' or data provided by the CCP and calls into serious question the legitimacy of any scientific theories based on such information," McMorris Rodgers said in a statement. The committee has spent months probing Covid's origins, U.S. government funding of overseas research and other issues.

Ren is listed in contract documents as being a collaborator on a U.S.-funded project to study how coronaviruses can be transferred from animals to humans. The work, which included collecting bat samples in China, was overseen by the nonprofit EcoHealth Alliance.

The Journal has previously reported that Chinese specialists met with the World Health Organization in Beijing on Jan. 3, 2020, but didn't disclose that the new disease was caused by a coronavirus, a fact Chinese officials already knew.

"This [database] submission shows that in fact, at least by Dec. 28, 2019, scientists within China did know this pneumonia was being caused" by a new coronavirus, said Bloom, the virologist at the Fred Hutchinson Cancer Center in Seattle.

Michael R. Gordon contributed to this article.

NEWS IN NUMBERS

₹4,000 cr
THE SIZE of infrastructure projects inaugurated by Prime Minister Narendra Modi at Kochi, including a new Dry Dock and an international ship repair facility.

235 mn
THE NUMBER of iPhones shipped by Apple in '23, the most by any smartphone maker as it overtook Samsung, which shipped 226.6 mn units during the year.

₹5.8 tn
LIFE INSURANCE Corporation of India's mkt capitalization on Wednesday, surpassing that of SBI to become the most valuable PSU in the stock market.

5.2%
CHINA'S GDP growth rate in 2023, higher than the 5% target set by the government, without relying on 'massive stimulus', according to Chinese Premier Li Qiang.

53%
THE INCREASE in price of extra neutral alcohol, used to make alcoholic beverages, between '18 & '23, even as industry margins shrink.

HOWINDIALIVES.COM

Curb 'unhealthy' loan growth: Khara

India's recent clampdown on unsecured loans is the right move to curtail "unhealthy growth" in borrowing by individuals, according to the chairman of the nation's biggest bank. Strong expansion of retail loans, at an annual rate of about 30%, was a "sign of heating up," State Bank of India's Dinesh Khara said in a *Bloomberg Television* interview at Davos on Tuesday.

Earnings at Indian banks have been bolstered in recent quarters by an increase in demand for credit and lower bad loans, increasing the regulator's concerns over a potential buildup of risks in the economy.

With unsecured lending rising almost twice as fast as overall credit, the RBI asked banks to increase buffers for some consumer loans in November.

"I am sure it will go a long way in terms of bringing orderliness and ensure the growth will remain healthy," Khara said. BLOOMBERG

The collaboration aims at making international payments convenient for travellers from India. MINT

Google Pay, NPCI to globalize UPI

Alphabet Inc.'s Google Pay will work with India's mobile-based payments system that generates billions of transaction every month to expand the services beyond the South Asian nation. Google India Digital Services Pvt Ltd and National Payments Corporation of India (NPCI), the company behind India's Unified Payments Interface (UPI), signed an accord to broaden the services beyond India, according to a statement on Wednesday. The collaboration aims at making international payments convenient for travellers from India. It will also assist in establishing UPI-like digital payment systems in other countries.

"This is in alignment with NPCI's endeavour of bolstering India's position in the global digital payment landscape," the company said, adding that the accord will also contribute to simplifying remittances by cutting dependence on conventional money transfer channels. P.M. Modi's government has been vocal on its ambitions to take UPI global. India and Singapore linked their systems last year to enable real-time money transfers. BLOOMBERG

SHOWTIME IN AYODHYA

Devotees witness a laser show during a fair ahead of the Shri Ram Janmabhoomi Temple consecration ceremony in Ayodhya. PTI

Drug regulator gives approval for FDCs licenced before 1988

Govt banned 344 combinations on 10 March '16, citing public interest and human risk

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The Central Drugs Standard Control Organization (CDSCO) has allowed companies to manufacture and market five fixed dose combinations (FDCs) that were banned last year. The permission comes with certain conditions, as per a notice issued by Dr Rajeev Raghuvanshi, Drugs Controller General of India (DCGI).

The CDSCO order, dated 11 January, read that in 2023, the Central Licencing Authority had banned 14 FDCs out of a list of 19 drug cocktails that were licenced before 1988 for manufacture and sale in the country without requiring approval.

An expert committee headed by Dr M.S. Bhatia recommended two fixed FDCs as reasonable under certain conditions. For the three others, it asked for more data, including on safety and efficacy.

The committee under the chairmanship of Dr Bhatia, professor and head, department of Psychiatry, University College of Medical Sciences, New Delhi, examined the 19 FDCs approved before 1988 for their rationality.

> The CDSCO order, dated 11 Jan, read that in '23, the Central Licencing Authority had banned 14 FDCs out of a list of 19 drug cocktails

The committee recommended for continued manufacturing and marketing of the Paracetamol 500mg plus, Phenylephrine Hydrochloride 10mg plus, caffeine anhydrous IP 32mg tablets, with the condition to generate safety and efficacy data by way of conducting Phase IV clinical trial within time frame of one year. The five formulations are, variously, for treating common cold symptoms, headaches, depression, cough, and allergy.

The Central government, in June, 2023, issued notifications prohibiting manufacturing, sales and distribution of 14 fixed dose combinations (FDCs) licensed prior to the year 1988, including cough syrups, anti allergy drugs and pain relief drugs with immediate effect, following advice from an expert committee in a report submitted on April 1, 2022, that these drugs may involve risk to human beings.

According to the professor Kokate Committee's recommendations, the Central government banned 344 combinations on 10 March 2016, citing public interest and the possibility of human risk when using these FDCs in the absence of safer alternatives.

Adani to invest in projects in 2 states

Billionaire Gautam Adani's apples-to-airport conglomerate will invest ₹62,400 crore in the next 10 years in setting up data centres in Maharashtra and Telangana to provide infrastructure for the booming digital services demand in the country.

The conglomerate's flagship firm Adani Enterprises will invest ₹50,000 crore over the next 10 years in setting up a 1 gigawatt (GW) hyperscale data centre in either Mumbai or Navi Mumbai and Pune, and another ₹5,000 crore in setting up a 100 MW data centre in Telangana, it said on Wednesday. Data centres are one of the newer businesses for the Adani group, which predominantly was a ports operator and coal trader.

Adani Enterprises Ltd and the Maharashtra government signed a memorandum of understanding (MoU) for setting up the 1 GW hyperscale data infrastructure. PTI

A delegation from the state, engaged in talks with industry leaders during the WEF Meet. AFP

₹22,000 cr MoUs by Karnataka at WEF

The Karnataka government said on Wednesday it has signed MoUs with investment proposals to the tune of ₹22,000 crore with seven companies at the World Economic Forum (WEF) Annual Meeting in Davos. As part of the MoUs signed on Tuesday, Web Werks proposes to set up a ₹20,000 crore data centre park in the state, while four other companies plan to invest a total of ₹2,000 crore, according to a statement issued by the Karnataka minister for large and medium industries and infrastructure development M.B. Patil. A delegation from the state, headed by Patil, engaged in a series of deliberations with industry leaders during the WEF Meet 2024 in Switzerland, it said.

The Lulu Group is set to venture into food processing in Vijayapura district, with plans to invest ₹300 crore in a plant dedicated to exports, the statement said. PTI

Mineral production index up 6.8%

The union ministry of mines has said that India's mineral production index for November 2023 was 6.8% higher on a y-o-y basis. Citing provisional statistics from the Indian Bureau of Mines (IBM), it said cumulative growth for April-November was 9.1% year-on-year.

"The index of mineral production of mining and quarrying sector for the month of November, 2023 (Base: 2011-12=100) at 131.1, is 6.8 % higher as compared to the level in the month of November, 2022," said a statement from the ministry.

Production of coal in November stood at 84.5 million tonnes, and that of lignite was 3.3 million tonnes.

Increase in production on minerals including exploration and mining of critical minerals is key for the government with the focus on becoming self-dependent. VAAGEESH THIRUMALAI

NMDC's export proposal rejected

The government has turned down a request from state-owned iron ore miner NMDC Ltd to export its ore to China, the world's largest iron ore consumer, three people with direct knowledge said.

The government has instead asked NMDC, India's largest state-owned iron ore miner, to focus on domestic sales, said the people, who didn't wish to be named as they were not authorized to talk to the media.

China accounts for around 80% of India's overall iron ore shipments. India primarily exports low-grade iron ore—with iron content below 58%—and most of India's shipments go to China.

In 2023, China's iron ore imports hit a record high of 1.18 billion metric tonnes as demand surged and steel exports picked up.

Although the government has stopped NMDC from directly selling its ore to China, the company continues to auction its ore locally, with private exporters selling the ore to China. REUTERS

PFRDA simplifies PoP Regulations

PoPs are appointed by PFRDA for all citizens to open & operate NPS accounts. ISTOCKPHOTO

The Pension Fund Regulatory and Development Authority (PFRDA) on Wednesday notified the Point of Presence (PoP) Regulations 2023, simplifying the registration process with the objective of ease of doing business and greater usage of digital mode.

"With this notification, banks and non-banks can act as PoPs to on-board National Pension System (NPS) subscribers. Now, they require only single registration for NPS, instead of multiple registrations earlier, and can operate with just one branch with wider digital presence," an official statement said. The timeline for disposing of applications has been reduced from 60 days to 30 days, it added.

The simplification is in line with the Union Budget 2023-24 announcement to review regulations to reduce the cost of compliance and enhance the ease of doing business.

The Point of Presence (PoPs) are entities appointed by the PFRDA to provide services to all the citizens of India to open and operate their NPS accounts. They perform functions through their network of branches called POP Service Providers (POP-SPs). PTI

ASCI has observed that violations were coming from every aspect of the advertising ecosystem.

Green claims under scrutiny by ASCI

Unsubstantiated 'green' or environmentally friendly claims and misleading marketing tactics of advertisers are likely to land them in trouble going forward. These claims have come under the scanner of the self-regulatory body, the Advertising Standards Council of India (ASCI) which has now decided to put out stringent guidelines on what constitutes environmentally friendly and is a violation.

Interestingly, the body has observed that violations were coming from every aspect of the advertising ecosystem. "We have been seeing that increasingly consumers are looking for products and services that are environmentally friendly. Oftentimes based on these claims, they take the decision to buy the product or pay a premium for it," Manisha Kapoor, CEO and secretary general of the organisation told *Mint*. She said that 'greenwashing' was a type of misleading claim for which the body had been receiving complaints. "This is the first time we are putting out these guidelines because these claims have been rampant across categories, including personal care, food products, beverages, automobiles, digital devices, and the real estate industry," she said. VARUNI KHOSLA

Vertex, Crispr get second FDA approval for gene therapy

The US Food and Drug Administration (FDA) has approved the first Crispr-based treatment for a second condition, clearing the gene editing therapy for the blood disorder beta thalassemia. The drug, called Casgevy, is a collaboration between Vertex Pharmaceuticals Inc and Crispr Therapeutics AG. It was expected to be approved in March, but was cleared early. Casgevy will compete with Zynteglo, a gene therapy for beta thalassemia sold by the biotech company Bluebird Bio Inc.

In December, the agency approved Casgevy to treat sickle cell disease. It was a historic milestone, marking the first time US regulators had approved a therapy using Crispr technology. The treatment works by precisely targeting changes in DNA to repair flaws in patients' genomes. Sickle cell disease presents the larger market opportunity. In December, Vertex and Crispr, which have a profit-sharing agreement, said about 16,000 patients over 12 years old with severe sickle cell disease could eligible for its gene editing treatment. BLOOMBERG

The treatment works by precisely targeting changes in DNA to repair flaws in patients' genomes. AFP

Oil, gas imports decline to $89.9 bn

India's oil and gas import bill has declined about 21% to $89.9 billion in April-December FY24, from $114.2 billion during the same period of the last fiscal.

This fall in import bill comes on the back of a fall in energy prices.

Data from the Petroleum Planning and Analysis Cell (PPAC) showed that as of December, India imported a total of 172.9 mt crude oil, marginally higher than 172.3 mt during the April-December period of FY23.

As oil prices have declined during the current fiscal, the value of oil imported by India stood at $98.4 billion, against $124.9 billion during the corresponding period of FY23.

According to the data, India's import dependency for crude oil in FY24 rose to 87.5% by the end of December, compared to 87% in the year-ago period.

The average price of the Indian crude basket in January 2024 stands at $77.85 per barrel, against $83.76 in April 2023. RITURAJ BARUAH

HOW ESSE CIGARETTES ARE SMOKING RIVALS

Smuggled cigarettes made by South Korea's KT&G account for a significant share of the Indian market

Many kirana stores selling cigarettes in large cities stock Esse, a brand of slim cigarettes from South Korea. Since Esse is smuggled in, it is not obliged to have gory pictorial warnings on the packet, which became mandatory in India in 2010. SARVESH KUMAR SHARMA/MINT

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Sometime during the first few days of the covid pandemic-induced lockdown in March 2020, Vaibhav Gurang, who works for an advertising agency in Gurugram, had his first taste of Esse Lights, a brand of slim cigarettes made by KT&G, a South Korean company.

As the supply chain was disrupted and shops shut, Gurang's friendly neighbourhood shopkeeper could only provide him with two packets of Marlboro Lights, his preferred brand, but sold him a carton of Esse as a backup.

Gurang exhausted the Marlboros in the first week, and as the lockdown extended, began smoking the Esses. Since then, he has been hooked. The brand's premium packaging and claim of low smell and tar content added to its appeal. "I was not a big fan of slim cigarettes but started smoking them out of compulsion. They cost less and have significantly less bad odour. Since I got used to Esse, I have not missed Classic or Marlboro," he says.

What Gurang and possibly his trusted supplier do not know is that the cigarettes are smuggled into the country through sometimes brazen and, other times, highly sophisticated methods. Earlier this month, for instance, a team from the Directorate of Revenue Intelligence's (DRI) Mumbai zonal unit intercepted shipping containers at Navi Mumbai's Jawaharlal Nehru Port port in Nava Sheva. They were arriving from Dubai's Port of Jebel Ali, and supposed to contain Chinese viscose-woven carpets. Instead, the team found one of the containers was stuffed with 6.72 million Esse Change cigarettes, worth ₹10.08 crore. The other container had 325 rolls of old, used carpets as cover cargo to hoodwink customs officials.

> Evasion of tax makes Esse cheap. One stick of smuggled Esse Lights costs ₹10, while a like-for-like slim Classic Connect stick costs ₹15 because of tax.

In a similar case last month, another team from the DRI held a 40ft refrigerated container that arrived at the Jawaharlal Nehru Port at one of the Container Freight Stations (CFS). Upon examination they stumbled upon cigarette cartons ingeniously concealed within cardboard boxes containing tamarind. The cartons had been placed inside the boxes and covered on all sides with tamarind so as to render the cigarette cartons indiscernible even upon opening the boxes. The smuggled cargo comprised 3.39 million cigarettes worth approximately ₹5.77 crore. The Esse brand again comprised a significant portion of the haul.

According to industry estimates, around 120 billion sticks are consumed in India every year and the share of smuggled cigarettes has grown to a fifth of this market, at roughly 30 billion sticks, up from 11.1 billion in 2004 *(see graphic)*. As per a Ficci Cascade (committee against smuggling and counterfeiting activities destroying the economy) report, the market for illicit tobacco products in India in 2019-20 was valued at ₹22,930 crore.

Esse is believed to have cornered at least 25-28% of this smuggled pie. Which means that while it can't officially operate in India, it has managed to garner a reasonable share of India's overall cigarette market. Inadvertently perhaps, India also accounts for a sizeable share of Esse's near 50 billion sticks per annum overseas sales.

"It (Esse) is without doubt the most popular smuggled brand. Almost every seizure has a sizeable proportion of the Esse brand," says a DRI official. "I doubt if they would have done well if India allowed FDI in this sector. Through the legal route they wouldn't be able to undercut competitors like this."

Besides Esse, some of the other brands that are widely smuggled into India are Gudang Garam, Paris, Peacock, Dunhill, Mond, Win, Ruili River and Djarum.

TAX REVENUE LOST

Rightly considered a sin product, cigarettes attract an overall tax of around 52%, which makes them lucrative for smuggling. The government loses revenue on every smuggled cigarette—the Ficci Cascade report estimated the loss of tax revenue to the government at ₹13,331 crore in 2019-20.

This has not gone unnoticed by the government. "...smuggled cigarettes ... are coming in which we are not able to detect successfully," said finance minister Nirmala Sitharaman at the investiture ceremony of the Central Board of Indirect Taxes and Customs (CBIC) in Guwahati on 21 July last year. "These smuggled cigarettes are all around us in major cities such as New Delhi and Mumbai, where policing should not be a problem."

Evasion of the tax net explains Esse's low price. One stick of smuggled Esse Lights costs ₹10, while a like-for-like slim Classic Connect stick, manufactured by Indian conglomerate ITC Ltd, costs ₹15 because of the tax component. A pack of 20 cigarettes of the Esse brand in Delhi is available for ₹180, against ₹340 for a pack of ITC's Classic Milds—India's bestselling cigarette. It's a gap that ITC, despite its humongous 75% market share, cannot bridge.

"The mushrooming of illicit and smuggled products not only causes a significant revenue loss to the government exchequer but exports jobs from the country across the entire value chain, which includes impacting the livelihoods of Indian tobacco farmers as inputs used in smuggled cigarettes are not indigenous," says Anil Rajput, president, corporate affairs and member, corporate management committee, ITC Ltd.

Indeed, smuggling impacts local tobacco farmers and organized players such as ITC and Godfrey Phillips India. As the smuggled cigarettes do not contain tobacco grown in India, they are a lost opportunity for farmers. For ITC and Godfrey Phillips India, this poses a challenge in a market where demand is slowing as young consumers are more reluctant to take up smoking.

"It (smuggling) has started to impact demand. In 2010-11, we were producing 330 million kgs of tobacco for cigarettes every year. Now, it has come down to 270 million kgs," says Murali Babu, general secretary, Federation of All India Farmers Associations (FAIFA). "Thirty billion sticks means 25 million kgs of tobacco production. That is what we are losing out on. In terms of business, it is almost ₹5,000-6,000 crore."

Godfrey Phillips India declined to comment when *Mint* reached out. Emails sent to Esse in South Korea remain unanswered.

Since Esse is smuggled in, it is also not obliged to have gory pictorial warnings on the packet, which became mandatory in India in 2010. Introduced to spread awareness on the ill-effects of smoking, all locally produced cigarettes need to have health warnings covering 85% of the pack. Esse Lights only sports a warning in small font without any photograph, and thus has a cleaner, more premium appearance. This is one of the reasons for its popularity with young smokers, as also women.

"To the naive smoker, it also gives the impression that it's less harmful than the others," says P. C. Jha, former chairman, CBIC.

SOUTH KOREAN GIANT

Korea Tobacco & Ginseng Corporation, the manufacturer of Esse as it was known earlier, is a product of the monopolistic strategy Korea adopted in its domestic tobacco industry from the late 19th century. In 1899, the Korean government formed the Ginseng Division to regulate the industry and generate tax revenue. Tobacco was identified as a key sector for the local industry, so FDI was banned and imports were discouraged.

The growth of the industry led to the formation of the Office of Monopoly (OOM) in 1952. The policy not only survived but also intensified during the Korean War of 1950-1953. After World War II ended in 1945, Korea, which had been occupied by the Japanese from 1910, was divided along the 38th parallel. This lasted until 1950, when hostilities broke out between the Soviet Union-backed North and US-backed South. Eventually, with the South making small territorial gains, an armistice was signed in 1953 and the Military Demarcation Line has since marked the border between the two countries.

For the next three decades, the OOM focused on the domestic market, which was booming. By 1980, South Korea had the highest rates of adult male smoking, at 79.3%, and by 1987, its tobacco market was the 12th largest in the world, producing 81 billion sticks and consuming 85-87 billion sticks annually. For context, India, with a population almost 30 times that of Korea, consumes an estimated 120 billion sticks annually today, nearly four decades later.

In the late 1980s, under pressure from the US to liberalize, South Korea gradually began to relax norms for the entry of foreign players in the domestic market. This coincided with a general fall in consumption of cigarettes, as, like people in other high-income economies, Koreans became more health conscious from the 1990s. To brace for the competition, the government monopoly became a public corporation in April 1987, and Korea Tobacco & Ginseng Corporation was formed.

From the outset, the strategy was more outward looking and the focus was on exports. This prompted the company to change tack and focus on the external market in the mid 1990s. In 1999, it was privatized and listed on the South Korean stock market, and by the mid-2000s, it began to expand its overseas business further by building manufacturing facilities, establishing strategic partnerships and acquiring companies. In December 2002, it adopted a new name (KT&G), logo and corporate identity.

Today, KT&G is a $4.4 billion diversified group with a presence in various sectors, including tea, food, real estate, cosmetics and pharmaceuticals. Tobacco, however, remains its mainstay, accounting for over 60% of sales. In 2022, KT&G sold 41.1 billion sticks in the domestic market, commanding a 65.4% share.

Thanks to its relentless overseas strategy over the last 15 years, the company sells more cigarettes outside Korea than within. In 2022, it shipped or sold 49.4 billion sticks to 126 counties around the globe. It currently has four cigarette factories outside South Korea—in Russia, Turkey, Indonesia and Kazakhstan, where it started operations only last year. The company has three factories in South Korea.

KT&G has also announced plans to start a second factory in Indonesia and aims to start operations in 2026 as part of its bigger vision of achieving sales of $7.5 billion by 2027 with overseas businesses accounting for half of it.

To achieve that, it cannot possibly ignore India, the world's second largest cigarette market, three times the size of its home market, but one that is closed to outsiders. However, there are always other means.

BACKDOOR ENTRY

Cigarettes are among the top items smuggled into the country every year. In 2022-23, the DRI seized 67.9 million sticks of cigarettes worth ₹126.15 crore. The previous year, it had seized 72.5 million sticks worth ₹92.72 crore. But these seizures are only a fraction of the actual number of cigarettes smuggled into the country.

"The cost differential between legally procured cigarettes and smuggled cigarettes drives the demand," DRI stated in its annual report for 2022-23. "Further, the absence of gory pictorial health warning on the illicit cigarette packets makes it more attractive for the consumer, defeating the legal intent."

Maritime smuggling is only one of the routes through which contraband cigarettes enter the country. The number of cases of seizures are far higher on land as smugglers use India's porous border with Myanmar in the North-East to get goods in. Almost 83% of cigarette seizures by the DRI are those smuggled through the land route; 13% are via the sea route and 4%, by air. The value of seizures through the sea route is disproportionately high, at 44%, versus 55.5% for the land route, as the cigarette cartons are smuggled in containers.

"Traditionally, cigarettes have enjoyed high demand in India. Given that they are hazardous to health, they have been taxed heavily to control usage and are a major revenue earner for the government. This makes cigarettes very attractive for smuggling as the margins are high," says Najib Shah, former chairman, CBIC. "It is impossible to totally eliminate smuggling. The aim is to make it difficult by putting controls in place and having enhanced intelligence driven enforcement. About 12 million containers reach our ports annually and it is not practical to check all of them," he adds.

Last heard, Gurang had converted his two flat mates in Gurugram to smoking Esse as well. All remain oblivious to the fact that the cigarettes are contraband.

mint SHORT STORY

WHAT

India is the world's second largest cigarette market, a dubious distinction. According to industry estimates, around 120 billion sticks are consumed in the country every year.

BUT

The share of smuggled cigarettes has grown to a fifth of the total domestic market, at roughly 30 billion sticks. South Korea's KT&G accounts for a third of this contraband pie.

AND

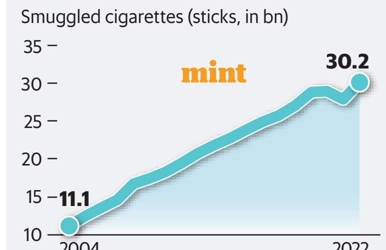
The government loses revenue on every smuggled cigarette—a FICCI Cascade report estimated the loss of tax revenue to the government at ₹13,331 crore in 2019-20 alone.

HOLY SMOKE!

Since the mid-2000s, smuggled cigarette volumes have more than doubled in India

Illegal cigarette volume in India

Smuggled cigarettes (sticks, in bn)

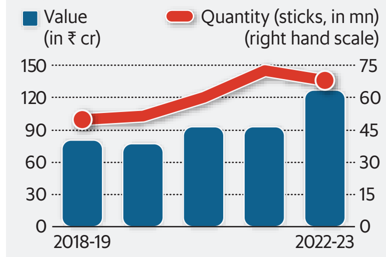


Source: Euromonitor International

The seizures by DRI are only a fraction of the overall number of cigarettes that are smuggled

Cigarette seizures

Value (in ₹ cr) | Quantity (sticks, in mn) (right hand scale)



Source: Directorate of Revenue Intelligence

SATISH KUMAR/MINT

'India has robust financials, is on every investor's radar'

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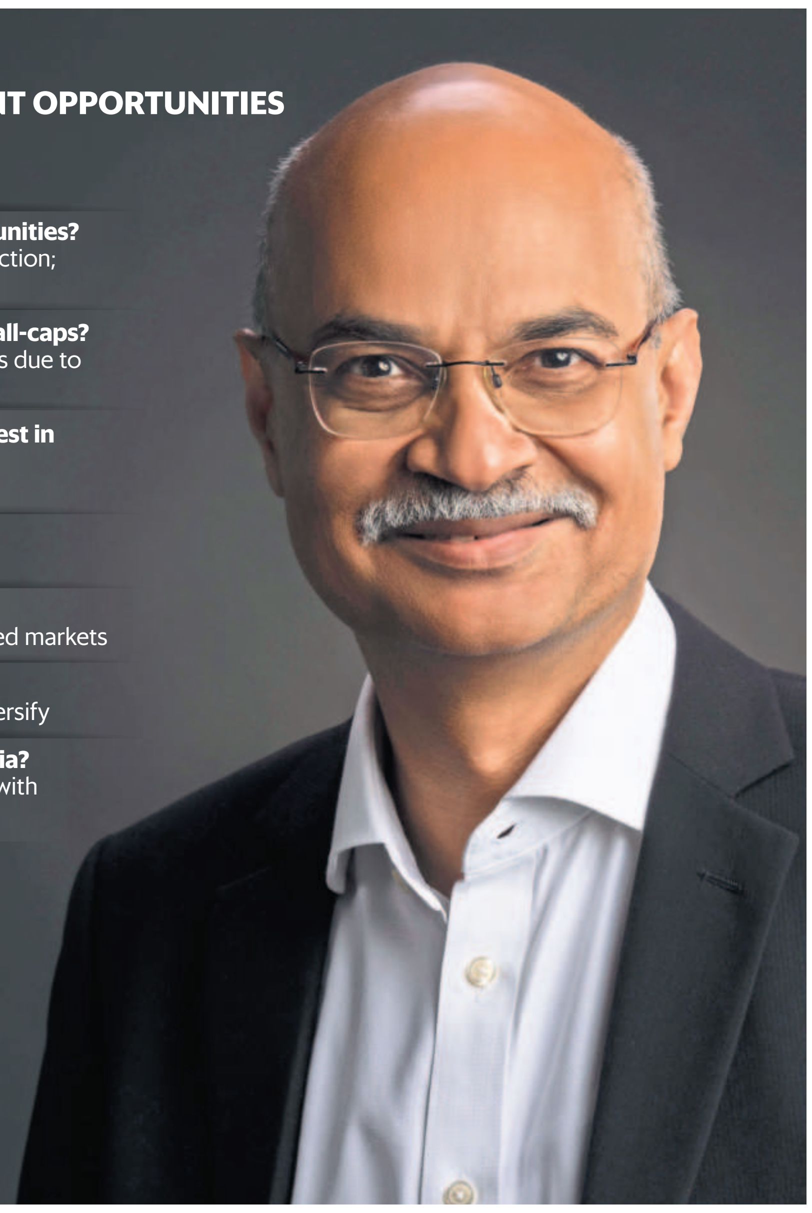
India, being the largest country with a steadily growing per capita income, is on every investor's radar. The country is a compelling destination for investment, says Kenneth Andrade, founder of Old Bridge Capital.

In an interview with *Mint*, Andrade, shares his perspective on the firm's upcoming new fund offer (NFO)—the Old Bridge Focused Equity Fund—and provides valuable insights into his investment approach and strategy. With 27 years of experience in Indian capital markets, including a decade as chief information officer (CIO) at IDFC Asset Management, he now serves as CIO at Old Bridge Asset Management Company.

Andrade, who recently established his own asset management company, says the firm concentrates on identifying businesses early into a cycle. Our stock selection process revolves around identifying large, debt-free companies that survive market downturns and use capital efficiently. The underlying companies in the portfolio would demonstrate leadership skills and have financial discipline.

Edited excerpts from the interview:



EYEING INVESTMENT OPPORTUNITIES

Your AIF+PMS asset size?
₹8,000 crore AUM

Where do you see opportunities?
B2B, manufacturing, construction; cyclical opportunities.

Your view on mid- and small-caps?
Overall positive, but cautious due to valuations

Your reading of FPIs' interest in India?
Remains strong

Your investment focus?
Large, efficient businesses

One investing lesson?
Avoid value search in elevated markets

Advice to investors?
Learn and adapt quickly, diversify

Your stock selection criteria?
Large, debt-free companies with capital efficiency

Outlook on mutual fund industry growth?
Relevant as long as Indians save; our role persists with ongoing savings.

Could you highlight your move to alternative investment funds? Can you provide details on the AUM (assets under management) under your purview?

Old Bridge Capital was founded in 2015 and currently we are managing assets of about ₹8,000 crore. Over the last seven years, Old Bridge PMS has given an 18% annual return, compared with 15.6% by the BSE 500 TRI (total return index) since inception. In the last three years, Old Bridge PMS has outperformed by a wide margin. Our PMS has delivered 29.2% returns, against 20.4% given by BSE 500 TRI.

What sectors are you currently bullish on and what is the strategic rationale behind these choices?

Old Bridge Capital Management has a consistent focus on identifying opportunities in sectors undergoing cyclical troughs, with a specific emphasis on B2B businesses, manufacturing, and construction and infrastructure. Our approach involves anticipating sectors that are poised to lead the next market cycle.

We seek businesses at the early stages of a cycle, prioritising those consolidating, with low debt, higher efficiency, and favourable financial leverage and valuations.

INTERVIEW

With the recent surge in mid and small-cap stocks, what's your perspective on the current landscape?

The market environment has been robust, offering opportunities across the market cycle. While acknowledging existing valuation challenges, we maintain a positive outlook, believing that every bull market lays the foundation for the next. Caution is exercised, especially in the small- and micro-cap space where potential overvaluation concerns arise.

Despite short-term challenges, the overall trend favours India, which is displaying higher growth potential relative to peer countries. The market cap to GDP ratio signals potential overvaluation, prompting caution as the market may have priced itself ahead of the curve.

Considering the evolving scenario, what is your outlook on FII (foreign institutional investor) flows? Do you anticipate a significant resurgence?

FII interest in India remains strong despite some short-term challenges. The overall trend favours India over peer countries in the region. India's robust corporate financials, supported by all-time low leverage, enable companies to invest in growth. The government's capital expenditure and a stable macroeconomic environment further enhance the corporate growth story.

What are some current market trends? What do you see as significant themes, both globally and locally?

Well, manufacturing seems to be taking the spotlight globally. Many countries are eyeing India for capacity relocation. To support this trend, there's a pressing need for enhanced infrastructure. Additionally, the energy sector is emerging as a key theme, and these trends might influence inflation trends globally.

How do you think the global economy's dynamics impact India's growth story?

We're not isolated from the global economy, but a notable difference is that emerging markets like India are reducing debt while developed markets are increasing theirs. This reduction in debt is beneficial. Moreover, inflation rates and the cost of capital between the West and developing economies are merging, resulting in lower interest rates in India, which benefits corporates and consumption sectors.

Moving on to investment trends, what do you believe are the upcoming opportunities for investors?

The most prominent trend I see is India's demographics. Being the largest country with a steadily growing per capita income, India is on every investor's radar. It's a compelling destination for investment.

How has your investment style changed over these years?

My investment style has not changed much but it has evolved but remains rooted in buying large, efficient businesses at attractive prices. Capital efficiency is key, and our philosophy is always value-focused.

How do you go about selecting stocks? What's the criteria?

Our stock selection process revolves around identifying large, debt-free companies that survive market downturns and use capital efficiently. We're interested as long as they meet these criteria and are reasonably priced. We focus on companies that show potential to be dominant in their industry. We like to be early in that transition. We concentrate on identifying businesses early into a cycle.

> FII interest in India continues to remain strong despite some short-term challenges
>
> **Kenneth Andrade**
> CIO, Old Bridge Asset Management

The underlying companies in the portfolio would demonstrate leadership skills and have financial discipline. The endeavour would be to look for companies in industries that are consolidating.

Learning from experiences is crucial in investing. What are some valuable lessons that you've learnt over the years?

There are a lot. A recent lesson is to avoid searching for value in elevated markets. Also, understanding that no company operates in isolation; if industry profitability grows, so does the company's profitability.

Any advice for those starting their investment journey?

New investors will make mistakes, and that's okay. Learn from them, correct promptly, and start with a diversified portfolio. Adjustments can come later based on risk appetite and goals.

Could you share insights into the upcoming NFO—Old Bridge Focused Equity Fund?

With this fund, we're focusing on specific market segments, maintaining a diversified portfolio of 25-30 businesses while concentrating in certain categories or sectors. More importantly, our focus will also be on the segment where we do not want to focus which is a significant part of the market.

Our strategy revolves around a buy-and-hold. We intend to invest in mid-markets and maintain a healthy margin of safety in all that we do. The underlying companies in the portfolio would meet the criteria of capital efficiency, low leverage and low valuation.

We prioritize businesses that consolidate, gain market share efficiently, and lead in cost-effectiveness. Market leaders, post-consolidation, often enjoy increased market share and pricing power. We favour companies improving from a low RoE (return on equity), emphasizing capital employed for positive cash flow, and prefer those with low gearing.

How do you see the mutual fund industry's growth?

As long as people in India save, the mutual fund industry remains relevant. We're essentially in the savings business, and as long as people continue to save, we'll have our place in the financial landscape.

MINT 20* MUTUAL FUND SCHEMES TO INVEST IN

mint 20 BEST FUNDS

We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	16.22	16.16	15,002
HDFC Index Fund - Nifty 50 Plan	16.08	15.93	11,887
Category average	**15.42**	**15.71**	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	16.60	17.38	11,491
Parag Parikh Flexi Cap	23.00	23.20	52,007
Category average	**17.82**	**17.30**	
EQUITY SMALL AND MIDCAP			
Axis Midcap	19.46	20.03	24,564
SBI Small Cap	25.69	23.98	23,717
Category average Midcap	**25.55**	**21.53**	
Category average Smallcap	**31.49**	**24.46**	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	17.82	19.04	7,033
Mirae Asset Tax Saver	18.97	19.60	20,431
Category average	**19.26**	**17.49**	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	12.32	14.24	10,203
ICICI Prudential Balanced Advantage	12.86	12.62	53,483
Category average	**12.19**	**12.09**	
ARBITRAGE			
Kotak Equity Arbitrage	5.43	5.32	34,593
Tata Arbitrage	5.11	5.30	8,740
Category average	**5.10**	**5.04**	
OUT OF THE BOX	**Returns since launch**	**Date of launch**	**Corpus (₹ cr)**
BHARAT Bond ETF - April 2031	4.90	23-Jul-20	13,061
Motilal Oswal S&P 500 Index Fund	16.77	28-Apr-20	2,996

Returns as on 15 January 2024; Corpus data as of December 2023; Growth option in regular plans has been used
Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to:
Keep a smart, flexible and minimalist MF portfolio
https://www.livemint.com/money/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-11638378827521.html
Download mint app for latest in Business News - https://bit.ly/32XEfFE
*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research
Compiled by Neil Borate

What strategy should I follow to build a ₹3 cr corpus in 10 years?

Harshad Chetanwala

I am 35 years old with a monthly income of ₹1.6 lakh and expenses of nearly ₹1 lakh. I have a three-year-old son and my wife is a homemaker. I have close to ₹14 lakh in mutual funds now. How do I build a corpus of ₹3 crore in 10 years to start my consultancy?

—Name withheld on request

While the time horizon of 10 years for your goal is good, the corpus amount of ₹3 crore will certainly ask for a much higher investment. If we assign your present portfolio of ₹14 lakh for this goal, at 10% per annum growth, it has the potential to reach approximately ₹36 lakh at the end of 10 years. If we assume 12% p.a. returns, it could reach ₹43.5 lakh.

At present, your potential to invest is ₹60,000 per month, and if you keep investing the same amount every month for the coming 10 years, you will be able to build a corpus of ₹1.2 crore at 10% p.a. and ₹1.33 crore at 12% p.a.

Both the monthly and existing investments have the potential to help you reach

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INVESTMENTS

₹1.56-1.76 crore, which is far below your goal. You need a monthly investment of ₹1.15 lakh to reach your goal of ₹3 crore. While it is not easy to reduce your expenses from ₹1 lakh to ₹45,000 per month, you can consider another strategy.

You can increase the monthly investments every year by 20% to reach the desired goal amount. In such a case, you need not compromise on your savings or expenses, and will get the opportunity to increase the investment as you grow in your career in the coming years. While some ideas on the funds you are investing in would have been helpful to review the portfolio, here are some funds that you can consider investing in:

- UTI Nifty Index Fund (15%)
- ICICI Prudential Bluechip Fund (15%)
- Parag Parikh Flexicap Fund (15%)
- HDFC Flexi Cap Fund (15%)
- 360 One Focused Equity Fund (15%)
- Kotak Emerging Equity Fund (15%)
- Nippon India Small Cap Fund (10%)

Along with this objective, you can also consider some planning for your retirement and your son's education. You can try to work on a timeline and amount, just like your wealth creation goal, to start your consultancy.

Harshad Chetanwala is co-founder of MyWealthGrowth.com.

Do you have a personal finance query? Send in your queries at **mintmoney@livemint.com** and get them answered by industry experts.

A MATTER OF TRUST: CAN SYSTEMS OR TAX FORMS PREVAIL OVER TAX LAWS?

BEYOND THE TAX BOOK

GAUTAM NAYAK

Respond to this column at
feedback@livemint.com

A recent decision of the Madras High Court revealed one of the many problems with the online filing system that continues to be faced by some taxpayers—where the tax return or the online system does not permit a taxpayer to comply with the law as has been laid down by the courts, which may be favourable to a taxpayer, but forces a taxpayer to file his return in accordance with the law as is being interpreted by the income tax department.

In the case before the Madras High Court, the taxpayer was a discretionary trust. It filed a writ petition requesting for a direction to the Central Board of Direct Taxes (CBDT) to modify the income tax return ITR-2 (the tax return applicable to individuals) to enable the trust to file its return electronically in the status of "Individual". It pointed out that, as held by the Supreme Court and various high courts, since all the beneficiaries of the trust were individuals, it was to be treated as "individual" for income tax purposes, and therefore it was entitled to claim benefits available to an individual and to file its income tax return as an individual.

Since the last four years however, it had been unable to do so because the format of the forms applicable to individuals did not permit electronic filing of such returns by a discretionary trust. It had therefore been filing the returns manually, sending them to the income tax department by post.

The department's argument was that the trust was to be taxed at the maximum marginal rate, and not at rates applicable to individuals. Besides, the Form ITR-2 contained functionalities which were totally irrelevant to a trust. It claimed that the request for modification of the form was unnecessary and redundant for more than 20 million individuals and Hindu Undivided Families who currently use those forms.

The Madras High Court took the view that the court did not have the domain to structure the forms and their contents as applicable to various categories of taxpayers. It was the CBDT which had the power to prescribe forms under the income tax rules, and it was therefore the appropriate authority to take note of the grievances in that regard and do the needful, if found appropriate. It therefore permitted the trust to file a representation to the CBDT in this regard, and pursue it to obtain a remedy. The CBDT was directed to dispose of such representation within a period of 12 weeks from receipt of the representation.

In the period before e-filing, taxpayers could file the return taking a legal view that was in their favour, disclosing the fact that

they had taken such a view. Today, with e-filing, there is no such flexibility possible—while there is no provision to make any disclosures of positions taken in the tax return, the tax return itself incorporates certain functionalities which make it impossible to deviate from. This is fine for the large majority of taxpayers who are salaried employees—some taxpayers often find themselves in a quandary as to what has to be done.

One of the fundamental principles upheld by the Supreme Court, as well as various high courts, is that the forms cannot travel beyond the scope of the law. There are many other such instances where the forms are not in accordance with the law, or where one has to compromise on certain legal fundamentals in order to file the return. For example, in case of a specific trust, the Supreme Court has held that as per the law, the tax payable by the trust on its income has to be the sum of the tax payable by all the beneficiaries put together if they had directly received their shares of the income of the trust directly. Such a computation of tax is just not possible today under the current e-filing system and forms.

> A taxpayer has no option but to follow the view taken in the format of the form

Unfortunately, today, a taxpayer has no option but to follow the view taken in the format of the form if he wishes to file his tax return, as otherwise the online form will not be accepted by the system. The alternative is to either default in filing the tax return, or to file a writ petition to the high court (which most taxpayers cannot resort to, given the high costs involved). The tax department's helpline is only able to resolve routine queries, and not such issues. Should there not be an alternative mechanism set up, which taxpayers can use to raise and resolve such grievances speedily and promptly? After all, they are only seeking to comply with the law and their obligations, which the CBDT should be happy about.

Gautam Nayak is partner at CNK & Associates LLP.

OUR VIEW

AP

Davos is a talk show: It's voluble but not weighty

The World Economic Forum's annual gathering has been losing both weight and appeal in a sharply divided world. Today, its lofty aims represent the triumph of hope over experience

The world's biggest talk show is on: the World Economic Forum's (WEF) 54th Annual Meeting at Davos began this Monday and ends on Friday. As in the past, this year too, the WEF conclave in the Swiss skiing resort, where they have been held for half a century, is being attended by a veritable who's-who of business, politics and media. The WEF website says more than 300 public figures will participate, including more than 60 heads of state and government, together with an estimated 1,600 business leaders, apart from chiefs of multilateral institutions like the International Monetary Fund, World Bank, World Trade Organization, etc. But a careful perusal of the list of attendees shows that the number of notable absentees has grown over the years. Sure, business leaders still flock to Davos, but important politicians, who once made a beeline for it and without whom grandiose ideas of global cooperation remain a pipe-dream, are noticeably absent. Among the G7, only France and the EU are represented this year, the former by President Emmanuel Macron and the latter by European Commission President Ursula von der Leyen. The US is represented by its Secretary of State Antony Blinken, while India has sent a 100-member delegation led by Smriti Irani, Union minister of women and child development.

"At a time when global challenges require urgent solutions, innovative public-private collaboration is necessary to convert ideas into action," said Børge Brende, president of the WEF since 2017, on the eve of this January's huddle. "The Forum provides the structure for developing research, alliances and frameworks that promote mission-driven cooperation throughout the year... [and] will serve as an accelerator of that cooperation, deepening connections between leaders and between initiatives." Really? To the discerning, this year's theme of 'Rebuilding Trust' (aimed at "restoring collective agency, and reinforcing the fundamental principles of transparency, consistency and accountability among leaders") seems ironic, coming as it does at a time when the world is more fractured than it has been for decades. Geopolitical trust has broken down amid two raging conflicts—Russia-Ukraine and Israel-Gaza—and attacks by Houthi militia on ships in the Red Sea that threaten to disrupt trade. Davos's 2024 agenda focuses on four key areas: Achieving security and cooperation in a fractured world, creating growth and jobs for a new era, artificial intelligence (AI) as a driving force for the economy and society, and a long-term strategy for climate, nature and energy. All this is laudable. Except that the world has not seen much progress on any of these fronts, despite the existence of multilateral entities dedicated to such aims with major powers at their top table: the United Nations for security, the Bretton Woods twins for economic growth, Unesco for AI and the UN Framework Convention on Climate Change, among others.

The net result is that Davos has become little more than a global talk show. A glitzy one, if you will, but one that is not expected to achieve very much, not even grab the news headlines it once did. Nevertheless, it soldiers on—as an example, perhaps, of the triumph of hope over experience. But then, to the extent every little effort counts in forging a better understanding of our common challenges across national borders, no one will dispute that Davos has a contribution to make, no matter how tiny.

GUEST VIEW

Ramaswamy's best shot at power is as Trump's campaign partner

His outlandish tactics may have led him out of the US presidential race more than racial rejection

VIVEK MENEZES
is a writer and photographer based in Goa.

An absurdist scenario has played out for months in the bizarrely binary racial politics of the US, with one Indian-American identifying as "Black" in the vice-president's office (Kamala Harris generally downplays her mother's Tamil heritage) and another passing for "White" (Nikki Haley's parents are Punjabi Sikhs) in her quest for the Republican party's presidential nomination in a field of candidates that included Vivek Ramaswamy, the only undisguised Indian-American among the three, till he withdrew from the race this week. This mercurial 38-year-old entrepreneur splashed $17 million of his own money to garner only about 8,000 votes in Monday's Iowa caucuses, a moment of truth that led him to drop out in support of Donald Trump, with the controversial ex-president hinting of a relationship: "It's an honour to have his endorsement. He's gonna be working with us... for a long time."

Ramaswamy rocketed to US attention with an unconventional internet-first strategy, relentless hard work and an eagerness to break Republican orthodoxy. In the first televised debate last September, he channelled former president Barack Obama—who remains anathema to Republicans—by introducing himself as another "skinny guy with a funny last name" and quickly pivoted to slam his fellow candidates: "I'm the only person on this stage who isn't bought and paid for." Two months later, he complained, "We've become a party of losers. It's a cancer in the Republican establishment," then called for the party chairperson to resign on live television, and attacked Haley as "Dick Cheney in high heels" (referring to George Bush's vice-president from 2000 to 2009).

Such outlandish tactics would have been unacceptable in any previous era of American politics, but Trump upturned all prevailing norms in the course of his own wrecking-ball campaign of 2016. The first former president in US history to be criminally indicted—he is charged with 91 criminal offences in 4 major cases—continues to rewrite the rules of politics by ignoring debates, and dominates opinion polls despite barely ever getting off social media to tour the US. Yet, he is favoured to win against President Joe Biden if the two face each other again, which means that Haley, Florida governor Ron DeSantis and Ramaswamy are left jockeying for a chance to be his running mate.

Will it happen for an Indian-American? At this point, it seems more likely for Haley, who avoids overtly attacking Trump while keeping the Republican establishment in her corner, including mega-funders like the Koch brothers. The former South Carolina governor could also help soften Trump's image to win over women voters (on account of whom he had lost to Biden). She has also worked to project an indeterminate "White-adjacent" ethnicity, even listing her own race as "white" in voting records, and highlighting her conversion to Methodist Christianity. As a newcomer, Ramaswamy has had hard lessons to learn in Iowa about these basic requirements to win national elections in the US. Earlier this week, a voter told his wife Apoorva that he faces resistance "because of his dark skin, and they think he's Muslim."

Is there a glass ceiling for Indian-Americans in politics, even for those who have played to the establishment as assiduously as Ramaswamy (a high-school valedictorian and Harvard graduate who attended Yale Law School)?

I asked Vikram Patel, the Paul Farmer professor and chair of the department of global health and social medicine at Harvard, who told me: "I haven't heard much talk about his Indian heritage being an asset, but it is notable that two of the four Republican candidates going into the Iowa caucuses were full-blooded *desis*. This is, of course, at odds with the political leanings of Indian-Americans at large, who are heavily Democratic in orientation." He thinks Ramaswamy's run ended "because he is so far off the spectrum of acceptability even in a party which heavily supports Trump," adding, "I don't think we have seen the end of the race for Indian-Americans. Let's not forget that the US has had two Indian governors in recent years, both Republican. If anything, I think the star of Indian-Americans in politics is on the rise precisely because they are seen as a model minority who embrace the core US value of hard work as a route to the American dream."

That perception—and varying degrees of willingness to act out 'the good immigrant'—is the crux of what Ramaswamy and Haley must navigate in a country that sees race in unhelpful binaries of "black" and "white." The system demands a kind of perverse minstrelsy from them, because they have no political future running as themselves. In this context, it was especially off-putting to watch Ramaswamy bend over backwards to please voters. He even rapped Eminem's classic *Lose Yourself* at the Iowa state fair (which prompted the artist to complain). "It was embarrassing to me not only as an Indian-American, but I take it personally as a rapper," says New York-based rap pioneer Himanshu Suri, who added this pithy sign-off: "Of course, his race is an issue in this election and that party, but I'm sure his personality did him more damage. We've had a lot of Indian American nerds in politics before, but this is our first dork."

10 YEARS AGO


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Q&A: World leaders are functionally illiterate, says John Ralston Saul
EARNINGS: HDFC Bank net profit up on interest income, cost control
NATION: Sunanda Pushkar found dead in hotel
VIEWS: A sorry tale of two business books
ELECTORAL STRATEGY
Rahul sets out blueprint for 2014 polls
Rahul Gandhi identifies women, youth among groups the Congress party's campaign should focus on
BJP plans to advance its campaign
Treasury income props up RIL Q3 net
QUICK EDIT
A Chinese omen
DISCRETIONARY SPENDS UP
Wipro CEO sees stronger FY15 after Q3 earnings beat estimates

MINT METRIC

by Bibek Debroy

Angrez Singh tried every trick,
Fake aadhaar, bindi and lipstick.
In a health worker examination,
His girlfriend's impersonation
Was caught out by wrong biometric.

MY VIEW | MUSING MACRO

Multidimensional poverty data reopens a great debate

AJIT RANADE

is a Pune-based economist.

The Niti Aayog has published a discussion paper titled 'Multidimensional Poverty in India since 2005-06.' It is a technical paper that examines our poverty trend over the past two decades. It estimates that nearly 250 million people escaped multidimensional poverty in the last nine years. This estimation is done by interpolating poverty numbers for 2013-14 and 2022-23, based on data extracted from National Family Health Survey rounds 3, 4 and 5 (i.e. from 2005 till 2021). What does it mean to be multidimensionally poor? It means poverty as measured not only by lack of income, as conventionally understood, but also along other dimensions of deprivation. These include indicators like health, schooling, sanitation and even bank accounts. The interpolation is linear, weights for various dimensions are equal and deprivation cut-offs are specified. One can quibble about finer methodological points, but let us leave that discussion for another occasion. A multidimensionally poor person is one who is deprived (i.e. below the cut-off) on at least four of 12 dimensions. Measured thus, the proportion of Indians below the poverty line fell from 29.17% in 2013-14 to 11.28% in 2022-23, translating to roughly 248 million. That's an impressive achievement in a short period.

Is it credible? Didn't covid interrupt the education of more than 200 million children with weak online access, setting them back by two years? Did the government not extend free foodgrains for another five years for 800 million Indians? Aren't many states giving subsidies on gas cylinders, housing and other amenities? Is India not slipping on hunger and nutrition rankings? How then does this reconcile with an estimate of massive poverty reduction?

It is because the glass is technically both half empty and half full. Indeed, welfare spending on free foodgrains and cooking gas subsidies is a policy instrument for poverty reduction. It is quite possible that post welfare transfers, deprivation on many dimensions has considerably reduced. For the ordinary citizen, poverty simply means lack of income. If some lack of purchasing power is compensated by welfare spending and direct benefit transfers, then that should be counted as income for the recipient. The moot question is how long welfare support can continue. Is it a long-term solution? Is it affordable? What about perverse incentives?

In the light of many contrary indicators, even if cherry picked, the latest Niti Aayog estimates will be disputed for sure. The measurement of poverty in India is a heavily contested terrain. The first comprehensive and definitive study that gave estimates of it came not from the government but from a private source, the Gokhale Institute in Pune. That pioneering work of Professors V.M. Dandekar and N. Rath, published in 1971, was based on the calorie norm and set off a lively debate on concepts, methodology and estimates. Is the headcount ratio approach correct? Should we not also look at depth of poverty? Is it not incorrect to apply uniform calorie-requirement norms to all? Should we not look beyond food consumption? Some of these questions anticipate the development of multidimensional measures, now endorsed by the United Nations too. But the debate refused to die. There is a famous book edited by Nobel laureate Angus Deaton and published in 2005 called *The Great Indian Poverty Debate*. Since then, the debate has only got more strident. Even if you ignore shrill declamations from blinkered ideologues or political partisans, a consensus is elusive. Even the World Bank and International Monetary Fund estimates of Indian poverty differ by a wide margin of 10 percentage points. Maybe this is a case of the blind men and the elephant, and each person's assessment is valid subject to their sensors.

Let's identify and focus on a single variable that captures most of what India needs to track deprivation

The blind men metaphor is apt because current research is blindfolded by the absence of household consumption data. In a country with a huge informal sector, and a large number of self-employed persons, intensive and regular household surveys are essential not just to measure poverty, but to frame policy in general. Consumption data is used not only to estimate poverty prevalence, but also to gain insights into wages, inflation and other indicators. The surveys are important because with vast informality, the aggregate national accounts system needs to be triangulated with household survey findings. Otherwise, the divergence is too huge and stretches credibility in both directions.

Finally, there is something to be said about the old-fashioned unidimensional headcount ratio studied by Dandekar and Rath. Is there a unique indicator that gives us most of what we need to know? Aren't most ingredients in the multidimensional poverty measure correlated? Just like Project Tiger, which focused on the protection and health of the species on top of the food pyramid to safeguard all flora and fauna in our forests, what is that single variable which captures the totality of human development, deprivation and poverty? This is an open question. There was the hint of an answer in a paper written by economist Partha Dasgupta in the early 1970s. He concluded that if there is only one thing we must focus on, it is life expectancy at age one. It captures quality of pre- and post-natal care, healthcare status, family income and well-being in general. Going beyond measurement debates, we too must look for that one robust indicator that simplifies and captures most of the information tracked by the more complex multidimensional poverty measure.

MY VIEW | STATISTICALLY SPEAKING

Our employment data generates misconceptions and also puzzles

The narrative of jobs dwindling isn't supported by data although findings like rising female work participation need study

T.C.A. ANANT
is a former chief statistician of India.

GETTY IMAGES

The recent release of the Periodic Labour Force Survey (PLFS) for 2022-23 has generated a considerable measure of interest and commentary, some of which has appeared in this newspaper. Reading these reveals that improvements in data can only be useful if they are accompanied by a better understanding of statistics. To paraphrase an exchange from an old British sitcom, with statistics you can prove anything, even the truth.

In today's column, we will explore some of the common misconceptions which arise when reporting on employment, as well as some puzzles which would require deeper research.

There are three principal ratios which are used in discussions of labour-market conditions, namely the labour force participation rate (LFPR), workforce participation rate (WPR) and the unemployment Rate (UR). If during the specified reference period, the person is working or otherwise engaged in economic activity for most of the time, then he is presumed to be employed. Further, if not employed as above but still making tangible efforts to seek work, then the person is classified as unemployed. If not engaged in economic activity (work) and also not available for work, then s/he would be classified as not being in the labour force. From these, we derive the workforce participation rate, which is the number of workers as a proportion of the total population. The count of workers plus the unemployed defines the labour force, which is also expressed as a percentage of the population. The unemployment rate refers to the unemployed as a proportion of the labour force.

In using these numbers, we need to keep in mind that the absolute magnitude is determined also by the population of the relevant group. Some of the misconceptions arise when these basics are not kept in mind. Since the last census, when our population was approximately 1.2 billion, our population is estimated to have risen to a little over 1.4 billion in 2023. Thus, the denominator in both WPR and LFPR has risen significantly.

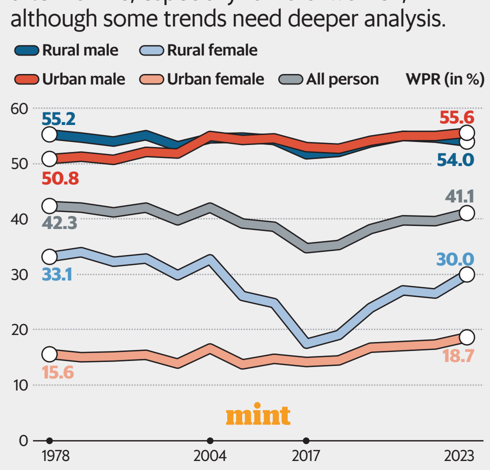
One common misconception that arises as a consequence is from the percentage of people with a regular salary having declined from 22.8% in 2017-18 to 20.9% in 2022-23. This seems like a drop, but when we combine this with population numbers, we see that the number of workers in this category increased by almost 15 million in the same period. Thus, a decline in the share of regular-wage jobs does not mean that the total number of jobs in this category has fallen. As the numbers cited show, it is the reverse.

Similarly, there has been some comment on India's high unemployment rate among the youth. The PLFS 2022-23 shows an unemployment rate of 10% in the age group of 15-29 years, as compared to an unemployment rate of 3.2% across all age groups. This, of course, is an important difference, but it should be noted that the unemployment rate in the age group of 15-29 has seen a very sharp decline from 17.8% in 2017-18. Further, the WPR in this age group has increased from 31.4% in 2017-18 to 40.1% in 2022-23. This implies an additional 35 million people have found work, even though the population in that segment has increased only by 17 million. The implied narrative of dwindling job opportunities for the youth is not borne out by the data. Instead, this age group has seen the largest addition to the number of workers relative to its population.

Another issue which comes up in many discussions is a comparison of PLFS numbers with our employment/unemployment data from 2011-12. To put this criticism in perspective, it may be useful to refer to the graph alongside, which shows the WPR from 1978 till 2023. This representation of WPR both puts the criticism in perspective and also raises some interesting puzzles relating to the employment situation in India.

Labour market dynamics

The worker participation rate has improved after 2017-18, especially for rural women, although some trends need deeper analysis.



Source: NSS reports

SATISH KUMAR/MINT

While the WPR in 2017-18 is lower than in 2011-12, this simple comparison ignores a steady decline since 2004-05. If we zoom out to look at a longer time frame, the period between 1999-00 till 2004-05 itself marks a recovery in contrast to a secular decline in this ratio since 1978.

An assumption is often made that 2017-18 was the lowest point in the WPR, but it could have been earlier. What is known, however, is that the PLFS data thereafter shows a sustained increase in spite of major disruptions caused by covid.

What is interesting is India's steady improvement in women's participation since 2017-18. The urban women's WPR is at an all-time high of 18.7% in 2022-23, having seen a sustained increase since 2018-19.

What is even more interesting in the long time series is a striking change in rural women's workforce participation post-2017, compared to the long decline seen since 1978. The rural female WPR in 2022-23 is 30, which is comparable to this ratio in 1999-00 (29.9) and slightly lower than the figure in 2004-05 (32.7). There have been numerous explanations for this secular decline, but the reversal in trend after 2017 has not been adequately analysed. A good place to start would be a recent analysis by chief economic advisor V. Anantha Nageswaran and Indian Economic Service officer Deeksha Supyaal Bisht published in this paper (*bit.ly/3HkGIY3*). The different behaviour between rural and urban women would also need careful explanation.

MINT CURATOR

Free speech at US universities is falling prey to doublespeak

Silencing rival ideas will bedevil inclusive collaborative learning

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American colleges have been impacted by US political trends ISTOCKPHOTO

The opening sentence of the federal court opinion was like none other: "It was a bright cold day in April, and the clocks were striking thirteen." US district court Judge Mark Walker quoted the first line of George Orwell's classic novel *1984*, as he struck down parts of the Florida law that prohibited colleges from teaching eight topics related to race. The state's "argument is like the thirteenth chime of a clock: you not only know it's wrong, but it causes you to wonder about everything you heard before," Walker explained in the notes of his 2022 decision. He concluded that Florida's passage of its Individual Freedom Act allowed professors to "enjoy 'academic freedom' so long as they express only those viewpoints of which the State approves." Walker proclaimed the law "positively dystopian" and declared it Orwellian "doublespeak."

But, as Florida goes, so goes the nation. When three university presidents were asked by a US congressional committee whether calling for the genocide of Jews would violate their varsity codes of conduct, their vague and inadequate answers essentially told us that bigotry on campus is unacceptable but punishment is selective.

Demographics are changing with more minority and LGBTQ+ students enrolling in higher education. Campuses that encourage collaborative learning among students of diverse backgrounds find their students are more likely to engage, innovate and open their minds. To make their learning environments more inclusive, many schools decided to adopt rules eliminating toxic hate speech.

But there is growing perception that overzealous administrators often use these rules as tools to exert their power over faculty or promote a political agenda. Rather than find ways to encourage discussions about objectionable points of view, some schools are silencing them.

Harvard rescinded admission offers to ten students who posted sexually explicit messages on social media in 2017. Several colleges proposed guidelines on offensive Halloween costumes in 2016. In 2013, two students at Lewis & Clark College were punished for telling racially themed jokes at a private party.

Many schools have adopted speech codes, making it a violation to say things that some groups find offensive. According to the libertarian-leaning Foundation for Individual Rights and Expression (FIRE), 94 of the 486 schools it monitors had speech codes that "substantially restrict free speech" and another 324 schools maintain policies "that impose vague regulations on expression."

Worried that diversity policies will lead to left-leaning "indoctrination," several Republican-run states have passed bills to restrict discussion of structural racism and injustice, and to ban diversity, equity and inclusion (DEI) programmes at colleges.

University speech codes and DEI bans lead to ideological conformity. In his takedown of the Florida law, Walker explained that the state was engaged in "viewpoint discrimination—in the name of combatting 'indoctrination' of one perceived orthodoxy, the State allows for 'indoctrination' in its preferred orthodoxy."

Florida's Governor DeSantis offered his own example in his state-of-the-state speech last week. He bragged that Florida had "eliminated" DEI programmes and scrubbed its public universities of "indoctrination," and then announced that the state university system had waived its rules to make it easier for Jewish students "who have a well-founded fear of antisemitic persecution at their current postsecondary institutions" to transfer to Florida colleges.

Helping Jewish students is a welcome initiative, but in the light of DeSantis' anti-DEI laws, it smacks of hypocrisy. Although Florida bans special treatment of some subjugated groups, when it comes to a constituency of voters that the governor is courting, his ban on inclusionary programmes no longer applies, it would seem.

A debate not restricted to the states that enacted divisive DEI bans, former president Donald Trump said he will implement many anti-DEI policies on a national scale if elected a second time.

Walker suggested that the state could "combat 'woke' ideas with countervailing views in the 'marketplace of ideas'..." rather than attempting "to eliminate one side of the debate."

We undermine free speech and academic freedom when we silence rival ideas. There is a role for university codes of conduct, no doubt, but the goal should be to keep students physically safe while their minds are subject to the kind of intellectual rigour that makes them uncomfortable. Institutions need divergent voices and inclusive policies to thrive, but their programmes should not be used as a cudgel to promote conformity.

THEIR VIEW

The line between finfluencing and free speech is blurry

MADAN SABNAVIS

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Economists are reputed not to have any skin in the investment game. They make projections and presentations and talk to investors who invest in their stories. The government promotes digitization, which involves commerce going online and eases activity as well as audit trails. CEOs give investors 'forward guidance' every quarter that generally says things will get better; if they say anything else, their share price takes a hit. Financial analysts make a prognosis of how markets for stocks, currencies or bonds will behave. Advertisements talk of how healthy the personal-use product is that they want us to buy. Nutritionists and health experts prescribe diets and warn of various diseases caused by indiscriminate eating. Then, there is a flood of opinion in the media on almost everything that seems dominated by the social variety.

What is common to all of the above is that someone is trying to influence everyone who hears or reads what's being said. There has been no objection so far to any of these actions. But, of late, the Securities and Exchange Board of India (Sebi) has stepped in to protect small investors by proposing to bring a class of "unregistered financial influencers," now termed 'finfluencers,' under regulation. This move is welcome, as individual investors who are not market-savvy often depend on advice from 'experts' who speak on TV or express views in newspapers or on social media.

The crux of the issue is that they may all have vested interests in making money by enticing followers to take a particular action. In these uncertain times, when inflation is high and one is unsure if the economy is really booming, it is not easy to get better returns on savings. Bank deposits are a safe but unattractive option. Stocks make sense, and this is why finfluencers matter.

Interesting issues come up. The first is that all the characters described in this drama are eyeing the individual's wallet, as all of them earn money by selling what they do. Hence, Sebi's concern of unscrupulous people guiding the less knowledgeable holds true for all these. If regulation is necessary, then logically the regulated should not deal with the unregulated.

Second, curiously, while digitization has been given an official push and the Reserve Bank of India has a campaign asking people to be careful, one can still fall into the trap of being duped through online links and calls. Yet, the individual has to knock on legal doors for redress. There is no way one can control this. In pre-digitization days, there were no phone financial services or emails with links that promised to ease one's life, and chances of fraud were negligible. Here, while one is told that caution has to be exercised, at the end of the day, the onus is on the individual to stay alert and away from scamsters. It is never easy to tell a fake online link apart from a genuine one sent by an insurance company or a bank.

Merely offering a public opinion isn't a crime and various fields have influencers with an interest in influencing us

Third, when it comes to social media, one knows that it is very hard to control what is circulated or consumed. Practically speaking, what goes around social media platforms cannot be tracked even by the authorities. It is almost impossible to check the credentials of finfluencers who are neither seen on TV nor featured with biographical details in newspapers. The entire story of Bitcoin and its mystery originator is well documented. The name Satoshi Nakamoto is associated with this cryptocurrency, though no one is sure who this person is.

Finfluencers may also be using pseudonyms and could be hard to identify. While the Sebi paper on the phenomenon asks registered entities not to have any dealings with such finfluencers, tracking them is a challenge. But then, remember that Sebi's battle on participatory notes is still not over, although for decades it has sought to stop Indians channelling unaccounted money back into India through foreign investment units registered overseas in places like Mauritius.

Fourth, while protecting investor interest is necessary, there is a lot of information formally presented by mutual funds and insurance companies that can be misleadingly influential. To what extent can our regulators really go to protect the non-savvy individual? There is often fine print that many people cannot understand (or ignore) but still meets regulatory requirements without serving the purpose of investor protection.

Sebi certainly needs to be complimented for bringing up the subject, and given the resolve it has shown in several areas over the last couple of years, one can see more regulation and discipline here. At the broader level, other regulators too should examine closely how to control unscrupulous entities from exploiting the individual. The government too could get involved in the project to moderate how sundry other influencers affect household consumption patterns.

A conundrum that arises is this: Where does free speech stand in this debate? Even if motivated by money, offering a public opinion cannot be a crime. Audiences have to use their own judgement and cannot expect to be hand-held all the time. Also, where does financial inclusion stand, considering that a major effort is underway not just to give more people deposit and credit facilities, but also access to other saving instruments? Implicit in this is that someone will be guiding vulnerable classes on money matters in ways that may not necessarily be to their advantage; many such advisors may have directly related annual targets to meet. So where can one draw a fine line?

These are the author's personal views.

Anoushka Shankar on finding a simpler sound

Sitar virtuoso Anoushka Shankar speaks to *Mint* about her recent work before touring this week, including a set at Lollapalooza in Mumbai

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WIKIPEDIA

Anousha Shankar performing in 2016; her EP 'Chapter I: Forever, For Now' LEITER

For almost three decades, Anoushka Shankar has been one of the most forward-thinking artists in Hindustani classical music, taking the sitar boldly into new sonic territories. The daughter and protege of Pandit Ravi Shankar—the world-famous sitar maestro who is known as the "godfather of world music"—she made her debut performance aged just 13, accompanied by none other than Zakir Hussain at Delhi's Siri Fort. She spent the next few years accompanying her father on concerts all over the world, performing at some of the world's most prestigious stages.

By the time she was 18, she had already released her debut album Anoushka, a collection of Hindustani classical ragas that established her as a sitar virtuoso in her own stead. In the years since, Shankar has become almost as synonymous with the mediaeval stringed instrument as her father, whose influence remains central to her musical identity.

"It's so hard to talk about his influence, because he's everywhere," she says, talking over Zoom last December, on the 11th anniversary of Pandit Ravi Shankar's death. "Even as I grew up and started finding more of my identity, I didn't lose anything that he taught me."

Much like her father, Shankar isn't content just painting within the lines of the Hindustani classical tradition. Starting with 2005's Rise, she expanded her sonic palette to include jazz, pop, Asian Underground electronics, and even hip-hop. As she grew more confident and accomplished, she became more ambitious in both sound and concept. 2011's Traveller, produced by Javier Limón, explored the connections and history between flamenco and Indian classical, while 2016's Land Of Gold was a devastating yet hopeful response to the refugee crisis. These were dense records with complex layers of sound, the sort of albums that critics love to "unpack".

And then Shankar took another left-field turn. Her 2020 EP *Love Letters*—written in the wake of her divorce—pulled back from the maximalism and the grand concept in favour of a raw, intimate vulnerability. Last year, she released *Chapter I: Forever, For Now*, a four-track EP—the first in a planned trilogy—that almost sounds like she's performing next to you at a campfire, combining intimacy with a sense of boundless space, her sitar painting the sky with gentle brush-strokes of vibrant emotional colour. Is Shankar, to borrow a term from the Taylor Swift fandom, embarking on a new era?

> Much like her father, Shankar isn't content just painting within the lines of the Hindustani classical tradition

"The pandemic, personal life events, they all meant that for a while I was writing from an inner space again, rather than an external space," she says. "I do feel like I've been finding and enjoying a sound that's simpler somehow, and I think that maybe comes from a confidence that I didn't have to the same degree before. I think it takes some kind of confidence and trust to allow things to be unadorned."

Recorded at Berlin's famous Funkhaus complex at new label LEITER's studio—run by German composer Nils Frahm, who also appears on the EP—Chapter I exists within the sun-dappled memory of a summer afternoon spent in the garden with her two young boys.

Shankar was playing the sitar, with one of her kids resting his head in her lap, when an old Carnatic lullaby came to her, unbidden. The EP is an attempt to capture the emotional resonance of that moment.

"I started playing it, and first of all, remembered how much I'd always loved this lullaby," she says. "But I also realised how much I enjoyed playing it and hearing it on the sitar, which I'd never heard before. So I kind of tucked that away, that's the only thing I came into the studio with. I knew I wanted to create something in that peaceful lullaby space."

Shankar credits producer Arooj Aftab—alongside Frahm, whom she calls a friend and an influence—for the record's unique blend of intimacy and expansiveness. Shankar has known Aftab socially for a long time, but the two first collaborated in 2021 on the Pakistani-American musician's track Udhero Na.

"In her own way, she does what I do in my music," says Shankar. "Bringing unexpected sound-worlds together in a way that makes sense and feels authentic. But she does it with more space than most of my music has."

Chapter I is only the first instalment in three planned 'mini-albums', each created in a different space with different producers. The second chapter has already been recorded—with award-winning British composer Peter Raeburn handling production duties—and is set to drop in early 2024. She says it's more of a night-time record, leaning into the ambient space. For someone who has been making albums since 1998, this change in process has been quite an exciting experiment.

"There's still an overarching connection, she says. "It feels important to me that once they're all out, people can listen to them in sequence and they make sense. But they can have a different identity, a different feel. They can be stages that connect with each other but exist on their own. I found that quite creatively freeing, to think of a smaller nucleus of songs."

For now, Shankar is on the road, hitting India for a short tour this week—including a set at the Lollapalooza Festival in Mumbai—ahead of a string of European dates in spring. It can be challenging to find musicians who can do justice to the wide range of sounds and styles in Shankar's ouvre, but she's incredibly excited with the new quintet she's put together.

"The irony is that sometimes when you stay within one tradition, there can be more freedom, because everyone knows that one style," she says. "As soon as you move into the crossover space, it sounds more free to the listener, but it's usually more limited for the musicians. What I love about this band is that it's the closest I've come to where the sound-world exists in a genre-free space, but you still have a lot of creative freedom. It feels very fulfilling to me."

The watermelon has become a powerful protest symbol AP

Watermelons and solidarity with Palestine

The fruit has become a symbol of resistance for activists everywhere

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Over the past three months, on banners and T-shirts and balloons and social media posts, one piece of imagery has emerged around the world in protests against the Israel-Hamas war: the watermelon. The colours of sliced watermelon — with red pulp, green-white rind and black seeds — are the same as those on the Palestinian flag. From New York and Tel Aviv to Dubai and Belgrade, the fruit has become a symbol of solidarity, drawing together activists who don't speak the same language or belong to the same culture but share a common cause.

After the 1967 Mideast war, the Israeli government cracked down on displays of the Palestinian flag in Gaza and the West Bank. In Ramallah in 1980, the military shut down a gallery run by three artists because they showed political art and works in the colours of the Palestinian flag — red, green, black and white.

The trio was later summoned by an Israeli officer. According to artist and exhibit organizer Sliman Mansour, an Israeli officer told him, "It is forbidden to organise an exhibition without permission from the military, and secondly, it is forbidden to paint in the colors of the Palestinian flag." The officer mentioned a watermelon as one example of art that would violate the army's rules, Mansour told The Associated Press last week.

In protest, people began to wave the fruit in public.

From the mid-90s, when Israelis and Palestinians reached interim peace deals, until the current nationalist Israeli government took office a year ago, raising the Palestinian flag receded as a major issue. Three decades later, "it became a national symbol" again, Mansour said.

> Young activists have adopted the watermelon emoji in calling for a cease-fire in Gaza

A year ago, Israel's far-right National Security Minister Itamar Ben-Gvir banned Palestinian flags in public places. This effort was met with fervent opposition. In response, Zazim, an activist group of Arab and Jewish Israelis, plastered taxis in Tel Aviv with large watermelon stickers that read: "This is not a Palestinian flag."

Watermelons have long been a staple of food in the region, with some dishes, like a popular salad in southern Gaza, originating with Bedouin Arab tribes.

Increasingly, young activists have adopted the watermelon emoji in calling for a cease-fire in Gaza. Emoji may confuse algorithms that advocates say tech companies deploy to suppress posts with keywords like "Gaza" and even just "Palestinian."

Watermelons are not the only symbol to catch on with activists. Other signs of global Palestinian solidarity include keys, spoons, olives, doves, poppies and the keffiyeh scarf. In November, to connect with the peaceful message of Armistice Day, when many Brits traditionally wear red poppy pins, protesters this year passed out white poppy pins, to commemorate victims of all wars. On the holiday, scores of protesters wearing poppy pins marched across London calling for an end to the war in Gaza.

Another reason the watermelon might resonate: It has seeds. There is a saying, often attributed to the Greek poet Dinos Christianopoulos, that is popular among activists: "They wanted to bury us; they didn't know we were seeds."

A food guide for culinary enthusiasts to explore east Asia

East Asia has a number of places that proudly pivot around a single produce, from bird's nest to soy sauce

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Mathura *peda*, Madurai *jigarthanda*, Ratlami *sev*, Agra *petha* and Bikaneri *bhujia* are names of the many sweets, drinks and *namkeens* that indicate the place of origin of these beloved Indian food items.

These are cities, towns and villages across the country have been recognised with the geographic indication (GI) tag for producing these famous foods. Driven by curiosity, culinary enthusiasts like me plan food-centric trips to each of these places. The main idea for me being; to try each of the goodies out at their source.

Apart from gastronomic travels within India, I've often crossed the country's borders on fascinating food pilgrimages. Some of my most memorable trips have been to far-flung places in east Asia to sample unique dishes and ingredients, and bear witness to the centuries-old traditions that shape them.

BOKPYIN, MYANMAR'S BIRD'S NEST PARADISE

Once Myanmar's leading producer of betel nut, rubber and palm oil, the seaside town of Bokpyin in the country's southern peninsular Tanintharyi region now has new wings. Quite literally! It is the world's number one supplier of the prized bird's nest that goes into the infamous bird's nest soup. As one of the most elusive, and thus expensive, animal products consumed by humans, the bird's nests are made from the dried-up saliva produced by the male white-nest swiftlet (*Aerodramus fuciphagus*). It's a food that is said to have tremendous health and beauty benefits when consumed regularly. In the sleepy town, one can find several buildings under construction that are purposely left unfinished. They allow the swiftlets a safe haven to roost and thus produce the pearly white nests. These are then harvested by a whopping 80% majority of Bokpyin's residents who are involved in the bird's nest trade. Today, there are at least 150 such grey, concrete swiftlets' apartment buildings scattered across the town. All of which are festooned with speakers and boom boxes installed in the nesting homes in a bid to attract more winged tenants.

KAMPOT, CAMBODIA'S PEPPER BASTION

The Kampot pepper is a type of black peppercorn. Also known in the past as the Indochinese pepper, it gets its modern name from the province of Kampot in south-west Cambodia. The Chinese explorer Tcheou Ta Kouan recorded its cultivation in the 13th century. Today, tonnes of this pungent spice is sold in auctions, wholesale and retail shops at the city's famous Kep Crab Market. This pepper is a certified GI product of Cambodia since 2010, and is grown at hundreds of pepper farms across the city and its suburbs. It's widely believed that the unique flavour of the pepper is due to the rich soil of Kampot, and its location between the mountains and the sea. Speaking of which, Kampot is equally famous as the exporter of two more products of the sea—a fish sauce called *tik trei* and the fine, flaky Kampot salt. Vast pans of the latter can be seen dotting the picturesque coastline.

Women sorting kampot pepper in Cambodia ISTOCKPHOTO

CU DA, VIETNAM'S SOY SAUCE STRONGHOLD

Famous for making the sweetest and most delicious soy sauce in all of Vietnam, Cu Da is an ancient, nondescript village located about 20 km from the capital Hanoi. Locals say that the craft of making soy sauce in Cu Da has been around for centuries. And that it is still made the same way with just four main ingredients: soybeans, glutinous rice, water and white salt.

The last important ingredient is one that they claim gives the sauce its unique mouthfeel and intoxicating aroma. This is also because the soy sauce is made every year from April to August, which has the most favourable weather for its production. But that's not all, Cu Da is also known for its traditional craft of handmade vermicelli that locals say is a dying art.

GWANGJU, SOUTH KOREA'S KIMCHI CAPITAL

Thanks to the halyu wave that has now transformed into a socio-cultural tsunami, most of us are well aware of the ubiquitous Korean condiment of *kimchi*. This pickle is the very essence of the city of Gwangju that's located on the banks of the Yeongsan River at the foot of the Sobaek Mountains in the south-west corner of the Korean Peninsula.

Gwangju—which means "city of light", also said to be the birthplace of democracy in South Korea—is where one finds hundreds of *kimchi*-making units, factories and even homes where fresh bouquets of napa cabbage are smeared with garlic, shrimp paste and the spicy *gochujang* paste. Left to ferment for months, it takes on a pungent, sour taste that defines it. The best place to get one's fill and even take back home tonnes of the stuff is at the city's Yangdong Market.

GARUT IN INDONESIA FOR DODOL

While it may have originated in faraway Indonesia, as a Goan kid, I've grown up eating tonnes of this black, flabby coconut milk, palm jaggery and rice flour sweet called *dodol*. Though different iterations of it were brought by the Portuguese colonisers to places like Goa and Sri Lanka—where it is called *kalu dodol* and made with *kithul palm* (*caryota urens*)—*dodol* remains a Javanese invention. Commonly served during Eid, it is called *jenang* in Javanese and is more toffee like here.

The town of Garut in west Java is the main production centre of *dodol* in Indonesia. Almost everywhere you look in Garut, you one can see huge cauldrons bubbling away with molten *dodol* with its nutty fragrance permeating the air. Today, Garut not only produces the original *dodol* but also variants like the chocolate one and the pungent durian-flavoured version called *lempuk* that's not for the faint of heart.