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mint

Think Ahead. Think Growth.

MF assets hit ₹50 tn on small-cap fever; debt sees outflows

Mayur Bhalerao
mayur.bhalerao@livemint.com
MUMBAI

Mutual fund assets crossed the ₹50-trillion milestone in December, in a month that saw retail investors continuing to chase fortunes in small-cap stocks. While debt funds saw outflows, equity funds attracted inflows of nearly ₹17,000 crore during the month, up 9.4% from November.

Mutual funds' overall assets under custody touched ₹50.7 trillion in December, the 34th consecutive month of inflows. Retail investors' faith in the local markets has buoyed MF investments, acting as a counterweight to volatile foreign inflows in the recent years.

Debt funds witnessed outflows of ₹75,559.93 crore, as companies requiring money for advance tax payments pulled out funds. Liquid schemes saw the most outflows at ₹39,675.27 crore.

In equity, however, investors continued to prefer small-caps, with these funds witnessing incremental net inflows of 4.3% month-on-month to ₹3,857.50 crore, even as large-cap saw outflows and mid-cap fund inflows moderated sharply.

Large-cap funds posted net outflows of ₹280.94 crore in December, marking a reversal from the positive inflows of the previous two months. Mid-cap funds also suffered, with inflows dropping 47.7% from November to ₹1,393.05 crore.

Systematic investment plans (SIP) accounted for a record ₹17,610 crore of inflows during the month.



Debt funds witnessed outflows of ₹75,559.93 crore. ISTOCKPHOTO

QUICK EDIT

Mutually invested

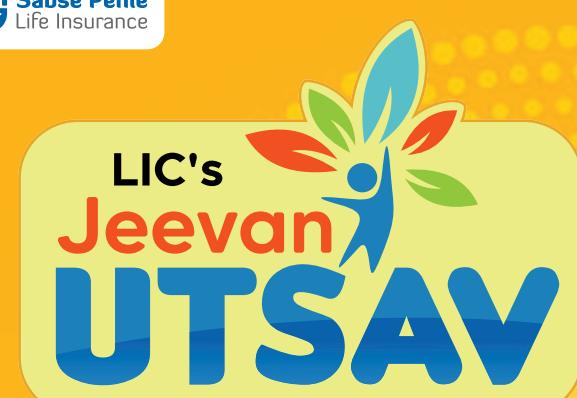
Even as high valuations make many big investors in Indian markets wary, there seems to be no stopping retail investors. In December, investments made through systematic investment plans (SIPs) rose to ₹17,610 crore from ₹17,073 crore in November. Also, the total assets under management of India's mutual fund industry crossed ₹50 trillion—the last ₹10 trillion of which were added on in just over a year, compared to almost half a century that the first ₹10 trillion took. Rising investor participation deepens India's financial markets and offers a cushion against volatile inflows from abroad. Their real test, however, will come if markets drop sharply. How retail investors respond in such an event would reveal just how stable these flows are. For a long time, they haven't really been tested, with stock indices on a one-way climb. With our economic fundamentals strong, the broader uptrend might be intact, although stretched valuations in pockets could invite bouts of profit-taking. Flows in the first week of January show foreign investors rushing to buy Indian shares. This may be part of an anticipated pre-budget or pre-election rally, which may mean high levels of speculation.

Navneet Munot, chairman of the Association of Mutual Funds of India (Amfi), said, "The MF industry is geared up for the next growth milestone of ₹100 trillion AUM and 100 million investors, which we are sure will be achieved sooner than expected as the industry has shifted gears to accelerate distribution outreach leveraging technology across the value chain."

"Both midcap and small-cap indexes have seen a sharp rally over the last 6 months and 1 year," said Melvyn Santarita, analyst—manager research, Morningstar Investment Research India Pvt Ltd.

"Consequently, investors have also flocked to these categories with ever-increasing flows. Investors should note that while both the midcap and the small-cap categories have the potential to deliver good returns, these categories inherently are volatile with sharp drawdown risks," Santarita added.

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How Red Sea attacks put India's trade at risk

BY NANDITA VENKATESAN

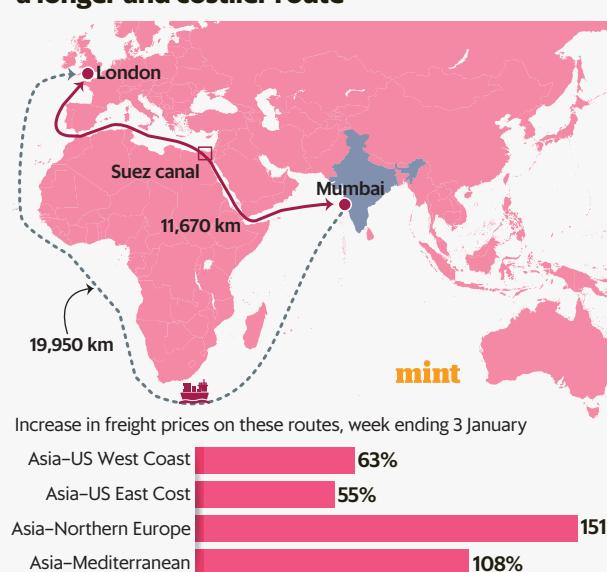
The Gaza war was always threatening to snowball into a wider nightmare for the global economy, and recent events in the Red Sea indicate just that. Attacks by Yemen's Houthi militants on commercial shipping vessels, ostensibly in a show of support for Palestine, threaten to disrupt global supply chains and increase prices of key commodities, fuel in particular. Needless to say, India cannot remain insulated from the knock-on effects.

The Red Sea, which starts from the Bab-el-Mandeb Strait and leads into the Suez Canal, offers the fastest sea route connecting Asia with Europe and the eastern coast of North America. Alternative routes that shipping companies are now taking are longer and costlier. Petroleum, basmati rice, automobile components, machinery, chemicals, plastics, ready-made garments and footwear are among the items that trade bodies say are likely to be impacted among those most important to India. A delay in securing timely supplies and higher costs of transporting goods could stoke fresh inflationary pressures for the economy.

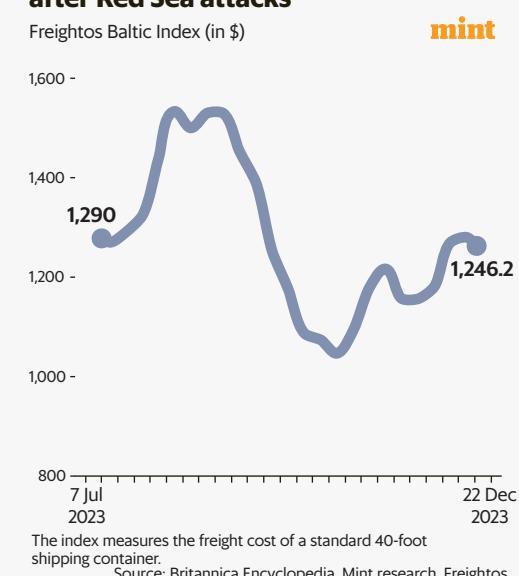
"India, heavily reliant on this route for trade and energy imports, faces increased costs and security risks, prompting efforts to diversify trade routes and enhance regional maritime security cooperation," said Global Trade Research Initiative (GTRI), a think-tank, last month.

Around 10% of global crude oil and petroleum products pass through the Red Sea, and part of that is Russia's shipments to India, which make up nearly one-third of India's oil imports. However, last week, ports, shipping and waterways secretary T. K. Ramachandran had claimed the crisis would have "no impact" on India's trade with the rest of the world, PTI reported.

The attacks have forced shipping firms to take a longer and costlier route



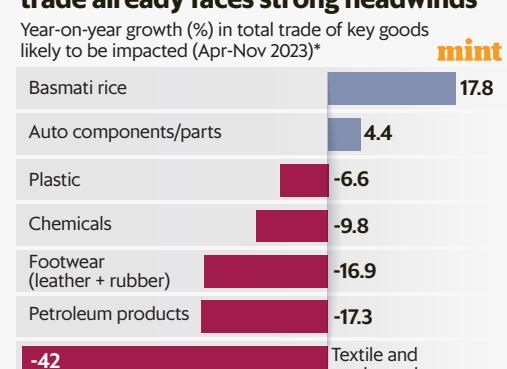
Global shipping costs volatile after Red Sea attacks



Soaring Freight Costs

WITH THE militants stepping up attacks, freight costs have gone through the roof as vessels are being forced to reroute via the longer channel through the Cape of Good Hope on Africa's southern tip. The longer voyages are leading to 7-15 days of additional sailing. Ocean freight rates on the route between Asia and north Europe have increased more than 150% compared with just before the diversion announcements, to more than \$4,000 per standard 40-foot shipping container, according to Freightos, a digital freight booking platform. Similarly, ocean rates have more-than-doubled on the Asia-Mediterranean route as well, and Indian exporters are facing the heat. "Many Indian exporters are holding their consignment due to the tensions," said Ajay Sahai, director general and CEO of Federation of Indian Export Organizations. "The freight charge for a container being moved from Jawaharlal Nehru Port [near Mumbai] to Saudi Arabian ports was for around \$750, and it has gone to around \$1,500. For a European port it has gone from \$2,000 to \$4,000, in addition to levy of a contingency surcharge and peak season surcharge." Sahai said India engaged in about \$225-250 billion worth of trade per year via the Red Sea route. This was about a fifth of India's total trade in 2022-23.

Crisis comes at a time when India's trade already faces strong headwinds



India Impact

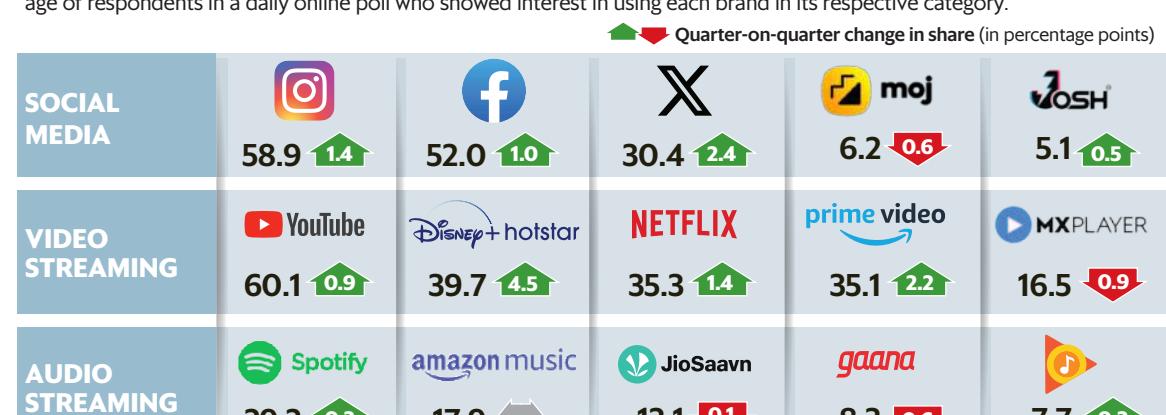
WITH THIS, some of the biggest components in India's trade basket are at risk, at a time of an already weak external environment. India's exports have contracted for six of the first eight months in this fiscal year. The country depends on imports for close to 87% of its oil needs, leading to the risk of increased energy costs as it may have to use longer routes to secure its supplies.

Similarly, chemicals, another of the likely-impacted commodities, are the second biggest component in India's manufacturing exports list (20% share) and the third-biggest overall this fiscal year so far, shows latest trade data till November. In textile and ready-made garments, India has been one of the top five exporters globally, making up 7.6% of the country's total exports this fiscal. The upcoming trade data for December 2023, due later this month, will give a clearer indication of the impact.

YouGov BRAND DASHBOARD

How Indian consumers rate various brands

This monthly dashboard captures how leading brands in new-age sectors are perceived by urban Indian consumers. The sector in focus this month is **entertainment**. The numbers represent "**Future Consideration**" metric*, i.e. the percentage of respondents in a daily online poll who showed interest in using each brand in its respective category.



PEANUTS by Charles M. Schulz



PARAS JAIN/MINT

Tuesday, January 9, 2024

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The Indian economy's 'long covid' problem



Maldives row takes a toll on travel plans

P6

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NIFTY 21,513 ▲ 197.8

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Food subsidy may top ₹2.2 tn in FY25

The coming budget may see a rise in allocation by 10% on-year

Puja Das & Dhirendra Kumar

NEW DELHI

The Union government may allocate ₹2.2 trillion towards food subsidy in the forthcoming budget to pay for higher farm support prices and an extended free food scheme, a top official said. The allocation, which could be 10% higher than last year's, would be at a time the government is focused on ensuring food security and keeping food inflation in check.

IND. AI SURGE
INTERIM BUDGET 2024

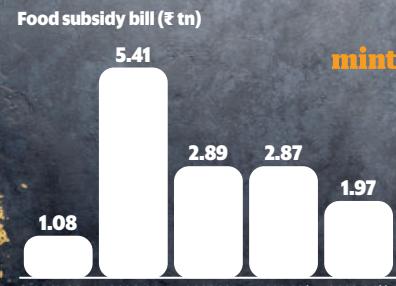
While the food subsidy allocation for 2023-24 was ₹1.97 trillion, the outgo in the current fiscal has already crossed ₹2 trillion, Union food and public distribution department's secretary Sanjeev Chopra said.

"Right now, the food subsidy is ₹2 trillion," Chopra said in an interview. "I think there may be a 10% increase in the total food subsidy bill next year", considering the hike in minimum support price (MSP), extension of Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY) and other costs involved.

The higher allocation is expected

FARM FRONT

Though the government earmarked ₹1.97 trillion for food subsidy in 2023-24, the outgo has already crossed ₹2 trillion.



RISING OUTGO

FREE food scheme PM-GKAY may be extended by 5 years

CENTRE may hike support prices for wheat, paddy

ANNOUNCEMENT likely in interim budget or full budget

SARVESH KUMAR SHARMA/MINT

considering a hike in the MSP for wheat and paddy crops, and another five-year extension in PM-GKAY, the government's free food distribution scheme for the poor. "This will require the department to procure 40.8 million tonnes of rice every year beyond building the buffer stock," Chopra said. A total of ₹11.80 trillion will be required for five years,

estimating some nominal increase every year.

However, he did not specify whether the allocation will be announced in the interim budget to be presented on 1 February.

"The budget estimate of food subsidy depends on the quantity of

TURN TO PAGE 6

Funds investing in Gift City may enjoy a special carve-out

Pavan Burugula
pavan.burugula@livemint.com
NEW DELHI

Mutual funds may get to invest in companies traded in Gujarat's Gift City exchanges beyond the normal cap that applies for their overseas investments. The move comes at a time the government is opening up the special economic zone for direct listing of Indian firms.

A 16-member expert panel appointed by the International Financial Services Centres Authority (IFSCA) last week recommended a special carve-out for mutual funds wanting to invest in Gift City. Mint has seen a copy of the report.

Currently, any investments made by mutual funds are considered overseas investments, which are subject to various investment limits.

The Reserve Bank of India (RBI) allows the entire mutual funds industry to invest up to \$7 billion in overseas companies. Also, no individual fund is allowed to invest more than \$1 billion in foreign securities. The expert committee recommendation, if implemented, will ensure that their investments in Indian companies in Gift City are not considered



The move aims to deepen liquidity in Gift City. BLOOMBERG

overseas investment and, instead, a separate limit will be put in place for Gift City.

To be sure, Gift City currently offers only derivatives trading, and does not have any listed companies. The government is working to allow Indian firms to list directly from Gift City, before opening up direct overseas listings.

The move aims to deepen liquidity in Gift City, given that mutual funds have been a key factor behind the rise of India's onshore capital markets, where they manage assets of ₹50 trillion. Companies listing in Gift City will help both the special zone and the domestic

TURN TO PAGE 6

IPO bounty for top execs at Firstcry, Ola Electric

Priyamvada C &
Ranjani Raghavan

BENGALURU / MUMBAI

Top leaders of Ola Electric and Firstcry stand to make a windfall in their companies' upcoming public listing, an analysis of their draft red herring prospectus (DRHP) by Mint showed.

The top 10 executives of Bhavish Aggarwal-led e-scooter manufacturer Ola Electric are sitting on a potential cash value of ₹16,792 crore, of which Aggarwal's stake alone is worth a little more than ₹6,000 crore. The rest of the executives were granted stock options over the years, through the company's employee stock ownership plan (ESOP) policy.

Meanwhile, the top 10 leaders of Brainbees, which owns and runs the omnichannel retail brand Firstcry, stand to make at least ₹2,467 crore from the initial public offering (IPO), according to the Mint analysis. These are conservative estimates based on the valuation of both companies in their last private funding rounds. The shares may be priced higher in IPOs.

TURN TO PAGE 6

DON'T MISS



Independent directors needed a year before IPO: Mohandas Pai

Year 2023 had a series of cases in which founders locked horns with boards. Former Infosys Board member and co-founder of Aarin Capital Partners, TV Mohandas Pai, talks about the importance of having a high-quality board that can guide and propel a startup. ➤P5

Budget: Green financing, digital currency likely to get a boost

The upcoming interim budget may propose steps to incentivize green financing, push financial stability and speed up the adoption of technology in the financial sector. The Centre may also take forward some of its initiatives from the last few years. ➤P6

SC to hear landmark online gaming tax case in 2 months

The Supreme Court will shortly begin the final hearing of cases in the tussle between tax authorities and online gaming firms over tax demands of nearly ₹1.5 trillion. The court on Monday has issued a notice to the Directorate General of GST Intelligence. ➤P2

OTT firms rationalize costs, chase profits in tough market

Video-streaming platforms have reduced marketing budgets by up to 40% over the past year, and rationalized content costs, as they shift their focus to profitability in a cut-throat market where producers are vying to grab a fickle audience's attention. ➤P7

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ONGC starts crude production at its KG Basin block

Rituparna Baruah
rituparna.baruah@livemint.com
NEW DELHI

State-run Oil and Natural Gas Corporation (ONGC) on Monday said its deep-water block in the Krishna-Godavari basin off the coast of Bay of Bengal has started producing oil, a development that is expected to boost India's quest for energy self-sufficiency.

The company said that the block, KG-DWN-98/2, is likely to increase ONGC's oil and gas production by 11% and 15% respectively. "Valiantly combating various technological and covid-related challenges, ONGC had successfully executed Phase I of the project in March 2020, achieving the commencement of gas production from U field of the KG-DWN-98/2 Block in record time of 10 months," it said.

"With commencement of this first oil on 7 January 2024, ONGC is nearing completion of Phase 2, culminating into commencement of oil production from the 'M' field of KG-DWN-98/2."

Union minister for petroleum and natural gas Hardeep Singh Puri said on Sunday that the project is expected to add 7% each to India's current oil production and gas output.

Prime Minister Narendra Modi on Monday described the development as a "remarkable step" in India's energy journey.

ONGC noted that the development of this field faced



Hardeep Singh Puri, petroleum minister.

PTI

unique technical challenges due to the waxy nature of the crude. The company employed innovative 'pipe-in-pipe technology', a first-of-its-kind initiative in India.

While some subsea hardware involved in this development has been sourced internationally to meet specific requirements, the majority of fabrication work was carried out at the ONGC's modular fabrication facility at Kattupalli, Tamil Nadu. "The flagship project is on track with the final phase of project with the balance oil and gas fields of the block scheduled to be put on production by mid-2024, according to ONGC. Peak production of the field is expected to be 45,000 barrels of oil per day and over 10 million metric standard cubic metres of gas per day (MMSCMD).

At 11.09 am, shares of ONGC on the BSE were trading at ₹218.60, higher by 1.02% from its previous close.

SC to hear landmark online gaming tax case in 2 months

Tussle between tax authorities and online gaming firms over tax demands of nearly ₹1.5 tn

Krishna Yadav & Shouvik Das

NEW DELHI

The Supreme Court will shortly begin the final hearing of cases in the tussle between tax authorities and online gaming firms over tax demands of nearly ₹1.5 trillion. The court on Monday issued a notice to the Directorate General of GST Intelligence in response to petitions filed by the E-Gaming Federation and gaming startups Games24x7 and Head Digital Works challenging the tax demands, which they say are retrospective.

The Supreme Court asked the government's goods and services tax enforcement body to submit written responses to the petitions within two weeks. The court, however, did not issue a stay on the tax notices. Its final hearing will include pending appeals at the Supreme Court as well as all similar cases pending at various high courts.

The hearing is likely to begin by end-February or March. It is expected to draw to an end a prolonged tax overhang on online gaming, and clarify if these are games of skill or chance, and if they come under the ambit of betting and gambling.

After the Supreme Court completes a three-day hearing on the matter, a window of at least three more months is expected before it issues its judgment. The DGGI has told the court it will file a petition seeking the transfer of all cases related to the same issue from various high courts to the



The apex court has asked the government's goods and services tax enforcement body to submit written responses to the petitions within two weeks.

Supreme Court. An appeal on a notice issued to Bengaluru-based Gameskraft Technology for alleged tax evasion amounting to ₹21,000 crore is also set to be included under the same ambit.

THE END-GAME

THE court on Monday issued a notice to the Directorate General of GST Intelligence

THE apex court, however, did not issue any stay on the tax notices

THE final hearing will include pending appeals at SC as well as all similar cases pending at HCs

THE hearing is now likely to begin by the end of February or in March

the DGGI was in the process of issuing notices to online gaming companies regarding retrospective GST claims for the previous five fiscal years, amounting to nearly ₹1.5 trillion.

Senior advocate Harish Salve, arguing on behalf of the gaming industry, objected to categorizing the prize pools, or the total operating value of an online game, as an 'actionable claim'.

He added that since the games are played between players, with the companies solely drawing a platform fee, even actionable claims should not be factored into the GST demand as the platforms and the services only function as intermediaries.

Salve said the tax claims on online gaming startups were several times companies' reported net revenues in the previous five financial years—and would push the nascent sector toward bankruptcy. An actionable claim is a claim made in a court against a sum of money that one party owes another.

In online gaming, since prize pools and winnings are held in escrow accounts of gaming operators, the claim that a winner has on the money held in escrow becomes an actionable claim. While actionable claims were not applicable to online gaming until September, they were brought under the amended GST laws from October.

A spokesperson for the E-Gaming Federation could not be reached until press time. Games24x7 declined to comment, since the matter is sub judice. krishna.yadav@livemint.com



The aim is to develop cruise vessels and terminals.

₹45,000 cr investment to develop river cruise tourism

Subhash Narayan
subhash.narayan@livemint.com
NEW DELHI

The ministry of ports, shipping, and waterways has announced a ₹45,000 crore investment to develop river cruise tourism, aiming to leverage India's inland waterways for economic growth.

This investment includes ₹35,000 crore for cruise vessels and ₹10,000 crore for cruise terminal infrastructure by 2047, the ministry said. The decision, aimed at transforming India's inland waterways into dynamic commercial channels, was taken at the inaugural Inland Waterways Development Council (IWDC) meeting in Kolkata.

Chaired by shipping and ports minister Sarbananda Sonowal, the meeting brought together state ministers and industry leaders to strategize on enhancing the viability of inland waterways. Sonowal highlighted the IWDC's goal of sustainable development for Atmanirbhar Bharat.

The plan includes expanding river cruise tourism from eight to 26 waterways and increasing cruise circuits with night stays from 17 to 80. The number of river cruise terminals is set to rise from 15 to 185, giving a significant boost to cruise tourism traffic by 2047.

To enhance inland waterways for cargo trade, a ₹15,200 crore investment was agreed at the Global Maritime India Summit (GMIS) held in Mumbai in October last year. This investment is expected to fuel a growth rate exceeding 400%, boosting volumes to up to 500 million tonnes per annum (MTPA) of cargo by 2047.

Sonowal launched the 'Harit Nauka' guidelines and 'River Cruise Tourism Roadmap, 2047' at the IWDC. The roadmap outlines over 30 potential cruise routes, and includes an action plan for river cruise development.

Aligned with the Maritime India Vision 2030 and Maritime Amrit Kalan Vision 2047, the initiatives aim to increase the modal share of inland waterway transportation from 2% to 5%.

Thali costs fall as festival season closes

Puja Das
puja.das@livemint.com
NEW DELHI

The cost of home-cooked vegetarian and non-vegetarian thalis (plates) fell sequentially in December, as demand waned following the end of the festival season.

The price of a vegetarian thali fell 3% to ₹29.7 last month, while the non-vegetarian thali saw a 5% decline to ₹57.6.



The price of vegetarian thali fell 3% to ₹29.7 last month, while the non-vegetarian thali saw a 5% decline to ₹57.6.

Lakkar mentioned a marginal improvement in realizations around Christmas and New Year, but anticipates the sector to have barely broken even in Q3, despite a strong performance in the festive month of October.

The prices of rice, wheat, pulses and vegetables are expected to remain high for the rest of the fiscal year.

Wheat and rice prices are seen firm due to lower stocks in the central pool, Pushan Sharma, director, research, Crisil Market Intelligence and Analytics, had told Mint earlier. Prices of pulses are expected to rise due to a tight supply situation amid a likely fall in Kharif output and lower acreage in the ongoing Rabi season. Vegetables prices, especially those of tomatoes and onions, will also remain high until new crop arrivals begin.

The Reserve Bank of India during its rate-setting meeting last month warned of about a possible resurgence in food inflation. The government has been taking measures recently to rein in food prices, which account for nearly half of the overall consumer price basket and rose to 8.70% in November from 6.61% in October.

This edition will feature

ian thali's cost fell 4% due to a 15% yearly decline in broiler prices amid higher production.

Nishant Lakkar, founder and CEO of AAA Rating Consultants and Advisors, noted that the poultry sector has been facing losses since December and will likely continue this trend.

This is due to factors like rising bird weights due to weather conditions, a slight increase in maize prices, and lower realizations.

Vibrant Gujarat summit set to break many records this year

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

The upcoming Vibrant Gujarat summit, starting on Wednesday, is expected to break its 2019 record for the number of Memorandums of Understanding (MoU) signed, according to Rahul Gupta, vice chairman and managing director of the Gujarat Industries Development Corp. That number stands at 28,360.

The event could mark a significant rebound for the state, as the 2021 edition was cancelled due to the pandemic.

Prime Minister Narendra Modi will inaugurate the summit on Wednesday, and will be in his home state from Monday until 10 January.

Gupta downplayed rumours of an upcoming MoU with Tesla, although the electric carmaker is expected to participate. "The Gujarat government is ready to welcome any such decision taken by Tesla. We would be more than happy to welcome the EV maker," he said.

The summit is also expected to strengthen ties between India and the UAE, following

leading industrialists Lakshmi Mittal (ArcelorMittal), Mukesh Ambani (Reliance Industries), Gautam Adani (Adani group), Kumar Mangalam Birla (Aditya Birla group), Anil Agarwal (Vedanta Resources), Uday Kotak (Kotak Mahindra Bank) and Sameer Niigam (PhonePe).

The 2015 summit saw 21,304 MoUs, while 2017 had 24,774, with approximately 70% materializing as deals. Officials are optimistic that 90% of this year's MoUs will be realized.

The summit is also expected to strengthen ties between India and the UAE, following

Modi's visit to the COP28 summit in Dubai in December.

UAE President Sheikh Mohammed bin Zayed Al Nahyan will attend the Gujarat summit as chief guest on 9 January.

Focusing on futuristic technology, the summit will explore sectors like semiconductors, green hydrogen, e-mobility, and space manufacturing. With over 100,000 registrations, a significant increase from 48,000 in 2019, and 32 partner-countries compared with 15 in 2019, this edition is set to be a record-breaker.

Prime Minister Narendra Modi will inaugurate the summit.

HT



Data breaches to spur cybersecurity funding

Cyber attacks can cause substantial financial losses for organizations

Priyamvada C
priyamvada.c@livemint.com
BENGALURU

Venture capital funds are ramping up their investments in the cybersecurity space in India, as cyber attacks grow in frequency and as artificial intelligence technology promises to go mainstream in 2024.

Indian cybersecurity startups in the past two years amassed \$130.7 million in funding, a nearly 63% jump from two years prior, according to data collected by Tracxn.

Potential security breaches and data thefts remain a lingering concern, as companies in India and around the globe embrace digital transformation and technological enhancements, prompting VC firms to invest proactively in cybersecurity providers.

VC firm Accel is currently investing out of its seventh fund, sized at \$650 million, and has invested from this fund in five companies in the cybersecurity space, said Prayank Swaroop, partner at Accel. "Cybersecurity is an important area of investment for us globally, and in India we have significantly increased our number of investments in the last two years. This will continue to be a priority sector for 2024 as well," he said.

While the government has also brought in more initiatives to promote rapid digitization, this further exposes entities to malicious activities through ransomware attacks, credential thefts, supply chain attacks, among many others.

These security breaches could lead to substantial losses for organizations, and may have severe repercussions, thus making it even more crucial to allocate funds to tackle these threats.

With the current rate of growth, damage from cyber-attacks will amount to about \$10.5 trillion annually by 2025, a 2022 McKinsey report said.

"New ways to secure customer-specific information are expected to emerge, enabling organizations to implement substantial measures swiftly at a considerable pace and magnitude," Google-backed cybersecurity firm Mandiant's CTO for Japan-Asia Pacific (JAPAC) and Google Cloud, Steve Ledzian, told Mint.

About 97% of Indian organizations have begun investing in artificial intelligence/machine learning while 84% have also put in money for infrastructure around cloud technology, according to the Data Secu-



Indian cybersecurity startups in the past two years amassed \$130.7 million in funding, a nearly 63% jump from two years prior, according to data collected by Tracxn. iSTOCKPHOTO

City Council of India.

"The intersection of AI with cybersecurity is poised to drive a significant increase in investments in the sector this year. The recent adoption of generative AI is also opening various cybersecurity risks. We expect a few investment opportunities coming to us in AI governance and cyber security governance areas," said Shyam Penumaka, partner at Dallas Venture Capital (DVC), adding that AI technologies, such as machine learning and behavioural

and 15% in the next 12 months, as per the report.

As a result, fund-backers have become more optimistic about investing in this sector. "We have been bullish for a while on the cybersecurity ecosystem out of India and have, hence, backed a few companies in this space," Kunjan Chikhlikar, head of venture capital firm RPG Ventures, said. It has invested in companies such as Shieldsquare, a bot mitigation business and cybersecurity firm BluSapphire.

Several industry experts and executives said India gains from a structural advantage in security as it houses a large number of security engineers, making it a more attractive market for investors.

analytics, are proving to be game-changers in the cybersecurity space.

However, about 90% of Indian business leaders see a significant cyber threat to their business, according to data collected by consulting firm PwC. The report also said cyber security continues to have a share of 10%-15% of IT budgets within Indian enterprises as cyber attacks are posing an increasing threat to business operations.

Nearly all the organizations will increase their cyber budgets, out of which 50% envisaged an increase between 6%

"We're seeing a lot of cybersecurity services companies in India transition to product companies. We've also seen a lot of security engineers in the US coming back to India and building security products for the world, and these trends are only on the rise," said Accel's Swaroop.

Still, cybersecurity firms continue to face challenges in keeping pace with the rapidly evolving technological advancements due to factors that include complex regulatory landscapes, balancing security measures with user experience and addressing global threat variations.

RINGFENCING

ABOUT 90% of Indian executives see a significant cyber threat to their business, says PwC

50% of all the firms will increase cyber budgets between 6% and 15% in the next 12 months

DAMAGE from cyber attacks will amount to about \$10.5 tn annually by 2025, said McKinsey

Foxconn set to lose India arm chief Josh Foulger

Bloomberg
feedback@livemint.com

Foxconn Technology Group is losing a long-time executive in India, just as the manufacturer is pushing to expand in the country.

Josh Foulger, the country head of Foxconn's Bharat FIH arm, is leaving the company after nine years, people familiar with the matter said. His last day will be this month, they said, asking not to be named as the matter is private. His plans going forward couldn't immediately be learned.

Foulger, a three-decade veteran in the electronics industry, has helped Taiwanese contract manufacturer Foxconn and its customers including Xiaomi Corp. expand in India. He worked closely with Xiaomi's former India boss Manu Jain to assemble Xiaomi smartphones in local Foxconn factories, helping the Chinese brand become a force in the fast-growing Indian market.

Foxconn representatives didn't have immediate comment when Bloomberg News reached out for the story. Foulger didn't reply to a WhatsApp message seeking comment.

Prior to joining Foxconn, Foulger was a senior executive at Nokia Oyj and oversaw a huge mobile-phone manufacturing complex for the Finnish company in southern India.



Discussions with the government are also underway to set up plants in Madhya Pradesh, Uttarakhand, Chhattisgarh, Kolkata and several other states. Sharma's vision however, extends beyond manufacturing, as the company is venturing into the hotel industry with plans for 3-star and 4-star hotels in various states. In fact, one hotel project in Uttarakhand is nearly 90% complete. Despite these challenges, Sharma remains dedicated to expanding Sweeton's reach. In fact, the company also has plans to open outlets in cities, providing a comprehensive range of food and beverage options.

Sharma says, "Whatever I am today in my personal and professional life is all due to the blessings of my father, Mukesh Sharma." He also credits his success to his mother, who he says has been his guide—albeit in absentia—and he is determined to continue building and growing Sweeton into the future.

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Sweeton

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Good Glamm eyes funding of \$60 mn

Debjyoti Roy
debjyoti.roy@livemint.com
NEW DELHI

Good Glamm Group, the direct-to-consumer (D2C) beauty and personal care conglomerate, is planning to raise its Series E round of funding, in what will be mostly utilized by the firm as growth capital, at least two people aware of the development told VCCircle.

The content-to-commerce unicorn, which was valued at \$1.2 billion in November 2021 when it raised \$150 million (\$110 crore) in a Series D round, is planning to raise around \$500 crore (\$60 million) in funding in this transaction, one of the individuals said.

The second person said that the company's top-rung existing investors are also likely to participate in this round. The firm counts Warburg Pincus and Prosus Ventures, which had led the Series D round, among its prominent investors



Once the current round gets closed, the company will look to launch its initial public offer by the second half of 2025. iSTOCKPHOTO

in its captable.

Bessemer Venture Partners, Accel and Amazon are some of the other big investors to have backed the firm over the years.

On the debt side, the company counts Alteria Capital, Tri-fecta Capital and Stride Ventures among its investors.

On the new investors side, the company is in talks with

both local and global funds to secure funding. The transaction is likely to close in next two months.

The person added that once

the current round gets closed, the company will look to

launch its initial pub-lic offer by the second half of 2025. When contacted, a company spokesperson declined to comment on the development.

next three years, he added.

With no limits on funds, the thesis is built around investing for its limited partner's children, who can benefit from the compounding gains. "The mission of the fund is to make our children financially secure by the time they turn 18, both monetarily and intellectually," said Khanna.

It also brings financial education to the investor's children through one-on-one zoom classes covering a curated program on financial literacy for them.

Amaya Growth Fund has Pramath Raj Sinha of Ashoka university, Sachit Jain of Vardhaman Steels and Vardman Textiles, and Raj Kumar Gopal of Devish Hedge Fund UK on its advisory board.

Binny Bansal invests in Amaya Growth fund

Malvika Maloo
malvika.maloo@livemint.com
BENGALURU

Billionaire Binny Bansal, who co-founded e-commerce firm Flipkart, has made an investment in Amaya Growth Fund, sponsored by investment banker Amit Khanna's family office Amaya Ventures.

Khanna also leads the boutique investment advisory firm Phoenix Advisers.

"I am excited to announce that Binny Bansal, the poster boy for Indian startups, has joined Amaya Growth Fund as one of our founding investors," Khanna, who is the founder and chief investment officer, said in a LinkedIn post.

Launched last week, the fund has raised commitments worth \$25 million from a few investors, Khanna told VCCircle. Besides Bansal himself, these include Tara and Sahil Vachani of Max, Avinash Pahuja of Oro, and Sudhir Agarwal of Everise.

Amaya Growth will have no fund-life, and will raise funds throughout at regular



Former Flipkart co-founder, billionaire Binny Bansal. MINT

intervals.

The fund will invest in listed companies in India which are profitable and have shown secular long-term growth, picking and putting money in 15-20 stocks at a time.

The fund is targeting a corpus of \$250 million over the



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S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE 71,355.22	CLOSE 21,513.00	CLOSE 19,417.70	CLOSE 53,728.90	CLOSE 21,770.75	CLOSE 37,377.95	CLOSE 43,660.04
PERCENT CHANGE -0.93	PERCENT CHANGE -0.91	PERCENT CHANGE -0.88	PERCENT CHANGE -1.04	PERCENT CHANGE -0.93	PERCENT CHANGE -0.87	PERCENT CHANGE -0.36
PREVIOUS CLOSE 72,026.15	OPEN 21,710.80	OPEN 19,590.60	OPEN 54,295.25	OPEN 22,016.70	OPEN 37,706.55	OPEN 43,819.39
HIGH 72,181.77	LOW 21,763.95	HIGH 19,641.85	LOW 19,400.60	HIGH 54,450.00	LOW 22,024.15	HIGH 44,079.96
LOW 71,301.04	LOW 21,492.90	LOW 53,670.00	LOW 21,750.25	LOW 37,883.31	LOW 37,349.87	LOW 43,637.28

m MINT SHORTS**European banks expected to outperform American rivals**

Europe's undervalued banks are set for their best-ever year against American rivals after souring debts and regulatory concerns halted US lenders' record-breaking end to 2023. The KBW Bank Index, comprising the top 24 US banks, jumped 30% in November and December—it's best final two months of a year according to data compiled by Bloomberg going back to 1991. This year it's expected to return less than 1%, according to 1 January analyst price targets compiled by Bloomberg, while Europe's Stoxx 600 Bank Index is projected to return more than 22%, which would be its second-best year since 2012. The 21 percentage-point gap is the widest in expected returns for the start of a year since at least 2005, when Bloomberg began recording price targets, and comes as American banks are poised to release fourth-quarter earnings this week. Analysts see European playing catch-up this year.

BLOOMBERG



German exports rose by 3.7% in November compared with the previous month.

BLOOMBERG

Harsha Jethmalani
harsha.j@livelink.com

The Nifty IT index closed 2023 with a creditable 24% gain, helped in particular by a strong momentum in December, after the US Federal Reserve hinted at three potential rate cuts over the course of 2024.

Lower interest rates help the banking, financial services and insurance sector (BFSI), which accounts for a substantial demand for the Indian IT industry, and are likely to spur discretionary spending by companies on software and digital transformation.

Yet, for any meaningful growth in revenue, interest rate optimism needs to translate into higher deal conversions.

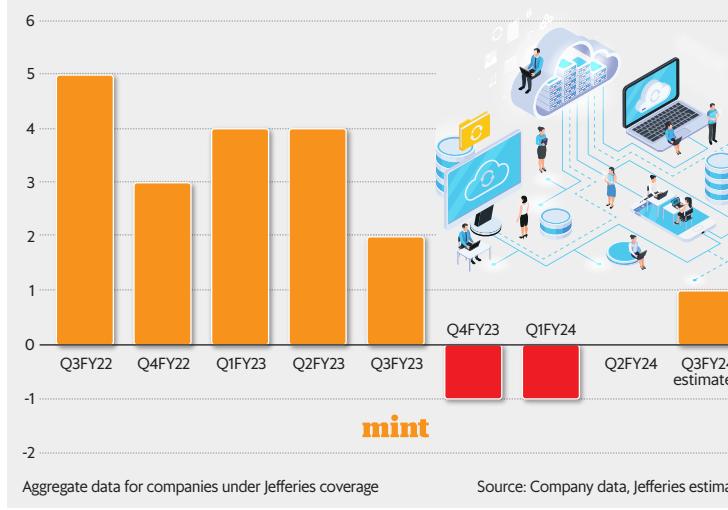
The December quarter (Q3) is a seasonally weak one for the Indian IT sector due to furloughs and fewer working days. Further, the adverse impact of furloughs on revenues could deepen amid the prevailing client caution, prioritizing IT expenses, extended timelines for deal closures, and slower executions.

Segment-wise, the slowdown in BFSI, retail, hi-tech, and communications is expected to continue. Demand

On feeble footing

IT companies are poised to put up a weak show in a seasonally weak December quarter

Seasonal constant currency revenue growth (in %)



Aggregate data for companies under Jefferies coverage

Source: Company data, Jefferies estimates

PRANAY BHARDWAJ/MINT

recovery in the US and Europe is also expected to be muted.

"During Q3FY24, we expect aggregate revenue growth for our coverage universe to remain muted at 0.8% QoQ constant currency, given the seasonal impact of furloughs, which are deeper this year," said Jefferies India in a

report on 29 December.

While sequential growth in the third quarter improved by 40 basis points, it was the slowest aggregate growth in the third quarter of any year in the past decade, Jefferies added.

Moreover, after an unusually solid Q2FY24, the deal-win momentum is

expected to have been tepid in Q3FY24.

"The (September) quarter was exciting, with several mega-deal announcements," Kotak Institutional Equities said. "The commentary about a healthy pipeline by companies indicated that more could follow in the (December) quarter," they said.

However, not a single mega deal was announced by Indian IT during the quarter, Kotak's analysts pointed out in a report on 3 January. In this backdrop, commentary on momentum in cost takeout deals, a saving grace for the industry in the absence of discretionary digital transformation projects, will be important.

Infosys Ltd recently saw a global client terminate a multi-year contract worth \$1.5 billion. Also, global IT giant Accenture's latest results, often seen as an indicator for future performance of large Indian IT companies, indicate no visible green shoots of demand revival.

The commentary of Indian IT companies on client IT budgets and

demand conditions in the ongoing fourth quarter and for financial year 2024-25 will be crucial. Lower revenue guidance by tier-1 and tier-2 IT companies would be a dampener.

Amid expectations of muted revenue growth in Q3, margin movement is likely to be mixed and would vary across companies, depending on cost rationalization measures and the impact of wage hikes. With supply-side challenges easing, trends in hiring and attrition will decide the sector's profitability outlook.

Slow Lane

IT firms are set to post muted revenue growth in Q3, hurt by furloughs

FURTHER, slowdown in BFSI, retail and hi-tech is expected to continue

APART from these, the impact of company-specific factors such as recent senior-level exits at Infosys and Wipro, and Mohit Joshi's strategy to turn around Tech Mahindra Ltd will be closely watched.

Also, valuations do not provide comfort as revenue visibility is still bleak, keeping the sector exposed to earnings downgrades. Tier-1 IT companies are trading at FY25 price-to-earnings multiples of 20-30 times, showed Bloomberg data. Some tier-2 stocks are even more expensive.

Currency headwinds to undermine GCPL's show in Dec quarterVineetha Sampath
vineetha.s@livelink.com

Shares of Godrej Consumer Products Ltd (GCPL) hit a new 52-week high of ₹1,230 apiece on Friday, before the company released its pre-quarter update for the three months ended December (Q3FY24). The update suggests Q3 is likely to be a forgettable one, at least on the revenue front.

GCPL's consolidated revenue is likely to be roughly similar year-on-year at about ₹3,600 crore, against expectations of a 0.2% rise. Exports to EU countries rose by 5.4% compared with the previous month, while exports to countries outside the EU went up 1.8%, the office said. Supply chain frictions, and China moving from a dynamic export destination to competitor are factors weighing on the German export sector, Brzeski said.

REUTERS

Sure, overall volume growth is expected to be healthy and expand in high single digit. Moreover, Nuvama Research does not see negative pricing growth in Q3, as the price cuts by GCPL previously are now in the base. As such, what spoils the show is the impact of currency devaluation on GCPL's Africa and Latin American (LatAm) businesses.

For perspective, GCPL's Gaum (Godrej Africa, USA, and Middle East) business is expected to clock double-digit constant-currency sales growth in Q3. But thanks to the devaluation of Naira, the currency of Nigeria, the segment's reported

revenue would drop in the high single digit. Gaum formed almost 24% of GCPL's revenue in the first half of FY24.

Similarly, the sharp devaluation of Argentinian Peso would weigh heavily on the LatAm business revenue despite the

Foreign peril

GCPL's Q3FY24 revenue would be hurt due to currency devaluation in Africa and LatAm

Consolidated revenue growth year-on-year (in %)



Source: Company data, Nomura Research

PRANAY BHARDWAJ/MINT

segment clocking growth in volume. Moreover, it does not help that in the India business, GCPL did not see any significant improvement in operating conditions in Q3 versus Q2. But it is encouraging that the acquired FMCG business of Raymond Consumer Care Ltd, which consists of key brands Park Avenue and KamaSutra, is doing well.

The bright spot is that there is respite on the margin front. GCPL expects to see a year-on-year expansion in Ebitda margin despite flat sales growth.

In Q3FY23, GCPL's Ebitda margin stood at about 20%. A favourable input cost has aided the sentiment of investors in

GCPL. For instance, the price of palm oil, a key raw material, is down by 9% in the last one year.

Investors are not complaining. GCPL's shares have gained 21% in the past three months. The stock trades at 49 times their FY25 estimated earnings, according to Bloomberg data. Valuations are not exactly cheap and the sharp recent rally may cap large upside in the near future.

Analysts from Nomura Financial Advisory and Securities (India) see some pressure on the stock in the near term due to the impact of currency devaluation on LatAm and Africa businesses, especially after the recent run-up in the stock price.

India bonds may be on Bloomberg EM indexBloomberg
feedback@livelink.com

Bloomberg Index Services on Monday proposed including eligible Indian bonds in its emerging market local currency index from September, a move that could lead to billions of dollars of inflows into the country.

The proposal comes just a few months after JPMorgan said it would include India in its widely tracked emerging market debt index from June.

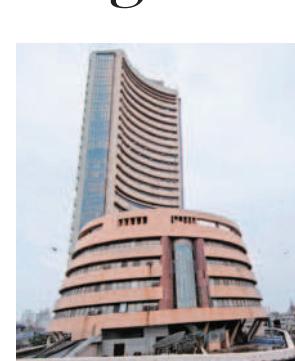
The government began discussing inclusion of its securities in global indexes in 2013 but restrictions on foreign investment in domestic debt hampered the process.

In April 2020, the Reserve Bank of India introduced securities that were exempt from foreign investment restrictions under a "fully accessible route" (FAR).

"Under the proposal, inclusion of India FAR bonds in the Bloomberg EM Local Currency Indices is to be phased in over a 5-month period starting in September 2024," the index provider said in a statement.

Gaura Sengupta, India economist at IDFC First Bank, said India's inclusion in the index would result in inflows of \$2 billion to \$3 billion over a five-month period.

India will continue to be excluded from Bloomberg Global Aggregate and related indices, the statement said.

Indian stocks get first ETF in Gulf regionPTI
feedback@livelink.com

Indian stocks climbed for an eighth year in 2023.

MINT

investor concerns over the outlook for India's biggest emerging-market rival, China. An informal survey conducted by Bloomberg showed Indian equities are poised to rise further in 2024.

The S&P India Shariah Liquid 35/20 Capped Index rose

16% last year, although it couldn't keep pace with the Nifty 50 Index's 20% gain. The new ETF is set to include large-cap Indian stocks like Reliance Industries Ltd, Infosys Ltd, and Tata Consultancy Services Ltd, and is open for investor subscription from 12 January to 17 January.

There were an estimated 3.5 million Indian expatriates in the United Arab Emirates as of 2021, comprising about 30% of the Gulf country's population. Bloomberg has reported the UAE is considering investing as much as \$50 billion in India, its second-largest trading partner. As part of the push, entities overseen by Sheikh Tahnoon bin Zayed Al Nahyan, a member of Abu Dhabi's ruling family, have held early-stage talks on investing billions of dollars in India.

Along with other portions of Sheikh Tahnoon's sprawling empire, Lunate and Chimera Investments will be folded into a new firm called 2PointZero. That firm will be transferred to Abu Dhabi's \$244 billion International Holding Co., which is also chaired by Sheikh Tahnoon—one of Abu Dhabi's two deputy rulers, the UAE's national security adviser and brother to its president.

The heavy shorting in the active Bank Nifty futures contract was evident in the rise of open interest (OI), the outstanding trader

Adani Green Energy secures redemption of \$750 mn bondsPTI
feedback@livelink.com

The move aims to boost investor confidence.

BLOOMBERG

recently been invested by TotalEnergies through a joint venture.

The remaining \$281 million has been secured through pro-rata preferential allotment.

As a result, the entire amount of the \$750 million Holdco Notes is fully secured eight months prior to its maturity date," the company said. AGEL, which is India's largest and world's leading renewable energy solutions company, develops, owns, and operates utility-scale grid-connected solar, wind and hybrid renewable power plants.

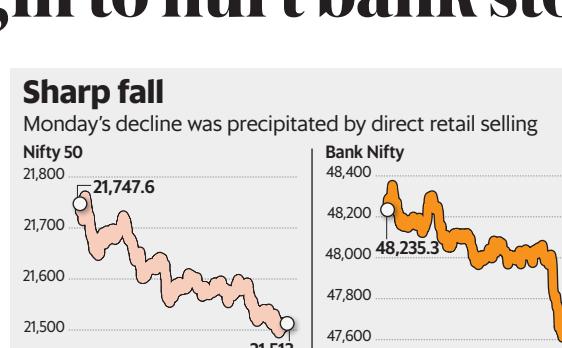
It currently has an operating portfolio of 8.4 GW, spread across 12 states.

RBI's loan curbs begin to hurt bank stocks; to remain under pressureRam Sahgal
Ram.sahgal@livelink.com

MUMBAI

Banking stocks are likely to face increased pressure in coming sessions, as Monday's decline, precipitated by direct retail selling, was accompanied by a rise in short positions created by domestic institutions and foreign investors closing out their positions in index futures like Bank Nifty, NSE data showed.

While the benchmark indices Nifty 50 and Sensex corrected the most in more than two weeks, the Bank Nifty spot index fell the most in three-



purchased shares worth ₹16.03 crore and ₹155.96 crore, respectively.

"There appears to be a lagged effect of RBI's curtail-

ment more sharply among the heavyweights today (Monday)."

Private and state-owned banks figured among the Nifty 50 losers led by SBI, down 2.33%, Axis Bank (-1.3%), ICICI Bank (-1.18%), Kotak Mahindra Bank (-1.16%) and HDFC Bank (-1.1%). FMCG and IT stocks were among the other losers.

The heavy shorting in the active Bank Nifty futures contract was evident in the rise of open interest (OI), the outstanding trader



'Independent directors needed a yr before IPO'

Darlington Jose Hector
feedback@livemint.com

Year 2023 had a series of cases in which founders locked horns with boards, bringing corporate governance standards into sharp focus. Byju Raveendran of Byju's, BharatPe's Ashneer Grover and Housing.com founder Rahul Yadav (in his new startup avatar), were all in the news with regard to issues pertaining to their style of functioning. Former Infosys Board member and co-founder of Aarin Capital Partners, TV Mohandas Pai, talks about the importance of having a high-quality board with capable independent directors that can guide and propel a startup. Pai, who is on Byju's advisory council, declined to talk specifically about the edtech company. Excerpts:

'Superstar' founders, the world over, have often created huge headaches for Board of Directors. On the other hand, a cumbersome Board can create stumbling blocks for highly opinionated founders. Of late, many companies are struggling to find that fine balance.

A Board can function well only if it has a good chairman. The chairman is a person who manages the board and who interacts with the management to make sure things go alright. He/she has to balance the interests of the investors and that of the management. The chairman has to be a mentor to the management and a person who is respected by all. That's the only way it will work in a high-profile company.

The Board has to talk to the management and lay down the rules of engagement. Power and responsibilities of the Board and the management have to be well defined. When you have a superstar and active CEO who believes that he's changing the world, there's bound to be a problem. There are very few such people in the world and you need them. But when you have such people at the top, you need a chairman with great maturity and skill.

Many of the Indian IT services champions like Infosys and Wipro have been beacons of high corporate gov-

ernance standards in India. Of course, there has been a blip along the way, by the name of Satyam. However, with regard to startups, it appears that governance standards have a long way to go.

For a listed company, there has to be transparency because third party money is involved. So, norms have to be followed. In many listed companies also, the norms are followed only in letter and word and not in spirit. There are challenges there too but since they have to report there's greater degree of transparency.

Now in a private company, governance is a matter between investors and the management. It's not a matter for the public. Where's the public interest involved? Public hasn't put in money. So, the investors have to lay down the principles as to how corporate governance matters have to be followed. And whenever the company (startup) plans to go public, they have to accept greater transparency and degree of responsibility because they are getting public money into the company. The public money can come from a large

number of investors. So, their behaviour has to change.

In what way would you suggest that happens?

At least two years before they go public, they have to ensure they have independent directors and a good chairman on the Board and they all cannot be investor nominees. Nominees will always listen to what the nominator wants. You have to find people who will work and that Board has to work with the management to appoint bankers who will work with accountants to ensure the financials are okay.

When the prospectus is filed, they have to make sure that they have gone through it thoroughly and signed it and passed the resolutions. The red herring prospectus has to reflect the views of the Board. The Board has to take responsibility for it. Now, if a startup wants to go public six months from now, and they appoint somebody as an independent director what independent knowledge will he come to bear? It takes 1.5 years to understand the company. New people joining 3-4 months before the IPO, cannot help matters.

The chairman has to be a mentor to the management and a person who is respected by all.

T. V. Mohandas Pai
Member, advisory council, Byju's

Hope for cost cuts in Budget: Vistara CEO

Mihir Mishra
mihir.mishra@livemint.com
NEW DELHI

The airline industry expects the government to announce measures that improve the operating climate for airline companies in India through measures that reduce cost of operations for the airline, Vistara CEO Vinod Kannan said Monday.

"Every year there are expectations from the Budget... But the government has a lot of other important issues to deal with in the Budget... From our perspective, to be fair to the government and civil aviation ministry, relief has come in the form of reduced VAT on aviation fuel has helped bring down our costs. Plus, the way aviation fuel prices are calculated has also changed... So, I have to give credit to the government," Kannan said.

He added that the rest will be left to the authorities. "Over and above that, whether it is the goods and services tax (GST) or trying to give us more benefits or more operating cli-



Vistara CEO Vinod Kannan said the legal approvals for the merger of Vistara with Air India are expected by the middle of 2024.

mate favourable, we will leave it to the authorities... Till then, we will live with whatever we have," he added.

The respite in VAT of Aviation Turbine Fuel (ATF) came after aviation minister Jyotiraditya Scindia started negotiating with state governments listing them the benefits of low tax on fuel. Key states, barring Delhi, Bihar, Assam, Tamil Nadu and West Bengal, have reduced tax on ATF after Scindia's intervention.

As part of Budget demands, the airport sector has put in a

request to allow them to sell domestic Indian liquor at departure-tax-free, which will lead to consumers being able to buy Indian brands like Indridi and Amrut at Indian airports.

The airport sector has also sought categorization of airports under priority sector, which will bring down the cost of construction for such large infrastructure projects.

Currently, loans provided by institutions for airport construction are classified under the general category, which leads to shorter repayment

tenure of 10-14 years with a high interest rate. Inclusion in priority sector would change that to a longer repayment period of up to 20 years and lower interest rates as well.

Kannan also said all legal approvals for its proposed merger with Air India are expected to be in place in the first half of 2024.

In November 2022, Tata Group announced merger of Vistara with Air India under a deal wherein Singapore Airlines will also acquire a 25.1% stake in Air India.

Kannan said the legal approvals for the merger are expected by the middle of 2024 and the operational merger is anticipated by early or middle of the next year. He also said all competition approvals are expected in the current quarter ending March.

On 1 September, the Competition Commission of India approved the proposed merger. Vistara has 67 planes. The airline is a joint venture between Tatas and Singapore Airlines.

(Agencies contributed to the story)

Checks on Boeing 737 MAX complete: DGCA

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

Indian airlines have completed precautionary checks of their Boeing 737 MAX planes, the Directorate General of Civil Aviation said.

"As a precautionary measure, DGCA on 6 January directed all Indian operators with Boeing 737 Max 8 aircraft to check the operation and proper closing of all overwing emergency exits by 7 January. These checks have been satisfactorily performed on the fleet of operational fleet of Boeing 737-8 Max aircraft by

Air India Express (4), SpiceJet (8) and Akasa Air (20)," the regulator said on Monday.

On Sunday, Air India Express said it had completed its inspection and that it was in touch with Boeing and regulators for more information on the issue.

On Monday, Akasa Air said there were no adverse findings from the inspection of its MAX aircraft. "We can confirm that there are no adverse findings. We can also confirm that there

was no disruption to our operations during this time," a spokesperson said.

The development came after images on social media showed Alaska Airlines flight 1282, a Boeing 737-9 MAX, with a large hole in its side and passengers using oxygen masks.

The flight returned to Portland, US, shortly after taking off for Ontario, California, on 5 January. The US Federal Aviation Administration later ordered a tempo-

rary grounding of more than 170 Boeing 737-9 MAX aircraft for inspection.

While the aircraft involved in the Alaska incident was a Boeing 737-9, the DGCA directed all Indian airlines to conduct a one-time inspection of the emergency exits on all their Boeing 737-8 MAX aircraft out of an abundance of caution. It is important to note that no Indian airline currently operates a Boeing 737-9 MAX.

"Akasa Air's fleet includes one B737-8200 aircraft which has a mid-cabin door on which the operational check has also been completed satisfactorily," the regulator added.

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Maldives in holiday churn

Industry estimates put the number of hotel bookings cancelled at 8,000 over just two days. More could follow

Varuni Khosla
varuni.khosla@livemint.com
NEW DELHI

Adverse comments against India's prime minister by three ministers of Maldives appear to have set off a chain reaction of holiday cancellations to the island nation.

An executive committee member of Outbound Tour Operators Association of India said some travel companies have calculated that between 6 and 7 January, the industry might have seen up to 8,000 cancellations for hotel bookings in the Maldives by small groups from India.

Arshdeep Anand, who is also CEO of HMA Spectrum Handcrafted Holidays, a Delhi-based outbound travel agency, added that her own company has experienced this blowback. A small group of 10 couples, which was spending about ₹30 lakh on a short getaway to Maldives, has cancelled the trip and opted for an alternative destination. "This downward trend for Maldives could spiral further," said Anand, adding that it could also boost tourism to Lakshadweep.

While there is no number available for flight cancellations, an analysis by Mint shows that the average prices of flight tickets for January between Delhi or Mumbai and Male—barring a few days—have crashed. Compared to the usual, average return ticket fare of ₹24,000, flights on IndiGo are now available for as low as ₹8,500. Vistara is offering fares at about ₹31,000 for a return ticket from the same cities.

Meanwhile, a statement by the Indian Chamber of Commerce exhorted its members and other tourism trade associations to 'boycott Maldives', and instead promote places like Andaman & Nicobar Islands and Lakshadweep, and even other southeast Asian countries.



Adverse comments against Prime Minister Narendra Modi following his Lakshadweep visit by three ministers of Maldives appear to have set off a chain reaction of holiday cancellations to the island nation. PTI

The developments are symptomatic of how Indians have reacted to derogatory remarks made by Maldivian ministers against PM Narendra Modi, after his visit to the Lakshadweep islands on 2-3 January garnered significant attention on social media.

Maldives' deputy minister of Youth Empowerment, Mariyam Shiuna, posted remarks calling the PM names like 'clown' and 'puppet of Israel' on

This led to online travel agency EaseMyTrip's co-founder on Sunday also supporting "the nation" and suspending all flights to the Maldives. "We've suspended Maldives flight bookings in support of the government, impacting 2.4 lakh annual bookings made through our platform," Prashant Pitti, Co-Founder, EaseMyTrip said in response to queries from Mint, adding that bookings

packages crafted to elevate travel experience and discover the allure of Lakshadweep like never before."

Luxury travel by high networth individuals (HNIs), though, is not seeing much impact, according to Radhika Khanijo, chief executive of Delhi-based luxury travel firm Welgrow Travels. She said that for now there are no cancellations, and they will have to wait about a week to see how the situation pans out.

On average, she said, HNI travellers to the Maldives spend 4-5 nights and go at least once or twice a year. The spends range from \$2,500-5,000 (about ₹2.07-4.14 lakh) a night.

The head of a leading travel agency based out of Mumbai, on condition of anonymity, also said that so far, no cancellations had happened on its system, and it is yet to see any growth in traffic to the Andaman & Nicobar Islands or Lakshadweep.

The Maldivian government has distanced itself from the ministers' posts, and suspended all three.

DESTINATION CHANGE

WHILE tourism to the Maldives is seeing a dip, it is likely witness a rise in Lakshadweep

AVERAGE airfares for January between Delhi or Mumbai and Male have seen a sharp decline

COMPARED with average return ticket fare of ₹24,000, IndiGo tickets are available for ₹18,500

LUXURY travel by high networth individuals, though, is not seeing much impact

social media platform X, followed by more unflattering posts from two other deputy ministers of the same department, Malsha Shareef and Mahzoon Majid (the tweets have since been deleted).

Following this, a 'BoycottMaldives' hashtag began to trend in India on X.

had surged by about 40% last year. "However, we have introduced Lakshadweep as our premier destination, on par with international favourites, and wish to enter into an alliance with Lakshadweep Tourism to promote the destination," Pitti added. "We have introduced enticing

funding for the destination, the ministerial delegation has been invited to the Maldives to witness the success of the destination."

The Maldivian government has distanced itself from the ministers' posts, and suspended all three.

Adani's ACC acquires full stake in ACCPL

Mutual funds investing in Gift City may enjoy special carve-out

FROM PAGE 1

funds such as mutual funds by providing them greater investment opportunities.

The move may benefit the mutual fund industry, which is constantly looking to broaden investment horizons.

"The potential inclusion of Indian companies listed on the IFSC as investment options for mutual funds presents a significant opportunity. It would not only benefit investors but also contribute positively to the development of the Gift City IFSC ecosystem," said Suresh Swamy, partner, Price Waterhouse & Co. Llp. "This initiative is poised to pave new investment avenues, bolster the flow of capital, and catalyse economic growth within the IFSC framework."

In the current scheme of thinking and structure, the limit cannot be outside, as Gift City is an offshore destination," said A. Balasubramanian, managing director, Aditya Birla Sun Life AMC. "What could be considered is easing the TCS

(tax collected at source) restrictions on investments by mutual funds in Gift City."

The Securities and Exchange Board of India regulates mutual funds' onshore investments, while RBI sets rules for remittance of funds outside by mutual funds. Creating a special carve-out will need amendments to several laws that are overseen by different regulators, market participants said.

In November, the ministry of corporate affairs allowed certain unlisted firms to list overseas. As a first step, the overseas listing framework is being put in place for Gift City where Indian companies will be able to raise dollar funding.

The IFSCA is also considering providing a similar carve-out to alternative investment funds to attract money from wealthy investors into Gift City.

The move may benefit the MF industry, which is always looking to broaden investment horizons

Green financing, digital currency may get a boost in the interim budget

Shayan Ghosh
shayan.ghosh@livemint.com
MUMBAI

The upcoming interim budget is expected to propose measures to incentivize green financing, push financial stability and accelerate the adoption of technology in the financial sector, experts said.

While the government, they said, is unlikely to announce anything major, given this is only an interim budget, it is expected to carry forward some of the initiatives taken during the last few years and take certain incremental measures.

ACC and Ambuja Cement have sufficient clinker supplies to support the Rajputra plant, including future expansions.

As of 31 March 2023, the combined turnover of ACCPL and AFCPL stood at ₹308.90 crore.

organizations from transitioning away from the traditional carbon-intensive sectors to cleaner and greener technologies," said Vivek Iyer, partner and financial services risk leader, Grant Thornton Bharat.

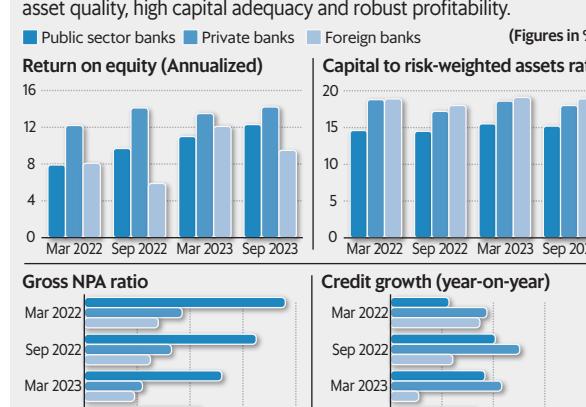
Iyer said that as part of the green push, the government could look at providing some refinance support, especially with respect to climate financing in the 1 February budget.

Iyer also expects the government to announce proposals around India's digital public infrastructure such as digital payments, and incentivize banks to promote the central bank digital currency (CBDC).

On 1 December 2022, the

Better prospects

A recent RBI report showed banking is poised to improve, with better asset quality, high capital adequacy and robust profitability.



Reserve Bank of India launched a pilot for retail digital rupee with four banks in four cities, a month after test-

ing the wholesale CBDC.

That apart, he said the government could suggest building more risk buffers by non-

bank financers as part of the financial stability push.

"I expect some directional inputs from the budget which could indicate that RBI will look at mandating higher capital buffers for NBFCs from a financial stability standpoint," he said.

Bankers see the government building upon the previous budgets and focusing on maintaining the momentum to reach the target of a \$5-trillion gross domestic product.

They believe there could be some measures aimed at strengthening domestic manufacturing, furthering rural development, developing infrastructure, including social infrastructure, and attracting foreign investment, all of which could help improve lending in India.

"Considering the critical

role played by banks in economic growth, the budget may focus on further streamlining the Insolvency and Bankruptcy Code (IBC) norms as well as re-examining the NARCL and IDRCL structures and for facilitating seamless credit flow in the economy," said Suresh Khatanhar, deputy managing director of IDBI Bank.

The National Asset Reconstruction Company Ltd (NARCL) and India Debt Resolution Company Ltd (IDRCL) are the two key constituents of India's so-called bad bank.

An email sent to a spokesperson of banking industry lobby Indian Banks' Association asking what it expects from the interim budget remained unanswered. Phone calls to its chief executive Sunil Mehta and its chairman and

chief executive of Punjab National Bank A.K. Goel were not answered as well.

Meanwhile, non-banking financial companies (NBFCs) believe the government could make certain announcements pertaining to micro, small, and medium enterprises, that would also benefit the sector.

"We feel the interim budget, while persisting with the given thrust on infrastructure spending and privatization, should prioritize fiscal stability, MSME empowerment, and a simplified GST regime to foster a conducive business environment for NBFCs to provide crucial funding to small businesses," said Umesh Revankar, executive vice-chairman of Shriram Finance. He is also chairman of the Finance Industry Development Council that represents NBFCs.



In FY24, the food department was allocated ₹2.05 trillion. BLOOMBERG

Food subsidy may top ₹2.2 tn in FY25

FROM PAGE 1

wheat and rice likely to be procured and distributed under MSP operations," said former agriculture secretary Siraj Hussain. "It also depends on the country's ability to meet the dietary needs of its growing population. This poses a risk to the broader goal of achieving food security and nutritional well-being."

The department of food and public distribution is responsible for ensuring food security through the procurement, storage and distribution of food grains, and for regulating the sugar sector. The bulk of the money allocated to the department goes towards the subsidy.

In the Union Budget 2023-24, the department was allocated ₹2.05 trillion against 2022-23's budgeted estimates of ₹2.16 trillion, according to budget documents. This time, the overall budget could be 5-10% more on-year than in 2023-24, according to Chopra.

Citing a UN report, social reformer and agripreneur Bishan Nehwal said despite high production in India, there are more than 220 million malnourished people in India, and more than 970 million people are not getting a healthy diet.

"In such a situation, despite huge subsidies on agricultural inputs like seeds, fertilizers, electricity and water, most of the farmers are in constant distress and leading to suicides and agitations," said

Nehwal. "Given the vital role of agriculture in ensuring food security, a slowdown in the sector raises concerns about the country's ability to meet the dietary needs of its growing population. This poses a risk to the broader goal of achieving food security and nutritional well-being."

He added that the contradiction of a strong gross domestic product (GDP) growth rate with a sluggish agriculture sector requires immediate attention and targeted interventions.

The food subsidy, which is both a consumer and a producer subsidy, is used to purchase grains from farmers at the MSP and then sell to poor households at lower prices or, in some cases, for free. Some part of the subsidy is also spent on maintenance and other administrative costs.

Both the Centre, through the Food Corporation of India (FCI), and states buy food grains for distribution under "centralised procurement" and "decentralised procurement" systems to provide food grains to 810 million beneficiaries through the public distribution system (PDS) under the National Food Security Act (NFS), and to the armed forces and midday meal programmes.

They also sell food grains in the open market in lean seasons to keep prices stable.

pj.das@livemint.com

Early executives to make a killing

FIRSTCRY

Supam Maheshwari (CEO, founder)

1,408.4

Amitava Saha (co-founder, Firstcry, CEO, Xpressbees)

470.7

Prashant Jadhav (Co-founder and CTO)

342.0

Sanket Hattimatur (Co-founder and chief of staff)

136.4

Gautam Sharma (Group CFO)

26.6

N. Balachandar (SVP and chief people officer, OLA Group)

57.7

Note: Calculations are based on ₹487 a share for Firstcry and ₹118 a share for OLA Electric.

SATISH KUMAR/MINT

OLA ELECTRIC

Bhavish Aggarwal (CEO, founder)

16,070

Suvonil Chatterjee (CT and PO)

247

Arun G.R. (Group CFO)

115.4

Chirag Shah (Former board member, OLA Electric)

109.6

In addition to the top 10 leaders, dozens of executives at both OLA Electric and Firstcry also stand to benefit from the issue price. Thereafter, when they sell the shares, they will need to pay a capital gains tax on the amount of consideration exceeding the fair market value," said Rahul Charkha, partner, Economic Laws Practice.

priyamvada.c@livemint.com

Tanay Sukumar in Delhi contributed to the story.



Post-covid, OTT firms script a cut in marketing spends

Platforms slash marketing budgets by up to 40% over the past year, rationalize content costs

LataJha
lataj@htlive.com
NEW DELHI

Video-streaming platforms have reduced marketing budgets by up to 40% over the past year, and rationalized content costs, as they shift their focus to profitability in a cut-throat market where producers are vying to grab a fickle audience's attention, industry experts said.

These platforms have eliminated mega outdoor advertising initiatives, and cut down on multiple appearances by the lead cast. Instead, digital has taken centre stage, along with influencer marketing.

"Our approach is to determine outcomes expected from each title based on data and analytics that we have, and accordingly plan our spends. Depending on target audience, we select mediums. We have been prudent in our spends in 2023. However, we are making sure that the right content gets its due from a marketing standpoint, whether it's a film or show," Rajshekhar Baddam, head of marketing at aha, an OTT platform that programmes in Telugu and Tamil languages, said.

Given that the attention span of the audience is limited and availability of content across multiple OTTs is huge, making an impact with marketing is critical, for which aha is opting for strong and viral campaigns on social media, engaging with influencers to spread the word and resorting to meme-marketing during the pre-launch phase of titles, Baddam said. Publicity around how the show is faring comes post-launch where TV mediums are also used to drive sales.

Sourya Mohanty, chief operating officer of EPIC ON, the OTT platform owned by INIO Media Network, said all services have realized that while basic



With the pandemic having ebbed and market situation having stabilized, profitability expectations have increased. BLOOMBERG

outreach is important, it is ultimately the library you build that speaks for itself. "Marketing cannot help retain users if the content isn't great. That is why nobody is going out of their way, it's all about minimalism now," Mohanty said. The current marketing strategies range from personalized campaigns that

forms are adapting to strategic tactics such as targeting loyal fans, emphasizing value, and adjusting budgets nimly. Marketing strategies are shifting, too, with an emphasis on cost-effective tactics like content marketing, social media engagement, and data-driven targeting," said Mitesh Kothari, co-founder

uation having stabilized, profitability expectations have increased. This renewed quest for profits has prompted streaming firms rationalize marketing spends. Thus, marketing budgets have either dipped or in case of bigger titles, stayed the same, according to entertainment industry experts.

"Many OTTs had to prioritize their top titles for extensive marketing efforts, while being more cautious and doubling down on other titles only if they showed a significant performance in the initial launch week with minimal promotional activities. With limited budgets and multiple titles, it isn't feasible to spread the budgets evenly across all titles for a big impact. Therefore, the type of title and the cast's relevance help decide which project to put money on for maximum impact with minimum investment," Aakash Gopani, account director at digital agency SoCheers, said.

resonate with specific audiences and deliver higher engagement rates, leveraging geolocation to offer relevant content to the audiences, according to Sahil Chopra, founder CEO of digital marketing firm iCubesWire. "Despite economic constraints, plat-

and chief creative officer of digital agency White Rivers Media. To be sure, there was a visible surge in shows and movies on OTT platforms during the pandemic, when people were confined to their homes. But with the pandemic having ebbed and market sit-

STRATEGIC TACTICS

PLATFORMS have stopped mega outdoor ads, and cut appearances by the lead cast

DIGITAL modes have taken the centre stage, along with influencer marketing

OTT platforms are fixing outcomes expected from each title based on data and analytics

AS marketing alone cannot help retain users if the content isn't great, platforms opt for minimalism

mint ANNUAL BFSI SUMMIT & AWARDS

16th Edition

11th January 2024 | Mumbai

Financial Wellness in a Changing World

As India marches towards its goal of a \$5-trillion economy, banks, non-banks, insurance companies, mutual funds and fintech firms will need to find ways to quench the country's ever-growing thirst for financial support to push growth. How they can do that, affordably, with maximum reach and efficiency, is the story that will play out at the Mint BFSI Summit & Awards. Come, join us on this journey on 11th Jan.



#MintBFSI2024

Winter products face setback in the December quarter

Suneera Tandon
suneera.t@htlive.com
NEW DELHI

Delayed onset of winters impacted stocking and sale of products such as immunity boosters, creams, lotions and warm clothing in December quarter. However, companies reported a pick up in sales in the end-December and early week of January.

Companies typically see brisk sales of lotions, oils, creams, immunity building products and winter wear during the months of November, December and January. However, several companies said the window for prolonged winters shrank this year with parts of north India seeing a warmer-than expected December. However, temperatures dropped post 20 December with the India Meteorological Department (IMD) issuing cold day alerts over parts of north India.

"From the domestic perspective, demand for winter-centric products has been subdued due to a weak winter—growth is primarily a factor of robust placement of products with trade in October, but tertiary sales have not revived, given a frail winter. Organic domestic volume growth is likely to be in the low-to-mid single digit," according to a Emkay Securities report.

Makers of heating appliances too reported a full first half of winter. Sales have picked up now. "Traditionally, winters in India commence around mid-November, gradually increasing through the month, and hitting a peak by December month-end. Weather experts have indicated that a good winter is delayed. It started setting in only in December and the season is expected to peak in January. This has definitely impacted the demand for heating appliances. In the



The companies, however, reported a pick-up in sales in end-December and the first week of January.

last week, as the mercury tumbled, we're gradually seeing the rise in demand and we're confident that this will help clear the inventory that's currently in the market," said Ravindra Singh Negi, COO Consumer Products, Bajaj Electricals Ltd. The company sells heating products under the Bajaj as well as Morphy Richards brands.

Fast moving consumer goods companies said they stocked up in early part of the last quarter. However, off-take of goods was seen much later.

"Strong winters started post 20 December, while loading

warmer by the end of January, retailers will have to start liquidating stock by offering discounts and freebies.

In its quarterly update released last week, fast moving consumer goods company Dabur India said the quarter witnessed sequential improvement in demand trends although rural growth was still lagging urban growth.

"Early signs of revival in consumption are visible with improving trends in volumes...Because of delay in the onset of winter season, we anticipate the health care business to grow in the low to mid single digit," according to a filing with the exchanges.

The company sells honey, chyawanprash and immunity-boosting teas under its healthcare portfolio.

Trade experts said an uptick in winter-related products up north happened largely after 1 January. "December was a tough quarter for most, with several companies reporting low single digit to mid single digit growth. However, things have picked up in January onwards, especially up North," said Aditya Goel, co-founder, Love in Store, a store loyalty management company.

EMINENT SPEAKERS



Shri Shaktikanta Das
Governor,
Reserve Bank of India



Shri Debasish Panda
Chairperson,
Insurance Regulatory
and Development
Authority of India



KV Kamath
Chairman,
The National Bank for
Financing Infrastructure
and Development



**Shri Kamlesh
Varshney**
Whole Time Member,
SEBI



Radhika Gupta
MD & CEO,
Edelweiss Mutual
Fund



Rajiv Sabharwal
MD & CEO,
Tata Capital



Y S Chakravarti
MD & CEO,
Shriram Finance



Richa Choudhary
Partner - Capital
Markets,
Trilegal



**Ashwini Kumar
Tewari**
MD,
State Bank of India



Sonali Kulkarni
MD and Lead,
Financial Services,
Accenture in India



R Subramaniakumar
MD & CEO,
RBL Bank

Associate Partners



Enterprise Reinvention Partner



Knowledge Partners



Scan the QR code and book your seat now

**₹45k cr**

THE AMOUNT India's ministry of ports, shipping, and waterways plans to invest by 2047 to develop river cruise tourism in the country.

₹419.75 cr

THE GLOBAL box office collection of Shah Rukh Khan's *Dunki*, including ₹165 crore in the overseas market in the 18 days since its release.

10 GW

THE SOLAR and wind power capacity that Tata Power aims to create in Tamil Nadu over the next five to seven years with an investment of ₹70,000 crore.

\$130.7 mn

THE FUNDING raised by Indian cybersecurity startups in last two years, 63% more than two years ago, driven by developments in AI, as per Tracxn data.

21

THE NUMBER of new fund offers launched in December, garnering ₹9,872 crore, according to Amfi. This included a children's fund that raised ₹32 crore.

HOWINDIALIVES.COM

Mercedes targets 3rd yr of record sales

The German carmaker will drive in six new models priced above ₹1 crore in 2024, out of at least 12 new models it has planned for the year and the luxury carmaker Mercedes-Benz is aiming to clock a hattrick year of record sales in India in 2024 as the luxury consumer in India 'comes of age', a top company executive told *Mint* in an interview.

Mercedes-Benz delivered 17,408 cars in India in 2023, a growth of 10% over its sales in 2022, marking two successive years of best-ever sales. The German carmaker will drive in six new models priced above ₹1 crore in 2024, out of at least 12 new models it has planned for the year, including three BEVs (battery electric vehicles). On Monday, it launched the updated GLS SUV, the first of its new launches for India, at a starting price of ₹1.32 crore.

At the beginning of 2024, the Schwabian carmaker has more than 3,000 pending orders for its cars in India.

ALISHA SACHDEV



The Gurugram project, in sectors 76 and 77, was pre-launched and all 1,113 flats sold in 3 days. MINT

DLF surpasses FY24 sales guidance

DLF Ltd, India's largest real-estate developer, has surpassed its 2023-24 sales guidance of ₹13,000 crore in the December quarter with the pre-launch of its latest residential project DLF Privana South, a senior executive said.

The project, located in sectors 76 and 77 in Gurugram, was pre-launched on 22 December and all 1,113 flats were sold in three days, bringing in ₹7,200 crore.

In the first two quarters of FY24, DLF achieved sales bookings of around ₹4,268 crore.

The company could wrap up FY24 with around ₹18,000-20,000 crore in sales, said a person familiar with the development, who did not wish to be named.

Like Privana South, DLF's luxury project Arbour in Gurugram's Sector 63 was sold out in days in the March quarter of FY23, bringing in over ₹8,000 crore in sales bookings.

DLF clocked ₹5,058 crore of sales from a single project in FY23, surprising even itself. DLF has more launches planned in the current quarter.

MADHURIMA NANDY

DIAL gets arbitral award against AAI

Delhi airport operator DIAL has won an arbitral award against Airports Authority of India (AAI) with respect to revenue share obligations during the coronavirus pandemic period. Under the Operation, Management and Development Agreement (OMDA) for the Delhi airport, DIAL had invoked arbitration against the AAI seeking certain reliefs as eligible to it on account of the occurrence of force majeure event during the coronavirus pandemic period. In a regulatory filing, GMR Airports Infrastructure Ltd said an arbitral tribunal passed the award on 6 January.

Mentioning about key aspects of the award, the company said DIAL has been "excused from making payment of Monthly Annual Fee (MAF) for the period from 19th March 2020 to 28th February 2022 due to existence of force majeure". The amount of MAF paid by DIAL to AAI for the period March 2020 to December 2020 was ordered to be refunded along with interest, the filing submitted to the stock exchanges late Sunday said.

PTI

Land acquired for bullet train project



The high-speed rail line is being built between Mumbai and Ahmedabad. REUTERS

Dadra and Nagar Haveli. Railway minister Ashwini Vaishnav also shared the status of land acquisition on X, saying the entire 1,389.49 hectares of land required for the project has been acquired.

The high-speed rail line is being built between Mumbai and Ahmedabad.

The NHRCL, in a release, said all civil contracts for the project were awarded for Gujarat and Maharashtra, while 120.4 km of girders had been launched and 271 km of pier casting completed.

The NHRCL said it has achieved a remarkable milestone with the completion of the first mountain tunnel 350 metres long and 12.6 metres in diameter located near Zaroli village in the Valsad district of Gujarat in just 10 months.

The first steel bridge, spanning 70 metres and weighing 673 mt, was erected across NH 53 in Surat, and 16 such bridges out of 28 are in various stages of fabrication, it said.

PTI



Airlines are required to comply with the revised norms latest by 1 June.

DGCA raises weekly rest periods to 48 hrs

Airline safety regulator DGCA on Monday came out with revised Flight Duty Time Limitations (FDTL) norms for flight crew, entailing increased weekly rest periods to 48 hours, extension of night hours, and limiting the number of night landings to only two as against six earlier. These regulations have been instrumental in managing fatigue-related aviation safety risks for more than a decade now, an official statement said. Airlines are required to comply with the revised norms latest by 1 June, it said. With a view to address and mitigate concerns on pilot fatigue through a data-driven approach, directorate general of civil aviation (DGCA) collected and analysed extensive numbers of pilot rosters, along with pilot fatigue reports submitted by airline operators, it said. Based on the study and analysis, some of the key areas inducing fatigue, such as maximum flight duty period, night duty, weekly rest period, flight duty period extension, among others, were identified, it said.

The revised FDTL regulations have been formulated after extensive data analysis and feedback from various stakeholders, including airline operators, pilot associations and individuals, as per the statement.

PTI

'Dec retail auto sales up 21% on strong two-wheeler demand'

Retail sales of vehicles in India rose 21% in December, their fastest pace in 2023, led by strong demand for two-wheelers and high discounts on passenger cars, a dealers' body said on Monday.

Sales of motorcycles and scooters rose 28% to 1.45 million units in the month, the tail end of the year's wedding season, data from the Federation of Automobile Dealers Association (FADA) showed. Overall retail sales had fallen 5.4% in December 2022 on weak two-wheeler demand.

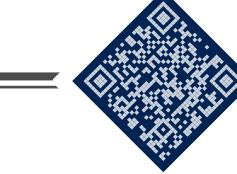
"India is witnessing approximately 3.8 million weddings between 23 November-15 December, a period that typically sees high vehicle sales, especially in rural India," FADA, which counts vehicle sales by dealers to customers, had said in November.

Last week, data from automakers also indicated strong two-wheeler sales.

Analysts had turned more bullish on two-wheeler sales, with brokerage Elara saying last year that they saw a revival in domestic two-wheeler volumes.



Last week, data from automakers indicated strong 2-wheeler sales. MINT



'Tamil Nadu bags over ₹6 tn at GIM'

Investment of over ₹6 trillion in Tamil Nadu has been promised by various companies during the Global Investors Meet 2024 organised by the DMK government in the state, chief minister MK Stalin said on Monday.

Participating in the valedictory session of GIM 2024, the chief minister said companies have committed to investing a total of ₹6.64 trillion in Tamil Nadu and added that it would create as many as 2.69 million direct and indirect jobs in the state.

Delivering his address in the presence of party cabinet colleagues and business leaders, including the chairman of diversified conglomerate Mahindra Group, Anand Mahindra and TAFE Ltd chief Mallika Srinivasan, Stalin assured the industrialists that all the necessary clearances for the new investments would be issued through single window system.

PTI



ReNew has signed share purchase agreement with India Grid Trust to sell the project in Rajasthan. MINT

ReNew's 300MW project on sale

asdaa-listed ReNew will sell its 300 MW solar project in Rajasthan to India Grid Trust.

ReNew said in a statement that it has signed a share purchase agreement with India Grid Trust to sell 'ReNew Solar Urja Private Ltd', a 300 MW solar project in Rajasthan—for a total enterprise value of \$199 million.

"The transaction is expected to close in accordance with PPA conditions. Approximately \$8 million is expected to be additionally received as an earn-out on account of change-in-law proceeds, after a total payment is realized by RSUPL," it said.

"The sale reaffirms strong investor interest in assets developed by ReNew and is aligned with the company's strategy to enhance shareholder value through capital recycling and investment into higher-return opportunities."

RITAJ BARUAH

Tata 1mg, Vitonnix JV to launch products

Tata 1mg and Vitonnix, a UK-based healthcare product research and development company to introduce a range of new products, are expanding their presence in the rapidly growing Indian nutraceutical sector beyond the existing five offerings, Saurabh Goel, VP-category management at Tata 1mg, told *Mint* in an interview.

In phase one the companies launched five sublingual sprays to meet the daily vitamin and health supplement requirements; namely, Vitamin D, Melatonin, Biotin, Veg Omega, and Multivitamin.

Tata 1mg, through this partnership is looking to further penetrate the Indian nutraceutical space to solidify its presence in the rapidly expanding market. This space is poised to soar to a staggering \$18 billion valuation by 2025, as per the ministry of food processing.

NAMAN SURI

GSP eyes ₹1,800 cr revenue in FY25

Grochemicals manufacturer GSP Crop Science is eyeing ₹1,800 crore in revenue in 2024-25, following its domestic as well as overseas market expansion, a top company executive has said.

"In 2022-23, our annual revenue was at ₹1,600 crore. We are looking at ₹1,800 crore revenue in FY25. Overall our target is to reach ₹2,500 crore in next 3-4 years with the addition of overseas business especially in Brazil," GSP Crop Science managing director Bhavesh Shah told *PTI*.

Shah said the company is working towards reducing its dependency on China for raw materials and planning to produce intermediaries needed to develop crop solution products. The company is focusing more on research and development and has two centres, technical and formulation, in order to reduce its dependency on China for raw materials, mainly intermediaries, and also for developing new innovative products, Shah added.

PTI



m MINT SHORTS

US fighter jets to fly over Bosnia in warning to 'secessionist' Serbs

Two US fighter jets were set to fly over Bosnia on Monday in a demonstration of support for the Balkan country's integrity in the face of increasingly secessionist policies of the Bosnian Serb pro-Russian leader Milorad Dodik, who is the president of the Serb entity called Republika Srpska, has defied US and British sanctions over his policies. On Tuesday, His government plans to hold a celebration of a controversial national holiday that Bosnia's top court has declared unlawful. On 9 January 1992, Bosnian Serbs proclaimed the creation of an independent state in Bosnia, which led to an ethnic conflict in which more than 100,000 people were killed.

AP

Hasina secures fourth term as Bangladesh PM amid boycott



Bangladesh Prime Minister Sheikh Hasina has secured a record fourth straight term as her Awami League party won an overwhelming majority in the general elections marred by sporadic violence and a boycott by the main opposition BNP and its allies. Hasina's party won 223 seats in the 300-seat Parliament. Election was held for 299 seats. With this win, Hasina is poised to become the longest-serving prime minister in Bangladesh since independence.

PTI

WHO axes medical aid to north Gaza in absence of security

The World Health Organization (WHO) said it had been compelled to cancel a mission to bring medical supplies to northern Gaza on Sunday after failing to receive security guarantees. It was the fourth time WHO had to call off a planned mission to bring urgently needed medical supplies to Al-Awda Hospital and the central drug store in northern Gaza since 26 December, it said.

REUTERS

China says it caught foreign consultant spying for UK's MI6

China detained the head of an overseas consulting firm for allegedly spying on the Asian nation for the British government, putting renewed focus on an industry targeted by Beijing's national security crackdown. China's spy agency said Monday that the UK's MI6 intelligence service employed the consultant from a "third country" to carry out espionage activities.

BLOOMBERG

Israel shifts to deadlier strikes on Syria targets

Raids on trucks, infra, people involved in Iran's weapons supply to proxies

Reuters
feedback@livemint.com
BEIRUT/AMMAN

Israel is carrying out an unprecedented wave of deadly strikes in Syria targeting cargo trucks, infrastructure and people involved in Iran's weapons pipeline to its proxies in the region, six sources with direct knowledge of the matter told Reuters.

The sources, including a Syrian military intelligence officer and a commander in the regional alliance backing Damascus, said Israel had shifted strategies following the 7 October rampage by Hamas fighters into Israeli territory and the ensuing Israeli bombing campaigns in Gaza and Lebanon.

Although Israel has struck Iran-linked targets in Syria for years, including areas where Lebanese armed group Hezbollah has been active, it is now unleashing deadlier, more frequent air raids against Iranian arms transfers and air defence systems in Syria, people with knowledge said.

The commander in the regional alliance and two additional sources familiar with Hezbollah's thinking said Israel had abandoned the unspoken "rules of the game" that previously characterized its strikes in Syria, and seemed "no longer cautious" about inflicting heavy casualties on Hezbollah there.

"They used to fire warning shots—they'd hit near the truck, our guys would get out of the truck, and then they'd hit the truck," the commander said, describing Israeli raids on arms transfers handled by Hezbollah before 7 October. "Now that's over. Israel is now unleashing deadlier, more frequent air raids against Iranian arms transfers and air defence systems in Syria. They bomb everyone directly. They bomb to kill."

The intensified air campaign has killed 19 Hezbollah members in Syria in three months—more than twice the rest of 2023 combined, according to a Reuters count. More than 130 Hezbollah fighters have also been killed by Israeli shelling of southern Lebanon in the same period.



The intensified air campaign has killed 19 Hezbollah members in Syria in three months. AFP

The Israeli military did not respond to questions from Reuters about its escalating campaign. A senior Israeli official, briefing journalists on condition of anonymity, said Hezbollah had initiated this round of fighting with attacks on 8 October, and that Israel's strategy was one of retaliation.

Asked last month about a reported Israeli strike in Syria, Israel's military chief said Israeli forces work throughout the region and take "whatever action necessary" to show Israel's determination to defend itself.

Israel began striking Iran-linked targets in Syria years ago, but people familiar with the strikes said it had appeared to avoid killing Hezbollah members if it could. A regional intelligence officer said Israel feared a high casualty figure would prompt a retaliation from Hezbollah in Lebanon against Israeli villages just across the border.

But with exchanges of fire now taking place on a daily basis following the 7 October

ber attack, Israel is willing to be "less cautious and less restrained in killing Lebanese Hezbollah in Syria," the officer added.

In a televised address on 5 January, Hezbollah head Sayyed Hassan Nasrallah said the group had lost "a number of fighters in Israeli shelling in Syria in several places in the last three months."

"We had a formula before the (7 October) Aqsa Flood operation—if they killed any of our brothers in Syria, we would respond on the Lebanon front—which was calm. Practically, this formula's conditions have changed—why? Because the whole front is lit up now," he said.

An Israeli drone strike on 8 December killed three Hezbollah fighters planning possible operations in northern Israel, and another strike on Quneitra in southern Syria targeted two Hezbollah fighters responsible for weapons transfers, the commander in the pro-Syrian alliance said.

An intelligence officer said Israel is willing to be less cautious and less restrained in killing Lebanese Hezbollah in Syria

US launches first moon mission in more than 50 yrs

AP
feedback@livemint.com
CAPE CANAVERAL (US)

The first US lunar lander in more than 50 years rocketed toward the moon on Monday, launching private companies on a space race to make deliveries for NASA and other customers.

Astrobotic Technology's lander caught a ride on a brand new rocket, United Launch Alliance's Vulcan. The Vulcan streaked through the Florida predawn sky, putting the spacecraft on a roundabout route to the moon that should culminate with an attempted landing on 23 February.

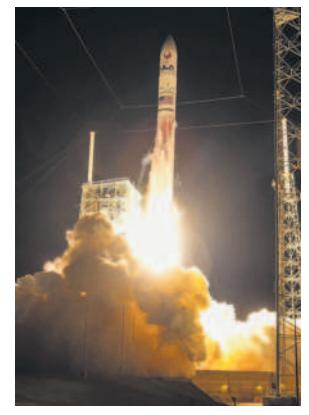
"So, so excited. We are on our way to the moon!" Astrobotic chief executive John Thornton said.

The Pittsburgh company aims to be the first private business to successfully land on the moon, something only four countries have accomplished. But a Houston company also has a lander ready to fly, and could beat it to the lunar surface, taking a more direct path.

"First to launch. First to land is TBD," to be determined, Thornton noted.

NASA gave the two companies millions to build and fly their own lunar landers. The space agency wants the privately owned landers to scope out the place before astronauts arrive while delivering NASA tech and science experiments as well as odds and ends for other customers. Astrobotic's contract for the Peregrine lander: \$108 million.

The last time the US launched a moon-landing mis-



The ULA Vulcan rocket lifts off from Cape Canaveral. AP

sion was in December 1972. Apollo 17's Gene Cernan and Harrison Schmitt became the 11th and 12th men to walk on the moon, closing out an era that has remained NASA's pinnacle.

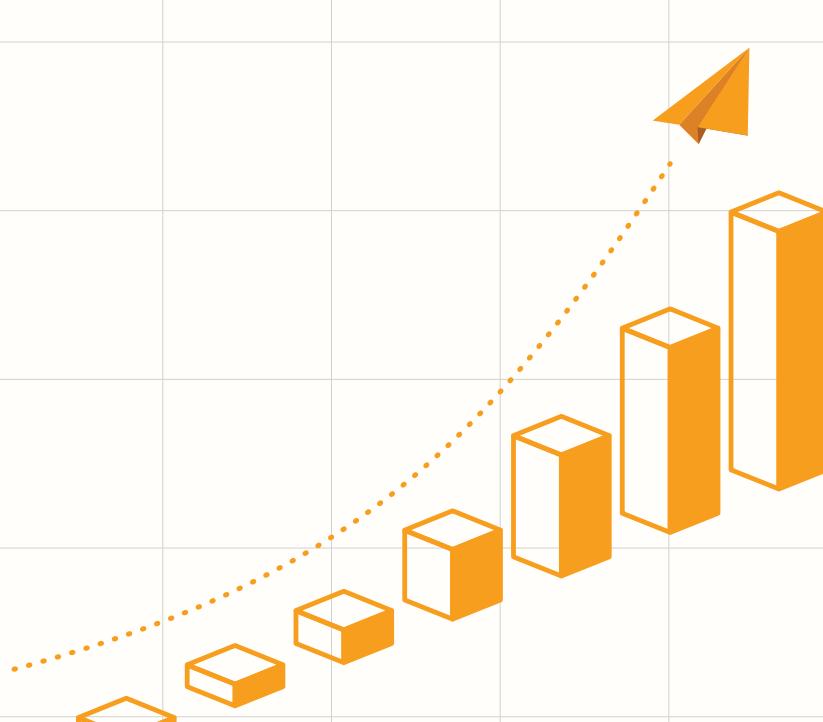
The space agency's new Artemis programme—named after the twin sister of Apollo in Greek mythology—looks to return astronauts to the moon's surface within the next few

years. First will be a lunar fly-around with four astronauts, possibly before the end of the year.

Highlighting Monday's moonshot was the long-delayed initial test flight of the Vulcan from Cape Canaveral Space Force Station. The 202-foot (61-metre) rocket is essentially an upgraded version of ULA's hugely successful workhorse Atlas V, which is being phased out along with the company's Delta IV. Jeff Bezos' rocket company, Blue Origin, provided the Vulcan's two main engines.

ULA declared success once the lander was free of the rocket's upper stage, nearly an hour into the flight.

Chart a course to clarity!



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RECRUITMENT NOTICE

(Advt. Ref No: NABCONS/CO-HR/25/CCS/2023-24 Dated: 09.01.2024)

Online applications are invited from Indian citizens for the vacancy of Vice President (01 post) at NABCONS, New Delhi. For detailed advertisement and instructions, visit website: <https://www.nabcons.com/career/ccs>

Last date for submission of online application:
16.01.2024

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ELIGIBILITY CRITERIA

Age and Educational Qualifications

(A) Candidate, not be more than 57 years of age as on February 02, 2024 with a Post-Graduate University degree preferably in specified subjects/ courses Or a Graduate degree with specified professional qualifications.

Experience/ Service Requirement

(B1) Minimum 25 years of experience as on February 02, 2024, with at least 3 years of operational experience in Scheduled Commercial Banks (SCBs)/ Financial Institutions (FIs)/ Other Public Sector Financial Organisations; and of the 25 years, at least 2 years of experience should be at the level of Whole-time Director/ Directors of SCBs/ FIs or other public sector financial organisations or as CGM in NABARD/SIDBI/FCI Ltd.; or as Executive Director (ED) in NHB/IDBI; or as GM in Nationalised Banks; or as Executive Director (ED) or equivalent in RBI. All positions specified should have been held on substantive basis.

Criteria of Deputation for Govt. Officers

(B2) Government Officers serving as Joint Secretary or above in Government of India; or at an equivalent level in State Government or a regulatory body having 5 years professional/academic experience with 2 years mandatory experience at the level of Joint Secretary in the field of finance, industrial development or public enterprise management can also apply 'On Deputation' basis. The cut-off date for above eligibilities shall be February 02, 2024.

For details of the other eligibility terms and conditions, please see the advertisement on <https://fsib.org.in/> under the "Vacancies & Recommendations" tab.

How to apply: Interested candidates can apply online through the link available on <https://fsib.org.in/> under the "Vacancies & Recommendations" tab or directly at <https://www.research.net/r/mndhb2024>

Last date of application: 5:00 pm on 02-February-2024

Note: Further details including corrigendum, if any, shall be published only on the Bureau's website.

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Tel: 0124-4535500, Email: procurement@canarahsbclife.in

NOTICE INVITING BIDS/OFFERS

Open Tender is invited against RFP for Appointment of Consultant for Sales Acceleration dated 9-Jan-24. Above tender has been uploaded on <https://www.canarahsbclife.com/tenders-notices.html>. Website of Canara HSBC Life Insurance Company Ltd. All prospective bidders are advised to visit the aforesaid website for downloading the RFP.

OFFICE OF THE EXECUTIVE ENGINEER (R-II)
NEW DELHI MUNICIPAL COUNCIL
ZONAL CENTRE, TILAK LANE, NEW DELHI-110001

NOTICE INVITING EXPRESSION OF INTEREST

On behalf of NDMC, Executive Engineer (R-II) invites Expression Of Interest (EOI) for the Agency/Consultant to provide consultation for the work of "STRENGTHENING AND UPGRADATION OF DRAINAGE SYSTEM FROM Q-POINT (OPPOSITE TAJ HOTEL) TO BARAPULLA NALLAH THROUGH SUNEHRI PUL NALLAH". The firm shall abide by all condition, guidelines and memorandum which have been issued time to time by NDMC.

Date of release of EOI on NDMC Website: 06.01.2024

Last date/time for receipt of EOI : 16.01.2024 upto 4:00 PM

Note:- All the details and terms and condition are available at NDMC website i.e. www.ndmc.gov.in. Interested firms may contact to the office of Executive Engineer (R-II) for any query/clarification.

Executive Engineer (R-II)

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THE INDIAN ECONOMY'S 'LONG COVID' PROBLEM

Things are looking good for the ruling party ahead of polls, but some structural problems on the jobs front remain

howindialives.com

NEW DELHI

As India heads into national elections this year, the state of the Indian economy, and its ability to create jobs and grow personal incomes, will become a critical political issue. Two years of covid-19 pandemic lead to widespread job losses and a fall in incomes for millions of workers. 2022-23 was the first full year of recovery after covid-19. To what extent have different states gotten back to normal, and in what shape is the economy now, as we head into 2024? The recently-released annual compendium of state finances by India's central bank, which enumerates select data for 2020-23, offers some insights.

RECOVERY OF SORTS

The All-India per capita income for 2022-23 was ₹1.15 lakh per year. In real terms (adjusted for higher prices of goods and services), that is 6.7% higher than in 2019-20, the last pre-covid year.

After the steep decline in incomes in absolute terms in the covid years of 2020-21 and 2021-22, all states staged a recovery in 2022-23, as areas emerged from lockdown, and consumers opened their wallets. Of the 23 states for which per capita income data for 2022-23 was available, 19 bettered the all-India rate. But there were wide differences between states in terms of the extent to which they showed improvements in incomes.

At one extreme are states like Tamil Nadu, Assam and Odisha, which have shown double-digit growth in per capita incomes (*chart 1*). At the other extreme are affluent states such as Delhi and Maharashtra, which have shown a per capita change in GDP well below the national average (though still positive). The growth data for 2022-23 is incomplete as industrially important states like Gujarat, or high-income states like Goa or Kerala, have not yet reported GDP data for 2022-23.

JOB CONUNDRUMS

At first glance, data on jobs also gives cause for optimism. This shows that unemployment rates actually fell during the lockdown. The overall unemployment rate for both men and women, across rural and urban areas fell from 4.8% in 2019-20 to 4.1% in 2021-22 and further to 3.2% in 2022-23. Unemployment rates in 2022-23 were actually lower than that in 2018-19, for urban areas as well, with the exceptions being Himachal Pradesh, Jammu and Kashmir, and Chhattisgarh. This runs contrary to the trope of reports on the trauma that individuals and households had to face during lockdown, with many being thrown out of work.

But dig deeper and a more complex picture emerges. The first problem with unemployment data in a country like India is that very few individuals have the luxury to remain unemployed—they have to find work even if it is at a much lower pay than what they were receiving currently.

As a result, historically, India has had much lower official unemployment rates than in the West over an economic cycle. So, a decline in unemployment rates can reveal only a part of the story of what's going on in the labour market. Many individuals would rather work for much lower pay or much fewer hours than remain unemployed, in an economy where unemployment benefits are non-existent.

The second problem is that a large number of working-age individuals are simply not part of the workforce, and hence are not counted as among those either working or looking for a job. Unemployment statistics exclude such individuals altogether.

This is most obvious in the case of women. According to the data, overall, around 58% of women in rural and urban areas aged 15 years and above in 2022-23 are part of the labour force—either employed or looking for jobs. This has actually increased during the covid years, from 53.5% in 2019-20.

But much of this increase in labour force participation was driven by women in rural areas. Historically, this has been the case during times of distress when all able-bodied members of the family are put to work to earn extra income. And indeed, in better-off urban areas, only a quarter of women aged 15 and above were in the labour force in 2022-23, up marginally from 23.3% in 2019-20.

The other problem is that jobs were becoming harder to find even before covid. Unemployment rates in 2022-23 are higher than they were a decade ago for all states, except Delhi and West Bengal. The unemployment rate for graduates, across the country as a whole, was 13.4% in 2022-23, compared with 4.7% in 2011-12.

Then, there's the issue of the quality of jobs. If a state's manufacturing sector (or



File photo of a Panasonic factory that manufactures consumer appliances in Haryana, India. While schemes like the production-linked incentive scheme will increase manufacturing employment, the real question is whether they can lead to non-agricultural employment at scale. Manufacturing, historically, hasn't expanded at a quick enough pace in India.

mint SHORT STORY

WHAT

The stock market has soared beyond 70,000 and almost all states' incomes have crossed pre-covid levels. But those gains hide deeper, structural problems on the jobs front.

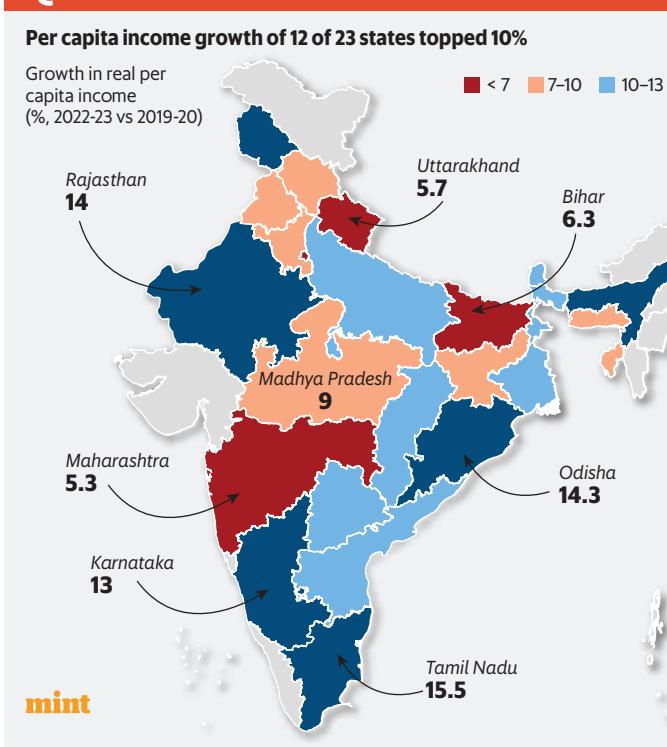
WHY

Progress would mean reduction in number of people engaged in agriculture/casual labour, and an increase in manufacturing or salaried jobs. Only five states improved on all these counts.

BUT

Current politics ignores this problem. Most of the talk in the recent poll campaigns, especially in the north Indian states, was around welfare schemes, including cash transfer schemes.

QUALITY OF JOBS: HOW IS INDIA FARING?



1. Data pertains to gross domestic product (GDP)/gross state domestic product (GSDP) per capita.

2. Data not available for 2022-23 for states such as Gujarat, Kerala and Goa.

Most states are struggling in the shift from agriculture to manufacturing, and from informal to formal

	Increase in share of salaried	Decrease in share of people engaged in casual labour	Decrease in share of people engaged in agriculture	Increase in share of people engaged in manufacturing
Andhra Pradesh	Yes	Yes	Yes	Yes
Chhattisgarh	Yes	Yes	Yes	Yes
Gujarat	Yes	Yes	Yes	Yes
Madhya Pradesh	Yes	Yes	Yes	Yes
Maharashtra	Yes	Yes	Yes	Yes
Himachal Pradesh	Yes	Yes	No	Yes
Karnataka	Yes	Yes	Yes	No
Odisha	No	Yes	Yes	Yes
West Bengal	No	Yes	Yes	Yes
Haryana	Yes	Yes	No	No
Jammu & Kashmir	No	Yes	No	Yes
Jharkhand	No	Yes	No	Yes
Rajasthan	No	Yes	No	Yes
Uttarakhand	No	Yes	No	Yes
All India	No	Yes	No	No
Bihar	No	Yes	No	No
Kerala	No	Yes	No	No
Punjab	No	No	Yes	No
Tamil Nadu	No	Yes	No	No
Telangana	No	Yes	No	No
Uttar Pradesh	No	Yes	No	No
Assam	No	No	No	No

* PLFS 2018 is the period from July 2017 to June 2018, and PLFS 2023 is from July 2022 to June 2023. States arranged in descending order of 'yes' entries.

Source: Periodic Labour Force Survey (PLFS)

SARVESH KUMAR SHARMA/MINT

years and after (as of 2022-23, it was 45.8%).

EMPLOYMENT GAINS

In general, we could measure the quality of jobs on four metrics:

Percentage of people engaged in agriculture and the extent to which that has declined

Percentage of people with salaried jobs and the extent to which that has increased

Percentage of workforce working as casual labour, and the extent to which that has declined

Percentage of people employed in manufacturing and the extent to which that has increased

We look at these four metrics for the time period between PLFS 2018 (July 2017 to June 2018) and PLFS 2023 (July 2022 to June 2023). Progress would mean reduction in the number of people engaged in agriculture/casual labour, and an increase in manufacturing or salaried jobs.

Take the example of two states, Tamil Nadu and Uttar Pradesh. Salaried employees account for a third of Tamil Nadu's workforce. Less than 30% of the state's labour force is engaged in agriculture, as per the government's latest Periodic Labour Force Survey (PLFS) for the period between July 2022 and June 2023. In contrast, the same report shows that Uttar Pradesh, India's most populous state, has 13% of its workforce earning regular monthly income and 54% depending on agriculture.

Here is another example. One way the economy has not recovered from covid-19 is in the proportion of labour in agriculture. As of 2018-19, the proportion of workers in agriculture was 42.5%, according to PLFS data. This is still way too high at India's level of development and given that agriculture's share of output in that year was as low as 14.7%. The following year (a year before covid), agriculture's share of the workforce actually increased to 45.6%, and has remained at that level through the covid

employment for these states too fell between 2018 and 2023 (*chart 2*).

Seven states (including Kerala, Tamil Nadu and Telangana) improved on only one parameter—reduction in share of casual labour. In the absence of a reduction in agriculture and increase in salaried work, this need not be a positive change. It could also be explained by the higher demand for work under the National Rural Employment Guarantee Scheme (NREGS).

Uttar Pradesh (which failed to improve on three of the four parameters) and Assam (which failed to improve on all four parameters) have seen a spike in households registered under NREGS.

This could be because of migrant workers returning home during the covid-19 lockdown.

Some may have exited NREGS rolls since, but the 2023 numbers are higher than 2019 for these two states, indicating continued distress in rural areas.

According to the *State of Working India* 2023 report published by the Centre for Sustainable Employment, Azim Premji University: "After stagnating since the 1980s, the share of workers with regular wage or salaried work started increasing in 2004, going from 18% to 25% for men and 10% to 25% for women. Between 2004 and 2017, around 3 million regular wage

jobs were created annually. Between 2017 and 2019 this jumped to 5 million per year.

Since 2019, the pace of regular wage jobs creation has decreased due to the growth slowdown and the pandemic."

This has been India's template since the 1980s. Growth has taken a portion of agriculture employment away. As manufacturing didn't expand at a quick enough pace, much of the movement out of agriculture was absorbed by construction and informal services. So, growth happened but good jobs didn't. "Connection between growth and good jobs remain weak," says the Azim Premji University report.

'LONG COVID'

Headings into the 2024 elections, things are looking good for the ruling party, at least from the perspective of the economy. The benchmark share index has soared beyond 70,000, the economy at an overall level has recovered from its covid squeeze. With global interest rates set to come down next year, corporate expectation of improved consumer sentiment has increased.

But as the data above shows, the surface froth masks deep problems that go back over a decade at least, with the most critical issue being the labour market. Successive governments over that time, and an even wider range of policy measures, have only resulted in the jobs market worsening.

Current politics, especially around election time, effectively ignores this.

Most of the talk in the recent election campaigns, especially in the north Indian states and by the two main parties (Bharatiya Janata Party and Indian National Congress) was around welfare schemes—who can deliver more welfare schemes, including cash transfer schemes, which schemes have been more effective, etc.

There is nothing inherently wrong with this, but it is an implicit recognition of the fact that political promises of secure and paying jobs ring hollow, in the face of the numbers. Hence, the fallback to cushioning society against the consequences of a moribund labour market.

As Neelanjan Sircar put it in an article in the *Hindustan Times* following the recent BJP electoral victories in the Hindi belt: "In office, PM Modi has focused on welfareism, creating the *labharthi* (beneficiary) voter. Much of this welfareism, like gas cylinders, has focused on women, and he has developed the image as a 'provider'. All through the Hindi Belt, he is directly associated with free ration schemes in the wake of the coronavirus pandemic."

While non-welfare schemes like the production-linked incentive scheme intended to onshore manufacturing will increase manufacturing employment, the real question is whether they can lead to non-agricultural employment at scale enough to make a difference to a large swathe of India's working population across the country.

howindialives.com is a search engine for public data



How small businesses can benefit from GST composition scheme

The scheme offers a substantially lower tax rate, reduces compliances and so works in favour of the small firms

Shipra Singh
shipra.singh@livemint.com

GST simplified for freelancers, micro businesses

It's been more than six years now since the Union government introduced the goods and services tax, or GST, but many businesses continue to grapple with its implementation, particularly because of the different rates of taxes and the number of compliances. But, for many small businesses, remedy is at hand: the composition scheme helps alleviate their hardships.

GST, introduced on 1 July 2017, is a form of indirect tax that is charged on sales and collected by businesses from a customer buying the service or goods. Income tax (or corporate tax), on the other hand, is paid by businesses on the net income or profit they make on the sales of such goods or services.

To be sure, any business that exceeds a certain annual turnover has to mandatorily register for GST apart from paying income tax. As per law, GST registration is mandatory after the turnover of a services business crosses ₹20 lakh and that of a goods manufacturer or vendor exceeds ₹40 lakh. A services business is one where nothing tangible is sold. In goods business (read as goods manufacturers and vendors), a tangible good is sold permanently.

Currently, GST rates for businesses are pegged at 5%, 12%, 18% and 28%, depending on the nature of the business and other factors, but the most common rate at which the majority of businesses pay this tax is 18%, said Hanish S., chartered accountant, and partner, HSKA and Associates.

However, it's important that businesses determine the correct rate applicable to them. "It's a one-time exercise and the business should approach a chartered accountant at the outset to determine the right tax rate applicable to them. If you charge a rate lower than the actual rate applicable to you, the GST department can ask you to pay the shortfall, which will have to be paid out of your own pocket," said Annapurna Dubey, partner, GST Advisory, AA Dubey & Associates.

GST has to be paid and filed monthly or quarterly depending on the business's turnover and nature of business. This could mean heavy compliances for micro businesses and freelancers who may not have enough funds to hire a full-time accounting professional. So, as an alternative, small businesses have the

WHAT	WHEN	TAX RATE	COMPLIANCE
GST is an indirect tax to be paid on sales. It is collected from consumers	Mandatory after business crosses turnover threshold	Most common applicable is 18%*	Tax to be paid and filed every month

Composition scheme (CS)

Flat tax rate
Flat 1-6% tax rate. Input tax credit can't be offset.
How to apply
Fill Form GST-CMP-02 when registering. If opting in later, apply in March before start of financial year.

Easy compliance
Under CS, pay tax quarterly, file annually.
*GST rates for businesses are 5%, 12%, 18% and 28%

Rahul* is a furniture manufacturer (goods business) with annual turnover of ₹65 lakh. He pays...

At 18%, GST Input tax credit ₹5 lakh
to pay ₹11.7 lakh
Net GST liability ₹6.7 lakh
If Rahul opts for composition scheme
At 1% rate ₹1.1 lakh
*It's a hypothetical example

Benefits of CS
► Freelancers, service business have less input tax credit
► Lower tax liability frees up cash flow
► Easier compliance
When it may not work
► Some goods business may have high input tax credit
► In B2B business, corporates prefer working with vendors paying regular GST



option to opt for a composition scheme, which simplifies GST filing for them. A few business categories are exempt from opting for this scheme.

The composition scheme
GST can be paid in two ways—pay the regular 18% (or as applicable) tax and claim inputs tax credit. Or, pay a lower tax of flat 1-6%, but forgo inputs tax credit. The latter is done by opting for the composition scheme under GST Law.

GST is calculated on the total turnover in a month or quarter. Turnover is the total amount in the invoices raised in a month. "This is irrespective of whether you have received the pay-

ment or not," said Hanish. In a services business, any advance received in a month, even if the service is not provided, is added to the turnover and GST is to be paid on it in the same month. This is not the case in a goods business.

Input tax credit refers to the GST you pay on expenses related to your business. You can offset the input tax credit with your own total GST liability. For instance, consider that you are a digital marketing professional (services business). In a month, you pay broadband and phone bills of ₹2,000 used at your office and pay ₹360 GST (at 18%) on it. You take multiple flights for business trips and

pay GST of ₹5,000 on the air tickets. Now, say, your turnover in the same month is ₹2 lakh and, at 18%, your GST liability will be ₹36,000. You can deduct input tax credit of ₹5,360 (₹360 on phone bills and ₹5,000 on airfare) from the total GST payable and pay the remaining ₹30,640.

When you opt for the composition scheme, you pay tax at a flat rate. The flat tax rate for services businesses, goods vendors and restaurants is 6%, 1% and 5%, respectively. Hanish said flat rate for goods businesses is lower compared to services as the former has relatively lean margins. "It's not a case of preferential treatment," he said.

For freelancers and micro businesses in the services industry with fewer business expenses, opting for the composition scheme is beneficial. "It's a trade-off between 18% with

input credit or 6% without input credit. An individual business or a freelancer typically won't have any input credit, so the math always works out in favour of the composition scheme," said Hanish.

For instance, in the above example where input tax credit of ₹5,360 is claimed, the effective GST rate for you comes down to about 15.25% from 18%. However, under the composition scheme, you pay only 6% or ₹12,000 GST. A lower tax liability can free up cash flow for businesses.

Only goods businesses with high input credit should stay under regular GST rates. Another case is of business-to-business or B2B vendors. "The 1% tax that vendor charges can't be claimed by the business client as input credit. So, corporates don't like to work with vendors under the composite scheme," said Hanish.

The composition scheme can be opted by services businesses with turnover of up to ₹50 lakh. For goods businesses, the threshold is ₹1.5 crore, beyond which regular GST rate becomes mandatory. One can opt for the composition scheme at the time of registering for GST. If you are a regular GST taxpayer and wish to switch to it, you should fill Form (GST-CMP-02) in the GST portal in March before the next financial year starts.

Apart from lower tax rate, opting for this scheme also eases compliance as you pay taxes quarterly and file the tax return annually. Otherwise, GST needs to be paid and filed every month. Regular GST filers with turnover up to ₹1.5 crore get an option to opt for quarterly filing option, wherein you pay taxes every month but file every quarter. "For a small business with turnover of ₹50 lakh-1 crore, it's difficult to do input and output offset and other compliances each month. This is a simpler compliance mechanism," said Deepak Rao, Partner- Indirect Taxation, Acer Tax & Corporate Services.

It's important to pay GST accurately and on time as the penalty and interest on defaulting are steep. "If the department finds out any shortfall in tax paid, the business will be asked to pay the entire pending liability of all the previous years, if that is the case, 18% annual simple interest on the outstanding tax and maybe even up to 100% of the outstanding amount as penalty. The penalty is over and above the outstanding tax which the defaulter will anyway pay," said Rao.



POWER POINT
RAJ KHOSLA

We welcome your views and comments at mintmoney@livemint.com

SOME LESSONS IN INVESTMENT FROM THE GOLF COURSE

Golf and investment planning, are both realms of strategy, foresight, and a balance of risk and reward. The lessons learned on the golf course can be masterfully applied to investment strategies.

The birdie game plan: Much like strategizing for a birdie (using one stroke less than the declared par of the course), successful investment planning requires a clear, long-term vision. In golf, you wouldn't aim for the flag without considering the wind direction, the lie of the land, or the hazards that lie in between. Similarly, when crafting an investment strategy, it's essential to assess your long-term goals, risk tolerance, and the economic landscape. This careful planning sets a trajectory towards financial success, akin to that coveted birdie.

Playing the course: Selecting the right club for a shot in golf is a critical decision. It's similar to choosing the right investment vehicles that align with your risk tolerance and the opportunities available in the market. Just as you wouldn't use a driver for a putt, aggressive stocks may not suit a conservative investor. Understanding the tools at your disposal and how they match your strategy is crucial in both golf and investing.

Hazards of impulsivity: In golf, impulsivity can lead to landing in the sand trap or water hazard. Similarly, in investing, hasty decisions can result in significant financial losses. Avoiding these pitfalls requires careful planning and a deep understanding of the potential risks involved. Whether it's assessing the wind before a tee shot or evaluating market trends before investing, thoughtful deliberation is key to avoiding blunders.

Club selection: A golfer carries a variety of clubs to tackle different situations on the course. Similarly, a diversified investment portfolio equips you to handle various market conditions.

Just as you wouldn't play an entire round of golf with only a putter, relying solely on one type of investment can be limiting and risky. Diversification, in both golf and investing, is the key to consistency and success.

Adjusting the swing: Golfers often need to adjust their swing to suit the playing conditions—a skill equally important in managing investments.

Market conditions can be as unpredictable as the weather, requiring investors to adapt their strategies. Whether it's a change in grip to counteract the wind or a shift in asset allocation in response to market volatility, flexibility and adaptability are vital.

Mental mastery: Golf is as much a mental game as it is physical. Similarly, investing requires a cool head, especially when making decisive choices under pressure. The ability to stay calm and focused, whether lining up for a crucial putt or making a significant investment decision, can make all the difference.

In the rough: Every golfer finds themselves in the rough at some point, just as every investor faces market downturns. Building a resilient portfolio that can withstand these challenges is akin to having the skill to play out of the rough in golf. It requires patience, skill, and an understanding that these setbacks are part of the journey.

Changing conditions: The golf course and the market are both dynamic environments. Being able to adjust your strategies based on shifts in the market or the course layout is crucial. Embracing new opportunities, whether it's a new investment trend or a risky shot that could lead to a birdie, requires both courage and strategic thinking.

Trust your gut and data: In golf, sometimes you need to trust your instincts when deciding on a shot. However, in both golf and investing, data and analysis should guide these instincts. Balancing intuition with a thorough analysis of the conditions and potential outcomes is essential for making sound decisions.

In the zone: Distractions are a golfer's enemy, just as they are for investors. Staying focused on your game plan, regardless of the ups and downs, is crucial. In investing, this means sticking to your long-term strategy and not getting sidetracked by short-term market fluctuations.

In conclusion, the parallels between golf and investment planning are both profound and enlightening. Each field offers valuable lessons that can enhance performance in the other. By applying the strategic thinking, adaptability, and mental fortitude required in golf to the world of investment planning, you can set yourself up for success on the fairways and in your financial life.

Raj Khosla is founder of MyMoneyMantra.com, former captain of Delhi Golf Club and chief selector of the Indian golf team.

Blackstone's first PE fund for rich individuals gets \$1.3 bn

Bloomberg
feedback@livemint.com

The cash pile, disclosed in a filing Monday, underscores the intensifying race among alternative investment firms to court private wealth as key sources of institutional money dry up. Dubbed BXPE, the fund will invest in private strategies including startups, fund stakes and the buyouts

that Blackstone Chief Executive Officer Steve Schwarzman is known for. BXPE's structure has a different reach from some of the other firm's products for individuals, President Jon Gray told Wall Street analysts last year. It's targeting people who have at least \$5 million to invest.

"The universe is a little more limited," Gray said when announcing the fund in October on an earnings call. "But I would say is still very large."

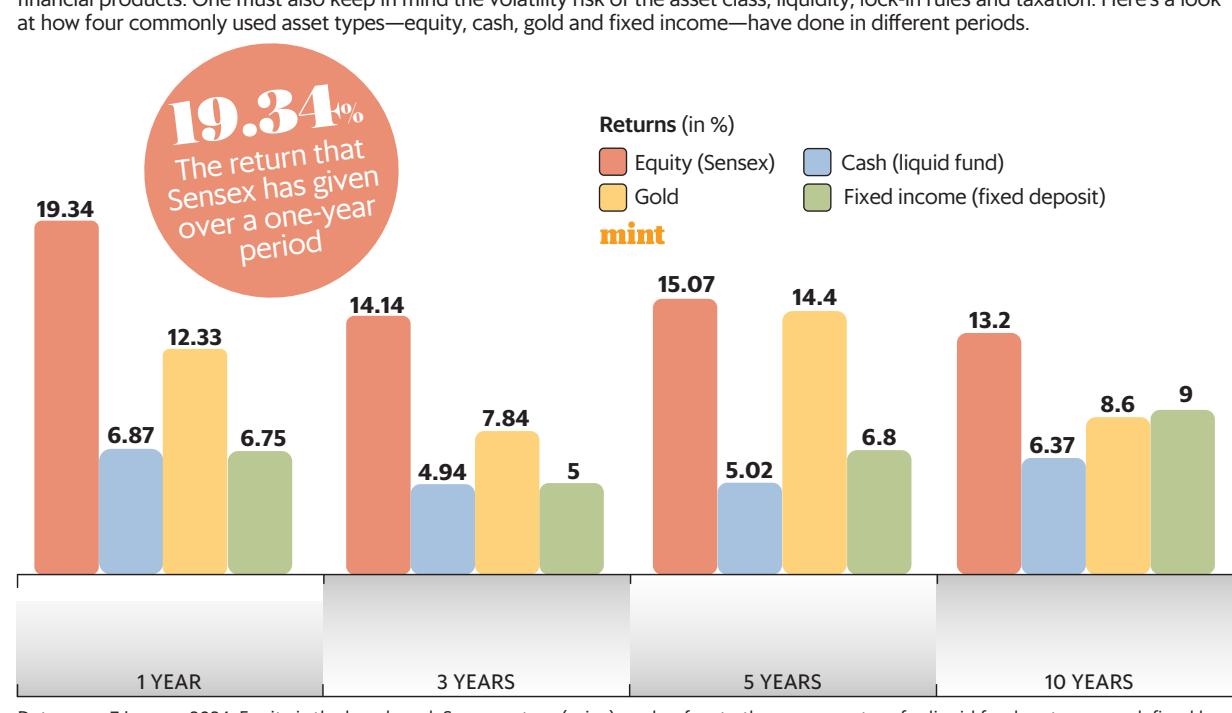
The Blackstone president is pushing to expand the \$1 trillion firm's sources of money beyond big institutions. It's competing with the likes of

KKR & Co. Inc. and Apollo Global Management Inc. to woo the world's so-called mini-millionaires. Across private equity, this class of investors—the world's suburban rich—could compensate for plateauing investments from endowments, pensions and other institutions.

The industry's overtures challenge conventional wisdom that financial advisers and individuals should seek out just stocks, bonds and index funds. Private equity's pitch: Investors stand to get outsize returns if they forgo some ability to cash out—and are willing to pony up higher fees.

Returns on investments

Building a portfolio is a complex exercise, and it has to be maintained, too. A person's portfolio holds different types of assets based on his/her financial goals, and each asset class gives different types of returns, which is why a portfolio must have an ideal mix of financial products. One must also keep in mind the volatility risk of the asset class, liquidity, lock-in rules and taxation. Here's a look at how four commonly used asset types—equity, cash, gold and fixed income—have done in different periods.



Data as on 7 January 2024. Equity is the benchmark Sensex return (price); cash refers to the average return for liquid funds category as defined by Valueresearchonline; gold refers to domestic gold prices available on Valueresearchonline; and fixed income is historic SBI fixed deposit rates. All returns are annualized.

PARAS JAIN/MINT

Source: S&P Dow Jones Indices, Value Research, SBI

When is the right time to start investing?

Vijay Kappa

I am 25 and have just started working. I am yet to start my investing journey. Should I wait for the equity markets to correct or should I start systematic investment plans (SIPs) in mutual funds?

—Name withheld on request

There is no better time to start investing. It is very difficult to time the markets and although the markets are due for a correction, it would not be wise to wait further. Also, when it comes to SIPs, there is not much merit in timing the markets.

We would suggest you invest in different mutual fund categories. Large-cap funds, flexi cap funds, multi-cap funds (40-60% of corpus); mid-cap funds (15-30%); and small-cap funds (10-20%).

For large-cap funds, we would suggest you invest in index funds as the outperformance of actively managed large

cap funds has come down substantially. For mid- and small-cap funds, we would suggest you to diversify between 2-3 funds to reduce the dependence on the performance of a single fund manager.

We also advise you to maintain an emergency corpus equivalent to 6 months of your salary/income. This fund can be kept in Liquid or ultra short mutual funds. If you haven't

already, consider taking medical and life insurance to provide financial protection to your family in case of unfortunate events.

Should I add silver ETFs to my portfolio? What kind of diversification does it offer?

—Name withheld on request

Gold and silver are both precious metals and have very low correlation to other asset classes like equities and debt. Silver has higher industrial

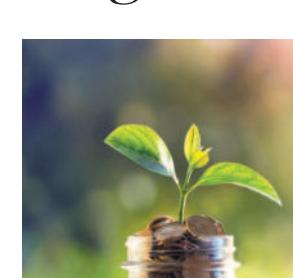
demand whereas gold is used in jewellery and for investments. Both, these metals are considered to be good hedges against inflation.

Accordingly, we suggest an investor to have 5-10% investment in precious metals. We suggest investments in gold due to various factors like liquidity, high demand by central banks.

For investment in gold, consider investing through sovereign gold bonds (SGBs) rather than the ETF (exchange traded funds) or the physical route. SGBs offer an interest of 2.5% per annum in addition to the capital appreciation on gold. Additionally, the capital gains are exempt from tax if held till maturity.

Vijay Kappa is chief executive officer of InCred Money

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





OUR VIEW



Democracy around us seems in terrible shape

Sheikh Hasina's win in Bangladesh was hollow as it was opposition-free while Pakistan's polls may be headed for a farce with Imran Khan's party in fitters. This isn't good for India

Bangladesh Prime Minister Sheikh Hasina swept the country's 7 January elections to achieve a fourth straight term in power, with her Awami League party winning a heavy majority of the parliamentary seats up for contest. It is another matter that these were not contested in any real sense, as the main opposition Bangladesh Nationalist Party (BNP) had boycotted the polls. This was reflected in a dismal voter turnout of about 40%, less than half the 2018 figure. The BNP had demanded elections to be held under a neutral administration that may have instilled confidence, but the opposition party faced strong-arm tactics instead in a crackdown on protests, leaving the result all too predictable. In spite of tight security across this country of 170 million, several eruptions of violence were reported, with at least a dozen polling centres and a couple of schools set on fire in the hours before voting. As PM for a decade-and-a-half, Hasina was allegedly in a scramble to get poll candidates onto ballots to keep up the pretence of a free election capturing the popular will. "Whether people accept this election or not, it is important to me," she said, speaking of her accountability "to my people."

While Hasina retains her title as the world's longest serving female head of government, a review of her leadership of Bangladesh would reveal why her victory suits India. In comparison with the rightist BNP, the Awami League's politics has not had Islamist bearings and has been keener to retain warm ties with New Delhi going back to the 1971 liberation of Bangladesh from what was West Pakistan. Given our shared past, this bilateral relationship makes sense, and Hasina has struck a political balance that

favours its stability. As PM, her policies also appear to have done the Bangladesh economy a good turn. What was once seen as a byword for deprivation has witnessed impressive gains on poverty alleviation, school enrolment, micro-finance and welfare provisions, even as textile and apparel exports took off to generate jobs and lift its per capita output to a level rivaling India's. While Hasina's achievements are commendable, political repression cannot be overlooked. Civic freedoms have been in a tailspin, with global monitors notching Bangladesh down. Even online critics are said to face the harsh end of a digital security law that can take the shape of a rod wielded by Dhaka.

The next election due in the subcontinent is on 8 February, when Pakistan is expected to hold National Assembly polls whose validity is under a cloud because former prime minister Imran Khan's Pakistan Tehreek-e-Insaf party has been hobbled in various ways. Khan was ousted in 2022 as PM in an Assembly vote he alleges was rigged by the military establishment against him at America's behest. According to an invitation piece in *The Economist* by Khan, a US State Department official got the Pakistani ambassador in Washington to convey a "cipher message" to the effect of "pull the plug on Imran Khan's prime ministership through a vote of no confidence, or else." Whatever the truth, it's a dramatic charge, one that reflects poorly on how power is wielded in Pakistan. From behind bars on various charges, Khan may justifiably be warning that his country is headed for an electoral "farce" as his party is being denied the right to campaign freely. This isn't good for India either. To forge reliable relations, we need real representatives to work with, and for that, we require a revival of democracy around us.

ABDULNASSER ALSHAALI



is the UAE ambassador to India.

The United Arab Emirates-India relationship is without question one of the region's most dynamic partnerships. It is one that stands as a global exemplar for the positive benefits that can be achieved through open, consistent and constructive dialogue; visionary leadership; and mutual respect.

Within the constellation of cooperation mechanisms that bind our two countries together, the Comprehensive Economic Partnership Agreement (CEPA) remains fundamental to the continued dynamism of our partnership.

Having entered into force only 18 months ago, the CEPA has catapulted the United Arab Emirates-India relationship to new heights.

Not only has it expanded market access for Emirati and Indian businesses seeking to enter each other's respective markets, it has also significantly decreased tariffs, streamlined customs procedures and introduced a series of robust and transparent

regulations that support rules-based competition.

Proof of the CEPA's benefits are clear in the United Arab Emirates' continued evolution as one of India's most important economic partners.

Over the course of the past year, the United Arab Emirates has risen to the position of India's fourth-largest investor, third-largest trading partner and second-largest export destination, further underlining the transformative influence of the CEPA. This collaborative spirit extends to various sectors, mainly the field of aviation, which is key to nurturing and consolidating trade, investment and cultural ties.

Although these developments should be lauded, I would argue that the CEPA has done much more than strengthen our economic bonds.

In fact, the CEPA has served as a launch pad for the development of much deeper and more nuanced relations, and encouraged a level of strategic and political alignment that is unprecedented in the history of the relationship between United Arab Emirates and India.

India's unflinching support throughout the United Arab Emirates' presidency of CoP-28, and that of the UAE of India's G20

presidency, are indicative of the importance that both our countries place upon this partnership. Beyond this, the United Arab Emirates' recent membership of BRICS—Brazil, Russia, India, China and South Africa—grouping, which was supported by the Indian government, will serve to further catalyse our bilateral ties, and qualitatively expand our mutual desire to promote peace and prosperity at the global level.

Our shared dedication to working closely together will be seen in the coming days, with our two countries building a new level of cooperation upon the foundations laid by the signing of the CEPA. At this year's Vibrant Gujarat Summit, the United Arab Emirates-India CEPA Council (UICC) will be officially unveiled.

This is an exciting development in our bilateral partnership that will provide a dynamic new outlet for the business communities of our two countries to tangibly deepen their already significant and con-

structive commercial ties. At its core, the Council seeks to not only grasp the opportunities provided by signing the CEPA, but also to leverage the close and constructive strategic partnership that has developed at an ever-rapid pace over recent years between the United Arab Emirates and Indian governments.

In doing so, the Council will encourage inclusive and diverse partnerships across all levels of our two business communities, with a strong emphasis on critical spheres of business such as startups, women's entrepreneurship, micro, small and medium-sized enterprises (MSMEs), and the services sector.

In seeking to fulfil its objective of supporting Indian and UAE businesses, both small and large, the Council will facilitate a range of events that should bring our two business communities together in a manner that supports trust, dialogue and open engagement—all facets that exemplify the broader United Arab Emirates-India relationship.

Beyond this, the Council will provide our business communities with the resources they need to truly succeed, and fully unlock the benefits and opportunities of the CEPA.

As we look forward to the United Arab Emirates' role as a partner country at this year's Vibrant Gujarat Summit, and with the active participation of a delegation of more than 250, we must celebrate all that has been achieved within the mutual partnership. From supporting free and open trade, promoting the development of resilient and sustainable economies, through to multilateral cooperation, UAE-India ties serve as a model for other countries seeking to build a long-lasting and multidimensional relationship.

The United Arab Emirates is confident that there is much more that we can accomplish by working hand-in-hand with our Indian counterparts.

We remain excited by the prospects and opportunities that our partnership will continue to open up—not only now, but also in the distant future. Through the establishment of the UAE-India CEPA Council, the continued strength of the CEPA and our burgeoning strategic bonds, we welcome our partners and friends to join us on this journey of success.

MY VIEW | TIGHTROPE WALK

The five essential skills that can make a business leader stand out

Leaders who inspire and transform are usually set apart by their mastery of not-so-obvious traits



RAGHU RAMAN
is former CEO of the National Intelligence Grid, distinguished fellow at Observer Research Foundation and author of 'Everyman's War'.

The formative period of a leader's career is pivotal in sculpting her professional identity and trajectory. This phase, often fraught with challenges and uncertainty, marks the transition from academic shelter to the real-world arena, demanding self-sufficiency and strategic acumen. Here are five essential skills that can provide a competitive edge to emerging leaders at this critical juncture. The first of which is reading books.

Ironically, most youngsters stop reading as soon as they graduate, partly because our education system is oriented more towards the passing of exams than absorption of knowledge. However, reading is possibly the most powerful force multiplier for a budding leader. The ability to consume knowledge at a high rate accelerates mental and professional maturity, and that ever-increasing knowledge base enables better opportunity spotting, interdisciplinary dot connections and superior decision-shaping. While 'reading' online news, editorials and long-format articles is good, that's incomparable to reading books that cover the subject with far more depth and nuance than an opinion piece, which by definition can only be the opinion of an individual and not the complete picture. One of the best investments young leaders can make is to master speed-reading as a skill, and more importantly implement

the discipline of reading every single day. Reading also forms the bedrock of the second essential skill, which is the ability to write well.

As American historian David McCullough pointed out, "Writing is thinking. To write well is to think clearly and that is why it is so hard." Stringing some sentences together is not writing well. To write a summary of a complex situation and present solutions in a simple, compelling and effective manner is a powerful and rare skill. It requires the ability to think before expressing oneself, which is why many competitive examinations test vocabulary and firms like Amazon require leaders to write a note specifying the objective, context and decision points as an essential precursor to any meeting. Also, at junior levels, one of the most powerful ways for a leader to increase her value to the organization is being able to take copious notes during meetings, arrange them into action points and present them to the meeting champion. It virtually guarantees an invitation to every meeting thereafter.

The third skill is an adjunct to the above two and that is learning new languages. And not just for the obvious reason of being able to communicate in a different one. Mastering a new language (even if it is just at spoken levels) creates new neural connections, enhancing the ability to view the same situation from different perspectives. Speaking the language of team members or subordinates also strengthens bonds. This is precisely why officers in the armed forces and the bureaucracy are mandatorily required to learn languages of the teams they lead. Fortunately, unlike the civil services, whose officers have to learn the language of their parent cadres (both spoken and written), most young corporate leaders need to put in a few hours of dedicated practice to attain just conversational fluency. There can be no better example of empathetic leadership than a leader who demonstrates the willingness to learn the lan-

guage of the people she leads. I can vouch for this from personal experience. Troops do not care about the accuracy of their leader's language; instead, they cherish her sincere attempt to speak theirs.

The fourth skill is speed mathematics. Business is a numbers game and those who can calculate scores rapidly will always top those who can't. One of my mentors narrated an incident about a CFO who possessed this uncanny ability to calculate complex numbers in his head. During a negotiation with labour unions, the CFO just glanced at the demands of the union and seemingly arbitrarily agreed with the majority of them, rejecting just two. On the face of it, it seemed a victory for the union, but what the CFO had been able to do was calculate the long-term financial implications of each demand and concede many which had low impact, while rejecting the ones that were high. He came across as a large-hearted and decisive negotiator.

The last skill is an ability to remember the names and personal details of colleagues, subordinates and other stakeholders. Most political and religious leaders have honed the ability to make every person feel special precisely because they remember their name. Now many of us might complain that we don't have a good memory for names. Well, one of the most powerful business leaders of India taught me how he worked on this every day. He would memorize the names of 50 people every day and revise 10 from the previous day. He not only knew the importance of remembering names, but also knew that not having a gifted memory was no excuse for not attaining this crucial skill.

Of course, these skills are not just stepping stones for budding leaders; they are perpetual assets that enrich a leader's journey at every stage. In a dynamic corporate landscape, these competencies can act as differentiators between a leader who merely functions and one who inspires and transforms.

10 YEARS AGO



MINT METRIC

by Bibek Debroy

When they don't stop to think, Maldives' officials create a stink.

If tourism suffers a blow, Where will the country go? Will be left tottering on the brink.

GUEST VIEW

The UAE-India partnership has a new catalyst in play

ABDULNASSER ALSHAALI



is the UAE ambassador to India.

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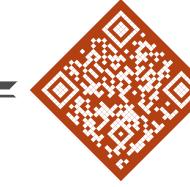
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Why is India an emerging hair transplant hot spot?

From the quality of surgeons to pristine hygiene standards, India's hair transplant industry is gaining international recognition

Tanisha Saxena
feedback@livemint.com

When it came to getting a hair transplant done for himself, Harjit Singh Lodwal, 40, an NRI based in Chicago, US chose India after a lot of meticulous research. Lodwal says he selected a cutting-edge clinic in Jaipur for two reasons: the expertise of its surgeons and equally importantly, the high standards of hygiene implemented there. "I did a lot of research about hair transplant treatment options available in the US and Europe. Hygiene was a key factor for me. What I found was not only were the procedures too expensive, the hygiene levels in clinics offering them were too low in these countries," says Lodwal.

While Turkey continues to be the 'hair transplant capital of the world', India is emerging as a preferred option, of late, with it even being ranked among the top 10 countries in the world for the same. Dr Nitin Soni, head counsellor at Medispa hair transplant centre, Delhi and Jaipur, lists out a few reasons for it. "Hair transplantation is both medical and artistic work. It is an aesthetic procedure where drawing the hairline and giving a natural look to the client is the primary goal. And in India today, we have more professional and skilled surgeons who are capable of rendering that compared to other countries." Also, while it may not be a major surgery, Soni says that clinics in India take care of every tiny detail.

"We make sure that the operating room has every medical equipment in place including a defibrillator for any emergency. There's no room for carelessness," he says. Surgical instruments from scalpels to forceps undergo stringent sterilisation to eliminate potential pathogens. Additionally, the implementation of disposable materials, such as single-use gowns, drapes, and covers for equipment, further contribute to maintaining aseptic conditions. "This dual commitment to instrument sterilisation and disposability not only minimises the risk of cross-contamination during the procedure, it also aligns with the highest standards of surgical hygiene, ensuring optimal outcomes for patients undergoing hair transplant surgeries," Soni observes.

World over, hairloss is on the rise due to factors like stress, pollution, family history, hard water, lifestyle changes and so on. Needless to say, the pervasiveness of the problem has led to the emergence of numerous hair growth products and processes. Dr Santpal Sangwan, hair transplant surgeon at Hairfree & Hairgrow Clinic, Gurgaon, says, "You have a gamut of products available today to aid hair growth, but, unfortunately, none of them are effective in the long term. Therefore, people irrespective of their age are opting for a hair transplant. Sangwan further notes that while earlier, the age of

INVENTIVE MARKETING

The Indian hair transplant market, valued at approximately \$180 million in 2021, is poised for substantial growth and is expected to reach around \$560 million by 2030. This projected expansion reflects a robust CAGR (compound annual growth rate) of approximately 12% span-

ing the years 2022 to 2030. The substantial growth of the industry is largely attributed to impactful marketing strategies implemented by clinics and leading experts in the field. The campaigns, by highlighting technological advancements in the procedures, have succeeded in instilling confidence in potential clients in India and abroad.

Dr Aarushi Mittal from Gauhati Medical College and Hospital, Bhangarh, concurs that over the years' acknowledgement of the idea that hair transplant is a healthy option has made a huge difference. She says, "Marketing has played a crucial role in the growth of the hair transplant industry by creating awareness about the procedure, highlighting its benefits and reducing stigma." Ads, online campaigns and testimonials, Mittal says, have made it more accessible to a wider audience.

CAUSES

Meerut-based psychiatrist, mental health expert and educator Dr Rashi Agarwal



hair transplant clients ranged between 20 to 30 years, today, there are older people signing up for the treatment too. "I recently performed a hair transplant for a 62-year-old. That just shows you how awareness and accessibility to the procedure has transformed the mindset of people," Sangwan attributes this behaviour to the normalization of cosmetic interventions. "The prevailing narrative has shifted from viewing such interventions as mere vanity to recognizing them as valid tools for boosting self-confidence and well-being," he explains.

Whether you are an NRI like Lodwal or a 60-year-old who wants to look good, the other factor that makes India a viable option is how wallet-friendly the treatment is. Dr Divyasree, dermatologist, trichologist and co-founder of Dermiq skin clinic in Hyderabad, highlights that in India the cost of hair transplant is comparatively affordable than in the US. She elaborates, "The cost of each graft in India is about ₹20-30 while in the US, it's ₹5-10 (which is approximately ₹400-800 considering the conversion rate)." Thus, the average cost for a hair transplant surgery in India ranges from ₹90,000 to ₹1.5 lakh, while in the US, it falls within the range of ₹3 lakh to ₹12 lakh for a similar number of grafts. "The cost differential serves as a significant factor for people to travel to India for the procedure," she says.

REASONS FOR A HAIR TRANSPLANT

Dr Anand Vaggur, dermatologist at KIMS Hospital, Hyderabad, lists out the main reasons why people opt for the treatment:

1. Androgenetic alopecia: The most common reason for hair transplant is a genetic predisposition to hair loss. This condition causes hair follicles to become sensitive to the dihydrotestosterone (DHT) hormone, leading to the shrinking of hair follicles and eventual hair loss. A hair transplant helps in relocating DHT-resistant follicles to areas affected by baldness.

2. A permanent solution: The transplanted hair is typically resistant to the effects of DHT and tends to grow naturally for a lifetime, thereby offering a more permanent solution compared to non-surgical options like medications or topical treatments.

3. Improved appearance: A successful hair transplant can restore a natural-looking and fuller head of hair, enhancing the individual's overall appearance and confidence.

4. Natural results: Skilled surgeons carefully design the hairline and strategically transplant individual follicles, ensuring a natural-looking outcome that matches the patient's original hair pattern.

5. Non-responsiveness to medications: In cases where hair loss is not effectively controlled by medications like minoxidil or finasteride, a hair transplant may be a viable option.

6. Repairing scars or bald spots: Hair transplant can be used to fill in scars from previous surgeries or injuries, as well as to address specific areas of baldness or thinning.

"It's crucial to emphasise that not everyone qualifies as a suitable candidate for a hair transplant. The decision to undergo such a procedure should be made after thorough consultation with a qualified surgeon. Furthermore, it's essential to maintain realistic expectations, as individual results may vary," advises Vaggur.

350,000

The number of hair transplant surgeries performed in India annually, according to a report by Jaipur-based ALCS Hair Transplant and Cosmetic Clinic.

192%

The estimated percentage growth of the Indian hair transplant industry in the last decade, according to a report by Jaipur-based ALCS Hair Transplant and Cosmetic Clinic.

ing the years 2022 to 2030. The substantial growth of the industry is largely attributed to impactful marketing strategies implemented by clinics and leading experts in the field. The campaigns, by highlighting technological advancements in the procedures, have succeeded in instilling confidence in potential clients in India and abroad.

Dr Aarushi Mittal from Gauhati Medical College and Hospital, Bhangarh, concurs that over the years' acknowledgement of the idea that hair transplant is a healthy option has made a huge difference. She says, "Marketing has played a crucial role in the growth of the hair transplant industry by creating awareness about the procedure, highlighting its benefits and reducing stigma." Ads, online campaigns and testimonials, Mittal says, have made it more accessible to a wider audience.

ALONG WITH SKILL AND AFFORDABILITY

the growth of India's hair transplant industry can be attributed to good marketing



explains, "Initially, PTSD was studied in post-war soldiers and natural catastrophes as well as sexual abuse, but as time progressed, studies have shown that trauma to self and even to loved ones can provoke PTSD. Stressors can be subjective for every person." The most common causes of this mental condition tend to be accidents; sexual or physical abuse; experiences during combat in military service; experiencing continuous mental and

physical torture; or severe health problems including being admitted to the ICU.

Symptoms of PTSD mostly occur as intrusive memories of the event(s) in the form of flashbacks and nightmares, which lead to a physical reaction or emotional outburst. You could find trouble focusing, sleeping or become easily angered, experience overwhelming guilt or shame, and have negative thoughts. The physical distress symptoms include nausea, sweating,

and shivering when the trauma is triggered," explains Dr Meghana Dikshit, founder of De Mantraa, a holistic wellness centre in Mumbai.

DIFFERENT THERAPIES

Navigating the tumultuous terrain of PTSD is sure but slow. With proper treatment and care, it is possible to heal completely. "Recovery from PTSD usually takes a minimum of 6 months to a year. With the right medication, psychological therapies, and support from loved ones, a person can overcome it," explains Dr. Dikshit. Dr Anjali Chhabria, noted psychiatrist and founder of Mindtemple, a counselling centre in Mumbai explains, "It's important to note that therapy should be tailored to the individual's specific needs and the nature of their trauma."

Going back to Israel, in the interim weeks before the hostages were released, the *Reuters* report reveals, Ben-Arieh and a few dozen experts drafted nine (PTSD treatment) protocols for previously undreamed-of scenarios. "One was for kidnapped children. A second for children whose parents were killed. Another focuses on community-wide trauma. They include practical recommendations, what to do, in what stage," Ben-Arieh was noted as saying. Some of the recommendations were simple, such as 'asking the child first before giving a hug, or just let-

ting children use social media as a way to regain control over their lives.'

While there are a range of psychological treatments for the condition, Chhabria shares that medication has been found to be beneficial too. Some of the recommended options include Selective Serotonin Reuptake Inhibitors (SSRIs) to balance the brain's serotonin levels; antidepressants to improve mood and reduce feelings of sadness; mood stabilisers to help emotionally regulate and stabilise mood swing symptoms that are not responding to SSRIs; and beta-blockers to manage symptoms of acute stress and anxiety. "More explorative treatments such as MDMA-assisted psychotherapy are currently being researched, showing promising results in ongoing clinical trials," Chhabria adds.

SIGNS OF RECOVERY

"Any recovery means that the symptoms are in abeyance and the mental, physical and emotional discomfort felt by the person is at an end," explains Dikshit. For a person coming out of PTSD, it would mean better sleep as nightmares get few and far between. It would mean improved overall physical health. It would also mean diminishing anxiety and panic attacks. Eventually, the patient will experience feelings of positivity and hope. (With inputs from Mahalakshmi Prabhakaran)



5 exercises to try for stronger shoulders

Tired of doing the same old shoulder workouts? Here are five alternatives

Shrenik Avlani
feedback@livemint.com

The staple exercises for shoulders are military press with either dumbbells or barbells, followed by push-press, front raises, side lateral raises, upright rows, and shrugs. Despite them being effective moves, there are many more exercises out there that will take your training to the next level. Here are five out-of-the-box workout ideas that will leave you with stronger shoulders.

Viking Press: It is a compound movement that requires one very specific equipment: a barbell with a Viking Press handle attachment. One end of the barbell is hinged against a corner of the floor and wall, while the weights go onto the other, free, end. The Viking Press handle slips onto this end of the barbell. Whether you are using an internal or a neutral grip, the complete range of motion involves moving the load from the collar-bone all the way up overhead, till your elbows lock out. This exercise primarily engages your shoulders and triceps. The secondary muscles engaged in this exercise are your core and back. Legs come into play the minute the load gets too heavy, or when your shoulders start getting fatigued.

Z Press: The movement was created by a Lithuanian Strongman athlete and is named after him. Sit on the floor with your legs stretched out in front of you forming a V. Spread your legs to a point where you are well balanced while sitting with a straight, upright spine. Now, grab a set of dumbbells, and, while keeping your spine straight and chest up, perform the overhead press. Start with a light weight before progressing to heavier dumbbells.

Sots Press: Named after a champion Russian weightlifter from the 1980s, this is a great movement that works your shoulders, improves your balance and stability and strengthens your core and upper back. The exercise is challenging because you perform it with a barbell, while sitting in the lowest position of a squat. From here you perform a behind-the-neck press using a snatch grip (wider grip), and then bring the bar down to the back of your neck in a controlled manner. It's difficult, so start at about 40% of your best snatch or overhead press load.

Half Kneeling Landmine Press: Get down on one knee, hinge a barbell in a corner of a room, load it and lift it overhead with one arm from your shoulder all the way till your elbow locks. The main muscles worked in this movement are the shoulders and the triceps, while the secondary muscles that are engaged are glutes and core. It is a great alternative to the traditional overhead press.

Alternating Arnold Press: One of the best shoulder exercises ever. While most trainers would suggest performing it with one arm at a time or both sides together, performing it with alternating arms is more challenging. The benefit of this approach is that it engages your core and puts your shoulder under static load. The Arnold Press can be performed standing or sitting down.

Understanding the complexities of PTSD in daily life

PTSD can be triggered by an accident or a severe health problem, not just combat. Experts help decode the condition

Shweta David
feedback@livemint.com

Among congratulatory headlines and messages that came out late November after the rescue of 41 Indian construction workers, who were trapped in a collapsed highway tunnel for 17 days, there was a tiny news detail that was probably glossed over. It was the fact that these workers would need 'long-term support after their rescue including monitoring for post-traumatic stress disorder.'

In October, days after Hamas had kidnapped more than 35 young Israeli children and teenagers, a *Reuters* report reveals that Asher Ben-Arieh, a specialist in child trauma at Jerusalem's Hebrew University and Haruv Institute was tapped by Israel's Welfare Ministry to help identify the possible emotional traumas that the young hostages would have endured, and to come up with written protocols that could be used to help them cope once they were freed.

CAUSES

Meerut-based psychiatrist, mental health expert and educator Dr Rashi Agarwal



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