HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 19 NO. 1

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mint

Think Ahead. Think Growth.

mint primer

Can India turn into a global hub for data centres?

BY LESLIE D' MONTE

India's data centre capacity is projected to jump by the end of this decade, driven by digitalization, data localization laws, AI usage by firms and consumer data consumption, backed by 5G rollout. Is this enough to make it a global data centre hub? *Mint* explores:

1 What do the stars foretell?

The Indian data centre industry's capacity is set to more than double to 2-2.3GW by FY27, says a new report by Crisil Ratings. Likewise, JLL India expects the data centre industry to add 604MW capacity, taking the total to 1,521MW, by 2026, as India aims to become a global hub for AI innovation and data centre development. Icra, too, expects the sector's operational capacity to more than double to 2-2.1GW by FY27 from 950MW in FY24, involving an investment of ₹50,000-55,000 crore. Additionally, according to Astute Analytica, the Indian data centre market is forecast to touch $21.87 billion by 2032.

2 What's triggering the boom, and who gains?

India has about 150 data centres including those of big companies like Amazon Web Services (AWS), Microsoft Azure, Google Cloud, NTT Data, STT Global, Nxta Data, Sify and CtrlS. Other clients include newer entrants like Yotta, Digital Connexion, Lumina CloudInfra and CapitaLand. All are rapidly expanding capacity amid increasing digitalization, rise in demand for AI and (generative AI (GenAI) projects, nationwide rollout of 5G that is expected to increase data consumption, laws that mandate that certain data be stored locally, and the need for edge computing to allow data processing on devices.

3 What else does India need to be a global data centre hub?

India holds 20% of global data but only 3% of data centre capacity. With mobile data traffic projected to reach 33-35GB per month by 2026 from the current 24GB per month, Cushman and Wakefield estimates India needs 3.6MW of additional installed capacity by 2028 to match China's benchmark, beyond its current project pipeline.

4 Which are the hot destinations for DCs?

Data centres (DCs) need consistent power supply. Hence, while India plans to double its power generation capacity to 820GW by 2030, about 95% of the existing data centre capacity is in metros and a handful of big cities. Mumbai makes up more than 50% of current capacity due to its central location, reliable power and cable landing stations. However, companies have also begun investing in smaller cities like Ahmedabad, Chandigarh, Pune, and Vizag, that offer improved infrastructure at lower costs.

5 How will these firms recover their money?

JLL India estimates an investment of ₹55,000-65,000 crore over the next three years for land, buildings, power equipment and cooling solutions. Building a data centre in India costs $6.8 million per MW on average, lower than Australia ($9.17 million), Japan ($12.73 million), Singapore ($11.23 million), and nearly the same as China, according to Cushman and Wakefield. Operators typically invest 25-30% of capex in infrastructure, expecting demand to drive capacity utilization to 80–90% within one–two years.

QUICK EDIT

Gini: It's a dim lamp

India's latest survey of household consumption expenditure, carried out from August 2023 to July 2024, found a decline in the 'Gini coefficient' of consumption inequality since the same period of 2022-23. This should be good news, except that it may partly reflect a dip in such spending among the top 5%. But then, it's unclear how well this study captures top-end extravagance. Moreover, the Gini coefficient isn't always a helpful indicator for such a populous country. If one plots the proportion of total spending (along the vertical axis of a graph) by groups against their percentage of total homes (on the flat axis), say from the least spending 1% to the most, then a straight 45° incline would show perfect equality: i.e., every percentile slice spends the same. In reality, the curve bulges below that line, as low-percentile homes spend much less than upscale ones. The size of this bulge below the equality line tells us the Gini count. While income and especially wealth numbers would show bigger Gini bulges than consumption, unless we have reliable data on the top 0.1%, this measure casts a dim light on actual inequality. Better data should be part of our 2025 wish-list.

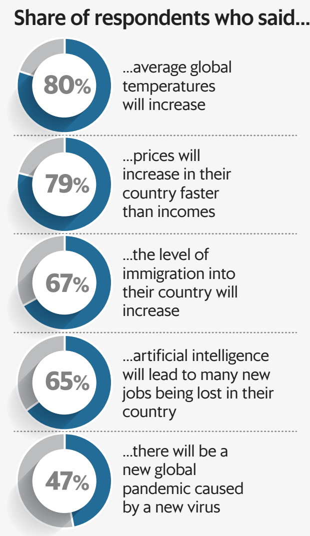
QUOTE OF THE DAY

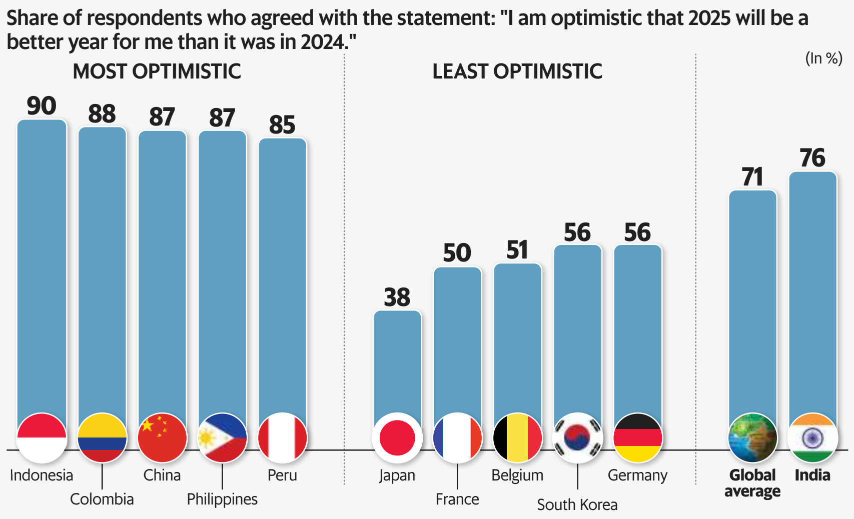
Isro's SpaDeX mission marks the beginning of a new era in space exploration, showcasing India's technological prowess and ambition.

JITENDRA SINGH
SCIENCE AND TECHNOLOGY MINISTER

mint Data Bites

HOW HOPEFUL IS THE WORLD FOR 2025?





The survey had 23,721 respondents across 33 countries, and was conducted from 25 October to 8 November 2024.

Data: Shuja Asrar, design: Sarvesh Kumar Sharma
Source: Ipsos Predictions 2025 report

mint

PLAIN FACTS

Survey reveals cracks in consumption trend

BY PRAGYA SRIVASTAVA

The Indian economy has grown steadily, but the lack of momentum in consumption and the impact of high food inflation have not gone unnoticed. The fact sheet of the latest Household Consumption Expenditure Survey (HCES), conducted between August 2023 and July 2024, confirms the lacklustre growth in consumption spending and a marginal shift from non-food items to food items due to high prices.

An average rural Indian consumed goods and services worth ₹4,122 per month, up 9.3% over the preceding 12-month period. For urban Indians, the monthly per capita expenditure (MPCE) was at ₹6,996, up 8.3%. Food spending grew faster, at 10.8% and 9.7%, respectively. But after adjusting for inflation, the MPCE grew just 3.5% in both rural and urban areas, and even slower for food (2.5% and 1.2%), a Mint analysis showed. This is broadly in line with the 4% growth in private final consumption expenditure, as shown in the national accounts data, in 2023-24. A marker of an economy's progress is a decline in food's share in household budgets. That was the case between 2011-12 and 2022-23, when food's share fell from 52.9% to 46.4% in rural areas and from 42.6% to 39.2% in urban areas. But in 2023-24, this rose by 0.66 percentage points (pp) and 0.51pp, respectively, as food inflation averaged 8.2% during the survey period, even as non-food inflation cooled.

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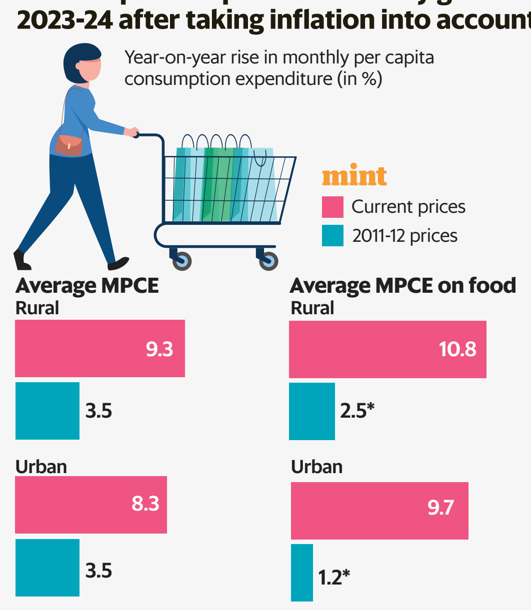
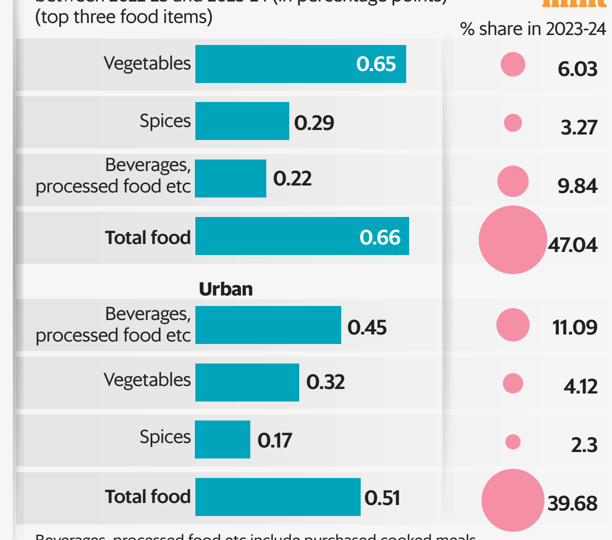
Consumption expenditure barely grew in 2023-24 after taking inflation into account



*The figure was not given in the report and it was calculated using the Consumer Food Price Index (CFPI).

Share of food in total spending rose as inflation made items costly



Beverages, processed food etc include purchased cooked meals.

Source: Household Consumption Expenditure Survey 2023-24, Mint calculations

Spending Pattern

VEGETABLES CONTRIBUTED the biggest jump in spending in rural areas, with their share in monthly per capita spending rising from 5.4% in 2022-23 to 6% in 2023-24. Spices and the category of beverages and processed food also saw big jumps. In urban areas, too, these three were the items with the biggest increases in their share of overall spending.

As a result, the share of non-food items in overall spending declined from 53.6% to 53% in rural areas and from 60.8% to 60.3% in urban areas. But where this decline came from was different for the two demographies. While in rural India, the share increased on clothing and bedding (0.43pp), consumer services (0.17pp) and footwear (0.1pp), in urban areas, the share increased the most for entertainment (0.19pp), education (0.19pp) and toilet articles and other household consumables (0.17pp).

A closer look at the different sections of the population reveals that while consumption expenditure grew rapidly for the poorest segment of the population at current prices (possibly due to a greater share of spending on food), the pace slowed down for the middle segment. The top 5% spenders in both rural and urban areas even cut their expenditures.

After covid-19, pent-up demand had led to a rapid rise in consumption of high-end products. However, there were signs of normalization already in the economy and the latest survey shows the top 5% may have reached saturation level in its consumption spending. If this trend sustains, the pace of expansion in the economy can take a hit.

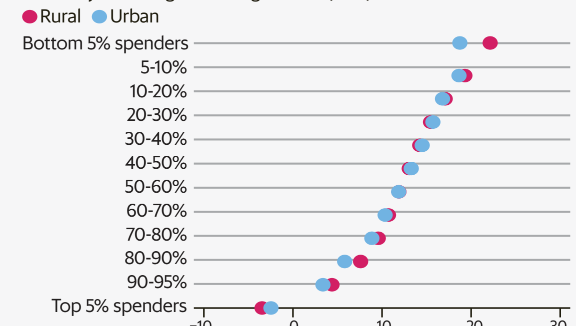
Welfare Woes

SEVERAL ECONOMISTS and corporate heads had highlighted the slowdown in rural consumption in FY23 and indicated that it may be visible for the better-earning population this fiscal as rising cost of food and education takes a toll on non-discretionary spending. Rural consumption may be improving now, following a good agricultural cycle this year, but the worry over urban consumption persists, with the overall economy having slowed in July-September. While there are calls for a fiscal boost to consumers to revive consumption, welfare schemes of both the central and state governments had limited impact on urban consumption, a new analysis of data showed.

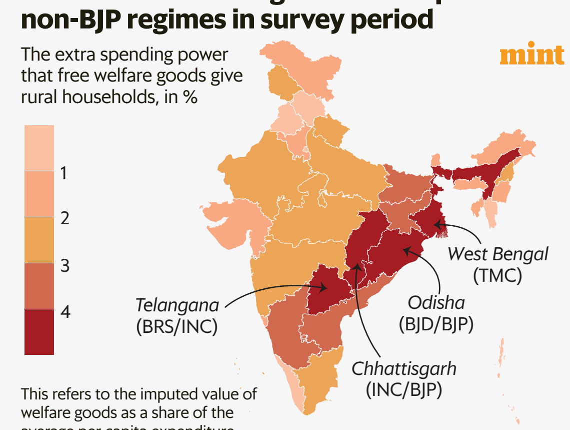
The survey derives an additional expenditure figure by imputing the value of items households receive free through welfare schemes. This indicates extra spending power due to welfare goods. In urban areas, this impact was less than 2.2% in all but one state. The impact in rural areas was more visible. States with the highest impact had a strong presence of parties other than the ruling Bharatiya Janata Party (BJP), signalling greater influence of what economists describe as "competitive populism".

While poor states, such as Bihar, Uttar Pradesh and Jharkhand, also received the benefits of the welfare schemes, the impact was moderate compared to other states. Overall, the welfare schemes could only boost average consumption expenditure by a maximum of 6.2% (in rural Chhattisgarh). Whether the welfare impact is greater for the poorer segment of the population can only be ascertained when the statistics ministry releases the detailed data for the survey. An earlier Plain Facts analysis of the 2022-23 data showed that this impact was not as evident as would be expected.

India's top 5% reduced their consumption spending, signalling saturation



Some states with large welfare impact had non-BJP regimes in survey period



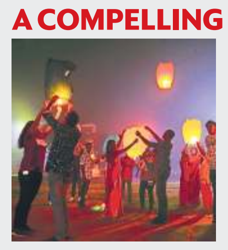
This refers to the imputed value of welfare goods as a share of the average per capita expenditure.

Source: Household Consumption Expenditure Survey 2023-24, Mint calculations

PARAS JAIN/MINT

MINT THE YEAR AHEAD

A COMPELLING DUALITY



India continued its rise as an economic powerhouse in 2024. Yet, per capita income, pollution, inflation, and access to quality healthcare and education remain critical barriers to true progress. Nevertheless, India's aspirations of becoming a developed economy by 2047 highlight its resilience and optimism.

NEW YEAR, NEW TRENDS

The Indian markets are on track to achieve a ninth consecutive years of positive returns. This historic bull run sets the stage for 2025, a year brimming with opportunities and challenges. The focus now shifts to identifying the sectors poised for sustained growth in the coming year.

GUNG-HO ON LUXURY

In 2024, the country's real estate sector saw an undeniable shift towards luxury and premium housing.Sales records were shattered, with projects like DLF Privana South selling out in days. This momentum, coupled with reduced inventory overhang, underscores the sector's bullish trajectory.

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Wednesday, January 1, 2025

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UPI volume cap deadline extended by two years ▶P2

Fiscal deficit hits 52% of FY25 target till November ▶P3

SENSEX 78,139.00 ↓ 109.13 | NIFTY 23,644.80 ↓ 0.10 | DOLLAR ₹85.61 ↓ ₹0.07 | EURO ₹89.20 ↑ ₹0.06 | OIL $75.04 ↑ $0.83 | POUND ₹107.49 ↑ ₹0.09

India's K-shaped story: Will the script change in 2025?

Premium takes off, while mass market crawls. New Year may not be much different either

Abhinaba Saha
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Beneath the froth and hype of stock markets, one theme stood out for India in 2024 - a K-shaped consumption recovery that manifested in the sales of iPhones to affordable homes, with the potential to continue in the new year as well.

While sales of SUVs and opulent homes soared, packaged consumer goods and quick service restaurants drifted, revealing a muti-speed recovery that also reflected on their stock prices. According to experts, the consumer shift to premium will continue in 2025, even as a rural recovery gains steam and weaker sections begin to benefit from government schemes.

Sales of iPhone -- once the gadget of choice for the well-heeled -- neatly sums up the 2024 consumption story, clocking $10.7 billion in India in the first nine months of the year, with record quarterly shipments in the September quarter. In the same year, the share of affordable housing in total real estate supply fell to 16%.

"Consumption in 2024 and most likely in 2025 will be a tale of parts," Trideep Bhattacharya, president and chief investment officer (CIO) of equities at Edelweiss Mutual Fund, said. "We started the year strongly with robust luxury consumption, and it stayed intact throughout the year. While urban (mass) consumption was a major laggard this year, rural consumption will kick in sometime in 2025."

The contrasting themes played out in the stock market. The Nifty Realty index and the Nifty India Consumption index were two of the top performing sectors of 2024, returning 35% and 34%, respectively. These two sectors were the biggest beneficiaries of "premiumization" as strong demand for premium properties, SUVs, luxury hotels, jewellery and electronic durables boosted the profitability, and hence, profits of many companies, despite sticky inflation and negligible real wage growth.

However, those same challenges defined the other half of India's consumption narrative: Languishing sales volumes and suppressed profit margins of major fast-moving consumer goods companies (FMCG) and quick service restaurant chain operators reflected the consumption slowdown in the lower-middle class. In fact, the Nifty FMCG index was one of the worst performers, falling about 1% during a bull run in the broader market.

During such testing times, investors are betting on well established trends like premiumization to sustain the momentum in 2025 – especially in the real estate sector.

Real estate

The post-covid real estate boom has been the hallmark of a roaring consumption-comeback story. As India's real estate sector successfully finished its fourth boom year, bouts of sales pickup and accelerated project launches have pushed up property prices across all the seven major metros in recent years.

No wonder, stocks of major listed real estate developers like Sobha Ltd, Oberoi Realty Ltd and Godrej Properties Ltd have returned 63%, 59% and

TURN TO PAGE 3

PREMIUM PLAY

While the Nifty rose 8.8% in 2024, sectors that benefitted from the premium shift outperformed, a trend that may continue into 2025

	Index on 30 Dec 2024	Year-on-year change (in %)
Nifty Healthcare	14,893.7	40
Nifty Pharma	23,241.2	38.1
Nifty Realty	1,054.9	34.7
Nifty Consumer	41,635.1	33.7
Nifty IT	43,971.4	23.8
Nifty Auto	22,768.3	22.3
Nifty PSE	9,414.9	19.9
Nifty Infra	8,426.4	15.4
Nifty PSU Bank	6,493.3	13.7
Nifty Oil & Gas	10,631.2	12

mint Source: Capitaline

K-DRAMA

BUILDERS focus on luxury as affordable segment sales fall

SLOWING consumption reflects in sales, stocks of FMCG, QSR firms

PHARMA sector fares best as volatility makes it a defensive play

Looking ahead at 2025: A world divided

The world's diplomatic, political, and economic divisions continue to harden – both between countries and within them. Divisions are also deepening between the Global North and South, where resentment is growing over the lack of representation for developing countries in the world's premier global governance institutions. Debt distress across low- and middle-income countries continues to pose a mounting challenge owing to the combination of higher public spending during the Covid-19 pandemic and the subsequent rapid rise of interest rates globally. Meanwhile, recent advances in generative artificial intelligence have renewed anxieties about its disruptive effects. *Mint*'s annual year-end issue, in collaboration with Project Syndicate, looks at what is in store in 2025.

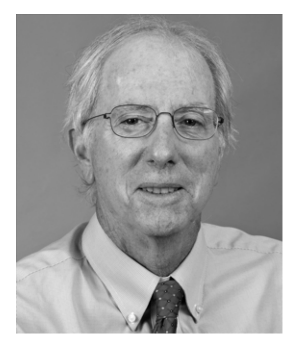
See Pages 5-13

DARON ACEMOGLU
Professor of Economics at MIT

ERIC SCHMIDT
Former CEO and chair of Google/Alphabet

KENNETH ROGOFF
Professor of Economics at Harvard University

ANWAR IBRAHIM
Prime Minister and minister of finance, Malaysia



DENNIS ROSS
Fellow at The Washington Institute

JUSTIN YIFU LIN
Dean at the Institute of New Structural Economics

The report notes that the 66 companies returned ₹57,397 crore to shareholders in FY24. ISTOCKPHOTO

Cash heap spurs call for buybacks and dividends

Nehal Chaliawala
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MUMBAI

A bunch of top companies is hanging on to almost ₹1 trillion of free cash that it has yet to find a use for, according to an analysis done by a proxy advisory firm.

A report by Mumbai-based IiAS (Institutional Investor Advisory Services) of the Sensex 500 companies—with a few exclusions—shows that 66 of these companies collectively held ₹2.7 trillion in cash and equivalents at the end of FY24.

Of this amount, ₹99,100 crore remains unallocated for any purpose after accounting for capital investments or acquisitions.

IiAS says these funds could be returned to investors through dividends or share buybacks, and raises questions over their dividend distribution policies.

"In the absence of a clear plan to use the excess cash, boards must consider returning the cash to shareholders in the form of dividends or buybacks," analysts at IiAS noted in their report that was released on 26 December.

Tech heavyweights and industrial firms dominate the list. HCL Technologies, Bharat Electronics, LTIMindtree, Siemens, and Sun TV lead with ₹46,870 crore in combined cash reserves, of which ₹32,540 crore is deemed excess.

Other notable mentions include Wipro Ltd, Hindustan Unilever Ltd, and Hero MotoCorp Ltd.

To be sure, many of these companies are already rewarding shareholders handsomely. The report notes that the 66 companies returned ₹57,397 crore to shareholders in FY24, equating to 54% of their aggregate consolidated profits. But IiAS managing director Amit Tandon argues there's room for more.

He said that companies must take shareholder approval to hold back excess money on their balance sheets, or clearly state capex or expansion plans for the capital.

"We are not saying companies should give out all their cash reserves, but whatever is excess belongs to the shareholders," Tandon said.

For companies where the return on capital employed

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FISCAL DEFICIT

A special pre-Budget series by howindialives.com: Part 2

mint POWERING PROGRESS BUDGET 2025

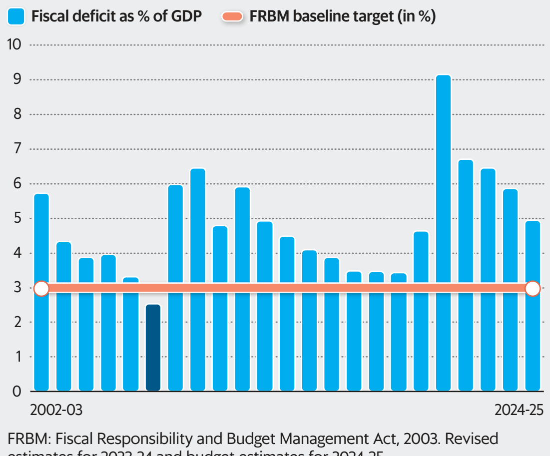
TAX BUOYANCY HOLDS THE KEY TO MANAGING DEFICITS

India enacted the Fiscal Responsibility and Budget Management Act in 2003 with an aim to reduce the centre's fiscal deficit—the extent to which it overspends—to 3% of GDP. In the two decades since, the centre has met that target only once, in 2007-08. In 2018-19, it was on that path, but the covid-19 pandemic sent all calculations awry (Chart 1).

In 2022-23, the last year for which actual numbers are available, the centre's fiscal deficit amounted to 41% of its total expenditure. Deficits are bridged by borrowings, which adds to debt and interest payments.

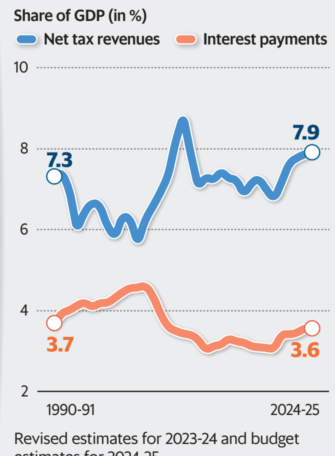
Fiscal deficit can be cut in two ways. The first is to slash expenditure, which is tough to do. The second is to have GDP grow at a high rate, and have tax revenues—the centre's main source of revenues—grow at an even higher rate. In 2022-23, interest payments and tax revenues amounted to 3.5% and 7.8% of GDP, respectively. In other words, about half the tax revenues went towards servicing interest payments, which can't be avoided (Chart 2). What can be shaped is increasing GDP growth in a way that leads to more tax collections.

India's fiscal deficit vs target



FRBM: Fiscal Responsibility and Budget Management Act, 2003. Revised estimates for 2023-24 and budget estimates for 2024-25.

Tax revenues and debt servicing



Revised estimates for 2023-24 and budget estimates for 2024-25.

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

Source: Reserve Bank of India

SATISH KUMAR/MINT

Companies may up GenAI spending by half this year

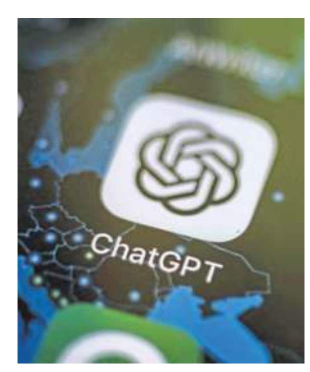
Jas Bardia & Varun Sood
BENGALURU

Companies worldwide are expected to spend 50% more on adopting generative AI (GenAI) technologies in 2025 compared to last year, according to a report from an American technology research and IT advisory firm.

This, even as analysts and management are divided on how the technology's rise will impact India's $254-billion IT services industry.

Two years after the launch of ChatGPT ushered GenAI into everyday discussions, US-based Information Services Group (ISG) in a September 2024 report said it expects companies globally to spend 6.5% of their total tech spending on GenAI in 2025.

According to Connecticut-headquartered ISG, in 2024, the most use cases of GenAI were in customer service functions as part of chatbots and BPO (business process outsourcing). This year will be no different.



ChatGPT's launch ushered Gen AI into boardrooms. AFP

GenAI's prominence among the world's largest companies comes at a time when enterprises are also flagging the new technology as a risk. Last year, seven IT services firms, including Accenture Plc., Cognizant Technology Solutions Corp., and Capgemini SE, flagged the rise of AI and GenAI tools as a risk factor in their annual reports. There are contrasting views on whether the new technology would help the country's IT services industry or prove disruptive. Keith Bachman, an analyst with Toronto-based BMO Capital Markets, wrote in a note dated 12 December that 2025 will see a continued debate on the impact of GenAI on services, particularly related to the supply side and pricing pressure.

"In terms of the supply impact, we think that clients are going to want to benefit from the productivity gains that generative AI provides IT services companies through code and workflow efficiency," Bachman wrote, adding that that customers may pay less for work being done in less time and/or with fewer people. This indicates a likely impact on hiring by the IT services industry, which is the country's largest job creator in the organised space.

"In our opinion, the deflationary forces of generative AI

TURN TO PAGE 2

Private universities swoop down at IITs for faculty roles

Pratishtha Bagai & Devina Sengupta
MUMBAI

The Indian Institutes of Technology (IITs) have become fertile grounds for other universities to hire for professor roles to improve their global standings and meet faculty needs as they expand campuses.

A clutch of private universities has registered as recruiters for master's and doctorate degree holders from IITs to teach mathematics, chemistry and physics to their students, placement executives and students told Mint. The median compensation offered is ₹12-15 lakh a year, on a par with the median pay offered by companies hiring from older IITs.

"The universities are usually looking at master's and PhD students who will help the universities up their international rankings," said Suchindra Kumar, partner and leader-education, PwC India. "IITs have one of the best research ecosystem in the country, which can help private universities in enhancing their research and peer perception," he said, adding that a positive brand image of IITs helps them draw more students and faculty.

IITs are the country's most-sought-after technology institutes. Lakhs of students every year attempt to be among the

Lakhs of students every year attempt to be among the 17,760 candidates selected for courses at the 23 IITs. HT

17,760 candidates selected for courses at the 23 IITs. And companies line up to hire the best graduates passing out from these institutes.

According to an IIT-Delhi student from the batch of 2025, some of the universities that have registered to recruit include the SRM Institute of Science and Technology (SRM University); BML Munjal University, Dayananda Sagar University and Galgotias University.

"The universities are offering ₹10-12 lakh and while most of them are asking for PhD students, the designations offered are for assistant professors and professors," said the IIT-Delhi student. The universities may recruit from the second phase of the placements.

The universities and IITs in Delhi, Mumbai, Chennai and Guwahati did not respond to Mint's queries.

Of the 23 IITs, first-generation institutes including Madras, Bombay, Delhi, Kharagpur, Roorkee and Kanpur start the placement season in December. The second- and third-generation IITs, along with the National Institutes of Technology (NITs), begin in August-September to get a headstart. The first phase of placements is over and the second phase will start in the middle of January.

In the first phase this season, algo-trading companies, banks, consultants, product firms and public sector undertakings recruited for students for roles such as data scientists, quantitative strategists, quantitative developers, software developers in AI, and AI researchers and application engineers.

"Universities are also coming to IIT Kanpur and some

TURN TO PAGE 2

NPCI extends UPI volume cap compliance deadline

NPCI had earlier said no app could account for more than 30% of UPI transaction volumes

Anshika Kayastha
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In a move that will bring relief to apps providing UPI services, the National Payments Corporation of India (NPCI) has extended by two years the deadline for third-party application providers (TPAPs) to comply with limits on UPI transaction volumes processed by them. The retail payments regulator also eased restrictions on WhatsApp Pay and allowed it to extend its services to all its users.

"Considering various factors, the timeline for compliance of existing TPAPs who are exceeding the volume cap, is extended by two years till December 31, 2026," NPCI said in a circular issued on Tuesday.

NPCI had earlier said that no UPI (unified payments interface) app could account for more than 30% of UPI transaction volumes, but the deadline for for TPAPs to comply with this limit has now been extended twice already.

"We welcome the extension of the market cap of UPI apps by NPCI as we strongly believe that the Indian people themselves will choose from dozens of new UPI apps available," said Vishwas Patel, joint managing director of Infibeam Avenues and chairman of industry body Payment Council of India (PCI).

Patel added that Paytm was getting back to capture its lost market share, and Navi, Cred, Bhim, WhatsApp Pay and several other new apps are growing strongly.

"Banks are also getting their UPI app strategy in place. I strongly believe that in the next two years, the market itself will resolve this market cap issue. Blocking growth of incumbents is not the right strategy and would have surely slowed UPI's growth," Patel said.

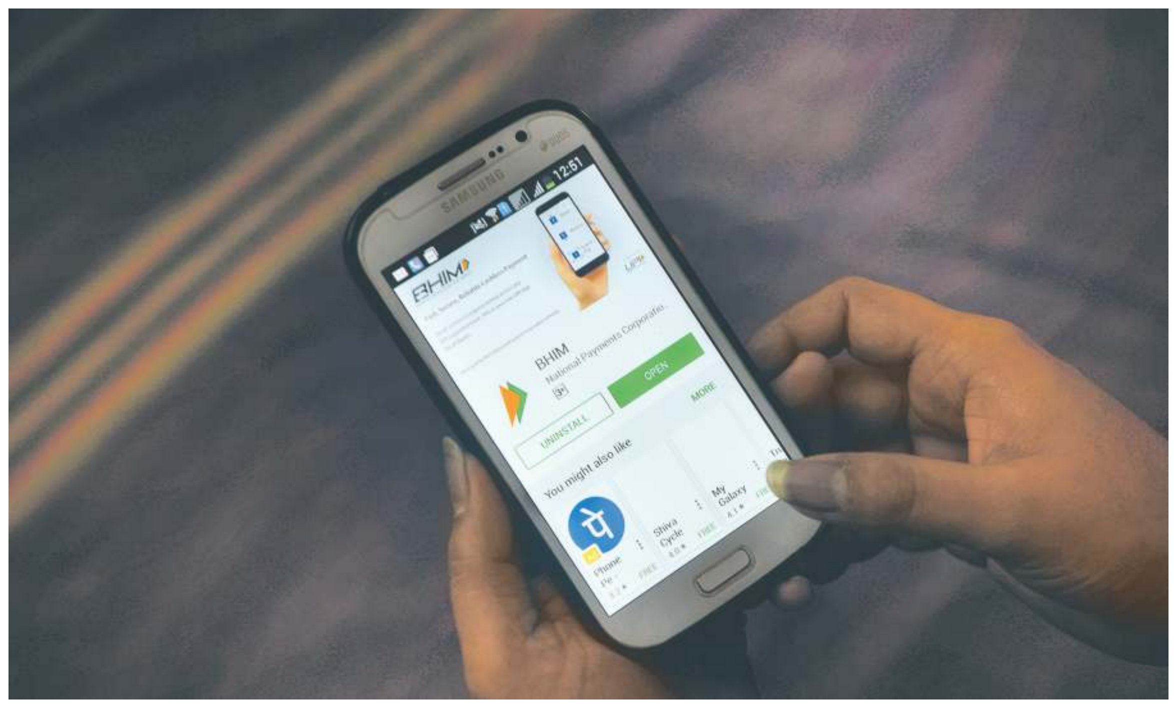
Meanwhile, NPCI also removed the UPI user onboarding limit for WhatsApp Pay, a registered TPAP player, with immediate effect. WhatsApp Pay can now extend UPI services to its entire user base in India. Previously, NPCI had permitted WhatsApp Pay to expand its UPI user base in a phased manner.

"We're committed to making payments on WhatsApp simple, reliable, and secure. Our goal is to add value and convenience to users' lives through various use-cases like bill payments, ticket booking, and shopping. We aim to accelerate digital payments and UPI adoption and continue contributing to India's digital and financial inclusion agenda," a spokesperson for WhatsApp told *Mint*.

The limit on UPI transactions largely impacted the two largest TPAPs in the country—PhonePe and Google Pay. At the time of the introduction of the cap in November 2020, Google Pay had the largest market share of 41.4% in terms of the volume of transactions and 42.9% in terms of value of UPI transactions processed. Second in line PhonePe accounted for 40.5% transactions in terms of volume and 43.5% in terms of value.

By December 2022, PhonePe had overtaken Google Pay to become the largest UPI processing platform, with a market share of 46.3% in terms of volume and 49.1% in terms of value of transactions. Google Pay's share fell to 34.2% in terms of volume and 33.8% in terms of value of transactions processed. Paytm Payments Bank and Amazon Pay have been the two other large TPAPs but both their shares have remained below the 30% mark.

For an extended version of this story, go to livemint.com.


The limit on UPI transactions largely impacted the two largest TPAPs in the country—PhonePe and Google Pay. MINT

VOLUMES GAME

NPCI also removed the UPI user onboarding limit for WhatsApp Pay with immediate effect	**THE** UPI transaction limit largely hit the two largest TPAPs in India—PhonePe and Google Pay	**TRANSACTIONS** through UPI have risen phenomenally, jumping 38% on-year in Nov to 15.48 bn	**DECEMBER** saw 16.13 billion UPI transactions up to the 30th, versus 12.02 billion a year ago


High dividend payers like Infosys, Bajaj Auto, tie their payouts to cash reserves & leave shareholders with little clarity on returns. MINT

Cash heap spurs call for buybacks and dividends

FROM PAGE 1

(RoCE) for operating business surpasses returns from cash holdings, Tandon emphasized that distributing the surplus is a logical move. Not doing so, he warned, could drag down overall returns and the company's market valuation.

RoCE is a financial metric that helps evaluate how much profit a company generates for every rupee of capital invested in its operations. Companies with a higher RoCE are generally valued higher.

Four firms—Honeywell Automation India, Bosch, ZF Commercial Vehicle Control System India, and Abbott India—could pay over ₹500 per share in incremental dividends, according to the report. Notably, these are subsidiaries of multinational corporations.

The report also flagged gaps in existing dividend distribution policies, with just 16 of the 66 companies having clearly defined dividend payout ratios linked to profits.

Most others, including high dividend payers such as Infosys and Bajaj Auto, tie their payouts to cash reserves, leaving shareholders with little clarity on future returns.

"As a result, the dividend distribution policies often provide no guidance to shareholders on possible returns," the report said, adding that a link between dividends and profits could help investors better assess returns from a stock.

IiAS started its study with the Sensex 500 constituents, and excluded banks, insurers, and financial firms, along with companies facing profit declines of more than 20% in FY24.

HCL Tech, Bharat Electronics, LTIMindtree, Siemens, Sun TV lead with ₹46,870 cr in combined cash reserves

Firms with significant leverage or negative free cash flows were also filtered out, leaving only those with robust financial health and cash reserves exceeding last year's net profit.

With Indian companies sitting on a cash mountain, the call for clearer policies and larger payouts is growing louder. The ball, now, is in the boardrooms.


The move comes amid Delhi's annual air quality crisis. PTI

Delhi may ban fuel for old vehicles to curb air pollution

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NEW DELHI

Still driving an end-of-life vehicle in Delhi-NCR? You may be refused fuel if caught, officials aware of the plan to curb pollution in the city said.

The government has set up a panel to craft a comprehensive strategy, potentially including banning commercial vehicles with engines below BS-VI from entering Delhi, to curb air pollution in Delhi-NCR, they said, requesting not to be identified.

The plan would also look to curb pollution in Uttar Pradesh, Rajasthan and Haryana, as foul air in these neighbouring states has a spillover effect on the national capital.

It's illegal to keep using end-of-life vehicles, as they have completed their useful life and are no longer registered. In Delhi-NCR, diesel cars older than 10 years and petrol vehicles older than 15 years are considered end-of-life vehicles.

This comes against the backdrop of poor air quality in the capital every year, especially in winter, due to vehicular pollution, slow wind speed and other meteorological conditions, and stubble burning. There are two major pollution peaks—one coincides with the stubble burning period, and the second peak is in December-January, which is mostly meteorology-driven and vehicular pollution.

A consultative committee, formed last month and comprising officials from Niti Aayog, Union transport and highways ministry, petroleum ministry, Automotive Research Association of India, International Council on Clean Transport, and Commission for Air Quality Management in NCR and adjoining areas, is planning to ask petrol pumps in Delhi-NCR and neighbouring states to refuse fuel to people with end-of-life vehicles after detection through automatic number plate readers, stop commercial vehicles with an engine below BS-VI to enter Delhi, offer incentives for vehicle scraps to promote electric vehicles, and strictly enforce construction norms in states like UP, Rajasthan and Haryana.

For an extended version of this story, go to livemint.com.

Cos may up GenAI spending by half

FROM PAGE 1

will likely occur at the time of renewals when there is generally pricing pressure on IT services contracts and generative AI could add even more pressure," he said in the note.

However, a second set of analysts said GenAI will not be deflationary and that cost savings by clients will not result in lesser business for IT service companies.

"In our view, AI technology will serve as a competitive advantage to create new business opportunities and operating models," said Axis Capital analysts Manik Taneja, Saksham Savernya, and Rohit Thorat in a note dated 10 December.

"We expect the savings gained through leveraging new technologies to be reinvested towards ever more ambitious pursuits of tech innovation for better business," said the Axis Capital analysts.

Accenture said it has secured $1.2 billion in GenAI orders in the quarter ended November 2024. REUTERS

ChatGPT's launch in November 2022 propelled Gen AI to corporate boardrooms, with companies worldwide wanting a slice of the pie.

Accenture Plc, the IT world's largest software services company, said it got about $900 million in revenue from GenAI-related work last fiscal, that is until the 12 months through August 2024. Accenture follows a September-August fiscal year. Accenture also said it has secured $1.2 billion in GenAI orders in the quarter ended November 2024, bringing its total orders in the segment to $4.2 billion since September 2023.

For now, while some top Indian IT services firms have acknowledged the impact of GenAI on orders, they have not quantified the business opportunity. For instance, the country's largest IT services firm, Tata Consultancy Services (TCS), said it has seen a jump in AI projects moving into production.

"Last quarter, we had eight engagements that went into production, and this quarter, we have almost 86 engagements going into production," said K. Krithivasan, chief executive of TCS in a post-second quarter earnings interaction with analysts on 10 October. "So, we are finding all-round improvement and becoming mainstream."

Second-biggest Infosys, too, said GenAI is seeping into its deals. "Any of the large deals that we are looking at, there is a generative AI component to it. Now is it driving the large deal, not in itself, but it is very much a part of that large deal," the company's chief executive Salil Parekh said in its Q2 post-earnings conference with analysts on 17 October.

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Private universities swoop down at IITs for faculty roles

FROM PAGE 1

have started their placement process and final round will be in phase 2," said a student of 2025 batch. Unlike multiple rounds of interviews in corporates, universities ask students to explain a subject through a virtual demo and those shortlisted go through the final interview round.

"Certain large-format universities are expanding and are expect more student admissions. This requires an increase in hiring of teaching faculty," said Narayanan Ramaswamy, partner and head education and skill development practice at consulting and audit firm KPMG in India. "The growing trend of augmenting with on-line content and courses gives flexibility to these institutions to have a less-experienced faculty to rise to the occasion."


Allen Career Institute heads to IITs during placements. MINT

The private universities will clash with coaching institutes who are looking for teachers as well. In the last five years, India's edtech and coaching sector has hired at least 3,000 IIT graduates or IITians both from campuses and via lateral hiring

The edtech sector pays IIT grads a starting salary of ₹10-12 lakh per year, with a clear path to a ₹60 lakh-1 crore package in a few years. To be sure, only a handful of IIT graduates bag the headline-grabbing crore-plus salaries, while the median salary in many IITs is much less.

K-12 Techno Services, an edtech company, has earlier recruited from IITs including those in Kanpur, Varanasi (BHU), Dhanbad, Mumbai, and Bhuwaneshwar.

Allen Career Institute, one of the largest coaching centres in India, heads to the IITs during campus placements. PhysicsWallah has hired about 99 IITians and Vedantu has around 50 over the past five years, according to the firms.

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2024 tough year for ad industry but the worst is behind us, says Khemka

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The advertising industry navigated a turbulent 2024, grappling with economic challenges that impacted consumer spending and marketing budgets. Navin Khemka, chief executive, South Asia at EssenceMediacom, described the year as "extremely tough", attributing the slowdown to high food inflation, subdued rural demand, and cautious startup spending.

"We began 2024 with ambitious targets, but macroeconomic factors like reduced disposable incomes forced us to revise our outlook," said Khemka. The rural market, a traditional growth engine, experienced a downturn for most of the year. "Demand picked up slightly in the last quarter, but it wasn't enough to offset earlier sluggishness. Inflation and uneven monsoon rains worsened the situation," he added.

Urban markets, meanwhile, saw a slowdown in discretionary spending on two-wheelers and budget cars, creating a challenging environment for marketers. At the same time, premiumization emerged as a key trend, reflecting a stark economic divide. "The rich are getting richer, driving demand for luxury real estate and high-end products," Khemka said.


EssenceMediacom South Asia chief executive Navin Khemka.

While the upper end of the market thrived, Khemka stressed the importance of inclusive growth. "Wealth concentration in a few hands cannot drive the broader economy. Entry-level car and two-wheeler sales depend on increasing disposable incomes for the masses," he said. Startups, an essential part of the advertising ecosystem, tightened their marketing budgets in response to economic uncertainties. "However, we also saw strong brand emergence from startups that successfully raised funds and listed in the market, signalling investor confidence in India's future," Khemka said.

Despite 2024's challenges, Khemka is optimistic about the year ahead, citing resilience in key sectors

Despite 2024's challenges, Khemka is optimistic about the year ahead, citing resilience in key sectors and evolving consumer trends. "The worst is behind us. Startups, particularly in gaming, are readying significant campaigns after adjusting to regulatory changes. FMCG growth remains steady, and we expect a revival in consumer durable purchases as the post-covid replacement cycle kicks in," he explained. He expects a double-digit growth for 2025, aiming for over 10-12%. "The industry is gearing up for new product launches, geographical expansions, and strong investments from technology companies," Khemka said.

AI is emerging as a game-changer for the advertising sector. "AI is driving operational efficiencies and enabling innovations like dynamic creative optimisation (DCO), which delivers tailored ads based on consumer behavior in real time," Khemka said.

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First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

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RS panel to review CCI's commitment scheme

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NEW DELHI

The Rajya Sabha's committee on subordinate legislation led by Milind Deora will review a scheme offered by the Competition Commission of India (CCI) in March allowing businesses to avoid anti-trust probes by making commitments to change their conduct, two persons privy to the development said.

CCI's commitment regulations, 2024, have been chosen for detailed examination and the Rajya Sabha Secretariat has sought a detailed background note on the scheme as well as a list of stakeholders for consultation from the corporate affairs ministry, one of the persons quoted above said on condition of not being named.

Under the commitment scheme, a party facing an investigation can commit to change its conduct in the market and if the offer is accepted by CCI, probe will be dropped.

This enables early market correction as the other alternative—investigation, imposing penalties and protracted litigation would mean the anti-competitive practice may persist till a final decision on the case is arrived at.

The ministry has also been asked to give information on the benefits of the competition law, impediments in its implementation and further scope for modifications.

The move to review the commitment scheme comes in the context of businesses seeking to make it effective retrospectively from 2022.

For an extended version of this story, go to livemint.com

FY25 fiscal deficit at ₹8.5 tn till Nov, hits 52% of target

Rising costs and higher spending on subsidies and public sector initiatives fuels deficit

Nikita Prasad & Rhik Kundu
NEW DELHI

Net tax revenue rose by 0.5% annually in April-November, dampened by additional devolution of taxes to states AP

India's fiscal deficit for April-November was at ₹8.47 trillion, 52.5% of the estimate for FY25, according to data released by Controller General of Accounts (CGA) on Tuesday.

This is lower than the ₹9.07 trillion a year ago due to Reserve Bank of India (RBI) dividend and subdued government capex during the first quarter amid the general elections, though tax receipts remained somewhat flat.

The Union government's fiscal deficit target is 4.9% of the gross domestic product (GDP) for 2024-25 (FY25), as announced by finance minister Nirmala Sitharaman in the Union budget 2024-25 against the 5.6% in 2023-24, which was lower than the revised estimates of 5.8%.

During the April-November period, net tax receipts stood at ₹14.43 trillion, or 56% of the target set in the annual budget in July, against ₹14.36 trillion in the same period of the previous year, CGA data showed.

Total government expenditure during the period was ₹27.41 trillion, or 57% of the annual target, against ₹26.52 trillion in the year-ago period.

Government capex (capital expenditure) stood at ₹5.13 trillion during the period, or 46.2% of the annual estimate for 2024-25, from ₹5.86 trillion reported during the year-ago period.

The data has factored in the slowdown in the central government's capex during the first quarter due to the national elections.

During the April-November period, non-tax revenue stood at ₹4.27 trillion or 78.3% of the annual budget estimates, against ₹2.84 trillion in the corresponding period of the previous financial year.

4.9% is the government's fiscal deficit target for FY25 of GDP

The net tax revenues, which rose by a marginal 0.5% annually during the April-November period, were dampened by the additional devolution of taxes to the states, while the non-tax revenues expanded by approximately 50%, boosted by the dividends by the central bank, experts said.

During the period under review, the central government's revenue expenditure grew by 7.8%, while capital expenditure continued to contract by 12.3%.

"The GoI's capex needs to expand by 65% year-on-year in December 2024-March 2025 or record a monthly run rate of ₹1.5 trillion, to meet the FY2025 revised budget estimate, which appears to be increasingly daunting, said Aditi Nayar, chief economist and head of research and outreach at Icra Ltd.

"We are apprehensive that the capex target of ₹11.1 trillion for FY2025 will be missed by a margin of at least ₹1-1.5 trillion," the Icra chief economist added

As things stand, the central government's 's capital expenditure plans for FY25 stand at about ₹11.11 trillion, up from ₹10 trillion in the previous financial year.

"The anticipated miss in the capital expenditure target is expected to offset any shortfall on account of disinvestment and taxes, as well as the impact of the recent supplementary demand for grants. Accordingly, ICRA expects the fiscal deficit to mildly trail the FY2025 revised budget estimates of ₹16.1 trillion or 4.9% of gross domestic product," Nayar added.

57% of Centre's capex target, or ₹27.41 tn, spent in Apr-Nov

To be sure, the central government's tighter fiscal deficit target of 4.9% of the gross domestic product, outlined in July's annual budget, is bolstered by an unprecedented dividend payout from the RBI.

The ₹2.11 trillion disbursed by India's central bank marks a 141% increase over last year's dividend and provides a crucial buffer for FY25, offsetting potential shortfalls in tax revenue or hikes in public expenditure.

This substantial payout has aided the central government's adherence to its fiscal consolidation path to lower the deficit to 4.5%, or even lower, by the end of 2025-26.

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India's core sector growth at 4-month high of 4.3% in Nov

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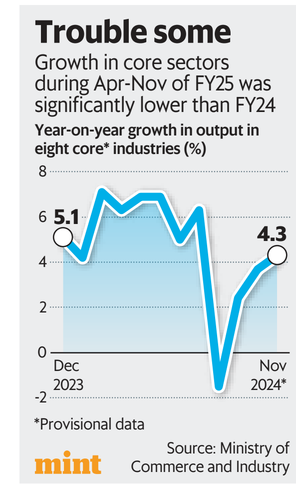
India's infrastructure output, which accounts for about two-fifths of industrial production, jumped to a four-month high in November, driven by a rise in six of the eight core constituent sectors during the month.

The index of the eight core industries rose an annual 4.3% in November, up from 3.7% in October, according to provisional data released by the Ministry of Commerce and Industry on Tuesday. It had expanded by 2.4% in September and contracted by 1.5% in August.

A year ago, the output of the eight core industries—coal, crude oil, steel, cement, electricity, fertilisers, refinery products and natural gas—had expanded by 7.9% year-on-year. The provisional data for September, October and November could be revised next month.

The rebound in manufacturing could significantly affect industrial production in November, data for which will be released in January. Despite the recent uptick, growth in the core sectors during the first eight months of the current fiscal year stood at 4.25% on average, significantly lower than the 8.68% rise recorded in the same period of FY24.

Experts attribute the decline to a high base effect and weaker performance in sectors like crude oil and natural gas. "There has been a pick up in infra activity, as seen also in government spending more on capex this month. Construction of homes also showed momentum and was reflected in steady growth in steel and cement. Low fertilizer output reflecs higher inventories being used. Coal production increased by 7.5%, which is reflective of better economic activity," said Madan Sabnavis, chief economist at state-run Bank of Baroda.



PRANAY BHARDWAJ/MINT

The rebound in manufacturing may significantly affect industrial production in November; data will be in by Jan

"We may expect IIP (index of industrial production) growth to be around 4.5-5% given festival demand," he added.

India's IIP grew an annual 3.5% in October, accelerating from 3.1% in September.

Six of the eight sectors — coal, steel, cement, fertilisers, electricity and refinery products — reported an annual rise in production in November, while the output of crude oil and natural gas contracted.

For an extended version of this story, go to livemint.com.

The health-tech firm is looking to appoint bankers. ISTOCK

Pristyn Care in talks for $100 mn in fresh funding

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BENGALURU

Peak XV Partners-backed health-tech firm Pristyn Care is in early talks to raise up to $100 million from new and existing investors in a largely primary round, three people close to the development told *Mint*.

"It is likely to be at $50-100 million and will materialize sometime in the first half of 2025," said one of the three people. The company, whose valuation is yet to be decided, plans to use the proceeds for its expansion, he added.

The health-tech company has also engaged with bankers to help with the fundraise and is in discussions with global investors, family offices, and high-net-worth individuals, a second person said. It plans to go public within three years.

Pristyn Care didn't respond to *Mint*'s queries.

The development comes three years after the company raised $100 million in series E funding round, which saw participation from Tiger Global Management, Hummingbird Ventures, and Epiq Capital Advisors, among others.

In 2021, it also entered the unicorn club, with the transaction at a post-money valuation of $1.4 billion, according to data from market intelligence provider Tracxn.

Peak XV is the largest institutional shareholder in Pristyn Care. Other backers include Trifecta Capital, Dream Duo, QED Innovation Labs, Amber Winter, First Lap, and Rockstone Ventures.

India is witnessing a growing appetite for investments in the healthcare sector. Several private equity (PE) firms, including Quadria Capital and ChrysCapital, have expressed interest in ramping up allocations to healthcare sub-segments.

Several PE firms have expressed interest in ramping up allocations to healthcare sub-segments

As hospital chains expand beyond the metros, other large investors have turned focus to healthcare. Blackstone Group made its first investment in the sector with a $1-billion bet on Care Hospitals in 2023, while Swedish firm EQT ramped up its exposure through investments in Indira IVF in 2023 and AIG Hospitals in 2022.

Pristyn's fitness tech brand, BeatXP, sought $50-75 million at a $400 million valuation in February, despite a legal battle with Lybrate's founders.

For an extended version of the story go to livemint.com

MGNREGS work demand reaches four-month high in December

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Job demand hit a four-month high at 25.73 million. PTI

The number of people demanding work every month on average under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) increased to a four-month high of 25.73 million in December, according to the latest data from the government.

This is despite a recovery in rural consumption during the first two quarters of the ongoing fiscal, driven by improved rainfall and the Centre's reliance on higher rural spending to offset declining urban consumption. Besides, the government aims to boost growth during the current fiscal year, which slowed to 5.4% in Q2 FY25, through higher state-backed capital expenditure.

The number of people demanding work every month on an average under the MGNREGS has been rising steadily since September, according to rural development ministry data. It was at 18.93 million in September, 19.89 million in October, 21.56 million in November and 18.98 million in August.

However, despite the number of people demanding work standing at a four-month high in December, it stayed below the average figures for FY23 and FY24. The number of people demanding work barely changed to 27.73 million in FY24 from 27.63 million in the previous year, data showed.

The number of people seeking work every month under MGNREGS has been rising steadily since September

Experts said the rise in people demanding work under MGNREGS during the four months ended December may be attributed to seasonal factors, with people seeking jobs under the scheme when farm and non-farm activities are at their lowest.

"The demand for work under the MGNREGA scheme rose between September and December due to seasonal factors. A bumper crop season is anticipated, with the government expecting growth in agricultural production during the ongoing fiscal," said Bhanumurthy N.R., director of Madras School of Economics. "So, one can expect a fall in the number of people seeking jobs under the scheme from January as farm and non-farm activities are expected to go up."

Spokespersons of the ministries of rural development and finance did not respond to emailed queries.

MGNREGS provides the poorest households in rural areas with at least 100 days of guaranteed waged employment in a financial year.

The days under the scheme usually increase when the rural economy is weak, and people are out of work.

On 23 September, *Mint* reported that the scheme is unlikely to see a higher allocation in FY25, as compared to the previous fiscal, with the government hoping for an improvement in the rural economy on the back of better rains.

For an extended version of this story, go to livemint.com

India's K-shaped story: Will the script change in 2025?

FROM PAGE 1

38% respectively, by the end of 2024.

With home sales increasing by 49% between 2022 and 2024, the average price per sq. ft has risen by around 41% since 2021, according to Anarock Property Consultants. Among the top markets, National Capital Region (NCR), Bengaluru, and Hyderabad have seen the biggest increase in prices, owing to an explosion in demand for high ticket properties.

Moreover, tepid affordable housing demand has prompted real estate developers to focus on the burgeoning luxury and premium segment, aiding the sector's pricing trajectory even during a relatively slower first half in FY25.

"The premiumization trend in housing is evident from the fact that Q2FY25 sales volumes for top 17 developers were down 12% year-on-year (y-o-y) while sales value was up 1% y-o-y. Average sales realizations for this set of developers were up 15% YoY in Q2FY25," a Nuvama Institutional Equities report from 27 November said.

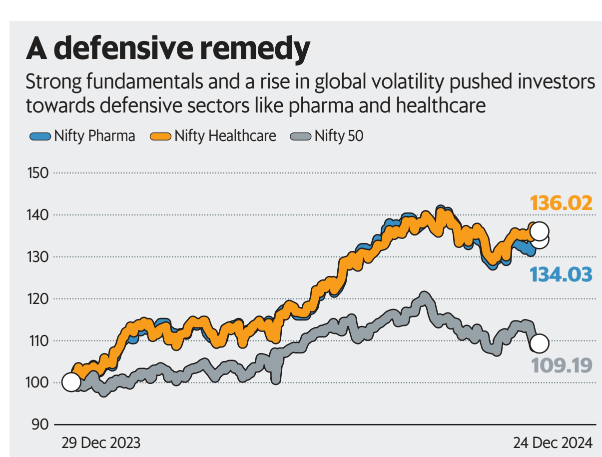
The first half of FY25 was marked by muted launches due to approval-related issues. With state elections in Maharashtra and Haryana out of the way, experts are anticipating faster approval for newer projects in key residential markets like Gurugram, Mumbai Metropolitan Region and Pune.

"We remain constructive on the sector in the long run with a preference for players with a strong launch pipeline and robust balance sheets," Pankaj Kumar, vice president of fundamental research at Kotak Securities, said. "An interest rate cut next year would likely lead to further re-rating of players, particularly in the mid-affordable segment."

Lower interest rates would mean cheaper home loans, raising affordability and demand for houses particularly in the mid-affordable segment.

Automobiles

High inflation, coupled with elevated interest rates and tighter credit conditions, curtailed aspirations of many middle-class Indians in 2024—a phenomenon reflected in languishing entry-level passenger vehicle sales. While two-wheeler demand remained healthy, first-time buyers moved to the used car market.



PRANAY BHARDWAJ/MINT

Those who could afford flocked to the saturating sport utility vehicle (SUV) market as reflected in Mahindra and Mahindra Ltd's robust Thar and XUV3XO sales volumes in Q2. The company's shares were up 74% by the end of 2024.

Hospitality

Affluent Indians are also willing to pay a premium for new and unique experiences, sustaining the boom in luxury tourism. Investors have been betting big on premium hotel companies ever since the post-covid boom in tourism coincided with a rise in luxury spending in the country in the last couple of years.

Shares of Indian Hotels Co. Ltd (brands include Taj) and EIH Ltd (the Oberoi Group) have risen 99% and 67% by the end of 2024, and with tourism demand expected to outstrip the supply of fresh hotel rooms in the near term, experts see the upcycle to continue for the next three-four years.

Retail

But Tata Group owned Trent Ltd wrote the most defying consumption story of 2024, with its stock returning a whopping 129% throughout the year. The fashion and lifestyle retailer bucked the current trend of mass-market consumption slowdown, with Zudio's affordable yet trendy portfolio of products, posting a 44% on-year rise in net profits at ₹338 crore in Q2.

"Zudio has been particularly popular with the Gen-Z, and historically we have seen that brands which once resonate well with consumers tend to do better even during a broadly slow macroeconomic environment," Bhattacharya noted.

Pharma

While investors bet boldly on India's consumption story, bouts of external volatility also drove them towards more defensive sectors like healthcare and pharmaceuticals, making them the best-performing sectors of 2024. The Nifty Healthcare index outperformed every other sector with a 40% return, while the Nifty Pharma index posted a solid 38% return last year.

"Most hospitals' networks are mature now. So, they are profitable and generate a lot of cash. These companies were already doing well, and they continued beating expectations this year," Prashant Nair, lead pharma and healthcare analyst at Ambit Capital said.

If 2024 was the year of aspiration and luxury consumption, market participants expect a rebound in broad-based consumption in 2025, as they expect increased largesse from the government for the poor next year.

"The 'Ladki Bahin Yojana' (monthly stipends of ₹1,500 to women facing financial hardship) was a game-changer for the ruling party in the recent Maharashtra assembly election. This indicates an upcoming shift in the economic regime, because such schemes have become the success mantra in Indian politics," Neeraj Chadawar, head of fundamental and quantitative research at Axis Securities said.

"We believe broad-based consumption could be back in 2025, led by the expectation of higher rural demand in FY26 as compared to FY25."

While consumption remains a crucial driver of economic growth, experts are betting on India's electronic manufacturing, IT, and the capital goods sector to be in favour next year.

For an extended version of this story, go to livemint.com

NEWS IN NUMBERS

$5.9 bn
THE SIZE of military and economic aid announced by the US for Ukraine under the outgoing Biden administration, before an expected shift in policy by Trump.

2
THE NUMBER of uncrewed test flights ISRO plans to conduct for its Gaganyaan mission in the first quarter of 2025, before it launches the first crewed mission.

₹540 cr
THE VALUE of orders won by Rail Vikas Nigam, the construction arm of the ministry of railways, from Central Railway and East Coast Railways.

$5 mn
THE AMOUNT Donald Trump has been ordered to pay for sexually abusing and defaming writer E Jean Carroll, as a federal appeals court upheld an earlier verdict.

15-16%
THE OPERATING margins cement firms are expected to report for FY25, down 170-220 basis points due to weaker pricing and subdued demand, according to Crisil.

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2025 IS HERE

Fireworks seen during New Year's Eve celebrations in Sydney, Australia, on Tuesday.. AP/PTI

Isro earned $427 mn from US, EU space missions in 10 years

The domestic space economy will be targeting a revenue of $44 billion by 2033

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NEW DELHI

The Indian Space Research Organisation (Isro) generated over $400 million in revenue from commercial satellite launches conducted in the past decade for the US and the European Union, Union minister of state for space Jitendra Singh said on Tuesday.

Singh said the revenue figure is likely to ramp up in the coming years, starting with five launches in the first half of 2025.

"So far, Isro has generated $172 million in revenue by launching satellites for the US, and €292 million ($304 million) for the EU. Out of this, $157 million from US launches and €260 million ($271 million) from EU launches have come in the past decade alone. This shows the kind of progress that India has made in the space economy, and its current stature as a leading spacefaring nation," Singh said at a press briefing following Isro's launch of its space docking experiment (SpaDex) mission on Monday.

The minister added that going forward, more such missions will be conducted. "We have the LVM3-M5 mission scheduled for the first quarter for an international customer. India is also launching a satellite for direct mobile communication for the US by February or March, showcasing our evolving abilities. The much-awaited launch of the Nasa-Isro Synthetic Aperture Radar (Nisar) satellite will also take place by the second quarter—these are all commercial missions that reflect India's growing capabilities to increase the size of the nation's space economy," Singh said.

> Union minister Jitendra Singh says revenue figure likely to ramp up in coming years; more such missions to be conducted going forward

So far, industry consultants and other stakeholders have argued that India's commercial space economy still has a dearth of revenue generation avenues, and called for creation of internal demand through ministry agencies and other sources, *Mint* reported in June.

"You can see that there's progress. NewSpace India Ltd, the public sector undertaking, is working to increase the commercial revenue opportunities for India in space. We're also building a new spaceport in Tuticorin (Tamil Nadu), construction of which is currently underway with a two-year timeline. This will dedicatedly service small satellite launch demand from Indian soil. The progress being made is clear," Singh added.

RIL's acquisitions: $13 bn spent in 5 yrs

Billionaire Mukesh Ambani's Reliance Industries Ltd (RIL) has spent $13 billion on acquisitions in the past five years across new energy, telecom, retail and media business to script a pivot away from core oil and petrochemicals business to clean energy and consumer facing verticals.

Last week, Reliance bought oncology platform Karkinos Healthcare for Rs 375 crore, adding another stack to its diagnostic and digital healthcare ecosystem, Morgan Stanley said in a report.

"Over the past five years, RIL has announced $13 billion in acquisitions with 14% in new energy, 48% in technology, media and telecommunications (TMT), 9% in retail, and increasingly more in healthcare," it said in a statement.

RIL's biggest acquisition in the last five years has been buyout of Hathway Cable and Datacom Ltd for $981 million. PTI

The rupee fell 2.8% in 2024 to post a seventh consecutive annual decline. AFP

Rupee declines to record closing low

The rupee declined to a record closing low for the sixth consecutive session on Tuesday, weighed down by a decline in most Asian currencies alongside expectations that it is headed for more losses in 2025.

The rupee closed at 85.6150 against the US dollar, down nearly 0.1% on the last trading day of the current year. The unit dropped 2.8% in 2024 to post a seventh consecutive annual decline.

Asian currencies were mostly weaker with the offshore Chinese yuan down 0.6% at 7.35, its weakest level in over a year, after data showed that China's factory activity barely grew in December.

The dollar index dipped 0.1% to 107.9 while US bond yields were trading a tad lower in Asia.

For the session, the rupee remained under pressure amid dollar bids from foreign and state-run banks, traders said.

A hawkish shift in the United States' Federal Reserve's policy outlook combined with expectations over incoming US President Donald Trump's policies has boosted the dollar and US yields. REUTERS

Interest on PPF, NSC unchanged

The government on Tuesday left the interest rates unchanged on various small savings schemes, including Public Provident Fund (PPF) and National Savings Certificate (NSC), for the fourth straight quarter beginning 1 January 2025 and ending 31 March 2025.

"The rates of interest on various small savings schemes for the fourth quarter of FY 2024-25, starting from 1 January 2025 and ending on 31 March 2025, shall remain unchanged from those notified for the third quarter (1 October 2024, to 31 December 2024) of FY 2024-25," said a finance ministry notification.

As per the notification, deposits under the Sukanya Samriddhi scheme will attract an interest rate of 8.2%, while the rate on a three-year term deposit remains at 7.1% prevailing in the current quarter. PTI

Sebi advised Kirloskar firms to disclose the DFS, entered into amongst family members. REUTERS

Kirloskar cos to challenge Sebi

Four Kirloskar companies on Tuesday said they are preparing to legally challenge a letter by markets regulator Securities and Exchange Board of India (Sebi) asking them to disclose the deed of family settlement that was signed by members of the Kirloskar family on 11 September 2009.

In separate regulatory filings, Kirloskar Ferrous Industries Ltd, Kirloskar Industries Ltd, Kirloskar Pneumatic Company Ltd and Kirloskar Oil Engines Ltd maintained they are not bound by deed of family settlement (DFS) nor does it have any impact or create any restriction or liability on them.

Sebi in a letter dated 30 December 2024 advised the companies to disclose the DFS, entered into amongst the members of the Kirloskar family in their personal capacity, under the Sebi listing obligations and disclosure requirements regulations. PTI

Drugmaker Anthem files for IPO

Indian contract drugmaker Anthem Biosciences filed for a ₹33.95 billion ($397 million) initial public offering (IPO), draft papers showed on Tuesday, at the fag end of what has been a red-hot year for companies listing on the stock market.

Anthem, whose services include early-stage drug discovery and drug efficacy testing, said private equity firm True North and drugmaker DavosPharma are among investors who will sell shares in the IPO.

The company will not sell any shares and it did not give any other details on the offering.

The Indian IPO market has been bustling this year, with over 300 companies having raised $17.5 billion as of mid-December, more than double the amount raised last year, LSEG data showed.

That gives it the top spot globally in terms of proceeds and volumes, KPMG said. REUTERS

NaBFID invests ₹745 cr in NDR InvIT

The National Bank for Financing Infrastructure and Development (NaBFID) has invested ₹745 crore in long-term bonds issued by NDR InvIT, the company said on Tuesday.

NDR InvIT is an Infrastructure Investment Trust managed by NDR InvIT Managers and sponsored by NDR Warehousing Pvt. Ltd.

These 15-year bonds, rated AAA/Stable by India Ratings (FITCH) and CARE, underscore NDR InvIT's key role in advancing India's warehousing sector, NDR said.

The funds will accelerate NDR InvIT's strategic growth plans, it added. With demand for robust logistics infrastructure soaring due to rapid manufacturing growth and the exponential rise of e-commerce, this investment positions NDR InvIT as a driving force in bridging critical infrastructure gaps, it noted.

The investment comes at a time when India's logistics and warehousing sectors are poised for exponential growth, it said. PTI

Thermal coal imports up 9% this year

India has 15 power plants that run on imported coal. AFP

Imports of thermal coal, used for power generation, have increased by about 9% in the April-November of the ongoing fiscal year to 45 million tonnes, on higher procurement made by those power plants that operate solely on imported coal.

Data from the Central Electricity Authority showed that imported coal-based (ICB) power plants imported 33.4 million tonnes so far in this fiscal, 29% higher than nearly 26 million tonnes.

ICB plants have been mandated to operate at full capacity since March this year amid high power demand. The Centre imposed Section 11 of the Electricity Act on these ICB plants, which allows the government to direct power plants to operate as per its directions in times of any extraordinary situation, in February with effect from 16 March this year and since then it has been extended.

The country has 15 power plants that run on imported coal with a cumulative capacity of about 17GW. Several of these plants may not operate in normal situations if the demand across the country is adequately met by the domestic coal-based plants. Further, higher cost of the imported fuel also plays a role in its operation schedule. RITURAJ BARUAH

Initiative to cover a range of passive schemes, including index funds, ETFs and FoFs. ISTOCKPHOTO

Sebi introduces MF Lite framework

Index and exchange-traded funds (ETFs) to schemes sponsored by private equity funds will be eligible to be covered under the MF Lite framework on meeting certain conditions as the market regulator aims to simplify the operations of passively managed mutual funds.

Passive funds that invest solely in domestic equity indices—widely tracked by passive funds or used as benchmarks for actively managed funds—will be eligible, provided their collective assets under management (AUM) exceed ₹5,000 crore as of December 31 each year, according to the framework released by the Securities and Exchange Board of India (Sebi) on Tuesday.

The Association of Mutual Funds in India (AMFI), in consultation with Sebi, will periodically update the list of domestic equity indices that qualify for MF Lite regulations that come into effect from 16 March 2025.

The initiative will cover a range of passive schemes, including index funds, ETFs and fund-of-funds (FoFs). Government securities (G-Secs), treasury bills (T-bills), and state development loans (SDL)-based debt passive funds will be included, provided they meet the ₹5,000 crore AUM threshold. NEHA JOSHI

Gold heads for biggest gain since 2010 in mixed year for metals

Gold is heading for its biggest gain in 14 years, with a 27% advance fuelled by US monetary easing, sustained geopolitical risks and a wave of purchases by central banks. While bullion has ticked lower since Donald Trump's sweeping victory in November's US presidential election, its gains over 2024 still outstrip most other commodities. Base metals have had a mixed year, while iron ore has tumbled, and lithium's woes have deepened.

The varied performances over 2024 highlight the absence of a single, overriding driver that's steered the complex's fortunes, while also putting the spotlight on how metals, both base and precious, may fare next year. For 2025, investors are focused on uncertainty around US monetary policy, potential frictions from Trump's presidency, and China's efforts to revive growth.

Gold's strong gains this year—which have seen the metal set a succession of records—may signal a possible shift in the market's dynamics given they have come despite a stronger US dollar and rising real Treasury yields, both typically headwinds. BLOOMBERG

The yellow metal advanced 27% in 2024. AFP

IFC, others to take stake in FEPL

Fair trade regulator Competition Commission of India (CCI) on Tuesday cleared the World Bank's IFC, Asian Development Bank (ADB) and German government's DEG proposal to acquire a stake in Fourth Partner Energy Ltd (FEPL).

IFC is the largest global development institution focused on the private sector in emerging markets.

"Commission approves the acquisition of certain shareholding of Fourth Partner Energy Pvt Ltd jointly by International Finance Corporation, Asian Development Bank and DEG - Deutsche Investitions," the regulator said in a post on X.

FEPL is India's leading renewable energy company focusing on building and financing renewable energy projects. In August, global impact investors IFC, ADB and DEG announced an investment of $275 million into India's leading renewable energy solutions platform FPEL. PTI

We need energy for AI, and AI for energy

In 1903, Mark Twain wrote that "It takes a thousand men to invent a telegraph, or a steam engine, or a phonograph, or a photograph, or a telephone or any other important thing." This observation still mostly holds true. The invention of artificial intelligence required decades of work by thousands of scientists, engineers, and industry leaders. It will require many more men and women to develop the technology in the years ahead.

As the march of AI accelerates, a new requirement has become apparent: the next breakthroughs will consume colossal quantities of energy. AI guzzles electricity—a single ChatGPT query requires ten times as much as a conventional web search. As AI usage increases, its energy requirements will rise, and if demand outstrips supply, the technology's development will be strangled.

QUICK READ

We must also take another look at nuclear energy, either by restarting existing plants already connected to the grid, or by building the next generation of smaller, safer, and more efficient reactors.

AI's electricity usage is projected to increase from four terawatt-hours in 2023 to 93 TWh in 2030—more than Washington State used in 2022.

The data centres that underpin AI development at scale—powering GPT-4, Gemini, and other frontier models—need around-the-clock access to power. They already account for roughly 3% of annual US electricity consumption, and this share is expected to more than double in the next five to ten years. More broadly, AI's electricity usage is projected to increase from four terawatt-hours in 2023 to 93 TWh in 2030—more than Washington State used in 2022. And that's a conservative estimate; AI could consume this much power as early as 2025.

Though the dates may vary, the direction is clear: demand for energy will skyrocket. Securing sufficient access to electricity thus has become a top priority for AI companies. But while they are doing what they can, they will not succeed without government help. Building a sustainable supply of power to drive the AI revolution is in America's interest, and it will also benefit other countries by delivering immense improvements in health care, education, science, national security, and other critical sectors.

To allow AI's development to taper off because of insufficient energy supplies would be an act of national self-harm. With future needs already apparent, the US government must get ahead of the challenge now, while it can. By the time data centres' energy demands double, our supply of energy should have at least doubled, too.


REUTERS

Green-lighting the revolution

A study by researchers at Princeton University finds that for the United States to decarbonize its economy by 2050, it may need to triple its electricity-transmission system's capacity. Much of this can be done domestically. We can build data centres in the US, secure supply chains for energy technologies, and invest in modernizing our energy infrastructure.

To that end, the government can unleash private-sector development by simplifying and accelerating siting and permitting. Complicated, decades-long approval processes are a drag on the transition to clean energy, with damaging consequences for AI development as well. Building a new transmission line in the US—from planning and permitting to land acquisition and construction—currently takes an average of 10 years. That must change.

We must also take another look at nuclear energy, either by restarting existing plants already connected to the grid, or by building the next generation of smaller, safer, and more efficient reactors. Here, too, reforming regulations, which were written for 1970s technology, is vital to accelerating innovation and deployment. When Georgia's Vogtle 3 plant came online in 2023, it was the first new reactor design to be approved in the nearly 50-year history of the US Nuclear Regulatory Commission.

That pace is not sustainable in an energy-hungry AI economy. The US must tap every safe, clean, and reliable energy source that it can. A more agile regulatory regime would reflect the reality that not all reactor designs are alike, and that not all review processes should be identical. For example, experts have proposed a more timely review of nuclear projects that reuse brownfield sites—allowing for a smooth transition from coal to nuclear projects.

While the benefits of nuclear power are well known, US energy innovation should also focus on fusion energy, the process that powers the sun. Fusion generators use the immense energy released when light atomic nuclei combine to form heavier ones, making it a potentially abundant, reliable, and clean power source. In 2022, scientists at Lawrence Livermore National Laboratory in California achieved the milestone of fusion ignition, producing more energy from a fusion experiment than was required to drive it.

If the US can develop fusion power at scale, AI's electricity demands can easily be met. Doing so will require substantial investment and new partnerships between startups and national laboratories to advance concept designs and plan the path to commercialization. But while new and existing technologies can start to bridge the gap, the US must also seek energy abroad.

AI allies

Looking overseas poses a different set of challenges. While some regions—such as the Middle East—are endowed with vast stores of reliable, low-cost energy, relying on these resources involves geostrategic and national-security trade-offs. It is no good building a data centre abroad to benefit from low-cost energy, only to find that its contents have been compromised by hostile foreign-intelligence services; that it is being used by third-party vendors as a means of avoiding export controls; that its servers are being used to exert leverage over the US; or that it is being used in ways that violate privacy.

AI technology is so valuable, and so critical to US national security, that potential partner countries can only be those that share common interests and values with the US, and which have formidable defenses to safeguard their AI systems. These risks can be managed, but doing so will require deliberate and careful diplomacy and technical engagement with our allies in the Gulf.

Of course, deepening our energy partnerships with European countries poses fewer national-security or reputational concerns; but their energy is often too expensive. In 2023, for example, power in European countries cost twice as much as in the US. In fact, energy is so expensive by international standards that virtually all European AI models are being trained abroad, often in the US.

Fortunately, other US partners offer possible solutions. Japan maintains over 20 gigawatts of idled nuclear capacity, more than enough for even the largest projected computer clusters. And closer to home, Canada offers the prospect of abundant hydropower, which is both renewable and reliable. Both options offer short-term, clean solutions from close American allies.

Advanced AI is both the objective and part of the solution. AI systems see things that humans do not, as DeepMind demonstrated when it successfully reduced energy use for data-centre cooling by up to 40%. We must take advantage of these capabilities. AIs should be deployed to identify and develop new ways to improve data centres' efficiency and realize fusion energy's potential. Scientists at the National Fusion Facility in San Diego have already used reinforcement learning to prevent instability and disruption to the complex fusion process.

The path to AI has been marked by unexpected achievements and paradigm shifts. The task now is to harness the power needed to propel this new era of innovation.

ERIC SCHMIDT
is a former CEO and chair of Google/Alphabet, is Chair of the National Security Commission on Artificial Intelligence.