HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 19 NO. 45

Thursday, February 20, 2025

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Think Ahead. Think Growth.

mint primer

Another fraud: Did PMC crisis change anything?

BY SHAYAN GHOSH

Another cooperative lender is now embroiled in an alleged fraud. Mumbai-based New India Cooperative Bank faces crippling curbs from RBI and its board has been dissolved, similar to what PMC Bank faced in 2019. Has anything changed since then? *Mint* explains.

1 What happened at New India Co-op?

On 13 February, RBI placed the lender under restrictions and directed the bank to not allow withdrawals from savings, current or any other deposit accounts. While directing depositors to bank officials and to India's banking deposit insurance provider on how to claim their insurance payments against deposits of up to ₹5 lakh, RBI said the restrictions should not be seen as a cancellation of the bank's licence. A day later, uncertain over the future of their money, depositors rushed to branches of the bank in Mumbai. RBI also took control of the bank's board and placed a retired banker to manage the operations.

2 What do we know about the bank?

It started in 1968 as the Bombay Labour Cooperative Bank—founded by former minister George Fernandes, and Ranjit Bhanu, whom the bank's website refers to as a "noted criminal lawyer, trade unionist and a member of legislative assembly". The bank held deposits of ₹2,436.4 crore as on 31 March 2024 versus ₹2,405.9 crore a year earlier, says its annual report. About 67.2% were fixed deposits, 27.9% savings deposits, and the rest current accounts. Loans fell 11.7% on-year to ₹1,174 crore. Capital adequacy was 9.1% in FY24 against the required 10%. It has not met the minimum level for two fiscals now.

MINT

3 What is the cause of this disruption?

Hindustan Times reported that the police arrested 57-year-old Hitesh Pravinchand Mehta, who worked as general manager-accounts, for allegedly siphoning money on the pretext of transferring cash between the Prabhadevi and Goregaon branches. Last Wednesday, a team of RBI officials visited the bank headquarters and found that ₹112 crore in cash was missing.

4 Has RBI been watching cooperative banks?

It has stepped up the scrutiny of cooperative banks over the past few years. Enforcement actions against such lenders have risen from nine in FY20 to 43 in FY21, 145 in FY22, 176 in FY23, and to 215 in FY24, showed RBI data. RBI categorizes urban cooperative banks under four tiers, based on the size of deposits. At the end of FY24, there were 1,472 urban cooperative banks, with the number rising in the 1990s under a "liberal licensing policy". The sector has also seen consolidation with 156 mergers since FY05.

5 Has anything changed since 2019 PMC crisis?

The Punjab and Maharashtra Cooperative Bank was on the brink of a collapse due to loan irregularities when RBI seized it in September 2019. It was taken over by Centrum Financial Services and fintech BharatPe in 2022. In 2020, the government had amended the Banking Regulation Act, giving RBI more powers over such lenders. Urban cooperative banks are regulated and supervised by the RBI. But state co-operative and district central co-operative banks are regulated by RBI and supervised by Nabard.

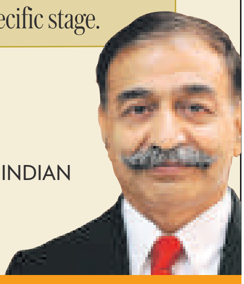
QUICK EDIT

Trump's new salvos

US President Donald Trump seems to have expanded his tariffs further. He has announced another round of impositions targeting automobiles, semiconductor chips and pharmaceutical imports. "I probably will tell you that on April 2nd, but it will be in the neighbourhood of 25%," he reportedly said, referring to the rate he had in mind. These follow recent trade barriers against steel and aluminium imports, and also his declared plan for "reciprocal" levies. With the contours of US trade policy shape-shifting by the day, it is getting harder to figure out how one proposal squares up with the next. The idea of reciprocity suggests that the US wants tariffs that mirror what its trade partners have. In many cases, that would clash with the 25% rate he seems so fond of. Which rate regime will supersede the other has been left unclarified. This heightens the trade uncertainty that he has plunged the globe into. For India, his pharmaceutical tariffs are a particular cause of worry, given America's value as a market for Indian exporters. Since about 40% of US generic drugs are from India, it would face higher healthcare costs in the bargain. But that aspect doesn't seem to perturb its leader.

QUOTE OF THE DAY

We are witnessing a surge of pioneering startups developing groundbreaking solutions for the space industry. But to turn these concepts into practical products that can be offered to a new marketplace, there must be sufficient funding, especially from government institutions at this specific stage.



A.K. BHATT,
DIRECTOR GENERAL, INDIAN SPACE ASSOCIATION

INSIDE

mint Data Bites

SMARTEST AI MODEL?

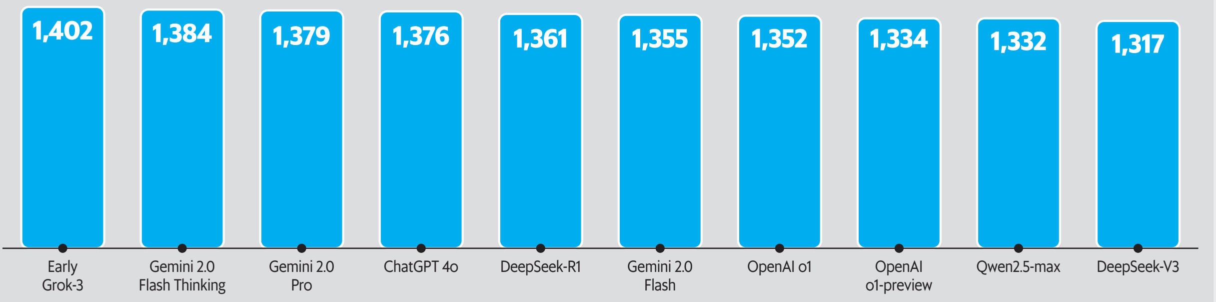
xAI'S GROK-3 SCORES 1,400 IN CHATBOT ARENA

WHAT IS CHATBOT ARENA?

"Chatbot Arena" is a crowdsourced, online platform used for benchmarking and evaluating performance of various AI models. The platform has so far evaluated 205 AI models based on 2.7 million votes since its launch in May 2023.

HOW IT WORKS

A user asks a question to two anonymous LLMs. Then they vote for the model with the preferred response. The models' identities are revealed only after voting. The data is then analyzed using advanced statistics to rank the models.



Data: Shuja Asrar, design: Satish Kumar

LLMs: Large language models

Source: Chatbot Arena

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PLAIN FACTS

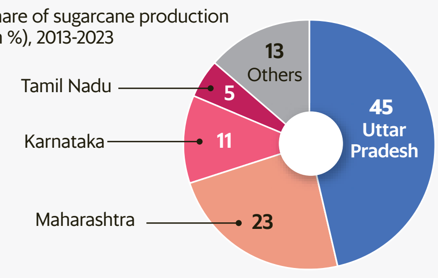
Hidden cost of India's rising sugar empire

BY NITESH KUMAR

Uttar Pradesh was India's largest groundwater extractor in 2023, using as much water as that could meet Bengaluru's water needs for 48 years.

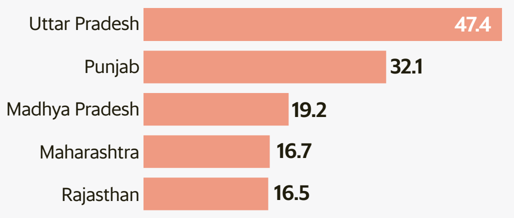
Uttar Pradesh accounted for nearly half of sugarcane production in 2013-2023

Share of sugarcane production (in %), 2013-2023



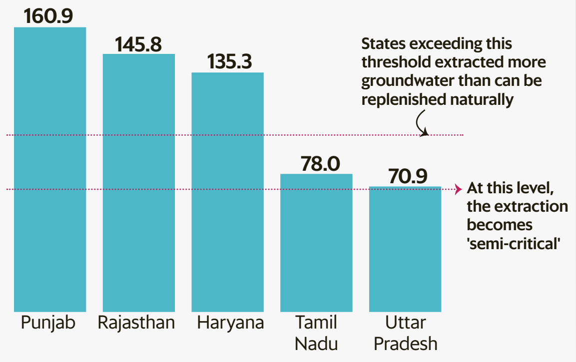
The state leads in groundwater extraction as well

States with highest groundwater extraction in 2013-2023, annual average (in billion cubic metres)



Key farm states, including Uttar Pradesh, have untenable groundwater extraction levels

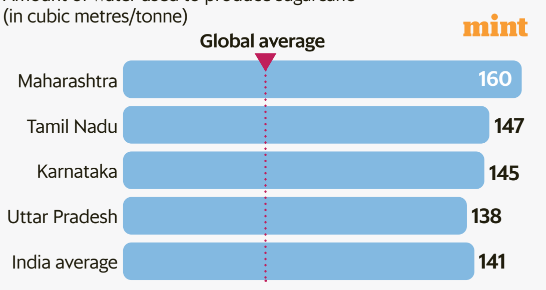
Average stage of groundwater extraction (in %), 2013-2023



The stage of groundwater extraction measures available groundwater, actual usage, and the percentage extracted. For example, if groundwater extraction exceeds 100%, it means the state is using more water than can naturally recharge, classifying it as over-exploited.

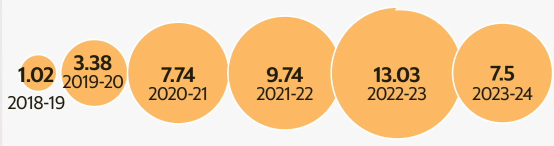
India uses more than double the water for sugarcane as against the average

Amount of water used to produce sugarcane (in cubic metres/tonne)



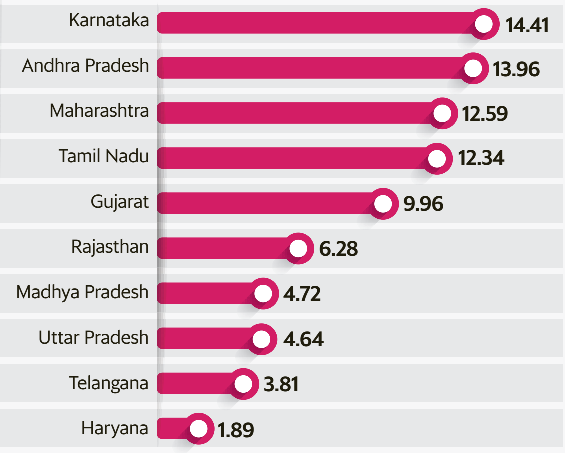
Sugar diversion to ethanol production has surged over the years

Share of sugar output diverted to ethanol production (in %)



Uttar Pradesh has been receiving a fraction of micro-irrigation funds

Share (in %) of funds allocated to states under the Per Drop More Crop (PDMC) scheme, FY16-FY24*



Source: Central Ground Water Board; Value of Water Research Report Series No. 47, Unesco-IHE, Delft, the Netherlands; department of food and public distribution; ministry of agriculture

PARAS JAIN/MINT

In just 10 years, India has become the world's second-largest exporter of sugar from the fourth largest, but this dominance has come at a high cost: rapid groundwater depletion. Sugar is extracted from sugarcane, a water-guzzling crop that adversely impacts India's groundwater sustainability. A deep-dive investigation by *Mint*, backed by interviews with multiple farmers, government officials, and experts, and data crunching from official sources, shows groundwater in Uttar Pradesh is at the risk of complete depletion of aquifers within years, unless a more sustainable way of producing sugarcane is adopted.

The unsustainable use of groundwater has already pushed major agrarian states such as Punjab and Haryana beyond their ability to naturally replenish the water. Uttar Pradesh and Tamil Nadu are on track to follow suit. Both these states have utilized more than 70% each of their available groundwater resources, which is deemed as a "semi-critical" level by the Central Ground Water Board (CGWB).

WATER WOES

Despite the groundwater crisis, Uttar Pradesh alone has accounted for half of India's sugar production over the past decade, while farmers in the state extracted three-fifths of its available groundwater. Uttar Pradesh's sugarcane production surged 70% in this period, far above the national average of 40% growth. At this rate, the state's groundwater won't sustain another decade of intensive cane farming, experts said. According to a *Mint* analysis of CGWB data, Uttar Pradesh was India's largest groundwater extractor in 2023, using as much water as that could meet Bengaluru's water needs for 48 years.

Shamli and Saharanpur, two of the top 10 sugarcane-producing districts in Uttar Pradesh, are already water-scarce, and their extraction rates exceed more than 100% of their groundwater resources, meaning they are extracting more than can be replenished naturally. And farmers are struggling with depleting groundwater. "We haven't felt it as a real problem yet, but every two to three years, the water flow decreases, forcing us to dig 10–15 feet deeper," said farmer Bujhveer Singh from Shamli.

While India's sugarcane crop uses more than double the water than is normal globally, its role in the production of ethanol has presented a dichotomy for policy makers. In Uttar Pradesh, growing one tonne of sugarcane requires over a hundred cubic metres of water—equivalent to about four standard 20-foot shipping containers. Uttar Pradesh's yields—output per unit of cultivated land—improved by one-third over the past decade to 2023, but groundwater extraction remained in the unsafe category.

Despite this, farmers have stuck to sugarcane partly due to its growing role in India's energy independence. "Sugarcane is no longer just an industrial crop. It is an energy crop," said Sudhir Panwar, a professor at the University of Lucknow and a former member of Uttar Pradesh's Planning Commission.

Scan QR code for more expert insights, data, and interviews.

The government's Ethanol Blended Petrol (EBP) Programme, targeting 20% ethanol blending in petrol by 2025, has further boosted demand, especially in major sugarcane-producing states like Uttar Pradesh. However, with four-fifths of India's ethanol sourced from sugar, leading agrarian states risk irreversible groundwater depletion unless sustainable irrigation methods are adopted.

LIMITED ALTERNATIVES

Since alternative crops like rice and maize need even more water, sugarcane production remains intact in the state. Even willing farmers face barriers. They said there were no *mandis* for crops other than sugarcane in many districts. While the government has been promoting micro-irrigation, a technique of drip irrigation to preserve water, under schemes such as Per Drop More Crop (PDMC), its adoption remains low due to the initial investment cost and a lack of awareness.

"Everything is on paper. I don't recall any official ever explaining alternative irrigation techniques," says cane farmer Lokesh Kumar from Shamli. Local authorities hold weekly *chaupals* to educate farmers, but scepticism persists. "Even with a 90% subsidy, farmers hesitate to invest," says Panwar, urging the government to set up free pilot projects to prove their benefits.

Reporting for this story was supported by the Environmental Data Journalism Academy, a programme of Internews' Earth Journalism Network and Thibi.

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Inside India's booming exotic species trade ▶P12

US SEC seeks India's help in Adani bribery probe ▶P5

SENSEX **75,939.19 ↓ 28.20** NIFTY **22,932.90 ↓ 12.40** DOLLAR **₹86.95 ↔ ₹0.00** EURO **₹90.99 ↔ ₹0.00** OIL **$75.98 ↑ $0.34** POUND **₹109.61 ↑ ₹0.03**

Centre weighs single law for online gaming

Move to end maze of laws, bring clarity on taxation, attract investments

Shouvik Das
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NEW DELHI

The Centre plans to bring India's online gaming companies under a single regulatory framework, eliminating the patchwork of state-level laws that currently governs the sector, two people aware of the development said.

The home ministry has formed a committee comprising its officials, legal and policy experts and gaming industry executives to discuss the way forward, the people cited above said on the condition of anonymity.

Early discussions included whether a new law is required which would distinguish gaming from gambling, something that has remained contentious despite the Supreme Court terming online gaming as a game of skill, and gambling as a game of chance.

The government recognizes the sector's strong growth potential, one of the two people cited above said on the condition of anonymity. "The industry has also made multiple presentations showcasing its scope to draw foreign investments. To enable this, the Centre believes that a single law will be key in terms of regulatory clarity, and that it would also allow India's Financial Intelligence Unit (FIU) to crack down on offshore entities—something that the ministry of electronics and information technology (Meity)'s proposed self-regulatory body framework has so far failed to do," the person said on the condition of anonymity.

Queries sent to leading gaming companies Dream11 and Games24X7 remained unanswered.

Meity and MHA also did not immediately respond to *Mint*'s queries.

New Delhi's impetus for these discussions is two-fold. Firstly, it needs clarity on taxing online gaming companies, which have challenged GST notices for ₹1.12 trillion in the Supreme Court. (The court has stayed these notices, and hearings begin on 18 March) Secondly, the home ministry is worried about offshore entities hosting online gaming and betting, which may be abused for money laundering.

Unified regulation would be a much-needed relief for the industry that has faced multiple obstacles despite the Supreme Court clarification on gaming and gambling, said Jay Sayta, a technology and gaming lawyer who represents many gaming companies. "These gaming companies have a vital role to play in India's nascent gaming industry, and stifling them right at the onset can lead to a fast-growing industry being overridden by black-market, fly-by-night gambling operators. But, much will depend upon how much regulatory ambiguity is eventually addressed by this committee—many times, the discussions do not translate into intended results," Sayta said.

Karnataka, which unsuccessfully tried to ban online gaming in 2021, said in 2023 that it intends to regulate it for the state's residents. In December 2023, Maharashtra sought to restrict online games in the state. Earlier this month, Tamil Nadu imposed state-specific regulations on real-money games available to users in the state, after a previous attempt to ban them that was overturned by the High Court. Each of these matters was challenged in the Supreme Court. A unified law would be a relief for online gaming companies operating across states but face varying rules and regulations.

According to a policy executive at one of India's top three online gaming firms, state-wise regulations are confusing because gamers do not just interact with people from within a single state, leading to what he called regulatory spillage. "It is because of this that a single online gaming law can help bring back foreign investments into the sector, which have dropped by over 90% during the past two

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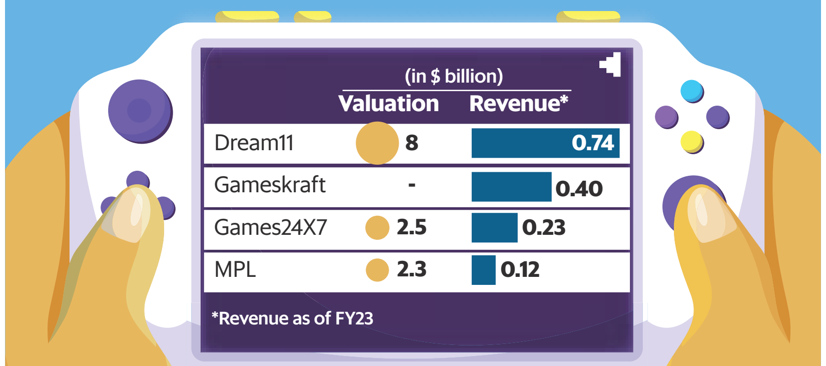
GAMING CODE

The latest attempt to regulate online gaming is a continuation of previous efforts starting 2022, led by the IT ministry and the home ministry



(in $ billion)

	Valuation	Revenue*
Dream11	8	0.74
Gameskraft	-	0.40
Games24X7	2.5	0.23
MPL	2.3	0.12

*Revenue as of FY23

Source: Ministry of corporate affairs

TAX CRACKDOWN

THE govt recognizes the sector's strong growth potential

BUT it needs clarity on taxing online gaming companies

ONLINE gaming firms have contested govt's ₹1.12 tn GST demand in SC

DON'T MISS

Big paydays for top talent: Aon

Top performers are likely to be handsomely rewarded in an appraisal season that will see overall increment lower than last year's, as per a report by consulting firm Aon. >P6

Steel boon for autos may not last

Lower steel prices helped automakers trim costs and up margins. But lower input costs were not sustainable, the sector is exposed to geopolitics, that impacts steel prices. >P5

BCCI deal: Riju moves NCLAT

Suspended Byju's director Riju Raveendran has approached the NCLAT to prevent Byju's creditors from deciding on a ₹158 crore settlement with BCCI. >P3

Trump doubles down on tariffs

US levies on drug exports may cost Indian firms $2.25 billion

Jessica Jani
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MUMBAI

The sword of import tariffs wielded by US President Donald Trump has sent investors and markets scurrying for cover across the world and across industries. On Wednesday, it was the turn of the pharmaceutical industry.

Trump's indication to impose 25% tariff on pharmaceutical imports into the US sent the Nifty pharma index slumping 3% in early trade, although it recovered to close about 0.7% lower on Wednesday.

Stocks of large generic drug manufacturers slumped: Aurobindo Pharma, Dr. Reddy's, Zydus Lifesciences and Sun Pharmaceuticals, which have strong presence in the US, slipped by up to 9.5%, 5.8%, 4.8% and 3.2%, respectively, in intra-day trading.

The uncertainty was fuelled by the heavy dependence on US exports for top Indian drug makers, which garner anywhere between 30% and 50% of their revenues from the American market. Also, the US is India's largest export market for pharmaceuticals. In FY24, of the country's overall pharma exports of $27.9 billion, $8.7 billion or 31% were to the US, according to industry body Pharmexcil (Pharmaceuticals Export Promotion Council of India).

Trump on Tuesday said he was considering imposing tariffs "in the neighbourhood of" 25% for automobiles and at least that for semiconductors and pharmaceutical products. He further indicated that tariffs would go "very substantially higher" for chips and drugs over the course of the year. While he said more details would be provided for auto tariffs after 2 April, he did not specify a timeline for pharmaceuticals.

"If levied, which we don't hope for, [it] would result in value erosion of approximately $2.25 billion for all exporters selling fixed dose formulations in the US," Namit Joshi, chairman of Pharmexcil, told *Mint*.

"Assuming that [manufacturers] are not able to pass on the tariffs to the final consumers or distributors, then they may have to be absorbed by them, which means there will be an impact on their profitability," Shrikant Akolkar, vice president and pharma analyst at Nuvama Institutional Equities, told *Mint*.

To be sure, there are a few factors in India's favour. The US itself depends on India for almost half of its generic drug imports, and any gap created by a fall in imports is unlikely to be immediately met by local drug makers.

Generic drugs are inexpensive versions of high-cost patented medicines innovated and

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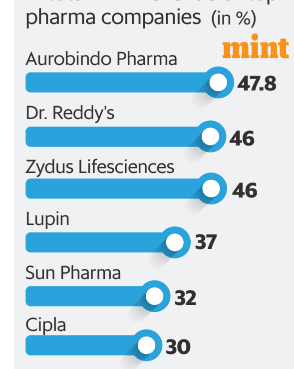
Pharma hub

Contribution of US business in total FY24 revenue of top pharma companies (in %)



Source: Company annual reports/ financial reports

Goldman sees GDP hit from US tariff plan

Rhik Kundu & PTI
NEW DELHI

India will not be spared from the US move to apply reciprocal tariffs on all trading partners, president Donald Trump said, adding he spelt out the decision during Prime Minister Narendra Modi's recent visit.

In a joint television interview with billionaire Elon Musk on Tuesday night, Trump reiterated his stance on existing tariff structures between the US and its partners, including India. "I told Prime Minister Modi yesterday-he was here-I said, 'Here's what we're going to do: reciprocal. Whatever you charge, I'm charging,'" President Trump said.

Under the reciprocal tariff system, the US

TURN TO PAGE 6

The move comes amid rise in cases of sub-standard drugs. BLOOMBERG

Drug labels may need to name staff who release batches

Priyanka Sharma
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NEW DELHI

To fix accountability, the government is working on a plan to include the name of the person responsible for releasing a batch of medicines under the Drugs Rules, 1945, said an official familiar with the matter.

This comes against the backdrop of growing complaints about counterfeit and substandard drugs circulating in the market. Currently, under the Drugs Rules, there is a provision of mentioning the names of staff responsible for manufacturing and testing when the drug licence is issued to the manufacturer. If the proposal to add the names of the personnel releasing the batch is approved, the Drugs Rules will need to be amended and changes cleared at the Drugs Technical Advisory Board (DTAB) meeting.

At present, the process for manufacturing medicines entails the manufacturer opening two units—one for production and another for testing. Once the medicine is produced, it is sent for quality control and safety testing. The same person cannot head both units, so data from both units is compiled and approved by the person responsible for releasing the batch of medicines.

"Currently, there is no provision in the legal document for including the name of the person responsible for batch release while granting license to the drug maker. There was no accountability and the staff available at the time of the release of the batches of medicines would be the one whose name was put on the label as the person clearing the batch," the official said.

With the new plan in the works, "we will be able to know the name of the person responsible," the official said. The goal is transparency in the drug regulatory system and strengthening the quality checks. The official added that this is a step towards ensuring the quality and safety of pharmaceutical products made in India.

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

Centre to roll out credit rating for rural borrowers

The government is working with public-sector banks and the IBA to develop the framework

Subhash Narayan & Rhik Kundu
NEW DELHI

The Union government plans to launch a Grameen Credit Score system within six months, mirroring the MSME credit framework, to boost formal lending to farmers, self-employed individuals, and self-help groups (SHGs), two people familiar with the matter told *Mint*.

The government is working with public-sector banks and the Indian Banks' Association (IBA) to develop the framework. It will assess rural borrowers' creditworthiness based on digital transaction data, government subsidy receipts, and Unified Payments Interface (UPI) activity, the people mentioned above said on condition of anonymity. Like the Micro, Small and Medium Enterprises MSME model, the rural credit score will incorporate alternative financial indicators, such as utility bill payments, property ownership, and vehicle usage, the first person mentioned above said.

"The two models—the MSME credit assessment and the Grameen Credit Score—are being developed in parallel," the person said. "The MSME framework will be implemented first, while the rural credit score should be ready for deployment in the latter half of 2025."

The Budget 2024-25, presented by finance minister Nirmala Sitharaman in July last year, proposed that banks develop a new credit assessment model based on the scoring of digital footprints of MSMEs in the economy. This was intended to improve upon the traditional assessment of credit eligibility which relies on asset and turnover criteria.

Banks are expected to come out with a new framework and credit assessment model for MSME early next fiscal year.

Finance minister Nirmala Sitharaman has underscored the need for an inclusive credit assessment system in her FY2025-26 budget speech, particularly to enhance financial access for women in rural India.

Rural borrowers' creditworthiness will be assessed based on digital transaction data, government subsidy receipts, and UPI activity. MINT

HINTERLAND REACH

THE proposal aims to boost formal lending to farmers, self-employed and self-help groups	**LIKE** the MSME model, rural credit score will look into alternative financial indicators	**THE** credit score system should be ready for deployment in the latter half of 2025

The rural credit score will also enable banks to develop tailored loan products, making credit more accessible to entrepreneurs and small businesses, said the second person mentioned above, who didn't want to be named.

"A strong credit score could help secure larger loans at competitive rates, supporting business expansion in rural India. Farmers with a solid digital footprint, timely utility bill payments, and consistent spending patterns—reflected in UPI transactions—would qualify for better banking credit, fostering entrepreneurship and financial inclusion," the person added.

A data-driven rating system could help banks tailor loan products for rural borrowers.

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

Experts say the initiative could significantly boost lending to self-help groups, which historically have strong repayment track records.

"Grameen credit score will be of great benefit to quantify the intent to pay and increase the bank's abilities to assess borrowers more seamlessly. Any score is as good as the data used to create it, and the quality of the individual borrower-level data, especially for SHGs, etc., continues to be a challenge," said Nimilita Chatterjee, partner at EY India's Financial Services Risk Consulting practice.

"It is imperative that the details of individual borrowers who are part of the SHGs are captured accurately both retrospectively and prospectively. This is very important for the stability of the score and accuracy," Chatterjee added.

Grameen credit score will enable banks to effectively underwrite borrowers, which will increase credit, including rural credit, without compromising on credit quality, said Vivek Iyer, partner and financial services risk leader, Grant Thornton Bharat.

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

Investment treaties and free trade deals may be separated

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The move will prevent BITs from being used as bargaining chips. BLOOMBERG

India may treat investment treaties as separate from free trade deals so as to prevent partners from using the former as a bargaining chip to get concessions for the latter and vice-versa, indicating a new approach in ongoing talks with the UK, the European Union and the Eurasian Economic Union, officials said.

Negotiations for free trade agreements (FTAs) often include a separate chapter on the bilateral investment treaty (BIT), which is sometimes used as a negotiating card. But trade matters are often different from issues pertaining to BITs.

Investment protection treaties could be in conflict with sovereign functions such as taxation. Hence, there is a school of thought that BITs should be negotiated separately rather than as part of an FTA agreement, at least three officials with direct knowledge of the matter said.

Hindustan Times

India's ongoing free trade talks with the EU also involve simultaneous negotiations for bilateral investment treaties (BITs).

The UK is also keen on a BIT. Besides, the yet-to-be-finalised terms of reference (ToRs) for an FTA with the Eurasian Economic Union (EAEU) may also involve some kind of investment protection agreement, they added requesting anonymity. EAEU members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia.

That will change now, one of the officials cited in the first instance explained.

"While FTAs are in the domain of the commerce ministry, BITs are negotiated by the finance ministry, which is in the process of framing a template for future BITs," this person added.

The budget presented on 1 February clearly mentioned this, he said. "To encourage sustained foreign investment and in the spirit of 'first develop India', the current model BIT will be revamped and made more investor-friendly," finance minister Nirmala Sitharaman said in her budget speech.

Govt to sweeten deal for global EV makers

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NEW DELHI

The government introduced steep tax breaks about a year ago to lure global electric vehicle (EV) manufacturers to set up shop in India. Apart from indications that Elon Musk's Tesla Inc. might be preparing to sell its cars in India, EV makers haven't taken the bait.

Now, the Indian government is considering expanding the scheme to cover investments in charging infrastructure to make the policy more attractive to global EV manufacturers, people familiar with the matter said.

The Scheme to Promote Manufacturing of Electric Passenger Cars in India (SPMEPCI) was launched in March last year to encourage foreign automakers to set up production units. The scheme, notified on 15 March 2024, mandates a minimum investment of $500 million (₹4,150 crore) and requires carmakers to achieve 25% localization within three years and 50% within five years.

In return, India will lower import duties on fully built EVs manufactured overseas by participating automakers. For instance, a car priced at $40,000 can be imported at a reduced duty of 15% instead of the usual 70%. For EVs costing $50,000 or more, the import duty—typically 100%—will also drop to 15%, according to the scheme notification.

Centre plans to cover investments in charging infrastructure to make the policy more attractive to global EV makers. BLOOMBERG

Spending on EV charging infra may count towards the $500 million investment threshold

Automakers can bring in up to 8,000 EVs annually under this framework, provided they meet the investment and localization requirements.

Yet, not a single automaker has formally applied.

Local subsidiaries of Hyundai, Skoda-Volkswagen, and Toyota were reportedly considering participation as of November 2024, but have yet to make a move.

Multiple reasons may have contributed to the lack of demand for the scheme, including global fragmentation trends or economic policies that focus on domestic or local businesses over global trade, according to auto sector experts. Additionally, the conditions of the scheme could potentially be difficult to meet for companies, according to experts.

Now, in a bid to address investment bottlenecks, the ministry of heavy industries is considering allowing expenditures on EV charging infrastructure to count towards the $500 million minimum investment threshold, two people aware of the discussions said.

A formal decision is yet to be made, and an email query to MHI did not elicit a response.

The potential inclusion of EV charging infrastructure could be "a solid move to diversify foreign direct investment beyond manufacturing into charging infrastructure," said Abhijeet Sinha, national programme director at Ease of Doing Business, a tech-piloting agency.

The government's move comes at a time when India is pivoting away from direct EV subsidies towards building charging networks.

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

Energy storage systems set to be a must for new solar projects

Rituraj Baruah
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NEW DELHI

Upcoming solar power projects in the country are set to have energy storage systems integrated at the sites to ensure uninterrupted supply of renewable power and maintain grid stability.

The Central Electricity Authority (CEA) has asked state power utilities and renewable energy implementation agencies to incorporate two-hour co-located energy storage systems, equivalent to 10% of the installed solar project capacity, in future solar tenders.

"This requirement will help mitigate intermittency issues and provide critical support during peak demand periods. A suitable compliance mechanism may also be explicitly mentioned in the bid document to ensure the availability of storage during non-solar hours," the CEA said in an advisory on Tuesday.

The storage systems are aimed to ensure grid stability. REUTERS

The CEA, which advises the government on matters related to the national electricity policy and formulates electricity system development plans, suggested that power distribution companies (discoms) may also consider mandating two-hour storage with rooftop solar plants to improve reliability of supply at the consumer-end and lower the pressure during solar hours.

The development comes against the backdrop of the government's plan to achieve 500GW of non-fossil power generation capacity by 2030. The majority of the 500GW would comprise renewable power such as solar and wind energy, both intermittent in nature , which may render the power grid unstable. Storage capacity would ensure the supply of renewable power round the clock.

The CEA said in its letter to state governments, central generating stations and renewable energy implementing agencies that energy storage systems would be essential to ensure grid stability, reliability and optimal energy utilization. Energy storage systems can help address intermittency challenges.

India had an installed energy storage capacity of 4.86GW, including 4.75GW of pumped storage projects (PSPs) and 0.11GW of battery energy storage systems (BESS) at the end of December. As per National Electricity Plan, India will need 73.93GW /411.1GWh of storage capacity (26.69GW /175.18GWh from PSP and 47.24 GW/236/22 GWh from BESS) , to integrate the targeted 364GW of solar and 121GW of wind capacity by 2031-32.

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

MINT SHORTS

Power sector needs $700 bn to achieve net-zero: Moody's

BLOOMBERG

New Delhi: India's power sector will need $700 billion investment over the next 10 years to help the country achieve its 2070 net-zero pledge, Moody's Ratings said on Wednesday. The rating agency said investments required by the power sector during FY2026-51 will be 1.5-2% of GDP (about 2% for the next 10 years), which India can manage. PTI

Coal ministry plans more sops in underground mine auctions

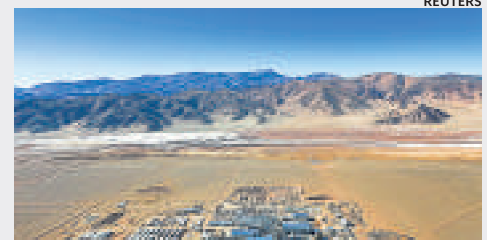
Kolkata: The coal ministry is planning additional incentives to boost underground commercial coal block auctions in India, a senior government official said on Wednesday. The push for UG mining aligns with India's drive for sustainable coal production. The proposed incentives are in an advanced stage of discussions and may be announced soon, coal secretary Vikram Dev Dutt said at a roadshow in the city. PTI

Centre sanctions ₹1,554.99 cr to five disaster-hit states

PTI

New Delhi: A panel headed by home minister Amit Shah has approved ₹1,554.99 crore of additional central assistance under the National Disaster Response Fund (NDRF) to five states affected by floods, flash floods, landslides and cyclonic storms during 2024. Andhra Pradesh will get ₹608.08 crore; Nagaland, ₹170.99 crore; Odisha, ₹255.24 crore; Telangana, ₹231.75 crore, and Tripura, ₹288.93 crore, as per an official statement. PTI

India, Argentina sign pact for exploration of lithium



REUTERS

New Delhi: India and Argentina on Wednesday signed a pact for deeper collaboration in exploration and resource development of critical minerals, chiefly lithium, an official statement said. The Memorandum of Understanding was signed in the presence of minister for coal and mines G. Kishan Reddy, and governor of Catamarca, Argentina, Raúl Alejandro Jalil, here. PTI

GDP growth this fiscal likely to be 6.3%: SBI research

BLOOMBERG

Kolkata: The State Bank of India (SBI), in its research, has estimated GDP growth during the current financial year (2024-25) to be 6.3%, assuming that the National Statistics Office does not make major revisions to the erstwhile first and second quarter estimates. PTI

India committed to transform Aardo rural areas: minister

New Delhi; India is committed to rural transformation in member nations of the African-Asian Rural Development Organisation (Aardo) and will increase its technical contribution to the forum, Rural Development Minister Shivraj Singh Chouhan said on Wednesday. He was speaking at the inauguration of the 77th session of the executive committee of Aardo. PTI

CORRECTIONS AND CLARIFICATIONS

A 19 February, Page 12 story, 'Snack Time: Why ITC acquired Prasuma', should have identified Bertelsmann India Investments (BII) as a venture capital fund that is part of the German multinational Bertelsmann SE & Co. KGaA. The error is regretted.

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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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MINT SHORTS

Probus Smart Things secures funding for smart grid applications

Bengaluru: Probus Smart Things, a deeptech startup focused on smart grid applications, has raised $5 million in an extended Series A led by Unicorn India Ventures, which also saw participation from notable US-based and Indian family offices. The fresh round is a mix of equity and debt financing. To date, the New Delhi-based startup, which started in 2015, has raised over $8 million in funding. **ROSHAN ABRAHAM**

Nigeria sues Binance for $81.5 bn in economic losses, back tax

REUTERS

Abuja: Nigeria has filed a lawsuit seeking to compel cryptocurrency exchange Binance to pay $79.5 billion for economic losses it says were caused by its operations in the country and $2 billion in back taxes, court documents showed on Wednesday. Authorities blame Binance, the world's largest crypto exchange, for Nigeria's currency woes and detained two of its executives in 2024 after cryptocurrency websites emerged as platforms of choice for trading the local naira currency. **REUTERS**

Healthfab secures pre-Series A funding led by Mistry Ventures

Bengaluru: Healthfab, maker of a reusable period panty brand, has raised $1 million in a pre-Series A funding round led by Mistry Ventures with participation from BeyondSeed, Thrive Ventures and TV show Shark Tank investors Anupam Mittal, Aman Gupta, Vineeta Singh and Peyush Bansal. The company previously held a seed round in 2022, led by BeyondSeed. Founded by Kiriti Acharjee, Sourav Chakrabarty and Satyajit Chakraborty, Healthfab claims to have acquired more than 300,000 customers along with annual growth rate of 2.5-3x in revenue. **ROSHAN ABRAHAM**

Electric farm equipment maker Agrilectric snags seed cheque

Bengaluru: Agritech startup Agrilectric has raised $100,000 in seed funding led by angel platform AH Ventures and other angel investors. The capital raised will be used towards product development, expanding market reach and improving farmer engagement, AH Ventures said. Agrilectric makes farming solutions that use electricity for power. **ROSHAN ABRAHAM**

Riju Raveendran moves court to save BCCI deal

NCLAT to hear plea by former Byju's director on ₹158 cr BCCI settlement

Krishna Yadav
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NEW DELHI

Riju Raveendran, suspended director of embattled edtech firm Byju's, has approached the bankruptcy appeals court to prevent its creditors from deciding on a ₹158-crore settlement with India's cricket board.

Byju's Committee of Creditors (CoC) includes US-based Glas Trust Llc. and Aditya Birla Finance.

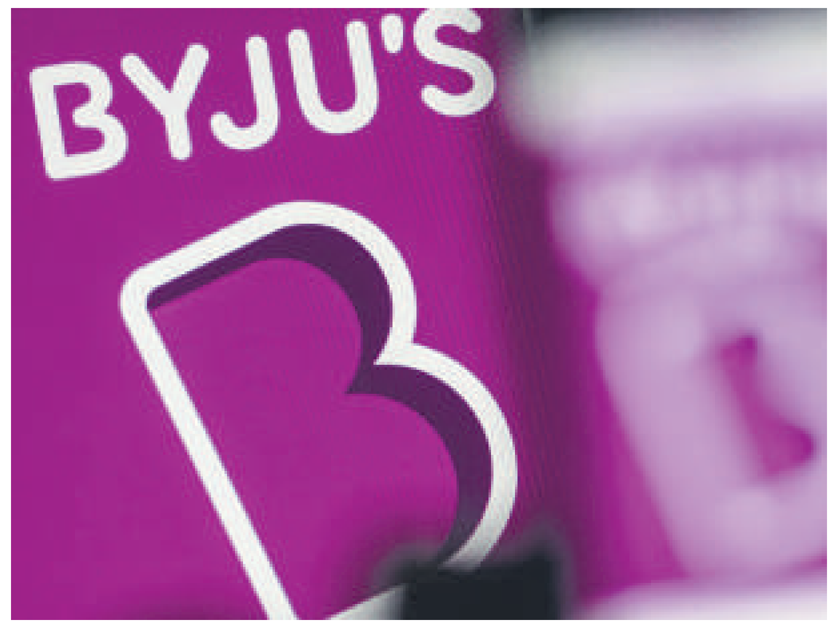
Riju, the younger brother of founder Byju Raveendran, told the National Company Law Appellate Tribunal (NCLAT) on Wednesday that the settlement with the Board of Control for Cricket in India (BCCI) had been finalized before the CoC was constituted.

The Bengaluru bench of the National Company Law Tribunal (NCLT) had on 10 February directed BCCI to submit the ₹158 crore settlement plea to the CoC for approval to facilitate Byju's exit from the insolvency process.

Byju's lenders, including Glas Trust, have opposed the settlement, terming the ₹158 crore involved as "tainted money" and asserting their right to be paid first as creditors. If NCLAT rules that the settlement was decided before the CoC was formed, Byju's will exit insolvency and the management of the edtech firm will return to Byju Raveendran. However, if the matter stays with the CoC, the firm must secure approval from the CoC, which is dominated by opposing lenders.

Currently, Glas Trust dominates the CoC, holding a 99.41% voting share due to its ₹11,432 crore claim. Other creditors include Aditya Birla Finance with a ₹47 crore claim (0.41% voting share) and Incred Financial Services Ltd with a ₹20 crore claim (0.18% voting share).

NCLAT has agreed to hear his plea. The next hearing is scheduled for 3 March.



Riju Raveendran, ex-director of Byju's and brother of founder Byju Raveendran, told the NCLAT that the BCCI settlement was finalized before the CoC was formed. BLOOMBERG

The CoC proposed the appointment of EY's Shailendra Ajmera, the former resolution professional of bankrupt airline Go First, as the insolvency expert to manage Byju's affairs. This comes after NCLT in January decided that resolution professional Pankaj Shrivastava was unfit to oversee Byju's insolvency process. It had also directed that the reconstitution of the CoC on 31 August be cancelled, and the erstwhile CoC from 21 August be retained.

Byju's insolvency proceedings began on 16 June 2024 after it defaulted on a ₹158 crore payment to BCCI under a sponsorship agreement. Byju's had secured jersey sponsorship rights for the Indian cricket team in 2019, extending the contract till November 2023. However, financial woes led to missed payments, prompting BCCI to initiate insolvency proceedings. Both parties later sought a court-approved settlement, but NCLT did not issue an order, forcing Byju's to escalate the matter to the NCLAT in Chennai.

On 2 August, NCLAT dismissed Byju's insolvency case and approved BCCI's settlement after Riju Raveendran raised ₹158 crore to clear the dues, temporarily restoring his family's control over Byju's operations.

However, Glas Trust had challenged the settlement before the Supreme Court, arguing that the funds should be allocated to financial creditors first instead of prioritising the settlement with the BCCI.

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

TRIGGER FACTOR

BYJU'S lenders, Glas Trust, opposed the settlement, terming the ₹158 cr involved as "tainted money"

THE committee of creditors asserted their right to be paid first, before settling the BCCI deal

ON 2 August 2024, NCLAT dismissed Byju's insolvency case and approved BCCI's settlement

IN-SPACe launches $58 million fund to back spacetech cos

Reuters
feedback@livemint.com

The fund will offer support of up to 60% of project costs PTI

Indian National Space Promotion and Authorisation Centre (IN-SPACe) on Wednesday launched a ₹5 billion ($57.58 million) fund to help early-stage space technologies go commercial and reduce reliance on imports as India seeks to boost its market share in global space industry.

The Technology Adoption Fund will also connect government bodies with private sector, aiming to position India as a reliable partner in increasingly competitive market, the space regulator said in a statement. "The fund will offer financial support of up to 60% of the project cost for startups and medium and small businesses, and 40% for larger industries, with a maximum funding cap of ₹250 million per project," Pawan Goenka, chairman of IN-SPACe, said.

"This support will enable companies to refine their technologies, enhance production processes and meet market demands both within India and abroad," he added.

India opened its space industry to private investment last year as Prime Minister Narendra Modi's government pushed for greater monetization of the sector, long dominated by the state-run Indian Space Research Organisation (Isro).

The country hopes liberalized regulations will attract global players, mirroring the commercial space boom seen in the US and Europe.

A joint venture between Reliance Industries Ltd's Jio Platforms and Luxembourg-based SES has secured regulatory approval to provide gigabit fibre internet, while Elon Musk's Starlink and Amazon's Kuiper await licenses.

The central government has also sanctioned a separate ₹10 bn venture capital fund for Indian space startups

The government has also sanctioned a separate ₹10 billion venture capital fund for space startups, awarded contracts for Isro's main launch vehicle to private firms and intensified efforts to forge global commercial partnerships.

"We are witnessing a surge of pioneering startups developing groundbreaking solutions for the space industry. But to turn these concepts into practical products that can be offered to a new marketplace, there must be sufficient funding, especially from government institutions at this specific stage," said A.K. Bhatt, the director general of the Indian Space Association.

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE	75,939.18	22,932.90	20,731.45	60,156.40	23,368.55	40,376.68	45,455.83
PERCENT CHANGE	-0.04	-0.05	0.58	1.19	0.16	1.44	2.60
PREVIOUS CLOSE	75,967.39	22,945.30	20,611.40	59,449.40	23,331.40	39,802.16	44,304.90
OPEN	75,787.27	22,847.25	20,511.20	59,074.50	23,223.55	39,692.23	44,224.70
HIGH	76,338.58	23,049.95	20,802.55	60,273.25	23,471.50	40,431.29	45,540.92
LOW	75,581.38	22,814.85	20,459.20	58,798.75	23,181.30	39,461.86	44,000.19

Airtel vs Jio: Race is wide open

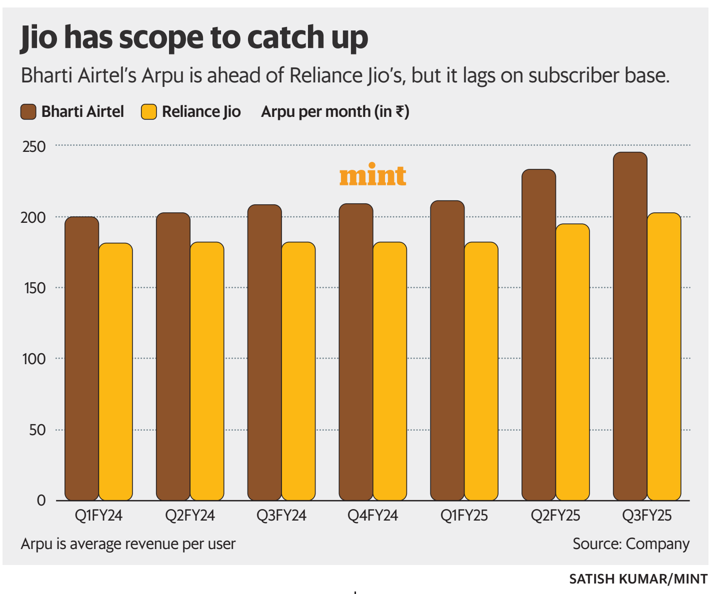
Manish Joshi
feedback@livemint.com

Investors who wish to bet on India's telecom sector have few pure-play options until Reliance Jio Infocomm is listed as a separate company. For now, tariff hikes have lifted all boats as far as the average revenue per user (Arpu) is concerned.

Vodafone Idea Ltd's Arpu rose by ₹7 sequentially to ₹173 in the December quarter (Q3FY25) on a subscriber base of 200 million. However, it still makes losses. With nearly ₹2 trillion of debt, a significant portion being government dues, Vodafone Idea will spend most of its future cash flows on repaying this, even if its profitability improves. This leaves little on the table for shareholders. Plus, its equity base continues to expand with frequent dilution. There's hope the company will get some relief from the government in the form of a debt waiver, but this appears unlikely as of now.

Meanwhile, Bharti Airtel Ltd's Arpu of ₹245 in Q3 was way ahead of Jio's ₹203. The gap widened to ₹42 from ₹38 in Q2, with Bharti's Q3 Arpu rising by ₹12 sequentially and Jio's by ₹8.

This difference in the Arpu increase can be explained by two factors—Bharti Airtel has a higher share of postpaid users than Jio and the former's 2G users are paying more after migrating to 4G.



Arpu is average revenue per user. Source: Company
SATISH KUMAR/MINT

While the gap between Arpu of the two rivals could continue, future tariff hikes for both should be similar. Consequently, the absolute revenue gain could be higher for Jio because of its larger mobile subscriber base of about 460 million versus 360 million for Bharti Airtel at the end of Q3 (excluding Bharti Hexacom's 28 million or so subscribers). Hence, there is greater scope for an upside surprise in Jio's earnings.

With 1.15 billion mobile connections in a country of 1.4 billion people, there's limited potential for subscriber growth. This means Arpu is the only growth driver. Arpu is a function of data price per GB and data consumption. However, there may be challenges in growing data consumption as home broadband penetration increases. For instance, if a family has a Jio Airfiber or Airtel Xstream Airfiber connection at home that offers, say, 30 GB of data per day, it is likely to consume less mobile data.

NO FREE CALLS

THE gap between Arpu of the two cos may persist, future tariff hikes for both should be similar

TRAI's December directive mandates voice-and-SMS-only plans; this may impact ARPU growth

Another headwind to growing Arpu is a set of directions the Telecom Regulatory Authority of India (Trai) issued in December. The regulator said all telecom operators must offer voice-and-SMS-only plans since many customers in rural areas and senior citizens do not consume data. Though this may appeal to a small section of mobile users, it could hurt companies' Arpu as plans that come bundled with data have a higher revenue potential.

All telecom operators launched voice-and-SMS-only plans in the current quarter, so the impact will be seen from Q4FY25 onward.

To be sure, the utility nature of the telecom business offers a safe haven when equity markets turn jittery. Airtel's shares, for instance, have gained about 44% over the past year. Valuations still appear reasonable, with Airtel stock trading at an EV/Ebitda multiple of about 11x based on *Bloomberg* consensus estimates for FY26. Having said that, Tuesday's stake sale of about 0.8% by the Mittal family, the company's promoter, may cause a near-term hangover.

ABB India profits soar but stock slump hints at trouble

Ashish Agrawal
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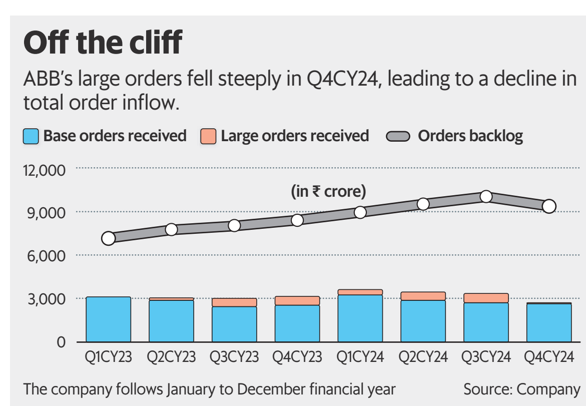
ABB India Ltd ended another year with strong earnings growth but the stock's sharp decline this year points to another story.

The engineering conglomerate's Ebitda grew 58% year-on-year in the December quarter aided by improved revenue mix, price advantage, and better economies of scale. Its electrification and process automation segments saw Ebit growth of 65% and 51%, respectively.

However, ABB India's growth outlook is subdued and its order inflow slowed to ₹2,695 crore from ₹3,000-₹3,600 crore range in the seven quarters prior. The order inflow fell 14% year-on-year in the fourth quarter, dragging 2024 inflow growth to 6% from 23% in 2023.

The company, majority owned by Swiss conglomerate ABB Ltd, follows a January-December financial year.

ABB India's large orders shrank in the December quarter, with its domestic order inflow falling 19%. However, exports orders, including from group companies, were up 34%, offering some support, and accounted for a 14% its total orders in 2024.



The company follows January to December financial year. Source: Company
SATISH KUMAR/MINT

Of ABB India's four segments, order inflow improved only in robotics and discrete automation. However, the segment accounted for less than 4% of its 2024 revenue.

Jefferies India analysts in an 18 February report cut their revenue growth projections for ABB India as the Indian government's projected capex for 2025-26 fell short of allocations in recent years--up 12% year-on-year but lower than 15%+ CAGR since 2021.

"We lower our CY24-26E revenue CAGR to 22% from 25% and lower gross margins year-on-year which is leading to a 15%+cut in estimates," they said.

ABB India's gross margin in Q4 slipped sequentially, implying that its material cost advantage may have peaked out. The company expects a net profit margin of 12-15% in 2025, down from 15.4% in 2024.

ABB India has a cash balance of nearly ₹5,400 crore, almost 45% of its balance sheet size. The company said it has a pipeline of opportunities for inorganic expansion.

ABB India's dividend and capex outgo was below ₹1,000 crore in 2024.

ABB India's shares are down by about 25% so far in 2025, trading at 44 times its 2026 estimated earnings, as per Bloomberg consensus. A big-ticket order win or an inorganic growth opportunity are triggers to watch out for.

Mark to Market writers do not hold positions in the companies discussed here unless otherwise informed

NHPC weighs next power move with PTC stake boost

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NEW DELHI

India's largest hydropower firm, NHPC Ltd, will shortly decide upon acquiring shares of other public sector entities in power trading major PTC India, and the state-run firm will inform the power ministry about its decision, said NHPC chairman and managing director Raj Kumar Chaudhary.


NHPC chairman and MD Raj Kumar Chaudhary.

On 10 January, *Mint* reported that NHPC is keen on buying out its public sector co-promoters' shares in power trading firm PTC. NHPC, NTPC Ltd, Power Grid Corp. of India Ltd and Power Finance Corp. Ltd hold about 4.05% each in PTC India, totalling 16.2%. Chaudhary said the discussions are ongoing within the company.

"We currently have about 4% equity share, and the other companies also have about 4% each. A few of the companies want to exit. NHPC was asked whether it is also interested in exiting. So, we have said that we are not interested in exiting the PTC shareholding...We will continue our investment in PTC. But the question remains whether we are going to increase our holding in the company," he said.

"We are discussing the matter within our organization, and very shortly, we will let the power ministry know whether we want to increase our holding in PTC," he added.

Last month, power ministry officials met executives from the four public sector undertakings (PSU) to discuss the stake sale in PTC India.

As NHPC already has a licence for trading power, increasing its stake in PTC India would expand the hydropower company's share in the power trading space. The move may help NHPC since it is involved in hydro projects in Nepal and Bhutan, countries that export power to India.

PTC shareholder NTPC also has a power trading arm, NTPC Vidyut Vyapar Nigam Ltd.

NHPC, however, does not plan to buy PTC India Financial Services (PFS), the controversy-hit financing arm of PTC India, which has been under regulatory scrutiny over ever-greening of loans.

NHPC does not plan to buy PTC India Financial Services, the controversy-hit financing arm of PTC India

Several PFS directors resigned in February 2022, alleging corporate misgovernance. In June 2024, the Securities and Exchange Board of India (Sebi) barred PTC India's erstwhile chairman, Rajib Kumar Mishra, and PFS' former managing director, Pawan Singh, from holding any position on the board or management of listed companies for six months and two years, respectively. Sebi imposed penalties of ₹10 lakh and ₹25 lakh, respectively, on Mishra and Singh. But in December 2024, the Securities Appellate Tribunal quashed the Sebi order barring Mishra as a director in listed firms.

63 Moons okays NSEL settlement

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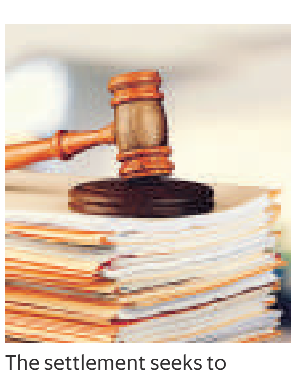
MUMBAI

The board of 63 Moons Technologies Ltd, the parent of defunct National Spot Exchange Ltd (NSEL), has approved a one-time settlement even as the outcome is clouded by differences among investors seeking to recoup their money for more than a decade.


The settlement seeks to allocate ₹1,950 crore owed to investors. ISTOCKPHOTO

"The Board of Directors in its meeting of 18 February approved the participation and support of the Company to the Scheme of Arrangement between NSEL and the Traders," 63 Moons said in a filing.

The approval will involve two key steps: the closure of ongoing legal proceedings against 63 Moons; and the assignment of all claims and rights from NSEL traders to the company. That will enable 63 Moons to claim recoveries from defaulters, either through court decrees or asset liquidation.

NSEL will seek approval for the scheme of arrangement at the National Company Law Tribunal (NCLT), Mumbai, which it said, citing legal advice, is the most appropriate forum considering the interest of the parties involved to achieve the settlement.

This approval by 63 Moons effectively paved the way for a structured resolution mechanism, contingent upon investor consent and NCLT's approval, said Nilesh Tribhuvann, managing partner at law firm White & Brief-Advocates & Solicitor. "A key aspect of this settlement is the conditional withdrawal of legal proceedings against 63 Moons, which would substantially reduce its litigation risk and financial exposure."

The collapse of NSEL in 2013 left investors with unresolved claims of about ₹5,500 crore, owed to over 13,000 individuals. Although partial payments have been made over the years, large investors await a full resolution. The settlement, proposed in November, seeks to allocate ₹1,950 crore, or about 42% of the total ₹4,650 crore owed to investors, pending the necessary majority consent.

However, all investors have not agreed to the settlement. *Mint* reported on 10 December that while NSEL Investors Forum (NIF) claimed broad support, another group of investors, called the National Investor Action Group (NIAG), purportedly withdrew its consent for the OTS.

For an extended version of the story, visit livemint.com

Hexaware valued at $5 billion

Reuters
feedback@livemint.com

Shares of Carlyle-backed Hexaware Technologies rose as much as 10% in their debut on Wednesday, indicating rising retail interest in India's first billion-dollar IPO that struggled to achieve full subscription without an outsized help from large institutions.

The stock began trading at ₹745.50 on the National Stock Exchange, above its offer price of ₹708. The blue-chip Nifty 50 index closed marginally lower.

At the day's close of ₹762.55, the Indian IT exporter was valued at ₹46,340 crore ($5.34 billion). Analysts had expected a flat debut against the backdrop of single-digit premium in the indicative grey market.

"The IPO of Hexaware is a testimony to both the quality of the asset and the depth of the Indian capital markets," said Amit Jain, managing director and head of India at US private equity firm Carlyle Group.

The stock began trading at ₹745.50 on the National Stock Exchange, above its offer price of ₹708

Institutional investors bid for nine times the shares on offer, while retail investors bid for only a tenth of the portion reserved for them amid market volatility and investor caution over the IT services sector.

Arun Kejriwal of Kejriwal Research said most large investors were not looking to push Hexaware's share price and book their profit.

The IT services exporter is returning to public after more than four years when it was taken private by its former owner Baring Private Equity Asia.

Carlyle, which bought Hexaware in 2021, sold about 21% stake in the IT services exporter through the IPO. It will continue to have a controlling stake in Hexaware after the listing as it expects more AI-driven growth, Jain said.

Safe-haven gold hits all-time high on Trump's new salvo

Reuters
feedback@livemint.com

Gold prices advanced to an all-time high on Wednesday as trade war tensions and concerns over global economic growth drove safe-haven flows following US President Donald Trump's new tariff threats.

Spot gold was up 0.3% at $2,943.25 an ounce as of 1025 GMT after surging to an all-time-high of $2,946.75/oz earlier in the session. Prices scaled a record for a ninth time this year. US gold futures rose 0.4% to $2,961.00.


Prices scaled a record for a ninth time this year. REUTERS

"Gold's rally appears to be driven by President Trump's remarks on upcoming tariffs for autos and pharmaceuticals, which could pave the way for a push toward $3,000," said Zain Vawda, market analyst at MarketPulse by OANDA.

Since taking office, Trump imposed a 10% tariff on Chinese imports, and set a 25% tariff on steel and aluminium. On Tuesday, he said he intends to impose auto tariffs "in the neighbourhood of 25%" and similar duties on semiconductors and pharma imports.

"I don't see central banks stopping buying gold anytime soon, but rather expecting them to keep diversifying their reserves into gold and support the gold price," UBS analyst Giovanni Staunovo said.

Bullion is viewed as a hedge against rising inflation and geopolitical uncertainties, but higher rates reduce the non-yielding asset's appeal.

'India needs stronger credit rating to join $29.5 tn bond index'

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India would require a stronger credit rating as a prerequisite for inclusion into the FTSE World Government Bond Index, a 25-country benchmark with a market value of $29.5 trillion, said two senior executives at the provider of indices.

There are 18 different criteria that need to be met to gain entry to the World Government Bond Index, "the most difficult benchmark to gain access to in any asset class", Fiona Bassett, chief executive; and Scott Harman, the head of fixed income, currencies and commodities at FTSE Russell, said in an interview.

India is currently rated at the lowest investment grade by global rating agencies, something the government has been unhappy about.

"Typically, we will work with policy makers to help them in terms of understanding the framework," said Bassett. "Clearly, there's a desire for inclusion and so quite a lot of our work is around educating and all of our indices are transparent."

Come September, Indian government bonds will be included in the FTSE Emerging Markets Government Bond Index (EMGBI), which had a market value of $4.7 trillion as on 31 January. However, inclusion into the broader World Government Bond Index would require India to meet a few more conditions. The index provider had kept India in its watchlist for a few years before deciding to add it to the emerging market bond index.


In September, Indian government bonds will join the FTSE EMGBI, which had a market value of $4.7 tn as on 31 January. BLOOMBERG

Global investors with passive investment strategies buy stocks and bonds featuring in global indices, and FTSE Russell's addition of Indian bonds promises to attract investments. "India is a hugely strategically important market for us actually at FTSE Russell," said Bassett, who joined as the chief executive in 2023 and is on her first trip to India. "At the London Stock Exchange Group (LSEG), we employ 7,000 people in India, making India the organization's largest employee base globally."

FTSE Russell is wholly owned by the London Stock Exchange Group.

India has made some headway in getting included in global bond indices. In March 2024, *Bloomberg* said it will add a set of Indian government bonds to its emerging market index. *Bloomberg's* inclusion came about seven months after JP Morgan decided to include India's securities available under fully accessible route (FAR) in its GBI-EM Global index suite from 28 June 2024.

For an extended version of the story, visit livemint.com

US SEC seeks India's help in $250 mn Adani bribery probe

Adani broke the US Securities Act when AGEL raised $2 bn from American investors: SEC

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The Securities and Exchange Commission (SEC) has sought the Indian government's assistance in the US market regulator's investigation of billionaire Gautam Adani, his nephew Sagar and their role in allegedly paying more than $250 million in bribes to Indian government officials between 2020 and 2024 to obtain lucrative solar-energy contracts.

The SEC told a New York district court on Tuesday that as the Adanis are based out of India, the regulator had sought help from India's law ministry to serve its complaint to the Ahmedabad-based business tycoon.

"Defendants are located in India, and the SEC's efforts to serve them there are ongoing, including through a request for assistance to the Indian authorities to effect service under the Hague Service Convention for Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters," SEC's counsel Christopher M. Colorado wrote in a letter, dated 18 January.

"Additionally, under Article 5(a) of the Hague Service Convention, the SEC has requested assistance from India's ministry of law and justice, the Central Authority for India under the Hague Service Convention," said Colorado in his letter to the judge.

Emails sent to the Adani group and India's ministry of law and justice seeking comment went unanswered.

The Hague Convention, which includes 90 countries, including India and the US, allows legal documents from foreign law agencies to be delivered to a citizen of another country through a nodal body.

Gautam Adani and his nephew Sagar have been accused of paying bribes to Indian government officials between 2020 and 2024 to obtain solar-energy contracts. PTI

"The SEC's decision to invoke the Hague Service Convention to serve legal documents highlights the seriousness of this enforcement action, as such measures are typically reserved for significant cross-border cases," said Kunal Sharma, a partner at Singhania & Co., a Bengaluru-based law firm.

On 20 November, federal prosecutors in New York indicted a total of eight individuals for allegedly paying more than $250 million in bribes to Indian government officials between 2020 and 2024 to obtain lucrative solar-energy contracts. According to the indictment, Adani Green Energy Ltd (AGEL) raised $2 billion from American and foreign investors based on false and misleading statements about the firm's anti-corruption and anti-bribery efforts. For this reason, the US Department of Justice (DoJ) opened a criminal investigation, while the SEC is pursuing a civil investigation against Gautam Adani, Sagar Adani and Adani Green Energy chief executive Vneet Jaain.

The SEC's case is that Adani broke the US Securities Act when Adani Green raised money from American investors as it did not disclose a justice department probe into allegations of bribes paid by the company's directors to unnamed Indian officials between 2020 and 2024.

The Indian conglomerate has denied the allegations by the DoJ and the SEC, describing the allegations against its directors as "baseless."

"All possible legal recourse will be sought," said a spokesperson for the Adani group in the past. "The Adani Group has always upheld and is steadfastly committed to maintaining the highest standards of governance, transparency and regulatory compliance across all jurisdictions of its operations. We assure our stakeholders, partners and employees that we are a law-abiding organisation fully compliant with all laws."

Since being charged by the DoJ and the SEC in November, the Adani group, comprised of 11 public companies, has faced new challenges to its global ambitions. Kenya has cancelled Adani's proposed deals worth $2.6 billion, which included expanding an airport and investing in electricity. French oil giant TotalEnergies, which has invested $3.85 billion in Adani group companies since 2019, decided not to make new investments in the group until the allegations are clarified.

In December, Adani chose to opt out of a $500 million loan with the US International Development Finance Corporation to finance a port terminal project in Colombo, saying it would fund the project internally.

UNDER SCRUTINY

ADANI has denied the allegations by the DoJ and the SEC, calling them 'baseless'

KENYA has declined Adani's $2.6 bn deals, including an airport expansion, investing in electricity

TOTALENERGIES will not make new investments in Adani until the allegations are clarified

ADANI chose to opt out of $500 mn loan with International DFC to fund a port project in Colombo

Cheap steel boon for Indian automakers unlikely to last

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Lower steel prices helped automakers trim costs and raise margins in the December quarter. However, experts said lower input costs were not sustainable, and the industry remains exposed to geopolitics, which has a bearing on steel prices. Steel accounts for about a third of the material cost for carmakers.

Automakers must find more sustainable cost savings to maintain margins in the face of slowing demand growth, experts said.

"In Q3 FY25, at an aggregate level, the Ebitda margin improvement in the Indian auto sector was primarily driven by a favourable product mix, operational efficiencies, strong market demand, and lower commodity costs with government incentives," Nirav Karkera, head of research at Fisdom, a wealth management platform. "Among these, the benefits accrued on account of lower commodity costs may not be very sustainable considering upside risks to input prices," Karkera said.

Ebitda, a measure of profitability, stands for earnings before interest, tax, depreciation and amortization.

India is exploring the levy of a safeguard duty on steel imports after complaints from domestic steelmakers about dumping by overseas firms. If such a duty is levied, local prices will rise, eroding input cost gains for automakers.

India is exploring the levy of a safeguard duty on steel imports after complaints from domestic steelmakers

The Centre must take a balanced view of the impact of a safeguard duty on steel-consuming industries, Mahindra and Mahindra (M&M) managing director Anish Shah told reporters earlier this month. "Our sense is that the government will look at the impact on all user industries and ensure that the specific problem around dumping is addressed. But (that) shouldn't really translate into higher prices that impact all industries," Shah said. "Because that will essentially take inflation up and take away some of the good work that has been done in terms of demand stimulus."

M&M's industry-leading 15.5% standalone Ebitda margin during the December quarter was 1.3 percentage points above the previous year's. It attributed this to the higher demand for its cars, a price hike it took on select models at the start of the quarter, lower discounts, and benign steel prices.

The impact of cheaper inputs was much stronger for Tata Motors, whose standalone Ebitda margin rose 1.2 percentage points to 11.8% despite its revenues falling 9%. Its material cost during the quarter fell by almost a fifth year-on-year.

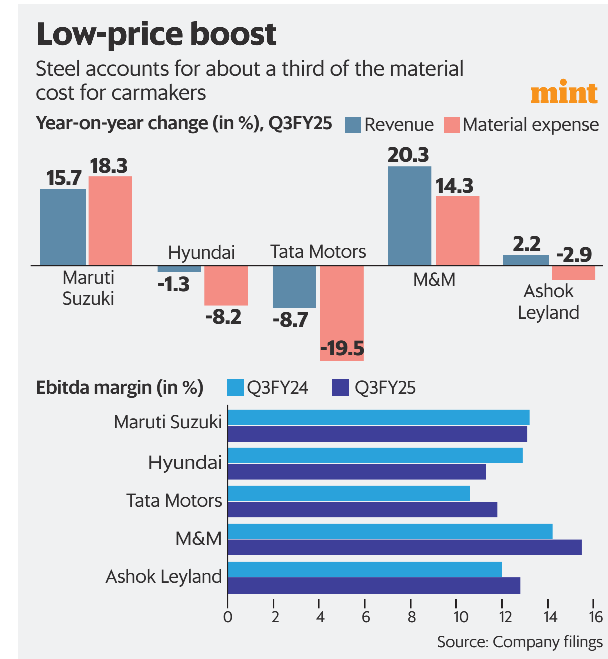
At Ashok Leyland, Ebitda margin improved by 0.8 percentage points to 12.8% after a 3% fall in material cost.

"There has been a substantial reduction in material costs, which has happened predominantly because of the softening of the steel prices. That has really helped us to post a better margin," K.M. Balaji, chief financial officer, Ashok Leyland told *Mint* last week.

When asked about how Ashok Leyland will counter an increase in steel prices, executive chairman Dheeraj Hinduja said the company was exploring other avenues to cut costs and improve efficiency.

"I would say that naturally, it has an impact, and we'll have to deal with that impact, but we will have to find ways to overcome any steel price increases as well," he said.

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



Big paydays for top talent, overall hikes may moderate

Top performers in IT product, consumer and lifesciences firms projected to get highest raise

Devina Sengupta
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MUMBAI

Top performers are likely to be handsomely rewarded—in some cases getting raises double that of their peers—in an appraisal season that will see overall increment lower than last year's, according to a report by consulting firm Aon.

"Top performers in IT product firms are expected to get a 1.9x hike versus 1.73x that differentiated him/her from his/her peers in 2024," said Roopank Chaudhary, partner for human capital solutions at Aon, adding that key talent in consumer and life sciences will get 1.76x and 1.67x raise, respectively.

"The consumer sector is expected to see one of the lowest hikes in four years at 9.1%. But its top talent is always in demand from other sectors like e-commerce, technology and life sciences," pointed out Chaudhary, explaining the performance differential.

The consulting firm estimates that salaries across industries will rise by 9.2% in 2025, a marginal decline from the actual 9.3% hike rolled out on an average in 2024. Aon pegs it on "global uncertainty and softening growth". Interestingly, the firm had projected 9.5% hike for the year gone by.

Another estimate, from Mercer's Annual Total Remuneration Survey, predicts 9.4% overall salary increase across industries in India for 2025 versus estimate of 10% last year.

For some sectors, a generous hike is critical to retain their best even as attrition slows on the back of a lethargic job market. This is good news for top performers as their employers will stretch to retain them.

Mint in its 7 February edition had written how pay hikes would fall below the 2024 numbers. Slowing corporate earnings, which have led to constrained budgets, as well as sluggish economic growth have pushed firms to become even more tightfisted than last time. "This indicates a trend of declining salary increments since 2022 when companies provided 10.6% salary increases influenced by the Great Resignation," Aon noted.

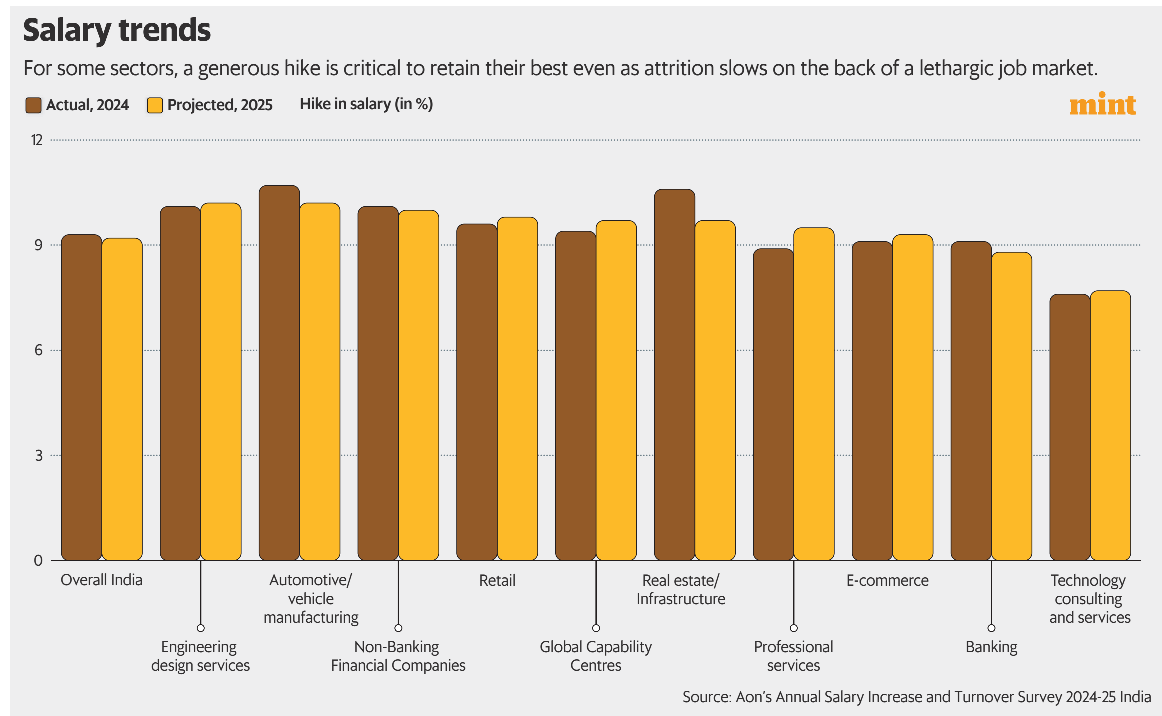
Aon, which studied the data from more than 1,400 companies across 45 industries, highlighted that salary increments are also projected to vary across industries.

Engineering design services (10.2%) and auto/vehicle manufacturing (10.2%) are budgeting for the highest salary increases followed by nonbanking financial companies (10%), retail (9.8%), global capability centres (9.7%) and life sciences (9.5%).

But professional services, which rolled out a hike of 8.9% in 2024, is expected to give 9.5% this year. Banking employees may be in for a disappointment as well since estimated hike is 8.8% versus a real one of 9.1% in 2024.

The study also reveals that overall attrition rates declined to 17.7% in 2024 from a high of 18.7% in 2023 and 21.4% in 2022, indicating the availability of a larger talent pool post the Great Resignation. The years 2021 and 2022 saw corporates guzzle talent right after muted growth during the pandemic. Employees held multiple job offers, and that period is called the Great Resignation.

The financial services sector, where a major chunk of one's compensation is linked to variable pay received, also placated its key employees well in 2024. Aon's Chaudhary said top talent took home a payout of 1.83x of their peers.



SATISH KUMAR/MINT

CHEQUE MARKS

THE consulting firm estimates that salaries across industries will rise by 9.2% in 2025

AON pegs the salary growth on 'global uncertainty and softening growth'

ENGINEERING design, auto/vehicle manufacturing are budgeting for the highest increases

BUT professional services, which rolled out a hike of 8.9% in 2024, is likely to give 9.5% this year


In 2023, Maharashtra sought to restrict online games. AP

Govt plans single central law on online gaming

FROM PAGE 1

years of regulatory uncertainty. Larger investments would add a further fillip to the larger entities, thereby helping create big online gaming corporations in one of India's key sunrise sectors," the executive added.

Online gaming companies generated revenue of $2.4 billion in FY24, the annual report on online gaming by Google and venture capital firm Lumikai showed. Out of this, $1.7 billion came from Sporta Technologies (which operates Dream11), Gameskraft Technologies and Play Games24X7, the three biggest online gaming companies by revenue, corporate affairs ministry data showed.

The latest attempt to regulate online gaming is a continuation of previous efforts starting 2022, when Meity was appointed as the nodal ministry for the sector. Later, the home ministry formed a group of ministers to examine the matter.

Roland Landers, chief executive of industry body All India Gaming Federation (AIGF), said the fragmented regulations have "significantly slowed" the inflow of foreign investments into the sector. "With the support of initiatives like the AVGC mission, we are seeing renewed interest from investors. But, to sustain this momentum, a progressive, centralized regulatory framework is essential," he added.

Online gaming firms generated a revenue of $2.4 bn in FY24, as per the annual report by Google and Lumikai

The National AVGC-XR Mission is a government of India initiative to promote the Animation, Visual Effects, Gaming, and Comics (AVGC) sector.

To be sure, in January 2023, Meity had proposed a self-regulatory body (SRB) structure to certify permitted online real-money games in the country, hoping this would ease taxation, and shut out apps that are not permitted to operate. However, the model has not taken off, as senior officials were not convinced about the impartiality of these proposed bodies.


Ole Matthiessen, global head of cash management, Deutsche Bank.

'Corporate executives wary of regulatory changes'

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MUMBAI

Corner-office executives across the world are wary of regulatory changes sparked by fresh tariff barriers, complicating investment decisions and adding to business uncertainties, said Ole Matthiessen, global head of cash management and head of corporate bank for Asia-Pacific, Middle East and Africa at Deutsche Bank.

"Tariffs add uncertainty, forcing clients to rethink supply chains and investments. Regulatory changes are among the top concerns for CEOs and CFOs, and we help clients navigate these challenges to maintain resilience and profitability," Matthiessen said in an interview.

In Deutsche Bank since 2008, Ole took the current role as global head of cash management in 2019. In 2022, he took on the additional responsibility as the head of corporate bank for the Asia-Pacific or APAC region. Thereafter, since January 2024, he is also responsible for the corporate bank in Middle East and Africa.

"I oversee Deutsche Bank's global cash management business, and regularly spend time in Europe, Asia, and the US. Within my responsibility for the overall corporate bank activities for Asia, Middle East and Africa and the associated travel, I visit both India and China up to four times a year," said Matthiessen.

Globally, the German bank has four main business divisions. These are corporate bank, investment bank, private bank and asset management. In calendar year 2023, pre-tax profit of the corporate bank division at Euro 2.9 billion (about $3.1 billion) accounted for over half of the total profit before tax of the bank.

US President Donald Trump came to power vowing to correct trade imbalances by imposing higher tariffs. Since taking office in January, Trump has already imposed tariffs on Chinese goods coming into the United States, but has paused a 25% duty on Mexico, and Canada for a month, even as he plans to enforce reciprocal tariffs on other nations.

Trump's plans for reciprocal tariffs would involve taxing foreign goods at the same rates other countries levy on US products.

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

Trump tariffs could hit pharma exports

FROM PAGE 1

manufactured by Big Pharma companies, which are mostly US- or Europe-based, and are crucial for people who cannot afford the expensive patented variety.

Plus, there is recognition that if 25% tariff is uniformly levied, it might harm other countries more than India since the latter has lower-cost manufacturing. "There is a level playing field when the tariffs are imposed across all the countries. So, the advantage will remain," Akolkar said.

Industry experts are also hopeful that the recent warmth in India-US ties would help India's case. The US has historically been one of the most significant markets for Indian generics drugmakers. Over 45% of generics and 15% of biosimilars by volume in the US originate from India, given the country's low-cost manufacturing that ensures affordability. (Biosimilars are similar but not identical copies of original biologic medicines, which are already FDA-approved.)

Should tariffs be imposed, Indian companies are expected to pass on the cost to the consumers, as indicated by India's largest drugmaker Sun Pharma's managing director Dilip Shanghvi recently at a media summit. He also said he was hopeful that generic products would be spared. "I'm not seeing a significant negative impact of the tariff on the industry...the competitive advantage that we have as a country is long term," he said.


Indian manufacturers are banking on their facilities in the US to mitigate the impact. MINT

India supplies over 45% of US generics and 15% of biosimilars, driven by low-cost manufacturing

While leading Indian exporters do have a manufacturing presence in the US, it is too small to have any significant impact. "It may not move a needle for them in terms of [avoiding] the tariffs," Akolkar said. It would also be unviable for companies to move a larger chunk of production to the US, as this would significantly impact profitability.

Meanwhile, Indian manufacturers are banking on their facilities in the US to mitigate the impact, with many addressing this in earnings calls in the past few weeks even before Trump's statement came through.

"The last three years, we have been setting up facilities in the US," Cipla managing director and global chief executive officer (CEO) Umang Vohra said. "There will come a time when we begin to understand the economics of shipping straight from India and having potential duties or whatever and the freight with it, linking up with what the cost of manufacturing and supplying from the US is. So, in some ways our model is de-risked to a large extent for our portfolio."

Like Sun Pharma's Shanghvi, Vinita Gupta, CEO of Lupin, is also hopeful that generic drugs would be exempted from the tariff. "If it's otherwise, we'll be looking at other ways and means of mitigating the impact with a combination of manufacturing in the US as well as wherever possible, from a cost perspective and otherwise," Gupta told investors in a call last week.

"There's nothing that we believe is going to be a challenge for us," Swami Iyer, CEO, North America of Aurobindo Pharma, said in the company's Q3 earnings call. "We would continue to import from India and competitors would be in the same state as we are in," he said.

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

India won't get a Trump tariff waiver; Goldman sees GDP hit

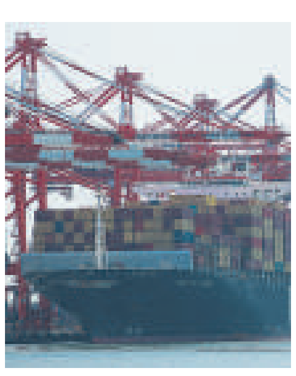
FROM PAGE 1

would impose the same level of tariffs on Indian imports as India does on American goods.

According to Goldman Sachs Economics Research, reciprocal tariffs may hurt India's GDP by 0.1-0.3%, based on varying US tariff hikes and demand elasticity for Indian exports. While India's trade surplus with the US doubled over the last decade to $35 billion in FY24 (or about 1% of GDP), the proposed tariff plan could pose new challenges for Indian exports, it said in a report.

"However, in case of global tariffs on all countries from the US, India's domestic activity exposure to US final demand would be roughly twice as high (about 4.0% of GDP) given exposure to the US via exports to other countries, and would likely result in a potential domestic GDP growth impact of 0.1-0.6pp," said the report, titled *India: Dealing with Potential Reciprocal Tariffs*.

Under President Trump's reciprocal tariff plan, India could face three potential impacts: a simple across-the-board tariff increase of about 6.5pp (percentage points) on all US imports from India, a more complex product-specific tariff match potentially raising the differential to about 11.5pp, or the most complicated scenario involving non-tariff barriers, which could result in even higher tariffs, the research unit said.


India's trade surplus with US doubled to $35 bn in FY24. AFP

"Nobody can argue with me," President Trump said in the television interview. "If I said 25%, they'd say, 'Oh, that's terrible.' I don't say that anymore...because I say, 'Whatever they charge, we'll charge.'"

Mint reported on 15 February that India plans to counter Trump's reciprocal tariffs plan with data to show that most imports from the US into India have duties less than 10%.

Goldman Sachs Economics Research said reports on Trump's meeting with Modi highlight four key aspects of the US-India relationship. These include a planned trade deal aiming to boost bilateral trade to $500 billion by 2030, the deportation of over 220 unauthorized Indian immigrants in February, India's growing defence imports from the US, and a trade agreement for increased US energy exports to India.

"Our estimates only include the direct impact of an increase in US average effective tariff rates on Indian imports (lower exports from India to the US)," the report said. It added that additional tariff impacts include real income effects if India retaliates with higher tariffs and reduced business investment due to trade policy uncertainty.

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HSBC expects revamp to cost $1.8 billion over two years

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HSBC Holdings Plc will incur $1.8 billion in charges over the next two years as it embarks on a global restructuring program that has seen the lender shutter some of its businesses and slash management ranks.

Europe's largest bank, which has been deepening its push into Asia and some Middle East markets, said it hopes the restructuring will allow it to whittle away $3 billion in expenses in the coming years. About half of that would then be reinvested into priority growth areas, according to its full-year earnings presentation Wednesday.

"Since becoming CEO, I have focused on simplifying how we operate," chief executive officer (CEO) Georges Elhedery said in a statement in which he also detailed a $2 billion share buyback. "We are creating a simple, more agile, focused bank built on our core strengths."

The lender's shares, which have surged 15.4% so far this year, were up 0.2% in early afternoon Hong Kong trading. Analysts at Jefferies Financial Group Inc. said "some investors would have hoped for a better than $2 billion share buyback."

With Elhedery at the helm for roughly six months, HSBC has witnessed one of the biggest upheavals in more than a decade. He wound down some of the lender's investment banking operations in Europe, the UK and Americas in a bid to focus on areas where it could "best serve" its corporate and institutional clients.

The broad moves have also seen a slew of top executives heading for the exit. The bank said Wednesday that its "severance and other up-front costs" will be spread through this year and next. The lender is focused on "opportunities where we have a clear competitive advantage," the lender said.

Last month, HSBC announced it would no longer provide equity underwriting and advisory services outside of its core operations in Asia and the Middle East. Those selective investment banking businesses have annual costs of approximately $300 million and are not "materially profitable," according to HSBC presentation slides.

The bank forecast that its full-year expenses are expected to rise about 3% in 2025. REUTERS

The company also noted its made progress on efforts to exit German private banking and French life insurance.

"Costs taken from non-strategic activities will be invested in priority growth areas," HSBC said in the presentation. The bank forecast that its full-year expenses are expected to rise about 3% in 2025.

Bloomberg News reported in December that HSBC was examining plans to cut costs by at least $3 billion. Discussions over the scale of the cuts have been going on for months at the top level.

STRATEGY SHIFT

EUROPE'S largest bank has been deepening its push into Asia and some Middle East markets

HSBC hopes the restructuring will let it whittle away $3 bn in expenses in the coming years

Days after taking over from Noel Quinn as CEO, Elhedery told a town-hall meeting in Hong Kong that he would be focused on keeping a lid on costs. Six weeks later, he unveiled the revamp that also involved creating a new global commercial and institutional banking unit through the combination of two of the lender's largest divisions, while splitting Hong Kong and the UK as standalone businesses.

Further management changes have followed, including the December announcement of the departure of Annabel Spring, global head of private banking. Other senior managers have been forced to reapply for their jobs. "The process has been measured, thoughtful and fair," Elhedery said at the time.

The CEO has also set in motion plans for further asset sales and business closures, including a strategic review of the bank's Maltese operations, sale of its South Africa corporate banking unit, as well as the closing of HSBC's Zing payments app. Last month, the bank said it would stop providing M&A and equity underwriting services in New York, London, and continental Europe.

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1. RENEWABLE ENERGY & GREEN HYDROGEN

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- Land allocation at concessional rates for renewable energy parks
- 50% Rebate in development fees

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- Subsidized power tariff for EV manufacturing units
- 50% subsidy on R&D and testing facilities
- Up to 25% rebate in development fees

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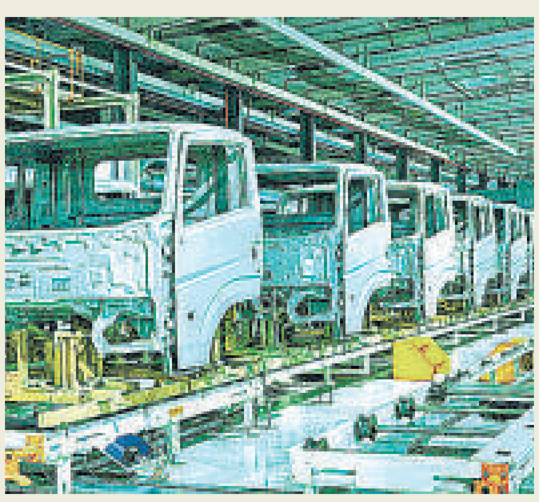

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- 50% subsidy on infrastructure development costs
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- Special incentives for export-driven industries

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Gateway to India's largest consumer markets

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Fast-track approvals & zero red tape

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Exclusive benefits for industries, clean energy, and tourism

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Skilled labour and industry-ready talent

World-Class Infrastructure
Robust road, rail, and air connectivity

Madhya Pradesh, India's rising economic star, is revolutionizing the investment landscape with bold policies, cutting-edge infrastructure, and an investor-friendly ecosystem. Whether it's green energy, industrial expansion, urban development, or tourism, Madhya Pradesh is paving the way for a sustainable and profitable future.

With GIS 2025 (Global Investors Summit 2025) as the launchpad, the government is extending unprecedented incentives to attract global investors, industrial giants, and entrepreneurs to set up in India's heartland.

India's First Fully Integrated Green Energy Hub

A Leap Towards Carbon-Neutral Industries. Madhya Pradesh is transforming into India's green energy hub with an ambitious Pumped Hydro Storage Policy (PSP) 2025. With a 12,000 MW energy storage roadmap, the state offers 24x7 renewable energy, making it the ideal location for industries transitioning to net-zero emissions.

- 50% exemption on transmission charges
- Fast-tracked land allotment
- Government-backed power purchase agreements (PPAs)

City Gas Distribution Policy 2025

Industries in Madhya Pradesh will benefit from affordable and uninterrupted natural gas supply, thanks to the CGD Policy 2025, promoting clean energy adoption.

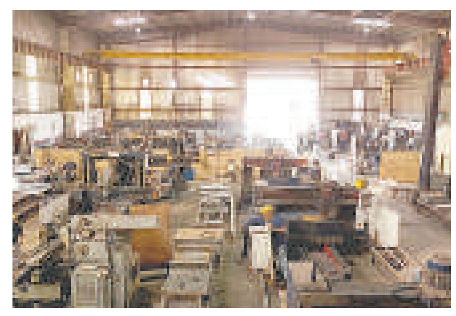
- Subsidized PNG supply for manufacturing
- Special incentives for gas-powered industrial clusters
- Fast-track approvals (within 60 days)

Tourism 2.0: A Billion-Dollar Opportunity

The Tourism Policy 2025 aims to triple tourism investment by 2030, making Madhya Pradesh the preferred luxury and adventure tourism destination.

- Up to ₹90 Crore (USD 11M) capital grant for mega projects
- Land at collector guide rate for 90 years
- Single-window clearance for tourism ventures

Fast-Tracking Growth with Pro-Industry Policies



With a land bank of over 100,000 acres and special sectoral parks, Madhya Pradesh is India's next big manufacturing hub.

- Auto & EV manufacturing
- Textiles & Apparel
- Food Processing
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- Custom-tailored packages for investments above ₹500 crore (USD 60M)
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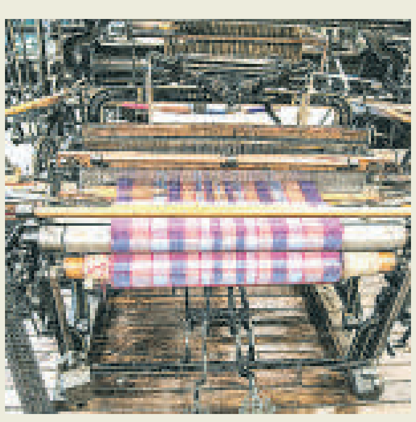


- 100% rebate on stamp duty
- 5% interest subsidy on plant and machinery
- 25% assistance on apparell training institute
- Custom package for projects over ₹75 crore

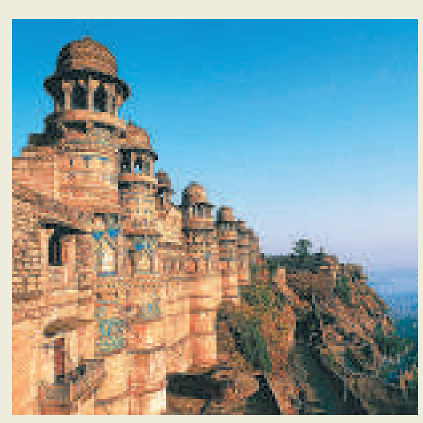
6. AGRO & FOOD PROCESSING

- 50% subsidy on cold storage & food processing infrastructure
- Interest subsidy of 5% for food processing units
- ₹1 per unit eletricity for organic farming & exports
- Exemption from mandi tax for 5 years
- Land at concessional rates for food parks

7. PHARMA & LIFE SCIENCES

- Stamp duty & registration fee exemption for new pharma units
- 50% capital subsidy for setting up R&D centers
- 1.3x original investment promotion assistance
- Plug-and-play pharma zones with pre-approved facilities

8. TOURISM & HOSPITALITY



- Capital grant up to ₹90 crore (USD 11M) for mega tourism projects
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Innerwear exports fall on dearer China inputs

Rise in prices of inputs has raised concerns about reliance on China

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India's dependence on Chinese raw materials for garment manufacturing, particularly in the innerwear segment, is hurting the domestic industry. As prices of key inputs have surged, exports in this category have sharply declined over the past three years (FY22-FY24), raising concerns about the long-term impact of reliance on China, two people aware of the matter said.

The rise in raw material costs by 20% to 30% for cotton yarn, spandex, synthetic fibres and elastics, many of which are sourced from China, is a major reason for the decline in exports of innerwear, said the first of the two persons cited earlier, both of whom spoke on condition of anonymity.

This input cost surge is largely due to the ongoing supply chain disruptions, increasing global demand, and fluctuating energy prices in China, the second person said.

According to export data, there have been sharp declines in key innerwear categories. While men's and boys' innerwear exports, including underpants, briefs and pyjamas, fell by 24% from $720.86 million in FY22 to $548.28 million in FY24, exports of singlets and vests also recorded a modest drop, as per commerce ministry data, exclusively accessed by *Mint*.

As per the data, the women's and girls' innerwear category faced similar hurdles, with exports of slips and night-dresses decreasing from $627.74 million in FY22 to $499.86 million in FY24, reflecting a fall of 20.37%.

Queries emailed to spokespersons of ministries of commerce and textiles as well as the Chinese embassy in New Delhi remained unanswered till press time.

As per data provided by one of the country's leading innerwear manufacturers, Rupa, the company's exports dipped by 42.38% in rupee terms, from ₹41.11 crore in FY23 to ₹23.69 crore in FY24.


India's dependence on China for garment manufacturing is hurting local industry. AFP

Costly raw materials

Rise in prices of raw materials, largely China sourced for manufacturing innerwear, has led to a fall in exports.

SATISH KUMAR/MINT

The Men's Underwear Index (MUI), a concept introduced by former US Federal Reserve chairman Alan Greenspan, suggests that increased sales of innerwear can indicate a recovery in consumer spending.

In the case of India, the Men's Underwear Index is relevant to the dip in innerwear exports because it reflects consumer demand trends, which are closely tied to production cycles.

"A decline in exports of innerwear signals broader economic stress, supporting the MUI's idea that lower sales of essential goods indicate pressure on the economy," said Abhash Kumar, assistant professor of economics at the University of Delhi.

The support garments segment saw the sharpest decline, with exports of bras, corsets, and suspenders dropping by 35.30%, from $95.14 million in FY22 to $61.56 million in FY24, the data showed.

"The industry is undergoing a significant transformation, with rising demand for affordable, high-quality products in South-east Asia and the Middle East, further enhancing India's export potential. Consumers are increasingly prioritizing comfort, sustainability and innovation, shaping the future of innerwear," said Ramesh Agarwal, director of Rupa and Co. Ltd.

According to a report by fashion research platform Images Business of Fashion, India's innerwear market is projected to grow at a compounded annual growth rate of 10% between 2024 and 2029, expanding from ₹66,703 crore to ₹1.07 trillion.

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

EXPORT WOES

MEN'S and boys' innerwear exports fell 24% to $548.28 mn in FY24 from $720.86 mn in FY22

WOMEN'S and girls' innerwear exports fell 20.37% from $627.74 mn in FY22 to $499.86 mn in FY24

LEADING innerwear manufacturer Rupa's exports fell 42.38% from ₹41.11 cr in FY23 to ₹23.69 cr in FY24

Bollywood faces challenge from South

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The phenomenal pan-India success of movies such as *Baahubali*, *RRR*, *KGF* and *Kantara* appear to have emboldened southern producers to now consider releasing their films on major festivals such as Diwali and Eid as well as long weekends, which have typically been the preserve of Bollywood flicks.

Their rising popularity in the Hindi belt means southern films are threatening Bollywood in its own backyard.

In April, for instance, Kannada star Yash, best known for the *KGF* franchise, will release a new film called *Toxic* that will compete not just with another southern film, *The Raja Saab* starring Prabhas, but also Bollywood's Sunny Deol-starrer *Jaat* and Rajkummar Rao's comedy drama *Bhool Chuk Maaf*, all of which will arrive to cash in - and clash - on a host of holidays.

Meanwhile, the Gandhi Jayanti weekend in October will see the *Kantara: A Legend Chapter 1*, a prequel to the 2022 sleeper hit, joust with Varun Dhawan's new film *Hai Jawani Toh Ishq Hona Hai*. Theatre owners say that southern filmmakers are ready to take these Hindi movies head on, and while the problem of plenty is good, not enough screens may be available if multiple titles seek to target same audiences.

Further, in June, Kamal Haasan's new film *Thug Life* will collide with Akshay Kumar's ensemble comedy *Housefull 5*, though not over a holiday weekend.

"Southern filmmakers are certainly buoyed by the success of their films across India and have consciously decided to reach out to wider audiences by looking at release dates typically meant for Hindi movies. Bollywood, too, has realised it must brace for competition, not just from other Hindi titles, but southern films too, like it has dealt with Hollywood so far," Rahul Puri, managing director, Mukta Arts and Mukta A2 Cinemas, said.

The past theatrical success of pan-India southern films shows inroads into the Hindi belt are possible, and their prospects brighten further when top A-listers such as Shah Rukh Khan or Salman Khan Bollywood are missing from the Bollywood line-up. "That there isn't that much of an opposition gives the southern filmmakers a sense of confidence. If both films generate equal demand and buzz, exhibitors will certainly be squeezed. But the other way to look at this is that more big and interesting films will bring people to theatres in larger numbers," Puri added.

RRR collected ₹916 crore in pan-India box office, while *KGF: Chapter 2* made ₹1,005 crore.

To be sure, audiences have started looking at southern language films as the real theatrical content, and Bollywood is falling way behind in the perception game, independent exhibitor Vishek Chauhan said. "When southern films are seeing such resonance, why wouldn't the makers take a chance against Hindi films by arriving on the same date?"

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


In April, Kannada film *Toxic* will be competing with Sunny Deol-starrer *Jaat* and Rajkummar Rao's *Bhool Chuk Maaf*.

Atlys flies into UK with Artionis acquisition

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MUMBAI

Atlys, a digital visa services provider that is backed by venture capital firms Peak XV Partners and Elevation Capital, has entered the UK market with an all-cash acquisition of Artionis.

The company, which raised $20 million (about ₹167 crore) in funding in September, didn't disclose the deal value. However, a person familiar with the transaction said that the deal value was a little above $1 million.

Following the acquisition, Atlys will onboard Artionis' staff in the UK. The target company has 40 employees operating across offices in London, Manchester and Edinburgh. Atlys plans to double its UK headcount to 80 employees by the end of the year.

"Expanding to the UK represents more than just market growth; it's about creating a more equitable travel ecosystem," said Mohak Nahta, founder and chief executive of Atlys.

Artionis holds exclusive rights for processing UK-to-Russia visas. The acquisition will help Atlys reduce paperwork, provide more accurate approval timelines, and cut application time to under five minutes. Atlys says it has processed over 2 million visas since 2021.

In 2024, Atlys expanded into the UAE, catering to the growing expatriate population. Beyond visa services, Atlys aims to evolve into a one-stop platform for global travel services, branching out into offerings such as e-SIMs, forex, and travel insurance. It plans to introduce curated travel plans in the near future.

The startup was founded in 2021. That year, it raised $4.25 million in a seed funding round led by Andreessen Horowitz. Prior to that, it secured $1 million in a pre-seed funding round led by South Park Commons.

Atlys raised $12 million in a Series A round co-led by Elevation Capital and Peak XV Partners in September 2023. The round had seen participation from existing investors Andreessen Horowitz, musical duo Chainsmokers and South Park Commons, among others. EY was the advisor on the latest transaction.

Peak XV and Elevation co-led its Series B round last year.

VCCiRCLE

Nikola goes bankrupt, capping troubled EV maker's long slide

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Nikola Corp. filed for bankruptcy, culminating a long decline for the onetime darling of the electric-vehicle industry, which grappled with weak sales and cycled through chief executive officers (CEOs) in the wake of a fraud scandal.

The company is exploring a sale of its assets after entering Chapter 11 in Delaware on Wednesday. In court documents, it listed total funded debt and lease obligations of $98 million.

The filing caps a struggle by the maker of electric and hydrogen-powered semi trucks get a handle on dwindling cash, slow sales and a collapsing stock price. *Bloomberg* reported earlier this month that Nikola was exploring a possible bankruptcy filing as the company acknowledged it was "relentlessly working to raise capital."

Nikola's shares plunged 45% at 9:34 a.m. Wednesday in New York. The stock had already lost 97% of its value over the past 12 months through Tuesday.

The company has been on a tumultuous journey since it went public in 2020 through a deal with a special purpose acquisition company, with its stock surging in its early days. Shortly after, *Bloomberg News* reported that founder Trevor Milton had overstated the capability of Nikola's debut truck. Those allegations, coupled with a subsequent short-seller campaign targeting the company, led to Milton's ouster and later conviction on fraud charges.

In recent years, the company has endured cash-flow issues, slow demand and executive turnover. Nikola also recalled its battery-electric trucks after battery fires in 2023 prompted it to temporarily halt sales.

Nikola's market value peaked at $29 billion in the days after it began trading, but it had fallen to less than $100 million before the filing.

Nikola is the latest manufacturer to succumb to a punishing environment for electric vehicles (EVs), which are struggling to maintain traction due to high costs, spotty charging infrastructure and lukewarm customer interest. Fisker Inc. filed for Chapter 11 bankruptcy in June, while Canoo Inc. announced a Chapter 7 filing 17 January—both companies, like Nikola, went public via blank-check reverse mergers during a wave of such listings in 2020. The Swedish battery maker Northvolt AB filed for bankruptcy protection in the US in November.

With its filing, Nikola is seeking authorisation to pursue an auction and sale process, the company said in a statement. The company said it intends to meet obligations to employees, and it has $47 million of cash on hand.

CEO Steve Girsky, a former Morgan Stanley analyst and General Motors Co. executive, had been leading a recent effort to raise money or find strategic alternatives, *Bloomberg* reported.

Nikola retained Houlihan Lokey in October as its investment banker to conduct a marketing process for a potential sale, following failed efforts by other bankers it had hired, including Goldman Sachs.

The truck maker hasn't selected a stalking horse bidder. As of the petition date, Nikola said it's in active discussions with at least three parties interested in such opportunity. At the same time, it has pivoted to evaluating the sale of its separate business segments "since a going concern sale may not ultimately prove viable."

Some potential investors walked away after having conversations.

Nikola's market value peaked at $29 bn in the days after it began trading, but fell to less than $100 mn before the filing

CEO Steve Girsky had been leading a recent effort to raise money or find strategic alternatives. AP

Europe, Asia set for $130 bn listing exodus

Allure of loftier valuations may drive firms to list in the US market

Bloomberg
feedback@livemint.com

European and Asian firms may soon flood the US market with new listings, as the allure of loftier valuations and deeper liquidity fuels an exodus from their home markets.

From Swedish buy-now, pay-later giant Klarna Group Plc to equipment rental firm Ashtead Group Plc to Chinese bubble-tea maker Sexy Tea, businesses based outside the US with a combined estimated value of roughly $130 billion are working toward New York listings, according to calculations based on sources including *Bloomberg News* reports, PitchBook data and company disclosures.

The figure would add to last year's record number of cross-border listings in the US. Higher valuations are a key part of the allure. European and Asian stocks trade at a roughly 35% discount to US peers, according to data compiled by *Bloomberg*.

Glencore Plc became the latest company to unveil potential interest in a move on Wednesday. It would add another $50 billion to the total if it takes steps toward moving its main listing to the US.

"A lot of companies understand that right now the US is the deepest and most liquid market," said Seth Rubin, head of global equity capital markets at Stifel Financial Corp. "It's across the board and across industries."

Last year, the US attracted 101 initial public offerings (IPO) by foreign firms, a 51% jump from 2023, according to research by consultancy EY. The deals made up more than half of the US's entire IPO count for the year—a historic high—even if they only contributed to about a fifth of the proceeds. That's excluding transactions where capital wasn't raised, such as Flutter Entertainment Plc shifting its primary listing from London to New York.

Last year, the US attracted 101 initial public offerings by foreign firms, a 51% jump from 2023, according to research by consultancy EY AFP

Hopes for a growth rally spurred by President Donald Trump's pro-business agenda are also encouraging some European and Asian companies to think about a US float, JPMorgan Chase & Co.'s co-head of global banking Filippo Gori said in an interview with *Bloomberg TV* last month.

Much of the capital at risk of fleeing comes from Europe. FTSE 100 constituent Ashtead Group has announced plans to move its primary listing stateside, a relocation that building materials firm CRH Plc made in 2023.

The region has already lost out on several IPOs in recent years. British chipmaker Arm Holdings Plc chose to list in the US in 2023, while Carlyle Group Inc. has filed confidentially for a US IPO of Dutch chemicals producer Nouryon, *Bloomberg News* reported this month.

Swiss building solutions company Holcim Ltd is spinning off its North American unit with a US listing, with an additional one planned in Switzerland. Jan Jenisch, who will helm the spinoff, said last year that his valuation for the US business was around $50 billion. The company had said earlier that its US spinoff could be valued at more than $30 billion.

Elsewhere, Chinese companies have remained interested in listing in the US even after the ill-fated IPO of ride-hailing firm Didi Global Inc. in 2021, with 33 floating in the US last year, as per EY's count.

Chinese IPOs in the US raised $1.3 billion in 2024.

CROSS-BORDER LISTINGS

EUROPEAN and Asian stocks trade at a roughly 35% discount to US peers, shows data

HOPES for a growth rally after Trump's election prompting many firms to think about a US float

GLENCORE is the latest company to unveil potential interest in moving its main listing to the US

Court reviews Mastercard's settlement

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Mastercard Inc. unfairly reduced a £10 billion ($12.6 billion) class action case to a settlement of just £200 million, according to the firm that funded the lawsuit.

The credit-card company "skillfully maneuvered" claimant Walter Merricks and his lawyers by offering an inferior settlement to end the case, according to the litigation funder Innsworth Advisors Ltd. The lawsuit alleged Mastercard charged consumers and businesses too much to use its cards.

"To the extent that Innsworth's submissions make poorly aimed pot-shots at the negotiation process, they are hopeless," lawyers for Mastercard countered. "Innsworth's interests lie in maximizing its commercial recovery even if that entails a high-risk gamble," they said arguing the settlement is fair and reasonable.

The legal drama follows the settlement in what was once the country's largest class action claim over the amount Mastercard charged consumers and businesses to use its cards. Merricks' lawyers have since acknowledged that "there was an overclaim" in his suit. The case highlights the tension facing courts in cases meant to maximize returns for consumers at a time when litigation funders are betting on a rise in class actions in the UK.

The outcome of the case will likely set a precedent for how judges balance fair compensation and returns for those who foot the legal bill.

The lawsuit alleged that Mastercard had charged consumers and businesses too much to use its cards. AFP

"The potential settlement raises significant policy questions," Innsworth's spokesperson said. The intervention is aimed at getting clarity on the UK's class action regime for future cases and to ensure scrutiny of the proposed settlement, she said.

"It is notable that none of the over 44 million class members have objected," Mastercard's lawyers said in their document. The company declined to comment beyond the legal filing.

The £200 million settlement is a "very significant sum" out of which half is to be paid to consumers, according to lawyers for Merricks.

The funder incurred legal bills worth around £45 million and would double the investment in six years if it gets the remaining £100 million, lawyers for Merricks said. "Mr Merricks cannot accept that 89.5% of the settlement sum be paid to the funder as this would not be in the best interests of the class," his lawyers said.

Merricks obtained a £10 million indemnity from Mastercard to cover his expenses to contest a legal case against him started by Innsworth, according to the documents.

A spokesperson for Merricks declined to comment.

Mastercard and its rival Visa Inc. have for years been the focus of civil complaints over the amount they charge consumers and businesses to use their cards. The case stems from an EU ruling that the interchange card fees the company levied for transactions were unfair and breached competition law.

EU to boost protection of undersea cables

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The European Union will boost funding and surveillance for thousands of miles of undersea cables at risk of sabotage, to better protect the bloc's energy and digital security.

The European Commission, the EU's executive arm, will channel hundreds of millions of euros from existing budgets and work with private and public investors to roll out so-called "smart cable" systems to function as an early warning system for potential threats, according to a draft document seen by *Bloomberg News*.

"In the face of increased security threats, the EU must take swift and decisive action," the draft communication said. "It will act to protect the security of critical maritime infrastructure and hold malicious actors accountable."

In recent months there have been a number of incidents in the Baltic Sea where telecommunication and power cables strung across the sea floor between countries were damaged or severed by passing ships. Earlier this month, technology commissioner Henna Virkkunen told *Bloomberg* that there was an "urgent need for action" to combat a growing threat.

An additional €540 mn will be invested under the bloc's Connecting Europe Facility into digital infra

The institution will also boost cooperation with the North Atlantic Treaty Organization and propose establishing a reserve fleet of ships to repair damaged cables, according to the document.

Subsea cables carry internet and power connections across countries and continents and their loss can disrupt digital services, including web access and payments, and force telecommunications providers to reroute traffic. More than 95% of global data traffic goes through subsea cables, according to the International Cable Protection Committee.

An additional €540 million ($563 million) will be invested under the bloc's Connecting Europe Facility into digital infrastructure, including submarine cables, totalling almost €1 billion under the current budget, the draft document, which is still subject to change, said.

Donald Trump has long accused other nations of ripping off the US and views import duties as a way to bring industries back. AFP

Trump floats 25% tariffs on US auto, drug, chip imports

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US President Donald Trump said he would likely impose tariffs on automobile, semiconductor and pharmaceutical imports of around 25%, with an announcement coming as soon as 2 April in a move that would represent a dramatic widening of the president's trade war.

Trump has previously announced 25% tariffs on steel and aluminium that are set to take effect in March. Tuesday's comments are his most detailed yet in specifying other sectors to be hit with fresh barriers if implemented.

"I probably will tell you that on 2 April, but it'll be in the neighbourhood of 25%," Trump told reporters at his Mar-a-Lago club when asked about his plan for auto tariffs.

Asked about similar levies on pharmaceutical drugs and semiconductor chips, the president said: "It'll be 25% and higher, and it'll go very substantially higher over a course of a year." Trump said he wanted to give companies "time to come in" before announcing new import taxes.

Trump didn't specify whether the measures will target specific nations or apply to all vehicles imported to US

"When they come into the United States and they have their plant or factory here there is no tariff, so we want to give them a little bit of a chance," he said.

New levies on automobiles would have sweeping effects on the industry. The roughly 8 million passenger cars and light trucks brought into the US last year accounted for about half of US vehicle sales. European carmakers including Volkswagen AG and Asian companies including Hyundai Motor Co. would be among the most affected.

Trump didn't specify whether the measures would target specific countries or apply to all vehicles imported to the US.

It's also unclear whether cars made under a free trade agreement with Canada and Mexico would be spared from industry-specific duties, should they take effect.

Equities slipped across Asia when markets opened on Wednesday. While investors have seen prior threats of levies as a bargaining tool, they remain cautious amid the uncertainty.

While there are scant details about the latest tariff threat, it's clear that the targets in Trump's second trade war have broadened beyond China and will hit Asia in particular, according to Alicia Garcia Herrero, chief economist for the Asia Pacific region at Natixis SA. "In relative terms, Trump 2.0 is clearly going to hit everybody," she said. "Whoever thought that the rest of Asia outside of China may be a winner in this trade war was wrong."

Globally, the countries most exposed to the most recent announcement include Mexico and South Korea, where exports of passenger cars to the US are equal to 2.4% and 1.8% of gross domestic product respectively, according to Bloomberg Economics. When it comes to chips, Malaysia and Singapore are among the most exposed.

Malaysia is the sixth largest exporter of semiconductors and exported a record RM601 billion ($136 billion) of semiconductors in 2024. Trump's announcement came only hours after Singapore Prime Minister Lawrence Wong announced plans to invest about S$1 billion ($744.8 million) for a new research and development semiconductor facility as part of his budget.

Representative at Samsung Electronics Co. and Taiwan Semiconductor Manufacturing Co., Asia's largest chipmakers, declined to comment.

European capitals clash over Ukraine as Trump makes overtures to Putin

Stunned by Trump's outreach to Russia over Ukraine, European leaders are groping for common ground

Daniel Michaels & Laurence Norman
BRUSSELS

Despite French President Emmanuel Macron's efforts, European unity is now being tested by domestic politics. REUTERS

Europe over recent years has come together against the Covid-19 pandemic and Russia's invasion of Ukraine. The European Union held strong in the face of Britain's exit.

But faced with its biggest crisis in years—President Trump's high-speed effort to end the war in Ukraine by negotiating directly with Russia—Europe has reverted to form in a blur of inconclusive meetings and squabbling governments.

Just when the continent is urgently seeking leadership, no leader has emerged. Instead, looming national elections are hindering decisions in some of the EU's biggest countries, and diverging political poles are impeding compromise.

Europe's inability to step up was laid bare by its absence from a meeting Tuesday in Saudi Arabia between U.S. and Russian diplomats, who sketched out plans to negotiate over Ukraine. Ukrainian President Volodymyr Zelensky said any talks that don't include his country were doomed.

Later, the EU's foreign policy chief, Kaja Kallas, and the foreign ministers of Britain, Germany, France and Italy spoke to Secretary of State Marco Rubio about the talks.

"Russia will try to divide us. Let's not walk into their traps," Kallas said on X, advocating cooperation with the U.S. for "a just and lasting peace—on Ukraine's terms."

EU officials in Brussels met with Trump's Ukraine envoy, Keith Kellogg. Afterward, a senior European official said Kellogg offered little detail on what the U.S. wants to see from the Europeans as part of a security guarantee; Kellogg didn't say what role Washington thought European troops should play if they were sent to Ukraine under a peace plan.

The official said it remained unclear how much weight Kellogg would have in relaying European views and concerns into the negotiations over the war's outcome. Kellogg is expected to visit Ukraine this week.

The scene a day earlier, when German Chancellor Olaf Scholz scornfully left a meeting in Paris that French President Emmanuel Macron hastily had organized to plan a response to Trump, echoed the worst days of the euro crisis more than a decade ago when EU governments spent long nights bickering without result.

Macron is scheduled to host Romania's interim president Wednesday, and they will hold a videoconference with other European leaders who didn't attend Monday's gathering, the French president's office said.

Despite Macron's efforts, European unity is now being tested by domestic politics. Even Scholz's more-hawkish opponent in elections this Sunday, Friedrich Merz, is avoiding commitment to more support for Ukraine. "Germany will not and must not become a party to the war," he said in an interview.

In a further sign of the continent's drift, the Paris meeting attendee who is taking the boldest public stance on Ukraine isn't from the EU. It is British Prime Minister Keir Starmer, who is scheduled to visit Trump next week to discuss options and try to win a role for Europe in peace talks.

Europe's demonstrations of unity over recent years surprised even its own officials. When Britain in 2016 voted to quit the EU, many feared the bloc would splinter, but it pulled together. The Covid crisis began with discord, as EU countries resurrected borders within their borderless free-trade zone. Within months, though, not only had the barriers fallen but the EU reached an unprecedented deal to jointly bankroll a recovery fund.

And when Russian President Vladimir Putin three years ago launched his full-scale invasion of Ukraine, the EU, Britain and other European allies joined with the U.S. to support Kyiv and punish Moscow.

Those achievements were accomplished through initiatives and concessions from European leaders including Macron, Germany's then-Chancellor Angela Merkel and European Commission President Ursula von der Leyen, who stretched EU authority to create policies for the bloc on Covid and Russia's aggression.

The current crisis is fundamentally different and one that Europe, for all its progress, is unprepared to handle. It revolves around Europe's closest ally, the U.S., and a field where Europe has never unified: foreign policy.

In areas where EU countries function as one, such as competition regulation and foreign trade, its members have surrendered sovereignty to the bloc, represented by the European Commission. In other areas, including taxation and foreign policy, the 27 members remain sovereign states pursuing their own agendas.

Occasionally, as after Russia's 2022 invasion of Ukraine, the members unite against a foreign challenge. More often they bicker, as during the euro crisis, the Second Gulf War in 2003 and Israel's war in Gaza.

Today's upheaval is all the more traumatic for Europeans because it is happening inside the North Atlantic Treaty Organization, the one trans-Atlantic institution that has been sacrosanct for 75 years. Only NATO binds Washington to almost every European capital. Significantly, U.S. leadership in NATO has never been questioned. The U.S. created the alliance in the face of threats from Moscow at the Cold War's dawn at the request of Europeans.

U.S. leadership in NATO has let Europe off the hook on finding common ground regarding external threats. It has also let them skimp on security and military spending for generations. For the past decade, European military outlays have risen. Nonetheless, under pressure from Trump, Europeans are being forced to confront their shortfalls on both policy and spending, and are struggling to agree on an approach.

Ukrainian President Volodymyr Zelensky said any talks that don't include his nation were doomed

The Europeans say they want to coalesce in response to Trump.

"I think Europe needs to get its act together," Finnish President Alexander Stubb said before Monday's meeting. He said any peace talks should include Ukraine, Russia, the U.S. and Europe, with Europe including the EU, the U.K. and other allies. To represent what would be more than 30 countries, he advocates a special envoy.

Who that envoy would be, he said, "That's for the European leaders to decide."

NATO Secretary-General Mark Rutte, a former Dutch prime minister, said before Monday's Paris meeting that he had spoken with European leaders and told them, "Well, if you want a place at the table, make sure you come up with relevant proposals."

One of the few proposals under debate for a step Europe could take regarding Ukraine—one that U.S. officials have called for—is the idea of using European troops, among others, to enforce a peace deal with Russia. Macron one year ago suggested putting European troops in Ukraine to help Kyiv. Scholz and other leaders rejected the idea.

Now the concept is getting some endorsement, most vocally from Britain's Starmer. Britain and France have Europe's largest military forces in NATO, though Starmer is an EU outsider.

Macron hoped his Paris gathering would enable Europe to provide common answers to questions that Washington posed last week in a written questionnaire sent to European capitals. Questions included: Would they be prepared to put troops on the ground in a cease-fire, and what other capabilities were they prepared to commit to Ukraine to lock in robust security guarantees?

Macron also hoped to advance a European package of financial support for European military spending and its arms industry, which is expected to include new money for Ukraine. The first part of that plan is targeted for March, EU officials say.

Scholz, who left the meeting early, said now wasn't the time for Europe to be focused on its role in a peace plan that didn't yet exist. It should focus on supporting Ukraine's war efforts, he said. Germany remains deeply committed to the NATO model of trans-Atlantic cooperation, while France has long sought to buttress European military strength as an element of what Macron calls strategic autonomy.

Scholz bolted Monday's meeting to campaign before Sunday's election, a showdown that has cramped his room to maneuver on the Ukraine question. Poland, which is headed toward presidential elections in May, staunchly supports Ukraine, but leaders fearing blowback have hesitated on committing troops to a peace mission. And Macron, while still wielding foreign policy powers, was weakened by parliamentary elections that he called last year.

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This new Airbus jet is bad news for Boeing

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Airbus has a new jet that's winning over some of Boeing's best customers. It also raises the specter of more trouble ahead for the U.S. plane maker.

The European company started delivering the new aircraft—the A321XLR—late last year against a backdrop of manufacturing upheaval and financial strain at its American rival. So far the XLR has racked up more than 500 orders, many from airlines looking to replace older Boeing planes.

The jet's success is one of the starkest signs yet of the diverging fortunes of the two companies, with Boeing's troubles leading to gaps in its product lineup that are now being exploited by Airbus. It is also a warning of a bigger threat looming: While Boeing is strapped for cash, Airbus is increasingly investing in an entirely new generation of aircraft that could shape the duopoly for decades to come.

American Airlines and United Airlines have chosen Airbus's XLR to replace their aging Boeing 757 fleets. Other airlines including Australia's Qantas have also purchased the XLR—the first time that carrier has ordered one of Airbus's smaller, narrow-body jets.

Central to the XLR's appeal is a giant fuel tank behind the wings that means the aircraft can carry up to 220 passengers on trips as long as 11 hours. That is far longer than typical narrow-body jets, allowing airlines to open up new direct routes—including across the Atlantic—without needing to sell as many tickets as they would with a bigger, wide-body plane.

The new model—the latest in its A320 family of aircraft—has another advantage: It doesn't have much competition. Boeing discontinued the 757 in 2004 and shelved plans to build a new aircraft that would have competed directly with the XLR in 2020. The U.S. company's main rival aircraft—the 737 MAX 10—is years behind schedule, awaiting signoff from the Federal Aviation Administration.

"Clearly the first priority for Boeing is to resolve its manufacturing problems, which is no small issue," said Nick Cunningham , an analyst at Agency Partners who has followed the industry for almost 40 years. "But the very next thing they need to address is the product."

Customer doubts

Airbus usurped Boeing as the world's biggest plane maker in 2019 following the grounding of the 737 MAX after two fatal accidents. It has delivered more jets and booked more net orders each year since.

So far Airbus's XLR has racked up more than 500 orders, many from airlines looking to replace older Boeing planes. REUTERS

In 2024, Airbus not only pulled further ahead in narrow-body aircraft but also cut into Boeing's long-held lead in sales of wide-bodies, partly aided by repeated delays to the American company's 777X. With many 777s reaching the end of their lifespans, Airbus says the battle for bigger jets is just starting, including with its first-ever dedicated freighter.

Boeing currently has six passenger jet models available for customers, with four still awaiting signoff from regulators. Airbus has 12 distinct models available.

Benoît de Saint-Exupéry, Airbus's head of jet sales, attributed the company's performance to its product lineup, while acknowledging it had also benefited from the situation at Boeing "casting some doubts in the minds of some customers."

It hasn't been all gloom for Boeing. The company in December announced a landmark order for up to 200 MAX 10 jets from Turkey's Pegasus—a carrier that predominantly operates Airbus jets. American Airlines also doubled down on its commitment to the MAX 10 with 85 new orders last March.

And Airbus isn't without its own problems. Supply-chain issues have limited the company's plans to turbocharge production and meet booming demand in the wake of the pandemic. This month, Airbus said it was delaying a long-touted hydrogen-powered jet.

Lightweight frames and folding wings

Still, Airbus's superior financial position means it can embark on the expensive work of launching an all-new jet—giving it a head start in the battle for future leadership of the industry.

In the five years since 2019, Airbus has spent some $12.9 billion on research and development in its commercial-aircraft division. Boeing's plane-making business has spent $8 billion. Both also invest in other units that develop technology that can later be used in commercial aircraft.

Airbus has been working on lightweight airframes, fuel-efficient engines and even folding wings that could feature on a next-generation aircraft. The company is starting to narrow down the designs for an all-new plane that it expects to launch around 2030 and enter into service seven or eight years later.

Airbus usurped Boeing as world's biggest plane maker in 2019 following 737 MAX's grounding after 2 accidents

Boeing is far behind.

"We spend more time arguing within ourselves than we do thinking about Airbus and how we're gonna beat Airbus to the punch," Boeing Chief Executive Kelly Ortberg told workers at a companywide briefing in November, weeks after the first XLR was delivered.

But Ortberg is clear that Boeing isn't yet in a financial position to launch a new aircraft.

"We've got to spend a little bit more focus on getting ready, getting the business back to generating cash so that we have the cash to support the new airplane development," Ortberg said. "That is absolutely critical for us."

To focus on getting its delayed models to market, Boeing has shifted some engineers from a jet development project with NASA—called X-66—that could set the stage for its own next-generation plane. A Boeing spokeswoman referred to comments Ortberg made last month, in which he said the company was still investing in X-66 and that technology from that program could factor in an all-new plane.

Boeing hasn't launched an all-new aircraft for more than two decades. The 787, formally announced in 2004, cost tens of billions of dollars to develop and took seven years to hit the market. The plane maker spent almost as many years figuring out what that aircraft would look like.

'The queen on the chessboard'

Executives at both companies have long likened their duopolistic rivalry to a complex and expensive game of chess. Before making a move, each side carefully assesses the other's lineup and games out how they might respond.

They don't always get it right. The annals of aviation history are littered with failed aircraft programs, including Airbus's flagship A380 superjumbo.

Boeing's hasty development of the 737 MAX, which was delivered to customers with a fatal flaw, came as the company sought to respond to a revamped Airbus jet—the A320neo—that took Boeing by surprise in 2010.

For Airbus, Boeing's woes mean the game has changed, said Christian Scherer, head of the plane maker's commercial-aircraft division. Airbus now has more freedom when making strategic decisions "instead of responding to a threatening move of the queen on the chessboard," he said.