HT BENGALURU, NEW DELHI, MUMBAI, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 25

Monday, January 29, 2024

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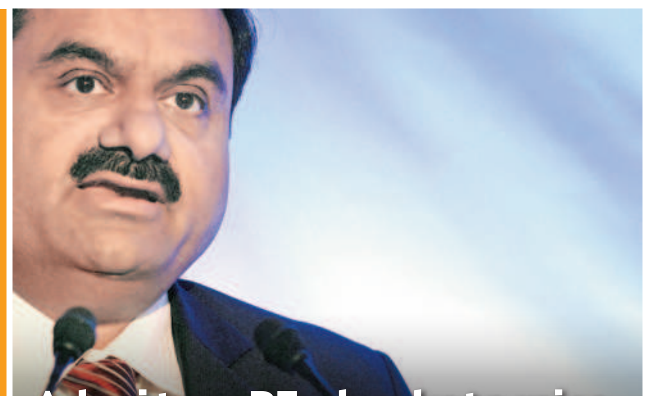
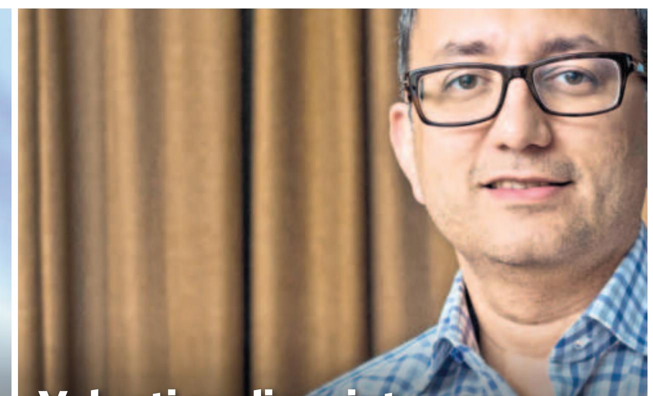


Adani taps PEs, banks to raise up to $3 billion ▶P1



Valuation disquiet over Ranjan Pai's Aakash entry ▶P1

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Think Ahead. Think Growth.

FPIs raise bearish bets, to keenly eye budget, Fed meet

Ram Sahgal
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Foreign portfolio investors (FPIs), whose assets under custody in India stand at $758.4 billion, have closed out bullish positions and created huge bearish positions on index futures (Nifty and Bank Nifty) contracts ahead of a key meeting of the US monetary policy body, or FOMC (federal open market committee), on 30 and 31 January, and India's interim budget on 1 February.

Against a cumulative net bullish position of 81,357 contracts at the beginning of the month, FPIs held a cumulative bearish 108,883 contracts as of 25 January. FPIs have also sold cash shares of ₹24,734 crore so far this month, after net buying shares worth ₹1.7 trillion in calendar year 2023.

These bearish bets are being seen as hedges against anticipated volatility following the two events mentioned above. "Any cue by the Fed on future rate cuts, and the FM's statements on the slowdown in consumer expenditure and fiscal glide path, will be closely watched," said Rohit Srivastava, founder, IndiaCharts.

Chandan Taparia, senior vice-president, Motilal Oswal Financial Services, said: "Both the Fed's stance and the fiscal deficit back home are risks to markets as FPIs' actions will be based on how these events pan out."

Based on the FPIs' hedges, Taparia expects the Nifty to trade in the 20,800–21,800 range, and Srivastava expects it to be in the 20,800–21,700 range in the near term.

Srivastava cited the negative 175,698 contracts FPIs held as recently as 2 November as possibility of further bearish build-up and, consequently, sharper correction in markets. Already, Nifty has corrected 3.5% from a record high of 22,124.15 on 16 January to 21,352.60 last Thursday, led by FPI selling in banks, IT, and consumer companies.

Exchanges such as NSE and BSE offer cash and derivatives trading segments on equities. When FPIs anticipate uncertainty, they hedge

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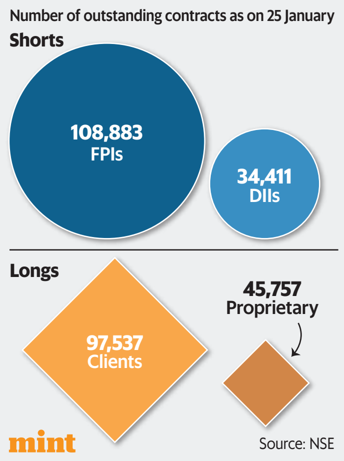
Fear factored

FPIs held a cumulative bearish 108,883 contracts as of 25 January against a bullish 81,357 early in January.

Number of outstanding contracts as on 25 January



PRANAY BHARDWAJ/MINT

QUICK EDIT

Nitish's flip-flop

Nitish Kumar has done it again. On Sunday, his Janata Dal (United) dumped the opposition's "INDIA" grouping barely months before Lok Sabha polls to return to the National Democratic Alliance (NDA) fold led by the Bharatiya Janata Party (BJP). He took oath as Bihar's chief minister again, this time with BJP support. His flip-flops are a constant of Indian politics, but this time, the blow delivered to anti-BJP mobilization is very heavy. After all, he was one of the prime movers of INDIA, a joint front that began to wobble soon after the Ayodhya temple consecration, seen by some as a BJP show of strength. As local speculation goes, Nitish Kumar had expected leadership of the alliance, but the Congress was not ready to cede that space. At the end, an aura of invincibility acquired by the BJP is surmised to have altered his calculus. The Congress was quick to label it come-and-go politics, but that doesn't relieve it of the burden of remaking a coherent case for the INDIA bloc's viability as a challenge to the country's ruling dispensation. As the cliche goes, a week is a long time in politics. The past week qualifies as one. But then, no election is over till the last vote is counted. Certitude is usually overrated.

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PLAIN FACTS

Agri needs investment much beyond incomes

BY HOWINDIALIVES.COM

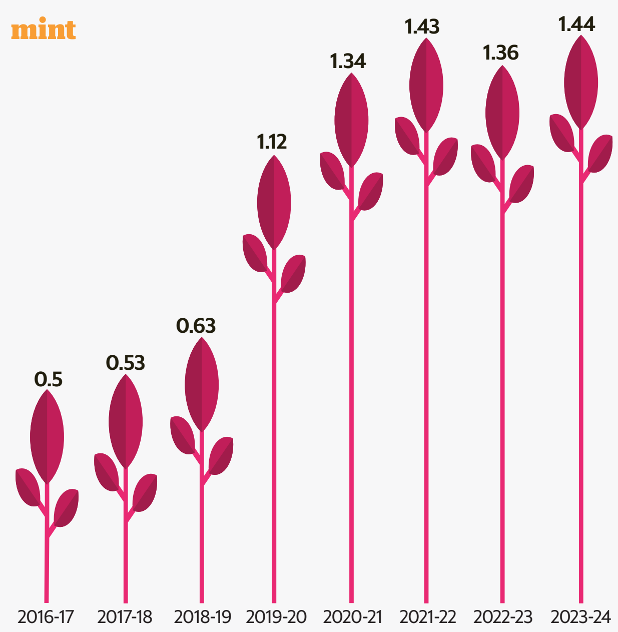
In this week's budget, the last before the 2024 general elections, allocations and initiatives for the farm sector are expected to be in focus. Between 2016-17 and 2023-24, overall budgetary allocations for agriculture increased about threefold. The previous budget allocated ₹1.25 trillion to the ministry of agriculture, with about 80% earmarked for schemes entirely funded by the central government. While allocation is increasing, much of it is going towards subsidies rather than forward-looking investments.

In recent years, direct income support to farmers through the PM-Kisan scheme—₹6,000 per year to farm households—has come to dominate expenditure. For 2023-24, the scheme had a budget allocation of ₹60,000 crore. PM-Kisan, along with two other schemes focused on crop insurance and interest subsidy to farmers, together received ₹96,000 crore in 2023-24. While this helps farmers in the short term, the long run is a different story.

The agriculture sector has been charging increasing prices for the goods it produces. While this should lead to an overall improvement in the finances of farm households, farmers face a rise in input costs as well. This results in very slow growth in net income, or the 'profitability' of farm households. Further, as a recent study by the Reserve Bank of India shows (and which has been supported by similar studies in the past), farmers rarely get anywhere close to the full proportion of the price of food that is charged to the end-consumer, with the rest taken away by traders and retailers further down the supply chain.

Allocations to agriculture have grown threefold in seven years

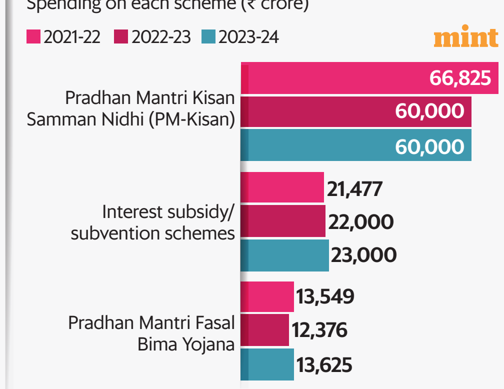
Budgetary allocation to agriculture and allied activities (₹ trillion)



Data is across ministries. Data is actuals except for 2022-23 (revised estimates) and 2023-24 (budget estimates).

Three central schemes account for a majority of agri spending

Spending on each scheme (₹ crore)



Revised estimates used for 2022-23 and budget estimates for 2023-24.
Source: Budget documents

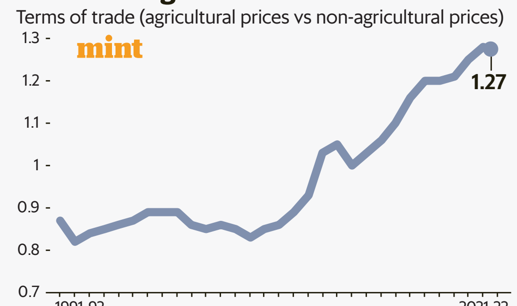
Terms of Trade

ACCORDING TO a 2023 Niti Aayog study by Ramesh Chand and Jaspal Singh, the so-called terms of trade (effectively, the ratio of agricultural to non-agricultural prices) have moved sharply in favour of agriculture, and against industry. In layperson terms, this means that farmers earn higher prices for the goods they produce (agricultural produce) relative to what they have to spend on non-agricultural goods. With more remunerative prices for agriculture relative to non-agriculture, farmers should see their incomes and finances improve.

According to the authors of the study, till about 2006-07, the terms of trade showed no clear trend, but began to rise sharply after that period. "This implies that price trends have become more and more favourable for agriculture and farmers during the 15 years following 2006-07," the authors say. However, as they point out, costs have been rising, too, forcing output prices to rise as well, with little change in net incomes after costs.

On pricing, things have been getting better for agriculture

Terms of trade (agricultural prices vs non-agricultural prices)

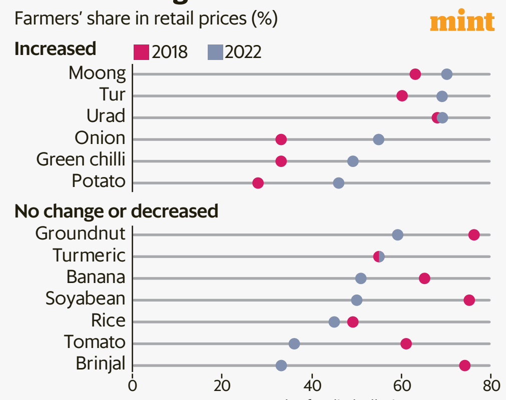


The terms of trade reflect the price of crops relative to non-agricultural commodities. Thus, a rise in the terms of trade implies that crop prices are rising relative to non-agricultural prices, therefore benefiting farmers.

Source: National accounts data, ministry of statistics and programme implementation

The share of farmers in final prices is a mixed bag

Farmers' share in retail prices (%)



Source: Reserve Bank of India bulletin, January 2024

Gains and Losses

ANOTHER ISSUE further squeezing farm incomes is the fact that the agricultural supply chain—from farmer to end-consumer—has many intermediaries, each of which takes its cut. A survey of farmers by RBI between December 2022 and February 2023 showed that depending on the crop, farmers earned between 33% (brinjal) and 70% (moong dal) of the final price paid by the consumer.

Of the 13 crops tracked, the share of farmers improved in six between 2018 and 2023, led by pulses. Among crops in which their share declined was rice, a staple. Further down the chain, the study found that for all commodities, "retailers' mark-ups were found to be generally higher than those of the traders in both production and consumption centres, which may reflect significant product loss at the retail stage, especially for perishables. Also, the traders' and retailers' mark-ups for non-perishables were lower than perishables."

Investment vs Subsidies

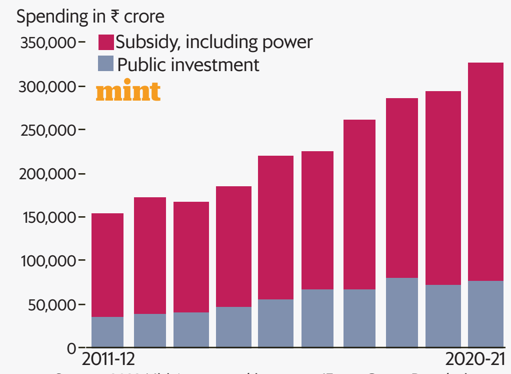
THE RBI study argues that while having more traders in a *mandi* doesn't affect traders' markups, more *mandis* in a district lowers trader margins. "Overall, the survey findings suggest that further development of agricultural markets, warehouses, preprocessing facilities, ripening units and cold storage are critical. These would help in improving competition, supply management and also reduce supply chain wastages," it concludes.

It is in this context that the agriculture budget must be seen. To really improve farm incomes in the long run, more public investment in farm infrastructure is needed. But, as the Niti Aayog paper shows, subsidies have far outstripped public investment in agriculture by roughly a factor of three in most years. Thus, while the agriculture budget has grown, what may be required is shifting that mix towards public investment.

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

Agri subsidies have grown faster than investments

Spending in ₹ crore



Source: 2023 Niti Aayog working paper 'From Green Revolution to Amrit Kaal' by Ramesh Chand and Jaspal Singh

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

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Monday, January 29, 2024

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Adani taps PEs, banks to raise up to $3 billion

Debt, equity raising in 4 months for airport, green hydrogen, solar plans

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The Adani group is talking to at least five global private equity (PE) firms and a clutch of Indian banks to raise $2.5-3 billion over the next four months, two people aware of the development said, as the conglomerate aims to fast-track some of its key mega projects in the airport and renewable energy space.

Centerbridge Partners LP, Pacific Capital Group and the UAE's International Holding Co. (IHC) are among the PE firms that have expressed interest in investing in Adani New Industries Ltd, Adani Airport Holdings Ltd and Adani Green Energy Ltd, said one of the two people cited above, both of whom spoke on condition of anonymity.

"Over the past six weeks, Adani group officials have held talks with multiple PE firms in the US, Canada, West Asia and Europe to raise capital via the sale of equity shares in subsidiaries. Investors are upbeat after the Supreme Court's recent judgement in the Hindenburg (Research report) case," the person added.

Emails sent to the Adani group, Centerbridge, Pacific Capital and IHC remained unanswered.

State Bank of India, Bank of Baroda and Axis Bank are some of the prominent lenders in discussions with the group, the people said. Emails sent to the banks seeking comment remained unanswered.

The Adani group, according to the two people, is looking to raise at least 40% of the capital through a combination of sale of equity stakes in group firms and promoter fund infusion, while the remaining 60% could be through debt.

The funds are primarily to fund the upcoming Navi Mumbai International Airport Ltd (NMIA) project, the group's mega green hydrogen project, and its solar panel manufacturing business. All three projects have been fast-tracked. Capex plans are on track," said the first person.

According to the two people, the group could invest around 70% of the new funds in its renewable energy businesses, mainly green hydrogen (of Adani New Industries) and solar panel manufacturing (of Adani Solar, an arm of Adani Green Energy). "From

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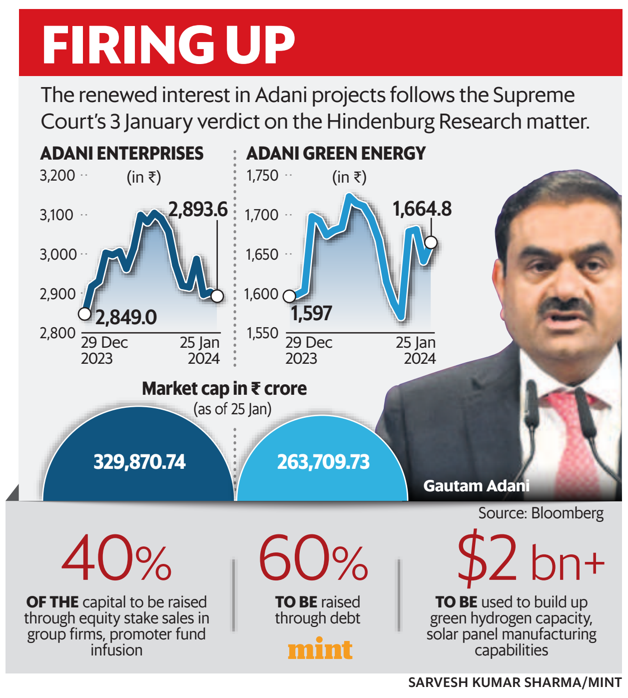

SARVESH KUMAR SHARMA/MINT

DON'T MISS

'India to be auto tech provider'

India's car industry will drive manufacturing growth and play a big role in attracting investments and prosperity, Maruti Suzuki chairman R.C. Bhargava said. >P7

Average CEO age up after covid

An explosion of startups in the pandemic years lifted a number of younger executives into corner offices. With tide going out, the age profile of CEO has changed as well. >P5

Health min to expand services

Union health ministry is planning to expand diagnostic services available in its health and wellness centre named Ayushman Arogya Mandir, according to two officials. >P2

Health insurers may get a new regulator

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The interim budget on 1 February may set the stage for a composite licence for life and general insurance, a separate regulator for health insurance and an increased digital push for the delivery and sale of insurance products, two people aware of the plans said.

IND.AI SURGE INTERIM BUDGET 2024

Insurance penetration in India is expected at 3.8% in FY24, according to Swiss Re. BLOOMBERG

According to one of the two people, the entry barriers for insurance may be eased, and insurers may get greater freedom to design their products.

The reforms will require amendments to India's insurance laws. The aim is to raise insurance penetration in line with the regulator's mission of 'Insurance For All By 2047'.

According to Swiss Re, one

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Digital consumer courts by March

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NEW DELHI

India's consumer protection body is moving the dispute redressal mechanism online at the national and state levels by March end, two officials aware of the matter said.

The move to a digital platform is expected to benefit consumers, activists, non-governmental organizations, members of consumer courts, bar councils and advocates, and pave the way for more efficient and faster resolution of consumer cases.

The Central Consumer Protection Authority (CCPA), which was formed in July 2020 and reports to the consumer affairs ministry, is readying to roll out e-court services in all 35 state consumer dispute redressal commissions (SCDRCs) and 10 benches of the National Consumer Disputes Redressal Commission (NCDRC), the

The move is expected to pave the way for faster resolution of consumer cases. ISTOCKPHOTO

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Valuation disquiet over Pai's Aakash move

Sneha Shah & Ranjani Raghavan
MUMBAI

Shareholders of Byju's (Think & Learn Pvt. Ltd) and Aakash Education Services Ltd have raised objections to business tycoon Ranjan Pai's proposal to convert debt to equity in Aakash, the group's crown jewel, multiple people with knowledge of the developments said. Their primary concern: it would dilute the value of their stakes.

American private equity major Blackstone, a shareholder of Aakash, and global investment group Prosus NV, a shareholder of the parent entity Think & Learn, have written to the board to communicate their dissent. Prosus has also sent a legal notice to Pai, who is the chairman of Manipal Education and Medical Group.

Last week, the board of Aakash, led by chartered accountant Shailesh Haribhakti, had approved the conversion of Pai's $250-300 million debt in Aakash to equity in a board meeting. However, while the conversion is approved, it is not complete as certain processes remain to be followed.

"The working committee of investors (of Byju's) has registered its disapproval," one of the people cited above said on condition of anonymity. This is because their shareholding in the parent takes into account the valuation of subsidiary Aakash.

The shareholders' main objection is that the conversion was approved at a lowered valuation of ₹4,500-4,800 crore (around $600 million). This is far lower than the price Byju's paid in 2021 when it acquired Aakash for around $950 million.

Many others, including those participating in Think & Learn's upcoming rights issue, have also expressed concern at the lowered valuation of Aakash, the people cited above said.

The ongoing conversion proposal takes Pai's stake in Aakash Education Services to 38.6-39.6%, while that of parent entity Think & Learn falls to 27% from 43%.

Blackstone and Aakash Education Services founder Aakash Chaudhry will see their cumulative stake reduced to 18% from 30%. Byju's founder Byju Raveendran will see his personal stake in Aakash fall to around 16%

The conversion of Ranjan Pai's $250-300 million debt in Aakash to equity was approved by its board last week. MINT

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STRAIGHT FORWARD

SHASHI SHEKHAR

Respond to this column at feedback@livemint.com

INDIA IS PAVING ITS WAY TOWARD A RENAISSANCE

Are we on the cusp of a cultural awakening, a renaissance reshaping our country? To answer this question, I'd like to introduce you to two persons.

The first is Alamdar Abdi, an experienced journalist based in Ayodhya. I asked him what he, and the Muslims of Ayodhya, thought about the Ram temple construction. He said that as long as the dispute had persisted, confrontations would be frequent. "There was an atmosphere of fear in 1992," he said, "We were worried about our future. Now we are confident that no one will disturb us and that we will be able to move forward together."

The second person is Nepal's biggest industrialist and businessman, Upendra Mahato. He attended Ram Lala's consecration ceremony. He claims that it is not just the time for Sanatan Dharma, but also the resurgence of Indian culture. "I am a Nepali citizen, but I am glad that our morals, attitudes, and behaviours are similar. This would boost connections between India and Nepal and motivate us to move further. Ram Lala's temple, like Sanatan Dharma, represents a cultural renaissance."

Pay attention. Alamdar Abdi is an Indian Muslim, while Upendra Mahato is a Nepali Hindu. One is of a different religion, the other is of a different nationality, yet they both think in the same way. Those who witnessed what happened in 1992 find it difficult to believe in this new rising trend. Many so-called thinkers predicted that 6 December would mark the beginning of the end of India's Ganga-Jamni culture. They've been proven wrong. This is why the tone has shifted, even in the cocktail circle in Lutyens' Delhi. Until a few years ago, the privileged class regarded speaking out on this issue against their elitism.

How did this shift in thinking occur?

In fact, over his 10-year reign, Prime Minister Narendra Modi has succeeded in dispelling many myths that frightened Indians. As soon as he began his second tenure, he added "*sabka vishwas*" to the slogan "*sabka saath, sabka vikas*". Then questions arose about how he would gain the trust of everyone. Modi never wears a skullcap and does not host iftar parties. He considers it religious "appeasement". Regardless, why is this sentiment spreading? The reason is straightforward. It is ensured that the government's social programmes reach all poor people without discrimination. Along with these social initiatives, the repeal of triple talaq sent a fresh message to Muslim women, and communal rioting was kept under control during this time. When we combine these facts with Abdi's wish for peace, as indicated at the beginning of this piece, everything becomes evident.

> The crowd that is gathering in Ayodhya now shows we are seeing a cultural renaissance

Read or listen carefully to the prime minister's remarks at Ram Lala's re-consecration event. There was religiosity, but not communalism. There was cultural unity, not alienation. There was a vision of a wealthy India and a desire to bring everyone along with it. It was not without reason that, shortly before him, the sarsanghchalak of the Rashtriya Swayamsevak Sangh stated, with a desire to "keep senses in fervour", that there is no need to injure anyone else's thinking or belief in our zeal. Whatever those who believe that this entire event is just an election gimmick should consider, the crowd that has been gathering in Ayodhya for the past week and its behaviour demonstrates that we are experiencing a cultural renaissance. If this had not happened, Diwali would not have been celebrated on 22 January in Bengal and Bihar, both of which are known for casteism and sectarian discord.

In terms of politics, we must remember that every political party engages in politics, and politics is not about sacrifice but about acquiring power; therefore, it is preferable to limit this conversation to cultural change.

For those who have forgotten, I humbly remind them of the Renaissance in Europe, which began in the 15th century. This was a period when both capitalism and socialism were prospering. Machiavelli and Shakespeare were both born during this period. Leonardo da Vinci and Donato Bramante made an indelible mark on art during this period. Europe is currently in decline, but Mahato sees this as India's time to thrive.

One more point to note here. Europe took 6–7 centuries to recover from the era of social, cultural, and economic deterioration that occurred following the fall of the Roman Empire. We gained Independence only 77 years ago, after 1,400 years of slavery. Civilizations cannot turn in such a short period, yet we are paving the way for a renaissance. Surely, no one can stop us from constructing fresh and wonderful stories for ourselves.

Shashi Shekhar is editor-in-chief, Hindustan. *Views are personal.*

Water resources may get 10% more allocation in FY25

Ken-Betwa river linking project will be ready for implementation in the next two months

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The department of water resources, river development and Ganga rejuvenation may get 10% more in the interim budget for continuing with marquee projects such as linking the Ken and Betwa rivers, dam rehabilitation and improvement, infrastructure rehabilitation, Namami Gange and Atal Bhujal Yojana, a senior official said.

In the FY24 budget, the department received an allocation of ₹20,055 crore, which may be hiked to a little over ₹22,000 crore. "As of now I think the interim budget will be more about carrying on with the current work that is happening unless there are some major SOPs," the official said.

"We are expecting a normal 10% increase in our budgetary allocation. The work we are doing will be continued. In the Ken-Betwa project, the land acquisition is almost complete. So, this will be funded fully. There is the dam rehabilitation and improvement programme that the states are working on. We have funding for the rehabilitation of large water infrastructure, which is picking up pace.

We have the participatory groundwater management programme—Atal Bhujal Yojana—which is fully funded. There again a lot of work is happening. Mostly sanctions have been issued for Namami Gange. The main river has been saturated (in terms of resources), and now we are moving to tributaries as a priority. That work will also get the resources that it needs.

We are in an agreement that we will get the resources that we need to fund larger projects to ensure that project implementation is not hampered," the official added.

In the FY24 budget, the department received an allocation of ₹20,055 crore, which may be hiked to a little over ₹22,000 crore. AFP

IND.AI SURGE INTERIM BUDGET 2024

Queries sent to the departments of water resources, river development and Ganga rejuvenation and expenditure remained unanswered at press time.

Atal Bhujal Yojana, a ₹6,000 crore central sector scheme, was launched in 2019 aiming at sustainable management of groundwater with community participation.

With an additional outlay of ₹8,000 crore, the Centre is also planning to extend the scheme to Punjab, Tamil Nadu, Telangana and Andhra Pradesh as they are found to be water-stressed and the proposal is with the finance ministry, the official disclosed.

Currently, the Atal Bhujal scheme is being implemented by the Jal Shakti ministry in 8,220 water-stressed village Panchayats of Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh.

Quoting government officials, *Mint* on 26 March reported that four more states were found to be water-stressed to add to the seven already on a Central list amid a growing crisis over groundwater extraction, primarily for irrigation.

The scheme got an allocation of ₹1,000 crore in the 2023-24 financial year. The ambitious Ken-Betwa project which is estimated to cost ₹45,000 crore is the country's first river-linking project that aims to provide drinking water and irrigation to Chhatarpur, Tikamgarh, Panna and Damoh districts in Madhya Pradesh; and Jhansi, Lalitpur, Mahoba, and Banda districts in Uttar Pradesh.

A tender has been issued for its implementation, which is expected to be ready for implementation in the next two months—following delays due to environmental concerns over the concept of river-linking. The revised estimated cost could be ₹55,000 crore, the official said.

The linking of the rivers, it is claimed, will help transfer surplus water from the Ken basin in Madhya Pradesh to the Betwa river basin bordering Uttar Pradesh. The budgetary allocation for the interlinking of rivers was ₹3,500 crore in FY24.

The Dam Rehabilitation and Improvement Project (DRIP) envisages rehabilitation and safety improvement of 736 dams located in 19 states, with an outlay of ₹10,211 crore. DRIP Phase-II became operational in October 2021 and is being co-financed by the World Bank and the Asian Infrastructure and Investment Bank.

Namami Gange is aimed at abatement of pollution, conservation and rejuvenation of the Ganga.

'Constitution makers inspired by rule of Ram'

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NEW DELHI

Calling the Constitution of India a "living document", Prime Minister Narendra Modi on Sunday said the constitution and the Supreme Court play an important role in strengthening the country's position as the mother of democracy.

Speaking on his monthly radio outreach programme, *Maan ki Baat*, Modi also noted that the makers of the constitution allotted due space to the pictures of Lord Ram, Sita and Lakshman in part three of the constitution's original copy.

The rule of Prabhu Ram was also a source of inspiration for the makers of our Constitution, he added.

On 22 January, the PM led the rituals of the "Pran Pratishtha" ceremony of the idol of Ram while inaugurating the temple in Ayodhya. "Friends, the occasion of Pran Pratishtha in Ayodhya seems to have bound around a common thread, crores of people of the country together," Modi said.

"Everyone's feelings are unanimous, everyone's devotion is in unison... Ram is in everyone's words, Ram is in everyone's heart," he added.

During the 109th edition of Maan ki Baat on Sunday, Modi also spoke about the 75th Republic Day, the Ministry of AYUSH and the Padma awards.

Govt agencies to organize NCSTC conference

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The ministry of commerce's directorate general of foreign trade (DGFT), the ministry of external affairs and other government agencies will organize a day-long national conference on strategic trade controls (NCSTC), which will focus on special chemicals, organisms, materials, equipment and technologies (SCOMET), export controls system and its international best practices, the commerce ministry said in a statement on Sunday.

The conference, which will be held on 30 January, will see participation from more than 500 industry representatives and other stakeholders.

Key international speakers attending the event include the chair of the Missile Technology Control Regime (MTCR), and senor government officials such as the commerce secretary, member (customs) of CBIC, director general of DGFT, etc.

What the Centre's latest tax data reveals

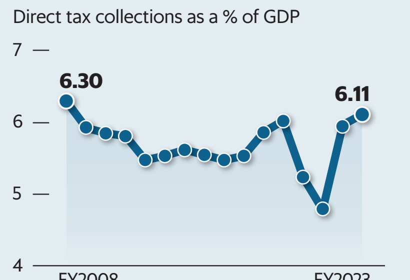
By Payal Bhattacharya
payal.bhattacharya@livemint.com

The government's direct tax collections as a share of gross domestic product (GDP) reached a 15-year high of 6.1% in FY23, while the cost efficiency of collecting that amount has increased sharply in the past two decades, showed data released last week by the Central Board of Direct Taxes (CBDT). The dominance of direct taxes over indirect taxes in the government's tax streams has been consistent over the past decade. Among states, Telangana has contributed the fastest growth in total direct tax collections, while Bihar is the only major state to see a decline. However, the growth has been driven by a robust expansion in personal income tax, while the share of corporate tax has dwindled since the tax rate cuts in 2019.

The tax department received 77.8 million income tax returns in 2022-23, up 6.5% after a 1.2% decline in the previous year. This includes all categories including individuals and companies. The cost of direct tax collection has fallen from over 1% of the mop-up in the early years of the century to just 0.51% in 2022-23.

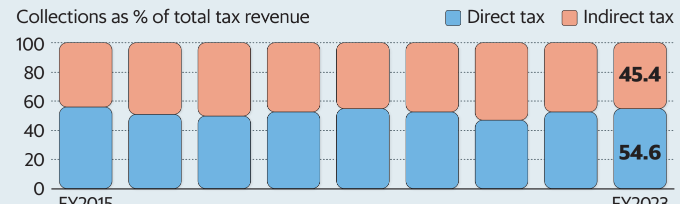
Direct tax-to-GDP ratio at a 15-year high in FY23, helped by income tax

Direct tax collections as a % of GDP



Direct tax remains the major contributor to Centre's coffers

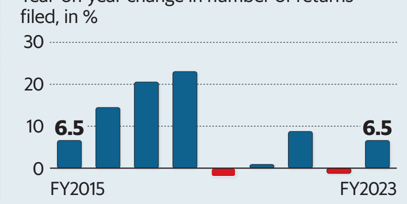
Collections as % of total tax revenue



Tax figures for FY23 are provisional.

Filing of income tax returns showed a recovery in FY23, with a 6.5% rise

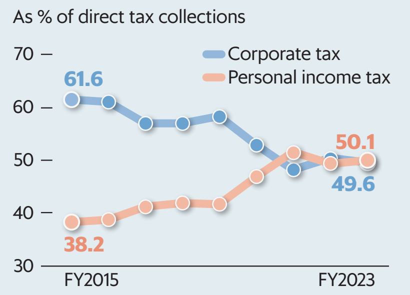
Year-on-year change in number of returns filed, in %



Includes revised returns. The returns comprise all PAN categories, such as individuals, corporations, Hindu undivided families, trusts, etc.

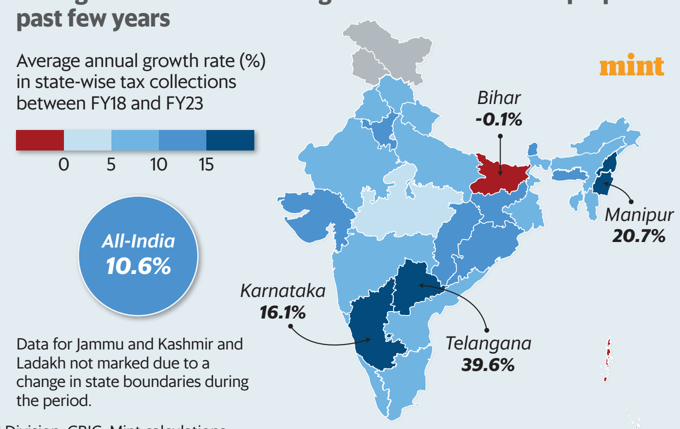
The boost has come from personal incomes; corporate tax share is down

As % of direct tax collections



Telangana has seen the best growth in direct tax mop-up in past few years

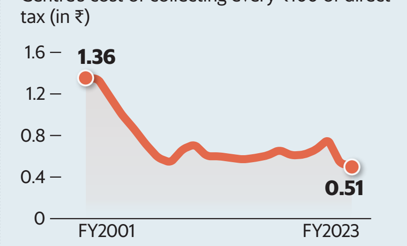
Average annual growth rate (%) in state-wise tax collections between FY18 and FY23



Data for Jammu and Kashmir and Ladakh not marked due to a change in state boundaries during the period.

Government's tax collection cost has come down by over 60% in the past two decades

Centre's cost of collecting every ₹100 of direct tax (in ₹)



Sources: Principal Chief Controller of Accounts, CBDT, TRU Division, CBIC, Mint calculations

SATISH KUMAR/MINT

Health ministry to expand diagnostic services

Somrita Ghosh
somrita.ghosh@partner.livemint.com
NEW DELHI

The Union health ministry is planning to expand the diagnostic services available in its health and wellness centre named Ayushman Arogya Mandir, according to two officials aware of developments in the matter.

The main reason behind the plan is to reduce the burden of patient load in hospitals and have more patients treated in these wellness centres.

"Many patients visit the hospitals to get diagnostic services, which is time-consuming and increases the load on hospitals. Therefore, the plan is to cut down that pressure and provide the best of the diagnostic services in Arogya Mandirs so that they don't have to rush to hospitals.

Also, an initial study of the patient's disease can help them to get directed for further reference in a better way. Doctors will see the report at Arogya Mandir and guide them which hospital to visit or which doctor to consult," said one of the officials cited above.

The Ayushman Bharat programme has two components—health and wellness centres (HWCs) and Pradhan Mantri Jan Arogya Yojana (PM-JAY). Last year in November, the health and wellness centres were renamed as Arogya Mandir.

Govt plans to reduce burden of patient load in hospitals. AFP

In February 2018, the government announced the creation of 150,000 HWCs by transforming existing sub centres and primary health centres. These centres are to deliver comprehensive primary health care (CPHC) bringing healthcare closer to the homes of people.

"For expansion of diagnostic services, we are also focussing on local manufacturers to come up with their devices. Because transport of such heavy machines is a task, especially in rural belts or regions with poor connectivity. This will also boost the Make in India," the official noted.

The wellness centres which were renamed as Arogya Mandir are envisaged to deliver an expanded range of services that include care for maternal and child health, non-communicable diseases, palliative and rehabilitative care, oral, eye and ENT, mental health and first level care for emergencies and trauma, including free essential drugs and diagnostic services.

With the goal of having these centres accredited by 2026, the facilities are being pushed to go through the National Quality Assurance Standards (NQAS) evaluation and certification process.

Q A with mint

EDITOR'S NOTE

Dear Reader,

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— **Ravi Krishnan**
Editor-in-Chief

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THE MONDAY QUIZ

1) WHICH global university ended its partnership with TCS, citing 'technical problems'?

2) WHICH two firms are teaming up to offer AI supercomputers to businesses?

3) WHAT'S the name of Siemens Healthineers' Indian partner in an AI lab aimed at revolutionizing neurology?

4) WHO was appointed as Tech Mahindra's chief growth officer for America strategic verticals?

5) WHAT is the name of the startup that former Google CEO Eric Schmidt is working on?

GLOSSARY

Data poisoning: Data poisoning involves intentionally contaminating or 'poisoning' data that is used to train artificial intelligence (AI) and machine learning (ML) systems. Unlike other techniques which attack the model during inference, data poisoning targets during the training phase.

Crypto drainer: Also known as cryptocurrency stealers or wallet drainers, crypto drainers are malicious programs that are used to illegally transfer cryptocurrency from victims' wallets. Crypto drainers attack through different types of deceptive tactics which include launching malicious campaign, asset transfer, fake websites, wallet connection, and smart contract interaction.

Perpetual license: In the context of software, a perpetual license involves user paying a one-time fee to purchase an application. Other than additional expenses related to support or repair, user may use the software without renewal fees for as long as required (subject to the original licensing agreement).

Singularity: Technological singularity or singularity is a hypothesis where artificial intelligence or machine intelligence becomes equal to or tops human intelligence. It is often associated with the field of AI where the technological sophistication is so high that the machine is able to initiate self-improvement, evolving itself into a superintelligent entity.

THE MONDAY QUIZ ANSWERS: 1) Oxford University 2) Nvidia and Equinix 3) Indian Institute of Science 4) Rajashree R. 5) White Stork

Redcliffe to grow with less funds, by selling IVF brand

IVF unit under Crysta brand has centres in Delhi, Noida, Lucknow, and Pune, among others

Debjyoti Roy
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NEW DELHI

Healthtech platform Redcliffe Lifetech Pvt Ltd, which operates diagnostic labs across many cities in India, is in talks to raise its Series C round of funding that could be smaller in size than the last outing, at least two people aware of the development told *VCCircle*.

Redcliffe is in talks to raise around $50 million (₹415 crore) in this transaction, one of the two people said. He added that mid-market focused investment bank o3 Capital is helping the company scout for potential investors.

Homegrown funds like Kedaara Capital and Jashvik Capital, among others, are evaluating the healthtech platform for potential investments, the person said.

VCCIRCLE

Another person said that the Noida-headquartered firm is also mulling the sale of its IVF vertical under the brand Crysta, to strategic suitors. He added that the IVF unit could be valued between ₹50 crore and ₹100 crore.

Email queries sent to Redcliffe, Kedaara and Jashvik remained unanswered till press time. An o3 Capital spokesperson has declined to comment.

The diagnostic lab chain was founded in 2018 by Dheeraj Jain. With a team of over 3,500, it offers diagnostics services through its network of 70 labs, with sample collection available across over 200 cities.

The firm had last year bought out Udaipur-based Medicentre Sonography & Clinical Lab that caters particularly to premium-priced health services.

The diagnostic lab chain was founded in 2018 by Dheeraj Jain.

Redcliffe's offerings include wide-ranged diagnostic testing while Medicentre offers premium-priced category testing, including 3D/4D sonography, CT scan, MRI, neuro lab, and digital radiography services.

The omnichannel healthtech platform also added an IVF (in-vitro fertilization) vertical to its range of offerings under the brand 'Crysta' in February 2021, and currently has multiple fertility centres across cities such as Delhi, Noida, Lucknow, Kanpur, Pune and Kolkata, among others.

According to *VCCircle*'s data platform *VCCEdge*, Redcliffe clocked ₹347 crore in total revenue from operations in financial year 2022-23, with a net loss of about ₹345 crore.

Redcliffe raised its Series B funding round in May 2022, securing about $61 million led by LeapFrog Investments. Other investors such as Healthquad, Schroders, LC Nueva, and Spark Growth Ventures, participated along with existing stakeholders Chiratae Ventures and Alkemi Venture Partners.

India's fragmented preventive healthcare and diagnostics segment is primarily dominated by standalone pathology chains. In the organised segment, Vijaya Diagnostic Centre Ltd competes with the likes of Apollo, Metropolis, Dr Lal PathLabs Ltd, Thyrocare Technologies Ltd, and Agilus Diagnostics, a unit of Fortis Healthcare.

The segment has recorded several consolidation moves in the recent past.

In December, Vijaya Diagnostic had taken over Pune-based PH Diagnostic Centre Pvt. Ltd in its first acquisition.

In June 2023, Sterlin Accuris Wellness Pvt. Ltd bought Ahmedabad-based VIP Labs. In April, Agilus acquired a pathology lab based in Delhi.

MEDICALLY FIT

REDCLIFFE is in talks to raise around $50 million in a Series C round of funding

THE investment bank o3 Capital is helping the company scout for potential investors

THE IVF unit is expected to be valued between ₹50 crore and ₹100 crore

REDCLIFFE offers diagnostics services through its network of 70 labs, with a team of over 3,500

Apple home devices, car veteran exits to Rivian

Bloomberg
feedback@livemint.com

An Apple Inc. veteran who led work on home devices and helped start efforts to develop an electric vehicle is leaving for Rivian Automotive Inc., marking yet another senior departure for the iPhone maker.

D. J. Novotney, a vice president of hardware engineering, informed colleagues Friday of his exit, according to people with knowledge of the matter. He will become senior vice president of vehicle programs at Rivian, the maker of electric SUVs and pickup trucks, and report to chief executive officer R. J. Scaringe, said the people, who asked not to be named discussing unannounced matters.

Novotney, who worked at Apple for nearly 25 years, was instrumental in the development of several generations of the iPod and iPhone, and was tapped by former hardware chief Dan Riccio to help lead development of the iPad, the people said.

"Great products are what we do best and I have been so very lucky along the way to be part of so many amazing teams that developed everything from iPod, iPhone, iPad, Watch and so many more," Novotney wrote in a memo to colleagues that was seen by *Bloomberg*. "Apple has been my life, but now is the time for me to move on and help bring to life a new set of products." Novotney also helped bring the Apple Watch to market, having been brought on to the project by Apple chief operating officer Jeff Williams and former head designer Jony Ive.

'India Quotient plans for a 25% IRR in Opportunities Fund I'

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NEW DELHI

Homegrown venture capital firm India Quotient, which has nearly 60 companies in its portfolio including ShareChat, Masai School, LendingKart, Sugar, and Giva, is gearing up to launch two new funds this year. The VC firm, founded by Anand Lunia and Madhukar Sinha, plans to launch its fifth venture capital fund as well as its second opportunities fund to invest in the winners of its portfolio.

VCCIRCLE

India Quotient invests from its $109 million fourth fund.

In an interaction with *VCCircle*, India Quotient partner Kanika Agarrwal, who joined the VC firm last year, gave insights into the two upcoming funds, performance of current ones, exit strategies and more. *Edited excerpts*:

How has the deployment from the fourth fund been so far?

We didn't invest much in 2021, when we launched the fourth fund because we have been focused on the price we were getting. In a lot of these businesses, it did not make sense for us to invest.

Since last year, we have been extremely active. So, in the last 15 months, we've done a deal a month. We've been very active in terms of where we are deploying.

We have enough dry powder, and we will continue to invest in the vehicle till the end of the year. By that time, fund five will be in place.

How has Opportunities Fund 1 been performing?

The Opportunities Fund allows us to double down on our winners and do a 25-30% internal rate of return (IRR) with very low mortality. We're picking and choosing from companies that are raising the next rounds of funding and putting money in some of them. So, Opportunities Fund 1 is shaping up very well. We plan to do a 25% IRR. Looks like we will achieve that.

Can you share more about the second Opportunities Fund?

The $40 million second opportunities fund will have an average ticket size of $5 million. We will use the fund to invest in eight to 10 companies. The focus will be just on generating quick IRR and exit.

What delayed the launch of fund five as India Quotient was looking to launch it in mid-2023?

We sat out so much of 2021 that we had too much dry powder to deploy. As a result, our fundraising got pushed back by a year. Last year, we found a lot of opportunities as valuations moderated and we became pretty active.

> We have enough dry powder, and we will continue to invest in the vehicle till the end of the year
>
> **Kanika Agarrwal**
> Partner, India Quotient

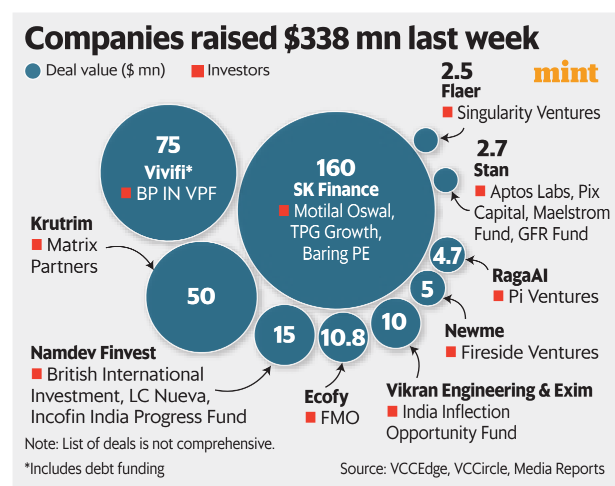
How are the exits shaping up from the second and third funds?

It will be early to talk about exits from fund three. But from the second fund, we're in the process of making a few exits. We have been a DPI (Distributed to Paid-In Capital) focused fund, so we're focused on retu-rning hard cash to limited partners. We had a net DPI of 5.9x from fund one.

We're hoping to achieve similar numbers from fund two.

What will be the target corpus size of fund five? Will it have a higher corpus than the previous fund?

We want to have a similar-sized fund. It's harder to target a 4-5x fund return on a larger fund size. So, Fund 5 would be similar size as Fund 4.



SARVESH KUMAR SHARMA/MINT

Total value of PE, VC investments up but volume slides

K Amoghavarsha & Malvika Maloo
BENGALURU

Private equity and venture capital investments continued to grow in terms of value last week, even as deal volume fell on the back of a few big ticket transactions.

Mergers and acquisitions (M&A) activity also slumped in terms of transaction volume, on a week-on-week basis.

Last week saw startups securing around $338 million, 75% higher than the $193 million raised the week before.

Deal volume, however, dropped to 17, in contrast to the 25 PE/VC transactions recorded a week ago.

VCCIRCLE

In the week's largest transaction, non-banking lender SK Finance raised ₹1,328 crore in a mix of equity and debt infusion from a bunch of new investors including MOAlts, Duro Capital, Axis Alternatives, Ananta Capital and Mirae Asset Venture Investments along with existing backers—TPG Growth, Norwest Venture Partners and Baring Private Equity India.

The financial services space also saw two Series B transactions last week. The second largest deal, in terms of value, was Hyderabad-based Vivifi India Finance's $75 million Series B funding round from a US-based investor in a mix of equity and debt. The name of the investor was not disclosed.

The week saw Ola co-founder Bhavish Aggarwal's new artificial intelligence startup Krutrim raising $50 million led by Matrix Partners India at a valuation of $1 billion, making it the first unicorn this year. It also makes Aggarwal only the second Indian behind three unicorns after Supam Maheshwari, who co-founded omnichannel retailer for baby and kids' products FirstCry, logistics firm XpressBees and e-commerce roll-up platform GlobalBees.

Jaipur-based Namdev Finvest has also raised $15 million in a Series B funding round from institutional investors including British International Investment (BII) and LC Nueva as well as existing backer Incofin India Progress Fund.

All but six deals this week fell within the sub-$10 million value bracket, while the value of three deals was undisclosed.

Amongst the notable ones, San Francisco and Bengaluru-based RagaAI, which was founded by former vice president of Ola Electric Gaurav Agarwal raised $4.7 million in a seed funding round led by pi Ventures.

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Holcim to spin off North America unit

Bloomberg
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Holcim Ltd, the world's largest cement maker, said Sunday it plans to separate its fast-growing North American business to pave the way for a listing next year in the US.

The Swiss maker of building materials also named its European head, Miljan Gutovic, as chief executive officer. He will replace Jan Jenisch, who will remain chairman. The executive move is effective 1 May.

A valuation of more than $30 billion is in "the right ballpark" for the unit, Jenisch said in a conference call after the announcement.

Holcim shares soared 38% last year, reaching the highest level since 2015 in December. They closed Friday at 64.20 francs.

The spinoff "should be a very value-creating move from our side for our shareholders," Jenisch told reporters. "We now make two independent champions."

Miljan Gutovic, chief executive officer (to-be), Holcim.

The separation unwinds a period of acquisitions around the globe for Zug, Switzerland-based Holcim, triggered by diverging regulatory regimes in North America and Europe. North America accounted for $11 billion of revenue last year, according to Jenisch.

In 2022, the region generated more than a third of the company's revenue.

CreditWise plans to grow AUM 6-fold in 3 yr

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BENGALURU

CreditWise Capital Pvt. Ltd, a non-banking financial company that offers loans to buy two-wheelers, is aiming to grow its total assets under management (AUM) by about six times in the next three years even as it looks to raise an institutional round of funding, a top executive told *VCCircle*.

The Mumbai-based non-banking lender is targeting an AUM of about ₹3,500 crore (about $421 million) in the next three years, co-founder Aalesh Avlani said, adding that the number is ₹550 crore now.

The consumer finance NBFC was set up in August 2018 by Avlani and Hirak Joshi. It focuses on providing two-wheeler financing and says the average ticket size of the loans it offers is around ₹80,000. The firm last year entered into a co-lending agreement with HDFC Bank for two-wheeler financing in tier-II, III, and IV towns.

The Mumbai-based non-banking lender is targeting an AUM of about ₹3,500 crore.

ISTOCKPHOTO

Before that, it announced a ₹400 crore co-lending partnership with Muthoot Capital.

"We have a couple of good partnerships that have taken care of our supply for the next 24 months. So, for us the aim is to just press on the gas pedal and keep growing," said Avlani.

VCCIRCLE

The growth in business would mostly be organic. However, CreditWise is open to inorganic opportunities, too, he said.

The non-banking lender last announced a $6 million seed funding round in 2020, from angel investors such as Ajay Goel, a Stanford Business School alumnus and serial investor; Anuj Golecha, founder of Venture Catalysts; Gaurav Gandhi, director at EssGee group; and Anup Agarwal, director at Shanti Group.

Since then, the finance company has raised another round of capital but hasn't announced it yet. Currently, the firm is gearing up for a larger round, where it would raise capital from institutional investors.

While the company is primarily focused on retail lending, it also cross-sells other financial services including motor insurance, health insurance and personal loans to its customers, which is carried out mostly through partnerships. The company has so far grown without any physical branch and relies on digital tools such as WhatsApp to disburse loans.

The company reported ₹63.3 crore in revenue for the financial year through March 2023 and a net profit of ₹1.5 crore, as per its annual filings with Registrar of Companies.

It aims to double its revenue to about ₹130 crore while improving its profit to about ₹8 crore in FY24.

Going forward, the company's strategy is to build its distribution network and add more products. This would include moving beyond two-wheeler financing and adding used-car financing to its loan offerings.

Index	Close	1-week change (%)	1-month change (%)	3-month change (%)	6-month change (%)	1-year change (%)
S&P BSE Sensex	70700.67	-1.37	-0.57	10.39	-0.57	17.43
Nifty 50	21352.60	-1.25	0.01	11.66	8.50	19.34
Nifty 500	19393.00	-1.09	1.78	15.70	14.77	27.82
Nifty Next 50	54291.75	-0.76	4.52	25.04	22.26	33.17
Nifty 100	21666.50	-1.14	0.73	13.83	10.73	20.54
S&P BSE Mid-cap	37746.29	-1.20	5.19	22.08	26.88	53.08
S&P BSE Small Cap	44363.74	-0.17	5.62	22.14	29.42	57.57

MINT SHORTS

After debt sale deluge, early signs of a hangover

Investors have snatched up record amounts of bonds in January, but they're showing signs that their appetite for the debt isn't endless. Prices for bonds have broadly fallen by about a penny on the dollar this month on average, hurt by the more than $720 billion of fixed-income securities that companies and governments have sold. The leveraged loan market is already seeing signs of pushback, with some issuers offering wider spreads than originally discussed to get deals done, Citigroup Inc.'s Michael Anderson wrote in a note in the latest week. JPMorgan Chase & Co. meanwhile cautioned that risk premiums for high-grade US corporate bonds may widen next month, in part because valuations are so high now, and the market often weakens in February. Investment-grade corporate bond spreads averaged just 0.93 percentage point on Thursday, the tightest in two years, according to data compiled by *Bloomberg*. **BLOOMBERG**

The Fed's preferred inflation gauge decelerated to 2.9% in December. AP

Fed policy decision could be the prelude to a March rate cut

Federal Reserve policymakers may finally be right on the verge of cutting interest rates.Going into this week's two-day policy meeting, which wraps Wednesday afternoon in Washington, investors are assigning roughly even odds to the prospect that the US central bank will start lowering borrowing costs at its next decision in March. That makes Fed Chair Jerome Powell's press conference, and any signal he may or may not choose to send, of critical importance. It all comes down to how Powell and his colleagues have been reading the recent spate of economic data. On one hand, inflation numbers continue to surprise to the downside. The Fed's preferred gauge decelerated to 2.9% in December, crossing below 3% for the first time since early 2021, according to data published Friday. On the other, consumer spending continues to be surprisingly robust. It's undoubtedly getting a boost from the downdraft in inflation, but the strength still may keep some worried. **BLOOMBERG**

DLF builds on robust luxury home demand

Harsha Jethmalani
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Buoyed by a robust demand for its properties in the ongoing fiscal year, real estate developer DLF Ltd has set the pre-sales bar higher for FY25. It has already surpassed its pre-sales (bookings) target of ₹13,000 crore for FY24 within nine months of the year by clocking ₹13,316 crore, helped by new launches.

Thus, HDFC Securities now expects FY24 pre-sales at ₹15,000-16,000 crore. "Post this performance, concerns may emerge on FY25 pre-sales, which may be mitigated by a strong FY25 launch pipeline of ₹32,000 crore, of which ₹24,200 crore is earmarked for the luxury segment," said the brokerage in a report.

In FY25, DLF plans to launch 10 million square feet (msf) projects. These will include a super-luxury project in DLF Phase V and the Privana South Phase 2 project in Gurugram; luxury projects in Chennai and Goa; Phase I of the Mumbai project; and projects in Panchkula. The Mumbai project is an SRA (slum rehabilitation authority) one under the joint development agreement model. Given the elevated competitive intensity in the Mumbai Metropolitan Region and challenges relating to SRA projects, investors would be better off tracking progress here. For now, DLF seems to be in good shape. The company is eyeing what it calls a moderate 15% pre-sales growth in FY25.

"Strong new-launch pipeline guidance drives our FY24, FY25 and FY26 pre-sales estimates up by 2%, 9% and 12%," said Jefferies India's analysts. The brokerage has also raised its earnings estimates for DLF for FY25 and FY26 by 2% and 5%, respectively.

In the December-quarter results (Q3FY24) announced last week, DLF recorded its highest-ever quarterly bookings of ₹9,047 crore, helped by three new projects totaling over 5 msf across multiple segments. The launches during the quarter were DLF Privana South, Gurugram- a luxury high-rise development; Central 67, Gurugram–a shop-cum-office plotted development; and The Valley Orchard, Panchkula-low-rise independent floors.

DLF witnessed healthy demand momentum across all these products and both projects in Gurugram were completely sold out in record time, the management said in an earnings call. This has led to lower inventory levels. Consequently, DLF also achieved its highest collections of ₹2,500 crore, giving its net cash position a boost.

In the commercial segment, after the recent relaxation in SEZ (special economic zone) rules, which allow for floor-wise conversion to non-SEZ buildings, DLF has already applied for conversion of 1.1 msf of space to non-SEZ. The approvals for conversion are expected by March/April. DLF will start marketing the space in March. Overall, the management is confident that the SEZ vacancy will return to normalcy within a few quarters. The potential improvement in occupancies should aid rentals.

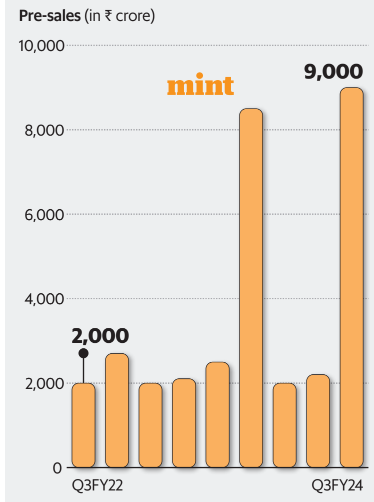
Meanwhile, thrilled investors have piled into DLF shares, lifting them by a whopping 115% in the past year, comfortably beating the Nifty Realty index. The ongoing momentum in demand for high-end/super luxury residential property has aided sentiments. Further, DLF is among the key beneficiaries of the ongoing sector consolidation, which has also bolstered its balance sheet. The trajectory of new launches and sustainability of demand momentum in the luxury segment will be crucial triggers for the stock. On the flipside, some factors could spoil sentiments. "DLF has a long gestation land bank of 187 msf which could take more than two decades to monetize," said Nuvama Institutional Equities. It added that around 60% of DLF's total land bank is concentrated in the National Capital Region, which exposes the company to concentration risks.

It has already surpassed its FY24 pre-sales target of ₹13,000 crore. HT

Real deal

DLF's pre-sales in Q3FY24 hit a record high, backed by new launches

Pre-sales (in ₹ crore)



Source: Company, Motilal Oswal Financial Services

PRANAY BHARDWAJ/MINT

IN FINE FETTLE

IN FY25, DLF plans to launch 10 million square feet (msf) projects

THE real estate company is eyeing an on-year 15% pre-sales growth in FY25

IN Q3FY24, DLF recorded its highest quarterly bookings of ₹9,047 crore

Europe operations to continue to hurt Tata Steel's earnings

Vineetha Sampath
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The year 2024 has started on a dismal note for investors of Tata Steel, whose stock has already fallen by 4% so far.

The December quarter (Q3FY24) results show Tata Steel's European operations continue to make losses. In Q3, loss at the Ebitda level rose to about ₹2,872 crore, the highest in the past five quarters, at least.

Besides subdued demand, production shortfalls in the Netherlands and the UK had a bearing on Q3 earnings. Ebitda is earnings before interest, tax, depreciation, and amortization.

The European business is likely to report losses in Q4 as well.

While the UK business is expected to see a sequential increase in net realization, the Netherlands would see a drop.

Moreover, both the operations are likely to see a sequential increase in the cost of coking coal, a key raw material.

The bright spot is that Tata Steel expects the Netherlands facility to turn Ebitda positive in FY25, as another blast furnace would start operations by January-end.

Further, the loss in the UK operations is expected to reduce significantly aided by restructuring activities.

"Though Europe losses shall reduce, they shall barely break even on Ebitda in FY25," said a Nuvama Institutional Equities report dated 25 January.

Meanwhile, Tata Steel's Indian operations are comparatively in a better place.

In Q3, standalone Ebitda stood at Rs 8,250 crore, up 20% sequentially, aided by better volume and realization. But in Q4, the Mumbai-based steel maker expects net realization, which was Rs 71,069 a tonne in the December quarter, to fall sequentially by ₹1,000 per tonne.

Adding to the woes is the cost of coking coal, which is likely to be $10 per tonne higher sequentially.

This follows a $4-per-tonne sequential increase seen in Q3. But the silver lining is that this cost increase is lower than the industry's as Tata Steel uses blended coal.

Tata Steel expects the Netherlands facility to turn Ebitda positive in FY25, as another blast furnace starts by Jan-end

To be sure, global steel prices continue to be subdued amid higher Chinese exports. Note that China is a crucial market for metals. As such, for shares of Tata Steel to see a meaningful rally, steel prices need to pick up pace, which hinges on an uptick in global demand.

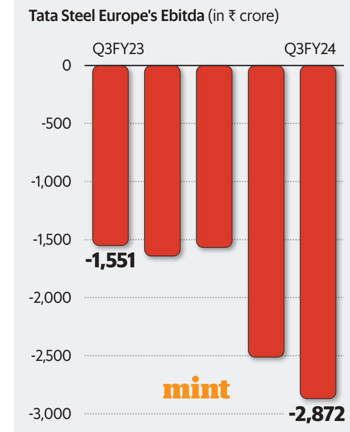
Another trigger is the narrowing of losses in the Europe operations.

"Despite being positive on structural improvement in Tata Steel UK, we would keep a close tab on the cash outgo towards restructuring and redundancies," said analysts at ICICI Securities in a report on 26 January.

In deep red

In Q3FY24, operating loss in Tata Steel's Europe business rose year-on-year and sequentially

Tata Steel Europe's Ebitda (in ₹ crore)



Note: Ebitda is earnings before interest, tax, depreciation and amortization

Source: Company, Nuvama Research

PRANAY BHARDWAJ/MINT

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

FPIs raise bearish bets, to keenly eye budget

FROM FRONT FLAP

their cash portfolios by selling index futures (Nifty and Bank Nifty mainly). This month, selling on the cash segment intensified after HDFC Bank showed lower net interest margin and deposits in Q3 than anticipated by the Street. This month, selling on the cash segment intensified after HDFC Bank showed lower net interest margin and deposits in Q3 than anticipated by the Street.

This was followed by a tepid performance by FMCG major HUL, Kotak Mahindra, and LTIMindtree on certain key parameters.

Nilesh Shah, managing director, Kotak Mahindra AMC, said the vote on account should boost growth "through investments in road, railway, water, renewable energy, digital education and healthcare. The same should be funded through asset monetization and divestment, so that path of fiscal prudence can be achieved".

Fiscal deficit, which measures the excess of government spending over its earnings, is budgeted at 5.9% of GDP in FY24 and expected to reach below 4.5% by FY26. The FM's speech on this will be carefully followed by FPIs.

The national statistics office estimates that private final consumption expenditure, defined as household expenditure on final goods and services, expanded by 4.4% of GDP in FY24, the slowest since the pandemic-stricken year of FY21 when it contracted by over 5%.

The counterparties to the FPIs are retail investors and HNIs, termed "client" by NSE, who have a net cumulative buy position of 97,537 contracts; and proprietary traders, who hold a net positive 45,757 contracts. Interestingly, DIIs, led by MFs, held a net short position of 34,411 contracts.

Thes bearish bets are being viewed as a hedge against anticipated volatility by investors. MINT

Markets to focus on budget, Fed policy

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The interim budget, the US Federal policy decision, and quarterly earnings will be the major drivers for stock markets, which may also see some consolidation this week, say analysts.

Besides, investors would also focus on the trading activity of foreign investors and global trends for further cues.

From the macroeconomic front, the PMI (Purchasing Managers' Index) data for the manufacturing sector is scheduled to be announced on Thursday.

Finance minister Nirmala Sitharaman will present the interim budget for 2024-25 on 1 February.

The Federal Open Market Committee meeting will be held on 30 and 31 January.

"Market is likely to consolidate further ahead of the US Fed interest rate decision where the Fed is expected to maintain status quo and give some hint with regards to rate cut timeline. Apart from this, BoE (Bank of England) monetary policy is also due coupled with a few key economic data releases which might keep markets volatile.

"Further many heavyweights would be releasing their earnings this week, thus stock-specific action would continue despite market consolidation," said Siddhartha Khemka, head, retail research, Motilal Oswal Financial Services Ltd.

Adani Green Energy, Bajaj Finance, Bajaj Finserv, Maruti Suzuki India, Titan and InterGlobe Aviation will announce their quarterly earnings this week.

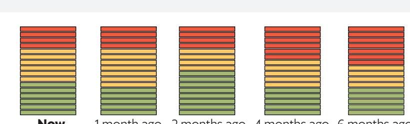
Investors would also focus on the trading activity of foreign investors and global trends for further cues

This week is crucial, aligned with the key budget event, which typically sets the market direction, Rajesh Bhosale, technical analyst at Angel One, said. "Going forward, global market factors like the policy rate decisions of major countries will affect the markets, and markets are likely to witness stock-specific actions during the ongoing earnings season," said Vinod Nair, head of research, Geojit Financial Services. Last week, the BSE benchmark fell by 982.56 points or 1.37%, and the Nifty declined 269.8 points or 1.24%.

This week is poised to be pivotal, marked by significant events.

MINT MACRO TRACKER

Launched in October 2018, Mint's macro tracker provides a monthly comprehensive report on the state of the economy, based on trends in 16 high-frequency indicators. For each indicator, the value in each month is assigned a colour-coding (**red**, **amber** and **green**) to denote where it lies relative to the five-year average (worse, in line, or better). As of December, four of the 16 indicators were in red, six in green, and six in amber—an improvement from six months ago.



For each indicator, an average band (shown in grey) is constructed around the five-year average value. The size of the grey band rises with volatility. Values falling above this band are in green, those falling below are red, and those within this band are coded amber (the red/green coding is reversed for inflation). While calculating the five-year average, data for some indicators for April-May 2020 and 2021 have been removed to eliminate lockdown-induced skews in the trend. All data as of 26 January 2024.

Source: Centre for Monitoring Indian Economy, Bloomberg, Mint calculations

Data: Payal Bhattacharya; Graphics: Paras Jain

Firms look for older CXOs as covid-led startup wave ebbs

Global conditions have upped the demand for tenured leaders who can navigate uncertainty

Devina Sengupta
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MUMBAI

An explosion of startups in the pandemic years lifted a number of younger executives into corner offices. With the tide going out, the age profile of the CEO has changed as well.

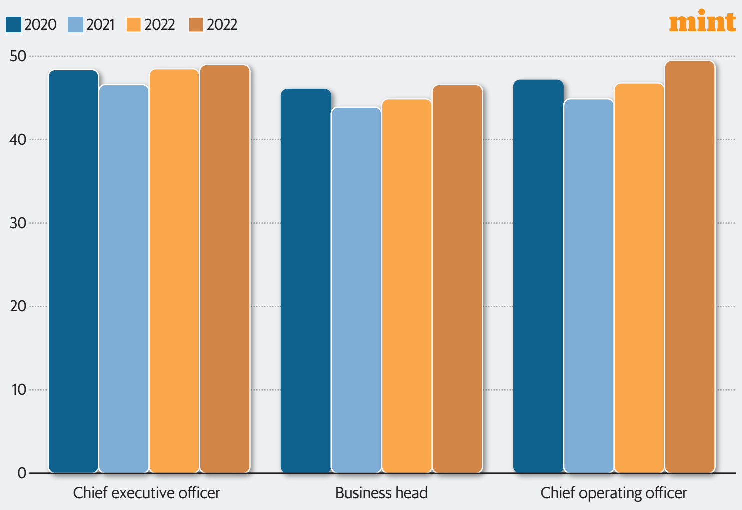
Search firm Accord India, which tracked more than 3,000 leadership movements since 2020, said the average CEO age stood at 48.4 in 2020 but dipped to 46.6 the next year as startups mushroomed.

The number rose to 48.5 in 2022 as a funding winter set in, rising further to 49 in 2023, Accord data shared with *Mint* showed.

The study—*Market Moves Insights 2020-2023*—showed that 85% of the top hires in 2023 were made by established companies, and 15% by companies backed by private equity (PE) and venture capital (VC). In the previous year, the figure for the startup sector stood at 29%.

Up cycle

The average age of CEO hires in 2020 was 48.4, which fell to 46.6 in 2021, rose to 48.5 in 2022, and has risen further to 49 in 2023.



Note: The study tracked 3,000-plus leadership movements since 2020, and covered both listed and unlisted companies in sectors including consumer goods; banking, financial services and insurance; real estate; manufacturing; retail and information technology, among others.

Source: Accord India

PRANAY BHARDWAJ/MINT

"Increasing global and economic complexity has resulted in the continued demand for tenured leaders who can navigate uncertainty. Blowups in parts of the startup ecosystem have also accentuated this trend," said Sonal Agrawal, managing partner of Accord India, which headhunts senior executives.

85
Percentage of top hires in 2023 made by established cos

In 2021, information technology and startup companies desperate to fill CXO roles lured senior leaders from the manufacturing, banking and consumer sectors with hefty compensation and stock options, bringing down the average CEO age. In the years since, startups have laid off more than 30,000 employees and barely hired for senior levels, as PE and VC capital thinned to a trickle.

"We were not obsessed with promoting young talent the way startups do, and at the same time, there is little point in taking someone in who has little runway (years until retirement) left. Hiring leadership depends on the sector and some such as engineering, procurement and construction will require heads who are 50-plus years of age," said S. Venkatesh, group president of human resources (HR) at RPG Group.

It was the fintech and startup sectors that pushed for younger leaders, the HR head of one of India's top three insurers said on the condition of anonymity. "The investors realized the mistakes that startups made over the last couple of years, and may now want more experienced leaders."

Energy and mining group Vedanta offers incubation projects where employees interested in pursuing a business idea can submit proposals; however, applicants with a certain minimum work experiences are preferred.

15
Percentage of top hires in 2023 by PE, VC backed firms

"We said age is no bar and wanted not just enthusiastic youngsters but also the more experienced executives to think of business ideas. In the last three weeks since we started the programme, more than 700 applications have come and we plan to select about 100-120," said Praveen Purohit, deputy chief human resources officer (CHRO), Vedanta Group.

According to a recruiter, ageism, or preferring younger employees to older ones, is cyclical, and sectors that craved for young talent are the first to now want experienced professionals.

"The fintech sector had wanted young CXOs who are digitally savvy and understand the younger brigade, and now they want those who have experience of handling crises. But, these demands are cyclical," Aditya Narayan Mishra, chief executive of CIEL HR Services, said.

According to the Accord India study, overall senior hiring dropped by 7% (877 CXOs, business and functional heads in 2023 versus 943 in 2022). CEOS bucked the trend, and their recruitment saw a 21% spurt in 2023 versus 2022. Interestingly, while Accord reports high demand for HR heads among different functions, executive search firm Korn Ferry sees appetite for chief financial officers (CFOs).

"While the industrial, life sciences and manufacturing sectors are upping their mandates for CXOs, the need for CFOs is highest for us, followed by experts in sales and digital marketing," said Navnit Singh, chairman and regional managing director, Korn Ferry.

In the last fiscal year, more than 50 CFOs resigned from listed companies, compared with 30 plus in the previous fiscal year.

Accord data shows 166 CHROs were appointed in 2023 compared with 150 and 100 in 2022 and 2021, respectively.

"The people agenda is now front and centre for all boards, and CEOs have felt the need for strategic HR heads who can work closely on business imperatives," said Agrawal.

MINT Q3 EARNINGS TRACKER

The combined revenue of the companies that have declared their December-quarter financial results so far has risen 12.6% year-on-year, while net profits have risen 30.1%, a *Mint* analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, the topline grew 3%, while profits were up 33.8%.

The analysis covered 464 BSE-listed companies (including 103 banking and financial services firms) that had declared their results by Friday and whose data was available on Capitaline's database.

Watch this space for updates every week as more companies announce their results in the ongoing results season.

Q3 results so far, BSE-listed firms

	Total: 464 companies	Excl. BFSI: 361 companies
Aggregate revenue	₹16.61 tn (▲ 12.6%)	₹10.97 tn (▲ 3.02%)
Aggregate net profit	₹1.57 tn (▲ 30.1%)	₹0.85 tn (▲ 33.8%)

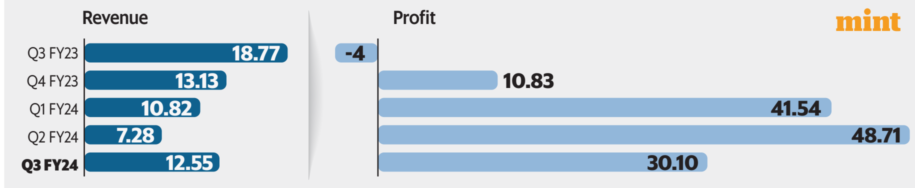
Figures in brackets denote year-on-year change for the same set of companies. Standalone data used.

Upcoming key results this week

ITC	Monday, 29 Jan
Bajaj Finance	Monday, 29 Jan
NTPC	Monday, 29 Jan
Larsen & Toubro	Tuesday, 30 Jan
Bajaj Finserv	Tuesday, 30 Jan
Sun Pharmaceutical Industries	Wednesday, 31 Jan
Maruti Suzuki	Wednesday, 31 Jan
Titan	Thursday, 1 Feb
Tata Motors	Friday, 2 Feb
State Bank of India	Saturday, 3 Feb

Year-on-year change in aggregate results (in %)

Number of companies: 464



Analysis by Payal Bhattacharya

Standalone data used.

Source: Capitaline, Mint calculations

SATISH KUMAR/MINT

CEAT eyes replacement tyre mkt growth, aided by PV sales

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NEW DELHI

Tyre maker CEAT Ltd is looking to cash in on the growth of passenger vehicles sales in India, which will boost demand in the replacement market going forward, according to the company managing director & CEO Arnab Banerjee.

The company is also gearing up to enter the passenger vehicles (PV) and truck and bus radial (TBR) tyre market in the US in the first quarter of the next fiscal, with an eye on making its international business a growth engine.

"Four million cars means immediate translation into replacement demand in the next two to three years. So it is a very good trajectory. The Original Equipment Manufacturer (OEM) trajectory is boding very well for the replacement market," Banerjee told *PTI*. He was responding to a query on the impact of the growth of PV sales in India on tyre makers.

Arnab Banerjee, managing director & CEO CEAT Ltd.

In 2023, PV sales in India touched a record high at 41.08 lakh units, growing by 8.3% over the previous year driven by SUVs, which accounted for almost half the total dispatches from manufacturers to dealers.

Banerjee added, "What is even more heartening is that we are gaining share in the replacement market, inch by inch. Even if it is a decimal gain in a quarter it is a good share gain. We want to achieve market leadership in PCUV (passenger cars and utility vehicles), in a growing segment." The two other trends of electrification and premiumization also augur well for tyre makers, he added.

"Half the cars (PVs sold) are SUVs. The tyres are larger, with higher margins. They are margin accretive. We are quite bullish on passenger vehicle tyres. We are investing heavily in R&D and in marketing as well. Yes the (PV) market growth is good news for the tyre industry in general and for CEAT in particular," Banerjee said.

JSW Steel expects local sales, exports to rise in March qtr

Naman Suri & Nehal Chaliawala

NEW DELHI/MUMBAI

Amidst a recovery in global steel prices and the upcoming general elections, JSW Steel maintains an optimistic outlook for the domestic steel market for the fourth fiscal quarter, expecting a notable uptick in steel volumes, Jayant Acharya, joint managing director of the company, said in an interview.

"I expect the volumes will be better, driven by a seasonally strong quarter. The global steel prices in the last month have improved in the US, Europe, and China, as well as in the Asian regions," he said, adding that the buoyant global prices should translate into better pricing even in the domestic market.

Steel exports, too, should see an uptick in the January-March quarter, he said. "We are witnessing a better global environment for exports and that should increase the export volume, which we are already seeing in the order book. So, stronger volumes in the fourth quarter should be possible," Acharya said.

As the country gears up for general elections, Acharya is hopeful that the government will maintain its focus on public capital expenditure, manufacturing growth, and energy transition initiatives, leading to higher demand for steel. "The overall steel demand for the decade in the medium term should be good. And we will continue to look at the domestic Indian market and put capacities accordingly," he said.

JSW Steel joint managing director Jayant Acharya.

JSW Steel's domestic sales in the third quarter (October-December) increased just under 5% from a year earlier to 5.8 million tonnes, chiefly driven by increased sales to industrial customers in the auto, renewable energy, and packaging industries.

Exports, meanwhile, were at about 550,000 tonnes, constituting just 9% of the company's sales. This, Acharya said, was largely a consequence of the subdued global markets and aggressive pricing by Chinese producers.

The company also experienced an increase in key raw material prices as coking coal and iron ore prices inched upwards during the quarter. Acharya expects it to continue being a concern in the current quarter.

"I think coking coal prices could increase by $20-25 (per tonne). Iron ore prices are also elevated," he said. "I expect that some of that will be mitigated through higher volumes and a better mix both from better export pricing and some improvement possibility in the domestic market."

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'We'll lift Zee stake to 26%; no plan to raise external funds'

Gaurav Laghate

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MUMBAI

Five years since Zee Entertainment persuaded lenders not to classify its debt as default, the media giant is facing pressure to oust its promoter family, after an aborted merger with Sony Pictures in India. In an interview, founder Subhash Chandra said his son Punit Goenka, who heads Zee, is the right person to lead it in the future as well, as he aims to raise the family's stake in Zee from 4% to 26%. *Edited excerpts:*

Is it a deja vu moment after Sony pulled the plug on the deal, stock is at an all-time low, and investors are trying to oust the Zee promoter family?

As you know, the 25th of January was the fifth anniversary of our failure in the capital market, when Zee's shares fell almost 40%. That time, I had 38 lenders sitting in my board room. I was accompanied by Punit and Amit on my side and I asked the lenders to have patience. I promised that I would repay all of them. They agreed, which was a first in India's financial history, where lenders gave the borrower a year to pay back, after I failed to pay them back in time.

Not everyone succeeds in all the businesses they do, but we still repaid almost 92% of the lenders. Five years down the line, I am asking the shareholders to have patience. Punit is the right person to run the company and there is no problem with Zee. It is a profitable, zero-debt company.

Were you on board with the Sony merger and what was your reaction when you realized it is probably failing?

As a founder and promoter, Zee still remains my child and I want it to progress, flourish and remain in good hands. So, when this proposal of a merger with Sony came in September 2021, it took me two to three days to say yes. Knowing that Sony is a Japanese company also gave me comfort that Zee can continue to run as an Indian company, performing the role of the soft power for India.

It was only in the first week of December last year that I was told of some problems brewing that may result in the merger not happening. As a family, we were of the view that the merger was good for Zee, for all its shareholders, viewers and other stakeholders. That is why we were supporting this deal.

INTERVIEW

Sony asked Punit to step aside due to the Securities and Exchange Board of India (Sebi) investigation, despite the fact that the Securities Appellate Tribunal (SAT) overturned the Sebi order, and Sebi did not go to the Supreme Court against the SAT order. Punit was ready to step aside, but there had to be certain safeguards.

In between, Sony started driving the business from the backseat, which I didn't realize till I took stock of everything. In the name of compliance, Zee spent ₹400 crore in settling some claims, just because Sony wanted them settled. Claims which would have otherwise been challenged, like the IPRS matter, were paid off and it impacted the performance of the company.

Now investors again saying that Punit should step aside.

The question for the shareholders is if you think Punit can't run the business, who can? Let me tell you that Zee is a very complex business. It produces 50 hours of content daily across Hindi, regional and 10 international languages. This is unheard of.

Some shareholders may think that if Punit stepped aside, Sony would agree to the merger. But that is not true. This was already offered to Sony. As the founding family, we wrote to them and we had decided that even if Sony is demanding Punit's separation, we will agree to it but let us at least meet once. But they even refused to give me time for a meeting to close this discussion. So if shareholders think that Sony would agree to the merger if Punit stepped aside, it is ill-founded.

What do you think of Sony's demand for $90 million in termination fees?

They are going with the premise that offence is the best defence. From what I have been told and seen, Zee and Punit have done everything to make this merger possible.

What is the plan ahead for the promoter family? Do you anticipate any hostile takeover attempts?

There are always many suiters for a beautiful girl, who is of a marriageable age.

But as of now, I have advised my immediate and extended family to increase their shareholding in Zee.

> As of now, I have advised my immediate and extended family to increase their shareholding in Zee
>
> **Subhash Chandra**
> founder, Zee Entertainment

Amit (younger son) has earned reasonably well while being in Dubai. I have also asked him to invest. Slowly and gradually, we want to increase our shareholding in Zee.

That would require a lot of cash. Do you have that kind of money or will raise it again?

We eventually want to go back to 26%, but it will take time. Yes; we will need a lot of money. But we are clear that we are not going to raise funds from the outside. We don't want debt. It's not going to be overnight, but that's the intent.

Zee-Sony: What next after the merger collapse? >P10

District-level consumer courts will have to wait for the digital move. ISTOCKPHOTO

Centre to start digital services in all consumer courts by Mar

FROM PAGE 1

people cited above said on condition of anonymity.

Queries sent to the consumer affairs ministry were unanswered till press time.

Currently, the e-court service for redressing consumers' grievances is operational in only one bench of NCDRC in New Delhi. The formation of e-courts is aimed at expediting the redressal process and reducing the backlog of cases, which is currently at around 400,000 cases.

The initiative towards starting e-court services follows the successful resolution of 182,248 cases in 2022 and 182,750 cases in 2023, according to CCPA. Figures of previous years were not available.

The e-court services at the state and national levels will allow consumers to file and follow complaints without any loss of working day and spending on transport, the first person cited above said.

District-level forums, however, will have to wait for the digital move. "We are trying to start e-court services at district-level consumer forums by the end of this year," the second official cited above said.

NCDRC deals with cases exceeding ₹2 crore (in compensation), while SCDRCs handles cases between ₹50 lakh and ₹2 crore. District consumer dispute redressal commissions have jurisdiction over cases that entail up to ₹50 lakh in compensation.

Manish K. Shubhay, partner, The Precept Law Offices, and a Supreme Court lawyer, welcomed the plan. "The e-courts system ensures 24x7 access to vital legal information, including case status, cause lists and court orders, promoting efficiency and convenience. The transition to an e-courts system would make the justice delivery system in consumer jurisdiction more accessible, cost-effective and transparent."

"It's a pathbreaking move by the government, ensuring further decentralization of the complaint filing system for consumers. Convenience and simplicity ensure that every aggrieved consumer can reach the justice system sitting at home," said Ashim Sanyal, chief executive officer of Consumer VOICE. "However, we need to be cautious and prepared for more numbers overwhelming the system," Sanyal added.

Health insurers may get a new regulator

FROM PAGE 1

of the world's largest reinsurers, insurance penetration in FY24 globally is expected to be 6.5%; in India, penetration is expected at 3.8%. Life insurance penetration in India is projected at 2.9% and non-life insurance at 1% in FY24.

Insurance penetration is measured as a percentage of total premiums collected to the country's gross domestic product. It is one of the parameters used to assess the level of development of the insurance sector in a country.

Questions emailed to the finance ministry remained unanswered till press time.

The reform initiative would also spell out a plan to get the GST Council on board to reduce the goods and services tax on health insurance policies, which currently stands at 18%. The industry has sought tax treatment for health policies at par with life insurance, which attracts 5% tax.

"Reforms are required in the insurance sector if the mission of 'Insurance For All By 2047' is to be achieved. Insurance penetration in the country is low, and the situation in health is even worse. The government should definitely reconsider 18% GST on health insurance," said Devansh Sharma, who runs a chartered accountancy firm handling insurance sector clients.

The government may also bring stringent norms to curb misselling of insurance in coordination with Irdai. MINT

Another proposal is to raise the income tax deduction level for health insurance premiums from the current ₹25,000 (self and family) to ₹50,000, while raising this further for senior citizens. However, no view on this has been taken so far, the people cited above said.

Separately, digital banking units (DBUs) may be allowed to provide more financial products, including insurance policies and other products, to advance financial inclusion. This initiative may be launched first in a set of 75 new DBUs, and later in every new DBU.

"The idea is to extend basic digital services for delivering a whole host of financial products through the infrastructure set up under DBUs. This will help DBUs to turn into a major vehicle of financial inclusion, bringing banking and financial services to the doorstep of people in unbanked areas with limited financial services," said one of the two people cited above.

A DBU is a specialized fixed point business unit or hub housing certain minimum digital infrastructure for delivering digital banking products and services, as well as servicing existing financial products and services digitally, in both self-service and assisted mode.

The government may also bring stringent norms to curb misselling of insurance in coordination with the Insurance Regulatory and Development Authority of India (Irdai). It may also facilitate opening of the agency channel for the general insurance industry to increase insurance penetration.

Meanwhile, the government feels the need for a separate health insurance regulator to make health insurance affordable for all while addressing issues such as standardization of treatment costs and fast settlement of claims. The finance ministry has been in touch with the health ministry over this for some time and a definite plan is now likely to be unveiled.

According to CareEdge estimates, India's non-life insurance market will grow by approximately 13-15% over the medium term. The health insurance segment is on track to breach the ₹1 trillion mark, while motor insurance premiums may cross ₹85,000 crore in FY24, given the fact that they have already crossed ₹90,000 crore and ₹80,000 crore, respectively, last year, the ratings company said.

Shareholders of Byju's, Aakash object to Pai's debt conversion

FROM PAGE 1

from 27%.

The issue at hand dates back to May 2022, when Raveendran raised debt capital against a part of his shares in Aakash at onerous terms from global lending firm Davidson Kempner. Fearing a loss of control over the test prep subsidiary, Raveendran brought in Pai to acquire the debt held by Davidson Kempner. At that point, Kempner had reconstituted the Aakash board.

The objections of some dissenting shareholders are of "no consequence," one of the people cited above said, as the conversion was approved with no dissension by the board where Think & Learn had four votes, and Pai had two votes (which were previously held by Davidson Kempner).

Prosus, Blackstone, Chaudhry, Think & Learn and Pai did not respond to requests for comment.

"The shareholders of Aakash already approved the conversion of debt to equity when it was held by Davidson Kempner," the second person cited above said, arguing that Pai only stepped into the shoes of Davidson Kempner. This was disputed by one person sympathetic to the dissenting shareholders, who said that fresh shareholder approval was needed.

Byju's founder Byju Raveendran. MINT

However, Byju's and Aakash executives are working on measures to placate the shareholders and find a working solution with all on board. "There were meetings with more than two dozen key shareholders last week, where the conversion was discussed," the person said. "It is possible a solution may be found at a higher valuation."

> The outcome of this slugfest will have a bearing on the rights issue that Think & Learn is planning in the coming month

The outcome of this slugfest will have a bearing on the rights issue that Think & Learn is planning in the coming month. The shareholders of the company, though ready to back Think & Learn at a lower valuation, want to be sure about who Aakash, which is likely to go public over the next few years at a higher valuation, rests with.

Byju's, which has been battling multiple adversities in the past 12-18 months, finally announced its FY22 results after a delay of more than 22 months. The Bengaluru-based edtech company's losses ballooned to ₹8,245 crore from ₹4,564 crore in the year prior. Its consolidated income, on the other hand, rose to ₹5,298.43 crore in FY22, up from ₹2,428.39 crore in the year prior.

The company is likely to announce its FY23 results soon, Nitin Golani, its chief financial officer, had told *Mint* in a previous interview.

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Adani taps private equity firms, banks to raise up to $3 billion

FROM PAGE 1

the upcoming funds being raised, over $2 billion will be used for building up the green hydrogen capacity and solar panel manufacturing capabilities," said the first person.

"Green hydrogen is an area in which most of the global funds are increasingly willing to invest with focus on ESG (environmental, social and governance) compliance. Banks are comfortable with such projects due to their long-term sustainability and the government's emphasis on decarbonisation," said the second person.

The renewed interest in the Adani group's projects follows the Supreme Court's 3 January verdict on the Hindenburg Research matter, stating there is no ground to transfer the case to the Central Bureau of Investigation or a special investigation team (SIT), and that the contents of the Hindenburg report need not be taken as a "true state of affairs".

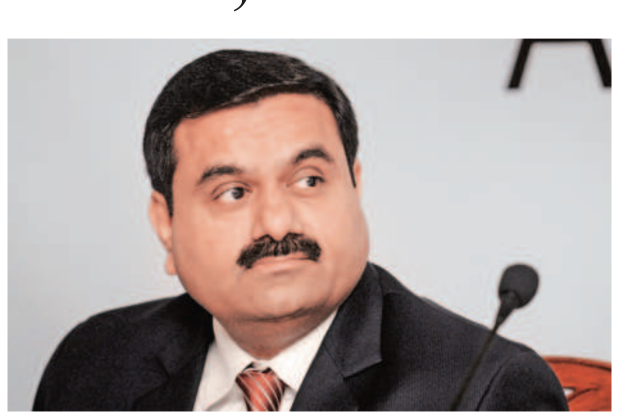
The conglomerate's market capitalization, which was eroded by $150 billion at one point last year following the Hindenburg report, crossed the ₹15 trillion mark soon after the Supreme Court judgement.

The Adani group has already invested close to $1 billion in the Navi Mumbai airport to operationalize the first of the four planned passenger terminals by December.

"The airport work will progress faster now with the direct connectivity established with Mumbai city and JNPT (Jawaharlal Nehru Port Trust) after the recent completion of the Mumbai Trans Harbour Link (MTHL)," the first person added.

MTHL was opened on 13 January to connect Mumbai with Navi Mumbai through the country's longest bridge built over a large creek of the Arabian Sea after five decades of rigorous planning.

The Navi Mumbai town planning authority—City Industrial Development Corporation—is building a 7km coastal highway from Amra Marg junction in Belapur to JNPT in order to provide smooth connectivity to NMIA and spur the state's economic growth.



Adani group chairperson Gautam Adani. MINT

For the Adani group, MTHL may provide further impetus to the business of NMIA, which requires a total investment of at least $2.5 billion, of which at least ₹12,770 crore ($1.74 billion) is expected to be raised as term loans from a consortium of lenders.

The Navi Mumbai airport project, which will have a capacity to handle 90 million passengers and 2.5 million tonnes of cargo annually, is planned to be completed by 2032.

On 13 January, civil aviation minister Jyotiraditya Scindia said 55% of the NMIA project has been completed, while the government aims to double domestic passenger traffic in the country from the present 150 million to 300 million by 2030.

> The group aims to fast-track some of its key mega projects in the airport and renewable energy space

Meanwhile, the Adani group is targeting a green hydrogen capacity of 3 million tonnes in the next 10 years with an investment of $50 billion. It has already spent about $2.5 billion in developing a backward integrated value chain for its green hydrogen project in Mundra, Gujarat, and hopes to implement the first phase with 1 million tonnes per annum capacity by fiscal 2027.

In June 2023, France's TotalEnergies SE and the Adani group said they plan to invest $5 billion to produce green hydrogen and related products in India, as the world's third-largest polluting nation seeks to decarbonize.

And, on 13 January, Solar Energy Corp. of India Ltd asked the Adani group to set up electrolyzer manufacturing capacity under the production-linked incentive (PLI) scheme for green hydrogen, which has encouraged the conglomerate to speed up its green hydrogen project and raise the required funds.

Adani Green Energy aspires to become the world's largest renewable energy company by 2030.

Till last year, Gautam Adani has maintained that 75% of the group's planned capital expenditure will be in green businesses, and that the group will invest $20 billion over the next eight years in renewables their related components and infrastructure.

‘India will become auto technology provider to the developing world’

However, our manufacturing industry is yet to become globally competitive, says Maruti Suzuki chairman

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India’s car industry will drive its manufacturing growth and play a big role in attracting investments and prosperity, Maruti Suzuki chairman R.C. Bhargava said, adding the country will become a provider of automobile technology to much of the developing world. However, despite the geopolitical advantages India benefits from due to the global policies of diversification, its manufacturing industry is yet to become globally competitive, Bhargava said.

“Today, India is the third largest car market in the world. I see the Indian car market growing, and we are the only large country which has potential to grow substantially over the coming years. I see India becoming a major exporter of cars and auto components, which are already at over $20 billion. I think in many ways, we will become the developers and providers of technology to a lot of the developing world in the automobile industry,” Bhargava said in an interview.


R.C. Bhargava, chairman, Maruti Suzuki. HT

“The car industry will drive manufacturing growth in India, and I see a big role for the car industry going forward because among all the manufacturing sectors; I believe the automobile industry is ahead of everybody else. It is the only area where all the major global manufacturers have invested in India and I can’t think of another manufacturing sector, where there’s so much of foreign interest and foreign actual investment from all the biggest players of the world,” he said.

However, Bhargava, a former civil servant, cautions that the Indian manufacturing industry is yet to achieve high levels of competitiveness and productivity, and its public enterprises in particular need to boost performance in the sector. These are themes he addresses in his latest book, *Impossible to Possible*, in which he describes what made Maruti Suzuki, the first and only instance of the government-run public sector undertaking (PSU) forming a joint venture with a foreign company (Suzuki) in India, starting manufacturing in India in a new sector by bringing in and adapting principles of productivity implemented by its Japanese partner.

4 mn
Maruti Suzuki’s production target for 2030

Maruti Suzuki, India’s largest car manufacturer, aims to produce 4 million cars by 2030, and surpassed the 2-million mark in 2023.

Bhargava, 89, and Osamu Suzuki, 93, have both retained their positions as chairmen of Maruti Suzuki and Suzuki Motor Corp. respectively, even after retiring from executive roles as MD and CEO, in a 40-year long partnership of trust, loyalty and friendship that aided the success of Maruti Suzuki, says Bhargava. Suzuki has held a majority stake in MSIL since the government disinvested in Maruti Udyog Ltd in 2002, and now owns nearly 60% of the company, generating outsized returns on the investment of ₹20 crore Osamu Suzuki made in the company in 1981, ‘staking his reputation’ on a company that was almost ‘guaranteed to fail’, according to Bhargava, because he was one of the few people who believed in the potential of India’s car market. Suzuki also helped Maruti break out of the mould of a traditional PSU and prioritize profitable growth and competitiveness.

“One of the ways in which the public sector performance can improve, and I think there’s no question that public sector performance needs to improve substantially if they are going to contribute to the country’s growth, is by getting strategic partners who will bring in systems which will help the company grow,” Bhargava said.

Swiss chocolatier Läderach eyes India expansion

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India’s burgeoning appetite for luxury, particularly Western-inspired trends, has caught the eye of Swiss chocolatier Läderach, which controls about 5% of the entire Swiss chocolate market.

Landing in Delhi just eight months ago, the brand faces stiff competition and complex import duties, but still sees huge potential in the market and expects to open at least half a dozen stores in the next two years.

“India is a promising market and the reason we have come to India is because so many Indian consumers have discovered us in different parts of the world. There is immense opportunity in such markets,“ Johannes Läderach, CEO of the family run luxury chocolate business, on a recent visit to India, told *Mint*.


Johannes Läderach, chief executive, Läderach.

“Though there is a free-trade agreement being negotiated between India and Switzerland which could be very helpful. This is because India is at the highest end of customs duties across the 20 markets we operate in. The duties are very complicated too based on varieties of chocolate being imported,” he said.

After 16 years of talks, India and Switzerland have inked a deal for a free trade agreement this year at Davos.

While the outline has been agreed upon, the details of the agreement are still being finalized. If the agreement comes through, it will be a breakthrough for the industry and a lot of progress has already been made on this front. It is likely to also reduce costs of imported luxury goods such as these, the CEO said.


Prahlad Kakkar, ad film maker.

Kakkar: Quality of ads has turned poor

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Eminent ad film director Prahlad Kakkar said the quality of advertising has turned poor in the country but things will change for the better.

Kakkar talking to *PTI* on the sidelines of Tata Steel Kolkata Literary Meet on Thursday said social media, digital media budgets have been slashed and creativity suffers.

“The quality of ad has turned so poor as there is no single creative bone left in the body. Creativity suffers, production value suffers,” Kakkar, best known for his work on the Pepsi TV commercials with Amitabh Bachchan and Sachin Tendulkar, said.

Commenting that lots of young people are now doing ads for money, he said: “We did it for passion”.

He said, “My advice to creative people—keep quiet, keep low. It (situation) will change as it cannot continue to be in such a stage for long.”

The 73-year-old, who had worked with filmmaker Shyam Benegal as assistant director for *Ankur, Manthan* and *Bhumika*, said his one word of advice for young, honest ad film-makers will be “always stick to the belief that what you say is right”.

Recalling his early career, Kakkar, who founded Genesis Film Production in 1977, said he took the brief from clients, which could be mundane, predictable stuff, but developed the storyboard in “my ways, rewriting in my ways”.

Kakkar also talked about his memoir *Adman Madman: Unapologetically Prahlad* co-written with author Rupangi Sharma which dwells on his eventful career, humorous anecdotes from his personal life and likewise.

Why Elon Musk is comparing index fund consultants to ISIS

Musk worries about the power other shareholders have over Tesla, and the advice they get

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The unsexy index fund helped make Elon Musk the world's richest man.

Now, he appears worried that passive shareholders will indirectly turn on him as Tesla shares sink in the midst of investor anxiety that the company has let its product pipeline stagnate.

Musk's index-fund concerns, which he has expressed publicly in piecemeal over the past two years, are twofold: Index funds have become too powerful, and they are overly influenced by proxy advisers that guide fund managers on votes in corporate matters.

Those worries might help explain why Musk, even as Tesla's largest individual shareholder, has contended that he holds inadequate control over the electric-vehicle maker. In his latest explanation for wanting more control, he said this past week that the proxy advisers Glass Lewis and Institutional Shareholder Services, or ISS, pose a threat to him. Musk's voting power at Tesla slipped following his sale of some shares, in part to buy Twitter in late 2022.

Elon Musk's voting power at Tesla slipped following his sale of some shares, in part to buy Twitter in late 2022. REUTERS

"I call them ISIS," Musk said Wednesday of ISS, using the name of the militant group also known as Islamic State. "There's a lot of activists that basically infiltrate those organizations and have strange ideas about what should be done."

Shares of Tesla finished the week down 26% for the year after it reported on Wednesday disappointing fourth-quarter results and Musk cautioned that the company had entered a period of slowing growth as it works to bring out a next-generation vehicle, maybe by late 2025.

Unlike in past periods of volatility for Tesla's stock, Musk's grasp on the company isn't as strong as before, when he held more than 20% of the shares. Today, he directly holds 13%.

Earlier this month, Musk surprised investors by publicly declaring he felt "uncomfortable" working to make Tesla a leader in AI and robotics without having 25% voting control of the company. This came even as AI and robotics are among the drivers of Tesla's share value.

On Wednesday, he cautioned that without that safeguard he "could sort of be voted out by some sort of random shareholder advisory firm."

His warnings baffle some corporate-governance experts, who chalk up his demands to an attempt to provide cover for what might ultimately be an unusual pay package and to rile up individual investors and gain their support before a pay proposal is presented to shareholders.

"I believe he is trying to get the board to do a new issuance of restricted stock units," Gregory Shill, a law professor at the University of Iowa, said. "At the end of the day, that's just a fancy way of asking for more money."

Musk's latest frustration with running a public company carries a tinge of his continuing war with what he calls the woke mind virus—his way of describing progressive liberal ideas that he finds overly concerned with being politically correct and against merit-based achievement.

"Decisions are being made on behalf of actual shareholders that are contrary to their interests! Major problem with index/passive funds," Musk tweeted in spring 2022 in response to a conversation about environmental, social and corporate-governance investing, or ESG. Musk is credited in many corners for focusing a car company on reduced harmful emissions; but lately ESG has become more controversial, particularly in some conservative circles.

Months later, he added, "Far too much power is concentrated in the hands of 'shareholder services' companies like ISS and Glass Lewis, because so much of the market is passive/index funds, which outsource shareholder voting decisions to them."

Vanguard Group, which uses both ISS and Glass Lewis services, is Tesla's largest shareholder behind Musk. Other top shareholders include many of the country's other big asset managers. Combined, they hold more voting power than Musk.

"We use proxy advisor resources with due diligence and care, and the funds' voting decisions are made independently, on the basis of the funds' proxy voting policies and procedures, and in investors' long-term interests," Vanguard says on its website.

Neither ISS nor Glass Lewis has publicly responded to Musk's claims. Both have previously pushed back hard against the suggestion that they are activist organizations, saying their recommendations are tailored to the policies of their clients, which have diverse and conflicting views.

In a statement last year, ISS Chief Executive Gary Retelny said his company had "been subject to a growing chorus of partisan attacks meant to malign our work and brand us as 'woke activists' and 'social engineers' pushing an ESG agenda."

Around the time Tesla was to be included in the S&P 500 index in late 2020, Musk began expressing worries about the power wielded by index funds, wading into a debate among certain academics and finance experts about optimal corporate governance and whether too much power was being consolidated among these funds, which transformed individual investing.

Tesla's entry into the S&P 500, one of the most widely tracked broad stock market benchmarks, meant that many funds had to buy up a lot of Tesla's stock, which, in turn, sent the share price higher.

In the weeks and months following its inclusion, Musk's net worth, largely tied up in Tesla stock, soared. Even as Musk says index funds and proxy firms hold too much sway over public companies, it isn't clear that recommendations from ISS or Glass Lewis have had as much effect at Tesla as he suggests.

In 2016, ISS was on board with his plan for Tesla to buy SolarCity, the struggling solar panel company of which Musk was the largest shareholder, but Glass Lewis was opposed, calling it a "thinly veiled bail-out plan." It happened. In 2018, both recommended against his last pay package, which was approved.

Last year, ISS recommended that shareholders oppose approving a new term for Tesla Chair Robyn Denholm, arguing that the company hadn't effectively managed the risk around allowing executives, such as Musk, to use their stock as collateral in personal borrowing. She was re-elected.

ISS had disagreed with the board's argument for allowing executives, such as Musk, to borrow against their holdings rather than selling shares. The board's view was that a policy that allowed executives to keep shares was aligned with the interests of ordinary shareholders.

ISS countered with what now looks like a prophetic statement: "If an executive who already owns 15 or 20 percent of a company's outstanding shares...is not already motivated to act in the interests of shareholders, there is no credible argument that increasing that stake to 25 or 30 percent will suffice to accomplish that goal."

The S&P 500 rallied to records on the back of just one sector

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The S&P 500 is up 2.5% to start 2024, while the tech segment has risen 5.9%. BLOOMBERG

The S&P 500 is back at record levels for the first time in two years. Information technology is the only one of the index's 11 sectors that can say the same.

Home to the likes of Microsoft, Apple and Nvidia, the tech sector is riding the mania over artificial intelligence and has propelled the broader market to a record close in five of the last six trading sessions. The S&P 500 is up 2.5% to start 2024, while the tech segment has risen 5.9%.

The 10 other sectors are trading an average of 15% below their all-time highs, and none has set a new record in January. The equal-weighted S&P 500, which gives the same status to the smallest and largest companies in the index, is down 0.3% this year.

The market's rally was much wider two years ago. Seven other sectors—industrials, financials, consumer staples, real estate, healthcare, utilities and materials—joined tech to trade at new highs in the two weeks preceding the S&P 500's January 2022 record.

A narrow rally is a potentially worrying sign to some investors and strategists. When just a handful of big stocks are responsible for most of the market's gains, it becomes more vulnerable to a downturn if a few of those heavyweights stumble, they say.

For example, if six of the biggest tech stocks were to pull back to their 200-day moving averages, it would knock about 5% off the S&P 500, according to an analysis from Bespoke Investment Group. (The 200-day moving average is a widely watched technical indicator used to gauge longer-term price trends.)

Big Tech dominated the market for most of last year, too. Investors were encouraged in the final weeks of 2023 when bets that the Federal Reserve would soon cut interest rates drove an "everything rally," boosting prices of assets from small-cap stocks to gold and bonds. They expected more of the same in 2024, but some of the optimism from the pivot party appears to be fading. Hotter-than-expected economic data has powered the yield on the benchmark 10-year Treasury note back above 4%. Investors, in turn, have pushed back their expectations for the timing of the first rate cut, potentially making it harder for stocks to extend their climb.

All eyes will be on the Fed's policy meeting Wednesday as investors look for clues about when and how far officials might cut interest rates. Friday's monthly jobs report will offer the latest look at the strength of the labor market. And earnings reports from tech companies including Microsoft, Meta Platforms and Amazon.com could provide further insight into whether the market's gains can be sustained.

"The notion of a recession has been completely obliterated from the mind and the positioning of most portfolio managers," said David Rosenberg, president at Rosenberg Research & Associates. "There is tremendous confidence in the soft landing—perhaps confidence that is now bordering on complacency."

Big Tech stocks aren't the only ones setting new highs to start 2024, to be sure. Berkshire Hathaway, Visa, McDonald's and Marriott International are among those that have joined Microsoft, Meta, Google parent Alphabet and Nvidia. Shares of smaller companies, on the other hand, have largely missed out on the rally. The small-cap focused Russell 2000 index is off about 20% from its November 2021 record.

Caitlin Frederick, director of financial planning and wealth adviser at Ullmann Wealth Partners, said one area she is recommending to clients is small-cap value stocks because they have more room to run compared with larger growth stocks.

"Would you rather buy Amazon back in the '90s when they only sold books, or would you rather buy a share of Amazon today?" Frederick said. "The answer is you'd rather buy it in the '90s because it was significantly cheaper, and it was a small-cap stock. Their growth potential is less now, because they're so big."

Technical indicators of market breadth are also flashing warning signs. The NYSE advance-decline line, a popular cumulative indicator that tracks the number of securities rising minus the number falling on the exchange each day, hasn't hit a fresh all-time high for 556 trading days, the longest such stretch since a 647-day period that ended in 2009, according to Dow Jones Market Data.

Yet historical data suggest gains beget gains. In the previous 14 instances when the S&P 500 set a new all-time high for the first time in more than a year, the rally continued over the following year more than 90% of the time with an average return of 13.9%, with one outlier in mid-2007, according to ClearBridge Investments.

Ken Mahoney, CEO of Mahoney Asset Management, said he has added to his large-cap growth exposure recently.

"The market can continue to advance with the leadership, though it is concentrated, it's OK," he said. "No one said you had to buy the unweighted S&P 500. That hasn't really done much of anything."

Why more Chinese workers are settling for less pay

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For many people in China these days, getting a job isn't the problem. Finding a good one that pays enough is.

With the economy in a funk and deflation settling in, many people are having to settle for jobs beneath their skill levels, often with reduced pay. That is making it harder to make ends meet, depressing consumer spending and leaving many people frustrated in careers they fear are going nowhere.

In Beijing, Kang Deqiang spent much of the past two decades working as a marketing executive for Chinese media firms, until his last employer, a media outlet focused on railroad travel, went out of business during the pandemic.

Now he manages a dormitory building at a local college, a job that pays only about $500 a month after taxes—about 20% of what he earned at his peak. He also moonlights at a coffee shop in the evenings for about $3.80 per hour.

He says he took the dormitory job in September because he has a $770-a-month mortgage, and had been searching for full-time work for months without success. At least his commute is shorter, he said.

"There isn't anybody who doesn't like a high-paying job. But the economy is going downhill. I have to settle for the next best thing," said Kang, who is 41.

Many employers that used to hire aggressively are in retreat. The property market is in a multiyear downturn, exports are weak, and local governments are saddled with debt. Government crackdowns on the private sector have led many companies to rein in risk-taking, while foreign firms, spooked by geopolitical tensions, are cutting investment in China.

Officially, the unemployment rate in Chinese cities was 5.1% in December. While that is higher than the U.S. unemployment rate of 3.7%, it is still relatively low, and better than the full-year average rate of 5.6% in 2022.

However, economists have long raised questions about China's official unemployment report, which only covers urban dwellers, and counts anyone who works an hour or more in a week as fully employed.

Other indicators have shown more stress. Last summer, the government said youth unemployment for people aged 16 to 24 hit a record of 21.3%, then stopped releasing the numbers, saying they needed to improve the methodology. Officials came back with a new youth unemployment rate of 14.9% in December, but economists voiced skepticism about its accuracy.

Unlike the U.S., China doesn't release updates on the number of people who are considered "underemployed," including those who are working less hours than they want to. In 2021, it said that more than 200 million Chinese people, or nearly a third of the total labor force, are "flexibly employed" in jobs with irregular hours such as food delivery or livestreaming, but it hasn't updated the figures.

Last summer, China said youth unemployment for people aged 16 to 24 hit a record of 21.3%, then stopped releasing the numbers, saying they needed to improve the methodology. BLOOMBERG

Anecdotal reports, private surveys and other data suggest many Chinese people are earning less than they are accustomed to, or working in jobs beneath their skills.

Average salaries offered by companies in 38 major cities fell 1.3% in the last quarter of 2023 from a year earlier, according to Zhilian Zhaopin, an online recruitment firm. The decline is the largest since the company began releasing such data in 2016.

Officially, wages are still growing in China. But after adjusting for inflation, incomes among urban households have been rising slower than China's overall economic growth over the past five years, government data shows.

Teachers and civil servants have been complaining on social media about delayed salary payments and reduced benefits.

Li Zhe, a university lecturer in the southern city of Haikou, said the college where he works has delayed paying him bonuses for six months due to what it called budget constraints at the local provincial government.

The bonuses are an important part of his compensation. Li says he is now earning about 25% less than what he earned before the pandemic when he was working as a software engineer in Beijing. His old employer got hit hard by Covid-19, prompting him to take the university job.

"I'm downgrading spending pretty much across the board—on food, clothes, accommodation and transportation," said Li, who moved to a cheaper rental apartment last year.

Over 1,700 strikes among workers occurred nationwide in 2023, often to protest against delayed wage payment, layoffs and factory closures, more than double the number from a year earlier, according to China Labour Bulletin, a nonprofit organization based in Hong Kong.

Economists say underemployment is especially acute among China's nearly 300 million migrant workers, who account for nearly 40% of the country's total workforce but aren't counted in the government's urban unemployment rate. After flocking to cities during China's boom years, many say they can't find full-time work as China's property bubble bursts and manufacturing jobs move to places like Vietnam and Mexico.

A study led last summer by Scott Rozelle, a senior fellow at Stanford University, found that rural residents were earning 40% less than they were in 2019. Many were working fewer days a month, according to surveys conducted among hundreds of rural workers in about 40 villages, a sign of rising underemployment in rural China, he said.

Government data suggests a less dire picture. Officially, the average income for migrant workers grew by 3.6% in 2023 from a year earlier, though that is down from a prepandemic pace of 6.9% in 2019, according to China's statistics bureau.

Incomes among urban households in China have been rising slower than the country's overall economic growth

Weakening wage growth is occurring at a time when some factory owners say they can't find enough workers. Adverse demographic trends, including an aging population, are leaving some regions depleted of labor, and should in theory create favorable opportunities for workers.

Chinese leader Xi Jinping has acknowledged publicly that China needs to create more high-quality jobs. But young people also need to stiffen their spines and seek work in places that might not appeal to them, including factories, Xi, who labored in the countryside during China's Cultural Revolution, has said.

But even when factories are hiring, they remain under pressure to keep wages low as overseas competition rises. Meanwhile, expectations for many Chinese have changed: After decades of manufacturing-led growth in China, many now aspire to jobs with less-menial tasks in service industries.

Widespread dissatisfaction with the job market and depressed wage growth help explain why consumer confidence remains historically low in China, economists say. Growth in retail sales has remained weak in recent months, with Chinese shoppers skimping on goods from cosmetics to home appliances, while shifting their spending toward budget-focused retailers such as Pinduoduo.

Chinese officials have expressed deepening concern about the economic situation, and taken steps to revive growth, including cutting interest rates. Even so, many economists are skeptical that the moves will restore optimism and lead to more hiring.

If underemployment spreads, it could erode confidence and spending further. It could also slow China's already weak productivity growth, says David Wang, an economics professor at Virginia Tech. That could happen if more people are stuck in jobs they don't like or that don't drive innovation, he says.

"If this is persistent, it will become very problematic for China's economy," says Wang.

China suspends restricted share lending from Monday

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China's securities regulator said on Sunday that it will fully suspend the lending of restricted shares effective from Monday, in policymakers' latest attempt to stabilise the country's stock markets following recent sharp falls.

A string of supportive policies by Beijing including a deep cut to bank reserves helped lift Chinese stocks off 5-year lows early last week but they retreated again on Friday, reflecting deep investor pessimism over the outlook for markets and the shaky economy.

Analysts and investors say Beijing needs to roll out more support measures to revive consumer and business confidence and get activity back on a more solid footing.

Restricted shares are often offered to company employees or investors with certain limits on their sale, but they can be lent to others for trading purposes, such as short-selling.

Sunday's move will "highlight fairness and reasonableness, reduce the efficiency of securities lending, and restrict the advantages of institutions in the use of information and tools, giving all types of investors more time to digest market information and creating a fairer market order," the China Securities Regulatory Commission (CSRC) said a statement published on its official WeChat account.

NEWS IN NUMBERS

₹100 cr

THE AMOUNT Mangalore-based private lender Karnataka Bank is raising from ICICI Lombard General Insurance, as part of its plans to raise ₹700 cr in fresh equity.

11,677

THE NUMBER of trees that will be cut for Bharat Petroleum to lay 4 pipelines from its refinery in Mahul in Chembur to Rasayani in Raigad district in Maharashtra.

₹96 cr

THE BOX office collection of Fighter, starring Hrithik Roshan and Deepika Padukone, in 3 days since its release, including ₹21.6 cr in the overseas market.

9

THE NUMBER of countries, including US, Germany and Britain, that have suspended funding for the UN Relief and Works Agency for Palestine Refugees.

$83.3 mn

THE AMOUNT the former US President Donald Trump has been asked to pay to E. Jean Carroll for defaming the writer in 2019 while he was US president.

HOWINDIALIVES.COM

'No reserved posts can be de-reserved'

The ministry of education on Sunday clarified that no reserved posts can be de-reserved, after draft guidelines by the University Grants Commission (UGC) proposed that any vacancy reserved for SC, ST and OBC candidates can be declared unreserved if enough candidates from these categories are not available.

The 'Guidelines for Implementation of the Reservation Policy of the Government of India in Higher Education Institutes (HEIs)' are in the public domain for feedback from stakeholders.

The draft guidelines have drawn flak from several quarters.

The JNU Students' Union (JNUSU) has announced a protest against UGC chairman M. Jagadesh Kumar on the issue on Monday. Kumar also clarified that there has been no de-reservation of reserved category positions in Central Educational Institutions in the past and there is going to be no such de-reservation. PTI

The company operates a carbon farming platform for smallholder farmers in India. ISTOCKPHOTO

Agri-tech co Grow Indigo raises $8 mn

Sustainable agriculture company Grow Indigo on Sunday said it has raised over $8 million in a funding round with a cumulative capital raise of more than $23 million to date.

The round saw interest from investors globally including participation from Indigo Ag, Mahyco and individuals and the fund raised will be utilized for driving the future of sustainable agriculture, the company said in a statement.

Grow India is a joint venture between Indigo Ag and Mahyco that was formed in 2018.

The company operates a carbon farming platform for smallholder farmers in India that includes four carbon programs across 13 states and cumulatively aims to reduce or remove emissions by 20 mt of CO2 annually from agriculture.

About 8,00,000 acres have already been enrolled in the company's programs.

"With sustainability at its core, we have now demonstrated adoption of biological inputs and carbon solutions at scale by farmers," Grow Indigo executive chair Usha Barwale Zehr added. PTI

VOLTE-FACE, AGAIN

JD(U) leader Nitish Kumar signs documents after taking oath as the chief minister of Bihar for the ninth time, in the presence of governor Rajendra Arlekar at Raj Bhavan in Patna on Sunday. PTI

Nitish Kumar rejoins NDA, is now Bihar CM for ninth time

PM Modi said he is sure the new Bihar government will serve the people dedicatedly

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PATNA

JD(U) president Nitish Kumar on Sunday took oath as chief minister (CM) of Bihar for a record ninth time after a dramatic volte-face, ditching the *Mahagathbandhan* and the opposition bloc INDIA and forming a new government with the BJP, which he had dumped less than 18 months ago.

Kumar was sworn in by Bihar governor Rajendra Arlekar at Raj Bhavan in the presence of senior leaders including BJP national president J.P. Nadda, hours after he resigned from the post, saying "things were not working well" for him in the Grand Alliance and the opposition bloc.

BJP leaders—Samrat Choudhary and former Speaker Vijay Kumar Sinha—were among those who took oath of office. The two are named as deputy chief ministers.

Earlier, Choudhary and Sinha were named as leader and deputy leader, respectively, of the BJP legislature party. They thanked the party's top leadership for the opportunity and vowed to "protect Bihar from the jungle raj unleashed by Lalu Prasad's RJD".

JD(U) members Vijay Kumar Choudhary, Vijendra Yadav and Shrawan Kumar also took oath apart from former CM Jitan Ram Manjhi-led Hindustan Awam Morcha's Santosh Kumar Suman and independent legislator Sumit Singh. Congratulating Kumar and his two deputies, PM Narendra Modi asserted that the newly sworn-in NDA government in Bihar will leave no stone unturned for the state's development and to fulfil people's aspirations.

> Notably, no leader of the Rashtriya Janata Dal (RJD), the single largest party in the assembly, was present at the ceremony

In a post on X, Modi said he is confident that the new government in Bihar will serve the people with full dedication.

Notably, no leader of the Rashtriya Janata Dal (RJD), the single largest party in the assembly, was present at the ceremony. Prasad's son Tejashwi Yadav, who was the deputy CM until the alliance, said: "The JD(U) will be destroyed in the upcoming assembly polls".

"The game is not over for us. The game has just begun," said the young leader. His elder brother Tej Pratap Yadav, also a former minister, and Singapore-based elder sister Rohini Acharya came out with a flurry of posts on X, lampooning the JD(U) president, whom they likened to a "chameleon".

Pidilite sees good demand in Q4

Rural and semi-urban markets are growing 1.5 times faster than the urban market for Pidilite Industries, helping it register a double-digit volume growth and it sees positive demand environment in the last quarter also, says its MD Bharat Puri.

The company achieved a double-digit volume growth in the first three-quarters of FY24 and Puri expects to continue the momentum with a broad-based growth across categories. "We see a good demand environment, government spending on infrastructure, the housing sector and real estate is seeing an upsurge. So, overall we remain optimistic about the overall prospects of our sector," said Puri in a virtual media roundtable. Pidilite, which passed on the benefits of lower-cost prices to consumers, does not see any disruption in the supply chain from the geopolitical crisis, which is brewing in the Middle East. PTI

With a 253% jump in net profit in Q3, PNB's profit in the three quarters of FY24 crossed ₹5,230 cr. MINT

PNB ups FY24 profit target to ₹7,000 cr

Enthused by a stellar performance in the third quarter, state-owned Punjab National Bank (PNB) has raised its profit guidance to ₹7,000-7,500 crore for the current financial year. Earlier, the second-largest public sector lender had set a profit estimate of ₹6,000 crore for the ongoing fiscal.

With a 253% jump in the net profit in the third quarter, the bottom line of the bank in the three-quarters of FY24 crossed ₹5,230 crore.

The bank has revised the earlier profit target of ₹6,000 crore to ₹7,000-7,500 crore for the current financial year, PNB MD and CEO Atul Kumar Goel said.

Going by revised guidance, the fourth quarter profit would be upwards of ₹2,000 crore as well.

In the third quarter ended December 2023, the bank earned a profit of ₹2,223 crore, registering an over 253% jump over the same quarter a year ago. PTI

States' revenue growth slows to 5%

The growth rate of the combined revenue receipts of the 16 largest states has fallen by almost 80% to 5% during April-November from the budgeted 17.4% for the current fiscal, according to a report. The states have so far borrowed over 37% more than they did last fiscal and given these poor numbers, they will have to borrow heavily this fiscal to service their debt and pay salaries and pensions.

The plunge is due to a contraction in sales tax and lower-than-budgeted growth of state goods and services tax collections (SGST), excise duty and stamps and registrations during the period, restricting the growth of states own tax revenue (SOTR) to 11%. Another reason for the poor numbers is the steep decline in Central grants, Icra Ratings said in a report. The agency, though, expects an upside in tax devolution in the fourth quarter, its quantum may not be adequate to fully offset the shortfall in grants. PTI

Hartley hurts India on debut as England records 28-run win

The pushback started by incandescent Ollie Pope was given its perfect conclusion by debutant left-arm spinner Tom Hartley whose soul-ripping spell fashioned England's memorable 28-run win over India on the fourth day of the first Test in Hyderabad on Sunday. India's chase of 231 went horribly south once Hartley (7/62) spun into India's top-order, igniting a rot that saw India getting bowled out for 202 in the final over of the day. England now lead the five-match series 1-0. This is India's fourth defeat in home Tests since 2013 and first ever in Hyderabad (across two venues in the city). India's approach during chase was in complete contrast to how Pope tackled Ravichandran Ashwin and Ravindra Jadeja with a lot of intent.

The spin twins have never been lethal on surfaces which aren't exactly dustbowl and England's second innings batting show won't do their reputation any good. "With a lead of 190 we were in control but exceptional batting - probably one of the best I've seen in Indian conditions, well played Ollie Pope. I thought 230 was gettable but it wasn't to be." India skipper Rohit Sharma said after the match. PTI

India's chase of 231 went horribly south once Hartley (7/62) spun into India's top-order, as England bowled out the hosts for 202. AFP

Infra projects cost overrun at ₹4.82 tn

As many as 431 infrastructure projects, each entailing an investment of ₹150 crore or more, were hit by cost overrun of more than ₹4.82 trillion in December 2023, an official report stated.

According to the ministry of statistics and programme implementation, which monitors infrastructure projects worth ₹150 crore and above, out of 1,820 projects, 431 reported cost overrun and 848 projects were delayed.

According to the report, the expenditure incurred on these projects till December 2023 is ₹16,26,813.80 crore, which is 53% of the anticipated cost of the projects. PTI

India may leverage LoCs to pitch its DPI stack to developing nations

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The government is considering leveraging its lines of credit to offer digital public goods and infrastructure stacks to other developing countries, two people aware of the plan said.

Spurred by the success of digital public goods and infrastructure like CoWin (portal for covid vaccination drive), and UPI (unified payments interface) at home, India wants to share the technology with emerging economies, one of the persons mentioned above said.

"India hopes to develop partnerships, especially with the global south which is development-oriented, as well as demand-driven," the person said, requesting anonymity.

Known as the Indian Stack, India's digital infrastructure encompasses various platforms such as Aadhaar, DigiLocker, DigiYatra and UPI. MINT

Known as the Indian Stack, India's digital infrastructure encompasses various platforms such as Aadhaar, DigiLocker, DigiYatra and UPI, which have been developed through multi-sector collaborations.

The goal of these digital public goods (DPG) and digital public infrastructure (DPI) is to provide a seamless and efficient way for citizens to access government services and promote inclusive development.

India has seen massive success in some of its popular DPI programmes like CoWin, UPI, DigiLocker and Diksha (national digital infrastructure for teachers) at home.

"Some of these DPIs and DPGs can easily be replicated in other emerging economies to great advantage," the person mentioned above added.

So far, countries like Ethiopia, Guinea, Sierra Leone, Sri Lanka and Togo have utilized or tested technologies and services from the India Stack.

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

India, through state-backed institutions like The Exim Bank, provides lines of credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments, and other overseas entities.

These LOCs enable buyers in partner countries to import developmental and infrastructure projects, equipment, goods, and services from India, on deferred credit terms.

The LOCs also help promote exports of Indian goods and services and spread over different sectors like agriculture, infrastructure, telecom, railway, transmission/power, and renewable energy.

On 15 January, *Mint* reported that India is considering reforming the lines of credit (LoCs) it grants to other countries to improve its economic diplomacy.

So far, India has extended over 300 lines of credit to 65 countries with an estimated value of $30 billion.

> So far, India has extended over 300 lines of credit to 65 countries with an estimated value of $30 billion

Meanwhile, out of 166 countries globally, only 24% of government organizations are classified as digitally advanced, delivering against transformation-focused digital initiatives, according to the digital public infrastructure Playbook for nations released by Deloitte recently.

The report stated that DIVOC, a digital public good from India used to generate secure and verifiable covid vaccination certificates in various countries, such as Sri Lanka, Jamaica, and Indonesia, enabled a vaccination credentialing backbone for many countries and supported trade and borders openness amidst the pandemic in a timebound manner.

"Indian stack is a set of solutions that have been tested for scale, social impact and citizen experience and acceptance. Besides that, some of them are quick to deploy too as one-click deployments on cloud," said NSN Murty, partner and consulting leader, government & public services, Deloitte India.

"The adopter nations can pick up the solutions with minimal process reforms, deploy them as pilots and scale them fast. Also, this allows for the local technology ecosystem to create innovations on top of the quick deployments," he added.

ZEE-SONY: WHAT NEXT AFTER THE MERGER COLLAPSE?

Both sides stand to lose, Zee more than Sony, especially if Reliance buys out Disney's assets in India

File photo of Punit Goenka, the current managing director and CEO of Zee Entertainment Enterprises. (Right:) N.P. Singh, managing director and CEO, Sony Pictures Networks India. Sony was keen on Singh heading the proposed merged entity. MINT

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When the two-year courtship between Sony Group Corp's Indian unit and Zee Entertainment Enterprises Ltd (ZEEL) ended on a bitter note last week, few in the industry were surprised. Given Zee parent Essel group's debt problems, a probe by market regulator Securities and Exchange Board of India (Sebi) into its promoters, as well as disagreements between Sony and Zee, the split was long anticipated.

Sony Group had agreed to merge its India unit with Zee late in 2021, combining their television networks, digital assets, libraries and streaming platforms to create the country's largest broadcaster. Media experts had hailed the news back then, saying the two companies would complement each other.

While Japanese entertainment giant Sony has a decent catalogue of sports (sans any top cricket rights) and mainstream general entertainment channels, Zee Entertainment is one of the largest media companies in India. The latter owns and operates Zee TV and Zee Cinema, among several other channels, and has great recall in the regional space. Both Sony and Zee also said they have very strong movie libraries. Once merged, the combined entity would have taken on two large broadcasting networks—Disney Star (owned by Disney India) and Viacom18 Media Pvt Ltd—to grab a larger share of the advertising pie. With a combined viewership of around 28%, Zee and Sony would have threatened Disney Star in the broadcast segment (it is the current leader with over 30%), and competed with Viacom18 to acquire rights to more sports properties.

> On the digital front, Zee's video streaming platform ZEE5 is yet to make a mark and continues to suffer losses, unlike Sony's digital business, which is profitable.

Viacom18, in which entities controlled by Reliance Industries Ltd are the majority shareholders, holds the digital rights to the Indian Premier League (IPL) T20 cricket tournament for five years, starting 2023.

Clearly, none of these synergies will happen now.

WHAT WENT WRONG?

According to the original agreement, Punit Goenka, the current managing director and CEO of Zee, was meant to head the merged entity announced in December 2021.

The proposal had received most regulatory approvals, including from the stock exchanges and the Competition Commission of India. However, banks that had lent money to companies belonging to the Essel group, ZEEL's family-owned promoter, had objected to the merger alleging that they would not be able to recover their dues if the merger went through. The NCLT, however, assented to the merger last August. Banks and institutions such as IDBI and Axis Finance then moved the NCLAT against this order, and these cases are still pending before the tribunal.

Meanwhile, on 25 April last year, Sebi had accused Zee founder Subhash Chandra and Goenka, his son, of diverting at least ₹200 crore from the company via certain promoter group firms. Goenka had challenged this order before the Securities Appellate Tribunal, which set it aside pending completion of Sebi's probe.

As Sebi is still investigating the matter, Sony was unwilling to let Goenka head the new merged entity and was instead pitching its India head, N.P. Singh, as CEO.

While media analysts and many shareholders believe Goenka was opposed to this, Subhash Chandra, Zee's founder, told *Mint* in an interview that this was not the case.

"Some shareholders may think that if Punit stepped aside, Sony would agree to the merger. But that is not true. This was already offered to Sony," he said. "As the founding family, we wrote to them and we had decided that even if Sony is demanding Punit's separation, we will agree to it but let us at least meet once. But they even refused to give me time for a meeting to close this discussion. So if shareholders think that Sony would agree to the merger if Punit stepped aside, it is ill-founded," Chandra added.

Last week, some minority shareholders had written to large investors in the company asking for a shareholders' meet. "We strongly request you to please wake up now and call for Shareholders meet as minority shareholders are feeling cheated, not only by Zee and its promoter but also by the larger shareholders like yourself who have all the capabilities," Ujjwal Shah, a shareholder in Zee, wrote.

Meanwhile, for Sony, the merger's demise means the loss of an opportunity to capture Zee's mass-market television channel bouquet. Making matters worse, both companies will have to individually contend with the threat emanating from any merger between Reliance Industries and Disney India, which is looming large over the entire industry.

Sony did not respond to clarifications sought by *Mint*.

ZEE'S MOUNTAIN OF TROUBLES

Termination of the merger will pose issues for both companies but the challenges are definitely graver for Zee. Not only is it dealing with a failing market reputation, but it will also struggle to raise capital from foreign or local investors henceforth.

"First the legal bits will have to be figured out as a consequence of the termination. Then, from a business point of view, the (need for a) cash infusion and the best partnership to leverage," said Chandrima Mitra, partner at DSK Legal, a law firm.

"Since the announcement of the merger, Zee's profitability has eroded due to weak industry dynamics. For instance, on an absolute basis, Zee's earnings before interest, taxes, depreciation, and amortization (Ebitda) slid 38%/48% over FY21–23. We expect a weak Q3FY24 from Zee due to a quarter-on-quarter drop in margins and a year-on-year drop in ad revenue," said a report by Nuvama Institutional Equities, a brokerage company.

A media analyst, speaking on condition of anonymity, agreed that access to capital is critical to stay relevant in the content creation game, and Zee may have limited options as far as partners go. "The overhang of the existing management will continue to impact the company's valuation unless Punit (Goenka) decides to exit," the person added.

On the digital front, Zee's video streaming platform ZEE5 is yet to make a mark and continues to suffer losses, unlike Sony's digital business, which is profitable. "The (streaming) losses aren't unique to ZEE5 but they will just hit harder now. OTT (over-the-top) is a heavy investment game," the person added. "While on the one hand, you have the likes of foreign giants like Amazon, whose losses are subsidized because of the e-commerce business, there is JioCinema on the other, which is on the warpath with sports and regional content." JioCinema is owned by Viacom18.

SonyLIV, an OTT streaming platform operated by Culver Max Entertainment, formerly known as Sony Pictures Networks India, meanwhile, has managed a distinct positioning for itself by focusing on non-fiction and small-scale web originals, with its fiscal prudence paying off big time.

As the pay TV universe shrinks and connected TV sets take over at least urban homes, things look brighter for the Japanese corporation. In contrast, ZEE5, which started off as a brand for the masses, decided to go upmarket along the way, losing its sense of identity in the process.

The challenges don't end there. Disney Star, which had won television broadcasting and digital streaming rights for men's and women's ICC events, including the World Cup, in a closed bid in 2022, had given its TV rights—a sub franchising agreement—to Zee. A report by Elara Securities had estimated Zee's related annual losses at ₹1,520 crore for 2024-25 and beyond due to the hefty cost (of acquiring these rights), lower ad revenue from sports, and cricket content increasingly becoming available free on OTT.

More importantly, sans the merger with Sony, Zee may no longer be able to fulfil this commitment given its cash balance of ₹600 crore, versus its potential contractual obligation of paying Disney Star ₹4,000 crore per year, Elara said.

Indeed, Zee could end up being sued by Disney Star for non-payment of the fees. The company, however, contends that its contract with Disney Star was contingent on successful closure of the merger with Sony (Disney Star disputes this).

On another legal front, the company could take a hit from ongoing cases filed by various creditors of the Essel group (Axis Finance, IDBI Bank and others) to recover their dues.

WHO GAINS?

The biggest beneficiary of Zee and Sony going their separate ways could be Mukesh Ambani's Reliance Industries, which is said to be in talks with American entertainment conglomerate Walt Disney to buy its assets in India. Disney CEO Bob Iger has said that the company would like to stay on in India. However, the company has seen the subscriber base of its streaming platform Disney+ Hotstar shrink after losing the digital rights to stream the IPL to Reliance-owned Viacom18. On top of that, job cuts globally, the stagnating Indian TV market, and a loss-making OTT business have given rise to speculation that the company is eyeing the exit doors.

According to media reports, Disney and Reliance Industries have entered a non-binding agreement for a merger of their Indian media operations, under which Reliance will own a 51% stake via a combination of shares and cash, while Disney will hold the remaining 49%.

If the Reliance-Disney merger does go through, the combined entity will have the largest slice of the TV ad pie, at 40-45%, according to media experts. The merged entity will have approximately 100 TV channels, of which 70 will be from the Disney stable and the rest from Viacom.

Competitors in the TV and OTT space may also face increasing pressure to innovate, invest in content, and form strategic partnerships to stay competitive against the combined strengths of Disney and Reliance. The combined resources and content libraries of the two companies could impact traditional TV networks, especially if the deal leads to shifts in advertising revenue and viewer preferences.

Mergers and acquisitions aside, television networks across the board are already struggling to gain traction with viewers. According to a report by *Mint* last August, over 200 shows have been launched by leading Hindi general entertainment channels between 2019 and 2023, but less than 25% are currently on air. Over 130 shows have been launched since 2021, with approximately 40 of these currently on air.

"TV viewership has been dropping because broadcasters have forgotten the customer. They're busy looking at each other instead of the viewer," said a senior broadcaster, declining to be named. The Zee-Sony merger was expected to bring the focus back to storytelling, the person added.

Besides, smaller media companies may find it challenging to compete with the scale and resources of a merged Disney-Reliance entity and might need to explore strategic partnerships or focus on niche markets to maintain their positions.

"With Reliance and Disney together, everyone else will be a distant second and third. This will definitely hurt both Sony and Zee in terms of their power with advertisers and distributors, resulting in more polarisation in the industry," the media analyst mentioned above said.

The impact would be massive from a distribution point of view, with other broadcasters squeezed for carriage fees—the fee paid by broadcasters to distribution platforms to carry their channels—and operators forced to keep the bigger entities happy. Sports rights, too, could come down since there would be fewer players competing. Meanwhile, the combined might of Reliance and Disney could put the competition at a disadvantage in terms of bargaining power for ad rates. And OTT industry rivals might be forced to introduce more free models to remain relevant to consumers.

Television networks may be shaky, but things aren't rosy on the OTT front either. While JioCinema prefers to focus on sports and regional content, Disney+ Hotstar is going slow following Iger's decision to slash costs. Prime Video works with a small coterie of mainstream Bollywood names, while Netflix remains too niche in terms of pricing and positioning.

"It's a bad time for content creators. We had assumed the merged Sony-Zee entity would open doors. But as things stand now, by itself, Sony would be far too focused on P&L (profit and loss), while Zee is completely lost and just limping along somehow," said the head of a content studio, declining to be named.

No media expert, however skilled, could have anticipated how the termination of the Sony-Zee merger would spark so much interest in the space. But that twist in the tale, albeit expected, has still made everyone sit up with their popcorn and wait to see what happens next.

Gaurav Laghate contributed to the story.

mint SHORT STORY

WHAT

In 2021, Sony and Zee had agreed to merge and create an entity that would take on Disney Star and Viacom18 in the broadcast segment with their combined viewership of around 28%.

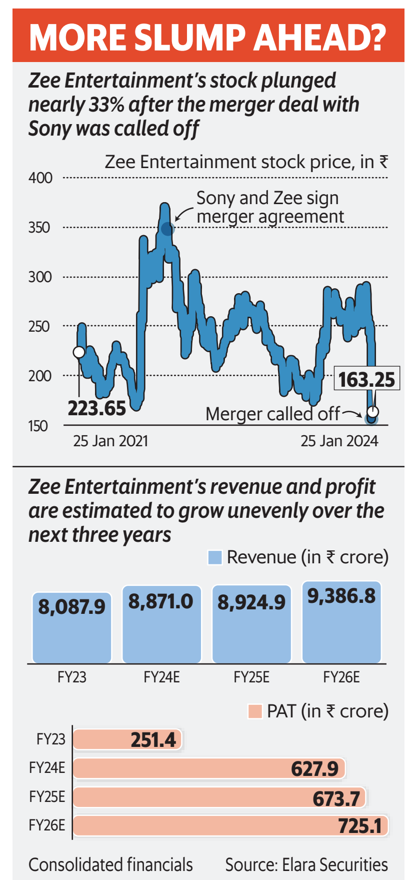
BUT

Last week, Sony called off the merger in the wake of Zee parent Essel group's legal woes, a probe by Sebi into its promoters, and consequent disagreements between the two sides.

NOW

Both companies will have to individually contend with the threat emanating from any pact between Reliance Industries and Disney India, which are reportedly in talks for a deal.

MORE SLUMP AHEAD?



SATISH KUMAR/MINT

Blast from the past: Can these mega funds regain their mojo?

Their returns have varied across different time-periods due to changes in market dynamics and other reasons

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Mutual fund (MF) investors are always interested in returns. And those who have been investing for the long term, more so. Only a few funds in the ₹50 trillion-MF industry can boast of a track record of 20-30 years. While these funds have grown in size over the years, their performances have also seen ups and downs across different time-periods.

Here, we look at three such funds; their recent and historical performance and what investors can expect from them.

ABSL Frontline Fund

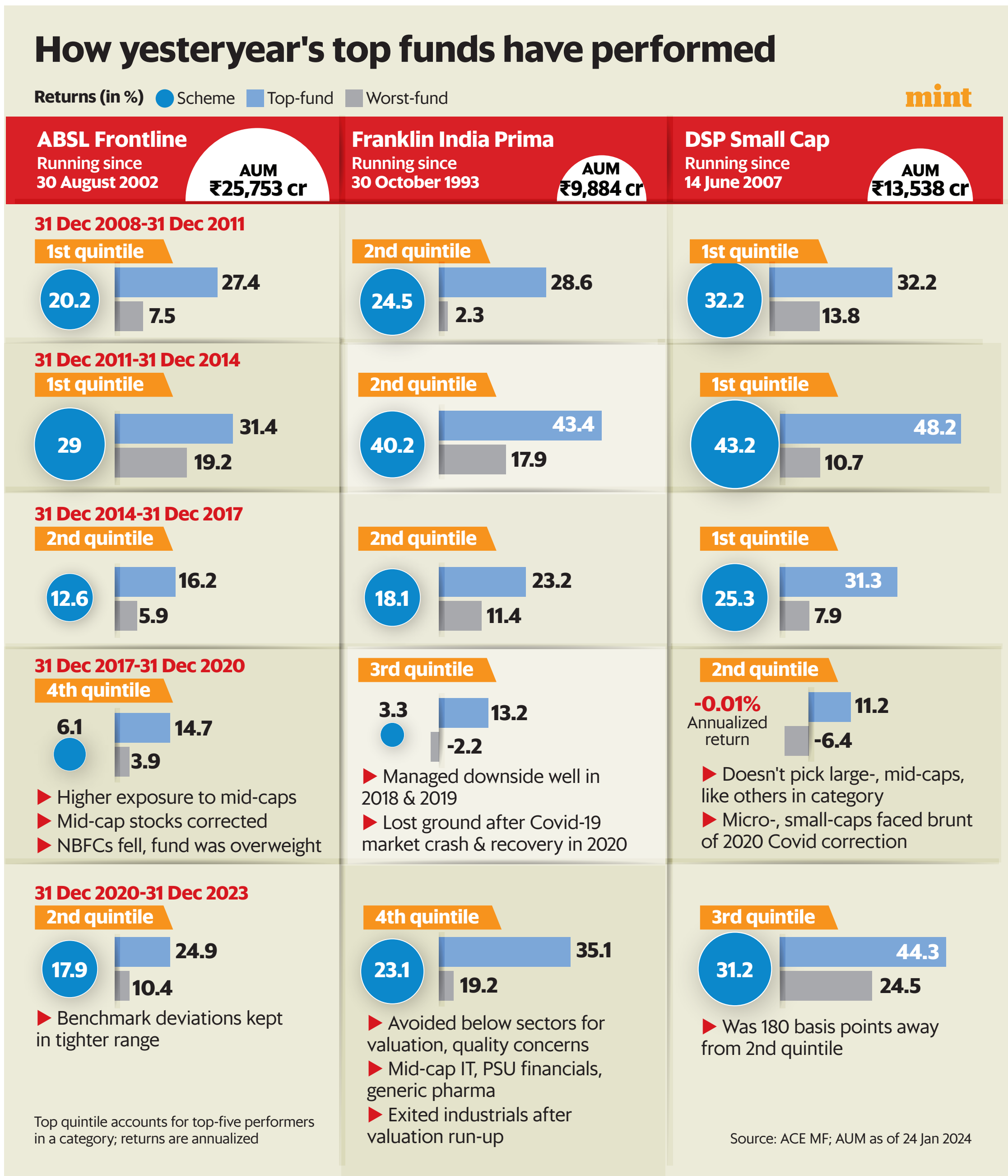
It is a large-cap fund with assets under management (AUM) of close to ₹26,000 crore as of 24 January, as well as one of the oldest MFs; it has delivered annualized returns of 19% since its launch on 30 August 2002. The fund is managed by the chief investment officer of Aditya Birla Sun Life Mutual fund— Mahesh Patil — one of the longest-serving fund managers. Patil has been managing the fund for 18.5 years now.

Over longer periods, the fund's performance stacks up well compared to its peer group. For instance, the fund's 15-year-return in annualized terms stands at 17% as on 22 January, which is in the top quintile of returns—the fund is ranked fifth compared to other large-cap funds over the same period. A quintile is used to divide fund performances into groups of five, wherein the top quintile accounts for the top-five performers and the bottom quintile for the bottom-five.

Over the last 10 years, the fund has delivered 15% annualized returns— in it is in the second quintile and ranked ninth. Over the last seven years, it delivered 13.7% annualized returns, in fourth quintile (ranked 17th). The fund has lagged benchmark index—Nifty 100 Total Return Index (TRI)—which has clocked 15.6% annualized returns over the same period.

In the last five years, the fund has 15% annualized returns—the third quintile and ranked 15th. The Nifty 100 TRI has 15.8% annualized returns in same period.

"The focus of ABSL Frontline has always been to provide an enriching experience to investors by being consistent, which is evident in the long-term returns provided by the fund. Since its inception in 2002, the fund has provided annualized returns of 19% on lumpsum investments and 16% SIP (systematic investment plans) returns. It has beaten the benchmark in both cases. The underperformance of the fund during 2018 and 2019 can be attributed to a combination of factors," Patil points out.



PARAS JAIN/MINT

The fund looks for stocks that can deliver growth but at reasonable valuations. "Our first objective is to beat the benchmark. So, we have started to manage the fund tightly vis-a-vis the benchmark, which means the deviations are kept in a particular range. So, the active risk in our portfolio; bets where we are overweight or underweight compared to the benchmark needs to be in the range of 40-50 percentage points. Our mid-cap exposure is capped at 15%," Patil explains.

The fund remains style agnostic, as Patil says the portfolio has a good mix of growth stocks, quality stocks, value stocks, cyclical stocks and even beaten down stocks that are tactical bets.

DSP Small Cap

The DSP Small Cap Fund (erstwhile DSP Micro Cap Fund) is one of the oldest small cap funds—it was launched on 14 June 2007. Today, the fund, which has more than ₹13,000 crore of AUM, is co-managed by Vinit Sambre, Resham Jain and Abhishek Ghosh. Sambre, who is head-equities at DSP MF, has been managing the fund since 2010.

Since inception, the fund has delivered nearly 18.3% annualized returns. Over the last 15 years, the fund has been the best-performing small-cap fund with 25% annualized returns, beating the benchmark index (S&P BSE 250 Small Cap TRI) returns of 18.3% by a wide margin.

Over the last 10 years, the fund has been the third-best performing small-cap fund. with 24.7% annualized returns, outperforming the benchmark returns of 19.2%. However, in five- and seven-year periods, the fund's performance has slipped a bit compared to its peers and the benchmark.

Over seven years.,the fund is in 3rd quintile (the fund is ranked 11th compared to other small-cap funds) with 17.6% annualized returns. Over five years, the returns are 25% annualized, in 2nd quintile (putting the fund back in the top 10).

Unlike other small-cap funds that take exposure to large-cap stocks or take cash calls to curb volatility, DSP Small Cap remains a pure micro-cap and small-cap fund. Large-caps are likely to weather an economic downturn better than small- and micro-caps, which are more susceptible to changes in economic cycle.

The fund looks for quality businesses. Jain says the portfolio's weighted average earnings growth over last two years has been 18%, while the fund's average P/E is 20 times.

The DSP Small Cap Fund has the lowest portfolio churn among small-cap funds. The DSP Small Cap Fund can move sharply both on the upside and downside in shorter phases of the market, but the volatility can even out over periods. Hence, it is meant for investors with higher risk-appetite and those with a longer-term investment horizon.

Franklin India Prima

Franklin India Prima Fund is the oldest mid-cap fund, with a track record of over three decades. The fund, which has AUM of close to ₹10,000 crore, is co-managed by R Janakiraman and Akhil Kalluri. Janakiraman, who was recently elevated to the position of chief investment officer, emerging market equities -India, has been managing the fund since 2008.

Since inception, the fund has delivered nearly 19.4% annualized returns. Over 15 years, the fund's performance is 21% annualized, which is in 2nd quintile of returns (the fund is ranked 7th compared to other mid cap funds over the same period).

However, in five-, seven- and ten-year periods, the fund's performance has dipped compared to its peers as well as the benchmark index Nifty Mid Cap 150 TRI.

Franklin India Prima Fund has delivered annualized returns of 19.6% over last 10 years, which puts it in 4th quintile of returns (ranked 16th). Over seven years, the returns are 15% annualized, again in 4th quintile (the fund is ranked 18th). Over five years, the returns for the fund are 18% annualized, continuing in the 4th quintile of returns with 18th rank. Across these periods, the fund has underperformed the benchmark index.

The fund looks for quality businesses available at reasonable valuations. When the broader markets (mid- and small-caps), are driven by liquidity and market euphoria more than fundamentals, the fund can miss out on momentum plays due to its more cautious approach.

For example, the fund avoided the mid-cap IT stocks in 2021 even as these stocks started to rally. The reason: valuations didn't seem sustainable. Similarly, the fund exited its exposure to industrials stocks after a sharp rally in 2021 had pushed up valuations in this space.

In 2023, the fund avoided the PSU financials and generic pharma rally, as these businesses didn't meet the fund's parameters of buying quality and steady-compounding businesses. However, PSU financials and generic pharma's meaningful weightage in the mid-cap benchmark index (PSU financials of 5-6% and generic pharma of 2-3%) contributed to the fund's underperformance versus the benchmark index.

The fund ended 2023 at 16th rank, but just three percentage points shy of 10th rank or 2nd quintile.

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

POWER POINT

MAYANK MOHANKA

We welcome your views and comments at
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UNION BUDGET 2024: A WISH LIST OF THE MIDDLE CLASS

The serving of 'halwa' by the finance minister to officials engaged in the Budget making process on 24 January, signifies the formal initiation of the Union budget that will be presented on 1 February. However, this will only be a 'vote on account' and not the full-fledged annual regular budget, which will be presented after the general elections that are due in April-May 2024. The finance minister has already said that being a 'vote on account', there will not be any 'spectacular budget announcements' on 1 February.

In the election year, instead of a full budget, the government passes a 'vote on account' through an 'interim budget' to seek permission to withdraw funds from the 'consolidated fund of India'. This withdrawal enables it to meet administrative expenses until the next government is formed, as well as comply with the election code of conduct.

Even though no spectacular budget announcements are expected on 1 February, we can nonetheless hope that, like the sumptuous 'halwa', the upcoming Union budget 2024 (expected to be presented in July 2024 as 'full budget' by the incoming dispensation) is also being served with all the essential ingredients of a robust economy and stable taxation regime. Increased capex outlays on both physical and digital infrastructure but with a wary eye on fiscal deficit, should be the top priorities in the upcoming budget.

In the personal taxation domain, the government wants more and more taxpayers to switch to the new regime, to reduce the complexities in income tax return filing and assessments arising out of the plethora of deduction claims of the assessees applicable in the old regime. However, the restriction pertaining to the mandatory requirement of forgoing of house rent allowance (HRA) deduction by salaried individuals and the deduction in respect of interest paid on home loan taken for self-occupied property—for availing the benefit of reduced personal tax rates in the new regime—is acting as the main deterrent for such individual taxpayers to switch to the new personal taxation regime.

> It will only be a 'vote on account' and not the annual regular budget on 1 February

So, the new tax regime can be made more appealing by allowing in it the deductions in respect of HRA and interest paid on home loan taken for self-occupied house property. Having a roof on one's head is a basic necessity, so any expenditure incurred towards house rent or interest on home loan should be allowed as deductions in the new personal tax regime as well.

In the old personal tax regime, the current exemption limits in respect of children's education allowance is ₹100 per child per month and in respect of their hostel expenditure allowance is ₹300 per child per month, for a maximum of two children in a nuclear family. These exemption limits, in respect of the basic necessity of primary education of the children, have not been revised since ages. Thus, there is a dire need to revise these exemption limits in line with the realistic and currently prevailing cost inflation index pertaining to education in primary schools and hostels. Further, like house rent, the child education expenditure is a basic necessity, and as such must also be allowed in the new personal tax regime of reduced tax rates.

Any deduction in respect of donations made to the 'Shree Ram Janm Bhoomi Teerth Kshetra' Trust, under section 80G is allowed only in the old personal tax regime. The government should consider allowing the same in the new regime as well, as a special gesture.

Further, it would do well to rationalize the advance tax instalments mandating the payments of 25%-50%-75% instead of the existing 60%-75%-90%. This, along with ensuring more speedy refunds, can result in increased disposable income in the hands of the taxpayers.

Mayank Mohanka is the founder of TaxAaram India and a partner at S.M. Mohanka & Associates.

What a personal loan costs you

Personal loans are a way to use tomorrow's income today, and the process involved is simple. But you must note that the interest rates are much higher than, say, for a car loan. This is because personal loans are unsecured loans. This means that the loan is not backed by any asset. The loan amount and interest rate depend on parameters such as your income, existing credit, repayment capacity, and others. As personal loans come with high interest rates, continuous default will put you on a downward spiral. Here are some of the lowest personal loan interest rates offered by various banks.

Loan amount: ₹1 lakh; tenure: 5 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
Union Bank of India	9.30-13.40	2,090-2,296	Up to **0.50%** (Min **₹500**) + GST; Nil for women professionals
Bank of Maharashtra	10.00-12.80	2,125-2,265	**1%** + GST
Indian Bank	10.00-11.40	2,125-2,194	**1%** (Max **₹10,000**); Nil for Govt/PSU employees
Punjab & Sind Bank	10.15-12.80	2,132-2,265	**0.50%** to **1%** + GST
CSB Bank	10.25-22.00	2,137-2,762	**1%**, Min **₹250**
HDFC Bank	10.50-24.00	2,149-2,777	upto **₹4,999**
Axis Bank	10.65-22.00	2,157-2,762	Website on maintenance
ICICI Bank	10.65-16.00	2,157-2,432	Upto **2.5%** plus GST
Bank of India	10.75-14.75	2,162-2,366	**2%** (Min **₹1,000** and Max **₹10,000)**
IDFC First Bank	10.75-24.00	2,212-2,877	Min- **₹6999** upto **3.5%** (PF+ Insurance) + GST
Indian Overseas Bank	10.85-13.00	2,167-2,275	**0.40%** to **0.75%**
Canara Bank	10.95-16.25	2,172-2,445	**100%** waived
Kotak Mahindra Bank	10.99-24.00	2,159-2,877	Upto **2.50%** + GST & other charges
IDBI Bank	11.00-15.50	2,174-2,405	**1%** (Min **₹2,500**) + taxes
State Bank of India	11.15-14.30	2,182-2,342	Nil till 31 January 2024 under Festive Dhamaka offer

Data as on 25 January 2024, as per banks' websites. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation, it may include other fees and charges. The interest rates are for salaried individuals and pensioners for unsecured personal loan. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure, company you work for and as per bank's discretion.

PRANAY BHARDWAJ/MINT

MyMoneyMantra.com & bank websites

How to calculate tax on inherited property?

Parizad Sirwalla

There are 14 legal heirs to my grandfather's residential property. Twelve of them will waive their rights to the property. Instead, those rights will be passed on the son of my late uncle and me. To facilitate this transfer, we will each make a payment to the other heirs and then sell the property. We need guidance on calculating the taxes applicable to our situation.

—*Sannat Chaudhry*

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ASK MINT
TAXATION

Any gain or loss arising from sale of such inherited property, shall be chargeable to tax as 'capital gain/ loss' in your hands in the year of sale. Where the property (or any share therein) has been held for more than 24 months prior to sale, the same will be considered as a long-term capital asset and any gain / loss arising from its sale shall be considered as long-term capital gain/loss (LTCG/ LTCL). Else, the same shall be considered as short-term capital asset and resultant gain/loss shall be considered as short-term capital gain/loss (STCG/ STCL).

You and the co-inheritor are each receiving 1/14th share in the property as inheritance and 6/14th share as acquired from other legal heirs. Thus, the capital gain shall be calculated as follows:

For the 1/14th share each inherited by you and co-inheritor: the tenure for which the property was held by your grandfather shall be considered for calculating the period of holding of such inherited share in the property. On an assumption that the property is a long-term capital asset, LTCG will be calculated as the difference between the sale consideration (as prescribed) reduced by indexed cost of acquisition and improvement and any expenses directly incurred for acquisition of such property.

For this purpose, cost of acquisition shall be the actual cost in the hands of your grandfather. In case the property was acquired prior to 1 April 2001, then fair market value of the property as on 1 April 2001 or the original cost of acquisition and improvement, as per option of taxpayer, shall be considered for the purpose of computing capital gains.

LTCG is taxed at the rate of 20%, plus applicable surcharge and cess.

Further, in case of LTCG from sale of residential property (or any share therein), exemptions under section 54 (reinvestment in another residential house property) or 54EC (purchase of specified bonds) may be availed by both of you for your respective shares, subject to investment in specified assets and fulfilment of all relevant conditions.

For the 6/14th share acquired from the other legal heirs by you and co-inheritor: the date of acquisition is to be considered as date of purchase from other legal heirs. The cost of acquisition would be the amount payable to the legal heirs for its acquisition.

In case the respective share in the property was held (i.e. from date of acquisition from other legal heirs to date of actual sale of full property) for more than 24 months, it would be considered as a long term capital asset and LTCG will be calculated as discussed above, for such respective share.

In case the respective share in the property qualifies as short-term capital asset, then STCG, if any, arising upon sale of such share in the property, shall be taxable at slab rates applicable for you and the co-inheritor, plus applicable surcharge and cess.

Parizad Sirwalla is partner and head, global mobility services, tax, KPMG in India.

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

OUR VIEW

MINT

Panchayati raj: It needs funding empowerment

An RBI report on finances of panchayati raj institutions addresses a long-felt gap. We have a long way to go before local governance realizes its potential and delivers on its promise

The Reserve Bank of India's (RBI) maiden report on 'Finances of Panchayati Raj Institutions,' released on 24 January 2024, fills a long-felt gap in our understanding of the fiscal health of the third tier of government in India: local institutions of governance. Though it is now more than 30 years since the 73rd amendment to the Constitution institutionalized Panchayati Raj Institutions (PRIs) at three levels in rural India—gram panchayats at the village level, mandal panchayats at the block level and zila parishad at the district level—empowerment of the kind envisaged in 1992 is yet to realized. And sadly so. According to the 2011 Census, almost 69% of our population resides in rural areas. By any reckoning, it is no exaggeration that panchayats are critical to providing local governance and stepping up rural development. As the report says, local governments at the panchayat level (about 262,000 such) have a "significant role in translating the vision and developmental policies of both the Central and State governments into action."

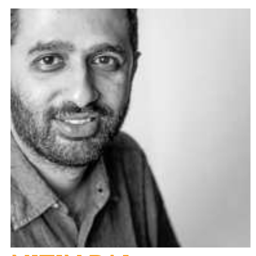
Local governments invariably have more detailed information on the preferences and local needs of citizens than any higher level of government. This makes them best suited to provide many basic public goods and services, such as health, education, sanitation, etc. Yet, despite their pivotal role, challenges abound. Starting with inadequate independent financial resources and heavy reliance on grants from upper tiers of government and an inability to deliver due to lack of trained manpower to weak infrastructure and lack of political will, PRIs have fallen far short of their potential. As the report points out, their efficacy is "contingent upon factors such as the availability of adequate resources, nurturing of capabilities, political support, and active engagement of the local community." Of these, the main stumbling block is inadequate resources. Over the years, PRIs have done little to augment their own revenues—items like property tax, fees and fines—while preferring the softer option of transfers from higher levels. Inevitably, this reliance on grants has meant they are not financially self-reliant, thereby limiting their ability to decide local spending priorities themselves.

The principle of subsidiarity, as enshrined in the EU's Maastricht Treaty, is no less true of all federal forms of government. In a nutshell, it means that higher levels of government should perform only those functions that cannot be effectively performed at the local level. Ideally, the level responsible for providing a particular good or service should also be in charge of its funding and revenue collection, minimizing the scope for moral hazard. For basic services, this means it is PRIs that must provide these to citizens. However, as with economic development in general, where regional disparities are sharp, the devolution of powers and functions to panchayats (and their performance) varies greatly across states. In general, India's southern states have done better than others, which may perhaps explain why these states have made more progress on human development indicators. Clearly, when it comes to the bottom layer of government, we still have a long way to go, notwithstanding the hope embodied in India's panchayati raj legislation, including one-third reservation of seats for women in elected PRI bodies. It will be a while before we realize the dream of Mahatma Gandhi that "every village will be a republic or panchayat, having full powers." But we must speed it up.

MY VIEW | THE INTERSECTION

We need to build social capital for a better quality of urban life

Developing a sense of civic community is a must for public services to keep pace with our economy



NITIN PAI
is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

Five years after Bengaluru's Church Street received a facelift, it is struggling with dumped garbage, broken pavements, damaged street lights, brazen illegal parking and inadequate maintenance in general. It has been painful to observe this deterioration right outside my office.

At this point, you are perhaps rolling your eyes and saying "what's new?", since we all know about the corruption in local government, incompetence of city authorities and the 'lack of civic sense' among our people.

You are right. This is not new. But if we are to have a better India to go with a richer India, we must grapple with the question of why is it that our public spaces are ugly, dirty, poorly maintained and generally deteriorating. Else our efforts will be Sisyphean at best—a facelift here, an upgrade there, but always with regression to the shabby mean.

My argument is that all the symptoms we can see—corruption, incompetence, inconsiderate behaviour—stem from the same deep cause in the Indian psyche. The lack of a sense of 'us.' Public toilets are dirty, public buildings ugly, roads choked, forests ravaged and the environment polluted because these are not seen as 'our' common property.

Rather, they are seen as freely available resources that 'we' had better exploit before 'others' do. There is very little social capital at the city-wide level. The lack of a sense of common community is the underlying reason why urban governance is in such a bad shape. Indeed, the bigger the city, the worse the governance, with small groups of citizens trying to maximize their parochial gains instead of optimizing efforts for the city as a whole. We make parochial, private demands of our governments and democracy gives us what we really ask for.

Elinor Ostrom won the 2009 Nobel prize for economics "for her analysis of economic governance, especially the commons." Her field studies showed that collectively-held natural resources do not always get overexploited ('the tragedy of the commons'), but that local communities can govern the commons in a sustainable manner. From what she saw in successful communities around the world, she formulated eight design principles for managing common pool resources. I recall being very excited when I came across Ostrom's work and some of the case studies where it has been applied. In summary, they involve formulating rules that are suited to the local context, imposing graduated penalties, allowing local communities to enforce them and having low cost conflict resolution mechanisms.

So far, so good. But I have come to realize that we run into a big difficulty when we try and apply them in India, because the very first step requires the community's boundaries—who is in and who is out—to be clearly defined. Now, it is difficult but possible to do this in some small-scale cases. For instance, many lakes and public parks in Bengaluru have been restored by ring-fencing them and using informal local rules to regulate access and use. However, it is extremely difficult to extend the scope and scale to city-wide governance.

We cannot put a ring fence around Church Street and restrict access only to local residents, businesses and customers who might have a stake in the upkeep of the area. It would be wrong to do so. This means that popular spots—tourist destinations face the brunt—are ravaged by itinerant 'outsiders' who are not concerned about keeping the place in good condition.

In our country, we have a further problem. Local 'insiders' usually do not see themselves as members of the community, and thus are not too interested in upholding norms. Local residents, restaurant owners, retailers, office workers tend to see each other as adversaries and not co-owners. Political scientists will say that local politics should emerge to consolidate the interests of various stakeholders. I am no longer impressed by such an argument. Local politics in India, even in urban areas, is organized along caste and sectarian lines.

It follows that unless India's deficit in social capital is addressed, public services will underperform even as people get richer. As a colleague once quipped, it means that two big cars will now be parked illegally instead of one small one. Toilets at our swanky airports will continue to need attendants. Public transport, like public hospitals and schools, will be worse than our per-capita gross domestic product (GDP) would suggest it should be.

The next phase of urban activism should shift from technocratic interventions to community-building. Perhaps this is what Gandhi discovered a century ago: that the solution lies in bridging communities and bringing people together, not in drafting petitions to the colonial government. The first step is to create a sense of 'us' in the Indian psyche. Not unity or uniformity, but a pluralistic, common community that does not come at the cost of diversity. It is time philanthropy, corporate social responsibility (CSR), social activism and civic leadership focus on building social capital, especially in urban India.

10 YEARS AGO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FIGHTING INFLATION
RBI surprises, hikes repo rate by 25 bps

Move to keep borrowing costs high for a longer time but RBI says it will set the economy on disinflationary path

PRESSURE POINTS

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QUICK EDIT
An RBI googly

NOTE TO READERS

STAY AHEAD WITH THE MOST PREFERRED ENGLISH BUSINESS NEWS CHANNEL.
Bloomberg TV INDIA

MINT METRIC

by Bibek Debroy

A Kolkata businessman, planning suicide,
Went up a bridge, in his stride.
Before he could get his wish,
Cops offered him a biriyani dish.
Down he climbed, death denied.

MY VIEW | MODERN TIMES

Vexed: The future of friendships in the age of opinions

MANU JOSEPH

is a journalist, novelist, and the creator of the Netflix series, 'Decoupled'

I used to be friends with people who had a moral compass, but I lost many of them after they started reading my column. I still know a few, like a young journalist named Nidhi Suresh, even though she has been thinking of getting rid of some friends. It is the times.

She was in Ayodhya last week. The fervour of the new temple there has not consumed her, but she saw on social media some of her friends, with whom she may have shared broccoli and other liberal greens, posting their joy. It is a type of joy that inevitably has the quality of glee, and she has begun to wonder what it is that she loves about those friends, and whether she can still love them now that she knows there is something of the mainstream in them. She wonders how to stay true to friends when you cannot argue with them about their deepest beliefs. Thus she enters a confusion of our times.

People are losing friends they have loved for decades. They are losing them over opinions. There was a time, not long ago, when very few people had any ideology. In fact, only elderly men had ideology, and there was a term for them. It was not 'uncles.' It was 'ideologues.' Nobody uses that word anymore because now we know that to be an ideologue is in the nature of our whole species. And it appears no one can hide their ideology anymore. As a result, across the nation, especially in the educated middle-class, people have been losing friends.

Once we disliked people only for what they did to us; now people dislike those who are close to them for how they think. When I tell Nidhi this, she says, "Maybe you will now roll your eyes, but I think as a woman. We, or at least I, always need to know what the person I'm speaking to is thinking. And not just doing. I don't know how to separate the two."

That people could give up friends merely for their views was unusual until recently. I did lose some friends, in my twenties, over my opinion that Rahul Dravid was a mascot for people who had no panache in their own professions. But you can see how this view, sadly for me, was inescapably a personal comment on my friends. But such a loss was rare. Until about a decade ago.

Then things changed fast. Everybody could behave like a writer, and that threw cosmopolitan friendships into turmoil. You may feel things have subsided, but that is because everyone who had to lose friends already has. But then, a new generation has risen, happy gangs of dissimilar friends, who are yet to seriously read a newspaper but have begun to discover politics, and their bonds are probably doomed.

Relations used to get strained by what people did to us but how people think can now test old bonds

Everyone is affected by this, yet it is not a universal behaviour. People who consider themselves 'liberal' are more likely to break old friendships with those they consider "too right-wing," "too religious," "too conservative, "too nationalistic" and other European things.

The subject of their ire, the 'right-wing' people, for all their fulminations, seldom end a friendship just because someone believes in climate change, transgender rights or even secularism. They may detest intellectuals who stand for all this, but not if they are friends. On occasion, when they mock a whole group of people, they immediately say that famous thing: "Don't get me wrong, some of my best friends are...." It does sound vacuous, yet they might be speaking the truth when they say that they may mock groups of people but they love their friends among them.

There is some consolation in this. A surprise of our times is that much of the knowable world has turned out to be 'right-wing.' Many conscientious women discovered their sweet fathers to be colony patriarchs. Oh, the things they began to say. Who knew affectionate fathers could say such things. Then it turned out that their mothers were no slouches themselves. And then young urban men, too, whose refinement did not save them from the fear of becoming cultural orphans.

"For a long time, I thought I had never been in love with right-wing men," Nidhi says. "But that's actually not true. Everyone, or rather most men, have a shade of it within them." In her view, "Right-wing men... understand women in a very particular way. And that way has obviously seeped into this country's everyday-ness. So I've found shades of it in my lovers as well. Maybe there's shades of it in me as well, who knows? It has become increasingly difficult to say that I've not been with right-wing men."

"Also," she says, "a strange thing I've realized is that while reporting I've found myself feeling physically safer around right-wing men than our left men. Mostly because they (those with a moral compass) are strange creatures, preaching feminism to me, telling me what I should know about the world."

One of the great cons of our age has to be men pretending to have the same politics as women. The bond between men and women was the first foreboding that friendships are doomed by opinions. Spouses accuse each other in very personal ways, but often they are only reacting to fundamental differences in how most men and women think.

What a marriage should teach us but we never remember is that people are better than the things they say; people are better than their opinions. A friend is better than his mere ideology. People who like us have got something right about the world. How does it matter what has suddenly got into them. Half of ideology is anyway morning cortisol.

MY VIEW | GENERAL DISEQUILIBRIUM

A classic scramble for deposits has erupted among banks again

Low interest rates, bank inertia and structural changes have made deposits hard to find in the face of rising credit demand

RAJRISHI SINGHAL
is a senior journalist and author of the recently released book 'Slip, Stitch and Stumble: The Untold Story of India's Financial Sector Reforms'
@rajrishisinghal

MINT

Things declared obsolete prematurely have a way of pushing back. A critical component of 'boring' banking—ordinary deposits—is having a moment because Indian banks are faced with a depleting deposit stream, thus pushing up costs and squeezing margins. The traditional market for deposits is also undergoing some serious structural changes, which is likely to impact bank performance over the next few quarters.

Two developments have led to a deceleration in deposit growth. First, years of regulatory obsession with keeping nominal interest rates low (even after real rates occasionally turned negative) diverted part of the country's incremental household savings to alternative assets, such as mutual funds. This was manifest when the mutual fund industry's assets under management crossed ₹50 trillion in December 2023. To put the number in context, the comparable figure in December 2013 was only ₹884,631 crore. Category-wise data from the Association of Mutual Funds in India points to another interesting trend: at end-September 2023, household investment (retail plus high net worth individuals) in equity mutual funds was three times the sum of wholesale investments (corporates and banks plus foreign portfolio investors).

The other reason has been the banking system's lethargy in raising deposit rates, even after the Reserve Bank of India (RBI) increased benchmark rates. Banks are traditionally prompt in raising lending rates when RBI hikes rates but are sluggish in increasing deposit rates. The opposite holds true when RBI cuts rates: deposit rates drop faster than lending rates. In short, it's a lose-lose proposition for depositors. On the greener side of the fence, equity markets have been on fire over the past 12-18 months and this further induced depositors to divert their investible surpluses. A third probable reason could be the 2016 demonetization episode, which discouraged people from putting their money in banks (see 2017 data in chart).

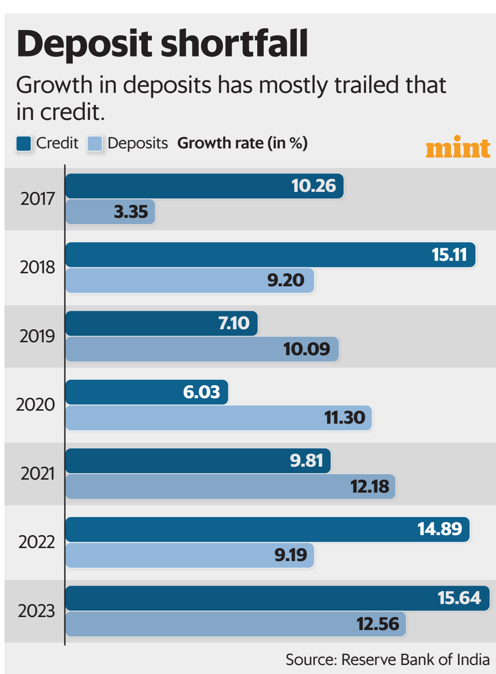
A combination of these factors has led to some skews over the past two years. Aggregate deposit growth during calendar 2023 stood at 12.5%, an improvement over the previous year. But, somewhat counter-intuitively, bank credit grew faster, by 15.64%, during the same period. Consequently, many banks (particularly private ones) reported a credit-deposit ratio of over 100%, which implies that they had to seek non-deposit liabilities to fund growing demand for loans. But this came about when RBI was draining out excess liquidity from the system, over and above its rate hikes, which pushed inter-bank and debt-market rates higher and increased borrowing costs for banks issuing certificates of deposit.

Bankers are now waking up, somewhat belatedly, to the significance of deposit mobilization for their basic banking business. In the easy-money era, when fee income fattened bottom-lines and cheap money could be accessed from a number of alternative sources, bankers found the notion of deposits rather old-fashioned, a vestige of the command-and-control days. Once RBI's anti-inflationary moves slowed down the carousel and trimmed fee incomes, bankers looking to the credit business for sustenance have hit a wall due to low deposit growth. This has underlined the fundamental importance of deposits.

Basic banking, drilled down to its core, requires only two critical inputs or raw materials: capital and human beings. Labour availability was never a problem in India, though it can be argued whether the available quality ever matches demand. On the capital side, banks usually aggregate money through equity, deposits from the public and market borrowings. In India, banks have aggressively focused on deposit mobilization since bank nationalization in 1969, done as part of a larger socialist economic model.

Banks were then found to be handy instruments for furthering the government's developmental goals. RBI data shows that there was a massive expansion in branch network, with a special emphasis laid on rural areas. Consequently, the banking industry's deposit collection rose seven times in just 10 years: from ₹4,646 crore in 1969-70 to ₹33,377 crore by 1970-80. Deposit generation became critical for financing the government's social sector expenditure, with funds pre-empted through high regulatory reserves. Even after the onset of the 1991 economic reforms, an under-developed debt market forced banks to keep relying on deposits.

And now, once again, plain-vanilla deposits are back in fashion. Ironically, so are brick-and-mortar bank branches, once derided as costly appendages. This has precipitated a structural reshuffle in the deposit market that is bound to have some consequences for bank bottom-lines. As industry chips fall wherever they will, it is likely that banks with extensive branch networks will corner a larger share of the market for deposits. Some leading banks, in both the public and private sectors, have been investing in expanding their branch network steadily, making inroads into one district after another. They are combining this expanding physical presence with direct marketing through teams of sales officers and digital outreach efforts. Banks that are unable to invest as extensively in branch coverage will be forced to rely on a more costly mix of deposits and market borrowings. This is bound to shake up parts of the industry. Till, of course, the next episode of easy money.



SATISH KUMAR/MINT

MINT CURATOR

The rich can pay more without pleading for tax rate increases

Forgoing tax benefits can aid the state kitty without burdening all

MERRYN SOMERSET WEBB
is a senior columnist for Bloomberg Opinion covering personal finance and investment.

There are enough ways to pay more tax if one really wants to ISTOCKPHOTO

Last week at Davos, a group of self-declared rich people demanded that elected politicians force them to pay more tax. The "patriotic millionaires" group announced in a letter, signed by 260 of them, that they would be "proud to pay more" if it were to make for better societies. They also insisted that they were not alone in wanting to pay more. Far from it.

Surveys done by the group showed that 75% of those who responded supported a 2% annual tax on the wealth of billionaires and 58% supported the same on those with more than $10 million in assets.

I'm not sure any of them have thought this through properly. That's because all taxes creep. The patriotic millionaires might say their tax will only be for the very wealthy, but we all know how that works out. The threshold will be dropped. First, it will be those with $10 million, then $5 million, then suddenly those with a net worth of $2 million will be considered to have broad enough shoulders to take on an extra burden.

Then there will be fiscal drag—whatever the threshold is, it will not be moved up in line with inflation. Before too long, 20% of [a rich] nation will be paying the tax—and all those who supported it on the basis that only other people would be paying it will feel a little disappointed (a good few of the signatories of the letter will be on this list). It's this kind of relentless fiscal drag that means that by 2027, one in five taxpayers in the UK look likely to have a marginal rate of 40%-plus.

You might also note that most countries already have an awful lot of levies that act as effective wealth taxes. In the UK, there is inheritance tax, capital gains tax (which isn't indexed to inflation and therefore taxes real wealth) and stamp duty (on houses and on shares), for starters.

All these are easier to collect, and in most cases, harder to avoid than the kind of seemingly simple tax that patriotics have in mind. Note that in the years before France cancelled its wealth tax, an estimated 40,000 millionaires left the country to avoid it. Add it all up, and it's hard to see the idea of more wealth taxes making sense to the thinking politician.

That's the bad news for the UK signatories to the letter (of which there were a surprisingly large number). The good news is they don't need to wait for political action. Want to pay more tax? You can.

In the UK, you can stop putting money into tax-free savings vehicles such as individual savings accounts (ISAs). Pay capital gains and dividend taxes instead. Don't use a pension. Pay full income tax and full capital gains on the money instead. Make sure you don't use the Enterprise Investment Scheme (which offers tax relief for investing in very small businesses), don't claim Entrepreneurs Relief and don't park your money in Alternative Investment Market-listed businesses, forestry or farmland (the last three of these come with inheritance tax benefits).

Also, stop giving gifts out of income to your kids (these are not liable for inheritance tax if the gift doesn't affect your own living standards). Hang on to all your own money for inheritance-tax purposes instead—you want to pay the full whack. Finally, you should also stop claiming Gift Aid when you give money to your various favoured charities. This gives you and the charity back some of the income tax you pay—hence reducing the amount that ends up with the Treasury. There's no need for that: Just don't tick the 'Gift Aid' box and that income tax will stay with the state.

In the US, you could create a similar tax burden bump-up for yourself simply by moving from a low-tax state to a high-tax state, never gifting cash to your kids (too many tax exclusions), and never starting a foundation (you don't want that 30% income tax deduction).

See how easy this is? I have more good news for you. You can also give as much as you like directly.

In the US, the Bureau of the Fiscal Service will accept gifts to reduce the public debt. And in the UK, the Debt Management Office is always happy to take your money to do the same.

UK public debt is currently 100% of gross domestic product (GDP), £38,000 ($48,3967) per resident of the UK and a grand total of £2.5 trillion. Less debt means less interest to pay and more cash left to allocate to all the things you think the state should be doing more of.

There's plenty of room for improvement here, too: In the year to March 2023, the UK's debt management office received a mere £47,000 in gifts, something that rather suggests not quite as many people are behind the patriotic millionaires as they might think. Still, there you have it. There is no need to beg to pay more in tax, here or in Davos. If you really want to do so, you already can.

GUEST VIEW

Barbenheimer's reign will continue this Oscar season

SANJEEV KUMAR BIJLI

is executive director of PVR INOX Limited.

It is that time of the year again, one of my favourite times, the film awards season. Very close on the heels of my excitement around the festive season of Diwali and Christmas comes a time of celebration when all the incredible films of the past year get acknowledged and bestowed with the most coveted awards of cinema, the Oscars, awarded by the US-based Academy for Motion Picture Arts and Sciences. After the pre-cursors to the Oscars—namely, the Golden Globes, Screen Actor's Guild and Independent Spirit awards and others—are over, the Oscar race seems to get clearer, although nothing can be said for certain till awards night on 10 March. One could be in for a few surprises, as always.

The Oscar nominations are out and some of the snubs are startling. Filmmakers Greta Gerwig and Celine Song being left out in the Best Director category is upsetting, but Justine Triet's nomination for her film *Anatomy of a Fall* saved it from direction becoming an all-male contest. The biggest astonishment is Margot Robbie not being recognized for her role as Barbie in Greta Gerwig's film by that name. Last summer was dominated by 'Barbenheimer,' shorthand for *Barbie* and *Oppenheimer*. Both films were released on the same day last July and made news across the world with their clash. *Barbie* went on to mint almost $1.5 billion worldwide, its huge success serving as box-office validation for Greta Gerwig. The Christopher Nolan directed *Oppenheimer*, on the other hand, got collections of nearly $950 million and tremendous critical acclaim.

The Barbenheimer saga continued into the awards season at the end of 2023, with both films garnering multiple nominations. Oppenheimer has won the most so far. The Oscar nominations' first surprise has been *Barbie* falling to third place on this count with eight nominations, while the quirky fantasy comedy *Poor Things* received 11 and Christopher Nolan's biopic topped with 13.

This year's nominations have kept up the Oscar emphasis on diversity. We have a first-time native American actor, some openly LGBTQI+ actors and many actors 'of colour' represented. Both Jodie Foster and Coleman Domingo, openly gay actors, have been nominated for their films *Nyad* and *Rustin*, respectively. I am also delighted to see America Ferrera nominated in the Best Supporting Actress category, her first Oscar nomination, for her role in *Barbie*. She delighted all of us for years in her super-hit sitcom *Ugly Betty*, and it is exhilarating to see her receive a nomination. Ryan Gosling gets his third nomination for the same film, in which he was brilliant as Ken. And then there is also the 80-year-old thespian Robert De Niro, who scored his ninth nomination for *Killers of the Flower Moon*. The outstanding actor has won twice, for *The Godfather II* and *Raging Bull*.

We also have reason to rejoice and applaud Delhi-based Nisha Pahuja's film *To Kill a Tiger*, which has been nominated in the Best Feature Documentary category.

Nolan's biopic is the favourite but a dazzling show of cinema talent means there are likely to be surprises

And now for my predictions for the 96th Academy awards to be held at the Dolby Theatre (once known as the Kodak theatre) in Hollywood, Los Angeles, on 10 March.

Best Picture: Unequivocally, it would go to *Oppenheimer*. Having won almost all major awards in this category, it is the favourite. Nolan's magnum opus is a meticulous biopic on the life of Robert Oppenheimer, and at a length of 3 hours and 20 minutes, it surprisingly performed better than *Barbie* in India. It has over a dozen nominations, and the only surprise winner could be Yargos Lanthimos's dark comedy, *Poor Things*, with just under a dozen. Unfortunately, the latter may not be screened in India on account of its objectionable content.

Best Director: This also seems to me like a slam dunk for the deserving Christopher Nolan, who has been nominated eight times and will likely walk away with the golden statuette. His commitment to the big screen, dazzling writing and great direction is commendable, and every film of his is so audacious and thought-provoking that his films are a genre on their own.

Best Actor: Cillian Murphy. Surprisingly, this is his first nomination and is my favourite to win for his brilliant transformation as Robert Oppenheimer. A regular in most Nolan films, his body of work is stupendous and he deserves this accolade, having also won the Golden Globe this year. My only candidate for a surprise win would be Paul Giamatti for *The Holdovers*.

Best Actress: A surprise inclusion in the list is Annette Bening for *Nyad*, her fifth nomination (though she has never won). My vote, however, goes to first-time nominee Lily Gladstone for her splendid performance in *Killers of the Flower Moon*, but there could be a possible surprise win for Emma Stone for her magnificent performance in *Poor Things*. Both of them won Golden Globes in the drama and comedy categories, but alas, the Oscar for a lead role can only go to one of them.

Whatever the outcome may be in the above four major Oscar categories, my alarm clock will be set for 5.30am to watch the resplendent red carpet, comprehensive interviews, drama and humour of the presenter and also the thrill of anticipation and excitement as those secret envelopes are opened one by one to announce winners. It is indeed one of the best times of the year for me as we celebrate the best of cinema and the people behind it.

See you on 10 March!

Why keeping tabs on your productivity does not help

Productivity guilt can drum up the anxiety to maximize each minute of each day, pushing workers into burnout and into giving up

ISTOCKPHOTO

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Two years ago, when New Delhi-based Paridhi Poddar, 29, now head product designer at lifestyle accessories brand DailyObjects, was in the midst of launching a collection, she found herself stuck in a cycle of guilt and frustration. She would hunker down at her desk every day to begin following the long list of the to-dos she had to check off.

At the end of each day, tired but consumed by guilt that she'd not gotten enough done, she would end up taking work home, and staying up with it till late, not getting enough rest. She'd be back at work the next morning, doing the same thing all over again. Soon, as she'd started catching glimpses of colleagues taking breaks, she wondered if hers was a sustainable way to work.

Anubhav Nath, 42, director of Delhi gallery Ojas Art, feels the same way between December and February, when the season of art fairs and fashion shows starts—despite having worked all year. Guilt gnaws at him; he starts wondering about everything that he could not get done the rest of the year.

Whether you blame it on hustle culture, or tying one's self-worth to one's work performance, or the evil of comparing one's progress with someone else's, the pursuit of being productive and the burden of guilt when it feels inadequate seems to have become a fixture of today's workplace.

This can happen to anyone, irrespective of their designation or position: "Productivity guilt is when an individual feels guilty for not being able to fulfil expectations of being productive or being able to complete 'meaningful' tasks that would help them improve certain aspects of their life," says Divija Bhasin, founder and head psychologist at The Friendly Couch, a mental health organization in Delhi. "The root cause depends on the individual's history, and people have different reasons for having this guilt."

The guilt can drum up the anxiety to maximize each minute of each day, pushing the individual to the extent of them wanting to give up. This can hit people who've moved into entrepreneurship or creatives who have risen to managerial positions, especially hard.

> Productivity guilt, or the guilt of not doing enough, can happen to anyone, irrespective of their designation or position

For Pritika Singh, 29, founder of Mohh Furniture, the experience of being an entrepreneur has meant that her best-laid plans have often gone awry. "When I was working a job, my KRAs (key responsibility areas) were clearly defined, and tasks were assigned to me. So productivity then was different from what I deal with as an entrepreneur," she says. "Now, there are so many situations that arise out of the blue—calls, impromptu meetings, firefighting—so my schedule can go absolutely haywire and at the end of the day, I end up feeling like I didn't accomplish what I set out to," she says. A few days like this, and she ends up feeling dissatisfied or like she's not working hard enough.

Poddar, too, feels this way on days when her responsibilities, such as coordinating with vendors and other managerial functions, do not leave her time for her own design research.

What's more, Poddar says that in the early stages of product development, some processes like fabric selection, are time-consuming and iterative. This means the results are not visible immediately, and would lead to her questioning the efficacy of her efforts. Singh agrees: "The process of creating, creative-direction, or even design feedback are such ongoing things with no metrics that can help you say 'I did x and y and z things today'," she notes.

TO-DO LIST

To this end, Poddar has learned to lean in and celebrate small wins. Meanwhile, Manisha Prakash, 35, the entrepreneur behind the yoga centre LifeYoga, says that goal setting by breaking down time into year, quarter, month, week, and day—and differentiating work and personal goals—has served her well. Having often slipped into regret and indulging in self-blame if her days didn't go as planned, Prakash would only follow it up with overwork and then, burnout.

When she realised this, she'd also just had a baby. "Especially as someone who's used to working all the time, staying home, healing and breastfeeding can suddenly feel like you're doing nothing all day, even though it's a lot," she notes. For her, this was the tipping point that pushed things into perspective.

"It doesn't matter whether I do my goal-setting in an organized way (on paper or digitally), or in an unorganized way (making a mental note or a quick scribble onto a post-it) while washing the dishes or taking a walk," says Prakash. The idea is that taking a more zoomed-out view of things, while also having a closer metric can help in two ways: it can help alleviate misplaced guilt and reveal that things are not as bad as they seem; or it can help alleviate anxiety by providing a set of facts based on which one can reorient themselves and plan next steps.

Singh, too, believes in the power of taking stock and being nimble. On the commute back home, she often goes over the things she'd set out to do versus the things she did do, and if there has been a mismatch, she quickly comes up "with a new plan and timeline for the next day," she says, adding that playing catch-up while guilt-ridden is "just exponentially worse".

In some cases, it helps to have someone else help calm the guilt. "When a part of you is convinced that you're just never living up to your responsibilities, that part is also not very good at logic and reasoning its own way out," says Anukriti P., 24, a programme assistant at a non-profit. "It only wants to cling to the idea that you're not smart, and never going to do something meaningful." She recognised the need for a lesser workload, but felt too guilty to ask for it from an already small team. Getting therapy made her realise that her productivity guilt stems from "a very cliched realisation of how deeply I don't trust myself," she notes, now equipped to recognise and stop any unhealthy thought spirals. She acknowledges accomplishments, even if "small".

This is in line with what productivity expert Ali Abdaal says in his new book *Feel Good Productivity*, "my mistake wasn't in *what* I thought about productivity. It was in *how* I thought about it."

Despite best efforts however, sometimes productivity guilt tends to creep right back in. Poddar, for instance, confesses that she still can't help overthinking when taking even just three days off from work. Even as she shares her planning hacks, Prakash offers a disclaimer: "you've just caught me on a good day".

Singh acknowledges this all-pervasive reality. "90%, if not all of us, will keep going through productivity guilt," she says before adding with a laugh: "But listen, if you're going to spiral, you might as well do it when you're off the clock."

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TIPS TO FIGHT THE GUILT

TAKE A BREAK
Small walks or the act of making a tea or coffee can be a good start. The time away can help with clarity when you're back to the grind.

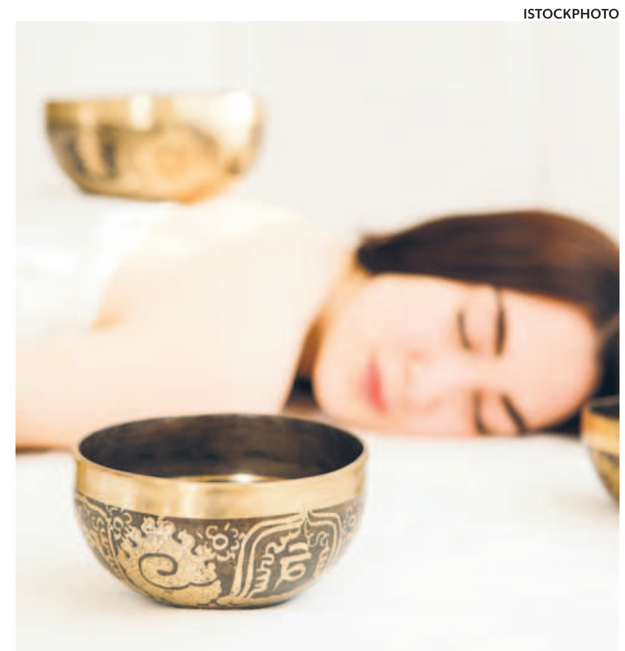
PRIORITIZE
There is always going to be more than enough—consider the Eisenhower matrix to determine where your tasks stand on the Urgent-Important scale, and knock them out of the way.

CELEBRATE
Allow yourself some joy. A celebration involves any appreciation and acknowledgement of the effort and time that you've put in .

REFRAME
Guilt, much like stress, can be beneficial to a certain degree, and help in conscientiousness. More than that, and you may have to rethink and reframe the point of the feeling itself.

GET A HOBBY
Guilt will make it seem impossible to even think of doing anything else. But that's what you can try after assessing the pressures of the week—have something else to look forward to, which will let you feel contentment from a different avenue of life.

ISTOCKPHOTO



Stressed workers use singing bowls to sleep

A high-stress, high-pressure culture is pushing many youngsters to 'lie flat'

AFP

It's just after midday in a quiet studio in Beijing, and Xuan Yi is finally getting the deep sleep she's craved for months.

Xuan is one of an estimated 300 million Chinese people suffering from insomnia, the product of a high-stress, high-pressure culture that has left many young people choosing to "lie flat" instead. She tried everything, she tells AFP—from psychological counselling to essential oils. "I had a lot of work pressure. I could not go to bed before 2 or 3 am and had to get up at 7 am to start work," she says. "I also worked weekends, and my sleep was not very good for a long time."

But when the curtains close and the singing bowls start humming at healer Li Yan's studio, she can finally drift off.

To the sounds of a gong, Ukrainian water drum, rainstick and handpans, Xuan and her fellow millennials enter a gentle slumber. Fifty minutes later, they awake after what they say is the best sleep they've had in years—at a cost of 180 yuan ($25).

"Dozens of people with tense minds lay down together and want to give their brains a short break," Li tells AFP. "It's like charging your cell phone battery from 3 percent to 100 percent."

"Pressure", "anxiety" and "insomnia" are the words Li hears most often. She says she often fields calls from clients desperate for a break. "I need this therapy right away, in half an hour, I'm so tired," Li says they tell her.

Many come from China's competitive IT industry, which has some of the highest incidents of depression and anxiety in the country, according to a National White Paper on Health.

> 300 million Chinese people are estimated to suffer from insomnia due to high stress

Giants like Alibaba—whose ex-CEO Jack Ma was notorious for demanding that his employees work long hours—have even used Li's sessions as team-building exercises.

Li calls her work "lie flat concerts", a reference to a popular meme extolling the virtues of trading the high-pressure life for something a little more easygoing.

But the singing bowls also tie into another growing trend: "short escapes", in which young people snatch small, zen moments for themselves to escape the daily grind.

HAPPINESS A 'LUXURY GOOD'

Surrounded by office buildings in the heart of Beijing, Li's studio offers time slots tailored to the busy routines of young workers. She says she has seen growing demand in the so-called sleep economy since the pandemic, which the World Health Organization says sparked a 25 percent increase in incidents of depression and anxiety worldwide in its first year.

"Many emotions and problems have come to the surface and people need to deal with their inner selves," according to Li. "Many are seeking solutions since the pandemic." And in a country where many turn to video games or shopping to unwind, she says, "relaxation and happiness seem to be a luxury good".

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'Coffee badging' may not be good for workplaces

People have found a unique way to get around return to office mandates: socialize, mark attendance, leave

Reem Khokhar

Greater Noida-based Anupam Gupta travels 120km to make a trip to his office in Gurugram and back home. He does the trek twice a week. His organization, the tech company where he works as a senior pre-sales solution architect, started hybrid working four months ago after a few years of remote working. Though office transportation is provided, the fixed timings do not match Gupta's since his schedule is dependent on interactions with international clients. He ends up making enough of an appearance on office days to mark his presence, grab coffee or lunch with colleagues, and leave to do most of his work at home.

Gupta's reluctant presence in the office is echoed by some employees in reaction to return-to-office mandates. In fact, there's a term for it: coffee badging. It describes employees showing up in the office because they have to, swiping in, spending some time to mark their presence, grabbing a coffee or lunch with colleagues, and leaving. "I plead guilty of being a coffee badger for at least half of my recent office visits," says Gupta, 43. "Visiting the office is an obligation one must fulfil. Travelling to work is an ordeal. Four hours on the road makes me prefer working from home."

While there's no statistics on the trend in the Indian landscape, a US report shows that the coffee badging trend is becoming a way for workers to get around return to office mandates. The *2023 State Of Hybrid Work* report by tech company Owl Labs, for instance, shows 69% of the surveyed American employees feeling that they were required to be in the office because of traditional work expectations; and 58% of hybrid employees "coffee badge".

Tanuja Agarwala, human resource management and organizational behaviour professor at Delhi university's Faculty of Management Studies, sees coffee badging as a way in which employees express their resentment for being forced to come to office. "Employees now view work from home and flexibility as the new contract, where performance or contribution matters rather than presenteeism. Therefore, when firms are seeking to implement 'return to office' plans, employees perceive this as unreasonable."

Coffee badging may also be displayed in ways beyond brief appearances, where employees come to the office not for deep or productive work, but for a social outlet to catch up with colleagues, break the isolation of working remotely, and enjoy some team bonding. Whichever way, coffee badging appears to reflect a deeper change in traditional work culture where conventional spaces and schedules are viewed as unnecessary.

ISTOCKPHOTO

Using time in the office to socialize is not necessarily a bad thing. Chirag Thakkar, 32, recently joined a publishing house. Both his present and prior workplace required employees to be in the office twice a week. "Most meetings and collaborative aspects of work are planned for these days," says Thakkar. "This is also the time to bond with colleagues, get to know them better and develop friendships and camaraderie." But one day in office each month is adequate for this, and it's more useful for new employees to acclimatize in their first year, he says. "As you get more familiar with the work process and culture, I don't see any need for being in the office frequently. What helps are occasional mixers, team lunches, huddles and brainstorms."

At the Gurugram-based telecom company where project manager Richa Singh, 47, works, there is a three-days-in-office policy. Working with global stakeholders does not require her presence in the physical office, but she finds this time useful to connect with her manager and colleagues. "I mostly spend the whole day in the office when I visit but I have observed multiple people coming for a couple of hours, spending time with friends either just talking, grabbing a coffee or lunch and then leaving. So, they may be spending just half a day in the office and doing the rest of the work from home," she says.

While coffee badging can foster collaboration and connection, Singh's observation highlights the imbalance between employees like her spending the complete working day in the office on mandated days, while others spend just a few hours. "I like coming to the office for the social connect and working without distractions. I now have fewer engagements at home since my daughter has left for college," she says. "But people with families, young kids, or living far from office may need some extra motivation to come to work." Not everyone, however, may have as generous a view as Singh's.

Manu Saigal, director (general staffing), at HR solutions organization Adecco India, believes that some employees seemingly gaming the system, while others put in their all, could lead to an erosion of trust and fairness. "Resentment can fester within teams, questioning each other's commitment and work ethic."

Other coffee badging downsides, according to her, include reduced productivity if workers feel pressured to be seen in the office when it is not conducive to their working style; companies' investment in office space and benefits being underused, diverting resources from other crucial needs; and a breeding of inauthenticity and distrust through a company culture that is built on presenteeism.

Prof. Agarwala believes there are no quick solutions or one-size-fits-all approach to navigating the shift from flexibility of remote working to office going. "Firms and managers will have to deal with the tension between the return to office mandate and employee preference for flexibility gradually and through communication with the employees," she says. "Firms need to find ways to make employees want to come to the office."

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