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Food regulator finds dietary supplements unsafe, substandard

Priyanka Sharma
priyanka.sharma@livemint.com
NEW DELHI

Nearly 15% of protein powders, dietary supplements used by athletes and bodybuilders, sold in India were found to be unsafe for consumption or substandard, a survey by the Food Safety Standard Authority of India (FSSAI) found.

The regulator's survey found that 4,890 out of 144,345 samples collected during 2021-22 were unsafe for consumption, and 16,582 were substandard, an official aware of the matter said, requesting anonymity. In addition, more than 11,482 samples had labelling defects and misleading information, the person said.

In light of the results, FSSAI launched 4,946 criminal cases and many other civil cases. Doctors warn that consuming unsafe protein powders, commonly used by young people to build muscle mass, can harm kidneys, liver and heart and cause other health issues. FSSAI has notified specific rules to regulate the production and sale of protein powders and other dietary supplements in India.

The food regulator regularly monitors food business operators, including protein powder manufacturers, by conducting drives across states. In addition to launching criminal cases, the authority has also initiated civil cases in 28,906 instances, resulting in punishment of 19,437 offenders and imposition of a penalty of ₹53.39 crore.

Health experts said that dietary supplements have seen increased demand in recent decades globally, including in India. Many young people, especially athletes, use these products to build muscle. However, many of these so-called dietary supplements can be harmful to the body.


The survey found that 4,890 of 144,345 protein powder samples were unsafe.

"We do see young boys coming to us with kidney-related problems who wish to have a masculine body. Boys are between 20-30 years of age mostly. When we ask about their lifestyle pattern, they inform us that tell us that they go to the gym and consume protein powder after being recommended by their gym trainer. However, there is no direct link, but lifestyle pattern indicates a common thing in the consumption of protein supplements. We do ask such patients to stop the intake of these protein powders immediately," said Dr H. Jauhari, chairman of the kidney transplant department at Sir Ganga Ram Hospital.

QUICK EDIT

Let's keep it real

India's latest growth estimate offers relief. According to the statistics ministry, gross domestic product (GDP) is projected to grow 7% in 2022-23. This is better than the 6.8% forecast by the Reserve Bank of India (RBI) about a month ago. Though it is slower than last year's 8.7% expansion, it shows that our economy's revival is holding up. Since last year's off-the-charts figure was a one-off, thanks to the preceding year's covid contraction, this year's growth represents an actual gain of significance after two years lost to the pandemic. The hope, seen in many indicators, is that India has also reversed its pre-pandemic slowdown. The mood is upbeat, with laggard sectors picking up and investments finally looking up. Note, though, that the ministry's nominal GDP growth projection of 15.4% far exceeds the 11.1% budget estimate. This translates into a tax bounce, reflecting high inflation this year and making fiscal space for the government to cover an expense overshoot. Given its enlarged debt burden and payback bill, running large gaps between real and nominal GDP may be tempting. But we must stick with low inflation and growth that's mostly real.

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PLAIN FACTS

What will be the math behind Budget 2023?

BY PRAGYA SRIVASTAVA

In the upcoming Union budget, the Centre will make prudent promises as always about keeping its finances in check. But this time, striking the right balance won't be easy. For one, the 2024 Lok Sabha elections are looming, and the political temptation to spend will be unmissable. A likely slower economic growth next year won't help either, and high tax revenues can't be taken for granted. All this makes Budget-framing a challenging exercise.

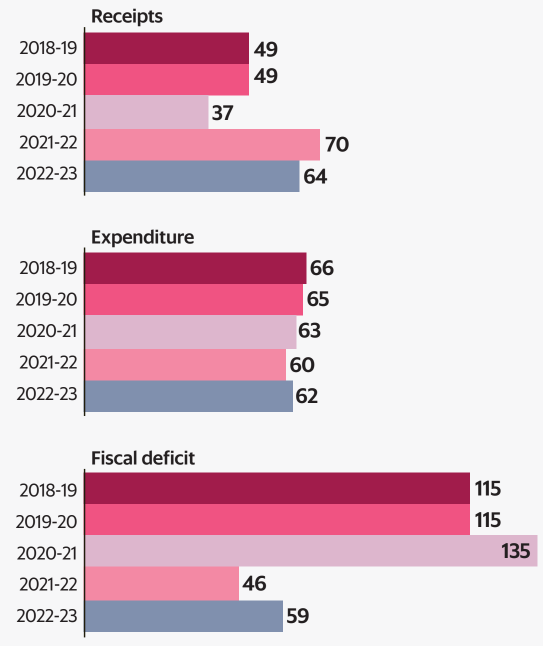
In 2022-23, finances have been well on track, with little dent from fuel duty cuts and higher subsidy expenses. In fact the Centre's bill on major subsidies had already reached 95% of the full-year budget by November, and analysts see it overshooting the aim by as much as ₹2.5 trillion by the time the year ends. But revenue has kept pace. That, too, could top the estimate by about ₹1.8 trillion.

Additional leeway is seen from healthy growth. The last budget pegged the fiscal deficit—the extent by which spending exceeds revenue—for 2022-23 at ₹16.6 trillion, or 6.4% of GDP. But that was when the Centre believed nominal GDP would rise 11.1%. That's changed: a fresh estimate released on Friday predicts growth at 15.4%, which means the Centre can keep its 6.4% promise even if fiscal deficit overshoots the target by about ₹0.9 trillion.

For this year at least, this spells a clear ability to spend within the means, even while going ahead with the ₹7.5-trillion capital expenditure target. But the story will change in 2023-24.

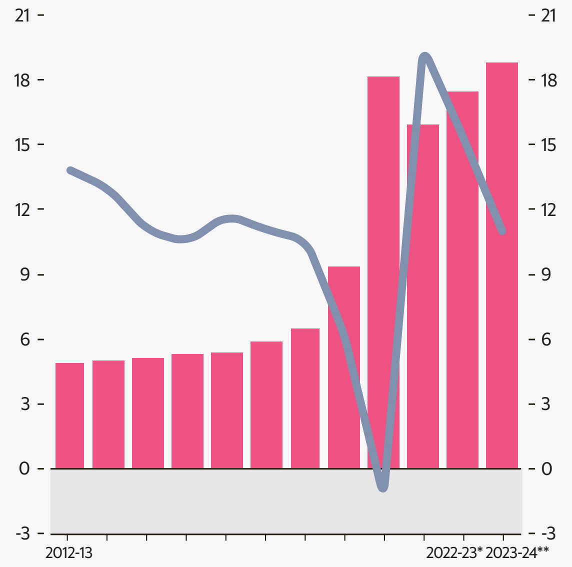
Centre on track to meet FY23 fiscal gap aim on back of strong revenues...

As % of full-year Budget estimates in April to November



Source: CMIE

...but slowing GDP growth could crunch the fiscal space in FY24



*Nominal GDP growth as per first advance estimate and fiscal deficit assumed at 6.4% of GDP. **Nominal GDP growth as per analysts' estimates and fiscal deficit assumed at 6.2% of GDP.

Source: CMIE, MoSPI, Analysts' estimates, Mint calculations

Fiscal Hole

IN ITS Budget on 1 February, the Centre could set its fiscal deficit target for 2023-24 at 6% of GDP, but it could be difficult to achieve due to the fiscal pressures likely to arise ahead of the 2024 national elections, said analysts at Fitch Ratings last month. Take, for example, the Pradhan Mantri Garib Kalyan Anna Yojana, under which beneficiaries of the public distribution system saw their subsidized foodgrain entitlement being topped up. With the pandemic in check, the Centre was expected to end the scheme soon. And so it did, last month—but alongside it converted the existing subsidized food scheme into a free-of-cost one for a year. Commentators say it would yield an electoral dividend. The reorientation will even save the government money worth 0.6-0.7% of GDP, but it also stands to lose revenues that it could have made from the subsidized food sales, Nomura said in a recent note.

Meanwhile, the government may also have to continue robust capital expenditure to support slowing growth, which will bring challenges of its own. With analysts forecasting a nominal GDP growth of about 11% in 2023-24, the fiscal deficit may have to be contained at ₹18.8 trillion for it to be 6.2% of GDP, and ₹18.2 trillion for it to come down to 6%, *Mint* calculations show. The Centre aims to bring the fiscal deficit down to 4.5% by 2025-26.

The Budget itself is not likely to announce a sharp rise in revenue expenditure, according to economists. But an expected growth moderation, rural distress and external uncertainties could mean that by this time next year, the Centre may be forced to spend more than it will budget. (This year, too, apart from additional grants on food and fertilizer subsidies, the government has sought the Parliament's nod for higher spending for rural areas.)

Tax Trends

THIS YEAR robust tax collections have helped offset some of the unforeseen spending, which came in the form of excise duty cuts on fuel and higher subsidy bills following the sharp rise in prices as a result of the Russia-Ukraine war. However, a closer look at the numbers shows the government may have underestimated its gross tax collections in the first place. The Budget projected ₹27.6 trillion in gross tax collections, but had already earned 65% of it by November, the latest month with available data.

In 2021-22 as well, the actual tax collections have overshot even the revised estimate by nearly ₹2 trillion. This is a reversal in the earlier trend, when the government used to overestimate tax mop-ups (and underachieve) between 2018-19 and 2020-21. This used to put fiscal strain by the end of the year. With growth set to slow down in 2023-24, the rapid growth in tax collections so far could also weaken, and if the government chooses to continue with conservative tax targets, it may limit the scope for more announcements in the Budget itself, which will be closely watched for election sops, economists said.

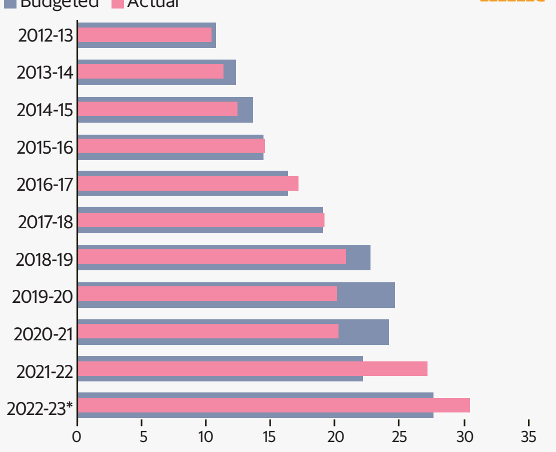
Goods and services tax (GST) collections have been the biggest contributor to gross tax revenue for the past three years (2.9% of GDP in 2021-22), having surpassed corporate tax collections in 2019-20, when corporate tax cuts were announced. Robust GST collections this year have also been a major boost for the government's coffers. However, higher revenue through indirect tax collections has been criticized by many policymakers and economists as it puts undue burden on poor Indians who are already reeling under higher inflation and could prove detrimental to a revival in consumption.

The government faces an unenviable fiscal tightrope again.

pragya.s@livemint.com

Centre has been conservative in estimating tax mop-up in recent years

Centre's gross tax collections (in ₹ trillion)

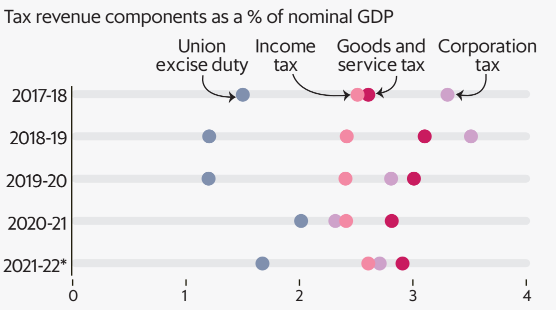


*2022-23 actuals as per Nomura estimate

Source: CMIE, Nomura

GST has now turned into Centre's biggest tax stream

Tax revenue components as a % of nominal GDP

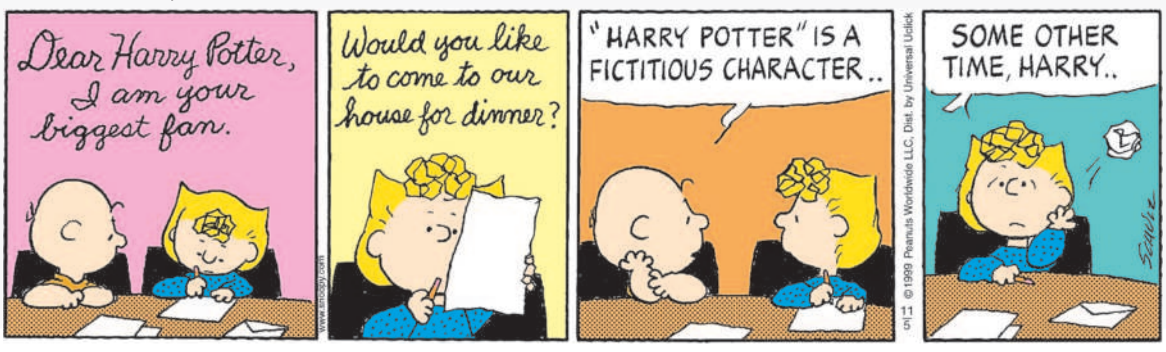


*Revised estimate

Source: CMIE, Mint calculations

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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SENSEX 59,900.37 0.00 | NIFTY 17,859.45 0.00 | DOLLAR ₹82.73 ₹0.00 | EURO ₹86.94 ₹0.00 | OIL $78.56 $0.13 | GOLD ₹55,334 ₹0

RCap lenders plan round 2 of auction

Committee of lenders to vote on proposal for new auction round today

Gopika Gopakumar
gopika.g@htlive.com
MUMBAI

The bidding for Reliance Capital took an unexpected twist, with the committee of creditors (CoC) considering a second round of e-auction as the bidders tried to top each other's bids after the completion of the auction, two officials aware of the matter said.

CoC will meet on Monday to vote on the proposal to organize a second round of auction. The lenders have set a reserve price of ₹9,500 crore, including upfront cash of ₹8,000 crore, in the second round of the auction.

If the proposal is approved, Hinduja, Piramal, Torrent and Oaktree may get a fresh chance to revise their bids for Reliance Capital.

The proposal to look at a second auction was taken by the lenders after the Ahmedabad-based Torrent Group offered the entire bid amount of ₹8,640 crore as upfront cash on Friday.

Torrent's proposal to raise its bid came after the financial advisers differed over the net present value of the bankrupt company's assets.

"Hinduja Group has written to the lenders complaining against Torrent's revised bid, and Torrent is complaining against the former's plan. The bidders have been making multiple changes to the bids since the auction started. CoC thought instead of being trapped in legal issues, let us go for a fresh round so that there is no further complication," a lender, one of the two people cited above, said on the condition of anonymity.

The auction process for Reliance Capital has been marked by several twists and turns, with bidders trying to outdo each other and initial frontrunners—Oaktree and Cos-

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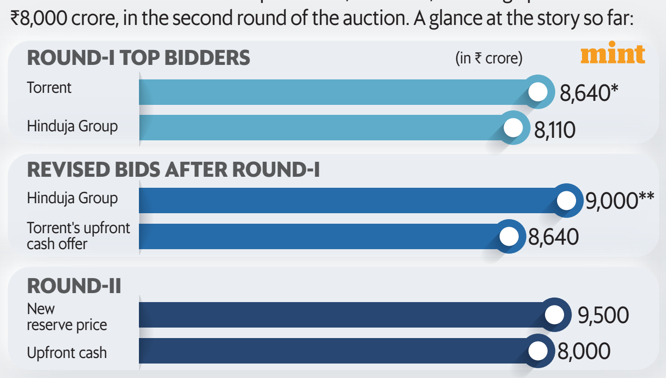
HIGH STAKES

The lenders have set a reserve price of ₹9,500 crore, including upfront cash of ₹8,000 crore, in the second round of the auction. A glance at the story so far:



(*Upfront cash of **₹4,500 crore** and the rest at zero interest over 5 years; ** Upfront cash component is **₹8,800 crore**)

TWISTS AND TURNS

COMPANIES have been making multiple changes to their bids

COC may go for a fresh round rather than being trapped in legal issues

HINDUJA, Piramal, Torrent, Oaktree may bid again if plan is okayed

SARVESH KUMAR SHARMA/MINT

Ather Energy sets $1 billion revenue target for this year

Shouvik Das & Beena Parmar
NEW DELHI

CEO Tarun Mehta says Ather expects to achieve $1 bn revenue mark this calendar year.

Electric scooter maker Ather Energy expects to achieve $1 billion in revenue in 2023 and turn profitable in the next few years, helped by a growing retail presence.

In an interview, Tarun Mehta, co-founder and chief executive, spoke about how the company, backed by Hero MotoCorp and the National Infrastructure Investment Fund, is using technology to drive user experience with enhanced touchscreens and features such as hill assist and cruise control, on its scooters. *Edited excerpts*:

How much have you raised to date, and by when do you expect to turn a unicorn?

We've raised a total of $170-180 million in the recently-concluded funding round and raised $50 million last October. With this, our valuation is $800 million. I am not concerned much about the unicorn part. Rather, we are already at over ₹2,000 crore or $300 million in revenue this month. We have decent visibility of hitting the $1 billion revenue figure by the end of this calendar year.

But your FY22 loss widened to ₹344 crore. So, when do you hope to turn profitable?

Absolute losses will take a while to come down. In percentage points, Ebitda (earnings before interest, taxes, depreciation, and amortization) would have improved by three to four times this year. In FY22, we hit revenue of ₹420 crore, and we are on track to beat that revenue in FY23, while we don't expect absolute losses to grow dramatically. Making a profit will depend on the exact volume build-up. So, I would say (we'd turn profitable) within the next couple of years—not within the next few quarters, for sure. We

INTERVIEW

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Govt coffers swell on boost from import duty receipts

Gireesh Chandra Prasad & Ravi Dutta Mishra
NEW DELHI

A flood of imports swelled the Centre's customs duty receipts in the three months to November, reversing the declining trend of most of the first half of the current fiscal, official data showed.

That leaves excise duty the only laggard in the Centre's tax revenue collections so far this year, which has contracted from year-ago levels. The dramatic recovery in customs duty receipts comes as a relief to policymakers trying to balance the budget amid a surge in subsidy outgo.

The Centre collected over ₹86,200 crore in customs duty in the first half of the current fiscal, which was around 7% below what it collected in the same period a year ago. Customs duty collections began picking up in September itself, and in the three months to November, the trend reversed. At the end of November, customs receipts stood at ₹1.41 trillion, a jump of more than 12% from the year-ago period, data from the Controller General of Accounts (CGA) showed.

India's merchandise imports

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DON'T MISS

IT earnings, macro data to drive markets this week, say analysts

Trend in the equity market this week will be guided by a host of factors, including inflation numbers, Index of Industrial Production data and quarterly earnings of IT companies. Global cues, movement of the rupee, Brent crude and foreign funds may also influence Dalal Street. >P4

China reopens borders in final farewell to zero-covid

Travellers streamed into China by air, land and sea on Sunday as Beijing opened borders that have been all but shut since the start of covid. After three years, mainland China opened sea and land crossings with Hong Kong and ended a requirement for incoming travellers to quarantine. >P8

Startups remain top draw for job hunters despite recent turmoil

Startups remain the top draw for job hunters despite the recent turmoil, a Mint + Shine Talent Insights report showed. High pay packages, stock options and quick career moves remain the top factors for candidates to enter a sector that laid off more than 17,000 staff last year. >P5

Customers scramble as new bank locker rules kick in

A last-minute rush to renew bank locker agreements under a new rule is leading to queues, confusion and a scramble for stamp paper.In August 2021, RBI revised rules on maintaining lockers, making them applicable to new customers from January 2022 and existing customers from January 2023. >P6

STRAIGHT FORWARD
SHASHI SHEKHAR

Respond to this column at feedback@livemint.com

CHANGE IS VISIBLE IN THE WAY INDIA IS BEING PERCEIVED

A delegation from Uttar Pradesh, which recently travelled to Europe to attract investment, was pleasantly surprised -- nearly every industrial group there displayed a strong interest in India. It is obvious that the attitude of western nations is changing.

Against this backdrop, I recall an evening in 1991 when I got a chance to listen to a member of such a delegation. Together with then prime minister Narasimha Rao, we were in Bonn. During that trip, a meeting with Germany's top businessmen was organized. Unsettling queries were raised there. According to German business leaders, the main obstacles were infrastructure, workplace culture and the attitude of bureaucrats. This didn't discourage Rao in the least. He knew the doors of the Indian economy, which he had opened with the help of Manmohan Singh, would attract investors in droves -- if not then, definitely later.

Business organizations outside India are aware that our economy and politics have come a long way from Rao to Narendra Modi.

I discussed this with an economics pundit at the last New Year's party. While it is true that we have made significant progress over the past 30 years, he said, we shouldn't get overly excited about it. Today, a sizeable number of Indians are relocating abroad. More than 1.6 million people, including some millionaires, have done this during the past 11 years.

By October 2022, more than 183,000 Indians had renounced Indian citizenship. For the majority of them, the US, Australia, Canada and the UK were the top choices. India has the second-highest rate of millionaire migration, right behind nations such as Russia and China. More than 33,000 millionaires from these three countries left their homes last year. This number might rise hugely this year. It is vital to note that people from all over the world, including the US and the UK, are obtaining citizenship in other nations for a variety of reasons.

Is this pattern worrying?

According to a Henley & Partners research, India won't have any issue with this as more Indians would eventually join the millionaire club than the ones who renounce citizenship. By the end of this decade, their numbers could rise by as much as 80%. GDP figures also confirm this.

Another question is: Do folks settling down abroad contribute anything to our economy? Should it simply be regarded as an example of brain drain?

> When migrants return, they do so with skills and knowledge that help their country

According to statistics, expatriates send money to their family members and organizations that help the arts, education, religion and other societal causes. There are 30 nations globally where remittances in GDP is greater than 10%. Migrants contribute 29% to Tajikistan's economy and 33% of Kyrgyzstan's overall GDP. Expatriates contribute 10% to the GDP of the Philippines. When it comes to India, up until last December, remittances to our country's coffers surpassed $100 billion. In this field, we are indeed on the top.

Also, when migrants return, they do so with fresh skills and knowledge that help their native country. Such outstanding people are many and in a long line.

Could we have envisioned Independence and the abolition of sati without Mohandas Karamchand Gandhi and Raja Ram Mohan Roy?

It is also important to remember that the Indian diaspora contributes significantly to our economy. Vedanta Group recently laid the foundation for a semiconductor chip-manufacturing business in Gujarat. This unit is planned to begin manufacturing by the end of next year. This would reduce our industries' reliance on China, and around 100,000 people will get direct or indirect jobs as a result. Vedanta has also stated that another chip facility will be built soon. Anil Agarwal, the company chairman, used to do business in Patna and is now one of the three richest persons in the UK. There are numerous such names.

One other thing: Those who settle abroad and lose links with India after a generation or two, too, serve the interests of India. Rishi Sunak, Kamala Harris, Alok Sharma, Priti Patel, Sundar Pichai, Satya Nadella, Parag Agarwal, Shantanu Narayan, Leena Nair, Amartya Sen, Abhijit Banerjee, the late Pandit Ravi Shankar, and hundreds more have all made significant contributions to improving the world's perception of India. With their brilliant deeds, they dispel the myth that India is a country of snake charmers. We should pledge to advance this admirable goal in the new year.

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

Govt may rejig textile duty to raise export competitiveness

Low demand in cash-strapped Western markets poses a threat to the $200 bn textile sector

Ravi Dutta Mishra
ravi.dutt@livemint.com
NEW DELHI

The government is likely to announce adjustments in the duty structure for the $200-billion Indian apparel and textile sector in the Union budget next month in a bid to improve Indian competitiveness in cash-strapped Western markets, a senior government official said.

Textile manufacturers say they have been forced to cut production days due to high cotton prices. At the same time, exports of cotton yarn—a key raw material —are expected to register a degrowth of 28-30% in FY23 due to weakening global demand. "Our thinking is to avoid inverted [duty] structure in trade and to make sure that if it is necessary to import raw material, the price should not be excessive, which will make our final product uncompetitive," said the official cited above.

Government has imposed an 11% import duty on cotton from 2 February 2021, which is impacting the sector. BLOOMBERG

To be sure, higher cotton production in the new cotton season of 2022-23 could yet ease cotton prices.

Mismatch in demand and supply during the ongoing financial year had driven Indian cotton prices to a record high of ₹1 lakh per candy at one point. As a result, imports recorded a sharp growth. Imports of 'Cotton Raw & Waste' jumped 260% to $1.3 billion between April and November 2022, compared to $361.83 million during the comparable period a year ago. "Meanwhile, we are taking steps to boost the production of cotton by implementing newer techniques for efficient farming. Branding activity of Indian varieties of cotton, such as 'Kasturi cotton' is also taken up in collaboration with the industry, which will have a long-term positive impact on the industry. Free trade agreements, especially with the EU, UK and Australia, will open up large markets for Indian textile products," the official added.

SUBDUED DEMAND

EXPORT of cotton yarn is expected to register a degrowth of 28-30% in FY23

MISMATCH in demand and supply drove cotton prices to a record high of ₹1 lakh per candy

INDUSTRY representatives said that a tax anomaly under GST also needs correction

Seeking an exemption from import duty on cotton, Atul S. Ganatra, president of the Cotton Association of India, said, "the government has imposed an 11% import duty on cotton from February 2 2021. This has drastically eroded the competitiveness of our value-added products in the international markets, and our textile industry, which is the second largest employment provider in the country, is now constrained to work with only 50% of its installed capacity."

Expressing concern over the availability of extra-long staple (ELS) cotton in the country, the association said that every year India requires around 2 million bales of extra-long staple cotton but produces around half a million and that cotton farmers should be given additional MSP to boost ELS cotton production.

"We have been seeking removal of duty on cotton ...largely on extra-long-staple cotton which India does not have...as cotton prices are under stress. And the import of this does not in any way impact the farmer... so the sensitivity for it is also not there. Raw materials like these are very seasonal, and it is very critical to the value chain. It can be a very calibrated move also," said Chandrima Chatterjee, secretary general of the Confederation of Indian Textile Industry (CITI).

Industry representatives also said that there exists a tax anomaly that falls under the ambit of the GST council, which needs correction. Mint reported last year that the GST Council had decided to put on hold a decision to raise the tax rate on several items in the textiles and apparel industry amid pressure from businesses. Finance minister Nirmala Sitharaman had said the GST Council decided to retain the status quo refraining from implementing a planned correction of tax anomaly in the textile sector that warranted an increase in the tax rate from 5% to 12% from January 1 last year.

Queries sent to the ministries of commerce and industry and textile remained unanswered till press time.

FM calls on states to help lift ease of doing biz

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

Ease of doing business is not just the responsibility of the Central government, but also of sub-national governments from states to municipal corporations, finance minister Nirmala Sitharaman said on Sunday during an interaction with students in Kota.

Sitharaman explained to students in response to a question that ensuring ease of doing business entails the role of state governments and other local authorities because entrepreneurs start their ventures in states.

The minister said the Central government can bring meaningful rules and regulations, remove many of the burdens faced by businesses and formulate this as policy. These can be implemented in the Union Territories which the central government is responsible for. But, further down, it is the state governments which also will have to do it, Sitharaman said.

"Similarly, if you live in a municipal area, the municipality will have to understand that we have to be part of improving ease of doing business. Or if you are living in a panchayat, panchayat area should know that ease of doing business is an important criterion for businesses," she added.

DIPP framing policy on salt land auction

PTI
feedback@livemint.com

The Department for Promotion of Industry and Internal Trade (DPIIT) is working on a policy for auction of salt land to private players, sources said.

The department had received requests from different ministries, departments, state governments, central and public sector enterprises for transfer of land owned by the Government of India through the Office of the Salt Commissioner, at places other than Mumbai and its suburbs, for public purposes.

> A drone survey of salt land is being undertaken. About 60,000 acres of salt land is available in various states

Sources said that the department is finalising a draft policy on auction of salt land to private players.

A drone survey of salt land is also being undertaken.

In May last year, the DPIIT had sought applications for the empanelment of valuers in Salt Commissioner's Organization (SCO) for a period of five years.

About 60,000 acres of salt land is available in various states.

Land declared surplus to the requirement of SCO would be considered for transfer for public purposes in accordance with the General Financial Rules under intimation to the Ministry of Urban Development, the DPIIT had said in a document inviting application for valuers.

Scope of the work of the valuer included preparation of detailed report for valuation of the salt pan lands situated in the coastal areas of Tamil Nadu, Andhra Pradesh, Odisha as well as Rajasthan.

The Salt Commissioner's Office, headquartered in Jaipur, is under the administrative control of the DPIIT. The functions include promotion of technological development, custody and superintendence of departmental salt lands and other assets.

The commerce and industry ministry did not responded to a query on the matter.

Joshimath may be 'irreversible mess-up'

PTI
feedback@livemint.com

Land subsidence in Joshimath, Uttarakhand, is primarily due to the National Thermal Power Corporation's Tapovan Vishnugad Hydro Power Project and is a "very grave reminder" that people are messing up the environment to an extent that is irreversible, experts said on Sunday.

They said rampant infrastructure development without a plan is making the fragile Himalayan ecosystem even more vulnerable to the effects of climate change which acts as a force-multiplier.

Cracks have appeared in hundreds of houses of Joshimath, the gateway to some renowned pilgrimage sites like Badrinath and Hemkund Sahib.

People stand next to cracked houses in Joshimath. PTI

Chamoli District Magistrate Himanshu Khurana on Sunday told PTI that Joshimath has been declared a landslide-subsidence zone and over 60 families living in uninhabitable houses have been moved to temporary relief centres.

Considering the extent of the damage, at least 90 more families will have to be evacuated as soon as possible, Kumar, who heads a committee tasked with monitoring the situation on the ground level, said.

There are a total of 4,500 buildings in Joshimath and 610 of these have developed huge cracks.

> Experts say rampant infra development is making the fragile Himalayan ecosystem vulnerable

This has made them unfit for habitation, he said.

Incidents of land subsidence in Joshimath were reported in the 1970s too.

A panel set up under the chairmanship of Garhwal Commissioner Mahesh Chandra Mishra had submitted a report in 1978 saying major construction work should not be carried out in the city and the Niti and Mana valleys as these areas are situated on moraines—a mass of rocks, sediment, and soil transported and deposited by a glacier.

"Joshimath is a very grave reminder that we are messing up with our environment to an extent that is irreversible," Anjal Prakash, one of authors of the latest report of the Intergovernmental Panel on Climate Change, said, attributing the Joshimath caving incident to the hydropower project.

"There are two aspects to the Joshimath problem. The first is rampant infrastructure development which is happening in a very fragile ecosystem like Himalayas and this is happening without much of a planning process in a way where we are able to protect the environment.

"Secondly, climate change is a force-multiplier. The way climate change is manifesting in some of the hilly states of India is unprecedented. For example, 2021 and 2022 have been years of disaster for Uttarakhand.

"There have been numerous climate risk events recorded like high rainfall events triggering landslides. We have to first understand that these areas are very fragile and small changes or disturbances in the ecosystem will lead to grave disasters, which is what we are witnessing in Joshimath," Prakash said.

The climate scientist said two reports of the IPCC, published in 2019 and 2022, have critically observed that "this (Himalayan) region is very prone to disasters".

SJVNL securitizes 1.5 GW Nathpa Jhakri hydropower project cash flow

Utpal Bhaskar
utpal.b@livemint.com
NEW DELHI

State-run SJVNL has securitised the cash flow of India's largest hydropower project—Nathpa Jhakri—with Bank of Baroda for a 15-year period under the government's National Monetisation Pipeline (NMP) for an upfront payment of ₹2,000 crore, said two people aware of the development.

SBI Capital Markets Ltd was the transaction advisor for SJVNL for its 1.5 GW project in Shimla that supplies electricity to Delhi, Haryana, Himachal Pradesh, Punjab, Jammu & Kashmir, Rajasthan, Uttar Pradesh, Uttarakhand, and Chandigarh. The process saw participation from both state-run and private banks, with the monetization to help fund the equity portion of upcoming projects. The first tranche of ₹1,000 crore has already been disbursed to SJVNL.

This upfront payment by Bank of Baroda will add to the government's ₹1.62-trillion NMP target for the current financial year. The power sector comprises 14% of the total assets on offer under the overall ₹6-trillion NMP announced in August 2021 from leasing of public assets. Power generation assets totalling 6 GW of hydropower and renewable energy assets account for ₹39,832 crore. Power transmission assets total 28,608 circuit km for monetization, accounting for ₹45,200 crore.

The power sector comprises 14% of the total assets on offer under the ₹6 trillion NMP announced in August 2021. HT

"The securitization process of the cash flow of Nathpa Jhakri hydropower project by SJVNL has been completed. Several public and private sector banks participated in the process," said one of the people cited above requesting anonymity.

An SJVNL spokesperson in an emailed response confirmed the development and said, "Total ₹2,000 crore has been securitized in two tranches with Bank of Baroda out of which ₹1,000 Cr tranche-1 has been disbursed on 28.11.2022."

Queries emailed to the spokespersons of Bank of Baroda, SBI Capital Markets, and union ministries of power and finance on Friday morning remained unanswered till press time.

SJVNL has a 45 GW portfolio and is developing 73 hydro, solar, wind and thermal projects in 13 states of India and in Nepal. While the union government holds 59.92% stake in the Mini Ratna, the Himachal Pradesh government holds 26.85% stake. The overall power sector NMP target for the current financial year is ₹15,308 crore from state run firms including Power Grid Corporation of India Ltd (PGCIL) second tranche of assets through its infrastructure investment trust (InvIT), India's largest power generation firm NTPC Ltd plans to bring in a strategic investor in NTPC Green Energy Ltd and securitization of cash flows by NHPC Ltd and SJVN Ltd. While proposals totaling ₹16,500 crore under power sector are under processing, the final realization by the end of this financial year is expected to be ₹11,500 crore.

Mint earlier reported about the finance ministry considering the possibility of linking budgetary support to infrastructure ministries based on their asset monetization performance starting the next fiscal year.

CORRECTIONS AND CLARIFICATIONS

A 6 January, Page 6 story, "Quess drops Allsec merger plans on investor dissent", incorrectly identified independent investor Purab Gujar as a fund manager. The error is regretted.

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THE MONDAY QUIZ

1) WHICH Indian firm showcased a mixed reality headset at Consumer Electronics Show last week?

2) WHICH AI platform is Microsoft said to be using to improve its Bing search engine?

3) AMAZON fired staff in Nov, and plans another round of layoffs. How many total employees will it fire ?

4) WHICH Indian founder is said to be raising funds to buy back stake in his own firm?

5) WHAT'S the all-electric vehicle that Sony and Honda are planning to make together?

GLOSSARY

Mesh Wi-Fi: Literally a 'mesh' of internet connectivity, mesh Wi-Fi refers to the setting up of a group of individual routers that connect to the same internet network. It is typically used in houses with large areas, to ensure that the internet network is uniformly available at all places — thus serving as a solution to limitations in the individual connection range of a single Wi-Fi router.

Proof of reserves: A database that is being increasingly published by cryptocurrency and web3 ventures around the world, PoR refers to a venture showing how much cryptocurrencies it actually holds. Initially rising to the fore due to the scandal with US crypto exchange FTX, PoR typically contains details of wallet addresses of investors and users of a crypto exchange—thus 'proving' that the exchange has safeguarded its investors' funds.

Operating margin: A financial metric used to denote a company's profitability, operating margin takes into account all forms of expenses incurred by a company, including indirect expenses and overheads such as rent, perishables and office stationery, and so on.

ADAS: Standing for Autonomous Driver Assistance Systems, ADAS is a group of technologies that combine to enable cars to drive on their own. This takes place by using multiple chips onboard, sensors, cameras and algorithms, which seek to emulate human qualities and factors such as sight, instinct and control.

THE MONDAY QUIZ ANSWERS:
1) Ajna Lens 2) ChatGPT 3) 18,000 4) Byju Raveendran
5) Afeela

Drone startups secure record funding despite slow takeoff

Drone firms raised $39.1 mn of equity funding in 2022, more than double of previous year

Beena Parmar & Shouvik Das
BENGALURU/NEW DELHI

India's drone industry saw a bumper year in terms of fundraising in 2022, lifted by favourable government policies, increasing use cases, and the first public listing of a company from the sector. Still, adoption of drones remains low in the country, thanks in part to steep costs of equipment and training.

According to data from researcher Tracxn, homegrown drone startups raised $39.1 million of equity funding in 2022, more than double compared to $17.5 million in 2021. To be sure, growth was high in 2021 as well at 90%, but that was from a smaller base of $9.2 million in 2020. The number of funding rounds remained almost flat at 21 in 2022 against 23 in 2021, but higher than 11 in 2020. In comparison, global funding in the drone sector grew to $3 billion in 2022, a marginal rise of 7.1% from $2.8 billion in 2021. A year earlier, the growth in funding was more than double from $1.1 billion in 2020.

VCCiRCLE

The Indian government has made a concerted attempt to encourage the drone industry, and introduced a dedicated drone policy last year with emphasis on local manufacturing, and encouragement for drones-as-a-service in critical sectors like farming, healthcare, logistics, defence and e-commerce. In February 2022, finance minister Nirmala Sitharaman also announced Drone Shakti, a mission to make the country a drone hub by 2030.

Late last year, Droneacharya Aerial Innovations became the first Indian drone company to go public. The startup is engaged in drone pilot training for mining, agriculture, oil and gas and other sectors. Following an initial public offering in which it raised ₹34 crore, the company's shares listed at a premium of 90% on debut, and have been rising ever since.

According to the federal policy think tank NITI Aayog, India's UAV (unmanned aerial vehicle) market is set to expand to $50 billion over the next 15 years as drones are projected to substitute 80% of operations currently carried out by manned aircraft.

Indian drone startups take flight

Through 2022, funding raised by Indian drone startups more than doubled, even as the number of rounds remained flat.

Year	Total funding (in $ million)	Number of total rounds
2020	9.2	11
2021	17.5	23
2022	39.1	21

mint

Global drone ventures see tepid '22

Drone ventures around the world saw total funding remain flat, while the number of rounds dropped by almost one-fifth.

Year	Total funding (in $ billion)	Number of total rounds
2020	1.1	124
2021	2.8	150
2022	3.0	121

Source: Traxcn

SARVESH KUMAR SHARMA/MINT

SOARING HIGH

THE sector saw a phenomenal push from the govt's drone policy unveiled last year

AS per NITI Aayog, India's UAV market will expand to $50 bn over the next 15 years

DRONES will substitute 80% of operations currently carried out by manned aircraft

AT the moment, however, the industry remains at a nascent stage

Drone startups are making a push for increasing adoption. On 6 December, Chennai-based homegrown drone manufacturing and operations startup, Garuda Aerospace, unveiled the first of its 1,000 planned drone centres of excellence (CoE) for drone skilling across India. In an interview, Agnishwar Jayaprakash, chief executive officer, said Garuda Aerospace will set up these centres within the next three months, and train 100,000 drone pilots next year.For the moment, the industry remains at a nascent stage, despite holding the potential for significant growth in the future. For instance, Dharna Nar, who earned a certification as a drone pilot earlier this year from a Remote Pilot Training Organization (RTPO), said despite spending ₹65,000 for a five-day course, she has had to diversify her career beyond being a drone operator.

Nar, who runs an enthusiast drone training institute called Drone School India, said the cost of drones, and lack of available commercial drone projects are among the chief reasons for the lack of jobs."While there are employment opportunities for drone operators right now, most such roles are not full-time, and are very infrequent and occasional in nature," she said.

Karan Kamdar, CEO of Mumbai-based drone manufacturer 1 Martian Way and president of India Drone Racing League, said homegrown drones could be as much as four times more expensive than international standard drones such as those built by Chinese drone maker DJI.

He added that since only homegrown drones, with a Unique Identification Number (UIN) are allowed in India, the cost of Indian-made drones could impact adoption.

Akshay Singhal, partner, technology at EY, estimated that India should take "another 18 months" for widespread adoption of drones.

The drone and its components industry can significantly strengthen India's manufacturing potential to $23 billion approximately by 2030, according to a recent EY-FICCI report titled, "Making India the drone hub of the world".Additionally, strong action plans are needed to create a robust demand, boost manufacturing, attract investments and facilitate exports to make India the drone hub of the world by 2030, offering the most competitive and innovative manufacturing capabilities, the report added.

beena.parmar@livemint.com

Apple starts hiring retail store staff in India

Bloomberg
feedback@livemint.com

Apple Inc. has begun hiring retail store workers in India and has plans to fill other roles as the technology company prepares to open stores in the country, according to a report by the Financial Times.

The company's careers page lists several different opportunities for workers in India, including business expert, "genius," operations expert and technical specialist.

Apple's website currently shows over a hundred results for job positions in India. The retail positions, posted on Saturday, were listed for various locations within the country, including Mumbai and New Delhi.

The Cupertino, California-based tech giant has long planned to set up physical retail locations in India, one of the world's fastest-growing smartphone markets. While the company in 2020 began direct sales online, plans for brick and mortar stores have not yet materialized.

Apple didn't immediately comment to FT when reached for comment.

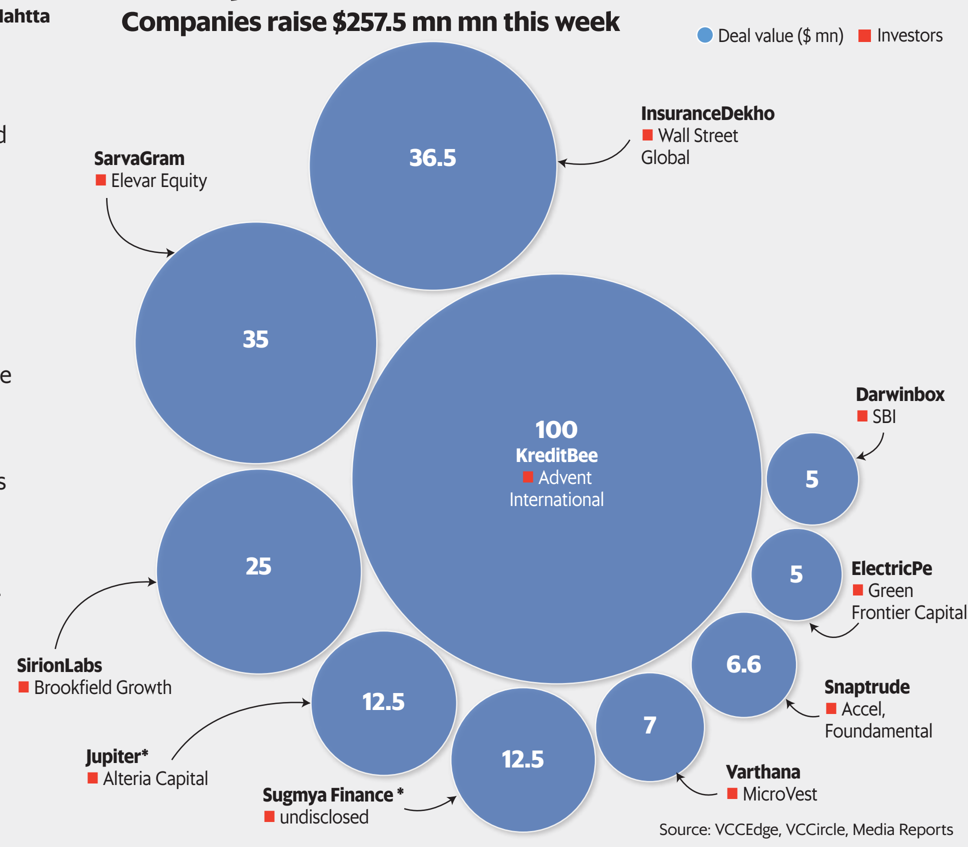
Investment activity rebounds in first week of the year

By Anuj Suvarna & Priyal Mahtta
feedback@livemint.com

The first week of 2023 saw funding activity on venture capital (VC) and private equity (PE) platforms more than double with the cumulative value of deals climbing to $257.5 million from $124.7 million in the previous week.

However, deal volume marked a small, yet considerable uptick, as the week saw 17 deals, compared to last week's 11, signalling a gradual return to pace, with a focus on the fintech space and its segments.

Companies raise $257.5 mn mn this week



*Includes debt financing

mint

Source: VCCEdge, VCCircle, Media Reports

SARVESH KUMAR SHARMA/MINT

Purplle looks to turn profitable in two years

Aman Rawat
aman.rawat@livemint.com
NEW DELHI

Online beauty products retailer Purplle, run by Manash Lifestyle Pvt. Ltd, is aiming to become profitable in the next two years by scaling up its omnichannel platform and strengthening its range of private labels.

In an interview, Rahul Dash, the company's co-founder and chief operating officer said the company incurred losses in the financial year ended 31 March 2022 due to disruptions in demand and supply chain as well as investments in hiring fresh talent and on technology.

Purplle's net losses widened nearly fourfold to ₹203.6 crore in FY22 from ₹52.8 crore in the previous year, showed filings with the Registrar of Companies (RoC).

Rahul Dash, co-founder and COO of Purplle.

Dash, however, is optimistic about the company's performance during this financial year and beyond as the company has curtailed its fixed costs.

"We hope to maintain steadiness," he said, adding that the company expects net sales to grow 70% in FY23 if the growth momentum continues in the current quarter.

Purplle, which largely operates online, is betting big on its omnichannel approach, which includes a mix of digital and offline presence.

The company currently operates four offline storest—two each in Delhi and Bengaluru—and plans to add more in other cities.

"We are choosing locations based on the data indicating strong purchase cohorts," said Dash.

VCCiRCLE

Purplle's revenue grew to ₹ 219.9 crore in FY22 from ₹128.2 crore in the previous year. Its gross merchandise value (GMV) run rate for FY22 stood at ₹1,400 crore, which Dash expects to grow to ₹2,000 crore this financial year.

The company, which became a unicorn in June 2022, competes with publicly-listed Nykaa and French multinational retailer Sephora as well as rivals brands such as Mamaearth, Wow Skin, Plum and Sugar Cosmetics, among others.

In FY22, beauty company Nykaa posted a profit of ₹41.3 crore while Mamaearth's parent Honasa Consumer Pvt. Ltd reported a profit of ₹19.8 crore. Wow Skin and Sugar Cosmetics posted losses of ₹135.8 crore and ₹76.2 crore respectively.

Founded in 2012 by Dash and Manish Taneja, Purplle operates online beauty and personal care marketplace. It offers more than 60,000 stock-keeping units (SKUs) across more than 1,000 brands, and five major private labels—Good Vibes, FACES CANADA, Purplle, Carmesi, NY Bae.

Index	CLOSE	1-WEEK CHANGE (%)	1-MONTH CHANGE (%)	3-MONTH CHANGE (%)	6-MONTH CHANGE (%)	1-YEAR CHANGE (%)
S&P BSE Sensex	59900.37	-1.55	-4.35	2.88	11.44	0.50
Nifty 50	17859.45	-1.36	-4.20	3.04	11.69	0.64
Nifty 500	15272.00	-1.14	-4.09	1.45	12.04	-0.12
Nifty Next 50	41841.35	-0.82	-4.49	-2.05	10.29	-1.90
Nifty 100	18013.95	-1.34	-4.29	1.99	11.22	0.16
S&P BSE Mid-cap	25166.71	-0.58	-3.97	-1.01	12.62	-0.67
S&P BSE Small Cap	28783.56	-0.50	-3.70	-1.07	14.04	-3.75

Skies clear for emerging markets

Harsha Jethmalani
harsha.j@htlive.com

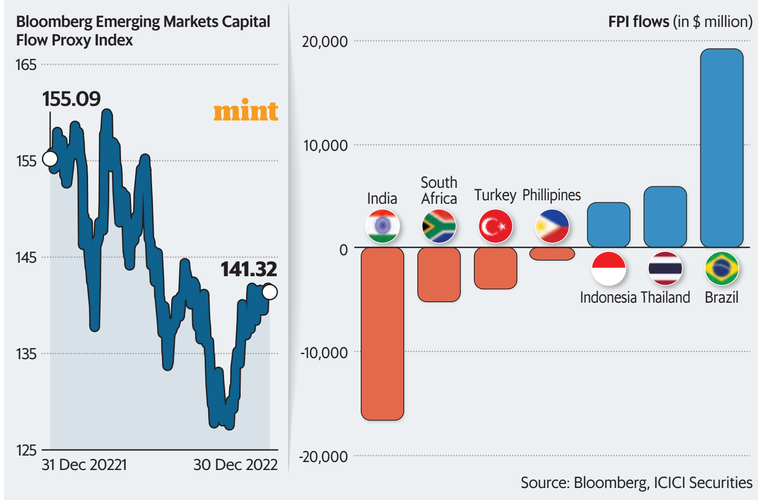
A heady cocktail of rising interest rates, strong US dollar and elevated geopolitical tensions made emerging market (EM) assets unattractive to foreign investors in CY22. In a flight to safety, foreign institutional investors (FIIs) shunned EMs.

The Bloomberg Emerging Markets Capital Flow Proxy Index shows that capital flows in the EMs remained subdued in CY22, and lower than the historical average. "Flow movements were nonetheless asynchronous as economies with wide external imbalances witnessed larger outflows than those that run low-risk balances, including commodity players namely Indonesia, Brazil, etc," said Radhika Rao, senior economist and executive director at DBS Bank, Singapore.

India was no exception to this trend. The country's equity market saw outflows worth $17.13 billion in CY22, showed NSE data. FIIs were net sellers in India's debt market too. Heavy lifting by domestic institutional investors (DIIs) saved the day for India.

Bleeding red

CY22 was a washout year for most emerging market economies as foreign funds chased safer assets.



Source: Bloomberg, ICICI Securities

SATISH KUMAR/MINT

Hereon, a lot depends on the US Federal Reserve's monetary policy stance, but another key event to watch out for is the reopening of China. "Our analysis of historical flows suggests India doesn't compete for FPI flows with China. In a risk-on scenario, hence, any incremental flow to China through the EM basket would imply inflows to India markets," said Amish Shah, head, India equity strategy at BofA Securities. Further, India's overweight positioning of foreign institutional investors currently stands at multi-year lows of 0.14% versus peak of 1.2% in 2015, he said.

Even so, India's relatively expensive valuations may act as a deterrent. The MSCI India index is trading at a one-year forward price-to-earnings multiple of 19.53x, showed Bloomberg data.

What's more, if India Inc.'s earnings do not live up to the Street's expectations, then this valuation multiple will add to the discomfort. In Q3FY23, India Inc.'s revenue growth is likely to moderate sequentially. This is even as operating margins, which have been under pressure owing to the cost inflation pressures, may start improving. While analysts do not anticipate steep downgrades for FY24 consensus Nifty earnings per share estimates, upgrades may happen gradually and selectively.

LOOKING UP

EM economies are expected to show better growth than developed markets in CY23

A lot depends on the US Fed's monetary policy stance and the reopening of China

As things stand, the US Fed is expected to maintain its hawkish stance though the quantum of rate hikes would reduce. This should help contain the strength of US dollar, a safe haven asset, which generally augurs well for EM assets.

"EMs have suffered quite a bit in CY22 in terms of foreign fund outflows, so we think that the worst may be over, simply because the majority of quantitative tightening is behind us," said Vinod Karki, head of strategy at ICICI Securities Ltd.

Secondly, the International Monetary Fund has projected EM economies to show relatively better economic growth than developed markets in CY23, which offers some relief. That, along with China's reopening should help the EM basket garner increased FII attention. "However, China may see higher allocation than India because it had borne the brunt of EM sell-off last year and has turned relatively cheap on valuations," Karki added.

That said, everything is not hunky-dory for EMs. With elevated global uncertainty, EMs could see renewed deterioration in their fiscal slippages and wider trade deficits, amid moderating economic growth.

"If Fed pivot (a point at which the US Fed reverses its existing monetary policy stance) drags beyond H2CY23 we could see risk-off trade which could lead further outflows from EM equities," cautioned Shah of BofA Securities.

MINT SHORTS

Bond rally gives early win to Wall St's 2023 yield-curve bet

Bond-market bulls are getting an early taste of what they expect to be a winning trade of 2023. On Friday, shorter-dated Treasuries led a broad market rally after the jobs report for December showed a slowdown in wage growth and a gauge of the service-sector economy unexpectedly shrank. The data stoked speculation that the Fed is nearing the end of its most aggressive rate-hiking cycle in decades and may start easing policy by year end. The rally lessened the inversion of key Treasury yield curves — the gaps between shorter- and longer-term rates that are watched closely as potential recession signals. Such moves, referred to as a curve steepening, were widely expected to occur this year, providing at least a temporary victory to investors roiled by volatility. "The yield-curve steepening post payrolls reflects a sigh of relief that strong wage gains are probably behind us, which is good news for the Fed," said Alex Li, head, US rates strategy at Credit Agricole. BLOOMBERG

An almost 20% slump in global stocks last year has most analysts erring on the side of caution. BLOOMBERG

Optimism makes comeback on Wall St with soft landing eyed

There wasn't much sunshine in the stack of Wall Street forecasts that predicted 2023 would bring a global economic contraction and rough going for risk assets. But as January trading picks up steam, a small cadre of optimists is breaking away from consensus and betting a soft landing can deliver market gains. David Kelly, chief global strategist at JPMorgan Asset Management, is betting that inflation will continue to ease in 2023, helping the US economy to narrowly escape a recession. Ed Yardeni, founder of his namesake research firm, is putting the odds of a soft landing at 60% based on strong economic data, resilient consumers and signs of tumbling price pressures. "If you talk to people, they say it's the worst of all possible worlds," Kelly said. "It's not — inflation is coming down, unemployment is low, we are moving past the pandemic. The chances are risk assets are going to do very well." An almost 20% slump in global stocks last year has most analysts and investors erring on the side of caution. BLOOMBERG

For Godrej Consumer, sustaining Q3 performance is crucial

Vineetha Sampath
vineetha.s@livemint.com

In the Nifty FMCG index, Godrej Consumer Products Ltd (GCPL) was one of the worst performing stocks in 2022, with its shares dropping by nearly 10%. Weak performance in Indonesia and the household insecticides (HI) business weighed on investor sentiments.

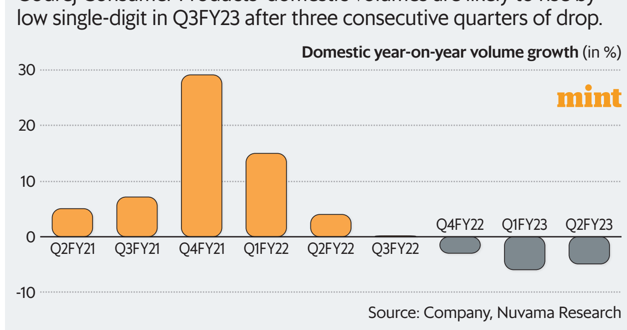
In a report on 5 January, analysts from Jefferies India wrote, "Chief executive officer (CEO) Sudhir Sitapati continued to place building blocks, but recovery is taking way longer than the general expectation. Many investors have started to now doubt the category potential across key markets and the onus is on the management to turn around."

Against this backdrop, GCPL's pre-quarter update for the three months ended December (Q3FY23) is encouraging. Q3 performance is better than anticipated. This is the first quarter to showcase meaningful improvement under the new managing director's (MD's) leadership, said analysts at Nuvama Research in a report on 5 January.

Sitapati took charge as MD and CEO of GCPL in October 2021.

Clawing back

Godrej Consumer Products' domestic volumes are likely to rise by low single-digit in Q3FY23 after three consecutive quarters of drop.



Source: Company, Nuvama Research

SATISH KUMAR/MINT

After three consecutive quarters of year-on-year (y-o-y) decline in GCPL's domestic volumes, Q3 would see a low single-digit growth in this measure.

Moreover, the HI business is likely to have seen a recovery last quarter.

Additionally, there is some respite in the Indonesia business with a constant currency sales drop in low single digit y-o-y. For perspective, sales had dropped by 11%-12% in Q1 and Q2.

Overall, GCPL expects consolidated volumes to be flat in Q3 and constant currency sales to grow in mid-teens. With the drop in palm oil prices from its peak, margin is expected to rise sequentially but it is likely to be lower y-o-y.

All said, weak rural demand in domestic markets continues to be an overhang. Other fast-moving consumer goods (FMCG) companies such as Marico Ltd and Dabur India Ltd have also highlighted that rural markets were subdued in Q3 in their respective updates.

To be sure, "Investors would watch if GCPL's performance in Q3 sustains going forward. A continued healthy run rate in the HI business and improving momentum in the Indonesia operations would act as key catalysts for the stock," said Alok Shah, analyst at Ambit Capital.

Nonetheless, for GCPL's investors, 2023 has begun on a good note. GCPL's shares are up by almost 5% so far compared to a mere 0.6% gain in the Nifty FMCG index. The stock trades at 42 times its FY24 estimated earnings, according to Bloomberg data.

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

No IPO plan, Ant Group to focus on biz optimization

Reuters
feedback@livemint.com

China's fintech giant Ant Group has no plan to initiate an initial public offering (IPO), it said on Sunday in an emailed statement to Reuters.

"Ant Group has been focusing on its business rectification and optimisation, and does not have a plan for an IPO," the company spokesperson said.

Ant Group said on Saturday that its founder Jack Ma no longer controls the company after a series of shareholding adjustments that saw him give up most of his voting rights.

Ma's ceding of control comes as Ant is nearing the completion of its two-year regulatory-driven restructuring, with Chinese authorities poised to impose a fine of more than $1 billion on the firm, Reuters reported in November.

China's domestic A-share market requires companies to wait three years after a change in control to list. The wait is two years on Shanghai's Nasdaq-style STAR market, and one year in Hong Kong.

Ant's $37 billion IPO, which would have been the world's largest, was cancelled at the last minute in November 2020, leading to a forced restructuring of the financial technology firm and speculation the Chinese billionaire would have to cede control.

IOC may get chairman and MD post soon

PTI
feedback@livemint.com

Most big listed companies globally are run by a managing director or CEO and a chairman presiding over the board of directors with the primary responsibility of protecting the interests of investors.

India's largest oil company Indian Oil Corporation (IOC) is an exception for never having a managing director or CEO in its 63 years of existence.

IOC, the nation's largest oil refiner and retailer of fuels like petrol and diesel, has always been headed by a chairman, who has also discharged the role of a managing director (MD) or CEO. But this is likely to change soon with the oil ministry agreeing to redesignate the top job as chairman and managing director, sources aware of the matter said.

Shrikant Madhav Vaidya, chairman, IOC.

The company has long been demanding for such a change to bring it on par with other large public sector and private firms. That demand has now been agreed to by the firm's parent administrative ministry and is now awaiting concurrence of the Ministry of Corporate Affairs (MCA), they added.

IOC currently has a chairman Shrikant Madhav Vaidya and seven functional directors responsible for finance, marketing, human resources, pipelines, refining, planning and business development, and R&D.

IOC never had a MD or CEO in its existence. It now has a chairman and seven functional directors

The sources said the director for research and development (R&D) post is likely to be extinguished as it makes no commercial sense to have a director for a division with just 400 persons.

No major company has a director for R&D, and the function in the case of IOC is likely to be merged with one of the directors, they said.

All state-owned firms as well as the private sector either have a chairman and managing director or a CEO looking after the day-to-day functioning of the company and a chairman heading the board.

Recently, the Centre appointed Arun Kumar Singh as the chairman of Oil and Natural Gas Corporation (ONGC) but not as managing director. ONGC was previously headed by a chairman and managing director, and it is likely that the government may name a separate CEO or MD of the company.

IT earnings, macro data to drive markets this week, say analysts

PTI
feedback@livemint.com

Trend in the equity market will be guided by a host of factors lined up this week, including inflation numbers, IIP data and quarterly earnings from IT majors, analysts said.

Global cues, movement of the rupee, Brent crude oil and foreign funds will also influence Dalal Street this week, they added. "We have important macroeconomic numbers this week, as our IIP and CPI inflation will be announced on January 12. On the same day, China and the US will also come out with their inflation figures. The Q3 earnings season will kick off with IT major earnings this week, including TCS, Infosys and HCL Tech," said Santosh Meena, head - research, Swastika Investmart Ltd. Last week, the Sensex lost 940.37 points, or 1.55%, while the Nifty declined 245.85 points, or 1.36%.

Last week, the Sensex lost 940.37 points, or 1.55%. HT

The Indian equity markets have begun the New Year on a slightly cautious note, in line with the global markets, continuing the trend visible in December 2022, said Milind Muchhala, Executive Director, Julius Baer India. Concerns over inflation and unabated foreign fund outflows played spoilsport for the domestic equity market last week.

Investor risk sentiment took a blow post the release of the Federal Open Market Committee meeting minutes, which indicated further rate hikes in 2023 to tame inflation, said Vinod Nair, head - research at Geojit Financial Services.

US inflation data will help determine size of next Fed interest rate hike

Bloomberg
feedback@livemint.com

US inflation data in the coming week are expected to stay consistent with a gradual step-down in cost pressures, and will help determine the size of the Federal Reserve's next interest-rate increase.

The consumer price index excluding food and energy, known as core CPI and seen as a better underlying indicator than the headline measure, is projected to have risen 0.3% in December.

While slightly more than November, the monthly advance would be in line with the average for the quarter, and well below the 0.5% average seen from January through September amid the highest inflation in a generation.

Thursday's figures will be some of the last such readings policy makers will see before their 31 January 31- 1 February meeting and rate decision, the first with a new rotation of voting members. Economists are penciling in a 25 basis-point increase in the Fed's benchmark rate, though officials have indicated a half-point hike is possible.

The Labor Department's CPI is expected to show core inflation increased 5.7% from a year earlier. That would be the highest December-to-December print since 1981. While it's well above the Fed's goal, and helps explain policy makers' intention of keeping rates higher for longer, year-over-year price growth is moderating.

The Labor Department's CPI is expected to show core inflation increased 5.7% from a year earlier. BLOOMBERG

The report will surface nearly a week after the latest US jobs report showed that wage growth, a key factor in the inflation outlook, cooled in December.

The CPI figures highlight a relatively quiet data week that also includes weekly jobless claims and January consumer sentiment. The Washington-based World Bank will release its bi-annual economic outlook on Tuesday, and in an abstract warned of recession risks.

The CPI highlights a relatively quiet data week that includes weekly jobless claims and consumer sentiment

"The favorable inflation developments aren't a result of Fed rate hikes — they're mostly explained by China's ugly exit from covid-zero, and an usually warm winter. Still, the decline in energy prices has helped to sharply reduce near-term inflation expectations and has made inflation risks more two-sided. If this trend continues, it could be the 'compelling' evidence the Federal Reserve needs to see before it pauses or considers cutting rates," said Anna Wong and Eliza Winger, economists.

Elsewhere, data expected to show faster price gains in Japan and China, plus an assessment of how German economic growth cooled in 2022, will draw the attention of investors.

South Korea will kick off this year's Asian central bank decisions, with the Bank of Korea on Friday set for what could be the last rate hike of its current tightening cycle as growth concerns grow.

Governor Rhee Chang-yong is keeping the focus on inflation while being increasingly wary of the impact of elevated borrowing costs on the economy's momentum.

Startups retain allure for job-hunters

Despite the layoffs, the market is predicted to be favourable for Indian job seekers in the current quarter

Devina Sengupta & Tanay Sukumar
MUMBAI

The startup sector remains the top draw for job-hunting candidates despite the recent turmoil. High pay packages, stock options and quick career moves remain the top factors for candidates to enter a sector that laid off more than 17,000 employees last year.

Despite the mass layoffs, startups remain a preferred choice for employees, as 79% prefer to work with them," said a Mint + Shine Talent Insights report, which gathered responses from 820 senior human resources executives across sectors.

The study for the October to December quarter showed that executives prefer the flatter hierarchy and quick decision-making in the new-age firms. About 39% of respondents will work for a startup due to the learning opportunities it provides.

mint shine.com Talent Insights

"Since founders -and employees often work together, the flow of information, ideas and response to a crisis is quicker than in a large organization," the study said.

About 22% opted for "high-paced career progression", and 20% of respondents want to work with startups since they provide better compensation plans to employees compared to corporates.

Recruiters, too, have noted that despite fund crunches and a global recession, information technology (IT), IT-enabled Services (ITeS) and startups remain preferred industries.

"Given the kind of mass-scale hiring that IT does, it remains an important sector for junior and middle management. Startups, too, are recruiting engineers on a large scale, and when the expected tenure is barely two years, the layoffs don't concern many," said Aditya Narayan Mishra, chief executive at Ciel HR Services.

Over the past two quarters, the big tech firms have announced layoffs and a hiring freeze. The big tech firms' job openings in India are also down by nearly 90% of their typical hiring volumes, making startups a viable option for software developers, coders and AI and machine learning experts.

However, despite the layoffs, the market is predicted to be favourable for Indian job seekers in the current quarter, as seven out of 10 IT companies in India want to expand their headcount during this period, according to the study.

"Breaking the archaic market trends, startups today have not only emerged as new destinations for job opportunities for candidates but also are contributing to new skills development akin to corporate houses," said Akhil Gupta, CEO of Shine.com.

Tenure of a job also came into focus as the days of Great Resignation seemed to be over. However, most don't want to remain with a company on a long-term basis.

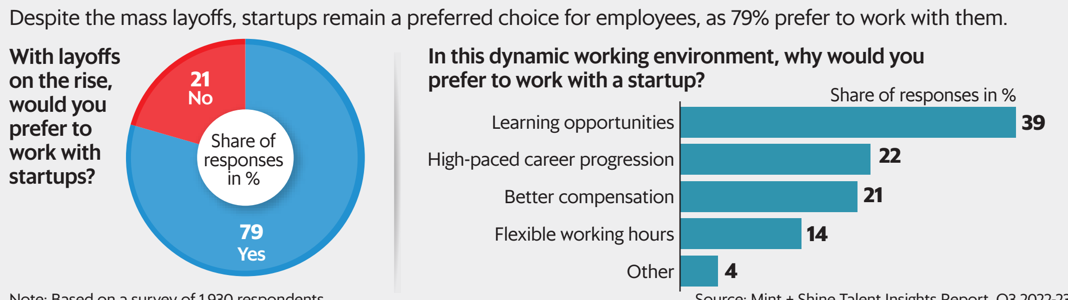
"Fifty percent of respondents prefer to continue with an organization for 2-5 years compared to 22% of respondents who want to change within the first two years of their career," said the study. Although the number of offers and opportunities may have dwindled, 82% of the Indian workforce intended to switch jobs by the end of 2022. Most of them belong to the younger age bracket of freshers or Gen Z.

Companies such as Larsen and Toubro Ltd (L&T) said they have multi-pronged ways to retain talent.

"The company has a structured talent assessment process which is being successfully done through the Development Centres, which encompass a structured and objective process to identify the strengths and developmental needs of employees in terms of the required competencies, which also boosts our pipeline of homegrown leaders," said C. Jayakumar, executive vice president and head of corporate HR at the engineering giant said in an email response.

Rising confidence

Despite the mass layoffs, startups remain a preferred choice for employees, as 79% prefer to work with them.



Note: Based on a survey of 1,930 respondents.

Source: Mint + Shine Talent Insights Report, Q3 2022-23

L&T has recently onboarded a batch of over 3,000 engineering trainees, marking a three-fold increase from the last fiscal year. About 30% of these 3,000 trainees are women.

L&T has another leadership programme, Seven-Step Leadership Development Programme, which offers young employees with high potential access to a curated learning experience delivered by thought leaders from Indian and international business education institutes.

According to the study, 43% of employers are turning to improving their companies' rewards and recognition programmes to boost employee morale.

The programmes aim to make employees feel valued through extra vacation days, flexible working, bonuses, and awards.

About 22% of employers believe in providing their employees with opportunities to upskill so that they don't feel stagnated.

Reliance Industries, Deloitte, Citibank, PWC India, Tata Communications, and Sun Pharmaceutical have partnered with skill training platforms like Coursera and UpGrad. The upskilling platforms are now offering customized courses in subjects like Python, AI, and leadership management skills.

For India Inc., upskilling is also turning out to be an important retention policy since counter offers, and out-of-turn salary hikes are impacting profitability. Last month, Reliance Industries decided to offer its employees' families access to Coursera's business certification programme. For the December quarter, the top skill profiles in demand were sales and marketing, data science, AI and ML followed by coding.

Another aspect of post-pandemic workplace dynamics is how corporates have been comfortable with hybrid or work-from-home systems. However, over the last couple of quarters, companies have been asking employees to get back to work. And this showed in the study's metro versus non-metro recruitment trend.

PREFERRED CHOICE

EXECUTIVES prefer the flatter hierarchy and quick decision-making in the new-age firms

ABOUT 39% of respondents will work for a startup due to the learning opportunities

TENURE of a job also came into focus as the days of Great Resignation seemed to be over

COMPANIES such as Larsen and Toubro said they have multi-pronged ways to retain talent

Mopa airport holds scope to be regional hub for aviation

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

IndiGo has 168 weekly flights at Mopa. PTI

Goa's new Manohar International Airport is expected to provide the coastal state an opportunity to become a regional air travel hub as it will have overnight parking facilities for aircraft, making it a potential base for domestic airlines to build a network based in Goa.

"To start a new airport operation with immediately 168 flights a week to eight different destinations and 1.5 million customers expected this year speaks to the potential in order to develop the base here as well and for that, we need parking positions and that is part of the discussions we are having," said Pieter Elbers, chief executive officer of IndiGo, India's largest airline.

With the opening of Mopa, Goa has India's first urban centre with two airports. It already has an airport at Dabolim located at the Indian naval station INS Hansa. The civil enclave at the naval air base currently faces capacity constraints due to limited slots and congestion at the terminal. The airport is also unavailable for civilian flights for five hours every day.

Under phase one, the GMR Group-run airport will be able to handle 4.4 million passengers every year

Under phase one, the GMR Group-run airport will be able to handle 4.4 million passengers every year and the saturation capacity for the airport after full development has been pegged at 33 million passengers per year. The state-run civil enclave of Dabolim airport handled 8.4 million passengers in 2019-20, as per data from Airports Authority of India.

"The fact that the Mopa airport will be available 24 hours a day for civil operations and the availability of overnight parking facilities will be a game-changer for the landscape in Goa, and airlines are looking at making it a potential regional hub on the back of high demand for travel to Goa and nearby destinations from across the country. International airlines are also looking at Mopa as a potential opportunity especially. It is also very popular among Russian tourists," an industry executive said on the condition of anonymity.

IndiGo has started Mopa with 168 flights a week. Akasa and GoFIRST have also added Mopa airport to their network. IndiGo already operates 436 flights a week from Dabolim; so, the airline will operate a combined 604 flights a week from the two airports in Goa. The airline aims to cater to 1.5 million passengers in and out of Manohar International airport in 2023.

Bank locker customers in a tizzy over renewals

Confusion prevails over stamp paper value and procurement

Shayan Ghosh & Devina Sengupta

MUMBAI

A last-minute rush to renew bank locker agreements under a new rule is leading to queues, confusion and a scramble for stamp paper at several bank branches.

In August 2021, the Reserve Bank of India (RBI) revised regulations on maintaining bank lockers, making them applicable to new customers from January 2022 and existing customers from January 2023. The central bank asked the banks to put in place board-approved agreements with customers for safe deposit lockers and allowed them to adopt a model locker agreement framed by the Indian Banks' Association (IBA).

The process was seamless for new customers who signed up last January; however, existing locker users have complained about the lack of clarity in the process, especially on procuring stamp paper, with many of them venting their frustration on Twitter. The RBI regulation says that at the time of allotment of the locker, the bank will have to enter into an agreement with the customer "on a paper duly stamped".

While banks have been nudging existing customers for some time to renew their agreements based on the new regulation, as is the case with most deadlines, there has been a rush to comply since last week. Some customers said banks began alerting them only very close to the deadline.

People raised questions such as the value of stamp paper required for the agreements and whether banks will provide these. In reply to a tweet pointing out the divergence in the value of stamp papers sought by banks, the official handle of State Bank of India (SBI) said on 2 January that the value of stamp paper required for locker agreement was as per the stamp Acts of the respective states.

According to an employee at a state-run bank in Kolkata, customers have been asking for stamp papers, but the bank has run out of them. "Initially, we were giving them ₹60 stamp papers, but now we are out of it. We are asking customers to get it themselves. Some are heading to post offices, but they, too, are unable to meet the demand," the employee said on the condition of anonymity.

A senior public sector banker said that over the past year, some lenders have moved to digital locker agreements. This, he said, has eased the burden on banks to manage the transition to the new regulation. Yet, queues of customers seeking locker facilities from banks show much needs to be done on this adoption.

"I have been personally involved in the locker norm transition. In the past two years, our bank has closed many non-paying lockers as it does not make sense to let go of a revenue stream. Locker rents are about ₹400 per month," said the banker cited above.

The change in RBI rules has led to a steep increase in locker rentals, community social media platform LocalCircles said on 3 January. SBI, which used to charge rent of ₹500-₹3,000 a year depending on the size and location of the locker, now charges ₹1,500-₹12,000 per year, it said.

LocalCircles surveyed 9,381 respondents, asking customers how they plan to cope with the increased charges. While 14% indicated plans to give up the locker due to the charges, 31% are proposing to shift to a bank charging less, and 39% of respondents have no plan to change their lockers.

shayan.g@livemint.com

The revised rules were made applicable to existing customers from 1 January. MINT

PROCESS PAIN

CUSTOMERS have taken to Twitter to vent their frustration at the lack of clarity on the new process

BANKS had been nudging existing customers for some time to renew their agreements

SOME customers, however, said banks began alerting them only very close to the deadline

IIFL PE Fund to invest about ₹500 crore in Kauvery Hospital for a minority stake

Swaraj Singh Dhanjal
swaraj.d@htlive.com
MUMBAI

IIFL Private Equity Fund is set to invest ₹500 crore-₹600 crore in hospital chain Kauvery Hospital for a minority stake, two people aware of the development said.

"IIFL is about to close the deal with Kauvery for a minority stake. The deal will likely be announced in a few days," one of the two people said, requesting anonymity.

"It is likely to be a mix of a primary and secondary share sale, with the existing investor of the hospital chain Lightrock (previously known as LGT Lightstone Aspada) selling part of its shares in the company. The primary part of the funds raised will be used to expand the business," the person added. In September 2019, the hospital chain raised ₹140 crore from Lightrock.

The deal will value the hospital chain upwards of ₹3,000 crore, he added.

Spokespeople for IIFL Private Equity Fund and Kauvery Hospital declined to comment on the development.

In October, *VCCircle* reported that other investors, such as Quadria Capital and ChrysCapital, were also in the race to invest in Kauvery Hospital, run by Sri Kavery Medical Care Pvt. Ltd.

Kauvery Hospital, established in 1999, has a presence in Tiruchirappalli, Chennai, Salem, and Hosur in Tamil Nadu. It also has a centre in Bengaluru.

The group had a combined installed bed capacity of 1,284 as on 30 June.

The company reported consolidated revenue of ₹846.97 crore in FY22, rising from ₹597.22 crore in FY21, according to a report by credit rating agency Brickworks Rating.

The hospital chain's profit increased to ₹99.42 crore in FY22 from ₹58.89 crore in the previous year.

The rating agency raised the company's credit rating by a notch to A+, citing continuous improvement in the financial performance for two consecutive fiscals, FY21 and FY22, backed by an improvement in the operating metrics and a similar growth momentum in H1FY23.

"The company's operating income grew by ~38% on a standalone basis and ~42% on a consolidated basis in FY22.

The improvement in the scale of operations also resulted in an improvement in the profitability, gearing and debt protection metrics. Additionally, the company has been focusing on inorganic growth and has recently acquired a few assets.

BWR also takes note of such ongoing capex, with most of them either completed or expected to be completed in the current fiscal, augmenting the company's scale of operations and diversifying the revenue stream in the near to medium term," the credit rating report noted.

The deal is likely to involve a mix of primary and secondary share sale with existing investor Lightrock selling part of its shares.

'Godrej & Boyce not liable for cost overrun'

Priyanka Gawande
priyanka.gawande@livemint.com
MUMBAI

Godrej & Boyce Manufacturing Co. Ltd has told the Bombay high court that it was not responsible for the alleged cost overrun of the Mumbai-Ahmedabad bullet train project over land acquisition issues.

The company has challenged the legality of the government's move to acquire its land at Vikhroli in Mumbai for the project. The National High Speed Rail Corp. Ltd (NHSRCL) and the state government say the company is responsible for the project's delay which has resulted in additional cost of ₹1,000 crore.

"The petitioner (Godrej & Boyce) unequivocally denies that it is responsible for an alleged additional expense of ₹1,000 crore or any part thereof. Significantly, no data or material has been placed before the court to substantiate this 'bald' allegation. In the admitted absence of any data or material to substantiate the alleged additional expense of ₹1,000 crore or any part thereof, the court must disregard what can only be termed a red herring, in an attempt to prejudice the court," Godrej & Boyce said in its submissions made on 2 January. The company and the government authorities are engaged in a legal battle for over three years over the acquisition of the land and its compensation.

Godrej & Boyce said it has provided detailed responses to the government's claim that it was stopped from challenging the land acquisition.

Godrej & Boyce cannot dispute the acquisition of the subject land; the only issue it can raise is with regard to the quantum of compensation, the government stated.

The company argued that it is entitled to protect its constitutional and legal rights. This is not limited to the compensation offered, but also challenging the land acquisition itself, the company said in a reply to the submissions made by the state government.

The company has challenged the legality of the move to acquire its land at Vikhroli for the bullet train project

The aviation sector is hoping for a cut in central excise duty on jet fuel from 11% at present to 4-5% or a complete waiver. EPA

Aviation industry seeks tax relief in the Union budget

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

The civil aviation industry, which is finally experiencing a resurgence after enduring weak demand and debilitating financial losses over the past two years, has seen signs of recovery in the December quarter. The industry now hopes the government will provide relief on taxation in the upcoming Union budget to bring down the cost structure for airports and airlines.

Jet fuel, which constitutes 35-40% of an airline's expenditure, is at the heart of the concerns of the airlines. While some hope for a cut in central excise duty on jet fuel from 11% at present to 4-5%, others hope for the total removal of the component.

Regional carrier Star Air is among those in favour of zero excise duty on jet fuel. "GST Council should allow input credit of the 5% GST we collect from economy class passengers. VAT on ATF should be converted to GST, and input credit in the same should be allowed," said Capt. Simran Singh Tiwana, chief executive of Star Air.

Indirect taxes, which make up over 20% of an airline's revenue, have been criticized by airlines as an unreasonable proposition.

"All the airlines are under deep financial stress. However as per the provisions of the Income Tax Act, 1961, income tax is deducted at source by customers while making payments to airlines. This blocks the cash flow of the airlines for years till the income tax assessments are completed, and refunds are granted," an airline executive said on the condition of anonymity.

The Association of Private Airport Operators, meanwhile, said they are hopeful of a suspension of minimum alternative tax (MAT) for aviation and airport sector for at least two years, and in case total exemption of MAT cannot be granted, the airport body has requested for reduction in effective minimum alternate tax rate from 17.47% to 5% for infrastructure companies such as airports.

mint BUDGET 2023 GET.SET GROW

A plea that the airline industry has is to allow input tax credit of 5% GST collected from economy class passengers

Govt kitty swells on import surge

FROM PAGE 1

soared nearly 30% between April and November to $493.61 billion against $381.17 billion during the comparable period last year, data from the commerce ministry showed.

"Improvement in the volume of imports and firmer prices in global markets for many items in India's import basket could be the reasons for the jump in dollar value of imports and the recovery in customs duty collections," said Abhishek Jain, partner, indirect tax at KPMG.

Experts said given that there has not been any major duty revision or legislative change in duty recently, the jump in customs collection could be due to a boost in cross-border trade, including in volumes.

"India's exports are import-intensive. An increase in the volume of imports may point to an increase in economic activity, and many of these inputs may be for local manufacturing," said D.K. Srivastava, chief policy adviser at EY India.

In April-October, India's factory output showed a 5% jump from a year ago, according to data from the National Statistical Office. Private surveys, too, show positive sentiments in the domestic manufacturing sector. According to S&P Global, the seasonally adjusted India Manufacturing Purchasing Managers' Index (PMI) at 57.8 in December, up from 55.7 in November, pointed to a robust improvement in the health of the sector that was the best seen since October 2020.

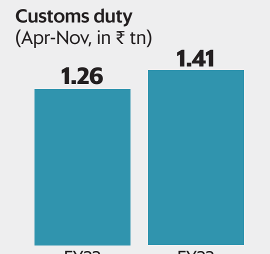
CGA data also shows that the Centre's gross tax receipts have grown 16% to ₹17.8 trillion in April-November, driven by growth in direct and indirect taxes. Experts said the Centre's gross tax revenue at the end of the current fiscal may exceed budget estimates by close to ₹3.5-4 trillion, helping it meet the additional subsidy requirement comfortably and stick to its fiscal deficit target of 6.4% of gross domestic product this year. This is also expected to enable the Centre to announce a fiscal consolidation road map in the FY24 Union budget to be presented on 1 February.

India's import growth between April and November this fiscal was driven by items such as silver, coal, fertilizers and petroleum. While cotton imports surged by 259% during the period amid a global cotton shortage, silver, coal and fertilizer imports jumped 179%, 97% and 62%, respectively. Meanwhile, petroleum (crude and products), the largest imported item by value, also surged 52% during the period as India's energy requirement bounced back following covid-19 induced lockdowns.

Tax boost

Customs receipts stood at ₹1.41 tn, a jump of more than 12% from a year ago, data showed.

Customs duty
(Apr-Nov, in ₹ tn)



Source: Controller General of Accounts

PARAS JAIN/MINT

RCap lenders plan round 2

FROM PAGE 1

mea-Piramal consortium withdrawing from the race.

The first round of the auction, which concluded on 21 December, saw Torrent submitting the highest bid of ₹8,640 crore followed by Hinduja Group offering ₹8,110 crore.

A day after the e-auction, Hindujas revised their bid to ₹9,000 crore from ₹8,110 crore.

The Hindujas, who had come in second during the auction process, offered an upfront cash of ₹8,800 crore.

Challenging this move, the Torrent group approached the National Company Law Tribunal, which asked the lenders to keep the Hinduja group's post-auction offer on hold till the final hearing.

Even after submitting the revised bids, Torrent and Hinduja Group's bids are far below the liquidation value fixed by the independent valuers.

According to estimates submitted by valuers, Duff and Phelps arrived at a liquidation value of ₹12,500 crore, while RBSA pegged it at ₹13,200 crore.

In February last year, the administrator invited expressions of interest for the sale of the stressed non-bank lender.

Among the 55 companies that had submitted their expressions of interest in February, 14 submitted non-binding bids by the end of August last year.

Finally, only four investors—Hindujas, Torrent, Cosmea-Piramal consortium and Oaktree Capital—submitted final bids in December.

Since the bids submitted were below the liquidation value, the committee of creditors held an e-auction in which bidders were asked to revise their bid prices.

Only four investors —Hindujas, Torrent, Cosmea-Piramal consortium and Oaktree Capital— submitted final bids in December

Even after the revised bids, Torrent and Hindujas' bids are far below RCap's liquidation value fixed by the independent valuers. MINT

Ather Energy sets electrifying revenue target for this year

FROM PAGE 1

already have positive gross margins. So, unit economics is good, and with increasing sales at these price points, I'm bullish about where we are headed. The principle is simple—to build a well-integrated product with hardware and software design coming together and a good overall ecosystem experience with a large number of fast chargers and service stations located everywhere. This is why, instead of reducing prices, we've focused on building that experience.

What's your roadmap for this year?

Before the pandemic, we had about 3,000 customers overall. Now, we have around 90,000. Back then, we were only in one or two cities. Now, we're present in 50-odd cities. So, we're expanding; (we) have introduced a common charger for apartment complexes. We introduced new accessories, an extended warranty programme, and a massive overhaul of our software, which is four years old. We call this the Ather Stack internally. With Ather Stack 5.0, it gets the biggest revision to date—a new user interface and navigation powered by Google Maps. We're also introducing a couple of new features in the vehicle, which includes hill hold, which we call auto hold (a feature that prevents a scooter from rolling back a steep road). We'll introduce more features, including cruise control. We will also need to add a third manufacturing facility for added capacity by 2024 since we'll max our current capacity by this year.

What are the tech challenges you faced?

In 2016, Ather made a big bet of having a touchscreen dashboard on a scooter. Nobody had done this before, and we wanted Google Maps on our scooter dashboard. This was groundbreaking. In 2016, there were a few suppliers from China who were building tablets that you could stick on a production scooter as an aftermarket unit, but they cost $500-600. Besides, they were not waterproof—you would need to put a polythene sheet on the tablet and, hence, you could not touch them (for navigation). Overcoming these challenges was a big engineering feat. We did a demonstration of it in 2016, where we only focused on showing that you can get Google Maps on a scooter display. We moved this to production in 2018, where the focus remained on navigation. It turned out to be a big thing for us. Our scooters got noted not only for performance but also for the technology element, led by the 'fancy' 7-inch touchscreen.

But won't these dashboards be a distraction?

To handle this, a big part of Ather Stack 5.0 has been the ability to glance and ride distraction-free. To build this, we used eye-tracking and motion tracking on a number of demo scooter units to understand what users stare at and access while riding. We wanted to not make our user experiences just about the touch-screen—using buttons on the handle-bar had to be intuitive, too. So, the moment a user crosses 2kmph, touch inputs get disabled—all swipe gestures, etc., are only for when a user is standing steady.

What's next in line?

Back when we introduced this, everyone thought this would remain a niche startup product. But, by 2020, we could bring the cost of our product down to a reasonable, affordable level. From this point, the industry started copying it. We then decided to look at the bigger picture and not restrict ourselves to just navigation. This led us to a hardware overhaul; we created the new hardware in July 2022, upgraded internals, and Ather Stack 5.0 brought the experience closer to where consumer tablets are today. The current UI (user interface) is specifically automotive — users want to leverage connectivity, use swipe gestures, pinch and zoom, and toggle options and settings, and not just click on buttons. All of this comes from the mainstream use of mobile phones.

Ather is present in 50-odd cities, Mehta said.

We will need to add a third manufacturing facility by 2024 since we'll max our current capacity by this year.

Gem, jewellery exporters seek support measures

PTI
feedback@livemint.com

Industries find lab-grown diamonds to be profitable.

Gem and jewellery exporters on Sunday urged the government to announce support measures like the abolition of import duty on raw material for lab-grown diamonds and jewellery repair policy to promote the sector and boost shipments in the forthcoming Budget.

The industry also suggested the introduction of presumptive taxation on diamond sales at special notified zones and the introduction of the proposed DESH bill, which seeks to replace the existing law for special economic zones.

Seeking a kind of "diamond package" in the forthcoming Budget, the industry said in light of the high inflation and economic crisis in the US and Europe and frequent lockdowns in China, the exports of diamonds and jobs in Surat have been impacted.

The conventional source of rough diamonds across the world faces threats of deposit depletion, which also contribute to the exponential increase in the cost of extraction. Industries have thus found lab-grown diamonds to be a profitable alternative.

These lab-grown or man-made diamonds (LGDs) are grown inside a lab using cutting-edge technologies under specific parameters. They have a similar physical appearance, chemical composition and optical qualities as natural diamonds.

An LGD is produced using a seed, which is a crucial raw material. "It is estimated that by 2025, global gems and Jewellery exports will see LGD contribute 10%, thereby possessing the potential to propel economic growth. There will be a substantial decrease in the dependence on imports, which will assist in reducing foreign exchange remittances.

"Employment opportunities shall too, increase and ancillary areas as well shall see the creation of employment opportunities, if the duty on seeds is abolished," founder and managing director of Kama Jewelry Colin Shah said.

It suggested introduction of presumptive taxation on diamond sales at special notified zones

He is also the former chairman of the gem and jewellery export promotion council.

About jewellery repair policy, Shah said that countries like UAE, Hong Kong and Turkey are major competitors of India as they have a simple policy of re-importing jewellery for repair and sending it abroad.

IPL team owners ready to pad up for women's league

The last date to buy tender documents is 21 January, and bidding is expected on 25 January

Gaurav Laghate
gaurav.laghate@livemint.com
MUMBAI

Team owners of almost all 10 franchises of the Indian Premier League (IPL) are seriously considering bidding for franchises for the upcoming Women's IPL (WIPL) to promote their brands further, according to IPL team and cricket board officials.

However, they said a final decision would be taken after 12 January, when the media rights for the proposed league will be auctioned, to better understand the economics of the business.

Board of Control for Cricket in India (BCCI) officials have confirmed that all 10 team owners have either purchased the tender document or sent in an official request to buy one for a WIPL team.

Last week, the board invited bids to acquire the rights to own and operate a WIPL team. The last date to buy the tender documents is 21 January, and the bidding is expected to be held on the 25 January. BCCI has not mentioned a reserve price for the auction.

"We are seeing a strong interest for the Women's IPL," a BCCI official said, requesting anonymity. "While there is no base price, as there are limited teams—five—to start with, and by our calculations, around 12-15 serious bidders, the bids may surprise everyone. Moreover, the media rights would have been sold by then, which will allow the interested parties to do their maths."

WIPL will have five teams and 22 matches in the first three seasons. The BCCI is expected to add one more team from the fourth season, taking the total number of matches to 33 or 34.

Vinit Karnik, head of sports, entertainment and esports at GroupM South Asia, believes there will potentially be a great interest of bidders for the five new IPL women's franchises since for existing IPL team owners, it's a logical brand extension, while for others, it could be an entry point to the IPL club.

BCCI officials have confirmed that all 10 team owners have either purchased the tender document or sent in an official request to buy one for a WIPL team. HT

"Moreover, I can count five other key reasons for this excitement. Firstly, IPL as a league and format is established and hugely successful; second, with the equal pay announcement, BCCI has very clearly demonstrated their interest and seriousness in making women's cricket bigger and better," Karnik said. "Third, we have seen a couple of smaller seasons of Women's T20 on the sidelines of IPL. Our women's team is one of the best in the world, and India's bench strength is increasing faster than we think. You also have to consider that Diversity, Equity, and Inclusion (DE&I) is a key area of focus for corporate worldwide. Awareness and programmes around DE&I are taken very seriously and for the right reasons. WIPL could potentially do a lot of good around this. And lastly, WIPL has great potential to expand the advertiser base to multiple brand categories that may not have used cricket as frequently and effectively."

PLACING BETS

- **LAST** week, the board invited bids to acquire the rights to own and operate a WIPL team
- **WIPL** will have five teams in the first 3 seasons. BCCI may add one more team from fourth season
- **A** few franchises, including KKR and Rajasthan Royals, have supported women's cricket
- **LIKE** IPL, it is a given that the franchise owners will not be able to make money in the initial years

While there is interest, team owners are also cautious. Manoj Badale, the lead owner of Rajasthan Royals, said his company would certainly aim to secure a franchise within the Women's IPL. "However, our bid will be a rational investment decision based on our view of the likely economics of the tournament. Whether we get a franchise or not, our commitment to the women's game is unequivocal." Badale added that the WIPL would be a fantastic step forward, and thus, it is a very exciting time for everyone associated with women's cricket in India. "The competition will raise the profile of not just women's cricket but also the development of women's sports in the country. We are thrilled to be witnessing this evolution, having seen, and been part of, the IPL's impact since the tournament's inception."

A few franchises, including Kolkata Knight Riders and Rajasthan Royals, have supported women's cricket through various programmes. While KKR owns a women's team in an international league, Rajasthan Royals has a grassroots cricket programme with the Royal Sparks and organizes the Royals School Girls Cup and the RR Women's Cup, and has unisex coaching courses at its academies. "It will be a tragedy if a good IPL franchise could not get a team because the business is not making sense," said one of the team owners. "We can't be seen bidding on the basis of FOMO (fear of missing out). We are definitely interested, but if it makes business sense for us. We are in business, and while we would like to support women's cricket, we will wait and watch here."

Like the IPL, it is a given that the franchise owners will not be able to make money in the initial years.

On the cost front, the teams will have to pay the franchise fee for the first 10 years. The player purse is expected to be around ₹12-15 crore in the initial years, while the management and other operating costs are expected to be another ₹10-15 crore.

Gautam Adani is now Asia's richest man. MINT

Regret not completing college education, says Adani

PTI
feedback@livemint.com

He dropped out of formal education at the age of 16 in 1978 to take a train to Mumbai to try his luck and three years later made his first killing—a ₹10,000 commission doing a diamond trade with a Japanese buyer.

That marked the beginning of the entrepreneurial journey of Gautam Adani, now Asia's richest man. He, however, regrets not finishing college, saying early experiences made him wise but formal education rapidly expands one's knowledge.

Speaking at the 75th year celebrations of Vidya Mandir Trust Palanpur in Gujarat, Adani recounted his phenomenal journey.

While the dry and tough living conditions of Gujarat's Banaskantha shaped his social behaviour, his father's involvement in what is now known as 'forward trades' gave him the initial learning.

After leaving Banaskantha, Adani moved to Ahmedabad where he spent 4 years completing secondary education.

"I was just 16 years old when I chose to give up my education and move to Mumbai," he said. "Another question I often get is if I have any regrets that I did not go to college. Reflecting on my life and the different turns it took, I—now—do believe that I would have benefitted if I had finished college. While my early experiences made me wise, I now realize that formal education rapidly expands one's knowledge," he said.

Auto Expo returns after 3 years; some prominent companies to skip event

PTI
feedback@livemint.com

India's flagship motor show Auto Expo returns this week after three years having been hit by covid-19, albeit some of the major manufacturers staying away from the event.

The likes of Maruti Suzuki, Hyundai, Tata Motors, Kia India, Toyota Kirloskar and MG Motor India will lead the traditional automakers at the show at Greater Noida that will witness five global launches and 75 product launches and unveils.

Yet, others such as Mahindra & Mahindra, Skoda, Volkswagen and Nissan along with luxury car makers like Mercedes-Benz, BMW and Audi will be conspicuous by their absence in the biennial show that was originally scheduled to be held in 2022 but was postponed to this year due to covid-19.

Also, the visibility of main two-wheeler makers such as Hero MotoCorp, Bajaj Auto and TVS Motor Co will be restricted to their displays of flex fuel prototype vehicles at the Ethanol pavilion.

Nevertheless, this edition of the Auto Expo, which kicks off with press days on January 11-12 followed by general public days from January 13-18, 2023, will see a much larger participation of newer startup players, specially in the electric vehicles segment.

"There is a larger number of overall industry participants compared to the earlier edition in 2020, with around 80 industry stakeholders participating at the Motor Show, including 46 vehicle manufacturers," an official of Society of Indian Automobile Manufacturers (Siam) said.

Keeping in tune with the industry trend of electrification, the official said there will be a much larger participation of newer startup players who are manufacturing vehicles, most of them producing only electric vehicles ranging from two and three-wheelers to passenger and commercial electric vehicles.

While Siam did not comment on the reason for some of the main manufacturers staying away from the event, those who are giving it a miss pointed out the relevance of the show.

"I think we have been participating for many years. Now, when we see the relevance for luxury brands like ours, we see that a bit less from the kind of consumers who come in there or prospects. So that's a reason we decided not to participate this time and look into other means to engage with customers," Mercedes-Benz India managing director and CEO Santosh Iyer said.

He further said, "So, for us we want to invest more on customer experiences and not on the motor show platform which is more generic in nature."

Similarly, Škoda Auto India Brand Director Petr Šolc said the company took an internal decision to focus on its own timeline for product introductions in India while deciding to stay away from the show.

In the past, some of the automobile manufacturers had raised issues related to the distance of the venue and the high cost of participation.

'JSPL to put ₹1,500 cr in Monnet Power'

PTI
feedback@livemint.com

Jindal Steel and Power Limited (JSPL) will invest up to ₹1,500 crore to make recently-acquired Monnet Power operational, its managing director Bimlendra Jha said.

The investment will be made over the period of the next 12 to 18 months, he said.

In December 2022, the steelmaker acquired debt-laden Monnet Power for ₹410 crore through the insolvency route.

The 1,050 megawatts (MW) under-construction coal-based power project is located near JSPL's steel plant in Angul, Odisha. "We will invest fresh investment of up to ₹1,500 crore to make the plant operational. The amount will be invested over the period of the next 12-18 months," Jha said.

Once completed, the new asset will provide power to JSPL's steel plant in Angul, which is in expansion mode, he said. The coal for Monnet Power will be sourced from the Utkal B1 and B2 mines of JSPL.

Last year, JSPL won the two coal blocks with approximately 347 million tonnes of reserves near Angul in an e-auction process.

Mercedes eyes double-digit sales growth in India in 2023

Reuters
feedback@livemint.com

Mercedes Benz expects double-digit sales growth in India this year, despite concerns that a weaker rupee could increase car prices, the head of its local unit said in an interview.

The German luxury carmaker's sales in India rose 41% last year to 15,822 cars, its highest ever in the country, and it has an order backlog of around 6,000 vehicles, Santosh Iyer, managing director for Mercedes-Benz India, told *Reuters*.

One risk to the growth of India's luxury car market is a weakening Indian currency, which could force Mercedes to increase domestic prices as imported components get pricier, he said.

The rupee fell 10% against the dollar in 2022, its steepest drop since 2013, making it the one of the worst performing Asian currencies.

"One of the biggest risks we see for us is the exchange rate. With the rupee weakening a bit more, that will lead us to more price increases. So that's some headwind we see when it comes to the growth potential," Iyer said.

"But we are starting the year with a very healthy order bank and that gives us the confidence of a double-digit growth even for 2023," said Iyer.

The German luxury carmaker's sales in India rose 41% last year to 15,822 cars, its highest ever in the country. REUTERS

Mercedes plans to launch 10 new cars in India in 2023, most costing more than 10 million rupees ($120,000), the top-end segment that grew 69% in 2022. The new launches will include gasoline cars, electric vehicles (EVs) and plug-in hybrids.

The company launched three EVs in India in 2022 including a locally assembled, electric model of its flagship S-Class sedan. EVs have seen strong demand, with Indian customers waiting four to six months after booking their cars. Iyer wants to reduce this to two to three months before launching more EVs.

India's EV market is gaining momentum - Renault is considering building a mass-market EV locally, *Reuters* reported on Friday, in a renewed push into a market where sales of such cars expected to grow quickly from a small base.

Domestic carmaker Tata Motors and foreign players like Stellantis and Hyundai Motor have also lined up EV launches.

Mercedes has seen an easing of a global semiconductor shortage, but still faces some disruption due to a shortage of parts and delayed shipments caused mainly by geopolitical issues, energy crisis in Europe and pandemic-related lockdowns in different parts of the world, Iyer said.

He predicted it will take 12 to 18 months for the situation to normalize.

MINT SHORTS

Twitter cuts more staff overseeing global content moderation

Twitter Inc., under new owner Elon Musk, has made deeper cuts into its already radically diminished trust and safety team handling global content moderation, as well as to the unit related to hate speech and harassment, according to people familiar with the matter. At least a dozen more cuts on Friday night affected workers in the company's Dublin and Singapore offices, according to the people, who asked not to be identified discussing non-public changes. BLOOMBERG

Alibaba to invest $1 bn in Turkey for logistics hub and data centre

BLOOMBERG

Alibaba Group Holding Ltd. will invest more than $1 billion in Turkey for a logistics hub at Istanbul's airport and a data center near the Turkish capital, said president Michael Evans. "We have a serious investment plan at Istanbul Airport. From here, we can evaluate e-export plans to Europe, the Middle East and the Far East," Evans said in an interview with the *Sabah* newspaper on Sunday. BLOOMBERG

7.0-magnitude quake strikes pacific nation of Vanuatu

Sydney: Frightened villagers fled to higher ground fearing a tsunami when a 7.0-magnitude earthquake struck late Sunday just off the coast of the Pacific island nation of Vanuatu. The violent quake's epicentre was in the sea just off the northern bay of the largest island Espiritu Santo, some 400 kilometres (250 miles) north of the archipelago's capital Port Vila. AFP

Almost 9,000 NYC nurses prepare to strike on staffing levels

Another three New York City hospitals reached tentative contract agreements with unions overnight Friday, leaving about 8,700 nurses still prepared to strike on Monday to protest what they say are unsafe staffing levels. The New York nurses' group says unsafe staffing levels are the result, endangering patients and pushing yet more workers out of nursing. BLOOMBERG

French energy firms bow to govt pressure on power prices

AFP

French power companies have agreed to cut prices for very small businesses, bowing to demands from President Emmanuel Macron to change "excessive" contracts. After a three-hour meeting on Friday, Finance Minister **Bruno Le Maire** said energy firms will offer an average electricity tariff of €280 ($298) a megawatt-hour in 2023 to around 600,000 of the smallest companies not already benefiting from regulated prices. BLOOMBERG

Pakistan seeks help with $16 billion flood rebuilding at UN conference

Geneva: Pakistan and the United Nations are holding a major conference in Geneva on Monday aimed at marshalling support to rebuild the country after devastating floods. Record monsoon rains and melting glaciers last September displaced some 8 million people and killed at least 1,700. Most of the waters have now receded but the reconstruction work, estimated at around $16.3 billion, to rebuild millions of homes and thousands of kilometres of roads and railway is just beginning and millions more people may slide into poverty. REUTERS

China reopens borders in final farewell to zero-covid

Investors hope the reopening will reinvigorate a $17-tn economy suffering its slowest growth in half a century

Reuters
feedback@livemint.com
HONG KONG/BEIJING

Travellers streamed into China by air, land and sea on Sunday, many eager for long-awaited reunions, as Beijing opened borders that have been all but shut since the start of the covid-19 pandemic.

After three years, mainland China opened sea and land crossings with Hong Kong and ended a requirement for incoming travellers to quarantine, dismantling a final pillar of a zero-covid policy that had shielded China's 1.4 billion people from the virus but also cut them off from the rest of the world.

China's easing over the past month of one of the world's tightest covid regimes followed historic protests against a policy that included frequent testing, curbs on movement and mass lockdowns that heavily damaged the second-biggest economy.

Long queues formed at the Hong Kong international airport's check-in counters for flights to mainland cities including Beijing, Tianjin and Xiamen. Hong Kong media outlets estimated that thousands were crossing.

"I'm so happy, so happy, so excited. I haven't seen my parents for many years," said Hong Kong resident Teresa Chow as she and dozens of other travellers prepared to cross into mainland China from Hong Kong's Lok Ma Chau checkpoint.

"My parents are not in good health and I couldn't go back to see them even when they had colon cancer, so I'm really happy to go back and see them now," she said.

Investors hope the reopening will reinvigorate a $17-trillion economy suffering its slowest growth in nearly half a century. But the abrupt policy reversal has triggered a massive wave of infections that is overwhelming some hospitals and causing business disruptions.

The border opening follows Saturday's start of "chun yun", the 40-day period of Lunar New Year travel, which before the pandemic was the world's largest annual migration, as people returned to their hometowns or took holidays with family.

Some 2 billion trips are expected this season, nearly double last year's movement and recovering to 70% of 2019 levels, the government says.

Many Chinese are also expected to start travelling abroad, a long-awaited shift for tourist spots in countries such as Thailand and Indonesia. But several governments - worried about China's covid spike - are imposing curbs on travellers from the country. Travel will not quickly return to pre-pandemic levels due to such factors as a dearth of international flights, analysts say.

Relatives reunite at Beijing airport, as China reopened borders for international arrivals on Sunday. BLOOMBERG

China on Sunday resumed issuing passports and travel visas for mainland residents, and ordinary visas and residence permits for foreigners. Beijing has quotas on the number of people who can travel between Hong Kong and China each day.

At the Beijing Capital International Airport, families and friends exchanged emotional hugs and greetings with passengers arriving from places such as Hong Kong, Warsaw and Frankfurt, meetings impossible just a day earlier.

"I've been looking forward to the reopening for a long time. Finally we are reconnected with the world. I'm thrilled, I can't believe it's happening," said a businesswoman surnamed Shen, 55, who flew in from Hong Kong.

Others waiting at the airport included a group of women with long-lens cameras hoping to catch glimpse of boy band Tempest, the first idol group from South Korea to enter China in three years.

"It's so good to see them in person! They are much more handsome and taller than I expected," said a 19-year-old who gave her name as Xiny, after chasing the seven-member group, who arrived in Beijing from Seoul.

China downgraded its covid management to Category B from A, which had allowed local authorities to quarantine patients and their close contacts and lock down regions.

But concerns remain that the great migration of city workers to their hometowns and reopening of borders may cause a surge in infections in smaller towns and rural areas that are less-equipped with intensive-care beds and ventilators.

The World Health Organisation said on Wednesday that China's covid data underrepresents the number of hospitalisations and deaths from the disease.

Chinese officials and state media defended the handling of the outbreak, playing down the severity of the surge and denouncing foreign travel requirements on Chinese residents. Jiao Yahui, an official from the National Health Commission, said in an interview published by state broadcaster CCTV on Sunday that demand for emergency and critical care in China's large cities had likely peaked but was rising fast in small and midsize cities and rural areas due to the Lunar New Year travel.

Some 80% of ICU beds in China's top- and second-tier hospitals were in use, up from 54% on Dec. 25, she said, adding that the country's medical services to treat covid were facing an "unprecedented challenge".

Health officials told a news conference they would not rule out the possibility of taking emergency covid prevention measures such as suspending nonessential large-scale activities and business at large entertainment venues to deal with large outbreaks.

'Not a given' UK inflation will slow this year, Rishi Sunak says

Bloomberg
feedback@livemint.com

UK Prime Minister Rishi Sunak said it's "not a given" that inflation will slow this year and stressed the need for continued wage restraint in ongoing negotiations with striking sectors including the National Health Service and railways.

Sunak has come under pressure over a pledge to halve inflation this year when economic forecasts from the Office for Budget Responsibility already show that the pace of price increases will slow that much without any extra help from government policy.

Easing inflation "is a function of having a responsible economic policy when it comes to things like pay," Sunak said in an interview with the *BBC's* Laura Kuenssberg on Sunday. "It's

UK PM Rishi Sunak says curbing price gains is his top priority. AFP

not a given that it just happens. You have to continue to be disciplined and make the right, responsible decisions."

Surging energy costs due to Russia-Ukraine war propelled inflation above 11% last year, setting off a cost-of-living crisis. Sunak says curbing price gains is his top priority and the reason he's been resisting calls to accept large pay demands in the public sector as they could further stoke inflation.

That position has come under increasing strain amid widespread disruption in the UK, most acutely in the NHS where a resurgence of covid-19, the winter flu and industrial action — including the first major nurses' strike in history — have forced hospitals across the country to declare critical incidents. Nurses have been pushing for a 19% pay rise and recently urged the government to meet them "halfway" on their demands.

Sunak declined to answer a question about whether he has private health care, saying it wasn't really relevant. The growing wait lists for NHS treatment has led to a surge in people taking out private insurance, fueling fears of a two-tier system of care that could widen inequality in the UK.

Biden heads to border to face crisis he admits has no easy fix

Bloomberg
feedback@livemint.com

President Joe Biden will confront one of his biggest political liabilities head-on Sunday, as he pays a visit to the US border with Mexico in El Paso, Texas.

Biden will see first-hand conditions for migrants and the US officials who process them as they cross from Mexico. He's facing calls from Democrats and Republicans to more quickly process cases, resettle lawful claimants and deport people deemed ineligible.

Since Biden entered the White House, the US has seen an increase in migration from Latin America — one he attributes to a range of factors, including people fleeing dictatorial and socialist regimes to seek a better life in the US, but which his critics say is fueled

Biden's visit comes as Congress prepares to probe the situation at the border. AP

by his rejection of hard-line measures to flatly stop crossings. Congress has balked at immigration reform or major new funding, leaving Biden few options. The US continues to employ pandemic-era border controls known as Title 42 to quickly expel migrants. The president acknowledged there is no easy fix on Thursday as he announced new measures to address the border situation.

"Our problems at the border didn't arise overnight and they're not going to be solved overnight. It's a difficult problem," Biden said. But he also lashed out at Republicans for what he called "inflammatory" talk about migration and urged them to work across the aisle to approve immigration legislation and additional border-security funds.

"Immigration reform used to be a bipartisan issue. We can make it that way again. It's not only the right thing to do, it's economically a smart thing to do," Biden said. "It's so easy to demagogue this issue."

Biden's visit comes as Congress prepares to probe the situation at the border.

Biden is visiting El Paso on his way to Mexico City, where he will meet Monday and Tuesday with the leaders of Canada and Mexico.

No sign of casualties at site of strikes Russia says killed 600 soldiers

Reuters
feedback@livemint.com
KRAMATORSK, UKRAINE

A Russian rocket strike on the Ukrainian city of Kramatorsk caused damage but did not destroy buildings and there were no obvious signs of casualties, a Reuters witness said on Sunday, after Russia said the attack killed 600 Ukrainian soldiers.

Reuters reporters visited the two college dormitories Russia's defence ministry said had been temporarily housing Ukrainian servicemen close to the front line of the war at the time of the overnight strike. Neither appeared to have been directly hit by missiles or seriously damaged. There were no obvious signs that soldiers had been living there or traces of blood.

Some of the windows were broken at Hostel No. 47, which stood by a courtyard that had a big crater in it.

The other building named by Russia's defence ministry, Hostel No. 28, was entirely intact. A crater lay about 50 metres away closer to some garages.

Authorities in Kyiv did not immediately comment on the strike or on Russia's claim of hundreds of casualties. Kramatorsk's mayor earlier said there had been no casualties.

Russia's defence ministry, in a statement, said the strike on the buildings in Kramatorsk was a revenge operation for a deadly Ukrainian attack last week on a Russian barracks in Makiivka, in part of the Donetsk region controlled by Moscow's forces, in which at least 89 servicemen were killed.

It said Moscow had used what it called reliable intelligence to target the Ukrainian troops. More than 700 Ukrainian troops had been housed in one hostel and more than 600 in another, it said.

"As a result of a massive missile strike on these temporary deployment points of Ukrainian army units, more than 600 Ukrainian servicemen were destroyed," the defence ministry said.

If true, it would be the single largest loss of Ukrainian troops since Russia invaded on 24 February. Neither side in the grinding war, now in its eleventh month, usually disclose losses.

Pavlo Kyrylenko, Ukraine's governor of Donetsk, had said earlier that Russia had launched seven missile strikes on Kramatorsk.

And Oleksandr Honcharenko, Kramatorsk's mayor, said earlier on Sunday that the attack had damaged two educational facilities and eight apartment buildings and garages but that there had been no casualties.

Russian President Vladimir Putin attends the Orthodox Christmas Service in Moscow. REUTERS

Ukraine was believed to have stopped housing troops close together in single facilities after a deadly Russian missile strike on a base in western Ukraine in March which killed dozens.

The practice of housing soldiers all together came into focus too after the Ukrainian strike on Makiivka this month with Russian military commanders subject to fierce criticism inside Russia for not dispersing their forces.

Russia has repeatedly shelled Kramatorsk, which is also in the Donetsk region, one of four regions Moscow claims to have formally incorporated into Russia, something Ukraine and most countries in the world do not recognise.

Kramatorsk lies a few miles northwest of Bakhmut, a small city which Russia has been trying to take for more than five months in a brutal battle which has become the scene of some of the fiercest fighting in recent weeks.

Russia's defence ministry, said the strike was a revenge operation for a deadly Ukrainian attack last week

Ukrainian officials earlier said at least two people had been killed elsewhere in Russian overnight bombing after a unilateral Russian Orthodox Christmas ceasefire had expired.

President Vladimir Putin ordered a 36-hour ceasefire along the line of contact from Friday at midday to observe Russia and Ukraine's Orthodox Christmas, which fell on Saturday.

Ukraine rejected the truce, and the general staff of Ukraine's armed forces said Russian troops had shelled dozens of positions and settlements along the front line on Saturday.

A 50-year-old man died in the northeastern region of Kharkiv as a result of Russia's shelling overnight, Oleh Synehubov, the governor of the region, said on the Telegram messaging app.

The news came minutes after midnight in Moscow. One person was killed in another attack overnight on Soledar in the eastern Donetsk region, local officials said.

Reuters could not immediately verify this.

Most Ukrainian Orthodox Christians have traditionally celebrated Christmas on Jan. 7, as have Orthodox Christians in Russia. But this year, the Orthodox Church of Ukraine, the country's largest, allowed also for a Dec. 25 celebration. Still, many observed the holiday on Saturday, flocking into churches and cathedrals.

The Kremlin said Moscow will press ahead with what it calls a "special military operation" in Ukraine, an invasion that it launched on Feb. 24 and that Kyiv and its Western allies call an unprovoked aggression to grab land.

"The tasks set by the president (Putin) for the special military operation will still be fulfilled," the Russian state TASS agency quoted Putin's first deputy chief of staff, Sergei Kiriyenko, as saying.

"And there definitely will be a victory."

The war has killed tens of thousands and displaced millions of Ukrainians.

TWEETS & QUOTES

Alka Upadhyaya
Secretary, MoRTH

NHAI will undertake asset monetization under different modes, including toll-operate-transfer model & InvIT in order to meet asset monetization target of ₹23k cr this year

Tim Sweeney
Founder, Epic Games

ChatGPT to me seems to weld an English professor's writing skills to encyclopedia's knowledge base & a kindergartener's reasoning ability, producing impressive & highly polished nonsense..

Nat Friedman
Co-founder, California YIMBY

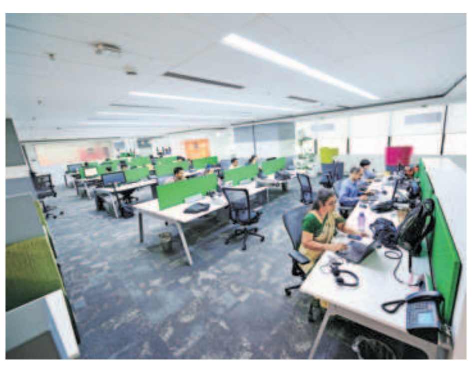
That Satya Nadella had the vision & conviction to put $1bn into OpenAI a year before GPT-3 is amazing & underappreciated

Santosh Iyer
MD, Mercedes-Benz India

One of the biggest risks we see for us is the exchange rate. With the rupee weakening a bit more, that will lead us to more price increases. So that's some headwind we see when it comes to the growth potential

Discoms' dues to gencos halved

Total outstanding dues owed by electricity distribution companies (discoms) to power producers almost halved to ₹62,681.68 crore in January, compared to ₹1,21,030 crore in same month in 2022. Experts said this substantial reduction in the discoms' total outstanding is mainly due to various steps taken by the government, like implementation of late payment surcharge rules and providing facility of EMIs to utilities. According to the portal PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators), the total outstanding dues of discoms stood at ₹62,681.68 crore in January, which included ₹25,526.42 crore overdue amount, that was not cleared even after 45 days of grace period offered by generators. In January 2022, the total outstanding dues of discoms stood at ₹1,21,030 crore, which included the total overdue amount of ₹1,01,357 crore. PTI



Office space absorption stood at 1.7 mn sq ft. MINT

Tech leads office space absorption

Office space absorption stood at 1.7 million sq ft during the October-December 2022 period, a study by real estate consulting firm CBRE South Asia Pvt Ltd said on Sunday. Technology sector accounted for 43%, while engineering and manufacturing was 17%, flexible space operators were 12% while the IT segment alone took up lion's share in the office absorption space.

According to the report, small (less than 10,000 sq ft) to medium sized 10,000 to 50,000 sq ft transactions dominated the leasing in 2022. The share of large size deals over 100,000 sq ft remained at 7%. Bengaluru led the rank in office space absorption, followed by New Delhi-NCR (National Capital Region) and Pune dominated large-size deal closures in 2022 while a few deals were reported in Hyderabad, Mumbai, Chennai and Ahmedabad. "With a sustained recovery in leasing, moderating vacancy levels and persistent demand for investment-grade assets, the rental recovery continued across cities throughout 2022," CBRE chairman and CEO India, South East Asia, Middle East and Africa, Anshuman Magazine said. PTI

DRAGON FLYERS

A participant prepares to fly a kite on the inaugural day of the 'International Kite Festival 2023' in Ahmedabad on Sunday. PTI

Air India erred in addressing situation: Tata Sons chairman

The reaction follows outrage over the incident where a passenger urinated on a lady

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

In his first official reaction to the controversy regarding passenger misbehaviour on a New York-Delhi flight, Tata Sons chairman N. Chandrasekaran said Air India fell short of addressing the situation.

Terming it a matter of "personal anguish," Chandrasekaran, in a statement issued on Sunday, said: "Air India's response should have been much swifter. We fell short of addressing this situation the way it should have been."

The statement follows public outrage over the incident whereby a passenger urinated on a co-passenger, a woman in her 70s, on a 26 November New York-Delhi flight of Air India. The passenger, identified as Shankar Mishra, a senior executive at US financial services firm Wells Fargo, has since been terminated by his employer. Delhi Police also arrested Mishra from Bengaluru on Saturday, and he has been sent to 14-day judicial custody.

"The Tata Group and Air India stand by the safety and well-being of our passengers and crew with full conviction. We will review and repair every process to prevent or address any incidents of such unruly nature," Chandrasekaran further said in the statement.

The full-service carrier received the complaint on 17 November and commenced engaging in correspondence with the affected passenger's family on 30 November, Air India chief executive and managing director Campbell Wilson said on Saturday. The airline lodged a police report a month after the incident on 28 December at the request of the victim's family.

An internal committee at Air India assessed the incident on 20 December and concluded that a 30-day interim travel ban was sufficient for the incident.

Wilson said the airline would review its policy on the service of alcohol in the flight and will commence a comprehensive education programme to strengthen crew awareness of and compliance with policies on the handling of unruly passengers and incidents and to better equip crew to emphatically assist those affected.

> An internal committee at Air India assessed the incident on 20 Dec and concluded that a 30-day travel ban was sufficient for the incident

"Air India acknowledges that it could have handled these matters better, both in the air and on the ground and is committed to taking action," Wilson said.

Indian generic drugs demand up in China

The demand for Indian generic drugs has shot up in China amid the massive covid surge in the country, with Chinese experts cautioning that fake versions of these drugs are flooding the market.

China's National Health Security Administration said on Sunday that Pfizer's Paxlovid oral medication, which is used to treat covid-19, could not be included in the "register of drugs in the basic medical insurance", because the company's quotation was too high, media reports said.

"On the Chinese e-commerce platforms... At least four generic covid drugs produced in India—Primovir, Paxista, Molnunat, and Molnatris—have been listed for sale in recent weeks. Primovir and Paxista are both generic versions of Paxlovid, while the other two are generic versions of Molnipiravir," Chinese media outlet *Sixth Tone* reported. PTI

Around 335 trains have been delayed, 88 cancelled, 31 diverted due to foggy weather. PTI

Over 480 trains affected due to fog

The railways on Sunday said foggy weather has affected the movement of over 480 trains. "Around 335 trains have been delayed, 88 cancelled, 31 diverted and 33 short terminated due to foggy weather," a railway official said. A blinding layer of dense fog enveloped northwest India and the adjoining central and eastern parts of the country, affecting road, rail and air traffic movement. Very dense fog lowered visibility to 50 metres at the Palam observatory near the IGI airport at 5:30 am. The Delhi International Airport Limited tweeted that flights, which are not CAT III compliant, may get affected. Passengers have been advised to contact the airline concerned for updated flight information. According to the weather office, very dense fog is when visibility is between 0 and 50 metres, between 51 and 200 metres is dense, between 201 and 500 metres moderate. PTI

BEE norms to make ceiling fans costly

Ceiling fans would get costlier by 8-20% as the category came under the ambit of mandatory star labelling from 1 January, as per the revised Bureau of Energy Efficiency (BEE) norms. Star labelling denotes energy savings of minimum 30% for 1-star rated fans to over 50% for 5-star rated fans.

Though leading manufacturers such as Havells, Orient Electric and Usha International have welcomed the move, they also believe it would lead to cost increase of 5-20% as high energy efficient 5-star rated fans will require new imported motors and electronic components.

Under the new mandate, now manufacturers would have to display star ratings between 1 to 5 stars on their fans. The star rating is dependent on service value (air delivery in cubic metres per minute divided by energy consumption in wattage). PTI

Paytm Payments Bank appoints CEO

Paytm Payments Bank has received banking regulator RBI's nod to appoint Surinder Chawla as its MD and CEO, the company said in a statement on Sunday. The RBI, however, continues to bar Paytm Payments Bank from on-boarding new customers.

"Paytm Payments Bank Ltd (PPBL) has appointed veteran banker Surinder Chawla as its new MD and CEO. The appointment has been approved by the Reserve Bank of India for a period of three years," the statement said.

Before joining PPBL, Chawla was working with RBL Bank, where he served as head, branch banking and focused on expanding the CASA base, fee revenue, and cross-selling across channels.

"I am pleased to welcome Surinder to Paytm Payments Bank to drive our unwavering commitment to deepening financial inclusion and offering an exceptional mobile-first banking experience in India," PPBL chairman Vijay Shekhar Sharma said. PTI

Goyal heads to US for trade meet

Commerce minister Piyush Goyal will attend the 13th TPF meeting on 11th January. PTI

Commerce minister Piyush Goyal will be on an official visit to New York and Washington DC from 9-11 January to participate in India-US Trade Policy Forum (TPF). He will attend the 13th TPF meeting in Washington DC on 11 January. Before delegation level talks he will also hold a one to one meeting with US trade representative ambassador Katherine Tai, commerce and industry ministry said. "In the first leg of the visit, the minister will interact with CEOs of reputed multinational enterprises, participate in community events, join roundtable meetings with business leaders and think tank and visit industries in New York," the ministry said. The 12th TPF ministerial meeting was held on 23 November 2021 after a gap of four years in New Delhi. Working groups were reactivated after the last ministerial. TPF is a platform for continuous engagement between two countries in the area of trade and to further the trade and investment relations between the two countries. "In Washington DC, he will also have a bilateral meeting with US secretary of commerce Gina Raimondo. There will also be interaction with some captains of Industry," the ministry added. STAFF WRITER

Swarup Kumar Saha, managing director, Punjab and Sind Bank.

PSB's total biz set to cross ₹2tn milestone

Punjab and Sind Bank (PSB) is expected to cross ₹2 trillion business milestone soon on the back of robust growth in loans, its managing director Swarup Kumar Saha has said.

In the third quarter of the current financial year, he said, the bank has witnessed a credit growth of 17% to ₹78,049 crore.

"Topline growth is in line with our guidance while other key parameters like asset quality and slippages are also under control," he said.

The bank's current account and savings accounts increased by 11.33% to ₹36,460 crore at the end of the third quarter. The total business rose by 12.26% to ₹1.87 trillion at the end of 31 December 2022, Saha said.

Talking about new initiatives, Saha said the bank has recently partnered with SBI Card to launch co-brand credit cards for its customers. Available in three variants—PSB SBI Card ELITE, PSB SBI Card PRIME and PSB SimplySAVE SBI Card—will have access to a wide suite of exclusive privileges.

The bank will soon introduce digital pre-approved personal loans in three clicks through its mobile app. PTI

India-Bangla oil pipeline is ready

The ambitious 130-km long India-Bangladesh Friendship Pipeline (IBFPL), constructed at a cost of ₹377 crore, is likely to be commissioned next month, official sources said. The international oil pipeline, IBFPL, will carry fuel from Assam-based Numaligarh Refinery Ltd's (NRL) marketing terminal at Siliguri in West Bengal to the Parbatipur depot of Bangladesh Petroleum Corporation (BPC). The mechanical works of the bilateral project, being funded by India, was completed on December 12 last year, a senior official of NRL said on condition of anonymity. "We have set the commissioning target completion in February 2023," he added. The ground breaking ceremony for the 130-km IBFPL was held in September 2018 in the presence of Prime Ministers of India and Bangladesh through video conferencing. Prime Minister Narendra Modi in his meeting with Hasina in 2017 had agreed to finance this pipeline with a capacity of one million metric tonne per annum. PTI

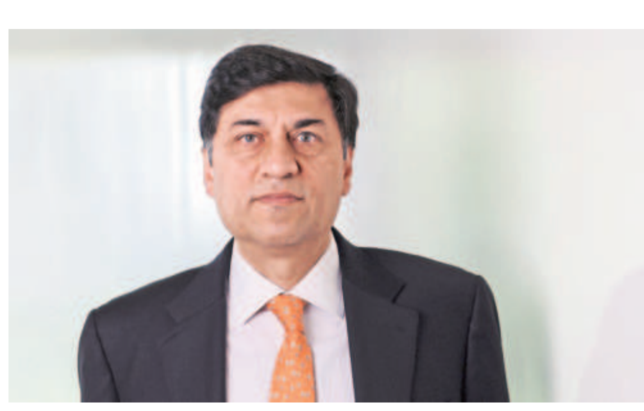
Former Reckitt Benckiser CEO donates $1.2 mn to BITS Pilani

Rakesh Kapoor, former global CEO of Reckitt Benckiser, has made a donation of $1.2 million (about ₹10 crore) to his alma mater, BITS Pilani—the largest gift the institution has received in its history.

The donation will be "used to fund the creation of a state-of-the-art Centre of Innovation," BITS Pilani said in a statement.

Designed by renowned architect Hafeez Contractor, the 40,000 sq ft facility will include innovation labs in technology and hardware and co-working spaces. The innovation centre will also be home to the Pilani Innovation and Entrepreneurship Development Society (PIEDS), the business incubator of BITS.

This innovation centre will be named 'The Kapoor Centre of Innovation' in recognition of Kapoor's generosity and his belief in the institution's mission and promise. The announcement comes on the back of the recently announced 'BITS innovation and start-up policy of 2022', which allows both student and faculty to take up to a year off to start their own ventures. PTI



Rakesh Kapoor, former global CEO of Reckitt Benckiser. BLOOMBERG

'INDIA IS NOT A PLACE YOU CAN IGNORE'

Rajeev Chandrasekhar clears misconceptions surrounding a slew of pivotal digital legislation that's underway

Minister of state for electronics and IT as well as skills development and entrepreneurship Rajeev Chandrasekhar sees the Digital India Act become a law by this year-end.

Gulveen Aulakh & Sruthijith KK
gulveen.aulakh@livemint.com
NEW DELHI

As the junior minister for electronics and IT as well as skills development and entrepreneurship, Rajeev Chandrasekhar is involved with lawmaking and execution of some of the most keenly-followed areas in India today—data protection, privacy, semiconductor manufacturing, skilling and the upcoming Digital India Act (DIA). His long career as an engineer (he worked at one point as a chip designer at Intel), entrepreneur and investor allows him a distinct vantage to negotiate hot button policy issues from. In an extensive interview with *Mint*, he discussed the progress and the government's views on a slew of pivotal digital legislation that's underway, the progress in India's semiconductor manufacturing ambitions, how the government is incentivizing IT hardware manufacturing and much else. *Edited excerpts:*

The government has received inputs from stakeholders on the digital personal data protection bill. What's the government's view now?

I have now done almost 11 consultations. I've met everybody—lawyers, students, consumer groups, industry, large companies, smaller players, MPs... Except for a group of people—and I'm not dismissing their views—whose interpretation of privacy and data protection is very absolutist, largely stakeholders have welcomed the draft. Some are too influenced by models of GDPR (the European Union's general data protection regulation) that exists there. Except for the criticism from there, the framework is an absolutely perfect one that does three things.

One, it ensures and codifies the right to data protection of an individual. Second, whatever we do, we must not create a framework that creates additional compliance layers or stifles innovation and the startup ecosystem. Third, for legitimate purposes, where the government has to have access to personal data for security, pandemics, emergencies, etc., the carve out of that is clear, very well defined. There is no regulator. There's a Data Protection Board, whose job is to adjudicate on the financial penalties that will be imposed on platforms that violates the obligations. The appellate authority will be the high courts and the judicial system, which will have continuing oversight.

There's criticism that the penalties aren't harsh and that it allows the government unfettered data access, among others.

Number one, the bill provides for the table (of penalties) to be revised from time to time. Second, it is silent on whether it's ₹500 crore per person or per instance. Let the Data Protection Board evolve the jurisprudence. So, I can assure you that the penalty section is supposed to be punitive and a deterrent. The idea of creating civil, financial penalties is that we want to create discipline and behavioural changes in the way the data fiduciaries approach data principals. Second, there's no unfettered access for government. It meets the Puttaswamy judgement criterion of proportionality and legality. The exceptions are only in cases of law and order, pandemics and natural disasters. The other exception is deemed consent, that if you have given a consent to the government for one service, it is deemed that you are given consent for all. That's all. Now, if the government violates the terms of the law, it will also be penalized, which was not there in the previous bill.

> The internet should never be controlled by anybody. No state, no government, no platform, no telco should be able to distort the free and open nature of the internet.

What about issues around data localization? Are free-trade agreements one of the elements for the data localization norms under the bill?

We have created a framework that is absolutely modern, far reaching and forward looking. We've said that whitelisting will be done. That means the areas where a data platform can store the data of an Indian citizen will be notified by the government. We are basically creating a framework of corridors of trust. India and country X—if we agree to build a digital corridor of trust, it means that the rights of the Indian citizens for having his or her data protected even if the data is in your country must be recognised by that country's law and jurisprudence, and vice versa.

What would be the criteria by which the government will notify a country as a trusted storage source?

Simply this—that my rights as an Indian citizen today under the digital personal data protection law should be intact, regardless of whether you store it in country X or not. It means if it breaches from there, you're still liable. In every FTA today, there's a component of digital trade and a very important element of digital trade is this corridor of trust. There will absolutely be an architectural framework of corridors of trust that the government of India will architect and build, along with other countries that respect the same.

Some telcos have expressed their views against permitting data to be stored in other countries, even if they are part of this corridors of trust framework.

Stakeholders, including telcos will have multiple opinions. But the digital ecosystem consists of a lot more than telecom companies. Our primary objective is that citizens' rights should be protected. They must get on open internet; they must not be gate-kept by anybody. Net neutrality is something that the Prime Minister in 2015 had ruled that India will lead the world in. So, we don't want anybody to be gatekeepers—not Facebook, not a telco, nobody. So that is our view of the internet.

Is there any thinking around diluting the safe harbour provisions available to intermediaries? (These provisions waive liabilities of platforms arising from content posted by third parties or users.)

That is part of our DIA, the second corresponding piece of what we call the global standard cyber laws, under which the cyber security regulations will also come. The safe harbour concept in India and the US was done at a time when there was a clear difference between publishers and platforms. This is now getting blurred. The debate on whether safe harbour should be there anymore is a legitimate debate going forward into the DIA. There are many people who say there's no need for it. With the IT rules, we have placed major due diligence obligations on platforms, and now there is 100% compliance so far. It's a good debate to have. If you ask me my view, both sides of this argument have merit. Some—very few—intermediaries, may deserve some sort of a one-notch-below-publisher status. But a large part of the intermediaries who are directly publishing things, they are responsible for the content. During the consultation, clearly, this is going to be one of the issues. And I think a large part of the conventional media platforms that are subject to regulation will push for Section 79 type safe harbours to be a very, very narrow exception rather than the general rule for intermediaries. Currently, it's a general rule.

What will be the key pillars of the Digital India bill?

First of all, the internet has become a lot more complex than it was in 2000. What we saw then was one type of intermediary. Now there are multiple types of intermediaries—ecommerce, digital media, social media, AI, payments, gaming et al—which are different in terms of their nature and characteristics of what they represent to the consumer.

Second, in the past, the prism of harm on the internet was very narrow—it was about criminality, cybercrime, cyber security, hacking, etc. Today, harm on the internet is a huge industry. Whether it is abuse, doxxing, gaslighting, misinformation, phishing, drugs, exploitation or trafficking—there's a whole series of things. Some of these can be addressed by the Criminal Code while others are unique to the cyberspace. Firstly, we want openness. The internet should never be controlled by anybody. That means no state, no government, no platform, no telco should be able to distort the free and open nature of the internet. The second is safety and trust, which is very critical for India where 80 crore Indians—including women, children and pensioners—use the internet for the daily lives. It has to be a safe and trusted space. And the corollary of that, therefore is, user harm should be identified, blocked and prosecuted.

The third is accountability. Regardless of where you are, how big a platform you are, the Indian consumer must find it easy to hold you accountable. So these three principles will find mention in the DIA. It will certainly address issues like emerging technologies, like you're seeing ChatGPT and AI emerging in a big way recently. We want to approach the listing of unique cyber harm type of phenomenon, and see how to address it.

What's the government's thinking on ad-tech platforms and the demand from publishers for the kind of legislation we are seeing in other countries, mandating platforms to share revenues?

Currently, we are uncomfortable with the dominance and the control and the imbalance in the relationship between content creators and the monetizers, whether they're ad tech or whether they're just monetizing content, and that balance is today skewed in favour of these dominant platforms. There's a lot of arbitrariness there. We want to rebalance that and frame rules for that. So, this law and DPDP will be the global standard for the India Techade.

Do you have the provision to keep on expanding the definition of intermediaries?

Under the DIA, we will create these various classes of intermediaries. Originally, there used to be one intermediary, and everything could be put into one class of intermediaries. We should treat each intermediary as belonging to a distinct class of intermediaries with different levels and thresholds of accountability and punishment.

What is the timeline for the DIA?

I don't see any reason why by the end of this month, we should not be able to put it out there for discussion.

So, before the end of 2023, this could be a law?

100%.

> We are one of the fastest growing markets for all things digital. And we are one of the fastest growing innovation ecosystems that support all things digital.

The government has received proposals for setting up semiconductor manufacturing in India. But it's been a year and we're yet to see any movement on those?

Manufacturing of chips is a very complex process and there are many questions and due diligence that are to be done by the Technical Advisory Committee on technology, process, capital cost, that is very thoroughly being done. We have our advisory group comprising some of the most talented semiconductor professionals. I had earlier projected November or December (for approvals). But these are independent people. The Indian Semiconductor Mission is independent; the government is not deciding. ISM has this group of very experienced people who are examining the proposals. When they are ready they will tell us. It's important to understand this is not about lethargy or slow processes. It's a function of the deep due diligence that they are doing.

Are there concerns about the proposals? Are you confident that some of them will make it through?

I have to be concerned till I'm not concerned. That is the job of the government. So we will be concerned and we will ask all the right questions. Whatever decision is taken will be taken after serious scrutiny and assessment. For us, semiconductor is not just about manufacturing, nor is it only just about deepening the electronics ecosystem. All of that it does, but it's also about semiconductor security, technology, resilience—all of those areas, especially in an era when digitization is only accelerating and moving more forward. But the government is not in a tearing rush. Semiconductor manufacturing is a long game. If we have to play the waiting game before you get more and more proposals, it's fine, because the silicon curve which went into a shortage-driven cycle has now reversed. Because of the impending recession in the Western world, demand has slowed. There might still be some supply chain issues but stocking at the fab is now at a peak.

China and US have lined up massive financial incentives in semiconductor manufacturing. Are the incentives we're giving to attract global players adequate?

India's proposition today, in the scheme of things globally, is not that we are competing with the US on subsidies. The biggest thing about India today that makes it attractive for investment is that we are one of the fastest growing markets for all things digital. And we are one of the fastest growing innovation ecosystems that support all things digital.

This is the framework under which everybody is looking at India. So, therefore, a fab in India and investment of a fab in India has nothing to do with what happens in the US. People will have to be here whether you are Intel, whether you are Global Foundries, or whether you are Samsung. In my humble opinion, India is not a place you can ignore.

Scan the code to read an extended version of the interview

'We tell clients to keep business and personal finances separate'

Tarun Birani, founder of TBNG Capital Advisors, says effective communication with clients is crucial

Jash Kriplani
jash.kriplani@livemint.com

Tarun Birani worked at a couple of brokerage firms in the early part of his career and that's when he became disillusioned with the fact that most advisers were merely peddling investment products rather than helping clients understand and meet their long-term goals. And this led him, in the early 2000s, to start his own advisory practice, much before market regulator Securities and Exchange Board of India (Sebi) carved out a separate category for financial planners—Registered Investment Advisers (RIAs)—in 2013. Birani, who now handles ₹400 crore of assets under advisory (AUA), looks back at his financial journey over the years in this special *Mint* series commemorating a decade of Sebi's creation of RIAs (*Mint* has been speaking to advisers who have completed or are nearing a decade in the profession). *Edited excerpts from an interview:*

Describe your career before you became an RIA?

I hail from a small town, Bhilwara in Rajasthan, and came to Mumbai for my education in 1997. After my graduation, I did MBA in finance. I worked in various internships, then worked at a couple of brokerage firms. But I soon realized the focus was on pushing investment products to clients, and there was no advisory focus. At that time, mutual funds were a new product in the market. Not many clients had mutual funds in their portfolios. I founded TBNG Capital Advisors, and started my own practice in 2004. In 2010, I did my certified financial planning (CFP) course, which changed my perspective of the industry. I got really interested in goal-based investing, which helps clients during different stages of their lives.

I started offering financial plans from 2010. In 2013, when the Securities and Exchange Board of India (Sebi) came up with the framework for registered investment advisers (RIA), we applied for this because I genuinely felt that we should work more as a fiduciary than as a broker.

What was the financial advisory landscape before the RIA regulations were introduced?

The focus was more on selling a single product. There was no multi-asset approach. And, real estate and gold formed a larger part of client portfolios. Other financial assets were not so prominent. Clients were also surprised that they had to pay fees for getting financial advice. Fee-based advice model was new in India.

A DECADE OF RIAs
A MINT SERIES

Tell us about your first client and your first year of practice.

My first client was a friend. One day he asked if I could help him in managing his assets. This was when we started back in the early 2000s.

The first year as an RIA (after getting RIA license from Sebi) was not very different in terms of our practice as we had already adopted a financial planning approach. We were very selective in terms of choosing clients. We preferred those with a goal-oriented mindset and a long-term approach to investing.

From a regulatory perspective, the first year was quite different as we had to take a lot of compliance-related approvals from the clients, including a letter of engagement signed by the client. A lot of our time also went in developing systems and processes.

What has been your proudest moment of serving a client?

There have been quite a few instances. A 57-year-old businessman came to me after making huge losses in futures and options (F&O) trading. He was very insecure about his retirement despite having a steady income. So, we put in place a goal-focused plan and slowly built a corpus for his retirement. We are in the eighth year of that plan. We have helped him achieve financial freedom and his portfolio has a very good balance in debt and equity.

Another client was a professional who liked to dabble in different asset classes. If he liked crypto, he would ramp up investments in that asset class. There was a lack of focus on building a portfolio for long-term stability. We moved him from a concentrated (flavour of the season) investment approach to a diversified long-term portfolio approach.

Investments for your own and that of your children's future should not be held in speculative assets. After advising him for 2-3 years, the client started focusing on goal-based planning. Both his children are now studying abroad. Their education has been funded from this corpus. He is just 44 year old, but his retirement corpus is more or less ready.

Then there were two businessmen who had mixed up their personal and business finances. I explained to them that the future of their families would be at stake if something were to go wrong with their business. It is important to separate business and personal finances. And in the pandemic, this is what helped them. Their businesses shut down but they had their personal finances in place and it helped them sail through during this tough phase.

Did you ever regret something that you had recommended in good faith?

Earlier, in my distribution days, we tried something in direct equity. We thought that since markets were doing well, we could promote direct equity to some clients. However, with direct equity, you need to track these stocks on a regular basis, and we had not built a team for that. We found it was not something we could manage for the client, and a well-managed portfolio would be a better approach.

Can you walk us through the growth in your practice?

We have been growing at a CAGR (compounded annual growth rate) of 30-35% in terms of AUA. We now have a team of 14 people. We have expanded to Bengaluru and Aurangabad. Though online as a platform is evolving and changing, you need to be closer to your clients. So, we felt the need to expand the practice outside Mumbai. In 2014, we had around ₹70 crore of AUA, today we are managing around ₹400 crore.

Do you practice what you advise?

When you manage your own money, you have to deal with your own emotional biases. I don't mix insurance and investment. In equities, I only put money that I can park away for at least five years. I keep some liquidity for short-term needs. So, I follow these basic principles, which I also advise my clients to do.

What has been the most challenging part about being an adviser?

One of the hardest parts is to communicate effectively so that the clients can take the right action. For example, we had a client who decided to exit all his investments, built over eight years, when the market crashed during the pandemic. We tried explaining to him that his goals were still 10 years away and so his decision would be unwise. But he did not listen to us. His decision to exit proved costly as the markets rallied sharply soon after. So, when clients do not follow your advice, it can get frustrating. I always think about how communication with clients can be improved and made effective.

Is there anything in the Sebi regulations that you would like to change?

We should not have to appear for all these exams at frequent intervals to keep our RIA licence. I don't think that is required.

Sebi is now planning to come up with a new category of investors — accredited investors—to identify more evolved and sophisticated class of investors. This can open up more options for such investors, as well as advisers working with such investors. So, that is a good thing happening.

An RIA's journey

WHEN DID YOU GET THE SEBI RIA LICENCE?
In 2014

HOW LONG YOU HAVE BEEN ADVISING CLIENTS?
I have been advising for almost 19 years.

HOW MANY CLIENTS HAVE BEEN ASSOCIATED WITH YOU SINCE INCEPTION?
We have worked with around 300 families so far. Currently, we are working with around 170 families.

WHAT IS THE SIZE OF THE ASSETS UNDER ADVICE?
It is about ₹400 crore.

WHAT IS YOUR TEAM SIZE?
We have 14 members in our team. We also have offices in Bengaluru and Aurangabad.

HOW FREQUENTLY DO YOU REVIEW YOUR CLIENTS' PORTFOLIO?
We do portfolio reviews every four months.

WHAT IS YOU PROUDEST MOMENT OF SERVING A CLIENT?
There have been quite a few. Not long ago, a 57-year-old businessman came to us after losing a big amount of money in futures and options (F&O) trading. He was very insecure about his retirement, but he had a cash flow stream coming in. We used that to build up a retirement corpus for him.

DO YOU HAVE ANY REGRETS FOR SOMETHING YOU HAD RECOMMENDED IN GOOD FAITH?
When we had started out in 2000s, since markets were doing well, we thought we can advise direct equities to some clients. However, you need to watch stocks regularly, if you want to advise on them. We had not built our team for this and found a diversified well-managed portfolio to be a better approach.

TARUN BIRANI
Founder and CEO
TBNG Capital Advisors

POWER POINT
JOYDEEP SEN

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

HOW SIMILAR ARE TARGET MATURITY FUNDS TO FDs

It's not an apples-to-apples comparison but there are extensive similarities between banking deposits and target maturity funds (TMFs).

The quantum of banking deposits was ₹175 trillion as on 2 December 2022. This is a substantial number, and quite naturally so. The saving populace, particularly in semi-urban and rural belts, have an affinity for bank deposits. At the same time, there is a positive trend of financialization of savings, which is not just in bank deposits but also includes managed investment vehicles such as mutual funds, retirement funds, alternative investment funds, etc. TMFs is an investment product in the mutual fund space that corresponds to the simplicity of bank deposits. Let's take a look at the similarities between the two.

In TMFs, there is a defined maturity date which is similar to term deposits. For clarity, in the usual open-ended debt funds, while you can withdraw anytime, the fund remains there. It is only your contribution that you are taking back.

In a TMF, the entire fund matures on the defined date and money flows back to the investors. The other basic parameter that defines a bank deposit is the committed rate of return. That becomes a bit tricky in the mutual fund space. As per Sebi regulations, MF products cannot be sold on the basis of expected returns as they invest in the market. As we all know, the market is prone to fluctuations. That is, there cannot be any 'printed' rate of return on TMFs which can be compared with deposits. Having said that, there is a high degree of visibility of returns in TMFs.

The portfolio yield-to-maturity (YTM), which is available in the month-end factsheet gives an approximate idea of the interest rate that is being earned on the instruments in the portfolio. The reason for fluctuation of returns in debt funds is that bond prices move every day. The impact may be favourable when market prices move up, and vice versa. However, in a TMF, instruments in the portfolio mature along with the maturity of the product. On maturity, you get back the face value of the bond, which is not dependent on market price movement at that point of time. Hence the portfolio YTM, which is a publicly available data, is not exactly a committed return but gives you an approximation of what you can expect. In TMFs, there is a high degree of correspondence between the portfolio YTM and expected returns as as the securities mature in line with product maturity. Also, there is a portfolio recurring expense, which is publicly available. This may be deducted from the portfolio YTM for a closer perspective.

In a TMF, instruments in the portfolio mature along with maturity of the product

The other aspect that would be top-of-the-mind for investors is safety. In a bank deposit, there is a committed rate of return. This is not contingent upon the NPA level of the bank. However, in case of mutual funds, the risk is on the investor. If there is any credit accident, the loss will not be borne by the MF. From this perspective, the credit quality of the TMFs available, at least till this point of time, has been top notch.

Portfolios comprise either government securities which are zero default risk, state government securities which also are classified as G-Secs by the Reserve Bank of India (RBI), or AAA rated bonds of Public Sector Undertakings, or a combination of these. Hence, investors need not worry on the safety aspect of TMFs.

Liquidity is relevant; bank deposits can be liquidated at any point of time, but there may be premature withdrawal penalty. TMFs are liquid. If they are in the form of ETFs (exchange traded funds), they have to be sold on the exchange. If they are in the form of an index fund, there is purchase and redemption with the asset management firm like with any other open-ended fund.

Conclusion: Subsequent to interest rate hikes by the RBI, portfolio YTM of funds as well as rates on bank deposits have moved up. In TMFs, as long as you have a horizon of three years or more, you get tax efficiency, which gives you net-of-tax higher returns over bank deposits.

Joydeep Sen is a corporate trainer and author.

Best home loan rates

A home loan is probably the biggest loan that one takes. Not only in terms of the loan amount, but also tenure, which can be 15 years or more. The total final amount that one pays can be double of what was borrowed. But a home loan is among the cheapest loans available, and usually it is the only way a person can buy a house. A home loan is called a 'good' loan because it helps you acquire a tangible asset that can appreciate over the long term. It makes sense to buy a house if you plan to live in it. Given the fact that the construction of several housing projects in India continues to be delayed or stalled by many years, financial advisers say that one should buy a ready-to-move-in house. Here's a look at the lowest home loan interest rates of some leading banks.

Loan amount = ₹30 lakh. Tenure = 20 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
Indian Bank	8.20-9.70	25,468-28,357	Up to **0.40%** (max.**₹50,000**)
Bank of Maharashtra	8.35-10.55	25,751-30,052	Nil
ICICI Bank	8.40-9.50	25845-27964	**0.50%-2.0%** of the loan amount or **₹1500** + GST
Indian Overseas Bank	8.50-9.40	26,035-27,768	Up to **0.50%** (max. **₹25,000**) + GST
Central Bank of India	8.55-9.60	26,130-28,160	**0.50%** of the loan amount (max. **₹20,000**) + GST
Bank of Baroda	8.60-10.30	26,225-29,549	For loans up to **₹50 lakhs**: **0.50%** (min. **₹8,500** & max. **₹15,000**) + GST
Bank of India	8.60 onwards	26,225 onwards	**0.25%** of loan amount (min. **₹1,500** and max. **₹20,000**)
Union Bank of India	8.60- 10.45	26,225-29,851	**0.50%** of the loan amount (max. **₹15,000**) + GST
Axis Bank	8.60-9.05	26225-27088	Upto **1%** of the loan amount subject to minimum of **₹10,000**
HDFC	8.65-9.90	26320-28752	For salaried: Up to **0.50%** of loan amount or **₹3,000**, whichever is higher + taxes
Kotak Mahindra Bank	8.65-9.45	26320-27866	Salaried: **₹10,000**, Self-employed: Upto **0.5%** of loan amt + taxes and other charges
Punjab & Sind Bank	8.70-9.70	26,416-28,357	**0.15%** to **0.25%** of the loan amount + GST
IDBI Bank	8.75-12.00	26,511-33,033	Up to **₹20,000** + taxes
Punjab National Bank	8.75-11.65	26511-32304	**0.35%** of the loan amount (min. **₹2,500** and max. **₹15,000**)
State Bank of India	8.75-9.40	26,511-27,768	Nil from 4 Oct 2022 to 31 Jan 2023 under Festive Campaign Offer

Data taken from banks' websites as on 5 January 2023. EMI range is indicative and calculated on the basis of interest rate range; it may include other charges and fees. Actual applicable interest rate may vary based on the credit profile of the loan applicant.

PARAS JAIN/MINT

Source: MyMoneyMantra.com

Do I need to declare my US account in ITR?

Parizad Sirwalla

ISTOCK

ASK MINT
NRI TAXATION

I worked for a few years in the USA, where my employer provided the 401(k) account. Now, I am a resident Indian. However, I still maintain that account and want to know whether I have to declare this in my income tax returns (ITR)?

—Name withheld on request

Based on the limited information provided by you, it is presumed that you are an Indian citizen and qualify as Resident and Ordinarily Resident and thus you are required to disclose the details (in ITR-2) of all your foreign assets.

Foreign Assets ('FA') schedule in the ITR form seeks to incorporate the details of assets which a taxpayer holds outside India. In the absence of any specific guidelines qua asset, whether an asset is to be included or not will need to be evaluated basis the nature and vesting of the asset, wordings and description in the schedule and the limited instructions/ guidelines in this regard.

It is assumed that the 401(K) account is a personal pension account in the US in which both the employer and employee contribute during the period of service. It would be prudent to disclose the details of the 401(K) account in the FA schedule.

With respect to the specific section of the FA schedule under which it should be disclosed, it would depend upon the exact nature of the 401K account, which will need to be evaluated. In case of the nature of account does not fall into any specific category, one may consider reporting it under the residual section D —'Any other Capital asset" (as per the ITR-2 form applicable for financial year 2021-22).

I had invested in an unsecured fixed deposit (FD) scheme of a company. In 2018, the company stopped paying interest and did not return the principal amount to depositors. After litigation under the Negotiable Instrument Act, the company agreed to pay me the principal without any interest for the period of the original deposit or the subsequent default period —all for a total of about 4 years. Can I claim any benefit as 'long term capital loss' for the period in which I lost interest on my deposit amount while filing my income tax return? The settlement was made during the current financial year and the repayments are being made in monthly installments.

—Name withheld on request

Based on the information provided by you, it is assumed that, as no interest was paid to you for the default period, no corresponding income was also offered to tax by you. In such a case, this may only be construed as non-realization of a potential income, which may however not be considered as a loss for tax purposes, even though it may be so in an economic sense. Also, such loss has not arisen from the transfer of the fixed deposit, since the principal amount itself is being fully repaid to you. Hence, subject to a review of the underlying deposit scheme and terms of the negotiated settlement, a capital loss may not be available in this case.

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

RBI

RBI's updated strategy requires another update

The central bank's Utkarsh 2.0 document should have been more specific about how it plans to achieve its medium-term aims and not left out horizon challenges such as climate finance

It was felt for a long time, erroneously, that 'strategy' or 'vision' documents belonged exclusively to the domain of corporate boardrooms or business school classrooms. As the world becomes more complex and layered, everybody needs a strategy, including central banks. Financial systems in almost all economies have become exceedingly elaborate, entangled and labyrinthine; this requires central banks to detect incipient signs of financial instability which could arise anywhere in the system and turn contagious. The second layer is the impact of fiscal policy on the economy; in India, we have the complication of the Reserve Bank of India (RBI) mandated to sell government bonds. Plus, a globalized world requires central banks to watch over foreign exchange flows and manage currency-rate volatility. The top-most layer involves watching the economy's monetary dynamics, especially the often-tricky balance of price stability and growth. It's a highly complicated task and RBI has done the right thing by drawing up a formal medium-term strategy document. This is better than management by the seat of one's pants, or even annual plans. Yet, two areas in RBI's strategy document for 2023-25, *Utkarsh 2.0*, are crying out for improvement.

The document would have been far more useful and will probably yield superior outcomes had it tried to nail down specific challenges and a detailed plan on how RBI proposes to engage with them. As the world inexorably moves towards a new global order, the central bank is likely to face a rising number of curve balls. In these circumstances, it should have concrete proposals on preparing itself for an imminent churn in prevalent systems. For example, the Core Purpose outlined in Utkarsh 2.0 is a reworked version of the Reserve Bank of India Act's preamble, which was amended and changed in 2016 as a precursor to RBI's formal adoption of a flexible inflation targeting regime. Many specific strategy points mentioned are also core to what a central bank is expected to discharge anyway. For example, Strategy No. 9 in Vision-I (Excellence in the Performance of its Functions) states: "Create a resilient financial intermediation ecosystem; refining the regulatory and supervisory framework for its robust and strong sustenance." This is more an objective, a desirable end-result, than a strategy; ideally, a strategy should delineate a pathway for achieving that. Here's another example from Strategy No. 8 for Vision-II (Strengthened Trust of Citizens and Institutions in the Reserve Bank of India): "Ensuring sound and comprehensive internal and external RBI policies." While it might be imprudent to expect RBI to reveal its currency strategy, the central bank would have benefited by shedding some light on how exactly it expects to achieve its ambitious plans.

The other major gap in *Utkarsh 2.0* is its noticeable absence of climate finance or green central banking. This is odd, given that the risks and modes of financing are bound to change as countries race to meet their nationally determined contributions in a globally coordinated effort to arrest global warming. By current reckoning, this portends a step change in the central bank's risk management methodology and would call for some overhaul of its existing strategy framework. RBI must stay alert to a wider range of scenarios that can unfold than its strategy document suggests. Some candour and a feedback loop with the public would have helped our central bank arm itself better against future uncertainties.

THEIR VIEW

India should propose a G Minor at the G20 for greater inclusion

It will help empower the voice of the Global South so that the world's interests are served equitably

KAUSHIK BASU
is a professor of economics at Cornell University and a former chief economic adviser to the Government of India.

In December, India began its year-long G20 presidency, taking over from Indonesia amid rising geopolitical tensions and economic uncertainty. Surging inflation has raised the spectre of a global recession. Supply chains, made more efficient but also more vulnerable by globalization and the digital revolution, crumbled under the weight of covid-related disruptions and the war in Ukraine, both of which have revealed and deepened the fault lines of the international order.

During the Great Recession of 2008-09, the G20 arguably helped to prevent a worse crisis by persuading the world's biggest economies to coordinate their fiscal and monetary policies. With the global economy at a critical juncture, following decades of relentless globalization that have made markets increasingly interconnected, the group could once again play this important role.

To confront the looming global crisis, G20 countries must, first and foremost, coordinate macroeconomic policies. During and after the Great Recession, developed economies attempted to boost growth by keeping interest rates at or close to zero—or even negative. While this was necessary, ultra-low rates soon became a trap, preventing countries that wanted to raise interest rates from doing so, lest their currencies appreciate and their exports decline.

The covid pandemic, Russia's invasion of Ukraine, and the spike in inflation have freed the world's largest economies from the low-interest-rate trap. But this transition could have been less painful had governments coordinated their macroeconomic policies. With the global economy on the verge of recession, the G20 must provide leadership on this issue and help policymakers avoid their predecessors' mistakes.

The pandemic and the war in Ukraine have also shown that in our globalized, interlinked world, every crisis is likely to have disproportionate economic effects. In a standard oligopoly, as described by the 19th-century economist Augustin Cournot, a few firms produce the same good, but this is no longer the case. For example, cars had once been produced in their entirety by a single manufacturer. Today, however, many firms make the different parts of a car separately; one company makes the chassis, another the wheels, and so on, creating what I have called a vertically serrated industry.

These intricately linked production processes have led to greater vulnerabilities. In a classic oligopoly, if a war or a pandemic broke out and 10% of manufacturers stopped producing cars, 10% fewer cars would be produced. Nowadays, however, if the world's wheel manufacturers shut down, car production would fall by 100%. This is precisely what has been happening, as a major chip shortage disrupted the global car industry, leading to sharp price increases.

A vertically serrated industry could also be weaponized. Governments could, for example, threaten to shut down production of a critical component, such as computer chips, knowing that this would bring global production to a halt. Some policymakers, like US Treasury Secretary Janet Yellen, have touted the idea of 'friend-shoring', whereby countries like the United States intend to reduce their reliance on geopolitical rivals by limiting the sources of critical goods to a few trusted allies. But this approach could further exacerbate tensions and push the world closer to a disastrous war. Instead, the world's superpowers must commit to avoiding such tactics. The G20 could play a central role in facilitating tense negotiations, designing international agreements, and overseeing coordination strategies.

But first, G20 countries must overcome their tendency to favour the interests of major economies. The pandemic, during which lower-income countries were deprived of access to vaccines due to hoarding by developed economies, has highlighted the need for global solidarity. As a 2020 letter to the G20 written by former UK Prime Minister Gordon Brown and others noted, the group could provide the sort of coordinated global leadership needed to address health disparities between the Global North and South.

But even beyond the pandemic, emerging and developing economies, particularly in Africa and the Pacific, often find themselves at the mercy of major powers, their prosperity contingent upon election outcomes in developed countries.

This year, the G20 could take a giant step forward by enabling several smaller countries to participate in its deliberations and make their voices heard.

We could call this proposed group G Minor. While the G20 represents the world's largest economies, the G Minor would represent the needs of emerging and developing countries that lack the diplomatic and military clout to protect their interests on their own. Forming such a group would be an admirable gesture of inclusion, enabling India to make its mark on the G20 and achieve a more just international order.

10 YEARS AGO

mint

EGoM seeks cut in CDMA base price

WELCOME ABOARD

MINT METRIC

by Bibek Debroy

On a flight, a man was drunk
And couldn't find the toilet - the skunk.
With the crew late to intercede,
On a fellow passenger he peed.
Air India should have shown greater spunk.

MY VIEW | MODERN TIMES

Awful arguments were made against demonetization

MANU JOSEPH

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

The verdict of the Supreme Court, a few days ago, that demonetization was lawful is probably the last time that bizarre event would be national news. Demonetization was an incredible time, and such a period is conducive for bad analysis, much of which has endured. The worst argument associated with demonetization is also the most popular 'reason' given for its apparent failure.

One evening in 2016, Indian Prime Minister Narendra Modi said high-denomination notes, or 86% of India's cash in circulation, would be cancelled overnight. The official objective was to shock and impoverish hoarders. All Indians could return old notes to banks. The government expected hoarders of illegally earned cash not to do so and reveal themselves. Eventually, the Reserve Bank of India said that 99% of the old cancelled cash was returned to banks. And an argument grew that demonetization was a colossal failure because almost all the cancelled money was turned in. This is one of the worst arguments ever.

Demonetization was, of course, a nightmare, and there could be sound arguments that establish why it failed to achieve its objectives, but the evidence is not in the 99% of notes returned.

Of course, the cash was returned, by both criminals and regular people, but the process was not the same for both. Hoarders of illicit cash had to offload money at a substantial loss. They gave cash at huge discounts to those willing to absorb their stash from them. According to some stories I heard, hoarders got only ₹500's worth for every ₹1,000 they got rid of. Cash launderers then deposited it in bank accounts that were too modest to attract attention. So it is not surprising that most of the illicit cash, divided into smaller tranches, went back into banks. As long as people were not burning cash, the notes were destined to go back in.

An unknowable quantity of counterfeit currency, and here I am not referring to the meagre number of fake notes that were detected, was surely obliterated. The return of 99% of once-legal tender does not reflect the mass disappearance of counterfeit notes.

The second bad argument associated with demonetization is that the Bharatiya Janata Party (BJP) survived demonetization because of the popularity of Narendra Modi. As we know, the party and Modi not only survived the disastrous effects of demonetization, but also thrived. We forget how incredible that feat was. Indians could not access their own money for many days; and the economy visibly shrank. Yet, Modi and the BJP won over a dozen elections at various levels in the months that followed. If the truth of demonetization was everything that the critical media reported, what explained the party's success? An argument grew that it was because Indians had grown enamoured of the Prime Minister.

It was not a disaster for the reasons most commonly cited and was actually popular among large numbers

Modi's popularity was perhaps at its peak at the time, and this may have helped in the first few days of demonetization. It does not explain why the BJP won polls across India for months afterwards.

The fact is, the poor and others who are 'average' in other ways had exaggerated respect for the idea of demonetization when it was implemented. They suffered, but they did see the point of it. Their own reasoning might have been faulty, but it is simply not true that they suffered in silence and mysteriously went in droves to vote for Modi and his party again and again. It does not make sense.

Rather, what likely happened was that the poor thought, even many months after the event, that it was an attack on the country's rich. Intellectuals pointed to long lines of middle-class people outside ATMs and asked where the rich were in those queues; surely the poor can see that? Actually, the poor saw the rich stand in queues for cash, and the 'rich' were us.

The poor do not distinguish between people who own Skodas and people who own Mercs—they are all the same, the rich, and the rich were visibly brought to their knees outside ATMs. So Modi's popularity survived not because of blind adulation of him, but because of wide resentment for people like us, direct employers of the poor. The poor did suffer more than us, as they normally do in any calamity, but they were probably consumed by the reasoning that if they suffered so much, the rich, who had more money, would be suffering more.

The third bad argument, which has also endured, is that every single aspect of demonetization was a failure.

Demonetization, before India implemented it in the worst possible way in 2016, was a somewhat respectable clean-up idea. In fact, people forget that in 2010, when the anti-corruption movement entered its spiritual phase, Baba Ramdev, who had joined the scene, publicly called for the cancellation of high-denomination notes. This proposal seemed interesting for a few days before it was forgotten. I have a theory, by the way, that Baba Ramdev's pronouncements have served the BJP as test balloons for impending policies.

Demonetization destroyed the confidence Indians had in hoarding cash, especially illicit cash. I had thought at the time that the confidence in illicit cash would be destroyed forever, transforming how real estate is bought and corruption is conducted in India. I might have been wrong about that sort of impact. Still, I do not accept the view that the illicit cash system is as robust today as it was before demonetization. Illicit cash is largely back, but not the way it was before.

Demonetization did point out to India, in an unforgettable way, that operating with cash is risky.

THEIR VIEW

Global news of industrial policy's demise was vastly exaggerated

Much free-trade advocacy is done by rich countries that have long had policies of industrial promotion behind tariff walls

DIVA JAIN
is a director at Arrjavv and a 'probabilist' who researches and writes on behavioural finance and economics.Her Twitter handle is @DivaJain2

ISTOCKPHOTO

The only significant policy initiative that the post-pandemic Indian economy has seen from the government has been an openness to use Industrial Policy as a tool for economic development. This has predictably elicited howls of protest and indignation from economists who classified this "inward" view of the economy as a violation of the so-called Washington Consensus, which recommends free trade, strong institutions and a mildly indifferent government as the only cure for poverty and destitution in less developed economies. India's policy initiatives, radical by historical standards, have been criticized on three main grounds. One, Industrial Policy has historically failed. Second, Industrial Policy fails because bureaucrats cannot allocate resources as well as markets can, and hence cannot pick "winners". And, lastly, because of the above two reasons, Industrial Policy is essentially a "freebie" scheme that allows large industrialists (some of them monopolists) to extract rents from the state.

While these arguments are repeated *ad nauseam* at every forum, very little evidence is provided to support them. Let us first look at the first assertion that Industrial Policy has failed historically. This argument is backed by pointing to the rapid improvement in the living standards of many countries (largely Western) under a free-trade regime. There are several flaws in this argument. The primary one being that for a less developed country to draw lessons from developed countries, it should look at policies employed by developed countries when they were underdeveloped and not when they had already industrialized. Empirically speaking, all advanced economies have employed Industrial Policy aggressively and sometimes violently to achieve industrialized status.

While this holds true for all developed countries, in the interest of space, let us look at the case of the world's two bastions of free trade and capitalism, the UK and US. No Industrial policy tool is as hated and scorned by free trade economists as tariffs. Yet, both the UK and US were heavy users of tariffs to protect their infant industries when they were underdeveloped. In a brilliant book, *Kicking Away the Ladder*, Ha Joon Chang shows that average import tariffs on manufactured goods in the UK were 55% till 1820, when the UK acquired technological and industrial dominance over the world. A key feature of its tariff policy was to allow duty-free import of raw materials but impose heavy tariffs on finished goods to encourage value addition in the UK. Heavy restrictions were also imposed on finished imports from colonies like India (Calico Act) and British merchandise was given duty-free access to Indian markets in the spirit of 18th century 'free trade'. The result was the decimation of the Indian textile industry—which at that time was widely acknowledged as the most sophisticated in the world—and the emergence of Manchester as a textile cluster with 45% of British textile exports going to India. Many other non-tariff instruments were also used to promote domestic industry such as the Navigation Act, which mandated that trade with Britain must be conducted on British ships.

Perhaps no other country in the world has used tariffs for industrialization quite like the "land of the free"—The United States of America. In fact, so pervasive was Industrial Policy in the 19th and early 20th century in the US that economic historian Paul Bairoch calls America the "Mother Country and the Bastion of Protectionism." Alexander Hamilton, one of the founding fathers of the US and its first Secretary of the Treasury wrote a magnificent treatise on Industrial Policy in general and tariffs in particular as a tool for development and christened it *The Report on Manufactures*. America doggedly followed the treatise for much of its history and had close to 50% tariffs on manufactured goods till the 1940s, after which its industrial dominance was unchallenged and it could afford to promote free trade. In 1875, the US had a per capita GDP that was three-fourths of the UK's, then the world's richest country, and yet it had tariffs of 50%. Compared to this, when India joined the World Trade Organization, it had to bring down its tariffs to 32% despite having a per capita income that was a tiny fraction of the US.

Another feature of the US Industrial Policy was the theft of technology and weak copyright laws. Free-trade economists have a knack of getting knickers in a twist over violation of intellectual property rights (IPR) by less developed countries like India. Yet, the US till 1891 (when it was relatively rich) did not acknowledge foreign copyrights and US 'inventors' could make merry with foreign technology behind a protective tariff wall. These anecdotes do not even scratch the surface of the scale and scope of Industrial Policy that was employed by developed countries when they were in the same or even much higher state of development than India. Even now, not taking into account the half a trillion dollars of industrial subsidies through the recently promulgated IRA and Chips Act, America spends close to 1% of its $23 trillion gross domestic product on Industrial Policy. In fact, an oft-repeated quip about it is that America's greatest Industrial Policy is to convince the world that it does not have one.

In sum, unlike free trade economists would have us believe, Industrial policy is not back in fashion. This is because Industrial Policy was never out of fashion. It was and remains an integral part of any country's development strategy.

Doubts about its utility are misplaced, since the greatest economies of the world have used it and continue to use it aggressively. There are several examples of countries that have failed to develop without a coherent Industrial Policy, but no example of a country that has achieved an advanced economic status without it.

The standard strategy followed by these advanced countries has been to use Industrial Policy to achieve technological dominance and then advocate free trade from a position of industrial suzerainty to the detriment of less developed countries like India.

While India is late to this game, a coherent Industrial Policy is critical to our ambitions.

This is the first article of a two-part series.

MINT CURATOR

No, vaccines are not making variants of Sars-CoV-2 worse

Inoculation influences their evolution but isn't raising covid risks

FAYE FLAM
is a Bloomberg Opinion columnist covering science.

Scare stories about covid jabs have again got circulated in the US REUTERS

A new covid variant called XBB.1.5 is driving a new wave of infections [in the US]. But susceptibility to it is not, as some contend, being fuelled by vaccines. Still, the surges of ever more immune-evasive variants raise legitimate questions about whether vaccines and boosters are still protecting us from infection, or should only be recommended for their ability to prevent severe disease and death.

Jeremy Luban, a virologist at the University of Massachusetts, says XBB.1.5 has made a massive leap above existing variants. He compares the other variants to athletes slowly shaving off a hundredth of a second on the 100-metre dash. But XBB.1.5 is like Usain Bolt, suddenly smashing the old record by a huge margin. That's one reason XBB.1.5 infection rates are shooting up fast. The other is timing: Winter is when past waves have surged, driven by weather and holiday gatherings.

How are vaccines affecting this trajectory? A *Wall Street Journal* column, 'Are Vaccines Fueling New Covid Variants?', argues that XBB.1.5 started in one of the most heavily vaccinated parts of the world, northeastern US. But the headline is misleading, because XBB.1.5 didn't acquire its immune-evasive power in the US. Rather, XBB.1.5 is the offspring of two previous variants, XBB and XBB.1, which probably arose in Asia, said Jesse Bloom, an evolutionary biologist at the Fred Hutchinson Cancer Center in Seattle. The original XBB was the first variant known to have emerged through a process called recombination. Two versions of the Omicron variant BA.2 must have infected the same person at the same time and swapped genetic material to produce something new.

Off the bat, XBB was better at evading immunity from past infections or vaccines than any previous variant, according to studies. Now XBB.1.5 is not more immune-evasive than XBB, said Bloom, but it developed a mutation that makes it more transmissible by better attaching to the ACE2 receptor on cells.

So, yes, vaccines do put evolutionary pressure on the virus, and in that way, steer its evolution. But it's misleading to suggest that vaccines are making our covid situation worse. Without them, we'd still see immune-evading variants, and those infections would be causing more deaths.

While doom-and-despair stories may always get more reader attention, Roby Bhattacharyya, an assistant professor of medicine at Massachusetts General Hospital, told me that despite being dubbed a "super variant", XBB.1.5 is unlikely to cause the sort of massive spike in cases, hospitalizations and deaths that the original Omicron variant brought last winter.

The evidence is still being collected on the power of vaccines and the bivalent booster, which is formulated with a component aimed at a previous version of Omicron. But he sees no reason to doubt that vaccine- or infection-induced immunity will help to some degree—and we have a lot more of it in our population than we did a year ago, as most of the unvaccinated among us have now been infected. He's also sceptical of an alarming, unpublished study out of the Cleveland Clinic which has been making the rounds on Twitter and was cited in the *WSJ* piece, concluding that each booster upped the odds of getting infected.

That study followed 51,011 healthcare workers. Getting tested for covid was up to them, so the result might be explained by the fact that conscientious rule-following people are both more likely to get all their boosters and more likely to test frequently—and pick up mild or asymptomatic infections. Moreover, the study was done before XBB.1.5 entered the scene, so it doesn't apply directly to the current variant.

If there's a take-home message in it, however, it's that we really don't know how boosters are affecting the odds of getting a mild or asymptomatic covid illness and transmitting it. It's highly unlikely vaccines are making people more susceptible to covid. Bhattacharyya pointed to a study he led last year showing that vaccination probably didn't accelerate the initial Omicron wave—the variant spread equally fast in highly vaccinated states as in poorly vaccinated ones. The big difference, as many other studies showed, is that more people died in states with low vaccination rates.

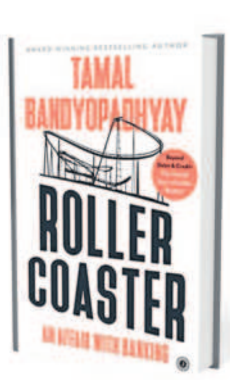
What we need now are randomized, controlled trials of the benefits and risks of booster shots—studies that pit boosters against placebos and ask participants to be regularly tested. Bhattacharyya said he agrees it is ethical to do this with volunteers at low risk of severe disease.

If we want public health policies that go by the science of this pandemic, then we need the right kinds of scientific studies. We don't need stories that scare people away from getting a booster that still has the potential to keep people out of the hospital and save lives.

BOOK EXTRACT

Inside the world of brokers and art of 'phone banking'

TAMAL BANDYOPADHYAY



Roller Coaster: An Affair With Banking
By Tamal Bandyopadhyay, Jaico Publishing House, 340 pages, ₹499.

Brokers used to play a critical role in getting public sector banks to sanction loans. Private sector banks had been more sophisticated and clinical in their approach to the appraisal and sanction of loans. Not always in the good sense of the term.

For instance, Yes Bank, the "lender of last resort" in its heyday, perfected the art of giving loans to those who could never get a bank loan.

Its CEO Rana Kapoor was a great believer in "phone banking". He was in direct contact with the borrowers on the one hand and his top executives from the business verticals on the other to get things done. It was a "direct dealing" methodology.

The first round of discussions would typically happen at his residence. Then proposals would be presented to the credit committees brilliantly, dissecting all aspects of the borrowers—positive and negative. But the loans would actually be sanctioned by tweaking the weightage on different aspects.

The bank was aware that such loans would turn bad, but Kapoor was confident that they could park it all with another bank or a [non-banking financial company or NBFC] and buy them back later. It was a "sharp" practice within the banking norms, which permitted the sale of loans. If Kapoor was selling something, it was understood within the industry that he would buy it back. But there was nothing in writing.

He was arbitraging between the banks and NBFCs, using the letter of the law on bad loan norms of two sets of financial intermediaries. For banks, a loan turns bad after the borrower fails to pay interest on it or the principal for 90 days. For NBFCs, in those days, this limit was 180 days. Now, the RBI has started treating banks and NBFCs almost on equal terms regarding regulations.

Yes Bank had two safety valves for such rotten loans. One of them was an exorbitant processing fee for sanctioning such loans. The fee income was the first tool of recovery. The second was a very high interest rate. In its prime, Yes Bank was enjoying much higher returns than any other bank, earning interest on the amount lent as well as extracting huge processing fees. As a result, the actual cash inflow could be as high as 80 per cent of the principal. This is why the bank could take risks and write it off if and when a loan turned bad after a few years.

Let's get back to the brokers' story.

Indeed, bribes could swing small loans for firms, but it is easy to "manage" big loans as too many committees are involved in sanctioning such loans? After all, one can't bribe all senior executives who are members of such committees.

'Roller Coaster' offers a glimpse of brokers' role in banking and the dubious 'art' of Yes Bank's loan advances

But "speed money" could sometimes change hands for faster appraisal of loan applications and sanctions.

Also, decisions could be influenced when they took such exposures through other debt instruments in the form of investments. An equally significant concern for an investigating agency was the settlement of bad loans in the pre-insolvency law days. Often such loans were settled at hefty discounts. Of course, the beneficiaries (read: Corporate borrowers) wouldn't mind bribing bankers to get it done. But even the smartest brokers cannot have a field day forever.

In August 2014, when the Central Bureau of Investigation (CBI) arrested a broker in Delhi for his alleged involvement in paying Syndicate Bank CMD Sudhir Kumar Jain ₹50 lakh for approving a loan to a steel company, another broker in downtown Mumbai celebrated the arrest.

According to some of his friends, he claimed to have played a part in the arrest by tipping off the investigating agency.

In November 2010, when the CBI arrested the Mumbai broker for his alleged involvement in a similar scam, the Delhi broker uncorked a bottle of champagne. They had worked together for two years, in 2008 and 2009, before falling out over profit-sharing. The profits were enormous. Presentations and annual reports of the Mumbai broker's firm show that he was instrumental in syndicating ₹50,000 crore across sectors between 2008 and 2011. He had a virtual monopoly over a government-owned insurer and many public sector banks. He also tried to use the media to plant stories against his former colleague-turned-foe.

I am not naming either for obvious reasons. I was in touch with one of them and many of their employees, friends and "admirers", former directors of the boards of group companies, regulators, bank officials, and peers to get a ringside view of their world....

Incidentally, these brokers did not target the banking community alone. Insurers, mutual fund managers, and even heads of private equity funds got trapped in their net. For example, one fund manager of an asset management company owned by a large insurance outfit used to frequently travel overseas at the expense of the Mumbai-based broker who believed he could buy anybody with his three Ws—wine, women, and wealth—not necessarily in this order, though. The fund manager also received two high-end cars—a Ford Endeavour and a Porsche—registered in the name of the broker's NBFC, and he used to stay in a flat provided by the broker.

Excerpted with permission from Roller Coaster: An Affair With Banking *by Tamal Bandyopadhyay, published by Jaico Publishing House.*

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