EMERGING THOUGHTS

September 11, 2023

VOLUME 6 | ISSUE 05

SURESH & CO.

Chartered Accountants

Contents

Foreword

We, at SURESH & CO. are extremely glad to release the series "EMERGING THOUGHTS". This publication is a consolidation of events occurring all around the world and ideas put together by articled assistants (Interns undergoing Chartered Accountancy course) who will be emerging as Chartered Accountants in near the future and employees.

Keeping yourself updated with the history, news and events, happened or happening, around the world is very important. Knowing the latest news and updates and events which are occurring throughout the global world, is necessary, as these occurrences may affect our lives, either directly or indirectly.

The response we receive from the readers is always overwhelming and this eternal ritual has been an amazing journey reaching milestones as the learning opportunities have always illuminated our path with the essence of knowledge.

At SURESH & CO., every individual is empowered to be bold in the name of innovation and wisdom and our encouraged to think beyond their capabilities. This not only helps them to purify their thoughts, enriches their vision but also gives them an opportunity to reconnaissance various things that are beyond their study domain.

We at SURESH & CO., wanted to share these gems of initial thoughts as conceived by these young minds. It is to be noted that these updates may or may not have been reviewed by any senior or a technical expert and thus these should be used only to kindle thoughts in certain positive direction. Readers are advised to do further research and analysis on the topics which they find interesting.

"Success is not final; failure is not fatal: It is the courage to continue that counts."

"If you can dream it, you can do it."

Update for the day #1742|An explainer on the National List of Essential Medicines

Your medicines just got 12% more expensive! Yup, starting from 1st April, the government gave the green signal to pharma companies to raise the prices of certain drugs. And by 'certain' drugs, we mean a whole bunch of essential ones. From the ubiquitous paracetamol to ones that are used to treat diabetes and cancer.

Now, this isn't the first time we're seeing such a steep hike. It happened last year too when the government allowed prices to rise by nearly 11%!
And this is all thanks to rampant global inflation. Pharma companies use a lot of imported raw materials from China and the prices for those have shot up. Not to forget that logistics costs and packaging have also gotten more expensive. So they need to pass it along to people like us.
But here's the thing. They can't raise prices as per their whims and fancies. At least not for a certain section of drugs. They actually need the government's permission to do so.

Why's that, you ask?
Well, to understand why the government is involved in drug pricing, we need to backtrack a bit.
See, free markets and capitalism is great for a lot of industries. It spurs innovation. It could lead to the creation of a multitude of jobs. It even drives competition that can nudge prices lower.
But sometimes, private players can still run amok in their quest to make a ton of money. They may be selfish and not care about all their stakeholders. And in some industries such as healthcare, letting private players operate as per their whims and fancies can be a bit of a problem. Such as healthcare. After all, the Right to Health is even a fundamental right in the World Health Organization's Constitution.

So you still need to have some government control. Ensure that private players toe the line. That their charges aren't exorbitant. Or maybe even have the infrastructure in place that the vast majority of citizens can use and afford. That's why governments run hospitals and clinics.

But it's a tad bit more difficult for governments to actually get into the drug business. You can't expect them to spend lots of time and effort in research to produce drugs. And then manufacture and sell them. Now even if they indulge in the manufacture and distribution, it's not going to be easy to meet the needs of the entire population. Especially in a country as large and diverse as India. So one way out is to let the private sector manufacture the drugs, look at those that are essential or used by a large number of people and then put a cap on their prices. Don't let the private sector control it.
Enter the National List of Essential Medicines (NLEM).

Its purpose is simple. Back in 1996, the government decided that it needs to look at what drugs are commonly used by Indians. Which are the life-saving ones that need to be affordable. And it created a list that included a bunch of these drugs. It then set up the National Pharmaceutical Pricing Authority (NPPA) to monitor this list every 3 years. And it would add or delete drugs depending on things like the prevalence of a disease in the country, the public health programmes run by the government, or even if a disease has become particularly resistant to a drug. Even things like coronary stents have been included in the list. Because you know—India's heart disease problem is massive.

Also, India has one of the highest Out-of-Pocket Expenditures (OOPE) on healthcare anywhere in the world. 50% of healthcare expenses in India are paid out of one's own pocket!!! And two-thirds of the expenses probably go towards just buying medicines.

So yeah, you can see why the list with over 350 drugs is so important for the public good. Nearly 25% of the drugs sold by volume come under the NLEM and price controls.
But does the NLEM really help the common person? Does it make the drugs affordable and available?
Well, the answer is a bit complicated.

Back in the 1990s, Delhi was facing a problem with deciding how to allocate its healthcare budget. While a third of the monies were spent on drugs, the ones that were most needed were always out of stock. The planning was haphazard.

And then, a committee developed a list of 250 essential medicines. All government hospitals used the same medicines. The government's buying programme suddenly achieved clarity and they could source these specific drugs in bulk. They managed to cut costs and between 1996 and 2000, managed to trim 30% of its annual drug bills. This massive savings meant that they could then buy more drugs for the people.

Availability of drugs improved. And when doctors wrote prescriptions, 80% of the time it was for drugs from this list.

Now that sounds like a great thing. But on the other hand, some cracks emerged too.
You see, in 2013, we shifted from cost-based pricing to market-based pricing. This meant that we simply looked at the prevailing prices of brands in the market and fixed the price based on that. We weren't looking at how much it actually cost a company to make the drug.
And as per the Eco¬nomic Survey in 2019–20, things got worse in some cases. They took the prices of two diabetes drugs. One that came under price controls and one that did not. And found that the one under price control saw a higher uptick in its prices. The drug became less affordable. And the price control had the opposite effect.

In fact, when they look at a whole host of drugs in this pricing control list, they found that the prices increased by ₹71 per mg for the active ingredient. And the others only increased by ₹13. That's a whopping 450% difference.
Even the Supreme Court called this pricing policy "absurd, irrational" and said that the "policy is not pro-poor but pro-companies."

So yeah, while the NLEM is definitely something that lends direction to the healthcare efforts of the country, maybe the chosen pricing mechanism, hasn't quite had the desired effect of making essential drugs affordable in India. Maybe that's something we still need to fix in the midst of all these price hikes.

By Charvika Rathore

Update for the day #1743 |Here's how to get back unclaimed money from inoperative bank accounts!!

Public sector banks (PSBs) have transferred unclaimed deposits around Rs 35,000 crore to the Reserve Bank of India (RBI) as of the end of February 2023, according to a statement made on Monday in Parliament, these deposits had been inactive for 10 years or more and were associated with 10.24 crore accounts.

According to rules, if a bank account remains inactive for 10 years, money gets transferred to the RBI's Depositor Education and Awareness (DEA) Fund every month. The important point to note here is the unclaimed money earns interest at rates specified by the RBI, not at the rate at which the deposit was made. Their GDP rose twice as fast and there was a reduction in poverty and income inequality.

How to know if you have unclaimed money and how to reclaim it?

Now if you want to find out if you have any unclaimed money then the process is not very complicated. This is because according to the RBI regulations, every bank needs to display details of unclaimed accounts on their website. You just need to type the name of the person along with other details such as an address, pin code or phone number to find out if any unclaimed amount is lying with the bank.

If the name exists on the list, then to claim the funds you need to contact the home branch and fill out a claim form, provide deposit receipts, and furnish Know Your Customer (KYC) documents. In case you are a legal heir or a nominee, a copy of the account holder's death certificate is also needed to be provided to the bank. The bank will then verify the authenticity of the claim before releasing the payment. Once the bank has paid the customer, it will submit a claim to the RBI at the end of the month to receive a refund from the DEA fund.

By Manu

Update for the day #1744 | Can Namma Yatri disrupt Ola and Uber?

You see, auto fares on Ola and Uber were bonkers at the time. A 2 km ride cost nearly ₹100 while the actual base fare in Karnataka was pegged at ₹30. The state government realized it had to do something and threatened to ban these apps. The aggregators quickly revised the prices downwards.

But the anger at these companies had reached a boiling point by then. The exorbitant commissions were eating away the earnings of auto drivers. And as a workaround, auto drivers began to ask customers to cancel the ride and pay them money 'off the app'.

So, for the auto drivers, the only way out was to create a rival app. One that could take on Ola and Uber but without the middlemen. Where the auto drivers would be in control of prices and get to pocket all the money. That's why Namma Yatri was born!

And in the past 5 months, it claims to have onboarded 49,000 auto drivers and 5,50,000 users. But most importantly—it says that nearly ₹12 crores have been paid out to the drivers.

The only thing that actually matters to them is low prices. And at the moment, that doesn't really seem to be Namma Yatri's strong suit. When we checked estimates for different places across Bengaluru for a couple of days, the prices were always 15–25% higher. Uber and Ola were both cheaper.

And if you put these things together, this might explain the conversion rate of around 20% in Bengaluru. The conversion rate simply means that only 1 out of every 5 people who look for an autorickshaw eventually complete the ride. And since the goal of Namma Yatri seems to be to hit the 50% conversion rate, let's just go with the assumption that the current conversion rate isn't worth writing home about.

But the folks behind Namma Yatri have realized that they quickly need to cut costs. That's the only way to lure people in. So, they launched a hackathon last week. They want to crowdsource a whole bunch of ideas from Bengaluru's tech brains. Apparently, nearly 80% of the current operating costs of the app go towards paying the map providers. They're now hoping someone in the hackathon will have a novel idea to reduce these costs drastically. And that will eventually trickle down to the users.

Also, Namma Yatri might have just got a boost with its tie-up with India's Open Network for Digital Commerce.

By S H L Vasavi

Update for the day #1745|RBI stuns the Street; holds rates, but says war against inflation continues

In a surprise move, all six members of the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) decided to keep the key lending rate unchanged at 6.5 percent, and five out of six members voted for a continued focus on withdrawal of accommodation. Intriguingly, the central bank bucked consensus as it marginally trimmed its inflation forecast and raised its growth outlook—by 0.1 percent to 5.2 percent and 6.5 percent respectively—even as headline inflation remains elevated beyond 6 percent in a highly volatile and uncertain global economy.
But this is a 'hawkish' pause as the RBI steers monetary policy for a "non-disruptive normalisation" and says it is "unwaveringly focussed on inflation".

"The monetary policy actions taken since May 2022 are still working through the system. Accordingly, the MPC decided to keep the policy rate unchanged to assess the progress made so far, while closely monitoring the evolving inflation outlook. The MPC will not hesitate to take further action as may be required in its future meetings," RBI Governor Shaktikanta Das asserted as he announced the first bi-monthly credit policy of the current fiscal year.

In February, retail inflation stood at 6.44 percent, and is likely to remain sticky. The recent development of a possible cut in production of crude oil by OPEC countries and Russia is a looming concern for price stability, as is the adverse impact of extreme weather conditions on food prices and the upcoming state elections. The RBI has factored average crude oil price at $85 per barrel and a normal monsoon for its lower projection of inflation at 5.2 percent in FY24.

"The messaging is subtle that the MPC expects the economy to fare well on both [inflation and growth] counts this year. This comes at a time when the World Bank has just lowered its GDP forecast for India. The RBI does believe that both the domestic and external sectors are doing well to warrant such optimism," says Madan Sabnavis, chief economist, Bank of Baroda.

Although the MPC decided to hold the benchmark rate, Governor Das signalled that the rate hike cycle hasn't necessarily peaked, and the possibility of a rate hike cannot be ruled out in the coming months. He reinforced, "Let me emphasise that the decision to pause on the repo rate is for this meeting only… our job is not yet finished, and the war against inflation has to continue until we see a durable decline in inflation closer to the target."

In fact, not much has improved on the global and domestic front since the February meeting. Headline inflation inched up and was higher-than-expected. The world economy is witnessing new headwinds as the banking sector crisis unfolds in key western markets and fears of contagion threaten financial stability even as stubborn inflation persists.

"On the whole, the policy is cautious and subtle in messaging, and while it has provided comfort for sure on pausing the repo rate hike, it has indicated that going forward, everything will be data-driven," says Sabnavis.

In its February meeting, RBI members had a very cautious outlook and they stated, according to the minutes of the meeting, that the stance of the monetary policy will need to remain disinflationary till inflation returns to target. Thus, it is surprising that they voted to hold the repo rate this month.

Aditi Nayar, ICRA's chief economist, says, "Financial stability concerns appear to have pre-empted a pause as the MPC assesses the impact of its cumulative 250 basis points of rate hikes. If inflation does not fall in line with the MPC's assessment for Q1FY24, another hike could be in the offing, especially if the financial stability situation stabilises."

The status-quo policy brought cheer for debt and equity markets. As Governor Das announced the policy contours, the 10Y bond yield fell by 1.18 percent to 7.187 and the S&P BSE Sensex rose by over 135 points to over 59,825. "The MPC seems to have been reasonable considering the fact that India never had near-zero rates and its economic growth seems well on its path. However, oil-related shocks and global recessions need to be monitored closely to make sure that the impact on India is contained, if not insulated," says Abizer Diwanji, head-financial services

By Hardik S Patel

Update for the day #1746 | Indian Railway Network Electrification

The Indian Railways is inching closer to its mission of 100 percent electrification. The Ministry of Railways informed that a total of 3375 Route Kilometers (RKM) had been electrified in the year 2022-23 till January 31st against 2452 Route Kilometers in 2021-22 for the same period registering a 38 percent growth.

Once 100 percent electrification is achieved, the Indian Railways is going to be a game changer in the Indian energy sector and there is a great opportunity for the country to develop its freight and passenger segment without having to follow the high-carbon pathway that other countries have pursued in the past.

Railway electrification constitutes a big part of the government’s focus on ‘Green Growth’. To minimize India’s dependence on fossil fuels and become the largest ‘Green Railways’ in the world, the Indian Railways has completed electrification work in 85% RKMs.

This means when the railway network is 100% electrified, the diesel locomotive-hauled trains will cease to work, thus contributing to eradicating pollution and minimizing India’s dependency on imported fuel. The project will help enhance the country’s energy security with a vision of providing an energy-efficient and eco-friendly mode of transportation. The electrification is being done in two ways:

The first is by electrifying India’s entire Broad Gauge network and the second one involves unleashing the railways’ potential to use renewable energy, especially solar, by making use of huge land parcels available along the railway track.

Indian Railways’ Mission 100% Electrification: What will be the impact?

– Around 30 billion units of electricity will be required for electrification yearly from 2024 which will create amazing opportunities to generate renewable power.

– Demand for overhead line equipment like conductors, transformers and insulators will automatically increase which will create massive opportunities for the suppliers.

– Agreements for direct power purchase will likely go up with more solar and wind power installations.

Since more sidings will keep getting electrified, much faster loading, and unloading would be possible, thereby providing opportunities for siding owners to transport more goods through electric trains. For those who don’t know, sidings are low-speed tracks that are separate from the main line, branch line, or spur.

– Electrification will also lead to massive opportunities for rolling stock companies. Even electric locomotives will gain pace.

– Engineering procurement and construction (EPC) contractors are expected to have multiple opportunities for infrastructure creation for railway electrification.

– Sub-stations would also see increased capacity which would create opportunities for transmission and distribution utilities.

By Gaurav K Patiyat

Update for the day #1747 | Earth had second-warmest March on record

Earth had its second-warmest March on record with Antarctic Sea ice shrinking to its second-lowest extent. "The month was jointly the second warmest March globally," said a report from the Copernicus Climate Change Service. It said temperatures were above average over southern and central Europe and below average over most of northern Europe.

They were far warmer than average over much of North Africa, southwestern Russia, Asia, northeastern North America, South America including drought-stricken Argentina, Australia and coastal Antarctica. Conversely, it was much colder than average over western and central North America, the agency said. Global warming is causing sea ice to decline and sea levels to rise, raising warnings that dangerous tipping points could be reached. Copernicus said Antarctic Sea ice extent was the second lowest for March in the 45-year satellite data record, at 28 percent below average. It had reached the smallest area on record in February for the second year in a row, continuing a decade-long decline.

In the north meanwhile, Arctic Sea ice extent was four percent below average and joint fourth lowest for March on record, though concentrations were above average in the Greenland Sea. As temperatures rise globally because of human-caused climate change, Copernicus data show the past eight years were the eight warmest on record. A UN report warned in March that those record-breaking temperatures would figure among the coolest within three or four decades as global temperatures climb, even if planet-warming emissions drop quickly.

By Chaithra P

Update for the day #1748 | All roads lead to UPI

There are 3 ways in which you can make UPI payments today.

Method 1:
You link your bank account to a UPI app and scan a QR code. Enter your pin and the money gets debited from your account immediately. Everything about this is free. You don't have to pay anything for the convenience. Neither does the shopkeeper. And being 'free' really gave a fillip to UPI payments.

Method 2:
You load up a prepaid wallet such as Paytm or Amazon. And use that to scan a QR code when you wish to make a payment. Straightforward. But the new rules say that if you make a payment of more than ₹2,000 in a store, there's going to be a 1.1% charge attached to this transaction. It's something that the storeowner will probably have to bear. So, it's not a really appealing choice to them.

Method 3:
If you have a Rupay Credit card from certain banks, you can simply link that to your UPI and pay on credit. You can leave the card safely back at home in a drawer. Now typically, when you swipe a card at a store, the merchant has to pay a fee to the bank. But since Rupay is a 'Made in India' product that competes against Visa and Mastercard, it got some leeway. So, if the transaction value is less than ₹2,000, there wouldn't be any fees either.

Put all this together and you get the UPI phenomenon of 36 crore transactions each day. It's getting bigger and bigger every time NPCI puts out the numbers. In February 2021, UPI had just a 11% share in all kinds of retail payments.

But by February 2023, it commanded 22%. And just last month, it hit a record high ₹14 lakh crores in value terms.

So, you can see why the RBI is constantly thinking of ways to revolutionise it even further. Capitalise on its features and goodwill.

And on 13-04-2023, they made a massive announcement. They want to introduce

Method 4—a direct credit line on UPI. We're not talking about a credit card linked to UPI, but a direct loan from a bank that can be used for payments on these apps. Suddenly, it could give a booster dose to financial inclusion. Just think about it. How many of these 26 crore users of UPI will have a credit card?

Probably not the big majority. But now, banks can easily tap into this network and open up small credit lines. It could be something as small as ₹10,000 to ₹20,000. It could spur consumption. Help people recover from financial setbacks. Come in handy for an emergency. And basically, improve their quality of life.

For starters, the average ticket size for a credit card transaction is over ₹4,500. People typically have a high credit limit and can afford to swipe the card for high-value purchases. Now unless the credit limits being offered under UPI are quite high, people might still have to turn to credit cards for these high-value purchases.

Also, high spenders love the rewards and features that come with a credit card. These are points that they can redeem at stores, hotels, or airlines. And they use credit cards for these extras and not for a 'loan'. Credit card companies can afford to give these points for 'free' because they make money from merchants when someone swipes a card.

Sure, UPI-linked credit could be chargeable as well. Just like how there's a fee on transactions above ₹2,000 on Rupay credit card transactions linked to UPI. But if not, it's quite hard to imagine that banks will be able to afford fancy reward points in this segment.

Anyway, we'll just have to wait for a detailed circular from the RBI and see how all this shapes up. Will the partnership between UPI and credit be revolutionary?

By Vinod Kumar R

Update for the day #1749 | Royal Challengers Bangalore ♡

The Unluckiest Team in IPL…

The Indian Premier League (IPL) is one of the most popular cricket leagues in the world, where top cricket players from around the world compete against each other. The league has been running since 2008, and over the years, we have seen some teams rise to the top and some fall behind. While some teams have been able to consistently perform well in the tournament, there are others who have been unlucky and failed to make an impact despite their best efforts. In this blog, we will discuss the unluckiest team in IPL history.

The team that comes to mind when we talk about being unlucky in the IPL is the Royal Challengers Bangalore (RCB). RCB is one of the most popular teams in the tournament, with a huge fan following across the globe. However, despite having a star-studded lineup with some of the best T20 players in the world, RCB has failed to win the IPL trophy even once.

RCB is the highest scoring team in IPL. In 2013 IPL season RCB has scored the highest runs in a match with an astounding score of 263-5 (20 overs) against Pune and the same match the record was set for highest number of 6's in an Innings.

RCB has been a part of the IPL since the tournament's inception in 2008 and has played in three IPL finals. In 2009 Vs Deccan chargers, in 2011 Vs Chennai super kings and in 2016 Vs Sunrisers Hyderabad. However, they have never been able to cross the final hurdle and win the trophy. In fact, RCB has been on the receiving end of some of the most heart-breaking losses in IPL history. One such instance was in the 2016 IPL final against the Sunrisers Hyderabad (SRH). RCB had a formidable batting lineup, with the likes of Virat Kohli, AB de Villiers, and Chris Gayle in their ranks. They had reached the final after winning seven out of their last eight matches and were considered the favorites to win the title. However, things did not go as planned for RCB as they lost the toss and were asked to bowl first. SRH put up a challenging total of 208 runs on the board, which was always going to be a tough target to chase. RCB's top order failed to fire, and they lost their first three wickets with just 38 runs on the board. It was then up to Kohli and Gayle to resurrect the innings, and they did so in style. RCB fell short by 8 runs, and SRH won the match and the IPL trophy.

When it comes to the previous 3 seasons of IPL, for the 3 consecutive years RCB has reached the Eliminator round and the heart break happened. To brief it out further, In the 2020 IPL held in Dubai and Abu Dhabi, RCB won 7 matches out of 14 and reached the Eliminator round. They scored 131-7 against SRH, where their batting order fell down and lost the match. And the same happened in 2021 IPL, RCB who won 9 matches out of 14, scored 138-7 against KKR. KKR defended RCB, while 2 balls left. In 2022 RCB reached the Eliminator, Chose to bat and scored 207-4 against LSG. RCB won the Eliminator by 14 runs and reached Qualifier 2, scored 157-8 and lost against against RR.

Further to talk about yesterday evening, RCB's 3rd match in the 2023 IPL. The first innings was like KGF to all the Bengaluru team fans. Where RCB scored 212-2 (20 overs), Kohli scored 61(44), Faf du Plessis scored 79(46) and Glenn maxwell scored 59(29). But in the second innings, LSG was 30-3 (5 overs) later RCB's Bad luck hits, Nicholas Pooran scored 62(19) and stoinis scored 65(35). The match was worth watching, at the end it was 1 run to win from 1 ball, with 9 wickets down for LSG. RCB lost and LSG won by 1 wicket.

However, RCB has the top fan following in the world. Now die-hard RCB fans are going gaga over a report by sports management firm Deportes & Finanzas. According to this report, RCB was among the five most popular sports teams on Instagram in 2022. Iconic football clubs like Real Madrid, FC Barcelona, Manchester United and Paris Saint Germain are above RCB in terms of popularity.
RCB fans always tell, "Winning trophies is not important. Winning hearts is. And RCB is the most perfect example of that." We love you RCB till our last breath.

Now, I remember the quote "Sometimes you lose, sometimes you win, sometimes you are unlucky, but that's life."

By Rachana N

Update for the day #1750 | Time for KGF to shine again?

What if I tell you that a former gold mine could be a massive source of renewable energy? Sounds insane, right?

Well, last week The Hindu published quite an unusual story. It said that an Australian firm called Green Gravity has a wild idea to revive the defunct Kolar Gold Fields of Karnataka.

For over 120 years, KGF was the pride of India. It was the world's second-deepest gold mine and produced 95% of India's gold at one point. But it fell into disarray in the 2000s. The costs of mining were too exorbitant and it wasn't generating enough money. KGF was abandoned.

But a radical idea might just be able to turn its fortune around. KGF might just get a new lease of life as a 'battery storage' facility. How, you ask?

Let's begin with the concept of energy. Remember the physics class in school when the teacher said—"energy can neither be created nor destroyed, only converted from one form of energy to another"? Well, it simply meant that everything around you has some form of energy. Always.

For instance, just look at those books on the top of your shelf. They might seem like inanimate objects. But they actually have something called gravitational potential energy. It's the energy stored thanks to its elevated position. Now give them a little nudge. Tip them onto the floor. Suddenly, this energy is converted into kinetic energy. This is the kind of energy that can be used to generate electricity.

Now think about the KGF mines which in some cases are 3 km deep. Imagine that you take a massive cement block that weighs 40 tonnes. You use a motorized pulley and lift it to the top. And you don't need traditional electricity to do the pulling. You can rely on solar energy or wind energy to work the pulley. And once you stack a bunch of blocks at the top, they're all bursting with gravitational potential energy.

Then, when you need power, say when the sun has turned in for the night, you drop the cement blocks. We're not saying that it'll be dropped for the entire 3 km in freefall. But, a calculated drop to a certain extent. When it falls, the latent gravitational energy is converted into kinetic energy. This can then be used to power turbines and generators.

And voila, you have electricity! All you need is an abandoned old mine. And a bunch of cement blocks.

The deeper and broader the mine, the more power you can extract. And the larger the mine, the more the energy storage capacity.

But why could this be quite the game changer, you ask?

Well, one of the biggest hurdles we have in the shift towards renewable energy is figuring out how to store it all. Take solar energy. It's the most abundant energy source out there. On average 173,000 terrawatts of solar energy hits the earth continuously. And that's 10,000 times more than what the world's current energy needs. But the sun doesn't shine bright every day. And well, it sets at night too like clockwork. During these times, we can't just postpone our energy needs, no?

We need to find a way to store it in batteries for future use. That's the only way we can beat nature's vagaries and use it day and night. In rain or sun.

But deploying large-scale battery solutions for solar is still quite cost prohibitive. So it can't really be used to power entire cities easily. So that's out of the question for now.

Then we have the ever-popular lithium-ion (Li-ion) batteries. The kind that runs electric vehicles. But on a large scale, they have their own issues. For starters, there's the cost. It's still not cheap and can cost around $370 per megawatt hour (MWh) over its lifetime. For perspective, 1 mWh of power can run two refrigerators for a year. Also, these batteries aren't exactly known for their long life. Frequently charging and discharging them could keep their life as short as 3–5 years. Just think about your mobile phone battery and how quickly it begins to underperform. Besides, a single Li-ion battery may not be able to store beyond 4 hours of charge at a time. And it also uses a lot of elements like lithium, nickel, and copper which will deplete over time. And that's where these gravity batteries have a huge advantage.

Just think about it—they're just large gravel blocks made up of cement. That means it's not high maintenance and the whole set-up could probably last up to 50 years. And when researchers calculated the costs, they came up with a very low figure. They believe it'll cost just $170 for 1 MWh of electricity. That's less than half of the lithium-ion alternative.

Also, storing big blocks isn't a problem since we're just using abandoned mines. Just look at India which has at least 250 unused coal mines that could do with a new lease of life. And across the world, there are over a million of them!

But wait…it can't all be sunshine and butterflies, no?

Well, for starters these are mechanical contraptions that could break easily and the costs may prove prohibitive. There's also the fact that we have very little evidence to show that gravity batteries can scale and offer energy sustainably. It may work well for very specific applications. But as a broad solution to our energy problem? That is a tall ask.

So yeah, there's never going to be a perfect solution. But this wacky idea does seem promising. And if the Indian government okays Green Gravity's idea, not only would it be a step towards large-scale renewable power use, but it could also have the advantage of reviving KGF and spur the employment of at least part of the 2.5 lakh people who reside there.

By Sai Manjush Y

Update for the day #1751|Back Vladimir Putin's health worsening? Doctors report 'blurred vision, numb tongue'

Several reports have emerged pertaining to the health issues of Vladimir Putin since Russia attacked Ukraine in February 2022. However, this time, speculation is rife that Putin is suffering from blurred vision and a numb tongue.

According to Metro News, citing General SVR Telegram channel, Russian President Putin suffered 'severe pain' in his head recently. He also experienced a partial loss of sensation in his right arm and leg. Subsequently, a 'council of doctors' performed first aid, and ordered Putin to take medication and rest for several days. The Telegram channel, which claims inside knowledge from the Kremlin has repeatedly said that Putin has cancer and that his medications impacting his decision-making power.

The General SVR has added that the sharp deterioration in the Russian president's health has already made those closest to him tense. "The sudden death of Putin will put them all in front of the unknown, or rather, on the brink of survival". Rumors were spiraled that Putin's health is fuelled by his habit of gripping hard onto desks and making strange twitching movements with his feet. However, the Kremlin and his ministers insist he is in perfect health. Recently a former Russian intelligence officer revealed that there is a pattern of Putin's hospital visits.

The Russian President has "annual medical check-ups" at the Central Clinical Hospital in Moscow mostly in the "late summer or early autumn," federal guard service officer Gleb Karakulov said. Karakulov stated that Putin is in "better health than many other people of his age". In February this year, a video went viral in which Putin's feet were seen moving unusually, sparking speculation of an underlying health condition. A close-up of the footage was also shared by Ukrainian Internal Affairs Advisor Anton Geraschchenko on Twitter. “Putin’s feet during his meeting with Lukashenko. Is this Morse code?" wrote Geraschchenko. Last year, one more video showed Putin "coughing and huddled under a blanket". Several reports have claimed that he is undergoing treatment for serious ailments, including Parkinson's disease and cancer .

By Nagarjuna A M

Update for the day #1752| Four Army jawans killed in firing at Bathinda military station

"A firing incident reported around 4.35 am inside the Bathinda Military Station. Station Quick Reaction Teams were activated. The area was cordoned off and sealed," a senior officer said.

Bathinda SP (Investigation) Ajay Gandhi, who is heading a police team probing the incident, said two persons in civil dress were believed to behind the shooting.

A jawan saw two unidentified men in white kurta-pyjama, their faces and heads covered, coming out of the barracks after the firing. One of them was carrying an INSAS rifle and the other an axe, the jawan said, according to the police FIR.

The two suspected attackers, who were of medium height, went towards a forested area near the barracks on seeing the jawan, who later reported the matter to the police.

Subsequently, two Army officers went inside the barracks and found Sagar Banne (25) and Yogesh Kumar J (24) in a pool of blood. In another room, the bodies of Santosh M Nagaral (25) and Kamalesh R (24), were found. The bodies bore bullet marks, according to the FIR.

Two of the slain jawans hailed from Karnataka and the other two from Tamil Nadu.

Based on a complaint filed by Army Major Ashutosh Shukla, an FIR was lodged at Bathinda Cantt police station under IPC Section 302 (murder) and relevant sections of the Arms Act against two unidentified persons, the police said.

An INSAS rifle that was reported missing at the Bhatinda Military Station where four soldiers were killed in a firing incident on Wednesday morning has been found, the Army said.

An INSAS rifle from the unit and 28 rounds of ammunition had gone missing from the unit premises two days ago.

The Punjab Police, which is investigating the matter along with their military counterparts, said according to the information gathered so far, the incident was not a terrorist act.

The four personnel, in their mid 20s, were sleeping when the firing took place around 4.30 am near the barracks behind a mess.

The slain jawans were identified as Sagar Banne (25), Kamalesh R (24), Yogesh Kumar J (24) and Santosh M Nagaral (25), police said.

Earlier, the Punjab Police called it a 'fratricidal incident'. "It is not a terrorist attack, it is not an attack from outside," Punjab's Additional Director General of Police, SPS Parmar, said.

It is learnt that Army Chief Gen Manoj Pande briefed Defence Minister Rajnath Singh on the matter.

As per police, CCTV footage is being scanned and the Army is conducting a cordon-and-search operation and the entire area has been sanitised.

"Our investigation is going on jointly with military police," Gandhi said.

"It has been ascertained that in the unfortunate incident, four army jawans of an artillery unit succumbed to gunshot injuries sustained during the incident. No other injuries to personnel or loss/damage to property have been reported," the Army's South Western command said in a statement.

It further said all aspects, including the possible case of involvement of an INSAS rifle along with 28 rounds reported missing two days back, are being ascertained.

Bathinda Senior Superintendent of Police Gulneet Singh Khurana said in the evening, "As per the information we have gathered so far, it is clear that it is not a terrorist act."

Earlier in the day, Khurana, while referring to the incident, had said, "It is an internal issue, it appears to be fratricidal issue. Our investigation teams have reached inside (military station) with all forensic equipment and they are conducting investigations. In-depth investigations are going on."

Speaking to reporters, Bathinda Police Station Cantt Station House Officer Gurdeep Singh said nobody has been detained in connection with the incident so far.

Further asked when police received the complaint about the missing rifle, he said they got the information on Tuesday evening.

The Army said the area continues to be sealed off and joint investigations with the Punjab Police are being coordinated to establish facts of the case.

Bathinda is an important military installation and houses the headquarters of 10 Corps, which comes under the jurisdiction of the Jaipur-based South Western Command.

The station is also home to a large number of operational Army units and other static establishments.

"A court of inquiry will investigate the entire matter to establish the facts of the case and fix responsibility," an officer said.

Apart from the four soldiers, there has been no other casualty in the incident nor any damage or loss to property, the Army said. With PTI inputs

By Kushi Jain

Update for the day #1753 | Can Eliud Kipchoge complete the marathon within 2 hours?

The Kenyan double Olympic champion plans to run a sub 2:03 to better Geoffrey Mutai's course record of 2:03:02 that has stood for 12 years. The 2023 Boston Marathon will be live on the Olympic Channel via Olympics.com on April 17 in certain territories.

Marathon runs are captivating and when the king of the marathon lines-up for the first time in Boston after winning 15 of his 17 starts at the 42.2km (26.2 mile) distance, there is a feeling that Eliud Kipchoge might again push the limits of what humanity can achieve.

He’s on a mission to win and set course record times in all the six World Marathon Majors Series races. He's achieved four wins and three course records already. Next up, it's Boston on Monday, April 17 before winding up his 2023 season in New York on November 5. The one remaining challenge, Chicago, is a race Kipchoge has won but without setting a course record.

“This is another challenge, it’s like a championship where one needs to win and get the gold medal,” the double Olympic marathon gold medalist told the Daily Nation of his intended plan to lower compatriot’s Geoffrey Mutai’s Boston record of 2:03:02 from 2011.

A welcome test after nearly 20 years of training on a similarly tough and tricky course at his renowned base located in Kaptagat. For their weekly long runs, Kipchoge and his teammates at their Kenyan high-altitude training camp designed a hilly route to simulate the American course. “This is the right time to train on the course which we have nicknamed ‘Boston’ here in Kenya. It’s an uphill and tough course over 40 kilometers,” said Kipchoge who in his last race in Berlin lowered his world record to 2:01.09 shaving half a minute off his previous world best. “I think I will benefit from it, this being my first time to put all my work on Boston marathon because I always train on a ‘Boston’ course in Kaptagat. It’s an uphill and tough course over 40 kilometers.”

By Yashank R Bhansali

Update for the day #1754 | Understanding India's $300 billion services exports

Exports can primarily be clubbed into two categories.

We can export goods or merchandise which includes things like textiles, jewellery, and processed petroleum products. And then we can also export our services such as software or information technology too.

These exports are the lifeblood of any country. Every time we export stuff, we get paid in foreign currencies (mostly dollars). More dollars help us beef up our currency reserves and help us to pay for all the imports as well. Having a nice chunk of dollars in the reserves even helps stabilize economies during tumultuous times.

So yeah, exports can make or break a country.

And there's something brewing in our export data.

See, our export of goods has been lackluster this year. It has grown by just 7.5% from April to February of this financial year. Compared to the same period in the previous year, of course. Now that may not be because we're producing less or because we've had bad relationships with our trade partners. But rather, the global economy is in the doldrums today and everyone's consuming less and less.

But just because global demand is weak doesn't mean we're cutting back on our consumption. And if we keep importing things, it can affect our balance of trade. Our reserves will deplete too. So we need something to balance it out.
Enter, services exports.

From April to February of this financial year, this segment has grown by a whopping 30%. It's bringing in the dollars. And for the first time ever, we might have breached the $300 billion export figure this financial year. So naturally, people are paying attention.
Now when you hear services, IT is probably the first thing that comes to your mind, right? And

you'd be right. IT services contribute to 45% of services exports.

But that's not all there is to our services segment. There's another category that has been quietly mushrooming in the background. It's called business services and it now makes up 25% of services exports. If you're wondering what that is—think stuff like accounting, audit, R&D, quality assurance, and even management consulting.

In fact, this segment is now growing at almost double the pace of our traditional software services.

India's services exports is getting a makeover.

So, why is this happening?

Well, it's a little tough to say. Because as the Services Export Promotion Council points out, we don't really have granular data on these exports. In fact, we don't even know to who we're really exporting these services to.

But we can hazard a guess as to what's going on. And the most obvious answer that everyone seems to agree on is that we have a labour cost arbitrage for business services. We have cheaper workers who're also extremely skilled in their domains. For instance, CNBCTV18 says that while a qualified accountant in the US costs upwards of ₹70 lakhs a year, a similarly skilled one in India costs just ₹15 lakhs.

That means, unlike the BPO boom of the 1990s, you know the call centers and stuff, this may not fizzle out quite easily. Back then, companies just needed a large English-speaking population at a low cost. India served the need first. And then others like the Philippines jumped in. The skills needed for these roles weren't that hard to source.

But that's not the same with R&D services or management consulting and accounting. And that might continue to give India a leg up.

Because just look at what's happening with the Global Capability Centers (GCC) in India. Think of this as business units set up by global conglomerates to outsource the work of execution cheaply. You know, the back-office stuff. Now, over the past few years, GCCs have evolved in the country. They're not just doing the grunt work. Instead, they're increasingly being used to create strategy, help with systems design, and develop software from scratch. It's value-addition at its finest. And there's no better example of the changing tide than UK pharma giant AstraZeneca rebranding its GCC in Chennai to a Global Innovation and Technology Centre. To truly reflect the center's contribution to its business.

The end result is that India now has 1,500 GCCs peppered across the country. In fact, 45% of the world's GCCs are now in India. And in 2022, 65 news centers were set up.

But here's the thing. Despite the boom in our services, we've kind of pushed them to the background. Over the past few years, we've been putting our foot on the manufacturing accelerator instead. We want to be the next China. We're really not giving services exports the attention it deserves. Think about it. There aren't too many policies that directly incentivize services exports too. At least not like manufacturing which has the 'Production Linked Incentive' scheme.

And maybe that's because we've seen the data. We've seen that while as an industry, services contribute 60% to our GDP, it only contributes to 28% of our employment. So we want to create more manufacturing jobs to tackle unemployment.

But some experts think that we're maybe looking at it through the wrong lens.

Think of it this way—if the services industry creates high-paying skilled jobs, it can lead to the generation of multiple indirect jobs in the local economy. This happens because people move into the area of work and start to demand more goods and services. To cater to this demand, you'll see a proliferation of hair salons, restaurants, drivers, and electricians in the area too. And remember, jobs in the services industry pay better than manufacturing. Think of the management consultants or the software engineers. These folks have high spending power. And that's what leads to the creation of other kinds of jobs too.

For instance, when economists looked at Apple's impact in Cupertino a decade ago, they found a massive multiplier effect. Although Apple employed only 13,000 people, it actually led to the creation of 70,000 indirect jobs in the area. It was a classic example of the employment multiplier effect.

And in India, some studies point to 8 indirect jobs being created for every new job in the high-skilled service industry.

So yeah, the growth of services exports is a massive win for India. And hopefully, the segment continue to grow in leaps and bounds. Because the trickle-down effect on jobs might well work in our favor too. Even if it's not so obvious at first.

By Suman S

Update for the day # 1756| Toyota: Humility can be the best business strategy.

In 1973, the 'Big Three' car makers in the USA had over 82% of the market share. Today they have less than 50%. Why? Because of the aggressive (and unexpected) entry of Japanese carmakers into the US market in the 1970s - led by Toyota.

Cars are big, heavy, and expensive to ship around in large numbers. That's one of the reasons the US market was caught off guard when Toyota started selling Japanese-made cars in the US at lower prices than they could match.

The car industry was a huge contributor to the US economy, so one of the first reactions from the government was the implementation of protectionist taxes on all imported cars - thus making Japanese cars as expensive as locally made cars.

But the tactic failed. Within a few years, Toyota had managed to establish production on US soil, thus eliminating the need to pay any of the hefty new import taxes. At first, US carmakers weren't all that worried.

Surely by having to move production to the US, the costs for the Japanese carmakers would be roughly the same as those of the local car companies.

Well, that didn't happen. Toyota continued its cost leadership strategy. It still manufactured cars for significantly less money than US companies could.

Their finely honed production processes were so efficient and lean that they could beat US carmakers at their own game. You've probably heard of the notion of 'continuous improvement'. In manufacturing, Toyota is pretty much synonymous with the term.

What can we learn from Toyota?

Most business success stories involve bold moves and daring ideas. But not this one.

Toyota spent years studying the production lines of American carmakers such as Ford. They knew that the US car industry was more advanced and efficient than the Japanese industry. So they decided to be patient.

They studied their competitors and tried to copy what the Americans did so well. They blended these processes with their strengths and came up with something even better.

Toyota proved that knowing one's weaknesses can be the key to success - and be one of the best business strategies you can ever deploy.

Not just that. Can you name a single famous executive at Toyota? I can't. And one of the reasons is that Toyota's number one corporate value is humility. It helped them crack the US market, and it runs deep in the organization - from top management to assembly workers.

Toyota’s success is based on continuously improving its functional level strategy, which focuses on day-to-day operations, decisions, and goals. They understood that the bigger picture consists of thousands of small tasks and employees.

They took a big goal, such as "becoming a cost leader in our category without compromising quality" and ensured that their mission impacted every level of the organization while staying true to their core values.

By Amogh V N

Update for the day # 1757 | China surveys Indian Ocean, expands its naval footprint

G7 and Quad will discuss the rising clout of China and its aggressive posture in the Indo-Pacific. After releasing the Mandarin names of 19 sea-bed features in the Indian Ocean, Chinese research and survey vessels are continuing to operate around the 90-degree ridge area in order to map the ocean for future submarine forays into the Indo-Pacific.

On April 13, the Chinese research/survey vessel Hai Yang Shi You 760 crossed the Malacca Straits after conducting ocean bed mapping in the Indian Ocean for nearly four months. The vessel, as per marine traffic website, is off the coast of Singapore and headed towards the Chinese port of Zhanjiang after restocking supplies at the Indonesian port of Balikpapan.

Over the past decade, the Chinese research vessels and strategic satellite tracking ships have been operating in the Indian Ocean region with a plan for creating an alternative sea route via Lombok, Ombai-Wetar straits of Indonesia to reach the eastern shores of Africa through the South Indian Ocean route. While submarines have to surface when they enter the Indian Ocean through Malacca and Sunda Straits due to depth issues, Chinese nuclear submarines can easily enter the Indian Ocean via the Lombok and Ombai-Wetar straits without giving up their position and proceed towards Africa or patrol the Indo-Pacific.

With the PLA Navy now the biggest naval force on the planet in size and numbers, China is expanding its global footprint through sea-power and there are concerns that Chinese carrier strike forces may start patrolling the Indo-Pacific by 2025 if not earlier. This is in sharp contrast to Beijing treating the South China Sea as its own backyard and trying to restrict global movement of ships by imposing identity restrictions and using overt force for access restriction and denial.

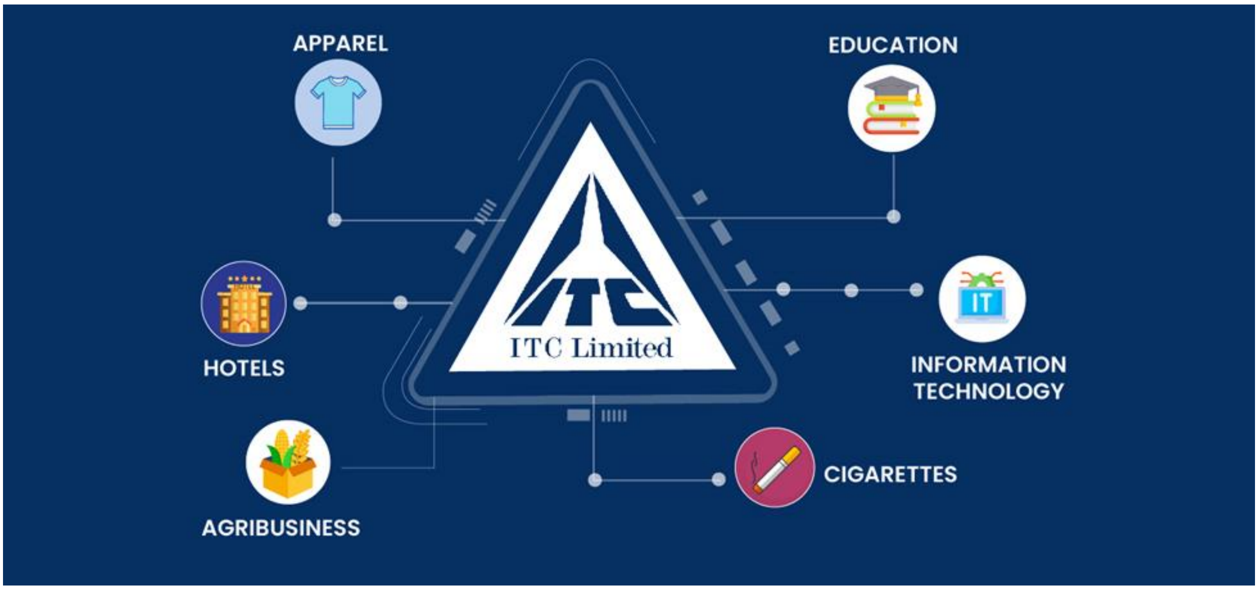
As a part of its expanding naval footprint, China is engaging island nations off the eastern coast of Africa by co-opting them in Belt Road Initiative as well as overtly gifting off-shore patrol vessels in the name of maritime security. Given that nations on Africa's eastern seaboard—from South Africa to Djibouti are under Chinese debt, the maritime security of the Indo-Pacific looks grim as even big nations like Indonesia apart from nations like Sri Lanka, Pakistan, Myanmar, Cambodia, and Laos are under economic levers of Beijing. Add to this, the Chinese engagement of Shia-Sunni powers in the Middle-East and the maritime security scenario becomes bleak for democratic powers like India, Australia and Japan.

The rising clout of China and its aggressive posture in the Indo-Pacific will be a subject of discussion at the G-7 summit in Tokyo and the QUAD summit in Sydney next month. With President Xi Jinping the undisputed dictator of the Communist Party of China (CPC), the expansion of the authoritarian Middle-Kingdom can only be countered by faster decision making from the democratic powers. Or else the dice is loaded in favor of China.

By Rajbalam

Update for the day #1758| ITC becomes 11th Indian firm to cross Rs 5-trillion market value.

The stock of cigarettes-to-hotels conglomerate ITC Ltd became the 11th Indian listed company to hit Rs 5 trillion market capitalization after its shares touched an all-time high with surging over 21% so far this year. Cigarettes-to-hotels conglomerate **ITC Ltd** became the 11th listed Indian company to cross Rs 5 trillion market capitalization after its shares touched a record high with a 21 percent surge so far this year.



The stock hit a record high of Rs 402.60 on BSE and gained as much as 1.1 percent intraday. At 9.30am, the stock traded at Rs 402.30, up 1.2 percent from its previous close, while its market cap stood at Rs5.01 trillion.

Earlier, Reliance Industries Ltd, Tata Consultancy Services Ltd, HDFC Ltd, Infosys Ltd, ICICI Bank Ltd, Hindustan Unilever Ltd, Life Insurance Corp of India, State Bank of India, HDFC Ltd and Bharti Airtel Ltd have achieved this milestone.

ITC's impressive performance across all its business segments, including FMCG, paper, and hotels, has made it an attractive choice for investors, especially given the current market challenges caused by high inflation, unpredictable monsoon, continued weak rural sales, and delay in commodity costs decline.

Investors see ITC as a defensive option due to its stable cash flow and dividends. Moreover, the company's strong operational performance, backed by double-digit growth in cigarette volume and a robust recovery in its hotels business, has further enhanced its appeal from a fundamental standpoint.

According to analysts, despite facing an uncertain demand environment and persistent inflationary pressures on margins, ITC has demonstrated a resilient performance in the past few quarters. This resilience can be attributed to several factors, including the successful recovery of its core cigarette business in the post-Covid era, consistent double-digit growth in the non-cigarette FMCG business, and accelerated expansion in the hotel and paperboard, paper, and packaging (PPP) business.

According to Motilal Oswal Securities, ITC’s earnings performance in the last couple of years and in FY24 shines like a beacon. The brokerage house expects ITC to demonstrate a healthy 23 percent EPS growth in FY23 and we expect a likely EPS CAGR of 15 percent over the next two years as well. ITC’s earnings outlook is better than other large-cap staples players both on a two-year CAGR ending FY23 as well as FY24 earnings growth expectations.

The Finance Bill 2023 has recently been amended, capping the maximum compensation cess on tobacco products at Rs 4,170 per 1,000 sticks plus 290 percent ad-valorem. Fortunately, ITC's cigarette business is not expected to be adversely affected by this change, analysts added.

"We expect volume growth momentum in the cigarette business to continue in the quarters ahead. Going ahead, the non-cigarette FMCG business is expected to grow in double digits and its OPM (10 percent in Q3) is expected to consistently improve, while the hotel business will benefit from strong industry tailwinds in the coming years. Hence, compared to other large peers, ITC has much better earning visibility (15 percent CAGR over FY2022-FY2025)," Sharekhan said in a recent note.

Analysts said the ITC is predicted to sustain its volume growth momentum in the cigarette business due to the absence of any price hikes in the foreseeable future and the government's efforts to curb illicit cigarette sales. Additionally, the company's non-cigarette FMCG business is expected to continue its robust growth, the hotel business is set to experience a remarkable recovery, and the PPP business will maintain steady growth. As a result, ITC is anticipated to achieve double-digit revenue and PAT growth over the next two years.

"The stock currently trades at 25.5x, 22.8x, and 20.6x its FY2023, FY2024, and FY2025 EPS, which is at a discount to some large consumer goods companies. With an improving growth outlook for its core cigarette business and margin expansion in the non-cigarette FMCG business, combined with strong cash-generation ability and robust dividend payouts, ITC is expected to enjoy a strong earnings visibility. These factors are likely to result in consistent improvement in the company's valuations over the next few years," the Sharekhan report added.

By Shreemanth B

Update for the day #1759 | Impact of Repo and Reverse repo rates on Indian economy

Impact of Repo and Reverse repo rates on Indian economy
The Reserve Bank of India (RBI) has several tools at its disposal to regulate the Indian economy, one of which is the repo rate and reverse repo rate. These are key monetary policy instruments that are used to manage inflation, maintain financial stability, and promote economic growth.

The repo rate is the rate at which the RBI lends money to commercial banks, while the reverse repo rate is the rate at which it borrows from them. Both of these rates have a direct impact on the cost of borrowing and the liquidity in the economy, which affects economic growth and inflation.

When the RBI raises the repo rate, it becomes more expensive for commercial banks to borrow money from it. This, in turn, increases the cost of borrowing for businesses and individuals. Higher borrowing costs can lead to reduced investment, which can slow down economic growth. Conversely, when the repo rate is lowered, it becomes cheaper for banks to borrow from the RBI. This can stimulate borrowing and investment, boosting economic activity.

The reverse repo rate has a similar impact on the economy. When the RBI raises the reverse repo rate, it becomes more attractive for commercial banks to park their excess funds with the central bank instead of lending them out. This reduces the amount of money available in the economy, which can help curb inflation. When the reverse repo rate is lowered, banks are less likely to deposit their excess funds with the RBI, which can lead to an increase in the money supply and potentially fuel inflation.

Both the repo rate and reverse repo rate have a significant impact on the Indian economy. By adjusting these rates, the RBI can influence the availability and cost of credit in the economy, which affects economic growth, inflation, and overall financial stability. For example, in times of high inflation, the RBI may raise the repo rate to reduce borrowing and investment, which can help control inflation. Similarly, in times of economic slowdown, the RBI may lower the repo rate to stimulate borrowing and investment, which can help boost economic growth.

In conclusion, the repo rate and reverse repo rate are important tools that the RBI uses to regulate the Indian economy. These rates have a direct impact on borrowing costs, liquidity, and inflation, which in turn affect economic growth and financial stability. The RBI carefully monitors these rates and adjusts them as needed to promote sustainable economic growth while maintaining price stability.

By Rohith S Paradkar

Update for the day #1760| Lijjat Papad: A Success Story Like No Other

Lijjat papad started its journey in 1959 when 7 women borrowed Rs. 80, as seed capital, from a social worker to buy ingredients for their product. The aim was to empower women, who were treated as family members and called 'ben' in the enterprise. The motto of Lijjat Papad is Sarvodhya, which means ownership (in professional as well as personal lives). Currently, the company has about 45,000 'Lijjat Sisters' working for them and it has clocked in a turnover of INR 1600 crores in 2019.

All of us are nostalgic about the 1980's and 90's. Some of our favorite shows, music and films are from that very era and you would agree that nothing can replicate the good old age of cable TVs and landline phones. A very distinct memory we might have is of an advertisement showing a large white rabbit talking about papad, a popular Indian snack and the brand synonymous to it was. Today we'll delve deeper into the story of how that mascot came into existence and highlight Lijjat Papad's success story.

How it Began

Today's epic tale begins in 1959, in a small colony in Mumbai, where 7 Gujarati women decided they would put to use their most veritable skill – cooking.

Led by Jaswantiben Popat, the women borrowed Rs. 80 from a social worker, Chhaganlal Karamsi Parekh and bought ingredients to make this popular Indian snack. The women finally gathered on their building's terrace to produce 4 packets of papad and thus, started their journey.

With the guidance of Chaganlal, the women started selling their product to a local shop. Soon, adjoining shops showed interest in the product and wanted to buy it wholesale. This prompted the company to expand.

The women, although inexperienced in running a business, were clear about few things:

Their goal would never be to make more money, it would always be to empower women and their families;

Women who were part of the venture, would not be considered 'employees', but family members. In fact, the women addressed each other as 'ben', which meant sister in Gujarati;

They would never lay off any team member due to regulatory measures or company advancements, since livelihood was more important than profit;

Quality would be paramount and every papad would have to go through a grade check to ensure standardization.

This unique approach got them ample coverage in vernacular newspapers and in their second year itself, they had 300 women working for the cooperative. Finally, a name was given to this budding enterprise – Shri Mahila Griha Udyog Lijjat Papad.

The motto of Lijjat Papad is Sarvodhya, which means ownership. Ownership in their professional as well as personal lives. This unique belief prompted the company to start off with literary campaigns for Lijjat sisters in 1980's and also begin a scholarship programme for meritorious daughters of their team members.

The organization was eventually recognized by the United Nations, and representatives of the society have participated in UN Summits on women and child health and literacy.

In a country where innumerable women are still shackled by society, Lijjat gives them a voice to rise and is leveraging the girls of India economically and socially.

By Nishika Nayan Shah

Update for the day #1761 | Can Thrive knock out Zomato and Swiggy?

Imagine it's 2010. You're craving some food. What do you do?

Probably turn to the bunch of pamphlets on your coffee table, right? The ones that restaurants left on your doorstep. You'd sort through these physically and call up the number printed on the pamphlet. But there was a caveat—we couldn't just order 1 samosa if that's what we wanted. The restaurant would scoff at your request because there was no way they'd send their one delivery person for this tiny order.

By the time the mid-2010s rolled around, everything flipped. The Swiggy and Zomato of the world emerged. They aggregated restaurants. They took care of delivery at a small fee. They brought convenience to our fingertips. A scroll here. A search there. We'd get the menu we desired. We could even order that solitary samosa.

It was a bonanza for smaller restaurants too. It helped with 'discovery'.

But aggregators opened up a whole new audience that could scroll and find new restaurants. It helped restaurants grow their business.

But restaurants began to hate the 20–30% commission they paid the aggregators. They began to feel they were being fleeced. So they simply inflated the prices of the menu on Swiggy and Zomato. Obviously, people noticed. They weren't happy. They didn't blame the restaurants. But they complained about the aggregators. But because they were hooked on convenience, everyone just went on with their lives.

Restaurants had another problem too. They realized that they had a loyal bunch of customers. But they didn't know who these folks were. Or what their ordering habits were. The platforms kept all of this customer data. Restaurants were simply cooking in the dark.

They wanted a way out. And a few startups noticed this. So when the pandemic hit and everyone and their grandmother began to order food online, they went all guns blazing to disrupt the status quo.

Enter Thrive*.

Now Thrive decided to keep things simple. They decided to be a tech company and do nothing else. They'd offer a platform to restaurants to build their own micro-websites that could accept food orders. Thrive integrated third-party logistics companies into the mix for delivery. They'd even provide marketing tools for the restaurants to roll out offers and reach more people. It was Software-as-a-Service (Saas). And restaurants would have complete access to their customer data too.

Their proposition to restaurants was—"We're giving you control of your business. Oh, and we'll only charge a 3% commission!"

Yup, 3% versus the 20% charged by Swiggy and Zomato! Sure, there's a bit extra for the marketing features, but the idea clicked. And in just two years, Thrive claims to have helped 14,000 restaurants already. Primarily in Mumbai for now.

But there are a few hiccups which Thrive is facing,

Firstly, since restaurants get access to your contact information, you could be spammed quite a lot more. In fact, this irritant could even dilute customer loyalty.

Secondly, most restaurants won't build out their own fleet. They'll use third-party delivery companies. And when restaurants delay orders, these delivery folks aren't going to be pleased. After all, their business is not just delivering food. It could be picking up and delivering documents too. Delays could potentially eat into their earnings. And that might translate into poor customer service.

Also, who's in charge of customer service if an order is delivered wrong or late? Will customers blame the restaurant, Thrive, or the third-party delivery company? After all, with Swiggy and Zomato, we simply blame them.

Thirdly, and this is quite interesting. The reviewer says that the restaurants often fail to update their menu. That's a problem because the customer orders an item, pays for it, and then gets calls saying, "Sorry, but we don't have this item anymore. Can we refund the amount?"

Why does this happen?

Well, maybe because restaurants still don't get a bulk of their orders through these direct platforms. Most of it still comes from Zomato and Swiggy. And if there is no central system that can update inventory across all platforms, it can lead to delays and confusions. They might forget to make the change on their own website. And it might end up creating a poor experience for the customer.

Anyway, we don't know if this is really the case. Because Thrive's response to the review was to just thank the person for ordering directly.

So with all these niggles, why on earth has Coca-Cola India invested its monies in Thrive?
Well, the primary theory seems to be that Coca-Cola thinks this is the perfect opportunity to bundle its beverages with the food. After all, one of their core strategies seems to be to get people to pair its beverages with meals more often. And Thrive seems to fit into that strategy perfectly.

But more importantly, Thrive seems to be avoiding a lot of costs that drag foodtech companies down. It's not splashing cash on acquiring customers—that's the restaurant's headache. It's not spending on delivery personal either—that's for someone else to handle. Thrive only has the tech costs. And maybe that'll mean we finally have a foodtech company that's profitable?

Anyway, it's still early stages and we don't know how this will shape up. But one thing we can say is that the food delivery wars is only going to get even more interesting. Especially since Thrive has even launched an app now to help with 'discoverability'. It's stepping right on Zomato's and Swiggy's turf.

By Deepali S Jain

n

Update for the day #1762 | The Rise and Fall of 8K Miles Software aka SecureKloud

Can a rebrand breathe new life into a company whose promoters are accused of fraud?

Temporarily, I guess. Because as Abraham Lincoln said, "You can fool all people some of the time and some people all the time. But you can never fool all people all the time."

And maybe that's the story of SecureKloud Technologies—a tech company trying to capture the cloud.

Now you may not have heard of this small-cap stock before. So let's rewind a bit and maybe it'll jog your memory. If you've been tracking stocks for at least half a decade or more, that is.
The year was 2008. And a tech entrepreneur named Suresh Venkatachari decided to try his hand at a new venture. He'd sold his previous business and he wanted to try something new. He thought the 'Cloud' would be the next big thing. Physical servers in every company would be a thing of the past. So he roped in two of his associates RS Ramani and Harish Ganesan. Amd together, they incubated a company called 8K Miles Software at the Indian Institute of Management Bangalore (IIMB).

The name?

Well, the earth's diameter or the distance from one end to the other through the equator was roughly 8,000 miles. So yeah, Venkatachari wanted his cloud business to be global. And he picked this name.

The company even went public in just 3 years. Not through an IPO but through a reverse merger. Basically, they acquired a dormant company that was already listed on the exchange. It was a simple route to get a toehold in the market.

And pretty soon, investors were impressed by its financial results. The revenue grew by 130% annually from FY14 to FY17. Its net profits kept pace with it. And its stock price soared by nearly 1500% too.
Mutual funds companies such as DSP BlackRock bought a fairly significant 3.5% stake in the company. When Sandeep Tandon (who runs Quant Mutual Fund today) picked up a 6% stake, everyone's ears perked up too. It showed that serious investors saw promise in the company.
And everyone pointed to one thing—how companies were moving to the cloud for their needs. That the migration was happening faster than anticipated. 8K Miles was supposed to be in a sweet spot to ride these tailwinds. And when the revenues soared, everyone put it down to the industry's phenomenal performance. Microsoft even had a blog in 2016 calling 8K Miles a leader in the life sciences space for cloud IT security.

Everything seemed credible.

Until one fine day, its auditor Deloitte resigned in a shock move. It yelled 'fraud'. And suddenly, everyone woke up. The share price crashed by 90%.

SEBI jumped in and began investigations. It appointed Grant Thornton to run a forensic audit and the skeletons came tumbling out.

When SEBI published its final order in December 2022, it said that 40% of 8K Miles' revenues came from just 3 customers during 2018 and 2019. And that immediately after the forensic audit began, the revenues dropped like a rock. From ₹842 crores to just ₹382 crores in FY20. In fact, the businesses under the 'international business' segment basically evaporated into nothing.

And it's not like these customers were prompt with their payments either. Only 26% of the money due was actually received. And 37% was written off as bad debts. Yet, 8K Miles continued to deal with them.

Fishy, no?

Then there was the vendor—an entity named Nationstar IT Services that was based out of Dubai. Nearly 35% of expenses were attributed towards 'consultancy' services for this firm.

Now when Grant Thornton asked 8K Miles for details of these deals, they found that there was nothing on email. The company claimed that only specific employees interacted with these entities. And since they'd all left the company, their emails were wiped out.

Now that's always a suspicious excuse.

But here's the craziest part.

See, Grant Thornton found out that the authorized signatory for NSIT was someone named Ms Gayatri Ramaswamy Nurani Iyer. And when they couldn't find too many details about her, they actually found someone who 'looked like her' when they scoured LinkedIn. And this Ms Iyer was employed by a Tamil FM radio station in Dubai.

Now guess who was the MD and CFO of this radio station for a while?

Why, one of the co-founders—RS Ramani, of course.

And Grant Thornton believed that those 3 important customers of 8K Miles and this 1 vendor were all linked to each other. And that all those sales and salaries that were recorded in the books were cooked up. Fictitious. Fake. Fraudulent.

So when people looked at the revenue growth and went "wow", they were being fooled by the company. And SEBI wasn't too happy about it. In December, it barred Suresh Venkatachari and RS Ramani from the markets and imposed a fine on them And asked the company to cough up over ₹10 crores too.

But while SEBI's investigation was in progress, Venkatachari wasn't sitting idly. He tried to put the demons to rest. The company went through a complete overhaul—and called itself SecureKloud in January 2021.

And for a while, people seemed to have forgotten that serious allegations of fraud were levelled against this company. It witnessed a 2x jump in its price. Even as Venkatachari continued to run the business as the CEO. Ramani had exited his role as the CFO by then even though he continued as a promoter of the new company.

But the good times didn't last. The shares dropped by 80% over the past 1.5 years. And now, both Venkatachari and Ramani have been arrested by the Enforcement Directorate. The allegation—some form of money laundering.

Now you have to ask—when you have a company that's mired in deep controversy, why would anyone invest in it?

Just look at the shareholding pattern. In June 2018, retail folks who'd invested less than ₹1 lakhs owned 5% of the company. But by June 2020, they owned almost 33%. They were being suckered into buying more of the company. And they continue to hold on.

And if the rebrand with the same CEO should've been a warning sign that they were trying to wash off the sins of the past, no one cared. Sure, the big institutional names stayed away. The mutual funds learnt their lesson. But the retail investors held on in the hope that the company would regain some of its former glory.

8K Miles or SecureKloud looks to be just another company that maybe got a little too greedy. In trying to be a cloud company for the future, they seem to have forgotten that the long game is won by people who pay heed to corporate governance. And it's a lesson that investors will do well to remember the next time they try to cash in on stock in the middle of a purple patch that's 'too good to be true.'

By Ishika B Jain

Update for the day #1763 | India's sand mafia

The Story of India's sand mafia :

It's a warm afternoon. A group of men is hard at work stockpiling boatloads of sand (Illegally though). But unbeknownst to them, there are a couple of drones hovering overhead. Someone's watching them. And the next thing they know, the cops and government officials come storming in. A fight ensues. Sounds like a scene straight out of a movie, right?

Well, it isn't. These scenes are quite common across Bihar and West Bengal where the sand mafia reigns supreme. You see, over the years, the population and urbanization boom has stimulated construction growth. And everything around us is technically built on sand. Whether it's your fancy ceramic cutlery, the streets outside, or the silicon chips powering your phone, they all require the humble ingredient. And India's sand demand tripled between 2000 and 2017. Since the nation is just behind China in cement production, it's a given that we use a lot of sand.

Now you can't just use any kind of sand for our needs. Desert sand won't work. It's too fine and smooth. We need sand from river banks and sea beds. That's the kind that holds well together. And that means the sand isn't infinite either. If we keep taking sand with reckless abandon, we won't be able to replenish it fast enough.

But mining all this sand poses another set of problems. It can disrupt ecological balance. When you remove sand from a river bed, it can lower stream bottoms, alter the course of the river, and can affect its interaction with oceans. Saline water can often intrude if you keep mining more sand. It destroys the nesting environments of animals like Gharial crocodiles and Ganges river dolphins. And birds disappear.

There's also loss of fresh drinking water due to increased river salinity, crop damage, river bank erosion, change in seawater levels, and the list goes on.

And that's why the government tries to keep a firm lid on things. We have the Mines and Minerals (Development & Regulation) Act to monitor and control mining activity—quarries, riverbeds, everything. And if private players want to get into this business legally, they need to bid for the rights to mine specified sites when state governments open up auctions. But here's the thing, where there's demand, unscrupulous folks will find ways to meet it through illicit means. After all, if a dumper (that can hold about 400–600 kilos) of legally mined sand costs 20,000 , sand purchased illegally could come at half the price.

Realtors would love to save up on input construction costs, no?

And this means people find ways to mine sand illegally. For instance, in Rajasthan, the state government apparently granted mining sites in areas that were quite close to river beds. So apparently, the ones who won the mining rights sneakily expanded their activities to illegally suck out the sand from river beds even though it wasn't part of the deal. They did it because they were quite sure that the authorities would find it difficult to manually monitor their activities. Getting workers for these illegal activities isn't a hard task either despite the risks that come with it.

See, people from states like Madhya Pradesh, Uttar Pradesh, Bihar, and even Karnataka where sand mafias thrive, often have to travel long distances to cities or metros for work. And they might typically earn a daily wage of around 400 - 500 a day. On the other hand, illegal sand miners in their own areas have the capacity to pay them more. Sometimes even five times the daily wage. So, you can see why it's attractive, especially in areas where there are really no other employment opportunities.

Even officers look away, thanks to the lure of bribes. In one such incident in Bihar, the police agreed not to expose these activities if boat owners that transported the sand paid them 70,000 a day.

The end result of all this?

Well, the illegal sand mining industry is booming in India. It nets profits of over $250 million each year. And state governments lose a huge stack of revenue—in Bihar alone, the average annual revenue loss goes up to 700 crores in a year.
So, what can India really do to curb it?

Let's state the obvious—it's tough. The environment ministry came up with guidelines to monitor sand mining. In 2016 and again in 2020. The Ministry of Mines also introduced a Sand mining framework in 2018. But it didn't put a full stop to anything. Perhaps because these were just 'guidelines' at the end of the day.

You see, sand is still classified as a minor mineral under the law. That simply means that it's not regulated as strictly as say coal which is a major mineral. The states are in charge of mining and monitoring activity too. That means surveillance activities are quite haphazard. Sometimes it's the mining department that looks at sand mining activities. Other times it's the police. Or maybe it's even the pollution control board or the environment ministry.

Maybe what we need is a central agency that focuses solely on monitoring sand mining activity. And knowing how important sand is for our future, maybe it's time for the central government to step in and reclassify it into a major mineral. It'll lead to stricter regulations maybe. Or perhaps we need to double down on alternatives.

Over the past decade or so, states like Karnataka have been focusing squarely on manufactured sand. Think of it as artificial sand obtained by crushing hard stones such as granite. While it comes with its own set of environmental problems, the belief is that setting up small-scale units for this purpose can help bridge the supply versus demand gap. And put an end to utilizing the sand from our river beds.

So yeah, with demand for sand expected to increase exponentially as India embarks on a construction and infrastructure-building spree, we need ways to curb the menace of illegal sand mining quickly. Will it be through stricter laws or alternatives that can quickly bridge the gap?

By Sai Saran

Update for the day #1764| How V-Guard stabilized India

India might be 100% electrified, but power fluctuations and outages are still rampant. Often, you'll see the lights flicker, the fan turns slower than usual, and the TV might switch off and on by itself. In fact, when Niti Aayog conducted a survey of consumers across India, they found that 28% of people were unhappy with the quality of the electricity supply to their homes. And this is in 2023!

Now imagine India in the 1970s. The power fluctuations would've been significantly worse right? Well, a young man named Kochouseph Chittilappilly smelled a business opportunity in 1977. The then 27-year-old borrowed a princely sum of ₹1 lakh from his father, took up a shed in the city of Kochi, hired a couple of high-school dropouts and began making voltage stabilizers. To protect the refrigerators and TV sets.

It was a uniquely Indian business proposition to meet a uniquely Indian problem.

And the timing couldn't have been better. See, Kerala was just beginning to see the big Gulf Boom. Non-Resident Indians (NRIs) who were slogging away in the desert were bringing back electronics like TV sets. They wanted to up the standard of living of their families back home. But the state power department's issues with voltage were atrocious. And if you've shelled out good money on your electronic appliances, you'll be worried sick. What if a power fluctuation destroys your expensive devices in the blink of an eye? V-Guard promised to safeguard these devices and positioned itself front and centre to capture the market.

But labour union problems were rampant in Kerala. Chittilappilly realized that he couldn't shut down business operations when trade unions caused a ruckus. So he reached out to women's societies in rural Kerala and taught them the manufacturing process. He outsourced most of it instead of spending crores of rupees in setting up his own factories. It was a smart decision. Because labour unions hadn't spread their tentacles to this segment yet. And V-Guard even got exemptions on excise duties by hiring these women's groups.

But that was all before the turn of the millennium. You can't run a business solely selling stabilizers, no? The revenue was still a puny ₹100 crores in 2000 and everything came from stabilizers.

So V-Guard decided to transform itself. While the power situation was still in favour of V-Guard, everyone knew that things would only get better. Even companies that manufacture air conditioners and refrigerators began to proudly claim that their appliances come with built-in stabilizers. That you may not need a separate unit.

So, from a single-product company, it began its diversification spree. It manufactured switches, water pumps, ceiling fans, and even kitchen appliances like grinders. These were higher-margin products too. That meant more money going straight to the bottom line.

But it also realized that the south of India alone couldn't drive its future. The reliance on the south to drive 95% of its revenues had to change. V-Guard needed geographical diversification. They hired fresh sales teams for every product line. They ramped up advertising to around 5% of revenues. They wanted everyone to know about the company.

The end result?

Stabilizers only contribute to around 20% of its revenues today. And the share of the south has dropped to 60%.

It's even making acquisitions that meet this dual goal—of product and geographical diversification. Like Sunflame Enterprises. You know, the folks that make stovetops and chimneys. As per ICICI Direct, just this purchase alone could mean that kitchen appliances will contribute to 10% of V-Guard's revenues. And it'll increase its revenue pie from the north since that's where 80% of Sunflame's revenues come from. Oh, it's a higher-margin business too.

So you can see where V-Guard is trying to take its business.
Anyway, if you were someone who had reposed faith in the company during its IPO in 2008 and bet on how it would change its fortunes over the past couple of decades, you would be sitting on an eye-watering 5,000% return today. Or to break it down, nearly 30% annually.
Everything seems to be going well for the company.
But it's not without its hiccups too.

There's the recent rough patch when nothing seemed to be going right for the company and it suffered its lowest EBITDA margin in the past 10 quarters.
Part of this is because new star ratings were introduced for fans and the company had to resort to discounting the old stock. Its water pumps didn't have too much demand because apparently, the groundwater levels have been strong down south and no one needed to pump it up. And the weather gods didn't help—winter was delayed and its water heater business turned into a damp squib.

But these are just niggles. Short-term hiccups. In the slightly longer term, there are hurdles too.
One theory is that its fortunes are heavily linked to real estate. As per HDFC Securities, nearly three-fourths of its products that make up 80% of its profits depend on the growth of products like ACs and appliances. So if discretionary spending drops and people aren't building and buying new homes as such, they won't need too many new appliances. So that's a constant threat.

Then there's their age-old strategy of outsourcing manufacturing. While that has worked in the past, to compete with players across India, V-Guard has slowly been ramping up its in-house manufacturing capacities—From just 43% in FY19, it is currently at 60% and is being ramped up to nearly 75%. Sure, it'll lead to improved efficiency and margins in the long-run but in order to get there, V-Guard will have to pump in more money to set up manufacturing units.

And finally—V-Guard is no Havells. See, Havells is entrenched in the minds of most customers, especially in the north of India. For V-Guard, its diversification strategy basically means taking on an incumbent on its own turf. It's tough. V-Guard might have to spend even more on advertising. Sweeten the pot for distributors. And all of that costs money.
We'll have to see how it turns out.

Anyway, despite all the changes in the past 4 decades, V-Guard's DNA hasn't changed. Sure, the contribution from stabilizers is just one-fifth of its revenues now. But the company that Chittilappilly set up in 1977 still commands a whopping 51% of the organized stabilizer market in the country. It's quite interesting what a business born out of the inefficiencies of India's power sector has become, no?

By Divya G Shanbhag

Update for the day #1765| Ratan Tata awarded Australia's highest civilian honour

Business tycoon, Ratan Tata, a name that is also known for philanthropy and humanity has been conferred with Australia's highest civilian honor. Australia's High Commissioner to India, Barry O'Farrell announced the news on his official Twitter account while conferring the Tata Sons' Chairman Rata Tata with the honor. The Order of Australia (AO) award was presented for the industrialist's efforts in strengthening India-Australia relations.

Tata Group is India's multinational conglomerate headquartered in Mumbai and is known to Indians for generations. The name Tata itself is synonymous with the Indian industry. This company is also known and recognized worldwide. It has not merely reformulated many of the business principles but has also turned them upside down.
The motto of Tata Group is 'Integrity, Responsibility, Excellence, Pioneering, and Unity.'

The Australian envoy also shared pictures from the ceremony on Saturday and added that Tata's contributions have led to a lasting impact on the island nation.

He wrote, "Ratan Tata is a titan of biz, industry and philanthropy not just in India, but his contributions have also made a significant impact in Australia. Delighted to confer Order of Australia (AO) honour to Ratan Tata in recognition of his longstanding commitment to the Australian and Indian relationship".

The 85-year-old played a critical role in the 2022 India-Australia Economic Cooperation and Trade Agreement, while Tata Consultancy Services (TCS) reportedly employs the biggest Australian workforce of any Indian firm with about 17,000 employees.

The honour comes a month after the business magnate was appointed as an Honorary Officer in the General Division of the Order of Australia (AO) for his service to fostering India-Australia ties, specifically in trade, investment, and philanthropy.

In October 2022, Tata received 'Sewa Ratna' from the RSS-affiliated Sewa Bharti for his philanthropic pursuits. He is also a 2008 recipient of India's second-highest civilian award, the Padma Vibhushan.

Tata has also received various state civilian honours like 'Maharashtra Bhushan' in 2006 for his huge work in the public administration in Maharashtra and 'Assam Baibhav' in 2021 for his exceptional contribution towards furthering cancer care in Assam.[63]

Recently when Microsoft co-founder Bill Gates visited the Tata Sons chairman and chairperson of the Tata Group Natarajan Chandrasekaran in India, they had a discussion on charitable endeavours. Tata and Gates had a conversation about enhancing their collaboration and teaming together for nutrition, diagnostics, and health.

By Nishika Nayan Shah

Update for the day #1766 | Effective Tips to Keep You Cool in the Scorching Summer Heat

9 effective ways to deal with the heat this summer:

1. Avoid large protein-rich meals: Having a large meal, rich in proteins during the summer can increase metabolic heat and warm the body. Try out protein-rich shakes made from a variety of berries, to fetch you the protein you need as well as keep your body from overheating.

2. Cool your cosmetics and creams: It's a good idea to keep your lotions, moisturizers and creams in the refrigerator. The product won't get spoiled when applied, it is almost certain to create a refreshing sensation.

3. Use a hot water bottle: Yes, you read that right. Take your regular hot water bottle, get rid of the insulating cover if you wish, and fill it up with ice-cold water. Place it under your knees, and enjoy the chill, as it spreads across your body.

4. Make everything mintier: Varieties of mint are capable of creating an illusion that makes you feel cool when the surroundings may be scorching hot. It's a good idea, to eat mint after meals; get your hands on a mint-scented air freshener; add mint leaves to your water; and even dab some peppermint essential oil on your body after a cold shower.

5. Stay hydrated: It goes without saying, make sure your body isn't left wanting for water. You will sweat a lot and it's important to replenish your fluid content by drinking water regularly. Dehydration can cause serious weakness, fatigue and other illnesses in extreme circumstances

6. Cool yourself off with water: This is why swimming pools are such a popular concept, especially during the summer. Grab yourself a towel, dip it in cold water and place it on your forehead or shoulders. You could also go for regular baths, to feel refreshed.

7. Temporarily move to a lower floor: If you're living on a high floor, you should know that hot air rises and cold air settles. So, keep your window shut, and consider it to be your lucky day, if your neighbour on the ground floor invites you over for a chilling glass of lemonade!

8. Use fans to push the warm air out: With your AC working so well, you might have forgotten about the fan. It can be great for clearing the warm air out of your home and letting the cool air settle in.

9. Wear appropriate clothing: When the sun isn't your best friend, you must dress accordingly. Choose cotton clothing instead of other materials, as it is extremely light and absorbent. Simultaneously, go for lighter colours, as dark colours have the tendency to absorb heat, while lighter colours reflect the sun's radiation.

Happy Summers Everyone!

By Umesh Pareek

Update for the day #1767 | How to avoid a YouTube pump and dump

India's capital markets regulator has been on overdrive to clamp down on shady practices in the stock market. And on Thursday, they published two reports on how some individuals used YouTube to trap unsuspecting investors and manipulated prices. But before we delve deep into the report, a quick detour. Jay Gould was an American businessman from the 1800s. He'd built a fortune in railroads. And people trusted that he knew his way around businesses. They often took his advice. At some point in his life, Gould realized that he could influence people. Mould their actions to his desires. And make some money along the way.

And as the story goes, one day, a pastor of the church asked Gould for money advice. So Gould told the pastor to buy stocks of Pacific Mail. He even said, "Look, if you lose money on the stock, I'll reimburse you."True enough, the pastor lost money. And when he went running to Gould, the businessman handed over a cheque. As promised.

But then, the pastor asked—"What about the losses of the people in my church?" Gould's calm reply was, "They were the people I was after." Friends, you just read the story one of the first instances of a classic pump and dump! Gould knew that the pastor wouldn't be able to keep quiet about this 'get rich quick stock'. He would spread the word about Pacific Mail in his church. A church frequented by the rich of New York. All Gould had to do was buy the stock himself, wait for others to buy it and drive up the price…and then dump it! Gould was the manipulator and in today's parlance, Pastor was the (gullible) influencer. Now over the years, the modus operandi of the pump and dump remained the same. Only the characters have changed. First, we had business reporters who wrote about stocks in the papers. They were the OG influencers back in the day. And they could indulge in pump-and-dump schemes. Then came the television and business show anchors with a massive following that could also turn crooked and hatch nefarious plots to manipulate stock prices. Finally, with the rise of social media—YouTube and Twitter—anyone, literally anyone, can turn into a master stock price manipulator. This brings us to Manish Mishra.

According to SEBI, Mishra's the mastermind behind a pump and dump orchestrated in two entities—Sadhna Broadcast Ltd and Sharpline Broadcast Ltd which are supposedly in the business of launching TV channels and creating films and serials. Mishra allegedly even roped Bollywood star Arshad Warsi and his family into the scheme. Yikes! So what did they do? Well, firstly, everyone involved colluded together and bought shares in these two companies. They then used 4 YouTube channels to create videos with egregious claims about how great the companies were. And to get eyeballs on the videos, they apparently spent over ₹10 crores just to advertise these channels. It wasn't just that. Apparently, Sadhna Broadcast even executed a stock split of 10:1 a month before the videos. This means if someone held 1 share of Sadhna worth ₹100, they would then have 10 shares worth ₹10. Suddenly, the stock looks cheaper. It woos investors. Coincidence? SEBI doesn't think so.

And the end result?

The people involved pocketed a cool ₹52 crores when they sold their shares. The retail investors who got suckered into buying the stocks were left holding the bag. As usual.

So the question is—in the age of YouTube, how do you avoid a pump-and-dump scheme?

Well, some of it is very obvious. Some, not so much. But let's still go through the bits from the SEBI orders to glean what we can.

Point 1: For starters, anyone can dole out advice on YouTube, Regulations don't really prevent that. At least, not yet. So if you see a channel doing so, maybe look at the description first? For instance,—'Midcap calls' and 'Profit Yatra', two of the channels that pumped up Sharpline Broadcast didn't have any description about the channel. Or the people behind it. That itself seems quite shady. Can you really trust something like this?

Point 2: If the channel doesn't allow its viewers or subscribers to post comments, that's a huge red flag. They're doing this to prevent negative chatter and they don't want people questioning their hypothesis. And that's exactly what 'The Advisor' and 'Moneywise' did. Also, the YouTube algorithm works in such a way that when a channel engages with comments and even actively moderates it, the videos get a boost. So if a channel has lots of subscribers and views, but no comment activity, something's fishy. You can be pretty sure that the algorithm didn't do the hard work. The channel probably spent a lot of money promoting it. That's never a good thing.

Point 3: Target prices! Now everyone likes to give target prices. Analysts do it when they publish reports or they make a TV appearance. But often these prices are just 15–20% higher than what the stock is trading at. But just look at one of the YouTube videos urging people to buy Sadhna Broadcast when it was trading at ₹19. They gave a target price of ₹340! A whopping 1690% higher. Just know that if it sounds too good to be true, it probably is.

Point 4: Who's buying and selling? When promoters or the top management of a company are selling in a frenzy when the stock price heads north, that's never a good sign. Sure, they may not know their stock is rigged. They may simply want to pocket some gains. But more often than not, it shows that they don't believe in the price rally. They're just thanking the gods for the good fortune and cashing in on the luck. Typically, this is accompanied by a rise in retail investors invested in the stock. They're swayed by the opportunity to make quick money and they pile in. In Sadhna Broadcast, the number of retail investors rose from just 2,100 to 55,300 in a span of 3 months. From holding just 3% of the shares to 25%. So be wary if you see that happening. By the way, SEBI says that the promoters of Sadhna Broadcast sold off their shares after the videos were uploaded on YouTube and the price rallied. Were they in on it? We don't know for sure. But SEBI says they're connected to Manish Mishra.

Point 5: Stock exchanges usually monitor stock price movements regularly. They also keep a hawk-eye on whether there's any news about a stock. If they smell something suspicious, they ask for an explanation from the company. The company responds and it's then published on the stock exchange website. For instance, Sharpline Broadcast published a response to BSE on 10th June 2022. They said and we quote,"…news such as Launch of new OTT platform like Amazon, Sony & Zee Tie up worth Rs. 250 crores and Adani Group to Takeover the company, etc. is being circulated in the social media…we hereby wish to inform you that whatever is circulating is false and misleading on Social Media, we have no connection/link regarding this fake news. We are not in agreement with the matter so circulated." Over the next month, the stock fell by 60%! So yeah, you don't even need to do too much due diligence for this.

Bonus tip: Some stockbrokers look out for your interests too. Zerodha* actually has a Nudge that tells you if they believe a stock is being manipulated as part of a nefarious pump-and-dump operation. Now, this isn't 100% foolproof. But something is better than nothing, eh?

By Sahana Shree Herle

Update for the day #1768| Are flying taxis the future?

Everyone loves a good traffic joke. And if you're in Mumbai or Bengaluru, then you're likely hearing a lot of these jokes.

But what if there was a solution to this never-ending problem?
No, not public transport. That would be a practical solution and you know how lawmakers absolutely hate practical solutions. So let's talk about something more fanciful. Aeroplane taxis!

A couple of days ago Sweden's Infrastructure and Housing Minister Andreas Carlson flew to India to discuss the future of aviation with the country's Civil Aviation Minister. And there was one big topic of discussion—electric planes!
In Carlson's words "…they will be in the market in just five years. You can have electric flights for domestic shorter short-haul flights…They can have a range of 800 kilometres with 25 passengers."

5 years! That's the prediction.

And here's the thing. There's some progress happening here already. A tech startup incubated at IIT-Madras is already putting together an electric plane that could ferry passengers or cargo over short distances. And they hope to get these flying by 2025.

An ambitious timeline. But … it's still progress.

And even investors are kind of getting excited. Globally, they've pumped in over $7 billion into air taxis in the past few years. Even big brands like Boeing, Airbus, Hyundai, and Toyota have jumped on the bandwagon. And countries and regulators are working on the infrastructure. For instance, France is setting up an 'air taxi station' in time for the Olympics next year. And in February, the UAE approved the design for a few stations that they hope to have up and running by 2026.

Okay, so how will they work?

Well, it's really quite simple. If you want to commute from point A to point B—under 150 km, you could get to one of those air taxi stations, buy a ticket and hop on. It's like boarding a bus or a train.

And these taxi stations won't even need runways. These planes are capable of electric vertical take-off and landing or eVTOL (pronounced ee-vee-tol). This means that they can take off and land in extremely compact areas. Maybe even an area slightly bigger than what it takes to park a mid-sized sedan. And when these planes scale with demand, you could have building tops repurposed as air taxi hangars. Or at least that's the grand plan.

Oh, and considering these planes use clean energy sources, it's also a minor win for the environment.

But hang on…do we even need air taxis?

Well, it's all part of this major plan to decongest roads. A report by BCG (the Boston Consulting Group) in 2018 illustrated how road congestion affects peak-hour commutes in various Indian cities. It takes 1.5 times as long to complete a trip when compared to non-peak hours. The avoidable socio-economic costs of all this traffic congestion? — a whopping ₹1.44 lakh crores!

So why not just adopt air taxis eh?

Well, air taxis won't come cheap. These flights will be expensive and while prices could trend downward as the industry matures, it's likely that air taxis will simply be a helicopter service for the rich during the first few years of adoption.

There's also the cost factor. Companies might need to first invest at least $20 billion over the next decade to get things up and running. This includes developing air taxis and all the supporting infrastructure. Will investors be ready to pump in that money and wait patiently?

We don't know. And even if they were, this is an extremely ambitious endeavour. It's not like building an app to connect people with taxi drivers. Regulators will be concerned about safety. The public will be worried about all the commotion and the government will also have to back private institutions to get the whole thing up and running.

And there's a reliability problem. Small aircraft are accident-prone. And when a company in Los Angeles ran a 3-month pilot for their air taxi, they found that they had to cancel flights 25% of the time due to poor weather. That's not going to make customers all that happy.

And finally, you also have risks associated with electric vehicles. While EV batteries are becoming safer each day, there's still a lot of work to be done here. An explosion in the skies would permanently dent the prospects of air taxis across the world. It could be a Hindenburg moment.

By Namratha N

Update for the day #1769 | India's sand mafia menace

A few days ago, Bihar reported clashes between a sand mafia group and officials from the state's Mines and Geology Department.

The Story:

It's a warm afternoon. A group of men are hard at work stockpiling boatloads of sand. Illegally, mind you.

But unbeknownst to them, there are a couple of drones hovering overhead. Someone's watching them. And the next thing they know, the cops and government officials come storming in. A fight ensues.

Sounds like a scene straight out of a movie right?

Well, it isn't. These scenes are quite a common affair across Bihar and West Bengal where the sand mafia reigns supreme.

You see, over the years, the population and urbanisation boom has stimulated construction growth. And everything around us is technically built on sand. Whether it's your fancy ceramic cutlery, the streets outside or the silicon chips powering your phone, they all require the humble ingredient. And India's sand demand tripled between 2000 and 2017. In fact, since the nation is just behind China in cement production, it's a given that we use a lot of sand.

Now you can't just use any kind of sand for our needs. Desert sand won't work. It's too fine and smooth. We need sand from river banks and sea beds. That's the kind that holds well together. And that means the sand isn't infinite either. If we keep taking sand with reckless abandon, we won't be able to replenish it fast enough.

But mining all this sand poses another set of problems. It can disrupt ecological balance. When you remove sand from a river bed, it can lower stream bottoms, alter the course of the river, and can affect its interaction with oceans. Saline water can often intrude if you keep mining more sand. It destroys the nesting environments of animals like Gharial crocodiles and Ganges river dolphins. And birds disappear.

There's also loss of fresh drinking water due to increased river salinity, crop damage, river bank erosion, change in seawater levels, the list goes on.

And that's why the government tries to keep a firm lid on things. We have the Mines and Minerals (Development & Regulation) Act to monitor and control mining activity—quarries, riverbeds, everything. And if private players want to get into this business legally, they need to bid for the rights to mine specified sites when state governments open up auctions.

But here's the thing, where there's demand, unscrupulous folks will find ways to meet it through illicit means. After all, if a dumper (that can hold about 400–600 kilos) of legally mined sand costs ₹20,000, sand purchased illegally could come at half the price.

Realtors would love to save up on input construction costs, no?

And this means people find ways to mine sand illegally. For instance, in Rajasthan, the state government apparently granted mining sites in areas that were quite close to river beds. So apparently, the ones who won the mining rights sneakily expanded their activities to illegally suck out the sand from river beds. Even though it wasn't part of the deal.

They did it because they were quite sure that the authorities would find it difficult to manually monitor their activities.

Getting workers for these illegal activities isn't a hard task either despite the risks that come with it.

See, people from states like Madhya Pradesh, Uttar Pradesh, Bihar and even Karnataka where sand mafias thrive, often have to travel long distances to cities or metros for work. And they might typically earn a daily wage of around ₹400-₹500 a day. On the other hand, illegal sand miners in their own areas have the capacity to pay them more. Sometimes even five times the daily wage. So you can see why it's attractive. Especially in areas where there are really no other employment opportunities.

Even officers look away, thanks to the lure of bribes. In one such incident in Bihar, the police agreed not to expose these activities if boat owners that transported the sand paid them ₹70,000 a day.

The end result of all this?

Well, the illegal sand mining industry is booming in India. It nets profits of over $250 million each year. And state governments lose a huge stack of revenue—in Bihar alone, the average annual revenue loss goes up to ₹700 crores a year.

So, what can India really do to curb it?

Let's state the obvious—it's tough. The environment ministry came up with guidelines to monitor sand mining. In 2016 and again in 2020. The Ministry of Mines also introduced a Sand Mining Framework in 2018. But it didn't put a full stop to anything.

Perhaps because these were just 'guidelines' at the end of the day.

You see, sand is still classified as a minor mineral under the law. That simply means that it's not regulated as strictly as say coal which is a major mineral. The states are in charge of mining and monitoring activity too. That means surveillance activities are quite haphazard. Sometimes it's the mining department that looks at sand mining activities. Other times it's the police. Or maybe it's even the pollution control board or the environment ministry.

Maybe what we need is a central agency that focuses solely on monitoring sand mining activity. And knowing how important sand is for our future, maybe it's time for the central government to step in and reclassify it into a major mineral. It'll lead to stricter regulations maybe.

Or perhaps we need to double down on alternatives.

Over the past decade or so, states like Karnataka have been focusing squarely on manufactured sand or M-Sand. Think of it as artificial sand obtained by crushing hard stones such as granite. While it comes with its own set of environmental problems, the belief is that setting up small-scale units for this purpose can help bridge the supply versus demand gap. And put an end to utilising the sand from our river beds.

So yeah, with demand for sand expected to increase exponentially as India embarks on a construction and infrastructure-building spree, we need ways to curb the menace of illegal sand mining quickly. Will it be through stricter laws or alternatives that can quickly bridge the gap? You tell us.

By Sailesh L Gandhi

Update for the day #1770 | Why is India's public bus system in a mess?

Each day in India around 70 million people ride in government bus, the much-heralded Indian Railways ferries only 24 million people daily.

And if you look at the major cities, buses have always been a public favourite. Because it offers unmatched connectivity and also because it is an affordable form of transit.

To begin with, there's a problem with fares.

Buses consume a lot of diesel and we know that fuel prices aren't exactly cheap in the country. It's not subsidised for state-run buses. Not to forget that staff salaries are a significant portion too. And with roughly 5 staff per bus, some folks say it's overstaffing that's killing the buses. If you put these two elements together, they make up nearly half of the total costs incurred by State Road Transport Undertakings (SRTUs).

But they can't just raise fares either to combat this issue.

State governments reimburse the SRTUs for the concessions they dole out. But it's often not enough. There are numerous delays. And even a gap of a few hundred crores of rupees each year. If you add the rising costs that don't get tacked on to the fares, you'll see that the SRTUs are often left with no option but to borrow money to survive. And that comes with an interest cost too which further worsens their situation.

We get old and poorly maintained buses—nearly a quarter of all SRTU buses are overaged or older than 8 years. And the older the buses, the poorer the fuel efficiency. This again adds to the costs. Also, these poorly maintained buses could turn people away from bus rides. They'll find alternatives. And that'll create a bigger dip in revenue growth.

But despite being aware of this problem, we continue to under-allocate to the bus system. Historically, public transport gets less than 1% of the annual budget for road transport and highways. And that's not nearly enough.

Because public transport may not always be profitable. The priority here is to improve welfare and convenience for the people. It has to be subsidised one way or another.

And before you say, "But the railways…," let's clarify something—even the passenger railways in India don't make any money. In fact, Raosaheb Danve, who's the Minister of State for Railways, says that for every rupee spent, the Railways lose 55 paise. Instead, it makes up for this by offering freight services to the private sector.

But buses can't transport goods right. So SRTUs have no option but to think of other ways to drum up revenue. They have to figure out ways to increase their non-traffic receipts which account for just 5% of their revenues.

For instance, there's the tried and tested advertising angle. Look around you and you'll probably see fewer ads on the buses. That's probably because brands may not want to be associated with a poorly maintained machine. So the problem with this is that buses do need to be spruced up before this revenue source can be tapped. But they first need money to do that.

And maybe if they can't attract advertisers on buses, they have to improve efficiency in renting out space at bus stations to private players who then put up supermarkets or build mini shopping malls.

And even the government can play its part. You see, government bus operators pay a whole host of taxes—almost 13 types on their assets and operations. This might include a motor vehicle tax, passenger tax, municipal levies, service tax on air-conditioned bus fares…the list goes on. In fact, taxes alone might make up 20% of an SRTU's cost. Maybe rationalizing this alone can save a good chunk of money and lead them on the path to financial viability.

And not to forget-the induction of electric buses. Because that way, we'll at least save on fuel costs.

Otherwise, the coffers will bleed dry and we'll be left with a fairly inefficient public bus transport system. And that'll be a shame because, for India's masses, buses are what serve as connectors to better education, employment, and public services.

By Rakshith R Ammati

CONTACT US - SURESH & CO.

#43/61, Surveyors Street, Basavanagudi, Bengaluru – 560004

P – (080) 26609560

Compiled by: S H L Vasavi and Vijay Sathyanarayan

Guided by: Udupi Vikram

D S Vivek	**Udupi Vikram**
Managing Partner	**Partner**
vivek@sureshandco.com	vikram.u@sureshandco.com
+91 98453 78991	+91 97387 79117