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EMERGING THOUGHTS

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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.

"Knowledge is the flame that sparks innovation, but its brilliance truly shines when we share it with others. In fostering a culture of open exchange, we not only empower individuals but also ignite a collective force for progress and enlightenment."

Update for the day #1951| Samsung Gauss: The generative AI model in the works

South Korean electronics maker Samsung at its AI Forum announced Gauss, its in-house generative artificial intelligence model. The AI model encompasses Gauss language model, Gauss Code, and Gauss generative image model. Samsung's generative-AI model is named after mathematician Carl Friedrich Gauss.

Samsung said Gauss is a language model that is capable of generating text, composing emails, editing and summarizing documents, and translating languages. It added that integrating Gauss language into products would enable smarter device control.

According to Samsung, the Gauss code and coding assistant are based on the Gauss language and are optimized for in-house software development, allowing developers to code easily.

Speaking about multi-modal support, Samsung said its Gauss Image is a generative image model that is capable of generating and editing creative images and would have the feature for upscaling low-resolution images.

Alongside the gen-AI models, Samsung announced that it has constituted an "AI Red Team" based on the principles of AI ethics. According to Samsung, the AI Red Team would eliminate and monitor security and privacy issues that may arise in the AI implementation process – ranging from data collection to AI model development and AI generated results.

Speaking on the launch of the new Gen-AI model, Vice President Samsung Research, Daehyun Kim said, "We will continue to support and collaborate with the industry and academia on generative AI research."

Samsung said Gauss is currently being used for employee productivity, but would be expanded soon to a variety of Samsung product applications for general users.

By **Anvy Susan Sabu**

Update for the day #1952| Apple, Amazon and Google Face Legal Heat Over Alleged Rs 5000 Crore Income Tax Evasion

The Income Tax (I-T) Department in India has launched an investigation into the Indian units of Apple, Google, and Amazon for potential non-payment of taxes, according to an ET report. As part of the probe that began in 2021, the authorities have requested detailed explanations from these tech giants regarding their transfer pricing (TP) practices. The department is looking at a potential tax demand of over Rs 5,000 crore and has rejected several justifications provided by these companies, sources were quoted as saying. The Indian arms involved in the investigation are Apple India Pvt Ltd, Amazon Seller Services India Pvt Ltd, and Google India Digital Services Pvt Ltd.

The main focus of the investigation is the methodology used in TP adjustments, which the department believes may lead to tax liabilities. The issue pertains to various assessment years and is currently under investigation and litigation at multiple forums.

To represent themselves, Amazon and Apple have engaged PwC. However, there has been no response from Apple India, Google India, or Amazon India when contacted for comments. Industry insiders close to these tech giants have mentioned that they often receive routine queries from the department due to differences in tax calculation methodologies used by the companies and the revenue department. If these queries are not resolved, the companies have the option to appeal before the appellate authority.

Transfer pricing (TP) refers to the accounting method used for pricing transactions between related parties, such as corporations and their units in other countries. The Income Tax Department often investigates whether intra-group cross-border operations comply with the arm's length principle, which means that transactions with related parties should be valued the same as if they were with unrelated parties.

The department is specifically investigating the three tech giants regarding transactions related to advertising, marketing, and promotion expenses, royalty payments, trading, software development segments, and marketing support services. These transactions are considered "international transactions" and are subject to TP adjustments according to the tax authorities. However, the companies have contested this analysis, and the matter is being examined by various forums.

Cupertino, California-based Apple holds the title of the world's most valuable company, boasting a market capitalization of nearly $3 trillion. Following closely, Alphabet Inc, the parent company of Google, secures the fourth position in terms of valuation, with Amazon trailing behind at the fifth spot

In the case of Apple, the tax investigation primarily focuses on the Indian arm's purchase of finished products from its original equipment manufacturers and subsequent sales in the domestic market.

For Amazon, the tax liability runs over Rs 100 crore due to considering 50% of customer delivery charges as part of advertisement, marketing, and promotion costs. Amazon has contested this case raised by the I-T Department. In the case of Google India, the revenue department considers certain transactions, which were not reported as per form 3 CEB, as international taxation. This has led to a tax liability on the company.

By Aniket Jain R

Update for the day #1953| PVR INOX Passport

In 2022, 12 crore people watched at least one movie in the theatre in India. That's almost 10% of the population.

Seems like a big number, right?

But it was still 16% lower than the pre-pandemic levels. People weren't going back to the movie halls fast enough. And theatres are hustling hard to get these numbers up.

For instance, remember the recently viral social media post about exorbitant food and beverage (F&B) prices at theatres? The moviegoer complained that their popcorn and soft drink cost as much as a year's Amazon Prime subscription. And PVR-Inox was quick to respond. It announced an unlimited refill on its popcorn and beverages deal during weekends. It also rolled out cheaper food combos starting at ₹99. Maybe they felt that if higher F&B prices were proving to be a deterrent, special deals on weekdays could be an attractive proposition.

And it didn't stop there. A couple of days ago it announced something quite interesting — a monthly movie subscription called PVR INOX Passport. Pay ₹699 and you can watch 10 movies a month, Monday to Thursday with some strings attached, of course.

Now on the face of it, these plans sound like a steal for customers — if you consider that in FY23 the Average Ticket Price (ATP) at PVR INOX stood at ₹240, signing up for the monthly subscription means that you could end up with 70% cheaper tickets overall! Who wouldn't love that? Add cheaper F&B to the mix, and it gets better. And it sounds like a loss-making proposition for PVR Inox. They seem to be giving up all the potential revenue with these massive discounts. But it might just be the cinema chain that comes out on top with these deals.

For starters, consider the typical occupancy levels on weekdays. Analysts peg it to be a measly 17%. Which means that less than 2 seats out of 10 are filled for a movie. Now, for PVR Inox, the rest of the 8 seats signal lost potential. They don't make anything out of it. Yet, there's a fixed cost of screening the show. So, they'd rather find some way to lure more people onto the chairs. There's no extra cost. There's just extra revenue where earlier there would've been none. And analysts estimate that occupancy levels could rise to 25% with this deal.

And remember, it's not just the tickets that drive revenue for the company. F&B is a massive contributor too. PVR INOX's annual report suggests that moviegoers spent 51% of the ATP on F&B. So, more moviegoers mean an increase in the spend per head (SPH). Just look at other big names in the theatre world — AMC US the world's largest multiplex chain, Cinemark US, Cineworld US and Cineplex Canada see moviegoers spending upwards of 60% of their ATP on F&B. So maybe these tricks from PVR will see their numbers inch upwards too.

Then let's consider the cinema subscription models itself. While it might be the first of its kind in India, it's tried and tested globally. For instance, there's US-based AMC. In 2018 it dipped its toes into the movie subscription model and its CEO pointed out some interesting bits shortly after. You see, when customers buy a subscription, they try to squeeze it for all its worth in the first couple of weeks. But soon, the excitement dies down and there's a drop in their theatre visits. So, while the pass gave access to around 12 movies a month, the average pass holder only saw 3 movies a month in 2019.

Now, if you apply this trend to PVR INOX, that is, if subscribers end up watching 3 movies a month, they still end up paying almost the same price per movie as its current ATP. So, the multiplex isn't really losing potential revenue.

And there's one more thing. Something that AMC's CEO called the 'bring along metric'. When subscribers come to watch a movie, they don't often come alone. They bring non-subscriber companions who pay the full ticket price. And for AMC, subscribers helped boost this revenue while also increasing F&B spends by a whopping 250% within just a year of its subscription launch.

So maybe it's numbers like these that pushed PVR INOX to launch India's first movie subscription model too. And not to forget that a subscription model typically ensures upfront cash and a steady stream of revenue. Businesses love that.

Anyway, it's just a trial for now. There are only 20,000 passes that are being handed out. And we'll just have to wait and see if the initial numbers are enough to convince the PVR INOX management if they've hit upon a goldmine of a money-making idea or not.

By Prajna Suresh Bhat

Update for the day #1954| The great Indian IPO boom

We're talking about both big companies like Mankind Pharma and SMEs (Small and Medium Enterprises) like Madhusudhan Masala all tapping the public market this year. And you can bet more are on the way before 2023 comes to a close. And guess what? This is actually a record. It's the highest number of IPOs launched in a single year since at least 2014. So yeah, it's quite a party right now.

But this got us thinking — what's driving this IPO boom?

Well, there might be a few factors to it. So let's start with the macro or the big picture. When was the last time you saw a negative report by a global investment house on the India story? Go on, think hard. It's tough to find one. Because India does seem to be the bright spot in a world of anaemic growth. We overtook the UK to become the fifth-largest economy in the world and we're projected to enter the top three before the end of this decade.

We're growing faster than most countries. And not to forget the much-vaunted demographic dividend. By 2030 we'll have just about 30% of people aged below 14 and over 65 years of age. If the population is young and employed, it could increase the potential for consumption and drive growth too. No wonder we have biggies like Morgan Stanley saying they're "overweight" on India. Or put another way, India's currently their number one spot for investing.

Then there's the micro picture of structural reforms. The government is sprucing up the manufacturing sector with attractive schemes like Production Linked Incentives which reward firms for making their products in India. India's airports have doubled in a decade. We're building more freight corridors to reduce the logistics costs and make trade more competitive. Put these together, and the sparkle attracts investors. They start pouring money into Indian markets. And when foreign investors show confidence, you can bet that domestic investors won't be that far behind. Heck, even retail investors jump in — as of March 2023, the share of this retail class in the stock market rose to an all-time high of nearly 7.5%.

A bull market starts to take shape slowly. And this puts an idea in the mind of the folks who own and run companies. They might scratch their head and think, "Maybe this is a great time to cash out. Pocket a nice chunk of money for their years of hard work." But you could argue that this macro picture has been true for at least the past few years. So what's different about 2023? Well, maybe there are a couple of unique factors shaping the markets right now.

Firstly, there could be something around regulatory approvals. You might remember a story from exactly a year ago. Back then, it seemed like the IPO well was drying up. Companies weren't hitting the stock markets. And we pointed out to one thing that might have been a factor — it seemed like the Securities and Exchange Board of India (SEBI) had slammed the brakes on doling out IPO approvals. See once a company files their documents, SEBI takes some time to go through it all. They want to make sure that the issue doesn't damage prospective investors. And it takes time to do this. In 2020 and 2021, SEBI took 75 days on average to grant approvals. But in 2022, companies were being made to wait for 115 days to know their fate. And the last time the regulator took that long to clear IPOs was way back in 2014. So today, you might be seeing a situation where some of those backlogs are being cleared. And IPOs that might have been otherwise ready in 2022 itself have been pushed to this year. Maybe.

Secondly, don't forget that in a few months, the country will be heading towards the general elections. See, when ET crunched the numbers, it saw that 4 out of the last 5 election years have shown the markets inching upwards in the year before the elections. So it could be companies just riding the wave and getting their IPOs out of the way before the big day. Because you never know what could happen come result day.

You're not sure if the incumbents will be toppled or whether they'll hold on to power. And Chris Wood, the global head of equity strategy at Jefferies, thinks that if the current government doesn't continue to hold power, the markets could tumble by nearly 25%. We've seen it happen in 2004 when BJP, the then government in power, suffered a surprise defeat and the market tumbled by over 20%. Sure, the market bounced back quickly enough but it could dent investor confidence for a while and put any IPO plans in jeopardy.

So there's only one thing left to ponder about now — Are we in an IPO bubble?

Well, bubbles are usually only identified in hindsight. So we can't claim to have special powers to deduce what's likely to happen right now. But we can tell you one thing. And it's that the IPOs seem to have become more 'appropriately sized' these days. An article in CNBCTV18 puts this in perspective — out of the IPOs on the main stock exchange, only 10 out of the 40 IPOs tried to raise over ₹1,000 crores. On the other hand, in 2021, when the previous IPO boom was in full swing, 34 out of the 65 issues that year were sized above ₹1,000 crores.

Also, the valuations seem to be more palatable. Just look at the recent IPO of Mamaearth (Honasa Consumer Ltd). When the company announced its IPO plan at the start of the year, the estimate was that it would be anywhere in the range of ₹15,000-₹20,000 crores. Eventually, it came down to a valuation of ₹10,500 crores. In fact, the IPO valuation mirrored its last valuation during a private fundraise in January 2022. So they didn't try to squeeze more out of retail investors.

And as Nilesh Shah, of Kotak Mahindra Mutual Fund puts it, it's great that the Indian market doesn't have large overvalued IPOs right now. But that isn't enough to tell if the market is at its peak and on the brink of another downward spiral. So yeah, despite the boom, there does seem to be some sanity around it too. But if you think otherwise, do tell us. We'd love to know your thoughts too.

By Namratha N

Update for the day #1955| WeWork Bankruptcy

How WeWork went from Being $47 Billion Start-Up to bankruptcy

WeWork was once a prized start-up valued at $47 billion, but things have changed drastically for the co-working and shared office company. Their valuation plummeted to such lows that the New York-headquartered company has now filed for bankruptcy is a US court.

While filing for bankruptcy, the co-working giant said that it had entered into agreements with the vast majority of its secured noteholders and that it intended to trim "non-operational" leases. The company reported liabilities ranging from $10 billion to $50 billion, according to a bankruptcy filing.

What went wrong?

WeWork valuation reached $47 billion after a funding round led by Masayoshi Son's SoftBank back in 2019. But it suffered one of the most dramatic corporate failures in recent US history.

Its downfall began with a failed IPO. In August 2019, WeWork filed to go public, but the IPO documents exposed its unprofitable business model, conflicts of interest and a bizarre management style.

WeWork CEO Adam Neumann had a number of conflicts of interest, such as renting out company space to his own businesses and selling his WeWork stocks at a higher price to SoftBank.

Neumann, who had a reputation for being an eccentric and demanding CEO, was also known for his lavish lifestyle that included spending millions on a private jet and a yacht. Investors were spooked by these revelations and the IPO plan was eventually called off. Neumann was ousted as CEO and the company was forced to make drastic cuts. But it was too late. WeWork was already facing a cash crunch, and it didn't have enough revenue to support its business. In October 2019, WeWork was forced to accept a bailout from SoftBank.

The pandemic made things worse as several companies abruptly ended their leases due to the emerging work-from-home (WFH) model. The economic slump that followed led even more clients to close their doors.

The company debuted through a special purpose acquisition company in 2021, but has since lost about 98% of its value.

This Is How Much WeWork Founder Earned Before It Filed for Bankruptcy

Adam Neumann, the former CEO of WeWork founded the company in 2010 and by 2019, it was worth $47 billion. The 44-year-old has a large net worth, in contrast to many founders whose fortunes have vanished along with their companies.

In 2021, Mr Neumann reportedly received $480 million from SoftBank for half of his remaining WeWork stock. He also received an additional $185 million as payment for a non-compete agreement and an additional $106 million as settlement. Overall, it is believed that he made over $770 million in cash from the 2021 SPAC process alone, despite having been removed from a management position years ago.

WeWork India's statement on the company's bankruptcy filing:

The CEO of WeWork India, Karan Virwani, responded to the Chapter 11 filing made by WeWork Global, clarifying that WeWork India is a separate entity from WeWork Global and the recent Chapter 11 filing will not affect their operations in India. They will continue to operate and serve their members and partners as usual.

WeWork clarified that its bankruptcy filing only applies to its locations in the United States and Canada.

By Gaurav K Patiyat

Update for the day #1956| Dunzo may not continue as a going concern: Deloitte

Troubled quick commerce of platform, Dunzo's auditor Deloitte has expressed doubt over the company's ability to continue as a going concern. Deloitte's comments were appended with regulatory filings for FY23 which showed that Dunzo's losses in FY23 has shot up by 288% to Rs 1,802 crore.

Deloitte said that Dunzo's current liabilities exceeded its current assets by Rs 325.8 crore primarily because of significant high operational costs for building customer base.

Since Dunzo's total liabilities amount to more than its total assets, the company will be unable to repay its creditors in a bankruptcy event. "…the group's ability to continue as a going concern is significantly dependent on the availability of additional funding, and improvement in business operations.

These events or conditions, along with other matters…indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern," Deloitte added.

While Deloitte said a material uncertainty may cast significant doubt on the group's ability to continue as a going concern, it also added that the management expects the group to continue as a going concern.

Auditors had flagged similar issues around Dunzo being a going concern even in FY22 but since then, the company's problems have grown manifold which makes the situation even more grave.

In FY23 Dunzo's expenses jumped four times to Rs 2,054 crore. According to the company's filings with the registrar of companies (ROC) in the ministry of corporate affairs, revenues during the year increased to Rs 226 crore from Rs 54 crore in FY22. While the increase in revenue was 320%, the same was on a low base.

The company spent Rs 310 crore on advertising in FY23, which was a sharp jump from Rs 64 crore that it spent in FY22. It marketed its services during the Indian Premier League which resulted in higher expenses but translated to only a marginal increase in revenues.

Employee benefit expenses jumped to Rs 338 crore during the fiscal, up 144% from Rs 138 crore in FY22.

Dunzo is facing a severe fund crunch and has delayed salaries to employees since July and even given up its office space to manage its cash flows. Several of its top executives, including two of its co-founders have left the company.

It has also received legal notices from several of its vendors for non-payment.The company is trying for a fund raise of around $25-30 million to meet operating expenses.

However, the same is expected to come at a much lower valuation. Dunzo has so far raised close to $500 million since 2015 from Reliance, Google, Lightrock, Lightbox, Blume Ventures and several others. Reliance is the largest shareholder with a 25.8% stake, and Google the second-largest with around 19%.

By Sujith Sai

Update for the day #1957| Will Argentina trash the Peso?

Did you know!!

4 in 10 people—that's the number of people living in poverty.

140%—is the current rate of inflation

90%—how much the Argentine Peso has dropped against the US dollar in the past five years.

Argentina is in economic shambles.

Naturally, the people are livid. They want change. They want a better life. And to get to the promised land, they've just booted out the incumbent government and elected a new President. A man named Javier Milei. And Milei has a radical idea to fix things—He wants to ditch the Argentinian Peso (the domestic currency) and shutter the central bank! Sounds crazy, right? But let's hear him out for a minute.

Argentina's economic crisis isn't new. It is what you'd call 'a country in perpetual crisis'. Inflation has been insanely high for the better part of 50 years now. Heck, Milei says he even gave up his professional career as a footballer in the 1980s because inflation was too rampant. He decided to pour his heart and soul into studying economics instead. He wanted to fix things. And he thinks the root cause of the problem is the central bank itself. See, Argentina doesn't earn as much money through taxes and exports as it spends on the economy. And whenever the government wanted money to spend—albeit on good things like subsidised healthcare, universities and public transport—the central bank just printed Pesos. It danced to the tunes of the government.

But you know what happens when there's an oversupply of currency, right? It can lead to inflation or even hyperinflation. And that's what happened in Argentina. So, how do you fix this problem? Well, most people would say that you have to cut back on spending. That you have to try and increase taxes and sell more goods and services to the outside world. But what if the economy has already spiralled out of control? Maybe you need drastic measures. Milei wants to get rid of the Argentinian peso and use the US dollar as the official currency instead. And since you don't need a central bank to print and manage your own currency anymore, you can basically shut it down too.

But how will dollarization actually save Argentina, you ask?

Well, let's look at Zimbabwe which employed a similar tactic in 2009*.

Back then, the country was in the throes of a crisis. The local currency had collapsed and hyperinflation of over 200,000,000% was wiping out savings. The government even had to print a 100 trillion Zimbabwe dollar note to keep up. And as a last resort, the government decided to adopt the US dollar. And within 3 years, inflation had fallen to a steady 3%.

How did that happen?

It's simple really. Trust!

The thing is people simply distrusted the Zimbabwean dollar. They could hold 1 ZWD today and not know how much it would be worth tomorrow. It could be worth nothing. That meant they had no incentive to save money. They'd go out and spend it. Obviously, the spending behaviour would trigger even more inflation. Retailers might even take products off the shelves just to try and sell them for a higher price later. Again, the shortage of products would create inflation.

It was a vicious cycle. But then, the US dollar was a shining beacon of light. It was managed by a country that didn't have the economic scars of Zimbabwe. People could trust it and hold on to the US dollar. They didn't have to worry about it losing value. That meant they could finally save something and the money in banks swelled by 8 times within a couple of years.

Eventually, when the people hit the brakes on spending, inflation began to fall too.

Also, there was a more important thing. The printing press became quite useless. And the government couldn't print their own money willy-nilly anymore. They had to be careful with their spending habits. So they decided to only spend what they could earn as cash. Meaning that in order to get dollars into the hands of the people, they'd need to sell more products and services and earn the dollars first. It brought discipline into the chaotic system.

And Argentina is in a similar position today. There's excessive spending on subsidies. And people already prefer dollars for transactions. So you can see why dollarization seems to be quite an appealing proposition right now.

But it's not going to be easy for Argentina to do this.

You see, in order to use dollars, you first need to have it in your coffers. You need to have an equivalent amount of dollars to replace the existing pesos. And then you need to keep a liquidity buffer in case something goes wrong in the banking system. Put together, for Argentina, it could be worth $40 billion.

But if you peek into Argentina's current reserves, you'll be shocked. The country doesn't have anything saved up. So it can't just swap out the currency yet. Now Argentina could borrow the dollars from somewhere else. Say the International Monetary Fund (IMF). But the institution has already bailed Argentina out of trouble 22 times in the past. And Argentina already owes it $44 billion. So the IMF will likely hesitate to finance such a harebrained scheme?

So will Argentina divorce the peso and commit to the US dollar?

We don't know. Politicians are known to make grand promises that lack substance. It's all just a charade to get people on their side. Because dollarization also means that you're dependent on the US for everything. If you think your exports are becoming uncompetitive, you can't devalue your currency anymore to fix that. There's stuff like that to keep in mind.

But hey, if Melei does stick to his wild campaign promise, it'll be the biggest dollarization experiment ever. It'll be one for the history books and we can't wait to see how it'll unfold.

By Sai Saran

Update for the day #1958| The hidden cost of free foodgrains

Prime Minister Narendra Modi made a big election promise this weekend—He is extending the free ration scheme for food grains for another 5 years!

A good chunk of the Indian population will cheer this move. However, there will also be those who will question the financial burden such a promise is bound to impose on the state. We are not going to debate this question. Instead we will try and figure out what this programme may actually cost the government. So let's get to that. For starters, the headline number will tell you that we spend a mammoth ₹2 lakh crores on subsidizing food each year. But that's the total bill. It's not the cost of *this* specific promise. So to figure out this number we have to rewind a bit and see how the public distribution system for food grains has evolved in the past decade.

In 2013, the government decided to enact a new law. They called it the National Food Security Act (NFSA). It was meant to ensure food security to the poorest households in the country and it became a legal right. The Act made sure that people could access food grains at an extremely subsidized price. For example, 1kg of rice could be bought for just ₹3 and 1kg of wheat for ₹2.

But when the pandemic struck in 2020, the government felt that they had to do more. The country was at a standstill. Many people had lost their jobs. The poor were suffering. So the government announced a new scheme called PM Garib Kalyan Anna Yojana (PMGKAY). Under this scheme, the same people would be eligible for an extra 5kg of foodgrains and 1kg of pulses. And this would be doled out for free.

You can imagine what would've happened to the food subsidy bill, right? It shot up significantly. Some estimates say that it doubled since we basically had a situation where the NFSA and the PMGKAY were running in parallel. Everyone knew this couldn't go on forever. The government had to pull the plug at some point.

And in December 2022, that's exactly what happened. The government decided to discontinue the extra 5+1 kg of free ration they'd been giving out. They felt the pandemic had run its course.

But wait…the government wasn't done yet. They still had a twist. Since they'd put a stop to the free scheme, they decided to merge NFSA and PMGKAY. The NFSA's promise of a certain quantity of grains to poor households would remain. But now, it would all be for free. The poor wouldn't even have to pay ₹3 for 1 kg of rice anymore.

Now, initially, the government said this scheme would run for a year. And come 2024, the original NFSA deal would be back in place. But the election may have changed their mind and they decided to extend it by another 5 years.

So what's the true cost of this program, you ask?

Okay. Remember how we said that the NFSA originally wasn't free, right? People still paid a nominal amount for the food grains. And some estimates suggest that the government pocketed roughly ₹14,000 crores a year in this manner.

So if the food grains promised under NFSA continue to be given for free, the government will have to forego ₹14,000 crores a year. This is the added financial burden. However when you consider the total food subsidy bill of 2 lakh crores, this isn't exactly massive. Yes, it's a good chunk of money. But you could argue that the people need it. But the story isn't done yet. There's still one crucial thing we still haven't discussed about these schemes—the Census!

What do we mean?

Well, before any government outlet distributes the food grains, they demand to see one thing—the ration card. It's an identity card that basically lists out how much ration a person is eligible for. And it's states that issue these cards. The states rely on the Census data to issue ration cards. And we haven't conducted a Census since 2011. We were supposed to conduct one in 2021, but, it ended up being postponed indefinitely due to the pandemic. So even as the population has been growing, states haven't really issued more ration cards.

Now the free distribution programme has one promise—it says that it will cover up to 75% of the rural population and up to 50% of the urban population. This roughly means that 67% of India has to be covered. In 2011, India had around 122 crore people based on the Census data. So if you calculate 67% of that as the population who'd be eligible for the ration, that gives us a little over 81 crore people.

Meanwhile, we have over 140 crore people today. And if we consider the same 67% benchmark, it would mean that the ration programme should extend to nearly 95 crore people. Yet, we remain frozen at approximately 81 crores since the past decade. That's why Reetika Khara, an economics professor at IIT Delhi, points out that there could be around 10–14 crore people who are missing on the benefits of the Central government ration today. But these are people who can't get a ration card because we haven't conducted a Census. Ergo, they become ineligible for the public distribution benefits.

And the matter even went to court. In July 2022, the Supreme Court said that the government shouldn't be so stubborn. That they should use population projections in the absence of the Census. But the government didn't budge. It stuck to the 81 crore number. So yeah, while extending the free ration scheme may well be much-needed move, it's also time to fix this data deficit issue. That is the only way we will know the true cost of this scheme.

By Anamika Kumari

Update for the day #1959| Will Tata's Apple ambitions hit a roadblock?

The deal is finally done—Tata Electronics is buying 100% of Wistron's iPhone manufacturing business in India. And everyone's calling Tata the first Indian iPhone maker.

But wait…isn't Tata already making some stuff for Apple?

It is. When Tata Electronics was set up in 2020, it had set its eyes firmly on making the iPhone. But the first green light it got was only to make the enclosure or casings for Apple at its plant in Hosur. So Tata probably thought, "How can I save myself the trouble of setting up a brand-new factory and then the hassle of convincing Apple of my tech chops?" The answer was—just buy an existing Apple-certified factory." Ergo, the acquisition of Taiwan-based Wistron's India operations.

And as per a report in *Rest of World*, Tata has been doing everything in its power to get ready for what's going to come next.

For instance, Tata's training 'factory-ready' students by teaming up with local colleges. It has a unique 'Digital Manufacturing' diploma that's a mix of on-the-job training and classroom programmes. And for 200 of its women workers, it's even sponsoring a BSc in Manufacturing degree. Oh, and not to forget the crucial bit—it's poaching engineers from rival Apple manufacturer Foxconn.

Yup, Tata is dead serious about taking a nice slice of the Apple pie. And it's not surprising why that's the case.

See, Apple's hell-bent on diversifying its manufacturing beyond China. And India seems to be shaping up to be their preferred destination. We're doling out incentives for manufacturing electronics. And don't forget that labour is abundant and still fairly cheap. So if you believe the rumours, half of all iPhones could be made in India by 2027.

But wait… if there's so much happening here, why on earth is Wistron exiting the iPhone business? Should Tata be worried about something?

Well, the primary reason appears to be that despite being Apple's first supplier in India, Wistron hasn't grown much. In fact, it isn't actually a full-fledged manufacturer for Apple. It's just an assembler. Wistron remained a tiny cog in the wheel. And that meant that it couldn't squeeze Apple for higher margins for the work that it did. Apple would've just packed up and moved the business to its other suppliers.

The Economic Times also says that Wistron couldn't get its foot in the door for the more lucrative 'vendor-managed inventory holding' either. Think of this as a warehouse that keeps all the components needed to make an iPhone. They forecast demand. And then, when the time comes, these components are quickly sent for final assembly to wherever it's needed. This way, Apple needn't break its head over inventory.

If Tata gets stuck in the same rut as Wistron, its money-making prospects will hit a wall.

The competition is intense too.

See, Apple has two big suppliers—Foxconn and Pegatron who're both expanding in India. And the thing is, Apple has been in a relationship with Foxconn for at least two decades now. That means the China+1 diversification strategy can be executed in India through these existing relationships itself. These entities have far more experience in this business than the fledgling Tata Group. They're bigger manufacturing experts. And Foxconn and Pegatron are already engaged in inventory management for Apple.

So why would the iPhone maker move its business into Tata's camp?

Not to forget that Tata hasn't quite made a great first impression either.

What do we mean?

Okay when Tata set up its factory in Hosur, a town in Tamil Nadu that's close to the Bengaluru border, it was done in record time. Everyone was quite surprised at the quick progress and they expected big things from the Indian conglomerate. Unfortunately, when Apple asked for 25,000 cases or enclosures a day for the iPhone, Tata stumbled. It couldn't churn out that many of them. But that's not the worst part. 1 in 2 cases were found to be faulty. They were defective and didn't meet Apple's high standards.

Having said that however, this was to be expected. You can't just set up a manufacturing plant and hope to produce something overnight with absolutely no defects. There's a learning curve — a steep one at that. And Tata is likely on this path for now.

So yeah, Tata might buy out Wistron, but it's going to have its work cut out. And the word on the street is that Tata's throwing money at Wistron's Taiwanese management in a desperate bid to get them to stay and offer their expertise.

It's not going to be easy. And now we'll just have to wait and see how Tata's Apple ambitions play out.

By Shanu Jain

Update for the day #1960| The Mystery of Sahara's ₹25,000 crores

If you're a millennial, you probably remember one company's logo splashed on the Indian cricket team's jerseys in the 2000s — Sahara.

This entity was a sprawling business empire that had its fingers in many pies—It was a financial institution, a housing finance company, a media house, an airline, a hospitality business and even a stakeholder in a Formula 1 team. Its assets were worth over ₹2,50,000 crores. At least that's what Sahara's outdated website claims.

But the company that was started in 1978 by a man named Subrata Roy soon turned out to be a bit of a sham. In the 2010s, the whole thing began to come crashing down. But even today, no one seems to have been able to solve a very specific mystery of Sahara's ₹25,000 crores liability. What do we mean?

Well, we have to rewind to 2010. Sahara Prime City Limited, one of Sahara's group companies, had filed its Draft Red Herring Prospectus (DRHP) with SEBI. For the uninitiated, a DRHP is simply a document that a company files before it goes public on the stock exchange. It lists down all the financials of the company, the prospects and risks, and industry details.

Anyway, Sahara Prime City wanted to use the money from the public issue to finance infrastructural projects like bridges, airports and rail systems. That was its business. But when SEBI went through this document it spotted something unusual. It saw that two other group companies of Sahara — Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHICL) had earlier raised over ₹19,000 crores from more than 2 crore investors.

Now SEBI was quite surprised at this. It asked Sahara why on earth it wasn't made aware of this massive fundraise.

And Sahara had its answer ready. It said that the fundraise wasn't actually open to the public and that it was only meant for friends, workers, employees or other people close to the Sahara Group. Technically, it was a private fundraise. So it didn't need to tell SEBI about it since the bonds weren't going to be listed on the stock exchange.

Now here's the thing. SIRECL and SHICL offered a security called Optionally Fully Convertible Unsecured Debentures (OFCDs). Simply put, an investor lends a company a debt in exchange for a security which they can later convert into company shares. Of course, with a bunch of other conditions. Now, when a company raises money this way from more than 50 people at a time, the rules say that it stops being a private fundraise. It will be classified as a public issue and the fundraise will need the blessings of SEBI.

But Sahara's claim was that it raised the money from its *'pariwar'* (family) of well-wishers. Basically, that's how the group referred to itself, employees, and customers. As one big happy family. So it simply used its network of 10 lakh agents and more than 2900 branch offices to issue an information statement to more than 3 crore people inviting them to subscribe to the OFCDs. It was within the family it said.

Of course SEBI was having none of that. It said that Sahara had put nothing in place to ensure these investors were protected. There was no compliance. There was no legal framework. There was nothing. And so it ordered Sahara to return all of this money back to the investors and stopped Sahara Prime City from going public.

Now Sahara wanted to prove SEBI wrong. So it went to the courts. It argued and argued. But nothing worked. And even the Supreme Court ordered Sahara to deposit the money it had raised through the OFCD with SEBI. The matter was done.

Or so everyone thought. Because here's the thing. Sahara began to claim that it repaid the money in cash back to the investors. That it had already done its duty. But there was really no proof of such an event happening. In fact, the Supreme court even asked for the source of this refunded money:

"You (Sahara) tell us what is the source of this money? Did you get the money from other companies or other schemes to the tune of Rs 24,000 crore? Or you withdrew it from bank accounts? Or sold property to get it? It should be any of the three alternatives. Money did not fall from the heavens. You have to show from where you have got the money.
Tell us the source of the cash and there will be no need to open the pandora box…You tell us and we will close the case. You tell us how you raised Rs 24,000 crore in cash."

So yeah, without a clear answer, the Supreme Court didn't budge. And SEBI recovered several thousands of crores from the Sahara Group and deposited them in national banks so that it could promptly refund the sum to aggrieved investors. The amount stands at ₹25,000 crores according to SEBI's latest statement.

But here's the mystery now—it has been over 10 years and thus far, SEBI has only received claims for a measly Rs.138 Crores!!! And that means, thousands of crores are lying idle in SEBI's bank account without a beneficiary attached to it.

Crazy, huh?

So the question is—did Sahara really raise so much money via the OFCD? Or did they simply concoct a tale that would convince more people to part with their money in the future? Because you see, Sahara was allegedly involved in an even deeper sham involving hundreds and thousands of people—through various Sahara Co-operative Societies.

The idea was simple. Sahara would take deposits from people in return for interest. Now you'd think that it was like a non-banking financial company that took deposits, lent them out at higher interest rates and made money from the interest rate difference. But that's not what Sahara did. Instead, it spread the word that if people deposited a small portion of their daily earnings with Sahara, they'd get back double or triple their savings. Even ₹20 wasn't too low to invest in Sahara's schemes. It accepted them all. And Sahara won its investors' trust by giving them the massive returns they were promised.
The allegations is that Sahara simply used funds from fresh investors to repay old investors with interest when their deposits matured. It's called a Ponzi scheme. This is the money that people say

built the Sahara empire.

And yeah, we don’t know if Sahara dipped into this 'Ponzi' money to make that deposit with SEBI.

But that’s the mystery of the ₹25,000 crores. And it’s probably a secret Subrata Roy took with him to his grave.

By Vishnu Bhushan B D

Update for the day #1961 | What's going on at Dunzo?

Dunzo has been in the news this week.

First, Deloitte, the hyperlocal firm's auditor, said they feared the firm was going bankrupt. They said Dunzo had more liabilities than assets. And that if push came to shove, Dunzo may not be able to pay its dues.

Then, Dunzo announced that it would actually become "corporate-level profitable" in 12 months!

And you have to wonder—what on earth is really happening at Dunzo? Who's telling the truth?

So let's take it from the top.

In 2015, Kabeer Biswas had an idea. What if he didn't want to run to the laundry store to pick up his clothes? Could he get someone else to do it? He created a WhatsApp group and began taking requests from friends. He would do the deliveries for others. Soon the word spread in Bengaluru and everyone wanted a piece of this personal concierge service. Anything to avoid being on the roads doing random tasks.

Soon, the idea morphed into a full-fledged business called Dunzo. And if you wanted evidence of the firm hitting the fabled "product-market-fit", it's when a new phrase began brewing—"Dunzo it".

The brand had become a verb. At least in Bengaluru where the company had set up HQ. And when something magical like that happens, you'd like to believe that the company in question has made it. That it has built a loyal customer base. That brand loyalty would allow it to diversify into adjacent businesses. And that it's going to be tough for rivals to dislodge it from the peak.

So, the question naturally was—what's next for Dunzo? What could it do beyond a simple pick up and drop service?

Because the company needed something that was a daily use-case. After all, you probably won't send packages with misplaced keys or documents everyday, no? So Dunzo figured that one way to solve this problem would be to simply pick up and deliver daily essentials from the local supermarket or the neighbourhood kirana store.

But not everyone was a fan of this model.

You see, one argument is that running a pick-up-and-drop service for supermarkets isn't efficient. If people want stuff delivered in 10 minutes, everything has to work like clockwork. For instance, the most ordered items have to be placed closer to the pickup zone so that packing can happen faster. But you can't force a supermarket to change their layout. They might have their own rationale for how they've displayed products.

The other argument is that isn't lucrative either. You're just depending on commissions for the orders you're delivering. Also, you can't negotiate with FMCG companies and earn higher margins on the products.

So in order to fix these problems, the simplest solution was to open your own store. Or what's known as a dark store in quick commerce parlance. It's just a warehouse—you store, pack, and ship products from here.

And Dunzo decided to do this. After all, when the pandemic struck, grocery delivery became all the rage. So it seemed to make sense to double down on grocery delivery. Especially since the massive heft of Reliance jumped in to back the company. The oil-to-everything conglomerate handed over nearly ₹1,500 crores and picked up a 26% stake in Dunzo.

But maybe that money just wasn't enough. Because the problem was that setting all this up came at a massive cost too. It's not asset-light like a pick up and drop service where you only need a fleet. You have to pay rent on dark stores which is super high in the affluent areas you'd want to serve. There's the need to buy and store inventory. And your delivery rider costs will also soar because you need more personnel to stick to your 10–20 minute delivery promise.

As per The Ken, Dunzo's cost per task (CPT) which is the cost that it incurs on every order was ₹80 when using dark stores. But under the earlier third-party store model, it was just ₹30.

The pivot didn't seem to work, huh?

And there was a bigger problem too. See, Dunzo was already quite late to this party. There was a new upstart in town called Zepto which had quickly raised boatloads of money. And then there was Swiggy, Zomato (through Grofers), and BigBasket too. Also, maybe 'Dunzo it' and the brand loyalty hadn't quite seeped into the psyche of non-Bengalureans. So Dunzo had to do something—it offered massive discounts and it splashed money on advertising during the IPL.

Now you know that burning cash this way simply isn't sustainable. And when these discounts were rolled back, customers went in search of other alternatives.

The end result?

Dunzo lost a mammoth ₹1,800 crores in FY23. It was 8 times the revenues it made.

But if you want a bigger picture of Dunzo's troubles, Inc42 says that while Dunzo raised $408 million from FY19 to FY23, it spent $401 million.

And finally, that's what led to Deloitte saying that Dunzo doesn't have enough money in the bank anymore. Remember that it couldn't even pay salaries to employees a few months ago.

So, is Dunzo done for?

Well, we don't know yet, but, Dunzo certainly doesn't seem to think so. It's pivoting or tweaking its model again. And it has actually returned to home base. It said, "Hey, our brand became a verb because we could pick-up and drop anything in a jiffy. So why not offer this service to other businesses?"

Dunzo wants to focus on being a logistics player through its B2B vertical called Dunzo Merchant Services.

Meanwhile, it has realized that the dark stores aren't quite working out. It has already shuttered a whole bunch of them—some estimates say over 70%. And of course, it laid off hundreds of employees.

So yeah, with a small fundraise, a different business model, and a leaner team, Dunzo believes that Deloitte's got it all wrong. Because the caveat also is that Deloitte was looking at the FY23 numbers. Over 7 months have passed since then. And Dunzo now thinks the elusive profitability is inevitable and that it's just a few months away.

We'll just have to wait and see whether Deloitte or Dunzo will eventually turn out to be right.

By Guru Prakash S

Update for the day #1962| Dabur has a war chest to rewrite its script

What do you do if everyone equates your brand image with that of a boring, old company that caters primarily to Gen-X or the boomers? What do you do to change that narrative?

Well, if you're Dabur, you announce that you have a war chest of ₹7,000 crores that's waiting to snap up new-age startups! You say that you're eyeing digital-first brands. You say that you'll market directly to customers (D2C).

It looks like Dabur realised that investors have been ignoring it of late—in the past 5 years, Dabur's stock price has risen only by 40% while the Nifty FMCG index has soared by over 80%. So Dabur needed to fire a warning shot; tell everyone that it might be down but it's not out.
But wait…what ails Dabur in the first place, you ask?

As with most stories, we first have to trace its 140-year evolution. You see, back in 1884, Dr S K Burman started a company selling Ayurvedic medicine in the streets of Kolkata (then Calcutta). He wanted to use natural remedies to battle malaria and cholera. And the idea clicked. People trusted these concoctions whose recipes were passed down from generation to generation. And when he saw the success of the business in Kolkata, Dr Burman felt the need to expand. So he began sending these medicines by mail to people in smaller towns and villages who needed them too.

Dabur, the company, was born. And its image as a purveyor of Ayurvedic remedies especially for the rural masses took root. Cut to today, as per a report by Emkay Research, Dabur has a 53% category share in Ayurveda-based products (such as hair oil, toothpaste, supplements) and 45% of its revenues come from the rural segment.

But here's the thing. This legacy seems to have become a bit of a roadblock for Dabur.
You see, younger customers don't seem to be enamoured by Dabur's products. And the rural segment has been going through tough times economically. The end result is that its sales has grown at just 8% annually in the past 5 years.

And maybe Dabur was quite comfortable staying in its existing lane before. Because it doesn't seem to have done much to revamp itself and innovate either. Just look at how much the 'Other income' category contributes to their Profits Before Tax (PBT). Emkay Research's report puts it at a whopping 20%. It's one of the highest in the sector. Basically this means that the company has built up its cash over time, maybe it invested it into some bank deposits or mutual funds, and then eked out an income from it. Okay, so it's not really idle, but you get what we meant.
To put things in perspective, ITC earns 10% of its PBT from such income, HUL squeezes out 5%, Marico gets 8%, and Emami earns 4.5%.

Now you be the judge of whether Dabur earning a fifth of its PBT from other sources is a good thing or not. But it's no wonder Dabur's war chest has ballooned to ₹7,000 crores, eh?
And it has finally decided to change the narrative around its stock and put this cash to use.
So, how's it going about its business now, you ask?

Well, one use of this cash is to go the inorganic route. Dabur wants to make some acquisitions and snap up smaller companies that operate in a similar space. We're talking about the Direct-to-Consumer brands that have built a loyal fanbase among the younger audiences. This way, Dabur doesn't need to work hard at building a new brand and splash the cash on marketing it. The existing revenues get added into its own coffers and it just needs to expand what's already there.

Now some might say that Dabur missed the D2c bus. That while rivals were snapping up brands—like ITC buying Yoga Bar or Tata Consumer Products buying Soulfull or Marico taking a stake in Beardo—Dabur didn't really make these kinds of acquisitions. But here's the thing. Sitting on the sidelines might turn out to be quite a prudent decision.

Why's that you wonder?

Well, the funding tap has kind of dried up for D2C brands. In the first 8 months of this year, D2C startups have seen an 82% fall in funding compared to the same period last year. The growth capital has gone missing. And if companies are burning a lot of cash, they may end up on the chopping block soon. And Dabur, with its war chest, could be waiting to pick up the pieces at a much lower valuation. We'll have to see if it pans out this way.

And since Dabur's already a rural distribution giant, it could take the D2C brand to all parts of the country though offline channels. It could be quite a revenue boost.

The other thing is that Dabur's trying to tap into the digital-first nature of the younger generation. As per The Ken, Dabur has been launching new products exclusively on its e-commerce channel with brand new packaging. Packaging that appeals to say Gen-Z.

And maybe this is working already. Dabur says that 9% of the business comes from its e-commerce channel already and claims it's the best in the industry. Now we do have to say this might be just one of those hot air claims because Emkay Research's report reveals that rival ITC earns 10% and Marico gets 11% of revenue from e-commerce to.

But at least, Dabur is showing intent.

Then there's the matter of premiumisation.

See, the gross margins for Dabur has been a bit of a concern lately. It hit a high of 52% in FY15 and it's been on downward trajectory since then. In FY23, it was just 45%. Now think of gross margin as the percentage difference between the revenue earned by the company over the cost of the products it is selling. If the company faces higher raw material cost due to inflation but can't charge higher prices from customers, it starts to pinch. And that's the position Dabur is in right now.

So why isn't Dabur able to raise prices then, you ask?

One theory is the dependence on its rural segment which contributes a bug chunk of its revenues. And let's just say that this part of the economy has been going through some weakness.

But hold on…despite this, Dabur's EBITDA (earnings before interest, tax, depreciation, amortisation) margins remain robust. How's that possible?

Well, it looks like Dabur's been aggressively cutting costs to keep its profitability margins intact. And that cost cutting is primarily happening in its advertising efforts—this has fallen from 14% of revenue to a mere 6% in the past decade. On the other hand, its rivals have picked up pace in their advertising.

So Dabur can't keep relying on this strategy forever. It needs to find a way to sell higher priced products. And that's where premiumisation comes in. The simplest example is in the form of Odomos. Earlier this mosquito repellant was sold only as a cream, but then Dabur premiumised it with a spray, a roll-on and even extended it to liquid vaporisers through its e-commerce channel. At the moment, these premium products make up less than 10% of its portfolio, and Dabur's pretty keen to improve on this figure.

So yeah, put all this together and Dabur seems to believe that it has unlocked the holy grail to growth. And over the next 5 years, it has quite an ambitious target—grow the home & personal care, healthcare, and food & beverage business by 14% annually.

But remember, Dabur's only grown sales by 8% annually in the past 5 years. So it's not going to be easy. Now we'll just have to wait and see if Dabur can really rewrite its script as an FMCG company or whether it'll find that its 'boring' brand image isn't that easy to shake off.

By Namratha D V

Update for the day #1963| India is stepping on the 'Bio'gas

Making biogas is quite straightforward. For starters, the raw material you need to create it is available in abundance. We're talking about things like food waste that goes into landfills, sewage waste and even gobar (cow dung). And if you put this together you'll find that in India, we generate 500 million tonnes of farm waste and 70 million tonnes of food waste every year. So there's a lot of it. And all you have to do is dump all this into a machine or plant and let it work its magic. Microorganisms break down the waste through a process called anaerobic digestion. This releases methane and carbon dioxide. The plant will simply take this and convert it into power that can run our homes.

Now if you think about it, Biogas can be quite the miracle fuel. For starters, at a micro level, it could help increase farmer income. See, for one 1 kg of manure, farmers get paid ₹1 at least. Sure, it might not seem like much. But it's not like the manure would've earned them any money otherwise. And if we go by estimates that one animal produces 15 kg of dung a day, that could amount to a decent sum of money.

Also, biogas production yields leftovers. For every tonne of biogas, we're left with 3 tonnes of waste. But, it's actually not a useless waste. The leftover actually contains microorganisms that can be quite helpful to crops. Basically, it's organic fertilizer. That means farmers won't need to spend as much money to buy chemical fertilizers.
So you see how this can be a boon for farmers.

Even at a macro level, the use of biogas can help India save a fair bit of money.
India meanwhile has been using quite a bit of natural gas. We use it for the gas cylinders at home. And as part of our energy grid too. It helps power factories. Also, we have millions of CNG-powered cars plying the roads these days. But to meet this demand, we don't have enough viable natural gas deposits in the country. So we end up relying on imports for 50% of our needs. And

this way, a big chunk of dollars gets used up from our coffers. The latest estimates suggest that if we replace 20% of our natural gas consumption with biogas by 2030, we can shave off a whopping $29 billion from our import bill. Also, if we can wean our farmers away from chemical fertilizers, it could even reduce our fertilizer import cost. We currently import around $12 billion worth of it and it's only going higher.

So yeah, there's quite a bit of cost-savings involved. And not to forget that using biogas is a service to the world. You see, if we simply let all that food waste remain in landfills it can be quite hazardous. The waste releases methane and carbon dioxide out into the world. And let's just say these two gases are quite toxic. They get trapped in the atmosphere and cause global warming. So by reducing the waste in landfills and converting this potential toxicity into useful gas, we're actually making an impact.

To sum up, using biogas can kill multiple birds with one stone—we reduce the waste piling up, we help our farmer community out a bit, we stop using fossil fuels and become greener, and we even manage to save money by reducing import bills. So yeah, you can see why the government is hell-bent on increasing the uptake of biogas in the country. But there's a problem.

See, back in 2018, we'd gotten quite excited about biogas. The government launched a special scheme called Sustainable Alternative Towards Affordable Transportation (SATAT). And they said the goal was to have 5,000 operational biogas plants by 2023. But as of now, only 48 plants have been commissioned.

Now we dug around and found a few hiccups with the biogas dream. Firstly, there's a financing problem. Typically, when a sector is given the 'priority' tag by the RBI, banks rush to lend money. Because they have to meet certain targets. But here, banks have been hesitant. They're not lending money to biogas entrepreneurs quite freely. They don't seem quite convinced about the potential profitability as yet. And you know that access to capital is the lifeblood of any business enterprise.

On the other hand, the demand for gas is in the urban areas. However, transporting the compressed gas from the villages to the cities in specialized containers is costly. So the only way out is to expand the gas distribution pipelines. Make sure it reaches biogas plants. And then, the plants can feed the gas directly into the energy grid. It reduces costs for everyone. So yeah, there's definitely a few things to fix. Maybe that's why the government isn't rushing with the timeline this time. We've got 1.5 years to sort things and we'll just have to wait and see how it plays out now.

By Vinod Kumar R

Update for the day #1964| Moments that defined Charlie Munger

Charlie Munger, the renowned investor, philanthropist, and vice chairman of Berkshire Hathaway, has left an indelible mark on the world of finance and beyond. His life is punctuated by key moments that not only shaped his own journey but also continue to influence generations of investors, business leaders, and thinkers. From his early struggles to his enduring partnership with Warren Buffett, here are some defining moments that illuminate the wisdom and insight of Charlie Munger

Early Years and Education: Charlie Munger was born in Omaha, Nebraska, in 1924. Growing up during the Great Depression, he learned the value of resourcefulness and perseverance from an early age. Munger attended the University of Michigan, where he studied mathematics, and later earned a law degree from Harvard Law School. His multidisciplinary approach to learning would become a hallmark of his investment philosophy.

Partnership with Warren Buffett: One of the most pivotal moments in Munger's life was his introduction to Warren Buffett, the legendary investor. Their partnership, which began in the 1950s, would prove transformative for both men. Munger's rationality and keen analytical mind complemented Buffett's investing prowess, leading to the creation of Berkshire Hathaway as we know it today. Their shared values and commitment to long-term thinking have cemented their legacy as one of the most successful duos in business history.

The Berkshire Hathaway Annual Meetings: Munger's wit and wisdom are on full display every year at the Berkshire Hathaway annual meetings. Dubbed the "Woodstock for Capitalists," these gatherings attract thousands of shareholders and enthusiasts from around the world. Munger's candid insights on investing, business, and life offer invaluable lessons for attendees and viewers alike. His emphasis on rationality, patience, and lifelong learning continues to resonate with audiences of all ages.

The Psychology of Human Misjudgment: Munger is not only a master investor but also a keen observer of human behavior. In a seminal speech delivered at Harvard University in 1995, he outlined 25 cognitive biases that affect decision-making. From confirmation bias to social proof, Munger's framework sheds light on the psychological pitfalls that investors and leaders must navigate. His teachings have had a profound impact on fields ranging from psychology to economics to business strategy.

Philanthropy and Giving Back: Beyond his achievements in finance, Munger is a dedicated philanthropist committed to giving back to society. Alongside Warren Buffett, he has pledged the majority of his wealth to charitable causes through the Giving Pledge. Munger's generosity underscores his belief in the importance of using wealth to create positive change in the world. His philanthropic efforts continue to inspire others to make a difference in their communities

Lifelong Learning and Intellectual Curiosity: At the heart of Munger's success is his insatiable thirst for knowledge and his commitment to lifelong learning. He advocates for a multidisciplinary approach to education, drawing insights from various fields such as psychology, economics, and history. Munger's voracious reading habit and intellectual curiosity serve as a model for aspiring investors and thinkers seeking to expand their horizons

Charlie Munger's life is a testament to the power of rational thinking, lifelong learning, and principled decision-making. His journey from humble beginnings to global influence serves as an inspiration for individuals striving to achieve success with integrity and wisdom. As Munger himself famously remarked, "Spend each day trying to be a little wiser than you were when you woke up." In doing so, we honor the enduring legacy of a remarkable man whose moments have defined an era

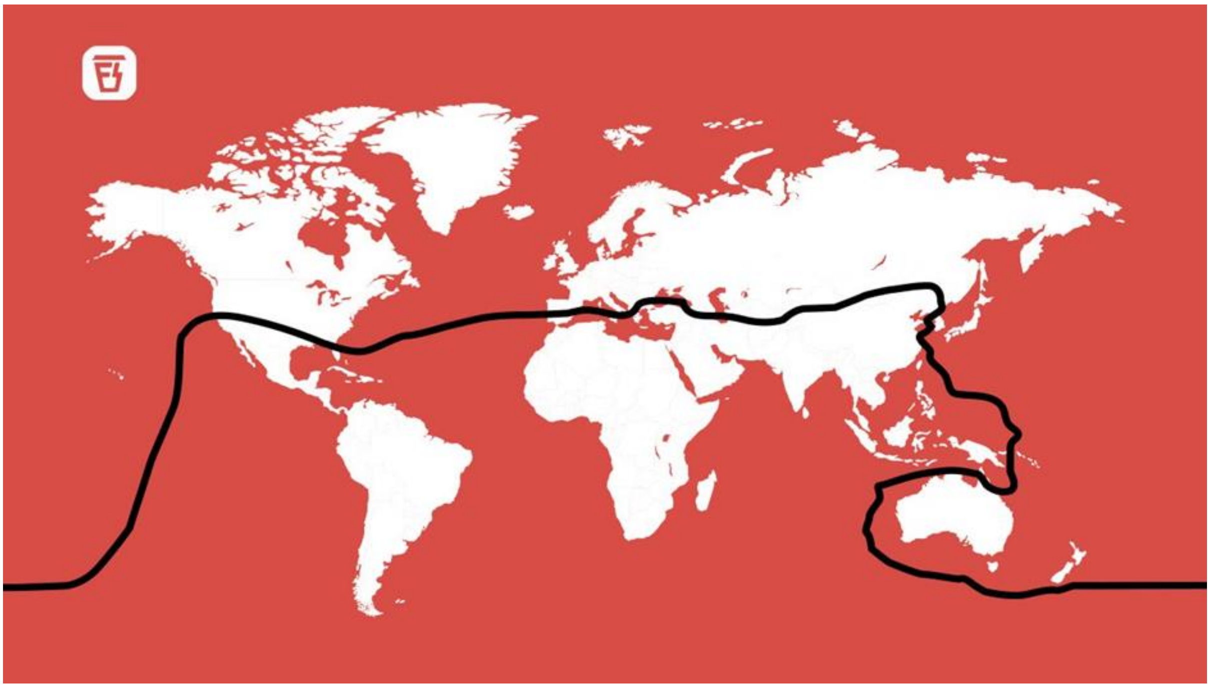
By Jinal Bhatt

Update for the day #1965| What's this Global South and why it is gaining popularity?

Every second headline today seems to have the phrase "Global South".

Here's one in the Hindu Business line : "India's G20 Presidency strove to mainstream the concerns and aspirations of the Global South, says FM Sitharaman"

Time published this few days ago: "The West Is Losing the Global South Over Gaza" And here's another from The Economist from few weeks ago: "Xi Jinping wants to be loved by the global south"



Everyone's talking about the 'Global South' and it will probably end up being the geopolitical phrase of this decade. So why not delve into what exactly this Global South means? And why is the term gaining so much prominence today?

Well, the origin of the term itself comes from quite unexpected quarters. In the 1960s, the US was in war in Vietnam. It wasn't America's war to begin with but they waded in because they were afraid a Communist regime was shaping up in the region. Not just in Vietnam but its neighbours too. Naturally, a lot of Americans weren't pleased with the war. Especially the left-leaning folks. And in 1969, Carl Oglesby, a writer and a political activist, penned a column which gave birth to the term. He wrote, *"the North's dominance over the global South . . . [has] converged . . . to produce an intolerable social order."* He was referring to how certain countries were lording over others to create a world order that suited them.

But who's the North and who's the South?

Let's think about it this way. Take a map and imagine how the world economic order looked like a few decades ago. Where are the richer countries with a higher standard of living? And where are the poorer regions that probably suffer from higher rates of poverty and hunger?

Now try and draw a line trying to divide the countries into the haves and have-nots. You will probably find that your line buckets most of the well-to-do nations in the Northern Hemisphere and the others in the Southern Hemisphere. Well, that's the North-South divide. And we told you to draw a line for a reason. Because that's exactly what a former West German chancellor named Willy Brandt did in the 1980s. He drew a similar line for a report he was writing on international affairs. And it came to be called the Brandt Line.

Of course, you could argue that this was a lazy categorization since relatively poorer Eastern European regions were in the North and countries like Australia and New Zealand were in the South. But the Brandt line was quite curvaceous that way. Take a look at the cover image of the story again. And it was an easy categorisation nonetheless. A simple thumb rule that everyone could understand. So, while Oglesby might've coined it, it's Brandt's Line which brought it into geography books.

But even then, the term didn't immediately catch on. Economic pundits and political commentators weren't using it. The media didn't carry headlines with this phrase either. And that's because, for a long time, there was another phrase to describe the poorer countries—the "Third World". Now initially, there was nothing negative about the Third World. It was just a way to split the world into 3 bits. The First World was the superpower US and its Western Allies. The Second World was the other superpower Soviet Union and its communist friends. And the Third World was simply other nations who didn't want to side with either of these two power blocs. But after the Soviet Union collapsed, people in the West began to use the Third World in quite a derogatory manner. To try and imply that this set of countries suffered from poverty, corrupt governments, and a poor quality of life. Soon, the term began to be considered a pejorative.

So there emerged another phrase—'developing countries'.

This doesn't seem too bad, does it? It simply denoted that they were a group of countries that were striving to reach the next economic strata. And initially, everyone was happy with this term. But then, people began to point out that it created a hierarchy among countries. That this implied one country was better than the others based on some vanity metric.
So, we had to find a new term again. And in the 2010s, the term Global South slowly began to catch on again. And you can see in the chart how the usage of the terms 'Global South,' Third World, 'and 'Developing countries' in English language sources have changed over the past few decades.

So, who's part of this Global South now, you ask?

Well, the first thing to remember is that it isn't really an organisation. It's just a grouping. So, some folks simply look at the members of the G77 to determine who's part of this. It's a coalition of countries at the United Nations which now has 134 members—including India, China, and Nigeria. These are what you'd call the "developing" countries. And this group has taken to calling themselves the Global South.

That's the group that India wooed with its "Voice of Global South" Summit earlier this year too. Now experts say that there are a few reasons why these countries have been joining hands. For starters, there's the colonial hangover. Most of these countries have a shared history of European colonial rule. They've been beaten down in the past. They've been stripped of their resources and reduced to poverty. So, there's a mutual feeling of being oppressed.

And this oppression has continued in some form or another on the international stage too. They haven't been given sufficient representation in international institutions. Whenever they've had to borrow money from international entities, it has come with a long list of strings attached. And this has made them even more vulnerable. For instance, 95% of Nigeria's Revenue go towards repaying all its debt. And many other countries are struggling too.

Then there's the more recent problem of climate change. See, developed countries have gone through their industrialization phase. They've emitted all the harmful gases they could to get ahead in the world. Just look at the data between 1751 & 2017—a whopping 47% of the CO_2 emissions came from the US, EU and the UK. Africa and South America put together only accounted for 6%! But now that it's time for the developing countries to grow faster and increase energy consumption in the process, the West wants to sound the alarm and ask everyone else to reduce emissions.

Also, when the pandemic ravaged the world, the rich countries were busy providing booster doses for their citizens even as the WHO urged them to give priority to countries which didn't even have access to the vaccines. It created an even bigger sense of inequality. And most recently, look at the war in Ukraine. The West pledged $170 billion in aid to Ukraine in the first year of the year. This was almost as much as the entire global aid package in 2021. So, it simply created a situation in which the poorer countries were led to believe that rich countries would donate but only if it was in their interest.

Slowly, these countries have become tired of toeing the line of the West. They banded together to stand up for themselves against the Western hegemony. Just look at how India recently pushed for the introduction of the African Union into the G20 league. They're pushing for a seat at the table. And they've wholeheartedly embraced the 'Global South' terminology to signify that. Because as former Chilean Ambassador Jorge Hein wrote: "…whereas the terms "Third World" and "underdeveloped" convey images of economic powerlessness, that isn't true of the "Global South." Now we just have to wait and see how this Global South can further push their economic and trade agenda on the world stage.

By Soundarya S Kadambi

Update for the day #1966| About Cloud Laptop

Reliance Jio plans 'cloud' laptop in bid to reduce ownership costs.

After telecom, Reliance Jio has set its sights on disrupting the PC market. It plans to launch a cloud PC laptop soon for around Rs 15,000, which will drastically cut the ownership cost. The Mukesh-Ambani-owned company is in talks with top manufacturers, such as HP, Acer, Lenovo, etc to bring the laptop to the India market in a few months.

A senior official at India's telecom market leader told ET the laptop will be a "dumb terminal" with all the storage and processing on the Jio cloud, which will help slash the cost of ownership from roughly Rs 50,000 at present while allowing users to access all the services at a fast speed.

People familiar with the matter said trials are ongoing on HP chromebook for the proposed cloud PC. Jio plans to offer a monthly subscription for the cloud PC, pricing for which will be finalised later. For those, who don't want to buy a new device, the cloud PC software can be installed on any desktop or even a smart TV to access computing features.

"The cost of a laptop depends on its hardware like memory, processing power, chipset etc. The greater capacity of these hardware increases costs as well as battery power. What we are doing is, we are stripping all this and the whole processing of the laptop will happen at the back end in the Jio cloud," the official said.

This is the second time that Jio is coming out with a laptop. In July this year, the company had launched 4G-powered JioBook for Rs 16,499. The laptop was based on the JioOS operating system, but the new cloud PC is expected to run on other operating systems including windows.

"We will give a laptop of HP for Rs15,000 with the Jio cloud. You have a dumb terminal, you use it like a normal laptop but all your memory, processing etc, which is adding to the cost, is stored in the cloud. The same laptop can be used by multiple people with personalised services," said the official.

As part of the monthly subscription, many services will come bundled with it while more specialised features can be purchased at an additional price. "The cost of licensing can be lower as the same PC can be used by multiple people of a family with their personalised logins, instead of having two-three devices," another official said.

Jio is aiming to have a big presence in the digital services market as the opportunity is huge, especially in the hybrid kind of workplaces. Many companies these days offer work from home, and they want a secure environment for its data assets. Jio is looking to provide digital services which offer the same level of security, even when an employee is working out of home.

The company is first trying to provide ubiquitous connectivity to all the people and after that, it will start offering digital services, which will bring incremental revenue. Jio believes that there is a huge opportunity in increasing broadband penetration in India.

While there are 330 million homes in India, there are only 35 million wired broadband subscribers. TV has reached 200 million homes, and the company is seeing an opportunity to provide its AirFiber services to them.

"These kinds of services will become the main force going forward. Connectivity is only a bottom layer for us. Jio's model is not about connectivity. Jio's model is about digital services," said the official.

By Harshini M

Update for the day #1967| About Chhath Puja

Meaning: The word "Chhath" means sixth in Nepali, Maithili, and Bhojpuri languages. This festival is celebrated on the 6th day of the month of Kartikeya of the Hindu Luni-Solar Bikram Sambat calendar and that's why the name is Chhath Puja. This word is a Prakrit descent from the Sanskrit word "Sashti" and this festival is the longest and the most important festival of Hindus after the Navratri. It lasts for 4 days.

History: Some say that Chhath Puja is the oldest festival that may even precede the Ancient Vedas as the Rigveda contains hymns of worshipping the Sun and some similar rituals as followed in this festival. These rituals also have a mention in the Mahabharata where Draupadi is portrayed performing similar rituals. On the advice of astute Dhaumya, the rituals of Chhath were followed by the Pandavas and Draupadi. This worshipping of the Sun solved many problems of Draupadi and later helped the Pandavas to regain their kingdom. The scientific or yogic history of this festival dates back to the Vedic times when the scholars or rishis of yore used this technique to remain without food as they used to absorb energy from the rays of the sun. This was known as Chhath Method. Some ancient also suggest that Lord Rama and Sita kept fast and offered puja to the sun in the Kartika month during the Shukla Paksha during their coronation after returning from the exile.

Current Time: In the present time, Chhath is celebrated mostly in India and Nepal. The states of Bihar, Jharkhand, and Uttar Pradesh in India and the Madhesh region of Nepal generally celebrate this festival with great enthusiasm. This festival is dedicated to the Sun and his younger wife Usha as an acknowledgment for the life on earth. So, there is no idol worship at all! Some Muslim people also celebrate Chhath. As there is no idol worship so there is no use of plastic, color, metals, etc. in constructing an idol & later immersing those idols on nearby water bodies that leads to pollution. That's why this festival is regarded as the most eco-friendly Hindu festival by the environmentalists.

4 Day Rituals: The rituals of the festival are arduous and are observed over a period of four days. The rituals are: holy bathing, fasting and abstaining from drinking water called Vratta, standing in water for long periods of time, and offering Prasad (prayer offerings) and Arghya to the setting and rising sun. Some followers also perform a prostration march as they head for the river banks.
Chhathi Maiya: Along with the Sun, the Goddess who is worshipped during this Chhath Puja is known as Chhathi Maiya. Chhathi Maiya is also known as Usha in the Vedas and she is believed to be the beloved younger wife of Surya, the sun god. In Mithilanchal region she is also worshipped under the name of "RANA MAI".

Significance Of Chhath Puja: Now apart from the religious significance of thanking the Sun for providing us a good life, there is some science too attached to the rituals of this festivals. The rituals demand to pray at the river bank or standing at the river bank for long hours and there is an explanation to it. The ultraviolet rays of the sun are at their lowest during sunrise and sunset and that's why the sun rays are most beneficial at these two times. These sun rays then help in detoxifying the mind, body, and soul by removing all negative energies.

Places of Chhath Celebration: As said earlier, this festival is ornately celebrated among people of Bihar, Jharkhand, Uttar Pradesh, and Madhesh region of India and Nepal respectively. But people who shifted their base from these regions to elsewhere have also not stopped celebrating Chhath. So, one can see Chhath celebration in Northern, Southern, and Central urban centers in India too. Madhya Pradesh, Uttarakhand, Chhattisgarh, Rajasthan, Bengaluru, etc. also celebrate Chhath. Similarly, people of Indian or Nepalese origin residing in Mauritius, United States of America, Fiji, United Kingdom, South Africa, Republic of Ireland, Trinidad and Tobago, Suriname, Jamaica, Guyana, other parts of the Caribbean, Australia, New Zealand, Malaysia, Macau, Japan, and Indonesia also celebrate Chhath Puja with dedication.

No Idol Worship: This is the only Hindu festival or perhaps the only festival in the world that signifies the rising and the setting Sun. The most unique feature of this Chhath Puja is that there is no Murti Pujan or Idol Worshipping unlike most of the festivals of the Hindu religion. Some people simply opine that Sun is necessary for the life of possibly every creature on the earth and this festival is a way to pay tribute to it irrespective of caste, creed, gender, race, and social stigmas.

By Rajbalam

Update for the day #1968| Indian Named the Chair of International Sugar Organisation for 2024

India, the largest consumer, and the second-largest producer of sugar worldwide, has achieved a significant milestone by being named the Chair of the International Sugar Organisation (ISO) for the year 2024. This announcement was made during the 63rd council meeting of the ISO held in London, marking India's ascendancy in the global sugar sector.

Commitment to Sustainable Practices:
Sanjeev Chopra, Secretary (Food), Government of India, conveyed India's commitment to leading sustainable practices in sugarcane cultivation, sugar, and ethanol production. The focus is on maximizing the utilization of by-products, underlining India's dedication to environmentally conscious strategies in the sugar industry.

Global Influence and Market Leadership:
With a remarkable 15% share in global sugar consumption and contributing 20% to global sugar production, India's influence on global sugar trends is undeniable. As the largest consumer and second-largest producer, India emerges as an ideal candidate to lead the ISO, which comprises around 90 member countries.

Key Player in Eastern Hemisphere:
While Brazil holds sway in the Western Hemisphere, India, positioned as the market leader in the Eastern Hemisphere, plays a pivotal role in shaping the global sugar market.

Commitment to Green Energy and Ethanol Production:
India's ascent to the third-largest country in the world in ethanol production highlights its commitment to green energy. The country has significantly increased ethanol blending, reaching 12% in the financial year 2022-23, aligning with efforts to reduce dependence on fossil fuel imports and meet COP 26 targets. Ethanol production has surged from 173 crore litres to over 500 crore litres during the same period.

Resilience During the Pandemic:
The Indian sugar industry showcased resilience and adaptability during the COVID-19 pandemic. Operating mills during lockdowns and contributing to the country's demand for hand sanitizers, the industry demonstrated its robustness.

Fair Practices and Farmer Well-being:
India has become the payer of the highest cane price to its farmers while maintaining efficiency, profitability, and self-sufficiency without relying on government financial assistance. The sugar industry's synergy with the government has resulted in historic lows in cane dues pendency, reflecting the industry's commitment to prioritizing the well-being of farmers.

Consumer-Centric Approach:
India has set a benchmark in keeping domestic sugar retail prices consistent and stable, limiting the increase to just 5%, despite a global surge of about 40% in one year. This consumer-centric approach has positioned India as a responsible player in the global sugar market.

International Collaboration and Knowledge Sharing:
On the technical front, the National Sugar Institute in Kanpur has extended collaboration with several countries, including Indonesia, Nigeria, Egypt, and Fiji. This initiative aims to share the latest technologies and best practices in the sugar sector, showcasing India's commitment to fostering international cooperation.

By Tushar U

Update for the day #1969| Wildlife Conservation: An initiative by World Wildlife Fund

In an era marked by rapid urbanization, climate change, and biodiversity loss, the need for wildlife conservation has never been more urgent. The World Wide Fund for Nature (WWF), a leading global conservation organization, stands at the forefront of efforts to protect and preserve the planet's most vulnerable species and ecosystems. Through science-based initiatives, community engagement, and policy advocacy, WWF is working tirelessly to ensure a sustainable future for wildlife and humanity alike.

The Importance of Wildlife Conservation: Wildlife conservation is not just about saving charismatic species like tigers, elephants, and pandas; it's about maintaining the delicate balance of ecosystems upon which all life depends. From pollinating plants to purifying water, wildlife plays a critical role in sustaining the health and resilience of the planet.

However, human activities such as habitat destruction, poaching, and climate change are placing unprecedented pressure on wildlife populations worldwide. Without concerted action, many species face the threat of extinction within our lifetime.

WWF's Approach to Conservation: At the heart of WWF's conservation efforts lies a commitment to science, collaboration, and innovation. By leveraging cutting-edge research and technology, WWF is able to identify key threats to wildlife and develop evidence-based strategies for their protection.

Whether it's establishing protected areas, implementing anti-poaching measures, or promoting sustainable land use practices, WWF works hand in hand with local communities, governments, and businesses to find solutions that benefit both people and nature.

Community Engagement and Empowerment: Central to WWF's conservation model is the recognition that local communities are essential stewards of the environment. Through partnerships with indigenous peoples and rural communities, WWF seeks to empower individuals to manage their natural resources sustainably while preserving their cultural heritage. By providing training, resources, and alternative livelihood opportunities, WWF helps communities become active participants in conservation efforts, fostering a sense of ownership and pride in their natural heritage

Policy Advocacy and Systemic Change: While grassroots action is crucial, systemic change also requires influencing policy at the national and international levels. WWF engages with governments, businesses, and multilateral institutions to advocate for laws and policies that protect wildlife and promote sustainable development.

Whether it's advocating for stronger wildlife trafficking laws, supporting renewable energy initiatives, or combating illegal fishing, WWF uses its expertise and influence to drive positive change on a global scale

The Role of Individuals: While organizations like WWF play a vital role in wildlife conservation, individuals also have a part to play in safeguarding nature. Whether it's reducing your carbon footprint, supporting sustainable products, or advocating for conservation policies, every action counts. By raising awareness, mobilizing communities, and demanding action from decision-makers, individuals can contribute to a brighter future for wildlife and the planet.

By Sadhana V Raghavan

Update for the day #1970| Uco Bank fiasco: ₹820 Cr Worth of Erroneous Transactions

Kolkata-based public sector lender UCO Bank reported erroneous credit of Rs 820 crore to account holders of the bank via Immediate Payment Service (IMPS).'

Last week, Two Rajasthan cities Jaipur and Jodhpur are at the centre of a suspected technology glitch at UCO Bank that almost cost Rs 820 crore to the state-run lender.

Some customers in these cities found that when they tried to transfer funds using the Immediate Payment Service (IMPS) from their IDFC First Bank savings accounts to Uco Bank, the amount got credited into the Uco Bank account without getting debited at IDFC First, according to the preliminary findings by Uco Bank. The first such erroneous transaction was noted on November 10.

The news became viral and in the next three days, the glitch was exploited by many account holders.

UCO Bank MD and CEO Ashani Kumar elaborated on the issue, saying that when a sender initiated a transaction, they received the erroneous message "transaction declined" owing to a glitch. While the money was withdrawn from the sender's account, it was deposited twice — once in the recipient's account and once in the sender's

The bank has frozen the accounts that were incorrectly credited with funds. Kumar claims that UCO has also notified all remitting banks. "The good point is that despite festivals, we could recover most of the money," he added. On Thursday, UCO Bank's stock fell 1% to Rs. 39.4.
The credit to the Uco Bank accounts happened despite the system generating "failed" transaction reports, the transactions observed by the bank were due to internal technical issues as a result of which certain account holders of our bank have received some erroneous credits via IMPS.
Realising the glitch, Uco Bank took its IMPS channel offline, even after saying that there was no issue on the platform. It blocked the recipients' accounts and recovered Rs 649 crore, or 79% of the amount wrongly credited.

The top management is closely monitoring the matter. There are some preliminary findings. But it is still to be ascertained on whether it happened due to a human error or system failure. The Central Bureau of Investigation is looking into the matter, a senior bank official said.

IMPS is a payment mechanism for instant money transfers, facilitated by National Payment Corporation of India. A bank customer can transfer funds instantly through IMPS using online or mobile banking. The bank blocked the recipients' accounts and has been able to recover Rs 649 crore out of Rs 820 crore — about 79% of the amount.

The finance ministry has asked state-owned banks to review systems and processes related to their digital operation in view of the recent UCO Bank incident. According to sources, the banks have been advised to check their cybersecurity robustness and take measures to strengthen them.

Banks should keep a tight vigil, and there should be readiness for future cyber threats, sources said.

The finance ministry and RBI have been sensitizing banks on this aspect at regular intervals amid the growing digitisation in the financial sector.

By Gaurav Y

Update for the day #1971 | Succession: Exploring the many theories behind Sam Altman's OpenAI Exit

Before we explain the many theories on why the founder of OpenAI, Sam Altman was fired a few days back, we want to give you some context. OpenAI is an artificial intelligence research laboratory responsible for building and developing advanced language models. Led by Sam Altman, they have been responsible for building products like ChatGPT—an AI assistant that can write your poems, spell check your social media posts, and explain complicated science topics in simple words. You've probably heard of them by now already. So we won't bore you with needless details.

Anyway, 3 days ago, OpenAI's board of directors (chief scientist and co-founder Ilya Sutskever, Quora CEO Adam D'Angelo, technology entrepreneur Tasha McCauley, and Helen Toner an expert in AI policy and global AI strategy research) decided to fire its founder and CEO Sam Altman in the most spectacular fashion, surprising industry observers and outsiders alike. It was a bolt out of the blue and it may have changed the AI landscape overnight. Since then there have been many theories forwarded to explain the bizarre move and we will look at some of these ideas and see if they hold any merit.

Theory: This is a coup—an attempt by the board to secure control of a trillion-dollar economic enterprise.

There's no denying it. This was a calculated move. And the OpenAI board kept pretty much everyone in the dark until the day of the firing. Microsoft, OpenAI's most influential shareholder and a company that has committed over $13 billion to OpenAI was not informed of the decision until just before the public announcement. Greg Brockman, the company's co-founder and former president, who was also fired from the board, was intimated about the move just before it happened. Employees and key management personnel were made aware of the decision after the firing. So in many ways, this was orchestrated by a select few without broad consensus from key stakeholders and employees.

This has led many people to believe that this a classic coup—an attempt by the chief scientist and co-founder Ilya Sutskever to wrest control from Sam Altman. They argue that he convinced the three independent directors to get rid of Sam in a bid to become the most influential voice at OpenAI. This gives him control of what could potentially be the most important economic enterprise of the 21st century.

Finshots' take: While it is true that the board was tight-lipped about its decision, this theory leaves out one key detail. OpenAI started off as a charity. A not-for-profit company. As it scaled, however, it transitioned to a capped-profit company. Meaning, investors and employees will only be able to participate in profits up to a defined limit. Also, the 3 independent directors at OpenAI hold no equity and it's unclear if Ilya Sutskever holds a sizeable stake in the company. So even though it may have been a coup, it's unlikely that this was motivated by financial gain. It could have been motivated by influence or ego, but it's unlikely that it's money. Here is the organizational structure of OpenAI.

Theory: Sam Altman was fired because of a massive privacy scare that threatened to put the whole company at risk

On November 10, 2023, a security expert discussed a serious security flaw inside OpenAI's most popular product, ChatGPT. A few days later, Sam Altman said the company was pausing new signups for ChatGPT Plus due to overwhelming demand. And then, 3 days later he was fired rather unceremoniously by the board.

At first glance, all three events seem disparate. However, on closer examination, you begin to see a connection. A serious security exposé could put the company's entire reputation at risk. These security flaws usually crop up when entrepreneurs throw all caution to the wind—something Sam Altman has been accused of multiple times. So perhaps pausing new signups was a tacit admission that he had gone too far with ChatGPT. Perhaps there was a massive security risk precipitating on the horizon. This could explain why the board decided to fire Sam Altman without going into the details.

Finshots' Take: It's unlikely there's any merit in this allegation since an internal memo from OpenAI seems to indicate that "the board's decision was not made in response to malfeasance or anything related" to their financial, business, safety, or security/privacy practices. The memo also reiterated the fact that Sam was fired due to a breakdown in communication between him and the board. Nothing more. Nothing less.

Theory: OpenAI has achieved AGI (or Artificial General Intelligence) and the board ousted Sam to protect humanity from a Terminator-like future. A future where AI-powered robots destroy the world

In a recent tech summit that brings global CEOs, entrepreneurs and other thought leaders with the most senior political leaders, from the Asia Pacific, Sam Altman spoke at length about how AI could unlock significant economic opportunity. And he said something interesting during the course of the discussion that caught the attention of several people. In this video, at about 13:26, you can hear him say *"On a personal note, like four times now in the history of OpenAI, the most recent time was just in the last couple of weeks, I've gotten to be in the room when we pushed the veil of ignorance back"*

In simple words he's saying, we've had 4 massive breakthroughs at OpenAI. And the most recent one was just a couple of weeks back. So the theory goes that OpenAI is now at the cusp of achieving AGI—an AI system that is generally smarter than humans. This discovery has prompted board members to quickly reconfigure the team to steer this powerful new beast (AGI) in a direction that benefits humanity (as opposed to destroying it). And the board felt Sam Altman and his reckless pursuits could be detrimental to humans if he were driving the company at this pivotal moment. So they fired him and got someone else on board who is more measured in their approach.

This also explains why OpenAI has gone ahead and replaced Sam with a new CEO Emmett Shear—the founder and former CEO of Twitch (a live video streaming platform). While he is a technologist much like Sam, he differs in his approach towards AI as illustrated in a tweet he put out a few months back. Responding to another tweet about pausing AI research, he said *"I'm in favour of a slowdown. We can't learn how to build a safe AI without experimenting, and we can't experiment* *without progress, but we probably shouldn't be barreling ahead at max speed either."* This stands in stark contrast to Sam's approach, who's taken OpenAI from an obscure upstart to a household name in just a few years.

Finshots' Take: There is likely some truth here. It's possible that Ilya (the chief scientist and a board member who is believed to have played a key role in ousting Sam) thinks we need to build a safe AGI as opposed to simply achieving AGI. And the board's vague statement could hint at a possible difference in vision i.e. how to take OpenAI forward. However, we don't think OpenAI is close to achieving AGI anytime soon and the idea that they have already achieved AGI is likely baseless.

Theory: This was Microsoft's play. They are running everything from the shadows. And this was a bid to take control of OpenAI

After Sam's firing, Microsoft's Satya Nadella put out a statement seemingly in support of OpenAI's decision. He said that they had a long-term partnership with OpenAI and they were committed to it fully. The next day he tweeted about the cricket World Cup, much to the dismay of everyone following this topsy-turvy saga. But then yesterday, he put out a tweet reaffirming their commitment to the new leadership team at OpenAI with one small addition— *"[Also] we're extremely excited to share the news that Sam Altman and Greg Brockman, together with colleagues, will be joining Microsoft to lead a new advanced AI research team. We look forward to moving quickly to provide them with the resources needed for their success."*

In other words, Microsoft will now hire Sam Altman and Greg Brockman (the two founders of OpenAI) and a good chunk of his team at OpenAI so that they can now build AI solutions with infinite resources at the company's disposal.

This has prompted some to speculate that this was all Microsoft's doing. That they had planned it all along.

Finshots' take: While it is true that Sam Altman, Greg Brockman and other key figures at OpenAI may be moving to Microsoft, it is unlikely that Satya Nadella had planned all this out. As we already pointed out, they were blissfully unaware of Sam's exit until it happened. And they were likely figuring out the best course of action to protect their $13 billion investment in OpenAI. Getting Sam onboard while also reaffirming their partnership with OpenAI achieves both objectives. They can now focus on commercializing AI with some of the best talents on the planet, while also amicably dealing with the fallout at OpenAI. It truly is a Satya Nadella masterstroke, but it's unlikely this was preplanned.

Since then, several OpenAI employees have vowed to exit the firm and follow Sam Altman, leaving the company in tatters. But just when you thought everything was over, Ilya

Sutskever tweeted this - *"I deeply regret my participation in the board's actions. I never intended to harm OpenAI. I love everything we've built together and I will do everything I can to reunite the company."* In other words, he's saying, *"Look, I am sorry everyone is leaving. This was a mistake on my part. Please come back."* Ilya is the guy who is believed to have triggered all of this by the way. And that's not all. Sam Altman even quoted that tweet and replied with "♡♡♡". Has he forgiven Ilya? Will he return to OpenAI and ditch the Microsoft partnership.
We don't know.

However, soon enough, Kara Swisher, an American journalist posted a letter allegedly signed by 505 of 700 OpenAI employees asking the board to resign. Here's the full letter if you want to read it. If you don't have the patience to read everything, look at the last signatory on the letter.

IT'S ILYA!!!!!!!
He is asking for his own resignation.
Bonkers!!!!
In any case, this is still a developing story. But hopefully, this summary gives you an idea of what's happening at one of the most important companies in the world.

By Nishika Nayan Shah

Update for the day #1972| Navigating the Esports Realm: A Strategic Guide for Non-Endemic Brands

In the rapidly evolving landscape of video gaming and esports, Deloitte Germany's experts Stefan Ludwig, Kim Lachmann, Jakob Papen Brock, and Tobias Meyer present a comprehensive report aimed at guiding non-endemic brands through the intricacies of this dynamic industry. The document serves as a strategic roadmap, providing a detailed success checklist for companies seeking to establish a foothold in the thriving esports ecosystem.

The report begins by illuminating the global surge in video gaming audiences, acting as a magnetic force for external companies. It emphasizes the potential for significant returns for those who can successfully connect with a younger, highly educated, and affluent audience, characteristics that define the gaming demographic. However, it also underscores the risks inherent in this venture.

Diving into the motivations of non-endemic brands entering the esports arena, the report notes a spectrum of engagements, ranging from classic advertising and sponsoring to creative content generation, product partnerships, and even equity investments in endemic brands. It highlights the diverse strategies adopted by mainstream soft drink companies, luxury car manufacturers, and computer firms, all seeking to tap into the lucrative market presented by the esports fan base.

To guide non-endemic brands in their foray into esports, Deloitte introduces a checklist that emphasizes the importance of authenticity, sincerity, and creativity in engagements. The report underlines the necessity for a genuine commitment to the gaming community, recognizing that success in this space is contingent on building a strong relationship with the young, open-minded audience.

The distinction between video gaming and esports is explored, emphasizing their intertwined value chains. The report clarifies that while video gaming involves active consumption of any game, esports represents professional video gaming with a focus on competitive play. It delves into the role of video game-related streaming, which bridges the gap between active gaming and passive esports consumption, facilitating the promotion of both.

The value creation and delivery phases are elucidated, shedding light on the significant contributions of esports organizations in organizing official competitions, creating additional value through content creation by streamers and influencers, and delivering content on broadcasting platforms. Brands are encouraged to leverage sponsorship to engage with specific game titles during streams and esports events.

A projection into the industry's future reveals a potential drop in revenue in 2024, attributed to a post-lockdown decline after two exceptional years of increased gaming activity. However, the industry is expected to rebound, reaching a projected worth of $211 billion by 2025. The esports sector alone is anticipated to generate over $1.38 billion in 2022, driven by advertising, co-streaming rights, and sponsorship. Deloitte's esports stakeholder survey, conducted through online interviews with 53 company representatives from 15 countries, provides valuable insights. Esports teams and league/event stakeholders are shown to be diversifying their revenue sources, with a significant portion derived from core esports activities like sponsorship sales and prize money, as well as adjacent areas such as content creation and influencer marketing.

Understanding the market potential is identified as a crucial step, with a focus on the size and engagement of the audience. The report underscores the remarkable reach of video gaming, esports, and game-related streaming among the global population, emphasizing the need for brands to comprehend the dynamics of active video game consumption and the growing awareness of esports. Crafting a tailor-made approach is emphasized, recognizing the diversity within the esports audience, which skews towards males and households with above-average net incomes. The overlap between video gaming and esports consumers is explored, revealing that restricting activities to one sub-sector would exclude a significant portion of the addressable market.

The differentiation between video gaming genres is examined, with Battle Royale and First-Person Shooters identified as holding significant activation potential for non-endemic companies due to their global accessibility and popularity. The report also notes regional variations in genre preferences and highlights the importance of understanding the changing preferences with increasing consumption intensity.Setting realistic objectives is deemed as critical as adequate positioning in the sector. Non-endemic companies are advised to have a realistic understanding of their expected return on investment, considering the long-term commitment and potential business risks associated with establishing a permanent presence in the sector.

As the esports audience evolves from considering video gaming and esports as mere entertainment to adopting them as a lifestyle, the report envisions the creation of business models extending beyond sector borders. Cross-industry products and service offerings are gaining relevance, driven by the potential to unlock additional revenue streams. Stakeholders are urged to leverage brand power and existing capabilities to create cross-sector products, such as TV shows featuring video game characters and esports-branded fashion.

Exploring sector trends driving partnerships with non-endemic companies, the report identifies six developments involving an interplay between esports and non-endemic stakeholders. Among these, the potential for mutual benefit from the interaction between the music and entertainment sectors and video gaming and esports is highlighted. The natural proximity between the products and a substantial target group overlap is identified as a driving force for collaboration.The esports audience is positioned as a sought-after target group in end-customer marketing and the 'war for talent' in the labour market.

By Akhilesh Mandavilli

Update for the day #1973| What went wrong at Dhanlaxmi Bank?

Running a bank is simple, right? You raise deposits. You mobilize funds. You lend some money out and you keep the interest. And as long as you keep doling out money to creditworthy individuals who pay you back in time, you'll be good as gold.

You just need to keep repeating this simple maxim. Seems easy enough, no?

Well, tell that to the shareholders of 95-year-old Kerala-based Dhanlaxmi Bank. The bank's share price has crashed by 93% since 2010. It's almost a penny stock now (below ₹10). Meaning if you has invested ₹1 lakh back in 2010, you would be left with a paltry sum of ₹7,000 now.
And last week, the shareholders had enough.

They think that the CEO is spending money willy-nilly when the bank is already in dire straits. So they revolted. They now want to restrict his spending power. So if he wants to open new branches, that won't be possible. If he wants to upgrade the IT systems, that's a no go too. He can only pay staff salaries and he can't do much else.
That's harsh!

Now here's the thing…this isn't the first time shareholders have revolted at Dhanlaxmi Bank. And it probably won't be the last. But to understand what's going on, we have to understand the legacy bank's history.

Since its inception in the 1920s, Dhanlaxmi Bank followed the basic principles of banking. Raise deposits. Lend money. Pocket the interest. And it did this quite well. It focused on building relationships with small businesses. It built up its retail book slowly and steadily. It stuck to its area of competence and didn't experiment all that much.

But times change and the bank didn't want to be left behind. It wanted to change its image—from a sleepy old legacy bank to a nimble gazelle. It wanted to be tech-savvy. It wanted a pan-India presence.

And **in 2008**, Amitabh Chaturvedi came on board to usher in a new era for the regional bank. He was someone who'd risen through the ranks at ICICI Bank and then at Reliance Capital. Everyone believed he could bring private sector aggression into Dhanlaxmi.
It worked.
In just 3 years, the bank's loan book grew from ₹2,500 crores to ₹10,100 crores. Its deposits surged from ₹3,400 crores to ₹13,800 crores. It opened 66 new branches across the country. And its employee strength tripled.

Chaturvedi also did this by staying in the good books of the Trade Union. He raised salary levels, gave jobs to the employees' children, and he even offered to relocate the Keralites working in other metros. Things were looking up.

Oh, he actually changed the name of the bank—from Dhanalakshmi to Dhanlaxmi. Don't ask why!

But all this came at a cost. And the cracks began to appear soon after. Expenses were rising out of line. Income began lagging behind. The old guard began retiring and new employees weren't allowed to join the employees' union.

3 years into his tenure, tensions flared up again. In October 2011, the employees' union said that the top management was window-dressing the accounts. That they were finding novel ways to show profits. That they were recognising income that they didn't receive upfront, while staggering expenses over a period of time.

The RBI got involved and began an investigation. After all, the **capital adequacy ratio**—a figure that tells you about the kind of money available to cushion against future losses, fell from 14.44% in 2009 to 10.81% in 2011. The bank was pursuing its expansionary goals too quickly by spreading itself too thin.

The Bank's board stopped backing Chaturvedi. They wanted him to cease the wanton expansion and cut back on lending. And he did. Soon, income dried up, while the costs remained elevated. Chaturvedi really had no option but to quit the bank.

And by **August 2012**, its auditor Walker Chandiok and Co. threw its hands in the air and resigned too. Something to do with financial irregularities.

Things were so bad that **in 2015**, the RBI stepped in. The regulator placed the bank under something called the Prompt Corrective Action (PCA) framework.
Being put on this list is usually bad news. Sure, the objective is to ensure that the bank protects its capital and does not go bust. But it also means restrictions on lending out money. You know, the very things that pad the coffers.

And it took nearly 4 years for the bank to get its financial act together and become a free bird again.

By Bhumika Pareek

Update for the day #1974| What is the courier scam that banks have warned about?

Indians are Losing Lakhs in New Fraud: What is Courier Scam and How to Stay Safe

A new scam is on the rise this year fraudsters have been duping people of lakhs of rupees while posing as customs officials across metro cities. In this new method, called courier scam, the imposters posing as police officials or NCRB agents contact people accusing them of engaging in illicit activities related to sending and receiving parcels containing drugs or other banned substances.

Then the scamsters convince the victims that they will be contacted by police personnel and the entire racket of money extortion begins to settle the false complaint against the victims. The courier scam has been targeting people between 35 to 50 and there have been hundreds of cases reported to the police this year.

How Does the Scam Work?

Courier scammers claim to be customs officials and contact their targets over the phone. They mention a parcel booked in their name and claim that it contained narcotic drugs or some other banned substances.

Then they would impersonate an official from a police station to talk to them about possible arrest. The victim, who has already been frightened, tries to 'settle' the false case by offering money to avoid arrest, which is transferred to the scamsters.

The scammers use psychological tactics during calls to distress the victims and extract personal identification and bank details. They ask the victim to give their Aadhaar and other identification details apart from the bank information, thus duping money from people.

In other cases, it also begins with a missed call. When the person returns the call, it is transferred to an automated voice message informing that they have reached the helpline of a courier company like Fedex or Blue Dart. Then the other person on the phone pretending to be a Mumbai police officer claiming illegal drugs have been found in a parcel sent to their address. The scamster then blackmails the person into making a payment.

A Bengaluru resident was duped recently of Rs 1.52 crore after he fell prey to the courier scam. Debashish Das, 66, received a phone call on November 10 from a person who claimed to be a FedEx employee named Kartikeya.

The employee then informed Das that a case had been registered against him in Mumbai because a courier sent in his name to Taiwan was found to contain six credit cards, expired passports, and even 950g of MDMA drugs.

Das was told to get in touch with the Andheri cybercrime police station in Mumbai on a Skype call. Then a fake police officer, Pradeep Sawant, told him that bank accounts in his name were found to be involved in illegal activity close after which the scamsters managed to get all the victim's money, including his fixed deposits, worth Rs 1.52 crore transferred to their account.

Courier Scam on Rise.

Amid the rise in such cases of courier scam, banks and police have warned people to be aware of such fraud calls. As many as 250 cases involving fake courier fraud have already been reported in Bengaluru this year, according to The Indian Express. The Bengaluru police has said that the investigation of these cases along with three other types of common cyber fraud Aadhaar Enabled Payment Services fraud, WhatsApp sextortion and online job fraud would be prioritised for investigations.

The Pune city cyber cell has reported seven cases related to 'courier scam' in 2023. In Chennai, at least 30 people have been victim of the fraud in past one month.

How to Stay Safe?

Not providing any One Time Password (OTP), Aadhaar number, bank account information, or any other sensitive data. Beware of unknown callers and people impersonating bank, police or any other officials.

Never call back on unknown or suspicious contacts.

Rechecking or verifying the caller through official sources before providing any details.
Avoid clicking on suspicious links received as text or on WhatsApp. Don't act in haste. It's always better to take your time, gather information and consult with trusted individuals before making any transactions.

You can report the cybercrime complaint number- 155260 or you can file a complaint on cybercrime.gov.in

By Rakshith R Ammati

Update for the day #1975| Kozhikode Earns Prestigious UNESCO Title as India's First 'City of Literature'

In a momentous achievement on World Cities Day, celebrated on October 31st, the picturesque city of Kozhikode, nestled in the southern Indian state of Kerala, has been bestowed with the esteemed title of 'City of Literature' by UNESCO. This accolade not only places Kozhikode on the global map but also marks a significant milestone as it becomes the first city in India to be honored with this distinction.

The UNESCO Creative Cities Network, a global platform recognizing cities for their dedication to fostering culture and creativity within their development strategies, welcomed Kozhikode alongside Gwalior in Madhya Pradesh, which was recognized as a 'City of Music'.

With this inclusion, the network now comprises 350 creative cities across more than 100 countries, spanning seven creative fields including Crafts and Folk Art, Design, Film, Gastronomy, Literature, Media Arts, and Music.

Kozhikode's journey towards becoming the City of Literature traces back to 2022 when the Kerala Institute of Local Administration first proposed the idea. Swift action by the Kozhikode Corporation, in collaboration with the University of Prague in the Czech Republic, paved the way for meticulous preparation. Drawing inspiration from Prague, the inaugural City of Literature, Kozhikode navigated through the rigorous application process with determination.

Central to Kozhikode's success story is Ludmila Kolouchova, a dedicated research student from the University of Prague, whose comparative study between Kozhikode and Prague highlighted the former's rich literary heritage.

With over 500 libraries and 70 publishers, Kozhikode demonstrated a robust foundation, laying the groundwork for its application.

Moreover, Kozhikode's vibrant literary scene, bolstered by annual events like the Kerala Literature Festival and various book fairs, reinforced its candidacy. Meeting the stringent criteria set by UNESCO, including the presence of literary institutions, the ability to host diverse literary events, and excellence in literary education, Kozhikode emerged as a deserving recipient of the prestigious recognition.

Looking ahead, Kozhikode, along with Gwalior, is poised to participate in the UCCN annual conference scheduled in Braga, Portugal, from July 1 to 5, 2024. Themed 'Bringing youth to the table for the next decade,' the conference underscores the pivotal role of youth in shaping the future of creative cities. For Kozhikode, this presents an invaluable opportunity to share its experiences, exchange ideas, and contribute to the global creative discourse.

In conclusion, Kozhikode's designation as India's first City of Literature not only celebrates its rich literary heritage but also underscores its commitment to nurturing culture and creativity. As it embarks on this new chapter, Kozhikode stands as a beacon of inspiration for cities worldwide, demonstrating the transformative power of literature in shaping vibrant and inclusive communities.

By Raki Saha

Update for the day #1976| Google plans to invest in Indian AI Startup Co Rover – Bharat GPT

Artificial intelligence has become an integral part of our lives, revolutionizing various industries and sectors. From virtual assistants to self-driving cars, AI has made significant strides in recent years. With the rapid advancements in artificial intelligence (AI), tech giants like Google are constantly on the lookout for promising startups in the field. One such startup that has recently caught Google's attention is CoRover AI, the maker of India's own OpenAI's ChatGPT – BharatGPT.

In a move to strengthen its AI capabilities, Google is considering investing a whopping $4 million in this Indian AI startup. This investment is not just a financial boost for the company but also a nod to the potential of localized AI solutions in a diverse market like India.

The Investment Buzz
The news of Google's potential investment has sent ripples across the tech community. CoRover, an AI startup, has been making waves with its conversational AI platform, BharatGPT. This platform is tailored to understand and respond in multiple Indian languages, a feature that sets it apart in a country with linguistic diversity. Google's interest in CoRover underscores the tech titan's strategy to tap into local AI innovations that resonate with regional users.

BharatGPT: India's Answer to OpenAI's ChatGPT
BharatGPT supports more than 12 Indian languages and over 120 foreign languages, making it more than a chatbot; it's a cultural bridge. The ability to converse in several Indian languages represents a leap towards inclusive technology. This AI platform's design caters to a vast segment of the Indian population underserved by global AI giants. Google's investment could propel BharatGPT to new heights, making it a household name. Similar to OpenAI's ChatGPT, BharatGPT aims for a more natural and interactive conversational experience.

The Strategic Significance
Google's proposed investment is not merely about the financial infusion. It's a strategic move that could open doors to collaborations and integrations with Google's suite of products and services. For CoRover, this means access to a wealth of resources and expertise that can accelerate its growth. For Google, it's an opportunity to deepen its roots in the Indian market, which is ripe for digital transformation.

The Future of AI in India
India has emerged as a hub for AI innovation, with several startups making waves in the global AI landscape. Google's investment in CoRover AI further strengthens India's position as a key player in the AI industry. It not only provides a boost to CoRover AI but also inspires other Indian startups to push the boundaries of AI technology.

Google's decision to invest in CoRover's BharatGPT is a testament to the global tech community's recognition of India's AI potential. It's a partnership that could redefine the AI landscape in India, making technology more accessible and relevant to millions. As we watch this space, it's clear that the future of AI in India is not just bright; it's multilingual and inclusive.

By Deepali S Jain

Update for the day #1977| SEBI wants to make ‘insider' trading easier?

If you’re a top executive at a listed company, you almost always possess UPSI! Or Unpublished Price Sensitive Information.

For instance, you know when a merger discussion is underway. You know if the company is going to set up a new factory to increase capacity. You know if the sales haven’t been great during a quarter. And this information is exclusive to you. The public isn't aware of this in real-time.

It's called UPSI because when such information becomes public, it can impact the share price. Investors will assess what the news means for the company’s profitability and future. And then they’ll act on it. They’ll trade the stock and it can push the share price higher or lower.

So SEBI has rules in place to ensure that executives like you don’t indulge in ‘insider trading’. That you don’t buy or sell stock in the company if you possess what could be construed as UPSI.
That sounds fair, no? After all, no one should have an undue advantage over other investors and make profits just by virtue of one’s position.

Now here’s the thing. As a top executive, there’s also a high chance that a big chunk of your compensation is in the form of company stock. It’s a way for the company to align incentives—to ensure that your financial fortune is linked to the company’s success. If you take the company to greater heights, more investors will flock to the company, the share price will rise, and everyone wins.

But if you’re always in possession of the UPSI we mentioned, how on earth will you actually sell your stock?

Your financial planner might have told you to use your cash salary for daily needs and retirement planning and they might have asked you to sell your stock at regular intervals in order to fund your lavish holidays. But if the rules say that you can’t sell stock if you’re in possession of UPSI—which can be a perpetual affair—your holiday planning goes for a toss. Now you could still sell the stock and then try to convince SEBI that you didn’t have any other option or that the information you had wasn’t really UPSI, but that’s a cumbersome process. And SEBI could still find you guilty of insider trading at the end of the day. It’s a risky endeavour.
So, SEBI offers some leeway.

And it’s through something called a Trading Plan.

Think of it as an automated selling plan. Say you have 120 shares in your account on the 1st of January. You could create a Trading Plan and tell your company that you will sell 10 shares on the fifth day of every month. And you’ll do this over the next year. Like clockwork.

And because it’s predetermined, SEBI can’t accuse you of insider trading. Ever.

But here’s the thing, the rules can be quite rigid. For instance, imagine a war breaks out in some other part of the world and the markets crash. Ideally, you’d want to hold on to your stock and not sell at a loss. But just because of the automated trading plan, you might be in a bind. You're forced to sell just to avoid scrutiny later.

That doesn't seem fair does, it? And it appears that executives haven't been too pleased with the Target Plan either.

So SEBI's trying to rework the rules now. Make it a tad bit easier for insiders to sell.
For instance, one suggestion is to work within a price limit that's set in advance. Let's assume that the stock price is ₹100 on the day you set up your Target Plan. Now you could tell your broker to hit the pause button if the price is lower by 10% on the day the trade is to be executed. That way, you can wait and protect yourself from a loss. And SEBI's working group has proposed a price band within +/-20% to solve this problem.

Another problem with the Trading Plan is that it involves a blackout period. By that, we mean that top executives aren't allowed to buy or sell stock a few days before a company announces its quarterly earnings. It's a prohibited time. And that's because the regulator believes that there's a high chance that insiders will have private and exclusive information, particularly during this period.

Now you have to ask, if there's an automated selling plan in place, what's the need for a blackout period?

Think about it this way. Assume that the company decides to announce the results for the January-March quarter on the 7th of May. As an executive, you know the profits have been subdued. And as a consequence, investors will sell and drive the price down. Your Trading Plan mandates that you sell on the 5th. So you get lucky and manage to sell a chunk of stock before the price drops.

Doesn't seem fair, no? But the reverse of this can also happen. The results might've been fabulous. But before it was announced, the plan forced you to sell. So you missed out on a possible gain you might've made had you waited. So yeah, over multiple periods, these things should average out.

And it seems like that's how the SEBI working group is thinking too. So they want to do away with these blackout periods for Trading Plans.

Then there was a problem with the minimum duration of a Trading Plan too. Currently, these plans have to run for a minimum period of 12 months. So you can't wake up one day and say, "I'm feeling spontaneous. I want to buy a holiday home in 6 months. So let me set up a Trading Plan to sell my stock before that." Your holiday home would have to wait for at least a year.

Actually it would have to wait for 18 months because once you propose a Trading Plan, there would be a cool-off period of 6 months. It's only after this period that the first sale can be executed.

18 months seems like an awful amount of time to just sell shares, doesn't it?
But now, SEBI proposes to cut this down drastically. It wants to keep the cool-off period to 4 months. And cut down the minimum duration to just 2 months. So this way, you could actually buy that holiday home in 6 months!

So yeah, if SEBI decides to remove these handcuffs and make the tweaks to its rules, it could make 'insider' selling much more easier to execute.

By Manoj Kumar Y N

Update for the day #1978| Anime Ascendant: The Rising Influence in India

Anime fans will agree that the genre is an emotion. For the uninitiated, anime is a form of Japanese entertainment wherein hand-drawn characters are animated in a story. And a lot of Indian millennials may have grown up watching it in the form of Pokemon, Beyblade, Shinchan or even Doraemon later on despite anime not having a big marketing push from the entertainment industry.

The global anime market size was estimated at USD 28.61 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 9.8% from 2023 to 2030. Japan accounted for the largest revenue share of over 42% in 2022 and is expected to continue its dominance from 2023 to 2030. Japan is known as the hub for animation studios as it has over 600 animation studios, with more than 500 anime studios in Tokyo alone. Manga, or Japanese comic novels, are also gaining a lot of traction and inspiring young and creative people to pursue careers in this industry, which is expected to drive the market's growth further across the region.

The Asia Pacific region accounted for a significant revenue share of over 25% in 2022 and is expected to continue the same trend from 2023 to 2030. This is attributed to the growing popularity of anime content among young individuals in China and India. Also, the preference for developing in-house anime content in China is propelling anime market growth in the region.

In recent years, India has witnessed a remarkable surge in the popularity of anime, captivating the hearts and minds of a diverse audience. The once niche subculture has transformed into a mainstream entertainment powerhouse, paving the way for a booming market. This article delves into the factors contributing to the exponential growth of anime in India and examines the various dimensions of this cultural phenomenon.

Now Crunchyroll wants to change that. Crunchyroll is an entertainment company and a joint venture between Sony Pictures Entertainment in the US and Aniplex in Japan. And it intends to strengthen its roots in the Indian entertainment space. Recently it onboarded celebrity Tiger Shroff to promote the anime brand here simply because it sees an opportunity among the growing young anime community or Otakus (a Japanese word used to describe people interested in anime and manga).

The India anime market is projected to exhibit a growth rate (CAGR) of 13.30% during 2023-2028. The increasing availability of anime content, the proliferation of smartphones and social media platforms, growth of localized animation industry, collaborations among Indian and Japanese anime studios, and the rise in merchandise sales represent some of the key factors driving the market.

You see, anime appeals to both teenagers and adults. According to a JetSynthesys survey, 83% of Indians prefer anime over other animated content options. And that could be because viewers connect with strong narratives that anime builds around themes like friendship, racism and even loss. Besides, it also helps them understand Japanese food and culture better. And there's more proof of India's growing anime interest. In 2019, anime fans petitioned to bring the anime movie culture to India via the Indian Anime Movement. They succeeded and 'Weathering With You' was released in India raking in an opening box office collection of ₹66 lakhs — the biggest ever for a non-English foreign language film. The movie ran at an overall occupancy rate upwards of 90%. Merchandise like figurines and apparel too are witnessing great growth numbers. For instance, Wizplex an online figurine store even saw a near 100% YoY growth between 2020 and 2022 for its Banpresto line of anime figurines produced by Bandai Namco, Japan. And this is the space that Crunchyroll wants a piece of too.

The market growth of anime in India reflects a cultural shift in entertainment preferences. As the audience continues to embrace the diverse narratives and artistic styles that anime offers, the industry is poised for sustained expansion. The collaborative efforts, community engagement, and increased accessibility through digital platforms have laid a solid foundation for the continued success of anime in the Indian market. As the anime wave continues to swell, it brings with it a vibrant tapestry of storytelling that transcends borders and captivates the imagination of a new generation of Indian viewers.

P. S.: Just don't call it 'cartoon'.

By Mohith G

Update for the day #1979| Decoding India's 7.6% GDP

At first glance, the headline 7.6% GDP growth is spectacular. We've surpassed all expectations. And there's ample reason to celebrate. Especially since the rest of the world is struggling a tad bit.

But there's a lot hiding behind the data. So, let's look at the GDP growth figure in a little more detail.
Now the first thing you'll notice is that the Manufacturing sector has grown by a whopping 13.9%! This segment primarily consists of factory activity. It involves folks that make apparel and textiles, petroleum products, office machinery and a whole host of other similar stuff. So, when you see manufacturing picking up, it's a happy moment. You believe that the factories are running at full tilt because the demand for goods is soaring and they're producing what's needed.

This growth has surpassed all expectations and has been a primary driver in pushing the country's GDP. However, it's important to look at the 13.9% figure with some added context. If you look closely, you'll see that the manufacturing sector actually sputtered during the same period last year. It fell by -3.8% and lost value. As T N Ninan from Business Standard pointed out, that means today's manufacturing growth looks good because it's come on the back of a low base.

Or put another way, say during July to September of 2021, the value of manufacturing activity was 100. During the same period next year, it fell by 3.8% to 96.2. Now while the the sector has grown by 13.8% during the next year, the overall value is still only 109.5. Basically, manufacturing has indeed grown in the last couple of years, but perhaps the headline number doesn't capture all the details.

We can also look at another metric known as the Index of Industrial Production or IIP to get a better understanding. It calculates the value of manufacturing activity too. This is what we call a high-frequency indicator since it's released monthly. And it kind of reveals the same thing. There's increased activity when compared to last year, however, manufacturing companies haven't been producing as much stuff in the last few months.

Should we be concerned?

Well, it's hard to say for sure. Because factories will only feel emboldened to produce more goods if there's demand from people like you and me. We need to open our purse strings and spend at the end of the day. So, the question is—what's happening on the expenditure side? Are people spending or are they cautious?

Well, let's look at another number. The government calculates something called the 'Private Final Consumption Expenditure' during the GDP exercise. Think of this as the money that people like you and me actually spend in the economy. And this has grown by 3.5% over the past year. That's still growth. However, this comes with a caveat. If you've been reading Fin shots, you'll remember that we've written a couple of stories about the rise of unsecured personal loans in the country (here and here). People have been borrowing money to spend.

So, some experts believe that the growth in private expenditure could be attributed to the loans. And now that the RBI is trying to turn the tap off on these loans, could consumption actually take a tumble? We hope not.

The other thing here is that the agriculture sector hasn't contributed to the GDP growth a lot. If you look at the GDP data, you'll see that it has grown only by 1.2% in the past year. That could be a dampener for rural income. In fact, if you listen to what FMCG companies such as Britannia and Marico have to say, they're all concerned about a slowdown in the rural segment.

And here's the crux of the problem - Consumption drives 60% of the value of our GDP. And if this engine isn't firing as expected, it will eventually be a drag on growth. The only way out then is for the government to spend money instead. Try and keep building stuff like roads and bridges in the hope that it will create jobs and people will spend money. But you and I know that it's not a long-term solution. The government might need to resort to borrowing money to fulfil this obligation. At some point, that will have to end. So, we need both household and private sector spending to do some of the heavy lifting too.

So yeah, in a nutshell—India is growing. But there are some hurdles along the way. And if we can iron that out, we could keep this momentum going. And hopefully, we'll get to the mark of being a $5 trillion economy sooner rather than later.

By Darshan N

Update for the day #1980| How Did Christmas Start?

The middle of winter has long been a time of celebration around the world. Centuries before the arrival of the man called Jesus, early Europeans celebrated light and birth in the darkest days of winter. Many peoples rejoiced during the winter solstice, when the worst of the winter was behind them and they could look forward to longer days and extended hours of sunlight.

In Scandinavia, the Norse celebrated Yule from December 21, the winter solstice, through January. In recognition of the return of the sun, fathers and sons would bring home large logs, which they would set on fire. The people would feast until the log burned out, which could take as many as 12 days. The Norse believed that each spark from the fire represented a new pig or calf that would be born during the coming year.

The end of December was a perfect time for celebration in most areas of Europe. At that time of year, most cattle were slaughtered so they would not have to be fed during the winter. For many, it was the only time of year when they had a supply of fresh meat. In addition, most wine and beer made during the year was finally fermented and ready for drinking.

In Germany, people honored the pagan god Oden during the mid-winter holiday. Germans were terrified of Oden, as they believed he made nocturnal flights through the sky to observe his people, and then decide who would prosper or perish. Because of his presence, many people chose to stay inside.

Saturnalia and Christmas

In Rome, where winters were not as harsh as those in the far north, Saturnalia—a holiday in honor of Saturn, the god of agriculture—was celebrated. Beginning in the week leading up to the winter solstice and continuing for a full month, Saturnalia was a hedonistic time, when food and drink were plentiful and the normal Roman social order was turned upside down. For a month, enslaved people were given temporary freedom and treated as equals. Business and schools were closed so that everyone could participate in the holiday's festivities.

Also around the time of the winter solstice, Romans observed Juvenalia, a feast honoring the children of Rome. In addition, members of the upper classes often celebrated the birthday of Mithra, the god of the unconquerable sun, on December 25. It was believed that Mithra, an infant god, was born of a rock. For some Romans, Mithra's birthday was the most sacred day of the year.

Is Christmas Really the Day Jesus Was Born?

In the early years of Christianity, Easter was the main holiday; the birth of Jesus was not celebrated. In the fourth century, church officials decided to institute the birth of Jesus as a holiday. Unfortunately, the Bible does not mention date for his birth (a fact Puritans later pointed out in order to deny the legitimacy of the celebration).

Although some evidence suggests that his birth may have occurred in the spring (why would shepherds be herding in the middle of winter?), Pope Julius I chose December 25. It is commonly believed that the church chose this date in an effort to adopt and absorb the traditions of the pagan Saturnalia festival. First called the Feast of the Nativity, the custom spread to Egypt by 432 and to England by the end of the sixth century.

By holding Christmas at the same time as traditional winter solstice festivals, church leaders increased the chances that Christmas would be popularly embraced, but gave up the ability to dictate how it was celebrated. By the Middle Ages, Christianity had, for the most part, replaced pagan religion.

On Christmas, believers attended church, then celebrated raucously in a drunken, carnival-like atmosphere similar to today's Mardi Gras. Each year, a beggar or student would be crowned the "lord of misrule" and eager celebrants played the part of his subjects. The poor would go to the houses of the rich and demand their best food and drink. If owners failed to comply, their visitors would most likely terrorize them with mischief. Christmas became the time of year when the upper classes could repay their real or imagined "debt" to society by entertaining less fortunate citizens.
When Christmas Was Cancelled

In the early 17th century, a wave of religious reform changed the way Christmas was celebrated in Europe. When Oliver Cromwell and his Puritan forces took over England in 1645, they vowed to rid England of decadence and, as part of their effort, cancelled Christmas. By popular demand, Charles II was restored to the throne and, with him, came the return of the popular holiday.

The pilgrims, English separatists that came to America in 1620, were even more orthodox in their Puritan beliefs than Cromwell. As a result, Christmas was not a holiday in early America. From 1659 to 1681, the celebration of Christmas was actually outlawed in Boston. Anyone exhibiting the Christmas spirit was fined five shillings. By contrast, in the Jamestown settlement, Captain John Smith reported that Christmas was enjoyed by all and passed without incident.

After the American Revolution, English customs fell out of favor, including Christmas. In fact, Christmas wasn't declared a federal holiday until June 26, 1870.

Washington Irving Reinvents Christmas in America

It wasn't until the 19th century that Americans began to embrace Christmas. Americans re-invented Christmas, and changed it from a raucous carnival holiday into a family-centered day of peace and nostalgia. But what about the 1800s piqued American interest in the holiday?

The early 19th century was a period of class conflict and turmoil. During this time, unemployment was high and gang rioting by the disenchanted classes often occurred during the Christmas season. In 1828, the New York city council instituted the city's first police force in response to a Christmas riot. This catalyzed certain members of the upper classes to begin to change the way Christmas was celebrated in America.

In 1819, best-selling author Washington Irving wrote *The Sketchbook of Geoffrey Crayon, gent.*, a series of stories about the celebration of Christmas in an English manor house. The sketches feature a squire who invited the peasants into his home for the holiday. In contrast to the problems faced in American society, the two groups mingled effortlessly. In Irving's mind, Christmas should be a peaceful, warm-hearted holiday bringing groups together across lines of wealth or social status.

Irving's fictitious celebrants enjoyed "ancient customs," including the crowning of a Lord of Misrule. Irving's book, however, was not based on any holiday celebration he had attended—in fact, many historians say that Irving's account actually "invented" tradition by implying that it described the true customs of the season.

'A Christmas Carol'

Also around this time, English author Charles Dickens created the classic holiday tale, *A Christmas Carol*. The story's message-the importance of charity and good will towards all humankind-struck a powerful chord in the United States and England and showed members of Victorian society the benefits of celebrating the holiday.

The family was also becoming less disciplined and more sensitive to the emotional needs of children during the early 1800s. Christmas provided families with a day when they could lavish attention-and gifts-on their children without appearing to "spoil" them.

As Americans began to embrace Christmas as a perfect family holiday, old customs were unearthed. People looked toward recent immigrants and Catholic and Episcopalian churches to see how the day should be celebrated. In the next 100 years, Americans built a Christmas tradition all their own that included pieces of many other customs, including decorating trees, sending holiday cards and gift-giving.

Although most families quickly bought into the idea that they were celebrating Christmas how it had been done for centuries, Americans had really re-invented a holiday to fill the cultural needs of a growing nation.

Who Invented Santa Claus?

The legend of Santa Claus can be traced back to a monk named St. Nicholas who was born in Turkey around A. D. 280. St. Nicholas gave away all of his inherited wealth and traveled the countryside helping the poor and sick, becoming known as the protector of children and sailors.

St. Nicholas first entered American popular culture in the late 18th century in New York, when Dutch families gathered to honor the anniversary of the death of "Sint Nikolaas" (Dutch for Saint Nicholas), or "Sinter Klaas" for short. "Santa Claus" draws his name from this abbreviation.

In 1822, Episcopal minister Clement Clarke Moore wrote a Christmas poem called "An Account of a Visit from St. Nicholas," more popularly known today by it's first line: "'Twas The Night Before Christmas." The poem depicted Santa Claus as a jolly man who flies from home to home on a sled driven by reindeer to deliver toys.

The iconic version of Santa Claus as a jolly man in red with a white beard and a sack of toys was immortalized in 1881, when political cartoonist Thomas Nast drew on Moore's poem to create the image of Old Saint Nick we know today.

Christmas Facts

- Each year, 25-30 million real Christmas trees are sold in the United States alone. There are about 15,000 Christmas tree farms in the United States, and trees usually grow for between four and 15 years before they are sold.

- In the Middle Ages, Christmas celebrations were rowdy and raucous—a lot like today's Mardi Gras parties.
- When Christmas was cancelled: From 1659 to 1681, the celebration of Christmas was outlawed in Boston, and law-breakers were fined five shillings.
- Christmas was declared a federal holiday in the United States on June 26, 1870.
- The first eggnog made in the United States was consumed in Captain John Smith's 1607 Jamestown settlement.
- Poinsettia plants are named after Joel R. Poinsett, an American minister to Mexico, who brought the red-and-green plant from Mexico to America in 1828.
- The Salvation Army has been sending Santa Claus-clad donation collectors into the streets since the 1890s.
- Rudolph, "the most famous reindeer of all," was the product of Robert L. May's imagination in 1939. The copywriter wrote a poem about the reindeer to help lure customers into the Montgomery Ward department store.
- Construction workers started the Rockefeller Center Christmas tree tradition in 1931.

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