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Foreword

We, the team at SURESH & CO., are delighted to present the latest edition of "EMERGING THOUGHTS." This publication serves as a compilation of global events and innovative ideas crafted by our dedicated articled assistants—individuals on their journey to becoming Chartered Accountants, as well as our esteemed employees.

Staying abreast of global history, news, and ongoing events is crucial in today's dynamic world. Awareness of the latest developments, whether local or international, is essential as they can have a direct or indirect impact on our lives. The positive response from our readers has been truly heartening, marking a continuous journey of milestones where every learning opportunity has illuminated our path with the essence of knowledge.

At SURESH & CO., we foster an environment where every individual is encouraged to embrace boldness in the pursuit of innovation and wisdom. Our team members are empowered to think beyond their perceived limits, leading to the purification of their thoughts, an enrichment of their vision, and the exploration of realms beyond their academic focus.

In this edition, we share the initial gems of thought conceived by these young minds. It's important to note that these updates may not have undergone a review by senior or technical experts. Therefore, readers are urged to view them as sparks that ignite positive reflections. We advise further research and analysis on topics of interest to ensure a comprehensive understanding.

Thank you for being part of this journey with us. Let the "EMERGING THOUGHTS" inspire and stimulate your intellect as we collectively explore the boundless horizons of knowledge and innovation.

"A thinker sees his own actions as experiments and questions--as attempts to find out something. Success and failure are for him answers above all." — Friedrich Nietzsche

"Seven Steps to Success
1) Make a commitment to grow daily.
2) Value the process more than events.
3) Don't wait for inspiration.
4) Be willing to sacrifice pleasure for opportunity.
5) Dream big.
6) Plan your priorities.
7) Give up to go up.".
— John C. Maxwell

Update for the day #2041 | RBI says clampdown on Paytm Payments

The Reserve Bank of India's (RBI) clampdown on Paytm Payments Bank's business was a result of persistent non-compliance of the regulator's norms, a central bank official said on Thursday. The regulatory actions were taken after giving the firm sufficient time to comply, RBI deputy governor Swaminathan J said at a press conference following the central bank's monetary policy review.

The RBI last week ordered Paytm Payments Bank to stop accepting new deposits in its accounts or popular digital wallets beginning March, citing supervisory concerns and non-compliance with rules. "Sufficient time is given to non-compliant entities but action is taken when bilateral talks don't yield action," RBI governor Shaktikanta Das said at the same briefing.

"When such constructive engagement does not work or when the regulated entity doesn't take effective action, we go for imposing supervisory or business restrictions," Das said. In the context of the Paytm order, Das added that the central bank will issue clarifications as needed next week. "Suitable steps" will be taken to ensure that customer inconvenience, if any, is minimized, Swaminathan said. He did not specify what steps the central bank plans to take. Paytm shares extended their slide to 10% on the National Stock Exchange after the deputy governor's comments. The shares were last trading down about 9%.

By Bhuvana S Bharadwaj

Update for the day #2042 | Zoho, Juspay, Decentro Secure RBI Payment Aggregator Approval

Zoho, Juspay, Decentro Secure RBI Payment Aggregator Approval

The Reserve Bank of India has granted final authorization for three more companies – Juspay, Decentro, and Zoho – to operate as payment aggregators in India. This approval allows these companies to provide payment services to online merchants by accepting payments from customers.

Juspay, Decentro, and Zoho join Stripe, Zomato, and Tata Pay, who received approval in January 2023. Major fintech players like Razorpay and Cashfree received the license in 2022. This makes a total of 8 companies so far that have secured the coveted payments aggregator license from the RBI.

The Importance of a Payments Aggregator License:

A payments aggregator license allows companies to offer payment services to online businesses and e-commerce companies. As payment aggregators, these companies can accept payments from customers on behalf of merchants and pool the funds before transferring them to merchants after a set period.

Stringent Eligibility Criteria:

The RBI has set stringent eligibility criteria for the payment's aggregator license. The regulator has taken a cautious approach in granting these licenses.
Some applications have been returned because companies failed to meet all criteria. Instamojo, Paytm Payments Services, and Freecharge had their applications sent back and were asked to stop onboarding new merchants. Decentro, Juspay, and Zoho's offerings: Decentro allows neo-banks, marketplaces, and fintechs to integrate banking solutions through its APIs. Juspay operates as a full-stack payment gateway supporting cards, wallets, and UPI payments. Zoho is one of the few enterprise SaaS companies to gain a payments aggregator license, giving it a strong position in business software and payments.

Still Awaiting Approval:

Some other prominent players still await final approval. Pine Labs, Infibeam, PhonePe, and Easebuzz have received in-principle nods but are yet to get full authorization. Applications for Cred and PayU continue to be processed as of February 2024. The RBI is carefully vetting each applicant to ensure they can meet all regulatory requirements before granting a license

By Tushar U

Update for the day #2043 | A new regulator for nutraceuticals?

The Indian nutraceuticals market was valued at about $4 billion in 2020. But it could jump by 20% every year and burgeon into an $18 billion industry by 2025! For the uninitiated, a nutraceutical is a dietary supplement that contains bioactive agents from plants or herbs that are supposed to promote wellness. Confused? Well, we're talking about those melatonin gummies you pop for a good night's sleep, the biotin pills that claim to improve your beard and hair, the protein powders, the immunity boosters and the period pain busters.

They come in fun packs whose labels say that they're made from natural ingredients like fruit and herb extracts or some extra vitamins that help supplement your diet. Basically, stuff you don't need to worry about before consuming. And some surveys indicate that over 70% of Indian households consume these dietary supplements.

So how did Indians fall in love with nutraceuticals? For starters, over 40% of Indian adults lead a sedentary lifestyle. This means that they're physically inactive for long hours owing to busy work schedules. And that could translate into hormonal imbalances in the body. Besides, working long hours also means not being able to eat a balanced diet. So that could cause vitamin or nutrition deficiencies which we try to make up using other means.

Some nutritionists believe that the food we eat today isn't as nutritious as it used to be. For instance, the quality of Vitamin C in tomatoes today may not be the same as it was 30 years ago. That's because fertilizer overuse, contamination or over cultivation may have poisoned the soil over the years, inhibiting its ability to provide enough nourishment to the food we grow. And maybe that has nudged some of us to turn to supplements.

Then there was the biggie — the pandemic. COVID-19 brought people closer to proactive healthcare. There was a new-found interest in health, wellness and disease prevention. People like you and me began reading up about nutraceuticals on social media and other places on the internet. Their ingredients weren't as hard to understand as pharmaceutical labels.

Also, a renewed push to revive our traditional Ayurvedic medicines during this time meant that the wellness industry also capitalized on this. They simply had to promote 'natural' products and it would fly off the shelves. Products like Chyavanprash became super popular again.

By Aman Jain

Update for the day #2044 | Slice of Shark Tank India

Learn from Failure: Embrace failure as a catalyst for growth rather than a roadblock. Shark Tank India demonstrates how rejection fuels determination and provides invaluable lessons for refining business strategies. Shark Tank India vividly illustrates how rejection can serve as a powerful motivator, fueling determination, and providing invaluable lessons for refining business strategies.

1. Follow Your Passion: Passion is not merely a sentiment but a driving force behind successful pitches. Entrepreneurs who convey genuine enthusiasm for their products or services establish trust with investors and foster strong connections with customers. Cultivating and harnessing passion not only fuels entrepreneurial endeavors but also sustains motivation amid challenges and uncertainties.

2. Master Your Presentation: Effective storytelling enhances the impact of product pitches. Entrepreneurs who skillfully weave their offerings into compelling narratives leave a lasting impression on investors, demonstrating preparation, and respect for their audience's time. By storytelling abilities and refining presentation techniques, entrepreneurs can effectively communicate their value proposition and differentiate themselves in a crowded marketplace.

3. Protect Your Ideas: Safeguarding intellectual property rights is paramount in today's competitive landscape. Entrepreneurs must prioritize patents, trademarks, and copyrights to mitigate legal risks and deter potential infringement, thereby securing investor confidence. Shark Tank India underscores the significance of protecting ideas and innovations, as investors seek assurance regarding the security and exclusivity of intellectual property assets

4. Understand Your Finances: Financial acumen is essential for sustainable business growth. Entrepreneurs who prioritize data-driven decision-making and risk management strategies are better equipped to navigate challenges, identify opportunities, and drive long-term success. Shark Tank India emphasizes the importance of understanding finances, as investors scrutinize the financial viability and scalability of ventures before committing capital.

By Suhan Bammigatti

Update for the day #2045 | Tata Motors is now the most valuable car maker in India!

Tata Motors is now the most valuable car maker in India!

Yup, the company has snatched the crown from Maruti Suzuki after a nearly 20% jump in its stock price over the past month.

Now we won't debate if the stock market is being silly. After all, Maruti does have over a 40% market share in passenger vehicles while Tata Motors has just 15%. But rather, we will try and break down why there is excitement over Tata Motors today.

If you ask most people for an answer, they'll claim that it's because of Tata's fabulous fleet of new models—Punch, Nexon, Harrier and the like. Or maybe they'll tell you that it's because no one does electric vehicles (EVs) like Tata.

And that's all true.

But what if we told you that there's another reason? A British reason. We're talking about Jaguar Land Rover. Up, the JLR division accounts for nearly 70% of Tata Motors' revenues. And their cars are finally making the cash register at Tata go ka-ching!

We say finally because this wasn't always the case. In fact, if you dive into the news archives, you'll find a common headline since 2018—a call asking Tata Motors to get rid of the British 'loss-making subsidiary'.

So how did JLR finally turn things around, you ask?

Well, let's take it from the top.

In 2008, a financial crisis struck the world. A recession was looming large and companies were struggling. In the UK, JLR was on its last legs. That's when Tata Motors saw an opportunity. They'd done the groundwork in America and the UK and found that the dealers of JLR's cars believed in the brand despite a few bad years.

And that was a sign for Tata to go ahead with the acquisition. They cobbled up money through loans and struck a deal to buy the iconic brand. For a whopping $2.3 billion in cash.

You can imagine that investors weren't very pleased because almost immediately, Tata Motors went from a profit to a loss.

But Tata was determined to bring back the glory days at JLR.

So, they began selling their non-core investments to drum up cash. They sold more equity shares to raise money that could be used for JLR's comeback. They hired top executives from BMW to steer the wheel. And Tata also slashed the workforce at JLR over the next 2 years—from 27,000 staff to around 16,000.

Those were some classic business moves.

And when the market picked up post the recession, JLR was ready to capitalize on it. The next few years were bonkers for the company. The sales and cash flows soared. And as one automobile journalism outlet put it, "[Their] Annual profits were the envy of the industry." Profit margins jumped into the double digits too.

Looks like Tata's call to buy out the beleaguered entity was proving correct, eh?

Okay. If things were looking so good, where did it go wrong again, you ask?

Well, most people will point to a perfect storm of external problems that began in 2016.

First, there was the Volkswagen emission scandal. The German carmaker said it had lied about how much pollution their diesel cars really caused. And suddenly, the European Union (EU) decided to get strict with the rules. It introduced higher taxes for diesel variants. And since JLR sold almost diesel cars exclusively, it was a big blow to the company.

Then came Brexit! You know, when the UK decided that it didn't want to be part of the EU anymore.

And since JLR was a British company which imported a lot of components from the region, new tariffs and trade barriers meant it would be a problem. Also, JLR owed a lot of money to these suppliers. And when the Pound crashed, it meant that they suddenly had to shell out more money than they anticipated.

But what most people don't talk about are the internal follies of JLR.

For instance, during the good times, the management decided to expand quickly. They pumped in another billion Dollars to develop more cars and set up more factories. One of which was in China. It was a ploy to reduce the high import duties through local manufacturing. But it chose the joint venture route which proved foolhardy—no one monitored product quality. And customer complaints soared. Soon enough, Chinese customers didn't want a JLR car anymore and sales dropped precipitously in its key market.

Another problem was that JLR used too many 'platforms' for their cars. Think of a platform as a basic engineering base for a car. While its rivals had started using one platform to develop many cars, JLR stuck to the tradition of using multiple platforms. That added to costs and didn't help the company innovate either.

And as per some analysts, JLR's biggest mistake was to create their own range of engines too. They ditched the old ones from Ford and set out on a new path. Naturally, you'd imagine they spent a lot of money on this endeavor too.

So yeah, these internal issues added up. And JLR began hemorrhaging money again.

Something drastic had to be done. And it looks like JLR finally followed the counsel of automotive experts who had been screaming—Trim the fat!

See, JLR's 'One Metric That Matters' was sales. All the expansion they embarked on was because they wanted to sell 1 million cars annually!

But they realized that it was a bad one.

So, management scrapped it and went in the opposite direction. JLR would build and sell fewer cars. But they would sell the cars at higher prices.

But you can't just raise prices willy-nilly, no?

So JLR decided to simply double down on the cars that actually made it more money—the Range Rover and its Sport version, and Defender. These were the ones catering to the luxury market. And we know that despite all the economic strife in the world, the rich have continued splurging like there's no tomorrow.

Alongside this, they also decided to put every other series such as the cheaper Range Rover Evoque and the Discovery Sport series on the back burner.

So, this has changed the game for JLR and now it has created a platform to top the leaderboard in automobile industry!

By Rohith S Paradkar

Update for the day #2046 | Is Apple's credit card coming to India?

A decade ago, everyone had one story to tell about India's GIFT City. The ₹78,000 crore plan considered a pet project of the country's incumbent Prime Minister looked like it was on the verge of failure. The posh buildings that the plan visualized were incomplete. Power utilities were missing. And there was no sign of the corporate tenants who were expected to populate it.

Cut to 2024, things have changed. GIFT City is bubbling with construction activity. Swanky residential apartments, a school and even a hospital are being built at a frenzied pace. And its high-rise towers house about 400 offices and employ 26,000 people. Startups and established companies are looking to move their base, business or investments here.

So, what changed, you ask?

Well, let's take it from the top. In 2007, when Narendra Modi was the Chief Minister of Gujarat, he announced an ambitious plan. He wanted to set up an international financial centre along the banks of river Sabarmati in Gandhinagar. Apparently, he was inspired by Shanghai and wanted a smart city along those lines — one that would rival global financial centres in London, New York and Singapore. So, he brought aboard the same folks who're credited with planning modern-day Shanghai and asked them to chalk out a blueprint for this new city.

Sounds like it would've been a recipe for success, no?

Well, not quite. Because planning alone wouldn't cut it. The execution had to be robust too. And therein lay the problem. Because even the most basic construction activities at GIFT City were facing issues. For instance, the aviation ministry was hesitant to hand out permissions for constructing tall buildings that would dot the city's skyline. And the National Highways Authority of India wasn't in a hurry to even give the green light to lay power cables. Everything came to a standstill.

In the meantime, Mumbai was already India's financial capital. And the central government had already made plans to develop the Bandra Kurla Complex (BKC) area into a fierce rival to Singapore, London, and New York. So why would anyone bother with another city in some corner of Gujarat? It looked like Narendra Modi's pet project wouldn't see the light of day. But in 2014, everything began to fall into place for the success of GIFT City.

Why, you ask?

Well, the BJP-led government came to power in the centre. Chief Minister Modi became Prime Minister Modi. And you can imagine that gave him the power to push through his plans for Gandhinagar. The city had got the tag of a SEZ (Special Economic Zone). This meant that the economic laws would be much more liberal for companies here than in any other part of the country. And the incentives came thick and fast after that — there was a 10-year tax holiday for companies that set up shop here, no GST would be levied on services provided to and received from GIFT City-registered units, and a whole host of other stuff. Heck, even the failure of its joint-venture development partner didn't stop the project in its tracks.

Oh yeah, there's something we didn't tell you earlier. GIFT City was actually a joint venture

between the Gujarat state government and IL&FS (Infrastructure Leasing and Financial Services Ltd.), a construction and financial services company. But the latter ran into trouble in 2018. It accumulated close to ₹1 lakh crores in debt and couldn't pay its borrowers back. So, the projects it had in its kitty stalled. And GIFT City was one of them. But the government soon jumped in and took over the stake IL&FS had in GIFT City.

Quite crazy, huh? There was no stopping this ambitious plan. And the game changer seems to have come in 2020. The government decided to create a single unified regulator in the zone — it was called the International Financial Services Centres Authority (IFSCA) and it took on the role of the existing four domestic regulators in the area. It would cut down on the red tape and make the lives of businesses easier.

Why do we say this was a game-changer?

Well, remember the Silicon Valley Bank Crisis last year? It was mayhem all around because a lot of startups banked with them. Even Indian startups. But when it looked like it was on the verge of collapse, these startups rushed to withdraw their monies. And guess where over $200 million worth of startup funds landed up? To banks in GIFT City! And it's just been one thing after another since then.

We launched one of the only 3 dedicated bullion exchanges in the world in GIFT City to centralize the import market of gold. And in a bid to woo more startups, the government even launched an exchange where Indian startups could quickly list their shares to raise money from foreign investors. Before this, they'd have to go via the GDR (Global Depositary Receipt) route. They'd have to issue shares to a local bank for safekeeping which would in turn connect with a foreign bank and issue something called depositary receipts. These receipts would get listed on foreign stock exchanges and derive their value from the company's Indian shares. It's actually a cumbersome process. But now, they could simply list themselves on the exchange within GIFT City and get all the benefits.

So yeah, things seem to be going quite well for GIFT City right now. And who knows, we might indeed have a financial services centre to rival London, New York, and Singapore pretty soon!

By T Ganesh Pai

Update for the day #2047 | The Great Indian SUV Confusion

Buyers are migrating from sedans and hatchbacks to SUVs are leading a paradigm shift in India's automobile industry, the third-largest in the world by number of cars sold. They have brought the market to a point where SUVs now account for 49% market share by volume. In line with global trends, this number is expected to reach above 60% in two-three years. SUVs are a subset of utility vehicles (UVs), which also include multi-purpose vehicles or MPVs. SUVs are designed for tough terrain while MPVs are family vehicles designed for comfort and accommodating more people. "Passenger vehicle sales are being driven primarily by UVs whose share reached close to 60% in April-September 2023 as compared with 51% in corresponding period of previous year," says Rajesh Menon, director general, SIAM. SUVs are driving the trend.

"There is a changing consumer preference for UVs, especially SUVs, by aspirational Indians. Manufacturers have also been offering multiple models of compact SUVs at affordable prices, which is encouraging people to buy more aspirational vehicles," he adds. Market share of SUVs in India increased from 16% in 2015 to 49% in 2023. In contrast, market share of sedans dipped from 24% to 13% and that of hatchbacks from 41% to 29%.

What Is An SUV?

While car makers keep experimenting with new technologically advanced launches, the definition of what is an SUV continues to be unclear. "There is no specific definition of SUV globally. As per the UNECE World Forum for Harmonization of Vehicle Regulations, a worldwide forum for establishing regulatory instruments and provisions concerning motor vehicles, there is no specified definition of SUV in the UN agreements, adopted in 1958, 1997 and 1998," says Menon of SIAM.

Earlier, SUVs were viewed as offroad vehicles such as Thar. Now, that has evolved. While some consumers prefer brawny full-size SUVs such as Tata Safari, others are fine with much smaller Hyundai Venue and Maruti Grand Vitara. "SUV is a car classification which combines elements of on-road passenger cars with features from off-road vehicles, such as four-wheel drive, higher ground clearance, etc. SUVs are typically larger and heavier than passenger cars, have a rugged design with features such as skid plates, roof rails, etc., and offer more cargo space and towing capacity," says Rohan Kanwar Gupta, vice president & sector head, Corporate Ratings, ICRA.

To be fair, Centre has a definition for the purpose of taxation. Goods And Services Tax (GST) Council has laid down three parameters for any vehicle to be defined as an SUV--engine capacity exceeding 1,500cc, length of more than 4,000 mm and ground clearance of 170 mm and above. These vehicles attract 28% GST and 22% compensation cess.

However, automakers don't strictly follow the GST Council definition in branding their passenger vehicles. For example, Maruti Suzuki's Brezza, offered as an SUV, has length of 3,995 mm and engine capacity of 1,462cc for petrol and CNG variants. Ground clearance, however, is 198 mm. Its Fronx has a length of 3,995 mm and engine capacity of 1,197cc and 998cc for petrol and 1,197cc for CNG. Ground clearance is 190 mm.

Tata Nexon, one of Tata Motors' largest selling models, is 3,995 mm long with engine capacity of 1,497cc for diesel and 1,199cc for petrol variant. Ground clearance is 208 mm. Similarly, 3,995 mm-long Hyundai Venue offers engine capacity of 1,493cc for diesel variant and 1,197cc and 998cc for petrol variant. The five-seater, however, has ground clearance of 195 mm. Automakers fall short on GST Council parameters for a number of models.

SUVs IN AN IDEAL WORLD

- Passenger cars with features of off-road vehicles; so, high ground clearance is a must
- Ideally, should be a four-wheel drive for extra power
- Large size and seating capacity; in West, a lot of SUV-like vehicles fall under light truck category

SUVs ACCORDING TO GST COUNCIL

- Vehicles with engine capacity exceeding 1,500cc
- Length of more than 4,000 mm
- Ground clearance of 170 mm and above

...BUT THE INDUSTRY DOES ITS OWN THING

- Maruti Fronx has a length of 3,995 mm and engine capacity of 1,197cc and 998cc for petrol and 1,197cc for CNG variant
- Hyundai Venue has a length of 3,995 mm and engine capacity of 1,493cc for diesel variant and 1,197cc and 998cc for petrol variant
- Tata Motors Nexon has a length of 3,995 mm and engine capacity of 1,497cc for diesel variant and 1,199cc for petrol variant

Tax Tangle

With taxation being a major criterion for categorizing passenger vehicles, SUV is the most heavily taxed category. In India, GST of 29% (28% GST +1% cess) is levied on sub-four-metre vehicles with less than 1.2-liter petrol engine. Sub-four-meter vehicles with less than 1.5-liter diesel engine attract 31% GST (28% GST+3% cess). Sub-four-meter vehicles with more than 1.2-liter petrol engine or more than 1.5-liter diesel engine attract 43% GST (28% GST +15% cess). For cars longer than four meters, GST rate is either 45% (28% GST and 17% cess) or 48% (28% GST and 20% cess). SUVs longer than four meters attract 50% (28% GST+22% cess).

When compared with India, taxation on personal vehicles in U.S. depends upon sales tax and city-specific tax. Each state has a different rate. However, the rates are very low, between 5% and 9%. There is also a vehicle registration tax. In U.S., the overall tax rate is 10 times lower than that in India. For example, a ₹1 lakh car attracts a tax of ₹71,000 in India and ₹8,000 in U.S.

However, analysts say a major positive of the Indian tax regime is upfront payment of road tax for 15 years. Unlike India, Germany levies this tax annually, based on two-three parameters.

By Amogh V N

Update for the day #2048 | Biotech Startups Play Vital role In India's Future Economy

How do you define what constitutes a forest?

If you ask the Supreme Court of India, they'll tell you to look up the "dictionary meaning" of forests. At least, that's what they said in a ruling in 1996. And the dictionary simply says it's "a large area of land that is thickly covered with trees."

It's a bit vague, we know. But hey, that's what the highest court in India ruled.

But wait…the incumbent Indian government wasn't happy with that. It didn't want to define a forest in this manner.

So, it went against the Supreme Court ruling last year and did something big—it passed a new law. Or rather, it amended an existing law called the Forest Conservation Act (FCA) of 1980 which had been set up to keep a check on deforestation. The government now said that the land had to be marked as a forest in its revenue records. That's the only definition it would accept. It couldn't be any large patch of land with thick trees.

Now this was a big problem. Because a whopping 28% of India's forests are outside this recorded forest area. And with this amendment, it put all of this at risk. These lands could be cleared to make way for commercial interest quite easily.

That doesn't seem like a good idea, does it? We're only destroying our forest cover in doing so.

Also, the government gave itself an exemption in the amended act. It did away with scrutiny for areas within 100 km of India's border. So, the government could set up transmission lines and highways without any environmental clearance or permission. It simply had to cite national security.

But here's the thing. Just look at the map of the North East of India and mark out the 100 km points from the external borders. You'll see that a very tiny portion of the land falls outside this zone. Now the problem is that 65% of the North East's geographic area is under forest cover. So, this naturally means that most of the forest land would be exempt from scrutiny if the government had its way.

In other cases, private citizens themselves could wreak havoc.

Like in the case of Himachal Pradesh. During the colonial rule, folks who were in influential positions within the bureaucracy could do as they pleased. So, they took over forest areas in the names of various individuals within the family. And large swathes of these forest lands are still in their control.

Now mind you, these don't come under government-declared 'forests. So, with the amendment to the FCA, these forest owners could quite easily chop down the trees for their own interests—to set up resorts or plantations.

As Himdhara, an environmental research collective, said in an appeal:

This is a matter of serious conflict in districts like Sirmaur and Solan. Many of these forests are contiguously spread over an area of several square kilometers. In few cases they are in the vicinity of protected and reserved forests and play a critical role in maintaining ecological balance of that region…

So, any of these actions by the government or private entities could put the biodiversity-rich forests of the Himalayas and the North East under threat.

But that's not all.

Even indigenous people and tribes could be displaced!

See, there's something you should know—in the five decades after independence, over 2.13 crore people were displaced from their homes because we wanted to construct dams, mines, wildlife sanctuaries, and for other industrial purposes. And 40% of them were adivasis or tribals. If you think about it, it means that their forests and livelihoods were snatched away in the name of the greater good.

What could they do?

Well, they fought! They protested and demanded protection. And finally managed to wrangle the Forest Rights Act (FRA) in 2006.

Now you can bet this was quite crucial because any industrial activity would need the local committee's or Gram Sabha's permission before it could proceed. And it's just because of the FRA that hydropower projects in Himachal Pradesh and mining in Chhattisgarh were put on hold. Otherwise, more forests would've been felled. More livelihoods would've been hurt.

But here's the thing. The amendment to the FCA could hurt them again.

See, the FRA protected something called a community forest resource. Think of this as forest land that the tribal communities have historically used for their livelihood—for grazing and cultivation. In many cases, these areas could include deemed forests which aren't notified by the government either.

But the amendment would mean that only government-notified forests would be protected. The government, in theory, could take over every other piece of community forest resource without permission. Or put another way, the amendment would impinge on the rights of the tribals laid out in the FRA.

Yup, the amendment could have quite disastrous consequences.

So, you can see why a group of ex-civil servants and NGOs felt they had no option but to take the matter to the Supreme Court. They wanted to ensure that we have proper checks and balances in place to protect our forests.

And let's just say they seem to have won. Temporarily at least. Because the Court's not happy with the government and wants it to use the "dictionary definition" of forests again!

That seems like a big deal, no?

But it’s just temporary as we said. We don’t know what will happen next. They will come back to hear the case in July. And in the meantime, the Court has given a diktat to States and union territories to compile a list of their forests.

Till then, we'll wait and hope that our forests and communities that are dependent on them remain protected.

By Manoj Kumar Y N

Update for the day #2049 | How stock experts minted money from TV shows

On Thursday, markets regulator SEBI pulled up a bunch of guest experts who pocketed close to ₹8 crores by offering stock recommendations on Zee Business' shows.

Zee Business is the number one ranked business channel in India as per data from the Broadcast Audience Research Council (BARC).

And guess the most popular shows?

Anything to do with the stock market, of course — ones such as 'First Trade' and '10 ki kamai'. Everyone wants to get a stock tip from the 'experts' who feature on the shows with the hope of making some quick bucks.

But looks like a few of these stock experts had ulterior motives when they made an appearance. They had a 'get rich quick' scheme in mind of their own. And the market regulator SEBI points out that some of them made close to ₹8 crores in profit in under a year!

So how did they do it, you ask?

In one word — front-running.

See, we told you some of Zee Business' most popular shows involved stock recommendations. These even included the BTST (Buy Today Sell Tomorrow) kind. Now these shows would invite a certain set of expert stock market guests. For instance, Kiran Jadhav and Ashish Kelkar who were also business partners, ran a show called Kiran Ka Kamal (Kiran's Magic). Himanshu Gupta's show was called Hitman Himanshu and Simi Bhaumik had a show called Simi Ke Non-Stop Shares (Simi's Non-Stop Shares). And while Mudit Goyal was not even a SEBI-registered Research Analyst, he recommended stocks on a show called Mudit Ke Munafe (Mudit's Profits).

And maybe their TV influence planted an evil idea in the head of Nirmal Soni, the mastermind behind the whole fraudulent scheme. He's someone who initially worked with a stock broker and then struck out on his own. Maybe his experience helped him build connections in the industry too. And soon, he may have been encouraged to approach guests whose stock shows were a buzz on Zee Business.

His scheme was simple. He'd take stock recommendations from these guest experts a few minutes before they'd appear on TV. Then he'd pass this information to his network in a couple of stockbroking entities.

So, if a guest expert told Nirmal that they'd be recommending viewers to buy a certain stock, his network would go ahead and lap up those shares before the guest went on air. The stock recommendation would influence the public to invest in them immediately. And that would increase trading volumes and in turn, increase stock prices too. As soon as that happened, Nirmal's associates would sell the stock and pocket a cool profit.

And if you're wondering how much influence these TV guests had on the stock market, here are a couple of mind-blowing figures that SEBI highlighted in its interim order.

When Simi Bhaumik recommended viewers to buy the stock of Balrampur Chini in August 2022, trading volumes rose a whopping 300% as soon as Simi asked viewers to buy the stock. Everyone jumped in.

And this isn't the only case. Most other examples that SEBI quoted in its order had similar spikes in trading volumes.

The end result?

A group of 10 people including the guest experts made a total of ₹7.4 crores in a span of 11 months. Folks like Nirmal Soni ended up making nearly 300% more profits from these recommendations than he'd make from his regular trades. That percentage was a whopping 1,900% for Nirmal's company Manan Sharecom.

And SEBI has barred all of them and others who helped pull off the stunt from trading in the markets until it passes a final verdict. Meanwhile, they also have to pay back the crores of profits they illegally made.

Now here's the thing. Journalists or TV personalities front running isn't new. In 2021, CNBC Awaaz's news anchor Hemant Ghai and his family were barred from trading in the stock market for doing something similar. And despite SEBI's strong laws against the practice, it hasn't stopped.

So what encourages them?

Here's how a widely published economic commentator, Vivek Kaul put it in Newslaundry:

When I first started working for a newspaper in October 2005, it was very common for reporters to write a piece on a particular company and inform a stockbroker about it. They knew that their story would move the price of the stock the next day, after the story had appeared in the newspaper and people had read it. The broker would take a position in the stock because he had advance information.

The next day, after the story appeared and the stock moved, thanks to the news item, a profit was made and was shared between the broker and the reporter. Sometimes, the reporters were so blatant that they would call brokers directly from their office phone numbers.

Around a decade back, the business media started getting its act together and got into contracts with journalists which did not allow them to buy a stock today and sell it tomorrow. If a journalist bought a stock, he had to hold on to it for a while. This ensured that any front running moved on to accounts of mothers, wives and girlfriends. The smartest of the lot just took a cut for every piece of information they provided a stockbroker with, without getting involved in the buying and selling of the stocks. The payment to them was made in cash.
So yeah, maybe the guest speakers at Zee Business too felt confident that appointing mules, who weren't related to them, would help them make ill-gotten gains from their TV appearances.

The only catch?

Simi Bhaumik, one of the guests also shared guest experts' recommendations with her husband before she appeared on TV, who in turn made 90% of his entire trading profit from these nudges.

Now that's an amateur move. And maybe that could've given SEBI a cue to start investigating. We don't know.

All we know is that front-running is illegal. And SEBI actually built an AI tool to scan how stock recommendations from TV shows affect trading volumes. If it found anything fishy about an unusual spike in trading volumes because of certain shows, it would then go out and investigate. Now, SEBI kicked off this tool in December 2022. And coincidentally, that's also the month until which this investigation on Zee Business' guest experts suspected front-running.

Hard luck!

By Kishor R

Update for the day #2050 |Attention Bengaluru! Namma Metro's First Driverless Metro Arrives In Your City, To Operate On Yellow Line

In a major move towards transforming commutation in the country, the first driverless metro train has arrived in Bengaluru. The train, comprising six coaches, arrived at Hebbagodi depot on Wednesday. The driverless metro train was manufactured in China and shipped to a port in Chennai. From there, it was transported to Bengaluru's Electronic City, which is known as the IT hub of South Bengaluru. The coaches were then transported by road from Chennai port to their final destination.

According to the Bangalore Metro Rail Corporation Limited (BMRCL), the train will operate on the Yellow Line of the BMRCL, running from RV Road to Electronic City via Silk Board. Out of the total 216 coaches, 90 coaches will be deployed on the yellow line, while the remaining coaches will be divided between the Purple and Green lines

The introduction of the driverless metro train is expected to revolutionize the public transportation system in Bengaluru. With advanced technology and automation, these trains will provide a safe and efficient mode of travel for the commuters. The driverless operation will eliminate human errors and ensure a smooth and punctual journey

A BMRCL officials told news agency PTI that the coaches were manufactured in China and shipped to Chennai. From there, they were transported to the Hebbagodi depot in Electronic City. The depot will serve as a base for the maintenance and operations of the driverless metro train.

"We have ordered 216 cars of which 90 will operate on the Yellow line forming 15 trains. The one which has arrived is a prototype," BMRCL said.

The Yellow Line of the Namma Metro is part of its Phase-II expansion and will have a total of 16 elevated stations. The Yellow Line which covers a distance of 18.8 km was started in 2017. It was originally scheduled to open in January 2023, but due to the delays in construction, it was deferred first to April 2024 and now to July this year.

Currently Delhi Metro operates driverless trains on both the Pink Line and Magenta Line. The under-construction Golden Line of the Delhi Metro between Aerocity and Tughlakabad will also have driverless train operation once it is complete

The introduction of driverless metro systems in Bangalore heralds a new era of transportation

characterized by safety, efficiency, and sustainability. As the city continues to grow and evolve, investing in modern transit infrastructure becomes imperative to address the challenges of urbanization and mobility. By embracing innovative solutions and leveraging the power of technology, Bangalore paves the way for a more accessible, inclusive, and vibrant future for its residents.

By Harshitha Jain

Update for the day #2051 |Were Pyramids built by ancient aliens?

The construction of the Egyptian pyramids is a topic that has been surrounded by theories, some of which can be classified as conspiracy theories. While most mainstream historians and archaeologists agree that the pyramids were built by skilled workers during the Old Kingdom period (c. 2700-2180 BCE) of ancient Egypt, some alternative theories exist that suggest other explanations for their construction. Here are a few of these theories:

Aliens or Advanced Technology:

This is perhaps the most widely-known conspiracy theory regarding the pyramids. It posits that the pyramids were built with the help of extra-terrestrial beings or advanced technologies that were unavailable to ancient humans. Proponents of this theory point to various aspects of the pyramids' design and construction, such as their precise alignment with celestial bodies and the difficulty of moving the massive stones used in their construction, as evidence of alien intervention.

Lost Civilization or Advanced Ancient Civilization:

Some theories suggest that there was a lost civilization or an advanced ancient civilization that predates known history and was capable of building the pyramids. This civilization might have possessed technologies or knowledge that have been lost to us, allowing them to construct the pyramids.

Water Erosion Theory:

This theory, proposed by geologist Robert M. Schoch, suggests that the erosion patterns on the Sphinx and some of the pyramid blocks are consistent with water erosion rather than wind and sand erosion. Schoch has proposed that this indicates that these structures may be much older than conventionally believed, potentially dating back to a time when the climate in the region was wetter and there was more rainfall.

Slavery or Forced Labour:

Another theory suggests that the pyramids were built by slaves or forced laborers under harsh conditions. While it is known that there was a labour force involved in the construction of the pyramids, there is evidence to suggest that these workers were skilled artisans and laborers who were well-compensated for their work.

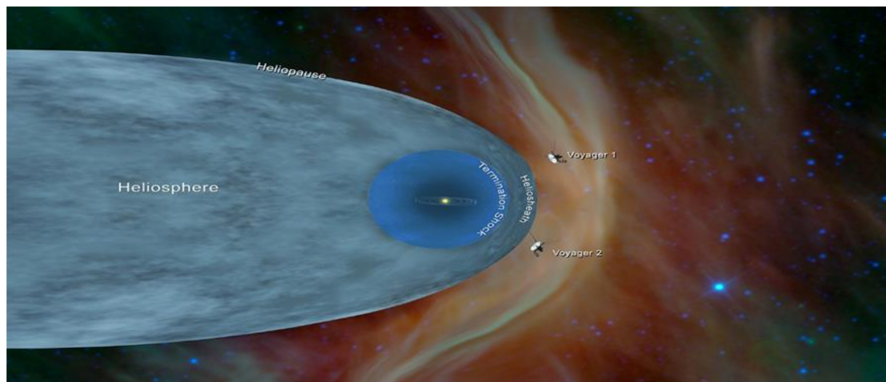
Ancient Knowledge or Lost Techniques:
Some theories suggest that the ancient Egyptians possessed knowledge or techniques that have been lost to us, allowing them to construct the pyramids using methods that we are not aware of. For example, some have suggested that the ancient Egyptians used a combination of ramps, levers, and counterweights to move the massive stones used in the construction of the pyramids.

It's important to note that while some of these theories are more plausible than others, the mainstream scientific consensus is that the pyramids were built by skilled workers using simple tools and techniques during the Old Kingdom period of ancient Egypt. However, the mystery surrounding their construction continues to capture the imagination of people around the world, leading to the proliferation of alternative theories and speculation.

By Sailesh L Gandhi

Update for the day #2052 | The Interstellar Mission.

The twin Voyager 1 and 2 spacecraft are exploring where nothing from Earth has flown before. Continuing on their more-than-40-year journey since their 1977 launches, they each are much farther away from Earth and the sun than Pluto. In August 2012, Voyager 1 made the historic entry into interstellar space, the region between stars, filled with material ejected by the death of nearby stars millions of years ago. Voyager 2 entered interstellar space on November 5, 2018 and scientists hope to learn more about this region. Both spacecraft are still sending scientific information about their surroundings through the Deep Space Network, or DSN.



The primary mission was the exploration of Jupiter and Saturn. After making a string of discoveries there — such as active volcanoes on Jupiter's moon Io and intricacies of Saturn's rings — the mission was extended. Voyager 2 went on to explore Uranus and Neptune, and is still the only spacecraft to have visited those outer planets.

The mission objective of the Voyager Interstellar Mission (VIM) is to extend the NASA exploration of the solar system beyond the neighbourhood of the outer planets to the outer limits of the Sun's sphere of influence, and possibly beyond. This extended mission is continuing to characterize the outer solar system environment and search for the heliopause boundary, the outer limits of the Sun's magnetic field and outward flow of the solar wind. Penetration of the heliopause boundary between the solar wind and the interstellar medium will allow measurements to be made of the interstellar fields, particles and waves unaffected by the solar wind.

The VIM is an extension of the Voyager primary mission that was completed in 1989 with the close flyby of Neptune by the Voyager 2 spacecraft. Neptune was the final outer planet visited by a Voyager spacecraft. Voyager 1 completed its planned close flybys of the Jupiter and Saturn planetary systems while Voyager 2, in addition to its own close flybys of Jupiter and Saturn, completed close flybys of the remaining two gas giants, Uranus and Neptune.

The Voyagers have enough electrical power and thruster fuel to keep its current suite of science instruments on until at least 2025. By that time, Voyager 1 will be about 13.8 billion miles (22.1 billion kilometers) from the Sun and Voyager 2 will be 11.4 billion miles (18.4 billion kilometers) away. Eventually, the Voyagers will pass other stars.

In about 40,000 years, Voyager 1 will drift within 1.6 light-years (9.3 trillion miles) of AC+79 3888, a star in the constellation of Camelopardalis which is heading toward the constellation Ophiuchus. In about 40,000 years, Voyager 2 will pass 1.7 light-years (9.7 trillion miles) from the star Ross 248 and in about 296,000 years, it will pass 4.3 light-years (25 trillion miles) from Sirius,

the brightest star in the sky. The Voyagers are destined—perhaps eternally—to wander the Milky Way.

By Bhavna B V

Update for the day #2053 | An explainer on MSP and the farmers' protest

In today's update for the day, let's understand why farmers are annoyed with the government and whether their demand for a Minimum Support Price is economically viable.

Farmers from Punjab, Haryana and Uttar Pradesh have all been marching towards Delhi. Their demand — a Minimum Support Price (MSP) for their crops!
But what's the deal with MSP, you ask?

Okay, so imagine that farmers have a bumper harvest. Crops are bountiful. And while you might think that's great for the farmers, you would be wrong. What happens when there's an oversupply of a commodity, but demand remains the same? Price will fall, right? So when farmers try to sell their produce, they hit a roadblock. Often, the excess supply will push prices so low that they may not be able to even cover their cost of production. They're better off destroying the crops rather than paying additional charges to transport them for sale. To counteract such situations where farmers face losses, the government introduced* something called MSP. The idea was simple — every year, they'd buy certain crops from the farmers and store them for later use. And they would do this for 22 mandated crops. These crops would be distributed under various ration schemes. Or the government would keep it for a rainy day, say when a bad monsoon hurts crop supply.

An explainer on MSP and the farmers' protest

But how would this MSP be calculated?

There's a whole host of parameters. There's the production cost for a crop which includes seeds, fertilisers, labour, machinery and fuel. It takes into account the value of family labour. And also, an approximate rental value of the land. And by factoring in these costs and offering farmers a minimum price, they'd be protected from market losses. At least, in theory. But here's the thing. The MSP procurement isn't codified under any law. So the government can turn their back on it at any point in time. Sure, you could argue that they won't since there will be political repercussions, but it's still possible.

And that's the primary demand of the protesting farmers. They want a law enacted around MSP. One reason for that could be because an MSP doesn't mean the government ends up buying all the produce. It buys a limited quantity based on how much it can store and distribute within the country. And that also majorly benefits two crops — wheat and rice. So the folks farming the other crops can still often be left in a lurch.

So here's a question to think about — Is legalising MSP a feasible idea? Well, it's not an easy answer, so let's look at the arguments from both sides.

For starters, most media reports will tell you that only about 6% of farmers in the country benefit from MSP. Now even if that's a poor estimate, other figures peg it at 15%-25%. And that still doesn't seem like much. Because agriculture is still at least 15% of India's GDP. And it generates employment for close to half of its population. So without adequate support, farmers may lose money, they may end up in a debt spiral, and many of them might even be forced to leave farming altogether. That won't bode well for our economy, no?

Also, an MSP guarantee will likely help with crop diversification. Just think about it. If the government only favors procurement of paddy and wheat simply because they need more of it to supply food to the poor, farmers will switch to producing only those crops. It could take a toll on the environment as paddy is a water-guzzling crop.

Add to that the fact that both crops contribute heavily to stubble burning in the north because they leave residue in fields which need to be cleared before the next sowing season, and it's a perfect recipe for environmental havoc. So yeah, MSP could encourage farmers to grow a variety of crops, especially since the government wants to focus on growing millets.

But there's the flipside too.

If MSP is legalized, that will mean no one can pay less than MSP to buy a crop. And that will distort the demand-supply scene. At least that's what Ashok Gulati, a leading agricultural economist, suggests. His argument is simple — If there's an oversupply of crops in the market and prices fall, people still have to buy crops at the minimum price set by the government. Anyone buying at prices below the legal MSP could face legal action.

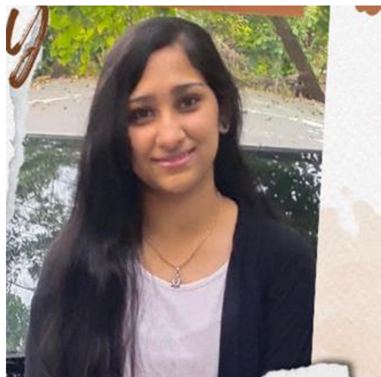
Another thing that you can't ignore is how much a guaranteed MSP law will cost the government. The government could end up spending anywhere between ₹6-₹9 lakh crores with a law like that. That is around the annual average government spending on infrastructure development over the last 7 years. It could take a toll on the government's coffers and it may be left with no money for other developmental activity. And all of that seems quite impractical.

So, what's the solution then?

Well, some folks suggest that we let the farmers sell their crops in the open market. And if that ends up being lower than the MSP the government calculates, then the government could compensate them for the difference between the two values. That will not only reduce the monetary burden but also free up the need for building massive infrastructure for storage. But mind you, people have already found a way to scam this system. In 2017, the government of Madhya Pradesh experimented with a similar plan. But it soon realized that traders had found a way to rig prices and show crops trading at prices below an average set price. It was a way to fleece the government. So that's why a few others say that direct income support to farmers is better. Say a fixed amount of money based on their landholding to carry on with their livelihood. There's already a scheme called PM-Kisan that does this, so it's about extending it even further.

Now we don't know how this will turn out. But it looks like the MSP debate will be stuck in limbo for a while now. One can only hope for an amicable solution to emerge soon.

By Yashaswini R U



Update for the day #2054 | SEBI cracks the whip on an Agri-investment startup.

It's quite easy to sell the idea of owning farmland to urban Indians these days. Many people dream about leaving their high-pressure corporate jobs and living off of the land.

But it's a risky proposition and not everyone has the stomach for it.

So, what can you do about it if you're someone with some entrepreneurial flair? Maybe you can build a business out of this dream?

Tell people you'll give them the thrill of owning a fraction of farmland. The investment amount could be as low as ₹5,000. And say that you'll manage the farms and the crops.
Next, offer them a high guaranteed return of nearly 15%. Or rather, that's a profit share from selling crops.

Then throw in the cherry on top—declare that agricultural income is exempt from taxes. So investors get to keep every penny.
Quite exciting, no?

And that is the playbook followed by an Agri-investment startup called Growpital.

The sales pitch was—"Think of it as a mutual fund, where diversified crops are grown over the farm projects instead of equities and bonds."

Tack on the tax-free nature of the returns and they began selling this dream to investors in 2021. The media picked up on this craze too. And soon, investments started pouring in. By the end of 2023, Growpital claimed to have raised a tidy sum of over ₹180 crores from investors.

Things were looking good for the startup.

But on Monday, everything came crashing down…because SEBI got involved.

See, a few months ago, the capital markets regulator received a complaint about Growpital. And they decided to pay closer attention to the startup. And let's just say that they're not happy. They're calling it a 'veiled', 'illegal' and 'fraudulent' investment scheme based on their initial investigation.

Wait…what??? Okay, let's explain.

When Growpital mobilized money from investors, it told them it would make them partners in the business too. Not in the core entity, of course. But it would set up new Limited Liability Partnerships (LLP) where each investor would become a co-owner. This LLP would further invest in agricultural projects to generate income.

But this sort of structure also meant that it escaped regulations by SEBI. It was only answerable under the LLP Act of 2008. And since the law does not specify how many partners can be onboarded or how much capital they can all invest, Growpital used the loophole to attract investors.

Now SEBI's problem was simple. They believe anyone who mobilises funds from a group of investors might have to be regulated under the Collective Investment Scheme (CIS) Regulations of 1999. Otherwise, it's tantamount to fraud. So they needed to decide if Growpital was actually just a CIS masquerading as an LLP and if we break down SEBI's order a bit, we get two core factors.

For starters, there's the question of whether these are "pooled investments that distribute profits."

And that seems pretty evident as per SEBI. Growpital used a payment aggregator called Cash free Payments India Pvt Ltd. This firm received money on behalf of Growpital. And then transferred it to Growpital's special bank account at Yes Bank. However, SEBI didn't find any evidence that the final investments were segregated.

This meant it was a pooled sum of money at play here which would be invested into agricultural projects.

And about the matter of sharing profits, Growpital even made tall claims and promises of 'assured returns. That it would bear the losses.

So yeah, the matter seemed quite clear-cut that it should be classified as a CIS.

Also, the rules say that if such a fund manages over ₹100 crores, it should be a CIS. And since Growpital says it has over ₹180 crores under its belt, it slots nicely into the CIS category too.

Secondly, there's a matter of control.

Now Growpital says that all investors are partners in the LLP and that makes them co-owners. But these co-owners also end up transferring all their rights to Growpital. They're not involved in decision-making. So the startup retains the authority to do as it pleases. The investors don't have any say.

And to take things even further on the point of control, SEBI notes that in a YouTube video, the founder of Growpital says it can't reveal all the farms it manages in the country. Investors have to trust the startup at face value when it claims that farms are spread over 14 states. That doesn't evoke a lot of trust, does it?

So yeah, that's why SEBI believes Growpital's a Collective Investment Scheme.

And since it hasn't registered itself as one, that's a problem. For one, this means whatever money Growpital's raised from investors is illegal. Also, there's no one really to safeguard the investor's interests if things go wrong right now.

So SEBI wants to act before everything goes downhill and the instructions in the order are clear—Growpital cannot solicit investments anymore. They cannot touch the money that's lying in the bank accounts currently and everything will be frozen. Nor can they dispose of any existing investments. They even have to scrub off all their websites and marketing materials so that there's nothing that can mislead the public.

It's crazy!

This means that investors are also now in limbo. They have no way of getting their money back. And they have to wait until SEBI completes a full investigation and decides how to deal with this matter.

Who knows what SEBI will find!

Anyway, we're not saying that Growpital is a sham. We don't know that yet and guess it's up to SEBI and the others to unearth what's going on here. We just hope that this time, unlike the 1990s, investor money remains safe and unharmed.

By Sudarshan Raju C

Update for the day #2055 | Unveiling India's Interim Budget 2024: A Glimpse into Economic Priorities

Finance Minister Nirmala Sitharaman presents a concise interim budget, setting the stage for fiscal responsibility and future growth.

As India approaches the year of general elections, Finance Minister Nirmala Sitharaman unveiled a succinct interim budget, lasting a mere 58 minutes, setting the tone for the economic landscape until the results are declared. With a focus on managing expenses and revenues until the new government takes charge, the interim budget offered insights into tax policies, fiscal deficits, and key initiatives.

Taxation Strategy:

Despite the upcoming elections, the interim budget refrained from making grand gestures like tax cuts to appeal to voters. Personal taxes remained untouched, signaling a cautious approach to fiscal decisions. However, a notable proposal included the withdrawal of disputed income tax demands dating back to 1962, aiming to streamline the resolution process and alleviate the burden on the legal system.

Fiscal Deficit and Economic Health:

A critical aspect of the interim budget was the revision of the fiscal deficit projection for the fiscal year 2024. The government reported performing better than anticipated, revising the deficit to 5.8% of GDP, down from the initial estimate of 5.9%. Optimism extends into the next fiscal year, with an anticipated drop to 5.1% of GDP in FY25. The achievement is attributed to higher-than-expected tax collections and a significant dividend windfall from the RBI and state-run enterprises.

Investment in Capital Assets:

The government's commitment to investing in capital assets, such as roads, bridges, and railways, was highlighted in the budget. By focusing on infrastructure projects, the government aims to boost economic growth and create employment opportunities. Additionally, a positive trend in fiscal responsibility may result in reduced borrowing, fostering investor confidence and further economic stability.

Railways Transformation:

The budget outlined plans to enhance efficiency in the railway sector through the creation of dedicated corridors for resource transportation and the conversion of traditional trains to modern Vande Bharat trains. While these initiatives could alleviate congestion and enhance passenger experience, challenges such as track quality must also be addressed to fully realize their potential.

Housing Initiatives:

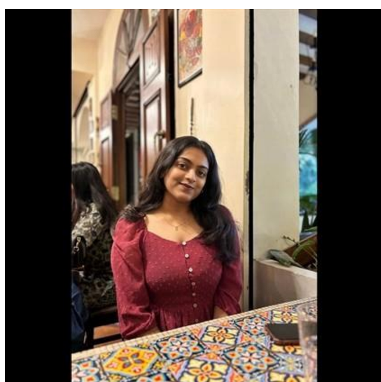
Addressing the persistent housing crisis in India, the budget proposed the construction of an additional 2 crore houses over the next five years, building on the success of existing schemes like Pradhan Mantri Awas Yojana (PMAY). The aim is to provide affordable housing solutions, particularly for the middle class, fostering homeownership and reducing the housing shortage.

Viksit Bharat - Mission 2047:

The Finance Minister reiterated the government's commitment to transforming India into a developed nation by 2047, the 100th year of independence. The announcement of a ₹1 lakh crore corpus with a fifty-year interest-free loan for the private sector aims to catalyze research and innovation, potentially paving the way for substantial advancements in emerging domains.

While the interim budget primarily serves as a stopgap measure until the upcoming elections, it offers a glimpse into the government's economic priorities. With a focus on fiscal responsibility, infrastructure development, and innovative initiatives, India's economic trajectory appears poised for growth, setting the stage for a comprehensive budget presentation in July

By Dhrithi R



Update for the day #2056 | Can the BRICS have a common currency?

India is amidst a tug of war. And by that we mean that it's right in the middle, being pulled by two contrasting decisions. Should it warm up to the idea of having a common BRICS currency? Or, should it be indifferent to the whole idea of it?

So, BRICS is simply an alliance of the world's developing economies. It was actually kickstarted by Brazil, Russia, India, and China back in 2006 because they felt intimidated by the dominance of goliath economies like Europe and the US. A few years later, South Africa jumped in, forming a global economic group that was determined to challenge the world's wealthy economies. And now BRICS has expanded its membership with 5 more countries (Saudi Arabia, Iran, Egypt, Ethiopia and the United Arab Emirates) on board.

But the BRICS don't want to only discuss how they can improve their trade relations. They want a common currency to rally around. Or at least, that's what Russia wants.
When Russia invaded Ukraine, economies in the West slapped it with trade sanctions. They didn't accept a bunch of goods from Russia and denied non-essential exports to the country. They even froze deposits and reserves the Russian government, companies and its citizens had with them so that they wouldn't be able to withdraw and use this money to fund their war.
This obviously crippled Russia's economy.

So, Russia had a brainwave. It thought "Hey, what if we get the BRICS member countries to agree to a common currency? It could act as a global reserve currency. Why should currencies like the US Dollar have all the fun?".

You see, the US Dollar (USD) has dominated reserves worldwide since 1944. Most countries want to hold reserve money in the form of the USD simply because that's the currency in which most global goods are traded. So, if a country wants to buy or sell commodities like coal, gold or oil, it happens in the USD. Roughly 80% of global trade and around 60% of global reserves are held in USD. The US pretty much controls everything!

So, it seems like having a common currency for emerging economies is a great plan, right?
Okay, but why can't these countries simply conduct trade using their local currencies?
Let's take the example of Russia and India.

When Russia was locked out of the global financial system during the war, they started selling oil at a deep discount. India jumped in and we consummated the transactions using Rupees.

But what would Russia do with billions of Rupees? The exchange only works if Russia has a massive need for Indian goods and services. It's the only way they can put the Rupees to good use. And pretty soon, Russia didn't want our Rupees anymore. They couldn't use it to trade with other countries either because of certain restrictions.

So yeah, maybe a common BRICS currency makes sense for India too. And maybe that's why the government seems amenable to even discussing it.

But hold on, we have to talk about the elephant in the room — China!

See, China has been trying to fight the USD's global influence in every way it can. Over a decade ago it shouldered the responsibility of establishing the headquarters of BRICS' New Development Bank at a swanky skyscraper in Shanghai. Think of it as a bank for funding infrastructure projects and handing over loans to emerging countries without having to bow down to the USD.

It even launched CIPS (Cross-Border Interbank Payment System) its own global payments messaging platform that would challenge the SWIFT (Society for Worldwide Interbank Financial Telecommunications) as a global messaging system used to facilitate transactions between banks across national borders. As of 2023, SWIFT handled a mammoth $150 trillion in transactions per year, which is only set to rise at a fast clip. And since 7 out of 10 of these transactions happen in the USD and Euro, China's instinct to challenge these currencies only gets stronger.
And some experts argue that moving to a common currency would benefit China. They're the largest BRICS economy. Their yuan already has a place as a reserve currency. And at the end of the day, that means they'll call the shots for a common currency.
What does that mean?

Well, let's look at the Eurozone. It has taught global economies that common currencies can be a recipe for disaster simply because a single currency has to take care of monetary policies across different countries. When the Global Financial Crisis threatened the world economies in 2008, countries like Greece and Portugal suffered the aftermath in Europe. And that's because countries like Greece needed to have more liquidity to repay debts. So, the European Central Bank would simply have to print more money or take other steps that would help Greece. But that would hurt big economies like Germany where more money would mean skyrocketing inflation. So, the big ones eventually called the shots.

India wouldn't want such a situation, no? But the bigger problem is — how will a bunch of economies across world borders, with really nothing in common even be able to work together? If you ask, Jim O'Neill, the Goldman Sachs economist who coined the BRIC acronym, he'll say It's just ridiculous. They're going to create a Brics central bank? How would you do that? It's embarrassing almost.

So yeah, it does seem to be a far-fetched idea for now. And we're not sure why the latest chatter says India is even considering it — unless maybe… they can get China kicked out of this plan Even that sounds ridiculous, doesn't it? We have to wait and see the developments that are yet to surface.

By Arun Nagarajan

Update for the day #2057 |Indian drone manufacturer IdeaForge enters US market

India's drone industry has "leapfrogged" in the last 10 years, gaining pace after the COVID-19 pandemic, the CEO of a leading Indian drone manufacturer has said as his company has showcased its products in the highly competitive US market. Indian drone manufacturing company IdeaForge, ranked fifth globally in the dual-use category of civil and defense, is entering the American drone market at a time when there is a reluctance to buy or acquire those made in China.

Ankit Mehta, the CEO of IdeaForge, told PTI Videos in an interview that the Indian drone industry has "leapfrogged in the last 10 years with an enabling environment from the Indian government." He said the sector gained pace after the COVID-19 pandemic.

"I think before the pandemic, the rules and regulations around drones were fairly stringent, and they did not allow a lot of flexibility in terms of use and deployment" Metha Said.

"But since the pandemic, the floodgates, in a way, have opened the adoption of technology, which has become wholehearted. Now people want to deploy drones for as many use cases as possible," he said.

Drones had very restrictive regulations earlier, he said. "Now those regulations have become a little bit more relaxed in terms of allowing the use of drones under a regulated environment, which is conducive for operations."
"Therefore, we are seeing a lot of intent in terms of adopting the technology, and we are seeing a lot of regulatory support for doing that," Mehta said.

"We also have in India a production-linked incentive scheme for drones. We have the fact that there is a ban on import of technology from outside so that Indian companies can develop the technology and be overall in an environment where we can demonstrate the capability of what Indian companies can do in this space," he said.

Asserting the distinctiveness of Indian drones, he said, "I think Indian drones are very unique in the sense that they've been built in some of the harshest environments and the highest altitude requirements in the world."

"With the operations being conducted in India at 6,000 meters plus altitude due to the various regions we have in our country in the Himalayas, to operate in extremely low temperatures like minus 30 degrees Celsius and also looking at drones that can operate in deserts in Rajasthan," he said.

"So, we are essentially a country that has a very large number of terrain conditions and weather conditions we have to cater to when we are looking at drones. We also have a lot of use cases and applications that exist simultaneously in one place," he said.

Giving examples of applications around traffic management, crowd management, counterinsurgency, counter-terrorism, and border management Mehta said, "All of these challenges are quite acute, and there are a lot of challenges around not having proper land records, and many such applications are being developed in India, and they're being used and deployed at

scale."
Mehta is travelling to various cities in the US for product demonstrations to export different kinds of drones to the country. One of which was held in the Washington DC National Capital region here on Thursday.

"We are seeing a lot of excitement about what we have on offer. The autonomy we offer again is very, very interesting and exciting for people, and we are currently engaging in getting as many demonstrations as we can and getting more real-world experience in the hands of the users over here. So that can localize our products better as well as give a flavor of our technology to everybody here," Mehta told PTI.

"For example, one of our products, Netra V 4 Pro, is a one-of-a-kind product that, in less than six kilograms, offers more than 90 minutes of flying time in the real world along with payloads. That is something that is not very common," he said.

"It is almost three times more than what is usually available in the market. In that sense, there is a lot of delight in when they actually see a product perform in that kind of condition, in that kind of real-world performance," he added.

Following one of the product demonstrations here, along with his team, Mehta said the idea is to showcase their technology over here and to look at what kind of uses the technology can put over here.

IdeaForge, set up in 2007 by a group of Mumbai IITians, can bring the experience they are gaining in India, he said.

"We have had our customers use our drones in over 420,000 missions within IdeaForge drones, flying almost every five minutes in India," he said.

"It's really a rich experience that we can bring to the table here, and we see a lot of commonalities with respect to very low temperatures, very high temperatures, and some high-altitude areas over here as well," Mehta said.

"What we are building here to deploy at scale in India could be very, very useful in these environments as well," he added.

When asked about India purchasing armed drones from General Atomics for its armed forces at the cost of nearly USD 4 billion, Mehta said it would need sustained long-term investment from relevant sectors, including the Indian Government, to reach that level of manufacturing such drones.

"Manpower is definitely not a debate because India does have some of the best talent. In fact, a lot of our best talent is here building a lot of these technologies," Mehta said.

Observing that the government has done a great job building the proper regulations for the drone ecosystem, Mehta said there is now a need to sustain these investments in areas like the production-linked incentive scheme.

"We need to enhance it, and we need to give more encouragement. It is a one-of-a-kind scheme that does a lot of support to design incentives for drone companies because, in a way, it gives a lot of R&D (research and development) capital back to every company that is doing more value

addition in the country," he said.

"A lot of upfront R&D capital needs to be allocated for this technology space, and that's an area where some effort and support will be required for the drone ecosystem because a lot of times, incentives like the production-linked incentive are great to boost scale and to do more for players who are already achieved a certain scale," he said.

However, Mehta said that a lot of R&D capital for designing many subsystems in the country would be very useful for the overall benefit and development of the ecosystem.

By Manu M

Update for the day #2058 | Top fund managers: How fund managers are ranked, know methodology here

The idea behind the exercise is to track fund manager performance, not scheme performance. This is possible only if we follow the fund manager across schemes and asset management companies. A fund manager may be managing a large-cap fund and also a mid-cap or small-cap fund. To get a unified score that captures performance across fund mandates, we created virtual NAVs for each fund manager and all metrics are based on these 'virtual' NAVs.

The best fund managers were selected using the following steps:

1. ***Gating:*** The first step involved creating a list of fund managers eligible for ranking.
2. ***Track record:*** A single-track record was created for each fund manager.
3. ***Ranking:*** The fund managers were then ranked on the basis of various metrics, subject to certain qualifying conditions

1. Gating

All open-ended funds in the active equity category, except sub-categories of 'sector', 'thematic', and 'others', were taken in this study.

The fund management history of each of these funds for the past six years was taken into account. A six-year period was taken to ensure we were able to assess rolling three-year returns over an extended time frame, allowing for adequate number of observations and smoothening out of market phases.
All those who have been fund managers for at least 70 months (in one or more funds) in the past six years were added to ranking. No restriction was imposed on the number of breaks in fund management. As long as the cumulative break was less than two months, the manager was added to the ranking

2. Track record

In this stage, a virtual NAV was created for each of the fund managers based on the funds and duration for which they had managed the funds. Essentially, a fund manager's virtual NAV for each business day would change in step with the change in NAV of all funds he/she had managed in that period. The funds managed for longer periods would have a higher influence on the NAV than the funds managed for shorter time frames.

All the data considered has been as of 31 December 2023. The fund manager record cut-off was also taken on the same date. Overall, we got 49 fund managers who met our criteria.

3. Ranking

In this stage, the performance of each fund manager (as represented by the respective virtual NAVs) was used to rank the fund managers based on various metrics as shown above
The above-mentioned combination of metrics ensured that the market-cap orientation of a fund would not unduly influence the manager's score.

The consistency scores also ensured that very volatile funds were tested for consistent returns and penalized for any erratic returns.

Final list

From the above data, the final list was arrived at by taking the top 10 by rank after the following were considered:
Where the fund managers were from the same fund house and there was an overlap in funds managed, the primary fund manager was considered.
Where a fund manager had quit after the December 2023 cut-off date, the fund manager was dropped.

By Namratha D V

Update for the day #1852 | What is ESG investing and how is this framework changing the investment landscape?

ESG stands for environmental, social and governance. It is a framework for investing in businesses that are good for the planet, society and their stakeholders. These businesses are expected to be low-risk and high-quality, and to create long-term wealth for investors by growing their profits.

A high ESG score of a company means that it cares about environmental protection, social values and stakeholder interests. It also follows high standards of governance and transparency. ESG-focused investing is becoming more important as more investors look for sustainable and ethical returns. As interest rates go down, more investors will choose equities over other assets. However, they may not want to take too much risk. The best way to reduce risk is to invest in companies with high ESG scores or products that invest in these companies. Also, a system that rewards green businesses and penalizes polluters will encourage more ESG investing.

In COP26, a climate summit held in Paris in November 2021, India committed to achieve net-zero emissions by 2070. In FY26, India will start a carbon credit trading scheme. This means that companies that emit less than their targets will earn carbon credits, and companies that emit more than their targets will have to buy carbon credits. This will affect the profitability of companies and force them to invest more in reducing their emissions. Environmental responsibility is not the only factor that drives ESG investing. Social values are also important. Companies that have good policies for their employees, customers and communities will have an edge over others. Governance standards are also improving. More disclosures, independent directors and fair income distribution policies will help many companies improve their ESG scores.

Some businesses, such as tobacco, alcohol and gambling, are excluded from ESG investing because they are harmful for the environment, society or health.

Some large companies in traditional industries, such as cement, paper and metal, have made efforts to improve their ESG scores and now rank better than their global peers. These companies can attract more foreign institutional investors. Lending institutions are also offering products such as green bonds and green fixed deposits to raise money from green investors. The money raised from these products is lent only to green businesses.

Many fund houses in India have launched ESG-focused equity schemes, both active and passive. These schemes manage assets worth ₹10,946 crore across 10 ESG schemes. The ESG framework is evolving and affects the quality of a business in the medium to long term. Therefore, most investors in these schemes are long-term investors who benefit from ESG investing.

For very short-term trading, such as intra-day, ESG investing is not very relevant. There is no ESG index that is traded in the derivative segment. There is an exchange traded fund that tracks the Nifty 100 ESG Sector Leaders TRI. Investors who trade for a few days or weeks may consider the ESG scores of stocks when they trade. A stock that has a strong ESG score and an upward breakout may attract more buyers. A stock that has a low ESG score or belongs to a no-go ESG sector may not have many institutional buyers, even if it has an upward breakout. Some traders may want to short-sell some stocks with low ESG scores, especially when there is negative news about the company.

By Karthik A S

Update for the day #2060 | Social Media: Boon or Bane?

In the early 2000s, India implemented stricter KYC (Know Your Customer) rules to combat money laundering and financial crime. While these rules helped, they also made onboarding customers cumbersome. Aadhaar, a unique biometric ID system, initially streamlined the process, but privacy concerns led to restrictions on its use for KYC by private entities.

Fintech companies' dilemma:
Fintech firms, booming during India's digital revolution, faced higher costs due to limited access to Aadhaar data. They adopted a "partial KYC" approach using digital document copies and mobile OTPs to avoid losing customers due to lengthy KYC procedures.

RBI's concern:
The Reserve Bank of India (RBI) viewed partial KYC as a potential security risk and a step back from foolproof KYC. They flagged accounts with partial KYC as "high-risk," forcing fintech's to switch to video or in-person KYC, significantly increasing costs and hindering their growth.

Fintech's response:
Fintech companies urged the government to explore solutions like a single KYC repository or an expanded Digi Locker to ensure reliable and efficient KYC processes.

Recent developments:
The Financial Stability and Development Council (FSDC) is exploring ways to simplify KYC while maintaining strong security standards. This could involve uniform KYC norms and interoperability of KYC records across the financial sector.

The future:
India's KYC landscape is undergoing a transformation, seeking a balance between security and convenience. The FSDC's efforts could pave the way for a more streamlined and efficient KYC system, benefiting both financial institutions and customers.

By Raki Saha

Update for the day #2061 | An explainer on the Household Consumption Expenditure Survey|

In 2011–12, rural households used to allocate nearly 53% of their expenses to the food basket—for buying cereals, veggies, fruits, milk, eggs, etc. But that has fallen to 46.4% in 2022–23.

It's actually the first time in the history of the survey that this number has fallen below the 50% mark!

Even in urban India, the share of food in overall spending has dipped from 42.6% to 39.2%.

But why does knowing these numbers even matter, you ask?

Well, the theory behind these dates back to at least 1857. A German statistician named Ernst Engel dove deep into how families—the poor, middle, and rich—managed their budgets. And he then concluded, "The poorer a family, the greater the part of total expenditures that must be spent on food." Put another way, as the family income increases, the percentage of income spent on food decreases, although the actual amount increases.

And this observation is now popular in the economics world as "Engel's Law".

The thing is, this intuitive observation actually has far-reaching effects. Because if the poor end up spending most of their income on food, they'll find it difficult to spend on improving their access to health and education. The end result is they'll find it hard to break out of the cycle of poverty.

And as per Engel, one of the best ways to measure if the standard of living of a population is improving is by looking at the outgo for food. And judging by the declining share of food in the consumption basket, it certainly seems like India is heading in the right direction.

So it's no wonder that the CEO of government think-tank NITI Aayog immediately jumped to say that only 5% of the country lives below the poverty line now.

But wait…how did he come to that conclusion; you ask?

Well, our official poverty line estimate is from way back in 2012. That's when a committee calculated that rural MPCE below ₹816 would be classified as living in poverty. It's popularly known as the 'Tendulkar poverty line' and gets its name from the person who led the committee. Yes, there are other Tendulkars in India.

So if we assume an average annual inflation of 6% over the years, we can make our own adjustment and say that in today's day and age, the poverty line should be revised upwards. It should be at least ₹1,460.

Now if you go back to the latest survey numbers, you'll see that the report splits the population into various consumption buckets. And only 5% of the rural population displays MPCE less than ₹1,460. So that sort of backs up the claims of falling poverty.

But there's still something we should point out here. While the average rural MPCE comes in at

₹3,773, remember that averages can be skewed. For instance, 5% of the rural folks have an MPCE above ₹10,500. So you could argue a small section of the population has bumped the average higher and that we need to keep an eye on inequality too.

Another thing to keep in mind here is that the per-capita spending between rural and urban India has narrowed. While urban India spent 84% more than their rural counterparts in 2011–12, it's just 71% higher now. That means rural India is quickly catching up.

Why could this be happening? Well, the survey doesn't list the reasons behind it. But some reports speculate that it could be because as workers increasingly migrate to cities, they send a bigger chunk back home to help their families. In fact, as much as 30% of rural expenditure could be attributed to such domestic remittances.

And you could argue that people are migrating because we haven't done a good enough job to increase incomes in rural areas. But, the fact of the matter is that various studies have shown that these remittances help in a lot of ways—they reduce poverty, help rural folks invest in business activities, and even help them get access to better healthcare and education.

All of which are good things, don't you think? But maybe knowing the exact reasons will help the folks in power devise better policies to help this segment of the population anyway.

Oh, and one more thing—the survey will also get our inflation numbers in order. See, at the moment, we create the consumer price index (CPI) using a basket of stuff and weights we assigned in 2012. For instance, the weight assigned to food in the rural CPI is 54%. But the survey says that food is just 46% of the consumption basket now. And even within food, the divergence can be stark. CPI gives cereals in rural India a weight of over 12%. However, the survey reveals that cereals are less than 5% of the consumption basket these days.

And that makes sense because as economies develop, not only does the share of food in the consumption basket drop, but even the food options are diversified. People move to a more protein-rich diet or often even resort to consuming more processed food. That's exactly what the survey's numbers indicate too.

But you can see why our monthly inflation declarations might not be in tune with the reality. And relying on the latest MPCE survey data will help us fine-tune the CPI too.

So yeah, that's what we wanted to share about the MPCE survey with you. And we hope you found it interesting

By Ishika B Jain

Update for the day #2062 | Reliance partners with Sri Lanka's Elephant House to intensify fight against Coke & Pepsi

Reliance Industries Limited, a diversified conglomerate with interests spanning from energy to telecommunications, has been strategically diversifying its business portfolio in recent years. One key area of focus has been the fast-moving consumer goods (FMCG) sector, where the company aims to strengthen its presence and capitalize on emerging market trends. In line with this strategy, Reliance has undertaken various initiatives to expand its FMCG offerings, including the recent partnership with Sri Lanka-based Elephant House.

Partnership with Elephant House: A Strategic Move

Reliance Consumer Products Limited (RCPL), a subsidiary of Reliance Retail Ventures Limited, has entered into a strategic partnership with Elephant House, a renowned beverage powerhouse from Sri Lanka. This collaboration is aimed at introducing Elephant House's diverse range of beverages to the Indian market. Under the agreement, RCPL will undertake the manufacturing, marketing, distribution, and retailing of Elephant House branded beverages in India. By leveraging Elephant House's established brand reputation and extensive product portfolio, Reliance aims to enhance its beverage offerings and cater to the evolving preferences of Indian consumers.

Strategic Expansion and Portfolio Strengthening

Reliance's foray into the FMCG sector is part of a broader strategy to strengthen its consumer-facing business verticals. The company has been actively scaling up its FMCG business through a combination of organic growth initiatives and strategic acquisitions. In addition to the partnership with Elephant House, Reliance Consumer Products has launched several new brands and acquired existing ones to diversify its product portfolio. Notable additions include the iconic beverage brand Campa, heritage brands like Sosyo Hajoori, confectionary range from Lotus Chocolates, and Sri Lanka's leading biscuit brand Maliban.

Consumer Value Proposition and Growth Outlook

The partnership with Elephant House is expected to enhance Reliance's FMCG portfolio and provide Indian consumers with a wider range of high-quality beverage options. Ketan Mody, COO of Reliance Consumer Products Limited, emphasizes that this collaboration will not only expand the company's product offerings but also deliver compelling value propositions to consumers. By focusing on innovation, product diversity, and consumer satisfaction, Reliance aims to capture a larger share of the Indian FMCG market and drive sustainable growth in the long term. With its strategic investments and partnerships in the FMCG sector, Reliance is well-positioned to capitalize on the growing demand for consumer goods in India's dynamic market landscape.

By Roshan Bhandari

Update for the day #2063 | Tata Institute claims only Rs 100 tablet can prevent recurrence of cancer.

The Tata Institute in Mumbai has announced a groundbreaking discovery in cancer treatment. After a decade of research, they have developed a tablet that could prevent cancer from recurring and reduce the side effects of treatment by 50%.

Breakthrough Discovery

Researchers and doctors at the Tata Institute have developed a tablet that they claim can prevent the recurrence of cancer and reduce side effects of treatments like radiation and chemotherapy by 50%. The tablet, named 'R+Cu', contains pro-oxidant tablets with resveratrol and copper, which generate oxygen radicals in the stomach. These radicals destroy chromatin particles released by dying cancer cells, preventing them from turning healthy cells cancerous. This process also inhibits the movement of cancer cells from one part of the body to another, known as 'Metastases'.

Testing and Approval

Dr. Rajendra Badve, a senior cancer surgeon at Tata Memorial Hospital, stated that the tablet has been tested on rats for its effect on side effects and prevention, with promising results. However, human trials are yet to be completed, which could take about five years. The tablet is awaiting approval from the Food Safety and Standards Authority of India (FSSAI) and is expected to be available in the market by June-July.

Affordable Treatment

One of the most significant aspects of this breakthrough is its affordability. While cancer treatment can cost lakhs to crores, this tablet is expected to be available for just ₹100, making it accessible to a larger population.

Future Prospects

The tablet not only shows promise in preventing the recurrence of cancer but also in reducing side effects of treatment. The researchers believe it could be effective in treating pancreatic, lung, and oral cancers.

By Shreemanth B

Update for the day #2064 | Is India getting unhealthy by the day?

We're in the midst of a national crisis no one's talking about—obesity.

In 1990, there were only 0.4 million grossly overweight children aged between 5 and 19. But cut to today, that number has jumped to more than 12.5 million overweight children.

That means over 3.5% of children in the country are now overweight. That's what a rather alarming study published in the international medical journal The Lancet tells us.

And this isn't the first time we've seen these scary stats.

See, every 3 years or so, India conducts a National Family Health Survey (NFHS). It discusses things like sanitation, hygiene, household wealth, insurance coverage, domestic violence and education. But they don't stop there. They even cover other inane items like the number of mosquito nets in use.

Yup, it's one of the most comprehensive ways to figure out the health indicators at the ground level. So when the NFHS tells us something, we have to believe it right?

And the previous NFHS result revealed the same story about childhood obesity. And pointed out that even adult obesity rates are soaring.

Now you're probably thinking that this is solely an urban and a middle-class problem. After all, that's the segment who've perfected the art of a sedentary lifestyle where we sit on a chair for 10 hours a day. Then we Netflix and binge-eat on food swimming in oil that's brought to our doorstep with just a couple of clicks on the phone. We love processed and unhealthy food.

So if we look at rural numbers, things should be starkly different.

But unfortunately, that's not quite true. While the problem is more prevalent in urban folks, over 19% of the adult rural population is overweight or obese according to the NFHS data. And this number was just 2% way back around 1990.

Now there might be a couple of reasons to explain this.

Some research indicates that as more and more towns emerge, the distance to villages has reduced. And with that urban proximity comes a change in dietary practices in these villages. They begin to consume more processed foods too. For instance, the latest Household Consumption Expenditure Survey revealed that while rural households allocated 4.2% of their expenses to beverages and processed food in 1990, that number is now higher at 9.6%.

And the end result is that for every reduction in kilometer between a rural and urban area, 3000 rural women might become at risk of obesity.

Unfortunately, our urban areas seem to be exporting obesity to the rural segments.

But here's the other bit… even our public health policies might be to blame.

For decades now, the government has relied on a Public Distribution System (PDS) to provide rations to folks who need them. And typically, the food basket in the PDS is carbohydrate-heavy—wheat and rice. A significant part of our population can buy them at low prices or get them for free and they end up consuming more of these food stuff. And some research suggests that these refined cereals are linked to the obesity problem these days.

But you could look at how people source their calories. Unhealthy fats, sugars and processed food are extremely popular in the country because relatively healthy foods often tend to be more expensive. And the cost per calorie falls rather precipitously when you look at the unhealthier stuff.

As per an article in Bloomberg from a couple of years ago, if you decide to buy green leafy veggies, you have to typically pay 29 times higher to get the same amount of energy that you could've got from oil. Or the calories from a pumpkin or mango will cost you 10 times more than their equivalent in sugar.

So all this unhealthy consumption creates another problem too—hidden hunger. What we mean is that we might satiate our appetite with enough calories, but we don't meet the hunger needs for nutrition. Over 70% of Indians are believed to be protein deficient. And heck, even the nutrient content that we're supposed to get from our rice and wheat has fallen drastically due to our farming methods. And as a result, our body remains deficient in vitamins or minerals like Zinc.
And this could have a significant economic impact on the country.

We're already bearing a cost of 1% of our GDP. And if unchecked, some estimates say it will double in the next 3 decades.

Now if you're wondering how the costs can be so high, it's simple. There's the direct cost, of course. This is the money spent on getting diagnoses and treatment either by the patients or borne by the government as subsidized healthcare.

But the indirect costs are often invisible and even greater—there's time spent on seeking healthcare which would involve a patient and a caregiver; there's reduced productivity at work, people calling in sick more often; there are the missing workdays; and even premature death that translates into years of potential productive life that the economy loses. So yeah, maybe it's time the country took the upcoming obesity epidemic quite seriously.

By Lohit I M

Update for the day #2065 | The Rameshwaram Café: A Culinary Haven Driving ₹50 Crore Annually

Nestled within Bengaluru's bustling streets lies a culinary gem, The Rameshwaram Café. This esteemed establishment, part of the premium South Indian quick-service restaurant (QSR) chain, is the brainchild of M/s. Altran Ventures Pvt. Ltd., with Mr. Raghavendra Rao and Mrs. Divya Raghavendra Rao at its helm.

With a keen focus on delivering excellence, The Rameshwaram Café ensures that each dish is crafted on-the-go, using only the freshest and highest quality ingredients. Under the leadership of Mr. Raghavendra Rao, a seasoned Mechanical Engineer, and Mrs. Divya Raghavendra Rao, a distinguished Chartered Accountant and graduate of IIM Ahmedabad, the café thrives on a foundation of expertise and dedication.

Generating an impressive revenue of ₹4.5 crore per month, The Rameshwaram Café stands as a testament to its founders' vision and hard work. Sujeet Kumar, co-founder of B2B marketplace Udaan, shared insights into the café's success, revealing its remarkable feat of processing 7,500 bills daily within compact 10 by 10 or 10 by 15 square feet stores.

Inspired by the cultural richness of Rameshwaram in Tamil Nadu, the café offers a captivating blend of tradition and modernity. Guests are greeted by intricate handcrafted artwork, vibrant hues, and traditional motifs, evoking the serene landscapes of the southern coastal town.

The menu at The Rameshwaram Café is a delightful fusion of authentic Tamil Nadu cuisine and contemporary flavors. From aromatic filter coffee to crispy dosas, each dish is prepared with meticulous attention to detail, drawing inspiration from age-old recipes passed down through generations.

Beyond its culinary prowess, The Rameshwaram Café has garnered a loyal following for its warm hospitality and impeccable service. Whether indulging in a traditional South Indian breakfast or savoring a hearty thali for lunch, guests are treated to an experience that transcends mere dining.

As a hidden gem in Bengaluru's culinary landscape, The Rameshwaram Café invites visitors to embark on a journey of cultural immersion. Celebrating the culinary heritage of Rameshwaram, it offers a unique and unforgettable dining experience in the heart of the city.

For those planning a visit to Bengaluru, a stop at The Rameshwaram Café is not just a meal—it's an invitation to savor the essence of Rameshwaram's culinary legacy brought to life amidst the vibrant streets of the metropolis.

By Suhan Bammigatti

Update for the day #2066 | KYC is getting a makeover.

Imagine that it's the year 2000. You've gone with your parents to the bank. They want to open a new bank account. What do you think would have to be done?

They'd most likely filled an account opening form, pasted a latest photograph and signed a few papers. Their presence was probably enough to trust that they're the ones opening an account. Identity proofs may not have really been a norm. And address proofs may not have been questioned.

But that meant dubious individuals could go and open a bank account on behalf of just anyone else. And that made nefarious activities such as terrorist financing and money laundering easy.

So in the early 2000s, the Reserve Bank of India (RBI) finally chalked out KYC regulations for the financial industry to clamp down on these practices. Maybe it was inspired in part by the 9/11 attacks in the US. While the US already had KYC rules in place, they realized that the rules needed to be stricter. So they clamped down. And maybe that had a ripple effect that reached India too — by 2005, the RBI strengthened its Anti Money Laundering Standards.

So now, anyone walking into a bank for a new account had to prove their identity and place of residence with valid documents.

Cut to today, KYC has come a long way. You can't really initiate any financial transaction without it.

But, while these stringent rules might reduce the chances of financial crime, it seems to have become a pain point for businesses.

Why, you ask?

When KYC was introduced, banks and other financial institutions were expected to abide by the rulebook. But not every customer had a proper document to prove their identity and address. There could have been mismatches. Or people's photographs in their identity cards could have differed from how they looked then. Authentication was still hard. Financial institutions too wouldn't want to lose out on customers because of cumbersome KYC procedures. So you can be sure that their level of due diligence wasn't up to the mark.

Then came Aadhaar in 2010. It was a unique 12-digit number that gave Indians an identity record which was authenticated by individual biometrics. Now this made lives easy for the folks performing KYC checks at banks and financial services firms. To put things in perspective, the average cost of verifying documents came down from ₹500–700 per person to just ₹3. At least that's what the Finance Minister Nirmala Sitharaman claims.

So yeah, acquiring customers was now cheaper and simpler.

But here's the thing. Organisations tapping into Aadhaar data to onboard customers could

become a privacy nightmare. If their systems weren't secure enough, customer data could be tapped for easy misuse.

So that led the Supreme Court to turn the screws on this practice. In 2018 it struck down a law that allowed private entities to use Aadhaar authentication to establish customers' identity before onboarding them to provide services.

Okay, but how does that change anything for banks?

Well, let's just say the big impact was felt on the fintechs who were riding high on India's digital revolution. For context, between 2016 and 2021, 14,000 startups kicked off, almost half of which were in the fintech sector. And if they wanted to innovate with digital services and get new customers to try them, they had to abide by the KYC norms.

But not having easy access to Aadhaar data increased their costs. At least ₹120 per customer. Besides, they had to shell out more money to secure their systems so that they could be trusted enough for the law to let them tap into the Aadhaar-based KYC method.

So they struck on an idea. They said "Hey, let's just get digital copies of customers' identity and address proofs and authenticate their existence by sending OTPs to their mobile numbers. That way we could get them to start using our services and nudge them to do a full KYC later if they want to keep using it."

That folk, was the partial KYC trick to keep something called drop-offs at bay. Simply put, it made sure that customers weren't hesitant to try a new service because completing a long KYC process would take time.

The government's Digi Locker, a digital service that allows companies to access digital versions of customers' documents like driving licenses, academic mark sheets, PAN cards, etc. also helped them sail smoothly through the partial KYC process.

You also had something called the c-KYC (Central KYC) which helped various organizations obtain customers' KYC through a common online registry. Companies would just have to check if a customer had completed their KYC with another bank or financial institution. If yes, they'd upload that to a common pool on the internet, and other entities could simply look customers and their identities up.

But you can imagine that the RBI wasn't happy with this. Simply because it has only aspired to make things as foolproof as possible in the financial sector with stringent KYC rules. When it rolled out a whole set of KYC guidelines in 2016 it wanted to ensure that entities who weren't complying would be penalized. Albeit not directly, but at least in the form of putting a freeze on customers' accounts if the KYC rulebook wasn't being followed.

And now that it sniffed that digital entities were using a turnaround to push their services, it had to chip in again. It simply felt that the whole process was back to square one. Physical KYC verification just wasn't happening to prevent fraudulent services or customers.

So it threw another spanner in the works. It simply said that it would tag customers' accounts with such partial KYCs as "high risk". And if that had to be undone, companies would have to either do a full KYC via video calls or in person.

Just think about it. Downloading data from the c-KYC registry hardly cost a Rupee per customer. But switching to a video KYC would cost 15x. And switching to an in-person KYC would cost a whopping 100x! The bottom line — The RBI's move was quite a death knell. It threw fintechs into a tizzy, derailing over 8 lakh corporate credit card users from startups and SMEs (Small and Medium Enterprises) in just a couple of months.

Fintechs couldn't handle it anymore. They had to voice their opinion. So they kept some ideas on the table. The government could bring in a single repository to authenticate KYC documents. Or even expand Digi Locker in a way that KYC processes will become more reliable.

And maybe the government has finally heard them.

The Financial Stability and Development Council (FSDC), headed by the Finance Minister, met last week to discuss it. Think of it as an apex body that monitors large financial conglomerates.

The Council discussed ideas to simplify KYC in a way that would not just keep the norms strong but also simplify the process for fintechs. So soon we could have uniform KYC norms and a way to bring about inter usability of KYC records across the financial sector.

So yeah, that's exactly why KYC is getting a much-needed makeover. We'll only have to hope that it shapes up quickly enough. Godspeed!

By Somashekar L M

Update for the day #2067 | Price transparency puts hospitals in trouble

Indian hospitals are having a great year so far.

In the first 9 months of FY24 (April 2023 to March 2024), major Indian hospital chains including Apollo Hospitals and Fortis Healthcare made an average revenue of ₹50,000 per bed per day.

That's close to 10% more than last year's (FY23) average for the same period.

But wait… this growth could soon be jinxed! That's because the Supreme Court wants the government to introduce price controls across hospitals in India. Yup, it wants all hospitals to list their predetermined price bands for medical treatments and this will ensure uniformity all over the country.

But why on earth are they issuing such a diktat, you ask?

A few years ago, an NGO called Veterans Forum for Transparency in Public Life filed a Public Interest Litigation (PIL) in the Supreme Court. Their complaint was simple — the government wasn't taking a decade-old law seriously.

See, in 2010, the government had formulated something called the Clinical Establishment Act that had three main objectives.

Firstly, it would help crack down on dubious healthcare clinics. Fake branches of medicine were on the rise at the time. They disguised their original identities to illegally practice allopathy while deceiving patients and playing with public health. So, the law prescribed that all clinical establishments be registered under it.

Secondly, it also intended to regulate the country's clinical establishments by prescribing minimum standards of services that they provided. Simply put, it wanted to improve the quality of healthcare everywhere.

Thirdly, and this is the most relevant bit to our story today, it wanted to tackle rising medical inflation.

If you go back to 2009, you'll see that India required around 2.5 million heart surgeries a year. But even all the heart hospitals put together performed only about 80,000 surgeries. Sure, you could say that we didn't have enough facilities to conduct those many surgeries, but, the bigger issue was the unaffordability factor. Most Indians simply didn't have the means to pay for the sky-high surgery costs.

So to solve that problem, the Clinical Establishments Act made it mandatory for the government to work in tandem with state governments and notify standard rates for medical procedures across hospitals in India.

But the problem was that despite being etched in law, the Act only continued to remain on paper for years. The government wasn't in a hurry to implement it simply because setting standard rates or even rate ranges for medical procedures could be hard. Not all hospitals and clinical

establishments would be okay with charging uniform rates across the country simply because it would hurt their profit margins. So, to avoid the backlash, the government only kept pushing this task to its pending pile of papers.

And it remained on this 'to-do' list for close to 14 years until this week when the Supreme Court pulled up the government for its lackadaisical approach to an important law like that. It sorts of said "There's a glaring difference between the treatment costs between government and private hospitals. So why haven't you specified the rate ranges as per the law yet?"

It has probably seen that costs for medical treatment have doubled in the past 5 years. And it has seen even the insurance industry complain about hospitals inflating rates. So it has warned that it won't hesitate to enforce a drastic measure — get all private hospitals to run with the same rates specified in the Central Government Health Scheme (CGHS). These are lower rates that cover the medical costs of Central Government employees and their dependent family members.

And that move could set the cat among the pigeons because CGHS rates simply won't be profitable for hospitals. According to the financial services company Macquarie, CGHS rates are 40-50% lower than those charged by private hospitals. As of now a bunch of private hospitals listed on the stock exchanges have an operating profit margin of a little over 20%. So you can see the kind of damage that this could unleash on the sector. And it's no wonder the hospitals are describing this as catastrophic and calling it an Armageddon.

So does that mean that the private healthcare industry is doomed now?

Well, that does seem quite unlikely, no? Because when the Court says it will impose CGHS rates as default, it's likely a temporary measure. It wants the government to come back with its own set of rates. And since state governments will be involved in the consultation, you'll see that the rates will probably vary not just from state to state but even from city to city within a state. You can't expect hospitals in Bengaluru to be priced the same as a hospital in Mysuru, right?

Also, even within the clinical setup, a top-of-the-line hospital with the most experienced doctors and the latest in operation technology will face higher costs than a smaller clinic. So they'll have to charge higher for their medical procedures to recoup those costs. You'd expect the Courts to consider that. So you could still end up with a wide range of rates that reflect that too.

So yeah, with the private healthcare industry already voicing their concerns and lobbying against such a move, we'll just have to wait and see how this healthcare story plays out.

By GuruPrakash S

Update for the day #2068 | Price transparency puts hospitals in trouble

Confused?

It simply means "Build lakes, plant trees". And legend has it that was the advice given to the founder of Bengaluru Kempegowda by his mother in the 1500s. Now it wasn't an idea she came up with out of the blue. You see, Bengaluru's landscape had already been through a transition from the 6th century. Back then, it was dry, arid and filled with thorny trees. But rulers at the time decided they would change the terrain. Mold it from a semi-arid landscape to fertile land. They built tanks and streams to trap rainwater and help local communities thrive. So by the time Kempegowda came to power and laid the foundation for what would become Bengaluru as we know it today, the landscape was already teeming with water bodies. His mother simply advised him to double down on his predecessors' achievements. So he built at least 100 lakes.

And there was a simple reason to explain this obsession with lakes—Bengaluru did not have a perennial source of water. There wasn't a river that flowed through the city. Not even the Kaveri which traversed the states of Karnataka and Tamil Nadu but avoided Bengaluru. So the city needed man-made lakes and tanks. And they were built in such a way that when one lake overflowed, it would feed into another lake. Many lakes were interconnected, and this ensured the constant availability of water too.

But that was all a long time ago. Today, Bengaluru's waterbodies have all but disappeared in the city's core area—from 1,452 in the 1800s to just 193 waterbodies today. How did they all disappear, you ask? Well, it all began with the British. These colonial rulers set up their military base in the city in 1809. And soon realized that they loved the place. The weather was good, and they felt that it could be the capital of southern India. And when the British came in, they needed more water. The tanks that had been built weren't enough anymore. As the population grew, the British decided to set up piped networks to fetch water from places afar. Since water was abundant now, the man-made lakes began to give way to human settlements.

After independence, this apathy towards lakes continued because piped water from the Kaveri River was a given. So real estate developers lapped them up to build housing and office spaces. Want an example? Well, if you've ever taken a bus into Bengaluru or away from it, there's a high chance you boarded it at the Kempegowda Bus Terminus (or what was known as Majestic Bus Stand). It's bang in the middle of the city. And guess what… till the 1950s, it was actually a big water tank or man-made lake called Dharmambudhi!

It's crazy to think about it. But therein lies the rub of today's problem too. For starters, some estimates say that Bengaluru needs over 2,600 million liters per day (MLD) of freshwater. And 50% of that comes from the Kaveri River. So when the region experiences a poor monsoon, as it did in 2023, the dams and reservoirs built along its tributaries fall short of their usual inflow. And that has a knock-on effect on Bengaluru.

The other part of the problem is groundwater exploitation. We're a trigger-happy nation when it comes to drilling borewells for water. You know, where we drill holes that are often over 1,000 feet into the surface of the earth. We extract water from these deep rock layers known as aquifers. And Bengaluru alone has nearly 14,000 borewells dotted across the city.

The reason for the proliferation of borewells is simple too—the city's population growth. In the past decade, it's estimated to have shot up from 10 million people to 16 million at least. And since the city needs water to meet the needs of the burgeoning population, everyone turns to borewells. But remember that the aquifers deep in the earth have been formed over decades and centuries. And it can only be replenished when we allow water to seep through the soil. But if you look around Bengaluru, you'll only see a concrete jungle. And nearly 90% of the city is paved surfaces. That means we have a jungle whose land cannot absorb the water anymore.

So even if Bengaluru has a year or two of bountiful rains, it doesn't move the needle. So, is it really a surprise that 50% of the current borewells have dried up? There is no water left underground because we're extracting the water faster than it can be replenished.

Anyway, there's only one question that remains—how on earth can Bengaluru fix this problem? Well, it's hard. But maybe we could start making a dent on this massive problem by looking atlakes!

See, Madhulika Choudhary, a 'lake' activist who revived the Neknampur lake in Hyderabad points out a problem in how Bengaluru attempts to revive lakes. As she told The Week,

"They [Bengaluru] follow a model in which they drain out the lake and then wait for it to get filled through surface run-offs. In my opinion that is not successful. In Hyderabad, we use a different model: we try and fill the lakes/ponds with water that is free of industrial pollution. The water, even domestic sewage, gets purified in the water bodies through processes like phytoremediation. What this does is that it recharges groundwater round the year and not just when the lake is filled through rain or surface run-offs, which no one can predict or be sure of." For instance, her NGO set up a 'floating island' in the lake in Hyderabad. Think of it as a plank topped off with soil and plants with thermocol and bottles at the base that enable flotation. These plants will help absorb the high nitrogen and phosphorous in the sewage water that's directed into the lake. It works as a natural purifier. That's phytoremediation.

And it looks like the folks in Bengaluru heard this too. The authorities have now decided to direct 1,300 MLD of treated water into the lakes. They're hoping that this will replenish groundwater sources.

But of course, this won't change the situation overnight. And with the monsoon still at least 100 days away, Bengaluru will have to keep its fingers crossed for an immediate solution.

By Rakshith Bharadwaj Y

Update for the day #2069 | India to grow 6.8% in FY25, become upper-middle-income economy by FY31

According to a report released on Wednesday by ratings agency Crisil, rising interest rates and a weaker fiscal stimulus could dampen demand in the South Asian nation, with the Indian economy likely growing at 6.8% in the upcoming fiscal year—a little less than the central bank's prediction of 7%.

According to the rating agency, India's economy is expected to reach the $7 trillion mark by FY31, with an average annual growth rate of 6.7%. This will place India in the upper-middle income category within the next seven years.

The World Bank classifies upper middle-income economies as those with a Gross National Income (GNI) per capita ranging from $4,256 to $13,205. In contrast, lower middle-income economies have a GNI per capita between $1,086 and $4,255.

Middle-income countries, encompassing 75% of the global population and 62% of the world's impoverished, contribute to approximately one-third of the worldwide gross domestic product (GDP).

According to the latest government data, India's per-capita income stood at ₹1,69,496, or $2,040, in FY23. Crisil maintained that India will remain the world's fastest-growing major economy, despite its FY25 growth forecast being slightly below the 7% projection as per the Reserve Bank of India.

The statistics ministry increased its GDP growth projection for FY24 to 7.6% in its second revised estimate from 7.3% in its first advance forecast due to the quarter's higher-than-expected growth.

This year's economic growth in India is being driven by important industries like mining, manufacturing, construction, and services. Crisil also predicts that the upcoming fiscal year will experience lower inflation due to lower input costs, slower domestic demand, higher agricultural productivity, and stable pricing for commodities and oil.

Recent government data revealed that January saw consumer price index-based retail inflation dropped to a three-month low of 5.1%, helped by a slower rise in prices of food item.

Crisil anticipates that India's growth momentum would continue for the duration of the decade, propelled by substantial private sector investments in novel industries, steady government expenditure on infrastructure, continuous reforms, and the advantages of improved physical and digital connections.

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By Varsha G Bhatt

Update for the day #2070 | Price transparency puts hospitals in trouble

The Story

For the uninitiated, Tata Sons is what you'd call a Holding Company. Think of it as the parent to the Tata Group of companies. It owns a sizeable stake of around 30% in these group companies—such as Titan, Tata Motors, and Indian Hotels. These companies can use the Tata surname for the company or the brand if they wish to as long as they follow the ethics and principles of the Tata Group. And then the parent lets them run their own business independently without interference.

When these 29 listed Tata companies and others in its stable make money, they share their profits with the parent. They might send it via dividends. For instance, 95% of ₹35,000 crores of its revenue in FY23 came from these dividends and a significant portion of it came from its biggest cash cow TCS.

Once the dividend hits its bank account, Tata Sons can use it for whatever it pleases. It used it for the acquisition of Air India. And it pumped thousands of crores into Tata Motors a few years ago when the automaker was struggling.

So yeah, the end use of the money is entirely up to the parent.

Now, a company might resort to an IPO primarily for 3 key reasons—

The owners or investors of the company want to sell a sizeable stake and make some money.
It wants to raise fresh money to expand the business and build new manufacturing units.
It wants to pay off the debt it has accumulated and clean up the accounts.
But Tata Sons does not tick any of these boxes.

For starters, 66% of its shares are owned by Tata-related Trusts that do charity work. They conduct their philanthropy with the money they get from Tata Sons so they won't really want to sell their shares. Sure, you could say that the Mistry family who also owns part of the company might want to cash out. But they've been waiting for that for a few years now and Tata does not seem to be in a hurry to show them the exit.

Also, Tata Sons has plenty of dividend clinking in its coffers. Not only did that help pare down existing debt but there's enough to even pump into expanding capacity in its group companies.

On the face of it, it does not seem like Tata Sons should be in a tearing hurry to launch an IPO.

So, why has it been all over the news then, you ask?

Ah, that's thanks to the RBI.

See, the central bank has a rule. If a holding company provides financial support to its group companies, especially by using "public money" or money that's borrowed from banks, then it will be called a Core Investment Company (CIC).

And since Tata Sons fits the bill, the RBI classified it as a CIC. And also, labelled it as an 'upper layer' non-banking financial company (NBFC). This meant it was a crucial player in India's lending ecosystem.

However, the problem with this classification was that it came with another caveat. A big one. Tata Sons would have to be publicly listed on the stock exchange by September 2025.

And you can imagine that Tata Sons wasn't quite pleased with that diktat. It's a private company. Which means that it gets to keep its affairs to itself. And it's only responsible to its limited set of shareholders. But going public would increase scrutiny of its actions. It may not have a free hand in making business decisions either.

Now the rumor is that it tried to sway the RBI. Get an exemption to conduct affairs its own way. But unfortunately for Tata Sons, the RBI wasn't having any of that. The Tata name didn't matter in its books.

Tata would have to follow the rules and go the IPO route.

Now, all of this was a known fact even a few months ago. So it doesn't really answer the question as to why there's a buzz today, no?

Well, today's hype is because a financial services firm Spark Capital released a note about Tata Sons. The analysts crunched the numbers and said by virtue of Tata Sons' investments in all these listed companies, its value should be a whopping ₹8 lakh crores at least!

And it could potentially end up being the biggest IPO in India.

But that's not what got people talking about Tata Sons.

The thing is, and this is quite weird…some listed Tata stocks own a stake in the parent company too!

Yup, Tata Chemicals owns 3% of its parent. So investors were just excited about the prospect of the amount of money Tata Chemicals could make when this 'locked capital' would become free. And by 'locked' capital, we mean that the company has held this stake for at least 25 years, and it hasn't been able to make use of it. Investors never gave it any value because no one knew if the stake would be monetised. But if Tata Sons launched an IPO, Tata Chemicals could finally sell its stake and pocket the gains. It would be massive.

And that's why the Tata Chemicals stock price soared by over 30% last week. It was a feeding frenzy.

But not so fast now.

Remember we told you that Tata Sons wouldn't prefer a situation where it's a publicly listed company, right? That it would like to remain private.

Well, looks like it will do everything in its power to maintain that status quo. Over the weekend, the news flipped on its head. And it now appears that Tata Sons is trying to find a workaround to the RBI diktat. It's attempting to shed its CIC and upper-layer NBFC tag!

How's it going to do that, you ask?

Well, the RBI rules do grant some leeway. If Tata Sons can repay all of its borrowings. And if it can shunt off its financial services firm Tata Capital into another subsidiary, that could solve its problems. At least that's the word on the street.

Now we don't know what will eventually happen. Rumors about a Tata Sons IPO have been doing the rounds for nearly two decades now. But each time, it fizzles out. And just like that, even the Tata Chemicals stock has lost its fizz—it crashed by 10% yesterday.

So maybe it's prudent to wait for the Tata Group to make an official announcement the next time at least?

By Pooja Naik

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