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Foreword

At **SURESH & CO.**, we are pleased to present the latest edition of **EMERGING THOUGHTS**, which brings together a series of daily updates reflecting developments across business, economics, technology, policy, and society.

The updates in this edition represent our practice of observing and documenting what is unfolding around us on a day-to-day basis. From advancements in artificial intelligence and regulatory actions, to movements in global trade, financial markets, infrastructure, and sustainability, each update captures a moment in time that invites reflection. Taken together, they provide a broad view of the issues and events influencing the environment in which we operate.

At **SURESH & CO.**, we believe that professional awareness is strengthened through consistency. Engaging regularly with news, trends, and ideas beyond immediate assignments helps build perspective and informed judgment. The Emerging Thoughts initiative encourages this habit by creating space for individuals to pause, reflect, and share observations drawn from their daily reading and experiences.

This edition includes updates spanning India's economic outlook, corporate and capital market developments, public finance, international trade, technology, and cultural shifts. It also revisits significant historical events and emerging themes, reinforcing the importance of understanding both current developments and their broader context.

We encourage readers to engage with these updates thoughtfully and consider how they relate to their own work and areas of interest. Through regular reflection and shared learning, we aim to strengthen dialogue and awareness within the firm.

We appreciate your continued association with **EMERGING THOUGHTS** and with **SURESH & CO.** As we move ahead, let us remain observant, open to learning, and mindful of the changing landscape around us.

Update for the Day #2611 | Google's Gemini gets updated fact-verification layer to reduce hallucinations.

Today's interesting tech development is from Google's Gemini team. Google has been under pressure over AI "hallucinations", especially after its AI Overviews feature surfaced obviously wrong answers in search earlier this year – including citing a satire article about "microscopic bees powering computers" as if it were real research. Misinformation Review In response, Google is steadily tightening factual controls inside Gemini.

The latest change is an upgraded fact-verification layer that sits between Gemini's raw generation and the final answer the user sees. Instead of just predicting the most likely next words, Gemini is now more often required to cross-check its own answer against trusted sources before it responds. Technically, this means more systematic use of grounding: pulling in web results, Google's own knowledge graphs and other structured data, and then aligning the model's answer with those facts – a pattern that's become a best practice to cut hallucinations in LLMs.

For users, this shows up in a few ways. You'll see Gemini explicitly reference links and sources more often, refuse to answer when it is not confident, and correct itself mid-conversation when the verification layer flags inconsistencies. Under the hood, Google is pairing its newer Gemini models with stronger safety and fact-checking stacks, because these models are now powering not just chat, but search, Workspace, and developer APIs. The push is also driven by

numbers. Independent studies and the Stanford AI Index 2025 show that even top models like Gemini and ChatGPT can still hallucinate in roughly a third of enterprise-style prompts, especially when asked for niche facts without citations. That level of risk is unacceptable for use cases in finance, law, tax, and compliance – exactly the spaces where AI adoption is now accelerating.

Practically, the direction of travel is clear: AI tools like Gemini are moving from "creative assistant that might be wrong" to "research assistant that must back itself with evidence". But it's not a magic off-switch for errors. The verification layer reduces hallucinations; it doesn't eliminate them. For professionals, the smart play is to treat Gemini as a faster first-pass researcher: let it summarise, compare, and draft – but keep human review and, wherever possible, check the underlying sources it surfaces.

By Sanjana S M



Update for the Day #2612 | India's strong fundamentals to support 7% growth despite global risks-Finance Minister Says

India's economic growth will accelerate to at least 7% this year as fundamentals remain robust despite global uncertainties, Finance Minister Nirmala Sitharaman said on Saturday.

"Fundamentals of the economy are strong," Sitharaman said at the Hindustan Times Leadership Summit in New Delhi, adding that consumer spending was expected to stay resilient, supported by low inflation and recent cuts in goods and services tax rates.

"We saw the growth numbers for the second quarter. I think that will sustain, and overall, this year's growth numbers will be 7 or beyond it as well," she said. Gross domestic product grew 6.5% last fiscal year.

India's economy beat forecasts to grow 8.2% in the three months through September, India's fiscal second quarter, lifted by robust consumer spending and front-loading of production ahead of local festivals and punitive U.S. tariffs.

Still, the Reserve Bank of India cut its key repo rate by 25 basis points on Friday and raised its GDP growth forecast for this fiscal year to 7.3% from 6.8%, while lowering its inflation estimate to 2% from 2.6%. The world's fifth-largest economy has faced pressure from higher U.S.

tariffs imposed by President Donald Trump, widening India's trade deficit and pushing the rupee to a record low.

Global headwinds have prompted Prime Minister Narendra Modi's administration to step up domestic economic reforms, including paring consumer taxes, changing labour rules and easing financial sector regulations.

Sitharaman said investor confidence in the economy's fundamentals was also driving higher retail participation in stock markets and stronger home-loan demand.

On the rupee, she said, the currency will have to find its own level, adding that exporters were benefiting from its depreciation "coinciding with the recent tariff hikes"

By Vandana M Panwar



Update for the Day #2613 | DroneAcharya Aerial Innovations has landed itself in SEBI's bad books

If you've followed the markets long enough, you know that IPO stories usually fall into two buckets. The first is the heart-warming kind — a young company raising money, scaling up, creating value. And then there's the second kind, where the glossy prospectus is just a shiny cover for a maze of odd transactions, inflated numbers, and accounting acrobatics.

DroneAcharya Aerial Innovations, unfortunately, seems to sit squarely in that second bucket. SEBI recently uncovered a long-running scheme to mislead investors, misuse IPO funds, and dress up the company's financials. And once the dust settled, it barred the promoters and a few others from dealing in the markets till they paid the penalties.

But you wouldn't have guessed any of this if you'd seen DroneAcharya's debut on the BSE SME exchange back in 2022. The stock listed with a dream 90% gain, the kind of performance that usually signals a promising young business. Investors cheered. Celebrity involvement hyped it. Even SEBI didn't sense anything off at first. But over the next couple of years, as the company filed patchy disclosures and repeatedly missed mandatory filings, the red flags began to pile up. And when SEBI finally started digging, it realised it had stumbled onto something far bigger than sloppy compliance.

It turns out, the playbook had been in motion long before the IPO. The story begins with the company first raising money through something called OCPS or Optionally Convertible Preference Shares. These are preference shares that investors can later convert into equity. Companies like issuing them because they can raise money without immediately giving up voting power, and investors like them because converting at the right time can deliver hefty gains, especially right before an IPO.

Now, OCPS themselves aren't a problem. But issuing them when your revenues are barely ₹3.5 crore and your profits are negative does raise eyebrows — especially if the people buying them include celebrities like Aamir Khan and Ranbir Kapoor. Yet that's exactly what DroneAcharya managed to pull off.

It did something really smart. First, it sold OCPS at a low price to nearly 200 pre-IPO investors. Then it began slowly issuing bonus shares. For instance, it once issued a 6:1 bonus, which means that for every 1 share, you get 6 more and then a 99:1 bonus, where for every 1 share, you get 99 more. So if someone had 1 share, after the two bonuses, that 1 share magically became more than 100 shares. And when the OCPS finally converted into equity right before the IPO, investors didn't just get the number of shares they had paid for, but also a massive pile of extra shares for free.

And because they got so many bonus shares, their effective cost per share dropped drastically, even though the OCPS price sounded high on paper. And when the IPO listed at a much higher price, their profits exploded. Their paper profits surged overnight, and this made it seem like these pre-IPO investors were the "visionaries" who spotted the company early.

And just when you think that's questionable enough, the trail gets stranger. After this, the company quietly transferred over ₹10.6 crore to a private company called Awyam Synergies Private Limited (ASPL) as a payment for software development. The reality? ASPL was fully owned by DroneAcharya's own promoters, Prateek and Nikita Srivastava. Even when they claimed to have resigned from ASPL, they still held 100% of the shares, which made ASPL a related party under company law. And related-party transactions must be disclosed to investors,

auditors, stock exchanges everyone. DroneAcharya didn't report any of this in its IPO documents, annual reports or even to the stock exchanges after listing. Some of the money sent to the promoter-owned company later came back, but a lot didn't. And when promoters quietly move company money into businesses they own, without telling anyone, that's a serious red flag.

Then came the IPO proceeds itself. DroneAcharya raised ₹33.96 crore from the public, promising to spend nearly ₹28 crore on buying drones and accessories, and the rest on general corporate needs. Simple on paper. But when SEBI followed the money, the story it uncovered was anything but simple.

Let's start with the most obvious example. DroneAcharya paid almost ₹6 crore to a vendor named Micro Infratech for GIS and SQL software. But the thing is that this is the kind of software that usually costs a few lakhs, not a few crores. So firstly, nothing that could remotely justify the ₹6 crore bill. And as if that wasn't enough, when SEBI checked Micro's bank statements, the money left the account the same day and was sent to random companies that had nothing to do with software. It didn't look like a software purchase at all, but rather, like a planned way to intentionally move money elsewhere.

Another example was of ₹8 crore which went to Data Setu Technologies for more software development. Except the invoices were inflated, the deliverables didn't exist, and even basic quotations weren't verifiable. The money left the account but left behind no trace of actual work done and then there were revenues supposedly earned from companies (customers) like Triconix and IRed. These two alone accounted for ₹12 crore or nearly 35% of DroneAcharya's operating revenues in FY24. But once SEBI removed that doubtful revenue from the statements, the company would have been staring at a loss of nearly ₹4 crore. Investors who relied on those

numbers would have believed the business was growing, when in reality it wasn't.

It didn't stop there. DroneAcharya kept putting out misleading corporate announcements about small "potential" orders that might never even happen. But investors assumed the company was winning new business and bought the stock because of it.

You can see this clearly by just looking at the rise in retail investor participation in DroneAcharya's stock. For context, at listing in December 2022, over 200 pre-IPO investors held 62% of the company. But just three months later, public shareholding had jumped to 72%. By September 2024, the number of public shareholders crossed 6,400. That means thousands of retail investors were now trading a stock whose financial foundation had been quietly hollowed out.

Meanwhile, pre-IPO investors were cashing out. A total of 168 early investors sold over 74 lakh shares in the two years following the IPO, making a combined ₹114.25 crore. That made their total profit ₹89.60 crore, which translates into a stunning 225% return. For perspective, one partner from Instafin Capital, DroneAcharya's own advisor involved in arranging investors for the OCPS round, made an eye-watering 5,800% return post listing.

But here's the flipside. Retail investors who were drawn in by the company's fabricated figures and supposed order wins ended up holding shares they bought at sometimes at peak price of ₹100–₹200 (as opposed to the IPO issue price of ₹54 and listing price of ₹102). But once the truth emerged, their losses ranged anywhere between 30% and 60%, making them the last ones standing when the music stopped.

That brings us back to the obvious question — if things were this messy from the start, how did big celebrities invest? Well, because celebrity investing rarely works the way people imagine. Celebrities rarely analyse investments themselves.

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They rely on advisors to spot money-making opportunities. So if someone like Instafin, which worked with DroneAcharya, and probably had a good network, pitched the idea of a future IPO and easy listing gains, celebrities would buy the OCPS for that upside, not for the company's current financials.

Now, that doesn't make them part of the fraud because they were just looking for a good return. But when regular investors like you and me see big names on the cap table, we assume the due diligence has been done, and we end up chasing the same dream of quick gains too.

What we'd end up missing in this excitement though — something that only SEBI could uncover after a thorough investigation, was that barely ₹1.64 crore out of the ₹66.31 crore raised through private placements and the IPO was actually spent on drones and the objects the company had promised to use the IPO proceeds for. That's just 2.5% of what investors thought they were funding. The rest was either diverted, inflated, or misreported.

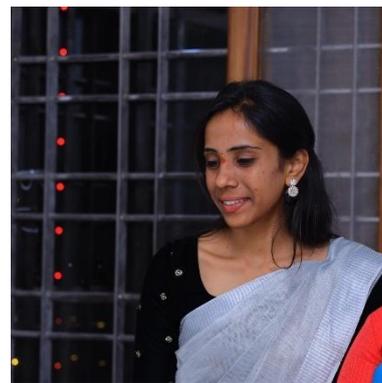
But despite everything, the penalties imposed

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ranged from ₹10 lakh to ₹20 lakh per party involved or ₹75 lakhs in total, along with temporary bans from participating in the market, until the fines are paid. Which also means that the people behind this can simply pay their fines and eventually return to business as usual. But retail investors like you and me don't get a second shot at recovering the money we've lost.

So yeah, DroneAcharya's story is a reminder that in the markets, trust is everything — and once it's broken, no amount of drones, software, or glossy announcements can help lift you off the ground again.

By Sneha D V



Update for the Day #2614 | India Discovers 12-Billion-Old Spiral Galaxy that's rewriting Cosmic History!

In a groundbreaking achievement, Indian astronomers at NCRA-TIFR, Pune, have discovered a massive spiral galaxy named Alaknanda, sitting an astonishing 12 billion light-years away. But here's the mind-blowing part: Alaknanda is fully formed, with sweeping spiral arms and a bright central bulge, even though it existed when the Universe was only 1.5 billion years old. That's cosmic infancy! Such complexity in a galaxy this early is shaking up everything scientists thought they knew about how galaxies evolve.

The discovery became possible thanks to the James Webb Space Telescope (JWST), which captured images of the distant universe in incredible detail. Scientists also leveraged gravitational lensing, a cosmic magnifying effect where a foreground galaxy cluster amplifies the light of distant galaxies, letting them see Alaknanda's structure like never before. This perfect mix of cutting-edge technology and cosmic luck has opened a new window into the universe's infancy, revealing surprises that astronomers had never imagined.

Alaknanda's very existence is rewriting the cosmic timeline. For decades, scientists believed that well-organized spiral galaxies could only

form billions of years after the Big Bang. But Alaknanda shows that complex galaxies were already shaping themselves much earlier than expected. It's giving researchers priceless clues about star formation, galaxy dynamics, and even the mysterious role of dark matter in the early universe.

Beyond its scientific brilliance, this discovery is a huge win for India's space research community, putting our country on the global stage of cosmic exploration. Alaknanda isn't just another galaxy, it's a 12-billion-year-old plot twist that excites astronomers worldwide and reminds us that the Universe is full of surprises, with India helping uncover them.

By Asmi Shenoy



Update for the Day #2615 | Behind the Blue Wings: The Rise, the Meltdowns, and the Impact on Everyday Life

IndiGo's rise often felt like the perfect aviation fairytale—streamlined, disciplined, and unstoppable. But in early December 2025, India woke up to a very different story. Airports from Delhi to Bengaluru buzzed with confusion as IndiGo began cancelling flights by the hundreds. To a passenger stuck in a snaking check-in queue, it felt sudden, almost surreal. But behind the scenes, this collapse had been years in the making. Just a month earlier, a new set of flight-duty rules had quietly rolled in, giving pilots more rest time and tightening fatigue limits. Most airlines had prepared. IndiGo, however, had long run an operation so tightly packed that even a small change could shake its entire network. It had relied on razor-thin crew buffers, hyper-tight schedules, and break-neck fleet expansion. So when the new rules demanded more pilots, more downtime, and more breathing room, the system cracked open. Pilots timed out mid-day, schedules unravelled one route at a time, and one cancellation triggered another—until over 2,000 flights vanished within a week. The DGCA stepped in, forcing the airline to cut schedules, rebuild rosters, and reboot its network from scratch.

To the average flier, it seemed like an overnight disaster. But to those who understood aviation, it felt like déjà vu. In 2017, British Airways suffered a global IT failure that grounded flights across continents. In 2018, IndiGo's rapid expansion outpaced pilot hiring, triggering days of delays. And in 2019, Jet Airways—once India's premium

carrier—collapsed under financial strain. Different stories, different triggers, but the same underlying truth: even the strongest transport systems collapse when stretched beyond endurance. And this is where the story leaves the runway and enters everyday life. Aviation breakdowns are never just industry problems—they ripple into people's days and derail their plans. A missed exam in Chennai. A postponed surgery in Mumbai. A stranded family in Delhi trying to reach a wedding in Jaipur. Transport—whether by air, rail, or road—is the invisible rhythm that holds modern life together. When that rhythm breaks, life stumbles with it. IndiGo's December 2025 meltdown wasn't just the story of an airline faltering. It was a reminder that efficiency cannot replace resilience, human fatigue cannot be engineered away, and that transport systems aren't just engines and schedules—they are lifelines. And when a lifeline snaps, an entire country feels the jolt.

By Aditi Gadiya



Update for the Day #2616 | The 2026 Budget's Real Bet: Manufacturing, Skills and Value Creation

For any country to achieve sustained growth, manufacturing cannot remain an afterthought. Every major economic powerhouse recognised this early. The US built its dominance by massively expanding factory output during the Second World War, creating employment at scale. China followed a similar path—using manufacturing to absorb labour, drive exports, and steadily move up the value chain. Services such as banking or consulting certainly played a role. But it was manufacturing that stitched the entire economic ecosystem together.

That's the lens through which this year's Budget needs to be read. Instead of announcing one headline-grabbing scheme, it quietly recalibrates incentives across sectors—making it cheaper and easier to produce in India, while nudging firms towards exporting finished goods. Taken together, these measures reveal a clear manufacturing-led growth strategy. And once you start viewing the 2026 Budget through this lens, the intent becomes unmistakable.

Manufacturing: The Core Signal

The clearest signal comes early in the Budget speech. Under the first kartavya of accelerating growth, the finance minister commits to scaling up manufacturing across seven key sectors.

Biopharma leads the list. As India's disease burden shifts towards non-communicable diseases such as diabetes, cancer, and autoimmune disorders, dependence on imported biologics has become a vulnerability. To address this, the Budget introduces Biopharma SHAKTI—a strategy to position India as a global biopharma manufacturing hub.

With an outlay of ₹10,000 crore over five years, the programme aims to build domestic capacity for

biologics and biosimilars, establish over 1,000 accredited clinical trial sites, and strengthen the CDSCO through a dedicated scientific review cadre capable of meeting global approval timelines.

Next comes semiconductors and electronics. The India Semiconductor Mission (ISM 1.0), launched in December 2021, focused largely on fabrication and design. ISM 2.0 expands this ambition—covering semiconductor equipment, materials, domestic IP creation, and an industry-led research and training ecosystem.

This push is complemented by a significant expansion of electronics manufacturing incentives. The Electronics Components Manufacturing Scheme, launched in April 2025 with an outlay of ₹22,919 crore, has already attracted commitments at double the target. To capitalise on this momentum, the Budget raises the outlay to ₹40,000 crore—arguably the most explicit capital-backed manufacturing push in the speech.

But semiconductors require rare-earth materials, and here the manufacturing narrative takes a geopolitical turn. A Scheme for Rare Earth Permanent Magnets, announced in November 2025, is now being operationalised. The Budget also proposes Rare Earth Corridors across mineral-rich states such as Odisha, Kerala, Andhra Pradesh, and Tamil Nadu—spanning mining, processing, R&D, and downstream manufacturing. The goal is to secure access to critical materials essential for electronics, clean energy, and advanced manufacturing.

Chemical manufacturing forms another important link. To reduce import dependence, the Budget proposes a new scheme to support states in establishing three dedicated Chemical Parks.

These parks aim to lower entry barriers and strengthen domestic supply chains feeding into pharma, electronics, energy, and infrastructure. To tie the ecosystem together, the government announces a ₹10,000 crore SME Growth Fund to provide equity support to high-potential MSMEs, along with a ₹2,000 crore top-up to the Self-Reliant India Fund—ensuring continued access to risk capital for micro and small enterprises.

The Orange Economy: A New Growth Frontier

While manufacturing dominates the Economic Survey and the Budget, a new term quietly makes its debut—the orange economy.

You might have noticed it when the Finance Minister proposed backing the Indian Institute of Creative Technologies (IICT), Mumbai, to establish AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges. These labs will expose students early to animation, VFX, and gaming. The orange economy refers to economic activity derived from creativity—music, films, art, design, performances, and content creation. Concerts sit right at its heart.

A live concert isn't just a ticketed event. It triggers a chain reaction—travel, hotels, food services, transport, equipment rentals, and digital content creation. One event ends up feeding multiple businesses simultaneously.

The Economic Survey backs this up. In the UK, music-related tourism contributed around 0.3% of GDP in 2022. UNCTAD estimates that creative industries contribute anywhere between 0.5% and over 7% of GDP globally. And concerts today aren't limited to physical stages. They can be virtual, immersive, or digitally layered—requiring skills in visual design, AR/VR, animation, and digital storytelling. These are no longer niche skills. By 2030, the industry is expected to need nearly 2 million professionals across creative and tech roles. Since India's orange economy is still nascent, early skilling is critical. That's what this proposal is really about—turning creativity into a scalable engine of growth.

Agriculture: Raising Incomes Without Fiscal Strain - Agriculture's share of GDP has fallen—from around 35% in 1991 to roughly 18% today. Yet it still employs nearly half the population. The challenge, therefore, is raising farmer incomes without endlessly increasing MSPs or subsidies.

The Budget's answer: high-value crops.

These crops generate significantly higher value per hectare and per worker. Alongside animal husbandry and fisheries, the Budget places a clear emphasis on crop diversification. Coconut receives special attention. India is already the world's largest producer, supporting nearly 30 million livelihoods. The issue is productivity—many trees are old and yield less. The proposed Coconut Promotion Scheme aims to replace ageing trees with high-yielding varieties, boosting output without expanding farmland.

Since coconut trees take 5–7 years to bear fruit, the scheme will likely include interim income support to encourage adoption—something farmers would otherwise avoid due to temporary income loss. There's also region-specific crop support: reviving sandalwood and cashew in coastal areas, promoting agarwood in the North-East, and making India self-reliant in cocoa as domestic demand rises. Complementing this is Bharat-VISTAAR—a multilingual AI platform integrating AgriStack data with ICAR's knowledge base. Farmers will receive customised, local advice in their own language, improving productivity and reducing risk.

Financial Sector: Quiet Tweaks, Clear Signals. As expected, there were no changes to income-tax slabs. But several important personal finance and market-related tweaks stood out. TDS on property purchases from NRIs will now be deposited using the buyer's PAN instead of requiring a separate TAN—removing a major compliance hurdle for one-time buyers.

More significantly, Securities Transaction Tax (STT) saw a sharp hike. Options premium STT rises from 0.10% to 0.15%, while futures jump

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from 0.02% to 0.05%, effective April 1, 2026. Historically, higher STT has often reduced volumes—and collections—raising questions about revenue outcomes. But it may curb excessive speculation and retail losses.

The Budget also closes a long-standing loophole in share buyback taxation. Buybacks will now be taxed purely as capital gains for all shareholders. Promoters will additionally face a buyback tax—22% for corporate promoters and 30% for non-corporates—eliminating arbitrage between dividends and buybacks. Compliance relief comes through greater flexibility in revising income-tax returns, while disclosure norms for foreign assets have been tightened—signalling that transparency, not leniency, is the long-term direction. Other notable changes include full tax exemption (and no TDS) on motor accident tribunal awards, and

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capital gains exemption on Sovereign Gold Bonds only when held till maturity by the original subscriber.

The Big Picture:

Put together, this Budget makes one thing clear: shortcuts, speculation, and opacity are becoming more expensive. Long-term investing, real production, and value creation remain largely untouched—and quietly encouraged. And that, more than any single announcement, is the real story of this Budget.

By Manjunath A S



Update for the Day #2617 | India's Push for Infrastructure Bonds and Sovereign Green Bonds (2025)

India's rapid economic growth has created a massive demand for sustainable and long-term infrastructure financing. To meet this need, the government has increasingly turned to infrastructure bonds and sovereign green bonds as major instruments for raising capital. These bonds are helping the country fund essential projects in transport, power, renewable energy, and urban development, while also promoting environmental sustainability.

In the Union Budget 2025, the Government of India placed strong emphasis on mobilizing resources through the bond market rather than relying solely on fiscal expenditure. Public sector entities such as NABARD, REC, PFC, and NHAI have been at the forefront of issuing infrastructure bonds, which provide investors with tax incentives and stable, long-term returns. These instruments are also helping deepen India's domestic debt market, encouraging participation from pension funds, insurance companies, and foreign institutional investors.

Parallely, India has taken a major step in promoting sustainability through the introduction of Sovereign Green Bonds (SGBs). The first issues, launched in 2023 and 2024, received a positive response from global investors. Funds raised through these bonds are earmarked for environmentally friendly projects such as solar parks, wind power, electric vehicle infrastructure, and climate-resilient urban

systems. The government follows strict frameworks to ensure transparency, accountability, and alignment with global ESG (Environmental, Social, and Governance) standards.

This dual focus on infrastructure and green bonds supports India's broader goals of achieving a \$5 trillion economy while maintaining its commitments under the Paris Climate Agreement. It also reduces reliance on short-term external borrowing and promotes financial self-reliance.

By expanding its bond market and encouraging sustainable finance, India is positioning itself as a global leader among emerging economies in responsible investment. The success of these initiatives reflects not only the country's economic ambition but also its commitment to balancing development with environmental responsibility

By Darshan Y C



Update for the Day #2618 | India's Fiscal Paradox: Strong Centre, Stressed States

A few days after the Economic Survey and Union Budget, India's fiscal story still looks impressive at first glance. For an emerging economy that endured a pandemic and multiple global shocks, the numbers are reassuring. The central government has reduced its fiscal deficit sharply—from 9.2% of GDP in FY21 to 4.8% in FY25—and is targeting 4.4% in FY26. At the same time, capital expenditure has risen steadily. Capital spending as a share of total central expenditure increased from 12.5% in FY20 to 22.6% in FY25, while effective capital expenditure rose from 2.6% to 4% of GDP.

In simple terms, the government has tightened its finances without cutting back on infrastructure investment. Credit rating agencies have taken note. In 2025, India received three sovereign rating upgrades—from Morningstar DBRS, S&P Global, and Japan's R&I. Investor confidence has also shown up in the bond market. The spread between India's 10-year government bond yield and US Treasuries has fallen to around 2.5% by the end of 2025, more than half of what it was in 2018.

Since US Treasuries are considered the global risk-free benchmark, a narrowing spread signals that investors see India as less risky and are more comfortable lending to it. By these metrics, India stands out as a large economy reducing deficits, investing in growth, and maintaining macro stability.

But this is only part of the picture.

The State Finance Problem

A closer look at state finances in the Economic Survey reveals emerging stress beneath the surface. State fiscal deficits appear contained at about 3.2% of GDP in FY25. Adjusting for the

centre's 50-year, interest-free loans under the Special Assistance to States for Capital Expenditure (SASCI), the underlying deficit falls further to 2.8%.

However, the composition of state finances has deteriorated. In FY19, states collectively had a near-balanced revenue account, with a deficit of just 0.1% of GDP. By FY25, this had widened to 0.7% of GDP. Revenue balances worsened in 18 states: ten slipped from surplus into deficit, five saw existing deficits deepen, and only three remained in surplus despite some deterioration. Between FY24 and FY25 alone, the revenue deficit jumped by 0.4% of GDP, even as the central government compressed its own revenue spending. This deterioration is not due to weak revenue growth. States' own tax revenues have grown at a healthy annual rate of around 12.6% since the pandemic, and now account for nearly half of their total revenues. The issue lies on the expenditure side.

The Economic Survey estimates aggregate spending on unconditional cash transfer programmes at ₹1.7 lakh crore in FY26. The number of states running such schemes has increased more than five-fold since FY23. Nearly half of these states are already in revenue deficit, implying that additional development spending would need to be debt-financed.

Why Markets Care

With Indian government bonds now included in global bond indices, investors assess the finances of the "general government"—the centre plus the states. This perspective partly explains why India's 10-year bond yield, at around 6.7%, remains higher than Indonesia's 6.3%, despite both countries having the same sovereign credit rating. The market signal suggests that while the

centre's finances are strong, concerns about state-level fiscal discipline raise India's overall risk perception.

The Role of SASCI

The central government has attempted to manage this imbalance through SASCI. Launched in 2020, the scheme provides states with 50-year, interest-free loans exclusively for capital expenditure. Its scale has expanded rapidly—from ₹12,000 crore in FY21 to ₹1.5 lakh crore in FY25, with cumulative lending of about ₹4.5 lakh crore so far. SASCI has acted as a stabiliser. Without it, state capital outlay would have declined from 2.11% to 1.92% of GDP between FY22 and FY25. With the scheme, overall state capital expenditure has remained broadly stable at around 2.3–2.4% of GDP, with poorer states relying on it more heavily.

However, this also creates a risk. States may increasingly divert their own revenues toward non-productive spending while depending on the centre's balance sheet to fund infrastructure—shifting responsibility rather than correcting fiscal behaviour.

A Delicate Balance

India's broader macro indicators remain strong. Inflation has cooled to 1.7% as of December

2025, core inflation is around 2.9%, and potential growth has been revised up to 7%. Transfers from the centre to states have risen sharply—from ₹11.5 lakh crore in FY20 to a budgeted ₹25.6 lakh crore in FY26, or from 5.7% to 6.9% of GDP. Additional Finance Commission grants and SASCI further support state finances.

For now, this arrangement works because the centre has fiscal credibility and borrowing strength. But the underlying question remains: how long can a fiscally disciplined centre continue to support states that are consistently spending more than they earn?

If state-level fiscal discipline does not improve, the centre–state imbalance itself could eventually become a constraint on India's long-term growth story

By Akshay A



Update for the Day #2619 | A look at the ICICI Prudential AMC IPO

ICICI Prudential AMC hardly needs an introduction. It is among India's oldest and most established asset managers, with a legacy spanning over 30 years.

The journey began in 1993, when the ICICI group entered a nascent mutual fund industry dominated largely by UTI. A major turning point came in 1998 with the partnership with Prudential Plc, the UK-based insurance and asset management giant. This led to the formation of ICICI Prudential AMC, with ICICI Bank holding a 51% stake and Prudential Corporation Holdings owning the balance. From just two branches and six employees, the company has grown into a nationwide franchise with over 272 locations and more than 3,500 employees. Today, it ranks as India's largest AMC by active mutual fund QAAUM, managing over ₹1.01 lakh crore.

At its core, the business model is straightforward. Investors pool their savings through mutual funds and related products, and the AMC invests these funds across equities, debt, and other asset classes, earning fees based on assets under management (AUM). As AUM grows and markets perform well, revenues naturally follow.

ICICI Prudential AMC is now heading to the capital markets with a ₹10,600 crore IPO, entirely through an offer for sale (OFS). Prudential Corporation Holdings will dilute its stake to about 39% post-listing. Ahead of the IPO, it has already sold around 4.5% to ICICI Bank, increasing the bank's stake to roughly 53%, alongside investments from marquee names such as ADIA, Azim Premji and Rakesh Jhunjhunwala family offices, and insurers like SBI Life and HDFC Life.

Since the IPO proceeds will not flow into the company, the focus shifts squarely to business

performance and future prospects. On that front, the numbers are encouraging. Fees and commissions contribute nearly 94% of operating revenue, which grew from ₹2,837 crore in FY23 to ₹4,977 crore in FY25, a 32% CAGR. The broader industry backdrop is supportive too, with Crisil projecting mutual fund QAAUM growth of 16–18% annually, reaching about ₹155 trillion by FY30.

Mutual funds form nearly 93% of ICICI Prudential AMC's total AUM, and within the industry, equity-oriented schemes—which carry higher fee yields—have seen their share rise from 31% in FY21 to 44% in FY25. Continued equity inflows, rising market participation, and deepening capital markets should support long-term AUM growth.

There are, however, some headwinds. Changes in tax rules have reduced the attractiveness of debt funds, and growing investor preference for low-cost passive products may pressure fee yields. Even so, profitability remains strong. Net profit grew at a 32% CAGR over the last two years to ₹2,650 crore, while operating margins have remained steady at 0.36%, among the best in the industry and comparable to HDFC AMC.

The company also stands out on returns. FY25 RoE stood at about 83% (nearly 87% annualised for H1 FY26), far ahead of most peers, largely driven by scale efficiencies.

At the upper IPO price of ₹2,165 per share, ICICI Prudential AMC is valued at around 40x earnings, broadly in line with peers like HDFC AMC and Nippon Life India. Given its scale, profitability, and industry position, there are limited red flags beyond the OFS structure and future growth uncertainties.

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Whether it can sustain this momentum will depend on how effectively it continues to attract investor flows and manage assets—but as far as fundamentals go, the business looks solid.

By Anjan Talanki



Update for the Day #2620 | Is the rupee too weak or the dollar too strong?

India's economy is growing rapidly, posting GDP growth above 7–8% in recent quarters, while inflation has fallen sharply nearly to zero driven largely by deflation in food prices, which carry heavy weight in the inflation basket. Because inflation is below the RBI's target, the central bank has cut interest rates aggressively, lowering the repo rate by 125 basis points this year to stimulate demand. However, lower interest rates reduce the attractiveness of Indian assets for foreign investors, leading to capital outflows and putting pressure on the rupee. As a result, despite strong economic growth, the rupee has weakened to around ₹90 per dollar an apparent contradiction.

This weakness is amplified by structural factors. India is a net importer, especially of crude oil, gold, electronics, and machinery, so a weaker rupee increases the import bill. Reduced reliance on discounted Russian oil has further raised dollar demand. At the same time, exports have not grown as fast as imports, widening the trade deficit. Persistent rupee depreciation also hurts foreign investors' dollar returns, prompting further FII outflows and reinforcing the cycle.

Global factors play a major role too. The US dollar has strengthened due to high US yields and global uncertainty. Even if the US Federal Reserve cuts rates, the dollar may remain strong because it acts as a safe-haven currency during global stress pulling emerging-market currencies,

including the rupee, down with it.

For households, a weaker rupee means costlier oil, gold, travel, electronics, and other USD-priced goods and services. While exporters may benefit, many Indian exporters rely on imported inputs, limiting the gains; only a few sectors like IT services benefit clearly. The unusual combination of high GDP growth and near-zero inflation suggests that deflation is not signalling economic weakness, but rather price declines in a few high-weight items while broader activity remains strong.

Overall, the falling rupee is not a judgment on India's economic strength but a reflection of global dollar dominance and India's structural vulnerabilities. It highlights the need for reforms to reduce oil dependence, strengthen manufacturing, and diversify exports to make the currency more resilient in the long run.

By Naveen Kumar



Update for the Day #2621 | The power of positive thinking at work and Life

Today, I'd like to speak about the power of positive thinking at work and in life. Positive thinking does not mean ignoring problems or pretending everything is perfect. Instead, it means choosing to face challenges with hope, confidence, and a solution-focused mindset. When we approach our work with positivity, we become more resilient, more creative, and better able to handle pressure. A positive attitude helps us see opportunities where others see obstacles, and it gives us the strength to keep moving forward even when things don't go as planned.

In the workplace, positive thinking has a powerful impact on performance and relationships. It improves teamwork, communication, and trust, creating an environment where people feel motivated and valued. When we believe in our abilities and support one another, productivity naturally increases. Positive thinking also helps us learn from mistakes instead of being discouraged by them. Rather than asking, "Why did this fail?" we begin to ask, "What can I learn from this?"—and that mindset drives growth and continuous improvement.

Beyond work, positive thinking shapes how we live our daily lives. It reduces stress, improves mental well-being, and helps us maintain balance during difficult times. By focusing on gratitude, self-belief, and optimism, we can build stronger relationships and a healthier outlook on life. Positivity is a choice we make every day, and when we choose it consistently, it not only transforms our own lives but also inspires those around us.

By Manya D



Update for the Day #2622 | When One Airline Sneezes, India's Skies Catch a Cold

The disruption across Indian airports in December 2025 exposed a fragile reality of the country's aviation system. When IndiGo cancelled more than 1,000 flights and its on-time performance dropped sharply, the chaos extended far beyond one airline. With IndiGo carrying over 60% of India's domestic passengers, its operational issues quickly turned into a nationwide aviation slowdown.

The trigger was the implementation of revised Flight Duty Time Limitation (FDTL) norms issued by the DGCA. Designed to address pilot fatigue, the rules reduced night landings, increased mandatory weekly rest, and limited consecutive night duties. Most airlines adjusted by reworking schedules, hiring additional crew, and absorbing higher operating costs. IndiGo, however, appeared unprepared for the scale of the change, despite being aware of the phased rollout.

As the norms took effect, IndiGo reportedly faced a shortage of pilots and crew to operate its expanded flight schedule. Cancellations escalated rapidly, congesting airports and disrupting connecting flights across the network. Given IndiGo's dominant position, its internal planning failures spilled over into the broader aviation ecosystem.

Yet IndiGo's dominance was not created by regulatory favour. It was built through a

disciplined low-cost strategy—bulk aircraft purchases, sale-and-leaseback financing, a single aircraft type, and high aircraft utilisation. These efficiencies translated into lower fares and better connectivity, allowing IndiGo to steadily outpace competitors.

To prevent a complete system breakdown, the DGCA granted IndiGo temporary relaxations from the new norms until February 2026. While this move restored stability, it raised concerns about competitive fairness, as other airlines had already complied at significant cost.

The episode underscores a deeper issue. India's aviation sector lacks depth and resilience. Until high fuel taxes, airport charges, and regulatory burdens are reduced, meaningful competition will struggle to emerge—and the country's skies will remain vulnerable when one airline falters.

By Akash R



Update for the Day #2623 | Artificial Intelligence and Its Impact on Business

Artificial Intelligence (AI) is increasingly becoming a critical component of modern business operations, enabling organizations to enhance efficiency, accuracy, and overall performance. AI refers to technologies that simulate human intelligence by analysing large volumes of data, identifying patterns, and continuously learning to improve outcomes. In today's dynamic and competitive business environment, organizations are required to process information faster, reduce operational costs, and respond effectively to changing customer and market demands, making AI an essential strategic tool rather than a technological luxury.

The impact of AI on business operations is evident across multiple functions, including process automation, data analytics, customer service, risk management, and human resources. AI-powered automation helps streamline repetitive and rule-based activities, thereby reducing manual effort and minimizing errors. Advanced analytics and predictive models support informed decision-making by providing timely insights into trends, performance, and potential risks. In customer-facing functions, AI-driven tools such as chatbots and personalization engines enhance service quality and engagement,

while in governance and compliance areas, AI assists in monitoring controls, detecting anomalies, and improving regulatory adherence.

While AI delivers significant operational benefits, it is most effective when implemented as a complement to human expertise rather than a replacement. Successful adoption requires strong data governance, ethical considerations, and continuous upskilling of employees to work alongside intelligent systems. Organizations that adopt AI responsibly and strategically are better positioned to improve productivity, drive innovation, and achieve sustainable long-term growth, gaining a competitive advantage in an increasingly technology-driven business landscape.

By Riyaa Manoj



Update for the Day #2624 | Security Product Updates Signal a Shift Toward AI and Validated Risk

This week's product releases show a strong shift toward AI-driven and risk-validated security tooling that helps teams reduce noise and focus on meaningful threats. Apiiro launched Apiiro AI-SAST, an advanced static application security testing solution that uses deep code analysis and AI reasoning to detect, validate, and even fix vulnerabilities — dramatically cutting down false positives and elevating secure coding practices through automation.

Astra Security introduced a cloud vulnerability scanner built on offensive-grade testing, enabling continuous cloud risk validation that ties findings to actual exploit paths rather than generic scores, giving DevOps and security teams clearer, prioritized insights. Push Security rolled out a cutting-edge feature that detects and blocks malicious copy-and-paste attacks in the web browser, targeting an emerging threat vector that many traditional security tools overlook.

Network and infrastructure security also saw meaningful enhancements this week. Trellix advanced its Network Detection and Response (NDR) capabilities with improved integration across IT and operational technology (OT) environments, deep behavioral detections, and automated investigations to shorten the detection-to-response timeline for complex threats traversing modern networks.

XM Cyber updated its platform to bridge external attack surface management with validated

internal attack paths, offering an end-to-end risk view that connects what's exposed on the outside with exploitable pathways inside the organization — a trend reflecting how exposure management is evolving from theoretical scoring to real impact validation.

Taken together, this week's releases emphasize practical risk reduction, AI-assisted efficiency, and clearer attack context. Rather than simply generating alerts, these tools aim to help security teams see what truly matters, whether through AI-enhanced code analysis, validated cloud risk insights, proactive threat stopping (like blocking malicious scripts), or linking external exposures with internal risk. This reflects a broader trend in cybersecurity tooling toward automation plus contextual intelligence, where systems not only detect issues but also explain and help resolve them in ways that align with business priorities.

By Bhavna Desikan



Update for the Day #2525 | India -Oman Ink Free Trade Agreement

India and Oman have taken a major step towards deepening their economic and strategic partnership by signing a Free Trade Agreement (FTA), a move expected to significantly enhance bilateral trade and investment ties. The agreement was signed by Union Commerce and Industry Minister Piyush Goyal and Oman's Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed Al Yousef, in the presence of Prime Minister Narendra Modi during his official visit to Muscat.

The India–Oman FTA is aimed at liberalising trade in goods and services, reducing tariff and non-tariff barriers, and creating a more favourable and predictable environment for businesses in both countries. Under the agreement, both nations are expected to provide preferential market access to each other across a wide range of sectors, including engineering goods, pharmaceuticals, textiles, gems and jewellery, agricultural products, petrochemicals, renewable energy, logistics, IT and professional services. The pact is also designed to promote investment cooperation, protect investors' interests, and facilitate easier movement of professionals and skilled workers. By streamlining customs procedures, improving regulatory cooperation, and encouraging collaboration between small and medium enterprises (SMEs), the agreement seeks to strengthen supply chains and reduce the cost of doing business.

From India's perspective, the FTA aligns with its broader strategy of expanding trade engagement

with the Gulf and West Asia, a region that is critical for energy security, exports, and overseas employment. Oman, located at a strategic maritime crossroads, is seen as an important gateway for Indian businesses looking to access markets in the Middle East, Africa, and Europe.

For Oman, the agreement supports its long-term vision of economic diversification beyond oil, by attracting foreign investment, boosting non-oil exports, and integrating more closely with global value chains. The FTA is expected to generate new employment opportunities, enhance technology transfer, and foster innovation-driven growth.

Overall, the India–Oman Free Trade Agreement marks a significant advancement in bilateral relations, reinforcing economic cooperation as a key pillar of the longstanding friendship between the two countries and setting the stage for sustained trade growth in the years ahead.

By Dhvani Goyal



Update for the Day #2626 | India's PMS and AIF industry sees decade-long boom, hits ₹23 lakh crore AUM

PM S assets have jumped sevenfold to ₹8.37 lakh crore, alongside a rise in SEBI-registered managers to 495. The assets under management of Portfolio Management Services and Alternative Investment Funds have increased at a CAGR of 31 per cent over the last 10 years, to ₹23.43 lakh crore as of September-end, from ₹1.54 lakh crore. According to the data compiled by PMS Bazaar, the PMS industry has expanded nearly sevenfold to ₹8.37 lakh crore from ₹1.27 lakh crore in the last 10 years, with the number of SEBI-registered portfolio managers rising to 495.

The AIF segment commitments registered a CAGR of 49 per cent, rising from ₹27,484 crore to ₹15.05 lakh crore over the last 10 years. This surge underlines a growing appetite for private equity, venture capital, private credit, real estate, and other structured strategies that transcend public-market limitations. Among Category II AIFs, the steepest growth has been recorded at ₹11.20 lakh crore, up from ₹14,707 crore, with a CAGR of 54 per cent. India now hosts 1,699 registered AIFs across all categories, indicating a rapidly diversifying investment universe.

HNI's fuel demand India's rapid expansion in alternatives is being shaped by a growing affluent investor base, clearer regulatory frameworks, deeper institutional participation and the gradual globalization of domestic capital markets. R Pallavarajan, Founder & Director, PMS Bazaar,

said India's ultra-rich and HNI investors are rapidly increasing and seeking diversification and reliable sources of alpha.

PMS and AIF platforms enable them to access conviction-led, strategy-driven portfolios built for today's complex market environment, he said. Alternatives go mainstream George Heber Joseph, CIO & CEO (Equity), ASK Investment Managers, said the surge is driven by new-age investors, startup founders, senior professionals, and growing participation from tier-II and tier-III cities, supported by strong on-ground relationship managers. PMS and AIFs are no longer niche, but they are emerging as the next frontier of professional investment management, and the alternatives growth story has only just begun, he said. PMS Bazaar has launched AIF Bazaar, a dedicated platform designed to enhance transparency and accessibility for Alternative Investment Funds, further solidifying its commitment to industry knowledge.

By Vishal R Deshpande



Update for the Day #2627 | National Basketball Day

Basketball, invented in 1891 by Dr. James Naismith in Springfield, Massachusetts, emerged as a dynamic indoor sport designed to keep young athletes active during winter. Naismith, a Canadian physical education instructor, nailed a peach basket to a gymnasium balcony and challenged his students to throw soccer balls into it, creating the game's foundational rules,13 in total to emphasize skill over brute strength. This simple innovation quickly spread worldwide, evolving into a high-energy team sport played by five players per side on a rectangular court, blending dribbling, passing, shooting, and defense.

The sport's global appeal lies in its accessibility and excitement, requiring minimal equipment while demanding agility, strategy, and teamwork. From street courts in urban neighbourhoods to professional leagues like the NBA, basketball fosters physical fitness, discipline, and social bonds. It has produced icons like Michael Jordan and LeBron James, whose feats have inspired generations and turned the game into a cultural phenomenon, with billions tuning into events like the Olympics or NBA Finals.

Basketball holds particular significance on December 21 each year, celebrated as National Basketball Day in the United States. This date honors the anniversary of Naismith's historic first game on December 21, 1891, when his Springfield class played the inaugural match, scoring a single goal in 15 minutes. Proclaimed by

the U.S. Congress in 2021, the day commemorates this milestone, encouraging communities to embrace the sport through pickup games, clinics, and events that highlight its origins.

Celebrating on December 21 underscores basketball's enduring legacy and promotes its values amid the winter season. Initiatives often include youth programs, free throw contests, and tributes to Naismith, reinforcing the sport's role in health, inclusivity, and education. In a fast-paced world, it reminds us of humble beginnings turning a gym balcony into a global passion.

Ultimately, National Basketball Day on December 21 bridges history and future, inviting everyone to "take it to the hoop" and experience Naismith's invention. Whether shooting hoops or watching pros, the date celebrates a sport that unites, and elevates players worldwide.

By Dhanyasri Balaji



Update for the Day #2628 | The MUFG–Shriram Finance Deal.

2025 has quietly turned into a landmark year for foreign money entering India's financial sector. One deal after another has landed on Dalal Street—Emirates NBD buying into RBL Bank, Warburg Pincus backing IDFC, and before that, Sumitomo Mitsui Banking Corporation stepping in to support Yes Bank. Each deal appears to have broken the record set by the last. What began as selective capital infusions has turned into a full-blown race for ownership in Indian finance.

And now MUFG Bank is rewriting the record books entirely with Shriram Finance.

A few days ago, the Japanese banking giant announced a ₹ 39,000 crore deal to acquire a 20% stake in Shriram Finance. It's the largest finance-sector deal of 2025 so far and values Shriram Finance at nearly ₹2 lakh crore.

On the surface, it looks like just another foreign investment headline. But it isn't because this isn't a turnaround story.

MUFG isn't rescuing a stressed bank or sneaking in through a backdoor. It's choosing to enter India through a well scaled, profitable, and dominant non-banking financial company (NBFC).

NBFCs do many of the things banks do—lend to individuals and businesses, but without holding a full banking license. Shriram Finance, for instance, specializes in commercial vehicle and MSME lending, along with gold loans, two-wheelers, and passenger vehicles.

In other words, it operates right at the heart of India's real-economy credit engine and for foreign investors, NBFCs offer something banks don't: flexibility. Because in India, banks come

with tight promoter ownership caps, long approval timelines, and heavy regulatory scrutiny before a deal even gets off the ground.

NBFCs, by contrast, offer breathing room. Strategic stakes are easier to acquire, board representation is more straightforward, and influence can be exercised without years of regulatory limbo.

That makes NBFCs a far more practical entry point for global banks looking to tap India's credit growth and Shriram Finance stands out because it isn't just another large lender riding the NBFC wave.

It has over 3,200 branches across India, serves more than 9 million customers, and manages assets worth over ₹2.6 lakh crore. In FY25, it clocked profits of ₹8,272 crore, making it the second-largest NBFC in the country by scale and profitability. And crucially, it isn't growing off speculative bets.

Its core businesses—commercial vehicle financing and passenger vehicle loans, are deeply tied to India's economy and generate repeat borrowing cycles, which tells you that it isn't a company looking for survival capital.

It's a company looking for its next ceiling and this is where things get interesting.

Being the second-largest player sounds impressive but in NBFCs, the gap between first and second isn't cosmetic; it's structural. Sitting above, Shriram Finance is Bajaj Finance, a market leader with a valuation north of ₹6 lakh crore. Bajaj Finance also has something most NBFCs don't: a large and growing deposit base, with annual deposits of nearly ₹71,400 crore.

That deposit engine gives it a funding advantage

that compounds over time. Lower cost of capital means more competitive lending, faster scaling, and higher profitability.

But for Shriram Finance, matching that purely through organic growth is tough. The issue isn't demanding. It's access to cheaper, stable capital.

And the obvious long-term solution to that problem is a universal banking license. For context, a banking license unlocks what NBFCs lack: low-cost deposits through savings and current accounts.

But in India, banking licenses are rare. They're tightly regulated, granted cautiously, and usually only after decades of operating history, proven governance, and regulatory comfort. Which is why even well-run institutions can sit in limbo for years.

So, while a banking license may be the destination, it isn't an immediate lever Shriram Finance can pull.

Which brings us back to why MUFG needs India. This deal isn't shaped only by India's growth story. It's equally shaped by a country sitting thousands of miles away-Japan.

For decades, Japanese banks have operated in a low-interest-rate environment, backed by an ageing population and a culture that prefers saving overspending. That's stable for citizens, but brutal for banks chasing loan growth. Yes, Japan recently raised interest rates for the first time in 30 years. But even after the hike, rates sit at around 0.75%.

Domestic growth opportunities remain limited and the deeper issue isn't monetary, it's demographic. Japan has one of the world's oldest populations and a shrinking workforce. Fewer young borrowers mean fewer home loans, vehicle loans, and business expansions. Banks aren't short of capital. They're short of places to

deploy it profitably.

That's where India fits in. With a young population, expanding middle class, and rising credit penetration beyond tier-1 cities, India offers exactly what Japanese banks lack: sustained loan demand. Seen this way, the MUFG-Shriram deal starts to look less like a transaction and more like a structural match. MUFG gets immediate exposure to India's fastest-growing credit segments without building a retail banking presence from scratch.

The deal also comes with two board seats, giving MUFG a long-term strategic foothold rather than a passive stake.

Shriram Finance, in return, gains a global partner with deep pockets, international credibility, and the ability to lower funding costs over time. These are advantages that matter when competing with much larger peers. In short, it's just two structural constraints to find each other at the right time.

Sure, this deal doesn't guarantee a banking license. If history is any guide, the RBI remains cautious about handing those out, prioritizing asset quality and governance overgrowth alone. Even well-capitalized institutions can wait years before seeing approval. Still, what this partnership does buy Shriram Finance is something just as valuable: credibility, patience, and optionality.

By Shridhara H U



Update for the Day #2629 | How Digital Transformation Is Reshaping Mid-Sized Firms

How Digital Transformation Is Reshaping Mid-Sized Firms

Digital transformation is no longer a trend reserved for large enterprises. Today, mid-sized firms are increasingly embracing digital technologies to remain competitive, improve efficiency, and meet evolving customer expectations. What was once optional has now become a strategic necessity.

1. From Manual Processes to Smart Automation

Many mid-sized firms traditionally relied on manual or semi-manual processes. Digital tools such as ERP systems, workflow automation, and AI-powered applications are now streamlining operations.

Routine tasks like invoicing, reporting, customer support, and inventory management can be automated, allowing employees to focus on higher-value, strategic work. This leads to faster turnaround times, reduced errors, and cost savings.

2. Data-Driven Decision Making

Digital transformation enables firms to collect, analyze, and act on real-time data. With analytics dashboards and business intelligence tools, leadership teams can gain better visibility into performance, customer behaviour, and market trends.

Instead of relying on intuition alone, decisions are increasingly supported by data—resulting in more accurate forecasting, improved risk management, and better strategic planning.

3. Enhanced Customer Experience

Customers today expect seamless, personalized, and responsive interactions. Digital platforms

such as CRM systems, chatbots, mobile apps, and omnichannel communication tools help mid-sized firms deliver consistent customer experiences.

Firms that adopt digital customer engagement tools are better positioned to build trust, improve retention, and differentiate themselves from competitors.

4. Agile and Flexible Work Models

Digital transformation has reshaped the workplace itself. Cloud computing, collaboration platforms, and secure remote access have enabled hybrid and remote work models.

This flexibility not only improves employee satisfaction but also helps firms attract and retain talent, especially in competitive job markets.

5. Strengthening Cybersecurity and Compliance

As firms digitize operations, cybersecurity becomes critical. Mid-sized firms are increasingly investing in data protection, secure cloud infrastructure, and compliance tools to safeguard sensitive information.

A strong digital foundation helps build resilience against cyber threats while ensuring regulatory requirements are met.

6. Driving Innovation and Growth

Digital transformation creates opportunities for new business models, services, and revenue streams. Whether through digital marketing, e-commerce, or technology-enabled services, mid-sized firms can scale faster and enter new markets with lower barriers.

Conclusion

For mid-sized firms, digital transformation is not

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about adopting every new technology—it is about strategically using the right tools to solve real business challenges. Firms that invest thoughtfully in digital capabilities are better equipped to adapt, innovate, and grow in an increasingly competitive business landscape.

By Krisha Surana



Update for the Day #2630 | 500% Tariff Threat: US Sanctions Bill Raises Stakes Over Russian Oil Purchases

A proposal that once sounded implausible is now a real geopolitical risk: a 500% tariff on Indian goods entering the US if India continues to buy Russian oil. This possibility has moved closer after US President Donald Trump approved a bipartisan Russia sanctions bill, sharply escalating economic pressure on countries maintaining energy ties with Moscow.

The legislation, formally titled the Sanctioning Russia Act of 2025, has been introduced by Senator Lindsey Graham (Republican) and Richard Blumenthal (Democrat). It grants the US President sweeping authority to impose tariffs and secondary sanctions on countries that continue importing Russian-origin oil, gas, uranium and related products.

The bill explicitly mandates duties of at least 500% on all goods and services imported into the US from such countries.

Beyond tariffs, the bill authorises visa bans, asset freezes and property-blocking sanctions on Russian financial institutions and senior leadership if Moscow refuses peace talks or escalates aggression in Ukraine.

Senator Graham confirmed that Trump has “greenlit” the bill, raising the likelihood of a Senate vote in the coming days. While the President retains discretion on enforcement, the threat is now formally embedded in US law.

India is firmly in focus as one of the largest buyers of discounted Russian crude, alongside China. Graham has openly stated that the bill aims to pressure countries like India, China and Brazil into cutting off Russian energy purchases that fund the war.

India has already felt the heat—last year, the US

imposed an additional 25% tariff linked to Russian oil imports, taking total duties on Indian goods to 50%. A jump to 500% would severely impact Indian exporters, especially in labour-intensive sectors.

However, the tariff threat may function more as leverage than immediate action.

The Trump administration is simultaneously pursuing a negotiated end to the Ukraine war, with peace talks underway. Extreme tariffs could be a bargaining tool rather than a first strike.

The pressure also exposes double standards. While warning India, the European Union continues importing significant volumes of Russian LNG, generating billions for the Kremlin. This inconsistency weakens Washington’s moral argument.

For now, the 500% tariff remains a credible threat, not a certainty. Still, its inclusion in proposed US law signals a sharp escalation. India now faces the delicate task of balancing energy security, strategic autonomy and trade relations with the US in an increasingly transactional global environment.

By Sourabh Jain



Update for the Day #2631 | The India-EU Free Trade Agreement

After nearly two decades of negotiations, India and the European Union concluded the India–EU Free Trade Agreement at the 16th India–EU Summit on January 27, 2026. This pact links India to one of the world’s largest trading blocs (27 countries, 450+ million consumers) and strengthens India’s integration into the Western trading system at a time of global supply-chain reorganization.

Trade Context:

- India–EU trade in 2024–25: \$137 billion (India exports \$76 billion, imports \$61 billion).
- EU is India’s third-largest trading partner.
- FTA focuses on improving existing ties and positioning India in diversified supply chains.

Tariff Reductions:

- India to eliminate duties on 93% of EU imports; EU to do so for 99% of Indian exports.
- Beneficiaries: textiles, apparel, leather, footwear, gems & jewellery, electronics, engineering goods, rubber, and pharmaceuticals.
- Rubber industry gains from BSNR initiative aligning with EU’s sustainability rules.
- Pharma exports supported by ageing EU population and healthcare demand.

Challenges:

- Automobiles: Duties on European cars to fall from 70–100% to 10–40%, increasing competition for Indian manufacturers.
- Wines & spirits: Tariffs to drop from 150% to

20%, pressuring domestic producers.

- Gourmet foods: Cheeses, chocolates, olive oil, etc. to become more competitive, challenging Indian artisanal brands.

Services & Mobility:

- Comprehensive framework for professionals: easier movement for IT, engineers, doctors, and researchers.
- Expanded opportunities in IT-enabled services, education, and R&D.
- Student mobility and post-study work provisions encourage “brain circulation,” though brain drain risks remain.

Overall Impact:

The FTA boosts labour-intensive industries, services, and talent mobility, while challenging protected sectors like automobiles, alcohol, and gourmet foods. It is India’s largest-ever trade pact, covering 25% of the global economy, and is expected to reshape trade, talent, and industrial linkages for decades.

By Rakshith Bharadwaj Y



Update for the Day #2632 | India - EU Trade Deal and its impact on the global economy

India and the European Union just finalized a landmark Free Trade Agreement (FTA) on January 27, 2026, dubbed the "mother of all deals." This comprehensive pact covers goods, services, and investments, creating a unified \$27 trillion market bloc and marking India's most ambitious trade agreement to date.

Deal Overview

The FTA eliminates or reduces tariffs on 96.6% of EU goods exports to India, saving the EU up to €4 billion annually in duties. Key concessions include zero tariffs on EU cars, machinery (previously up to 44%), chemicals (22%), and pharmaceuticals (11%). India gains duty-free access for textiles, gems, marine products, handicrafts, jewellery, plastics, and toys into the EU market.

Services liberalization is significant: the EU opens 144 subsectors to India, while India reciprocates with 102, spanning finance, telecom, maritime, and professional mobility (e.g., for yoga instructors, chefs). India's auto sector, long protected with 110% tariffs, sees phased openings amid past criticisms from figures like Elon Musk.

Combined with prior UK and EFTA deals, India integrates into a \$30 trillion common market, enhancing manufacturing and services while respecting sensitivities like food security.

Impacts on India and EU

For India, the EU—its largest goods trading partner (€135 billion in FY 2023–24)—offers export boosts in labour-intensive sectors, countering US tariff hikes (e.g., Trump's 50% levy). PM Modi highlighted gains for textiles and gems workers, plus investor confidence. The EU benefits from India's growth market, diversifying

from US reliance amid protectionism.

Global Economy Effects

Representing 25% of global GDP and one-third of world trade, the bloc strengthens supply chain resilience. It accelerates green and digital transitions via rules on data flows and AI-driven industry, potentially lifting global growth by reducing trade barriers.

However, risks loom: US reactions under President Trump could escalate tariffs, widening India's trade deficit and inflating import costs (e.g., oil). Overall, it promotes multipolar trade, diminishing US dominance and fostering diversified flows—projected to add billions in bilateral trade by 2030.

The sector specific effects are outlined as follows:

Textiles and Apparel

Textiles and apparel, facing prior EU duties of 4-12%, now enter duty-free, covering exports worth \$10-15 billion. This levels the playing field against competitors like Bangladesh and Vietnam, spurring growth in MSME hubs in Tamil Nadu and Gujarat. Employment in this sector, already supporting 45 million jobs, could rise significantly.

Leather and Footwear

Leather goods and footwear exports (~\$2.4 billion to EU) benefit from tariff cuts up to 17%, targeting Italy and Germany's luxury markets. Simplified rules of origin and sustainability standards aid a shift to high-value, design-led products, strengthening brands like those from Kanpur.

Marine Products

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Shrimp, prawns, and seafood gain 100% preferential access, slashing duties up to 26% on a \$1 billion export base to unlock Europe's €53 billion market. Quotas for MSMEs and self-certification ease compliance, boosting coastal economies in Andhra Pradesh and Kerala.

Agriculture and Processed Foods

Preferential access covers tea, coffee, spices, fruits (e.g., grapes, gherkins), and vegetables, facing prior duties up to 22%. Processed foods and marine-adjacent items like dried onions see enhanced competitiveness, with potential export growth of 20-30%.

Engineering and Chemicals

Engineering goods (\$16.6 billion exports) gain from zero tariffs on machinery (up to 22% cuts), while chemicals (97.5% lines duty-free, up to 12.8% reduction) target EU's €500 billion market. MSME clusters in auto components and agrochemicals will modernize via regulatory alignment.

EMERGING THOUGHTS

Gems, Jewellery, and Plastics

Gems and jewellery enter duty-free alongside toys and plastics/rubber (~\$2.4 billion exports), tapping EU's €317 billion plastics market. This supports skilled labour in Jaipur and Mumbai, fostering value addition.

Overall, these changes could double key exports within five years, though challenges like stricter EU standards remain.

By Chethan N



Update for the Day #2633 | What is going on at Ola Electric?

Every EV boom needs a hero story. In the US, it was Tesla, the company that bled cash for years before scale flipped the switch. In China, it was BYD that mastered vertical integration by building batteries, controlling supply chains, and waiting for policy alignment and demand. And in India, that company is Ola Electric. Or is it?

You see, it was one of the few Indian startups willing to bet big on manufacturing instead of playing it safe as an assembler or importer. While most players focused on incremental launches, Ola tried to compress an entire EV playbook into a few years: building a massive factory in Tamil Nadu, localising production, and targeting the segment that actually matters in India, mass market two-wheelers.

That focus gave it instant scale and visibility in a country where scooters dominate personal mobility.

Ola also understood branding and speed better than most incumbents. It packaged EVs as aspirational consumer tech rather than just transport, leaning heavily on design, connected features, and aggressive pricing to pull buyers away from petrol alternatives.

This, combined with direct-to-consumer sales and high-decibel launches, helped Ola build mindshare far faster than legacy manufacturers who were still testing the waters. It did what startups are supposed to do: move fast, push boundaries, and force the entire industry to accelerate.

In many ways, it was like Tesla and BYD, and that is what Aggarwal wanted to achieve with Ola Electric. But here's the thing. Tesla's toughest phase was not when they were losing money. It was when demand shot up, and they had to prove that ambition could translate into operational discipline, product reliability, and sustainable margins.

That is exactly the phase Ola Electric has entered

now. And that is why the recent share sales by its founder, combined with mounting execution challenges, have suddenly become such a big talking point.

Before we get into what's going on, here's a bit of context:

Ola Electric was once the poster child of India's EV ambitions. Backed by SoftBank, it promised scale, speed, and vertical integration. They built gigafactories and made everything, such as batteries and software, in-house. Scooters rolled out at breakneck pace over the last two years, and for a while, that momentum translated into rapid topline growth.

Even financially, the growth looks impressive at first glance. Ola Electric saw revenues climb from about ₹400 crore in FY22 to about ₹2,600 crore in FY23, and then to roughly ₹4,500 crore in FY25. Few manufacturing startups scale revenue that fast.

But the cost of that growth has been steep. Losses have widened alongside scale. Ola Electric posted a net loss of around ₹1,470 crore in FY23, which increased to ₹2,200 crore in FY25 (and is already at a loss of ₹2,280 crore this year).

And since its IPO, the narrative has shifted further. Founder Bhavish Aggarwal has been steadily selling shares as the company faces operational issues and customer complaints. Add to this the competition from TVS, Bajaj, and Ather, which has only been intensifying, and we begin to ask ourselves why?

At its core, Ola Electric runs a capital-heavy, execution-sensitive manufacturing business. It sells scooters at thin margins to grab market share, hoping that scale, software, financing, and eventually batteries will turn losses into profits later. It's the classic loss-leader strategy that worked for many tech platforms.

However, Ola Electric is not a tech company

pretending to be a manufacturer. It's a manufacturer trying to behave like a tech company. Which, in a way, is good for a country that is starved of manufacturing startups. However, it does come with its own problems.

Let us explain.

Manufacturing does not reward speed the same way software does. In an app, bugs can be fixed easily. However, in a factory, defects ship to customers. And once they do, the costs show up everywhere, all at once: warranty provisions rise, service centres clog up, logistics costs spike, and brand trust erodes faster than any marketing campaign can fix.

The same problem showed up on the retail side. Last year, Ola expanded its physical footprint at breakneck speed, ramping up its stores from roughly 800 to 4,000 in a short span. But in regulatory disclosures soon after, the company admitted it did not have clear visibility on how much inventory sat at each store.

This is exactly where Ola has been feeling the strain. Rapid scale exposed weak links in the quality control and after-sales service of their vehicles. Complaints about scooter breakdowns, battery issues, and long service wait times eventually translate into financial problems, where each repair or replacement eats into margins that were already thin to begin with.

Now let's talk about subsidies. For much of Ola's growth phase, EV adoption was supported by generous incentives under the FAME scheme. Those subsidies helped keep sticker prices low and volumes high. But as FAME incentives have been tapered, the unit economics have tightened. When subsidies fall, either prices go up, or margins get squeezed. And in a hyper-competitive market, raising prices is risky.

Then, there's competition. Back in the day, TVS and Bajaj never experimented with new products. So, the likes of Ola and Ather were safe. However, legacy brands have caught up with EV product quality, battery reliability, and software features.

Especially Bajaj Auto, whose EV segment is one of the few that is EBITDA-positive. This essentially means that they're not bleeding money

by selling more scooters.

And more importantly, the legacy two-wheeler companies already have dense service networks. For a customer buying a vehicle, that matters far more than an app or a flashy launch event. On that front, Ola is still building that network, which means higher costs today for benefits that arrive much later.

This is where the vertical integration bet cuts both ways. Building batteries, software, and manufacturing in-house gives control, but it also front-loads capital expenditure. Depreciation, employee costs, R&D, and factory overheads hit the P&L long before volumes are high enough to absorb them.

The entire model depends on scale arriving fast and staying there. Any slowdown turns fixed costs into a drag.

And this brings us back to Bhavish Aggarwal's share sales.

You see, founders sell shares all the time for various reasons: Liquidity, diversification, tax planning, etc. None of that is unusual. What makes this uncomfortable is timing. While the company said that his sale is to repay a promoter-level loan, rather than any intention to exit the company, Ola Electric is still loss-making, and cash burn remains high. There is also no clear inflection point yet at which losses start narrowing meaningfully despite revenue growth. When a founder reduces exposure in this phase, markets naturally wonder whether the most challenging part of the journey is still ahead.

There is also a personal angle. Ola Electric represents a large chunk of Bhavish Aggarwal's net worth. Selling some stake converts paper wealth into liquidity without changing day-to-day control. From an individual risk perspective, that is rational.

From a public market perspective, it weakens the alignment signal investors look for in capital-intensive businesses that need patience and long-term conviction.

Adding another layer of uncertainty is Ola's recent pivot into adjacent products such as inverters and energy solutions. On paper, this

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looks like a sensible attempt to improve factory utilisation as scooter demand softens.

But in practice, it raises questions. Are these higher-margin extensions of the core business, or stopgap measures to spread fixed costs thinner? The answer will matter for both margins and focus.

So what's really going on at Ola Electric is not a collapse. And it is not a scam. At least, we hope not. It is something far more mundane and far more difficult: a company hitting the hardest phase of its lifecycle. The phase where vision has to give way to execution discipline. Where scale has to start producing profits, not just headlines.

Ola tried to build a manufacturing giant at startup speed. That audacity forced the entire industry to move faster. But manufacturing is unforgiving, and the margin for error is thin. And public markets are far less patient than venture capital, as we've explained here.

The next chapter for Ola Electric will not be defined by how bold its plans are, but by whether its profits start turning in the right direction. If that happens, today's share sales will be forgotten. If it does not, they will be remembered as the moment the market realised that ambition alone is not enough.

By Barani Shre S S



Update for the Day #2634 | Why PVR INOX let 4700BC go

Whether you paid ₹800 for Avatar or ₹450 for Dhurandhar, you probably walked into the theatre thinking the same thing: ‘These tickets are already expensive. I’m not buying anything else.’ Especially not the popcorn.

You promise yourself you won’t buy it. And that ₹450 for popcorn is robbery. But just five minutes later, you’re holding the largest tub available — because the movie hasn’t even started yet.

And like any other movie-goer, the munchies kick in even before the opening credits start rolling. Honestly, you’re not alone.

The theatres know this all too well. So much so that they don’t mind losing money on every ticket sold, only to make it back in food & beverage (F&B) sales during the run-time of the movie. Cinemas have survived because of a simple truth. The tickets might get people in, but the popcorn pays the bills. Which is why it once felt obvious that PVR would own a popcorn brand.

You see, back in 2015, PVR (earlier PVR and INOX were two separate companies) bought a 70% stake in Zea Maize, the parent company of 4700BC for just ₹5 crores.

It was at a time when gourmet popcorn wasn’t a mainstream idea. 4700BC was still a local brand serving gourmet popcorn options to a few premium theatres across Delhi.

Now, you might be wondering how popcorn, of all things, can be positioned as premium. After all, it’s just corn kernels that puff up into something mildly addictive during a movie.

That’s where premiumisation comes in. Inside a theatre, a regular tub of popcorn can sell for anywhere between ₹350 and ₹700, depending on

the format and toppings. Add flavours, mixes, and branding to the same base ingredient, and suddenly popcorn stops being a filler and starts looking like a differentiated snack. It’s no longer just something to munch on. It’s something that can be priced higher, justified by fresh flavours and perception.

On paper, this looked like a perfect fit. A cinema chain owning a premium popcorn brand seemed like vertical integration done right. After all, who better to run a premium movie snack brand than a nationwide cinema chain? But a decade after the deal, the numbers told a very different story.

The problem was that cinema popcorn and FMCG popcorn are two completely different businesses. Inside theatres, popcorn thrives in a controlled, monopoly-like environment. It’s an impulse purchase with no real substitutes. Portion sizes, pricing, and options are entirely dictated by the venue.

Even if you want to buy snacks elsewhere, you can’t. Outside the theatre, though, that advantage disappears. In the FMCG world, popcorn is a low-involvement snack competing for shelf space against cheaper, heavily discounted alternatives — often including unbranded players.

So what works in a captive environment doesn’t automatically translate to a supermarket aisle. Premium pricing was acceptable in theatres. But at home, it became a liability.

Consumers compared prices ruthlessly, and few formed habits around popcorn as a daily snack. So from its inception in 2012 to today, 4700BC became less like an extension of cinema F&B and more like a brand with its own place.

Now, essentially an FMCG startup under the PVR INOX umbrella, it required heavy spending

on marketing, distribution, inventory, and discounts. Yet despite strong brand recall and differentiated flavours, the business remained largely loss-making.

For context, in FY25, 4700BC made about ₹102 crores in revenue, a huge leap from ₹15 crores in FY21. But that top line growth didn't translate into profits.

Despite the parent company infusing ₹44 crores into the brand in FY25, its losses only widened from ₹7 crores in FY24, to ₹16 crores in FY25.

And when you add the fact that 4700BC contributed just about 1% of PVR INOX's total F&B sales of ₹1,827 crore, it forced the company to ask an uncomfortable question: should it continue funding an FMCG popcorn brand at all?

That's why the timing of the sale matters. Even today, cinema halls haven't returned to their pre-pandemic revenue levels. PVR and INOX, once fierce competitors, had to merge to survive a period when screens were shut, footfalls collapsed, and fixed costs kept mounting.

Footfalls remain uneven, content cycles are unpredictable, and the business continues to carry the fixed costs of screens, leases, and staff. Against that, PVR INOX has been steadily working to reduce debt and simplify its balance sheet.

Between FY23 and the first half of FY26, PVR INOX has brought down net debt from ₹1,430 crores to ₹618 crores.

Keeping that in mind, it made little sense to continue funding a loss-making FMCG brand. Even if they wanted to scale 4700BC, it would mean years of marketing, expansion and distribution costs all while there were no guarantees of profitability.

And for a cinema company still rebuilding after

COVID, it was a luxury it just couldn't afford to carry ahead.

Selling 4700BC solved multiple problems at once. It allowed PVR INOX to exit a non-core, loss-making business without disrupting its most profitable activity — selling popcorn inside theatres.

The company didn't need to own the brand to keep earning high margins on in-cinema snacks. That economics was already locked in.

The exit also brought in immediate certainty. The all-cash deal with Marico was valued at ₹226 crore, giving PVR INOX liquidity at a time when capital flexibility mattered more than long-term optional bets. It turned a decade-old ₹5-crore investment into a clean exit without tying up management bandwidth or future capital.

More importantly, it moved 4700BC into the hands of a company that is actually built to run an FMCG brand. For Marico, scaling a popcorn business means leveraging existing distribution, marketing muscle, and category experience. For PVR INOX, it would have meant continuing to learn an entirely different business while carrying the risk on its own balance sheet. In that sense, the sale of 4700BC wasn't a retreat from popcorn.

It was a return to first principles. PVR INOX didn't walk away from what makes cinemas profitable. Rather it walked away from a business that felt like a misfit in its balance sheet.

The irony is that popcorn still pays the bills inside movie theatres. It just doesn't need to sit on the books anymore. The proceeds from the sale can now be used to reduce debt and double down on the core cinema experience, while Marico takes on the long, expensive task of turning 4700BC into a mass premium snack brand.

And if you're wondering what this means for your next movie outing, don't worry. 4700BC

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popcorn isn't going anywhere. It will still be sold inside cinemas, just as it always has been. The only difference is that the popcorn will continue to make money at the snack counter, without sitting on PVR INOX's books.

By Aastha Jain



Update for the Day #2635 | IPL's strange year, India's avocado obsession, and more

It's Sunday, which usually means good food, slow cooking, and the inner MasterChef in many of us finally getting a chance to shine. Grills come out, ovens warm up, and pans start sizzling. And speaking of Sunday feasts, there's one oval, green fruit that has quietly made its way into Indian kitchens: the avocado.

The strange part is how long it stayed invisible.

About a decade ago, I remember going to a regular juice shop and asking for two butter fruit shakes for me and my father.

The fruit was so dense that even half of it was enough to make two thick milkshakes. Butter fruit, as it was popularly known back then, is what the rest of the world calls the avocado.

But avocados aren't new to India at all. They've been around for well over a century, despite originating in Central America. As early as the mid-1800s, a correspondent from *The Times of India* wrote about the fruit, praising it as superior to many local varieties.

When it entered the *Hobson-Jobson* dictionary, it was called the alligator pear. Missionaries later introduced it to hilly regions like Wayanad and Coorg, where families quietly grew it in their backyards.

Commercial farming wasn't seriously considered until the 2000s, and even then, production remained small and artisanal. That changed in 2021, when Westfalia Fruit, the world's largest avocado supplier, entered the Indian market with Tanzanian avocados. Their goal was to push the fruit beyond niche consumption, and the timing was ideal.

India was in the middle of a social-media-driven health awakening. Protein, nutrients, and healthy fats suddenly became part of everyday conversation, and the avocado fit perfectly. Local production couldn't keep up, forcing India to import nearly 90 percent of its avocados. And with fruits, imports usually mean two things: they're exotic and expensive.

That is why states like Karnataka, Maharashtra, Tamil Nadu, Sikkim, and Madhya Pradesh have begun commercial avocado farming, largely driven by first-generation entrepreneurs.

By December, India may even see the first harvest of home-grown Hass avocados, which could be a turning point for pricing. One reason it has taken so long is that avocado trees need close to four years to mature from sapling to fruit.

Lower prices haven't slowed innovation. India imported about 19,000 tonnes of avocados in 2025, more than double the previous year.

And instead of limiting themselves to toast and smoothies, Indians have experimented widely. From Haldiram's testing avocado-based sandwiches and chaat, to street vendors stuffing it into *pani puri* and chutneys, the avocado revolution appears to be just beginning.

Turning to something else that stood out this week, consider the IPL mini auction.

At first glance, it didn't look dramatic. Franchises spent around ₹215 crore to buy 77 players. Compared to last year's mega auction, where teams spent ₹639 crore, this

seemed modest. But the comparison isn't fair.

A mega auction is a complete reset where teams rebuild their squads with large budgets. A mini auction is a targeted top-up, where franchises keep their core players and spend only to fill specific gaps. Viewed that way, this year's spending becomes more interesting.

Despite being a mini auction, it was the second-highest spend ever of its kind and was packed with records. Cameron Green became the most expensive overseas player in IPL history when Kolkata Knight Riders paid ₹25.2 crore for him, breaking Mitchell Starc's previous record. Chennai Super Kings raised even more eyebrows by paying ₹14.20 crore each for Prashant Veer and Kartik Sharma, both uncapped players.

Capped players are those who have represented India internationally and therefore command higher base prices. Uncapped players have not yet played for the national team and usually start with much lower base prices. That is why seeing uncapped players fetch over ₹14 crore surprised many observers.

Franchises were not reckless overall, but when they identified players they truly wanted, they spent aggressively.

This is where the contradiction emerges. While auction prices were rising, the IPL's overall valuation was falling.

According to D&P Advisory reports, the league's valuation dropped from about ₹92,500 crore in 2023 to around ₹76,100 crore in 2025. This decline was driven by two major changes.

First, media rights. In 2024, the merger of Disney+ Hotstar and JioCinema consolidated media rights under JioStar. The intense bidding wars that once drove prices higher largely disappeared, and a single dominant

buyer meant less competition.

Second, sponsorship money declined sharply. The government's real money gaming ban in 2025 wiped out roughly ₹1,500–2,000 crore annually. Gaming brands had previously dominated jerseys, advertisements, and title sponsorships, and their sudden exit left a significant gap.

The answer may be that winning has become more important than ever. Franchises are moving away from easy gaming sponsorships and toward steadier partners such as automobile companies, fintech firms, and healthcare brands. These sponsors, however, pay for performance. Teams that win, stay visible late into the season, and keep fans engaged command better deals.

The punishment for underperformance has also grown harsher. In the last valuation cycle, Rajasthan Royals saw their valuation fall by about 35 percent, while Sunrisers Hyderabad dropped roughly 34 percent. There is little mercy for teams that fail to perform in a shrinking market.

Franchises appear to have made a clear bet. If the IPL is not expanding right now, on-field performance is the best insurance. Winning protects brand value, sustains sponsor interest, and buys time.

In this context, the auction was not just about buying players. It was about buying relevance. Teams are hoping that stronger squads lead to deeper playoff runs, larger audiences, and greater leverage when sponsors return.

They may also be betting on the future by believing that digital viewership will eventually convert into premium sponsorship revenue, that global streaming giants like Netflix, Amazon, or Apple could re-ignite media rights competition, or that uncapped Indian talent will build new fan loyalty and partially replace lost sponsorship income.

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The paradox remains clear. The IPL's overall valuation has declined, yet player salaries continue to rise. Perhaps that is because franchises believe one simple thing: if you want growth later, you have to win now.

By Vismitha V



Update for the Day #2636 | What you need to know about loans against silver

“Jab ghar mein pada hai sona, tab kahe ko rona?”

You’ve probably heard that catchy Manappuram Finance jingle at some point because gold loan ads are on TV, YouTube, radio, everywhere.

But think about it for another second and tell us, have you ever seen or heard an ad for a silver-backed loan?

Chances are, you haven’t. And it’s not because advertisers forgot about silver. It’s because silver-backed loans never really caught on in India.

Now, there are a few simple reasons for that.

For starters, gold has always enjoyed celebrity status in finance because it isn’t just another shiny metal. It has history, emotion and economics attached to it. For centuries, entire monetary systems were built on gold. Countries used it to back their currency during the gold standard era. And even today, when global tensions flare and economies wobble, central banks quietly add more gold to their reserves. It acts like a safety net when chaos hits.

Even India has had its own dramatic gold story. Back in 1991, when the country was grappling with a balance of payments crisis, it pledged 67,000 kg of gold to the IMF to secure an emergency loan. That’s how trusted gold is as collateral.

So yeah, gold isn’t just jewellery, it’s an international financial instrument, a store of value and a symbol of prosperity and stability.

Okay, but silver also has value. So why did it never enjoy that same kind of financial reputation, you ask?

Well, there are a few and very practical reasons why lenders prefer gold over silver.

The biggest one to begin with, is storage. See, silver may look light and shiny, but from a lender’s perspective, it’s a storage nightmare.

Let’s take a simple example. Suppose you pledge ₹1 lakh worth of gold and ₹1 lakh worth of silver. At today’s prices, ₹1 lakh of gold comes to roughly 8 grams. That’s easy to store and fits into a tiny locker. But ₹1 lakh worth of silver? That’s over 600 grams.

Suddenly, you’re dealing with bulky metal that needs more storage space, more security, and more insurance. And lenders charge storage fees based on weight or space. So, more silver means more cost for them. Naturally, that makes silver a less attractive business.

But that’s not the only headache. Silver’s price swings like a mood. Over 50% of global silver demand comes from industries in electronics, automobiles, solar panels, medical equipment, you name it. So when the economy slows down or industries cut down production, silver prices react sharply. In fact, silver can be two to three times more volatile than gold on any given day.

Gold, on the other hand, is more stable because it isn’t tied to industrial demand in the same way.

Now keep this in mind and imagine what could happen if a borrower defaults on a silver-backed loan. The bank has to sell that silver to recover its money.

But since silver isn’t as liquid as gold, it doesn’t attract buyers as easily or as quickly. And that’s bad news for lenders because if prices fall during that waiting period, they take a hit. Simply put, it’s a big risk.

Besides, for years, there was another problem - that of regulation. Unlike gold, silver didn’t have a standard RBI-approved framework for things

like purity checks, documentation, valuation or resale. So if something went wrong, say, a dispute over purity or a borrower refusing to pay, there wasn't a clear legal path to recovery. That scared most lenders away.

Which is why silver-backed loans did exist, but mostly in unorganised corners of the market. Local lenders or a few NBFCs would accept silver as collateral, but loan terms were messy. Low LTVs or loan-to-value ratios (which we'll discuss in a bit), no standard pricing, no accountability if the pledged silver went missing. Basically, it was risky for both borrower and lender.

That pretty much sums up why gold became the poster child of secured lending.

But the RBI now wants to change that old story. So, about a month ago, it quietly amended the Lending Against Gold and Silver Collateral Directions. In simple terms, it wants to bring silver-backed loans into the formal banking system with just one standard framework for everyone.

The new directions apply to commercial banks, co-operative banks, NBFCs and housing finance companies. All of them must follow the same rules by April 2026.

Earlier, each lender had its own way of valuing silver, setting purity checks, loan limits and other processes. It was messy, inconsistent and risky. Now, thanks to the RBI, the entire system is getting a single rulebook.

So what do these rules actually say?

For starters, lenders can only give loans against specific types of collateral like gold and now silver ornaments, jewellery and coins. Raw bullion, like bars and biscuits, is off the table. So are financial products linked to gold or silver, like ETFs.

The RBI also made one thing very clear.

Borrowers can't take these loans to buy more gold or silver, nor can they use them for speculation or trading. Basically, these loans are meant for genuine financial needs, not commodity hoarding or investment games.

Then comes the LTV rule. It simply decides how much money you can borrow against your pledged metal. The RBI has kept this straightforward: up to 85% of the value if your loan amount is ₹2.5 lakh or less, 80% for loans between ₹2.5 lakh and ₹5 lakh, and 75% for anything above ₹5 lakh. These ratios apply equally to gold and silver now.

That levels the playing field and gives silver its long overdue legitimacy in secured lending.

But the most significant rule in this new framework is the gold-to-silver ratio of 10:1. Simply put, it means a borrower can pledge only up to 10 kg of silver and a maximum of 1 kg of gold if they're pledging ornaments, or 500 g of silver alongside 50 g of gold if they're pledging coins. And while it may seem like a random ratio at first glance, there's a solid reason behind it.

Remember how banks were always hesitant to lend against silver because of its volatility, storage hassles and poor liquidity during defaults?

This cap directly tackles that problem. Silver is far more affordable than gold, which means people could easily pledge large amounts of it.

And that's risky for lenders because more silver means more storage cost, more handling risk and more exposure to price swings.

So by capping how much silver can be pledged, the RBI is essentially telling banks, "Go ahead and lend against silver, but don't drown yourselves in it."

The timing of this move is interesting too. Silver prices have been on a sharp rise lately, not just because of jewellery demand but because industries love it but also because last year, Russia

even said it plans to add silver to its State Reserve Fund for the first time.

As a result, silver prices have jumped nearly 39% in the last six months, much more than double gold's 18% gain.

But even with that price rise, silver is still the poor man's gold. And that's exactly why the RBI wants to prevent banks from overloading their loan books with silver alone. One big crash in silver prices and things could go south very quickly. And this ratio is simply a risk shield.

What it also does is open up formal credit access to millions of people who own silver but not gold. A 2019 World Gold Council survey found that while 60% of Indian women owned gold jewellery, a close 57% owned silver jewellery.

That gap is marginal and it also means that silver is sitting in cupboards across the country — idle, unused and earning nothing.

But now, thanks to standardised rules, people can finally use it as collateral to raise funds when needed.

And there's more good news for borrowers. For loans up to ₹2.5 lakh, lenders won't ask for a detailed credit history. That makes it incredibly useful for people who are new to formal borrowing like farmers, small shop owners, gig workers, household businesses or anyone who

needs quick money without complicated paperwork.

These small loans can even help borrowers build a credit score, making future loans easier.

So yeah, if you've heard the recent rumour that the RBI has suddenly allowed silver-backed loans, we hope this story cleared things up. Silver backed loans already existed.

What the RBI has done now, is bring order to the chaos. It has standardised silver lending by setting rules, removed confusion and protected both banks and borrowers.

And that means silver finally has a formal seat at the lending table. And for millions of Indians, that could change everything.

By Mukesh Gehlot



Update for the Day #2637 | India's National Pension System: A Shift Toward Flexibility and Individual Choice

Most of us begin the new year with plans for the next few months, the next goal, the next milestone. As 2026 gets underway, calendars are fresh, resolutions are still intact, and the focus is firmly on what lies immediately ahead. But when the conversation turns to retirement, it often slips into a blind spot acknowledged as important, yet pushed far enough into the future to be ignored for now.

And yet, for most people, financial freedom in retirement doesn't mean being rich. It simply means having access to your own money when you need it the most.

In India, that responsibility often falls on the National Pension System, or NPS. Put simply, NPS is a government-backed retirement savings scheme where individuals can choose to set aside a portion of their income every month. That money is then invested over time, and compounding does the heavy lifting in the background. The idea is that by the time you stop working, you've built a corpus that can support you through the years when pay cheques stop. And this system itself isn't new. It began in 2004, but only for central government employees. They contributed 10% of their salary, which the government matched. Over time, state governments adopted it, and in 2009, NPS was finally opened up to all Indian citizens.

That philosophy showed up most clearly in the 2015 rules. Withdrawals were tightly controlled. For example, if you had to withdraw from your NPS for any medical illnesses, it had to fall into a bucket of 13-15 critical illnesses to qualify. Lump sum withdrawals for any reason were limited.

And at retirement, the rules were rigid. Under the earlier framework, at least 40% of your retirement corpus had to be locked into an

annuity, and the remaining 60% could be taken out as a lump sum. That means you're only truly getting 60% of the total pension when you retire, and the rest has to be reinvested. An annuity, in simple terms, is a product where you hand over a lump sum to an insurer and receive guaranteed payments for the rest of your life. On paper, this made sense. The pitch was comforting: steady income, no matter how long you lived. But the world these rules were written for no longer exists.

Retirement today doesn't look like a clean break at 60. Healthcare costs are higher. People take up second careers. Family responsibilities stretch well into later years. And the cost of living has quietly climbed.

In that context, rules designed as protection began to feel more like restriction. Which brings us to December 2024. That's when the Pension Fund Regulatory and Development Authority (PFRDA), the regulator that oversees NPS, rewrote the exit rules, to acknowledge how retirement actually works today.

The most visible change is around withdrawals. If your total NPS corpus is ₹8 lakh or less, you can now withdraw it entirely. Between ₹8–12 lakh, you can withdraw up to ₹6 lakh. And above ₹12 lakh, the cap is set at 80% (or 60% if you're a government employee). And in all scenarios, you have the option to purchase an annuity using up to 20% of your NPS savings (or up to 40% if you're a government employee). In other words, for many retirees, access to their own savings has expanded meaningfully.

But that naturally raises the next question. What happens to the rest of the pension? Here, too, the rules have softened. The compulsory annuity

requirement has been reduced from 40% to 20%. The remaining amount stays with the retiree, who can decide how best to use it. This shifts the system away from forced reinvestment and toward personal choice, while still preserving a guaranteed income stream.

The framework has also been updated to reflect longer working lives. By extending the maximum age limit from 75 to 85, the system now acknowledges that people are living longer, working longer, and retiring more gradually than before.

Then there's a change that addresses a very practical problem — liquidity. Say you invest in gold, mutual funds, property, etc. instead of a pension scheme. These assets also work as collateral against loans, should the need arise. But, NPS wasn't a part of this list until now. That has changed. Retirees can now take loans against their pension, up to 25% of their own contributions. For someone facing an unexpected expense without wanting to break their retirement structure entirely, that matters.

Another long-standing pain point of any pension scheme is what happens when the subscriber is no longer around to manage it. These systems are, after all, designed for old age. And in many cases, families may be completely unaware that an account even exists. Add paperwork and verification delays, and it's not uncommon for pension money to remain untouched for years.

To address this, the revised rules introduce a provision for cases where a subscriber is presumed missing. Under this framework, up to 20% of the accumulated corpus can be paid out to nominees early, offering immediate financial support. The remaining amount is settled once the subscriber is officially declared deceased. It may not be a dramatic change, but for families stuck in uncertainty, it can make a real difference.

The new rules also recognize that life doesn't always follow a straight line. Earlier, if someone

renounced Indian citizenship or needed to access money for housing without waiting for retirement, exiting NPS wasn't straightforward. But under the revised 2025 exit norms, there's clarity. If a subscriber renounces their Indian citizenship, they are required to inform the pension authorities and can close their NPS account and withdraw the entire accumulated corpus as a lump sum, instead of being forced into annuities or partial exits.

The same applies to personal liquidity before retirement. Of course, NPS allowed partial withdrawals earlier, but they were limited to specific conditions. The new rules have just expanded on the list of withdrawal purposes. There are caps and conditions of course, but it sends one message: money saved over decades can be accessed more reasonably for major life events.

Now, on paper, these look like landmark changes to the country's pension system. But they don't remove guardrails entirely. If you look at the original rules, they weren't accidentally strict. It was designed to restrict subscribers to protect them from one of the biggest risks with respect to pension: outliving your own savings. Sure, the mandatory annuity limit has dropped but it ensured a steady income irrespective of how long retirement lasted.

But now with larger withdrawals, lower annuity locks, and easier access through loans, more responsibility now sits with the subscriber. And if you look at it that way, NPS starts to look less like a locked pension and more like a system that trusts individuals to make judgement calls. And that trust can cut both ways.

NPS, on the other hand, is tax-efficient but not fully tax-exempt. Up to 60% can be withdrawn tax-free at retirement. But the rest, such as annuity income and larger lump sums beyond the exempt portion can be taxable. As exit flexibility increases, this tax gap becomes more important for planning.

That said, the new NPS rules don't magically fix retirement planning. They simply offer more choice — and with it, more responsibility. Subscribers now have greater control over how and when they access their savings, but also carry a larger share of the risk that comes with those decisions.

And perhaps that's the real shift. NPS is no longer just about protection. It's about judgement.

So yeah, if the framework works for you, the flexibility helps. If it doesn't, you aren't locked in since NPS remains voluntary for most of us. And in a retirement system that's slowly adapting to real life, that freedom may be its biggest change of all.

By Kavya Hebbar



Update for the Day #2638 | The Lehman Brothers Meltdown: Catalyst of the 2008 Global Financial Crisis

The collapse of Lehman Brothers on September 15, 2008, marked the largest bankruptcy in U.S. history and served as the tipping point for the global financial crisis. Founded in 1850, Lehman had grown into the fourth-largest U.S. investment bank, with \$639 billion in assets and \$619 billion in liabilities. Its downfall stemmed from aggressive exposure to the subprime mortgage market. In the early 2000s, Lehman heavily invested in mortgage-backed securities (MBS) and collateralized debt obligations (CDOs), acquiring five mortgage lenders to fuel growth. High leverage—reaching 31:1 in 2007—amplified risks as housing prices plummeted.

By 2007, the subprime crisis emerged, eroding MBS values. Lehman's stock plunged amid rumours following Bear Stearns' near-collapse in March 2008. Despite efforts to deleverage and raise capital (\$6 billion in 2008), confidence evaporated. Failed bailout talks with Barclays and Bank of America, coupled with the U.S. government's refusal to intervene (unlike Bear Stearns or AIG), forced Lehman to file for Chapter 11 bankruptcy.

Immediate consequences were catastrophic: global markets crashed, with the Dow Jones

dropping 504 points on September 15—the largest single-day decline since 9/11. Credit markets froze, triggering bank runs and a liquidity crisis. The fallout contributed to the Great Recession, costing \$10 trillion in global economic output, millions of jobs lost, and widespread foreclosures.

Long-term ramifications included regulatory reforms like the Dodd-Frank Act (2010), enhancing oversight and restricting risky practices. Lehman's failure highlighted systemic vulnerabilities, "too big to fail" debates, and the dangers of excessive leverage. Fifteen years later, it remains a stark reminder of financial hubris and the interconnectedness of global markets.

By Aniket R Patil



Update for the Day #2639 | The Dark Side of the Sun: Understanding the Hidden Costs of the Solar Transition

The global transition toward renewable energy is often presented as a straightforward solution to the climate crisis. Among the available alternatives, solar energy has emerged as one of the most widely endorsed options—celebrated for its ability to generate electricity without combustion, emissions, or ongoing fuel consumption. However, as with every major energy transition in history, the shift to solar power carries trade-offs that become visible only when adoption reaches scale.

Recent movements in commodity markets offer a telling signal. Silver prices, traditionally overshadowed by gold, have drawn renewed attention amid growing concerns of supply constraints. Unlike fossil fuels, silver is not an energy source. Yet its rising importance reflects the material demands of the renewable energy transition—particularly solar power.

A Familiar Pattern in Energy Transitions

Historically, each major energy transition has addressed the most pressing problem of its time while simultaneously introducing new challenges. Coal reduced reliance on wood and slowed deforestation, but it polluted urban centers. Oil improved mobility and economic productivity, yet entrenched fossil fuel dependence. Natural gas reduced local air pollution but failed to meaningfully curb global emissions.

Solar energy follows the same trajectory. It promises cleaner air, lower carbon emissions, and reduced dependence on imported fuels. In many respects, it delivers on these promises. Once installed, solar panels generate electricity with minimal operational emissions, and the cost of solar power has declined sharply over the past decade. Governments around the world have embraced solar as a politically and economically

attractive pathway to meeting climate goals.

Yet energy systems are governed not by narratives, but by physical constraints, material requirements, and reliability standards. It is at this level that the solar story becomes more complex.

The Intermittency Challenge

The most fundamental limitation of solar power is its intermittency. Electricity generation peaks during daylight hours, particularly around midday, while demand often rises in the evening when households and businesses increase consumption. This mismatch creates structural challenges for power grids.

To manage this imbalance, grids require extensive transmission infrastructure, energy storage systems, or backup generation capacity. Each of these solutions entails significant costs. Batteries degrade over time and currently offer limited-duration storage. Transmission networks take years to build and face regulatory and land-use constraints. As a result, even countries with high solar penetration continue to rely on fossil fuels, hydroelectric power, or nuclear energy to ensure grid stability.

From a systems perspective, a truly reliable low-carbon energy source must be predictable, scalable, and capable of continuous output. Solar power, by itself, does not meet all three criteria.

The Material Intensity of Solar Power

Beyond intermittency, solar energy presents another challenge that receives less public attention: its material footprint.

Solar panels require a wide array of raw materials. Silicon is used in photovoltaic cells, aluminium in frames and mounting structures, copper in wiring

and inverters, silver in electrical contacts, and high-purity glass to protect the cells. When assessed per unit of electricity capacity, solar infrastructure is significantly more material-intensive than conventional fossil fuel plants.

The extraction and processing of these materials are neither clean nor low-carbon. Mining operations involve land disruption, water pollution, and high energy consumption. Furthermore, components often travel across continents before reaching their final installation sites, adding to their embedded emissions. Consequently, a substantial portion of a solar panel's lifetime carbon footprint is incurred during manufacturing rather than operation.

Although solar panels eventually offset this initial carbon cost through clean electricity generation, the payback is gradual rather than immediate.

Rising Commodity Demand and Uneven Impacts

As solar installations expand globally, demand for key materials is increasing rapidly. Photovoltaic manufacturing accounted for approximately 14% of global silver consumption in 2023, reflecting the metal's critical role in solar cells. Copper demand is even broader, extending beyond solar panels to electric vehicles, charging infrastructure, transmission lines, and grid upgrades.

When demand growth outpaces supply expansion, price pressures are inevitable. The recent strength in silver and copper prices may therefore reflect not only market speculation, but also structural shifts driven by the energy transition.

There is also a pronounced geographic imbalance in how costs and benefits are distributed. The environmental damage from mining—land degradation, water contamination, and waste accumulation—is borne locally by communities near extraction sites. Meanwhile, the benefits of clean electricity are often realized far away, in

urban centres and industrial regions.

A More Nuanced View of Solar Energy

None of these challenges invalidate solar energy as a viable or necessary component of the energy transition. Solar power remains cheaper, cleaner, and more scalable than the fossil fuels it replaces. It will almost certainly continue to serve as a foundational pillar of future energy systems.

However, solar energy is clean primarily at the point of generation, not extraction. It reduces emissions over time rather than instantaneously, and it cannot fully replace always-on power sources without substantial investments in storage, grid resilience, and complementary energy technologies.

The real risk lies not in investing too much in solar, but in underestimating the additional infrastructure and planning required to make the transition effective. Overreliance on solar without addressing grid capacity, storage limitations, and material supply chains could introduce new vulnerabilities into energy systems.

For the renewable transition to succeed, governments must look beyond capacity additions alone. Investments in grid modernization, recycling systems for aging panels, and diversified energy mixes are equally critical. Without acknowledging and addressing these complexities, solar energy will remain both a solution—and a source of new constraints.

By Varsha G Bhatt



Update for the Day #2640 | Why the world is turning back to Indian cardamom

Every evening, after a long day at work, some of us like to head out for a nice hot cup of tea (sorry, coffee lovers). The routine is almost automatic. We add elaichi without a second thought. It's just there, floating between ginger and milk, doing its job quietly, packing a punch in that small cup of tea. But that tiny pod sits at the centre of one of the world's most fragile spice markets. And its story stretches back thousands of years.

For much of history, many spices were indigenous and exclusive to India. Turmeric, pepper, and chilies were among them. Cardamom belonged to that list too. Long before it became a globally traded commodity, *choti elaichi* (literally translated as "small cardamom") grew wild in the dense rainforests of the Western Ghats, across present-day Kerala, Karnataka, and Tamil Nadu.

This spice was so valuable that the region where it thrived came to be known as the Cardamom Hills. Dating back nearly 4,000 years, cardamom travelled from these forests through Indian ports to the Middle East and Europe, prized for its aroma, medicinal use, and rarity.

That history still shows up in its price today. Even now, cardamom remains the third most expensive spice in the world, after saffron and vanilla. India never stopped growing it. But over time, the global cardamom market shifted away from its place of origin and into the hands of another country.

And that shift set the stage for the fragile market we see today. Despite being native to India, Guatemala is now the world's largest producer of cardamom. To understand how that happened, let's tell you a story.

In 1914, a German coffee planter named Oscar Majus Klover took cardamom pods from Kerala to his coffee estate in Cobán, Guatemala. And the spice thrived because it grows best in cool, humid conditions — temperatures between 15°C and 35°C, steady rainfall, and forest cover. The Western Ghats offer this naturally. But so does Guatemala's highland region.

Yet climate alone didn't reshape the trade.

Cardamom isn't the third most expensive spice in the world by accident. It retails between ₹2,400 and ₹3,150 per kilo because it demands constant care. The crop needs regular weeding, steady water supply during dry months, adequate sunlight during monsoons, and years of patience. Farmers wait two to three years before seeing a harvest. Even then, the pods are hand-picked. That makes cardamom highly sensitive. Fungal infections and pest attacks can wipe out entire harvests.

This made large-scale expansion risky for Indian farmers. As a result, cardamom cultivation remained fragmented and largely smallholder-driven rather than plantation-led.

So where India stepped back, Guatemala stepped in largely because of one key difference.

In India, cardamom harvesting is squeezed into a short peak window between September and November. That makes the crop incredibly vulnerable. A fungal outbreak during the monsoon months can wipe out an entire year's income in one go.

Guatemala works very differently. Harvesting happens almost all year round. So even if pests or diseases hit one cycle, farmers still have other harvests to fall back on. The risk is spread out and incomes are far more stable.

Which is how over the past century, Guatemala scaled production aggressively, emerging as the world's largest producer of cardamom. It would produce roughly 35,000 tonnes annually — about 60% of global supply. Large plantations focused solely on cardamom, especially in regions like Alta Verapaz where around 3 lakh farmers produce nearly 70% of the country's output. This kept costs low and made Guatemala the go-to source for price-sensitive markets.

But concentration has a cost. Because scaling a fragile crop works until conditions change. That moment arrived with El Niño, a climate phase that warms Pacific Ocean surface temperatures and disrupts weather patterns globally. Between 2023 and 2024, El Niño altered rainfall cycles, raised heat stress, and increased disease pressure across major cardamom-growing regions.

For decades, Guatemala's dominance looked unshakable. But cardamom doesn't care who dominates the market. When weather patterns turned erratic, losses spread quickly across tightly packed plantations. A system built for efficiency struggled with volatility. And that's when the market felt it.

As supply tightened, prices rose. Buyers who had long relied on a single source were forced to reassess their dependence, especially importers in the Middle East, one of the world's largest cardamom markets. Here, cardamom is a staple in traditional coffee, desserts, and everyday cooking. Crucially, these buyers are not particularly price-sensitive. Aroma and quality matter more than cost. That shift played directly to India's strengths.

Indian cardamom, known for its higher oil content and stronger aroma, began drawing renewed interest. And it wasn't just because India is the second-largest producer. Its fragmented, shade-grown cultivation model meant lower concentration risk. When some regions were affected, others held up. Even after drought

stress, India is still expected to produce around 22,000 tonnes this year. As buyers searched for reliability, Indian farmers found themselves in an unexpected position of strength. Auction prices firmed up, with Indian cardamom now trading near ₹3,150 per kilo (around \$35/kg).

That said, rising prices don't always translate cleanly into gains for farmers, especially smaller, lesser-known growers.

One reason lies in cardamom registration, or CR. In India, cardamom must be sold through registered auctions, and growers need a CR number issued by the Spices Board of India. While the system ensures traceability and quality, it also means farmers without registration, or those producing small quantities, often have limited bargaining power and realise lower prices.

Still, the larger shift is hard to ignore. In hindsight, what once looked like hesitation now looks like restraint. And in a world where climate shocks are becoming more frequent, restraint may turn out to be the most valuable strategy. After all, cardamom did originate from here.

So, the next time you stir elaichi into your evening tea, remember that small green pod has travelled continents, reshaped markets, and survived a climate shock that rewrote the global spice trade. For the time being, India does not need to match Guatemala's volumes to benefit. It only needs to supply the part of the market that is missing Guatemalan supply.

By Anusha M





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