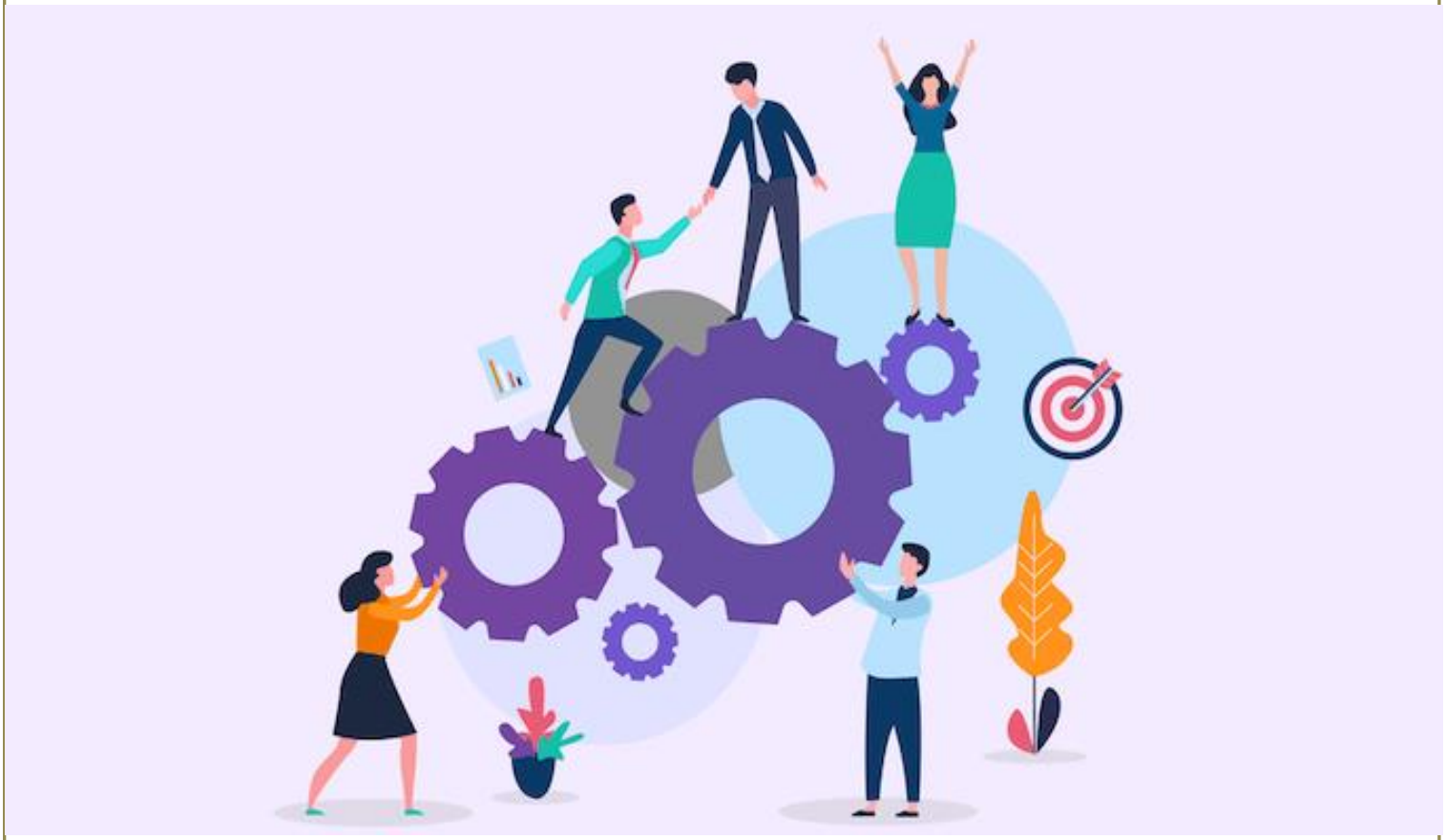

EMERGING THOUGHTS

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SURESH & CO.

Chartered Accountants

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Foreword

At Suresh & Co., learning has never been limited to the boundaries of routine work. In a profession that is constantly influenced by regulatory changes, evolving financial landscapes, and technological transformation, staying relevant requires more than expertise—it calls for awareness, adaptability, and an openness to new ideas.

With this thought in mind, we continue to foster platforms that encourage reflection and knowledge-sharing within our firm. "Emerging Thoughts" is one such initiative, created to inspire individuals to pause amidst their daily responsibilities and engage with developments shaping the professional world. These reflections may stem from regulatory updates, economic shifts, industry practices, or broader business insights, but each carries the intent of promoting continuous learning.

What truly brings this initiative to life is the active participation of our team members, especially our articled assistants. Their perspectives, shaped by curiosity and a willingness to explore beyond the obvious, add depth and diversity to these reflections. It is encouraging to see young professionals not only absorb knowledge but also interpret and share it, contributing meaningfully to a culture of intellectual engagement.

This edition presents a compilation of thoughts gathered over the past month. Each piece reflects a conscious effort to step back, observe, and understand the evolving environment around us. When viewed together, these insights form a collective narrative—one that highlights the importance of staying informed and thinking beyond immediate tasks.

At Suresh & Co., we believe that a strong organisation is built on individuals who are encouraged to think independently, question constructively, and remain engaged with the world beyond their work. Initiatives like "Emerging Thoughts" reinforce this belief by creating opportunities to learn from one another and grow together.

We hope this edition offers meaningful perspectives and perhaps inspires a new way of looking at familiar ideas. Often, it is a simple observation or a thoughtful question that leads to deeper understanding and progress.

We thank you for your continued trust and association, and we look forward to sharing many more such reflections in the months ahead.

"Learning today shapes the decisions of tomorrow."

As we step into a new month, let it serve as a reminder that growth is a continuous journey. With consistent effort, openness to change, and a mindset of curiosity, every day becomes an opportunity to move forward with clarity and purpose.

Update for the Day #2706 | Why Cocoa farmers are abandoning chocolate

If you've ever looked closely at a chocolate bar wrapper (not the shiny packaging and design, but the back where the truth sits in fine print), you may have noticed something common. The bar has either become smaller, more expensive, or both.
But here's a little secret. The main ingredient behind chocolate — cocoa, is actually getting cheaper.

Yup, that's right. Two years ago, chocolate prices went on a wild ride. After raw cocoa prices ranged between $2,000 to $3,000 a tonne, they suddenly shot up to an eye-watering $10,000 a tonne!

That was in 2024. Back then, the spike had a lot to do with El Niño, the warm climate pattern that severely affected harvests. So much so that we expected to see a chocolate deficit never seen before.

But today, that's all changed and cocoa prices have come down to more realistic levels.
Now, that might make you think that maybe people simply stopped eating chocolate. But that's hardly true. The demand for chocolate hasn't vanished.

It's just that cocoa became too expensive, especially after the ordeal of 2024. As prices surged, chocolate manufacturers like Mondelēz International and Nestlé responded by raising prices, shrinking portions and, in some cases, reformulating products to use less cocoa. Nestlé even altered the recipe of some bars so they no longer met the legal definition of chocolate after cocoa costs spiked.

And all of that meant companies started buying less cocoa beans.

But here's the thing. While chocolate companies could tweak recipes and raise prices, the people growing cocoa had far fewer options. In Ghana and Ivory Coast, which together produce roughly two-thirds of the world's cocoa, many farmers are now grappling with falling incomes and unsold beans.

And that's surprising because cocoa prices had surged not too long ago. So, you'd expect farmers to have benefited from that boom. But most of them didn't. Even when global prices shot up, farmers saw only a small slice of that increase.

On the contrary, now that prices are cooling again, the economics of cocoa farming look worse for them. In some regions, yields are already falling due to ageing trees, crop disease and climate stress. And the income farmers earn from cocoa represents only a tiny fraction of the value created in the global chocolate industry.

Which raises an obvious question. When cocoa prices fall, farmers struggle. But how can they still struggle when cocoa prices surge?

The answer lies in how the cocoa market itself works.

Unlike most commodities, farmers in Ghana don't sell their crop directly at global market prices. Instead, cocoa is sold through the Ghana Cocoa Board. The goal is to protect farmers from wild commodity price swings. But it also means that farmers don't immediately benefit when global prices suddenly surge.

So when cocoa prices exploded in 2024, farmers saw only gradual increases in the price they were paid — far below the global market spike.

That's because cocoa prices for farmers are fixed ahead of the harvest season.

There are two harvest cycles in West Africa — the main crop between October and March, and a smaller mid-crop from April to September. Before the season begins in October, the government announces the farm-gate price that farmers will receive for their beans.

That means farmers know exactly how much they'll earn per tonne, regardless of what happens in global commodity markets. For example, last October, Ivory Coast set the farm-gate price at about $5,000 per tonne, while Ghana set it around $5,300 per tonne.

But right now, world cocoa futures (basically, the market price traders expect cocoa to sell for) are trading at around $3,300 per tonne, a far cry from what the board set five months ago.

And that's where the paradox appears.

The system is designed to protect farmers from volatile cocoa prices. But when market conditions shift suddenly, it can create the opposite problem. If global cocoa prices fall or demand weakens, exporters and processors may hesitate to buy beans at the government-set price. In fact, the International Cocoa Organization (ICCO) recently estimated the global cocoa market could swing into a surplus of about 49,000 tonnes this season.

That simply tells you that the world suddenly has tens of thousands of tonnes more cocoa than chocolate makers currently want to buy. And when cocoa piles up, the shock travels all the way back to the farm.

Because cocoa farming is a slow business. Trees take years to mature, harvests happen only twice a year, and incomes fluctuate wildly with global markets. So when the economics stop working, farmers start looking for alternatives. And no — it isn't other crops.

In parts of West Africa, those alternatives are increasingly found underground. Quite literally. Across regions of Ghana, cocoa farms are being leased out for illegal sand mining to feed the construction boom, while others are being converted into small-scale gold mining sites, often through illegal operations locally known as galamsey.

Because mining offers something cocoa farming rarely does — quick cash. A cocoa harvest might bring income once or twice a year. Mining, on the other hand, can generate money almost immediately.

But mining comes with a heavy cost.

The excavation process damages soil, contaminates water sources with chemicals like mercury, and often leaves farmland unusable for agriculture. And once a cocoa farm becomes a mining site, it's rarely restored to productive farmland again.

Governments know exactly what they're up against. Cocoa remains a critical export for West Africa, contributing nearly 40% of export revenues in Ivory Coast and about 15% in Ghana. So when farmers abandon cocoa for illegal mining, the stakes extend far beyond the farms.

In Ghana, authorities recently moved to stabilise the sector by announcing a $337 million payment

to Licensed Buying Companies (LBCs) to clear outstanding dues pending since November 2025 and support growers struggling with volatile prices.

According to the LBCs, the funds haven't been released yet, and because of that, farmers are yet to receive their dues. But payments like these are more of a short-term relief measure than a long-term solution.

They also slashed the farmgate prices to $3,580 last month hoping to grow demand, but that also means farmers have to accept lower prices on already thin margins.

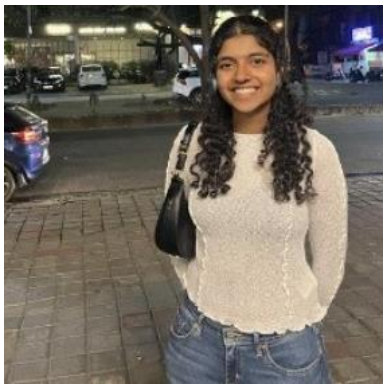
Because as long as cocoa farming remains financially uncertain, farmers will continue to weigh the same difficult choice — stick with cocoa, or dig for something more profitable beneath the soil.

All this means that the story of chocolate today isn't just about prices on supermarket shelves. It's about what's happening thousands of kilometres away on cocoa farms in West Africa.

Because if farmers keep walking away from cocoa in search of quicker money underground, the world might soon face a different problem altogether.

Not a shortage of chocolate lovers. But a shortage of cocoa farmers.

By Barani Sree



Update for the day #2707 | Nike's athlete branding playbook

How Nike turns athletes into brands

Whenever you hear the moniker 'Black Mamba', you think of the NBA legend Kobe Bryant and not of the actual snake or the Kill Bill movie. Well, that's not an accident but a successfully implemented marketing strategy by Nike.

In late 2002, Nike staffers sat around a conference room table examining a space-age material called Tech Flex. Black and tube-like, it had commonly been found inside cars and airplanes. Gentry Humphrey, a Nike executive, looked at its braided sleeving and thought: "It kind of looks like a snake." He searched for the most badass black snake on the internet and found the black mamba. The campaign was built around it, pitched to Michael Jordan, who was reportedly terrified of snakes, and eventually scrapped.

Years later, Kobe Bryant independently adopted the nickname after watching Kill Bill. Nike recognised the moment and ran with it, turning it into one of the most iconic athlete identities ever built. And that's exactly Nike's playbook.

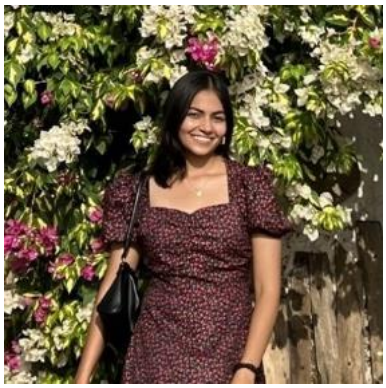
Going back to 1984, Nike was primarily viewed as a running brand. The basketball market was led by Converse, Adidas, and Reebok. Converse had Magic Johnson, Larry Bird, and Julius Erving all wearing the same shoe. The shoe was the product and the player was just a vehicle.

Nike flipped that and the player became the product. The Air Jordan 1 didn't conform to NBA uniform rules. Three games in, the league banned it. Nike ran a commercial that slowly panned down Jordan's body and stamped a big "X" on his shoes. The announcer said: "Banned." Nike sold $ 70 million worth of Air Jordans within two months. This way, Nike won the narrative game.

That has always been Nike's formula for success. Find an athlete with a compelling tension in their story and build an identity around it. Nike makes their shoes a part of the narrative and never the other way around. Then they go ahead to amplify what's already organic and give it a name.

Nike knew that merely attaching a famous name to its products wasn't enough. So to captivate audiences, it crafted compelling narratives that built genuine emotional connections — often making you forget it was Nike behind it all.

By Aastha Jain



Update for the Day #2708 | If UPI dominates, why is cash still growing?

Whenever I pass by an ATM, two thoughts come to mind — first, that I should keep some physical cash for emergencies, and second, who still goes to an ATM anymore?

And the second question isn't entirely unwarranted. Back in 2016, when demonetization made the ₹ 1,000 and ₹ 500 notes invalid, people rushed to banks and ATMs to deposit their old notes. The overnight shock meant that many businesses wouldn't accept either note as legal tender for payment. And because of that, UPI payments took off quickly, with almost every business and store, large and small, setting up Paytm machines and QR codes for the digital payments revolution.

India has become one of the world's largest digital payments markets, driven by the rapid growth of the Unified Payments Interface (UPI). Billions of transactions take place every month across apps like PhonePe, Google Pay and Paytm, making UPI the dominant retail digital payment system in the country. In fact, UPI accounts for the majority of digital payment volumes in India.

In a world where online payments became the go-to way to pay, physical cash essentially took a back seat for a while. It also doesn't hurt that most payment platforms today do everything for you — from flight tickets and credit card payments to gas bills and mobile recharges.

Bown by about 11% year-on-year. Nearly 97.6% of this currency is held by the public rather than within the banking system.In other words, this isn't money sitting idle in bank vaults. It's physical currency actively moving through the economy.

Now that might make one think that because people are using more cash, digital payments would slow down. But that's hardly true. The report estimates that the monthly UPI transaction value is now around ₹ 28 lakh crore. That means in just one month, UPI processes transactions worth roughly 70% of the total physical currency in the entire economy.

So if digital payments are replacing cash, why is the total stock of currency still increasing?

Digital payments like UPI are gradually capturing a larger share of everyday transactions, even as the total demand for physical money in the economy continues to expand. But that still leaves another question.

What exactly then, is pushing the absolute demand for cash higher?

This is because if you run a business and its transaction value exceeds ₹ 40 lakh (₹ 20 lakh for services in some states), you must register for GST.

What ended up happening was that regular fruit vendors and stall operators received tax notices worth tens of lakhs. So after these GST notices were issued, ATM withdrawals in the affected districts rose by about ₹ 37 crore per month, suggesting that some merchants may have shifted back towards cash transactions.

The second reason cash demand hasn't fallen as much as we might expect has to do with how people behave when interest rates fall.

When banks offer high interest rates, keeping money in a savings account makes sense because your money earns something while it sits there. But when interest rates fall, the difference between holding money in the bank and holding it as cash becomes much smaller. And when that happens,

people simply don't mind keeping some extra cash on hand. This may have increased what economists call precautionary cash balances or money that households keep aside just in case. It could be for emergencies, unexpected expenses, or simply the comfort of having some physical cash available.

So even as digital payments take over everyday transactions, people may still prefer holding a bit more cash than before. The third reason is the surge in gold prices. When gold prices rise sharply, households often unlock some of that wealth — either by selling old jewellery or borrowing against it. In India, this channel is significant because households hold enormous quantities of gold as a store of wealth.

So households can sell jewellery or pledge it as collateral to access cash. That's money that eventually finds its way back into consumption and circulation. The final piece of the puzzle lies in the type of transactions UPI has replaced. Most digital payments today are for small everyday purchases like groceries, tea, auto rides or quick retail payments. In fact, SBI's analysis shows that in terms of value, nearly 86% of person-to-merchant UPI transactions are below ₹ 500.

That means UPI is essentially competing with the small-denomination notes that once dominated these everyday payments — the ₹ 5, ₹ 10, ₹ 20, ₹ 50, ₹ 100 and ₹ 200 notes. But the ₹ 500 note still dominates the cash economy. So even when the RBI withdrew the ₹ 2,000 note in 2023, most of that value simply returned to circulation in the form of ₹ 500 notes rather than disappearing altogether. After becoming the highest denomination in circulation, the ₹ 500 note increased by 8.9% in value to account for about 86% of the total and by 3.0% in volume to over 40%.

And that may explain India's cash paradox. Digital payments are rapidly taking over everyday transactions, but cash continues to play other roles — as a store of value, a precautionary buffer, and a convenient way to transact in parts of the economy that remain outside the digital ecosystem.

So the future of payments in India may not be about eliminating cash altogether. It may simply be about learning to live with two systems growing side by side. Which brings us back to that question we have every time we walk past an ATM. If everyone is paying digitally, who still withdraws cash?

The answer, it turns out, is still quite a lot of us.

By Vismitha V

Update for the day #2709 | A slightly different explainer on the LPG conundrum

India's current household LPG shortages are often attributed to tensions in the Middle East, particularly the US/Israel–Iran conflict. To some extent, this explanation holds. India is the world's second-largest consumer of LPG and imports nearly **60% of its requirement**, largely from Qatar and other Middle Eastern countries. However, geopolitics alone does not fully explain the shortage.

A major reason for India's rising LPG demand is the **Pradhan Mantri Ujjwala Yojana (PMUY)** launched in 2016. The scheme provided LPG connections to women from below-poverty-line households without security deposits. As a result, LPG access expanded dramatically - from **about 15 crore connections in 2016 to over 32 crore by 2024**.

The programme helped millions of rural households' transition away from firewood and kerosene to cleaner cooking fuel, improving public health and reducing indoor air pollution.

However, this success also significantly increased demand. During periods of tight supply, policymakers often prioritise household consumption, sometimes restricting the supply of **commercial LPG cylinders** used by restaurants and small businesses. As waiting periods for household refills rise, businesses that rely on LPG are forced to search for alternative sources.

This creates a powerful **arbitrage opportunity**. Domestic cylinders cost roughly **₹ 800-₹ 900**, while commercial cylinders cost around **₹ 1,900**, sometimes exceeding **₹ 3,200 in the black market**. Such a large price gap incentivises diversion.

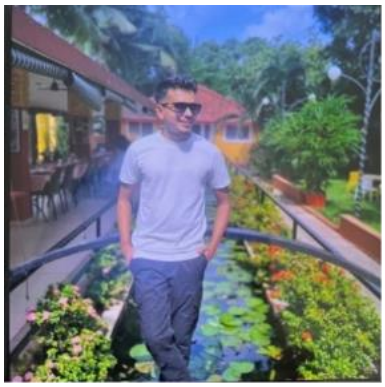
Police raids in cities like **Nagpur and Noida** have uncovered networks diverting subsidised domestic LPG cylinders into the commercial market. According to the **Comptroller and Auditor General (CAG)**, structural weaknesses in the subsidy system have made this possible.

The audit found that **42% of LPG connections were issued solely based on Aadhaar verification**, without cross-checking other household databases. It also identified **over 12.5 lakh mismatches between LPG beneficiary records and census data**, raising concerns about unintended beneficiaries. In addition, **1.9 lakh connections were issued to men instead of women**, violating the scheme's eligibility rules.

Consumption data also revealed anomalies. Some households reported **more than 12 refills per year**, while nearly **14 lakh beneficiaries used between 3 and 41 cylinders in a single month -** levels far beyond typical household usage.

The result is a paradox. India's LPG programme successfully expanded access to clean cooking fuel, yet the subsidy structure has also created price distortions large enough to sustain a parallel market. Aligning prices closer to market levels while transferring subsidies directly to verified beneficiaries could significantly reduce incentives for diversion.

By Mukesh Gehlot



Update for the Day #2710| Why do ships move slowly?

If you've ever watched a massive cargo ship moving across the ocean, you've probably wondered why it goes so slowly. At first, it almost feels like an illusion created by the vastness of the sea, but the reality is quite the opposite. Cargo ships are designed to move slowly on purpose.
This might sound surprising for an industry that carries nearly 80% of the world's trade. From electronics to automobiles, most goods travel across oceans. Logically, faster ships should mean more trips, quicker deliveries, and better profits.

And that was exactly the mindset until the 2008 oil price surge changed everything.

When fuel prices shot up dramatically, it hit the shipping industry harder than most, because fuel is its single biggest expense. In fact, global shipping consumes about 5% of the world's oil. Suddenly, operating ships at high speeds became extremely costly and unsustainable.

That's when the industry turned to a simple yet powerful idea: *slow steaming*.

Instead of running ships at maximum speed, companies began deliberately slowing them down. The science behind this is key—fuel consumption doesn't increase linearly with speed; it rises sharply. So even a small reduction in speed leads to disproportionately large fuel savings. A 10% drop in speed can reduce fuel consumption by around 20%, which translates into massive cost savings over long ocean journeys.

At first glance, this seems like a trade-off. Slower ships mean longer delivery times and fewer trips per year. So why not just build bigger ships to carry more cargo at once?

In reality, that solution has limits. Ship sizes are constrained by global infrastructure—ports need deeper harbours, canals have size restrictions, and expanding these facilities worldwide is extremely expensive and time-consuming. That's why ships are built within categories like Panamax or Suezmax, depending on where they can travel.

Even the largest vessels today, capable of carrying over 20,000 containers, still face these physical and logistical constraints.

Beyond cost efficiency, slow steaming also plays an important role in sustainability. Slower speeds reduce carbon emissions significantly, which is crucial as the industry faces stricter environmental regulations in the coming years. Additionally, slower ships generate less underwater noise, helping reduce disturbances to marine life.

However, the transition to more efficient technologies in shipping isn't as straightforward as it seems. Many ships are owned by one company but operated by another. While owners would need to invest in upgrades, operators are the ones paying for fuel. This "split incentive" problem often delays the adoption of better technologies like cleaner fuels or advanced designs.

That's why slowing down remains the easiest lever it requires no major investment, no new infrastructure, and can be implemented immediately.

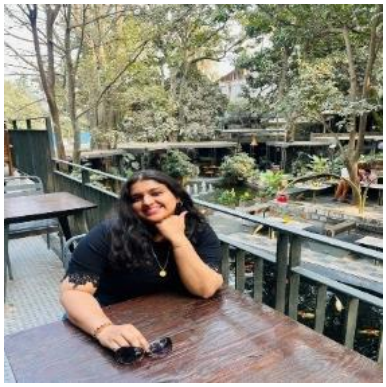
But even this approach has its challenges. Running engines at lower speeds can create technical inefficiencies and maintenance issues. And in today's world, geopolitical tensions and disrupted shipping routes often force vessels to take longer paths or speed up to meet schedules.

In some cases, ships may even move faster deliberately to pass through high-risk zones quickly, increasing both fuel consumption and emissions.

So while *slow steaming* is highly effective, it isn't always feasible in every situation.

Still, despite all these complexities, it remains one of the simplest and most impactful strategies the shipping industry has. By doing something as basic as slowing down, ships are able to cut costs, reduce emissions, and continue moving the world's goods efficiently across oceans.

By Kavya Hebbar



Update for the Day #2711 | From Data Centers to Desktops: How AI Changed the Parts Inside Your Computer

The AI boom has quietly reshaped what we consider a "normal" computer. Just a few years ago, 16 GB of RAM felt generous for everyday use—browsing, streaming, light editing. Today, if you want to run even a moderately capable local AI model like Llama 3.1 70B, Mistral, or DeepSeek without constant cloud calls, 32 GB is the bare minimum, and 64 GB has become the sweet spot for many enthusiasts and professionals. That shift didn't happen by accident.

In 2024 and early 2025, the demand for high-bandwidth, high-capacity memory exploded. Data centres and AI training farms were gobbling up DDR5 modules faster than factories could produce them. Major suppliers—Samsung, Micron, SK hynix—redirected huge portions of output to server contracts, leaving consumer-grade RAM in short supply. Prices spiked 30–50% in some regions, and 32 GB kits briefly became luxury items. By mid-2025 production caught up, and early 2026 prices have eased, but the new reality is clear: 32 GB is now the baseline for any laptop or desktop marketed as "AI-ready." Even budget gaming rigs and creator laptops ship with 32 GB standard, something unthinkable five years ago.

Storage followed a similar trajectory. Loading multi-gigabyte models and datasets repeatedly is painful on slow drives. NVMe SSDs, especially Gen4 and Gen5, became the default recommendation instead of a nice upgrade. 1 TB used to be plenty; now people routinely ask for 2 TB or more just to keep models, checkpoints, and datasets on hand without constant shuffling. Fortunately, NAND flash production scaled aggressively, so while premium high-speed, high-capacity drives still carry a 20–30% markup, overall SSD prices are actually lower than they were pre-boom. The real change is expectation: a modern mid-range PC without a fast 1–2 TB NVMe feels under-specced.

GPUs and the newer NPUs (neural processing units) stole most of the headlines, of course. NVIDIA's RTX 40-series cards flew off shelves as people discovered they could run surprisingly capable local inference at home. AMD followed suit, and even entry-level GPUs started advertising "AI acceleration" in marketing materials. On the laptop side, Apple's M4 and upcoming M5 chips, Intel's Lunar Lake/Arrow Lake NPUs, and AMD's Ryzen AI series turned ordinary ultra books into machines that can handle on-device AI tasks—summarization, image generation, code assistance—without breaking a sweat. What used to require a desktop with a discrete GPU is now possible on a thin-and-light laptop.

This ripple effect touched other components too. Higher TDP chips and GPUs forced many builders to step up to 750 W+ power supplies and better airflow cases. Cooling solutions—beefier air coolers, AIOs—became more common even in mid-range builds. Motherboards added more M.2 slots and faster PCIe lanes to keep up with storage and expansion needs.

The net result is that the floor for a "normal" computer has risen dramatically. A mid-range PC you buy in 2026 looks strikingly similar to what was considered a high-end build in 2023. You're paying 15–25% more for the core components—RAM, fast storage, capable GPU/NPU—than

you would have a few years earlier. But the trade-off is real value: these machines are far more future-proof. They can run powerful local AI tools today, handle creative workloads tomorrow, and stay relevant longer without constant upgrades.

In many ways the AI boom didn't just build bigger data centres—it quietly upgraded the computer sitting on (or under) your desk. For the average user it means spending a little more upfront, but getting a device that feels noticeably more capable and ready for whatever comes next. The future arrived a bit sooner, and it cost a bit more than we expected—but most people who've made the jump don't seem to mind.

By Aniket R Patil

Update for the Day #2712| Are Government Securities (G Secs) really risk free?

At the start of this year, Saudi Arabia's 5-year credit default swap (CDS) rate has been steadily rising. On the surface, this may seem like just another market statistic. But it tells a deeper story about how investors perceive risk—even when it comes to governments.

A credit default swap is, at its core, a form of insurance. Imagine lending money to a borrower and then paying a third party a small annual fee to protect yourself in case that borrower defaults. That fee is known as the CDS spread. The higher the spread, the greater the perceived risk of default.

What makes CDS markets fascinating isn't how they work—it's what they reveal. Investors don't just insure corporate debt; they insure sovereign debt too. Even countries considered financially stable have CDS spreads that fluctuate over time.

Take Saudi Arabia as an example. Its CDS doesn't sit still. It rises when oil prices fall, when geopolitical tensions escalate, or when fiscal conditions deteriorate. Yet, it never drops to zero.

That alone challenges a deeply ingrained idea in finance: that some assets are completely risk-free.

Government securities—commonly referred to as G-Secs—are widely considered the safest investments in any economy. Since they are issued by sovereign governments, the logic goes that default risk is minimal. Governments can raise taxes, borrow more, or even print money to meet their obligations.

Because of this, G-Secs form the foundation of the "risk-free rate," a benchmark used to price everything from loans to equities. Banks hold them in large quantities, and investors rely on them for stability.

But here's the catch: "risk-free" only refers to default risk—not the absence of all risk.

In reality, government bonds are far from perfectly safe.

Under normal conditions, bonds act as a stabilizing force in a portfolio. When equity markets decline, investors typically move into bonds. This drives bond prices up and yields down, cushioning losses elsewhere. This inverse relationship is the foundation of the classic 60/40 portfolio—60% equities for growth and 40% bonds for safety.

But this relationship doesn't always hold.

During periods of geopolitical stress—especially those driven by energy shocks—the dynamics can reverse. When conflict pushes oil prices higher, inflation expectations rise. Instead of buying bonds, investors demand higher yields to compensate for inflation risk.

The result? Bond prices fall at the exact moment they're supposed to provide protection.

We've seen this pattern play out multiple times in history. During the Gulf War in the 1990s, US bond yields initially surged alongside oil prices. In the Vietnam War era, yields rose steadily as government spending expanded. Even in more recent times, bond markets have resisted their traditional role when inflation pressures dominate.

The message is clear: government bonds are only truly "safe" when inflation is under control and fiscal conditions are stable. When those assumptions break, bonds can start behaving like risky assets.

Even outside of crisis periods, government securities carry risks that investors often underestimate.

Interest rate risk is one of the most obvious. When rates rise, bond prices fall. This means investors who sell before maturity may incur losses.

Inflation risk is more subtle but equally important. Even if a bond pays back its full value, high inflation can erode the purchasing power of those returns, resulting in negative real gains.

Liquidity risk also plays a role. If investors need to exit their positions early, market conditions may force them to sell at unfavourable prices.

In other words, while the final repayment of a government bond may be relatively certain, the journey to that repayment can be volatile.

All of this leads to an important conclusion: there is no universally risk-free asset.

Different risks dominate at different times. Bonds tend to perform well in environments of stable inflation, predictable fiscal policy, and steady economic growth. But step outside that environment—into periods of inflation, fiscal stress, or geopolitical uncertainty—and their behaviour can change dramatically.

In such conditions, other assets may offer better protection. Commodities like gold and silver, for instance, often perform well when inflation rises. Meanwhile, equities may struggle under the same conditions.

This shifting landscape makes diversification not just useful, but essential.

Diversification is often presented in a simplified way—just hold a mix of stocks and bonds and assume they will offset each other. But real-world markets are more complex.

A more practical approach recognizes that different assets respond to different economic forces. Growth, inflation, and liquidity cycles don't move in predictable patterns, and no single asset class can hedge against all risks at all times.

This doesn't mean constantly adjusting your portfolio or trying to predict macroeconomic shifts. Timing inflation cycles, interest rate movements, or geopolitical events consistently is extremely difficult—even for seasoned professionals.

Instead, the goal should be to build a portfolio that is resilient across a range of scenarios. One that acknowledges uncertainty rather than assuming stability.

By Varsha G Bhatt

Update for the Day #2713 | What is an industry, anyway?

The Story

The late 1970s India was different from what it is today. Files used to travel slowly across wooden and cast iron desks. Government offices hummed with ceiling fans and paperwork. The state wasn't just a regulator back then. It ran banks, built roads, supplied water, and staffed hospitals.

And for many, a government job wasn't just employment; it was stability, identity, and a quiet promise of security.

But beneath all that, there was an invisible shift taking place.

A 'worker' wasn't limited to a factory or shop floor. They were showing up in classrooms and public hospitals. And as this new kind of workforce grew, so did a simple but unsettling question: if you worked for a public service, were you still part of an "industry"?

At least that was the question that came at the doorstep of the Bangalore Water Supply and Sewage

Board (BWSSB) back in 1978. A group of employees weren't happy about the Board taking fines from them for alleged misconduct. They believed that such workplace decisions were unfair. So they ended up demanding the same rights as factory workers. They wanted the right to raise disputes and not be fired without cause. Put simply, they wanted to be classified as "workmen" under the Industrial Disputes Act, 1947.

But before they could even be heard, they ran into a more fundamental roadblock. The Board pushed back, arguing that none of this applied because it wasn't an "industry" to begin with. Because under the 1947 Act, an "industry" is defined as "any business, trade, undertaking, manufacture or calling of employers, and includes any calling, service, employment, handicraft, or industrial occupation or avocation of workmen".

If that seems complicated, just understand that the Board first argued it isn't a business or trade at all, but a statutory authority created under the Bangalore Water Supply & Sewerage Act to provide essential civic services, i.e., water and sewerage, to the city. So, that itself meant it shouldn't be classified as an "industry".

And second, that its activities are non-profit, welfare-oriented public functions, quite different from private-sector manufacturing or commercial enterprises. Which meant that public utilities like this were never intended to be treated as "industries".

As you can imagine, workers weren't thrilled, and this culminated into a court case famously known as Bangalore Water Supply and Sewerage Board v. R. Rajappa. And to settle it, the Court came up with what became known as the Triple Test. It said that to resolve such disputes, you simply had to ask three questions:

First, was the activity systematic and organised — not casual, not a one-off, but continuous?

Second, did it involve cooperation between an employer and employees?

Third, did it produce goods or services meant to satisfy human needs?

If the answer to all three was yes, it was an industry. Profit and motive didn't matter. Whether the employer was a private company or the government didn't matter. The only thing that mattered was the nature of the work itself.
So, a water board could be an industry. And so could a hospital. A university. A research institute. A club. A government department. Even a religious body, such as a temple.

You could say this decision single-handedly erased the boundary between welfare and commerce. Even Parliament, watching from the sidelines, once tried to change it by passing an amendment in 1982. This amendment specifically excluded several categories of activities, including hospitals, educational institutions, and sovereign government functions. But it was never really enforced, and was then quietly left that way.

So yeah, this is the definition that shaped Indian labour law for nearly five decades. Entire sectors adjusted to it, building themselves around it.

Now you're probably wondering, okay, what happens if all of these establishments are included in the definition of an "industry"? What's the problem?

Well, to understand that, let's look at a real-life example. In 1996, a three-judge bench applied the 1978 test to the Maharashtra state government's social forestry department and held that it, too, was an industry. But in 2001, a different two-judge bench looked at a similar question in Gujarat and reached the opposite conclusion. It felt that the state's forest department wasn't an industry, but a welfare scheme.

Same law. Same test. Opposite answers.

And this led to widespread confusion. Labour courts and high courts across India were reading the 1978 judgment and reaching different conclusions depending on which part of it they emphasised and where their instincts told them the line should be drawn.

In 2005, a five-judge Constitution Bench described the situation plainly. The 1978 judgment, it said, had produced a "docket explosion" or just too many cases in labour courts simply because no one was really sure what counted as an "industry". And uncertainty ends up hurting those who can least afford legal battles the most.

Not just that. In cases where the broader definition of "industry" was upheld, and organisations like hospitals or government departments were treated as industries, it simply made way for more strikes and lockouts in essential services like healthcare, education, and water. This risked disrupting core public functions and gave unions a sort of unfair leverage.

The question then moved to a five-judge bench in 2005 in a case called State of UP vs Jai Bir Singh, where, again, they were essentially circling the same issue. The bench then asked for the case to be referred to a larger bench and then again a larger bench. And that's how it finally reached a nine-judge bench of the Supreme Court of India on the morning of March 17, 2026 — 48 years after the original judgment!

What followed wasn't just a ruling on one dispute. The Supreme Court stepped back and asked a much larger question — what exactly counts as an "industry" in the first place?

The bench faced questions that would have been familiar to the seven judges of 1978: was the Triple Test still the right law? Could social welfare activities run by the government count

as "industry"?
Where, exactly, did sovereign functions end and industrial activity begin?

The arguments on the first day showed both how much, and how little, had changed. The Attorney General (the government's chief legal advisor) warned that a definition this broad comes with real costs and that treating almost every organised activity as an "industry" could discourage investment and strain non-commercial sectors. On the other side, workers' counsel argued that narrowing the definition now would take away protections from people in hospitals, universities, and public bodies who have relied on them for nearly half a century.

But that wasn't the only complication. In 2020, Parliament passed a new Industrial Relations Code, which came into force in November 2025, replacing the Industrial Disputes Act. This meant that the law the workers had relied on no longer existed. Yet the bench made it clear that it was there to interpret the old law, not the new one.

But here's another question that lingered in the background: if Parliament had already moved on, what exactly was the Court being asked to settle?

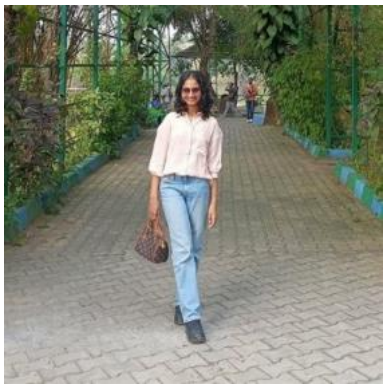
By now, the workers who first brought these claims are long gone. The Board has changed.

Even the law they relied on has disappeared. And still, the question they set in motion refuses to go away, i.e., who counts?

Back in 1978, the Court looked at a country full of people working in hospitals, schools, and government offices and, in effect, said: we see you. You are part of industry. This law is yours too. But today, the judges are looking at a very different India. And whether they see things the same way or choose to draw the line elsewhere remains to be seen. Because the Supreme Court just finished hearing all the arguments yesterday and has decided to deliver its decision a little later after internal discussion.

Until then… if someone asks you what an "industry" is, you'll have to send them back to how the courts defined it in 1978.

By Anusha M



Update for the Day #2714 | What does buying the dip really mean?

On February 27th, 2026, a day before the US-Israel-Iran war began, the NIFTY closed at 25,180 points. Since then, it has slipped about 8%.

And as the market fell, one web search term suddenly started popping up everywhere — "buy the dip". According to Google Trends, search interest for that phrase has surged. For context, in India alone, it has jumped nearly 5,000% since the war broke out.

You've probably seen this play out around you too. The news is talking about it. Social media chats are buzzing with it. And people who discovered stocks during the 2021 pandemic boom may be telling you that this could be "the chance of a lifetime." Not to forget the finfluencers who may be reminding you that Warren Buffer loves it when markets bleed.

Now, none of that is entirely wrong. But it isn't entirely right either.

And the gap between those two things is exactly where real money gets made… or even lost. Because the truth is, most people casually throwing around the phrase "buy the dip" don't really understand what they're saying.

So let's slow down and talk about what buying the dip actually means.

To begin with 'buying the dip' sounds like a single idea. But in reality, it usually falls into three very different situations.

The first is a valuation dip. This happens when a fundamentally strong company or index falls simply because the entire market panicked.

Think about early 2020 when COVID first appeared. Nobody knew how serious the virus would be, so markets crashed. Between January and March 2020, for instance, the NIFTY and SENSEX both fell about 38%. But many companies inside those indices were still strong businesses. Their long-term earnings potential hadn't really changed. So you could say that markets were reacting to uncertainty. And looking back, buying during that fall turned out to be a genuine gift.

The second type is a structural dip. This happens when something fundamental changes such as a sector getting disrupted, a company losing its edge, or a policy reshaping an industry.

Take telecom stocks in 2016 and 2017. Prices fell sharply when Jio entered the market with free voice calls, cheap data and free roaming. That wasn't just panic, but the industry itself changing. This meant that buying telecom stocks blindly back then would have been like buying a burning building at a discount, with a few exceptions like Airtel.

And then there's the third kind or what veteran investors call a geopolitical dip.

This is the trickiest and most misunderstood category. And it's exactly the situation markets are facing right now.

Just to give you a quick flashback, on February 28th, the US and Israel launched joint airstrikes on Iran. The strikes killed Iran's Supreme Leader Ayatollah Ali Khamenei and triggered Iranian retaliation across the Gulf. Iran responded by striking US and Israeli military facilities in the region, including bases in Qatar, Kuwait and Bahrain.

But the bigger shock came from the Strait of Hormuz. Iran effectively halted traffic through this narrow waterway — the route through which nearly 20% of the world's oil flows. Suddenly global oil supply looked uncertain. And Brent crude (a widely used international benchmark for oil) briefly ended up touching $120 a barrel.

For India, which depends heavily on imported oil, that's a serious problem. The scramble for alternative supplies and the broader geopolitical uncertainty rattled investors. So in just days, Indian markets wiped out over ₹ 25 lakh crore in investor wealth.

But markets rarely move in a straight line. Around March 9th, indices briefly recovered a few hundred points. And if you were watching social media, you probably saw some people declaring things like "dip bought, profit incoming."

But… you know what happened next.

After that brief bounce, markets fell again.

Which raises an obvious question: how do you know when the dip has actually arrived?

Well, the honest answer is simple.

No one really knows.

But during times like these there's an interesting idea that doesn't get much attention. It's something researchers call the War Puzzle. The concept comes from a 2015 study by researchers at the University of Zurich. They examined how stock markets reacted to major conflicts since World War II — including the Vietnam War, the Gulf War, the Iraq War and the Afghanistan War. Their goal was to see how markets behaved as tensions escalated and when wars actually began.

And what they found was surprising. Unlike an old saying often attributed to London financier Nathan Rothschild, which goes, 'Buy on the sound of the cannon, sell on the sound of the trumpet', the research found almost the opposite.

As the probability of war rises, markets usually fall because investors fear economic disruption and geopolitical risk. But once the war actually begins, markets often stop falling and sometimes even rise.

That's the War Puzzle. Uncertainty peaks when a war seems likely. Once the conflict begins, that uncertainty disappears, even if the news itself is bad.

There is one twist though. When wars erupt suddenly without warning like the Korean War in 1950 or Iraq's invasion of Kuwait in 1990, markets often drop sharply when the conflict begins.

Which tells you something important. In markets, the real enemy is often uncertainty.

And that explains something slightly counterintuitive you may have noticed recently.

Even after the strikes began on February 28th, markets didn't collapse outright. They wobbled and fell. But they also partially recovered at times. Indices like the S&P 500, FTSE, Nikkei, Hang Seng and the NIFTY all slipped, then gained back some ground before falling again as investors tried to price in different scenarios.

But the War Puzzle carries an important warning. The most dangerous time to buy is often when a war might happen. The better moment usually comes once the war has begun — but only after investors get some clarity on how it might end.

So how do you know if this dip is actually buyable?

To answer that, you need to ask yourself two questions.

1. Is the damage to earning temporary or permanent?

Take Indian IT companies as an example. If we're talking purely about the war, the damage may be temporary. Their clients are largely American and European firms not directly tied to Middle Eastern oil routes. So if these companies can manage the separate AI risk, they may that they've demonstrated in past slowdowns. Of course this is just an example and not investment advice.

Aviation, on the other hand, could be different. Airline stocks like IndiGo have reacted sharply as oil prices jumped. That's because higher crude pushes up aviation turbine fuel costs and hits airlines directly. In that case you may not be buying a temporarily mispriced stock but stepping into a genuinely tougher operating environment or what investors often describe as catching a falling knife.

2. What is the most likely resolution pathway, and how long could it take?

This is where many retail investors stumble and ask, "Will the market recover?"

See, it almost always does, eventually. So the better question is: how long will the pain last, and can I afford to sit through it?

Now, no one can be certain. But some research and analyst views suggest that the conflict could settle within roughly two months. That means if you invest during this period, you shouldn't assume that the market bottom has already arrived.

Instead, you could focus on fundamentally strong stocks that are down mainly because of war panic — while being prepared for more volatility if the conflict drags on.

In fact, there's also another bonus point to think about: where the market was before the dip. This matters just as much as the size of the dip.

Because before this war began, Indian markets were already considered significantly overvalued. So even a 10% fall from an all-time high during a war and oil shock doesn't automatically make stocks cheap. It may simply bring valuations closer to fair value.

So buying the dip may not be wrong. But calling it a generational opportunity may be stretching things too far.

There's also some historical context. An analysis of six major geopolitical events between 1990 and 2026 shows that on average the SENSEX delivered 3-month forward returns of around 28% and 6-month returns of about 38% from crisis lows. But those returns started from genuine panic bottoms, not mild corrections.

So what should you actually do?

If you're a long-term investor who owns companies with strong earnings and fundamentals, the simplest answer may be to do nothing.

But if you have surplus cash, one sensible approach iss to invest gradually by staggering purchases of more of these stocks or other fundamentally strong companies that once felt too expensive. That way, even if prices fall further because of panic, you've entered at fairer levels.

And if you're panicking and thinking of selling, pause for a moment. Ask whether your original investment thesis has changed. If you bought a company for its export revenues and management quality and the stock has fallen 10% simply because Brent crude is at $100, that might be the dip worth buying — not the one to panic sell.

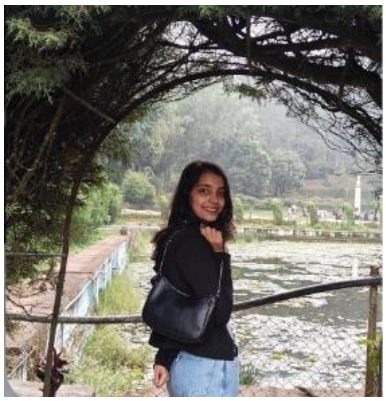
In the end, the market isn't a machine that rewards courage. It rewards clear thinking when under pressure.

Right now, across Dalal Street, thousands are rushing in or rushing out, believing that timing the market is wisdom. But the real edge lies in understanding why something fell, what needs to happen for it to recover, and whether you have the patience to wait.

Because the dip is real.

But the real question is: which dip, in what, and for how long?

By Swati Sundar Kulkarni



Update for the Day #2715 | AI Adoption: From Pilot Projects to Production-Grade Capability

By the 2026 fiscal cycle, artificial intelligence has firmly outgrown its experimental status. What began as scattered pilots and innovation-lab explorations in 2023–2024 has evolved into a structural business capability. Organizations are no longer debating whether to adopt AI; the focus has shifted to how to govern, scale, and extract measurable value from it. Increasingly, AI is not an initiative—it is an operating assumption.

From Innovation Spend to Core Budget Allocation

AI funding has moved decisively out of discretionary innovation pools and into core operating budgets. Research from leading global analysts indicates that worldwide AI spending is projected to total approximately $2.52 trillion in 2026, a 44% increase year-over-year.

- Infrastructure Dominance: A significant portion of this investment is directed toward foundational infrastructure, including AI-optimized servers and cloud capacity.
- The CFO's Purview: Ownership has shifted. Once driven by CIOs, AI is now a central pillar of the CFO's strategic roadmap. Budget discussions center on productivity outcomes and "renewal-cycle ROI" rather than curiosity.
- The "Incumbent" Era: In 2026, most AI spend is routed through incumbent software providers (ERP, CRM) rather than "moonshot" standalone projects, making AI part of the digital backbone.

From Assistance to Execution: The "Agentic" Era

The defining shift in 2026 is the movement from tools that assist to systems that execute. Analysts have dubbed this the "Dawn of the Agentic Era."

- Beyond Chatbots: While 2024 focused on summarization and drafting, 2026 is defined by Agentic AI—autonomous systems that can reconcile transactions, manage procurement cycles, and handle end-to-end customer service.
- Performance Metrics: Success is no longer measured by "adoption rates" but by Straight-Through Processing (STP), reduction in turnaround time, and error rate mitigation. More than two-thirds of executives now report that AI agents deliver measurable value through increased productivity.

Governance Moves to the Centre

As AI begins influencing high-stakes decisions, governance has moved from a technical concern to a Board-level mandate.

- AI TRiSM: Organizations are operationalizing AI Trust, Risk, and Security Management (TRiSM). It is estimated that companies prioritizing AI transparency and security will see a 50% increase in adoption by the end of 2026.

- Sovereign AI: To mitigate geopolitical and privacy risks, a vast majority of organizations now view Sovereign AI—using infrastructure and data local to their jurisdiction—as a strategic imperative.

- Regulatory Compliance: With the full implementation of global frameworks like the EU AI Act, unmanaged AI deployment is now viewed as a critical governance gap and a legal liability.

The "Hourglass" Reshaping of Work

AI is not eliminating roles; it is redistributing tasks and creating a new organizational structure. This has led to the emergence of the "Hourglass Workforce":

- The AI Generalist: Demand is surging for "AI Generalists"—employees who possess enough cross-domain knowledge to supervise "swarms" of AI agents and ensure their outputs align with business goals.

- Role Inversion: Entry-level work is shifting from "production" to "validation and oversight." Senior leaders focus on judgment and strategy, while the middle-management layer is being reconfigured to focus on orchestration rather than routine supervision.

Strategic Snapshot: 2024 vs. 2026

Dimension	2024: Experimental Phase	2026: Institutional Phase
Primary Objective	Exploration & Proof of Concept	Scaled Production & Predictable ROI
Technology Focus	Assistive (Chatbots / Analytics)	Agentic (Autonomous Workflows)
Budget Source	Innovation / IT Allocation	Core Operating Expenditure (OPEX)
Success Metric	Adoption Levels	Efficiency & Value Creation (STP)
Key Risk	Output Inaccuracies	Sovereignty & Governance (TRiSM)

Conclusion

The competitive question has fundamentally changed. In the early phase, advantage lay with the first movers. In 2026, advantage belongs to the "AI Orchestrators"—those who integrate AI into the rhythm of their operations with discipline and clear governance. AI is no longer a differentiator on its own; execution, accountability, and strategic alignment are the new benchmarks of success.

Indicative Industry References

This article synthesizes data and strategic insights from the 2026 reports of the following organizations:

- Gartner: Global IT and AI spending forecasts.
- Deloitte: State of AI in the Enterprise maturity studies.
- IDC: Worldwide ICT spending and Agentic AI adoption guides.
- PwC: Global AI business predictions and workforce transformation surveys.

By Lakshya Bansal

Update for the day # 2716|SEBI's buyback overhaul explained

Back in 2018, the Securities and Exchange Board of India (SEBI) was worried about buybacks. Now that seems a little strange because buybacks seem very straightforward.

Listed companies sit with extra cash and they want to reward shareholders so they offer to buy it back at a pre-decided price.
But their worry wasn't about the textbook definition of share buybacks. They were more concerned about the companies announcing them — the ones that announce massive buybacks and create excitement around their stocks even before buying back a single share.

"Okay… but why would just announcing a buyback move stock prices?"
Well it's because buybacks are one of the ways used to signal confidence. That is, if a company wants to spend its own cash buying back shares, then investors take it up as a sign that the company is doing very well and the board thinks the stock price is undervalued. It also tells investors that the company is sitting on a pile of cash it doesn't immediately need.

That's exactly what worried SEBI. Because under the old rules, companies weren't forced to buy back all the shares they said they would. That makes the announcement even more important since investors were happy, the stock price went up and most importantly, companies could hold onto most of their cash if they later bought only a small part of the total shares.

And SEBI's concerns weren't hypothetical either. In 2018, PC Jeweller announced a ₹ 424 crore buyback that shot the share price up. But the company later withdrew the proposal altogether, which brought sharp backlash from investors.
In other words, buybacks were slowly starting to look less like shareholder rewards and more like signalling tools.

That's why SEBI tightened the rules through the SEBI (Buy Back of Securities) Regulations, 2018. The companies using the open-market route (buying directly from the stock exchange) now had to complete at least 50% of the announced buyback size. They also had to set aside the entire buyback amount upfront in a separate special account called an escrow account. And the buyback window itself could remain open for as long as six months.

This was also when merchant bankers became mandatory. Now that may sound a little excessive for something as simple as a buyback. But from SEBI's perspective, merchant bankers were like independent overseers. They helped manage disclosures, worked with stock exchanges and made sure companies actually followed through on the buyback rules. In theory, that added another layer of accountability. But in practice, it also meant more paperwork, more costs and another intermediary sitting in the middle of what was meant to be a straightforward process.
Over the next few years, SEBI tightened things even further. And eventually decided to phase out the stock-exchange route for open-market buybacks altogether and push companies toward the tender offer route instead.

And while that may have solved one problem, it may have created another.
What was once a quick way for genuine companies to return extra cash to shareholders slowly started becoming a long heavy process. Which is ironic because flexibility is exactly why companies like buybacks in the first place.

And now, SEBI itself seems to agree because last week it issued a new consultation paper for

buybacks, which proposes to re-introduce open market buybacks through stock exchanges!

So what's actually changing?

Let's start with what SEBI is bringing back. Companies can now once again buy back their own shares directly on the stock exchange, the same way any regular investor would buy or sell a stock.

But this time around, it has rethought several of the guardrails that come with it.

When the Primary Market Advisory Committee (PMAC) was asked how long companies should be allowed to keep a buyback window open, they said six months. That was the original limit back in the day, so bring it back, they said.

SEBI disagreed and their reason makes sense in today's markets. Six months is a long time. A lot can change in a company's fundamentals, in the market, and even in investor sentiment. Keeping a buyback open for that long risks making the whole exercise feel stale and irrelevant by the time it wraps up.

It also puts shareholders like you and me in an awkward position of having to track a corporate action that's been dragging on for half a year.

So SEBI landed on 66 working days instead. That's roughly two calendar months. Sweet enough to give companies time but also short enough to keep the process meaningful. And the old requirement of using at least 40% of the buyback amount in the first half of the offer period is here to stay.

Next up is the separate trading window for buybacks. Before, stock exchanges had to create a special, separate trading window just for buyback transactions. The idea was to figure out which investors were selling into the buyback so they could get favourable tax treatment.

For context, earlier, buybacks were taxed through something called a buy-back distribution tax, where companies themselves paid the tax on the money distributed to shareholders. But the system had issues. Foreign investors couldn't claim tax credits in their home countries, while Indian promoters often ended up saving more tax through buybacks than dividends since dividends were added to their personal income and taxed at slab rates, which for wealthy promoters could go as high as 30% plus surcharge and cess. That's why many companies started preferring buybacks over dividends to distribute profits, because their promoters could tender their shares in a buyback and receive money without paying the same high personal tax they would have paid on dividends.

But now that loophole no longer exists. Everyone selling into a buyback now gets taxed the same way as anyone else selling in the market. So the whole reason for the separate window has disappeared. Which is why SEBI is proposing to scrap it. Companies will now simply buy back shares through the normal trading route with no special window required.

This next one is new. Under the existing rules, promoters and their associates are already barred from buying or selling the company's shares during an ongoing buyback. But barring someone from trading and actually preventing it are two different things.

Which is why the paper is proposing to freeze promoter holdings at the ISIN (International Securities Identification Number) level during the buyback period. That means the shares get locked at the depository level itself. So promoters simply won't be able to move those shares even if they wanted to.

But there's a catch. That condition is only for open market buybacks. If the buyback happens through the tender offer route, promoters are allowed to participate by tendering their own shares. That exemption remains, though promoters tendering shares will be subject to the additional tax introduced under the Finance Act, 2026.

And perhaps, one of the biggest changes here is the MPS problem. MPS stands for Minimum Public Shareholding. Listed companies in India are required to ensure that at least a certain percentage of their shares remain in public hands.

But here is the odd part. The buyback regulations never explicitly said that a company cannot announce a buyback if it would end up violating the MPS requirement. The rules existed elsewhere, but they weren't cross-referenced in the buyback framework.

That's why the paper is now proposing to close that gap. Companies will not be allowed to announce a buyback, whether through the open-market route or the tender offer route, if completing it would push their public shareholding below the MPS.

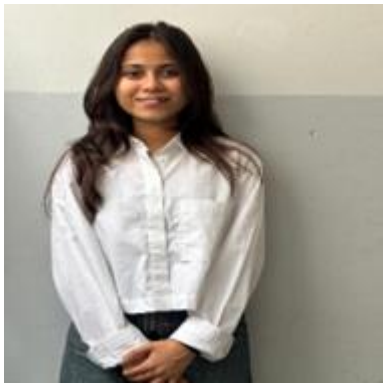
And finally, goodbye to the merchant bankers.

For the past several years, hiring a merchant banker has been mandatory for any company doing a buyback. But it is now proposed to become optional or remove the requirement altogether.

Now, that doesn't mean that the work disappears. Companies and stock exchanges have to take over much of what merchant bankers were earlier handling. But yeah, for smaller companies doing smaller buybacks, this change could reduce the cost and complexity of the process.

And that, in simple terms, is what SEBI is trying to change with India's buyback framework.
Of course, none of these changes are final yet. The paper is open for public comments until May 29th, after which SEBI will decide what the final buyback framework should look like. But one thing for sure seems to be that buybacks don't mean what they used to anymore.

By Lakshi Rajesh Solanki



Update for the day # 2717 | A Quiet Exit, Loud Questions at HDFC Bank

The sudden resignation of Atanu Chakraborty, chairman of HDFC Bank, has created unease across markets, not because of a single major controversy, but due to the lack of clarity surrounding his exit. In his resignation note, Chakraborty referred to "certain happenings and practices" over the past two years that did not align with his personal values and ethics. The statement was brief and offered no specifics, yet it was enough to raise concerns among investors and observers.

This development is particularly striking because HDFC Bank has long been regarded as a benchmark for stability and governance in India's private banking sector. Leadership changes do occur, but exits framed around ethical concerns are rare. The absence of a clear explanation has led to speculation about whether deeper issues may exist within the institution.

In the days following the resignation, several developments have provided some context, although none have been officially linked to Chakraborty's decision. One such issue involves regulatory action by the Dubai Financial Services Authority.

The regulator flagged instances of mis selling of Additional Tier 1 bonds to non-resident Indian clients through the bank's operations in the United Arab Emirates. These instruments are complex and carry higher risk, yet they were allegedly presented as safer alternatives to traditional deposits. The situation led to the dismissal of senior executives and restrictions on onboarding new customers, raising concerns about compliance standards and internal oversight.

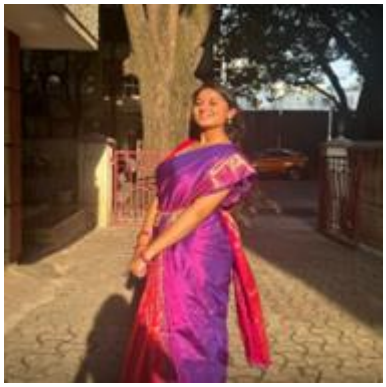
Another area that has drawn attention is an ongoing dispute connected to Lilavati Hospital. Allegations have been made against MD and CEO Sashidhar Jagdishan, including claims of financial misconduct and misuse of funds. The bank has strongly denied these allegations, stating that they are linked to separate financial disputes and are being used to target its leadership. The matter is still under investigation, and no conclusions have been reached.

There are also reports of differences within the board regarding key leadership decisions. These include the reappointment of Jagdishan as well as proposed appointments to senior positions. While differences of opinion are not uncommon in large institutions, they may indicate a degree of friction within the top management.

Despite these developments, regulators have sought to reassure stakeholders. The Reserve Bank of India has described the bank as financially strong and professionally managed. However, the absence of detailed disclosures from the bank has kept investor sentiment cautious.

For now, the situation remains uncertain. No single factor clearly explains the chairman's exit, but the combination of regulatory scrutiny, internal differences, and ongoing disputes suggests that there may be underlying challenges. Until greater transparency emerges, stakeholders are likely to remain watchful as one of India's most respected banks navigates this period of uncertainty.

By Ananya Sudharsan



Update for the day #2718| Why Microsoft and OpenAI are at odds

For most people, generative AI is simple. You ask a question, and it gives you an answer. And if you ask a follow-up, it responds again. It's like a conversation with any other person.

But behind this interaction lies a small detail: *Does the AI model 'remember' things you've said earlier?*
If it does, it's called a 'stateful' model. If it treats every question like a fresh start, it's called 'stateless'.

And right now, that tiny distinction sits at the centre of a potential multi-billion-dollar battle between Microsoft, OpenAI, and Amazon.
Let's take a step back and understand what's really going on. Because, for years, OpenAI and Microsoft looked like the perfect partnership.

Back in 2019, Microsoft invested $ 1 billion in OpenAI, forging an agreement that required all access to OpenAI's AI models to be routed solely through Microsoft's Azure platform. This exclusivity positioned Azure at the centre of the generative AI boom, driving Microsoft's cloud revenues to record highs as global demand for ChatGPT and OpenAI's API skyrocketed.
Sidebar: An API, or Application Programming Interface, is essentially a bridge that allows two software systems to talk to each other. Think of it like ordering food at a restaurant. You don't go into the kitchen and cook the meal yourself. You place an order, and the kitchen sends the food back. Similarly, when a company uses an AI model, it doesn't build one from scratch. It simply sends a request through an API, and the model returns an answer.

As a result, Microsoft doubled down and invested another $ 10 billion in 2023. This investment secured Microsoft's rights to 49% of OpenAI's profits and access to both existing and future intellectual property (IP) generated by OpenAI until AGI (Artificial General Intelligence, or AI that can think and reason like humans) is achieved.

However, cracks have eventually started to appear in the partnership.
OpenAI's rapidly growing computing demands started to outpace Microsoft's willingness to fund infrastructure. Investors and even Microsoft AI's CEO, Mustafa Suleyman, grew uneasy about Microsoft's heavy reliance on OpenAI. And questions surfaced around the cost and scalability of models like GPT-4.

At the same time, ambiguities in their agreement, especially around what qualifies as AGI and how long Microsoft's access to OpenAI's IP would last, created further uncertainty. For OpenAI, being deeply dependent on Azure became a strategic risk, while for Microsoft, relying so heavily on a single partner raised concerns about long-term control.

So, in 2025, OpenAI restructured into a for profit Public Benefit Corporation (PBC), with the non-profit wing (renamed the OpenAI Foundation) retaining control. As part of the restructuring, a new, less rigid agreement was signed with Microsoft to ease tensions in the partnership.

Under the new terms, Microsoft converted its profit-sharing rights into a roughly 27% equity stake in the newly formed OpenAI Group PBC, and relinquished its status as OpenAI's exclusive cloud provider.

This allowed OpenAI to source computing power from competitors like Amazon and Oracle. However, Microsoft still retained a clause requiring that "all stateless API calls" should be routed

through Azure.

Additionally, the agreement also tweaked the contentious AGI clause. Now, any claim that AGI has been achieved must be verified by an independent panel of experts. At the same time, Microsoft also secured access to OpenAI's research methods until 2030 (or until AGI is confirmed). It also locked in rights to OpenAI's models and products until 2032, even if AGI is achieved earlier.

But with the exclusivity clause now over, OpenAI signed a $ 50 billion partnership with AWS (Amazon Web Services). Under this deal, AWS will become the exclusive third-party cloud provider for OpenAI's new enterprise platform, Frontier. This is OpenAI's enterprise platform designed to help businesses build and run AI-powered tools at scale.

And that is where things start to get messy.

At the heart of this dispute is a deceptively simple question: *Who really controls access to OpenAI's models?*

According to Microsoft, any API access to OpenAI's stateless models must flow through Azure. And this clause is not a minor technicality. Most businesses don't use AI the way we do with ChatGPT or Gemini. They connect it directly to their own products using APIs. Companies build these models into their own products, workflows, and services. So, if AWS can offer OpenAI-powered services outside Azure, it risks weakening the core of Microsoft's AI strategy.

However, OpenAI and AWS argue that because their new model is 'stateful' rather than 'stateless', it did not breach the contract.

In response, Microsoft says that even though Frontier looks like a stateful system, it still relies on stateless models underneath. This, therefore, violates the new agreement. According to it, if OpenAI's stateless models can be accessed through another cloud provider, even indirectly, it weakens a key advantage Microsoft secured early. Plus, Azure's value in AI is closely linked to its exclusive relationship with OpenAI. If that exclusivity weakens, so does Azure's position in the cloud market.

But OpenAI and Amazon have a different point of view.

Their argument is that the new platform does not violate the original agreement because it does not give model access in the usual API sense. Instead, Frontier is being positioned as a product built on top of OpenAI's models, rather than a direct way to use them.

In this view, customers are not using the models themselves. They are using a system that is powered by those models.

This turns the dispute into a question of definitions, not just contracts. If a product uses an API in the background, but doesn't let users interact with it directly, does that still count as "access"? Or if a service builds a model deeply into its system, is that the same as offering the model itself?

The entire disagreement hinges on how these boundaries are defined and interpreted.
But behind this legal and technical debate lies a broader shift in incentives. Because OpenAI is no longer a small research-first organization dependent on a single partner. It is evolving into a full-scale company with global ambitions. As it grows, being tied exclusively to one cloud provider limits its pricing flexibility, reduces backup options, and increases risk if something goes wrong.
Microsoft, on the other hand, is trying to protect a position it secured early and at considerable

cost. Its investment in OpenAI was not just financial. It involved building infrastructure, integrating models into its ecosystem, and aligning Azure's growth with OpenAI's success. That bet has paid off, but it depends heavily on maintaining preferential access.

If OpenAI's models become available across multiple cloud providers, Azure is reduced to "one option among many" rather than the default gateway.

In the early stages, the relationship was asymmetric. OpenAI needed capital and infrastructure, and Microsoft provided both.

But today, the balance is closer. OpenAI controls the most valuable models in the industry, and Microsoft controls how these models actually reach businesses and users.

The outcome of this dispute will likely shape how AI infrastructure evolves over the next few years. If OpenAI succeeds in operating across multiple cloud providers, it could accelerate a more open and competitive ecosystem. But if Microsoft strictly enforces its contractual rights, it could slow that transition and reinforce the importance of vertically integrated partnerships.

Either way, the disagreement highlights a deeper reality. What started as a symbiotic partnership is beginning to look more like a negotiation between equals.

And in the coming days, control over distribution may matter just as much as control over the models themselves.

By Rishika Harlalka

Update for the day #2719|Is it time to write the petrodollar's obituary?

In the bustling corridors of global power in early February 2026, a dramatic handshake between In the early 1970s, Saudi Arabia signed a series of informal agreements with the US.

At the time, these were either secret or what you'd call an "open secret" (they were only fully revealed in 2016). Saudi agreed to sell its oil to the US in return for military equipment and protection against regional threats that could destabilise the Saudi monarchy in an already volatile region.

But here's the key part. The payment for this oil wouldn't be in Saudi Arabia's local currency. It would be in US dollars. And that's what came to be known as petrodollar recycling or what you now know as the petrodollar system.

And it wasn't just Saudi Arabia. Other Gulf countries slowly followed suit. Partly because Saudi pressured its neighbours to match its dollar pricing, and partly because they too received similar benefits from the US.

Now, this arrangement did two important things.

First, it effectively pegged most Gulf or GCC (Gulf Cooperation Council) currencies like the UAE dirham, Qatari riyal, Bahraini dinar, and Omani rial to the US dollar. That meant oil revenues became more stable. It removed the risk of sudden fluctuations between their local currencies and the dollar, which most international trade and foreign assets were already denominated in, thanks to the sheer size of the US economy.

Second, all the US dollars these countries earned were used to buy what these countries needed. And the surplus was invested back into US assets, especially US government bonds. In simple terms, the US was borrowing this money at relatively low cost to run its economy, promising to pay it back later with interest.

And while this story begins with oil, the idea didn't stop there.

Across global trade, countries increasingly accepted payments in US dollars and routed surplus funds into US assets. It made trade easier and offered a place to park money in assets widely seen as safe.

For years, this system stayed in place and largely went untouched. But since 2022, with the Russia-Ukraine war, it seems to have come under pressure.

As Russia invaded Ukraine, Western countries, including the US, imposed sanctions to cripple its economy. They restricted trade, froze a significant portion of Russia's foreign exchange reserves including dollar assets, and cut if off from SWIFT (Society for Worldwide Interbank Financial Telecommunication), the global payments system overseen by major central banks like the US Fed.

This created a serious problem for Russia. Its economy depends heavily on oil and gas exports, and its financial system relied on SWIFT to process these transactions.
So Russia adapted by turning to alternative systems like SPFS (System for Transfer of Financial

Messages), developed by its own central bank, and began linking it with China's CIPS (Cross-Border Interbank Payment System), which processes payments in yuan. It also started selling oil and gas to countries like China and India by accepting yuan and rubles instead of dollars.
And that marked the beginning of a shift away from the petrodollar system.

But now, a deeper shift may be underway. A Deutsche research suggests that the ongoing US-Israel war with Iran could mark a more serious turning point, possibly accelerating the move away from the petrodollar system and towards a "petroyuan" world, where oil is increasingly traded in Chinese yuan.

Why's that, you ask?

It's pretty simple. Remember, we told you that most Gulf countries were willing to sell oil while accepting dollar payments in return for the military security the US promised? Well, that promise now seems to be fading.

Amidst the attacks happening across the Middle East, the US hasn't done much to protect Gulf oil assets and territories from being targeted or destroyed. And that naturally raises a question for these countries. If the US isn't holding up its end of the informal agreement, why should they feel obligated to hold up theirs?

But that's only a small part of this shift. The bigger and more economically grounded argument is that when your currency is the world's reserve currency, you hold immense power. The US has shown that it can use this power when needed as we've seen when it froze Russia's reserves. And if you've been following the news, you might recall how the US has also tried to assert control over Venezuela oil-linked assets to compensate for alleged damages.

Now, countries around the world are watching all of this closely. And they're probably thinking, "If this can happen to others, it could happen to us too."
So the obvious response is to diversify and reduce dependence on a system controlled by one country.

There's also a monetary angle. Because many currencies are pegged to or influenced by the dollar, they're indirectly tied to US policy. For example, when the US faces a crisis, it can print more money, as it did after the 2008 financial crisis and during COVID-19. But when supply rises, the value of the dollar can fall. That, in turn, can drag down the value of other currencies linked to it and even reduce the real value of US assets that countries hold.
So from the perspective of these countries, it's not just about geopolitics anymore. It's also about protecting the value of their reserves and reducing dependence on a system they don't fully control.
Which brings us to the next question. Why diversify specifically into the Chinese yuan and not something else?

The simplest answer is that China is now the world's largest buyer of energy. Until around 2016, that position belonged to the US. But then the US went through something called the shale boom. Breakthroughs in hydraulic fracturing (fracking) and horizontal drilling unlocked vast, hard-to-extract oil reserves trapped in shale rock formations in places like Texas and North Dakota. And that transformed it into a major producer, reducing its reliance on imports.

Soon, China took its place. And when you're the largest buyer, you gain negotiating power.
It's also using that leverage through something called the Belt and Road Initiative (BRI), a massive China-led infrastructure push launched in 2013 to improve trade connectivity across Asia, Europe, Africa, and beyond, without relying on the US.

This move didn't come out of nowhere. Earlier, China had an informal economic arrangement with the US, often referred to as "Chimerica". Under this setup, China received American investments and access to technology to build its manufacturing base. In return, it accepted payments in US dollars and recycled the surplus into US assets, much like the petrodollar system. At one point, China was one of the largest holders of US assets. But over time, it realised that this dependence gave the US significant leverage. So it began to shift strategy.

Instead of parking excess dollars in US bonds, China started deploying that money through the BRI — building roads, ports, and bridges across regions. It looped in 150 countries into this network and extended large loans to many of them, including oil-producing nations like Saudi Arabia, Iraq, Oman, and the UAE.

And this creates a different kind of influence. Which means, in theory, it can nudge these oil-producing nations to accept yuan for oil sales.

That changes the equation as countries that depend on Chinese financing may be more open to accepting yuan in trade. And if oil exporters begin accepting yuan, other countries that want to buy oil would either have to acquire it directly or start accepting yuan in trade themselves. And slowly, demand for the yuan rises.

China has also taken steps to support this shift. In 2018, it launched crude oil futures contracts (contracts to buy oil at specific prices even if they change later) priced in yuan. It allowed these yuan to be converted into gold through Chinese exchanges. This gave sellers an alternative. If they didn't want to hold yuan, they could convert it into gold. That makes the currency slightly more acceptable, even for those who don't fully trust it. That made the yuan slightly more acceptable in global trade.

And with more oil trade shifting towards Asia, some producers appear increasingly open to this idea.

There's also chatter that countries paying Iran in yuan are being allowed smoother passage for their shipments through the now-jeopardised Strait of Hormuz — a narrow but critical route through which nearly 20% of the world's traded oil and natural gas flows.
Now, this might make it seem like the rise of the petroyuan could slowly kill the petrodollar. But that's not something that's likely to happen anytime soon. In fact, for now, it's still a bit of a far-fetched idea.

That's because while some countries may have agreed to trade in yuan, not all of them necessarily trust it. And there are reasons for that. China is known to be fairly rigid with its policies and exercises significant control over its currency. It doesn't fully disclose the extent of its gold reserves, tightly manages data on strategic industries, and often controls the narrative around its economy, sometimes underreporting slowdowns to project stability.

What this means is that the yuan countries receive isn't as freely usable as the dollar. In many cases, it either has to be spent on Chinese goods and services or converted into gold through mechanisms like Chinese crude oil futures.

But even that has limits. You can't rely endlessly on converting currency into gold. After all, the US dollar itself was once backed by gold under the Bretton Woods system in 1944, with other global currencies pegged to it. That system eventually collapsed because gold has a limited supply.

If a currency is tied too closely to gold, its supply can only grow as fast as gold production. And

gold output can't suddenly expand to match economic growth. So if economies grow but the money supply doesn't keep up, you risk deflation, where there's more goods and services, but not enough money to buy them. And that can hurt economies over time.
So if countries end up converting large amounts of yuan into gold, they could run into similar constraints.

Which brings us back to the bigger picture. Countries may experiment with alternatives like the yuan, but in times of uncertainty, they often return to what feels more stable and widely accepted. And for now, that's still the US dollar.
In that sense, the petroyuan may not outright replace the petrodollar. Instead, it could lead to something else — fragmentation.

This could mean that different countries settling oil trades in two different currencies could increase transaction costs, create pricing inefficiencies, and add volatility to global markets.
And as currencies become tools of geopolitical strategy, this shift could also heighten tensions, reflecting a broader reshaping of global economic power.

By Srikhar MR

Update for the day #2720 | Why Apps Seem to Get Worse Over Time

Over the past few days, many users in India have noticed something subtle but telling—ordering food online has become more expensive. Platforms have increased their fees, including charges simply for using the app. Even before your food begins its journey, the cost meter is already running. Add taxes to the mix, and the total amount paid per order quietly climbs higher.

At first glance, these changes may not seem significant. But when you zoom out, a broader pattern emerges—one that extends far beyond food delivery.

Across digital platforms, similar trends are visible. Payment apps often push vouchers that go unused. Shopping platforms introduce additional charges under various labels. Quick commerce services encourage higher minimum orders. And while browsing, users are increasingly exposed to ads they never intended to see.

What were once seamless, convenient experiences now feel slightly cluttered and less user-friendly. This shift is not accidental. It reflects a deeper evolution in how digital platforms operate.

The Lifecycle of a Platform

In their early stages, platforms compete aggressively to attract users. Interfaces are clean, services are affordable, and discounts are abundant. The objective is simple: acquire users and build loyalty.

However, once scale is achieved, priorities shift.

There is an inherent trade-off within every platform—the cleaner the interface, the lower the monetisation potential. Every empty space represents lost revenue opportunity. Over time, these spaces are gradually filled with ads, prompts, and monetisation features.

This phenomenon has been described as "platform decay," a process where platforms gradually deteriorate in quality as they evolve.

A widely discussed framework explains this progression in three stages:

User-first phase – The platform prioritises user experience to build a large audience.

Business-first phase – Once users are locked in, the platform begins favouring advertisers and sellers, often at the cost of user experience.

Extraction phase – With both users and businesses dependent on the platform, it starts maximising profits from all sides.

At each stage, just enough value is retained to prevent users and partners from leaving—but rarely more.

Dependency and Lock-in

Consider how food delivery platforms operated initially—low delivery fees, heavy discounts, and convenience that made dining in highly attractive. These benefits were often subsidised by investor funding.

Once scale was achieved, the model shifted towards sustainability and profitability.

What often goes unnoticed is that not only users but also businesses become dependent on these platforms. Restaurants, for instance, invest heavily in building their presence on these apps. Over time, they become reliant on platform-driven traffic.

As a result:

Commission fees increase

Visibility becomes pay-driven

Competitive dynamics shift in favour of the platform

This creates a situation where both users and businesses are locked into the ecosystem, with limited alternatives.

The Role of Market Structure

In many sectors, especially in India, markets tend to consolidate into duopolies—two dominant players controlling a large share of the market.

This pattern can be observed across industries such as telecom, aviation, e-commerce, payments, and food delivery.

While this consolidation is partly driven by network effects and economies of scale, regulatory and compliance factors also play a role. Large companies are better equipped to handle complex requirements, creating barriers for new entrants.

By the time meaningful competition could emerge, the market is often already concentrated.

Design That Nudges Behaviour

Another critical aspect of platform evolution is the use of "dark patterns"—design choices that subtly influence user behaviour.

These include:

Hidden or unclear fees

Pre-selected options that favour higher spending

Time-limited offers that reset repeatedly

Prompts encouraging unnecessary purchases

Such features are not accidental. They are intentional strategies designed to increase engagement and revenue.

Can This Be Fixed?

There are a few potential solutions, though none are simple.

1. Interoperability

Allowing users to move freely between platforms—carrying their data, history, and connections—could reduce dependency. If switching becomes easier, platforms would need to compete more actively on quality.

2. Internal Accountability

Employees within tech companies often understand the long-term implications of product decisions. Stronger internal checks, whistleblower protections, and collective action could help resist excessive profit-driven degradation.

3. Regulatory Oversight

Targeting deceptive practices and ensuring transparency in pricing and design could help protect consumers. However, enforcement remains a challenge, as platforms continuously evolve their strategies.

Where This Leaves Us

India is not at the end of this journey—it is somewhere in the middle. Platforms are still growing, and user habits are still being shaped.

At the same time, the country has:

A large and rapidly digitising population

Active regulatory involvement in certain sectors

Strong opinions around data and digital infrastructure

These factors will influence how this story unfolds.

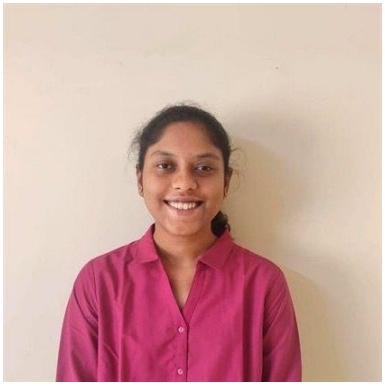
For now, the next time you notice an unexpected fee, an unnecessary prompt, or a nudge to spend more, it's worth remembering—these are not glitches.

They are features of a system designed to maximise value extraction.

The real question is not whether these changes are happening.

It is whether enough people recognise them at the same time.

By B S Shivani



Update for the day #2721 | Attention isn't free anymore

For the longest time, the internet sold us a very simple idea. Information would be free, access would be universal, and anyone with a connection could tap into an endless stream of knowledge, entertainment, and connection. And for a while, it genuinely felt that way. Search engines answered questions instantly, social media brought people together, and video platforms kept us engaged for hours without ever asking for a payment.

But over time, something subtle changed.

Because while these services remained free on the surface, the underlying exchange became far more complex. We were not paying with money, but we were still paying. The currency simply shifted from cash to attention.

And attention behaves very differently.

Every time you open an app, there is a quiet transaction taking place. You receive content in the form of posts, videos, or updates. In return, the platform collects signals. How long you stay, what you click, where you pause, what you skip. Individually, these signals seem insignificant. But when aggregated across millions of users and billions of interactions, they become incredibly valuable.

Over time, platforms don't just observe this behaviour. They begin to understand it. Patterns emerge. Preferences become predictable. And eventually, systems are built not just to respond to behaviour, but to influence it.

This is where the shift happens.

What looks like a neutral platform starts becoming an active system designed to optimise one specific outcome — how to keep you engaged for longer.

At first glance, it still feels like a matter of choice. You decide what to watch, who to follow, and how long to stay. You can close the app anytime. Nothing is physically forcing you to remain.

But the experience is not as neutral as it appears.

What you see next is rarely random. It is selected, ranked, and delivered based on patterns you may not even be consciously aware of. The system learns what captures your attention, not necessarily what adds value to your life, but what keeps you scrolling.

And those two things are often very different.

Features like autoplay, infinite scroll, and personalised feeds are not random innovations. They are deliberate design choices. Each one reduces friction, removes stopping points, and encourages continuation. There is no natural end, no clear signal to pause, and no built-in reason to leave.

This does not require malicious intent. It is simply the natural outcome of optimisation at scale.

But it does raise an important question.

If a system is designed to maximise engagement above all else, what happens when that goal starts conflicting with user well-being?

The answer lies in how the costs are distributed.

The benefits of this system are clear and concentrated. Platforms generate higher revenues, advertisers reach more targeted audiences, and engagement metrics continue to grow.

But the costs are far more diffuse.

They show up as lost time, reduced focus, mental fatigue, and in some cases, deeper behavioural changes. These are not costs that appear on a company's financial statements. They are absorbed quietly by individuals and society.

In economic terms, this is a classic negative externality.

The entity creating the impact does not bear its full cost.

And as long as that imbalance exists, there is very little incentive to fundamentally change the system.

For years, platforms maintained that they were neutral intermediaries. They argued that they simply hosted content created by users and that any impact depended entirely on what people chose to consume.

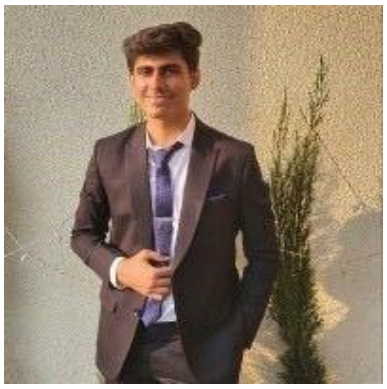
But that argument becomes harder to sustain once you consider the role of design.

Because the value of these platforms does not come from hosting content alone. It comes from curating, ranking, and delivering that content in a way that maximises engagement. The algorithm is not just a tool. It is the core product.

The question is no longer whether these systems are effective. They clearly are. For a long time, we believed attention was an abundant resource that we could spend freely.

It isn't. And we are only beginning to understand what it truly costs.

By Narayan Lal V



Update for the day #2722 | Mutual funds gifting, IPL valuations and more

There is a quiet ritual that plays out every Diwali, every birthday and every wedding anniversary across India. Someone hands over an envelope. Inside is cash or a gift card for Amazon or Myntra. It gets spent, sometimes wisely, sometimes on something forgotten by the following month. SEBI, it turns out, has been thinking about this moment too.

Last week, India's markets regulator released a consultation paper proposing something that sounds almost too obvious once you hear it: the ability to gift a mutual fund. Not advice or a nudge. An actual, ready-to-use prepaid card that someone can walk away with and use to begin their investing journey.

The process is quite simple. Someone, be it a parent, an uncle or a friend buys a Gift PPI, short for Prepaid Payment Instrument, through standard banking channels. It looks and works like a gift card. They hand it to whoever they have in mind. That person then logs on to an asset management company's website, claims the card, picks a mutual fund scheme they like, and the money goes straight in. Any returns, when they eventually come, land only in that person's own bank account. No shortcuts, no workarounds.

The idea came from AMFI, the mutual funds industry body, and SEBI has taken it seriously enough to open it for public comment until April 14. The regulator's own words in the paper are telling: the Gift PPI, it says, is "expected to improve financial inclusion through onboarding of new investors in the mutual fund space."

Now we know what you're thinking: What if the receiver just withdraws it and decides to get a little naughty?

Well, that's why the safeguards built around it are intentionally tight. Each card can hold up to ₹ 10,000, cannot be reloaded, and cannot be used to withdraw cash or shift money anywhere other than a mutual fund scheme. If the card goes unused, the amount is refunded to the buyer after one year.

There is also a broader ₹ 50,000 annual limit per investor across all such prepaid routes, and only money loaded through debit cards, net banking, or UPI can be used — no credit balances, no cashback, no promotional credits.

Perhaps the most thoughtful detail is this: while the giver can suggest a fund, the final choice rests entirely with the recipient. SEBI has been careful to ensure that no part of the transaction is treated as investment advice. Plus if you're starting your investment journey, why not do it by making your own choices?

What SEBI is really proposing is a change in how people first encounter investing. Gifting stocks, of course, is not a new idea. Families have been transferring shares for generations, and platforms have made it relatively straightforward.

But that world has always required the recipient to already have a demat account, a broker, and some basic understanding with how markets work. It assumed someone who was already, in some sense, inside the system. A gift card changes the entry point. It hands someone a reason to start, without demanding much.

India has hundreds of millions of people who save but do not yet invest. For some of them, all it might take is the right gift at the right moment.

Here's a soundtrack to put you in the mood…

Gungunaya by Tvasthaar

You can thank our reader, Shivansh Jhalani, for this recommendation. And if you'd like your music recommendation featured too, send them our way, especially hidden gems from underrated Indian artists many of us haven't discovered yet. We can't wait to hear them!

What caught our eye this week

Why an IPL Team Costs More Than Most Companies

Royal Challengers Bengaluru just sold for $1.78 billion. Around the same time, Rajasthan Royals changed hands at $1.63 billion.

RCB makes roughly ₹ 700-800 crore yearly in revenue. This amounts to how buyers pay almost 20-22 times the franchise's annual revenue. For context, even the hottest tech companies rarely trade above 10-15x revenue. An average FMCG company may trade at 3-5x. So on a spreadsheet, this looks absolutely bonkers.

But here's the thing. Sports teams aren't business. They're closer to a sea-facing penthouse in Bandra or a rare art piece at an auction. They are scarce, desirable, and priced by what the richest person in the room is willing to pay. With just 10 IPL franchises and a whole lot of billionaires, the math does the heavy lifting.

The revenue model is something quite fascinating to look at. Unlike a regular business where one hustles to build a top line, about 70-75% of an IPL team's income comes straight from the BCCI's central pool. We're talking about broadcasting deals, league sponsorships, and more which are split among the franchises. This is less like running a startup but more like buying a toll booth on a national highway because the cars will keep coming, regardless.

This also explains something curious about the RCB and RR acquisition deals. RCB's brand value is $269 million while Rajasthan Royals' stands at nearly half of that amount, at $146 million. Yet, the sale prices are only about $150 million apart. RCB just won its first championship in 18 years while RR is a veteran champion. The valuations, sort of don't make sense. But why so?

Well, because brand value is the icing but not the cake. When the bulk of your revenue comes from the central pool, having Virat Kohli as your star power might be a bonus but never the foundation.

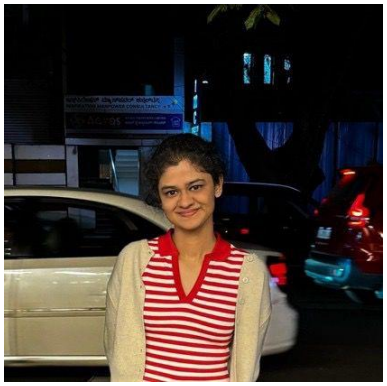
There's also a structural advantage the IPL has over leagues like the English Premier League. In the EPL, one bad season can send you tumbling into a lower division and your valuation crashes overnight. The IPL doesn't have such a relegation system. It's a closed league, much like the USA's NFL and NBA. This safety net makes IPL teams fundamentally more predictable as investments.

Nobody buys an IPL team just for its annual profit. In fact, most teams barely break even operationally. However, the real return is appreciation. IPL teams went from roughly $100 million in 2008 to $1.6-1.8 billion today. That's about 18x in 18 years!

This is better than most mutual funds, plus you get a front row seat at the stadium.

So, with valuations soaring past what any Excel model can justify, is this the smartest bet in Indian sports? Or are we watching a bubble that only looks obvious in hindsight?

By Nayana H G



Update for the day #2723 | Why Instagram, Facebook and YouTube got sued?

More often than not, most of us find ourselves in a situation like this. You open Instagram for a few minutes. One reel turns into five. Five turn into twenty. And before you realise it, half an hour has gone by. Nothing forced you to stay. You could have left at any time. For years, social media platforms like Instagram and YouTube were seen as a neutral space. It's where everybody could join, interact and share their pictures and videos from their life, and at the same time, find out the happenings of the world and their closest friends. And the best part is that it's completely free of cost. No subscriptions and no upfront cost. All you needed was an internet connection and a device.

But of course, nothing is truly free. Because while users like you and me weren't paying with money, we were with something else. Our time, our attention and eventually, our behaviour around the platforms themselves. You would assume that since these platforms do not create most of the content themselves, they are neutral by design. That whatever impact they have depends entirely on what people choose to watch. But that assumption misses something important.

Behind the scenes, these platforms were doing more than just hosting content. They were learning about us. Every scroll, pause, and like became a signal. Over time, those signals began shaping what users saw next, how long they stayed, and how often they came back. Which raises a more uncomfortable question.

If platforms are not just showing content, but actively shaping behaviour, can they still be considered passive?

That question was at the centre of a Los Angeles courtroom battle recently.

Last week, both Meta who owns Instagram and Facebook and Google who owns YouTube were sued by a young woman who argued that these platforms were not just engaging, but deliberately addictive. She claimed that using them from a very young age led to usage patterns that in turn, led to serious mental health issues.

The companies pushed back and argued that there is no such thing as an 'addictive platform'. After all, there are billions of users who use their products on a daily basis. And there's the matter of choice. However long a user decides to stay is their personal choice and responsibility, not product design itself. So in many ways, their argument sounded intuitive.

Let's understand it with an example of your favourite restaurant. Now as good as the food is, there is a very low chance you would call it addictive. And even if you kept going back, it would be strange to expect the restaurant to tell you to stop. But the court did not see social media the same way. A restaurant serves you when you walk in. It does not adapt in real time or place another dish on your table the moment you finish one. Social media platforms do.

So why do we continue to scroll? Because the platforms are doing more than showing content. They are actively guiding what you see and how long you stay.

The features like infinite scroll, autoplay and of course algorithmic recommendations weren't seen as neutral tools. Rather, it was seen as a system that removed the natural stopping points. That means there's no clear place to pause and definitely no end to reach.

Each swipe does not just show the next post or video. It offers a possibility. Maybe the next one

is funnier, more interesting and more relevant.

Most of the time, it is not. But every once in a while, it is.

And that unpredictability is what keeps the loop going.

In court, experts described this as a system built on variable rewards. An unpredictable mix of content that keeps users chasing the next "hit". This kind of behaviour is not new. Casinos are designed to keep people playing. Shopping malls are designed to keep people browsing. Both use subtle cues to extend how long you stay, often without you noticing it.

But this case went beyond how these systems work. Multiple studies in the past have proved it as much. It was about the choices the companies made, despite what they knew.

Years ago, Frances Haugen, a former Facebook employee and whistleblower, had already suggested that platforms were aware of the trade-offs between engagement and user well-being. What was once an allegation has now been argued as evidence.

Which meant the question was no longer just about what these platforms did to users. It was about the decisions they made anyway.

And that difference changed everything.

If you remember, in one of our recent stories, we talked about regulating attention and why that was difficult compared to alcohol or tobacco because attention is tied to speech and commerce, among other things.

For years, platforms like Meta and YouTube had a powerful legal shield protecting them. It is called Section 230, and it was built on a simple idea. Since these platforms do not create the content themselves, they cannot be held responsible for it. It is why Facebook was not liable for hate speech on its platform, and why YouTube was not liable for radicalisation videos.

But this case never challenged the content. It challenged the design.

And Section 230 was simply not built to answer for that. It protects platforms for what flows through them. It has no answer for how the pipe itself was built.

So the jury did something that reframed the entire debate. Instead of treating Instagram and YouTube as neutral spaces, they treated them as products. And that changes the standard entirely. A product does not have to guarantee harm to be held accountable. It only needs to make harm reasonably foreseeable, and still continue without adequate safeguards.

The jury found that threshold had been crossed. The verdict came with $6 million in damages. But for companies the size of Meta and YouTube, that is a rounding error.

So it raises the question: why fight it at all? After all, platforms like TikTok and Snapchat had quietly settled similar cases before they ever reached a verdict.

The answer is that this was never about the $6 million. It was about what a loss would mean.

To understand that, think about a factory that dumps waste into a river. The factory profits while the town downstream pays for the clean-up. The damage is real, but it never shows up on the factory's balance sheet.

Social media platforms operate in a similar way. The ad revenue, the engagement, the targeting —

that stays with the platform. But the anxiety, the depression, the healthcare bills, the lost productivity — those get quietly absorbed by families, schools, hospitals, and governments. The platform books the profit. Society pays the cost.

Economists call this a negative externality. And for a long time, social media companies did not have to account for it.

The tobacco industry once had a similar arrangement. Cigarette companies sold a product they knew was addictive, while governments around the world picked up the healthcare tab. It took decades, and a specific legal shift, before those companies were made to answer for the costs they had long offloaded onto others. The turning point was not the cigarettes. It was proving in court that the companies already knew what their product was doing.

This verdict follows the same logic.

The internal documents showed that the companies knew their design was habit-forming. And yet, they continued to optimise for it. When the jury chose to treat the platform as a product rather than a passive platform, those hidden costs finally had someone to send a bill to.

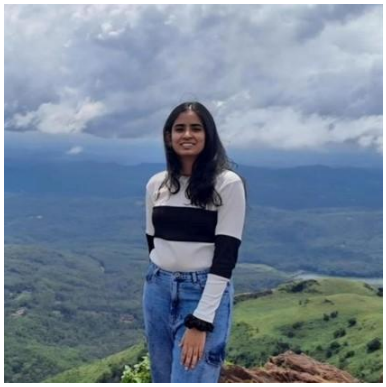
Because a deeper problem for these companies is that here, the design itself becomes the product. The algorithm is the revenue engine. If the design becomes legally liable, the very thing that makes them money becomes the source of their legal risk.

Every lawsuit that follows this verdict will use the same argument. And there is no Section 230 defence waiting at the end of it.

Which brings us back to where we started. Remember that half hour you lost on Instagram without quite knowing how?

Well, it turns out someone designed it that way. Someone optimised it, tested it, and shipped it knowing what it could do. And for a long time, the cost of that decision was invisible and spread quietly across living rooms, classrooms, and hospital waiting rooms.

By Neethu R



Update for the day #2724 | NSE's next big bet: India's first domestic-benchmark gas futures

Gas prices have risen sharply. You know this because you feel it in your kitchen. Buying a cylinder costs a few hundred rupees extra now. But what if you had a way to protect yourself from this price rise?

Like a contract where you agree to buy gas at a fixed price, say ₹ 900 per cylinder, for the next 12 months, regardless of what happens to prices. This means that if the US-Israel versus Iran war drags on and gas prices rise further, you don't have to worry as you've already locked in your cost. But if prices fall, you're stuck paying ₹ 900. Still, you might take that risk if you believe that prices are more likely to rise than fall. And if this contract were tradeable on a stock exchange, it would be called a futures contract — a type of derivative whose price is linked to an underlying asset, in this case, gas.

Now, nothing like this exists in reality for you as a household consumer. But it will soon be available for gas-linked businesses. Think producers like ONGC, Indian Oil, and Reliance Industries; city gas distributors like Gujarat Gas and Indraprastha Gas; gas linked power generators; large industrial users like those in steel, textile and glass sectors; and even traders and investors who want to profit from gas price movements.

That's because a couple of days ago, NSE got the go-ahead from market regulator SEBI to launch "natural gas futures" contracts tied to India's own gas-price index called GIXI (Gas IndeX of India). This index is created by the Indian Gas Exchange (IGX) and is a first for any Indian exchange. If that sounds complicated, it's essentially a derivative product like we explained at the start, which tracks the price of Indian natural gas using GIXI. And unlike other commodity futures in India, which rely on physical commodities or global benchmarks, GIXI is based on actual trades within India across six regional hubs.

This gives businesses a more relevant way to hedge against domestic gas price swings, instead of relying on foreign benchmarks or fixed-price contracts.

And that might make you think, "That's great! Businesses dislike price uncertainty anyway. So gas futures let them lock in prices today and reduce risk."

While that's true, it's not like this wasn't possible before. Companies could hedge using global benchmarks like the US-based Henry Hub or Europe's TTF. But the problem was that Indian gas prices don't move in sync with these benchmarks. That's because India has its own currency swings, LNG (Liquefied Natural Gas) import costs, regulations, and supply-demand constraints. So even if global futures moved up or down, a company's actual exposure in India didn't quite match. This gap or the mismatch between the hedge and the real-world price you care about, is called basis risk in derivative hedging terminology.

And that's exactly what India's first domestic-benchmark gas futures aim to fix. They allow sellers like ONGC to lock in a selling price, buyers like Mahanagar Gas to lock in a buying price, and industrial users to limit the impact of gas price spikes on their margins.

But there's a catch. Futures markets work only if there are enough buyers and sellers. Otherwise, prices can become noisy or easy to manipulate. And India has struggled with this for decades, which is why a domestic benchmark-based derivative hasn't really taken off, apart from those linked to metals or agricultural commodities (If you read our Markets edition on copper ETFs last week, you might already know this).

So the next question is, why have Indian commodity contracts struggled with liquidity?

After all, NSE is currently the world's largest derivatives exchange by contract volume and ranks third globally in equity trades. So what's the problem with commodities?

Well, the thing is, many Indian commodity users are small traders, SMEs (small and medium enterprises), farmers, or even local buyers who might not be comfortable using something as complex as futures to hedge their prices. Besides, they could be intimidated by margin calls (the requirement to fund your account if prices move against you), leverage, and mark-to-market (daily settlement) losses. So despite real hedging demand existing, much of it remains scattered and underdeveloped, with many relying on informal contracts instead.

The other issue is that Indian commodity derivatives have often faced regulatory and policy uncertainty. Despite India's commodity derivatives market existing since 1875, the journey hasn't been smooth. Futures trading was banned during World War II, briefly resumed in the 1950s, and then banned again in 1966. For decades after that, trading was limited to a few agricultural commodities. It was only in the early 2000s that futures trading was reintroduced across a wider range of commodities. For years, the market was regulated by the Forward Markets Commission (FMC). But concerns around price manipulation, weak regulation, and scams led to stricter oversight. And not long ago, in 2015, the government merged the FMC with SEBI, bringing commodity markets under a more unified regulatory framework. These regime changes along with tax shifts, position-limit tweaks, and margin hikes put together, have discouraged institutions from building long-term hedging strategies, due to the risk of sudden policy shocks mid-trade. The end result is that broader participation and market depth have struggled to develop.

And finally, India's retail trading culture is heavily skewed towards equity indices like the Nifty and Sensex. Within derivatives, index products are far more liquid, drawing most of the attention. Which explains why India leads in derivatives volume but still lacks depth in commodity markets.

That's unlike global commodity derivatives markets, where a few key things are usually true.

To begin with, markets like the US, Europe, and China have large producers, processors, and export-import chains, all of whom need to hedge price risk. These players are run by professional treasurers and risk-management teams that use futures as a core tool, unlike the smaller companies and farmers in India.

This creates deep and sophisticated pools of liquidity, allowing participants to continuously provide buy and sell quotes and keep bid-ask spreads (the difference between the highest price a buyer is willing to pay or the bid and the lowest price a seller is willing to accept or the ask) low.

There's also long-term institutional participation, where large pension funds, sovereign wealth funds, and others hold commodity futures for portfolio diversification, adding another layer of stability to liquidity.

As a result, other markets, especially emerging ones like India, start relying on these global benchmarks. Volumes attract more volumes, making these benchmarks increasingly important and their futures markets hard to ignore.

This gap explains why commodity-linked contracts in India often start with fanfare, see thin volumes, and eventually get sidelined by regulators or exchanges or reworked, without evolving into long-term reference benchmarks.

So how does this new NSE-IGX gas futures project change that core problem, you ask?

Well, it would be a bit flattering to say that there's a grand plan and things will change overnight. But there are a couple of reasons this might actually work and bring in the volumes needed to deepen the market.

The first, as we've already mentioned, is that NSE is the world's largest derivatives exchange by contract volume, with a massive base of brokers, institutions, and retail investors. Which means IGX's physical gas prices can now plug into NSE's derivatives ecosystem, where the financial side can provide the liquidity. And that, in turn, allows actual gas businesses — buyers, suppliers, and distributors, to hedge in a market that's liquid enough to matter.

The second is a broader shift already underway. India is actively trying to increase the role of natural gas in its energy mix, with a target of raising its share to 15% by 2030 from about 7% today. That means more pipelines, more city gas networks, and more investment overall. And when that kind of expansion happens, investors naturally want a clear, liquid domestic price benchmark to manage risk. That's where GIXI-linked futures could start becoming relevant.

So yeah, if India's gas economy keeps growing and more participants come in, GIXI could slowly turn into a recognised reference. And let's hope that's exactly what happens rather than these gas futures ending up in a quiet corner of NSE's commodity book with low volumes, joining the graveyard of underused commodity futures contracts.

By Yogesh K Bagrecha

Update for the day #2725 | Are Indian banks underestimating the unsecured loan problem?

A few years ago, getting a loan meant paperwork, approvals, and waiting. But today, it only takes a few minutes. A credit card gets approved instantly, personal loans are issued with a few taps, and buy now, pay later options are everywhere. Access to credit has never been easier than now.

And in a way, it's a good thing. More access to credit means more consumption, more spending, and ultimately, more growth for the economy. It also brings first-time borrowers into the formal financial system, away from informal moneylenders. Ultimately, this gives people the flexibility to manage short-term needs without dipping into savings.

Banks and NBFCs have also actively pushed these products because they are high-margin, require no collateral, and scale easily through digital channels.

Let's take credit cards, for instance: the number of cards approved has been steadily increasing over the last few years. From FY12 to FY25, the number of active credit cards surged 5x, and by the end of December 2024, there were over 100 million active credit cards in India.

And these are just credit cards. People have other kinds of loans, too. So, as the saying goes, too much of a good thing can also be a bad thing. Because when credit becomes this easy to access, it also becomes easy to overuse. And when millions of borrowers start taking on small loans at the same time, the risks don't show up immediately. They build up slowly in the background. And that's exactly what makes the current situation worth paying attention to.

The Reserve Bank of India has already flagged this trend. It has tightened norms by increasing risk weights on unsecured loans, meaning banks have to set aside more capital for every rupee they lend. Yet despite these signals, credit growth in this segment has continued.

Which raises a natural question: why are lenders still disbursing more loans?

In the early stages of a credit cycle, everything appears stable. Lending grows quickly, defaults remain low, and repayment behaviour looks strong. This creates confidence within the system, and banks expand further. In this stage, new borrowers enter the market, and credit becomes easier to access.

But, as we mentioned earlier, risks in unsecured lending tend to build slowly. The true risk emerges 18 to 36 months after the loan is disbursed. Credit card NPAs (non-performing assets) - which is essentially where cardholders have failed to make interest or principal repayments - have jumped by about 73% in FY22 and another 28% in FY24. And what this indicates is that loans originated 2-3 years ago are now cracking under stress.

This is because, unlike secured loans, there is no asset backing these loans. Repayment depends entirely on the borrower's income. And when credit grows too fast, especially among first-time borrowers, risks slowly begin to build in the background.

So, when that stress starts to emerge, it often does so quickly, because multiple borrowers begin to struggle at the same time.

There are early signs of that stress beginning to show.

Retail lending, once considered one of the safer segments of banking, is now under pressure at the margins. Many first-time borrowers are managing multiple loans, often across different lenders.

At the same time, banks themselves are facing changing conditions. Deposit costs have been rising, which compresses margins. Regulatory scrutiny has increased. Growth, while still strong, is becoming more expensive to sustain.

Several banks have begun tightening their approach to unsecured lending following the RBI's warning. Credit card issuers, for instance, are recalibrating their customer base. Rewards are being reduced, fees are being adjusted, and low-value or high-risk users are being gradually discouraged. The focus is shifting toward retaining high-spending, low-risk customers who are more profitable and less likely to default.

A similar shift can be seen in areas other than credit cards, too. Take IDFC First Bank as an example. The bank is aggressively de-growing its microfinance (MFI) portfolio, with its share of the total loan book falling from 6.6% in March 2024 to 2.4% by December 2025. One can argue that this withdrawal is a response to the "over-indebtedness" and rising NPAs seen across the MFI sector in late 2024.

These kinds of withdrawals suggest that lenders are not ignoring the risks, which is a good sign.

However, the central tension is still unchanged - Banks continue to bet that strong economic growth will support repayments. And as long as incomes rise and employment remains stable, borrowers can continue servicing their loans. But if income growth does not keep pace with borrowing, or if households stretch themselves too thin, stress can build quickly.

But once a borrower defaults, recovery rates tend to be lower compared to secured loans. And that makes the system more sensitive to changes in borrower behaviour.

The concern, therefore, is not about an immediate crisis. India's banking system today is far more resilient than it was in the past. Banks' NPAs have declined from their earlier peaks, they hold better capital buffers, and regulatory oversight is stronger. But the nature of risk is also evolving. Instead of large corporate defaults, the next phase of stress could be driven by small household loans.

If defaults start rising, lenders may respond by tightening credit further. And since much of today's spending depends on easy credit, this could slow consumption. So, what begins as a financial-sector adjustment can spill over into the broader economy.

So, how can you, as a retail customer, come out ahead in this potential crisis?

First, treat easy credit like a trap, not a privilege. Just because your limit increases or a new card is instantly approved doesn't mean you should use it. Use it only if you need it. Banks expanded their loan book aggressively when money was cheap. Now that they're tightening, you don't want to be caught over-leveraged when the tide turns.

Second, optimise for benefits while they still exist. If banks are cutting rewards and increasing fees, the smartest move is to actively evaluate your cards and accounts. Keep the ones that give you real value and don't use the ones that don't.

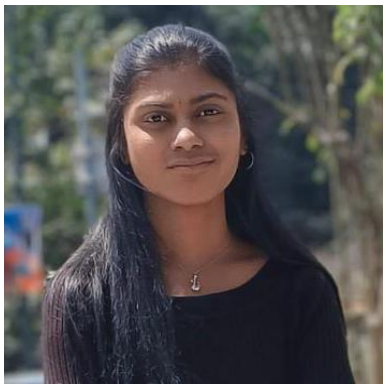
Third, protect your credit profile. As banks become more selective, high-quality borrowers will get better terms, while everyone else gets priced out. Paying on time, keeping utilisation low, and avoiding unnecessary loans will ensure you stay in the "profitable customer" bucket.

And finally, build your own safety net. If banks are preparing for a potential slowdown, maybe you

should too. A solid emergency fund and lower dependence on credit can give you flexibility when lending tightens or costs rise.

Because in every credit cycle, the winners aren't the ones who borrow the most. They're the ones who borrow only when they need to.

By Deekshitha P B



Update for the day #2726 | India's Gaming Boom: The Next Big Opportunity for Businesses?

India's gaming industry is witnessing rapid expansion, emerging as one of the most promising segments within the digital economy. Driven by increasing smartphone penetration, affordable data, and a young, tech-savvy population, online gaming has evolved into a mainstream, high-engagement sector. Esports, casual mobile gaming, and interactive digital platforms are all contributing to this strong growth momentum.

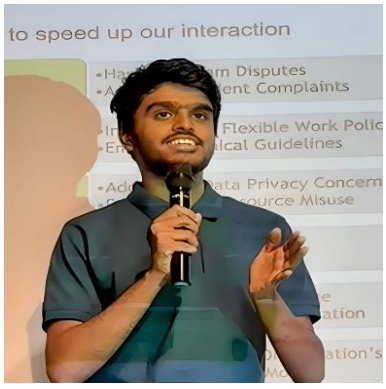
From a business perspective, the sector presents significant entry opportunities across multiple value chains including platform development, content creation, cloud infrastructure, payment integration, and in-game advertising. Consumer-facing brands are increasingly leveraging gaming platforms for targeted marketing, given their ability to capture user attention for extended periods and create immersive brand experiences.

However, the landscape requires careful navigation. Regulatory developments, including GST implications and evolving policy frameworks, continue to influence the sector and have a direct bearing on profitability and compliance. Additionally, considerations around data privacy, digital governance, and platform accountability are becoming more prominent.

From a professional advisory standpoint, this creates demand for structured support in areas such as tax planning, transaction structuring, valuation, and regulatory compliance. Companies entering or expanding in this space will require strong financial discipline and governance frameworks.

Overall, India's gaming industry represents a high-growth opportunity for businesses, provided it is approached with a balanced strategy combining innovation, compliance, and long-term sustainability.

By Shankar B S



Update for the day #2727 | The Problem of the Private Credit Boom

A few days ago, a company called Blue Owl Capital left billions of investors stuck when they tried to pull out their money from a $36 billion fund that it manages. While investors tried to take out over 20% of their money from this fund, Blue Owl put a cap on withdrawals at no more than 5%.

Now, you might not have heard of Blue Owl. But it has created quite a bit of chatter in financial news circles of late because it doesn't manage the kind of funds that investors usually invest in. It's a huge American alternative asset management firm that manages over $300 billion in assets now, compared to just about $50 billion in 2021. So, you can see how aggressively it has expanded. And the funds we are talking about here, the ones investors are locked out of, are private credit funds managed by Blue Owl, a major player in the space.

So, what's private credit, you ask? Well, it's essentially lending done by firms that are not banks and not through bonds (which are debt instruments where you borrow money from the market by promising fixed interest payments and repayment of principal later). Instead, alternative asset managers like Blue Owl pool money from large investors; pension funds, insurance companies, sovereign wealth funds, family offices, and high net-worth individuals, into a fund. This fund is then used to lend to mid-sized companies that often struggle to access traditional financing because they're seen as riskier than large corporations.

And this market has boomed exponentially since the 2008 financial crisis. Back then, banks gave out too many risky loans to people with low creditworthiness, often with little or no income verification, to buy homes, and at low interest rates. But when interest rates rose, these borrowers struggled to pay back, triggering defaults and a global financial crisis. That was a turning point for banks, which faced massive losses. Post-crisis rules like the Dodd-Frank Act and Basel III norms required them to hold higher capital and maintain cash-like assets for stress scenarios. This forced them to shrink lending to smaller, riskier firms, shifting focus to big corporates. US banks also dropped from about 14,000 in the 1990s to roughly half that by 2008.

This created a gap that non-bank lenders like private equity firms stepped in to fill by offering flexible, direct loans to mid-sized companies. And it only grew. To give you a sense of scale, the private credit market has grown fivefold since the 2008 crisis to somewhere near the $1.8 trillion mark globally. But now cracks are beginning to appear in this booming market. Because it isn't just a one-off case like Blue Owl, but multiple other alternative asset management firms including some popular names you might know like BlackRock, Ares Management, Apollo, and KKR, are also putting withdrawal limits on funds.

See, private credit looks very attractive. As a large investor, you might want to diversify your investments across different kinds of financial instruments. And private credit seems perfect for that, since these managers commit billions of dollars expecting steady interest income of about 8–12%. That sounds more stable than equity markets and slightly higher than bond yields. But as you know, higher returns come with higher risk. And that's what private credit can be; risky. Because investors are essentially lending to mid-sized firms that may still be growing, and if anything disrupts that growth, things can go from boom to bust very quickly.

And that's precisely what seems to be happening now. A good chunk, nearly 20%, of this private credit has been given out to mid-sized software companies. To put things in perspective, over the last decade, lending to these SaaS (software-as-a-service) companies has grown by over 60 times to a whopping $500 billion by the end of 2025. And you know what happened as the new year began. Agentic AI tools launched by AI giants sparked fears that AI could do most of the work of

building software. If that were the case, software firms wouldn't have much left to build and AI could eat into their revenues.

This assumption did two things. One, it dragged down tech stocks, especially SaaS firms. The other was that firms like Morgan Stanley warned that default rates in private credit could rise to 8%, much higher than the usual 2–2.5%, especially in sectors like software that are vulnerable to AI disruption. This so-called AI "SaaSpocalypse", as they call it, nudged investors to run to their fund managers to pull out their investments.

But the thing is, these funds are kind of locked in for the long term, because they are essentially loans because this money is used by businesses for expansion and would have already been deployed. This explains why private credit managers can't really allow investors to withdraw all their money. For instance, out of over 200 companies that Blue Owl has lent to, more than 70% are software companies. So when investors knocked on its door, Blue Owl basically said they cant give back any money.

The other issue is that these private credit funds are illiquid and can't be easily traded like stocks or bonds. Which means that if a fund manager wants to sell these loans to another investor, it can be very hard, especially now, when the revenue streams of borrowing companies are under question. Add to that geopolitical tensions, and demand in the secondary market isn't very strong. New buyers are expecting higher discounts, but firms like Blue Owl are offering very small ones. For instance, it recently sold $1.4 billion in loans at 99.7% of their value just to return some cash to investors, though not fully.

And the fact that other investors are noticing that their investments could also be at risk is pushing them to run to their fund managers to withdraw money, creating a sort of domino effect. Which begs the question: how bad is this crisis? Well, certain investors, especially insurance companies, could be affected because they are involved in something called leveraged buyouts (LBOs), where private equity firms acquire companies using a mix of their own money (equity) and borrowed money (debt). The debt is placed on the company being acquired, not on the private equity firm itself. The goal is to improve the company, pay down the debt using its profits, and eventually sell it for a gain.

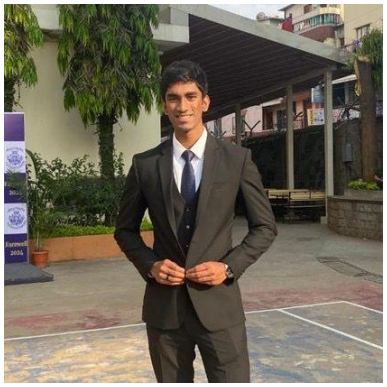
But here's the thing. Insurers are heavily exposed to LBO debt, and many private equity giants like Apollo and KKR, who are also private credit managers, now own insurance companies. So you have PE firms owning insurers that are exposed to loans linked to such PE deals. Which means if many of those loans go bad, it creates a conflict: the insurer could take big losses on investments tied to its own owner. And all of this is scaring everybody in the market to believe that this could trigger another crisis very similar to 2008. Some analysts don't agree and feel like such comparisons could be overblown. According to them, unlike the assumption that borrowers lack credibility, most private credit today is investment-grade, with only a small portion in higher-risk loans. Plus, as per Barclays private credit is less than 5% of US GDP, while real estate and equities are both above 100%. So even if something goes wrong, the scale may not be as large as in 2008.

But there's a flip side to this too, something we haven't told you so far. The panic in private credit didn't start with AI. It had already begun months earlier, around September last year, when two companies ran into trouble. One was Tricolor, a lender giving car loans to risky borrowers. And the other was First Brands Group, an auto parts supplier. Both went bust. And that had consequences. Firms like JPMorgan, Fifth Third, and Jefferies, who had lent them money, had to admit that they'd taken losses on those loans. And that's when the unease started to build.

In fact, JPMorgan Chase CEO Jamie Dimon summed it up rather bluntly: "When you see one cockroach, there's probably more." And the fear of these more "cockroaches" is what's driving the panic now. So yeah, it's not something the market can simply ignore. That leaves us with one

conclusion. A crisis may be looming. But the scale is unknown. What turn it will take, and whether fears are overblown, is something we'll have to wait and see.

By Siddarth Sunil



Update for the day #2728 | Unilever just stepped back from food

Food is deeply personal. There's something satisfying about cooking from scratch—choosing fresh ingredients, mixing your own spices, and knowing exactly what goes into your meal. That's why packaged food has always been a compromise: convenient and scalable, but never quite the same. Yet for decades, companies built massive businesses around that trade-off. One of them is Unilever.

Today, Unilever is mostly associated with soaps, shampoos, and detergents. Even in India, through Hindustan Unilever, its presence is felt more in bathrooms than kitchens. But that wasn't always the case. When Unilever was formed in 1930 through the merger of Lever Brothers and Margarine Unie, food was central to its identity.

For nearly a century, Unilever has been a global food powerhouse, with brands like Hellmann's, Knorr, and Marmite becoming kitchen staples worldwide. Which is what makes its latest move striking: Unilever is carving out its food business and merging it with McCormick & Company in a €56 billion deal.

To understand why, you need to look at how the packaged food playbook is breaking down. For years, companies relied on scale, distribution, and brand loyalty. When costs rose, they adjusted prices, reduced pack sizes, or tweaked ingredients—often without much consumer pushback.

But today's consumers are more aware and more price-sensitive. They read labels, question ingredients, and expect transparency. That makes it harder for large FMCG companies to raise prices or quietly cut costs without losing trust.

At the same time, consumer preferences are shifting toward cleaner, more transparent products. While this trend is driving growth in beauty and personal care, it's making food harder to operate. Reformulating food is slower, taste expectations are rigid, and pricing flexibility is limited.

For Unilever, this divide is clear. Its Home and Personal Care segment benefits from higher demand, faster innovation, and margins close to 48%. In contrast, its food business, despite generating €12.9 billion in revenue in 2025, lags in both growth and profitability.

Legacy food brands are also facing pressure from smaller, health-focused D2C players. While these companies may not dominate the market, they've reshaped consumer expectations around ingredients and transparency.

This shift isn't sudden. In India, Hindustan Unilever's sale of its ice cream business (Kwality Walls) hinted at a broader strategic reset.

Instead of exiting food entirely, Unilever is spinning off the division and merging it with McCormick. In return, it receives cash while retaining about 65% ownership in the combined entity. So while it steps away operationally, it still benefits financially.

By handing over operations to a specialist, Unilever avoids the ongoing challenges of managing a slower-growth, margin-pressured business. It can instead focus on higher-return segments.

Financially, the deal values the food business at 3.6× sales and 13.8× profits—indicating repositioning rather than distress. Unilever will receive €14 billion upfront, part of which will reduce debt, while around €6 billion is earmarked for share buybacks.

Post-separation, beauty, wellbeing, and personal care will make up about 67% of Unilever's revenue, up from 51%. The US and India will contribute 38% of total turnover, aligning the company with faster-growing markets.

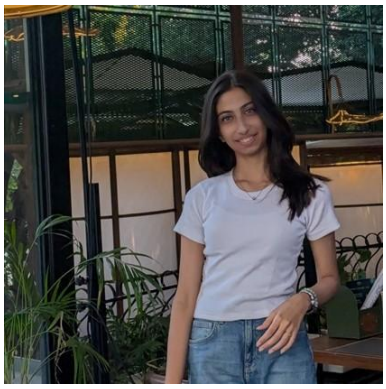
This core segment has grown at around 5.4% annually, with strong margins—about 48% gross and 19% operating.

The transition does come with costs, including stranded expenses and restructuring charges. There will also be a temporary overlap as both businesses untangle shared systems.

Even so, Unilever is targeting steady growth, modest volume increases, continued investment, and consistent shareholder returns through dividends and acquisitions.

In the end, this isn't just about Unilever leaving food. It reflects a larger shift: the packaged food business isn't what it used to be, and even the companies that built it are beginning to move on.

By Shreya V Bhat



Update for the day #2729 | The economics of stolen KitKats

A couple of days ago, the internet went a little crazy over a stolen shipment of KitKats. For context, roughly 12,000 kg or about 4 lakh KitKat bars went missing while being transported from Italy to Poland. The truck carrying them simply vanished. Nestlé confirmed the theft with a cheeky line in its statement, before following it up with something far more serious:

Whilst we appreciate the criminals' exceptional taste, the fact remains that cargo theft is an escalating issue for businesses of all sizes.

And this makes it more than just a meme-worthy incident. Cargo theft has, in fact, been rising sharply across the world. In the US alone, losses from cargo theft touched $725 million in 2025, according to Cargo Net, a theft prevention and recovery business for insurers. That's a 60% jump from the previous year. And while we're using US data because reports offer a measurable estimate of losses, the problem is global. Countries like Brazil, Mexico, Germany, South Africa, and India are all seeing a surge. In fact, India accounts for nearly 63% of cargo theft cases in Asia.

Which raises a simple question. What actually happens when 4 lakh KitKats get stolen? And more importantly, how does something like this ripple through the economy?. To answer that, you first need to understand what thieves actually target. Now, you'd expect high-value items like electronics, jewellery, or fuel to top the list. But reports on cargo theft suggest that the most stolen category globally is… wait for it… food.

Yup. Food and beverage products account for about 22% of all cargo theft incidents, followed by agricultural goods, electronics, and fuel. In one recent case in the US, thieves were caught stealing 33,750 pounds of frozen crab worth $325,000. At first, that sounds weird. Why go after chocolate bars, seafood, or dairy instead of expensive gadgets?

But it starts to make sense when you realise that food is incredibly easy to sell. Unlike a stolen phone, which can be tracked through IMEI (International Mobile Equipment Identity) numbers or locked remotely, a box of chocolates or a crate of juice has very little traceability. There are no unique identifiers that instantly flag it as stolen. Sure, there are batch codes, but someone in the supply chain or a consumer would have to flag the item for a company to act on it. And because these are everyday products, they can be quietly pushed into small shops, roadside vendors, or local markets — places where buyers don't always ask for proper invoices, without raising suspicion.

Now, if you put this into perspective for the KitKat case, the shipment was on its way from Italy to Poland. And Italy, with its local and street markets, could be a more convenient place for the thieves to offload the goods compared to Poland, where retail is more heavily dominated by large, formal chains and convenience stores. That said, this is just our hypothesis and not an official update on the case.

But that's not the only reason food works so well for thieves. A lot of food items such as milk, dairy products, meat, seafood, fruits and vegetables are also perishable. Even packaged goods like chocolates come with expiry dates. So thieves are forced to sell quickly. And ironically, that urgency works in their favour. The faster they move the goods, the harder it becomes for authorities to track where they went. So in a strange way, food isn't just easy to steal but also easy to liquidate.

But there's also another interesting question that you might want to ask…

If stolen goods are being sold and consumed, do any of these actually contribute to the economy? After all, money changes hands, goods move, and people buy and sell. In reality, though, it does nothing to add to GDP or Gross Domestic Product, which is simply the total value of goods and services a country produces over a given period. That's because GDP only counts new production. And in this case, the KitKat bars were already produced in Italy. When they're stolen, nothing new is created. The goods simply move from one owner to another.

In economic terms, this is just a transfer of assets. Nestlé's inventory reduces because the finished goods it produced are now gone. And whoever ends up stealing those chocolates will see their inventory go up. But overall, the economy hasn't produced anything new. And it's just a reshuffling of existing goods. So instead of showing up in GDP, this kind of loss is recorded under a line item in national accounts that's far less glamorous — "other changes in the volume of assets".

There is, however, a small twist. If someone adds value to those stolen goods before reselling them, that portion can show up in GDP. Just to give you an example, let's say a thief steals my car. If they sell it as is, GDP doesn't change. But if they add value by repairing it, repainting it, replacing the engine, or refurbishing it, then the value added through those services becomes part of economic activity, typically through the informal economy, even if not fully captured in official data. The same logic could apply to Nestlé's stolen KitKats.

But here's another catch. Nestlé has already issued public communication asking retailers and wholesalers to check batch numbers. If a product matches the stolen shipment, they're supposed to report it. This makes reselling these chocolates in their original form quite risky.

So, what options do the thieves really have? Firstly, they could try repackaging everything. But repackaging lakhs of chocolate bars isn't exactly easy, practical or even wise. Which leaves another possibility — quietly exporting the chocolates and selling them in markets where traceability is weak and buyers are less likely to check batch codes or report anything suspicious.

But even if they manage to pull that off, the GDP story doesn't really change. From the exporting country's perspective, these goods leave without being officially recorded as exports. And since GDP calculations rely on formal data, this illegal movement doesn't show up in them. Even if someone later traces the goods, it still doesn't count as new production. And that's why cargo theft, despite all the activity it creates, is fundamentally a drag on the economy.

For businesses, it's a direct hit as they lose inventory, which eats into profits and margins. They're forced to hold extra safety stock, which increases costs. And insurance premiums go up. And for a country like India, where efficient movement of goods is critical for growth, rising cargo theft makes logistics more expensive and less predictable. Besides, estimates suggest that cargo theft leads to losses worth nearly ₹12,000 crore to the Indian economy. That's the measurable part.

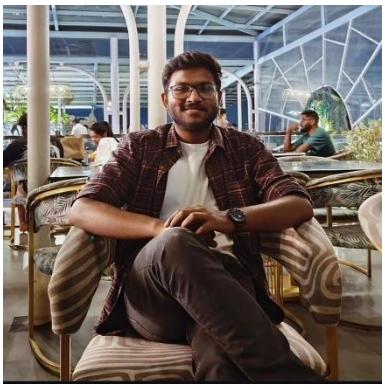
Which is why companies aren't sitting idle. Some of the responses are fairly straightforward — better locks, stronger truck seals, stricter checks on drivers and transport partners. This is because nearly 76% of cargo thefts happen from trucks, often when drivers stop for breaks or to rest along long routes.

Companies are also turning to technology. GPS tracking, smart locks that send alerts if a container is opened, and route-planning software that avoids high-risk areas are becoming more common. Nestlé, in particular, has introduced a digital tracker that allows consumers to check whether their chocolate comes from the "missing batch". Firms are also tightening documentation, improving due diligence on logistics partners, and using data analytics to identify patterns in theft. In some cases, they are even changing routes and warehouse locations to reduce the risk of theft.

So yeah, that's how stolen goods or in this case, the missing KitKats, affect the economy, beyond

just companies like Nestlé writing off the loss. When you look at it this way, the missing shipment starts to feel like a small window into a much larger problem of how goods move, how they get stolen, and how something that looks like economic activity on the surface is, in reality, just a silent loss.

By Vignesh Kumar S



Update for the day #2730 | The economics of space exploration

On December 13, 1972, Commander Eugene Cernan of the final Apollo lunar mission said: "We leave as we came, and, God willing, we shall return, with peace and hope for all mankind."

And after more than fifty years, humans are finally heading back to the Moon again.

But this is not a repeat of the Apollo era. Back then, the objective was to land on the Moon, plant a flag, collect lunar samples, and return safely.

This time, the objective is different.

With Artemis II, NASA is not attempting a landing. The mission is a crewed flyby designed to test spacecraft systems, life-support capabilities, and deep-space operations. It is part of a broader roadmap that moves step by step: validate the technology, attempt sustained lunar landings later in the decade, and eventually use that experience as a foundation for missions to Mars.

That shift in intent is what makes the current phase of space exploration economically interesting. Because it is not cheap. The Apollo missions between 1960 and 1973 cost NASA around $26 billion. Adjusted for inflation, that's over $300 billion! And the estimate for the Artemis programme is around $93 billion (for now).

Which raises the obvious question: Why go back to the Moon if it costs so much?

You see, NASA's answer rests on three broad ideas.

The first is that the Moon acts as a testing ground. Deep-space missions introduce challenges that have not been fully solved. We're yet to fully understand the effects of long-duration human survival in deep space, radiation exposure, closed-loop life-support systems, and logistics in environments with no immediate return options. The Moon, being relatively close to Earth, offers a controlled environment to test these systems before attempting something far more complex, such as a mission to Mars.

The second reason is scientific. Recent missions, including our own Chandrayaan explorations, have confirmed the presence of water ice near the Moon's south pole. And this discovery changes the economics of space travel in quite a meaningful way.

This is because it costs over $22,000 to carry 1 litre of water from Earth to the International Space Station. So one can imagine how much it would cost to go to the Moon and beyond. And water is not just a resource for survival. It can be split into hydrogen and oxygen, which can then be used as rocket fuel.

So, if we can successfully use the water on the Moon, it could turn the Moon into a refueling station for space missions, drastically reducing costs for journeys to Mars and beyond.

The third reason is infrastructure. The long-term vision is not limited to isolated missions. It involves building a sustained human presence. That includes habitats, energy systems, communication networks, and supply chains that operate beyond Earth. Once that infrastructure exists, the cost of future missions could decline significantly, much like how infrastructure on Earth reduces the cost of economic activity over time.

But this is where the story shifts from science to economics.

If you're building infrastructure in space, the natural next step is asking what it can be used for. That's where ideas like lunar bases, space mining, and eventually colonies come in. The Moon could become a hub for mining, microgravity manufacturing (producing materials and medicines in near-weightlessness to avoid gravity-related issues), and supporting missions to Mars.

Let's take mining as an example.

The Moon is not just a barren rock. It is home to a wide range of valuable materials, many of which could reshape the economics of space if they can be extracted efficiently. Among these, the most talked about is Helium-3, an isotope that has accumulated on the lunar surface over billions of years due to exposure to the solar wind. It can be described as the holy grail of space resources because of its potential applications.

Helium-3 could play a key role in clean nuclear fusion energy, offering a low-emissions alternative to current energy systems. It is also relevant to advanced technologies such as quantum computing and medical imaging. What makes it especially attractive is its scarcity on Earth.

Even small quantities brought back from the Moon could command millions of dollars, making it one of the few resources where the economics might justify the extreme costs of space extraction.

Beyond helium-3, lunar regolith (a layer of dust covering the Moon's surface, formed over billions of years by meteorite impacts) contains metals such as titanium, aluminum, and iron. Extracting and processing these materials in space could reduce the need to launch heavy materials from Earth, which is probably one of the most expensive aspects of space missions.

There's also another, lesser-known layer to this. Certain regions of the Moon, called KREEP terrains (short for potassium, rare-earth elements, and phosphorus), are believed to contain concentrations of rare-earth materials. These include elements such as yttrium and neodymium, found in trace minerals like apatite, monazite, and merrillite. On paper, the scale is enormous, with estimates suggesting hundreds of trillions of kilograms of these elements embedded in the lunar surface.

But here's the catch. Unlike deposits on Earth, these materials are highly dispersed. They exist in such low concentrations that, with current technology, extracting them in economically viable quantities is nearly impossible. In other words, while the Moon may look like a treasure trove of rare earths, it doesn't yet qualify as a mine. At least not in the way we understand mining today.

Besides, these possibilities come with significant uncertainty.

Space exploration remains one of the most capital-intensive activities undertaken by governments and private companies. Despite reusable rockets bringing down the cost of launches, they are still high, timelines are long, and returns are uncertain. Unlike in traditional industries, there is no immediate revenue model to justify large-scale investment in lunar infrastructure.

As we've explained in a previous story about SpaceX:

The cost of developing the Starship, transporting cargo and humans, setting up habitats, and sustaining repeated missions could easily run north of $1 trillion. And more importantly, there is no obvious revenue model at the end of it.

From a shareholder perspective, that is a sinkhole, and history often suggests that the markets win those arguments.

This is where the current phase differs from the Apollo era.

Apollo was primarily driven by geopolitical tensions between the US and the Soviet Union. Economic returns were not the objective. Today, while national prestige still plays a role, there is a growing emphasis on long-term economic viability.

The expectation, however, is not that space exploration will generate immediate profits, but that early investments will create options for the future. If certain technologies mature, such as reusable rockets, space mining, or nuclear fusion, the economic landscape could shift dramatically.

Until then, much of the spending remains speculative.

This is why Artemis II is significant despite being a non-landing mission. It represents a transition from proving that something is possible to understanding whether it can be sustained. The focus is on reliability, consistency, and scalability rather than one-time achievement.

So yeah, if these early missions succeed, they set the stage for sustained lunar presence later in the decade (or century). That, in turn, opens the door to experiment with infrastructure, resource utilisation, and new economic activities.

If they fail, the timeline stretches further, and the economics become harder to justify.

By Chelsea D'sa

Update for the day #2731 | Digital public infrastructure as India's soft power

India's digital public infrastructure story is quietly becoming one of its most powerful global levers.

At the centre is the combination of platforms like UPI, Aadhaar, and DigiLocker. What started as a domestic push for financial inclusion and digital identity has now evolved into a replicable model that other countries want to adopt.

The shift is strategic. Instead of exporting capital or traditional infrastructure, India is exporting systems. Countries across Asia, Africa, and even parts of Europe are exploring or implementing UPI-like payment rails and identity frameworks inspired by Aadhaar. This positions India not just as a participant in the global digital economy, but as an architect of it.

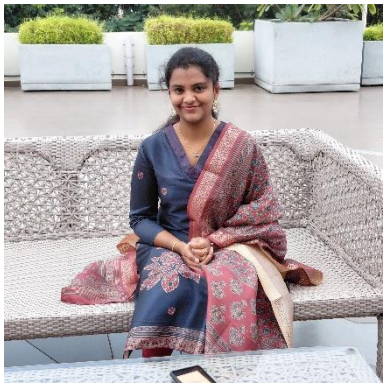
What makes this powerful is the combination of scale, cost-efficiency, and interoperability. These systems are built to handle population-level usage at minimal cost, something most developed nations are still grappling with. By offering this as a public good or through bilateral collaborations, India is building long-term digital partnerships that go beyond trade.

There's also a deeper layer to this. When countries adopt India-backed digital systems, they align with its standards, protocols, and governance philosophies. Over time, this creates influence in how data flows, how payments move, and how digital economies are structured. It's soft power, but with real control points.

For businesses and professionals, this signals a shift worth paying attention to. The globalisation of India's digital infrastructure could redefine cross-border payments, compliance frameworks, and even how identity and verification are handled internationally.

India's next big export may not be goods or services—but the very rails on which the global digital economy runs.

By Sanjana SM



Update for the day #2732 | The Draft IT Rules explained

For a lot of Indians online, their first source of news about the latest policy or change isn't the TV or newspaper anymore. It's their favorite creator be it on Instagram, YouTube, X or any other social media platform.

Better yet, their explanation on the topic is short, crisp and sticks to the key points, just like the newsletter you're now reading (wink wink). Some of them have a reach that goes far beyond a typical newsroom, all with a smartphone and platform. But that also raises another question: if creators are doing the job of newsrooms, should they be treated like one?

Ever since the creator economy blew up in India, the creators themselves have operated in a grey zone. They weren't registered as publishers so they didn't face the same rules as media companies, but their influence could match or surpass it. Now, with the government's Second Amendment to the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2026, that grey zone is closing fast.

Released by the Ministry of Electronics and Information Technology (MeitY), the draft amendments are framed as "clarificatory and procedural in nature". But what they actually propose is a significant reordering of how India's internet is governed and who gets to govern it.

That's because at its core, the draft rules are trying to answer a simple question: what happens when individuals start behaving like media institutions?

The answer, at least from the government's side, seems to be straightforward. If you're reaching millions, shaping opinions, and explaining public affairs, then the expectations should start looking similar too. In other words, the label may still say "creator", but the responsibility could begin to look a lot like that of a newsroom.

On paper, that sounds reasonable. After all, misinformation spreads just as easily through a reel as it does through a primetime debate. And unlike traditional media houses, most creators are a one-man army. They don't have editors, fact-checkers, or legal teams reviewing their content before it goes live. Holding them to higher standards could, in theory, clean up a lot of the noise online.

Because while creators may look like newsrooms on the surface, they don't function like them underneath. A newsroom is an institution whereas a creator is often just a person, or at best a small team, operating at the speed of the internet.

Applying the same rules to both doesn't just increase accountability, it also increases the burden of compliance. And that burden doesn't scale evenly.

There's also the problem of who exactly counts as a 'news' creator?

Is it someone breaking political stories? Or someone explaining them? Does a finance influencer decoding the budget fall into this category? What about a meme page that comments on current events, or a viral thread that shapes public opinion for a day?

The line between information, opinion, and entertainment online is already blurry. Trying to neatly regulate it risks either being too broad, or too easy to bypass.

And then comes the unintended consequence that doesn't show up in policy documents — the chilling effect. It's when people start self-censoring not because they are forced to, but because they are unsure of the consequences.

And this is where the definition of "publisher of news and current affairs content" is left open to translation. Because if it's read broadly enough, it doesn't just apply to influencers but anyone who consistently posts about public issues.

While this framework already exists for digital news, it's worth understanding how it works.

Under the current rules, publishers of news and current affairs content are expected to follow a structured system. This includes a code of ethics, a grievance redressal mechanism where users can raise complaints, and a three-tier oversight system that can escalate issues beyond the publisher.

Intermediaries, also known as platforms like social media companies, are required to do their due diligence, which includes acting on flagged content within specific timelines.

In simple terms, traditional digital news operates within a system where content can be questioned, reviewed, and, if required, taken down.

The draft amendments attempt to extend this to the broader internet.

And that's where things start to expand beyond just newsrooms.

One of the key additions in the draft rules is around synthetically generated or AI-based content. Platforms may be required to ensure that such content is identifiable through labels, disclosures, or other mechanisms. This is especially when it relates to information that could mislead users.

At one level, this is a response to a very real problem. The reason this rule exists is because it's getting harder everyday to tell the difference between real and AI generated content.

But when combined with a broader interpretation of who counts as a publisher, this creates an interesting overlap.

Because now, the responsibility doesn't just sit with platforms or large publishers. It could extend to anyone creating and distributing content that falls within these categories — whether that's a full-time creator, a niche page, or even a highly active individual user.

Which brings us to the bigger picture.

On one hand, these rules are trying to solve real problems in the media today. The internet isn't just a place to interact anymore. It's the primary source of information for most of us. That includes regular users, creators, communities and platforms. And when that information is wrong or misleading, the consequences can scale very quickly. Creating systems for accountability, especially in an age of AI-generated content, is not an unreasonable goal.

But at another level, the way these systems are defined begins to matter just as much as the intent behind them.

Because the internet doesn't operate like traditional media.

It's not made up of just clearly defined publishers and audiences anymore. And when rules designed for institutions start extending into this space, the boundaries of who they apply to can become less clear.

That's the trade-off at the heart of this moment.

More accountability could mean cleaner and more reliable information. But it can also mean higher barriers to entry, caution and a change in how people express themselves online.

Most importantly, this isn't a closed door decision yet. These are still draft rules and they're currently open for consultation until April 14th. Which means that everybody can read the draft, respond and share their opinions.

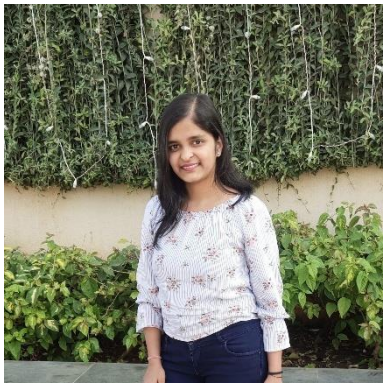
The more people understand what's being proposed, the more informed the conversation becomes. Whether that's through reading the document, discussing it, or submitting feedback, participation plays a role in shaping how these rules evolve.

Because ultimately, the future of the internet isn't just written in policy documents.

It's shaped by how many people are paying attention while those documents are still being written.

And if your first source of news is no longer a newsroom, but a creator on your feed, then the rules shaping that creator will, in many ways, shape how you understand the world itself.

By Vandana M Panwar



Update for the day #2733 |Why are India's airline CEOs stepping down?

India's aviation story, at first glance, looks like a runaway success. Passenger traffic is at record highs, and as a result, airlines are placing some of the largest aircraft orders in history. The country is also the third-largest aviation market globally, behind only the US and China. Airports are expanding, routes are increasing, and schemes like UDAN (Ude Desh ka Aam Nagrik, meaning let the common citizen of the country fly) have brought regional connectivity into the spotlight.

And yet, right in the middle of this boom, two of the country's biggest airlines have seen leadership churn.

For context, last month, IndiGo's CEO Pieter Elbers stepped down. And earlier this week, Air India's CEO Campbell Wilson announced he would also be stepping aside, saying the airline is ready for the next phase of its journey.

At first glance, this feels counterintuitive, right? Because leadership transitions usually happen during downturns or crises, not during periods of growth. But that is precisely what makes this moment important.

You see, over the last decade, the government has pushed air connectivity through schemes like UDAN, aiming to expand to regional airports and make air travel more accessible to the common man. This ambition now goes further.

India wants to position itself as a global aviation hub. This means not just moving domestic passengers, but becoming a major transit point for international travel, cargo, and long-haul connectivity. Investments in aviation also have a strong ripple effect across the economy, as every $100 spent generates more than $300 in economic activity.

And naturally, airlines sit at the centre of this ambition. They drive traffic, shape routes, and directly determine how effectively India connects with the rest of the world.

But this is where the complexity begins to show.

Aviation, by nature, is a high-growth but low-margin business. Fuel costs, which account for over 20% of an airline's operating expenses, are volatile and priced in USD, exposing airlines to foreign exchange risk. Apart from this, ticket pricing must remain competitive (and in INR), due to which profitability is often fragile. Even in the best of times, airlines operate with thin margins. But these are just the surface-level challenges.

What India is attempting now goes beyond these structural challenges.

Let's take IndiGo, for instance. Over the last few years, they have been trying to evolve from a low-cost domestic carrier into a global airline. They have added flights to places in West Asia, South-East Asia, and even some parts of Europe. That shift requires new capabilities such as long-haul operations, new partnerships and code-sharing, as well as bigger aircraft, and a different service proposition altogether.

At the same time, Air India is undergoing one of the most ambitious turnarounds in aviation history under the Tata Group. It has integrated multiple airlines, is upgrading its fleet, and rebuilding its brand from the ground up.

These are full-scale reinventions, and not just incremental upgrades. And this is where the deeper

challenge lies because what we're trying to do is replicate what global aviation hubs achieved, but under very different conditions.

Take Singapore and Dubai. Both built their aviation ecosystems over decades with a clear, centralised vision. Singapore Airlines and Emirates were not just airlines. They were tools aligned with national policy. Governments coordinated airport infrastructure, bilateral agreements, and airline expansion in a tightly integrated manner.

Singapore made Changi Airport into one of the most efficient transit hubs in the world, supported by a strong national carrier. Dubai pursued a similar path, using Emirates as the backbone of its global connectivity strategy, backed by state capital and coordinated planning.

However, India's approach is more complex.

Unlike countries that have built coordinated aviation ecosystems, India is scaling up through multiple airlines, expanding airports, and changing policies all at once. The ambition is clear, but the systems needed to support that ambition are still being built. And then there is a less visible, but far more critical bottleneck.

Maintenance, Repair, and Overhaul, or MRO.

This is not as visible as aircraft orders or passenger numbers, but it is still important. As fleets grow larger, the ability to service aircraft quickly becomes important. Because delays in maintenance translate directly into grounded planes. And every plane that's not in the air is lost revenue for an airline.

We have already seen this play out. IndiGo had issues with Pratt and Whitney engines, which led to a significant number of aircraft being grounded at various points. Air India, too, has faced regulatory scrutiny and fines following DGCA (Directorate General of Civil Aviation) audits that highlighted maintenance and safety gaps.

Global carriers faced similar challenges as they scaled, but addressed them early. For instance, going back to the examples of Singapore and Dubai, they did not treat MRO as a backend function. Instead, they built it into their core strategy and both evolved into major MRO hubs, allowing airlines to service aircraft locally, reduce turnaround times, and maintain high operational reliability.

In fact, Singapore Airlines even created a subsidiary, Singapore Aero Engine Services Limited, for engine overhauls. This increased reliability and also created cost advantages. Lufthansa also has its own subsidiary, Lufthansa Technik, for MRO.

Indian airlines, in contrast, still rely heavily on foreign MRO services. That means longer turnaround times, higher costs due to dollar-denominated payments, and greater operational vulnerability. So, as fleets expand, this gap becomes more pronounced.

And this is what makes the current phase of Indian aviation particularly challenging. The industry is scaling rapidly while simultaneously trying to build foundational systems that should ideally have been in place earlier.

That brings us back to the leadership changes. As airlines grow, the nature of leadership required changes as well.

In the early stages, growth-oriented leaders focus on expansion: adding routes, increasing capacity, and gaining market share. But once that scale is achieved, the challenge shifts toward execution.

Questions start to come up around reliability, fleet management, and regulatory compliance.

This is a fundamentally different skill set. Boards are no longer just looking for leaders who can grow the business, but for operators who can manage complexity at scale, integrate large systems, and deliver consistent performance.

And for IndiGo, this is exactly what Willie Walsh, the new CEO, brings to the table with his experience handling labour union conflicts, building IAG (International Airlines Group, British Airways' Parent Company) by merging multiple airlines, and navigating the 2008 fuel shock.

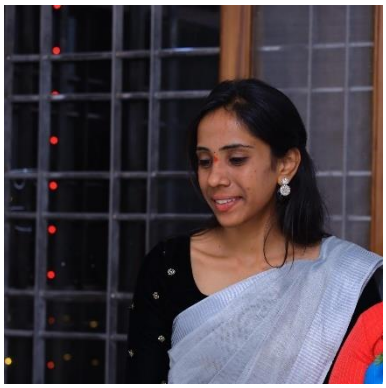
What we are witnessing is a shift. One in which Indian aviation is moving from a phase of rapid expansion to one where execution, efficiency, and building systems will determine long-term success.

So, the question is not "Why are top airline CEOs stepping down when Indian aviation is booming?", it is "What happens when a fast-growing sector outgrows its leadership model?". The stakes are higher, the systems are more complex, and the margin for error is smaller.

Global peers reached this stage through decades of alignment between policy, infrastructure, and airline strategy. But India is attempting to compress that journey into a much shorter time frame, while managing multiple competing interests.

Because the real challenge for Indian aviation is no longer about demand. That is clearly there. But it is about whether the system being built can actually sustain the ambition driving it.

By Sneha D V



Update for the day #2734 | From $61 to $144 in 8 Weeks - The Oil Story Nobody Can Ignore

Brent Crude is sitting at $95.95/barrel. WTI, the US benchmark, is at $98.76/barrel. Sounds stable? It's not. These same benchmarks were at $64 a year ago, meaning you're looking at a 48% spike in twelve months.

This week alone, prices dropped 12% on ceasefire hopes. But here's what really matters, at the peak of this crisis, Brent hit $144.42/barrel. A number that had never existed. Not in 2008. Not during the Gulf War. Not ever in the entire recorded history of the benchmark since 1987.

The ceasefire knocked prices down hard. But the Strait of Hormuz? Still not open. Saudi pipelines? Still hit. Diplomatic talks? Still fragile.

HOW DID WE GET HERE?

US and Israeli forces launched military action against Iran. Within days, Iran did the one thing the global economy feared most , it effectively shut the Strait of Hormuz, the narrow waterway through which 20% of the world's oil flows every single day.

Prices went from $61/barrel in January to $144 in a matter of weeks, the steepest quarterly oil price spike since records began in 1988. The IEA called it the "greatest global energy security challenge in history."

Then came the ceasefire and a 16% single-day crash in oil prices, the biggest drop since April 2020. Relief? Barely.

Because here's the catch: the Strait of Hormuz is still not open. Iran is demanding military clearance for every vessel that wants to pass. ADNOC's CEO put it bluntly: "That is not freedom of navigation. That is coercion."

Saudi Arabia also reported attacks on its oil facilities, cutting 600,000 barrels/day of production capacity. A ceasefire on paper doesn't fix pipes in the ground.

NOW HERE'S WHY INDIA SHOULD BE PAYING CLOSE ATTENTION

India doesn't produce most of the oil it burns. In fact, we import nearly 90% of our crude — about 4.2 million barrels every single day. And roughly half of that comes through the Strait of Hormuz.

So when that strait sneezes, India catches a cold. Right now, it's more than a sneeze.

- The Import Bill is Exploding

India's crude basket price jumped from $69/barrel in February to $113/barrel in March, a 64% spike in one month. Every $10 rise in oil prices widens India's current account deficit by 0.4–0.5% of GDP. That's not a rounding error. That's real economic pressure.

- The Rupee is Bleeding

The rupee hit a record low of 94.79 per dollar at the peak of the crisis. If oil stays near $100/barrel through year-end, analysts at MUFG forecast USD/INR could reach 95.50 or worse. A weaker

rupee makes everything imported more expensive: electronics, medicines, machinery, and yes , more oil.

- Your Cooking Gas Cylinder Got Pricier

91% of India's LPG comes from the Gulf. Domestic prices jumped ₹60/cylinder almost overnight. The government had to order refineries to stop producing petrochemicals entirely and redirect all propane and butane just to keep household gas supplies running.

- Power & Fertilizers Under Stress

Qatar ,which supplies 50% of India's LNG declared Force Majeure on its contracts. Fertilizer plants and power grids across India are operating at ~70% capacity. And with urea prices up 30% globally, India's farmers are heading into the spring planting season facing a brutal cost squeeze.

- Flights Are More Expensive and Delayed

Westbound Indian flights route over Iran and the Arabian Peninsula. With airspace closures in effect, detours are costing airlines time, fuel, and money. The weekly impact on Indian carriers alone? An estimated ₹875 crore (~$96 million). That cost doesn't stay with the airlines it flows to ticket prices.

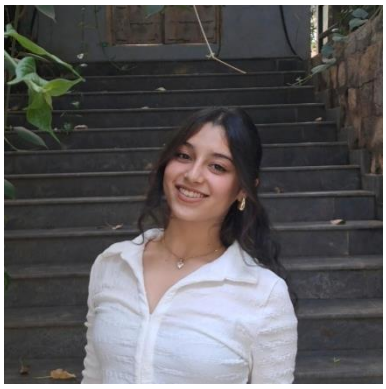
- India is Playing an Energy Chess Game

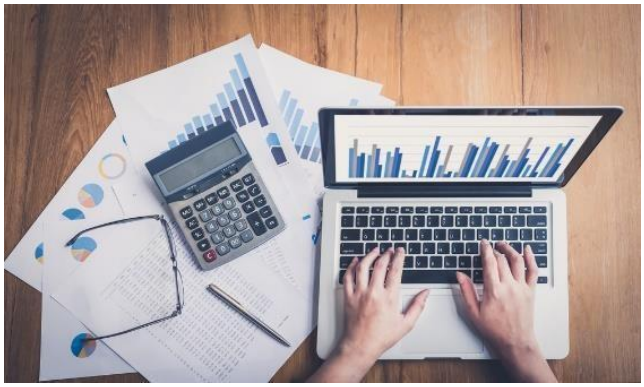
Faced with a supply crunch, India quietly resumed buying Iranian crude for the first time since 2019 backed by a US emergency waiver. Russian oil imports have also surged to ~1.9 million barrels/day. But Washington is watching. Buying too much Russian oil risks renewed tariff threats, while cutting it risks a supply gap. It's a tightrope.

BOTTOM LINE

The ceasefire has brought Brent down from a historic $144 to the mid-$90s, but markets remain on edge. The Strait of Hormuz is still not freely open, Saudi production is impaired, and the peace remains fragile. Traders are watching the Islamabad talks this weekend very closely expect continued price swings until a more durable resolution is in place.

By Asmi Shenoy





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