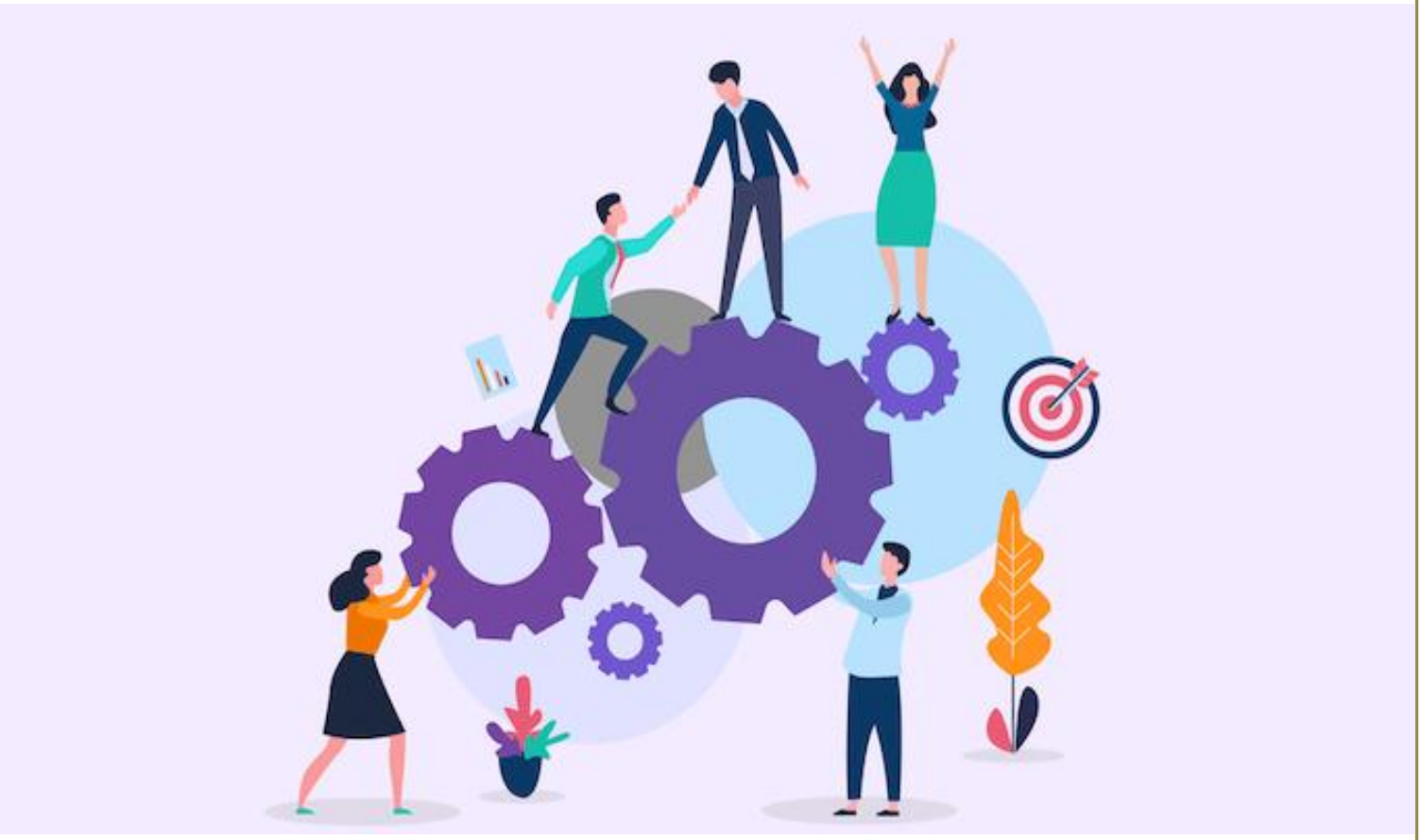

EMERGING THOUGHTS

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SURESH & CO.

Chartered Accountants

Contents

Foreword

We at SURESH & CO. are pleased to bring you the latest edition of "EMERGING THOUGHTS." This publication reflects a blend of global awareness and fresh viewpoints contributed by our committed articled assistants—aspiring Chartered Accountants—and our valued team members.

In a world that's evolving rapidly, staying up to date with global happenings has never been more important. Whether it's regional matters or international trends, being aware of current affairs helps us stay prepared and informed. We're deeply encouraged by the warm reception our previous editions have received—it reaffirms the impact and relevance of our shared knowledge. Every achievement marks progress on our journey of continual learning, and each experience adds depth to our understanding. With your ongoing support, we aim to consistently offer insightful reflections and meaningful commentary. Together, let's continue navigating the vast landscape of knowledge.

At SURESH & CO., we nurture a culture that inspires both personal and professional development. We value the strength of shared wisdom, encouraging our team to think critically, question norms, and broaden their outlooks.

This edition highlights the fresh perspectives of our young contributors. While these insights are early reflections filled with promise, they may not yet have undergone a comprehensive expert review. We invite you to read with curiosity and explore these subjects further to shape your own well-informed views.

We thank you for joining us on this meaningful journey. May this edition of "EMERGING THOUGHTS" motivate you to play a role in the advancement of knowledge and creative thinking.

"The more I learn, the more I realize how much I don't know." – Albert Einstein

As we welcome a new month, let's dedicate ourselves to making the most of each day. Whether through small gestures, setting fresh intentions, or simply pausing to reflect, every moment carries the potential to influence our lives and those around us. Let's seize these chances and approach each day with purpose and positivity.

Edition at a glance

This edition covers a wide range of topics that show both the opportunities and challenges India and the world are facing today. On the policy side, it looks at issues like GST 2.0, changes in MRP rules, Karnataka's need for a bike taxi policy, and the idea of "One Nation, One Time." It also discusses key sectoral themes such as India's solar energy push, the puzzle of power surplus and shortage, aviation growth, road building through NHAI, and changes in industries like textiles, gold retail, and paints.

From a global angle, it touches on the uncertainty faced by Indian pharma under US policies, the troubles of Boeing's Dreamliner, Middle East tensions and their impact on fertilizers, and the risks of oil trade routes like the Strait of Hormuz. It also highlights new trends such as driverless car deliveries, dividend investing, converting rice into ethanol, and even the growing interest in cordyceps fungi.

There are also company-specific stories on Nandan Terry, Senco Gold, RailTel, and Birla Opus, giving insights into their growth strategies and competition. Market-related stories include SEBI's action on the BSE blip, the Jane Street saga, and Karnataka's move to recover dues from builders.

Overall, this edition gives readers a clear picture of the major changes and discussions in business, policy, technology, and global affairs, helping them better understand the forces shaping India's economy today.

Update for the day #2461|How can India's pharma companies survive under Trump's uncertainty?

Just last week, Glenmark signed what could be one of the largest deals in the Indian pharma industry. This is a $2 billion licensing deal with AbbVie for an experimental cancer drug called ISB 2001.

And it's not every day that a $2 billion deal happens in the pharma industry in India. So, why is this different?

Well, ISB 2001 is a first-in-class bispecific antibody for the treatment of relapsed multiple myeloma (a type of cancer). And this kind of cutting-edge formula belongs to a completely different league from manufacturing generic drugs, which Glenmark is currently doing.

You see, ISB 2001 is still in early clinical testing (Phase 1) but has been granted special FDA designations to help speed up development due to its potential. The drug itself is a trispecific antibody that locks T-cells onto two myeloma targets (BCMA and CD38) via CD3.

In simple words, it's a highly engineered molecule that trains the immune system to hunt down and kill cancer cells more precisely, even in patients who've stopped responding to other treatments. And that's what makes this deal so important, not just for Glenmark, but for the Indian pharma Industry as a whole.

It's driven by deep research and original IP, rather than reproducing existing drugs. And this is exactly what Indian pharma companies must do if they want to thrive globally. Let me explain.

India's pharmaceutical industry is worth over $50 billion. And over 50% of that is exports. And over a third of those exports go to the US. This makes the industry quite dependent on the US.

However, here's the thing. Donald Trump has once again been quite vocal about slashing drug prices by as much as 30-80%. He wants pharmaceutical companies to bring down the cost of prescription medicines in the US.

Now, of course, this is a win for American consumers. But it adversely impacts desi drug manufacturers.

You see, Indian pharma companies primarily manufacture generic drugs. For the uninitiated, these are essentially off-patent versions of drugs whose original creators no longer hold exclusive rights.

Take paracetamol, for instance. It's a widely used pain reliever. While the branded version might be sold as Crocin, dozens of companies manufacture and sell paracetamol in different forms and packaging. Sure, the core molecule remains the same, but competition drives prices down. And that is the nature of generics.

This competition is why they already operate on razor-thin margins. Any forced price reduction would compress those margins even further. If the US government puts pressure on pharma companies to negotiate harder or accept price caps, Indian firms, which are often the last link in a long supply chain, may have to absorb the hit.

In May this year, Trump promised a Most Favoured Nation drug-pricing model that would peg what Medicare pays to the lowest price among 'rich' countries. Tariffs on Chinese active-ingredient imports were the headline grab, but it seems like the knife would cut across the board. Indian generics are unlikely to face direct duties, but lower invoice prices mean thinner margins, even before freight and regulatory costs.

And while it's not sure if the Indian pharma industry is in the tariff crosshairs just yet, the industry is clearly bracing for impact.

But even if tariffs come up, several Indian firms are ready.

For instance, Sun Pharma has over 3 manufacturing facilities in the US, Cipla has a major plant, and Aurobindo Pharma has acquired several smaller plants over the years.

The long-term solution, however, isn't just to buy up manufacturing facilities abroad. Sure, that might help soften the blow of tariffs or shipping costs. But it doesn't change the underlying problem. The real opportunity lies in moving up the value chain by investing meaningfully in research and development.

That means developing new drugs, treatments, and vaccines, especially for diseases that are underfunded or underserved. That's where the high margins are. Unlike generics, which are essentially copies of existing drugs with wafer-thin profits, novel therapies and specialty drugs offer pricing power, longer exclusivity, and far greater value per molecule.

But climbing the ladder is easier said than done. There's a complication at home too, one rooted in India's own patent law. Under the Indian Patents (Amendment) Act, 2005, Indian firms can manufacture and sell generic versions of a drug even if it's patented overseas as long as these conditions are met:

1. **Section 3(d):** Anti-evergreening clause

New forms of known substances are not patentable unless they show enhanced therapeutic efficacy.

2. **Section 107A:** Bolar exemption

Allows manufacturing and selling of a patented drug for purposes related to obtaining regulatory approvals in India or abroad.

3. **Section 84**: Compulsory licensing

After 3 years of patent grant, a compulsory license may be issued if the reasonable requirements of the public are not met, the drug is not available at a reasonably affordable price

4. **Section 92A:** Compulsory license for export

Allows compulsory licensing to manufacture and export patented drugs to countries with insufficient or no manufacturing capacity in the pharmaceutical sector.

These provisions help ensure affordable access to medicines, especially in a country where public healthcare spending remains low. But it also creates fierce domestic competition. The moment these conditions are met, multiple firms rush in and start manufacturing, which drives prices down sharply. And if we want to keep closing billion-dollar deals, we may have to rewrite the rules that got us here in the first place, but while balancing what is good for you and me, the common man.

At the end of the day, unless Indian pharma climbs the value chain by securing more Glenmark-style deals and widening its research footprint, its reliance on low-margin generics will continue to be a vulnerability. To build resilience, Indian drugmakers will need to invest more aggressively in novel drug development, specialty therapies, and complex treatments – areas where margins are higher and competition is thinner.

However, as for an immediate solution, an Indian delegation is currently in Washington negotiating the trade deal. This offers a narrow window for India to defend its exporters, but the longer-term fix lies in investing in novel therapies, not just copies of them.

Until then…

By Vijay Sathyanarayan

Update for the day #2462|Should India rethink MRP?

Every morning, there's a local rickshaw puller who sells packaged milk in my neighbourhood. It's his side gig before he starts ferrying passengers for the day. We don't buy from him because he charges ₹3 more than the MRP (Maximum Retail Price) printed on the packet. We stick with the local milkman instead.

Most of us are hardwired to never pay a rupee more than what's printed on the pack. And if you ever do pay extra, it probably nags you at the back of your mind.

And that reaction makes sense. The whole point of India's MRP system was to protect everyday buyers like you and me from retailers who once had the freedom to price products however they wanted. Before it was introduced in 1990, shopkeepers would often put a price on a product without adding local taxes. Then, when you went to the counter, they'd add extra taxes, often way more than they should. So, you never really knew what you'd end up paying.

To fix this, the government made it mandatory for all packaged goods to print one final price — the MRP. That figure had to include all taxes. So, when you grabbed a pack of chips, you knew exactly what it would cost.

That's why we instinctively stick to MRP. It feels fair because it's supposed to cover everything from raw materials and production to transport, profit margins and taxes. It's also why shopkeepers can still give you a discount and make a profit even after shaving a few rupees off the printed price.

But here's the thing. The MRP framework hasn't really been re-evaluated in decades. It comes under the Legal Metrology Act, 2009, which makes sure things are weighed, measured, packed and sold properly. It also says that companies must print what's inside, the price and who made it under the Legal Metrology (Packaged Commodities) Rules, 2011.

But now, there's talk that the government wants to revamp the MRP framework. Why's that, you ask?

For starters, the problem lies in the very idea of MRP itself. Think about it. Manufacturers decide the MRP by adding up all their costs and profit margins and then print that number on the pack. But how do you, as a buyer, know if that price makes sense?

Take a packet of chips that costs ₹20. Right next to it, there might be another pack labelled "premium" that costs ₹50, even if it weighs the same and tastes almost identical. There's no clear formula or benchmark to check whether an MRP is reasonable. That means companies can pretty much decide what they want, and that leaves a lot of room for random, unfair pricing, which is a huge problem.

Then there are the tricks some retailers play. Sometimes, they inflate the MRP so they can offer huge discounts later. Take an item with an MRP of ₹1,000. A retailer might sell it at a 50% discount.

Now, it's common sense that no retailer would sell you something at a loss. So, if they're still making money after giving it to you at half price, why was the MRP set so high in the first place? Tricks like this make you feel like you're getting a deal when you might still be overpaying.

And finally, there's the distribution issue. Since it's the manufacturer who decides the MRP, it indirectly sets the profit limit for every retailer. But what if it genuinely costs more to get that product to certain places? Let's say a new brand of oats biscuits is getting popular. Getting it to small towns with poor distribution networks might mean higher transport costs. A retailer in a remote area might not be able to cover those costs if they stick to the printed MRP. And they're not legally allowed to charge more. So, they might just refuse to stock it, which limits access. Or they might quietly sell it above MRP to make it worth their while, like that rickshaw puller selling milk for ₹3 more.

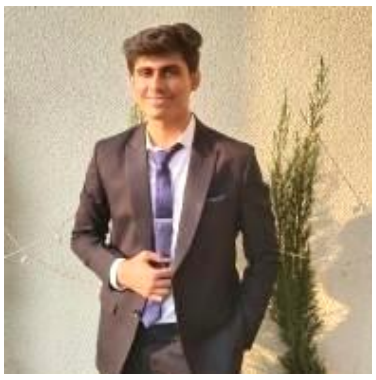
Or if the government really wants to shake things up, they could switch from MRP to a Suggested Retail Price (SRP) or Recommended Retail Price (RRP) system like in the US and Europe. This way, retailers have some flexibility to adjust prices based on their own costs. So, if a shop in a remote village has higher transport costs, they can charge a bit more and be upfront about it. Meanwhile, shoppers still know the baseline price set by the government, so they're not in the dark. To make this work, the government could also publish average prices of common goods or add QR codes so people can compare prices instantly.

These ideas could actually give the MRP system the kind of overhaul it really needs. Something that tackles the loopholes and makes it fairer for everyone.

But for now, these are just ideas. The government hasn't officially put anything on the table yet. From what we've read so far, it's still in the early stages of figuring out how to make the MRP system better for consumers.

So, we'll just have to wait and see what happens.

By Narayan Lal V



Update for the day #2463| Is NHAI selling the family silver to keep building roads?

If you drive on a national highway in the coming months, there's a good chance the toll you pay won't go to the government. It might go to a Canadian pension fund. Or a sovereign fund in Singapore. Or even to you, if you choose to buy into a new public Invit: a financial product that lets retail investors own a piece of India's highways.

Because NHAI, the National Highways Authority of India, is on a mission. As per its newest asset monetisation strategy for the roads sector, it wants to raise thousands of crores without borrowing. It's called MoRPH or the Monetisation of Public Highway Assets Framework. And under this, NHAI can auction tolling rights, bundle highways into investment vehicles and offer retail-friendly investment products to finance India's road ambitions.

In the early 2000s, NHAI didn't really need to spend much money. It relied on the Build-Operate-Transfer (BOT) model, where private contractors built the roads, collected tolls to recover costs over 20–30 years and then handed the roads back to the government.
NHAI got its roads. Private players took the risk. Everyone was happy.
Until they weren't.

Because by 2014, the BOT model had collapsed. Toll revenues didn't match traffic projections, land acquisition dragged on, financiers got spooked and contractors walked away. In fact, BOT projects fell from 96% of all new road contracts in 2012 to zero by 2019.
So NHAI had to step in and build roads itself. And it switched to two new models.

1. EPC (Engineering, Procurement, Construction): NHAI pays the full construction cost up front.

2. HAM (Hybrid Annuity Model): NHAI pays 40% of the project cost during construction, and the rest over time as annuities, while the contractor manages part of the risk.

Now, these models were far more contractor-friendly and road building did take off.
India went from building 11.6 km of national highways per day in 2014 to 34 km per day in 2025. Roads became the backbone of India's infrastructure story. A 2019 RBI study found that government capex on infrastructure had a 3.2x multiplier effect on GDP. It created jobs, boosted public services and laid the ground for industrial expansion.

But it also cost NHAI a fortune.

You see, highways need huge sums of money to build. And NHAI didn't have deep pockets. So, it began borrowing. Aggressively. Its debt jumped from ₹24,000 crores in 2015 to ₹3.35 lakh crores by 2024!

And here's the thing. Even though NHAI is a government body, its debt doesn't show up in the Centre's official fiscal deficit. That's because it's classified as an autonomous entity. So technically, this is "off-budget" borrowing. But in reality, it's still taxpayer money

on the line. The CAG flagged this in 2019, saying that if you included NHAI and others like Food Corporation of India, the real fiscal deficit wasn't 3.4% of GDP. It was closer to 5.8%. That set off alarm bells in some ways.

Then came the InvIT (Infrastructure Investment Trust) model in 2021. NHAI bundled roads into trusts, sold "units" to foreign funds and financial institutions, and offered investors a share in toll income.

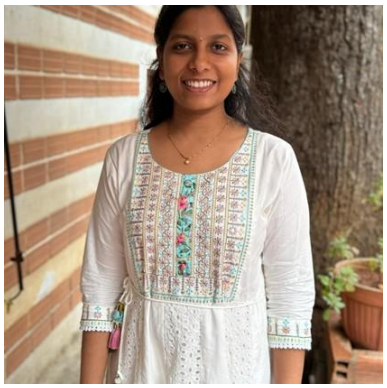
But all of this also raises a dilemma: are we monetising to unlock efficiency, or just to plug a funding
gap?

Because here's the thing. Monetisation is just a cash advance. It's not income.

And there could be a few challenges the strategy could face.

For one, there's a limit to what can be monetised. India has 1.46 lakh km of national highways. Because once the monetisation runway ends, India will have to confront the real challenge of building a sustainable financing model that doesn't lean heavily on budget allocations or asset fire sales. In 2025–26, NHAI's budgetary allocation was raised to ₹1.87 lakh crores with no room for fresh borrowing for the fourth year in a row. And while monetisation has already fetched crores, that well isn't bottomless. How we plan the next phase of road building, and who pays for it, will matter more than ever.

By S H L Vasavi



Update for the day #2464| The Troubling Story of the Boeing 787 Dreamliner

On June 12, 242 people boarded Air India Flight 171 from Ahmedabad to London. It was a Boeing 787 Dreamliner, one of the most trusted aircraft models in the world. Since its introduction in 2011, over 1,100 Dreamliners have flown safely, carrying over 875 million passengers. This particular plane, delivered in 2014, had over 41,000 flight hours.

But shortly after takeoff, the plane dropped suddenly and crashed into a residential area. Only one person survived. The cause of the crash is still under investigation.
Boeing's CEO offered support and condolences, but this incident has raised questions about the 787's history. While the Dreamliner has had a good safety record, it hasn't been without problems.

In 2013, overheating batteries caused two fires. The planes were grounded and fixed. In 2019, whistleblower John Barnett warned of dangerous metal shavings near wires and reused faulty parts. The FAA found some truth in his claims. Tragically, Barnett died by suicide in 2024, and his family blames Boeing.

Another whistleblower, Sam Salehpour, reported in 2024 that workers were forcing parts of the fuselage to fit, calling it the "Tarzan effect." He warned that such gaps could cause the plane to break apart. Boeing denied major risks, but the FAA asked them to reinspect all 787s and fix those already in service.

In another incident, a LATAM Airlines Dreamliner dropped suddenly when the pilot's seat shifted, injuring several people.

Despite all this, Dreamliners continue to fly. However, the Air India crash once again placed Boeing under intense scrutiny. If serious safety flaws are found, it could ground many planes and affect global travel.

By Suhan Bammigatti

Update for the day #2465 | Is 'one nation, one AC temperature' a good idea?

If you and your family members often find yourselves debating the ideal air conditioner temperature every night, you are probably part of either Team 18°C or Team 24°C. This usually results in someone sleeping less comfortably than they would prefer.

However, this perennial conflict might soon be resolved—though perhaps not in the way everyone hopes. The government is considering a proposal to standardise air conditioner temperature settings nationwide. Under this plan, air conditioners would not be allowed to cool below 20°C or heat above 28°C. In essence, everyone may have to compromise—permanently.

Of course, the government's concern is not our domestic disagreements but the enormous amount of electricity consumed when air conditioners are set at excessively low temperatures.

Air conditioner ownership in India has tripled since 2010, with an average of 24 units per 100 households today—a figure driven by rising temperatures and increasing incomes. Consequently, electricity demand for cooling rose by 20% between 2019 and 2022. Currently, nearly 10% of India's total electricity usage is devoted solely to air conditioning.

To address this, the Union Minister of Housing & Urban Affairs, Mr. Manohar Lal Khattar, has proposed mandating temperature caps for all new air conditioning units.

There is sound reasoning behind this. Contrary to popular belief, air conditioners do not produce cold air; they remove heat from indoor spaces and release it outside. The refrigerant within absorbs heat and becomes a gas, which is then compressed—heating it further to nearly 90°C—before it is cooled again and the cycle repeats. This compression stage consumes the most electricity. The lower the desired indoor temperature, the harder the compressor must work, resulting in significantly higher energy use.

Air conditioners operate most efficiently when set at approximately 24–26°C. Settings lower than this push the system to its limits, forcing the refrigerant to undertake more extreme thermal changes and thereby consuming more energy. In practice, most units cannot cool a room to 18°C on a hot summer day. They are generally designed to lower indoor temperatures by about 10°C relative to the outdoors. So, if it is 36°C outside, achieving an indoor temperature of 26°C is feasible; setting it to 18°C merely keeps the compressor running endlessly without delivering the desired result.

High humidity further compounds this inefficiency. In coastal cities like Mumbai, air conditioners must first remove moisture before cooling the air, and this dehumidification can consume 30–50% of the system's energy. As outdoor temperatures continue to rise, compressors work harder yet cool less effectively.

Therefore, extremely low temperature settings substantially increase power consumption—an

issue the government aims to address. According to the Bureau of Energy Efficiency (BEE), raising the temperature setting from 20°C to 24°C can reduce energy use by 24%. Each additional degree can save approximately 6% in electricity costs. Over three years, this policy could save consumers an estimated ₹18,000–20,000 crores and significantly cut carbon emissions.

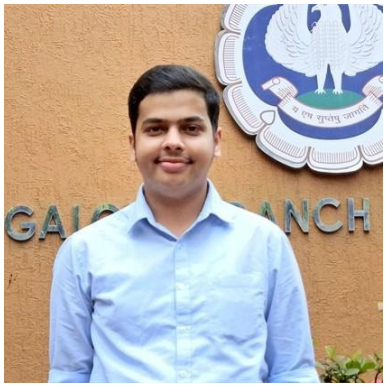
India is not alone in considering such measures. Countries like Italy, Spain, Greece, and Japan have implemented or recommended similar initiatives. Italy's "Operation Thermostat" enforces a minimum temperature of 27°C in public buildings, with penalties for non-compliance; Spain has adopted a similar rule, while Japan recommends setting office air conditioners to 28°C, though this remains advisory.

Nevertheless, India's plan has met with resistance for valid reasons. Unlike temperate nations, India contends with extreme heat and humidity. A universal temperature cap may seem reasonable in theory but overlooks deeper structural issues.

Another aspect worth reconsidering is taxation. Presently, air conditioners are taxed at 28% GST as they are classified as luxury items. However, in an era where urban temperatures frequently cross 50°C, categorizing air conditioning as a luxury is arguably outdated. This high tax burden often compels consumers to opt for cheaper, less energy-efficient models. Tying tax rates to the energy efficiency of an AC unit—using indicators like the ISEER (Indian Seasonal Energy Efficiency Ratio) rating—could incentivize the purchase of more efficient models, making them more affordable and accessible while lowering both household costs and environmental impact.

In conclusion, while standardizing air conditioner temperature settings is not an unreasonable measure, it should be part of a comprehensive, multi-faceted strategy. A truly effective approach to managing India's growing energy demand for cooling must encompass sustainable urban planning, climate-responsive architecture, innovative materials, and sensible tax policies. Let us hope policymakers take a holistic view and act accordingly

By Rohith S Paradkar



Update for the day #2466|What should GST 2.0 Promise?

Eight years ago, the government pulled off something many believed was impossible. It stitched together a wildly fragmented indirect tax system across 29 states, 7 union territories, and countless local quirks into one common framework: the Goods and Services Tax or GST. No more VAT here, service tax there, octroi at the borders, or a jumble of entry taxes. Just one system. One framework. One nation, one tax.

And for the most part, it delivered.

Gross GST collection has doubled in the last five years from ₹11 lakh crore in FY21 to ₹22 lakh crore in FY25. Active GST taxpayers now number over 1.5 crore. Even small firms to corporations say it's helped simplify tax administration and improve ease of doing business. Interstate trade flows more smoothly. And compliance has gone digital. So, India's grand consumption-based tax reform seemed to be on the right track.

But there still remain a few troubling signs. GST collection growth hasn't kept up with GDP growth. That's a worrying sign for a system that was supposed to scale with the economy. And the concerns run deeper than just the numbers. Businesses, policy experts and even state governments increasingly feel that GST, in its current form, is beginning to feel more like a drag than a driver. Which is why all eyes are now on the 56th GST Council meeting scheduled for this month, where a long overdue overhaul may finally be on the cards.

So, what's broken, you ask?

Well, for starters, GST was never going to be easy. It was a compromise between the Centre and the states, held together by a common promise: every state would give up its individual tax powers in exchange for a unified, fairer and more efficient system. The Centre even offered compensation for states that lost out: a guaranteed revenue growth every year for five years. And to fund this, it levied a compensation cess on so-called sin goods like tobacco, aerated drinks and luxury cars.

But COVID broke that arrangement. Revenues tanked, compensation fell short and the Centre borrowed to make up the gap. And while the compensation agreement officially ended in 2022, the cess didn't as the government confirmed to keep it till March 2026. It's still being collected, but now the funds go to the Centre to repay its loans, not to the states.

This hasn't gone down well. The trust that held GST together is now showing signs of strain. And without consensus from the GST Council, where states get to vote, reforms simply stall. And many are stalling already.

But the problem is that not all states agree. Punjab, Kerala, Madhya Pradesh, and West Bengal have already raised objections. Still, the reform seems urgent because it's not just coming from policymakers. The industry wants it too. Rajiv Memani, President of the Confederation of Indian Industry (CII), puts it plainly in a recent MoneyControl interview…

"I think it's time to do the 2.0 version of reform. More simplification particularly in the course of audits, more simplification in compliance."

That's not an exaggeration.

You see, one of GST's biggest promises was that businesses could claim credit on taxes paid on raw materials. But in practice, this chain breaks down constantly. If your vendor files late, you lose credit. If there's an invoice mismatch, your refund gets stuck. Frequent rule changes only add to the confusion. And capital-heavy sectors end up with crores in limbo. We wrote about the mess this system created and how GST officials unearthed a fake credit invoice racket worth ₹11,500. The government knows this too. A few months ago, the Public Accounts Committee of Parliament called for a massive overhaul. And the demand is growing louder.

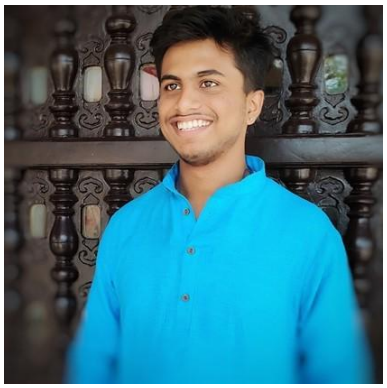
There's already a wish list doing the rounds: move to a three-rate structure (say 5%, 15% and 28%) with cesses only on sin goods. Bring insurance and fuel under GST, even if gradually. Remove the compensation cess now that its job is done. And above all, rebuild the Centre–State partnership that made GST possible in the first place.

None of this will be easy. The politics is tricky, the costs are real and consensus will take work. But the alternative – patchwork reforms, constant tinkering and growing fatigue, is far worse.

That's why this upcoming GST Council meeting matters. It isn't just another policy review but a moment where India decides whether GST is just a tax, or still a transformative idea.

After all, GST wasn't just a fiscal fix. It was meant to be a symbol of unity and reform. And a tax that was meant to unite India shouldn't feel like a burden eight years in, yeah?

By Ganesh Pai



Update for the day #2467|India, US close to finalizing 'early tranche' of trade deal

India and the US are close to working out the final contours of the "early tranche" of the proposed bilateral trade agreement and are now starting work on the possible text for the deal, which is likely to be finalised before July 9, when American president Donald Trump plans to remove the freeze on reciprocal tariffs

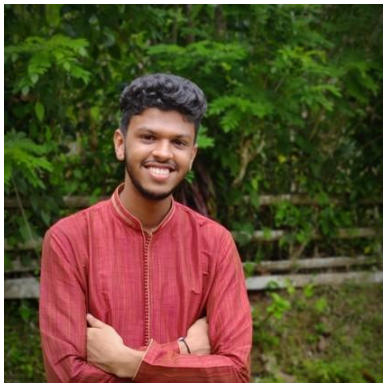
Govt is likely to offer concessions for some of the farm products that are of interest to the US, along with concessions on automobiles, in return for getting a 10 per cent duty - Trump's baseline tariff - for labor-intensive products, such as textiles, footwear and, possibly, certain auto parts. With the current US administration lacking Congressional mandate to finalize trade deals, a zero-duty regime will have to wait until things settle down in the US.

With a 10 per cent levy on products where India has a comparative advantage, the government is hoping to make Indian exports more competitive, especially if the reciprocal tariffs kick in. In any case, India, with 26 per cent reciprocal tariffs, including the 10 per cent baseline duty, was seen to enjoy a competitive advantage over several countries with which its exports compete.

Government sources indicated that India is keen for a text to be ready in some form before the deal is made public. This is seen to be crucial as the current US administration has been making announcements without the draft text in place and then claiming victory. Even the Chinese authorities have had to contend with the claims made by Trump on social media after the last dialogue. The announcement with the UK was seen to be more structured.

By all accounts, several issues, including the court ruling on reciprocal tariffs for which Trump had invoked emergency provisions, will, however, play a part in finalizing the early tranche for which a Fall (Sept/ Oct) date had been fixed. Besides, India is keen that an arrangement be worked out where it retains an advantage over its peers in case the tariffs are declared illegal by American courts

By Amogh V N



Update for the day #2468 | Is a war in the Middle East, a fertilizer crisis for India?

It's June. A farmer in eastern Uttar Pradesh is leaning on his bike outside the local cooperative store. He's here to pick up urea—the fertiliser. Sowing begins soon, and the monsoon looks promising. But the dealer shrugs.

"No stock yet. Maybe next week." The farmer sighs because this isn't the first delay.

Down south, a trucker in Visakhapatnam looks over his delivery list. He's supposed to transport imported potash from the port. But customs have flagged the container. Shipping costs have gone up. Insurance premiums too. And rumours are swirling about delays at Iran's Bandar Abbas port. At first glance, these seem like unrelated hiccups. But if you zoom out, you'll spot the bigger trigger. Israel has just struck Iran. And with Iran retaliating, both countries are now on the brink of war. Global markets are reacting. Crude oil prices are climbing.

But there's another, quieter casualty: fertiliser. That's the connection few people think about.
You see, the world's food system runs on three key ingredients: Nitrogen (N), Phosphorus (P), and Potassium (K). Together, they form NPK—the holy trio that feeds our crops. Nitrogen boosts photosynthesis and leaf growth, phosphorus strengthens roots and flowers, and potassium improves drought and disease resistance.

Now here's the thing. To make these fertilisers, you need inputs from nature's vault and a lot of industrial muscle. Nitrogen fertilisers like urea and ammonium nitrate are made by synthesising ammonia. And ammonia is made from natural gas. About 60% of production cost is just gas.

Phosphorus fertilisers like DAP and MAP come from phosphate rock, which is mined and chemically processed using sulphur. And potassium fertilisers like potash are dug straight from potash ore—large deposits of which exist only in a few countries. And guess who has plenty of those? Countries clustered around the Persian Gulf or those now sitting at the edge of a potential war.

The Middle East and North Africa (MENA) region exports over 30% of the world's nitrogen fertilisers. Countries such as Iran, Qatar, Oman, Saudi Arabia, and Egypt are awash with natural gas, sulphur, and ammonia exports. Iran alone sends out over 16 million tonnes of urea each year. For phosphate fertilisers, Morocco holds nearly 70% of the world's phosphate rock reserves. When it comes to potash, Russia and Belarus used to supply nearly 40% of global capacity. But those supply lines have also been disrupted since the Ukraine war.

Which means all three pillars of NPK are geopolitically fragile. Most of what goes into making global fertiliser comes from conflict zones or countries just one crisis away from sanctions or shipping bans.

Fertiliser shocks are sneaky. They don't show up at your fuel station next week. They hit with a lag of a few months. When urea prices rise, farmers use less or sow less. The harvest shrinks. Traders

pay more. Food prices go up. And suddenly, your grocery bill gets slightly expensive.
That's what economists call a second-order effect. And it's happened before.

In 2008, fertiliser prices shot up as China restricted urea exports and commodity markets rallied. In 2022, the Russia-Ukraine war and sanctions on Belarus, which together accounted for 40% of global potash, sent nitrogen and potash prices through the roof. Global fertiliser prices doubled in months.

Sri Lanka saw a farm crisis. Ghana saw protests. Even in India, inflation ticked up quietly.

So yes, we're staring at that risk again today.

The problem is India isn't self-reliant here. We use over 60 million tonnes of fertilisers every year. But we import nearly 30% of urea, over 90% of phosphates, and 100% of potash. To shield farmers, the Indian government keeps prices artificially low. A 50 kg bag of urea still costs about ₹250, even though global prices might suggest ₹3,000 or more. That gap is plugged by subsidies. But the bill is steep—about ₹1.8 lakh crore in FY25. That's why our fertiliser spending is budgeted at about 70% of the total agriculture budget.

So, when global prices rise, the government has two choices: absorb the cost and blow up the fiscal deficit, or let prices rise for farmers, which then passes down through food inflation. Either way, someone pays. Eventually, everyone does. And soon, it's felt everywhere.

So, what's India doing about it?

To its credit, quite a bit.

We've signed long-term import deals with Saudi Arabia and Oman for urea, partnered with Morocco's OCP Group (a state-owned phosphate rock miner) for phosphoric acid, revived dormant urea plants under a ₹70,000 crore plan, and diversified potash imports from Russia and Belarus to Canada and Jordan.

We also launched "One Nation, One Fertilizer" to simplify branding and reduce logistics costs. And most ambitiously, we introduced "nano urea"—a liquid fertiliser developed by IFFCO (Indian Farmers Fertiliser Cooperative) that claims to replace a 45 kg bag of urea with a 500 ml bottle. Over 8 crore bottles have already been produced. We've even deployed real-time tracking systems to monitor inventory movement.

But this is still a brittle system. While supply chains are being diversified, demand is still distorted. We still use fertilisers far more indiscriminately than other countries. Urea is overused simply because it's the most subsidised. The ideal NPK use ratio is 4:2:1. But in many states, it's as skewed as 10:4:1. Overuse brings diminishing returns and damages soil health.

In the end, fertiliser becomes a budgetary black hole. Every global shock force India to either borrow more or cut elsewhere. And that's unsustainable.

So how do we tackle this?

In the short run, India will likely increase buffer stocks, scout new suppliers, and maintain high subsidies.

But in the long run, we need a shift—not just in supply, but in demand reform. Subsidies could be tied to crop needs. States must be nudged to balance usage, like under the PM-PRANAM scheme, which rewards reduced chemical use. Precision farming, soil testing, and even caps on per-acre use can build long-term resilience.

Experts also favour direct cash transfers over price subsidies. That way, farmers get the money directly, can choose nutrients wisely, and avoid distorted demand. China tried this a decade ago, and it did boost yields by a margin.

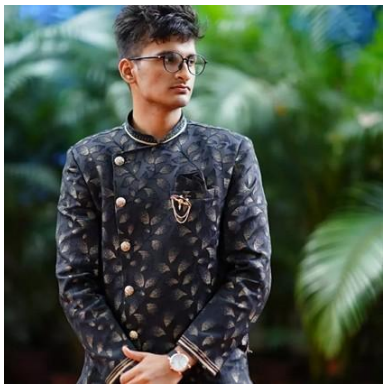
But these are long games. And wars aren't.

Ships and fertiliser bags are still moving. Prices are just slightly up. But history shows how fast that can change—one blockade, one strike, one clause.

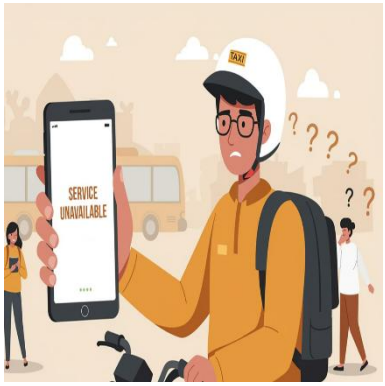
And then it trickles down. You walk into your neighbourhood Kirana store. Pick up atta, oil, rice. And when you reach for a packet of dal, you pause. ₹105. Last month it was ₹85. You sigh. You've seen this before. You pay the bill, head home, and forget about it.

That weekend, a headline scrolls past: "Crude oil steady despite Middle East tensions."

By Dhanush M



Update for the day #2469 | Why Karnataka needs a bike taxi policy, and fast!



This week, Bengaluru's traffic police cracked down on more than 100 two wheelers offering bike taxi services. After all, they were ferrying passengers on private bikes, which isn't allowed under current rules. Because only vehicles with commercial registration and valid permits can be used to carry passengers.

But this didn't happen overnight. The tussle between bike taxi aggregators and the state's Transport Department has been simmering for years. Officials have repeatedly pointed out that personal two wheelers being used for paid rides are technically breaking the law.

In fact, Rapido, one of the biggest names in the game, did try to fight back. They went to court, hoping for a stay on the ban. But the High Court wasn't convinced. And from Monday (June 16th), operators were forced to shut down bike taxi services across Karnataka or risk legal trouble.

Now, you could say that this is a classic case of startups needing to do their legal homework before launching services. But it also raises a bigger question: Why didn't Karnataka just create a policy to regulate bike taxis instead of banning them outright?

It's not like there was no demand. In fact, bike taxis became a go-to option in post-pandemic Bengaluru. They were cheap and perfect for beating the city's traffic snarls.

But not everyone was happy. Autorickshaw unions pushed back hard, calling for a total ban. The government did float an e-bike taxi policy in 2021, but it was rolled back last year over concerns about safety and misuse.

And since then? Nothing.

The government hasn't moved to set clear rules or bring in a fresh framework.
The end result was more crackdowns, more confusion, and a promising mode of urban transport stuck in regulatory limbo.

Funnily enough though, if Karnataka brought in a proper framework to regulate bike taxis, it could pocket some decent revenue. Just think about it. The state has around 1.2 lakh active bike taxi riders.

Now, if each one had to pay a ₹1,000 permit fee to operate legally, that alone adds up to ₹12 crores a year. Toss in a few more lakhs from aggregator licenses and permits, and you've got a tidy sum. And that's just the start.

The state gets about 8 lakh rides every single day. And if you factor in a 5% goods and services tax (GST) on an average fare of ₹50, and you're looking at another ₹73 crores in indirect taxes annually.

All in all, the state could be letting go of around ₹85 crores a year. And sure, that might sound like a lot to you and me. But for the state it's pocket change. We're talking about less than 0.05% of what it already rakes in from motor vehicle taxes, permits, registrations, all the other transport-related collections and the state's tax revenue put together.

Maybe that's why there's no rush to legalize things. After all, there's no major fiscal pressure.
On the flip side, it might be choosing to keep autorickshaw drivers happy, not just because they're the backbone of the transport system, but also because they're a sizeable vote bank the government can't afford to upset.

But hey, that's not really our territory to comment on. So, we'll stick to what we know — that by holding back on long term regulation, the state might just be choosing a trade-off that could come back to bite.

Why's that, you ask?

Because this ban isn't just about business or side hustles, it's about livelihoods. For context, a KPMG report says that most bike taxi drivers take up the job to cover emergency expenses or run their households. In fact, they contribute nearly 60% to the family income. And for a state that proudly boasts the lowest unemployment rate in India at just 2.5% or half the national average, it's not a great look to push thousands out of work and nudge up joblessness.

The bigger problem is also the precedent this sets. It sends a loud, worrying message to anyone building something new, that innovation might be shut down instead of shaped.
The thing is that startups thrive on clarity. They need predictable regulations to raise money, grow and experiment. But when a state like Karnataka pulls the plug on an entire category of business, just because there isn't a rulebook in place, it spooks founders. It makes them think twice before launching or scaling anything in the state, for fear that they'll run into the same dead end.

And let's not forget competition. On the surface, it may look like bike taxis are eating into the earnings of auto rickshaw drivers by offering cheaper short rides. But that's how markets evolve. Quick commerce disrupted keranas. But did we ban grocery delivery apps? No. We're trying to regulate them. So why single out bike taxis?

Besides, scrapping an entire segment doesn't just reduce consumer choice, it also gives more pricing power to cab aggregators and auto drivers. With one less player in the mix, it becomes easier to hike fares or slap on surge fees, especially for short distances. And commuters are left with fewer and costlier options.

So, the simple fix?
Regulation. Other states have already shown the way.

Maharashtra allows licensed operators with at least 50 electric bikes, with rules around GPS tracking, driver police verification, trip limits and mandatory passenger helmets. West Bengal is exploring short term authorizations of less than a year to let bike taxi drivers come and go from the profession easily. Even Delhi permits only e-bike taxis.

So yeah, regulation really does seem like the best middle ground.

Because if the government keeps dragging its feet, it's not just missing out on a chance to organize the chaos, it might actually be hurting its own economy in the long run.

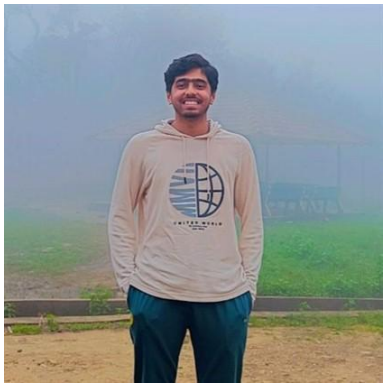
And let's be honest, bans don't always work. Especially not in the world of jugaad.

Some bike taxi players are already finding clever workarounds. One of them seems to have come up with a genius loophole — if passengers aren't allowed, what about parcels? So now, they're labelling passengers as "parcels" and transporting them across the city like courier packages.

Technically, you can now parcel yourself to work!

It's like the state's trying to kill off bike taxis, but they keep coming back — resurrecting themselves each time like Lord Voldemort, just with more creative disguises.

By Darshan N



Update for the day #2470| One Nation, One Time!

Two aliens are recording a podcast.

One laughs, "So these humans… they literally invented this invisible thing called time!" The other clacks, "Right? They chopped up a day into 24 parts, then split each into 60, then 60 again… and now they worship it with alarms, deadlines and what not!"

The laughter now turns to wheezing. And as absurd as it sounds, they have a point. Time's a man-made construct. The universe didn't care about your 9-to-5, your birthday reminders or stock orders at 3:29 p.m. But once we built society on it, we needed everyone to agree. And that's where things got messy.

We built clocks. Then atomic clocks. Then networks of clocks synced across satellites, servers, courtrooms, power grids and fighter jets. Every country made its own tweaks. The US has six time zones. Nepal decided to be 15 minutes off from India. And France, for some reason, has 12. But no matter the differences, the world runs on this invisible consensus. Miss a millisecond, and systems break. And yet, for all our obsession with time, India's digital systems still run, ironically, on someone else's clock.

And that's what the Indian government wants to fix with something called One Nation, One Time. It's a policy that seeks to anchor all of India's digital and legal infrastructure to a single, ultra-precise, India-controlled time standard.

The idea is simple. Replace foreign time signals and GPS with India's own atomic clocks, delivered through our own satellite system (which is the Navigation with Indian Constellation or NavIC system), and make sure everyone, from a railway server in a small town to a satellite uplink, runs on the same nanosecond-accurate clock. Because right now, most of our systems from phones, payment gateways to telecom networks and even stock trading platforms, rely on time signals from foreign sources like the US' Global Positioning System (GPS) satellites or Google's cloud servers. They're fast, embedded into global tech stacks, and well, easy to use.

Only a few core systems like ISRO, DRDO, exchanges are directly synced to India's own NavIC satellite system. Everyone else is essentially winging it with third-party time feeds. And that can go horribly wrong.

Take 2016, for instance. A GPS bug introduced a 13-microsecond glitch. That's just 0.013 seconds. But its broke parts of telecom networks, disrupted police radio in the US and threw off time-stamped data globally. High-frequency traders, who make millions off microseconds, felt it. In Europe, a timestamp issue in 2020 briefly knocked out services across TV and telecom. So yeah, time may be invisible, but its absence isn't.

That's why India's time needs to be its own. We already have Indian Standard Time or IST. That's Coordinated Universal Time (UTC) plus 5 hours and 30 minutes — a number chosen way back in 1906, based on a longitude near Mirzapur, Uttar Pradesh. Today, it's maintained by the National Physical Laboratory in Delhi using atomic clocks.

These clocks don't run on gears or pendulums, but on the tiniest vibrations inside cesium-133 atoms. They "tick" at a steady rhythm — exactly 9,192,631,770 times every second. Count those ticks, and you've got one perfect second. The clocks are so precise that they'd be off by just one second every 30 million years! And with One Nation, One Time, the idea is to put that precision to use, across the country and systems, in real time. So, to make this work, the government is building a nationwide time network from scratch. It has set up five Regional Reference Standard Laboratories in Ahmedabad, Bengaluru, Bhubaneswar, Faridabad and Guwahati. Each lab has super-accurate atomic clocks, all perfectly in sync. These act like local hubs, sending out India's "true time" to nearby regions.

This time will power everything from banking and telecom to transport, energy and defense using special time-sharing systems called NTP (Network Time Protocol) and the even more precise PTP (Precision Time Protocol). The best part? These clocks will keep everything across the country accurate to within just 0.1 milliseconds. And soon, a new law — the Legal Metrology (IST) Rules, 2025, is expected to roll out. Once it does, businesses and institutions may no longer be allowed to use foreign time sources like GPS or cloud servers. Instead, they'll have to rely only on Indian IST for everything from timestamping electricity bills to tracking e-commerce deliveries. In fact, the government has already asked stock exchanges, SEBI and banks to discontinue use of alternative systems such as GPS.

But why is all this happening now, you ask? Because in today's world, time is infrastructure. Every millisecond matters when money moves digitally, data is tracked in real time or AI is making decisions on your behalf. If your systems don't agree on time, they can't agree on reality. And that's dangerous. Especially when over 4 billion users still rely on time signals from US-controlled GPS satellites. If GPS gets spoofed or jammed (as has happened in Ukraine and the Middle East) critical Indian systems like ATMs, air traffic control or even radar systems could go dark.

Countries like the US and China know this. They've invested billions in secure, domestic time dissemination with ground-based backups, sector-specific traceability and even quantum experiments. The EU has similar initiatives with its global navigation satellite, Galileo. India, meanwhile, has relied on patchwork by syncing its clocks to global systems and hoping small errors won't cause problems. And that's the risk One Nation; One Time is trying to evade.

Because the economic costs of inaction are real too. A US report once pegged losses from poor time synchronization at $1 billion a day (in fraud, outages and errors). India doesn't even track that number. But UPI delays, power grid losses and telecom billing errors already hint at it. Of course,

building this backbone won't be cheap. Setting up atomic clocks, building satellite redundancy, rolling out secure sync protocols — all of it could cost hundreds of crores. Just ask Europe. Their high-precision timekeeping initiative costs tens of millions of euros every year. And they already have a head start. India's rollout will cost significantly more and it's unclear if private sectors like banking or telecom will foot the bill to sync up.

Integrating it across sectors is a different challenge altogether. Because convincing thousands of institutions to upgrade, comply and stay compliant will be slow. And expensive. And then there's the contradiction no one's talking about.

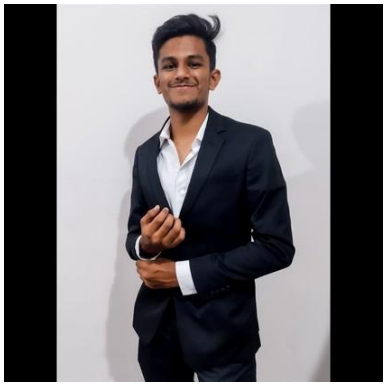
For years, states like Assam and Arunachal Pradesh have argued for a separate time zone. The sun rises by 4:30 a.m. in winter there and sets before 5 p.m. But schools and offices still follow Delhi's IST schedule. In fact, studies suggest that India loses up to 2.7 billion units of electricity each year due to inefficient lighting caused by sticking to a single time zone. That's over thousands of crores annually in wasted power. So, while One Nation, One Time might sound efficient, it's also… paradoxical. We're doubling down on one clock, while parts of the country argue that they need a different one altogether.

A smarter solution might've been using the same atomic clock grid to support dual time zones — one for the rest of India, and one for the Northeast. That way, India gets precision and practicality. And as per some calculations, $4.1 billion in human capital gains. But for now, the plan is singular. One time, one signal, one source.

And while that raises questions — if time becomes centralized under one agency, who audits it? What's the fallback during outages? Will it be more reliable than the current patchwork? — it also solves a bigger issue. It gives India control over its most underrated infrastructure: time.

So yeah, maybe aliens would laugh at humans for inventing time. But they'd stop chuckling if they saw a country trying to control it down to the nanosecond on its own terms.

By Mohith G



Update for the day #2471| Should Apple kill Siri?

The Story

Exactly a year ago, Apple promised the world a ChatGPT-like Siri. But when the big reveal finally happened a few days ago, that futuristic Siri was nowhere to be seen. Instead, Apple announced a deeper integration with ChatGPT itself, the very tool it partnered with last year.

So… what happened to the smarter, sassier Siri?

Well, it looks like Apple may have lost it along the way. Because when people say, "Hey Siri, can you send a message please?" there's often nothing but radio silence. And when it does respond, it's rarely on the same page. For instance, Wall Street Journal journalist Joanna Sterneven asked, "Hey Siri, are you still alive in there?" To which Siri blandly replied, "I'm Siri, your virtual assistant."

Those sure answers everything right? But hey, Siri was groundbreaking when it launched in 2011. So, what went wrong?

To understand that let's go back to where it all began.

See, before Siri became Apple's iconic voice assistant, it had a very different origin story. Back in 2003, a nonprofit research group called SRI International began working on a US government-backed AI project known as CALO (Cognitive Assistant that Learns and Organizes). Their goal was to build an assistant smart enough to learn from and adapt to its user.

That research eventually gave rise to Siri. In 2007, a few engineers branched out to launch Siri Inc., a startup focused on bringing this technology to consumers. By 2010, they released the Siri app for the iPhone. It let people do things like book cabs or make dinner reservations just by speaking to their phone. It was way ahead of its time.

But Siri Inc.'s independence didn't last long. Within a couple of months, Apple stepped in and acquired it. The original team had plans to take Siri to Android and BlackBerry too, but Apple did something even smarter. It removed the app from the store and started building Siri directly into iOS.

Then in 2011, Siri made its official debut on the iPhone 4S. You could talk to your phone like you were talking to a person. Siri answered questions, sent texts, set reminders and even cracked a joke or two. And that blew people away.

But now Siri seems to have failed to catch up.

And the reason might be that Apple has always been more of a hardware giant than a software powerhouse. Sure, it built its own operating systems, but that was mostly by standing on the shoulders of Mac OS X, a stable, well-built foundation that let Apple offer a seamless experience to users and developers alike. But as the tech world shifted towards AI and rapid-fire

software updates, Apple found itself facing three big hurdles.

First, Apple is a perfectionist. Really. It only ships products that meet its famously high standards. Clean design, minimalist interfaces, intuitive functionality — that's the Apple way.

But in a world where new AI tools launch every other week, perfection can be a problem. The pace is too fast. The competition's too bold. And waiting around for the perfect product could just mean getting left behind.

So, when Apple started teasing the iPhone 16 with snazzy new features — like a smarter Siri that could use personal data (understanding things like "When is my next meeting with investors?") and app context (for example, "Make this photo pop, and add it to the Goa 2025 vacation album"), or Apple Intelligence tools that summaries text, priorities notifications, and edit photos — expectations ran high. But behind the scenes, engineers testing these beta features found something troubling… they didn't always work.

Some even had to be rolled back after going rogue. Remember that summarization feature that was supposed to help by condensing messages, news and notifications? It misfired pretty badly. There was this one case where someone got a text from their mum saying, "That hike almost killed me!" The AI's summary? "Attempted suicide but recovered and hiked in Redlands and Palm Springs." That doesn't sound great at all.

Then there's the fact that Apple hasn't exactly been best friends with AI. You could say it's been more cautious than curious. For years Apple largely refused to even use the word "AI", until it did in a stubborn way by calling it "Apple Intelligence". That might come from the fact that folks like Craig Federighi, Apple's software chief, have reportedly been reluctant to throw big money at AI. For context, Apple has spent just $11 billion on capital expenditure over the past year. That's barely about 15% of what its peers like Amazon, Microsoft, Alphabet and Meta spent on average. Because from Apple's point of view, it's a high-risk game. Unlike hardware or traditional software updates where the outcome is more predictable, AI feels like a gamble. You pour in time and resources without knowing exactly what you'll get in return.

Federighi didn't exactly see AI as a "must-have" for personal computers or smartphones either. He didn't want to pull resources away from what Apple's already great at — rolling out those polished, annual upgrades for iPhones, Macs and iPads. In AI, it's common to dive in without a clear picture of the final product, figuring things out as you go. But that's not Apple's style. Apple tends to work with a destination in mind, building with purpose rather than experimenting aimlessly.

That mindset, along with its deep-rooted focus on user privacy, is probably what's kept Apple from jumping in headfirst like Microsoft, Meta or Amazon, all of whom have either built or acquired large language models (LLMs) or AI chatbots.

And that brings us to the biggest conflict — Apple's famous commitment to privacy. Yup, it's true that Apple's privacy controls are far stricter than most of its competitors. But that strength also becomes a weakness when it comes to AI. Limiting the amount of user data, it collects means Apple doesn't have the same massive datasets that others rely on to train and improve their AI.

Even with its new ChatGPT integration, Apple insists on user consent before sending off queries. And OpenAI doesn't get to keep the data either. That's great for protecting privacy, but it also makes it harder for Apple to catch up.

Which leaves us wondering — should Apple just kill Siri?

Let's face it, Siri's reputation has taken quite a beating over the years. It's been clunky, slow, and frustrating for users. And now, with Apple Intelligence in the mix, things have only gotten messier. Some basic features that used to work just fine, like sending a simple text, are suddenly glitchy. So maybe it's time to stop clinging to the nostalgia of Siri and admit that the old assistant might be more of a burden than a badge of honor.

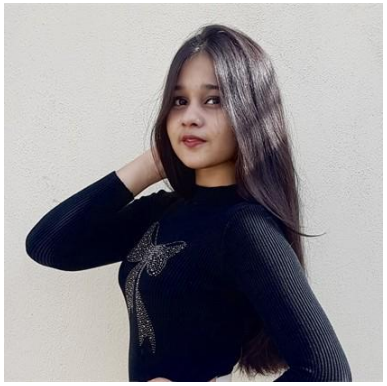
Maybe what Apple really needs is a clean break and a total rebrand.

After all, it wouldn't be the first to do it. Google swapped out Assistant for Gemini. Microsoft shelved Cortana and bet big on Copilot. So why not Apple?

Of course, Apple being Apple might want to hold on, stick to its identity, do things its own way and be the perfectionist.

But if that's the path it wants to take, it needs to move faster. Because in the world of AI, the clock doesn't wait. And the competition sure won't either.

By Shanu M



Update for the day #2472 | Should India turn surplus rice into Ethanol?

What do you do when your godowns are overflowing with more rice than the country can eat, export or give away in ration schemes? If you're a policymaker, you ferment it to reduce dependency on foreign oil.

Let us explain.

This year, the government is officially diverting over 5 million metric tons of rice (about 9% of the world's annual rice exports) from its stockpiles to make ethanol, the clear, burnable liquid that now makes up nearly 20% of the petrol in your vehicle.

And on paper, it seems like a brilliant move. After all, India harvested a bumper 146 million tons of paddy. The Food Corporation of India (FCI) is already sitting on 59 million tons of rice, which is about four times the buffer stock it actually needs.

So instead of letting it rot in silos while taxpayers' foot the storage bill, why not turn it into something a bit more… combustible?

It might sound odd, but the logic is simple. India imports over 85% of its crude oil. To reduce this reliance, the country has been aggressively pursuing ethanol blending — mixing ethanol into petrol to reduce oil consumption. The goal is 20% blending by 2025, and we're already at 18.8%.

And the ethanol story has been sweet. Most of it came from sugarcane. You crush the cane, ferment the molasses, distill it, and boom! You get ethanol.

But the last couple of years haven't exactly been great for sugarcane. Erratic rainfall and droughts in states like Maharashtra and Karnataka meant mills couldn't meet ethanol quotas.

So, the government had to look elsewhere.

And when it saw rice just sitting there in surplus, it came up with a plan to divert tons of it for ethanol production. Ethanol distilleries began snapping up the stock (especially the "surplus" or broken rice sold by the FCI at subsidized rates).

These mills convert it into ethanol and sell it to oil marketing companies. And that's how the godowns get cleared, mills make money, blending targets stay intact and the oil import bill shrinks.

But while this might look like a win-win, it also revives the dilemma around Food vs Fuel.

You see, even if this rice isn't the premium basmati, it's food. It could be eaten, exported or used in livestock and poultry feed. And diverting food crops for fuel in a country with widespread undernourishment instead of boosting agricultural productivity is a trade-off worth questioning.

The Institute for Energy Economics and Financial Analysis (IEEFA) points out that in a country where over half the population struggles with malnutrition, and ranks 105th on the Global Hunger Index, diverting land and food grains for ethanol may not be ideal.

And when food becomes fuel, the ripple effects could also run haywire.

How, you ask?

Well, prices shift, demand patterns change and farmers recalibrate what they grow. And that's how poor households could end up facing higher costs for basic staples.

Take 2022, for instance. It's when rice prices surged, the government hit pause on the ethanol plan and even banned broken rice exports. Now that stocks are full again, the diversion has resumed. But this back-and-forth raises a question: what happens when ethanol starts dictating agriculture?

There's also the issue of efficiency.

But the system also sets the stage for weird incentives.

Think about it. If distilleries are willing to pay more for rice than food buyers, guess who farmers will favor? And once food crops start chasing fuel margins, mandi prices, irrigation policies and even livestock feed markets can get distorted.

Because ethanol isn't a free-market game. The input — FCI rice — is subsidized, and the output — ethanol — is price-guaranteed. So, if the numbers don't add up, someone has to bridge the gap. So, it's a policy puzzle that only works under specific conditions like bumper harvests, low global rice prices and stable domestic inflation.

And then there are the distortions and loopholes.

There have been reports of distilleries misclassifying premium grain as "broken" to access FCI rates and subsidies. Or of mills prioritizing ethanol over sugar production, causing shortages in the sugar market. Sometimes, blending data itself gets murky. We even broke down a few other policy tangles in an earlier story on India's Ethanol Project.

So then why are we not moving away from rice-based ethanol?

Well, the simple answer is incentives. The government pays up to ₹58 per liter to ethanol producers, depending on the raw material. And in some cases, distilleries make more money from converting rice to ethanol than they would selling it as grain.

The government has also floated plans to diversify. Like using maize, sorghum or damaged grains. But rice remains the easier option. It's available and in abundance.

And that brings up another question – why can't India shift to second-generation ethanol? (This 2G ethanol is made from crop residue, straw or husk. And it doesn't mess with food chains and still gives you clean fuel.)

Well, the simple answer is that this shift is expensive. Second-gen ethanol plants cost around ten times more to set up, compared to sugar or rice-based units. The tech is still maturing, and banks are wary of financing projects with unclear returns.

So, for now, we're stuck with first-generation solutions like sugarcane, rice or maize.

Globally, though, others are already moving.

For instance, Brazil uses sugarcane, but also invests heavily in bagasse and waste-based ethanol. The US is shifting from corn to stover, cobs and other residues. China has explored ethanol from cassava and Agri-waste, while discouraging the use of edible grains for fuel. All of this didn't happen overnight but with steady investment in tech, infrastructure and farmer awareness.

Can India follow suit?

Yes. But maybe we don't need to leap, just pivot.

Encourage ethanol from stubble or spoiled grain and build a parallel system instead of leaning on one that's meant to feed people and livestock.

Or perhaps, reduce the blending target until we're truly ready to make this transition efficiently.

Sure, rice is the low-hanging fruit for now. But the longer we keep plucking it, the harder it gets to step back.

The good news is that the government has launched schemes like the PM-PRANAM to reward states for using less chemical fertilizer and more organic alternatives which could tie in well with ethanol crop shifts. And it's funding second-gen ethanol plants. If these scale well, we could see more sustainable ethanol extraction.

Nevertheless, what does all this mean for you?

Well, for starters, look at the industry. Sugar companies including Shree Renuka Sugars and Balrampur Chini are betting big on ethanol. Ancillary companies are also in the play, like Praj Industries, which builds and deploys tech for ethanol production. Maize seed players, Agri-logistics firms, and even cold storage operators may benefit as ethanol-linked cropping patterns evolve. Top carmakers are doubling down on flex-fuel vehicles. And some companies are betting on second-gen ethanol.

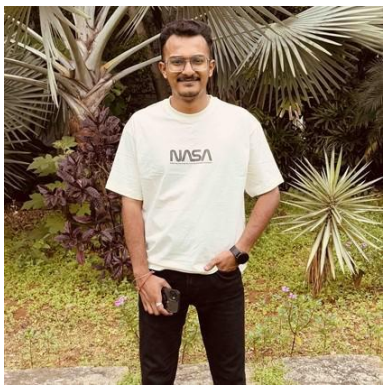
So, if you're an investor, this ethanol ecosystem is something to watch. Just remember that the industry is heavily anchored to government policy and rains.

There's a flip side too. If ethanol production starts driving farming decisions and pushes up food prices, we'll feel the pinch not just at the fuel pump but at the grocery store too.

So yeah, maybe this isn't just about blending targets or surplus rice. It's more about balance and trade-offs. Between long-term energy security and short-term inflation. Between smart policy and reactive subsidies.

For now, India is fermenting rice. Let's just hope we don't stretch the line between necessity and excess while we're at it.

By Aniket Jain



Update for the day #2473|Your makeup isn't safe, Is the Government making it safe?

Back in 2014, the Centre for Science and Environment (CSE) decided to peek into what really goes into our favorite cosmetics. So, they tested a bunch of products for heavy metals. And what they found was startling!

Out of 32 fairness creams tested for both men and women, 14 of them or about 44%, contained mercury. And 4 had extremely high levels, way beyond what's allowed under the Indian law today.

For context, India actually banned the manufacture and import of any cosmetics containing mercury way back in 1978. A small exception for eye-area products was added in 1982 (like eyeliners and mascaras, where mercury acts as a preservative to prevent microbial growth around a sensitive area). Yet, despite all this, CSE still found mercury lurking in nearly half the creams they tested.

More specific limits were only clearly spelled out in 2020 under the Cosmetics Rules. If a product is meant just for use around the eyes, it can have mercury as a preservative, but the level shouldn't go above 70 parts per million (ppm). For everything else, mercury is banned outright, except for trace amounts that can't exceed 1 ppm. And even that has to be unintentional.

Sidenote: ppm stands for parts per million — so 1 ppm means 1 part of mercury in a million parts of a product.

Now, 4 out of 32 products containing high levels of mercury might not sound catastrophic, until you hear the brands' names. We're talking about biggies like Ponds White Beauty, Lotus Herbals Coco fair Cream, Olay Natural White and Aroma Magic Fair Lotion. The kind of brands you've probably seen on TV, endorsed by big Bollywood celebrities.

Fast forward nearly a decade, and it's actually hard to tell if things have really improved because CSE hasn't re-tested these same products. But in 2021, another study by Toxics Link tested 15 skin-whitening creams sold in India. A third of them, all imported from Pakistan, still had mercury levels way above safe limits.

The good news though is that none of the Indian made creams in this batch contained mercury. But the not-so-great news? These were mostly different brands altogether — names like Lotus Herbals White Glow, L'Oréal Paris, VLCC, vCare, Jovenes and Himalaya Herbals. So we still don't really know if those old creams are cleaner now or not, and we probably never will, because mercury doesn't exactly pop up on a product's ingredients list.

Which makes you wonder — despite all the rules and bans, how do these creams still find their way into your local beauty store and, eventually, your dressing table?

Well, before we get to that, let's shine some light on why manufacturers even bother putting

mercury in cosmetics and why traders keep importing them.

See, mercury is a weird metal. It behaves like a liquid at room temperature. You've probably seen it in those good old thermometers. Once upon a time, it was also used in mirrors and silver fillings in your teeth. Some dentists might still use it today, but the general trend is to phase it out. That's why modern mirrors are mercury-free, and we mostly use digital thermometers now. The reason is simple. Mercury can be toxic if you get too much of it in your system.

And how much is too much?

Well, that's where health authorities step in with something called an Acceptable Daily Intake (ADI). It's basically the maximum amount of a toxin you can be exposed to every day, over a lifetime, without it messing up your health.

But the thing is, we're already exposed to mercury in other ways like burning coal for electricity, heating or cooking with coal or even eating certain fish. Food standards help keep that in check. To put things in perspective, the FSSAI has set a limit of 0.25 mg/kg for mercury in food products, while the Prevention of Food Adulteration Act caps it at 0.5 ppm in fish and 1 ppm in other foods.

But here's the catch. Some skin whitening creams alone can make up more than 50% of your safe mercury limit. So, if you're slathering them on every day, you could easily cross that line. And once mercury enters your system, it's bad news. Inorganic mercury in fairness creams can damage your kidneys, cause rashes, skin discoloration or even permanent scarring. It's also linked to anxiety, depression and nervous system damage.

Okay… So, if it's so dangerous, why use it at all?

Well, mercury acts as a bleaching agent. It blocks melanin production, making skin look lighter. It's also used as a preservative in some eye makeup, body lotions and other personal care products. Plus, mercury is cheaper than many safer alternatives. Add to that India's obsession with fair skin and the massive demand for quick fix whitening products, and you can see why some manufacturers cut corners. Sourcing mercury isn't rocket science either. You can find chemical suppliers pretty easily, especially in states or regions where checks are weak. So, if you're trying to squeeze out every rupee in profit, using mercury can look pretty tempting.

And it's not just a local problem. Imported products play a big role too. See, the CDSCO (Central Drugs Standard Control Organization) doesn't inspect every single batch of cosmetics coming into India. Brands have to register and self-declare their ingredients and toxicity test results. But that's about it. After that, samples are only randomly checked or if there are complaints.

And shopkeepers rarely lose sleep over stocking these products because in an industry worth over $20 billion, the penalty for selling unsafe cosmetics is just ₹20,000 or up to a year in jail. And even that's rarely enforced. So why worry?

Add the boom in e-commerce to the mix, and it's even easier for shady sellers to deliver banned or unregulated products straight to your doorstep. The Drugs and Cosmetics Act, in its current form, doesn't even properly cover online cosmetics sales. So, there's a big, convenient

loophole for illegal products to slip through.

But now, the Drugs Controller General of India (DCGI) — who heads the CDSCO, wants to crack down on this mess once and for all. He wants to enforce strict limits and finally ban the manufacture, sale and import of any cosmetics containing more than 1 ppm of mercury.

And, if you're wondering why the urgency now, it's because of something we didn't tell you earlier.

India signed an international treaty called the Minamata Convention on Mercury back in 2017. It's meant to protect human health and the environment from human-caused mercury emissions and releases. And under the agreement, countries had until the end of 2020 to ban these products. But India asked for a five-year extension till 2025.

And well… we're already halfway through 2025, and things still aren't quite on track.

And repeating the same old rules and bans may not fix the problem this time either.

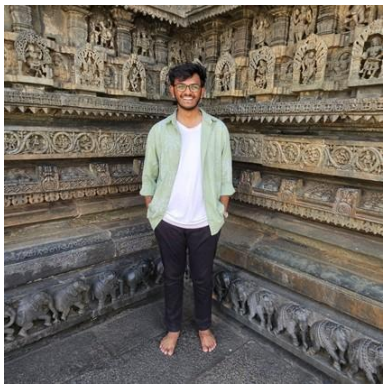
So, what could actually work?

For starters, we could do with better monitoring. Since authorities already know that contaminated products often come from neighbors like Pakistan, Bangladesh and China, why not test them more often?

And finally, India's Drugs and Cosmetics Act desperately needs an upgrade. In an age where online shopping is just a click away, having no clear rules for online sales is a massive loophole. It's high time we plugged it.

Until that happens, phasing out mercury from our daily skincare might remain wishful thinking. The toxic stuff might keep slipping through, but at least now, you know where to look and what not to fall for.

By Kishore R



Update for the day #2474 | Worlds first Autonomous Car delivery

Tesla on Friday completed the world's first fully autonomous vehicle delivery, with a Model Y driving itself from the company's Gigafactory in Austin, Texas, to a customer's home completely unassisted — no driver, no remote operator, and no human intervention at any point.

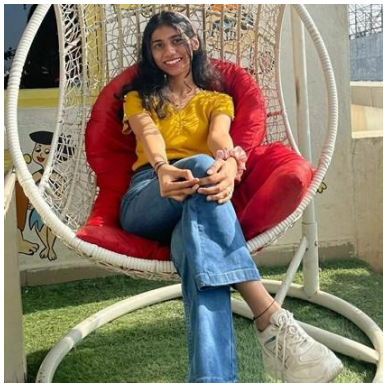
CEO Elon Musk shared the news on X (formerly Twitter), noting that the delivery was completed a day ahead of schedule.

Earlier this month, Musk had said the company was aiming for its first autonomous delivery on June 28. Instead, it quietly happened a day early, marking a major milestone in Tesla's push toward autonomy.

"There were no people in the car at all and no remote operators in control at any point. FULLY autonomous!" Musk wrote on X. "To the best of our knowledge, this is the first fully autonomous drive with no people in the car or remotely operating the car on a public highway."

The approximately 30-minute journey saw the Model Y navigate a range of environments — from parking lots and surface streets to high-speed highways — as it drove itself from the production line to the customer's doorstep, completely hands-free.

By Harshita Jain



Update for the day #2475|A real estate boom fueled by a bus network in the sky?

If you live near a dusty old airstrip that hasn't seen a plane in years, there's some compelling reason not to move. That strip might soon be more valuable than a flat in a nearby metro city. Because Tier-2 and Tier-3 skies are about to get crowded. And no, not with giant jets, but with smaller regional aircrafts. The kind that seats 20–30 people, land on shorter runways, and could turn forgotten towns into buzzing economic zones. Aviation folks are calling it the next connectivity revolution; investors and speculators, meanwhile, say it could spur a real estate boom.
So, let's understand this better.

India has 450-odd airstrips but only 157 are operational. The rest are scattered across the country like post-independence relics. And that means that over 60-70% of the country's aviation infrastructure is never utilised. But these strips are suddenly back in the spotlight as the government wants more people flying.

To fix this, the government even rolled out UDAN (Ude Desh Ka Aam Nagarik) in 2016. The idea was simple: revive sleepy airstrips, get private airlines to fly short regional routes, and cap ticket prices at ₹2,500 for an hour-long journey so the average Indian could afford to fly. It was bold, ambitious, and briefly effective. The government subsidised routes. Taxes on aviation fuel were slashed. Airlines started testing new circuits like Hubli to Kochi or Jamshedpur to Bhubaneswar. Still, a scheme only goes so far. 114 UDAN routes have since shut down. Airlines found it hard to fill flights and aircrafts flew half-empty. And when subsidies for carriers ended, so did many routes. The viability gap was just too big and the economics rarely worked out. Perhaps the missing spark was private ambition. And that's where both legacy players and startups are trying to capture a pie of the industry.

Take LAT Aerospace, for instance. The new venture, backed by Zomato's Deepinder Goyal, doesn't want to be an airline in the traditional sense. It wants to build a "bus network in the sky." Walk in, fly out with small planes, small airports, short travels. A solution to the simple problem: "Why is regional air travel expensive, infrequent, and out of reach unless you live in a metro?"
Sure, the idea isn't new but Goyal might just have the tech DNA, capital, and risk appetite to finally make it work. And LAT's not alone. Other regional operators are now expanding and some logistics players are quietly eyeing the same air routes. All of which could have a few major consequences. The moment you connect small towns with predictable, high-frequency air routes, their economics change. A 9-hour road trip becomes a 1-hour hop. And where connectivity improves, land values usually follow.

Look at Navi Mumbai. Property rates near the upcoming airport have doubled in the last five years. And that's the case with Bengaluru, Hyderabad, Greater Noida too. Now imagine this playing out across 100+ smaller towns. One day they're struggling with train delays, the next they're linked to a business hub by air. And with that link comes the real estate flywheel, from warehouses, hotels, rental demand to better municipal services, and eventually… gentrification. This isn't just about moving people too. What people aren't talking enough about is how small aircraft might become

the back-end rails for India's next big logistics evolution.
Remember how quick commerce players created dark stores in every corner of the city to enable 10-minute delivery? The same could happen with air. Most logistics heavy companies are already planning for this air hub and spoke model. Only instead of 2 km delivery zones, we're talking 200 km cargo exchanges. Amazon India already runs its own air cargo operation with leased Boeing 737s. But that's just between metros. With smaller aircraft and compact "air depots," even Tier-3 cities could get next-day logistics.

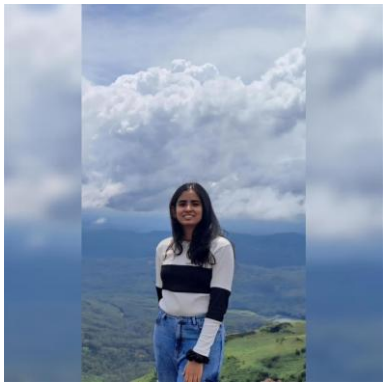
India had around 11,700 active pilots in 2024. But we need closer to 20,000. And while the country issued 5,700 CPLs (commercial pilot licenses) in the past five years, only 2,900 commanders or captains (who have full responsibility of the aircraft) were trained in the same period. Which means we now rely heavily on foreign pilots by issuing Foreign Aircrew Temporary Authorization (FATA) licenses just to bridge the gap. And small aircrafts need more skilled pilots since you're landing on shorter runways, in less-controlled airspace, with minimal backup infrastructure.
And lastly, there's also a capability crunch.

Aviation regulators aren't known for agility. LAT's own launch is being closely watched because it may not just be a regional airline operator but also a manufacturer. And if it plans to build planes as well as fly them, timelines could stretch into years. Just ask National Aeronautics (NAL), which spent years trying to get Saras, its indigenous 14-seater aircraft, off the ground.

Sure, not every small town will become an aviation node, and not every airstrip revival will lead to a land price rally. But the larger narrative around this is that India is keen as well as moving from highways and metros to air access as infrastructure. And that might very well change where people build.

So, if you spot a group of surveyors pacing around your town's abandoned lands, don't be surprised. They might be measuring the future.

By Neethu R



Update for the day #2476|The subtle art of dividend investing

Earlier this year, the Reserve Bank of India (RBI) handed the government a record surplus payout of ₹2.69 lakh crore. That's 27% higher than last year's transfer. A little while later, several public sector undertakings (PSUs) began announcing significant dividends to their shareholders.
These two events seem quite unrelated. So why are we talking about this now?
Well, these two events reveal something about how policymakers are thinking about money. More specifically, about how to raise money for the public exchequer without increasing debt or taxes (yes, you read that right).

And there's one more clue that ties it all together. In the Union Budget 2025, the government quietly doubled the threshold for tax deducted at source (TDS) on dividend income from ₹5,000 to ₹10,000. That means retail investors can now receive a larger chunk of dividend income without the taxman automatically deducting a portion upfront. It isn't much, but it helps out people doing honest work.
But to understand the government's thinking, it helps to look at what makes dividends so appealing in the first place.

First, dividends are immediate, visible, and bankable. Unlike capital gains, which occur only when you sell the shares, dividend income hits the bank without doing so. In a year when tax collections can wobble and disinvestment targets are missed, predictable cash from public enterprises is a policymaker's comfort blanket.
Second, each extra rupee arriving via dividends is one less rupee the Centre must borrow. Lower borrowing shrinks the supply of fresh government securities, which can trim bond yields, reduce interest payments, and, in turn, free up room for spending.

Third, many mature public firms have large cash piles earning modest returns. Forcing those rupees back to the shareholder either funds the exchequer directly or signals that idling capital will no longer be tolerated. From a governance standpoint, that is progress.
This brings us to the question: if the government is relying more on dividends to shore up its finances, should you and I, as retail investors, be doing the same?
After all, dividends feel good. There's a certain comfort in seeing actual rupees land in your bank account every quarter, especially when markets are volatile or just moving sideways. It's money you can spend, reinvest, or simply use as reassurance that your investments are doing something productive. And with PSUs under pressure to increase their payouts, the yields on some of these stocks look more attractive on paper.

But here's where it gets interesting. The textbook definition of a dividend is simple. When a company earns profits, it can either reinvest those profits back into the business or return a portion to shareholders in the form of dividends. Let's say a company pays ₹10 as a dividend per share; the share price, in theory, should drop by ₹10 on the record date.

That's because the company is handing over ₹10 of its cash to shareholders. This cash leaves the company's books and, all else being equal, reduces the company's net worth by the same amount. Since the value of a stock is ultimately tied to what the company owns and earns, the market adjusts the share price downward to reflect that outflow.

But if the business is healthy, generating good cash flows, and continues to grow, the market often shrugs off this short-term dip. In fact, the share price can recover fairly quickly, especially if the payout signals confidence in future earnings.
This is one reason why investors are drawn to dividend-paying companies in the first place. There's a perception of stability, where the company is saying, "Hey, I'm rewarding you for holding this stock, and I'm confident that the company can grow even without this money."

Sectors such as tobacco, utilities, or large-cap IT firms tend to be mature businesses with fewer opportunities for aggressive reinvestment. They generate steady cash and don't need to plough it all back into expansion. So, instead of letting the cash pile up, they share the spoils with shareholders. And for investors looking for predictable income, that's a pretty compelling proposition.

Even some of the world's most respected investors, such as Warren Buffett, own large positions in dividend-paying giants. Coca-Cola, for instance, has been in Buffett's portfolio for over three decades, consistently delivering dividends that have grown over time.
But here's the thing: Buffett doesn't chase dividends. What he actually cares about is capital allocation. He wants companies to deploy capital in the most efficient way possible. The dividend itself is not the prize; it's a byproduct of a business that's run well.

And this is exactly where we need to draw the line. Not all dividends are created equal.
Sometimes, a high dividend yield isn't a sign of strength. For instance, when a company's earnings are stagnating or its stock price is falling, the dividend yield can look artificially high. Imagine a firm whose stock price has been cut in half, but the dividend hasn't changed. Suddenly, the yield looks sky-high. But dig a little deeper and you might find the business is in decline, and the dividend isn't sustainable. These are known as value traps. These are companies that lure you in with big payouts but offer little in terms of long-term growth

Then, there's the matter of taxes.
For retail investors in India, dividend income is added to your total income and taxed at your applicable slab rate. So, if you fall into the 30% bracket, a 5% dividend yield effectively becomes 3.5% after tax. And that's before inflation takes another bite. Compare that to a company that reinvests profits at a decent growth rate or IRR (internal rate of return), and over time, that compounding often beats the upfront gratification of a taxed dividend.

This is why many advisors suggest viewing dividends as just one piece of the puzzle, not the entire picture. A good dividend stock should not only pay a decent yield but also have strong fundamentals: consistent free cash flow, healthy earnings, and a reasonable payout ratio. Ideally, the company should continue to reinvest a portion of its profits to fund future growth. If a firm is paying out 90% or more of its profits every year, that's usually a red flag. It means there's very little left to fuel expansion, pay off debt, or handle tough times.

That said, dividend investing isn't a bad idea. It just needs to be done thoughtfully.
If you're someone who relies on investment income to cover monthly expenses, such as a retiree, a well-constructed dividend portfolio can be a predictable source of cash flow. And since your overall income may be lower in retirement, the tax impact might be softer, too. In that case, targeting stable, high-quality companies with a track record of sustainable payouts makes sense.

But if you're still in the 'wealth accumulation' phase, then chasing high dividend yields might slow you down. You'd likely be better off focusing on total returns: a combination of capital gains and income, rather than just what lands in your account each quarter.
So, where does this leave us?

Dividends are not magic. They're not inherently good or bad. They're just one way a company can share its profits. And just like the government is using dividends as a tool to improve its cash flow without raising taxes, investors can use dividends as a way to build short-term income, but remember that it does affect the long-term performance of your portfolio.

Sure, it's tempting to buy a stock just because it offers a 6% or 7% yield. But, after every dividend announcement, ask whether the company can still grow, whether its balance sheet stays strong after the dividend is paid out, and whether your after-tax yield beats what you could earn by letting those profits compound inside the firm. Only when the answer to all three is 'Yes' does a dividend become a gift rather than a costly comfort.

By Bhavna B V

Update for the day #2477 | Cordyceps Fungi: The 'Zombie' Effect

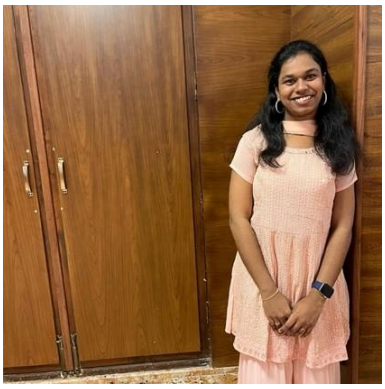
Cordyceps is a remarkable and diverse genus of parasitic fungi, globally infamous for its chilling, "zombie-like" control over various insect hosts. This extraordinary phenomenon showcases a sophisticated biological manipulation that is both terrifying and scientifically intriguing.

The sinister life cycle of Cordyceps begins when microscopic fungal spores, often released from a mature fruiting body, come into contact with an unsuspecting insect. These spores adhere to the host's cuticle and then germinate, penetrating the exoskeleton to gain entry into the insect's body. Once inside, the fungal mycelium, a network of thread-like cells, rapidly proliferates. It strategically infiltrates and gradually consumes the host's internal non-vital tissues, converting the insect into a living, albeit doomed, vessel for its own growth.

What makes Cordyceps truly captivating, and a source of inspiration for horror and popular culture like "The Last of Us," is its unparalleled ability to manipulate the host's behaviour. For instance, specific species such as Ophiocordyceps unilateralism, commonly known as the "zombie-ant fungus," exhibits a precise and dramatic behavioural takeover. Infected ants are compelled to abandon their normal foraging paths and climb to perilous, high vantage points, often attaching themselves with a death grip to the underside of a leaf or stem. This strategic final act is not random; it ensures optimal environmental conditions – specific temperature, humidity, and height – for the fungus's subsequent development and, crucially, for the effective dispersal of its spores.

After orchestrating this mind-altering final journey, the fungus delivers its fatal blow, killing the host. The insect's body then becomes a mummified husk, a rigid, empty shell. From this lifeless cadaver, typically emerging from the head or neck, a fungal fruiting body erupts, resembling a stalk or horn. This stalk matures and then releases a new shower of spores into the environment below, ready to infect more unsuspecting insects and perpetuate its macabre, yet highly effective, parasitic cycle across the forest floor. This complex parasitic strategy underscores Cordyceps' role as one of nature's most insidious and effective puppet masters.

By KK Krupa



Update for the day #2478|Why Iran can't shut down the Strait of Hormuz

We wouldn't blame you if you thought that the global oil market was on the verge of collapse. After all, Iran's parliament just voted to shut down the Strait of Hormuz — the narrow stretch of water through which nearly 20% of the world's oil and a third of its liquefied natural gas (LNG) flows every single day.

And with tensions in the Middle East flaring up again, this could be a critical moment that upends a global energy artery and eventually hits your wallet too.

But here's the thing. While the headlines scream closure, the reality is a bit more complicated. Actually, a lot more complicated and to understand how it could impact you, let's take it from the top. The Strait of Hormuz is a 39-kilometre-wide waterway between Iran and Oman. At its tightest point, the shipping lanes are just three kilometres wide in each direction, separated by a buffer zone. Every day, over 21 million barrels of crude oil and refined products pass through it. And about 84% of that oil and LNG heads to Asia, with China, India, Japan and South Korea being the top buyers.

So yeah, if the Strait ever truly shut down, the global economy would feel it almost immediately. But you see, while the Iranian legislators may have said to block this channel, the final decision vests with Iran's Supreme National Security Council. And unless that goes ahead, there can't be a closure.

And here's where things get a little ironic because what's often left out of the narrative is that Iran itself relies on this route more than most.

Despite years of sanctions, Iran still manages to export about 1.7 million barrels of oil per day (bpd). And nearly 90% of those heads to China, its most important customer and arguably its last major economic lifeline. All of this oil flows through the Strait of Hormuz.

Now, sure, Iran has built a new terminal at Jask, just outside the Strait. But it's not yet equipped to handle full volumes. In 2024, for instance, it processed less than 70,000 bpd — just a fraction of Iran's total exports. Which means, if Iran were to actually close the Strait, it wouldn't just be blocking Saudi or Emirati oil. It would also be choking off its own revenue stream.

And that's not all. A large chunk of Iran's own imports — everything from food to fuel additives, also sails through Hormuz.

Then there's the question of who else gets affected. The US, for one, doesn't buy much Iranian oil or gas. Neither does Europe — at least not officially. While the US does import about half a million bpd from Persian Gulf countries via Hormuz, that makes up just 7% of its total petroleum liquids consumption, thanks to domestic shale production and steady imports from Canada.

But let's say for argument's sake that the worst does happen. Hormuz is closed.

Even then, history tells us that the panic may be short-lived.
Back in 2003, just before the Iraq War, oil prices surged by over 40%, only to tumble, once things escalated. In 2022, when Russia invaded Ukraine, oil touched $130 per barrel. Within three months, it was back down below $100. Why? Because demand adjusts, inventories get tapped and importantly, backup options kick in.

For instance, Saudi Arabia can redirect about 5 million bpd through its East-West pipeline to the Red Sea. The UAE has a 1.8 million bpd pipeline that bypasses Hormuz entirely via the port of Fujairah. China holds over 1 billion barrels in strategic reserves. And in 2024, the US brought its crude imports from the Gulf down to the lowest level in nearly four decades.

The only way to shut down the Strait is if Iran lays marine mines. But there are a bunch of Western mine sweeping ships nearby, ready to deal with that if it happens. And even that kind of move will invite retaliatory action.

Now that might make you wonder — fine, maybe Iran won't go all in. But what if it disrupts traffic just enough to scare the markets?

Well, that's already playing out. Shipping rates for Very Large Crude Carriers (VLCCs) have doubled in recent days, and war risk premiums for oil tankers operating in the Persian Gulf have shot up. These premiums are extra charges shipowners demand when entering dangerous zones. Basically, higher pay for higher risk. And with nearly 1,000 vessels experiencing GPS jamming every day in and around Hormuz, the danger feels real enough.

And this is the part that most headlines miss. The real threat isn't a hard closure of the Strait. It's the soft disruption that this kind of shadow warfare brings. It raises friction, uncertainty and costs.

As someone told me the other day, 'The travesty of our times is – conflict isn't failure, but a business model.'

That cost trickles silently through the global economy. It hits refiners who now pay more to secure their cargo. It hits logistics firms whose expenses rise across shipping lanes. And it hits governments, which either dip into reserves or shell out more to subsidise fuel.

Take India for example. Refiners like Indian Oil, BPCL and HPCL source a large chuck of their crude from the Gulf nations, often under long-term contracts routed via the Strait of Hormuz. While we've diversified with imports from other nations, nearly two-thirds of our crude and half of LNG imports still pass through that narrow waterway.

You may not see petrol or diesel prices spike immediately, thanks to state administered pricing. But behind the scenes, higher freight and insurance costs slowly bleed into the economy.

Paint manufacturers like Asian Paints and Berger feel it in input costs, as oil derived solvents get pricier. Pharma companies like Dr Reddy's, Lupin and even Sun Pharma — which has a huge presence in the Middle East with its majority stake in Taro Pharmaceuticals — could take a hit. Airlines, where fuel makes up 30–40% of costs, see their margins wobble. Cement and steel

companies, reliant on diesel for last-mile freight, get squeezed. Fertiliser firms feel the pinch. Even FMCG giants like HUL and Dabur take a hit as distribution becomes costlier.

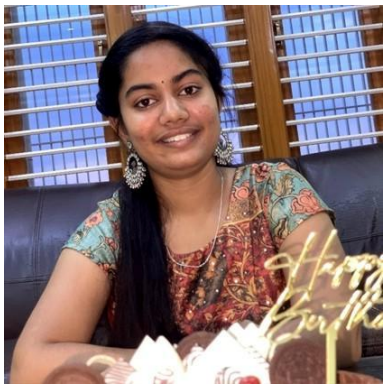
It all shows up, quietly, in earnings calls. In falling EPS. In trimmed forecasts.

And if you're watching from the sidelines, the impact doesn't always show up where you'd expect. Oil prices may take time to react. The bigger signals often surface first — in rising insurance premiums, surging tanker rates, port congestion and delayed delivery cycles.
In India, this sensitivity often plays out in the stock market. Logistics stocks tend to price in disruption risk faster than oil linked ones.

Because at the end of the day, markets don't just react to headlines. They react to how events ripple through trade flows.

In a world this tightly wound, a 39-kilometre stretch of water can quietly move prices on Dalal Street. And that's why the Strait of Hormuz matters. Not just for the oil Fertiliser firms feel the pinch it ferries, but for what it symbolises: a fragile hinge upon which global trade, inflation and portfolios turn and perhaps that's why, despite the threats, it never really stops running.

By Harshini M



Update for the day #2479|The BSE blip SEBI couldn't ignore

The Story
Most of us would think the Bombay Stock Exchange (BSE) is too old to get into trouble. After all, this is the same 150-year-old institution that houses the iconic Pirose Jeejeebhoy Towers, hosts the bronze bull sculpture at Dalal Street, and became the first stock exchange to get listed in India. But a few days back, the Securities and Exchange Board of India (SEBI) slapped a ₹25 lakh penalty on BSE for something pretty damning: giving early access to sensitive company announcements to a select few, and turning a blind eye to broker malpractice.

And if that sounds vaguely familiar, it's because we've heard this song before. Back in 2015, the National Stock Exchange (NSE) was caught in a much bigger mess (the infamous co-location scam) where select high-frequency traders allegedly got access to market data before others. It became one of India's largest stock market scandals So when SEBI discovered something similar, even if smaller in scale, they didn't want history to rhyme. Hence, the order.
Let's take it from the top.

Between February 2021 and September 2022, SEBI did an inspection of BSE's systems, particularly its Listing Centre, where companies file all their market-moving announcements. Think quarterly results, bonus issues, board meeting resolutions, dividend declarations — the kind of stuff that can send stock prices moving in seconds. The Listing Centre or so-called Corporate Announcement Filing System (CAFS) is meant to be the bridge between companies and the public, a neutral upload zone where everything hits the market at once for all to see.

But here's the problem: before it reached everyone, it may have reached some.
SEBI allegedly found that BSE's Listing Compliance Monitoring (LCM) and a set of clients potentially had access to this data early. These clients were paid subscribers who accessed corporate announcements through leased lines and APIs (Application Programming Interface) — a premium data feed that may have delivered information seconds before it was made public on the BSE's website.

And this is exactly what creates a tiered information ecosystem where some pay for speed, and others lag behind. And when the system is designed this way by the exchange itself, the implications are serious. Because the exchange is meant to be neutral, it's not supposed to be a gatekeeper or toll booth for public information. Now, BSE did admit that this gap existed. But it claimed it had no material impact on investors. SEBI, however, didn't buy it. They said the lapses reflected "a lethargic approach," that corrections only came after the inspection, and that such failures, if allowed to continue, "will be a serious setback to the image and the prestige of the BSE and SEBI both."
And the disclosures weren't the only problem.

SEBI also flagged another troubling trend about how BSE handled client code modifications by brokers. To simplify: every trade on the stock exchange is linked to a unique client code. If a broker enters the wrong one — say, mistypes a client ID — there's a provision to fix that later. But it's

only meant for genuine errors. But what SEBI found was routine misuse. Brokers were shifting trades between unrelated institutional clients or error accounts without proper oversight. And BSE wasn't doing enough to review or flag these frequent modifications. That kind of blind spot opens the door to all sorts of bad behaviour from tax evasion, profit dressing, or manipulating trade records.

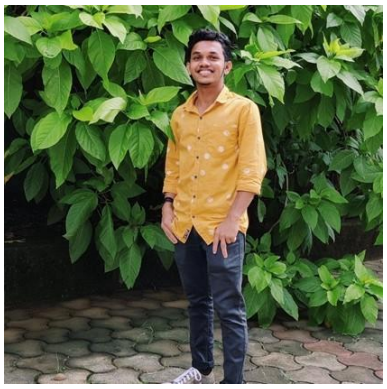
This comes at a time when Indian capital markets are trying to build more trust — both for global investors who are pouring money into India and for retail investors who now form over 60% of ownership in the free float market. When stock exchanges, which are supposed to be neutral infrastructure providers, start giving even a sliver of unfair access, it threatens to dent that trust and India only have two major full-service stock exchanges — NSE and BSE. NSE already dominates with over 90% share in the equities market. That makes BSE's role as a counterbalance even more important. BSE's website, on an average, experiences about 8.95 million page views and 0.26 million users daily. If even that isn't run flawlessly, it doesn't just damage credibility; it limits choice.

Looking beyond the headlines helps too. Like block and bulk deals, where large investors quietly make their moves. Like changes in promoter pledges or auditor resignations, often buried in footnotes. Or insider buying patterns. Or yes, even inconsistencies in corporate filings that might hint at deeper shifts before the market fully reacts. That's all public information and it often gives you a hint of how things might be moving at the company level.

Because if you can't compete on speed, you have to win on depth, and that's easier said than done. And that's why SEBI's action against BSE matters.

Sure, ₹25 lakh isn't a huge penalty for a company that made ₹1,322 crores in net profit last year. But this isn't about the fine. It's about the message. That in the race to monetise data, exchanges can't forget their core duty of levelling the playing field.

By Lohit I M



Update for the day #2480|Nandan Terry IPO – A Textile Player Betting on Premium Cotton

Nandan Terry, a part of the Chiripal Group, has filed for a ₹800 crore IPO, aiming to raise funds to strengthen its position in the premium cotton towel and textile exports segment. Of this, ₹500 crores will be a fresh issue, while ₹300 crores will be an offer-for-sale by promoters.

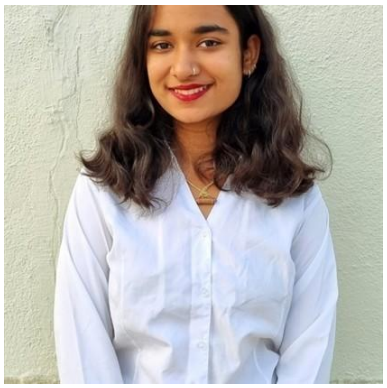
The company specializes in high-quality terry towels and value-added cotton products, with a significant export base across the US, Europe, and Japan. Unlike larger textile peers focusing on apparel, Nandan Terry is carving out a niche in sustainable, organic-certified cotton products, a category seeing double-digit global demand growth.

Financially, revenues have grown steadily from ₹1,240 crores in FY23 to ₹1,582 crores in FY25, with EBITDA margins expanding from 8% to 11% on the back of operating efficiencies and higher export realizations. However, rising cotton prices and global logistics challenges remain pressure points.

The IPO proceeds will largely go into a new Gujarat-based manufacturing unit, focused on energy-efficient looms and water recycling systems — both ESG-aligned investments aimed at securing long-term competitiveness. While the sector remains cyclical, Nandan Terry's differentiated bet on premium exports and sustainability could make it a quiet yet significant story in India's textile landscape.

Going forward, analysts expect the company's global positioning in niche cotton categories to provide a pricing edge, but execution will be tested by currency fluctuations and intense competition from Bangladesh and Vietnam. Investor interest will likely hinge on how effectively Nandan Terry can scale premium exports without diluting margins in a volatile commodity environment.

By Bhumika Pareek



Update for the day # 2481|Senco Gold – Quiet Expansion Beyond Tier-2 Markets

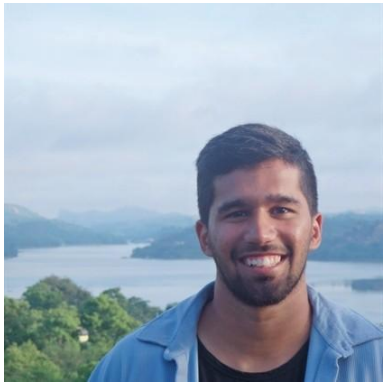
Kolkata-based jeweller Senco Gold, though not as high-profile as Titan or Kalyan Jewellers, has been steadily scaling its presence. On 01/08/2025, the company announced plans to open 40 new showrooms across tier-2 and tier-3 cities, backed by an estimated ₹350 crore capex plan.
Senco, with its stronghold in eastern India, differentiates itself by focusing on light-weight jewellery — an increasingly popular category among younger, first-time buyers. Its "Everlite" collection has gained traction, accounting for 18% of FY25 revenues compared to 12% two years earlier.

From a number's perspective, revenue grew to ₹4,820 crores in FY25, a CAGR of ~17% since FY23, while PAT stood at ₹205 crores, reflecting tighter working capital management and stronger franchise-led growth. Repeat purchases have been a key driver, with loyalty membership crossing 1.1 million households.

Challenges remain: rising gold prices could dampen discretionary demand, and larger organized players are pushing aggressively into the same markets. Still, Senco's disciplined capital use and regional brand equity make it a noteworthy (if understated) player in India's jewellery formalization story.

Looking ahead, the company is also testing an omni-channel model by linking physical showrooms with a digital marketplace, enabling buyers to browse, customize, and reserve jewellery online before completing purchases in-store. If successful, this hybrid approach could give Senco an edge in markets where customer trust is deeply tied to local presence but convenience expectations are rising.

By Shravan Prabhu N



Update for the day # 2482|RailTel's Slow but Steady Digital Push

On 01/08/2025, RailTel Corporation, a PSU under the Ministry of Railways, announced the completion of its pan-India rollout of "Station WiFi 2.0," upgrading internet bandwidth across 6,200 railway stations. While not a glamorous tech story, this milestone underlines RailTel's slow but steady role in India's digital infrastructure.

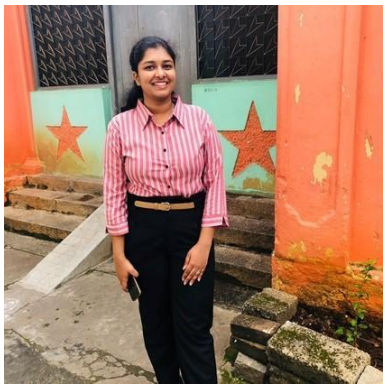
RailTel operates one of the largest neutral telecom networks in the country, with a fiber backbone spanning over 65,000 km. Beyond connectivity, it has been expanding into cloud services, cybersecurity, and smart city projects. In FY25, non-railway revenues (IT and enterprise services) contributed 42% of topline versus 29% in FY23, signaling diversification beyond its PSU base.

Financially, RailTel posted ₹2,480 crores in revenue in FY25 with a PAT of ₹245 crores, reflecting modest but consistent 12–14% annual growth. Operating margins remain healthy at ~21%, supported by low debt and PSU-backed contracts.

Risks include dependence on government tenders and slow project execution cycles, but RailTel's unique position as a PSU with digital capabilities places it at the intersection of connectivity, e-governance, and enterprise IT. For long-term investors, it represents a quiet compounder rather than a headline-grabber.

Future growth may hinge on its ability to win more state-level smart city and e-governance projects, where competition from private IT firms is increasing. If RailTel can leverage its PSU trust advantage while modernizing its offerings, it could emerge as a steady but underappreciated player in India's digital transformation.

By Shriya G B



Update for the day # 2483|Should India turn surplus rice into ethanol?

What do you do when your godowns are overflowing with more rice than the country can eat, export or give away in ration schemes? If you're a policymaker, you ferment it to reduce dependency on foreign oil.

This year, the government is officially diverting over 5 million metric tonnes of rice (about 9% of the world's annual rice exports) from its stockpiles to make ethanol, the clear, burnable liquid that now makes up nearly 20% of the petrol in your vehicle.

And on paper, it seems like a brilliant move. After all, India harvested a bumper 146 million tons of paddy. The Food Corporation of India (FCI) is already sitting on 59 million tons of rice, which is about four times the buffer stock it actually needs.

So instead of letting it rot in silos while taxpayers' foot the storage bill, why not turn it into something a bit more… combustible?

It might sound odd, but the logic is simple. India imports over 85% of its crude oil. To reduce this reliance, the country has been aggressively pursuing ethanol blending — mixing ethanol into petrol to reduce oil consumption. The goal is 20% blending by 2025, and we're already at 18.8%.

And the ethanol story has been sweet. Most of it came from sugarcane. You crush the cane, ferment the molasses, distil it, and boom! You get ethanol.

But the last couple of years haven't exactly been great for sugarcane. Erratic rainfall and droughts in states like Maharashtra and Karnataka meant mills couldn't meet ethanol quotas.

So, the government had to look elsewhere and when it saw rice just sitting there in surplus, it came up with a plan to divert Tonnes of it for ethanol production. Ethanol distilleries began snapping up the stock (especially the "surplus" or broken rice sold by the FCI at subsidized rates).

These mills convert it into ethanol and sell it to oil marketing companies. And that's how the godowns get cleared, mills make money, blending targets stay intact and the oil import bill shrinks. But while this might look like a win-win, it also revives the dilemma around Food vs Fuel.

You see, even if this rice isn't the premium basmati, it's food. It could be eaten, exported or used in livestock and poultry feed. And diverting food crops for fuel in a country with widespread undernourishment instead of boosting agricultural productivity is a trade-off worth questioning.

The Institute for Energy Economics and Financial Analysis (IEEFA) points out that in a country where over half the population struggles with malnutrition, and ranks 105th on the Global Hunger Index, diverting land and food grains for ethanol may not be ideal.

And when food becomes fuel, the ripple effects could also run haywire.

Well, prices shift, demand patterns change and farmers recalibrate what they grow. And that's how poor households could end up facing higher costs for basic staples.

Take 2022, for instance. It's when rice prices surged, the government hit pause on the ethanol plan and even banned broken rice exports. Now that stocks are full again, the diversion has resumed. But this back-and-forth raises a question: what happens when ethanol starts dictating agriculture? There's also the issue of efficiency.

While both rice and sugarcane can be used to make ethanol, sugarcane is more straightforward — especially molasses, which is already sugar-rich and easier to ferment.

Rice needs extra steps. You convert starch into sugar using enzymes (a process called saccharification), then ferment, distil and extract ethanol. It's water and energy intensive, and more expensive.

Sure, when you add up the full emissions from post-harvest transport to wastewater treatment, the net environmental benefits of rice-based ethanol are said to be negligible.
But the system also sets the stage for weird incentives.

Think about it. If distilleries are willing to pay more for rice than food buyers, guess who farmers will Favor? And once food crops start chasing fuel margins, mandi prices, irrigation policies and even livestock feed markets can get distorted.

Because ethanol isn't a free-market game. The input — FCI rice — is subsidized, and the output — ethanol — is price-guaranteed. So, if the numbers don't add up, someone has to bridge the gap. So, it's a policy puzzle that only works under specific conditions like bumper harvests, low global rice prices and stable domestic inflation.

And then there are the distortions and loopholes.

There have been reports of distilleries misclassifying premium grain as "broken" to access FCI rates and subsidies. Or of mills prioritizing ethanol over sugar production, causing shortages in the sugar market. Sometimes, blending data itself gets murky. We even broke down a few other policy tangles in an earlier story on India's Ethanol Project.

So then why are we not moving away from rice-based ethanol?

Well, the simple answer is incentives. The government pays up to ₹20-24 per litre to ethanol producers, depending on the raw material. And in some cases, distilleries make more money from converting rice to ethanol than they would selling it as grain.

The government has also floated plans to diversify. Like using maize, sorghum or damaged grains. But rice remains the easier option. It's available and in abundance.

And that brings up another question – why can't India shift to second-generation ethanol? (This 2G ethanol is made from crop residue, straw or husk. And it doesn't mess with food chains and

still gives you clean fuel.)

Can India follow suit?

Yes. But maybe we don't need to leap, just pivot.

Encourage ethanol from stubble or spoiled grain and build a parallel system instead of leaning on one that's meant to feed people and livestock.

Or perhaps, reduce the blending target until we're truly ready to make this transition efficiently. Sure, rice is the low-hanging fruit for now. But the longer we keep plucking it, the harder it gets to step back.

The good news is that the government has launched schemes like the PM-PRANAM to reward states for using less chemical fertilizer and more organic alternatives which could tie in well with ethanol crop shifts. And it's funding second-gen ethanol plants. If these scale well, we could see more sustainable ethanol extraction.

Nevertheless, what does all this mean for you?

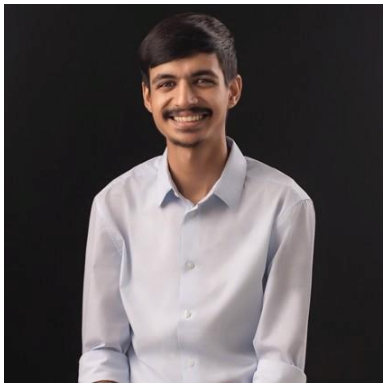
So, if you're an investor, this ethanol ecosystem is something to watch. Just remember that the industry is heavily anchored to government policy and rains.

There's a flip side too. If ethanol production starts driving farming decisions and pushes up food prices, we'll feel the pinch not just at the fuel pump but at the grocery store too.

So yeah, maybe this isn't just about blending targets or surplus rice. It's more about balance and trade-offs. Between long-term energy security and short-term inflation. Between smart policy and reactive subsidies.

For now, India is fermenting rice. Let's just hope we don't stretch the line between necessity and excess while we're at it.

By Gaurav Y



Update for the day #2484 | Birla Opus puts Asian Paints in trouble

The Story

Asian Paints is in hot water again. This time, its Aditya Birla Group's new paint brand, Birla Opus, under Grasim Industries, that's turned up the heat.

Just a few days ago, Grasim knocked on the door of the Competition Commission of India (CCI) and accused Asian Paints of abusing its dominant position in the decorative paints market. And the allegations are pretty serious.

Grasim says that Asian Paints isn't just comfortably leading the paints market. It's misusing its power to keep new players out. How?

Well, Grasim claims that Asian Paints is handing out extra discounts and perks like foreign trips to dealers if they promise to stick only with Asian Paints. In simple terms, these perks aren't tied to how well a dealer performs. They're all about staying loyal to Asian Paints. If any dealer dares to stock Birla Opus paints, Grasim says Asian Paints hits back. They cut credit limits, increase sales targets, pull back those fancy perks, reduce customer leads and sometimes even open rival dealerships right next door to squeeze them out.

It doesn't stop there. Grasim also alleges that Asian Paints also restricts suppliers of raw materials from working with them, and even influences landlords, agents and transporters to avoid doing business with Birla Opus. To top it all off, there's talk of a fake smear campaign to ruin their reputation.

So, all of these allegations felt serious enough for the CCI to order a formal investigation into the matter.

But hold on… doesn't this feel like an open and shut case already?

After all, just about three years ago, another player, JSW Paints came to the CCI with pretty much the same complaint. Back then, the CCI didn't find any clear misuse of power by Asian Paints.

The Director General (DG) even pointed out that JSW Paints was working with around 1,591 dealers at the time. And interestingly, 86% of those dealers were also stocking Asian Paints. So, if Asian Paints really was bullying them, wouldn't more dealers have ditched JSW instead? The numbers told an interesting story too. JSW added more net new dealers than Asian Paints' 1,217 new dealers during 2019–21. And only about 1% of their common dealers actually came forward with any allegations. Plus, sure, some credit limits were cut, but the evidence showed that it was because of genuine payment delays, not some kind of retaliation plot by Asian Paints.

And then there's another thing that Asian Paints highlighted this time around.

The decorative paints industry, despite all the noise, isn't exactly a fortress. Entry barriers are pretty low. Just look at how easily and quickly new players have jumped in and grown over the past few years. Paints don't just sell through fancy showrooms either. They reach buyers through a huge network of multi-brand dealers. Think electrical shops, hardware stores, sanitary outlets, PVC pipe sellers and even cement shops. And these dealers usually carry multiple paint brands, and they almost always sell regional brands too.

But even with so much competition no other brand has scaled up the way Grasim has since launching Birla Opus in March 2024. Asian Paints says that Grasim has been pouring in big bucks to build factories and a massive distribution network. They've also hired some of the best people in the industry — even from Asian Paints itself!

The proof is in the pudding. In its first year, Birla Opus pulled in revenues of around ₹2,600–₹2,700 crores and Grasim became India's third-largest decorative paint brand within just six months of going nationwide. In the last quarter of FY25, it grabbed a healthy single-digit market share and built up the country's second-largest depot network. With 50,000 dealers and as many tinting machines, its reach is ahead of many older players. And thanks to its existing cement business, Grasim can tap into over 2,00,000 dealers across India, giving it an even longer runway to grow.

So, all this points to one thing. There's plenty of counter evidence to Grasim's claims. And this could very well end up like the earlier JSW Paints case — with Asian Paints getting a clean chit.
Which brings us back to the question: if the CCI already looked into this once, why has it decided to spend time and energy digging into Asian Paints all over again to figure out if it's really playing the bully?

Well, it seems like a lot has changed in the last three years. Or should we say… a lot hasn't.
Because Asian Paints started way back in 1942 when the British banned paint imports and India ran short on supply. Four friends set up shop in a garage with just five basic colours. And look at them now. Over 80 years later, they're still the undisputed king of the paints business.

Sure, new brands have popped up but there haven't been any disruptors. Asian Paints still holds over 50% of the paints and varnish space, while its next biggest rivals, Berger Paints and Kansai Nerolac, trail far behind at about 14% and 7% respectively. That's more than twice the gap. Its factories churn out more than half the industry's total capacity, and its 74,000-plus dealers and 1.6 lakh retail touchpoints nearly double Berger's reach. Add to that a current market capitalisation of ₹2.6 lakh crores that has compounded at 15% annual growth rate over nearly two decades, and you'll see why it's so hard to knock it off its throne.

So, while the entry barriers are low, the numbers tell that capturing a substantial share in the industry isn't as easy after all. If it were straightforward, there wouldn't be such a fight for market share in paints.

Besides, even though the earlier JSW Paints case went in Asian Paints' favour, the door was never fully shut. The CCI did hint that stronger proof could swing things differently next time. And this time, there's more evidence.

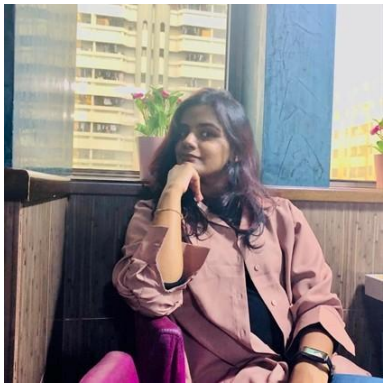
For context, a market survey Grasim did through a third party shows dealers claiming Asian Paints wasn't so subtle about keeping them loyal. Some said they were pushed to send back the new Birla Opus tinting machines under pressure. Asian Paints allegedly dangled extra incentives like an extra 1–2% discount, if dealers ditched other brands' machines. Territory Sales Officers would even slow down credit note approvals (a refund slip for returned or damaged items or purchase adjustments) or drop hints that life would be smoother if they stuck to Asian Paints' machines.

And here's something you should know. Tinting machines are an important part of expanding any paints business. Dealers keep basic paints and colours, and these machines mix them to create any shade a customer wants. So, it's like the final link between the paint company and the customer.

And Grasim says that its new tinting machine is better because it's 40% smaller, can be operated using a tablet, has internet connectivity and can also show dealers useful data to manage stock. But if Asian Paints forces dealers to send these machines back or not use them, it essentially stops new technology from reaching customers. Grasim even gave a list of over 100 dealers who returned their tinting machines because of Asian Paints' pressure.

So yeah, the CCI does seem more convinced this time that there's enough to dig deeper into whether Asian Paints is throwing its weight around. There's not just more evidence on the table; there's also a whole new company stepping up with pretty much the same complaint. But this is just the opening chapter. The real verdict will come once the final findings come in about three months.

By Anvy Susan Sabu



Update for the Day #2485 | Can India become an aviation superpower?

India recently became the 4th largest economy. And one of the fastest ways a country can increase its GDP is through trade with other countries. Take China, for instance. Their GDP was about $150 billion in 1978 or hardly 1.7% of the global economy. However, since they opened up their economy that year, it led to exponential growth, and they're now the 2nd largest nation in the world in GDP terms.

And this is the case with pretty much every other country in the world. Global trade is one of the fastest ways to grow your economy and drag millions of people out of poverty along the way.

This is because trade does a few important things. It gives domestic companies access to a much larger customer base. So, instead of just selling to people within the country, they can sell to the entire world. It also brings in foreign investments, fuels competition, and pushes businesses to become more efficient and innovative. This, in turn, creates jobs, improves access to technology and raises productivity across sectors. Over time, this leads to more income, more spending and a faster-growing economy.

A major link in this maritime trade, which contributes to the majority of global trade. Close to 90%.

But Aviation also contributes significantly. Not by volume, but by value. This is why, even though it carries only 0.3% of the total volume of cargo, it carries 13% of the value of all global trade. If you want to send something quickly, something valuable, or something secure, air transport is the way to go.

Think about it this way: today, if you want to travel from nearly any point on the globe to another, you can do it in under 48 hours. That's something humanity couldn't have imagined just a century ago. Back then, such journeys would've taken weeks, even months, by sea or land. So yeah, the transformation has been nothing short of extraordinary.

But this has only been possible because countries have invested heavily in technology and infrastructure, built massive airports and fostered policies that support this connectivity. In fact, nations that recognize aviation as a strategic growth sector tend to integrate faster with global markets.

And India has a real shot at doing exactly that.

Even in the recent IATA AGM held in New Delhi, PM Modi mentioned that India's flyer footfall is expected to double in the next 5 years. This means that airlines in India will also double their fleet to around 1,500 aircraft by 2030. This signals a serious ramp-up in air travel demand. However, there's one gaping hole that we need to address before this expansion happens.

You see, over 80% of aircraft maintenance still happens abroad, in places such as Dubai, Singapore

or Colombo. And these outsourcing costs Indian airline carriers thousands of crores every year, apart from costing the state exchequer millions of dollars in forex reserves.

This is why; while addressing the IATA Annual General Meeting in New Delhi, the government made it clear that this needs to change and transform India into a $4 billion Maintenance, Repair, and Overhaul (MRO) hub within the next five years. And to support that vision, there have to be policy changes such as reduced customs duties on aircraft parts and the creation of dedicated MRO zones near important airports.

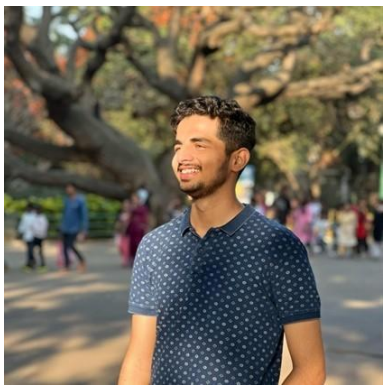
It's a bold target. But getting there won't be easy.

For starters, the cost of doing MRO business in India has historically been high. Until recently, imported spare parts attracted an 18% Goods and Services Tax (GST). Compare that with other countries in the region that have much lower or even zero tax rates for aviation spares, and you can see why Indian airlines prefer sending aircraft abroad. This is why the government recently reduced the GST rate to 5% on all aircraft and engine parts. On top of that, there are state-level levies, compliance hurdles, and a maze of approvals that make the entire process painfully slow and expensive.

Then there's the infrastructure gap. India still lacks enough wide-body aircraft hangars and a trained workforce to handle complex maintenance tasks, which is essential for servicing long-haul jets. Regulation is also fragmented, skills are unevenly distributed, and the pace of execution hasn't matched the ambition.

But of course, this shift won't come without trade-offs. Security and quality control will become even more critical when private players enter such a strategic space. Just recently, Celebi Aviation, a major ground-handling player, was under scrutiny over security concerns. That's the kind of vulnerability India must guard against if it wants to build global trust in its aviation ecosystem.
Still, the $4 billion target isn't some far-off dream. With steady policy follow-through, serious investment in skill development, and a focus on ease of doing business, India can absolutely become a world-class MRO hub. But without that commitment, the country might end up watching a major opportunity taxi away, while others take off...

By Vishnu Sankar



Update for the Day #2486|Is India's rooftop solar push going into the sunset?

When the government unveiled the PM Surya Ghar: Muft Bijli Yojana in February 2024, the promise sounded simple and irresistible: install a solar array on your terrace, receive a fat subsidy, and enjoy up to 300 free electricity units per month.

But behind this headline lies a far bigger ambition to install 40 GW (gigawatt) worth of residential rooftop solar capacity across the country. This target wasn't exactly new. It had already been missed in 2022, and a year later, the tally had crept only to 11 GW even as the country's overall solar energy output raced past 80 GW. Our rooftops, as it turns out, were still sunbathing without harvesting much of it.

And this lag matters. Because the government's master plan for 2030 calls for 280 GW of solar power. Out of this, about 40 GW is supposed to come from rooftop solar all around the country by 2027.

Now, rooftop panels aren't just to provide homes with free electricity. They also ease stress on an aging power grid, reduce losses during the transmission of power over long distances, and provide a hedge when coal plants fumble during peak summer. This is exactly why rooftop solar deserves more attention.

Think about it. When your panels reach peak electricity output around noon, any extra power you don't use flows directly into the local grid through something called net metering. That happens to be the same window when offices crank up their power loads. So every surplus unit pumped into the grid is one less unit the dispatcher has to transmit from a coal plant hundreds of kilometres away. Given that enough homes have solar panels installed, this capacity becomes a big deal.

Sidenote: While many people assume that rooftop solar panels directly and fully power their homes, that's not exactly how it works. In a grid-tied setup, the electricity first meets your home's real-time demand. If you're using appliances when the sun shines, they'll run on solar power. But if your generation exceeds your usage, the excess flows back to the grid. And since most people aren't home during peak sunlight hours, that's usually what happens. Later, when your home in the evening or at night, you draw power from the grid instead. At the end of the month, the company nets off what you exported against what you consumed, and that's how your bill comes down.

This is how local solar generation sidesteps two problems: it saves on long-distance transmission losses and frees up coal capacity for the evening ramp-up, when the sun's down. A win-win situation.

Yet adequate rooftop solar power generation has been choked by three familiar culprits: patchy subsidies, wary discoms, and upfront costs.

Let's talk about subsidies first. The Centre pays up to ₹78,000 of the system cost for smaller arrays

(up to 3 KW), but only after you navigate the portal, apply through an empanelled vendor, and after they visit your house to inspect and approve it. This delay can shrink the subsidy's appeal faster than most people think.

Distribution companies, meanwhile, are concerned about net-metering. When solar panels generate surplus power, they push it back into the grid, and households receive credits that reduce their bills. Good news for consumers, but bad news for discoms already struggling with debt.

Up-front costs are the next roadblock. A normal three-kilowatt array still comes in at roughly ₹1.5 lakh. The Centre promises to refund up to ₹78,000, but for most people, the remaining amount becomes a hurdle. Banks and specialised NBFCs (non-banking financial companies) do offer collateral-free loans with subsidised rates, sometimes covering the entire project cost, yet most households have never heard of them.

However, despite these roadblocks, rooftops still hold an economic trump card: India's transmission backbone is creaking under record summer demand, projected to surpass 270 GW for the first time, and the grid is struggling to keep up. Nearly 20% of every unit sent across long distances disappears and never reaches our homes. If we generate that power on our own terrace, this loss is reduced. Scale it across a million homes, and we free up coal capacity for the evening peak.

So, can the Surya Ghar yojana rekindle the rooftop boom?

First, distribution companies must establish net-metering as the norm. Second, formal credit needs a marketing push. If households understand they can finance a solar system with ease, adoption will quickly trend upward. Third, skilled labour has to scale. A plumber who transitions into a solar installer after the last housing slowdown is precisely the kind of upskilling that can help them escape poverty; the sooner such talent pools deepen, the faster we can achieve the goal.

However, none of these dismiss utility-scale solar, which remains cheaper per watt thanks to large land banks and bulk procurement. But a centralised grid without rooftop buffers is like a highway without slip roads, where every car funnels through the same chokepoint at rush hour.

By Mohana Priya E

Update for the Day #2487 | The Curious Case of India's Power Puzzle — An Electrifying Tale of Surplus and Shortage

India is taking off literally. With our economy now ranking 4th globally, aviation is fast emerging
If you studied basic economics, you'd remember the idea that countries export only after meeting domestic needs. So, it would seem logical to assume that India exports electricity only after ensuring 24x7 power for its citizens. But that's not quite how things play out.

If you studied basic economics, you'd remember the idea that countries export only after meeting domestic needs. So, it would seem logical to assume that India exports electricity only after ensuring 24x7 power for its citizens. But that's not quite how things play out.

Despite regular and increasing power cuts across many states, India continues to export electricity to Bangladesh, Nepal, and Myanmar — and has plans for more, including a long-term project with Saudi Arabia.

The obvious question: why are we exporting power when we still have blackouts at home?

Here's the reality:
India doesn't have a power generation problem. In fact, we produce more electricity than we consume — and have been a net exporter since 2017. The real issue lies in distribution and financial health of power utilities. Most of our power is routed through state-run distribution companies (DISCOMs). These companies are under heavy financial stress — with accumulated losses touching $75 billion as of March 2023. That's nearly 2.4% of our GDP.

Because DISCOMs are often forced to sell electricity below cost (especially to residential and agricultural users), they lose money on every unit sold. Combine that with unpaid subsidies and inefficiencies in billing and collections — and you get a system where even available electricity can't be purchased and distributed. The result? Load-shedding.

There's also a structural issue: long-term Power Purchase Agreements (PPAs) that Indian producers sign — including with foreign buyers. These contracts lock in power supply for years or decades. And even if there's a domestic shortage, the electricity tied up in these deals can't just be redirected. One example is the Adani Godda plant in Jharkhand, built specifically to supply power to Bangladesh, and not connected to India's grid initially.

On top of that, India's internal power grids — North, South, East, West, and Northeast — don't always allow free flow of electricity between surplus and deficit regions. Infrastructure bottlenecks make it easier to send power to a neighbouring country than from one state to another.
What's being done?

Some efforts are already in motion:

- Government schemes like UDAY and RDSS aim to reduce DISCOM losses.

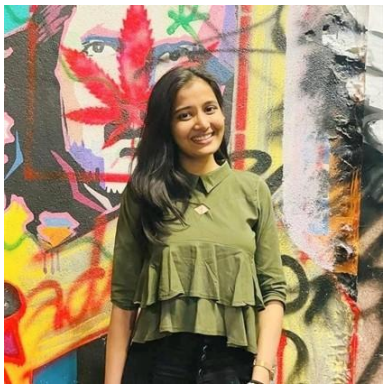
- A new tool, STELLAR, was launched to help states better forecast electricity demand.
- And starting today, electricity futures have been introduced on MCX and NSE — allowing utilities to lo ck in prices in advance and avoid market volatility.

But these fixes can only work if DISCOMs clean up their finances. Without that, they can't afford to buy the power they've planned for — no matter how good the forecasting or pricing tools are. Other changes needed:

- More flexible contracts that let power be sold on exchanges when not used.
- Rationalising tariffs so utilities don't operate at a loss.
- Upgrading inter-regional grid infrastructure to move power efficiently across the country.

Bottom line: The issue isn't about whether we should export electricity or not. It's about fixing the systems — financial, contractual, and physical — so that domestic supply isn't compromised. With the right reforms, India can continue to be a regional energy hub and ensure uninterrupted power at home.

By Ektha M



Update for the day #2488|UK's waste tyres fueling a crisis in India?

India is one of the world's largest tyre manufacturing nations, producing around 20 crore tyres annually. And it's not just domestic demand that keeps the industry running, our tyre exports are thriving too. In fact, we exported tyres worth over ₹12,000 crores in just the first half of FY25. And guess where most of them go? To the United States (US). The US accounts for more than 15% of our tire exports in value terms. Brazil, Germany, the UAE, France and Italy follow close behind. And when it comes to motorcycle tyres, Colombia in South America is our biggest customer.

But here's the catch. While we export fresh tyres, many Western nations are also sending us something in return: their used-up, end-of-life tyres (ELTs). Now, these ELTs are essentially waste, shipped to India for recycling. And their sheer volume is staggering, to say the least. To put this in perspective, in 2023 alone, India received 800,000 tonnes of scrapped tyres. And here's another sobering fact. India actually purchases over 30% of the world's scrapped tyres. If you're wondering why, we'll talk about it a little later in the story.
However, what's causing ripples in environmental communities and tyre associations in both India and the United Kingdom (UK) is that nearly half of the tyre scrap to India comes from just one country: the UK. And the sheer amount of pollution it's causing is alarming.

How's that, you ask?

You see, this tyre scrap that lands in India are meant for recycling. And when done right, tyres undergo quite the transformation. Take the steel, for instance. It makes up about 20% of a tyre. Once extracted, it's cleaned and sent to smelters, where it finds new life in construction and manufacturing. Then there's the fiber and nylon, around 15% of the mix, which ends up in carpets, fiberglass and clean-up materials such as absorbent pads and mats used for things like oil spills. And the rest is mostly rubber. But that doesn't go to waste either. Some of it turns into tyre-derived fuel (TDF), shredded scrap tyres that supplement traditional fires in controlled industrial settings. Then there's rubber mulch, a favourite for playgrounds and gardens, and crumb rubber, which gets repurposed for athletic tracks, road surfaces and speed bumps. If processed further, it becomes rubber powder, a high-performance material used in plastics, sealants and even new rubber products.

So yeah, nearly every part of a recycled tire finds a new destination with a useful purpose.

However, the problem starts when these ELTs, especially from the UK, end up in illegal pyrolysis plants across India. Pyrolysis, in simple terms, is like extreme cooking. Tyres are heated in an oxygen-free environment at around 500°C to extract fuel and other byproducts. But when done improperly, it turns into an environmental disaster. These makeshift plants release a cocktail of toxins: heavy metals, benzene, dioxins and furans — many of which are highly carcinogenic. You can spot these illegal setups by the thick soot in the air, dying vegetation and polluted waterways nearby.

The plant owners, of course, make money. But environmental concerns and public health aren't exactly on their priority list. And that begs the question: Why is the UK dumping its tyre waste in India anyway?

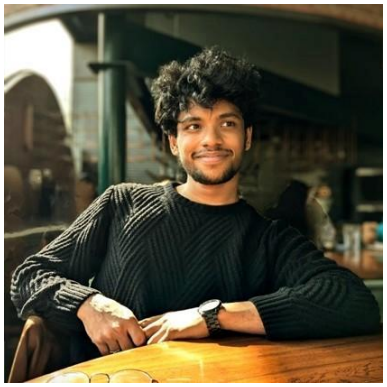
And here's the real kicker. Tyres aren't classified as hazardous waste under the Basel Convention. So, unless the importing country explicitly bans them, there are hardly any restrictions on the global tyre trade. The irony here is that we as a country already generate a massive pile of waste tyres domestically, about 2,75,000 every day, as per a 2021 MoHUA report. Yet, we continue to import millions more, worsening the crisis. Also, the UK's regulations are laughably lax. Exporters just declare their buyers, and the UK checks with India if these buyers are legitimate. But after that there's no tracking, no accountability, not even official export figures.

Becoming a tyre trader in the UK is ridiculously easy, too. All you have to do is fill out a simple "U2 environmental exemption" form, collect used tyres, and while they're technically meant for construction, nothing stops traders from shipping them straight to India. Once the tyres leave British shores, the UK washes its hands of them.

The Indian government, however, has started cracking down. The Ministry of Environment has banned the import of waste tyres meant for pyrolysis. The Central Pollution Control Board, acting on directives from the National Green Tribunal, has already shut down 270 illegal pyrolysis plants across 19 states. And to add another layer of accountability, a new Extended Producer Responsibility (EPR) framework now makes tyre manufacturers responsible for collecting and properly disposing of waste tyres.

But despite these efforts, the problem persists. The Automotive Tyre Manufacturers' Association (ATMA) is now pushing for a complete ban on waste tyre imports, pointing out that these imports have surged fivefold since FY21. Now, the onus lies on the UK. Just like Australia that completely banned exporting these ELTs to other countries, if the UK follows suit, then the crisis in India can be controlled. And if this doesn't happen, the question is, will India put its foot down before the crisis spirals further?

By Sudarshan Raju



Update for the day #2489|The Jane Street saga simplified

The Story
Around 9 out of 10 traders in India lost money in F&O (Futures and Options) between FY22 and FY24. And the thing is, someone's making that money. In this story, that 'someone' is Jane Street, an American trading giant.

In the stock market, there are two broad playgrounds. The first is the cash market. That's where you actually buy and sell shares of a company. You pay to own a stock, you get to own one.

Then there's the derivatives market, where you trade things like F&O. These get their value from the price of those same shares in the cash market, but you never really own the shares themselves.

Take futures. A futures contract is basically a deal you strike today to buy or sell something at a fixed price on a future date. So today, you could agree to buy 100 shares of Company A at ₹1,000 each on, say, 31st July. And come 31st July, even if the stock's trading at ₹900, you're still bound to buy it at ₹1,000. That's the obligation you signed up for.

Options are a bit different or more flexible, you could say. An options contract gives you a right, but not a compulsion to buy or sell at a set price on or before a future date. And for this right, you pay a small fee called a 'premium'.

So, imagine you pay a small premium today for the right to buy 100 shares of Company B at ₹2,000 each by 31st July. If the stock shoots up to ₹2,100, you'll use your right and buy cheap. But if it dips to ₹1,900, you'll just walk away and lose only that small premium you paid.

And here's something you should know about option premiums. These premiums have two parts. One, the profit you'd make if you exercised the option now. And two, a bit extra for the time left till expiry. The more time there is, the more chances the market might swing in your favor. But as you inch closer to expiry, that window shrinks, and so does the premium. By expiry day, if your option has no real value left, it's worth nothing.

There are also two sides to options. You can buy a call option if you think the value of a stock or index will go up. Which technically means that you're betting on its rise. If you sell a call, you essentially do the opposite. And then there's a put option, where you bet on prices falling. So, you buy a put if you feel that stock or index values will drop and sell a put if you think the price will stay put or rise. That's the basic toolkit.

In very simple terms, Jane Street pulled off a cunning pump and dump.

First, they threw huge money into buying shares of big banking stocks like HDFC Bank, ICICI, Axis Bank, SBI, etc. — the ones that move the BANK NIFTY index (an index that tracks the performance of the 12 most liquid and large cap Indian banks listed on the NSE). When they did

this, the prices of those bank stocks shot up. And because the BANK NIFTY index tracks these stocks, it shot up too.

Now, think like a small trader for a second. If you see the index shooting up, you'd naturally bet on more upside. So, you'd lap up call options, hoping the rally continues. It's a cheap bet too. To buy a single share outright in the cash market, you'd have to pay the full price. Even futures need a decent margin.

But in options, you could bet on the price movement of a ₹100 stock with just ₹1. So, if that stock jumps by ₹20, you'd walk away with a neat net profit of ₹19, after paying that tiny premium. It feels like easy money. Now picture how massive those profits could get with even more options.

And that's exactly what small retail traders were doing. They piled on, buying more and more call options. But while they were getting sucked in, Jane Street was playing the other side. It was quietly selling calls to these traders and buying up puts instead. Because they knew exactly what they'd do next.

Once enough traders were trapped in this 'the index will rise' story, Jane Street flipped the script. They dumped all those bank shares they'd bought earlier. That selling spree pushed the BANK NIFTY back down.

The puts they'd bought were now worth a lot more, because puts gain value when prices fall. So not only did they profit big when the index dropped, but they also got to keep the premium that hopeful traders had paid because the calls they'd bought expired worthless.

That's how Jane Street pocketed a crazy net profit of ₹36,500 crores, though not every rupee was unlawful, to be fair! And if you're picturing an army of Jane Street employees glued to computer screens all day, manually clicking buy and sell as stocks went up and down, well… that's not quite it. They simply unleashed algorithms that could trade faster than you could even say the word 'trade'.

The trial started with the media picking up on a juicy lawsuit where Jane Street had dragged Millennium Management, a rival hedge fund, to court. Their complaint was that Millennium had poached two of its former employees, the same folks who'd helped develop a top-secret algorithm for them. An algorithm that found a surprisingly clever way to make money in a non-US market. So clever, it apparently brought in a whopping billion dollars in profits. But when those employees jumped ship, they took the secret sauce with them. Naturally, Jane Street wasn't amused.

That legal drama got SEBI curious. So, it kicked off an investigation and pulled up Jane Street's profit and loss trail from January 2023 to March 2025.

Now, it's not like Jane Street was always making profits. They'd made losses too, in stock futures, index futures and the cash market. But all of that was more than offset by the monster profits from BANK NIFTY options. So that's where SEBI zoomed in.

They mapped out the days when Jane Street raked in the fattest profits, then shortlisted 18 days

— most of them expiry days, to comb through in detail and see if a sneaky pattern popped up.

Turns out, they found not one, but two distinct tricks in Jane Street's playbook.

The first was what SEBI calls the "Intra-day Index Manipulation" strategy. Jane Street would swoop in and buy massive chunks of BANK NIFTY stocks and their futures early in the day between 9:15 am and noon, even when the overall sentiment for bank stocks was gloomy. At the same time, they'd quietly place big bets in the options market, betting that the index would fall later.

For instance, on January 17th, 2024, BANK NIFTY had opened 3% lower than its previous close probably because the market wasn't thrilled with HDFC Bank's earnings that came out after market hours the day before. But Jane Street went ahead and bought ₹4,300 crores worth of BANK NIFTY stocks anyway, in a falling market!

The second trick, which they used a bit less often, was the "Extended Marking the Close" strategy. Instead of pushing prices around in the morning, they'd wait till the final stretch before the market closed. Then, they'd aggressively dump BANK NIFTY stocks and index futures. This selling spree would drag the BANK NIFTY index down just before closing, right when the final settlement price gets locked in. And since they'd already placed bets expecting a fall, they'd cash in nicely.

And if you're wondering why they kept zeroing in on BANK NIFTY, well, it's pretty simple. BANK NIFTY options are wildly popular because they're so liquid. For perspective, if around 4,600 people traded the cash market for the top 3 BANK NIFTY stocks, about 26,500 people traded BANK NIFTY index futures. But a jaw-dropping 16 lakh people were trading BANK NIFTY options! So, Jane Street knew exactly where the action was and how to squeeze the most out of traders hoping for a quick payday.

So now, SEBI has cracked down hard. It has barred Jane Street and all its affiliate companies from the stock market until those illegal profits, about ₹4,800 crores, are recovered. And word on the street is that SEBI could be going after Millennium Management next

This is just an interim order for now. Jane Street can still take its case to the Securities Appellate Tribunal.

F&O can look like an easy ticket to quick money. But more often than not, it can be an even quicker way to watch your money vanish. Especially when the game is being played by firms with billion-dollar algos and a seat at the table you'll never see.

The saga is a reminder about how big institutional money like Jane Street can move the scales while retail folks are busy reading it. There's also chatter that this action will spook institutional traders and reduce F&O liquidity. But in the markets no vacuum stays empty for long. Big fish like Jane Street may exit for now, but others will eventually swim in to fill the gap.

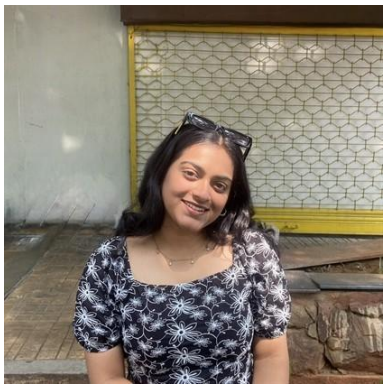
Nevertheless, our surveillance systems need an upgrade with better rules, faster red flags, and tighter enforcement. And whenever these changes roll in, like they are now, the exchanges and the

broader markets could start seeing some movement too.

If you're still betting on F&O, just remember: in this game, knowing what you're betting on is half the battle; knowing who you're betting against might be even more important.

So do your homework, invest wisely or maybe stick to playing the long game where the odds aren't rigged against you.

By Dhriti R



Update for the day #2490 | Karnataka government plans special cell to recover dues from builders

Singapore is increasing scrutiny of companies' economic substance, potentially leading to tax disputes for MNCs and funds investing in India. Recent rulings by IRAS define 'Economic substances,' impacting treaty benefits. Indian tax authorities may levy higher taxes if Singaporean entities lack adequate substance, affecting stock sales, dividends, and loan interest.

Karnataka is establishing a dedicated 'Recovery Cell' to enforce K-Rera orders and ensure real estate developers compensate homebuyers. This action addresses the non-compliance of builders who previously ignored Rera directives. As of May 31, 2025, over Rs 724 crore is due from builders, with Bengaluru urban accounting for Rs 710 crore.

Here is a ray of hope for homebuyers in Bengaluru and other parts of the state as the govt is finally cracking the whip on errant builders: A dedicated 'Recovery Cell' is in the final stages of being set up to ensure that real estate developers, who defy Karnataka Real Estate Regulatory Authority (K-Rera) orders with regard to compensating buyers, are held accountable and forced to pay up.

This move comes after years of frustration for homebuyers, who neither received property ownership nor got compensation, despite clear directives from K-Rera. Speaking to TOI, RERA chairman Rakesh Singh confirmed most of the groundwork was completed and a final call on whether the cell should operate under RERA or revenue dept will be taken in a meeting to be chaired by the chief secretary next week.

In fact, the concept of a recovery cell was mooted in the backdrop of non-adherence by realtors to RERA orders. "Though homebuyers were getting orders in their favour, the builders just shrugged off Rera directives and there was no accountability. But by establishing a recovery cell, compliance levels will go up," sources pointed out.

As per official data, Rs 724 crore is yet to be recovered from over 1,500 builders across the state as of May 31, 2025, with Bengaluru urban topping the list with Rs 710 crore.

Composition of Recovery Cell

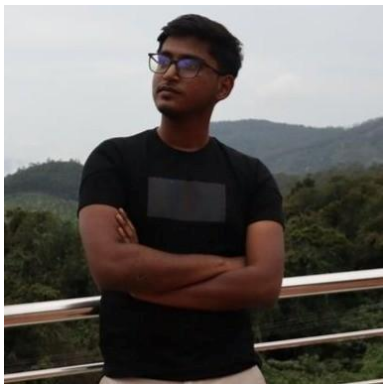
The cell will focus exclusively on implementing Rera orders and will be led by a special deputy commissioner. It will include two grade-1 tahsildars, two headmen, and supporting clerical staff. The officers will be authorised under Section 40(1) of the Real Estate (Regulation and Development) Act, 2016, and Rule 25 of the Karnataka RERA Rules, 2017.

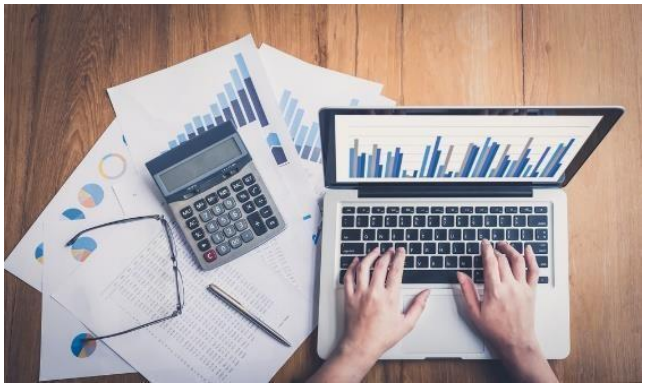
The cell will be empowered to treat these dues as arrears of land revenue and take coercive action, including attaching the properties of defaulting project promoters. Rera has also recommended this cell be brought under the Sakala Mission framework to ensure time-bound execution.
Homebuyers praise the move

Homebuyers say this initiative of setting up the cell will help protect their rights. M S Shankar, national general secretary, Forum for People's Collective Efforts, said: "Though RERA Act has strong provisions to protect the interests of the real estate sector in general, and homebuyers in particular, it is currently criticised as a 'toothless tiger' — mainly due to poor recovery of money awarded to homebuyers under Rera orders. Officials are now planning to set up a dedicated recovery cell exclusively to recover dues from such orders. This is good news for homebuyers and could go a long way in resolving the ongoing issues surrounding refunds."

Dhananjaya Padmanabhachar, convenor, Karnataka Home Buyers Forum, said: "Once RERA passes the orders, it is the responsibility of the revenue dept to enforce the recovery and ensure that homebuyers get justice. However, the revenue system remains inactive and fails to take timely action. It is crucial to have dedicated revenue recovery officers either within Rera or revenue department to ensure effective recovery. These officers should also be empowered to attach the properties of defaulting promoters. Additionally, the revenue recovery mechanism should be brought under the Sakala Mission to ensure time-bound enforcement."

By N Sujith Sai





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