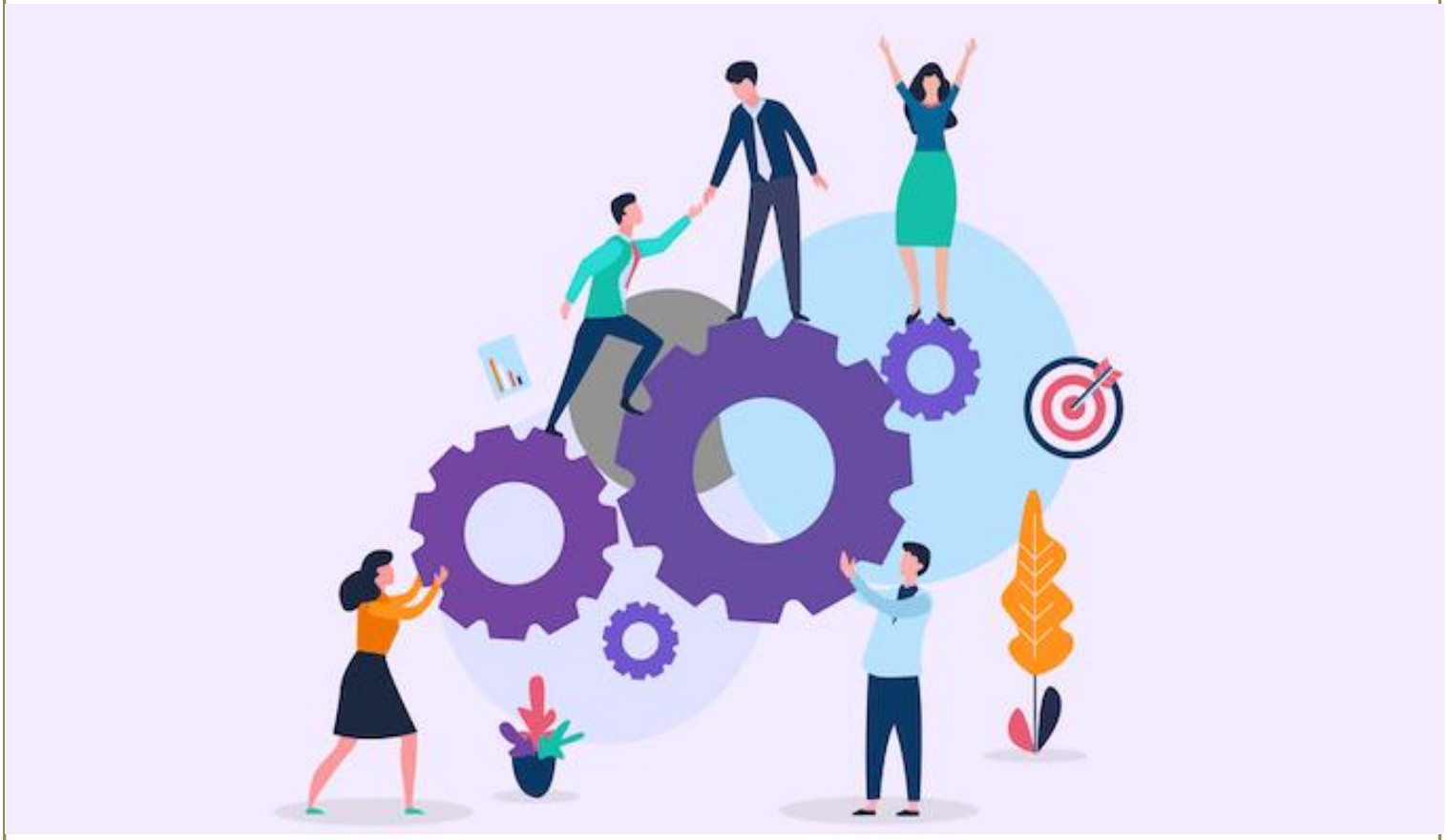

EMERGING THOUGHTS

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SURESH & CO.

Chartered Accountants

Contents

Foreword

At SURESH & CO., we are delighted to present the latest edition of "EMERGING THOUGHTS." This publication brings together global perspectives and contemporary ideas, thoughtfully contributed by our dedicated articled assistants, aspiring Chartered Accountants, and esteemed team members.

The *Emerging Thoughts* initiative is a small but meaningful step towards staying connected with this larger landscape. Each day, one of us pauses to observe, reflect, and share something noteworthy - be it a development in the business world, an insightful article, a regulatory update, or an idea that sparked curiosity. Individually, these thoughts may seem simple; collectively, they offer perspective. Every issue reflects our collective pursuit of learning, where each perspective adds value to our shared growth. With your continued support, we aim to curate content that informs, provokes thoughtful reflection, and fosters meaningful conversations.

Great ideas rarely emerge in isolation - they are shaped by observation, dialogue, and an openness to what is happening beyond our immediate responsibilities. The *Emerging Thoughts* initiative reflects this belief by encouraging each of us to engage with the world outside our desks and bring back something worth sharing. At SURESH & CO., we are committed to nurturing an environment that supports both intellectual curiosity and personal development. We believe in the power of ideas and the richness that diverse perspectives bring. Our culture encourages individuals to question conventions, broaden their outlook, and engage with knowledge in a way that drives both personal and collective progress.

This edition highlights the viewpoints and reflections of our young contributors. Each contribution in this issue represents a brief pause to reflect on what is shaping the business and economic landscape today. Compiled over the month, these insights serve as a reminder that consistent curiosity, when shared, can lead to sharper thinking, better conversations, and more informed decision-making. We encourage readers to engage thoughtfully, reflect critically, and further explore the subjects that spark interest.

We appreciate your continued association with us on this enriching journey. It is our hope that this edition of "EMERGING THOUGHTS" inspires curiosity, thoughtful dialogue, and a deeper engagement with the ideas that influence our times.

"*Curiosity today prevents obsolescence tomorrow.*"

As we step into a new month, let us welcome the possibilities it offers. Each day presents an opportunity to grow, to make intentional choices, and to positively influence our environment. Through conscious effort, renewed focus, and moments of reflection, let us move forward with clarity, purpose, and optimism.

Update for the Day #2581 | Quantum Computing: The Breakthrough Bringing Both Promise and Peril

Across the world, hackers and intelligence agencies are quietly stockpiling encrypted digital information — from biometrics to banking records. Today, these files remain locked. But that security window may be closing faster than expected.

In 2020, Sundar Pichai predicted that quantum computing could crack modern encryption within 5–10 years. Last week, Google took a major step toward that future. Its quantum team successfully ran a new algorithm, Quantum Echoes, on the Willow chip, demonstrating a verified "quantum advantage." In practical terms, the system performed complex computations 13,000 times faster than the most advanced supercomputer — with repeatable and reliable results.

This milestone signals that quantum computing is progressing from theory to applied capability. The implications extend across drug discovery, advanced materials, energy systems, and financial modelling — areas where traditional machines struggle with overwhelming complexity.

However, this leap also introduces one of the most serious cybersecurity risks of our time.

Why Encryption Suddenly Looks Vulnerable

Modern digital security — including banking, government communication, and online authentication — relies largely on RSA encryption. This system works by multiplying two massive prime numbers. While multiplying is easy, reversing the operation (factoring the result back into primes) would take classical supercomputers billions of years.

Quantum computers don't follow those rules. Using qubits, which represent multiple states simultaneously, they can evaluate countless possibilities at once. With Shor's algorithm, a sufficiently powerful quantum computer could break RSA encryption in hours or days. This possibility has given rise to the term Q-Day — the moment quantum machines can crack today's encryption standards.

The Global Race for Post-Quantum Security

Governments, corporations, and cybersecurity institutions are preparing for this future. The U.S. National Institute of Standards and Technology (NIST) has already shortlisted four post-quantum cryptographic algorithms — CRYSTALS-Kyber, CRYSTALS- Di lithium, Falcon, and SPHINCS+ — designed to resist quantum attacks. Cloudflare and other tech companies are piloting hybrid encryption combining classical and quantum-resistant systems.

India too has recognized the urgency. Under the National Quantum Mission announced in 2023, the government is investing ₹6,000 crore to accelerate indigenous capability in quantum computing and secure communications.

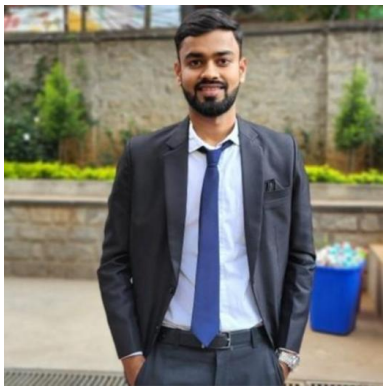
A Dual-Edged Revolution

Quantum computing may unlock faster drug development, next-generation batteries, and breakthroughs in climate and material science. Yet it also threatens the very foundation of digital

security.

We are entering an era where the technology capable of solving humanity's hardest scientific challenges could simultaneously expose its most sensitive secrets. The global race is no longer just to innovate — but to secure the future before it arrives.

By Sourabh Jain



Update for the Day #2582 | 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.

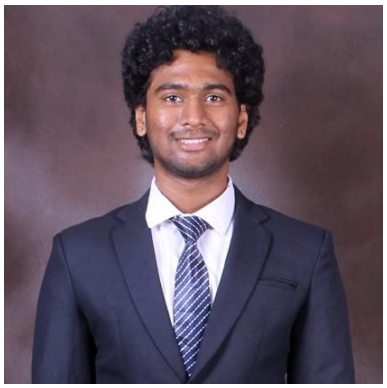
In 2013, overheating batteries caused two fires. The planes were grounded and fixed. In 2019, whistleblower John Barnett warned of dangerous metal shavings near wires and reused faulty parts. The FAA found some truth in his claims. Tragically, Barnett died by suicide in 2024, and his family blames Boeing.

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 Rakshith Bharadwaj Y



Update for the Day #2583 | The Inevitable Collapse of Quick Commerce: Why 10-Minute Delivery is Unsustainable

Quick commerce promises groceries in minutes but relies on a broken model of dark stores, gig labor, and predatory pricing that masks massive losses. Leaders like Blinkit, Zepto, and Swiggy Instamart burn cash for growth while unit economics fail at scale.

Bleeding Unit Economics

Core costs—dark store rents, rider wages, and last-mile delivery—consume 80-90% of revenue per order. Blinkit reported ₹178 crore operational loss in Q4 FY25, up 5x YoY; Swiggy Instamart lost ₹840 crore. Even at 4-5 million daily orders, margins stay negative as average order values stagnate around ₹400-500 amid price wars. Scaling to 5,500 dark stores by FY26 triples overhead without profitability, as high-frequency low-volume trips spike fuel and logistics expenses.

Regulatory and Safety Crackdowns

India's CCI probes exclusive supplier deals and predatory pricing that crush kirana stores and distort competition. Food safety scandals—expired goods, missing expiry labels—trigger backlash, with platforms skirting FSSAI norms in the rush for speed. Labor issues like gig worker exploitation invite minimum wage mandates, further eroding thin margins.

Environmental and Supply Chain Nightmares

Frequent deliveries emit massive CO2 via electric scooters and packaging waste overwhelms urban recycling. Fragmented supply chains in India lack cold storage, causing stockouts and spoilage; traditional warehousing fails 10-15 minute SLAs. Consumer addiction to speed fades when fees rise to curb losses, as seen in Zepto's 44% app download plunge.

Market Saturation and Investor Fatigue

Blinkit holds 45% share, but growth slows—Zepto stalls as cash burn tightens. TVS Capital calls the frenzy "unsustainable," predicting consolidation or pivot to slower e-commerce. Global failures (US, Indonesia) prove the model: initial hype yields to reality of unprofitable density limits.

Quick commerce survives only via subsidies; without them, it reverts to standard delivery, dooming the "quick" promise

By Chetan N

Update for the Day #2584 | Why Softbank sold its golden goose

Meet Masayoshi Son, the CEO of Softbank. For years, he has been preaching a new dawn, one he calls the 'AI Singularity', a moment he believes will arrive within the next decade, when artificial intelligence surpasses human intelligence. That belief became the driving force behind Softbank's 'Vision Fund', a $100 billion fund that actively seeks out and invests in AI startups, ride-hailing companies, and food delivery businesses. Son's bold bets have made him one of the richest people in Asia, and turned Softbank into one of Japan's most influential and profitable companies.

Now, when you're running a multi-billion dollar fund, naturally, your eyes turn to the crown jewel of the AI-boom — Nvidia. And for Masayoshi, it wasn't just a jewel, it was the keys to the empire. You see, he had invested in Nvidia in 2017, way before the stock rallied to the moon! Back then, GPUs (graphics processors) were still a small corner of the semiconductor market, and AI was just beginning to show some promise. But as the world caught on, Nvidia's value skyrocketed and SoftBank, unfortunately, exited too early. Even Nvidia's CEO, Jensen Huang, couldn't resist teasing Son about it at the Tokyo AI Summit in 2024 — joking that they could cry together about it. Because at one point, Softbank was among Nvidia's largest external shareholders.

To be fair, that regret is justified. In the past two years, Nvidia's valuation tripled, briefly hitting $5 trillion this year. That made it the most valuable semiconductor company in history. Their GPUs are at the heart of the generative AI-revolution, powering everything from OpenAI's ChatGPT to Anthropic's Claude.

So, for the Vision Fund, Nvidia was the perfect validation of Son's long-running bet on the AI Singularity. And which better stock to hold than Nvidia? Its rise was the proof in the pudding.

As Nvidia became the hardware engine behind the AI-software boom, Softbank made billions and, in every sense, it became the golden goose of the fund. Which is why what happened next confused the entire world.

In its October quarterly filings, SoftBank revealed that it had sold its entire Nvidia stake roughly $5.8 billion worth, locking in almost a twofold return on its investment. The announcement caught markets off guard and briefly pushed SoftBank's own shares into the red. After all, why would one of the loudest champions of artificial intelligence cash out of the very stock driving the AI boom?

For months, analysts and investors had been whispering about a potential AI bubble, and moves like this only fuelled those debates. The numbers themselves seem almost surreal valuations in the trillions, profit multiples that defy history, and an industry moving faster than it can keep up with demand.

But it feels like they saw the public speculation from the Nvidia sale coming, which is why, in the same filing, Softbank stated its plans on investing the gains back into other AI ventures, with one of them being OpenAI.

But the irony in that, is how OpenAI is one of Nvidia's biggest customers. That's what has

investors scratching their heads: capital and funding that leaves Nvidia somehow finding its way back.

Which definitely begs the question: Are we actually seeing an AI growth spurt or is it an echo chamber where every dollar invested circulates among the same few companies?

Well, the simple answer is both yes and no.

For SoftBank, though, it has always been about the long game. Eight years ago, when Eric Gunderson — then CEO of a little-known mapping startup called Mapbox, met Masayoshi Son, he expected to pitch his company. Instead, Son ended up pitching him on his plan to own a slice of every company touching the AI ecosystem, be it food, transport, finance, or medicine, because all of them were collecting data. And data, he argued, would become the new gold mine. Whoever owns the data owns the intelligence.

That's where OpenAI's "Stargate" project comes in — a massive next-generation AI data centre initiative reported to involve Oracle and projected by industry leaks, to require investments on the scale of hundreds of billions of dollars.

But a moonshot like that needs very deep pockets. And this is where SoftBank re-enters the picture. Flush with a quarterly profit of over $16 billion, it suddenly had the firepower to bankroll what might be the most ambitious infrastructure bet in AI history — and position itself as a primary financial backer. At the centre of this effort sits Masayoshi Son, whose vision of the AI Singularity is expanding beyond algorithms into the physical infrastructure that will power them. What began as a US-centric proposal is already global, with the first European site announced in Norway.

Okay, but why do data centres need such astronomical budgets?

To answer that, we need to rethink what a "data centre" is. You're probably picturing rows of towers in an air-conditioned server room, with fans whirring in the background. This is how the internet-era servers are built. But companies like OpenAI, that run large language models, need much more than today's servers can provide.

Think tens of thousands of Nvidia GPUs, all linked together to operate as a single unit. That kind of density demands enormous electricity — measured in gigawatts, equivalent to the power consumption of small cities. For context, with each of the 5 planned data centres, the initial plan of Stargate Project will need 10 gigawatts of power in total, enough to run about 7 million homes.

These GPUs also run hot, which means advanced liquid cooling is non-negotiable. That partly explains why Norway was chosen as the first European Stargate centre. Naturally cooler temperatures and of course, a lower cost of electricity doesn't hurt, does it?

There's another strategic layer here. Back in 2024, China announced plans to build eight advanced computing hubs as a part of its "Eastern Data, Western Computing" strategy. By setting up data centers in the US and Europe, they're trying to train and keep the next AI boom within western borders.

But out of all these reasons, the most interesting is the future of AI itself — AGI or artificial

general intelligence. Both Son and Sam Altman are building data centres that can support workloads no one fully understands yet. In short, they're future-proofing.

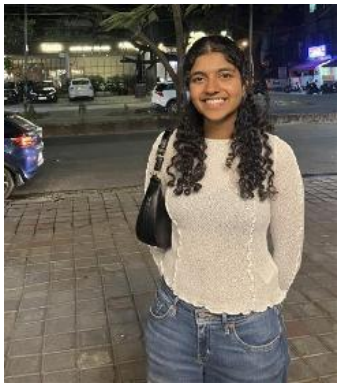
And all of this fits neatly into SoftBank's focus on "Physical AI". Think robotics, data centres, and the cloud infrastructure that links intelligence with the physical world.

So, if you connect the dots, you'll see that selling Nvidia didn't mean abandoning the golden goose. It was funding the farm. This was Masayoshi's goal with the Vision Fund: Own pieces of the companies that are crucial to the AI-driven future. So yeah, it's more than a financial pivot.

In its latest quarterly filing, SoftBank described its new strategy as '*Physical AI*: connecting intelligence with embodiment through robots, data centres, and cloud systems.'

Of course, the irony that Stargate's construction will rely heavily on Nvidia's chips, remains. The very company SoftBank exited will supply the silicon powering its next great ambition. But in the end, it perfectly captures this moment in AI history where the industry is so closely tied that even letting go of a golden goose can feel like feeding it from another hand.

By Barani Shre S S



Update for the Day #2585 | 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.

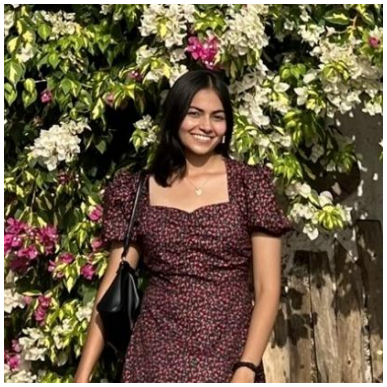
For instance, Sun Pharma has over 3 manufacturing facilities in the US, Cipla has a major plant, and Aurobindo Pharma has acquired several smaller plants over the years.
The long-term solution, however, isn't just to buy up manufacturing facilities abroad. Sure, that might help soften the blow of tariffs 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:

Section 3(d): Anti-evergreening clause
New forms of known substances are not patentable unless they show enhanced therapeutic efficacy.
Section 107A: Bolar exemption
Allows manufacturing and selling of a patented drug for purposes related to obtaining regulatory approvals in India or abroad.
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
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.

By Aastha Jain



Update for the day #2586 | India wants its own stable coin?

India and the crypto world share a complicated, almost "frenemies" kind of relationship. The government, regulators, and the RBI have consistently shown discomfort toward cryptocurrencies. They don't want to promote the ecosystem, but they also don't want it to become uncontrollable. So instead of banning it completely, they keep it under tight restrictions, high taxes, and limited banking access. In the middle of all this caution, a surprising development has emerged—Polygon, one of the biggest names in global blockchain, has partnered with And, a homegrown fintech company, to build what could become India's own stablecoin, currently called the Asset Reserve Certificate (ARC). This naturally raises a big question: if India has always kept crypto at arm's length, why the sudden openness toward something like a stablecoin?

To understand this shift, it's essential to look at the bigger picture. India may not want to build a deep relationship with the crypto ecosystem, but global developments are forcing it to stay involved. Stablecoins, in particular, have become too influential to ignore.

While cryptocurrencies like Bitcoin are decentralized and innovative, they are highly volatile, making them impractical for everyday use. Stablecoins solve that problem by maintaining a steady value through reserves backed by fiat currency or commodities. For example, USDT (Tether) maintains its value by keeping an equivalent amount of dollars or safe government assets in reserve. This stability, combined with the speed and cost-efficiency of blockchain transactions, has made stablecoins extremely popular for global payments and remittances.

The global stablecoin market is worth around $250 billion, and more than 98% of that is dollar-based. Coins like USDT and USDC dominate because they are backed by the US dollar, which is considered the world's most stable reserve currency. Interestingly, however, even though these stablecoins are dollar-backed, over 80% of the transactions happen outside the US, and India is one of the leading contributors. Unofficial estimates suggest that India has over 314 million stablecoin users—the highest in the world—and close to 60% of India's foreign exchange conversions now happen through stablecoins.

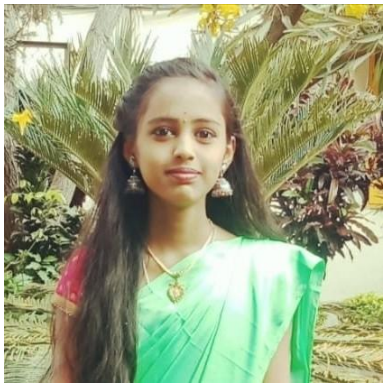
One major driver behind this is arbitrage. In India, due to banking restrictions on crypto exchanges, USDT often trades at a 4–5% premium. This creates profitable opportunities for traders and results in better remittance rates for Indians receiving money from abroad. But it also means that Indian money flows outward to support the dollar ecosystem rather than strengthening the rupee.

Another major concern is regulation. India currently operates in a regulatory grey zone regarding digital assets. If stablecoins are allowed without clear rules, private companies could start issuing their own versions, creating parallel financial systems outside traditional banking rails. Many earlier attempts at launching stablecoins in India and elsewhere failed because of unclear reserve backing, poor redemption guarantees, and the absence of proper regulation.

Even if ARC succeeds technologically, India will need comprehensive rules across the crypto ecosystem to ensure transparency, consumer protection, and financial stability. Otherwise, innovation may hit roadblocks, just as it did in China, where regulators stopped companies like Ant Group and JD.com from launching stablecoins despite having new laws in place.

In the end, India finds itself in a loop—pushed forward by global innovation but pulled back by policy concerns. Stablecoins like ARC could offer transformative benefits, but without a clear regulatory foundation, their full potential may remain locked. If India manages to build that foundation, it could shape a new digital financial future centered not around the dollar, but around the rupee.

By Vismitha V



Update for the Day #2587 | The ₹150-crore prop-trading scam

The Story

It begins in Surat, in a small office, where dozens of traders logged in every morning, convinced they were part of something big. They believed they were trading through a reputable broker terminal, getting special limits that normal retail traders could never access, and using a setup that looked institutional and efficient. For months, it worked like a charm. Until one random morning, the terminals simply stopped responding.

And to know the workings behind how this came to be, let's take it from the top.

You see, this office, according to Money control's reporting, belonged to a firm called Green Wall Enterprises. If you walked past it, you'd see Jainam Stock Broking's boards everywhere. Everyone casually called it "the Jainam branch". And nobody even questioned it. Because, well, who goes around checking if a board on the wall is fake? Except it was, and Jainam later clarified that they had absolutely nothing to do with Green Wall.

But here's where things start to get interesting.

Behind Green Wall was a man, Darshan Joshi, known as DJ. DJ wasn't a SEBI-registered stockbroker himself. Instead, he ran a Greater Noida–based firm called iTrade Associates that was closely linked to Green Wall. And he handled crores of rupees that traders sent him from Delhi NCR, Jaipur, Ranchi, Kolhapur, wherever. So he was basically operating as an agent for Green Wall. And people trusted him because he gave them something magical: crazy leverage. The kind where a ₹1 crore deposit turns into over ₹7 crore of trading firepower in the F&O (futures and options) markets.

But before we go further, let's take a step back to understand how prop trading actually works.

In markets, this high-power betting usually happens through something called a proprietary trading desk, or a "prop desk". It's basically a special account that brokers use to trade their own money. Their money, their risk. It's meant only for them, not for outsiders. And because it's house money, brokers typically have more flexibility internally in terms of how much risk they want to take, how big the positions can be, and how fast they can move. This isn't the kind of freedom a retail trader gets.

The key point is that prop trading is strictly meant for a broker using its own capital, for its own benefit — not for outsiders looking to borrow leverage.

But that's exactly what was happening at Green Wall Enterprises.

Some brokers found a way to quietly let outsiders trade through these prop accounts (something that is strictly prohibited) and earn from it on the side. And traders realised they could get monster leverage without the usual rules or paperwork. That way, both sides benefitted, and so, nobody asked too many questions. And that's what led to a perfect little black-market trading system.

For instance, a trader would hand over ₹20–50 lakh to an agent like DJ. DJ would take the money to Green Wall, where the broker effectively gave the trader access to the broker's prop trading limits, even though the trades were made in the broker's name. In return, the broker earned interest, brokerage, and sometimes a profit share. DJ pocketed a commission. And the trader got massive leverage and freedom to trade without formal checks.

All this happened without any KYCs, contracts or client codes… at least not in the way a regular retail account would have them. But it didn't matter, because profits kept coming in.

Until, in August, the key individuals behind Green Wall — Nimit Shah and Hiren Jadav, simply vanished. Terminals froze mid-trade and positions could not be squared off. And suddenly everyone realised the horrible truth: their money wasn't in the official broking system to begin with. It was floating in informal channels or dummy trading accounts or private bank accounts, controlled by people who were no longer picking up calls.

DJ claimed he was a victim too. Losses were first estimated at ₹5 crore… then ₹22 crore… then ₹40 crore… and eventually industry insiders said the number might be closer to ₹150 crore.

And the deeper investigators went, the uglier things looked. Green Wall's collapse brought to light a wider ecosystem. In many of these prop-trading setups, brokers like Green Wall were showing outside traders as 'employees' on paper, issuing salary slips so they appeared as in-house staff during inspections. Thousands of fake NISM certificates were being floated around so traders could get 'approved user' IDs on prop terminals. Many traders genuinely believed this was a legit setup, and didn't know they were breaking rules simply by logging in. In these arrangements, losses could be shifted onto such 'employee accounts', deposits withheld, and profit and loss updates sent through unofficial emails.

Money control even detailed a similar case in Mumbai, where traders lost around ₹1 crore and were allegedly threatened when they showed up to ask for refunds. And the worst part is that none of this technically appears in SEBI's famous statistic that 91% of F&O traders lost money in FY25, because these trades didn't originate from real client accounts in the first place. They happened outside the system, in the shadows.

So, what's next, you ask?

For now, market regulator SEBI has stepped in and asked exchanges to investigate the misuse of prop-trading accounts, including who was actually sitting behind such terminals and how access in Surat got extended to traders in places like Delhi, Jodhpur and Kolhapur. The regulator is also pushing for tighter rules such as mandatory mapping of MAC (Media Access Control) and IP addresses, so investigators can precisely identify where trades were placed. Separately, its probe is expected to look at issues like fake certificates and roundabout money flows between brokers and related entities.

But the real question is how did so many people walk straight into this mess? How did something this obviously risky, this obviously informal, this obviously too-good-to-be-true feel normal to so many traders across so many cities?

And a big part of the answer lies in simple human psychology.

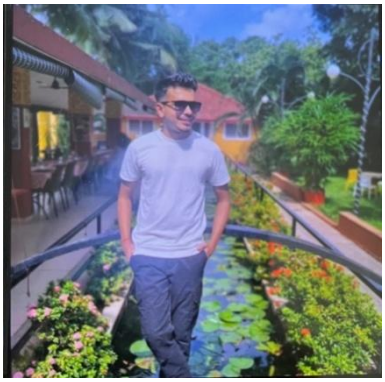
You see, markets amplify hope and fear. And above all, they amplify the belief that somewhere out there, someone is playing the game better than you. So when an agent whispers, "This is how the big traders operate", it doesn't feel like a warning but a secret. It feels like you've been handed an insider pass to a smarter, faster, more powerful way of making money. And once that feeling kicks in, the brain quietly switches off all the alarms.

And that's the thing about shortcuts. They don't announce themselves as shortcuts. They arrive disguised as opportunities: special limits, exclusive access, low margins, high confidence. They work beautifully, right up until the moment they don't. And by the time you realise you were balancing on a thread, the thread has already snapped.Most traders caught in this saga weren't reckless gamblers. They were hopeful of better than normal returns too quickly. They saw people around them making money. And they assumed that if many people were doing it, it had to be legitimate. It felt like they had discovered a clever trick that the rest of the world hadn't figured out yet.

But as Warren Buffett loves to remind the world, there are no free lunches, especially in markets, where every extra ounce of return has a matching ounce of risk hiding in the shadows.

And that's exactly where this whole saga lands. Because the real danger wasn't just the fake terminals or the shady intermediaries. It was the illusion and the belief that traders were getting something the system wouldn't normally give. Once that illusion felt real, everything else looked normal. It's a reminder that if your name isn't on the trading account, if your money isn't inside the regulated system, if the paperwork doesn't exist, if the limits look magical, and if everything relies on "just trust me", then you're not trading. You're sitting in a backroom casino. So, the next time anyone promises you such things, you know what to do. Run away as fast as you can, and don't stop to negotiate!

By Mukesh Gehlot



Update for the Day #2588 | Can foreign capital fix PSU banks?

There's been quiet talk in Delhi that the government might increase the foreign investment limit in public sector banks (PSBs) from 20% to 49%. On paper, it looks like a big reform. It signals that India is open to more liberalisation and could also bring in nearly $4 billion of passive foreign inflows because PSU banks would get higher weightage in global indices like MSCI. Naturally, the market reacted positively and PSU bank stocks jumped.

The logic seems straightforward private banks can get up to 74% foreign investment, so why should state-run banks miss out? But the real picture is more complicated.

To understand why, you have to go back to the 1970s, when banks were nationalised. A rule was built into the law that even if a private investor owned a large stake, they couldn't have more than 10% voting rights. This rule is still in place. So even if the FII cap becomes 49%, foreign shareholders still won't have any real say in how these banks are run.

That tells you something: this move isn't about giving control , it's about sharing risk. Because PSBs, despite better profits lately, are still under pressure. They have to run rural branches, follow government programmes, and do social lending that private banks avoid. As the economy grows, the pressure on them to lend more increases. But instead of putting more taxpayer money into recapitalising them, the government is now looking at foreign capital.

However, capital isn't the biggest problem anymore. PSBs cleaned up a lot of bad loans after 2015, and RBI reforms made them healthier. But much of their recent performance came from favourable economic conditions — low interest rates, high government spending, and a positive credit cycle. The next decade won't be that easy.

Banking today is about deposits, technology, customer experience, and competing with fintech. On these fronts, PSBs are lagging. Their share of household deposits has fallen from 70% in 2015 to 60% now. Urban users prefer private banks; even rural customers are moving to NBFCs.

And foreign inflows aren't always a blessing. Passive FII flows depend on index weights, which can rise if the cap increases. But they can also exit quickly, causing volatility. Smaller PSBs might gain a lot more than big ones like SBI, but that also increases the risk of sudden outflows.

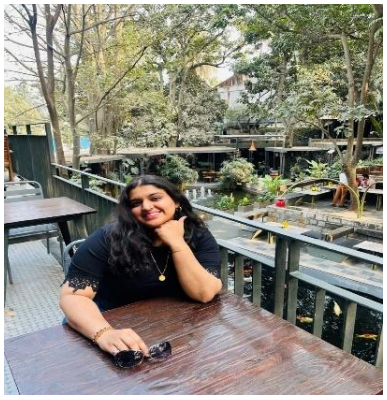
There's also the risk of complacency. If banks feel share prices rise simply because of foreign room and not because they're improving, the real reforms may never happen.

While some say foreign institutional investors can improve governance, it works only when they have voting power and long-term interest neither of which is guaranteed here.

Real reform would mean using new capital to modernise technology, fix customer experience, improve deposit mobilisation, and strengthen governance. Today, many PSBs don't even have fully staffed boards. Without these changes, increasing FII limits becomes just a headline, not a meaningful reform.

Unless PSBs change from within, this move may only buy time — and we'll again be asking where all the money went.

By Kavya Hebbar



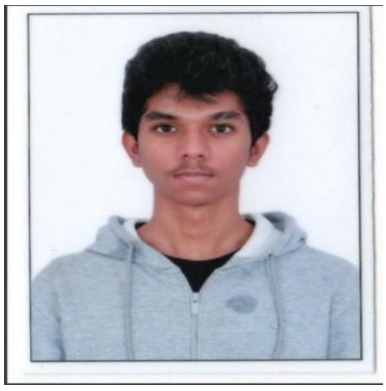
Update for the Day #2589 | Totalitarian Governance and Party Control in North Korea

North Korea, formally known as the Democratic People's Republic of Korea, is a highly centralized one-party state under a dynastic totalitarian dictatorship led by Kim Jong-un. Its government structure is modeled on a socialist command system with supreme authority held by the Workers' Party of Korea (WPK). All major decisions flow from the central power of the Supreme LeaderThe legislature, known as the Supreme People's Assembly (SPA), consists of 687 delegates elected by universal adult suffrage for five-year terms, but real legislative power is limited. The SPA fulfills largely ceremonial and endorsement roles; its cabinet is nominally accountable to the assembly and its presidium, but in practice, executive power resides with the State Affairs Commission headed by Kim Jong-un. The premier and several vice-premiers assist in governmental affairs, yet all are subordinate to directives from the WPK and the Supreme Leader. Policy and personnel decisions are handled through the party's Central Committee and its subordinate departments such as the Politburo and Organization Guidance Department.

The state controls virtually all economic and social aspects of life. Ministries covering key industries—agriculture, power, finance, public health—are led by party members appointed by the Supreme Leader and serve to execute the central plan. The judiciary is subordinate to political power, and the security apparatus reports directly to the State Affairs Commission. The governing ideology reinforces conformity and suppresses dissent, and North Korea has been noted for systematic human rights abuses, limited freedom of movement, strict censorship, and forced labor requirements from its population. Decisions by the government are made in forms of directives and orders from the cabinet, which are implemented down to the local levels.

Overall, North Korea’s governance is defined by absolute party control, personality cult politics, intense securitization, and rigid hierarchy—all centered on the authority of Kim Jong-un and the Workers' Party

By Aniket R Patil



Update for the Day #2590 | How digital gold became India's favorite unregulated investment

How Digital Gold Became India's Favourite Unregulated Investment

Digital gold has been in the spotlight recently — not for its popularity, but for a warning. Over the weekend, market regulator SEBI (Securities and Exchange Board of India) reminded everyone of an uncomfortable truth: digital gold is completely unregulated.

That means it isn't a "security" like shares, nor is it a commodity derivative like gold futures. And since it doesn't fall under any existing financial category, no regulator — neither SEBI nor the RBI — has the authority to oversee it.

Yet, despite this regulatory void, digital gold has grown into a ₹13,800 crore market. So how did an unregulated product become so widely accepted?

When you buy digital gold through an app, you're essentially relying on the platform to store an equivalent amount of physical gold in a vault. Ideally, this gold should be available at all times to fulfil redemption requests.

But here's the catch — no law requires platforms to prove they're actually holding enough gold. Audits aren't mandatory. Disclosures aren't required. And if even one major platform hasn't stocked enough gold, a sudden wave of redemptions could trigger a crisis.

This raises the obvious question: if it has always been unregulated, how did digital gold become so big?

The Origins: A Convenient Solution

The story goes back to 2012. Augmont, a precious metals company, introduced the concept of fractional digital gold. At that time, Indian investors only had two meaningful options:

Buy physical gold — which meant storage hassles and security risks.

Invest in gold ETFs — which required a demat account, involved capital gains tax on sale, and were not easily accessible for small-ticket buyers.

Augmont identified a gap: make gold accessible, affordable, and digital. For as little as ₹1, anyone could buy gold online while the company stored it securely. The idea took off instantly in a country where gold is deeply embedded in culture and financial behaviour.

Soon after, MMTC-PAMP — India's largest refiner — expanded the market further by partnering with Paytm, PhonePe, Motilal Oswal and others, enabling digital gold to reach millions.

Why Platforms Pushed Digital Gold

By 2017, two big factors made digital gold hugely attractive to fintech platforms:

Stricter RBI KYC rules for wallets
Small gold purchases (below ₹2 lakh) didn't require KYC under PMLA rules. Apps realised they could offer a frictionless gold-buying experience without additional paperwork — helping them retain users.

A perfect onboarding product
Once customers bought gold, platforms nudged them toward other financial services. This is why stockbrokers like Groww, Upstox, and HDFC Securities joined the bandwagon.

As a result, digital gold started to resemble a savings product. Micro-investing, SIPs, gold accumulation for future jewellery purchases — it all became easy and intuitive.

By 2021, stockbrokers accounted for 10–12% of India's annual digital gold sales of around ₹5,000 crore.

The Regulatory Gap Widens

Since most investors never requested physical gold delivery, platforms were rarely tested on whether they actually held full reserves. In a worst-case scenario, a platform low on gold could fund withdrawals using money from new buyers — not because digital gold is a Ponzi scheme, but because nothing legally prevents such behaviour.

Regulators noticed the growing risk, but they also realised they had no jurisdiction. Digital gold existed in a grey zone — not permitted, not prohibited, simply unclassified.

The only step SEBI could take was to ban SEBI-regulated intermediaries (like brokers and investment advisers) from offering or recommending digital gold.

Yet, digital gold continued to thrive, much like informal gold savings schemes offered by neighbourhood jewellers — built entirely on trust, backed only by general consumer laws.

So What Should Investors Do Now?

If you own digital gold, there's no need to panic. But SEBI's warning is a reminder to be cautious.

Regulated alternatives like gold ETFs and EGRs (Electronic Gold Receipts) are safer and more cost-efficient. Unlike digital gold, ETFs and EGRs:

are regulated by SEBIdisclose storage and audit details

usually involve lower costs

allow easy trading on exchanges

Digital gold, by contrast, comes with

higher storage and platform charges

3% GST on purchase

no regulatory protection

If you're invested, you can:

take physical delivery

sell and switch to ETFs/EGRs

or leave existing holdings untouched (but with full awareness of the risks)

A sudden, mass exit could trigger the exact scenario regulators worry about — so calm, informed decision-making is key.

Digital gold succeeded not because it was allowed, but because it wasn't disallowed. It sat in a regulatory no-man's land and grew quietly, fueled by convenience, trust, and India's love for gold.

But with the market now large and the risks clearly articulated, the onus is on investors to tread carefully and prioritize regulated options for future investments.

By Varsha G Bhatt

Update for the Day #2591 | Increasing Use of AI Tools in Daily Business Operations

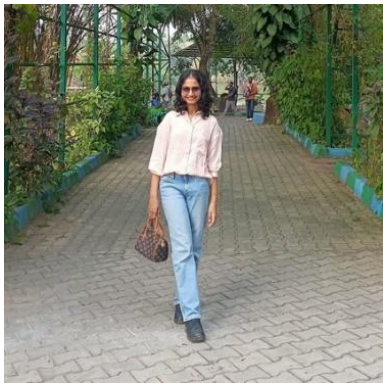
Businesses across all sectors are rapidly integrating AI tools into their everyday workflows to simplify processes and save time. A common example is the use of AI writing assistants—tools like ChatGPT or Grammarly—by employees to draft emails, prepare presentations, summarize long documents, and generate quick reports. This not only speeds up communication but also improves accuracy and consistency in internal and client-facing documents.

AI is also becoming essential for automating repetitive tasks. Companies now use tools that automatically extract data from invoices, create entries in accounting software, or classify expenses without manual effort. In HR, AI tools are screening resumes, shortlisting candidates, and even scheduling interviews through automated calendars. These practical applications are helping teams focus on more strategic and higher-value work instead of routine administrative tasks.

Customer support teams are seeing major transformation as well. Many businesses now rely on AI chatbots—like those used by Swiggy, Zomato, banks, and telecom providers—to handle common queries such as order status, billing, password resets, and complaint updates. These bots work 24/7, reducing waiting time for customers and lowering the workload on support teams who can then concentrate on more complex issues requiring human judgment.

Finally, AI-driven insights are becoming a powerful decision-making tool for managers. Tools like Power BI with AI integrations, Google Analytics, and CRM systems provide real-time dashboards that predict customer behaviour, highlight at-risk clients, and estimate sales performance. Retailers use AI-based demand forecasting to decide stock levels, while finance teams use predictive models to estimate cash flows. These practical uses show that AI is no longer a future concept—it is an everyday business tool improving efficiency, accuracy, and overall productivity.

By Anusha M



Update for the Day #2592 | What SEBI's new AIF rules mean?

Mutual funds are easy to understand today. You pool your money with thousands of other investors into a themed fund — maybe focused on an industry or an asset class. And whether you invest ₹500 or ₹50,000, you earn returns in the same proportion. Everyone plays by the same rules, and everyone gets a fair deal.

But what if you're an investor with crores lying idle, looking for something high-risk and high-reward? Then you start looking beyond your typical assets like bonds, equities, or real estate. The basic mutual funds don't impress you. And that's where Alternative Investment Funds, or AIFs, come in.

Here, the entry bar is high, and fund managers operate by a different rulebook. You're not buying listed shares or government securities anymore. It's more like betting on startups, private companies, hedge strategies, or even exotic assets like art.

Because of this exclusivity, the rules in AIFs have always been... flexible. A ₹500 crore AIF could raise money from just a handful of investors, and some of them could negotiate special terms like early payouts or priority exits. Essentially, the bigger the cheque, the better the deal. And that didn't sit well with SEBI. So the regulator decided to step in.

Back in December 2024, SEBI released a circular that said all investors in an AIF must have fair and equal rights when it comes to their undrawn commitments. And that fairness rested on two terms: pro-rata and pari-passu.

What does that mean?

Well, imagine you and your friend renting a house. You stay for 10 days, and your friend stays for 20. Now, if you divide the rent based on how long each of you stayed in, i.e. a 10:20 ratio, that's *pro-rata* or paying in proportion to your share.

Now imagine that even though you stayed for 10 days and your friend stayed for 20, you both still pay the same rent, under the same agreement, and on the same day. That's *pari-passu*, which is also known as equal footing or equal treatment.

The reason these two terms made it to the 2024 circular is because the regulator noticed that in some AIFs, equal treatment wasn't seen across all investors. That meant two people in the same fund, investing in the same deal, could walk away with very different results. It went against the spirit of a pooled fund, where everyone's money is supposed to share the same risk and reward.

But enforcing fairness in complex funds like AIFs is easier said than done.

That's because, unlike mutual funds where all the money is invested upfront, AIFs don't take your entire investment on day one. Fund managers call for capital in stages. Even then, it's only when they find a company or project worth investing in. The rest stays with the investor until it's needed.

Say you commit ₹10 crore to an AIF. The manager might draw ₹6 crore immediately and call the remaining ₹4 crore later. That ₹4 crore is your "undrawn commitment" or money you've promised but not yet deployed. It's still part of the total amount you've committed, but it's just not invested yet.

And this is where confusion began.

Did SEBI's fairness rule apply to the total commitment or only the undrawn part? How should existing schemes transition to the new system? Could fund managers stick to old agreements signed through Private Placement Memorandums (PPMs)?

Sidebar: Private Placement Memorandums are legal documents that are used for private securities. It tells potential investors about the risks, terms and opportunities of the investment.

All these uncertainties led to a difference in what the rules say and what's practiced in real life. And it meant that fund managers were caught between breaching old contracts or violating the regulator's circular.

Even the word 'commitment' didn't necessarily have a clear meaning. Is it the total amount that an investor promised to the fund, or only the undrawn amount? Depending on which it is, an investor's profit or loss could look very different.

Then came in structural confusion, particularly with close-ended schemes. You see, close-ended AIFs raise money and have it invested in levels or tranches so the rules seem pretty straightforward. But what if it's an open-ended fund? Capital flows in and out every day, so following something like pro-rata becomes tricky.

But remember, at its core, though, SEBI's goal was simple: fairness and protection. When some investors get preferential rights or early exits, it distorts the level playing field of pooled funds.

Because of all this, fund managers were left scratching their heads and thinking: can these issues be fixed without reopening old contracts? Nobody knew for sure.

That was until last week, when SEBI came out with a consultation paper on the new rules for AIFs. And where better to start, than defining what 'commitment' actually means.

For close-ended AIFs, the regulator says that funds may calculate pro-rata rights either on the basis of an investor's total commitment or on the undrawn commitment. But whichever method the fund chooses to follow, it must be clearly stated in the PPM and it can't be changed later during the lifetime of the scheme. That takes out two birds in one stone: investors know the rules from the ground up, and fund managers don't have to sway in confusion.

Next comes what funds can do with the undrawn commitment, which is basically idle funds. It clearly states that they cannot have it deployed elsewhere secretly. It keeps things fair, transparent and maintains the pro-rata rule.

And for funds already operating under old PPMs, there's a transition phase. As long as they follow one of the approved drawdown methods and disclose it clearly, they won't have to reopen contracts.

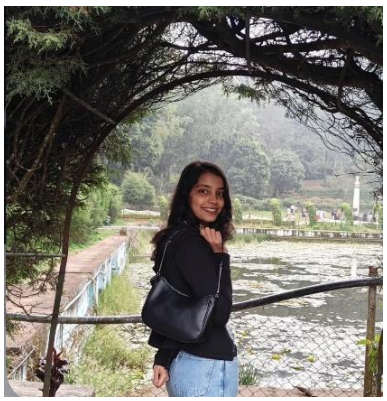
Now despite these rules, not all AIFs function the same way, and SEBI knows that. So open-ended category III funds, the type where anyone can enter and exit whenever they want, don't have to follow the same rules as close-ended funds. So, SEBI says they don't need to apply the pro-rata rule to drawdowns. Instead, they just need to make sure that profits are shared in proportion to the units each investor holds.

SEBI also made it clear that the new fairness rules won't mess with how fund managers get paid. The profit share that managers or sponsors earn is called *carried interest*. But it is a reward for performance, not part of the investor pool. So, it doesn't fall under the pro-rata or pari-passu rule. This means managers can still earn their usual performance fees without breaking any regulations.

And lastly, SEBI also wants funds to keep better records. This means log every investor's commitment in rupees, show clearly how pro-rata rights are applied, and make sure trustees verify it in their reports. Past deals (before December 2024) can stay as they are, but every new investment from here on must follow the updated pro-rata rules.

For now this is still a draft paper, open to public comment. But if it becomes regulation, India's AIF ecosystem could finally strike the right balance between fairness and flexibility. Because in a market where big risks often chase big rewards, maybe fairness is the safest bet of them all, no?

By Swati Sundar Kulkarni



Update for the Day #2593 | AI Regulation: Balancing Innovation with Responsibility

Artificial Intelligence has rapidly moved from being a futuristic concept to a foundational component of modern business, governance, and everyday life. From personalized digital assistants to automated financial systems and advanced healthcare diagnostics, AI now influences decisions at unprecedented scale and speed. As its capabilities expand, so do concerns around privacy, ethics, bias, and accountability—making **AI regulation** one of the most important discussions of 2025.

The Need for Responsible Oversight

The primary challenge with AI today is not its potential but the *unintended consequences* of its adoption. Algorithms can replicate societal biases, make opaque decisions, and process sensitive personal data in ways that raise ethical concerns. Without proper guardrails, AI systems—especially large-scale generative models—can spread misinformation, violate privacy, or make critical decisions that lack human oversight.

This has led governments worldwide to recognize the need for frameworks that ensure AI systems are **transparent, safe, and reliable**. The goal is not to restrict innovation, but to ensure that AI develops in a manner aligned with public interest and fundamental rights.

Global Efforts Toward Governance

Several countries and blocs have already taken significant steps. The European Union's *AI Act* categorizes AI tools based on risk, imposing strict controls on high-risk applications such as facial recognition or health diagnostics. The United States has adopted a sector-specific and industry-led approach, focusing on innovation and voluntary standards. Meanwhile, countries like India are advocating for a balanced framework that encourages innovation while safeguarding citizens and data.

India's draft AI policy emphasizes **responsible AI, transparency, data privacy, and accountability**, while also encouraging startups to build indigenous AI solutions. Given India's large digital population and rapidly growing tech ecosystem, this balanced approach is essential.

Striking the Right Balance

The biggest priority for regulators is achieving equilibrium between fostering innovation and ensuring safety. Over-regulation may stifle growth and deter investment, while under-regulation may result in misuse and public mistrust. This makes collaboration important—not just between governments and tech companies, but also civil society, researchers, and international bodies.

A strong regulatory framework should ensure:

Transparency: Users must know when and how AI systems are involved in decision-making.

Accountability: Companies must be responsible for the outcomes of their AI systems.

Fairness: Algorithms should be tested to reduce bias and discrimination.

Privacy: Strong data governance to prevent misuse of personal information.

Safety: Systems should be robust, secure, and resistant to manipulation.

The Road Ahead

As AI continues to transform industries—from finance and telecom to real estate and public services—the need for responsible governance will only intensify. The conversation in 2025 is no longer about whether AI should be regulated, but **how to regulate it effectively without slowing innovation**.

Striking this balance will determine whether AI becomes a trusted enabler of progress or a source of societal friction. With thoughtful policies, ethical design, and collaboration across stakeholders, AI can drive transformative growth while upholding the values of safety, fairness, and transparency.

By Lakshya Bansal

Update for the Day #2594 | Why SEBI wants trading academies to step back from live data

If there's one thing more popular than trading these days, it's people teaching you how to trade. From the comfort of your home, armed with the internet, a smartphone, and some savings locked into a demat account, anyone can get started.

But there's a catch. How do you know which stocks to pick? Which is the best brokerage to use? How much money do you even need to start? These are all questions every new trader asks when they first step into the market. And that's where this story starts off as well.

A month ago, SEBI made an example out of a financial influencer who also ran a trading academy under his own name. In the process, it clawed back about ₹546 crores of illegal gains made through the firm. The irony of it was how he made profits from the academy rather than trading itself.

And this wasn't a one-off case, nor was it the first time an individual or institute were caught operating like a trading firm all under the guise of 'education', 'training' and 'guidance'. Just last year, the SEBI went after the Asmita Patel Global School of Trading for a similar pattern — running a so-called academy that allegedly offered "strategies," "secret systems," and "guaranteed returns," while actually functioning like an unregistered advisory service. Students paid for courses but were effectively being funnelled into real-market positions, without the academy holding the licenses required to guide trades.

Put together, these cases reveal a clear pattern: individuals and institutes branding themselves as "educators," "trainers," or "mentors," but operating suspiciously like trading firms — all under the loosely defined and largely unregulated umbrella of "financial education."

And this matters because trading isn't a casual hobby. These are real people putting their life savings on the table with every trade they take. So the stakes are quite high for everyone involved, and the numbers tell a sobering story. Despite trading volume dropping in 2025, losses kept mounting. SEBI's latest data shows that 91% of traders active in the equity derivatives segment (EDS) lost money. Imagine making an investment where you have less than a one-in-ten chance of retaining your capital, forget profits. That's the reality for most retail traders.

Keeping this in mind, these 'academies' couldn't keep getting away with calling themselves trainers and educators while offering real-time, live data and instructions on the markets.

So SEBI's first move came in May 2024, and it started with data. You see, there were some apps that had gamified virtual trading by using real-time prices of listed companies. Even going so far where users were rewarded for making profits on virtual platforms, even though the price movements were real.

And that's when it stepped in and said: teach all you want, but only on the condition of using one-day-lagged data.

At first glance, it sounded like paper trading had been banned. But that wasn't the case at all. When you're paper trading, there's no real risk involved - dummy orders, delayed pricing and of course

no rewards. It's purely about learning.

The real issue was something else entirely. A wave of mock-trading apps had started using real-time market prices and then layering on gamified challenges, leaderboards, and even cash prizes. So these platforms looked like paper trading, but were essentially online stock casinos built on live market movements. Users paid entry fees, competed for rewards, and made decisions based on real-time price swings. That's essentially a stock market casino with none of the regulation.

A day's lag sounded good enough on paper, but between May 2024 and 2025, SEBI saw finfluencers weaponise it to conduct 'almost-live' trading sessions. And others used day-lagged data but presented it as actionable, near-real-time charts.

And that's when the real debate started – how much data do you actually need to teach trading?

SEBI's logic is simple. If you're genuinely teaching concepts, strategies, or market behaviour, there is no need for real-time or near-real-time data in the classroom. You can explain candlesticks, volatility, support/resistance, or risk management just fine with data that's a few weeks old.

But the moment fresh price data enters the classrooms alongside trading strategies, education starts looking a lot like informal investment advice. And that's the loophole many creators and platforms have been exploiting. They present themselves as educators but use almost-live prices to guide people's trading decisions without being regulated. SEBI's challenge is to keep education authentic and useful, without letting this grey zone become a backdoor for unregistered advisory.

Some argue that these academies are just teaching but many of their students continue to trade based on the 'guru's' signals long after the course ends. So multiply that by thousands of followers, and you're no longer looking at education. And none of it falls under SEBI's advisory or suitability rules.

That's why, in January 2025, SEBI tightened the screws again. Its circular clarified that a three-month data lag would be acceptable for educational use, whether it involved stock names, price data, or even future price indicators.

But this three-month rule had problems of its own. For instance, you can't teach certain concepts like price-action with data that's at least a quarter old. And even SEBI agreed that the educational value from fresher data would be more useful.

So the regulator went looking for a middle ground. And that's where the latest draft paper comes in. It proposes a uniform 30-day data lag across the board for educational use cases.

If a course genuinely focuses on teaching concepts, it can easily work with data that's 30 days old. Because learning doesn't depend on Reliance's exact price today; it depends on understanding why prices move.

And even if an institute genuinely feels it needs fresher data, the pathway already exists: register as an investment advisor and play by the rules, just as everyone else.

Trading education isn't illegal in India. Giving trading tips without being a registered investment advisor is. And that's why so many of these outfits call themselves 'academies'. The label lets them

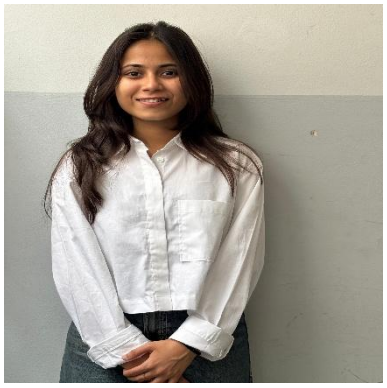
teach strategies, hint at entry–exit points, and walk right up to the advisory line without ever taking on the responsibilities that come with being regulated.

With this draft paper, SEBI is finally drawing that line clearly. Educators can still teach, but they must use 30-day-old data. And they must continue to steer clear of any advisory-like behaviour that the January 2025 circular already prohibited.

So yeah, that's why SEBI has pushed out this draft.

For the time being, it is open for public comment. But the message is already clear. If you're truly an academy, you don't need live data to teach. And if you insist that you do, then the writing is simple—register as an RIA or face the music.

By Lakshi Rajesh Solanki



Update for the Day #2595 | How India Took on Misleading Rehydration Drinks

The ORS Saga: How India Took on Misleading Rehydration Drinks

It's a familiar scene: a sick child, worried parents, and an urgent trip to the pharmacy for ORS - the only treatment the WHO recommends for dehydration caused by diarrhea. But for years, many Indian parents unknowingly bought sugary drinks disguised as ORS, such as ORSL, because they were placed right beside real ORS packets and packaged to look nearly identical.

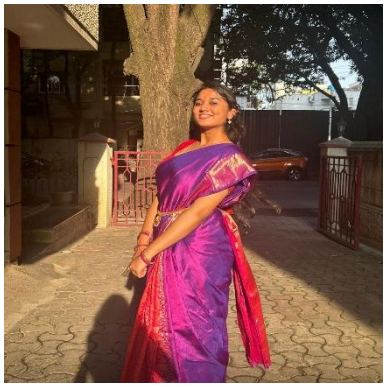
These drinks weren't medical products at all. Instead of being regulated under India's Drugs and Cosmetics Act, they were sold as food items under FSSAI, allowing them to avoid strict standards for therapeutic products. While WHO requires only 1.35 grams of sugar per 100 ml in ORS, these "ORS-like" drinks contained nearly 11 grams - worsening dehydration rather than treating it.

Around 2016–17, Hyderabad-based paediatrician Dr. Shivaranjani Santosh began exposing the issue, filing RTIs and pushing regulators to act. In 2022, FSSAI briefly warned against misuse of the term "ORS", but after pushback from large corporations like JNTL (maker of ORSL) and Dr. Reddy's, the order was diluted and companies continued selling old stock.

Finally, in October 2025, FSSAI issued a landmark directive: no food or beverage can use the term "ORS" in any form unless it meets WHO standards, effectively classifying true ORS as a drug. The Delhi High Court upheld this ruling, prioritizing public health over corporate interests.

Today, non-compliant products are being removed from shelves across India - a crucial victory in consumer safety and regulatory clarity.

By Ananya Sudharsan



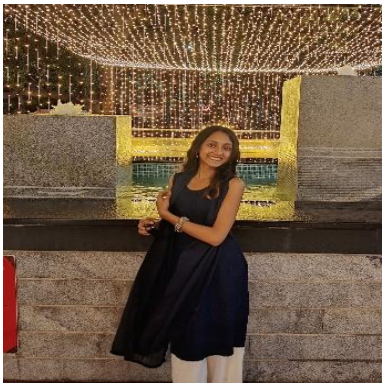
Update for the Day #2596 | The Role of Digital Marketing in Modern Business Growth

Digital marketing has become essential for modern business growth as consumers increasingly use the internet for shopping, communication, and information. Unlike traditional advertising, digital marketing is cost-effective and allows even small businesses to compete on a global scale. Channels such as websites, social media, email, and search engines enable companies to promote their products and services efficiently.

A major advantage of digital marketing is the ability to target specific audiences and measure results in real time. Businesses can track customer behavior using data and analytics, ensuring that ads reach the right people at the right time. This data-driven approach improves conversions and helps companies make informed decisions to optimize campaigns quickly.

Social media, search engine optimization, and email marketing also help businesses build strong customer relationships and improve visibility. However, companies must stay updated with changing trends and maintain high-quality, engaging content to stand out in the competitive online marketplace. Digital marketing therefore plays a key role in shaping brand growth, customer loyalty, and long-term business success.

By Rishika Harlalka



Update for the Day #2597 | Understanding the economics behind India's egg prices

Namakkal, a district in Tamil Nadu, is widely recognised as the Egg Capital of India. It produces about 6 crore eggs every day, and over 10% of these are exported. And prices of eggs in the Egg Capital have hit the ₹6 mark for the very first time. For context, each egg now costs ₹6.05 at Namakkal's poultry farms versus last year's highest rate of ₹5.95.

This means that buying eggs next time might cost you a little extra. So we thought, why not dive into how eggs are priced in India and why egg prices have hit record highs right now?

And before you think, "Why should I know all this?", remember, the egg industry is central to India's economy and export story. The country ranks second globally in total egg production, producing over 14,200 crore eggs annually. And Namakkal accounts for a large share of India's egg exports, close to 80–90% depending on the year. Which is why this story matters.

At the centre of this entire pricing puzzle is the National Egg Coordination Committee (NECC), a non-government, farmer-driven cooperative-style body that plays a huge role in price discovery. And if NECC doesn't ring a bell, maybe the ad jingle from the 1990s will: "Sunday ho ya Monday, roz khao ande", which translates to "whether it's Sunday or Monday, eat eggs every day." This jingle was pushed out by the advertising agency working with NECC, all in the hope that Indians would warm up to eggs and eat them more often.

And there's a fun little backstory behind why NECC even felt the need to popularise eggs in the first place.

Back in the late 1970s and early 1980s, egg prices in India had fallen below production costs. At the time, traders, not farmers, determined prices. They often ignored production costs or demand-supply realities and would buy eggs at artificially low rates. They'd then dump them into cold storage, and release them during peak seasons. And when farmers would try to raise prices during high-demand months, traders would simply refuse to buy from them because they already had stockpiles.

With no price-stabilising mechanism, farmers were stuck in a vicious cycle. For context, between 1979 and 1981, the cost of inputs, especially feed, shot up by over 250%, but the price of eggs barely moved. Thousands of poultry farmers went bankrupt and many had to shut shop.

Enter Dr. B. V. Rao, the founder of Venkateshwara Hatcheries — or, as you probably know it, Venky's. Inspired by how Dr. Verghese Kurien revolutionised India's dairy industry, he wanted to do the same for eggs. He travelled across the country, brought farmers together, helped them meet traders and policymakers, and tried to unite a fragmented sector.

His goal was simple — create collective bargaining strength to prevent catastrophic price collapses.

This eventually led to the creation of a common platform called the NECC.

In 1982, NECC declared its first official egg prices. And from that day, it became a price-discovery

platform that protected farmers from manipulation and helped ensure they received fair, stable prices.

But fairness wasn't enough. Back then, Indians weren't eating enough eggs due to myths like they were "heaty", "unhealthy", "not meant for summers", and so on. So NECC also took on the job of boosting consumption. The ad campaign that followed — "Sunday ho ya Monday…", became iconic, and many countries later replicated the model.

All of this helped NECC become the industry's central price-setting voice. As of 2022, NECC had over 25,000 farmer members, and it set prices through a zonal system. Zonal committees met frequently and considered supply, demand, input costs such as feed, labour, electricity, veterinary costs, and local consumption patterns to arrive at daily price declarations.

But here's the catch. Even though NECC revolutionised the industry, it wasn't a government body. It had no legal authority to fix prices. Its prices were meant to be advisory, not binding.

But that wasn't how things turned out.

In 2022, the Competition Commission of India (CCI) pulled up NECC for exactly this reason. CCI found that while NECC called its prices "declared rates", the industry treated them as mandatory. Zonal heads coordinated on WhatsApp and phone calls, farmers were discouraged from selling below NECC rates, and there were even informal threats of penalties. NECC also urged farmers to cull flocks early (essentially reducing the number of birds, sometimes even healthy ones, to cut supply) or hold back eggs in storage during low-demand periods to prevent prices from falling.

And CCI wasn't having any of this. It concluded that these actions amounted to cartel-like price-fixing, which is illegal. After which NECC could continue sharing price data, but had to clearly state that its prices were only suggestions, and farmers were free to choose their own rates.

The thing, however, is this. When 25,000 farmers in a concentrated sector follow the same platform, "suggested prices" naturally become de facto market prices. Retailers can't really buy outside NECC-aligned sources without losing access to the bulk of the supply.

Sure, some regions operate outside NECC's ecosystem and some commercial or small farms independently set prices. But broadly, NECC still shapes the market.

And now that you know exactly how egg pricing works in India and why it works this way, that brings us back to Namakkal.

Namakkal is technically the export hub, with over 1,000 producer members, even though Andhra Pradesh is India's largest egg producer, contributing nearly 18% of the country's output. And that's simply because Namakkal sits much closer to ports like Thoothukudi and Kochi. Its eggs reach Middle Eastern markets in about four days — far quicker than the roughly two weeks it takes from Andhra Pradesh, which is also why the benchmark price from Namakkal carries weight.

And right now, Namakkal's benchmark price has hit record highs for a few reasons.

For one, production has dropped. Continuous rains this year moistened and damaged feed,

especially maize brought in from neighbouring states, causing fungal infections. Since feed quality directly affects output, production fell by roughly 7–10%.

At the same time, demand has shot up. Winter naturally pushes people to eat more eggs, everyday consumption rises, and bakeries ramp up production for cakes, cookies, and festive desserts, adding another 20–30 lakh eggs a day during Christmas and New Year. And that's enough to push prices up, especially when production is already struggling. And maybe the protein craze in India has added a bit of fuel to the fire too. Eggs are still the cheapest source of protein around. One regular egg gives you about 5–6 grams of protein, which works out to roughly ₹1 per gram (even at a higher retail price of ₹8) — far more affordable than pricey protein powders that not everyone can buy. And with nearly a quarter of India eating eggs, that extra demand definitely shows up. But while this benchmark price rise is great on paper for poultry farmers, it's not exactly a windfall. Their production cost in Namakkal sits around ₹4.50–4.75 per egg, which means they're still operating on pretty thin margins even at ₹6 a piece.

So how do we improve their margins, you ask? One way is to reduce volatility in feed costs. Feed accounts for 60–70% of total production expenses, with maize and soybean meal as the core ingredients. Unlike farmers in developed markets who hedge feed prices through commodity futures (basically, advance contracts that let them lock in today's feed prices for future use), Indian farmers have no hedging mechanisms. If the government creates support frameworks or stabilisation policies for feed, similar to MSP (Minimum Support Price)-style systems used for grains in some states, it could help protect farmers during volatile seasons.

Another problem we'd need to tackle is disease management. India follows a "detect and cull" policy for avian influenza rather than preventive vaccination, unlike Europe or the US. This means every outbreak risk mass culling and productivity loss. Vaccination can mitigate this, and the government has begun moving in this direction.

By Srikhar MR

Update for the Day #2598 | Pine Labs IPO – Key Analysis and Overview

Pine Labs, a leading fintech infrastructure company in India, has opened its Initial Public Offering (IPO) for subscription, which will remain open until **11th November (Tuesday)**. The company operates at the forefront of digital payment solutions, enabling seamless transactions across retail and enterprise environments through its smart POS ecosystem and card-issuing infrastructure.

Pine Labs' business model is built around two core segments. The first is its **Digital Infrastructure and Transaction business**, comprising sophisticated POS terminals capable of supporting not only digital payments but also advanced services such as GST-compliant invoicing, inventory management, loyalty programs, EMI financing and analytics. This generates revenue through deployment fees, subscription billing and transaction-linked charges. The second segment is **Issuing and Acquiring**, through which Pine Labs powers prepaid gift cards, employee reward cards and branded stored-value programs. This business strengthened significantly after its acquisition of **Qwikcilver**, giving the company a dominant position in India's prepaid card issuance ecosystem.

In FY25, Pine Labs recorded **₹1,603 crore** in revenue from its infrastructure segment and **₹671 crore** from its issuing business, processing over **5.6 billion transactions** with Gross Transaction Value exceeding **₹11.4 lakh crore**. The company has recently returned to profitability, reporting a net profit of **₹4 crore in Q1 FY26**, alongside an improvement in operating margins from 12% in FY23 to 15% in FY25.

Through this IPO, Pine Labs aims to raise **₹3,900 crore**, of which **₹2,080 crore is a fresh issue** and **₹1,820 crore represents an Offer for Sale** by existing shareholders. The fresh capital is proposed to be utilised for expanding infrastructure and technology capabilities, repayment of borrowings and supporting international expansion in markets such as Singapore, Malaysia and the UAE.

While Pine Labs enjoys strong market presence with over a million merchant touchpoints and deep industry integrations, it also faces challenges including customer concentration risk, intense competition from players like Razorpay, PhonePe and Paytm, and ongoing pressure due to commoditisation of POS hardware. The proposed valuation stands at **₹25,400 crore (approximately $2.9 billion)**, which reflects a correction from its earlier private valuation of $5 billion.

The IPO presents an interesting opportunity in a rapidly evolving digital payments landscape, and evaluating it requires balancing its growth potential with execution and sustainability risks.

By B S Shivani

Update for the Day #2599 | Reliance Jio Weighs Landmark IPO in 2026 with Smaller Public Float

Reliance Jio Platforms, the digital and telecom arm of Reliance Industries headed by Mukesh Ambani, is actively evaluating plans for a public listing in 2026 that could emerge as the largest IPO ever in Indian capital markets. According to reports, the company is considering offering around **2.5 per cent of its equity** to the public, a move that could still raise **over USD 4 billion**, given Jio's scale and valuation. Even with a relatively small float, the proposed listing is expected to surpass recent marquee offerings, including Hyundai Motor India's 2024 IPO.

The decision to explore a 2.5 per cent public offering is closely linked to a proposed regulatory change under consideration by SEBI, which aims to reduce the minimum public shareholding requirement for very large companies from the current **5 per cent to 2.5 per cent**. This proposal, which is still awaiting approval from the Ministry of Finance, is intended to make it easier for highly valued companies to list without flooding the market with excessive supply. Reliance Jio is expected to be among the first beneficiaries if this relaxation is formally notified.

From a strategic standpoint, a smaller float allows Reliance to unlock value while retaining tight control over the business and minimizing short-term volatility at listing. Given Jio's massive valuation base, even a limited dilution could translate into one of the biggest fundraises in India's IPO history. Market participants view this approach as a template for future mega-listings, especially for digital and infrastructure-heavy companies with long-term growth trajectories.

Investment banks such as Morgan Stanley and Kotak Mahindra Capital are reportedly advising on the transaction and working on the draft prospectus. While discussions are still ongoing, bankers suggest that the IPO structure could be either a pure offer for sale by existing shareholders or a combination of secondary sale and fresh issue, depending on capital requirements and market conditions closer to the listing. No final decision has yet been taken on the exact structure.

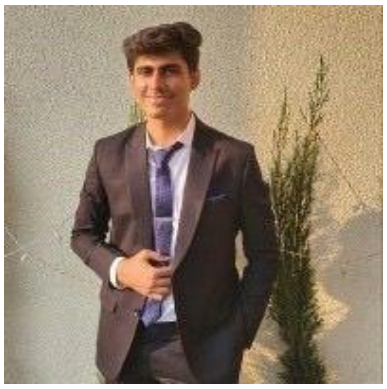
On valuation, estimates vary widely. Global brokerage Jefferies has previously pegged Jio Platforms' valuation at around **USD 180 billion**, implying a potential fundraise of approximately **USD 4.5 billion** from a 2.5 per cent stake sale. Other investment bankers are believed to have pitched even higher valuations in the range of **USD 200–240 billion**, reflecting Jio's dominant telecom position, expanding digital ecosystem, and growing presence in cloud computing and artificial intelligence.

Jio Platforms has attracted significant global capital over the past few years, with marquee investors including KKR, Silver Lake, Vista Equity Partners, General Atlantic, and the Abu Dhabi Investment Authority. These investments not only validated Jio's valuation but also set the stage for an eventual public listing. The company's continued push into AI infrastructure, enterprise digital services, and next-generation connectivity further strengthens the IPO narrative.

While the proposed 2026 timeline remains indicative, the final launch will depend on regulatory clarity, market sentiment, and broader capital market conditions.

If executed as planned, the Jio IPO is expected to be a watershed moment for Indian equity markets, potentially redefining how large-cap and digital-first companies approach public listings in the years ahead.

By Narayan Lal V



Update for the Day #2600 | The Devyani-Sapphire Foods merger explained

Imagine walking into a food court and seeing KFC and Pizza Hut right next to each other, both run by the same company. That's about to become reality across India. A few days ago, Sapphire Foods announced that it will merge into Devyani International. And from April, more than 3,000 KFC and Pizza Hut outlets will come under one roof. And just like that, India will get its largest Yum! Brands quick-service restaurant (QSR) platform.
Now, this isn't a surprise. It had been whispered about for over a year (first rumoured in July 2025), and it's finally happening. So let's try to make sense of it. But to do that, we first need to meet the characters in this story.

At the very top sits Yum! Brands. It's a US-based fast-food giant behind KFC, Pizza Hut, Taco Bell, and Habit Burger Grill. Yum owns these brands outright. That means it decides everything from recipes and menus to store layouts, marketing, and operating rules. What it doesn't do, for the most part, is run restaurants itself. Instead, Yum franchises its brands. Over 98% of its 62,000+ outlets worldwide are operated by local partners. These partners put up the money for real estate, staff, and day-to-day operations. Yum, in return, takes a cut of sales as royalties and fees.
In India, Yum chose two large franchise partners for KFC and Pizza Hut: Devyani International and Sapphire Foods. Devyani is the bigger of the two. It's part of billionaire Ravi Jaipuria's RJ Corp — the same group behind Varun Beverages, Pepsi's biggest bottler in India. As of September 2025, Devyani ran 1,737 KFC and Pizza Hut outlets across India, Nepal, Nigeria, and Thailand. It also operates all Costa Coffee cafés in India. Add to that its own brands like South Indian chain Vaango, Biryani By Kilo, Goila Butter Chicken, and its airport food court businesses, and Devyani already had around 2,184 outlets before the merger, spread across more than 280 cities.
Then there's Sapphire Foods. It's also a major Yum franchisee in India and runs Taco Bell in Sri Lanka. Backed mainly by private equity firm Samara Capital, Sapphire operates across India as well as Sri Lanka and the Maldives, where it's one of the largest international QSR chains. It has a strong presence in 15 Indian states and runs 963 outlets across its markets. So for over a decade, Yum! Brands has been running India with two parallel partners — both selling the same fried chicken and pizzas, often in the same neighborhoods. And at this point, you're probably thinking: why run two franchisees at all?

Well, you see, Devyani and Sapphire entered the Indian market at very different moments, and for very different reasons. Devyani is the older of the two. It's been around since 1991, when India's organised fast-food scene was barely a thing. Sapphire, on the other hand, came in much later. In 2015, private equity investors bought about 270 existing KFC and Pizza Hut stores in India and Sri Lanka and bundled them into a new company called Sapphire Foods.Back then, having two franchisees actually made a lot of sense. India's QSR market was just taking off. Penetration was low, incomes were rising, and millions of people were moving to cities. There was space to grow everywhere. Devyani used its early start to build scale quickly. Sapphire brought in fresh capital and expanded into regions that were still untapped. If one slowed down, the other kept opening stores. And a bit of competition between the two even helped testing prices, store formats, and expansion strategies.

This worked well in the early years, when fried chicken and pizzas were still a novelty. A new KFC or Pizza Hut opening nearby naturally pulled in crowds. But over time, something predictable happened. The markets started overlapping. Because when two different companies run the same brand, clashes are almost inevitable. Advertising strategies can diverge. Marketing spends get duplicated. And for customers, there's no visible difference anyway. A KFC is a KFC, regardless of who runs it.

So both Devyani and Sapphire ended up crowding the same high-demand cities. In metros and Tier-1 hubs like Delhi, Mumbai, Bengaluru, Hyderabad, Chennai, and Pune, you'd often find KFCs and Pizza Huts run by both companies just streets apart. That's where the problem kicked in.
Instead of growing the pie, these stores started eating into each other's sales. Rent-heavy locations, similar menus, and the same customer base meant that if there were two weak stores around each other, they'd be fighting for the same wallet. And that hurt unit economics for both.
In short, what once helped fuel growth eventually turned into inefficiency. Then there was another problem quietly brewing in the background. People just weren't eating out as much after the pandemic.

During lockdowns, many people learnt to cook. And even after things opened up, habits had changed. Eating at home felt easier. And when people did crave restaurant food, they preferred ordering in rather than stepping out. That shift mattered a lot for restaurants. Delivery sounds great, but it's actually more expensive for the business. Food has to be packed, and you often need extra staff to manage online orders. This hit Pizza Hut harder than others because its business depends heavily on delivery as pizza is the kind of food people love to order in while watching TV or hosting friends.

Compare that with KFC, where eating inside the store still plays a big role. In fact, on-premise dining is where Devyani International really shines. About 54% of its revenue comes from customers eating at the restaurant.
On top of that, people weren't ordering as frequently either. The cost of living was rising, rents were going up, and salary hikes weren't exciting enough. Even if grocery bills didn't feel dramatically higher, eating out or ordering in became something people cut back on. All of this showed up in a metric called Same Store Sales Growth, or SSSG.

SSSG simply tells you how existing stores are performing compared to last year, without counting any new outlets. It answers one basic question: Are the stores you already have making more or less money than before? To tell you why that matters, let's give you an example. Suppose a company had 10 stores last year making ₹10 lakh in total. This year, it opens 5 new stores and total revenue rises to ₹15 lakh. That looks like growth. But what if the original 10 stores actually made less money, and the entire increase came from the new ones? That's where SSSG cuts through the noise. And for both Devyani International and Sapphire Foods, SSSG has been weak.
In H1 FY26, for instance, Devyani's KFC stores saw SSSG of -2%, and Pizza Hut -4%. Similarly, Sapphire's KFC stores were flat at 0%, while Pizza Hut fell -8%. That's also a big reason Sapphire paused new Pizza Hut stores expansion since it became clear that opening more stores, especially in tier-2 cities, wasn't fixing the core issue. Financially, it showed too. In H1 FY26, Devyani and Sapphire posted a net loss of ₹22 crore and ₹15 crore respectively.Seen together, this likely pushed Yum! Brands towards a simpler solution — one strong, "master franchisee" with tighter control and sharper execution, much like how McDonald's or Domino's Pizza operate with single operators in India. That would mean less overlap, fewer inefficiencies and a clearer path forward.
So how does this merger actually work, you ask?

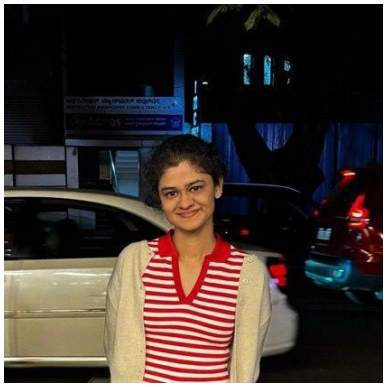
At a basic level, Sapphire Foods will be folded into Devyani International. For every 100 shares Sapphire shareholders hold, they'll receive 177 shares of Devyani. On top of that, Yum! Brands is also sweetening the deal. It's transferring 19 KFC outlets in Hyderabad (currently operated directly by Yum) to Devyani. Put together, this gives Devyani immediate access to more stores, a larger footprint, and potentially tighter supply chains. Over time, that alone could lift profitability by about 2.5%.

So yeah, this isn't a victory lap. Rather, it's a survival merge.
Yum gets to fix its fractured India setup. Devyani gets the scale it needs to steady the ship and fight back in a tougher market. And Sapphire's private equity backers get a clean exit. Ahead of

the merger, group company Arctic International will buy about 18.5% of Sapphire from existing promoters, with the option to later sell the shares to a financial investor. That move simply tidies up Sapphire's shareholding before it disappears into Devyani.
The real test, though, is whether Devyani can turn Pizza Hut around and prove that the promised synergies are strong enough to beat weak consumer demand and rising costs.

In a year or two, we'll know whether 3,000 combined stores start compounding profits, or just become more expensive to run.

By Nayana H G



Update for the Day #2601 | A breakthrough that might break the internet

It is believed that hackers around the world are quietly intercepting and hoarding vast volumes of encrypted data, including your biometrics and bank account details, to top-secret research by governments and labs. However, they can't open these files.
At least not today.

But within the next few years, they may have a reliable way to access them. In fact, back in 2020, Sundar Pichai predicted that within 5 to 10 years, quantum computing will break today's encryption systems. And just last week, Google's Quantum Computing division made a breakthrough in that direction. It successfully ran a new algorithm named Quantum Echoes on the Willow chip. And this achieved a verifiable 'quantum advantage'. In simple terms, it ran complex simulations 13,000 times faster than the world's best supercomputer.
Even better, the results were reproducible and more reliable, which is something previous quantum experiments struggled with. In short, Google just showed that quantum computing is inching from lab theory to real-world potential, a leap that could soon affect everything from chemistry to finance to cybersecurity.

That's where the real promise of quantum computing lies. Since quantum computers can process so many possibilities simultaneously, they're uniquely suited for complex simulations and optimisation tasks. For instance, in chemistry and materials science, they could help chemists model molecular interactions precisely to design new drugs, superconductors, or even next-generation batteries. This is something today's supercomputers struggle to do because the math becomes astronomically complex.

However, this alone doesn't mean that quantum computers don't come with downsides. The biggest one being that they can easily break modern encryption standards, and destroy the foundation of digital security. And in order to understand how, let's first see how it works today.
Encryption for emails or other digital signatures essentially works by multiplying two prime numbers.

Let's say you log in to a website such as your bank. Your data isn't sent in plain text. It's scrambled using a public key, which is a mathematical code made by multiplying two very large prime numbers, often hundreds of digits long.
And here's where the trick lies. Multiplying them is easy. But if someone tries to do the reverse, i.e., figure out which two primes were multiplied to create that massive number, it's practically impossible for classical computers. This process is called RSA encryption (and yes, it's built on that prime-factorisation concept my 5th grade maths teacher taught me).
This ensures that your data remains secure and reliable and that two people who have never met can exchange information safely. One person encrypts the message using a public key, and the other decrypts it with a private key.

To give you an idea of scale, even the most powerful supercomputer today would take billions of years to crack a 2048-bit RSA key by brute force.
That's why the system is considered secure. Your bank details, passwords, and digital certificates all depend on this principle that breaking down a huge number into its prime components takes an unimaginably long time.

Quantum computers, however, don't play by the same rules. They use something called 'superposition', which allows them to process multiple possibilities at once instead of checking

each one sequentially.
To understand this, here's a famous thought experiment proposed by Erwin Schrödinger, one of the pioneers of quantum physics (you may be familiar with it if you've watched the American sitcom, The Big Bang Theory):
A cat is placed inside a sealed box with a small amount of radioactive material that may or may not decay, triggering a mechanism that could release poison. Until someone opens the box, the cat isn't just alive or dead; it's both alive and dead at the same time. Its actual state exists as a combination of both possibilities until it's observed.

Quantum computers apply the same idea to computing. While classical computers use bits, which can be either 0 or 1, quantum computers use 'qubits', which can be 0, 1, or any combination of both simultaneously. This means that a quantum computer can process many possible answers simultaneously, something that no classical computer can do.

And with the help of an algorithm known as Shor's algorithm, a sufficiently powerful quantum computer could factor large prime numbers exponentially faster, effectively breaking the RSA encryption in hours or days.
And that's exactly the threat experts are worried about.
It means the same technology that promises breakthroughs in medicine and materials could also render the world's online banking systems, government communications, and private data completely exposed.

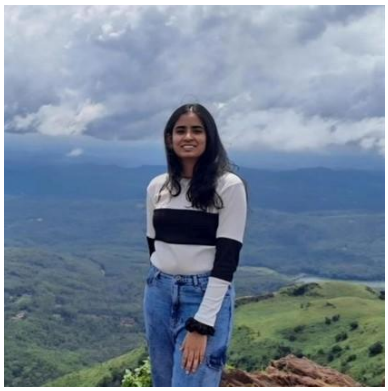
That's why security agencies and corporations worldwide are now racing to prepare for what they call Q-Day (the day quantum computers become powerful enough to break existing public-key encryption).

Governments, tech companies, and research institutions are already working on solutions such as "quantum proof" systems. The US National Institute of Standards and Technology (NIST) has been running an international competition since 2016 to identify Post-Quantum Cryptography (PQC) algorithms. These are basically new encryption methods that even quantum computers can't easily crack.

In 2022, NIST announced four leading algorithms: CRYSTALS-Kyber for general encryption, and CRYSTALS-Dilithium, Falcon, and SPHINCS+ for digital signatures. These are designed using complex mathematical problems that even the most advanced quantum computers can't solve efficiently (for now).
Meanwhile, companies like Cloudflare are testing hybrid encryption systems that combine traditional encryption, like AES, with quantum-resistant algorithms to safeguard future data transfers.
In India, the government launched the National Quantum Mission in 2023 with a ₹6,000 crore investment to strengthen the country's capabilities in quantum computing, communication, and cryptography.

And that's where the strange irony lies. The same technology that could help us discover new d rugs, design better batteries, and solve humanity's most endearing problems, which we once thought were impossible to solve, could also expose every secret we've ever tried to keep.

By Neethu R



Update for the Day #2602 | Can LIC be India's sovereign wealth fund?

Okay, before you jump in and say, "Hey Finshots, India does have a sovereign wealth fund. It's called the National Investment and Infrastructure Fund (NIIF)!"… let's politely pause you right there. Because yes, you're right, but only partially.

NIIF was set up in 2015 as India's first sovereign-anchored fund, with the government putting in an initial seed. Now, for the uninitiated, sovereign wealth funds (SWFs) are basically giant investment pools owned by governments. They're funded by foreign-currency reserves or other government surpluses and are managed separately from the money used to run day-to-day government operations.
But NIIF is a bit different.

Think of it as a quasi-sovereign wealth vehicle that's been tailored for India's own needs. Instead of (primarily) chasing foreign acquisitions, the fund is mainly designed to invest in domestic infrastructure like roads, ports, renewables, logistics, the works. Today, NIIF manages about $5 billion across its funds.

And here's something else you should know. The government owns 49% of NIIF's funds; the majority 51% comes from institutional investors. We're talking names like HDFC, Axis Bank, ICICI Bank, and global giants like ADIA, Temasek, and international pension funds.

So in spirit, NIIF behaves less like a traditional SWF, which typically deploys state surplus globally and more like a capital-mobilizing platform for India's infrastructure story.

Which is why, the Indian government recently floated an ambitious plan to create a $50 billion Bharat Sovereign Wealth Fund. A move that would place India alongside Singapore, Norway, the UAE, and other economies that deploy national savings into global markets and strengthen geopolitical influence. This announcement immediately set off debates. Where would the capital come from? Would it be fiscally prudent? And given India's persistent trade deficit, does the country even generate the kind of surplus dollars that usually fund such investment vehicles?

But this got a lot of people thinking, "If India wants a powerful, state-backed investment engine, why not use the giant it already has?"

Unlike many nations, India has LIC — a financial colossus with a current AUM of over Rs.50 lakh crore of and growing. LIC already invests in government bonds, equities, PSUs, and even infrastructure bonds. Whenever the government needs a reliable anchor for an IPO, a backstop for a struggling bank, or a stabilizer during market stress, LIC often steps in.

So LIC undeniably displays the traits of a sovereign investor. It has a massive capital base and the scale to take concentrated bets, precisely the traits an SWF needs. Countries like Singapore (Temasek) and Malaysia (Khazanah) use state-owned investment firms to shape national industrial strategy. On the surface, the logic fits. If they can do it, why can't LIC?

Well, it's because LIC's foundation is built on a completely different premise.

You see, as we mentioned earlier, sovereign wealth funds are generally funded by national surpluses such as oil windfalls, export profits, fiscal savings, or excess foreign reserves. They deploy a country's excess capital into productive assets. The risks they take are the state's responsibility.

And if something goes wrong, the cost eventually lands with the government, not individual citizens.

LIC, by contrast, runs on policyholder money. Every rupee comes from families buying term insurance, retirement plans, and products for their long-term savings. LIC's core mandate is fiduciary: protect capital, deliver stable returns, and honor claims. Its job is not nation-building gambles or "strategic" stake purchases that may or may not pay off.

And this is where tension creeps in.

Whenever the government nudges LIC to rescue a company, support disinvestment, or soak up PSU equity, LIC starts behaving like a de facto sovereign wealth fund, albeit without the transparency, safeguards, or autonomy that actual SWFs are built on.

That poses two significant risks:

A) Structural Mismatch - SWFs invest globally to generate foreign exchange income. India, however, has a widening trade deficit and has no meaningful surplus USD to deploy abroad. LIC isn't designed to fill that gap. Its investments are predominantly domestic because its liabilities (future insurance payouts) are domestic too. Moreover, the regulations governing an insurance company's use of policyholder premiums for investments are pretty strict. As per the Insurance Act, 1938 and its amendments, no insurer should invest, directly or indirectly, the funds of the policyholder outside India. Here is a list of the approved investments by the IRDAI. However, exceptions such as rupee-denominated bonds issued by multilateral bodies or incubators are allowed on a case-by-case basis, subject to explicit conditions. These also require approval from the IRDAI, the RBI, and compliance with FEMA (Foreign Exchange Management Act). This makes it all the more difficult for LIC to invest in global instruments.
B) Governance Concerns - SWFs publish clear investment charters and detailed performance metrics. LIC, especially when executing decisions aligned with government priorities, remains opaque. If policyholder funds are used to support sensitive projects, it becomes difficult to judge whether those moves are financially sound or a case of mission drift.

Just to be clear, LIC already does all this to some extent, but within the country. It's already a heavyweight and can absolutely co-invest in national priorities. But that doesn't make it a sovereign wealth fund. It makes it a large insurance company being stretched beyond its native design.

Because at the end of the day, LIC's first duty is to policyholders. That must stay intact. Its governance, risk frameworks, and investment criteria should remain insulated from external demands. If LIC ever participates in projects, it must do so under disclosed frameworks with risk caps.

Then, we must build a dedicated SWF separately. This would require funds coming in from the right places. Not insurance premiums. And India has three such sources.

The first is asset monetization. The government owns airports, highways, ports, pipelines, mining rights, land banks, stakes in PSUs, and large pools of brownfield infrastructure that already generate stable cash flows. The Department of Investment and Public Asset Management (DIPAM) is already in the business of selling or leasing these assets through disinvestment and monetization pipelines. Instead of pushing all proceeds directly into the annual budget, a portion of these earnings could be channelled into a sovereign fund. Singapore built Temasek using exactly this model.

The second source is foreign reserves, which today stands close to $700 million. Many countries

carve out a small surplus slice to deploy abroad through their SWFs. Even a cautious allocation of 1-2% of our reserves could seed an investable corpus without compromising RBI mandates.
The third source is future fiscal surpluses. As the tax base widens and the deficit narrows, we could earmark a portion of its future windfall revenues, such as telecom spectrum receipts, strategic PSU stake sales, or the divestment of non-core government companies, for the fund instead of folding everything into annual spending. Norway's fund for instance, started with oil money but today uses its taxes and licensing fees from oil companies to back its global investment book.

A fund built on these foundations would be structurally different from LIC or any other domestic institution. It would be free to invest wherever it sees fit. From Silicon Valley tech to African infrastructure, Southeast Asian ports, energy assets, and venture capital, as well as stakes in domestic and global companies. It would be guided by an independent investment charter that prioritizes returns, diversification, and future economic security over short-term political pressure.
The bottom line is this: LIC can support national priorities, but it can't replace a sovereign wealth fund.

Its capital belongs to policyholders and shareholders, not the state. And until India has the surpluses to build an actual SWF, LIC must remain exactly what people signed up for, a safe, stable institution that protects lives, not an investment fund wearing an insurance company's badge.

By Yogesh K Bagrecha

Update for the Day #2603 | AI Reshapes Retail Investing: New Opportunities and Behavioral Shifts

The rise of artificial intelligence is transforming how retail investors interact with financial markets, shifting the landscape from intuition-driven choices to data-centric strategies powered by algorithms and real-time analytics. Retail investors now have access to sophisticated tools like robo-advisors, automated screeners, and sentiment dashboards, which were previously available only to institutional players. This democratization of information has empowered individual investors to act more confidently and proactively, making the investment process more transparent and accessible.

AI tools are helping retail investors overcome common behavioral biases such as loss aversion and herding, leading to more rational and informed investment decisions. The ability to process vast amounts of data in real time allows investors to identify opportunities and manage risks more efficiently, especially for short-term trades and portfolio optimization. As a result, the average retail investor can now refine their strategies and improve decision-making, making investing less reliant on fragmented research and more systematic.

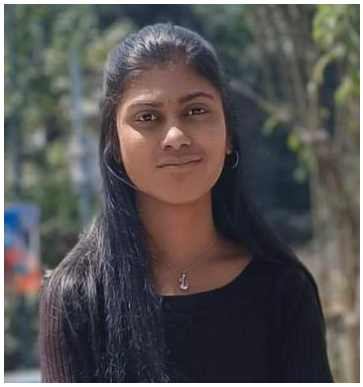
However, the AI era also introduces new behavioral challenges. The speed and volume of information can encourage short-term, reactive trading, while overreliance on algorithmic recommendations may create a false sense of certainty, leading to risk-taking without a thorough understanding of underlying fundamentals. There is also a risk of herding behavior, where many investors follow similar AI-driven strategies, potentially amplifying market volatility during shocks. Additionally, the complexity and low explainability of AI tools can result in principal-agent risks, where the interests of the tool provider may not align with those of the investor.

AI-driven investing also brings new risks related to scams and fraud, with malicious actors using AI to enhance their tactics and exploit the "buzz" around technology. Regulatory bodies are increasingly focusing on transparency and investor protection to mitigate these emerging threats. Despite these risks, the broader impact of AI remains positive, as it continues to make investing more inclusive, dynamic, and informed for the average retail participant.

Looking ahead, the long-term success of AI in retail investing will depend on responsible usage, ongoing investor education, and a balanced approach that combines automation with human judgment. As technology matures, the focus will shift toward ensuring that investors not only have access to advanced tools but also understand how to use them wisely, balancing the speed and efficiency of AI with critical thinking and risk awareness.

This evolution is already transforming the mindset of India's new-age retail investor, making investing more accessible, transparent, and informed.

By P.B Deekshitha



Update for the Day #2604 | Battle of the OTT Giants: What It Means for the Indian Viewer

Streaming Wars and Their Growing Impact on the Indian Consumer

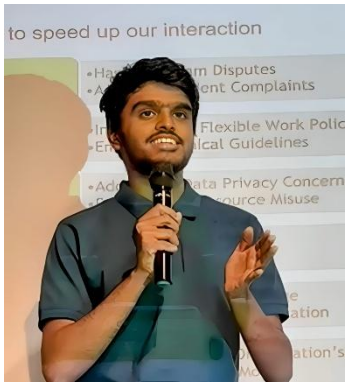
The streaming wars have intensified globally, and India has emerged as one of the most dynamic battlegrounds. With platforms like Netflix, Amazon Prime Video, Disney+ Hotstar, JioCinema, Zee5, and Sony LIV aggressively expanding their libraries, consumers are experiencing unprecedented choice—along with new complexities.

For Indian viewers, the biggest advantage has been the access to diverse, high-quality content across languages, genres, and regions. From international blockbusters to home-grown originals, platforms are investing heavily in tailored storytelling for Indian audiences. This has elevated production standards and pushed creators to innovate like never before.

However, the fragmentation of content has also made streaming more expensive and less convenient. Exclusive rights and platform-specific releases often force consumers to subscribe to multiple services, driving up monthly entertainment costs. Recent price hikes and the rise of premium ad-free tiers have added further pressure. Additionally, the shift toward live sports streaming—particularly cricket—has intensified competition, making content distribution more scattered.

Despite these challenges, the streaming boom has empowered consumers with flexibility, personalization, and on-demand entertainment. As platforms continue to compete, the Indian audience is set to benefit from more localized content and improved viewing experiences, even as questions of affordability and consolidation loom large.

By Shankar B S



Update for the Day #2605 | What the Airbus scare tells us about modern infrastructure

Earlier this week, Airbus issued an urgent advisory to ground most of its fleet after an A320 briefly lost altitude mid-flight. Engineers later traced the issue to an unusual burst of solar radiation that interfered with the aircraft's flight-control computers, causing delayed responses in the elevators and ailerons. Although the pilots landed safely, the incident prompted immediate investigations by Airbus and aviation regulators because modern aircraft are designed with multiple layers of redundancy—and yet something happening 150 million kilometers away managed to disrupt a flight.

This renewed attention is linked to the Sun's current activity cycle. The Sun operates on an 11-year cycle of rising and falling solar activity, and in November 2025 we experienced the strongest solar flare of the year. When a solar flare is powerful enough to penetrate parts of Earth's magnetic shield, it can disrupt critical systems. Aviation drew headlines this time, but it's only one of many sectors vulnerable to solar disturbances. As solar activity approaches its peak, these flares are exposing weaknesses in our heavily digitized world.

In earlier decades, solar storms mainly caused patchy radio signals or minor satellite drift. Today, satellites underpin navigation, communication, timing, weather forecasting, and global internet traffic. A major flare is no longer just a cosmic oddity—it represents a potential supply-chain shock, financial-market risk, and national-security concern. GPS signals can be distorted, affecting aircraft navigation, shipping routes, agricultural machinery, and even basic smartphone maps. Satellites themselves can be damaged or forced into shutdown, as seen when dozens of newer satellites were lost in 2022 due to increased atmospheric drag during a geomagnetic storm.

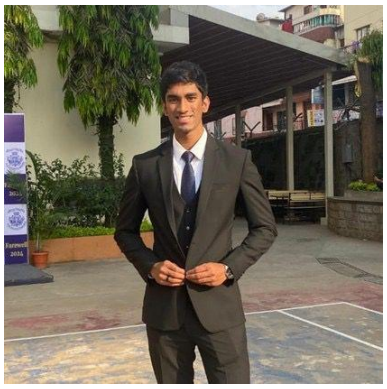
Ground systems are exposed as well. Power grids can pick up excessive current during magnetic fluctuations, as seen in the 1989 Quebec blackout. Undersea internet cables, which carry the vast majority of global data, rely on repeaters that can malfunction when hit by electromagnetic interference. Even financial markets—dependent on GPS-synchronized timestamps—can be affected, with mistimed signals disrupting trades and settlement systems.

Despite these risks, preparedness has improved. Operators now receive advance warnings of major solar storms; satellites are built with better shielding, and power grids are exploring ways to isolate vulnerable sections to prevent widespread outages. However, the larger challenge lies in scaling these defenses. Much of the world's digital and electrical infrastructure was built in an era with lower solar activity and far less technological dependency, making upgrades costly and slow even as risks grow.

The Airbus incident, though brief, serves as a timely reminder: our digital systems are not only exposed to cyberattacks or technical failures—they are also vulnerable to the forces of nature. Software can be patched and networks can be secured, but we cannot negotiate with the Sun.

With solar activity expected to intensify through 2025 and 2026, this period may well push governments and industries to re-evaluate the resilience of the systems our modern world relies on.

By Siddarth Sunil



Update for the Day #2606 | Is Asian News International a bully?

We've probably already come across Mohak Mangal's viral video by now. The one where he claims that ANI (Asian News International), one of India's leading news agencies, is basically extorting YouTubers like him, demanding lakhs of rupees to remove copyright strikes on their videos.But in case you haven't seen it, here's a quick recap. A few days ago, Mangal dropped a video explaining how his YouTube channel got slapped with a copyright strike on 20th May.

Now if you're unfamiliar with how YouTube works, a copyright strike is what happens when someone claims you've used their content — video, audio or otherwise, without permission. If you rack up three of these within 90 days, YouTube can delete your entire channel. Poof! Gone.

And that's the situation Mangal found himself in. He already had two strikes. One more, and his channel could be history. So naturally, his team reached out to ANI to understand what was going on. ANI allegedly responded by asking them to cough up ₹48 lakhs if they wanted the strikes removed. Why? Because he'd used a few seconds of ANI's video footage in his content. Mangal calls this 'extortion'. He says that even the ICC (International Cricket Council), another big copyright holder, hasn't gone that far. Sure, they've issued strikes in the past too. But usually, the video gets taken down or demonetized. That's it.

No massive demands for payment. But here, ANI's asking creators to shell out anywhere between ₹18 lakhs to ₹50 lakhs. And it's not just Mangal. Several other creators have shared similar experiences, calling this a money-making scheme disguised as copyright enforcement.
So, what's really going on here? To figure out whether there's any substance to these claims, let's try something different this time. Instead of diving straight into the usual mechanics, we'll walk through a bunch of questions that have taken over the conversation lately and try to answer them as best as we can.

Can ANI really do this?
Well, the short answer is yes. But to understand why, you need to look at two things. First, how ANI's business model works and second, what India's copyright laws actually say.
Let's start with ANI. It's not just a news outlet. It's a news wire service. Think of it like Reuters (which owns a minority stake in ANI) or PTI. ANI gathers news — both articles and video footage, and sells it to other media houses. You've probably seen the same ANI-sourced news published across multiple sites, word for word, just with a different headline. But this content doesn't come cheap. A 2018 article by The Ken suggested that ANI's monthly subscription could go up to ₹6 lakhs, with an added 50% charge for digital rights.

So naturally, if someone uses ANI's video footage without paying, ANI will consider it a serious breach of their business. Legally speaking, they're within their rights. Under India's Copyright Act, ANI, as the copyright holder, gets to decide how its content is used and monetised. And there's no rule that says they have to be "reasonable" about how much they charge. If they think their content is worth ₹48 lakhs, that's their call.

What about the 'Fair Use' that Mangal mentions in his video?
Mangal argues that he used just a few seconds of footage, as part of a larger educational and informational video. Something that should fall under fair use. And to be fair, that's not a wild claim. In India, this idea is called fair dealing. It allows limited use of copyrighted content without permission for specific purposes.

Things like criticism, review, education, research and reporting. So, if a journalist, educator or creator uses a small clip to make a larger point, it might count as fair use. But here's the problem.

It's a grey area... There's no strict rulebook that defines what's fair and what's not. It's often left to the courts to decide on a case-by-case basis. And in the absence of clear laws, things get murky. Let us take the Ashdown vs. Telegraph Group case for example. The court came up with a three point test to figure out fair use:

1. Is the use in commercial competition with the original?
2. Has the original been made public?
3. How much has been copied?

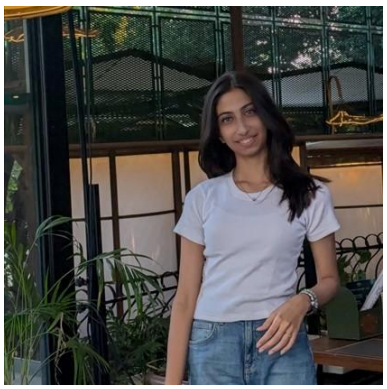
Then there's the NDTV vs. ICC case, which gave us a different test, this time for sports content. It said that the reporting must focus on the results of the event, not just commentary and that the content used must be directly related to the event.

Now apply either of these to Mangal's case, and you see the dilemma. He's not exactly competing with ANI, but he is monetising his videos on YouTube. And while his use of clips may serve an educational purpose, is that enough to protect him? That's actually hard to say. And in India, without clearer laws, it really comes down to how the judge sees it.

In fact, we've already seen chaos from this ambiguity. Just last year, several YouTubers like Ravish Kumar and Dastak Live News were hit with copyright strikes from Ziiki Media, a music rights company, over public domain clips. The next thing we saw was that videos were pulled down, channels demonetized, and again, the debate boiled down to what counts as fair use.

Also, a great perspective in an article by Exchange4Media says, "Failing to consider fair use and using copyright coercively is an abuse of legal tools." So yeah, India's copyright framework might need a serious upgrade. Especially now, when digital content is booming, and the creator economy is expected to hit ₹10 lakh crores in revenue by 2030.

By Shreya V Bhat



Update for the Day #2607 | Adani & Birla Betting on Wires and Cables

It's not every day that you see two of India's largest business groups — Adani and Aditya Birla — eyeing the same opportunity. And yet, both are entering the Indian wires and cables market.
Now you may ask – what's exciting about wires?
Well, it turns out there's quite a bit. The Indian wires and cables market, which was worth $8.7 billion in 2023, is expected to nearly double to $17 billion by 2032. And that's thanks to the electrification of just about everything — homes, factories, data centres, EVs, solar farms, you name it. In fact, wires and cables make up nearly 40% of India's electrical industry.
So, let's look at each of the big entries.

Let's start with the Aditya Birla Group. Last month, it invested ₹1,800 crore to set up a new cables and wires manufacturing plant in Gujarat — all under its flagship company, UltraTech Cement. But... what's a cement company doing in the cable business?

Well, the group has been building a construction ecosystem. It has the flagship UltraTech cement company along with paints (Birla Opus) and now wires and cables. And to tie it all together it has launched Birla Pivot, a B2B e-commerce platform for building materials, which crossed ₹1,000 crore revenue in FY24.

The idea is to become a one-stop shop for all construction materials. So, if you're a builder, instead of calling ten vendors, you just call one group offering various materials. It's vertical integration 101, control more of the value chain, reduce costs, and improve margins.
Let's now also look at the Adani Group. The group has also launched a new company in the wires and cables space called Praneetha Ecocables Ltd. This is a 50:50 joint venture with its subsidiary Kutch Copper Ltd, which is currently setting up India's largest greenfield copper refinery in Gujarat.

And this is important because copper is the lifeblood of cables. By producing it inhouse, the group can get better pricing and reliable supply, and a better presence in the value chain like Birla. It already owns Ambuja Cement and ACC (two of India's biggest cement firms), and has skin in the game across power, renewables, ports, and infra – all the sectors where wires and cables are essential.

So, both Adani and Birla are not just entering wires and cables. They're integrating it into their larger infra playbooks. It's scaling with synergies. And that brings us to the question - What does this mean for existing players in this industry?

Well, key companies in this space – Polycab India, KEI Industries, Finolex Cables, Havells India – have had a dream run over the past few years with rising sales. Investors who spotted them early made a killing. But with the giants entering, the market looks spooked and stock prices have taken a hit.

And the concern isn't misplaced. After all, big groups come with deep pockets. They can price aggressively, spend on R&D, build scale, buy out smaller rivals. That's already nudging the market toward formalization. The organized sector's share has gone from 66% in FY 2018 to 68% in FY 2019 to over 74% in FY24 — and is expected to hit 80% by FY 2027.

So there's opportunity for listed players to grow if they play it smart. They can innovate or move into premium segments, or even compete with the fragmented unorganized sector. And they have the muscle to do it. They have a strong R&D team for developing tech and electrical products. They have been paying dividends, and have seen good returns on equity for years. And with the PLI scheme for white goods and telecom and networking products, local players still have tailwinds to grow. In fact, India still imports a lot of high-spec cables.

The only flip side is that as the market grows and formalizes, existing players may see margin pressure. It's because giants like Adani and Birla can afford to price aggressively. They can spend more on capex. They can even buy out struggling rivals. And for listed incumbents, that means lower pricing power… at least for a while.

Nevertheless, the bigger picture is that Adani and Birla aren't just here because wires and cables are the hot new thing. They're entering because it fits neatly into their larger infrastructure ambitions. In the coming months, we could also expect acquisition announcements by these two conglomerates. For their cement capacity expansions, both players had followed the same playbook. The Birla group has acquired various companies, the latest one being majority stake in The India Cement while Adani Cement went on to take over Ambuja Cements and ACC. And last year in October, it bought a stake in Orient Cement for ₹8,100 crores. We could see the same thing happening in wires and cables.

So yeah, the listed players will have to fight harder to protect margins. But in the long run, maybe we can see the industry becoming more efficient, better regulated, and more innovation-driven. And how Adani and Birla will be placed in this industry over the coming few years remains to be seen.

By Sreenadh Chakka

Update for the Day #2608 | The Insurance Bill

Let's go back in time to 1991, when India opened its economy to the world. Liberalization, privatization, and, more importantly, globalization (LPG) reshaped everything from telecoms to airlines to banking. Foreign capital flowed in, competition increased, new industries popped up, and other industries were forced to adapt or perish.

And the impact was unmistakable. Competition broke monopolies, leading to lower prices and better services for consumers. Indian companies learned to operate at global standards. Entire sectors scaled up because capital was no longer the binding constraint. Telecom went from a luxury to a utility. Banking was modernized and digitized, and credit was expanded far beyond the metros. All of these were good for the people, the economy, and the government in achieving its goals.

However, there was an important nuance here. A certain amount of FDI (Foreign Direct Investment) was allowed even before LPG. But it was only for specific sectors and was carefully regulated. Limited FDI was permitted under the FERA (Foreign Exchange Regulation Act or India's law to limit foreign investment) regime, but only in select sectors, under strict equity caps, and with discretionary government approval. So, the 1991 reforms did not introduce FDI for the first time, but fundamentally liberalized and standardized the rules governing it.

This is exactly what the government hopes to do with the new insurance reforms. You see, in the early 2000s, private players and foreign insurers were allowed to enter. The sector moved from a state monopoly to a regulated market, with joint ventures such as Bajaj with Allianz and Aditya Birla with MMI Holdings.

Over time, FDI caps were raised from 26% to 49%, then to 74%. Yet insurance never experienced the kind of explosive transformation seen in telecom or banking.

Why? Because insurance is fundamentally different, when an insurance company fails, the damage is not just limited to shareholders but also to policyholders who may have paid premiums for decades, expecting protection at their most vulnerable moments.

That is why regulators move cautiously. Unlike telecom, where a failed operator can exit, and customers simply port their numbers, insurance failures create social and political fallout. Governments are then forced to step in, either through bailouts, forced mergers, or policy transfers, because letting policyholders lose coverage is not an option. Period.

And this is also why insurance reforms tend to be slow and incremental rather than dramatic. Each change is tested against a simple question: Does this improve access and efficiency without increasing the risk of insurer failure? Seen in that light, the Insurance Bill 2025 starts to look less like a sudden shake-up and more like a calibrated reset. Let us explain.

At the heart of the Bill is a simple idea. Currently, India's insurance penetration is about 4%. And the government wants every citizen to be insured by 2047.This means that we need more insurance companies, the existing ones need more capital, and certain norms have to be changed for more flexibility and room to experiment. However, they also need to remain stable. So, what exactly is changing under the 2025 insurance reforms passed in the parliament?

First, IRDAI gets wider and more explicit powers. The new law strengthens IRDAI's role as a principle-based regulator. Instead of being bound by rigid, prescriptive rules written into the Act itself, IRDAI is given greater rule-making and supervisory discretion. This allows the regulator to issue regulations, modify norms, and respond faster to market developments without waiting for legislative amendments every time the industry evolves.

Second, the government steps back from micro-regulation. Earlier frameworks hard-coded several operational requirements into law, including ownership structures, licensing constraints, and capital rules. The 2025 reforms consciously move many of these from the statute to delegated regulation. That matters because laws are slow to change, while regulations can evolve with market realities. The state retains oversight, but day-to-day control shifts to the regulator.

Third, ownership and FDI rules become more pragmatic. While FDI limits had already been raised to 74%, the real friction was in control and governance conditions. This is probably the main reason for the breakup of Bajaj and Allianz, one of the earliest insurance joint ventures in the country.

The new framework places less emphasis on rigid ownership thresholds and more on effective control, board oversight, solvency margins, and fit-and-proper criteria. Foreign capital is welcome, but only if the insurer remains well-capitalized and compliant with Indian regulatory supervision.

Fourth, reinsurance entry barriers come down. In a nutshell, reinsurance is insurance for insurance. The Bill proposes reducing the capital requirements for reinsurers from ₹5,000 crore to ₹1,000 crore. This is because if there are more insurance companies, there must also be enough reinsurance companies to support them. And this is what creates a healthy insurance industry.

Another unintended advantage could be that with an increased FDI limit, more USD will flow into India. This could stabilise the rupee and control the fall. So, while these changes are welcome, some trade-offs are easy to miss.

For instance, while 100% FDI sounds like a floodgate moment, capital alone does not solve distribution, trust, or claims behavior. Some insurance companies are already struggling with a declining claim settlement ratio and customer dissatisfaction. More foreign players could intensify this problem, eventually leading to stricter underwriting and tougher claims scrutiny.

Then there's the question of who really benefits from competition. Large, well-established insurers will likely gain more than smaller or regional players. And global insurers often enter with deep pockets, excellent actuarial models, and advanced pricing tools. Meanwhile, domestic insurers without scale may find it harder to compete on commissions, technology, or even brand visibility. In other words, the market may grow, but it could also consolidate faster.

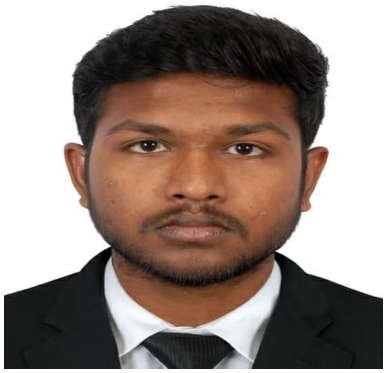
So, the Insurance Bill 2025 walks a tightrope. It opens doors without throwing them wide open. It welcomes capital but keeps control with the regulator. And encourages growth but also draws clear boundaries around risk. The Insurance Bill 2025 is one of the most important resets the sector has seen in decades.

But it does not promise instant transformation. Instead, it quietly rewires incentives, strengthens regulatory authority, and creates space for capital to enter without dismantling safeguards. If implemented well, it could gradually push insurance deeper into Indian households, improve

pricing discipline, and make insurers more resilient.

But the real test will not be in how many new insurers enter the market. It will be in whether claims are settled fairly, whether products remain understandable, and whether policyholders are protected when things go wrong. Because in insurance, trust is not optional.

By Vignesh Kumar S



Update for the Day #2609 | Is Financial Literacy important in Today's World

In today's dynamic economy, financial literacy has become more than just a useful skill—it's a necessity. Whether we are managing personal savings, corporate budgets, or investment portfolios, understanding the fundamentals of finance empowers us to make informed decisions.

Financial literacy means knowing how money works—how to earn, spend, save, invest, and protect it. Unfortunately, many people enter the workforce without a solid grasp of basic financial concepts like budgeting, inflation, interest rates, or taxation. This gap often leads to poor money management and financial stress.

In the business world, financial awareness among employees can significantly improve decision-making. When teams understand cost structures, profit margins, and return on investment, they align their efforts with the company's financial goals. Even small decisions—like optimizing expenses or improving cash flow—can make a big difference when guided by financial insight.

Moreover, financial literacy promotes long-term stability. It encourages planning for the future, managing debt responsibly, and recognizing the importance of savings and investments. For organizations, it builds a culture of accountability and transparency.

In conclusion, financial literacy is not just about numbers—it's about empowerment. It equips individuals and companies to navigate uncertainty, seize opportunities, and achieve sustainable growth. In a world driven by financial choices, being financially literate is not optional—it's essential.

By Chirag R

Update for the Day #2610 | Why India's Competition law has Apple on edge

If you noted the biggest antitrust penalties ever imposed worldwide, the US and European Union (EU) would dominate the list. Some of the biggest penalties imposed have been by their anti-trust courts, like the EU's €2.95 billion fine on Google for abusive practices in online advertising technology, or the landmark $2.5 billion settlement by Amazon over Prime subscriptions.Historically, India hasn't appeared on that list — at least not publicly. For a long time, anti-trust or competition laws in the US and EU have been iron-clad, and that keeps companies in check.

That's why when firms get fined there, the penalties climb into the billions. Follow the law and you operate freely. Breach it and you bleed money in settlements and penalties.
But that opened up one grey area: operating in countries with weaker competition laws while evading scrutiny back home. For a long time, companies enjoyed this grey area, breaking rules in smaller markets without worrying that it would dent their bottom line. Until now.

Apple became the first multinational company to publicly challenge India's revamped Competition law penalty. One of the biggest names in tech locked horns with the Competition Commission of India, and it sounds strange until you hear the details.

It started back in late 2021, when a complaint from a group of Indian startups called the Alliance of Digital India Foundation and later Tinder-owned Match went to the CCI over Apple's App store rules. On the surface, in-app payments seem simple. You buy a subscription or a one-time upgrade, and the developer gets paid. But Apple took a flat 30% commission on every transaction and required developers to use its own billing system. That made everything expensive for both developers and end users. According to the group, it hurt competition and became a solid entry barrier. Some big names have fought Apple over this in the past as well, including Fortnite.

Then came the turning point in 2024, when the CCI put its new law into operation: Determination of turnover or income. Under this, penalties could be calculated based on the global turnover of the company. That's great news for Indian consumers because it means tech giants would play by the rules and penalties wouldn't just be the 'cost of doing business'. The updated Competition Act was published in April 2023 but took effect the following year.

Of course, Apple is fighting back because the amended law exposes the company to far higher penalties than before, and it has taken the matter to the Delhi High Court. The CCI, for its part, has accused Apple of trying to stall the antitrust proceedings.
But what has Apple truly on edge isn't a single dispute over a 30% commission. Under the new framework, the potential penalty could theoretically be up to 10% of its global revenue or roughly $38 billion across the last three fiscal years. Suddenly, even a case arising from India — a relatively small market for Apple (at least when compared to China and the US), carries the threat of a multibillion-dollar fine.

Regulators like CCI exist to keep markets fair and stop any one company from becoming a monopoly with predatory practices. Even then, when companies do play unfairly, penalties curb bad behaviour and put a number to the price of their actions. Each case sends a message: Play fair or pay fines.
Here's the catch though. India wasn't imposing fines as heavily as regulators across the globe. That's why foreign companies are now worried.

Before, penalties were tied only to their smaller India operations and revenue. How does that work?
Say you're driving through traffic and get pulled over by the traffic police for jumping a signal or not wearing your seatbelt. Whether the car you're sitting in is a small Maruti or Hyundai or an imported Rolls Royce, the fine is the same and it's only for the penalty you committed then and there. A billionaire wouldn't feel the same pinch as a college student or regular office-goer. Translation: the punishment didn't match the violator's wallet.
This meant that big companies could break the rules here in India and be held accountable for a small, manageable cost.

Now imagine the rules changed and your fine is 10% of your annual income. Now, the billionaire has as much, if not more, to lose than the college student.
This is exactly what the Competition Amendment Act's penalty would now work like. The penalty isn't proportional to its local revenue, but to its global turnover and scale of the company that's breaking the rules. From this shift, India has become a jurisdiction where penalties aren't as simple as tax write-offs and can actually start impacting quarterly filings and global annual reports.
Naturally, companies are afraid of this for a number of reasons. It increases compliance costs and paperwork, their risk and, most importantly, reduces their ability to absorb any impact as just another expense.

But wait, how did we get here and where did it all start?

To understand why India rewrote its penalty rules, we need to go back to a courtroom in 2017. It was a case that most people hadn't heard of, related to pesticide tablets, and a few companies that thought they were being clever. It was called the Excel Crop Care case, and it set the stage for everything happening with Apple in India today.
Back in 2011, the Food Corporation of India (FCI) accused four companies — Excel Crop Care, United Phosphorous Ltd (UPL), Sandhya Organics Chemicals and Agrosynth Chemicals of bid-rigging and cartelisation.

These companies were manufacturing something called aluminium phosphide tablets (APT) and supplying it to the FCI. Going by their names, you'd think they were four different companies but in reality, they moved as a pack, quoting similar prices, backing out of tenders altogether. The CCI investigated this, and slapped a penalty on all of them.

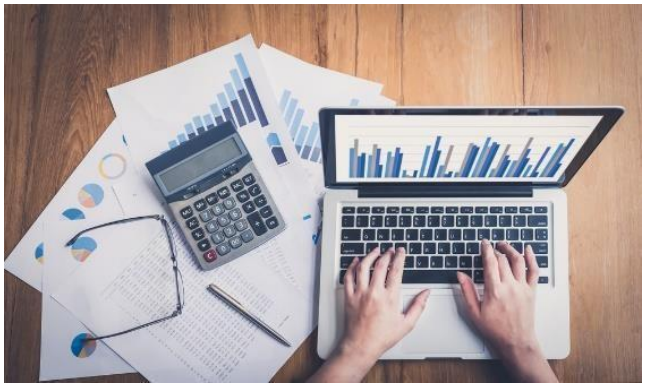
That's where things got interesting. The CCI didn't just look at what these companies earned from their APT business. Instead, it went after a percentage of their entire turnover.
Take Excel Crop Care, for instance. Its average three-year turnover was about ₹710 crore, so the penalty came to ₹63 crore. But here's the twist. The turnover from its APT business was only around ₹32 crore. UPL faced a similar fate. Its overall turnover stood at roughly ₹2,804 crore, but its APT revenue was barely ₹77 crore. Yet the CCI slapped a penalty of ₹252.44 crore.

The punishment had ballooned far beyond the scale of the wrongdoing. This form of penalty is similar to penalising a supermarket with the sales of the whole chain, because they overcharged on selling one item. The case made it to the Supreme Court which ruled that fines and penalties cannot be shocking or disproportionate to the actual revenues. Going by this logic, Excel Crop Care's penalty dropped from ₹63 crore to just ₹2.9 crore, and UPL's from ₹252 crore to ₹6.9 crore.
That judgment exposed the loophole. For conglomerates and multinationals with multiple product lines, penalties tied only to the relevant turnover could become too small to matter. Even when violations were proven, the financial hit could be insignificant. That case set the ball rolling for the reform that finally arrived in 2023.

Ironically, when the Supreme Court restored the idea of relevant turnover, India actually moved

away from global practice. But the European Union — one of the world's strictest regulators — uses turnover-based antitrust fines (up to 10% of global turnover) to force behavioural change. So while this might feel new in India, the EU and US have followed such models for years. But the goal was never simply to impose heavier penalties or make businesses feel the sting. It was to ensure companies played fair — both with consumers and within the industry. India is now a major market with millions of customers. The old rules weren't built for an economy of this size, which meant reform was less a question of "if" and more of "when". Whether Apple wins its legal battle remains to be seen. But until then… India's message is simple: If you wan to build here, you have to play fair.

By Chelsea Dsa



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