

Business Standard

THE MARKETS ON WEDNESDAY

	chg#
Sensex	71,500.8 ▼ 1,628.0
Nifty	21,571.9 ▼ 460.4
Nifty Futures*	21,589.6 ▲ 17.6
Dollar	₹83.1 ₹83.1**
Euro	₹90.4 ₹90.4**
Brent crude (\$/bbl)	77.8## 78.8**
Gold (10 gm)###	₹62,028.0 ▼ ₹329.0

* (January) Premium on Nifty Spot; ** Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA

COMPANIES P2

TATA PASSENGER ELECTRIC MOBILITY CLOSE TO BREAKING EVEN, SAYS MD

BACK PAGE P18

CPI INFLATION TO AVERAGE 4.5% IN FY25, SAYS DAS



PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BANGALURU, BHOPAL, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI AND PUNE

INDIA SET TO TAP 12% OF GLOBAL IPHONE PRODUCTION IN FY24

Apple Inc is expected to produce iPhones worth \$12 billion (freight on board value) in India during FY24, according to discussions between its vendors and the government. This would account for around 12 per cent of Apple's global iPhone production—higher than the plan of shifting around 9 per cent of the total to India by FY24. **SURAJEET DAS GUPTA** writes 3 ▶

▶ **PLI SCHEMES SPUR ₹1.03 TRN INVESTMENT TILL NOV** P4

ECONOMY AND PUBLIC AFFAIRS P4

25% in 14-18 yrs struggle to read Class-II text: ASER

Over 86.8 per cent of those in the age group of 14-18 years are enrolled in educational institutions, but one-fourth of them cannot read a Class-II level text fluently in their regional languages, according to the Annual Status of Education Report (ASER).

FOG-INDUCED CHAOS

Regulators impose fines on 3 airlines, Mum airport

Aviation safety regulator DGCA and aviation security regulator BCAS on Wednesday came down hard on three airlines—IndiGo, SpiceJet and Air India—and one airport operator—Mumbai International Airport Limited—for multiple rule violations amid fog-induced flight disruptions since Sunday morning. 2 ▶

TO OUR READERS

The four-page commercial feature on *Wings India*, being carried as a pullout, is equivalent to a paid-for advertisement. No *Business Standard* journalist was involved in producing it.

Indices plummet as HDFC stock tumbles

Worst day for Sensex, Nifty in 18 months; investors lose nearly ₹4.6 trillion

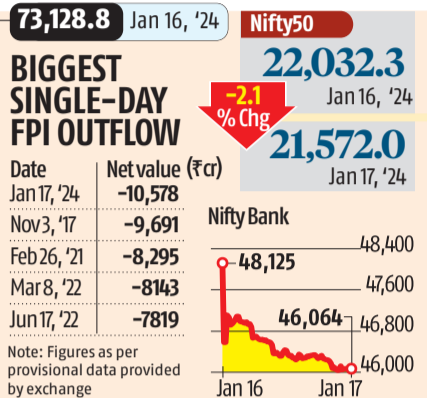
SUNDAR SETHURAMAN
Mumbai, 17 January

A precipitous decline in shares of HDFC Bank, the most heavyweight component of the Nifty and the Sensex, on Wednesday, triggered the worst day for the domestic markets in nearly a year and a half.

The Sensex closed at 71,501, shedding 1,628 points or 2.2 per cent, marking the most significant decline since June 13, 2022. The Nifty50 wrapped up the session at 21,572, down by 460 points or 2.1 per cent, the most substantial drop since June 16, 2022.

The disappointing earnings for the December quarter led to an over 8 per cent fall in the stock of HDFC Bank, accounting for more than half of the losses for both Sensex and Nifty—where it holds a weighting of 14.7 per cent and 12.7 per cent, respectively. The fall of HDFC Bank sent ripples through other banking stocks; the Nifty Bank index plummeted 4.3 per cent, its steepest fall since March 7, 2022. HDFC Bank carries a 29 per cent weighting in the Nifty Bank.

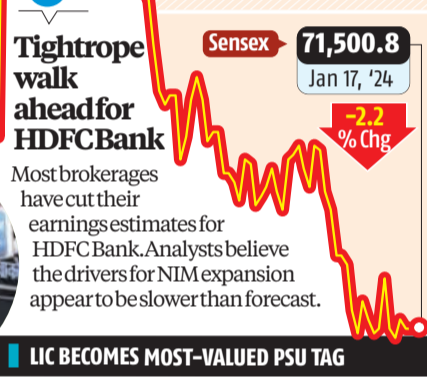
Foreign portfolio investors (FPIs) pulled out net ₹10,578 crore from equities—the highest withdrawal from the domestic markets in a single day. The majority of the selling was witnessed in HDFC Bank, in which FPIs have one of their highest exposures. A record ₹13,319 crore worth of HDFC Bank shares were traded on the NSE.



MAJOR SENSEX LAGGARDS

As on Jan 17, 2024	1-day % chg
HDFC Bank	-8.5
Tata Steel	-4.1
Kotak Mahindra Bank	-3.7
Axis Bank	-3.2
ICICI Bank	-2.9

Source: Bloomberg/ exchanges
Compiled by BS Research Bureau



ESIC cover for workers in gig, unorganised sectors on cards

SHIVA RAJORA
New Delhi, 17 January

In a bid to broaden the reach of social security, the government is considering extending medical benefits under its primary social security scheme for the organised sector—employees' state insurance (ESI)—also to unorganised and gig sector workers.

The Employees' State Insurance Corporation (ESIC) has already initiated several discussions with various stakeholders in this regard.

"The ESIC has held talks with various stakeholders on drawing up plans to extend the coverage. Typically, the focus would have been on enhancing compliance to bolster the scheme's subscriber base. But, now the ESIC wants to include both unorganised sector and gig/platform workers," a person aware of the development told *Business Standard*.

Queries sent in this regard to the ESIC did not elicit response until the time of going to press.

Established under the Employees' State Insurance Act, 1948, the ESI scheme currently applies to all factories employing 10 or more individuals earning up to ₹21,000 per month, but only in notified areas. Recent data from the labour ministry revealed that the ESI scheme extends to 611 districts across 36 states/Union territories, with a network of 161 hospitals and 1,574 dispensaries. The number of insured persons (IPs) stands at 37.2 million.



Banks are eyeing upcoming business opportunities in Ayodhya, which is expected to see a boom in tourism after the consecration of the Ram Temple on January 22 PHOTO: PTI

Banks to branch out further in Ayodhya

MANOJ SAHA
Mumbai, 17 January

From HDFC Bank to J&K Bank and Karnataka Bank, lenders are rushing to ramp up their presence in Ayodhya, anticipating increased business activity, which is gaining momentum with the opening of the Ram temple, scheduled next week.

HDFC Bank, the country's largest private sector lender, which has three branches in Ayodhya, is planning to open one more in a month and another one by March-end. Last week, Karnataka Bank opened its 915th branch, in the temple town. "With its world-class infrastructure, Ayodhya has turned out to be a perfect destination for cultural preservation and will attract visitors from all over the world. Karnataka Bank, with its 100-year legacy, will be positioned right to offer world-class banking and digital services from this holy city," Srikrishnan H, managing director and chief executive officer (MD & CEO), Karnataka Bank, told *Business Standard*.

TEMPLE TOWN FOOTPRINT

Total bank branches: **250**

Branches of select PSBs

Bank of Baroda:	34	State Bank of India:	26
Punjab National Bank:	21	Central Bank of India:	11

Source: Finance Ministry

#BSBankingShow

THE Business Standard

BANKING SHOW

Thursdays | 4pm

Cover Story



Why is the RBI insisting on self-regulatory organisations?

Banker's View



What's keeping Aditya Birla Health's Mayank Bathwal positive on growth?

Banking for You



What is green taxonomy?

Take Two



Tamal Bandyopadhyay on P2P lending, SRO guidelines, and more



Visit mybs.in/BankingShow or scan this code to watch


businessstandard

bsindia

business.standard

business-standard.com

27
YEARS IN INDIA
WE REMAIN INVESTED IN YOU



FRANKLIN TEMPLETON


MUTUAL FUNDS
Sahi Hai

WHEN EQUITY MARKETS CORRECT, DON'T STOP YOUR SIPs.

#BeNonStop

An investor education and awareness initiative by Franklin Templeton Mutual Fund.

1. One-time KYC (Know Your Customer) : One-time KYC registration is mandatory to invest in mutual funds. You can complete the same by submitting the requisite documents at any of our branches or collection centres. You may also avail our Online KYC Registration facility while opening an online account with us, for more details please visit our website www.franklintempletonindia.com. 2. Investors must deal / invest only with SEBI registered Mutual Funds. Details available on the SEBI website www.sebi.gov.in. 3. Investors can reach us on our toll-free helpline 1800 425 4255 OR write to us at grievanceredressal@franklintempleton.com for redressal of investor complaints. For escalation, write to us at headofcustomerservice@franklintempleton.com; president@franklintempleton.com or lodge your grievance with SEBI through their SCORES (SEBI Complaint Redress System) Portal at <https://scores.gov.in>

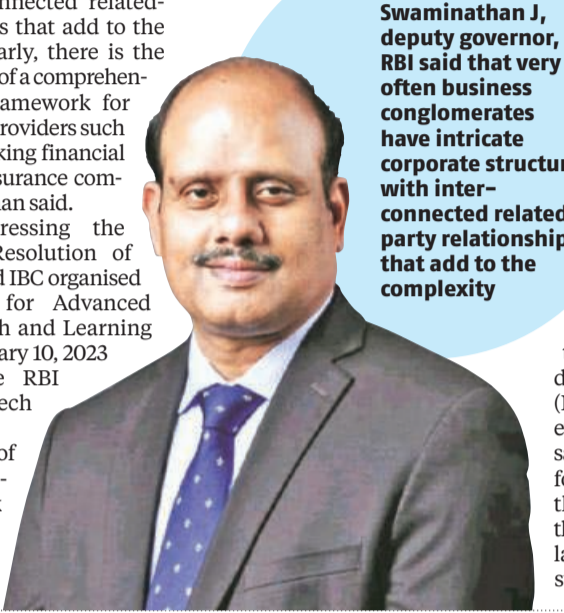
Follow us at:  Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

'IBC needs tweaks for biz group resolution'

RBI dy gov says legal proceedings used as delaying tactics by defaulters

ABHIJIT LEE
Mumbai, 17 January

The resolution of cases involving business conglomerates under the Insolvency and Bankruptcy Code (IBC) needs further legislative changes as complex structures in the group may become a hurdle in dealing with an individual entity, said Swaminathan J, deputy governor, Reserve Bank of India. Elaborating on the reform agenda for IBC, he said very often such groups have intricate corporate structure with interconnected related-party relationships that add to the complexity. Similarly, there is the unfinished agenda of a comprehensive resolution framework for financial services providers such as banks, non-banking financial companies and insurance companies, Swaminathan said. He was addressing the Conference on Resolution of Stressed Assets and IBC organised by The Centre for Advanced Financial Research and Learning (CAFREL) on January 10, 2023 in Mumbai. The RBI uploaded the speech on Wednesday. In the absence of an IBC-like legislative framework for resolution of financial institutions, IBC has



Swaminathan J, deputy governor, RBI said that very often business conglomerates have intricate corporate structure with interconnected related-party relationships that add to the complexity

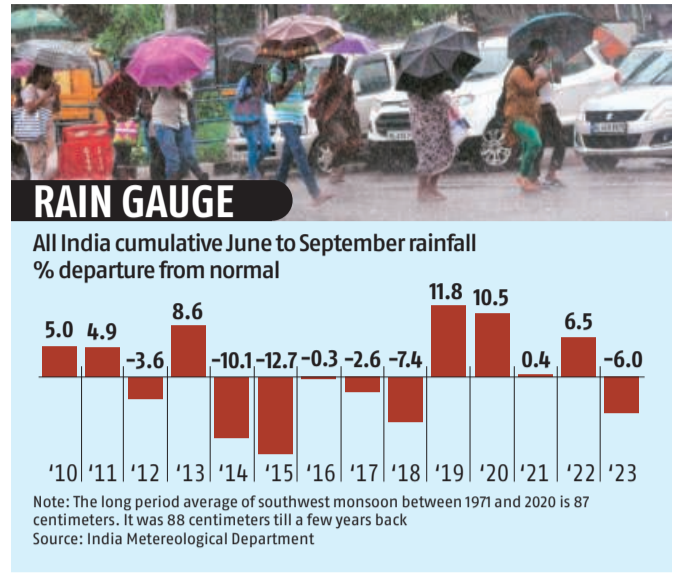
been used for resolution of NBFCs, he added. The introduction of new laws often brings about a period of adjustment and interpretation as stakeholders, legal professionals, and the judiciary grapple with the intricacies of the legislation. In the context of the IBC, this phenomenon is heightened due to the significant stakes involved, he pointed out. Parties involved in insolvency proceedings do file appeals and review petitions challenging lower court decisions. "While there was no objection to any party seeking legitimate legal recourse, these proceedings have often been used as delaying tactics by defaulting borrowers and have significantly contributed to delays in the resolution timeline", he said. "One hopes that as the law matures, judicial interpretation and precedents would emerge to help navigate the nuances, ultimately reducing delays in future," the RBI deputy governor said. It was conceivable that certain judicial interpretations may prompt the need for further reforms, aiming to enhance the efficiency and improve the outcomes of the resolution regime. The IBC was a landmark legislation that transformed the insolvency and resolution framework in the country. There has been visible improvement in the credit culture as evident from the marked decline in non-performing assets (NPAs) and increased resolutions even before the admission stage, he said. He further added that significant foundational work has been done by the government and it is expected that the next set of reforms once legislated by Parliament would further strengthen the IBC.

'Climate change led to higher monsoon rain in 55% tehsils'

CEEW study for district-level action plans with tehsil-level climate risk assessments

SANJEEB MUKHERJEE
New Delhi, 17 January

An accelerating climate crisis impacted India's rainfall patterns with 55 per cent of the country's tehsils recording an over 10 per cent increase in the southwest monsoon rainfall from 2012 to 2022, according to a study released on Wednesday. The 10 per cent increase has been compared with a climatic baseline from 1982 to 2011. Independent think-tank The Council on Energy, Environment and Water (CEEW), which analysed 40-year rainfall data for more than 4,500 tehsils across India, also found that 11 per cent of the sub-districts saw a reduction in the southwest monsoon rainfall in the 10-year period. The tehsils that recorded deficient rain are located in the rain-fed Indo-Gangetic plains, northeast India and the upper Himalayan region. These areas are crucial for agricultural output and are home to fragile ecosystems particularly vulnerable to extreme climate events. Nearly a quarter of the tehsils studied in traditionally drier regions like Rajasthan, Gujarat, central Maharashtra, and parts of Tamil Nadu saw a pronounced rainfall increase of over 30 per cent



during the June to September period. The study titled 'Decoding India's Changing Monsoon Patterns' attributes the shift in rainfall patterns to the accelerating rate of climate change. It also found that the increased precipitation in these tehsils is the result of frequent short-duration, heavy rainfall events which often lead to flash floods. The data also showed that almost 30 per cent of India's districts witnessed a high number of deficient rainfall years, while 38 per cent saw a high number of excessive rainfall years. Of these, 23 per cent of districts including New Delhi, Bengaluru, Nilgiris, Jaipur, Kutch and Indore witnessed both a high number of deficient, as well as excessive rainfall years. There are almost 717 districts in the country from where the

India Meteorological Department (IMD) collects monsoon data. On northeast monsoon rainfall, which primarily impacts peninsular India, CEEW said that it has increased by more than 10 per cent in the past decade (2012-2022) in approximately 80 per cent of tehsils in Tamil Nadu, 44 per cent in Telangana, and 39 per cent in Andhra Pradesh. The report also said that on a monthly basis, it was found that nearly 48 per cent of tehsils in India saw an increased rainfall in October by more than 10 per cent, which could be due to the delayed withdrawal of the southwest monsoon from the subtcontinent. The study recommended close mapping of the monsoon performance at more localised level based and localised decision-making which is crucial for building resilience against monsoon variability. The IMD recently launched a mission 'Panchayat Mausam Seva' that aims to take weather forecasts to every farmer in every village to mark the 150-years of its formation. Meanwhile, CEEW also recommended the development of district-level climate action plans incorporating tehsil-level climate risk assessments.

HAL to showcase indigenous civil aircraft at Wings India

AJAI SHUKLA
17 January

With the Prime Minister's Office (PMO) emphasising the need to boost regional air connectivity, Hindustan Aeronautics Ltd (HAL) will showcase its indigenous civil aircraft at the Wings India 2024 air show that begins on Thursday at Begumpet Airport, Hyderabad. "HAL is leveraging its strengths in manufacturing aircraft like the Dornier-228 and HS-748 Avro, and extending its capabilities to civil aircraft programmes like the regional transport aircraft. HAL is also actively pursuing collaborations for undertaking civil maintenance, repair, and overhaul (MRO) activities," says HAL chief, CB Ananthakrishnan. The Hindustan-228 aircraft, a modified version of the Dornier-228, is a multi-purpose, light-weight, twin turboprop aircraft. It has been indigenised by HAL to operate on short-haul air routes under the regional connectivity scheme UDAN (Ude Desh Ka Aam Nagrik). Built in



The Hindustan-228 aircraft is a multi-purpose, light-weight, twin turboprop aircraft. It has been indigenised by HAL to operate on short haul air routes under the regional connectivity scheme UDAN

Kanpur, the Hindustan-228 can be configured for a variety of roles. It can function as a regional airliner/air taxi, VIP/executive transport, search and rescue, casualty evacuation/ambulance, cargo and logistics support, calibration of airport navigation aids, geographical surveys, and aerial photography. Its current configuration includes a fully digital glass cockpit, upgraded avionics and systems. The aircraft has been type-certified by the Directorate General of Civil Aviation (DGCA). In September, the defence ministry accorded clearance for further upgrading the avionics of Dornier aircraft to improve its accuracy and reliability for operations. The upgraded civil Dhruv advanced light helicopter (ALH) — a 5.5 tonne, twin engine helicopter, designed and developed by HAL to meet the government's Regional Connectivity Scheme (RCS) will be on display.

Trai chairman may be named by month-end

SUBHAYAN CHAKRABORTY
New Delhi, 17 January

The government is expected to appoint the Telecom Regulatory Authority of India (Trai) chairperson latest by the end of the month, sources in the know said. The position has been lying vacant for more than three months now. Four former bureaucrats are in the fray, and have been interviewed after applications were invited for the second time in December, they added. Among them, former chairman and chief executive officer of the Railway Board, Anil Kumar Lahoti, and former secretary, Ministry of Electronics and Information Technology, Ajay Prakash Sawhney, are seen as front-runners to take over as the next regulator, sources said. When contacted on Wednesday, both declined to comment on the matter. The other two candidates are former power secretary Sanjiv Sahai, and former member, technology at the Department of Telecommunications (DoT) A K Tiwari. Both could not be reached for comments. On December 8, the DoT had invited applications for the position for the second time in six months. The last date of submissions stands at 22 December. Trai is

the autonomous regulator for both the telecom and broadcasting sectors. The last Trai chairperson P D Vaghela retired on September 30. Trai member Meenakshi Gupta is currently handling the additional charge of chairperson. Trai is led by the chairperson, alongside two whole-time members, and two part-time members appointed by the Centre. In the absence of a full-time chairman, important decisions such as whether satellite spectrum would be auctioned in India or allocated administratively remain pending. The DoT had first advertised the position on June 22. Sources said that several candidates had been interviewed by the search-cum-selection committee, without a positive outcome. However, the committee is also free to identify and recommend any other person who has not applied for the position based on merit. The applicant must have special knowledge of and professional experience in telecommunication, industry, finance, accountancy, law, management or consumer affairs. Candidates also need to have spent at least 3 years as secretary or additional secretary to the Centre or state governments, it added. The tenure of the post is for a term not exceeding three years or till the age of sixty five years, whichever is earlier.

ICICI Pru Q3 profit flat at ₹227 crore

ICICI Prudential Life Insurance on Wednesday reported a flat net profit of ₹227 crore for the third quarter ended December 2023. The company had posted a profit of ₹221 crore in the same quarter a year ago. During the third quarter of the current financial year, the net premium income increased to ₹9,929 crore, as against ₹9,465 crore in the same period a year ago, ICICI Prudential Life said in a regulatory filing. The assets under management of the company increased to ₹2.86 trillion as against ₹2.51 trillion at the end of third quarter of the previous financial year, it said. The company's solvency ratio was 196.5 per cent against the regulatory requirement of 150 per cent.

Govt cancels FCRA licence of CPR

The Union Home Ministry has cancelled the Foreign Contribution Regulation Act (FCRA) registration of the Centre for Policy Research (CPR) for allegedly misutilising foreign funds to affect India's economic interests, and aid protests and legal battles against development projects. The public think-tank termed the government move "incomprehensible and disproportionate" and vowed to seek legal recourse against the decision. When the FCRA registration of an organisation is cancelled or suspended, it is barred from receiving any funding from abroad or foreign donors.

FROM PAGE 1

Markets...

The latest decline in the markets wiped ₹4.59 trillion off investors' wealth. The India VIX — gauge of volatility — rose to its highest since March 2023, ending at 15.08. Although HDFC Bank's net profit met expectations, its net interest margin (NIM) declined. Analysts noted that following the amalgamation of HDFC Ltd, the bank has struggled to establish the drivers necessary for earnings growth. "Post this quarter (December quarter), the levers have been fewer. While we understood that the NIM would bottom out post the merger, it has taken a much longer time to understand where does it settle and the pace of improvement," stated a note by Kotak Institutional Equities. The hardening of US Treasury yields also weighed on sentiment and raised concerns about whether the Federal Reserve would lower interest rates at the same pace as the Street has pencilled in. Statements from European Central Bank (ECB) President Christine Lagarde and Governing Council member Klaas Knot on Wednesday, suggesting that aggressive bets on rate cuts are not conducive to the battle against inflation, unsettled investors. The remarks from ECB officials came a day after Federal Reserve Governor Christopher Waller advocated for careful and methodical rate cuts. Waller

argued that amid a gradual decline in inflation and robust economic activity, there was no need for rate cuts in haste. Also, the surge in inflation in the UK for the first time in 10 months led investors to pare their bets on a rate cut by the Bank of England. Besides, Asian markets declined as China's economic data indicated a sluggish recovery. "HDFC Bank's result was not the trigger the markets were hoping for. Although there was nothing disastrous about it, everyone hoped this would be the last quarter when NIMs are under pressure. But it hasn't worked that way. There are no real triggers now for the markets to move higher. Moreover, Fed and ECB officials have stated that interest rates won't happen quickly. And it means the RBI is unlikely to cut rates before other central banks," said Andrew Holland, CEO of Avendus Capital Public Markets Alternate Strategies. The 10-year US bond yield was trading at 4.11 per cent after starting the month below 3.9 per cent. "All the positives which were driving the markets are still valid. Usually, a steep fall of this magnitude is followed by a bit of rise due to buying on the dips and short covering the next day. I won't be surprised if the markets gain. But one has to be mindful of the tensions in the Red Sea and the muddled outlook for rate cuts," said U R Bhat, co-founder of Alphaniti. Only 1,224 stocks advanced on the BSE, while 2,602 fell. Among sectoral indices, barring technology stocks, all others ended with

ESIC cover for workers in gig, unorganised sectors on cards

Sandeep Sachdeva, co-founder of Safe in India Foundation, said that while extending the benefits of the scheme to unorganised and gig sector workers, the ESIC must be cautious to manage the downside risks to ensure that the quality of their currently sub-par services does not deteriorate further. "We certainly need improved social security for unorganised and gig-economy workers. However, unless the new set of workers are included in the scheme at the same current rate of 4 per cent of wages as insurance premium, funded by their employers or the government, the accumulated contributions of the existing subscribers over all these years and possibly in future may end up being used to subsidise benefits for the newly joined unorganised sector workers. The ESIC must, therefore, add new segments extremely judiciously and in a very controlled and phased manner, if at all," he further said. Under the new Code on Social Security, 2020, the coverage of the ESI scheme is set to extend across India to all establishments employing 10 or more employees under the Code, as opposed to the currently notified districts/areas. A provision for voluntary coverage of establishments with fewer than 10 persons has also been incorporated. "The code also has provisions for formulating special schemes for unorganised workers, like platform workers and gig workers. The current deliberations by the



ESIC to extend the currently functional ESI scheme to these categories is part of this policy," said the source cited above. A report by the Parliamentary Standing Committee on Labour in September of the previous year also expressed concerns about the ESIC's capacity to provide extended coverage as envisaged under the social security code. "The Committee notes that with the implementation of the Code, the coverage of ESI is to expand pan-India. The (labour) ministry has admitted that considering the existing infrastructure, expanding the coverage without proper development/ augmentation of facilities will not be in the interest of insured persons/beneficiaries," the report noted. Another private sector lender, Axis Bank, said it was ramping up its ATM numbers by deploying mobile ATMs. These will be stationed at various locations in the town to deal with the demand surge. The town has been buzzing with business activities since the temple construction started following the Supreme Court's permission in November 2019. The

opening is scheduled for January 22. Fancy eateries, a revamped railway station, and five-star hotels from the Taj and Radisson groups are expected to boost tourism in the city and its adjoining areas. Prime Minister Narendra Modi inaugurated the new Maharishi Valmiki International Airport (Ayodhya International Airport) last month. The first phase can handle one million commuters annually. The Sarayu riverfront is being developed as a tourist destination with cafés, eateries, watersports, and light-and-sound shows. "Given the upcoming business opportunities in Ayodhya, the proposal of opening a new branch is under active consideration of the bank," a spokesperson for Jammu and Kashmir Bank said. The Ayodhya district has about 250 bank branches. Bank of Baroda (BoB), the convener of the State Level Bankers' Committee of the district, has the highest number of branches at 34, followed by the State Bank of India, which has 26 branches. Baroda UP Gramin Bank — the regional rural bank of BoB, has 33 branches. Another large public sector lender, Punjab National Bank, which has 21 branches in the district including four in the city, may come up with another branch near the new airport. Bengaluru-based public sector lender Canara Bank has six branches in Ayodhya city and 11 in the district. "Recently we have shifted our local regional office to Ayodhya. We have one branch near to the proposed

BS SUDOKU # 4183

	7	3		6	5			
				5	1		8	
			1				6	
5								
	3	8	5					
	2			4				
			2	1	7			
	8				3	2		
	6			7	4			

SOLUTION TO #4182

7	1	3	9	2	5	4	6	8
8	4	2	1	3	6	9	5	7
9	5	6	8	4	7	2	1	3
5	2	4	7	8	9	1	3	6
3	7	1	5	6	2	8	9	4
6	8	9	3	1	4	7	2	5
2	6	8	4	9	3	5	7	1
4	3	5	2	7	1	6	8	9
1	9	7	6	5	8	3	4	2

Medium: ★★★ Solution tomorrow

HOW TO PLAY
Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

view of deposit mobilisation. HDFC Bank, for example, has opened 908 branches in the last 12 months, which includes 146 during the October-December period. The private sector lender considers branches as an important part of its strategy to gain retail deposits.