NEWS ITEMS ON CAG/ AUDIT REPORTS (12.10.2022)

1. Let CAG audit SC Post-Matric Scholarship scheme in Punjab: Panel *(tribuneindia.com)* Oct 12, 2022

Chandigarh: Dissatisfied with the details furnished by government on the disbursal of the SC Post-Matric Scholarship and the reasons cited for the significant drop in the number of SC students enrolled under the scheme, the National Commission for Scheduled Castes has sought an audit of the scheme by the Comptroller and Auditor General of India (CAG).

Governor wrote to govt

-The Governor had also written to the government on SC students dropping out of colleges in the state as the government failed to pay the scholarship amount

-The centrally sponsored SC Post-Matric Scheme came to an end in 2016-2017 as part of the 12th Five-Year Plan

-The Centre did not provide any funds from 2017-2018 to 2019-2020. In 2020-2021, the Centre again started the scheme with a sharing ratio of 60:40 between the Centre and the state

SC PUPILS' ENROLMENT

Year	No. of students (approx)
2014-2015	2.69 lakh
2015-2016	3.12 lakh
2016-2017	3.17 lakh
2017-2018	2.88 lakh
2018-2019	2.32 lakh
2019-2020	2.04 lakh
2020-2021	1.70 lakh
2021-2022	1.85 lakh

Over the years, there has been a drastic fall in the enrolment of SC students, being largely linked to non-payment of dues of around Rs 2,000 crore under the scheme by the government. Between 2017 and 2022, a radical decline of 1.5 lakh SC students in the enrolment figures has been recorded.

Vijay Sampla, chairman of the commission, told The Tribune that a comprehensive audit of the centrally sponsored scheme would reveal the reasons behind the poor implementation and anomalies in the scheme. “An audit by the CAG or a probe by a retired High Court Judge was required to get the true facts of the case,” said Sampla.

In the past few months, the commission has been summoning government officials on the issue of non-payment of dues under the scheme.

The government maintains that while the scholarship scheme has been running smoothly in the state from 2020-21, any decision on the pending amounts for disbursal under the scheme, which pertain to the period between 2017 and 2020, will be taken after an audit. https://www.tribuneindia.com/news/punjab/let-cag-audit-sc-scholarship-scheme-panel-440415

2. Explain why enrolment of SC students in colleges is declining, NCSC asks Punjab *(economictimes.indiatimes.com)* Updated: October 12, 2022

The National Commission for Scheduled Castes (NCSC) has sought an explanation from Punjab government over declining enrolment of Scheduled Caste students in higher educational institutions in the state.

The autonomous body, which safeguards the rights of Scheduled Caste communities, has given Punjab government six weeks to explain why the number of SC students are declining in colleges and what steps have been taken against colleges denying admission to students. The directive comes after NCSC found that the number of SC students in higher educational institutions has come down to 1.54 lakh in 2022-23 from 3.10 lakh in 2016-17. Speaking to ET, NCSC chairman Vijay Sampla said, “Every year about 50- 60,000 SC students were enrolling in different colleges in Punjab. According to the data provided by the state if there were 3.10 lakh students in 2016-17, the number should have risen to at least 5 lakh by the current admission year. But the enrolment of SC students has declined. This clearly reflects that conditions are not conducive to the students hailing from socially and economically backward communities.”

In a hearing on Monday, NCSC directed the state government to find out whether post matric scholarships are being disbursed to SC students, whether colleges have held back results or degrees or internships due to non-payment of fee by SC students and if any action has been taken against errant colleges who have used these tactics. “We have also found out that the state government inexplicably shuts down the portal meant for SC students to file their applications for post matric scholarships. We have sought a reply on how many days the portal has been shut within this year and why,” said Sampla.

Earlier, Punjab government’s disbursal of post matric scholarships had come under the scanner of NCSC which had recommended a CAG probe into the alleged “multi crore scholarship scam”. NCSC pointed out that about 2 lakh SC college students in Punjab had dropped out over the last two years due to nonpayment of scholarship amount by the state government. The alleged irregularities in the disbursal of post matric scholarships had come to light in 2020 when Punjab additional chief secretary (social justice) Kirpa Shankar Saroj had given a damning report against the then minister Sadhu Singh Dharamsot, who was in Capain Amarinder Singh’s Cabinet.

Saroj had pointed out that the department had gone against set government policies to benefit certain educational institutions and siphoned of money meant to be disbursed to SC students. The report had red-flagged payments made through cheques instead of RTGS, flouting of high court order which had directed stopping payment to an institution and payment to private technical colleges when they had crores of dues pending causing a loss to the Exchequer. https://economictimes.indiatimes.com/news/india/explain-why-enrolment-of-sc-students-in-colleges-is-declining-ncsc-asks-punjab/articleshow/94800762.cms

3. Why Kerala HC slammed ED, and stayed probe against Thomas Issac, KIIFB *(thefederal.com)* 12 October, 2022

The court agreed with the petitioners that the CAG report — based on which the ED built its case — cannot be the basis of an inquiry as its objections were rejected by the Kerala Assembly

Shahina KK The Kerala High Court, expressing doubts over the very premise of investigation against former finance minister Thomas Issac and KIIFB, has dealt a staggering blow to the Enforcement Directorate (ED). It has imposed a stay for two months on the investigation process while making very critical observations that would further strengthen the widely held perception that ED has become a political tool at the hands of the Union government.

According to the affidavit submitted by the ED, the investigation is based on two factors. One, the complaints received by ED regarding FEMA violations by KIIFB (the ED has not disclosed the identity of the complainants). Second, the 2019 report of the CAG makes observations on the 'non-adherence to the constitutional provisions with respect to Masala bonds and KIIFB borrowings'. However, this part of the CAG report was not approved by the Legislative Assembly and thus carries no legal validity, according to the government.

'Violation of privacy'

KIIFB and Thomas Issac filed writ petitions against the ED for repeatedly sending summons and demanding the disclosure of personal matters that amounting to violation of privacy. Issac has also argued that despite conducting inquiries over a period of one-and-a-half years, ED did not make any breakthrough in the case and could not bring up a charge of the violation of any of the existing laws.

In the stay order issued on October 10, the High Court said it tends to agree with the arguments raised by petitioners KIIFB and Issac. It held that the CAG report cannot be the basis of an inquiry in the case since the objection raised by CAG was rejected by the state assembly. The court observed that 'there is prima facie merit in the contention' raised by the petitioners.

CAG report and its sanctity

The sanctity of the CAG report was debated in the past and the Supreme Court has taken a position on the same. In Arunkumar Agarwal V Union of India, the Supreme

Court categorically stated that Parliament (and state governments) can decide whether to accept or reject the report. “The ministry can always point out if there is any mistake in the CAG’s report or the CAG has inappropriately appreciated various issues. For instance, we cannot as such accept the CAG report in the instance case”.

The single bench of the High Court quoted the above observation made by the Supreme Court to express doubts over the veracity of the premise of the inquiry based on an unapproved CAG report.

Another ground for inquiry was the ‘complaints received’ by ED regarding FEMA violations. The court, however, found merit in the arguments raised by KIIFB and Issac. KIIFB issued masala bonds only with due clearance from the RBI. It is argued that “all Extra Commercial Borrowings (ECB) are reported to the RBI on a monthly basis. The RBI having not raised any objection or even suspicion regarding the issuance of Masala Bonds and utilisation of the funds raised, the Enforcement Directorate is not empowered to any inquiry”.

The High Court found the argument relevant and made RBI as a party respondent in the case. “The submission of the petitioners that monthly reports in Form ECB 2 is being submitted to the Reserve Bank and no objection or suspicion has been raised by the RBI, assumes relevance. In view of the said contention, I find the Reserve Bank of India also to be a necessary party for deciding the issues involved,” states the order.

Displeased with ED

The High Court also expressed displeasure over ED’s non-compliance of court’s direction to furnish details of the inquiries being conducted against similar entities that subscribed to Masala bonds. It was pointed out by Issac and KIIFB in their petitions that other government entities, like National Highways Authority of India, National Thermal Power Corporation Ltd and Indian Renewable Energy Development Agency Ltd have also issued Masala Bonds and no investigation/inquiry is being conducted with respect to the issuance of Bonds by those entities.

The High Court bench categorically said that the court was “perturbed by the manner in which the direction of the court has been sidelined and neglected”.

“In spite of the direction issued by this Court on 2.9.2022 requiring the competent officer of the Enforcement Directorate to state whether the issuance of Masala Bonds by other entities is being inquired into, absolutely nothing in that regard is stated in the counter affidavit filed by ED on 23 September,” states the order.

Based on these observations, the court makes the conclusion that “there is no justification in the petitioners being repeatedly summoned by the officers of the Enforcement Directorate”. Hence, issuance of further summons shall be kept on hold for two months. https://thefederal.com/states/south/kerala/why-kerala-hc-slammed-ed-and-stayed-probe-against-thomas-issac-kiifb/

SELECTED NEWS ITEMS/ARTICLES FOR READING

4. High subsidy outgo could make it difficult to meet our fiscal deficit target *(indianexpress.com)* Updated: October 12, 2022

Centre's tax collections remain healthy. However, considering the extension of the free food scheme, and higher prices of fertilisers and their inputs post the Russia-Ukraine conflict, it is likely that the subsidy outgo of the government will exceed the budgeted allocations significantly

Even as concerns over the country's medium-term economic outlook are beginning to be voiced, central government tax collections continue to fare better than expected. As per data released by the finance ministry, gross direct tax collections have touched Rs 8.98 lakh crore till October 8, up almost 24 per cent over the same period last year. Adjusting for refunds, collections stood at Rs 7.45 lakh crore, or almost 53 per cent of the budget estimate for 2022-23. Considering that the government had been rather conservative in its revenue projections for this year — the Union budget had pegged direct tax collections at Rs 14.2 lakh crore in 2022-23, up only 2.5 per cent over the previous year — this latest data only reaffirms the view that tax collections will exceed budget estimates by a significant margin this year.

Under the broad rubric of direct taxes, the disaggregated data shows that so far personal income taxes have grown by a robust 32 per cent over this period, even as corporate tax collections have grown at a healthy 17 per cent. On the indirect tax side, GST collections have also stabilised at a higher level. Higher central government tax collections also imply that tax devolution to states will be significantly higher than the budgeted amount of Rs 8.16 lakh crore this year. In fact, the central government has already stepped up devolution to the states over the past few months. On the expenditure side, even as the Centre's revenue spending is only marginally higher this year, capital expenditure has so far grown at a brisk pace, particularly by the ministries of roads and railways — together, they account for a significant share of overall central government capex. As reported in this paper, of the Rs 85,279 crore spent by Railways so far, Rs 67,245 crore or 79 per cent was on account of capital expenditure. For the ministry of road transport and highways, it was even higher.

However, notwithstanding the healthy growth in tax revenues and collections from other levies such as the windfall taxes on domestic crude oil production, there are concerns that a higher subsidy outgo will pose upside risks to the fiscal deficit target. In the budget, the food subsidy had been pegged at Rs 2.06 lakh crore, while the fertiliser subsidy has been budgeted at Rs 1.05 lakh crore. However, considering the extension of the free food scheme, and higher prices of fertilisers and their inputs post the Russia-Ukraine conflict, it is likely that the subsidy outgo of the government will exceed the budgeted allocations significantly. This could make it challenging to meet the fiscal deficit target of 6.4 per cent of GDP. https://indianexpress.com/article/opinion/editorials/high-subsidy-outgo-could-make-it-difficult-to-meet-our-fiscal-deficit-target-8203203/

5. 229 infra projects examined by NPG since October 2021 under PM GatiShakti *(businesstoday.in)* Updated: October 12, 2022

As many as 229 critical infrastructure projects of different ministries including ports and steel have been examined and recommended by the Network Planning Group (NPG), constituted under the PM GatiShakti initiative, since last October, a senior official said on Tuesday.

On October 13, Prime Minister Narendra Modi launched the Gati Shakti- National Master Plan aimed at developing integrated infrastructure to reduce logistic costs.

All logistics and connectivity infrastructure projects, entailing investment of over Rs 500 crore, are routed through the NPG, constituted under the PM GatiShakti initiative.

"As of today 229 critical infrastructure gaps have been reported and necessary recommendations have been given by the NPG from the perspective of logistics efficiency," Special Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Amrit Lal Meena told reporters here.

These 229 projects are from different ministries, including steel, coal, ports and shipping.

"Use of National Master Plan portal is helping the central and state governments to cut time and cost of critical infrastructure projects. Unforeseen disruptions will be reduced now due to use of the portal," he said.

Access to the portal is restricted to the government authorities. It is used for identification of critical gaps and planning of projects.

So far, 26 states have integrated different categories of data with this portal.

"NMP portal is now extensively used by central as well as state governments," Meena said.

The NPG has representations from various connectivity infrastructure ministries/departments involving their heads of network planning division for unified planning and integration of the proposals.

All these departments approach the NPG first for approval before making a DPR (detailed project report) at the planning stage. After the NPG's clearance, the project follows the normal procedure of approval by the finance ministry and the Cabinet, depending upon the projects.

For example, if the railway is planning a project on a specified route, by putting the relevant information on the PM GatiShakti National Master Plan portal before finalising the DPR, it can see whether the proposed track is crossing through public land or private property or highways.

Over 1,500 layers of data including land, ports, forest, and highways are available on the portal. https://www.businesstoday.in/latest/economy/story/229-infra-projects-examined-by-npg-since-october-2021-under-pm-gatishakti-349602-2022-10-12

6. Why NPAs are not just about bank governance *(indianexpress.com)* Updated: October 12, 2022

Probing the links between twin balance sheet crisis and external commodity shocks could lead to a better understanding of the problem.

The Indian banking system faced a significant challenge after 2011 with an increasing quantum of non-performing assets (NPAs). By the late 2000s, NPAs (as a percentage of gross advances) had decreased to less than 3.5 per cent. The downward trend, however, did not continue as NPAs began to rise in 2011 and peaked at 11.18 per cent in the fiscal year that ended in 2018. As expected, this rise occurred with the deterioration of the balance sheets of non-financial firms, and this twin balance sheet crisis contributed significantly to the deceleration of growth in the late 2010s.

It has been argued as a problem that the problem relates to public sector banks because they have a disproportionate share of NPAs. Poor management and governance issues in such banks stemming from government ownership have been cited as the major causes of the crisis. But government ownership does not explain the improvement in performance that public sector banks saw throughout the 2000s. It is improbable that governance improved suddenly and dwindled subsequently. Moreover, most of these NPAs arose due to defaults by private sector non-financial firms, making it even more difficult to accept the blame that's been put on governance issues. Since this narrative is simple and easier to communicate, it has stymied systematic scientific research in the area.

Most importantly, the difference in the business models of public and private sector banks has not received due attention. At the beginning of the 2010s, public sector banks had significantly higher exposure (per cent of total loans) to commodity-sensitive sectors such as iron and steel and textiles compared to private sector banks. A careful examination of the data gives overwhelming evidence that a large fraction of the difference between NPAs in the public and private sector banks arose due to differences in their business models.

The rise in NPAs from 2011 onwards coincides with the fall in international commodity prices. The earlier episodes of decline in prices in the late 1990s and 2009 had strained the balance sheets of banks in India as well and these two earlier episodes of decline in prices were not as prolonged and severe as the one between 2011-16. It is because of the commodity price boom in the last two years that despite the worst kind of economic crisis due to Covid-19, we have hardly heard about any stress in the banking sector during the pandemic.

This close link between commodity prices and non-performing assets has stood the test of time and works via the worsening of profitability of non-financial firms which, in turn, makes them default on loans. A study of balance sheets of non-financial firms in India shows that the profitability of firms and international commodity prices are tightly linked. A decline in commodity prices leads to a decline in raw material costs but it also leads to a more than proportionate decline in sales revenue. And that, combined with fixed labour costs, crunches the margins of these firms and their loan repayment capacity.

For example, suppose a firm borrows Rs 5 lakh when the price of its main output was Rs 10 per unit. It will find it hard to pay back the loan if the price decreases to Rs 5 per unit and it is not able to sell a significantly higher quantity of output. A large number of borrowers in commodity-sensitive sectors faced this situation during 2011-16 when the non-energy commodity prices declined by about 35 per cent and metals prices declined by 45 per cent. In other words, large adverse movements in prices, compared to the projected prices in 2010 and before, on which business decisions were made caused higher corporate default. Hence, we find that banks exposed to commodities whose prices declined experienced a higher build-up in NPAs compared to banks not exposed to these sectors.

However, as banks lend to several sectors with heterogenous price movements, the estimation of the effect of movements in prices on NPAs becomes slightly difficult. To overcome this, we create a nominal price index using novel data on banks' sectoral exposure (percentage of loans to a sector) and commodity prices. For each bank, we multiply the exposure with the sectoral price in that year and sum it over all the sectors to obtain the nominal price index. This nominal price index is distinct for each bank every year and captures the bank-wise heterogeneity in exposure to the commodity prices. This nominal price index can change due to changes in exposure to sectors or changes in prices associated with these sectors.

We estimate the impact of changes in commodity prices on NPAs by allowing the nominal price index to vary due to prices alone and find that banks which experienced a higher decline in prices also experience higher amounts of defaults and hence higher NPAs. Also, these models explain about 30 per cent of the increase in NPAs in the 2010s. As mentioned before, public sector banks generally had higher exposure to commodity-sensitive sectors, hence they experienced a relatively higher decline in prices and a bigger rise in non-performing assets after the price crash of the 2010s.

The ramifications of the aforementioned findings are critical. First, it helps us decipher the twin balance sheet crisis of the 2010s which affected growth adversely and has not been understood so far. Second, a large proportion of NPAs arose because of exogenous shocks, which have nothing to do with management and governance issues in public sector banks. We believe that our work will drive more systematic research in this area which will lead to a better understanding of the twin balance sheet crisis of the 2010s and inform our way forward for appropriate banking reforms. https://indianexpress.com/article/opinion/columns/why-npas-are-not-just-about-bank-governance-8203244/

7. Now, IMF cuts India's FY23 growth forecast to 6.8% *(financialexpress.com)* Updated: October 12, 2022

The International Monetary Fund (IMF) on Tuesday trimmed its FY23 growth forecast for India by 60 basis points from its July projection of 7.4% to 6.8%, its steepest cut for any major economy barring the US. IMF's move follows the World Bank slashing its FY23 growth projection for India to 6.5% last week, from 7.5% predicted earlier.

Most other agencies, too, have been lowering their India forecast in recent weeks. The Reserve Bank of India also recently cut its projection modestly from 7.2% to 7%.

The IMF stated that the move reflects "a weaker-than-expected outturn" in the June quarter and "more subdued external demand", indicating that exports will be hit. However, it retained its FY24 growth forecast at 6.1%.

The IMF has kept unchanged its 2022 growth projection for the global economy at 3.2% but scaled down the 2023 projection by 20 basis points from the July forecast to 2.7%.

In its latest World Economic Outlook, the multilateral body said: "As storm clouds gather, policymakers need to keep a steady hand. The global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China."

"In short, the worst is yet to come, and for many people 2023 will feel like a recession," it added.

The revised forecasts for India follow weaker-than-expected 13.5% growth in the June quarter and growing external headwinds, particularly the tightening of interest rates by key central banks. Nevertheless, India will continue to remain the world's fastest-growing economy.

IMF expects India's retail inflation to shoot up to 6.9% in FY23 before easing to 5.1% in the next fiscal, compared with 5.5% in FY22. Similarly, the country's current account deficit will jump to 3.5% in FY23 and 2.9% in FY24, against 1.2% in the last fiscal.

The IMF has revised down its US growth projection for 2022 by 70 basis points to 1.6% but raised its forecast for the Euro area by 50 basis points to 3.1%. However, the 2023 forecast for the Euro area has been cut by 70 basis points to 0.5%, while that of the US maintained at 1%.

The IMF expects China's growth to hit 3.2% in 2022 and 4.4% in 2023, down by 10 basis points and 20 basis points, respectively, from its July forecasts.

Interestingly, the IMF now expects Russia's growth rates to beat its July projections by 260 basis points for 2022 and 120 basis points for 2023. Still, it forecast that the Russian economy will contract by 3.4% in 2022 and 2.3% in 2023, thanks to its war with Ukraine. https://www.financialexpress.com/economy/now-imf-cuts-indias-fy23-growth-forecast-to-6-8/2707501/

8. Almost every country slowing, India a bright spot compared to others: IMF *(indianexpress.com)* Updated: October 12, 2022

When everyone is slowing down in terms of economic growth, India has not remained unimpacted, but is doing better and is in a relatively bright spot compared to other countries, a top International Monetary Fund (IMF) official said on Tuesday.

Just look at the global conjuncture right now, which is the overarching problem, IMF Director of Asia and Pacific Department, Krishna Srinivasan, said, adding that the growth was “slowing across many parts of the world even as inflation is rising”.

“We expect countries accounting for 1/3 of the global economy to go into a recession this year or the next. And inflation is rampant. So that is the overarching story,” Srinivasan told PTI in an interview.

“Almost every country is slowing. In that context, India is doing better and is in a relative bright spot compared to the other countries in the region,” Srinivasan said.

The IMF on Tuesday in its World Economic Outlook projected a growth rate of 6.8 per cent in 2022 as compared to 8.7 per cent in 2021 for India.

The projection for 2023 slides down further to 6.1 per cent. More than a third of the global economy will contract in 2023, while the three largest economies — the United States, the European Union, and China — will continue to stall, it said.

“In short, the worst is yet to come, and for many people, 2023 will feel like a recession,” said Pierre-Olivier Gourinchas, the Economic Counsellor and the Director of Research of the IMF, in his forward to the WEO released during the annual meeting of the IMF and the World Bank.

Now beyond that, there are three underlying headwinds. One, of course, is financial conditions tightening because central banks and Asian economies are tightening to address inflation.

Second is Ukraine, a war which has led to an increase in food and commodity prices, widening current account deficits. And the third is in the region itself, China is slowing down, he observed.

A combination of these factors is driving prospects down across many parts of Asia including India.
India is having an effect with external demand coming down. Also, domestically, inflation has been rising.

“What the RBI has done is that it’s tightened monetary policy. Rightfully so. They have been in a proactive tightening monetary policy,” he said.

“Now, what that means is there has been a bearing on domestic demand. You have inflation, which affects consumer demand, and when you try to address inflation, that by tightening monetary policy, it will bear upon investment. And so, both for both reasons, you see some slowing in India, and that’s why we revised it to 6.8 per cent this year and to 6.1 per cent the next year,” Srinivasan added.

Observing that the Indian government has an ambitious plan for CAPEX, Srinivasan said the country needed to continue with it because that would give a boost to domestic demand.

The Indian government, he said, is addressing the impact of inflation on the poor and the vulnerable, which is very good.

“They have cut excise taxes, which is across the board. That is good and bad. It is good in the sense that it provides relief on the price side, but it’s not well-targeted. In the context of limited fiscal space, you want these measures that alleviate inflation impact to be more targeted. We would want more targeted support for the poor and vulnerable. The free rations are one,” he said.

Opening up sectors for greater foreign investment would be good. “What we’ve seen is in the initial phase of the crisis, you had capital going out of India, and then now it’s coming back, trying to attract equity capital in FDI, that would be very good. That will boost things,” he said.

India has done phenomenally on digitalisation, Srinivasan said. “If you look at the digital public infrastructure in India, it’s quite amazing. You can leverage digitalisation to address many things, which both short term and long term to have, to boost growth, both in the near term and over the longer term,” he said.

India took a hit to the chin during the delta wave of the COVID-19 crisis, he said. But since then, they’ve come back very strongly in terms of vaccinating a large swath of the population.

“About 70 per cent of the population is fully vaccinated. Vaccinating a country with 1.4 billion people is no easy task. And they’ve done a very good job there. They’ve also been very judicious in employing the resources to support employment, health care, and the poor and the vulnerable. By tackling the pandemic head-on, they have mitigated what could be an important headwind,” he said.

While the zero COVID strategy has been a drag on the Chinese economy, in the case of India the pandemic has had less of a headwind because they’ve addressed it through vaccination.

“They have used their resources judiciously. Given the global context of where growth is slowing, and inflation is rising, in that context, India has done well, to protect growth. Now, going forward, it is not gonna be easy, because, to continue the growth prospects, India has to continue with this ambitious CAPEX plan,” Srinivasan said.

This, he said will generate a multiplier effect private sector, which can generate employment. During the pandemic, people lost jobs mainly women, and youth.

“You have to create an environment where those jobs are more. So going back to the CAPEX plans, which kind of brings in the private sector will give a boost to the economy. In that sense, I think it’s a good thing,” he said.

India is facing large pressures on the external account because oil prices have gone up. Current account deficits are widening.

Responding to a question, Srinivasan said there are certain reforms which need to be done from a longer-term perspective: agricultural reform, land reform, labour reform.

“They did go ahead with agricultural reform. It didn’t kind of pan out, same thing with land reform. But these need to continue. You have to keep the momentum going all that will improve your business environment,” he said. https://indianexpress.com/article/business/economy/imf-krishna-srinivasan-india-economy-growth-8203496/

9. Mudra scheme: 2.19 cr loans sanctioned in H1 FY23, up 8% from year ago, shows govt data *(financialexpress.com)* October 11, 2022

Credit and finance for MSMEs:With respect to disbursements, Rs 1.53 lakh crore loans were disbursed out of the sanctioned amount in H1 FY23, up 43 per cent from Rs 1.07 lakh crore loans disbursed during the year-ago period.

Credit and finance for MSMEs: The government’s Mudra scheme for credit to micro enterprises by banks, small finance banks, non-banking financial companies, and other lending institutions saw around 8 per cent increase in loans sanctioned during the first half of the current financial year 2022-23. According to the official data on the Mudra portal, 2.19 crore loans involving Rs 1.58 lakh crore were sanctioned as of October 7 in the current fiscal in comparison to 2.03 crore loans involving Rs 1.13 lakh crore sanctioned as of October 8 during FY22.

With respect to disbursements, Rs 1.53 lakh crore loans were disbursed out of the sanctioned amount in H1 FY23, up 43 per cent from Rs 1.07 lakh crore loans disbursed during the year-ago period. Overall, 5.37 crore loans involving Rs 3.39 lakh crore were sanctioned during FY22 and Rs 3.31 lakh crore loans were disbursed.

The Mudra scheme was launched by Prime Minister Narendra Modi in 2015 for micro enterprises, which are generally proprietary concerns at the bottom of the entrepreneurial pyramid, seeking loans up to Rs 10 lakh.

The growth in sanctions and disbursements has come amid a slight decline in the non-performing asset (NPA) levels for credit disbursed under the Mudra scheme in FY22, according to government data. Based on the provisional data as of March 31, 2022, shared by Minister of State in the Ministry of Finance Bhagwat Karad in a written reply to a question in Rajya Sabha in July this year, NPAs as a cumulative percentage of total Mudra loans disbursed in FY22 decreased to 3.17 per cent from 3.61 per cent in FY21 though still above pre-Covid 2.53 per cent in FY20.

The overall aggregate gross NPA ratio (public and private banks) in the MSME sector had also declined from 10.8 per cent in March 2021 to 9.3 per cent in March 2022, according to the Reserve Bank of India’s latest Financial Stability report.

“They, however, remain relatively high. Moreover, restructuring of (MSME) portfolios to the tune of Rs 46,186 crore constituting 2.5 per cent of total advances under the May 2021 scheme (resolution framework 2.0) has the potential to create stress in the sector,” the central bank had said. https://www.financialexpress.com/industry/sme/msme-fin-mudra-scheme-2-19-cr-loans-sanctioned-in-h1-fy23-up-8-from-year-ago-shows-govt-data/2707162/

10. India offers 26 oil, gas blocks in mega offshore bid round *(millenniumpost.in)* 12 Oct 2022

India is offering 26 blocks or areas for finding and producing oil and gas in a mega offshore bid round, upstream regulator DGH said on Tuesday.

Simultaneously, 16 areas for prospecting for coal-bed methane (CBM) are also being offered in a separate round.

The "government announces the offer of 26 blocks covering an area of approximately 2.23 lakh square kilometers for exploration and development through international competitive bidding," the Directorate General of Hydrocarbons (DGH) said without giving timelines for bidding.

Out of the 26 blocks, 15 areas are in ultra-deepwater, 8 in shallow sea and 3 blocks are onland.

The bid rounds are being held under the 2016 policy, called the Hydrocarbon Exploration and Licensing Policy (HELP), which was promulgated on March 30, 2016.

Since then, seven bid rounds of the Open Acreage Licensing Programme (OALP) have been concluded and 134 exploration and production blocks awarded. These blocks cover 2,07,691 square km of area across 19 sedimentary basins.

An eighth round was launched in July, offering 10 areas. The winners of that round are yet to be announced.

Successful award of Round-VIII blocks would add a further 36,316 sq km of exploration acreage and cumulative exploration acreage under the OALP regime will be increased to 2,44,007 sq km. DGH is calling the latest round 'Offshore Bid Round (OALP Bid Round-IX) under HELP. The area being offered for exploration in OALP-IX is almost the size of the area bid out in the previous eight rounds put together.

DGH said the 16 CBM blocks being offered in the special bid round are spread over Madhya Pradesh (4), Chhattisgarh, Telangana (3 each), Maharashtra, Odisha (2 each), Jharkhand and West Bengal (1 each).

Just like OALP, the CBM blocks are being offered on a revenue share basis - companies offering the highest share of revenue to the government would win the block.

The exception to this rule are blocks that lie in low prospective basins where the work programme such as shooting of seismic or drilling of wells, will be the deciding factor.

Besides revenue sharing contract model, HELP provides attractive and liberal terms like reduced royalty rates, no oil cess, no revenue share bidding for blocks in less prospective basins, marketing and pricing freedom, round-the-year bidding, freedom to investors for carving out blocks of their interest, a single licence to cover both conventional and unconventional hydrocarbon resources, among others. http://www.millenniumpost.in/business/india-offers-26-oil-gas-blocks-in-mega-offshore-bid-round-495604

11. Indian Navy's MiG-29K crashes during sortie off Goa, pilot ejects safely *(telegraphindia.com)* 12 Oct 2022

A MiG 29K fighter jet of the Indian Navy crashed off the Goa coast on Wednesday morning after developing a technical malfunction.

The pilot ejected safely, the Navy said.

The naval headquarters has ordered a Board of Inquiry (BoI) into the incident.

"A MiG 29K on a routine sortie over sea off Goa developed a technical malfunction while returning to base. The pilot ejected safely and has been recovered in a swift search and rescue operation," the Navy said in a brief statement.

"The pilot is reported to be in stable condition. The Board of Inquiry (BoI) has been ordered to investigate the cause of the incident," it said.

The MiG-29K is an all-weather carrier-based multirole fighter aircraft developed by Russian aerospace company Mikoyan (MiG).

The Indian Navy had procured a fleet of 45 MiG-29Ks from Russia over a decade back at a cost of around USD 2 billion (one billion=100 crore) to operate from INS Vikramaditya.

In November 2020, a MiG-29K aircraft of the Navy crashed into the Arabian Sea off the Goa coast after taking off from aircraft carrier INS Vikramaditya.

A MiG-29K twin-seat fighter aircraft had crashed in South Goa district in November 2019 and both the pilots had ejected safely.

Another MIG-29K crashed into the Arabian Sea off the Goa coast on February 23, 2020 after taking off from INS Hansa, a prominent naval air station at Vasco in Goa.

The pilot of the aircraft had managed to eject safely. https://www.telegraphindia.com/india/indian-navys-mig-29k-crashes-during-sortie-off-goa-pilot-ejects-safely/cid/1891569

12. Emergency Procurements: Panacea or detrimental to capability development? *(financialexpress.com)* 12 Oct 2022

This year the DAC granted Emergency Procurement powers to the armed forces to buy from 'Indian vendors', weapon platforms and munitions urgently needed by them. According to media reports, this financial power can be exercised any number of times over the next six months up to INR 300 crore at a time on a particular item. The Indian Army which is at the forefront of the Indian response to the Chinese transgression is likely to benefit the most from this process.

It was in September 2001 when the Indian MoD introduced the Fast Track Procurement (FTP) process to meet the urgent operational needs of the armed forces. The stated aim of the Fast Track Procedure is to ensure expeditious procurement for urgent operational requirements of the Armed Forces, foreseen as imminent during war as well as peacetime and for situations in which a crisis emerges without prior warning.

Fast Track Procedures may also be applied for cases where timelines are seen to be adversely impacting the capability and operational preparedness. The Fast Track Procedure covers acquisitions undertaken by the MoD and Defence Services under the 'Buy category' or outright purchase. The acquisitions may or may not be part of LTIPP/SCAP/AAP. Such acquisitions are applicable for both indigenous sources and ex-import. FTP acquisitions can be categorised as under.

Procurement of equipment already inducted into Service.

. Procurement of new equipment.

. Procurement of weapon system/platform, which is in service in a friendly foreign country and is available for transfer/lease or sale.

It has always been open to the armed forces to follow this procedure while exercising the financial power delegated to them, after obtaining the AoN from the Defence Acquisition Committee(DAC) Headed by the defence minister, with the Chief of Defence Staff, the three Service chiefs and Secretaries, and other high-ranking officials as members, DAC is the MoD's apex body that decides on all acquisition matters.

In August this year the DAC granted Emergency Procurement powers to the armed forces to buy from 'Indian vendors', weapon platforms and munitions urgently needed by them. According to media reports, this financial power can be exercised any number of times over the next six months up to INR 300 crore at a time on a particular item.

The Indian Army which is at the forefront of the Indian response to the Chinese transgression is likely to benefit the most from this process. The media reports also indicate that the emergent purchases can be made through a simplified and abridged procedure (read Fast Track Procurement with modifications) to ensure that the required equipment is inducted within three to twelve months of the date of signing the contract.

During the first round of procurements, the services acquired some urgently needed hardware which made up for critical deficiencies in quick time. But extension of the same process twice over is inexplicable.

"It is surprising that two years down the road since the Galwan incident, the services, especially the Army, are still in the process of acquiring the 'urgently needed' equipment, but this is not the real surprising part of the DAC's decision" – writes Mr Cowshish, former Finance Advisor (Acquisition) – (Financial Express, 25 August, 22). Cowshish goes on to explain that the financial power for capital acquisitions was delegated to the services' Vice Chiefs, the CISC, and DG Coast Guard way back in 2007. Beginning with INR 10 cr, the limit has been enhanced to 300 cr in February 2019. To make it easier for these Competent Financial Authorities (CFAs) to exercise the delegated powers in the normal course, they are not required to come to the MoD for Acceptance of Necessity (AoN) which is essentially an in-principle approval for commencing the process.

AoN for such proposals was earlier accorded by the Services Capital Acquisition Plan Categorisation Higher Committee (SCAPCHC) which is now replaced by the Services Procurement Board (SPB), which too is embedded in the HQ IDS. It is thus a bit inexplicable to understand that what is special (or different) about the financial power granted by the DAC to the armed forces on August 22, as it corresponds to the power already delegated to them. One reasonable deduction that can be drawn is that powers have been delegated further down the procurement hierarchy to reduce delays caused by several ambiguities and bureaucratic incertitude contained in the DAP – an indirect admission of sorts!

Defence procurement is an evolutionary process and one hopes that the next iteration of the DAP will remove obstacles which cause delay and disrupt the process of acquisition of military hardware. Unwarranted delays diminish operational preparedness, disrupt financial planning, undermine the industry's efforts and lead to eminently avoidable statements like "We shall fight with what we have", indicating despondency from the very start of the battle!

It is more than obvious that FTP or EP (FTP with restrictions on import) in the present case is to be resorted to for filling certain operational voids and not for capability and capacity development which is the real need of the hour in the Indian context. There is after all a finite amount of money and time available to modernise and maintain the military hardware. Rapidly emerging technologies mandate deliberate planning and methodology to acquire the right kind of capabilities. With resources at our command, every penny must be accounted for and not frittered away in a hurried shopping frenzy.

Fast track procurements were resorted to in the aftermath of Chinese aggression along the LAC in the summer of 2020. The purpose was obvious – to fill the voids on an urgent basis, the very reason for the inclusion of such a provision in the procurement process. More than two years down the line, ordering a large number of items through the emergency procedure points is indicative of two clear issues.

. Glaring deficiencies in the inventory

. Incompatible DAP and the Services' requirements.

Adverse Impact of Emergency Procurements

Capital Budget – EP permits service HQs to purchase the hardware they need to fill operational voids through a simpler process. As a consequence every directorate within the services is keen to make up the deficiencies in the shortest possible time. Not that it is incorrect in principle, but such an inter department race chips away at the capital budget as the overall allotment remains unchanged. As a consequence, leaving aside money for committed liabilities there is hardly any funds left for big ticket items. Since EP imposes a cap on the overall budget (INR 300Cr per item), import duties on the foreign components and the mandatory taxes reduce the available money to somewhere around 240 cr on an average.

Buy Indian Imperative – IDDM items, which imply that adequate infrastructure and ecosystem exists within the country, are fine. But the ‘Buy Indian’ stipulation for platforms of foreign origin, as is the case this time round, will complicate the process. Fly-by-night operators may enter the fray and find ways to ‘Indianise’ items from abroad which will be highly detrimental in the long run. Insistence on ‘buy Indian’ force feeds Indian content (minimum 50 percent) into weapons and munitions produced by FOEMs. A limited time period of 3 to 12 months for delivery makes it impractical to import and absorb technologies which take years to develop and mature. As the CEO of a foreign company puts it – “it is an equation without a solution”. With a resultant lapse of another 18 months or so, it may end up creating gaping holes in place of voids.

Capability and Capacity Development. Aatmanirbharta in defence is all about developing an ecosystem within the country wherein the R&D and industry are capable of designing and developing the weapons, platforms and munitions that the military needs to be operationally ready. It is a gradual process and requires huge amount of resources and investment. The first damage that FMS /EP will cause is the slow chipping away of the budgetary allocations. It will reduce the MoD’s capacity for investments in big-ticket items – remember the money ultimately comes from the government which acts as an assurance to the industry to invest.

The limited capability acquired due to a financial cap on FTP/EP renders plans to acquire big budget items beyond the purview of this process. The Indian army desperately needs light tanks, artillery gun systems and air defence assets et al, all of which cost huge sums of money. Training requirements, the need for adequate spares, repair and recovery mechanisms are way beyond the price of off-the-shelf purchase. Yet they are essential, without which the platform has very little utility. INR 300 cr, which is in effect reduced to almost INR 240 cr as explained above is thus grossly insufficient to even plan on such an acquisition. In a recent report, KMW of Germany quoted 30 months for delivery of 18 Gun Howitzer gun systems to Ukraine – and that’s as urgent as can be.

Unfortunately FTP/EP process is also the antithesis of ‘Integrated Capability Development System’ a plan devised by the Department of Military Affairs (DMA) to ensure synchronous and integrated acquisitions by all the defence services.In conclusion, one can surmise that the intent is honest, but the purpose is far from being realised. FTP/EP should be resorted to for the purpose it is designed for- filling critical voids. Resorting to this process time and again may result in a setback to our Prime Minister and Defence Minister’s vision of Aatmanirbhar Bharat and may jeopardise the Integrated Capability development process that the armed forces have embarked upon. https://www.financialexpress.com/defence/emergency-procurements-panacea-or-detrimental-to-capability-development/2707801/

13. SIPRI's assessment of India's quest for self-reliance in defence production *(financialexpress.com)* 12 Oct 2022

The report on Arms Production Capabilities in the Indo-Pacific Region, released by the Stockholm International Peace Research Institute (SIPRI) earlier this month, casts some 'serious doubts about whether India will be able to significantly reduce its dependence on imports in the short and medium term'.

According to the report, 84.3 percent of the major conventional arms procured by India in 2016-2020 were of foreign origin, of which licensed production accounted for 57.8 percent. In a stark contrast, the domestic procurement accounted for a mere 15.7 percent of the total procurement.

Among the five segments monitored by SIPRI, the domestic shipbuilding industry stands out as a shining example of India's potential in designing and manufacturing major platforms. Most of the ships delivered during the aforesaid period were based on Indian designs. And so was the nuclear-powered ballistic missile submarine Arihant which gave 'India's nuclear forces a high level of autonomy'.

Unsurprisingly, the domestic shipbuilding industry accounted for 78.6 percent of the total volume of procurement of naval vessels by the Ministry of Defence (MoD). It is widely believed that further progress depends on the Indian industry's ability to locally design and manufacture propulsion systems and armament for the ships and submarines.

The Indian industry also did reasonably well in meeting 29.4 percent of the total requirement of air defence systems through locally designed equipment, but it could meet only 6.3 percent of the overall requirement of aircraft and 7.7 percent of missile systems, with the rest of the requirement being met either through outright import or licensed production. In the armour segment, the requirement was met cent per cent via licensed production.

It does not come as a surprise that while 'much of the licensed production has a substantial Indian content' by way of locally designed components to replace the foreign components, 'domestic designs remain dependent on imported key components such as engines and radars'. These are, by no means, the only major components for which India continues to be dependent on foreign sources, even for maintaining legacy systems.

The dependence on import of engines and radars, as indeed many other critical components, is a major hurdle in India's quest for self-reliance in defence production. Sadly, as the report points out, '(an) important objective of licensed production (was) to gain capabilities to develop local design through technology transfers (but) over the decades this has not often been successful'.

The report goes on to cite the example of technology transfer for licensed production of Su-30MKI by the state-owned Hindustan Aeronautics Limited, which is generally considered to be a 'mistake' as 'no real technology transfer took place'. With some rare exceptions, this has been a problem with most of the licensed production projects.

The foreign companies blame the Indian companies for their inability to absorb the transferred technology, while the latter blame the technology providers of not being earnest in transferring technology. The truth lies somewhere in between, but this is not an insurmountable problem. The desired scope, range and depth of technology transfer can be ensured by including unambiguous clauses in the contract which define the responsibilities of the transferor and transferee with absolute precision.

The significance of negotiations and careful drafting of contracts is best illustrated by the $285 million deal signed with the Swedish arms manufacturer Bofors in 1986 for supplying 410 155 mm Howitzer field guns. The deal included nearly unfettered transfer of technology by the company to the erstwhile Ordnance Factory Board (OFB) to manufacture the guns in India. It is another matter that the technology was used only decades later by Advanced Weapons and Equipment India Limited (previously a part of the OFB) for making 155 mm towed howitzer Dhanush. The guns were finally approved for induction in 2019.

Be that as it may, the SIPRI report also seems to suggest that predominance of the Defence Public Sector Undertakings (DPSUs) may not be very conducive to making India self-reliant in the defence production sector. The first five largest companies in India, manufacturing aerospace, land, electronics, and shipbuilding systems are all DPSUs but, as the report observes, '(d)espite their size and industry dominance, there are lingering concerns over (their) productivity, their reliance on domestic military orders, and their dependence on foreign resources', and so these companies 'have started to diversify their business into the civil market and to set up export offices overseas'. How far this gambit works remain to be seen.

Meanwhile, the government is encouraging the private sector to play a bigger role in defence production under its flagship 'Make in India' programme. More than 200 companies have been licensed to produce military equipment and participate in government tenders, preferably on their own, but also in collaboration with the foreign companies, if required. This number does not seem to include a large number of Micro, Small and Medium Enterprises.

However, the private sector has a long way to go to catch up with, much less excel, the public sector undertakings. This is obvious from the fact that Ashok-Leyland, which supplies military trucks to the Indian Army, is the only private sector company ranked among the top 50 in the Indo-Pacific, while other private sector manufacturers like Larsen and Toubro 'feature neither in the country's top 5 nor the regional top 50'.

The report rightly points out that the "current arms industrial policy is included in the broader 'Make in India' policy that promotes local production in partnerships with foreign companies", but its observation that these priorities are clearly reflected in capital outlays, of which a substantial proportion is earmarked for domestic equipment acquisition, as well as ban imposed on import of more than 300 items, seems ingenuous.

These steps are more likely to encourage licensed production in India rather than indigenous design, development and production of large platforms, or even major components, parts, assemblies, and sub-assemblies, at least in the short run. This is borne out by the fact that India, which was the second largest importer of arms in the world in 2016-20, became the largest importer of arms in 2017-2021, going by SIPRI's earlier reports.

Observing that despite all these 'setbacks', India has ambitious acquisition programmes, the report unpropitiously concludes that the 'earlier experience of Indian domestic arms programmes leave serious doubts about whether India will be able to significantly reduce its dependence on imports in the short or medium term'.

It will be a mistake to dismiss the report as an attempt to belittle India's flagship, albeit ambiguous, 'Make in India' policy as the facts given therein speak for themselves. The report should trigger an internal reassessment of the efficacy of the policies being pursued by the MoD and whether any course correction is required to achieve the intended objective of self-reliance in defence production which, in true sense, means the local industry's capability to design, develop and manufacture state-of-the-art futuristic equipment required by the armed forces within the desired timeframe. https://www.financialexpress.com/defence/sipris-assessment-of-indias-quest-for-self-reliance-in-defence-production/2707740/

14. It's official: Illegal mining is rampant in Aravallis *(indianexpress.com)* 12 Oct 2022

The report, placed before the tribunal earlier this week, added that the magnitude of environmental loss for such degradation could not be assessed due to the non-existence of standard formula or practice.

A report of a joint committee, formed on orders of the National Green Tribunal to ascertain the extent of illegal mining at 16 locations in Aravalli region in Gurgaon, Faridabad and Nuh districts of Haryana, has found instances of mining activity at several locations in the region despite prohibitory orders. It has also found trenches at some sites due to excavation.

"…as per the list provided by the applicant, there are instances of mining activity despite prohibitory orders against any mining-related activity as directed by the Hon'ble Supreme Court. The committee has also observed that at some sites, trenches were formed due to excavating the materials and at some sites shaving of bushes and plantation was also noticed," said the status report of site inspections of 16 locations by the joint committee.

The report, placed before the tribunal earlier this week, added that the magnitude of environmental loss for such degradation could not be assessed due to the non-existence of standard formula or practice.

In an order on May 23, 2022, the NGT, after hearing a petition of citizen's collective Aravalli Bachao Citizens Movement, formed a joint committee and directed the committee to undertake site visits for ascertaining "whether any illegal mining has been done in the area; whether such mining has been done before or after prohibition orders; what is the quantum of such mining in the magnitude of the loss cost to the environment as well as the state exchequer". The NGT had directed the committee to submit a report in three months.

According to the report of the committee, illegal mining was found at two locations in Pandala Hills near Gairatpur Bas village; in Aravalli area near Tikli village; near Tauru police station in Tauru Block; near Palla village in Nuh block and near Baghola village in Ferozepur Jhirka block.

The report said that in Aravallis near Jalalpur Sohna village, signs of excavation with machinery and tractor marks were noticed. Near Kotla Khandewla village near Manesar police lines complex, 1,980 metric tonnes (MT) of ordinary clay was extracted without requisite permission (short-term permit) from the Mining Department. The report said that in Tauru block, near Bissar Akhbarpur, 15,750 MT of ordinary clay had been extracted without STP from the Mining Department. In Ferozerpur Jhirka block near Hirwari Bamatheri village, 3,240 MT of stone had been illegally mined.

Citing field visits from March 2021 to March 2022, Aravalli Bachao Citizens Movement, in its application before the NGT, had submitted that illegal sand and stone mining was taking place at 16 locations of the Aravalli range in Faridabad, Gurgaon and Nuh districts in violation of several judicial orders.

An eight-member committee, chaired by the chief conservator Forests, Forest Department, Haryana, and including an official from the Ministry of Environment, Forest and Climate Change, mining officers and a senior police officer among others, was constituted on July 7. The committee undertook field visits at all 16 locations to assess the extent of illegal mining and consequent environmental degradation. The report referenced drone images of the sites, displaying the extent of excavation, and satellite images of sites at different points in time. https://indianexpress.com/article/cities/delhi/its-official-illegal-mining-is-rampant-in-aravallis-8203375/

15. Government may pull the plug on Puncom disinvestment *(hindustantimes.com)* 12 Oct 2022

Rethink due to a feeling that government may not get full value of the company and its assets through this route, besides it doesn't have any debt despite the losses; it is taking a relook at the strategic disinvestment of its 71.20% equity holding in the telecommunication and information technology (IT) equipment manufacturing and solutions company.

The Punjab government appears set to pull the plug on strategic disinvestment of loss-making public sector undertaking Punjab Communications Limited (Puncom).

It is taking a relook at the strategic disinvestment of its 71.20% equity holding in the telecommunication and information technology (IT) equipment manufacturing and solutions company. The industries department has been asked to again study the financial situation, assets and staff position of the public sector enterprise and suggest the available options, officials privy to the developments said after a meeting was held recently by the finance department with the industries departments and Puncom under the chairmanship of the chief secretary.

The state government holds the controlling stakes in Puncom though Punjab Information and Communication Technology Corporation Limited (Punjab Infotech) and bulk of the remaining equity is held by public. A decision was taken by the state cabinet in the previous Capt Amarinder Singh-led Congress government four years ago to sell off the government equity in Puncom, Punjab Financial Corporation (PFC) and Punjab State Industrial Development Corporation (PSIDC) through strategic disinvestment with transfer of management control. The decision to disinvest in the three loss-making state undertaking was based on the recommendations of the Punjab Governance Reforms and Ethics Commission.

The cabinet had then also set up a core group under the chief secretary to carry out the process and later the directorate of public enterprises and disinvestment floated a global invitation for expression of interest (EoI) in September 2020 to sell off the state government's entire equity holding of 71.20% in the company, but it did not fructify. The company's share closed at ₹32.65 in stock market on Tuesday.

"There is rethinking on disinvestment of Puncom due to a feeling that the government may not get full value of the company and its assets through this route. The company, though incurring losses, has not only no debt liability but also possesses assets and reserves worth roughly ₹150 crore," one of the officials quoted above said.

The industries department has been asked to reduce the employee cost by offering voluntary retirement scheme to its staff or try to adjust them in other departments on deputation. "Once this is done, the government may then decide on how to dispose the building, land and other fixed assets, the official added, refusing to be identified.

Of the 187 regular staff, 22 have already opted for VRS and six others gone on deputation. "Puncom plans to make a fresh offer for VRS to its employees as its liquidity has been affected due to continuous losses, and cash reserves are being used to meet employee salary and other expenditure," a company official said.

Puncom financial position (₹ In crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Total Income	47.83	54.11	36.56	29.04	20
Loss	4.83	2.70	11.43	11.90	12.48
Reserves & surplus	61.53	58.58	46.21	35.07	22.36

Source: Annual report

Failure to upgrade tech pushed it into losses

Puncom, established in 1981, had started off well but then slipped into losses as it failed to upgrade its technology, from analog to digital, and incurred a loss of ₹11 crore last year. The company, according to officials, is not getting adequate new business, and is mainly doing maintenance work for some existing clients or in collaboration with other companies. Punjab has 46 working state-level undertakings and seven inactive units, besides some cooperative apex institutions, with total equity infusion of ₹23,851 crore by the state government as on March 31, 2022. The total outstanding debt of these undertakings stands at ₹43,204 crore. The state government had directed these state-level public sector undertakings for a 5% return on equity to the exchequer annually, but only three complied and paid a miniscule total dividend of ₹3.74 crore last year. Puncom, which reported a turnover of ₹20 crore from sales, services and other income in financial year 2021-22, has also not paid any equity dividend to the state government in past five years. https://www.hindustantimes.com/cities/chandigarh-news/government-may-pull-the-plug-on-puncom-disinvestment-101665518500900.html

16. In deep trouble *(millenniumpost.in)* 12 Oct 2022

Already endangered, Gangetic Dolphins are facing an existential threat on account of unchecked building of barrages, steamer traffic, fishing, water pollution etc.

Originally found in oceans, some species of dolphins live in freshwater as well. The Gangetic Dolphin is one such species. It has been considered necessary to keep the ecology of the Ganga balanced. Until a few years ago, only four of the 88 species in the world were found in freshwater but, with the extinction of Baiji — found in the freshwater of the Yangtze River in China — in 2006, only three of them have managed to survive. Now except the Ganga, dolphins are found only in the Indus and Amazon rivers, which are known as Bhulan and Bota.

Gangetic Dolphin is the national aquatic animal of our country. We celebrate Gangetic Dolphin Day every year on October 5, and Gangetic Dolphin Week from October 2 to 8. The Gangetic Dolphin was declared an endangered animal in 1996. However, serious efforts are not being made for its conservation. Its population was 6,000 in 1982, which has come down to about 2,000. The Gangetic Dolphin is considered a belligerent aquatic animal because it can survive even in unfavourable environments. It adjusts easily to large fluctuations in temperature. Nevertheless, its rapid decline in numbers is certainly a matter of concern.

In the Karnali river flowing in Nepal, it tolerates five degrees Celsius temperature, while in the Ganga River flowing in Uttarakhand, Uttar Pradesh, and Bihar, it can easily withstand the temperature of 35 degrees Celsius. It is usually found at the confluence of the Ganga and its tributaries, so that in times of difficulty, it can take shelter in the tributaries. Gangetic Dolphins do not like to live in shallow waters and between narrow rocks. Due to this nature, it likes to live in the tributaries of Ganga — like Ramganga, Yamuna, Gomti, Rapti, Dikho, Manas, Bhareli, Teesta, Lohit, Disang, Dihang, Diwang, Kulsi etc.

The popular name of the Dolphin found in the Ganga River is Sons. It lives in aquifers found in freshwater. It can also live in salt water located at the confluence of river and sea, but it does not like to live in the sea. After every 30 to 120 seconds, it has to come to the surface of the water to breathe.

The length of the nose and body of the female Gangetic Dolphin is more than that of the male. Its long, sharp teeth can be seen even though the jaws are clenched. An adult Gangetic Dolphin weighs between 70 and 100 kg. The female Dolphin has a gestation period of nine months and gives birth to one baby at a time. Males become physically ready to mate in 10 years, while females become ready for mating in the age of less than 10 years.

At present, the habitat of the Gangetic Dolphin is in Ganga, Brahmaputra and Meghna Rivers of India; Karnaphuli and Sangu Rivers of Bangladesh; and Karnali and Saptakoshi rivers of Nepal. Once this creature used to roam in all parts of the rivers, but due to the construction of a barrage in Narora in 1966, Farakka in 1975 and Bijnor in 1984, its house was divided into three parts. The barrages have divided the Ganga River into lower, middle, and fore parts — making it difficult for the Gangetic Dolphins to travel from one part of the Ganga to another. Due to the flow of chemical waste from Narora nuclear plant and 400-500 small and big factories located in Kanpur, the Gangetic Dolphins living around Narora and Kanpur gradually died.

The flow of Ganga has come to a halt at many places due to construction of barrages. Due to low water level in the river, Gangetic Dolphins are facing difficulty in living their natural life. The river has become shallow due to siltation. Ganga's life is in trouble due to the creation of a human house in the river. Ganga's life is in trouble due to the creation of a human house in the river. During the rainy season, the water of the river goes above the danger mark.

Today it has become easier for hunters to hunt Gangetic Dolphins. It is hunted for meat, oil, fodder (for the purpose of catching catfish) etc. There is also a tradition of pregnant women in Bangladesh drinking the oil of the Gangetic Dolphin. It is believed that drinking oil makes the baby healthy and beautiful.

During the rainy season, the water of the river goes above the danger mark. Today it has become easier for hunters to hunt Gangetic Dolphins. It is hunted for meat, oil, fodder (for the purpose of catching catfish) etc. There is also a tradition of pregnant women in Bangladesh drinking the oil of the Gangetic Dolphin. It is believed that drinking oil makes the baby healthy and beautiful. During previous years, cargo steamers used to run from Haldia to Patna, and later to Varanasi. In Kolkata, there is still a tremendous amount of ferry and steamer traffic in the Hooghly River. In the name of promoting river tourism, steamers and ferries are being run in cities like Patna, Kolkata etc., due to which Gangetic Dolphins get injured or die after colliding with them. Apart from this, their health is adversely affected by noise pollution. Fishermen use nylon nets for fishing, in which Gangetic Dolphins are easily trapped. Apart from this, it is also killed due to lack of awareness or because of greed.

The concentration of manure, pesticide, industrial and domestic waste in Ganga is increasing rapidly. Due to water pollution, the lifespan of Gangetic Dolphins is decreasing. An estimated 1.5 million metric tonnes of chemical fertilisers and 21,000 tonnes of technical-grade pesticides are released into the Ganga and Brahmaputra annually, due to which polychlorinated biphenyls (PCBs), hexachlorocyclohexane (HCH), chlorodyne compounds, hexachlorobenzene (HCB), perfluorinated compounds (PFCs) etc. have exceeded the tolerable amounts in the rivers. These are damaging for the muscles, kidneys, liver etc. of the Gangetic Dolphins.

Today, there is a need to preserve this aquatic creature, for which Ganga has to be saved first. The Modi government is determined to save Ganga. This is a good sign, but a tough decision has to be taken in this direction; negligence at any level can be dangerous for Gangetic Dolphins, Ganga and our existence. Dolphin Parks can be established. Fishermen should take care that they do not catch fish in areas where the concentration of Gangetic Dolphins is high. Tighten the net to catch the poachers.

Simultaneously, combing operations should also be carried out, so that hunters don't hunt the Gangetic Dolphins. A campaign was launched in 2000 for saving the dolphins found in the Indus River in Pakistan, under which the dolphins who had gone into the canal or tributaries to save their lives were rehabilitated.

There is a need to run such campaigns in India also, especially in Bihar, as the Gangetic Dolphins are found in maximum numbers in the state. In this context, educating and making the common man aware can be beneficial. Central and state governments can also play a positive role in this regard. Merely celebrating Dolphin Day and Week will not yield positive results. If corrective measures are not taken, the day is not far when the Gangetic Dolphins will also disappear like the Baiji Dolphin of China. http://www.millenniumpost.in/opinion/in-deep-trouble-495660