

NEWS ITEMS ON CAG/ AUDIT REPORTS (14.10.2022)

1. Public Sector Units: A staggering burden for Assam! (sentinelassam.com) October 14, 2022

The State Government has been investing crores of rupees in public sector units (PSUs) that have been making a loss and not submitting accounts for years.

GUWAHATI: The State Government has been investing crores of rupees in public sector units (PSUs) that have been making a loss and not submitting accounts for years.

Assam has 48 PSUs – 32 of them are working, and 16 are not working. Forty-three of these PSUs, including 15 non-working ones, have not submitted their accounts for 1-27 years. The government continues to stop short of disposing of the non-working PSUs. The government constituted a task force and an asset management cell for the disposal of assets of the PSUs under closure in July 2008. The CAG said in its latest report, "Since the non-working PSUs neither contribute to the state economy nor meet the intended objectives, the government needs to expedite the liquidation process to wind up these PSUs."

Barring the power sector PSUs, the government has invested Rs 689 crore and extended Rs 698 crore as long-term loans to PSUs.

The PSUs not submitting accounts despite getting full financial support from the government is a cause of concern. The CAG suggested to the government that "until the accounts are made current as much as possible, the government may consider not giving further financial assistance to such PSUs". The CAG also suggested that "the government exercises control over the affairs of those PSUs through its administrative departments."

As of March 31, 2020, 19 PSUs had loan liability of Rs 2,785 crore towards the government. The total number of PSU employees in the state is around 36,000.

Reviewing the PSU affairs, Chief Minister Himanta Biswa Sarma said that government would not invest in PSUs further. "The government is to provide logistics support, not to do business," he said.

A few years back, the government conducted a survey of PSU affairs. It found that the PSUs are overstaffed, mismanaged and not free from political appointments on the top, besides lacking proper marketing skills.

Some of the non-working PSUs in the state are – Assam State Minor Irrigation Corporation, Assam Agro-Industries Development Corporation, Industrial Paper (Assam) Ltd, Assam Spun Silk Mill, Assam Polyester Mill Ltd, Assam Syntax Ltd, Assam Government Construction Ltd, Fertichem Ltd etc. <https://www.sentinelassam.com/topheadlines/public-sector-units-a-staggering-burden-for-assam-617980>

2. NGT slaps 900 cr penalty on Delhi gov: Congress blames AAP, BJP of inaction ([thestatesman.com](https://www.thestatesman.com)) October 13, 2022

After the National Green Tribunal (NGT) slapped a Rs 900 crore penalty on the Delhi Government and the Municipal Corporation of Delhi (MCD) for not clearing the three landfills (Ghazipur, Bhalaswa, Narela), Anil Bhardwaj, ex-MLA and chairman of the communications department of the Delhi Pradesh Congress Committee (DPCC) said, slapping of such a penalty on the Arvind Kejriwal government speaks volumes of the corruption, inaction and incompetence on the part of the Delhi Government and the MCD, as they have not taken any step to eradicate this shameful sight from the capital.

Bhardwaj further added the Kejriwal government and the MCD only indulged in verbal battles without doing anything constructive in the past 8 years to clear these garbage dumping grounds, and as a result, the three landfills have a combined garbage pile of 300 lakh metric tons.

Bhardwaj said that the CAG (Comptroller and Auditor General) had pointed out a Rs 38155 crore deficit in the Delhi budget, and the NGT penalty will further push Delhiites into a heavy debt trap. He said that due to the incompetence of the MCD and the Delhi Government, 152 acres of public land have been consumed by garbage piles.

Due to these landfills, people living in the surrounding areas have been undergoing terrible health problems, including breathing problems and lung disease, and their complaints have fallen on deaf ears, as neither the Kejriwal Government, nor the MCD had bothered to hear their woes, added DPCC chairman.

Anil Bhardwaj accused the government of not complying with the order of NGT as in July 2019, the NGT had directed the Delhi Government to clear the landfills but 38 months after its direction, only 59 lakh tons of garbage have been removed. He said that in the present pace, it will take at least 12 years for the Delhi Government and the MCD to flatten these landfills, though thousands of crores have been squandered in the name of clearing these landfills by the BJP and AAP governments. <https://www.thestatesman.com/india/ngt-slaps-900-cr-penalty-on-delhi-gov-congress-blames-aap-bjp-of-inaction-1503121018.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

3. 647 Central Projects Delayed, Some Up To 23 Years: Report ([swarajyamag.com](https://www.swarajyamag.com)) Oct 13, 2022

The Road Transport and Highways sector has the maximum number of delayed projects at 248, followed by railways at 116 and petroleum sector at 88, as per the latest flash report on infrastructure projects for August 2022.

The other sectors where projects are delayed with respect to their original schedule include 37 in coal, 53 in power, 22 in civil aviation, 13 in urban development, 6 in mines and 4 each in steel and atomic energy.

Flash Report

The Infrastructure and Project Monitoring Division (IPMD) under the Ministry of Statistics and Programme Implementation (MoSPI) is mandated to monitor central sector infrastructure projects costing Rs 150 crore and above.

The status is based on the information provided on the Online Computerised Monitoring System (OCMS) by the project implementing agencies.

The Flash Report for August 2022 contains information on the status of 1,526 central sector infrastructure projects costing Rs 150 crore and above.

Out of the 1,526 projects, seven projects are ahead of schedule, 265 are on schedule, 647 are delayed, 393 projects reported cost overrun and 219 projects reported both time and cost overrun with respect to their original project implementation schedules.

Out of 647 delayed projects, 132 have delay in the range of 1-12 months, 118 projects have delay in the range of 13-24 months, 273 (42.19 per cent) projects have delay in the range of 25-60 months and 124 projects have delay of 61 months and above.

Road Sector

In the Road Transport and Highways sector, 248 out of 831 monitored projects are delayed.

The six-laning of Krishnagiri-Walajahpet section on NH-46 in Tamil Nadu is the most delayed road project at 125 months.

The Krishnagiri-Walajahpet corridor on the Golden Quadrilateral (GQ) is the main road connectivity between Chennai and Bangalore, and caters to both commercial and passenger movement between the two cities.

The second most delayed road project is Varanasi-Aurangabad Highway in Uttar Pradesh and Bihar, which is delayed by 105 months.

The third most delayed project is the Muzaffarpur-Sonbarsa Road in Bihar at 102 months.

The Patna High Court, since 2019, has been monitoring all ongoing NH projects in the state to ensure their speedy completion. Only after the intervention of the High Court, the NHAI has resolved to finish the work on Muzaffarpur-Sonbarsa road by the end of 2022.

Railways

In railways, out of 173 monitored projects, 116 are delayed, with respect to their original schedule.

The report showed that the Muneerabad-Mahaboobnagar rail project is the most delayed project. It is delayed by 276 months. Incidentally, this is the most delayed project out of the 1526 projects in the report.

The second most delayed project is the Belapur-Seawood-Urban Electrified Double Line, which is delayed by 228 months. The third most delayed project is the Kotipalli-Narasapur rail project at 216 months.

Petroleum Sector

For petroleum sector, 88 out of 139 projects are delayed, with respect to their original schedule.

The 1104 km-long, Kochi–Koottanad–Bangalore–Mangalore Phase II project, is the most delayed project, with a delay of 146 months.

Owned by GAIL (India), this is an interstate natural gas pipeline project to transport natural gas from the Petronet LNG owned Kochi LNG import terminal and improve natural gas supply to South India.

The Irugur-Devanagonthi Petroleum, Oil, and Lubricants (POL) Pipeline Project in Tamil Nadu and LPG terminal at Kochi are other major delayed projects.

Indian Oil Corporation Ltd. (IOCL) launched the LPG Import terminal project at Puthuvype in Kochi in Kerala, intending to reduce LPG supplies from the Mangalore Refinery through roadways.

Power sector

A total of 53 out of 78 projects are behind their original schedule in the power sector.

The top delayed projects are Parbati HEP (171 months), Subansiri Lower HEP (155 months), and Barh STPP (149 months).

Parbati Hydroelectric Project (Stage-II) is a run-of-the-river scheme on the river Parbati in Himachal Pradesh. The 800 MW plant is expected to be commissioned in December 2023.

The Subansiri Lower HE Project, located near North Lakhimpur on the border of Arunachal Pradesh and Assam, is the biggest hydroelectric project undertaken in India so far and is a run of river scheme on river Subansiri.

The 2,000MW plant is being built by NHPC and would be completed by August 2023.

The Barh super thermal power project (STPP) is a supercritical coal-fired power station being developed by NTPC in Barh, Bihar.

It has an installed capacity of 3,300 MW; of which stage I is of 1,980 MW (3 x 660 MW unit each) and stage II of 1320 MW (2 x 660 MW unit each).

The project, the foundation stone of which was laid by the then Prime Minister late Atal Bihari Vajpayee on June 5, 1999, will be complete after unit 3 of stage I begins commercial generation of power by end of 2023.

Steel Sector

The NMDC integrated steel plant at Nagarnar in the state of Chhattisgarh, is the most delayed project in steel sector, with a delay of 94 months.

As a forward integration and business diversification plan, NMDC is in the process of commissioning its 3 MTPA Integrated Steel Plant (NISP) at Nagarnar by March 2023.

The products of this plant will meet the country's growing demands of flat products in high grade steel and will contribute significantly towards India becoming self-reliant in the Steel sector. <https://swarajyamag.com/infrastructure/647-central-projects-delayed-some-up-to-23-years-report>

4. One year of GatiShakti: Govt sets hefty new targets ([financialexpress.com](https://www.financialexpress.com))

October 14, 2022

Since the GatiShakti initiative will cut delays and cost overruns involving key projects, it will enable various infrastructure ministries and departments to achieve the intended targets set for them on time, a senior official explained.

As the PM GatiShakti programme completes one year, the government has now set highly ambitious medium-term targets for various infrastructure ministries.

According to a presentation prepared by the commerce and industry ministry on the GatiShakti targets, reviewed by FE, the cumulative highways construction under the ministry of road transport and highways is now targeted to be raised to 200,000 km by FY25 from 141,190 km in the last fiscal. Similarly, the freight loading by the railways will be enhanced to 1,600 million tonne by FY25 from 1,410 million tonne in FY22.

The number of airports, heliports, water aerodromes, including those under the UDAN scheme, are targeted to be increased to 220 by FY25 from 140 in FY22. The cargo handling at ports is to be raised to 1,759 million tonne per annum (MTPA) from 1,189 MTPA. The 20,000-km-long oil and gas pipeline network in the country will be extended to 34,500 km by FY25.

The new and renewable energy capacity is targeted to be raised to 225 gigawatts by FY25 from 87.7 gigawatts last fiscal. Similarly, the number of panchayats which will be connected to the optical fibre cable is proposed to be raised to over 260,000 from 175,827.

Since the GatiShakti initiative will cut delays and cost overruns involving key projects, it will enable various infrastructure ministries and departments to achieve the intended targets set for them on time, a senior official explained.

Thus, the targets have been set for the ministries of road transport & highways, railways, civil aviation, port & shipping, petroleum and new & renewable energy, and the department of telecommunications. Through the GatiShakti initiatives, the government intend to bridge India's infrastructure deficit which owes more to inefficient project implementation, rather than financial constraints.

According to the latest official data, as many as 393 infrastructure projects, each entailing an investment of Rs 150 crore or above, witnessed cost overruns of as much as Rs 4.66 trillion until August. While the total original cost of 1,526 projects, which are under execution was Rs 21.26 trillion, their anticipated completion cost is now likely to shoot up to Rs 25.92 trillion, reflecting a cost overrun of almost 22%.

All large infrastructure projects of Rs 500 crore each and critical 'missing-link' projects (those that typically connect two or more important projects where no link currently exists) are now covered under this initiative, according to official sources.

As many as 26 states have integrated different categories of data with the GatiShakti portal, which is being used extensively by both the central and state governments.

The PM GatiShakti National Master Plan was launched by Prime Minister Narendra Modi on October 13 last year. It is essentially a GIS (geographic information system)-based platform with about 1,900 layers (and rising) that captures all utilities and network linkages in various economic clusters. Under this initiative, different departments join hands for a coordinated development of projects, especially to address first and last-mile connectivity issues and reduce logistics costs.

Announcing the launch of GatiShakti, Modi had said: "Just as JAM (Jan Dhan, Aadhaar, mobile) trinity revolutionised the access of government facilities to the people, PM GatiShakti will do the same for the field of infrastructure." <https://www.financialexpress.com/economy/one-year-of-gatishakti-govt-sets-hefty-new-targets/2709714/>

5. PM Gati Shakti capable to save ₹10 lakh crore yearly through logistics efficiency: Goyal (thehindubusinessline.com) Updated: October 13, 2022

A total of 197 critical infrastructure gap projects have been identified under the National Master Plan

The PM Gati Shakti National Master Plan, which aims to promote integrated planning of infrastructure and synchronised project implementation across Ministries and Departments, has the potential to save over ₹10 lakh crore annually by improving logistics efficiency, Commerce & Industry Minister Piyush Goyal has said.

PM Gati Shakti (PMG) is increasingly being used in the social sector for better infrastructure development, thereby, taking fruits of technology to every citizen of the country and improving ease of life for the common man, Goyal said addressing the National Workshop on PM Gati Shakti on Thursday, to mark the first anniversary of the roll out of the National Master Plan.

Critical infrastructure gap projects

“Through the mechanism of PM National Master Plan, 197 critical infrastructure gap projects have been identified and examined in sectors namely, the Ministry of Steel, Coal, Fertiliser as well as Food and Public Distribution under PMG to improve logistics efficiency. Over 1300 inter-ministerial issues were resolved in the 11 months through the PMG portal integrated with the National Master Plan,” according to a statement issued by Commerce & Industry Ministry.

In the last 8 years, capital expenditure has seen over four times increase from ₹1.75 lakh crore in 2014 to ₹7.5 lakh crore in 2022, the statement added.

Accessing infrastructure

The Minister also launched the Logistics Ease Across Different States (LEADS) 2022 survey report. The LEADS is an indigenous data-driven index to assess logistics infrastructure, services, and human resources across all 36 States and UTs.

“The LEADS 2022 survey report would assist PM GatiShakti National Master Plan and National Logistics Policy to perform a network mapping of logistics infrastructure, services, and regulatory environment enabling States to identify and fill the gaps and achieve data-driven multi modal connectivity,” the statement pointed out. <https://www.thehindubusinessline.com/economy/pm-gati-shakti-capable-to-save-10-lakh-crore-yearly-through-logistics-efficiency-goyal/article66005809.ece>

6. NHAI highway contracts slip to 3-year low in H1 FY23 ([fortuneindia.com](https://www.fortuneindia.com)) Oct 14, 2022

NHAI has awarded 777 km of road projects in H1 FY23, which is a three year low and 60% lower than the highway length awarded in the same period last fiscal

Highway project award by the National Highways Authority of India (NHAI) has slipped to a three year low in the first half of the current financial year, owing to sharp rise in commodity prices, higher premium demand by developers and policy changes. According to CRISIL, NHAI has awarded only 777 km of road projects in H1 FY23, which is a three year low and 60% lower than the highway length awarded in the same period of the previous financial year.

“Slackened pace of execution and highly inflated prices of key input materials (owing to uncertainties arising out of global geopolitical tensions) have acted as major impediments to awarding momentum,” CRISIL said while making a point that the dismal awarding is despite the fact that the higher number of projects were put on the tendering block. The agency, however, expressed hope that the process is likely to pick up in the second quarter of the fiscal.

“NHAI has already floated tenders for 2,200 km so far this fiscal — as much as 36% more than in the same period last fiscal — and considering the ramp-up that typically happens in the fourth quarter, awarding in the second half of the fiscal is expected to improve substantially,” it said. However, this will still dent the tally for the current fiscal compared with the previous year’s record, it added.

“Awarding for the full fiscal is still likely to moderate on-year. We expect 4,800-5,200 km of awards this fiscal, much lower than the 6,306 km awarded last fiscal,” the agency said.

According to CRISIL, out of the total length awarded till date in the year, hybrid annuity model (HAM) projects cornered a healthy 51% share, while engineering, procurement and construction (EPC) accounted for the rest. “The shares are expected to remain at current levels for the full fiscal as well, with HAM accounting for 45-50%, EPC for 45-50%, and build-operate-toll (BOT) for less than 5%,” the agency said. According to the findings of the agency, the projects have also seen a reduction in the number of bidders.

“In sharp contrast to last fiscal, which saw ten to fifteen bidders on average per project, HAM awards in the first half of the fiscal saw only five to seven bidders on average. Indeed, 61 percent of the HAM projects awarded so far this fiscal have been won by large-sized developers compared with 57% last fiscal, CRISIL said, attributing the fall to sharp rise in commodity prices and complex project awards in difficult terrains warranting the developers to seek a higher premium to maintain their margins.

Policy changes like removal of operations and management (O&M) cost as a criterion for awarding averted developers from quoting abnormally low O&M bids to win projects, the agency said. “Many mid-sized developers who won projects in the past two years exhausted their balance sheet capacities, which prevented them from participating in bids this fiscal,” it added. <https://www.fortuneindia.com/macro/nhai-highway-contracts-slip-to-3-year-low-in-h1-fy23/110039>

7. India's national highway construction pace slows to 19.44 kms a day in April-September (economictimes.indiatimes.com) Updated: October 13, 2022

India's pace of building national highways nearly halved in the first six months of this financial year to 19.44 kilometres a day from record 37 kms per day constructed in fiscal year 2021, according to official data.

The pace of highway construction was at 28.64 kms a day in 2021-22, amid the pandemic-related disruptions and a longer-than-usual monsoon in some areas of the country.

"The ministry has constructed 3,559 KMs of National Highways up to September in 2022-23 as compared to 3,824 KMs constructed up to September in 2021-22," the Ministry of Road Transport and Highways said in its monthly summary for the Cabinet for September 2022.

India has awarded 4,092 kms of highway projects during April-September this year, lower than 4,609 kms in the comparable year-earlier period.

New Delhi has set a target of constructing 12,000 kms of national highways in this fiscal year that ends Mar. 31, 2023.

The National Highways Authority of India (NHAI) and National Highways and Infrastructure Development Corporation Ltd (NHIDCL) are primarily responsible for constructing national highways and expressways across the country. <https://economictimes.indiatimes.com/news/economy/infrastructure/indias-national-highway-construction-pace-slows-to-19-44-kms-a-day-in-april-september/articleshow/94842217.cms>

8. 39% of MGNREGA job card holders didn't get a single day of work in 2020-21, says study (*businessinsider.in*) Updated: October 13, 2022

Around 39% of the job-card holders of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) did not find a single day of work in 2020-21, reveals a study.

The study, released today, was conducted by Azim Premji University and National Consortium of Civil Society Organisations on NREGA and Collaborative Research and Dissemination (CORD).

The objective of MGNREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household — whose adult members volunteer to do unskilled manual work.

'Made marked difference during the pandemic'

The study also says that only 36% of the households who worked under this scheme received their wages in 15 days.

It also highlights that despite several shortcomings, MGNREGA made a marked difference during the pandemic, protecting the most vulnerable households from significant loss of income.

The scheme was able to compensate between 20-80% of income loss, the report said.

"Our study shows how much the workers value the need and utility of MGNREGA. More than 8 out of 10 households recommended that MGNREGA should provide 100 days of employment per person per year," said Rajendran Narayanan, co-author of the study and faculty member at Azim Premji University.

The study was conducted among 2,000 households in 2020-21 across eight blocks in four states — Bihar, Karnataka, Madhya Pradesh and Maharashtra.

About 63% of the households in the study said that 'lack of adequate works being sanctioned/opened' was the major reason behind not getting work.

"Massive expansion of the programme is needed to deal with high work demand. Increase the number of administrative personnel by at least doubling the field functionaries. This is also likely to reduce corruption," the report suggested.

Need 3x the budget

As per the MGNREGA Management Information System (MIS), the total amount spent on labour in the surveyed blocks in the Covid year (FY 2020-21) was ₹152.68 crore.

However, according to the report, to fulfill the true demand for work in these blocks, the allocated labour budget should have been ₹474.27 crore, which is more than three times the amount actually spent on wages.

“We also find a massive extent of underfunding. A conservative estimate yields that the allocations in the surveyed blocks should have been three times the amount that was actually allocated in the year after lockdown to fulfill the true extent of work demand,” Narayanan added.

The MGNREGA earnings were able to compensate between 20-100% of income lost from other sources — for households who had not worked in the pre-Covid year — but did find work during the Covid year.

“Covid pandemic, lockdown created unprecedented distress and MGNREGA, as expected, rose to the need and provided work for many more villages and many more households than in the preceding years. MGNREGA’s role for reducing vulnerability has been reemphasized and continues to be of vital importance in post-pandemic times,” said Ashwini Kulkarni of the NREGA Consortium. <https://www.businessinsider.in/india/news/39-of-mgnrega-job-card-holders-didnt-get-a-single-day-of-work-in-2020-21-says-study/articleshow/94837158.cms>

9. Why the RBI must tread lightly in its effort to launch digital currency ([indianexpress.com](https://www.indianexpress.com)) Updated: October 14, 2022

To what extent the benefits from issuing digital currency will materialise is debatable. One particular area where it can provide significant gains is remittances.

RBI digital currency, RBI digital currency launch, central bank digital currencies (CBDCs), Nirmala Sitharaman, cryptocurrency, Indian express, Opinion, Editorial, Current Affairs The rationale for issuing a digital currency ranges from accelerating the pace of financial inclusion and digitisation in the economy, enhancing the efficiency of the payment systems, lowering the costs associated with physical cash management, and ensuring financial stability given the proliferation of crypto currencies.

Across the world, digital currencies are increasingly gaining traction. As many as 105 countries are currently exploring the contours of central bank digital currencies (CBDCs). Ten countries have already launched a CBDC, while another 17 are in the pilot stage. In the Union budget, Finance Minister Nirmala Sitharaman had announced that the RBI would issue a digital currency this year. A few days ago, the RBI released a concept note detailing the aims and design options and also the possible benefits and risks that are likely to stem from issuing a CBDC in India. The rationale for issuing a digital currency ranges from accelerating the pace of financial inclusion and digitisation in the economy, enhancing the efficiency of the payment systems, lowering the costs associated with physical cash management, and ensuring financial stability

given the proliferation of crypto currencies. However, the RBI will have to make several design choices to determine the form of the digital currency.

The first consideration centres on the technological backbone — whether the underlying infrastructure of the CBDC will be a centrally controlled database or based on a decentralised ledger technology like Bitcoin. Second, the central bank will have to decide whether it will opt for a wholesale digital currency whose usage is restricted only to financial institutions or a retail digital currency which allows for its widespread usage. Third, will the CBDC be issued and managed solely by the central bank or will its management be left to intermediaries. There are other design considerations, such as will the CBDC be token or account based, will it be interest bearing or not, and the degree of anonymity that it offers. It would appear that the RBI seems to be in favour of an indirect model, similar to the current currency management system, with a non-interest bearing, token-based CBDC.

India already has a robust payments ecosystem which provides for real-time transactions. To what extent the benefits from issuing a CBDC will materialise is debatable. One particular area where a CBDC can provide significant gains is remittances. It is possible that CBDCs will lower the costs and friction associated with international remittances. Considering the wide-ranging ramifications of introducing a CBDC, as the RBI begins to firm up its views on the form and functionality of the CBDC — it has stated that it will launch pilots to examine the specific use cases of the CBDC — it must tread carefully. <https://indianexpress.com/article/opinion/editorials/why-the-rbi-must-tread-lightly-in-its-effort-to-launch-digital-currency-8207329/>

10. Turbulence ahead ([thehindubusinessline.com](https://www.thehindubusinessline.com)) OCTOBER 13, 2022

IMF's warning in its latest World Economic Outlook (WEO), that the worst is yet to come for the global economy doesn't come as a surprise. The WEO's global GDP forecast is not so dire with 2022 growth pegged at 3.2 per cent and 2023 at 2.7 per cent. But it warns that 2023 may 'feel like a recession', as a third of world economies experience a technical recession and three largest ones (US, EU and China) stall. A material slowdown is forecast for global trade, from 4.3 per cent growth in 2022 to 2.5 per cent by 2023. This appears optimistic compared to the World Trade Organization's forecast of global trade growth of 3.5 per cent in 2022 and just 1 per cent in 2023. The WEO expects global inflation to peak in the current quarter but it predicts that emerging markets (EMs) will bear the brunt of slowing trade, tighter monetary conditions and imminent financial turmoil. That's no big finding considering that EMs are already battling these conditions.

WEO forecasts have been subject to errors in the past, with the previous two reports overestimating growth and underestimating inflation. Therefore, it is useful to focus on the conclusions rather than the numbers themselves. The slowdown is attributed to three factors – the Russia-Ukraine conflict, broadening inflation and China's Covid and property crisis-induced slowdown. The IMF believes that advanced economy central banks may have no choice but to tighten their monetary policies and pull back QE until inflation is tamed. The Bank of England is obviously not listening to this advice. Last heard, it had bought up to £8.3 billion of bonds in just the last two weeks to fight a fire set off by its own government. The IMF sees global flight to safety that further boosts the dollar, making EM imports costlier, their inflation stickier and worsening their

external debt situation. These are, again, not new discoveries -- India, for instance, has been trying to combat these very problems in recent months. While not offering too many solutions, IMF urges EMs to avoid actions like export bans or fiscal stimulus, asking them to 'batten down their hatches'. . This is an advice that is easy to give but impossible to follow. Every country will look out for itself when faced with price rise and export bans are among the first policy measures that are resorted to. India and the wheat export ban is an example.

India gets only a cursory mention in this WEO, with its GDP growth pegged at 6.8 per cent for 2022 and 6.1 per cent for 2023, making it an outlier among EMs. It is perhaps some comfort that, of the many risks that IMF flags for EMs, India seems susceptible only to few. With a swift roll-back of Covid stimulus and significant tightening by RBI, India seems to be doing a fair job of tackling inflation. Minimal dependence on external debt insulates it from sovereign debt distress. But high import reliance for energy and a widening CAD are chinks in India's armour that policymakers are now grappling with. <https://www.thehindubusinessline.com/opinion/editorial/imfs-latest-world-economic-outlook-flags-obvious-storm-signals/article66006259.ece>

11. India to become world's third-largest economy by FY28, says IMF ([business-standard.com](https://www.business-standard.com)) OCTOBER 14, 2022

India failed to unseat the UK and missed being the fifth-largest economy by \$10 billion in 2021-22. It'll have to wait another year before it gets that coveted spot in 2022-23, overtaking the UK by \$27 billion.

By 2025-26 (FY26), the Indian economy would equal Germany's to be the fourth-largest. It would become the third-largest by 2027-28 (FY28), when it is projected to grow bigger than Japan, according to the International Monetary Fund's (IMF's) World Economic Outlook.

By 2026-27, India's economy would not be \$5 trillion as hoped by the finance ministry, but close enough. It would be \$4.94 trillion that year.

The following year, India's economy would hit the \$5.36-trillion mark, higher than Japan's at \$5.17 trillion. That year, India would become the third-largest economy.

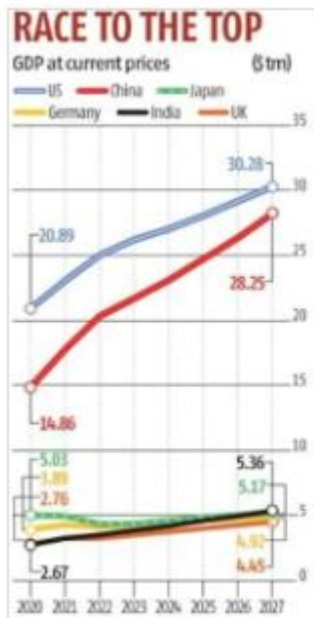
The size of India's economy was \$3.18 trillion in 2021-22 (FY22), while Britain's was \$3.19 trillion in 2021, according to the flagship publication by the Fund.

The size of India's economy is calculated on a financial year basis (April to March). For other economies, it is on a calendar year basis.

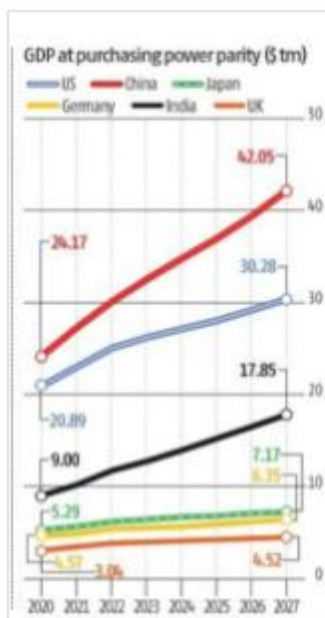
Earlier, there was a Bloomberg report that stated that India has overtaken the UK in the fourth quarter of FY22, basing it on World Bank data. However, that comparison was made on quarterly figures, not yearly.

India would become a \$3.47-trillion economy, while the UK's would be \$3.2 trillion in the current financial year (2022-23), according to the data provided by the IMF.

By FY26, India's economy would be \$4.55 trillion, equal to the size of Germany's which was bigger than the former by over \$1 trillion in FY22. In fact, if figures are not rounded off, India's economy would be bigger than Germany's by \$1 billion in FY26. But \$1 billion is too small a figure for any forecaster to make a precise projection three years down the line, say experts.



Note: For India, financial years are used, so 2020 would mean 2020-21 and so on.
Source: IMF



Some may argue that purchasing power parity (PPP) is a better method to gauge the size of the economy. PPP takes into account the cost of living in a country while converting a currency into dollars.

India has been the third-largest economy on PPP terms for quite some time. It will continue to be so until FY28, according to IMF projections.

Bank of Baroda Chief Economist Madan Sabnavis sounded a word of caution in making these interpretations.

“There are issues on gross domestic product numbers and calculations which cause these interpretations. (We) should be cautious since all such calculations are in nominal terms and PPP. Inflation and prices (are) used (to) derive this number,” he observed. https://www.business-standard.com/article/economy-policy/india-misses-fifth-largest-economy-tag-to-uk-by-10-bn-this-year-122101300929_1.html

12. A tricky decision (*millenniumpost.in*) OCTOBER 13, 2022

The development of cities and towns at the grassroots level is critical for the development of a country. The creation of districts plays a critical role in governance; however, the cost to the exchequer and the needs of locals need to be considered as well.

India has come a long way on the path of social and economic development since Independence, thanks to policies and administration for the upliftment of citizens in every nook and cranny.

Policymakers and governments intend to pass on the policy benefits to each citizen in every corner of the country. This requires governance and administration in local regions, including cities, towns and villages.

The Constitution of India has a provision to make panchayats, talukas and districts across states of India with the core objective of decentralisation and inclusive growth.

A district enjoys multiple benefits in terms of endowments from the government for local administration and development. In the quasi-federal system of India, the authority of district formation lies with the respective states.

District formation can either be done through an executive order or by passing a law in the state assembly. Many states prefer the executive route by simply issuing a notification in the official gazette.

Typically, bigger states have a larger number of districts as compared to smaller states. Over time, the number of districts has been increasing in India. Today, India has about more than 700 districts across states.

This is due to the increasing population and the need for better administration and development requirements.

District formation comes with many advantages for the state. It helps in better administration and governance. It ensures that citizens' voices are heard on time and that the welfare schemes' benefit reaches the country's remotest corners.

The formation of districts leads to the development of infrastructure, including transportation, telecommunication, water, sanitation, health, education and power facilities.

A good infrastructure attracts potential investors and investments. New businesses and industries emerge and existing ones expand. This generates employment opportunities for the citizens in and around the district.

Healthy employment means a healthy income for citizens that further translates into investments. This investment again goes back to industries to generate more employment, more income and thus better growth.

This virtuous cycle of investment and growth continues, which is the ultimate objective of government. In sum, the formation of a district in a state brings mutual benefit for both citizens and the government.

We can cite the examples of the new districts Bhatapara-Baloda Bazar and Sarguja in Chhattisgarh that witnessed better roads, water, education, health and power facilities after getting the district status.

Similarly, new districts in other states such as Mulugu and Narayanpet in Telangana, Khunti in Jharkhand, Alipurduar in West Bengal and Tenkasi, Tirupattur, Ranipet, Chengalpet and Kallakurichi in Tamil Nadu experienced a sense of development however at a varying level.

The question that arises is what limits a state to declare each place a district. The answer lies in the cost associated with the formation of a district. A district requires installing administrative offices and deploying officers and public servants.

This adds to the burden on the government exchequer. In fact, some state governments have come up with the idea of district formation by combining many towns of potential distances to optimise the operational cost and satisfy citizens' demands.

However, such plans cause social unrest and hue and cry among the citizens of the towns. This can lead to economic loss and decay of public trust in the administration and government of the states.

The most recent example of multi-town district formation is Chhattisgarh state, which came up with three new districts — Mohla-Manpur-Ambagarh Chowki; Sarangarh-Bilaigarh and Khairagarh-Chhuikhadan-Gandai.

During the formation of these districts, the state government announced a gift of funds for development, promising to offer new opportunities for upliftment in health, education, and connectivity.

However, disputes and challenges surfaced on the ground for fund allocation to the component towns that together form a district. For instance, Mohla getting a higher priority than Manpur and Ambagarh Chowki is a self-igniting issue among the latter's citizens.

In sum, any political change regarding the formation of a district in a state comes with its own advantages and challenges. Thus, the government and policymakers must mull over the decision and perform a cost-benefit analysis before district formation.

It is also essential to consult the local people who are the end beneficiaries of the decision to understand their aspirations and win their confidence.

This will potentially mitigate the issues and conflicts between people and government and thereby satisfy the people's needs at large, which is essential for the inclusive growth of the state and nation. <http://www.millenniumpost.in/opinion/a-tricky-decision-495793>

13. The Court and the problem with its collegium (thehindu.com) UPDATED: OCTOBER 14, 2022

There needs to be a better, broad-based and transparent method of appointing senior judges to the High Courts and the Supreme Court

Once again the collegium of the Supreme Court of India is in the news, and once again for the wrong reasons. This time, it is because of the difficulty that its five judges have in getting together for one meeting. The Chief Justice of India, Justice U.U. Lalit, assumed office on August 27, 2022. He has a short tenure and demits office on November 8, 2022. Nevertheless, he tries to set a scorching pace. He constitutes as many as five Constitution Benches to hear extremely important matters which his predecessors put on the back burner. The CJI also takes it upon himself to fill six vacancies in the apex court. He sets in motion the procedure contemplated for the collegium of the Supreme Court which is enshrined in the Memorandum of Procedure of 1999.

A meeting was held on September 26 at which all the five members of the collegium were present. They decided affirmatively on one candidate, Justice Dipankar Datta, now Chief Justice of the Bombay High Court. There are several other names under consideration for the remaining slots, and these include four Chief Justices of High Courts and one lawyer practising in the Supreme Court. This is deferred to September 30. However, the meeting on September 30 is not held because Justice D.Y. Chandrachud, the seniormost puisne judge and in line to be the next CJI, sits in court till 9.30 p.m. Since the meeting cannot be held as scheduled, the CJI tries to obtain approval by circulation. Two judges accord approval but Justice Chandrachud and Justice Nazeer withhold approval. Apparently they do not object to the names but object to the procedure of circulation. In the meantime there is a letter from the Law Minister asking the CJI's view on the appointment of his successor. With that the curtain is brought down on the proposed appointments. For some reason no one can fathom, the CJI's collegium becomes a lame duck during his last month, while his court retains every power till the last minute of his last day in office.

If this was any other body conducting business for selecting the highest officers for the organisation, those in charge would face both questions and flak. Simply put, since the matter is of obvious importance, why could not five people who work in the same building meet the next day, or the day after, to conclude the business? If meeting in person was so difficult, surely we are all used to online conduct of business. The court

itself has been quite proficient in conducting judicial work online for many months after COVID-19 struck us. If any of the names are not good enough, why not say so in circulation? If they were good enough, then why not just make the appointments by following any procedure feasible, whether personal meeting, circulation or online meeting? If business has to be done, then there appears to be no good reason why it did not get done.

The problem, as has been the problem with the collegium, is that there is nobody in it to ask these questions. Time and again, it has been widely commented that this is an extra-constitutional or non-constitutional body brought in force by judgments of the Supreme Court virtually wresting the power of appointment of judges. The Constitution of India gave the last word to the President of India but mandated consultation with the Court. These judgments give the last word to the Court mandating consultation with the government. Not only that, what makes the problem even worse is that there is no seat in the collegium for any non judge — neither from the executive, the Bar or anywhere else. In other words, there is no one to offer suggestions or raise questions or even to observe what is going on.

In 2014, Parliament by unanimity — mark the word unanimity — backed by State legislatures enacted the National Judicial Appointments Commission (NJAC); it comprised three judges, the Law Minister and two eminent persons to handle the task of appointing judges. By a 4:1 majority, the Supreme Court struck that down, setting at naught the entire legislative will of the country which was trying to reverse a constitutional coup. If the Court was concerned about being overruled in appointments, it could have just tinkered with and read down the Act, deleted the second eminent person and thus secured a situation where the judges were in the majority. This would have secured judicial primacy, provided for some executive involvement as well as had one person representing a larger public constituency. The point is that this will at least provide a place at the table for the question why and the question why not to be asked. There can be accountability and perceived performance only when these questions can be asked and have to be answered. Otherwise there will be insularity and opacity.

In recent times, the Government seems to have given up on pursuing the commission for judicial appointments. One wonders why. Perhaps the answer partly lies in successive collegiums not putting forth names anathema to the Government, notably that of Justice Akil Kureshi (he retired in March as the Chief Justice of the Rajasthan High Court). This is hardly a satisfactory solution. It is time to revisit this question and secure a better, broad-based and transparent method of appointing senior judges to the High Courts and the Supreme Court. While doing so, we may also ask why there have been no appointments from the category of distinguished jurists which Article 124 of the Constitution contemplates. Appointments to the top court seem to be the preserve of judges from the High Courts with a handful of appointments from the Bar. Surely some nodding acknowledgement should be given to a specific provision made by the founding fathers in the Constitution. Or is it the view that in all these years we have produced no distinguished jurist worth the name? <https://www.thehindu.com/opinion/lead/the-court-and-the-problem-with-its-collegium/article66002081.ece>

14. Rafale, Su-35 or Super Hornet?: IAF Seek For New Set Of Fighter Jets To Combat Dwindling Strength (defenceaviationpost.com) Oct 14, 2022

A few weeks ago, the Indian Air Force (IAF) retired the famous No. 51 Squadron in Srinagar, which flew MiG-21 Bisons. This is the same squadron that Group Captain (then Wing Commander) Abhinandan Varthaman was a part of when he fought with Pakistan after the Balakot air strike in February 2019. The IAF will slowly get rid of the last three MiG-21 Bison squadrons it has by 2025. After that, in the early 2030s, it will start getting rid of the six squadrons of old Jaguars. Soon after that, the Mirage-2000s and MiG-29s will come.

Even though the IAF is working on a plan to get rid of its older jets, the focus is now back on how strong it is. This is because concerns have been raised about its falling numbers. At a recent IAF press conference, the Chief of the Air Staff, Air Chief Marshal V.R. Chaudhari, said, "It will be impossible to keep watch and do combat air patrol across the country with the given number of 31 squadrons." He also said that it might take a decade to reach the proposed target of 42 squadrons.

As and when older jets are phased out, the number will go down even more. "Given the planned rate of Tejas fighters coming in, the number of fighters in each squadron will continue to go down," says Air Vice Marshal Manmohan Bahadur, who is now retired. This reduction in squadrons is worrying because hostile neighbours are still building and showing off their power. China is even making a sixth-generation fighter jet right now.

Even more worrying is that India's efforts to replace its fleet of planes are not keeping up with the number of its planes, which is going down. This is because the process has been slowed down by several delays. In 2018, the IAF put out a \$20 billion request for proposals (RFP) for multirole fighter aircraft (MRFA) to buy 114 foreign fighter jets or nearly six squadrons. Countries from all over the world competed.

Seema Sirohi, a columnist in Washington, DC, says, "The original IAF tender for 126 multirole aircraft was put out in 2007, and now it's 2022. The problem is that changes in geopolitics and improvements in air war don't wait for anyone. India has had trouble getting jet engine technology over the years, which is likely to be one of the most important criteria."

This RFP, which would be one of the biggest military purchases ever, is important for the IAF because it needs to quickly increase the size of its fleet, which is getting smaller. "The IAF has made it clear that 114 MRFA must have at least the bare minimum number of squadrons. "The government needs to find the money quickly to pay for this very important need," says Bahadur.

Under this plan, the IAF is looking at the Dassault Rafale from France, the Boeing F/A-18 Super Hornet, F-15EX Eagle II, and Lockheed Martin F-21 from the US, the Saab Gripen E/F from Sweden, the Eurofighter Typhoon from a group of European countries, and the Sukhoi Su-35 and Mikoyan-Gurevich (MiG)-35 from Russia. India only has 36 Rafales. It does not have any of the other fighters in the MRFA tender.

The choice would depend on a number of things, such as the number of domestic and foreign twin-engine deck-based fighters and how many would be given to the Indian Navy and the Indian Air Force (IAF). Let's see what these jets have to offer.

Rafale

With only two squadrons, the French Rafale is one of the newest fighter jets in the Indian Air Force (IAF). It has become India's most well-known fighter jet.

Sources told India Today earlier this year that the two Rafale squadrons had helped a lot to keep the situation under control after the Chinese started to act aggressively in the northern sector of Ladakh. These squadrons were operational within a few weeks of their arrival and incorporation into the IAF.

The Rafale is a twin-engine delta-wing jet that is very manoeuvrable and is thought to be the most advanced plane in the Indian fleet. It can handle 11Gs (g-force) in an emergency. It can go as fast as Mach 1.8, which is about 2,222 km/h. It has three drop tanks that give it a range of 3,700 km. Israeli helmet-mounted displays, radar warning receivers, low-band jammers, 10-hour flight data recording, and infrared search and tracking systems are some of the India-specific features. The French fighter has two stealth cruise missiles, air-to-surface all-weather smart weapons, air-to-air missiles, and weapons that can be used from a long distance away.

Dassault has told the IAF that the Rafale is a low-risk, win-win choice. India has already spent a lot of money building infrastructure for the Rafales, and it has added both Indian and foreign weapons to the jet, giving it an advantage over its competitors in the MRFA deal.

But defence and aerospace analyst Girish Linganna isn't sure about it. Linganna says, "The Rafale-Marine is an option, but because its wings don't fold, it doesn't fit into Vikrant's lift. So, India might get fewer numbers than was originally planned."

Boeing F/A-18 Super Hornet

The F/A-18 is a multirole fighter jet that can be used on deck. Boeing, the company that makes it, says that it can be used for air superiority, day/night strikes with precision-guided weapons, fighter escort, close air support, suppression of enemy air defences, maritime strike, reconnaissance, forward air control, and tanker missions.

The Super Hornet can fly at Mach 1.7, which is just over 2,000 km/h. It has a 20 mm Gatling automatic cannon, short- and medium-range missiles, advanced medium-range air-to-air missiles, and laser-guided bombs, among other things.

Because of these things, it is also the most important part of the US Navy's carrier wing.

Boeing F-15EX Eagle II

This one is surprising because the first version of it flew for the first time 50 years ago, in 1972.

Former colonel Ajai Shukla wrote in Business Standard about the jet's strengths: "The Eagle II is the world's fastest fighter (Mach 2.5, or 3,100 km/h), most heavily armed (payload of 13.6 tonnes, or 30,000 pounds), and has the longest strike range" (1,200 nautical miles or 2,222 kilometres). It has shot down 104 enemy planes without losing a single one."

It is a very good fighter that, according to the company that made it, Boeing, meets the most recent needs of the US Air Force. It also has political power because it is an American jet.

Lockheed Martin F-21

Lockheed Martin's F-21 (multirole) is basically an updated version of its F-16 Block 70 variant with a new name. It doesn't add much to its ability to fight wars.

It is a 4.5-generation jet with a total of 12 air-to-air missiles—six on each wing—two towed decoy systems, and a more advanced active electronically scanned array (AESA) fire control radar with parts from the F-22 and F-35 radars.

The price of the Lockheed Martin F-21 is lower than that of its competitors. The American defence company says, "The F-21 is set up especially for the Indian Air Force. It offers unmatched "Make in India" opportunities and helps India get closer to a future with advanced airpower."

Sirohi says, "It remains to be seen if the US defence contractors can meet the new Make in India requirements to the government's satisfaction."

Even though Lockheed Martin tried to make the F-21 more appealing to India, the IAF is not likely to choose it for a few reasons. First of all, it's a single-engine jet, and India wants a fighter with two engines. India was also upset about the recent \$450 million package of Lockheed Martin's F-16 that the US gave to the Pakistan Air Force. This package included technical and logistics services for the Pakistan Air Force to maintain its fleet in the future.

Saab Gripen E/F

In this RFP, the Gripen E/F (multirole) is the underdog. The E version is a fighter with only one seat, while the F version has two seats.

On the Saab website, it says that both versions have the latest AESA technology, an easy way for humans and machines to work together using artificial intelligence, and avionics and technology that can be upgraded. Its strike package includes different kinds of missiles, such as air-to-air, infrared-guided short range and beyond-visual-range air-to-air, advanced medium range air-to-air, and other short- and long-range and air-to-surface weapons and missiles.

It also has a high-velocity gun that can attack both air and ground targets, a missile approach warning system, and more chaffs and flares than other jets of the same type. Among other things, the Gripen E/F can carry reconnaissance pods, a laser designator pod, and external fuel tanks.

Even though Saab's fighter costs only \$30 million per unit, the IAF is very unlikely to choose it because the Gripen is only used by a few countries besides Sweden.

There are also some other reasons. Linganna says, "Technology is not the only factor in defence deals. Most of the time, they also have something to do with politics. Besides the fighter, what else can Sweden offer India in terms of geopolitics? For the US, France, and other countries, the deal can be tied to their support for our entry into the Nuclear Suppliers Group, the UN Security Council, etc.

Eurofighter Typhoon

The UK, Germany, Italy, and Spain all worked together to make the Typhoon (multirole), which is a fighter that can do both air-to-air and air-to-surface combat at the same time.

Its top speed is Mach 2, which is 2,450 km/h, and its service ceiling is 55,000 feet. The Typhoon's infrared sensor lets it find and follow multiple moving targets at the same time. The fighter jet's multifunctional information distribution system lets the pilot talk to and share real-time information with air, land, and sea forces. It also protects communications and data sharing from being jammed.

The Eurofighter website says that the Typhoon has true swing-role capabilities because it can carry up to six bombs, six missiles, a cannon, and a targeting pod. It also has enough processing power to update missiles in flight and target bombs in flight at the same time.

Airbus reportedly sent a letter to former Defense Minister Arun Jaitley on July 4, 2012, on behalf of the Eurofighter Typhoon Consortium. The letter said that the Typhoon would be available for 20% less than the price that had been quoted before. Other incentives were also listed, such as the size, types of weapons, delivery times, improvements to business, job creation, and the transfer of technology.

Even so, India still bought the French Rafale, which has been a controversial purchase and a source of debate.

Sukhoi Su-35

The Su-35 (multirole/air superiority) is an improved version of the Su-30MKI, which is a version of the Su-30 that was heavily changed to meet Indian requirements.

The Su-35 (4++ generation) would have all of the sensors and new features that the IAF wanted for its trusted Su-30MKI (fourth generation). It is said that the Indian Su-35 would be better than the Chinese Su-35.

It is a twin-engine, multirole air superiority fighter with thrust-vectoring nozzles that make it easy to turn. The Su-35 can keep an eye on 30 targets at once and attack eight of them. It also has an electronic warfare and communications suite and uses air-to-air, air-to-ground, and anti-ship missiles, unguided rockets and bombs, and guided bomb units.

Even though it is a good choice for India in terms of compatibility, maintenance, and upgrades, Russia's war in Ukraine, the sanctions that followed, and a very messed up supply chain and delivery schedule would be reasons to worry.

Andrew Green, a defence analyst in London, says that the Su-35 proposal might not meet delivery goals. Given the current problems with fighting and sanctions, even if the Russians could get the high-tech electronics India wants, it wouldn't be the lower price (compared to Western options) that would make the Russian aircraft desirable.

"This doesn't even take into account the political side of buying arms from Russia while it is fighting an aggressive war in Ukraine. For a country that says it is neutral on the issue, it is also important to think about how it will look if it is seen to be selling weapons to fund Putin's war. Even so, the way it looks to buy from any side in a conflict needs to be thought about," says Green.

MiG-35

The MiG-35 (multirole) is a fighter with two engines that can fly up to 17,500 m and doesn't put out engine smoke. Like the Su-35, it has thrust-vectoring nozzles that allow it to turn quickly. The fuel tanks on the outside of the car give it a range of 3,100 km.

The MiG-35 is armed with rockets, both air-to-air and air-to-surface, missiles, guided and unguided bombs, and anti-ship missiles. The AESA radar is also on it.

But the MiG-35 has the same problems as the Sukhoi Su-35, which makes it unlikely that the IAF would buy it.

Even though the MRFA deal has been delayed, the IAF has said that it will be rushed. It's not clear if India will choose just one of these fighters or a mix of them.

"It's clear that the US would want one of the American candidates to win the contract, but it's still not clear if any of them meet the multiple requirements. In the end, India's choice would be based partly on politics, partly on technology, and partly on how well the country's own defence system is doing, says Sirohi. <https://defenceaviationpost.com/iaf-seek-for-set-of-fighter-jets-to-combat-declining-strength/>

15. Why 'favouritism' row hit Indian Army's procurement of new combat fatigues (indiatoday.in) UPDATED: Oct 13, 2022

After the Indian Army, the Indian Air Force (IAF) has also switched to a new combat uniform for its ground staff. The new digital camouflage uniform will allow IAF personnel to move with greater flexibility irrespective of the terrain. A majority of combat forces around the world have switched to digital camouflage uniforms. Like the Indian Army, which had picked new battle fatigues on Army Day (January 15), the IAF too chose to make the switchover on Indian Air Force Day, October 8. Its new uniform is different from the earlier versions, with pixelated designs replacing the older organic patterns.

However, the army's move to adopt new battle fatigues has run into controversy over allegations of favouritism. The Department of Military Affairs, under the Ministry of Defence (MoD) had, on October 6, invited bids for production of over 1.1 million sets of the new combat uniform for army soldiers.

In a letter to defence minister Rajnath Singh, the All India Defence Employees Federation (AIDEF) has claimed that the terms and conditions of the tender for supply of combat army uniforms were framed such that the four ordnance factories, under the public-sector Troop Comforts Limited (TCL), were unable to participate in the bidding.

TCL has been supplying uniforms to the army for years now. It is among the seven defence companies formed last October after the Union government's decision to corporatise the British-era Ordnance Factory Board (OFB). The army clothing factories, known for manufacturing long-lasting uniforms and high-quality equipment and located in Shahjahanpur, Hazratpur and Avadi, are now administered under TCL, which has also been given control of an ordnance unit in Kanpur. The Avadi factory has manufactured more than 10 million strategic uniforms for the Indian Army for over a decade.

Even Rajya Sabha MP Binoy Viswam had flagged the issue, saying that the MoD tender for procuring 1,170,159 sets of the newly designed digital combat uniforms had created a situation wherein, within a year of corporatisation, the four ordnance factories under TCL would go without work.

Viswam pointed out that condition 19D in the tender, which states that the bidder should have the capability of wet processing, dyeing, printing and garmenting, had rendered the four factories unable to even participate in the tender. "This makes for a case of favouritism and a vigilance angle in the tender because it has been designed in such a manner that only a few private industries have the said facilities of a composite mill and garment manufacturing," Viswam claimed.

An AIDEF officer-bearer stated that textile fabric manufacturing and garment manufacturing were two different types of industries, and as such the condition of having garmenting facilities did not make sense. According to AIDEF general secretary C. Srikumar, "The ordnance factories under TCL, especially the ones at Avadi and Hazratpur, are specialised units and have supplied almost 10 million sets of combat uniforms to the Indian Army in over a decade. However, the TCL won't be able to bid for the latest tender because it does not meet the criteria."

Srikumar highlighted that the four ordnance factories currently have no workload for 2023-24, which makes their 10,000 defence civilian employees jobless. This, he said, also goes against the assurances of MoD that employees, upon corporatisation of the OFB, would be "supported through financial and non-financial means". The AIDEF has now approached Lok Sabha MP Jual Oram, who heads the parliamentary panel on defence. <https://www.indiatoday.in/india-today-insight/story/why-favouritism-row-hit-indian-armys-procurement-of-new-combat-fatigues-2284957-2022-10-13>

16. India's Combat Helicopter: Re-discovering Self-reliance? ([newsclick.in](https://www.newsclick.in)) 14 Oct 2022

During the Rafale controversy, the NDA government had crudely overruled all objections and insisted that HAL was unreliable for a high-tech project like the Rafale. Is this not the same HAL that has now indigenously developed the LCH, and is other undertaking large aircraft orders?

On October 3, 2022, Hindustan Aeronautics Ltd (HAL)'s indigenously designed and produced Light Combat Helicopter (LCH) was formally inducted into the Indian Air Force in Jodhpur in the presence of the Defence Minister, who named the aircraft Prachanda (fearless). "The induction of LCH underlines the fact that just as the country trusts the Indian Air Force, the IAF equally trusts the indigenous equipment," the Minister said.

An unspoken question lurks there: Is this Government now gradually coming to trust indigenous defence hardware and the public-sector research institutions and industries (PSUs) which develop and manufacture them? The question assumes importance because, certainly in the recent past and often even these days, the government has held a highly disparaging view of PSUs, has aggressively pushed privatisation as a panacea, and assiduously wooed FDI as the preferred means of bringing in new technologies. We will return to this discussion later, but let us first look at the LCH and what we can learn about the path to self-reliance from this project.

THE HELICOPTER

India's first indigenous combat helicopter, with the prefix "light" being significant in several ways, has taken a long time coming but is a welcome addition for both the Army and the Air Force, both ordering substantial numbers, expected to be 65 for the IAF and 114 for the Army. The current order of 15 limited series production variants (10 for the IAF and 5 for the Army) is at Rs 3,887 crores (about Rs 260 crore each) with a further Rs 377 crores for infrastructure. HAL's LCH assembly line is now believed to be capable of producing 30 helicopters a year.

India has till now been operating a few armed Advanced Light Helicopters (ALH), the platform on which the LCH is based, but that was a make-shift arrangement, with no comparison to a purpose-built attack helicopter. In addition, both the Army (6) and the IAF (22) are now operating the heavier, better armed and more capable Boeing Apache AH-64E advanced multi-role combat helicopter acquired from the US under the inter-governmental Foreign Military Sales (FMS) arrangement. The 22 IAF Apaches cost Rs14,910 crores (\$2.1 billion) or Rs 677 crore each.

These Apaches are deployed across both the Western border and Line of Control (LoC) and the Line of Actual Conference (LAC) to the North, respectively.

The LCH, as the name underlines, is a light and agile machine with a special feature that sets it apart from perhaps any other combat helicopter in the world, namely its ability to operate at extreme altitudes, with an exceptional flight ceiling of 6,000-6,500 metres (19,700 – 21,300 feet). The need for such a helicopter was felt by both the IAF and Army during the Kargil conflict in 1999 when the armed forces were required to

attack Pakistani forces entrenched at altitudes around 18,000 feet, virtually preventing efforts by land forces from lower altitudes.

The IAF was then forced to call upon its fighter jets, notably its Mirage 2000s, to launch strikes calling for risky and dangerous manoeuvres, with the then government insisting on rules of engagement ensuring that Indian aircraft would not cross the LoC under any circumstances.

Development of the LCH based on the proven Advanced Light Helicopter (ALH) platform extended over a period of almost two decades from 2004 onwards, about which more later.

The finished product has been through extensive and rigorous trials in the mountains in winter, at minus 18C and altitudes of over 4000 metres (13,200 feet), and in summer conditions in Jodhpur at 39-42C. The LCH has the distinction of having landed at Siachen at altitudes of 13,600 – 15,800 feet.

LCH is a 5.6 tonnes helicopter (compared to around 8 tonnes of the Apache) with two “Shakti” engines, each delivering 1000-1500 kW (1400-2000 hp). These are Turbomeca TM333 turboshaft engines jointly operated by HAL’s Helicopter Division and France’s Safran (a conglomerate of major French engine companies including Turbomeca, Snecma etc.) and named Ardiden-1H1, so as to enable higher flight ceiling and cold weather operations.

DESIGN, AVIONICS

The chopper has a narrow fuselage mostly made of composite materials, some developed by HAL and used in important sub-assemblies in the tail rotor and the main rotor blades, but considerable imported quantities in the fuselage, with flat panels in an angular body as seen in the photograph, and other features which give it a low radar cross-section and stealth capabilities. It is equipped for both day and night operations and fitted with weapons for a ground attack on armour or anti-aircraft equipment (with the Helina, the helicopter-borne variant of the Nag anti-tank missile), air-to-air combat (French MBDA missile) etc.

It has several protection features such as its tricycle landing gear, self-sealing fuel tanks, armour protection, digital camouflage system and infra-red suppressors fitted to the engine’s exhaust to dampen the heat signature against detection and targeting. The specially designed hinge-less rotor is said by pilots to contribute to high agility due to virtually immediate response to flight control commands with little or no time lag.

The LCH has a glass cockpit with an Integrated Avionics Display System (IADS) and multi-function displays along with the onboard target acquisition and designation system (TADS) and a helmet-mounted sight, meaning the chopper’s weapons are automatically directed to the target which the pilot’s head turns to and looks at.

The LCH is protected by an Electronic Warfare Suite (EWS), including receivers for radar warning and laser warning, which alert the pilot to radar waves or lasers used by adversaries to track or attack the chopper, and a missile approach warning receiver, the EWS being provided by the South Africa division of Sweden’s Saab Group. The

LCH is also equipped for operational networking with both air/space-based and ground-based elements through an integrated data link for coordination and/or force multiplication. The onboard sensor suite comprising infra-red imaging, laser rangefinder, laser designator and camera enables targeting under all weather and day-night conditions and is provided by the Israeli COMPASS and produced domestically by PSU Bharat Electronics Limited (BEL).

The subsequent series production variants are expected to have HAL-designed Integrated Architecture Display Systems, Automatic Flight Control Systems made in collaboration with private sector industries, and an indigenous radar.

DEVELOPMENT AND SELF-RELIANCE

As noted earlier, the LCH has been under development since 2004 when HAL and the Armed Forces started conceptualisation and decided to reduce foreign acquisitions in favour of indigenous development, which started in earnest in 2006. Undoubtedly, considerable confidence must have stemmed from HAL's Advanced Light Helicopter (ALH) Dhruv, the platform on which the LCH was to be based, has entered into service in 2002 and several versions, including an armed version with the Army and Air Force and Navy by 2007.

The ALH itself had been long under development since 1984 when the Government contract was awarded, but had a chequered development trajectory, with major interruptions due to the financial crisis in 1991 and the US sanctions after the Pokhran-II nuclear tests in 1998.

HAL signed a design-development consultancy contract with Messerschmitt-Bolkow-Blohm in 1984, and the first prototype flew in 1992. The US-made engine was embargoed after 1998, one of many US technology embargoes in aviation, showing the perils of external dependence on crucial technologies, which was a blessing in disguise. HAL then turned to Turbomeca for its TM333 engine, having already been licensed manufacturing the Alouette III, renamed Chetak, by France's Sud Aviation (later merged into the giant Aerospatiale) with the Turbomeca Artouste turboshaft engine.

Turbomeca also agreed to update the TM333 engine for the LCH and also helped with the helicopter development. HAL also utilised the opportunity to absorb rotary wing technology and went from the Chetak-Cheetah to the ALH and then the LCH.

However, it has been reported that the LCH currently is only 45% in cost terms, slated to go up to 55% soon. This is roughly the order of magnitude of indigenouness in most India-made airborne weapons platforms.

There is still much left to be achieved in terms of self-reliance, and most gap areas pertain to critical technologies with application across weapons systems and also in civilian aircraft and other vehicles. Aircraft engines are foremost, but developing one's own engines is a very tough and expensive task, with even China having reportedly achieved it only recently. This will call for considerable investment in R&D and sustained support and patience over many years.

One wonders what has happened to the Rs 7,000 crore in offsets from the Rafale deal which French engine-maker Safran was to spend in India. Specialised materials, avionics, control systems, advanced military-grade sensors, and radars are other crucial areas which India has not invested sufficiently and needs mission-mode projects for.

HAL's Rotary Wing Research & Design Centre has now built considerable indigenous capability in helicopter design. Its next venture, a Multi-role Helicopter, on the drawing board for over a decade as a collaborative venture with a foreign partner, is in the planning stage as a medium-life 12-tonne helicopter set to replace the Russian Mi-17 fleet.

Currently, however, there is continued uncertainty since the project is expected to be a "strategic partnership," that is, a 51:49 joint venture with a private sector entity as per the government's new Defence Procurement Policy (2020) after receiving the minimum order confirmation from the Armed Forces. This is not an organic development arising from the needs and preferences of the main stakeholders but one forced upon them by government ideology to kick-start a private defence industry regardless of capability.

Other institutional problems stand in the way of self-reliance, but space prevents further discussion in this article.

MUTUAL CONFIDENCE

Although the government has of late been singing the praises of atma nirbharta in the LCH made by HAL or the Vikrant aircraft carrier, these projects had acquired significant momentum even before the present government took office. On the other hand, this government has itself been contemptuous and disparaging of Defence PSU over many years, even ideologically opposed to them, openly expressing a preference for a private sector defence industry.

Readers will recall the numerous highly scornful comments about HAL during the controversial Rafale deal, blaming its poor performance, poor quality and high costs for the government cancelling the earlier deal for 126 Rafale fighters, with 108 to be made by HAL.

Many commentators, including in these columns, had pointed to the many aircraft successfully produced by HAL with foreign partners or by itself, the same aircraft now underlined by the government in praising the Atma Nirbharta displayed by HAL! During the Rafale controversy, this same government had crudely overruled all objections and insisted that HAL was unreliable for a high-tech project like the Rafale. Is this not the same HAL that has now indigenously developed the LCH, and is undertaking large orders for the ALH, LCH, Tejas LCA and other platforms?

The government needs to understand what true self-reliance means. <https://www.newsclick.in/india-combat-helicopter-re-discovering-self-reliance>