

1. A pivot from industrial to the information age

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Reliance's shift to the internet with Jio resembles its industrial expansion strategy of yore, but there's a key difference that could determine how far it is able to fulfil its web ambitions. How Mukesh Ambani's Reliance uses Jio Platforms as a fulcrum to pivot from the industrial era to the information age promises to become a B-school case study. In the past few months, Jio has had business circles agog with huge investments from the US. With Facebook and Google signed on as strategic partners, with stakes in Jio of 10% and 7.7% respectively, Ambani's ambition has the backing of two of the world's most successful internet businesses. If Facebook's WhatsApp network is expected to aid Jio's e-commerce venture in various ways, Google's Android software for smartphones could help deepen Jio's telecom penetration and enrich millions of Indian lives with the wonders of cyberspace, thanks partly to Reliance's own 5G technology. Jio's online proposals for the consumer have already begun to proliferate. While this may simply look like an industrial house going digital, a broad strategy seems discernible in its flurry of plans, one that echoes its expansion of the previous century. Indeed, it is this that lends the company's internet embrace its global uniqueness.

Under its founder Dhirubhai Ambani, Reliance opted for vertical integration. It was a maker of polyester fabric that moved backward into synthetic yarn, and then further back into the source of its chief raw material, crude oil, even as it fanned forth into markets for refined fuel, bulk plastics and other polymers derived from oil. This way, it had the entire petrochem chain profitably covered, from a sludgy natural resource pumped out of the earth all the way to polyfill pillows. Under Mukesh Ambani, the founder's son, Jio also began in the middle—with telecom services. Today, Jio is evidently keen to operate everything that keeps people's digital devices running, such as wireless connectivity, even as it fans out with assorted digital offerings for the country's multitudes. Now that India has opened up its space sector to private participation, communication satellites might be the company's next move at the back-end. As for the front-end, Jio's latest ally Google's expertise in operating systems could help it acquire a "gateway" advantage. It could potentially gain control of the very interface between a mobile phone and its user, the opening screen of which is valuable real estate for every app striving to reach out. Mass success with entry-level handsets could then grant Jio command of myriad sub-markets, from entertainment and news to online huddles and shopping expeditions. Given

the cost structures involved, this digital suffusion could spin big money for the business in the decades ahead.

There is a key difference, though, between Reliance's old industrial project and Jio's current internet sprawl. While the former relied on one major resource, oil, the company's new thrust would rely on several. With large sums of capital, airwave spectrum and databases are easily acquired. But new-age businesses call for resources that are even more intangible. Globally, specific apps or online ventures are seen to succeed on the back of unique ideas. Since innovations could pop up anywhere, no company can hope to suffuse the web beyond a point. Also, core competence gurus would argue that no company can be the best at everything; especially not if it tries to be all things to all people. These factors could limit Jio's prospects somewhat, though the company may well adopt a policy of buying out every new online gig out there that catches a new market's fancy. If this were to happen, it could spur internet entrepreneurship, with all manner of whizkid startups vying for Jio's attention. Perhaps they already are.

<https://www.livemint.com/opinion/online-views/a-pivot-from-industrial-to-the-information-age-11594915609245.html>

2. After August, the road ahead for banks

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To push growth amidst NPAs, risk weightage norms for retail lending can be recalibrated. One of the key issues concerning the responses of central banks to the Covid-19 economic crisis relates to keeping the banking system operationally and financially "resilient" so that they provide critical services to the real economy. The matter of "resilience" has to be seen as distinctly separate from "stability" though both these terms are intrinsically interconnected.

The approach of the Bank for International Settlements (BIS) owned by 62-member central banks and monetary authorities from around the world, which mainly promotes international cooperation among monetary and financial authorities, primarily reflects the international consensus in this area.

In a seminal speech at the BIS' annual general meeting last month-end, Claudio Borio, the head of its Monetary and Economic Department stated that “using the *available flexibility* (emphasis added), many authorities temporarily eased both capital and liquidity requirements; imposed blanket distribution restrictions, such as on dividends; and eased the classification of exposures, such as non-performing loans as well as the regulatory treatment of accounting losses — specifically, the new expected credit loss provisioning standards”.

Basel and India

The emphasis, globally, has been on flexibility for the sake of revival of the economy. A depiction of the proportionality of various measures used by a representative sample of countries is depicted in the graph. In India too, the RBI and the Government have acted in concert to pave the way for sectors like the MSME, agriculture, micro credit and NBFCs to lead the revival.

The task now is to sustain this momentum through continued monetary, fiscal and regulatory interventions.

Among the big challenges would be support for the priority sector as defined by the RBI or the “regulatory retail” as per Basel norms, after the expiry of the moratorium and the standstill on asset-classification at the end of August.

With a contraction in the economy a certainty this year, we believe that cash flows for many borrowers will not support repayment of dues, even after the end of the moratorium.

As a result, if NPAs spike towards the last two quarters of the year, it will strain the capital adequacy of banks which will, in turn, impact credit delivery.

How to balance concerns about capital adequacy with the overarching, immediate need to push for growth will be a difficult question that the RBI will have to contend with, if the fallout of Covid-19 remains more protracted than currently anticipated.

In this context, the RBI Governor has already advised banks to raise capital on a priority basis.

We have been traditionally more conservative than the international consensus on prudential norms and rightly so. Against a baseline capital adequacy of 8 per cent as per the Basel III global regulatory framework we started off with 9 per cent. The buffers (which

are above this) might get drawn down in exigencies and the BIS's official view seems to indicate an acceptance of such a possibility.

Proposed steps

Recognising that “fallacy of composition” may be more valid than ever before and since this is still a crisis in the making, we would suggest the following regulatory steps to cope with the stress on Indian banks’ loan portfolio during the current financial year.

As per Basel norms for risk-weightage, “regulatory retail” exposures are weighted at 75 per cent and the maximum aggregated exposure to one counter-party cannot exceed an absolute threshold of €1 million. The RBI could recalibrate the threshold of “regulatory retail” from the current ₹5 crore (fixed a few years earlier) to ₹8.5 crore.

This could be justified given that the rupee is currently trading 86 against the euro. This change would be perfectly in alignment with the spirit of Para 55 of the Basel III framework and free up a few valuable basis points of capital for the system. Incidentally, the high-powered UK Sinha Committee on MSMEs had also made a recommendation along these lines, further validating our suggestion.

There is definitely a case for treating “default” in retail loans including MSME, home loans, agriculture, micro loans and the like (broadly “regulatory retail”) differently. As outlined in Para 452 of Basel II (which is adopted in Basel III as well) in the case of retail and PSE obligations, for the 90 days figure, “a supervisor may substitute a figure up to 180 days for different products, as it considers appropriate to local condition”.

This flexibility which is already provided by Basel could be judiciously used by the RBI on a sector-wise basis with a clearly defined timeline to return to the 90-day norm after a specified period. It would be much better than being forced to change the current norm because of the continued cash-flow problems expected to continue this year.

For agriculture and particularly Kisan Credit Cards, it is time we got off the current high horse of asset classification norms and accepted the flexibility in the time norms that the Indian Banks Association has been clamouring for.

This relaxation might be done at least for loans to small and marginal farmers. By no stretch can it be said that the changes will tantamount to “evergreening”.

After all, we should remember the nation has thrived on the capacity of the small and marginal farmers to “evergreen” the earth and return harvest after bountiful harvest.

We also end on a positive note. Even though fears are being expressed about the asset quality of banks, we believe that a significant amount of consumer deleveraging is happening in the current fiscal. If such a trend continues, the flip side could be a delayed pick up in consumption thus impacting growth adversely, but on the other side, it will definitely have a positive impact on banks' asset quality after the moratorium ends at least on the banks' retail book!

The authors are Group Chief Economic Advisor, SBI and a top bank executive respectively. Views are personal

<https://www.thehindubusinessline.com/opinion/after-august-the-road-ahead-for-banks/article32103992.ece>

3. Can the Quad rise to be an Asian NATO?

J Srinivasan

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The Quad must first help Asian nations reduce their dependence on China. Also, roping in Asean will strengthen the body

The Asia-Pacific, or rather the Indo-Pacific, is worried with the Middle Kingdom that, under 'Ruler' Xi Jinping, is increasingly turning expansionist. So much so that when the Japanese Prime Minister, Shinzo Abe, tried to resurrect his 2007 idea of a Quad or a "democratic Asian security diamond", it found resonance.

The Quad, or the Quadrilateral Security Dialogue, involves besides Japan, the US, Australia and India, all of which see an increasingly economically and militarily powerful China flexing its muscle in the region and beyond. They want to keep the sea lanes from the Indian Ocean to the western Pacific free. But can the Quad form the kernel of a larger Asia-Pacific alliance like the NATO (North Atlantic Treaty Organisation)?

In 1947, in the aftermath of the Second World War, the UK and France signed a Treaty of Alliance and Mutual Assistance to ward off any attack by Germany or the Soviet Union. A year later, this alliance was opened to Benelux and it became the Brussels Treaty Organization. Soon enough, talks expanded for a military alliance that would also include North America.

Thus, the North Atlantic Treaty was signed in 1949 by Western European nations plus the US, Canada, Portugal, Italy, Norway, Denmark and Iceland.

Then, all the Western economies, except the US, were more or less in the same boat, trying to recover from the devastations of the War. Crucially, none of them looked to, leave alone being dependent on, the nation they saw as their key adversary — the Soviet Union.

Supply chains

But fast-forward to today. Not just most of Asia even the Quad members are dependent on Chinese supply chains. This alters the equation considerably.

Though the US and Japan should be able to reduce the dependence on China in some time, it will take a while for Australia and far longer for India, which actually has the most to gain from a NATO-like alliance. The other Asian nations are more acutely dependent on Chinese trade, and will need really persuasive arguments to come on board.

If indeed the US wants to create an alliance to counter, if not take on, China, it must first work to wean away Asian nations from dependence on China by, perhaps, sharing technology, shifting its supply chains out of China to other destinations, and opening its market to other nations.

Recall that Washington had opened both the political and economic doors wide to China. The epochal visit of President Richard Nixon in 1971 opened the political door. President Bill Clinton opened the economic door wider through the US-China Relations Act of 2000. These are the two key reasons for the rise and rise of the Middle Kingdom.

And it is necessary for Japan and Australia, with their technology advantage, to aid in this initiative. India, too, must help in the areas it has an edge such as IT/ITeS. Once the economic front is secure, Asian nations may feel more confident about the alliance and its leadership.

US must take the lead

The Quad can even consider taking over the Indo-Japanese Africa Asia Growth Corridor (AAGC). This is a multi-pronged initiative to enhance capacity and skills, infrastructure and development projects, and people-to-people partnership. It can well dovetail with a plan to wean countries, especially in Asia, away from China. It will provide a credible, and democratic, alternative to China's Belt and Road Initiative.

While India, Japan and Australia feel most threatened by China and will be anxious to get an alliance going, the US must make clear its plans for the region and take the lead. It, after all, remains the most powerful country in the world and none of the other Quad members has the heft to shape events in the region. The US stationing two carrier groups

in South China Sea is indication that Washington is taking the Chinese threat seriously. Quad can build on that.

And, only if the Quad members act in concert and with a purpose will Beijing take them seriously. As will the Asean, which wields considerable influence in the region. The Association of South-East Asian Nations will need to be roped in if the alliance is to become a reality first, and a force multiplier subsequently, in the shape of a NATO-like body.

<https://www.thehindubusinessline.com/opinion/can-the-quad-rise-to-be-an-asian-nato/article32103609.ece>

4. Discom loan package: A boon for power sector?

R Krishnamoorthy

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Over the years, the Centre has announced many schemes to rescue state government owned discoms. Yet, there has been no improvement in their conditions.



Historically, in spite of delays, no lender has invoked a state government guarantee.

The Rs 90,000 crore loan package announced by the Centre for discoms is being seen as a boon for a major element of the power sector: generation companies or gencos. Improvement in their cash-flows will help their credit rating, and enable fresh funding. State government guarantees against the loans to the discoms will help PFC and REC to treat the loans as standard assets. That, however, is no assurance against default in debt-

servicing. Historically, in spite of delays, no lender has invoked a state government guarantee.

The Centre, over the years, has formulated various schemes to help the ailing state power sector. In spite of these measures, there has been no real improvement in the functioning of the distribution companies, or discoms. A pattern is visible. Diversion of funds meant for capital expenditure to meet interest liability is rampant, resulting in further increase of liabilities with no creation of assets. Therefore, no significant investment has been seen in terms of strengthening sub-transmission and distribution, systems improvement, or separation of agriculture feeders. Starting in the late 1990s, the Accelerated Generation & Supply Programme (AGSP) subsidised the interest on loans from PFC by 3-4%. Later, around Rs 38,000 crore was securitised under the Ahluwalia Committee model of One-Time Settlement. The aim was to make SEBs bankable. Interest/surcharge of Rs 8,300 crore was waived. Net outstandings were converted into tax-free bonds at 8.5% pa, with a repayment period of 15 years. Importantly, payment of current bills through LCs was mandated. But, LCs were not established by the SEBs.

Announced in 2002-03, the Accelerated Power Development Reforms Programme (APDRP) envisaged a six-level intervention for reform, with a budget of Rs 40,000 crore. The major objectives were to improve the financial viability of discoms and bring aggregate technical & commercial (AT&C) losses down to 10%. The Centre funded 25% of the cost; 75% was arranged by the discoms from financial institutions or internal resources. NTPC and PGCIL, imparting consultancy to the discoms, fell short of expectations. Not surprising, given their little knowledge or experience of the constraints and complexity of distribution systems, this resulted in the inevitable—the failure of APDRP. Delayed release of funds by states to the discoms, and even diversion of funds to other sectors compounded the problem. In the XII plan, the Restructured APDRP was introduced with changes in the scope and revised terms and conditions, with an outlay of Rs 51,000 crore. Reduction of losses was the major objective, which remains elusive even today.

More recently, in 2014, the Integrated Power Development Scheme (IPDS) for strengthening of sub-transmission and distribution, metering of distribution transformers/feeders/consumers, and IT enablement even carried forward the outlay of R-APDRP. The scope extended to 4,041 towns. An outlay of Rs 32,612 crore and R-APDRP scheme cost of Rs 44,011 crore, including a budgetary support of Rs 22,727 crore, was earmarked. The latest information on the ministry of power's website shows a sanctioned amount of Rs 32,500 crore, and Rs 12,500 crore released. The 2015 UDAY scheme aimed at financial turnaround, operational improvement, reduction in cost of generation, development of renewable energy, energy efficiency and conservation. State

governments took over 75% of the debt of discoms and issued low-interest bonds. In return, discoms were given a deadline (2017-19) to meet efficiency parameters such as timely tariff revisions and elimination of the gap between the average cost of supply (ACS) and average revenue realised (ARR) by 2019. The turnaround envisaged by UDAY hasn't materialised, with several targets missed.

Apart from the financials of the discoms, banks and financial institutions have also contributed to the stressed assets of many independent power producers.

Virtually no power project in India has ever been completed without cost and time overruns. Many private players quoted unworkable tariffs in making successful bids for projects. Many naphtha/gas-based stations were built, but the absence of gas supply and import of costly naphtha added to their woes. Most of these plants are shut today. The lucky few, which got into long term PPAs, are getting paid fixed charges, but are not operating. Many private power plants suffered as banks took considerable time in approving revised project costs, accumulating interest during construction. Additional assistance by the banks was adjusted against their dues, 'evergreening' the loans to remain standard assets. No disbursements went towards completing the project. With no cash flow, the natural fallout was defaults. The result—many of the private projects today face IBC proceedings or liquidation.

A mention must also be made of the role regulators have played in this. In spite of an APTEL order mandating electricity regulatory commissions to initiate suo-motu proceedings for discoms tariff revision, no tangible action is visible. Pendency of litigation has increased, and in many cases, commissions have been reduced to safe havens for retiring bureaucrats.

The FM's announcement regarding privatisation of discoms in the Union Territories is a welcome step and should be adopted by states which are reform oriented. Private players like Torrent Power, with their successful experiences in distribution, can even be retained on an agency basis, on a profit-sharing model. Demonstrated improvements in Delhi by Tata Power and BSES show how investment in system strengthening can make a difference.

In conclusion, the bottom line is securing discoms' cash-flow and efficient collection. Some suggestions to achieve this are—the introduction of pre-paid metering (complemented by smart metering and remote reading), separation of agriculture feeders, metering and measurement of agriculture consumption, direct transfer of subsidy and write-off of all state government loans to discoms.

It is important to establish benchmarks for efficiency in operations, develop MIS and use data analytics for continued improvement. Going forward, consider appointing professionals for managing the discoms and delegate operational authority to them. Only then can we expect to have directed investment for operational and financial improvements.

The author is Former Member, CERC Views are personal

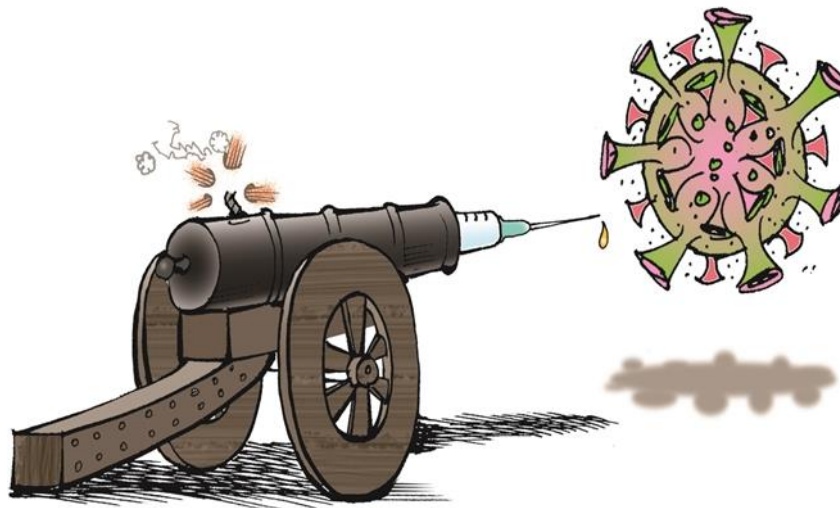
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5. Coronavirus crisis: When will the pandemic end?

Rohit Bhat & Suraj Subramaniam

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Prudence demands that decision-makers of all hues have actionable and cost-effective plans to achieve resilience even in the face of a protracted Covid.



On effectiveness, US regulators have indicated that given the exceptional circumstances, they may live with a vaccine that is 70-75% effective but meets safety standards.

People across all walks of life be it investors, businesspeople, policymakers, teachers or migrant workers are struggling with the same question today: How to deal with the future uncertainty imposed by Covid-19? Below is an exposition of how we are thinking about Covid-19 scenarios.

As the fiscal year 2020 drew to a close, we thought of this pandemic as having three stages—shock introduction of the virus to society (stage 1), managing the virus (stage 2) and conquering the virus (stage 3). One can think of these three stages at the level of any geographical unit—the world, a country, its states or even districts/neighbourhoods. Stage 1 is accentuated by panic, and at the country level, we saw a wide gamut of responses across the world. For instance, in India, the government imposed a draconian 8+ weeks lockdown whose economic consequences we don't fully know yet.

As India continues to unlock even as the virus runs riot, we are now firmly in stage 2, where we are learning to live with Covid-19. Stage 2 is all about effective public health strategies executed at scale by governments and societies—social distancing, handwashing, masking, sanitation, testing, contact tracing, local containment and healthcare capacity. Countries currently doing this well, are likes of China, Japan, Vietnam, Germany, South Korea, Taiwan, Singapore and New Zealand (mentioned in order of population size). Closer home, we have the state of Kerala. Unless all countries in the world reach a certain minimum threshold on disease control, pre-Covid normalcy for global travel would not be possible without risking relapse. So how long might the world remain in this stage 2?

Stage 3, i.e., the beginning of the end of the pandemic arrives only when there is clear visibility to either achieving herd immunity (naturally or artificially) or controlling the rate of disease transmission globally. Natural herd immunity happens when a certain threshold of a population (ranges above 60%) gets the disease, with those who survive it having antibodies to immunise them against reinfection. Data from recent serological surveys globally indicate we are very far away from natural herd immunity. Artificial herd immunity is caused by a similar threshold of the population being inoculated with a vaccine, so they are immune to the disease. An effective cure (the way Tamiflu was for swine flu) would also usher in stage 3 by allowing everyone to go about their lives without fearing Covid-19 or straining healthcare systems. Initially, there was hope that an existing repurposed drug might emerge as a cure. However, given those have proven to be incremental at best, the focus has now shifted to vaccines.

There are currently 17 vaccine candidates globally undergoing human trials, with a handful in phase 2/3 stages. Even considering historical failure rates in vaccine development, there is a reason for optimism that at least one (if not more) of these programs will cross the finish line. From a societal standpoint, we have seen an impressive wartime response from governments, manufacturers and philanthropists, who have collaborated to ready at-scale manufacturing capacity for a multiple of these candidates so time-to-market can be sped up once we know which program is successful. The key milestone to watch here would be the release of phase 3 clinical trial data for the

most promising programmes, which is expected starting October or November. If everything goes to plan, there is a good chance we will have one or more vaccines available for widespread distribution in the first half of 2021.

Here's the rub though. We don't yet know if these vaccines will offer durable or effective immunity. Most of the vaccines we are familiar with, like the one for measles, provide lifelong immunity from those diseases to most of the people who take them. Contrast that with a seasonal flu shot which is something that needs to be updated annually given how much the influenza virus mutates. Or the CanSino Covid vaccine authorised for use on the Chinese military which appears to generate immunity for only about half of the people who take it. We won't know for months to come where Covid-19 vaccines would sit on that spectrum of the durability of immunity; there is a non-trivial probability that these vaccines may be like the seasonal flu shot needing updates at some periodic interval. On effectiveness, US regulators have indicated that given the exceptional circumstances, they may live with a vaccine that is 70-75% effective but meets safety standards.

Returning to our earlier question, when might stage 2 (managing the virus) finish or stage 3 (conquest of the virus) begin? Piecing together all of the above, we can paint two scenarios. Let us call the first the Great Vaccine scenario, where a vaccine with desired durability and effectiveness arrives. A comprehensive global health effort is then mounted to get enough people inoculated in every geography, which combined with those who've already contracted the disease and survived, gets us past the herd immunity threshold. In that instance, it is not inconceivable that the virus just peters out and disappears much like SARS 2003 did (thanks to effective transmission control in East Asia), or the Spanish Flu did in summer 1919 (there is an indication that herd immunity might have been achieved in countries like the US in that case).

Absent a great vaccine scenario, it may well be that we are in for what can be called a protracted Covid scenario, given a less durable vaccine might mean having to manage mass inoculations every few months. Stage 3 (conquest of the virus) becomes more of a medium-term (or long-term) target, and we live in a prolonged stage 2 (managing the virus) world, where herd immunity remains transient or distant. No doubt, having even a flu shot like a vaccine would be a massive addition to the public health arsenal and will go a long way in making this stage 2 existence more palatable. But a flu shot like vaccine may not be sufficient for us to entirely do away with all the other elements of stage 2, viz preventive, containment and capacity management strategies. In substance, Covid-19 and the global approach to it may start to look and feel more like a modern-day rendition of tuberculosis (TB) outbreaks the world saw during the late 19th and early 20th century. The war against TB was gradual, and much of the victory was driven by public health measures like containment, sanitation and nutrition because effective cures and vaccines

did not arrive in time. These measures brought down the TB mortality rate from ~0.3% to ~0.06% over a hundred years, before the arrival of a cure, which then further reduced it to ~0.02%.

No one knows the probability today of either scenario—Great Vaccine or Protracted Covid—materialising in the future. All of us are united in the hope for a Great Vaccine. But as they say, hope is not a strategy. Prudence demands that decision-makers of all hues have actionable and cost-effective plans to achieve resilience even in the face of a Protracted Covid.

PS: In the next part of this series, we will outline the changes impacting us and how businesses are reacting to a potentially Protracted Covid.

(First of a two-part series)

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<https://www.financialexpress.com/opinion/coronavirus-crisis-when-will-the-pandemic-end/2026635/>

6. University examination guidelines that score low

Faizan MustafaSughosh Joshi

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Faizan Mustafa &Sughosh Joshi

The UGC's insistence on conducting final year varsity tests could end up harming the future of students on many counts

The University Grants Commission's (UGC) guidelines of July 6, 2020 on conducting final-year examinations for university students have created a storm. The commission's insistence on online or pen-paper or a blend of the two modes in conducting examinations, albeit with a much delayed timeline, has been widely criticised. Punjab, Maharashtra, West Bengal, Delhi, Odisha and Tamil Nadu have already raised objections. Uttar Pradesh has announced that its universities will hold examinations. Delhi University students have termed the decision arbitrary and discriminatory, and have challenged it in the Delhi High Court.

The guidelines state that performance in examinations is necessary for "reflection of competence, performance and credibility that is necessary for global acceptability". In the

latest UGC communication, 182 universities have already conducted the examinations and 234 are planning to hold them in August and September.

Ground realities

It is a matter of concern that our education system continues to be examination-centric and these guidelines fail to take into account the fact that the validity of examinations fundamentally depends on their reliability. Most examinations in India merely test an ability to recall facts or information rather than an understanding of those facts or an ability to use them in practical situations. Most teachers too are not trained in setting good papers particularly for online open-book examinations. Certification through examination is important but cannot and should not be the sole goal of education. Hundreds of our students every year take unfortunate steps because of examination stress. A one size fits all cannot apply to our universities as we have all kinds of universities, i.e. unitary, affiliating, private and subject specific.

There is nothing like the UGC in the United States. The UGC was fundamentally meant to be the fund granting institution as is clear from its nomenclature. But the UGC Act 1956 does confer on it the power of 'coordination and determination of standards' in universities as well and, therefore, it has become the regulator of higher education.

Today, the higher education sector is overregulated and underfunded. The present government at the Centre wants to replace the UGC with a higher education commission. The United Progressive Alliance too had introduced a bill on similar lines. Since universities are autonomous bodies, in these testing times this autonomy can help us in finding solutions keeping in view the specific situation of each university.

In fact the first set of guidelines regarding examinations and academic calendar was issued by the UGC on April 29 and was demonstrative of UGC Chairman Prof. D.P. Singh's flexible and inclusive approach, allowing universities to promote students not in their final year, on the basis of a combination of internal evaluation and marks/grades in previous semesters. These guidelines gave much flexibility to universities and were welcomed. However, this scheme was not extended to final-year students.

Before the new UGC guidelines were released, Rajasthan, Haryana and Maharashtra had already cancelled examinations for final-year students.

Let the cooperative federalism rather than ego guide us in this matter.

While the decision has been justified by reference to other universities across the world, the systems that these universities are following are largely accommodative of students'

concerns. In fact in foreign universities, each teacher has the freedom to devise his own evaluation mechanism.

The shadow of the virus

India has just attained the dubious distinction of having one million cases of the novel coronavirus and a number of States are bringing back lockdowns of various types; so, the September 2020 deadline does not inspire much confidence. If the virus continues to spread, no university administration will be in a position to announce examinations, and students will continue to be in a limbo about their future.

While the guidelines state that the decision has been taken keeping in view the future of the students — jobs and higher education — these prospects are, in fact, harmed by this decision. In normal circumstances, examinations would have been conducted and either results announced or provisional certificates given by this time. These help students who are graduating confirm their admissions in institutes of higher education or report at their places of employment by furnishing proof of them having completed the course. The current system does not provide for any such possibility.

Although universities which are smaller in size of student intake have started online classes, big traditional universities and the colleges affiliated thereto already lack the assurance of starting of the next academic year.

More discrimination possible

In case the infection does not subside (which seems to be the real prospect as per the World Health Organization's latest communication), it would mean that the UGC either extends the deadline further or universities are forced to conduct online exams. In the latter case, the UGC would have imposed a patently discriminatory policy on the students — issues with access to the Internet, electricity and study materials, as well as a lack of a study environment in homes would go unaddressed — and it would only manifest the disparity prevalent in the education system. In the former case, it only furthers the uncertainty, and even if the UGC decides to allow universities not to conduct examinations, this entire exercise would be pointless.

In any case, the period of four to six months would have impacted students differently. The elite, with the privilege of being unaffected by the crisis caused by the infection as well as its economic ramifications will be much better placed than their peers without the same level of assuredness. The whole purpose of university acting as an equaliser will be lost. Students from a humble background, from remote areas and those with doctors/health workers as parents or are coronavirus positive in families would be at a disadvantage.

Finally, what is baffling is the idea that just one semester of examinations will be determinative of the integrity and value of a degree for which students would have worked hard for six to 10 semesters, and have also appeared for internal examinations for the sixth or 10th semester. It is difficult to understand why the last semester examination is so sacrosanct when our curriculum follows the cumulative rather than the hierarchical system.

We expect that better sense will prevail and the UGC will eventually take the decision that would be equitable, fair, pragmatic and beneficial and not one that is risky and exclusionary of any set of students. Unprecedented times call for bold steps and unprecedented decisions, and the UGC must act accordingly. Let the voices of sanity be taken into account and results be declared taking into account student performance in earlier semesters and internal evaluation of the final semester. Let the mental health of students and their anxieties be taken into account. Heavens are not going to fall if we discard the examination-centric view, at least in this emergency for just one semester.

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<https://www.thehindu.com/todays-paper/tp-opinion/university-examination-guidelines-that-score-low/article32119598.ece>

7. Stop building hydropower projects in the Northeast | Analysis

Gopakumar Menon

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They don't fill any gap; are financially unviable; lead to displacement; there's a high risk of geological mishaps

Over the years, hydropower has been justified as being necessary to provide power at night, when demand peaks and solar energy is absent. This rationale is no longer applicable for new projects, as hydropower loses ground to hybrid solutions — a mix of solar and spare thermal capacity, for instance — that offer round-the-clock power and are priced at low, competitive rates.(AFP)



The Northeast in general, and Arunachal Pradesh in particular, is considered to have immense hydropower potential. Yet, what is little known is that these projects are financially unviable and are likely to burden India's financial institutions with non-performing assets, while adversely affecting the health of state electricity distribution companies.

First, thanks to sustained investments, increased efficiency and attractive pricing in the solar and wind energy sector, and recently-commissioned power assets, there is a supply glut in the energy market. The market for energy is saturated and there is a negligible shortage in peak demand (which was only 0.7% in the last 18 months). This is likely to continue in the future, well beyond the current decade.

Over the years, hydropower has been justified as being necessary to provide power at night, when demand peaks and solar energy is absent. This rationale is no longer applicable for new projects, as hydropower loses ground to hybrid solutions — a mix of solar and spare thermal capacity, for instance — that offer round-the-clock power and are priced at low, competitive rates. Power storage — specifically battery technology — is rapidly evolving. A report by McKinsey & Company, *The New Rules of Competition in Energy Storage*, predicts: "The total cost of energy-storage systems should fall 50 to 70% by 2025 as a result of design advances, economies of scale, and streamlined processes". Second, the proposed hydropower projects in the Northeast are financially unviable and it is likely that most of them will end up as stranded assets. An analysis of the Etalin

Hydropower (3,097 Megawatts) project shows cumulative cash flow during the loan life-cycle of 23 years to be negative, despite a highly favourable levelled tariff of Rs 4.32 per unit. At prices being offered in auctions for round-the-clock power supply today (prices are likely to drop further in future), the project will be unable to even service its loan of Rs 17,500 crore.

Third, there is a high risk of geological accidents: Arunachal Pradesh is categorised as Zone V (maximum risk) in the mapping of seismic zones in India, and there is a recent history of numerous quakes above five on the Richter scale. In 2011, an earthquake at the Teesta Dam site left 16 people dead and damaged the project. Regular landslides in the monsoons have also been disruptive. A study by the Institute of Earth and Environmental Sciences, University of Potsdam, Germany, estimates that at least 25% of hydropower projects in the India, Nepal and Bhutan's Himalayas are likely to face severe damage from quake-triggered landslides. Then there are risks from glacial melt and lake bursts due to the unpredictable nature of the volume and velocity of the water.

Fourth, long gestation period: A hydropower project in Arunachal Pradesh will, realistically, take eight to 10 years or more to be operational, after considering the terrain, monsoon activity and the clearance of forest cover. The economics of power generation are likely to change substantially in favour of consumers in this decade, which will affect revenues and profitability.

Fifth, hydropower projects will lead to further deterioration in distribution companies (discom) finances. If the government supports the Etalin Hydropower project, for example, by mandating a Power Purchase Agreement at Rs 4.32, the estimated implicit taxpayer-funded subsidy (considering the current opportunity options available) would be about ~11,480 crore. This does not consider the inevitable power transmission losses from a remote location in the Northeast to its user destination. In a recent interview with the Mint, the chief operating officer of the Indian Energy Exchange predicted that, in future, the discoms would emphasise more on lowering costs and increasing consumer choices, which imply a lowering of tariffs and consequent increase in financial losses.

Sixth, hydropower projects in India have a notoriously poor record in engaging with local communities and their concerns of livelihood and displacement; these concerns have been met with indifference and, at times, force. The existing projects in the Northeast are no different and do not pass even the most basic tests in the social responsibility checklist that financial institutions seek from their borrowers.

Hydropower projects in the Northeast are today a poor financial investment and need to be shelved for the larger common good. Instead of providing subsidies to the power-

generation value chain, the urgent imperative is to encourage power conservation (by introducing, for instance, a variation of surge pricing during peak hours), reduce distribution losses, promote optimum utilisation of existing energy infrastructure and popularise rooftop solar energy.

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The views expressed are personal

<https://www.hindustantimes.com/analysis/stop-building-hydropower-projects-in-the-northeast/story-p4eYlb3Bpcd09QLee5EU5L.html>