

Editorial

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Legitimizing misappropriation of public money

Any good or welfare programme initiated by the central government for development of the region often went flop when it reached the state of Manipur. Package sanction for the welfare of the people and for taking up developmental works are often sent to the pocket of those who were meant to implement them. In simple word announcement of welfare scheme for the state is more like a harvest season for those in power at the government. These are not just hearsay, but almost everyone in the state knows. There has never been any work including construction or implementing government schemes where 100% released amount have been utilized. An onlooker knows - and hardly 50% have been used for the programme or works and remaining use to be pocketed to those responsible for the implementation of the work. What is more surprising is that the people now have been brain washed, they are now with the perception that if works or programme are implemented with at least 50% they appreciated without even thinking that 50% of the amount have been pocketed to them. People seems to justify the kind of culture being practice by the people in power without thinking that in addition to the money that they hijacked from the sanction amount for taking up developmental works they are being paid salary to perform the works by the money collected from the public in the form of tax.

Each and every citizen, from poor to rich, pay taxes to government indirectly and directly. Those with huge income pay direct tax and those even with no income and who lives on hand to mouth too pay taxes indirectly. The daily essential commodities that each of us buy includes taxes that are to be collected by the government. And it is from these taxes that the government employees are being paid as salaries and developmental works are being taken up.

Misuse of public fund is being legitimized in the state of Manipur. This is being stated as no government authority are heard punished for the kind of offence. This news paper had many times filed report of how contract employees in Horticulture department are being regularized without following proper guidelines. We have also reported news about how the public money are being pocketed by some vested interested people in the fitting of pipeline at Imphal East. We have also reported on how the top official of SCERT is misappropriated the fund sanction for the DIET centres and about a banned firm being awarded 8 PMGSY works. Only few days back this newspaper also highlighted on how the Local Area Development Fund of the Rajya Sabha MP have been misappropriated. Many compliants have been heard since then from the locals however, no action is seen initiating even though the MP himself had said that the DC and the implementing agencies are liable for the misappropriation of the fund.

So, far no officials are heard punished. The government had never constituted any enquiry. And thus, we feel that the harvesting of public money using unfair means is being legitimized in the state of Manipur.

Causes & possible remedial steps of Unemployment in Manipur



By: Sanjenbam Jugeshwor Singh Faculty, NIELIT Imphal.

Manipur is strategically located in India's northeast. It is the gate way to the economies of Southeast Asia. Manipur is multi-ethnic, multi-linguistic and multi-religious, comprising of the Meiteis (the majority ethnic group), Kukis, Pangals (Manipuri Muslims) and Nagas. The Meiteis & Meitei Pangalare mainly concentrated in the Imphalvalley, the Kukis and Nagas in the hills. Manipur may be classified into two distinct physical regions-an outer rings of rugged hills and narrow valleys and the inner area of flat plains, with all associated land forms. These two areas are not only distinct in respect of physical features but also in terms of development and employment, wherein the valley area is much better off in both these contexts.

According to the 2011 census, Manipur has a total population of 27, 21,756 lakhs, with 26.18% in urban areas and remainder 73.82% in rural areas. The literacy rate stands at 79.85% ,higher than the national average of 74.04%.of that ,male literacy stands at 86.49% and female literacy at 73.17%.However, despite the high literacy rate, Manipur as compared to the rest of the country, remains a socio-economically backward state. The economy of Manipur is characterized by high rate of unemployment and poverty, low capital formation, inadequate infrastructural facilities, geographically isolation, communication bottlenecks and practically no industrialization. Agriculture continues to be the mainstay of the economy with more than 70% of the population dependent on it for livelihood. The employment situation in Manipur is a matter of concern, with most of it being a rural phenomenon. The

number of persons on the live register of the employment exchange rose from 2.28 lakh as on 30th June 1993 to 7.14 lakhs as on 30th June 2012, which could be much more than this because many are still not registered in the employment exchange. The high rate of unemployment, particularly among educated youth is due to the lack of industrial base, the absence of private enterprise and limited employment opportunity in the government sector.

It is open-secrete that every government job has a price tag. Those boys and girls whose parents cannot afford large amounts to be paid as bribe are disillusioned and become susceptible to anti-national propaganda. Geographical isolation, political hopelessness, lack of infrastructure development, lack of incentive for private enterprises participation and poor trade opportunities could be the reason why educated youth seek financial security by joining in many illegal activities like drug trafficking, sex rackets, imposter as insurgent and imposed financial demands to many. In fact, considering the large number of educated unemployed, such unlawful, illegal and immoral practices/activities are fast emerging as an alternate and lucrative means of unemployment.

Such is the demand of government jobs in Manipur that in 2011, when the state government employed some 1000 men to form an armed Village Defense Force (VDF), it had received application from some 17,000 people who were either graduates or postgraduates whereas state was looking to hire who had not even completed school. Lack of access to quality and affordable education as well as vocational training institute outside the capital city of Imphal has often led to students from other parts of the state dropping out before acquiring any meaningful educational qualification. The report of the Higher Education Commission has noted this glaring disparity between Imphal valley and the rest of the state. The education infrastructure is primitive and quality education is almost non-existent in areas outside Imphal. This disparity has affected higher education adversely, particularly in the hills where even the basic infrastructure and minimum teaching staff are found lacking. There is also a serious deficiency of Math and science teachers in schools,

especially those located in tribal areas. Hence local students are unable to compete in state and national level competitive exams. There is an urgent need to strengthen the educational infrastructure in Manipur to provide quality and inclusive education. The graduates' courses currently available in various colleges within Manipur are of the traditional nature, which is about learning basic science or arts or commerce. Such degree do not throw open many employment avenues outside or within the state, adding to the already high rate of educated unemployment. The course content, therefore need restructuring to refocus efforts at application oriented learning, resulting in skilled manpower for employment in emerging industries. Therefore effective implementation of skill development and training programs also need to be prioritized. There is also the need to create avenues for absorbing trained and skilled manpower in suitable jobs without which it would be difficult to wean the youth away from the lure of earning easy income through many illegal and immoral activities.

Manipur, with its salubrious climate, topographical mystique, cultural heritage and sublime natural beauty has an enormous tourism potential. The state has immense tourism and commercial potential and is destined to become a commercial hub and a tourist hotspot in South-East Asia. Thus, developing Manipur's tremendous tourism potential could help generate a range of employment opportunities for the local people. However to attract the attention of national and international tourist, it is imperative to ensure a safe and secure environment along with necessary investment in building a modern hospitality infrastructure. The socio-economic development of Manipur will also largely depend on the promotion of small and medium scale industries and encouragement to local entrepreneurs. The scope for large scale industries too exists in the agro-horticulture, bamboo, cement, green marble and power sectors. Investment in these sectors could help generate direct and indirect employment in setting up various forward and backward linkages to support service sector units. At present, the role of the private sector in the state is minimal. Most of the private participants choose to stay

out of Manipur due to lack of infrastructure support and security concerns. The government needs to focus on developing local skills and capacities as part of the self-employment program (SEP) to harness the potential of the youths in Manipur. One area that certainly needs to be tapped into is the ability of the youth to communicate in good English, hence developing BPO or front office or air hostess kind of skills. Manipur is known for its sporting talents especially in the fields of boxing, football, archery, mixed martial arts etc. Many young sportspersons find it easier to prove their sporting talent by representing another state at national and international levels due to lack of adequate training and sporting facilities in the state. The creation of sports facilities at villages, block and district levels will help in keeping the youth engaged in sports, a constructive and positive activity thus weaning them away from alcoholism, drug addiction and juvenile delinquency. Similarly, the cultural talents in the field of music, dance, art and cinema is unique to the state. If this culture is preserved and given the exposure that it deserves, many youth could benefit from it by the employment opportunities arising out of it. Manipur is blessed with a climate suitable for producing a variety of agricultural produce and that is the reason why farmers grow cash crops, fruits and vegetables in large quantities. Hilly areas are conducive for the farming of vegetables and fruits, organic farming has already commenced in many hill areas of the state. Many agro-horticultural crops are potential export commodities. The agro-based industry includes fruits preparations, juice concentrate plants, herbal plants, processing of spices and so on. These farm produce along with bamboo shoots are used for commercial purpose. Since the cultivated land is under 10% of the total land area in Manipur, optimizing the use of the balance 90% land and newer/innovative methods to increase production in the wake of expansion of the residential areas would help in addressing the unemployment issue indirectly. Unlike other states, Manipur has restricted publicity mechanism and as a result even the daily newspapers reach a day later in the remote interiors and hills districts. This has caused many youths to lose opportunities of getting a job due to lack of awareness of recruitment/interview/selection program. There is an urgent requirement of setting up job fairs and job melae at such areas. Unemployment, especially among the educated youth of Manipur is a problem both of the individual as well as the society around that person. Psychologically, financially, emotionally and materially affects the youths and their families. It brings in a sense of dejection, inferiority and hopelessness among the youths. Due to frustration, anger and disenchantment, youth often succumb to other alternatives including alcoholism, drug addiction, robbery, murder and suicide as well as joining other illegal and immoral activities for easy money. There is an urgent need to take concrete steps to address the issue before it goes out of hand. In fact, it should force us to think what aids the education system and employment avenues in Manipur? The problem of educated unemployment is mainly two folds, firstly scarcity of government jobs and secondly the virtual lack of any other employer in Manipur. Improving infrastructure in general and promoting human resource development with effective and people-oriented governance, is thus critical to ushering peace in Manipur and other parts of Northeast India. Creating additional employment opportunities to help the immense human and natural potential could go a long way in addressing the aspirations of the unemployed youth of the region in general.

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Has the Stage Really Been Set for Credit Growth and a Banking System Revival?

Courtesy The Wire By: C.P. Chandrasekhar

Besides slowing growth and record unemployment, a major problem facing Indian policy makers is the fragility characterising the financial sector. With public sector banks still burdened with large non-performing assets (NPAs) and two major non-bank financial companies (NBFCs) bankrupt or near-insolvent, credit flow has turned sluggish and even a financial meltdown is a possibility. But, surprisingly, this did not seem to bother finance minister Nirmala Sitharaman, who spoke of the issue as if it is a problem that has been resolved.

According to her: "Financial gains from cleaning of the banking system are now amply visible. NPAs of commercial banks have reduced by over Rs. 1 lakh crore over the last year, record recovery of over Rs. 4 lakh crore due to IBC and other measures has been effected over the last four years, provision coverage ratio is now at its highest in seven years, and domestic credit growth has risen to 13.8%. Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight. At the same time, as

many as six Public Sector Banks have been enabled to come out of Prompt Corrective Action framework." In sum, the government's so-called '4Rs' strategy of recognition, resolution, recapitalisation and reforms has worked. So, the argument is that "legacy issues" in the banking sector have been addressed, and as a last flourish, a sum of Rs 70,000 crore has been provided in the Budget for one more round of recapitalisation of public sector banks.

With this, the speech seems to suggest banks are back to normal business and credit growth will revive. Moreover, banks are to be deployed to resolve what is a serious problem facing the NBFC sector. According to the minister, "NBFCs that are fundamentally sound should continue to get funding from banks and mutual funds without being unduly risk averse." Somewhat recognising the problems that persist, she makes a minor offer of help to public banks in the form of a partial credit guarantee.

"For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh crore during the current financial year, government will provide one time six

months' partial credit guarantee to public sector banks for first loss of up to 10%," Sitharaman said in her speech.

So, banks would have to resolve liquidity problems by buying up these assets from the stressed NBFCs and carry the risk of loss of up to 90% of those assets, or Rs 90,000 crore. They are presumably fit enough to take on more risk, in the creation of which they had no role.

Also read: Why India's Plan to Launch a Sovereign Bond Should Be Viewed with Ample Caution

This sanguine view is at odds with the evidence on the state of the banks, the NBFCs and the resolution process. Even if it is on account of stricter asset quality review (AQR) guidelines from the central bank, gross NPAs of scheduled commercial banks (SCBs) rose from Rs 3,23,464 crore as of March 31, 2015, to Rs 10,36,187 crore as of March 31, 2018. They have since declined by just Rs 86,908 crore, to Rs 9,49,279 crore, as of March 31, 2019. So NPAs to the tune of 92% of the total recorded in the books of the banks at the end of March 2018 and 88% of the NPAs that had accrued since the launch of the AQR are still unresolved.

This is because the process of enforced resolution initiated through the Insolvency and Bankruptcy Code (IBC) has not worked. A study by the Centre for Financial Accountability found that in a very large number of the cases that have been taken to the National Company

Law Tribunal - which could not be resolved without being put for sale or liquidation - getting the process completed in the 180-270 days permitted window has proved impossible. Moreover, even when the process led to resolution without liquidation, the haircut that had to be taken by the banks involved has been extremely high.

Barring an exceptional case, like that of Bhushan Steel, resolution of the first 12 large defaulters identified by the Reserve Bank of India for IBC action involve or are likely to involve haircuts well in excess of 50% and amounting to as much as 85%. This feature of the IBC process has been sought to be whitewashed by highlighting cases such as Bhushan Steel, or on the grounds that the process is proving to be more effective (in terms of the proportion of outstanding debt recovered) than the Debt Recovery Tribunals, the Lok Adalats and the SARFAESI Act, which were the means of recovery earlier. But the fact remains that the IBC record is not good enough to make the process one that, from the perspective of the banks, "resolves" the problem.

Also read: Nirmala Sitharaman's Maiden Budget is an Exercise in Taming Policy Uncertainty Other ways of resolving the problem such as sale to asset reconstruction companies (ARCs) have not worked either. ARCs demanded huge discounts when offering to buy up stressed or non-performing assets,

and were willing to pay only a fraction of even that sum upfront. The banks were unwilling to accept such offers. Thus, the principal means of resolution has been to use recapitalisation money to stay afloat, while waiting for an acceptable resolution process. This explains why NPAs accumulated to the levels they have and have continued to appear on banks' books despite the government's efforts. Unfortunately, recapitalisation has gone only part of the way to resolve the problem, and came late. According to a recent reply to a Rajya Sabha question, "over the last four financial years, PSBs were recapitalised to the extent of Rs 3.12 lakh crore, with infusion of Rs 2.46 lakh crore by the Government and mobilisation of over Rs 0.66 lakh crore by PSBs themselves."

Clearly, even accounting for the Rs 70,000 crore promised by the finance minister in 2019-20, the process has not gone far enough. To force banks in this precarious situation to not just push credit but help recapitalise the NBFCs is cynical, to say the least. Public sector banks have continued in business because of the implicit sovereign guarantee that comes with state ownership. But this Budget, which announced the government's decision to reconsider the currently prevalent policy of maintaining a minimum state ownership of 51% of equity in public sector enterprises, including commercial banks, threatens to undo even that.

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