

**Minutes of 54<sup>th</sup> Meeting of Punjab Water Regulation and Development Authority held on 07.10.2022 at 03.00PM in the Committee Room under the Chairmanship of Sh. Karan Avtar Singh, Chairperson.**

**Present: Mr Sushil Gupta Member and Dr S.S. Kukal Member.**

**In attendance: Mr J.K. Jain Additional Secretary.**

**Item No. 54.01: Confirmation of the Minutes of 53<sup>rd</sup> Meeting of PWRDA.**

The Minutes of 53<sup>rd</sup> meeting held on 07.09.2022 was circulated to all concerned. No comments received. May be confirmed.

**Decision: Confirmed.**

**Item No. 54.02: Action Taken Report:**

The Action Taken Report on the decisions taken in 53<sup>rd</sup> Meeting of PWRDA is as under:

*Item No 53.03: Recruitment for One post of Administrative Officer.*

Mr. Sanjeev Malhotra, Administrative Officer has joined on 21.09.2022.

*Item No.53.04: Recruitment for three posts of Private Secretary.*

Mrs. Kamlesh Kumari Joshi and Mrs Anita Jain has joined on 12.09.2022 and 23.09.2022 respectively. Mr. Bhinder Singh Baidwan may join by 21.10.2022.

*Item No.53.05: Punjab Directions for Groundwater Extraction and Conservation, 2022.*

Pending.

*Item No. 53.06: Approval of Changes in Groundwater Charges under Section 17(5) of the Act.*

Reference has been made to the Government on 13.09.2022.

*Item No. 53.07: Procedure for revocation of ad-interim Permission under Draft Guidelines, 2020.*

Office Order has been issued on 15.09.2022.

*Item No. 53.08: Refund of Suspense Deposit.*

Office Order has been issued on 15.09.2022.

*Item No. 53.09: Designation of Executive Engineer/Canals as Member Secretary, DICWRD.*

No further action is required.

**Decision: Noted.**

**Item No. 54.03: Approval of Groundwater Charges under Section 17 (5) of the Punjab Water Resources (Management and Regulation) Act, 2020: Reply to the letter received from the Government.**

A letter dated 28.09.2022 (Annexure A54-03-01) has been received from Water Resources Department, Punjab on this subject vide which the following observations were made by the Chief Minister, Punjab:

- The existing water extraction charges and the already approved water extraction charges may be brought on file in annotated form;
- Percentage increase/decrease in water extraction charges may also be mentioned in the aforesaid table;
- What was the rationale for changing the groundwater extraction charges;
- The water charges were approved by the Government vide its letter dated 13.09.2021 and it has been proposed in para 4.0 at NP/46 to issue notification and make them applicable w.e.f. 01.10.2022 after a period of one year. Whether the already approved charges hold well in the present times or some changes (s) is required. A Draft reply to this letter is attached as **Annexure A54-03-02**.

Placed before the Authority for consideration please.

**Decision:** *Authority considered the letter and observed that the chronology of events in this case is as follows.*

- A. The Draft Directions, 2020 entitled the 'Punjab Guidelines for Ground Water Extraction and Conservation 2020,' were published by the Authority on 12th November, 2020 and a notice, in accordance with the provisions of sub-section (3) and sub-section (4) of Section 15 of the Punjab Water Resources (Management and Regulation) Act, 2020 (hereinafter the Act) was issued in the newspapers inviting objections from all persons likely to be affected.*
- B. These Draft Directions, 2020 pertain to usage of Groundwater for purposes other than Agriculture, Drinking and Domestic use. In other words, these Directions cover the Industrial and Commercial use of groundwater including institutions, construction and infrastructure projects. These Draft Directions contain the charges to be levied on a volumetric basis for the extraction of groundwater, as well as other charges pertaining to the extraction of groundwater, including application fees, groundwater compensation, conveyance charges etc.*
- C. The Draft Directions, 2020 were issued for seeking objections of the Public, as per the provisions of the Act. As an ad-interim measure the Water Users were given the option to apply on voluntary basis for ad-interim permission under these Draft Directions, 2020.*
- D. The Draft Directions, 2020 do not have the force of Law. However, a consenting Water User is given the option to act on these Draft Directions and extract and conserve groundwater, as per the charges and conditions contained in these Draft Directions. This is without prejudice to the liabilities of such person to comply with all terms and conditions contained in the finalised Directions as and when notified, from the date of such notification.*

- E. *As of 30th September, 2022, 468 Water Users have obtained ad-interim permission for groundwater withdrawal.*
- F. *A total of 39 objections to the Draft Directions, 2020 were received within the time provided. The Authority held meetings with various Associations to know their views regarding the Draft Directions, 2020 and conducted hearings on the Draft Guidelines, 2020. After considering all the objections, the Authority decided that the Groundwater Charges proposed in the Draft Directions need be rationalised and accordingly the rationalised Groundwater Charges were sent to the Government for its approval as per the provisions of Section 17(5) of the Act.*
- G. *The Groundwater Charges submitted by the Authority were approved by the Government, under Section 17(5) of the Punjab Water Resources (Management and Regulation) Act, 2020 on 13.09.2021 without making any changes.*

*Further, the Authority observed that these rationalized Groundwater Charges were proposed by the Authority taking into consideration the Dynamic Groundwater Resources of India Report 2017 published by the Central Groundwater Board. Now the next Report of 2020 published later is available. Upon examination the Authority found that there is no improvement in the groundwater scenario of the State and the declining trend of the groundwater table continues in most blocks of Punjab. However, keeping in view the adverse impact of Covid-19 pandemic on economic activity and in order to ensure better compliance, the Authority is of the opinion that the Groundwater Charges already approved by the Government will hold good in the present time as well.*

**The Government be informed accordingly.**

### **Table Agenda**

The following table agenda was taken up with the permission of the Chair.

#### **Item No.54.04: Review of Procedure for placing Authority Fund in Fixed Deposit.**

Agenda Item No.51.06 to review the procedure for placing Authority funds in Fixed Deposits was placed in 51<sup>st</sup> meeting of the Authority held on 05-08-2022. This item was deferred with the following decision:

***“Practices followed by professionals or institutions for placing money in debt instruments (including fixed deposits) of different durations may be studied and a fresh proposal be placed”.***

2. Authority in its 28<sup>th</sup> meeting held on 13.09.2021 vide Resolution No.28.04, approved the following procedure for placing the Authority Fund in Fixed Deposits which is not to be utilized immediately.

*"3. The funds received by the last working day of every month will be invested in Term Deposits/Fixed Deposits within five working days of the ensuing month as follows:*

- a. *Since the permission for Groundwater extraction is being given for three years the security deposit should also be kept for period of around three years (35 to 37 months).*
- b. *The Authority will also be getting regular funds in the form of GW Extraction charges and various type of fee. The Authority will be needing funds for Water Conservation Schemes, expenses of the*

*Authority and various other expenses to meet the objectives of the Act. Therefore, a portion of all other Groundwater charges and fees etc. may be kept in Term deposits of shorter periods of around one year (11 to 13 months).*

- c. The amount to be kept in term deposit from charges mentioned in point (b) above may vary from month to month. After keeping aside, the anticipated expenditure for the ensuing three months, the remaining funds at the end of every month may be invested in TDs/FDs*
- d. In case more funds are required than available in the saving bank account of the Authority, the TDs/FDs will be encashed pre- maturely. In order to meet emergency requirements and avoid encashment of big TDs/FDs pre-maturely. Rs 1 crore may be kept in four TDs/FDs of Rs. 25 lacs each for a period of 11 to 13 Months. Moreover, for flexibility each TDs/FDs should normally be of Rs 1 crore or less.*

*4. (a) Every month Accounts Manager will write to all the Scheduled Commercial Empowered Banks to quote their rate of interest within two days from the receipt of communication. In case no reply is received from a bank, on third working day the Accounts Manager will download the current interest rates from the website of the bank concerned and prepare a comparative statement of the best returns being offered. He will accordingly give his recommendations for the TDs/FDs to be made:*

*Provide that the sum of FDs/TDs with any one bank should never exceed 40% of all the FDs/TDs placed with all banks.*

*(b) Most Banks have a limit (Generally of Rs. 2 crores) for term deposit from one customer in a day. However, some Banks have no such limit and allow multiple term deposits of up to Rs. 2 crores in a day. In such cases, the TD/FD to be given to a bank should depend on the rate of interest being offered even if the deposit has to be made on multiple days.*

*5. Senior Manager (Administrative and Coordination) is authorized to approve the monthly investments as per policy on recommendation of the Manager (Accounts). The information regarding the investments made will be placed before the Authority after the end of every quarter along with Account Statement".*

3. In the month of July, August and September 2022 some banks quoted significantly higher rate of interest (6.30% to 6.50%) for shorter duration say 12 to 18 months and lower rate of interest (5.75%) for longer duration say 36 months plus few days for a single non withdrawable FD of Rs. Two crore or more. (Annexure A54-04-01) Hitherto fore, fixed deposit of less than Rs. two crore for longer duration (say 36 months plus few days) attracted higher rate of interest.

4. In the light of the above the existing investment procedure may be reviewed so as to avail higher rates of interest.

5. Authority may consider to omit the conditions contained in paragraph 3(a), 3(b), 3(d) and 4(b) of the existing investment procedure and in their place the following may be added:

*"The fixed deposit be decided keeping in view the prevailing rates of interest for different duration. A bank offering a higher rate of interest for a shorter duration be preferred provided that total sum of FDs with any one bank should never exceed 40% of all the FDs placed with all banks."*

*Further, no FD/ can be encashed without the express permission of the Authority granted by passing a resolution."*

Placed before the Authority for consideration.

**Decision: After detailed discussions the Authority decided as follows:**

1. *As per paragraph 3 (a) the security deposit is generally deposited for a period of around three years say 35 to 37 months. However, in view of the higher interest rates being offered for shorter durations it was felt that the Security Deposit can be placed in Non- Callable TDs/FDs of shorter duration say 12 months to 18 months, if the interest rate for such shorter duration is higher by at least 0.75 % as compared to the interest rate offered for a three-year TD/FD. The Office may prepare a fresh proposal with an Example to explain the risk and benefit involved in such a decision so that a prudent policy can be devised.*

2. *Manager Accounts explained that since Banks sometimes offer higher interest rates for larger deposits the upper limit of investment in a single FD/TD should be enhanced from Rs 2 crore to Rs. 5 crore or more. Accordingly, this limit is enhanced to Rs 5.50 crore.*

3. *As regards paragraph 4(a) of the policy it was felt that in certain circumstances this limit of 40% can be relaxed to avail higher interest rates. Accordingly, it was decided that if a Bank offers the highest Rate of Interest in a particular month, a Fixed Deposit can be placed with that bank subject to the condition that the deposits with such bank do not exceed 45% of total deposits made by the Authority at that point in time. Thereafter, further deposits to the same bank will be given only when the total funds kept in that bank fall below 40% of total deposits.*

**Meeting ended with a vote of thanks to the Chair.**

**Chairperson**