

Toxic differences over pesticides

Industry is lobbying for total relaxation of a three-year-old veto but wants lethal chemical proscribed; panel head T P Rajendran says all 27 pesticides are harmless

SANJEEV MUKHERJEE
New Delhi, 26 April

A head of the Supreme Court (SC) hearing scheduled for April 28 on the controversy over a ban on 27 pesticides, a section of industry has questioned the basis on which monocrotophos, considered one of the most harmful pesticides for human health, has been included in the list of 24 on which a ban was lifted by a draft order issued in February 2023.

But civil society representatives are questioning the draft on a very different ground. They are arguing that the move to dilute the original ban order on all 27 pesticides is wrong and overlooks several key factors.

The SC sought the Centre's reply in four weeks (from March 27, 2023) explaining the basis on which the original ban order was reversed and also placed on record the reports of the committee formed to review the ban.

The controversy dates back to a May 2020 order of the government banning the import, manufacture, sale, transport, distribution and use of 27 pesticides that were considered harmful to public health and safety.

These 27 pesticides were widely used as part of the 66 contentious pesticides that were being reviewed by various bodies over the past several years for their toxicity. Some reports said the banned pesticides included 12 insecticides, eight fungicides and seven herbicides, comprising almost 130 formulations.

Although the government reportedly gave the industry time to record their objec-



THE BAN SAGA

- **July 2018:** Govt sets up the Anupam Verma panel to review 66 pesticides
- **Nov 2018:** The committee submits report
- **Dec 2019:** Registration Committee (RC) under the Insecticides Act accepts the report and the committee asks for review of 27 pesticides by 2018
- **Dec 2016:** Govt issues draft ban order on 27 pesticides based on the panel's recommendations
- **2017-18:** Govt constitutes two more committees to look at public feedback of the draft order
- **Dec 2019:** RC sets up a sub-committee to review ban on 27 pesticides
- **May 2020:** RC accepts the recommendations of the sub-committee on the ban and sends it to the ministry of agriculture
- **May 2020:** Govt notifies draft ban on 27 pesticides and gives 45 days for public feedback. It also forms another panel under T P Rajendran. Civil society says no information about its contents exists in the public domain
- **Feb 2023:** Draft prohibition order notified by gov't on only 3 of the 27 pesticides earlier banned

Source: SC petition filed by Kavitha Kuruganthi & others

tions, the issue was not resolved. At the request of several major industry bodies, a panel was formed under the chairmanship of T P Rajendran, former assistant director general of Indian Council of Agriculture Research and a well-known expert in the field. Though the results of this committee's findings were not made public, reports suggested that it had recommended retaining the ban on three of the 27 pesticides and freeing the remaining ones.

There is some confusion on the contents of the findings and terms of reference of the committee itself.

This is because civil society activists in their petition to the SC said that they weren't aware of the findings of the committee, its terms of reference and the process it followed to arrive at the conclusion. But, industry players said, the Rajendran panel report is available.

Thereafter, the government modified the original ban order and issued a fresh draft in February 2023 retaining the ban on only three of the pesticides while freeing all others.

Civil society groups approached the SC questioning the revised order. Kavitha Kuruganthi, a petitioner in the case and convener of Alliance for Sustainable and Holistic Agriculture, demanded a total ban on all 27 pesticides as originally envisaged.

In a letter, she said that 21 of these 27 pesticides were classified as "highly hazardous pesticides" and 17 of them were in use when the Insecticides Act, 1968, came into force and these DRPs (deemed to be registered pesticides) have actually not been proven to be safe by any ex-ante risk assessment. Three of these pesticides are World Health Organization (WHO) Class IB pesticides and 13 are Class II pesticides — which mean they are acutely toxic.

A section of the pesticides industry, on the other hand, has demanded that the ban be scrapped but also has asked why monocrotophos still hasn't been included in the banned list. "Monocrotophos is highly toxic by all routes of exposure. It is classified as a highly hazardous pesticide by the WHO. We are not in favour of using this pesticide," Kalyan Goswami, director general of Agro Chem Federation, told *Business Standard* a few weeks ago.

Rajendran, the man on whose recommendations the government is believed to have revised its original order, said that all chemicals and pesticides including the toothpaste we use is harmful for human health. What matters is the dosage, the formulation composition and the way humans have been asked to use the product.

"One cannot simply say that all pesticides are harmful and all pesticides are to be banned

based on hearsay. What is important here is what Indian medical records say on the harm that a particular pesticide has done to human beings or to those who are exposed to it over a reasonable period of time," Rajendran told *Business Standard*.

"In India," he went on to explain, "we have a record of harm that any said pesticide has caused to human health over a fairly long period, say 30-40 years, and not just in the last few years. Plus, the Central Insecticides Board (CIB) is regularly seized of matters related to the harmful impact of any pesticide and they are the ones competent to say whether any pesticide is bad or not."

On the clean chit his committee gave to 24 of the 27 originally banned pesticides, Rajendran said all of them, including monocrotophos, has been in use in India for the past 30 or 40 years and there is absolutely no data provided by agencies to claim that there has been any adverse health impact due to their use.

So why did his committee exclude three of the 27 pesticides from the clean chit? Rajendran said that this was because the manufacturers had stopped production of the three items in the country and they were not available anywhere. "The manufacturers themselves have given it in writing that they are no longer making these three pesticides, which have been removed from the free list," he said.

On why monocrotophos has not been kept in the list of banned pesticides despite it being on the WHO list of harmful chemicals, Rajendran said that the earlier formulation that was registered in the country was on the higher side of toxicity and the manufacturers had come out with a new formulation, which is already registered with the CIB and the old one has been withdrawn.

"All pesticides have a label in them specifying good agricultural practices, with right dosage, time of application, precautions to be taken and so on. If somebody violates that, it is that individual's problem and not a national or a government issue," Rajendran said.

Which of the arguments will convince the SC is still to be determined.

Industry hits out at TN gov't for stalling labour law

SHINE JACOB
Chennai, 26 April

Industry bodies have expressed disappointment over the Tamil Nadu government's decision to put on hold amendments to the Factories Act, fearing that it would affect investor confidence, even as unions have welcomed the move and are backing further reduction in working hours.

The Bill, increasing work hours for factory workers from eight to 12, was passed on April 21 ostensibly to woo foreign investors. Industry expected the amendment would benefit sectors such as IT, electronics, textile and non-leather footwear; many saw it as a bid to attract Apple contractors like Foxconn and Pegatron to make further investments in the state.

"I would have given more money to workers as they, too, want 12 hours. Investors also feel disappointed. We would have given enough (work) breaks," said Sakthivel, president, Federation of Indian Export Organisations. He urged the government to allow flexible work to export-oriented industries.

The government stalled the Bill on Monday after protests by unions backed by the ruling Dravida Munnetra Kazhagam and its allies. To attract Apple contractors, Karnataka, too, had passed a Bill in February allowing 12-hour shifts in factories and night-time work for women.

India's electronics manufacturing gets a reality check

Instead of \$300 bn, its value might be only \$225 bn by FY26



OFF TARGET

Key product segment	Production target* 2025-26	Current estimate	2025-26 exports target	Current estimate
Mobile device	126	100	52-58	40-45
IT hardware	25	6	12-17	0
Consumer electronics	23	23	2-3	2-3
Auto electronics	23	23	NA	NA
LED lighting	16	8	9-12	0
PCBA	12	4	9-12	1
Wearables & hearables	8	8	2-3	2-3
Total	300	225	105-130	58-69

Note: Data for only some key segments have been shown, so they do not add up to the total; *Production target as per vision document

Source: ISEA, April 2023

SURAJEET DAS GUPTA
New Delhi, 26 April

The government's ambitious vision document that aims at achieving electronics manufacturing with a value of \$300 billion by FY26 (including exports of \$105-130 billion) could end up far lower than the target, according to a reality check this month.

The reality check came from the Indian Cellular and Electronics Association (ICEA), which partnered with the government in preparing the document.

The members of the ICEA are mobile and electronics companies, and its assessment, based on current trends, indicates that the total electronics production in FY26 will be around \$225 billion.

This is 75 per cent of the vision document's target out of which exports would amount to \$58-69 billion, that is, nearly 53 to 55 per cent of the target.

The segments in electronics, which are expected to fall short of the target, include mobile devices, IT hardware, printed circuit board assembly (PCBA), LED lighting, electronic components, telecom equipment, and strategic electronics among others. The

ones that will be in line with the target include consumer electronics, wearables and auto electronics (see chart). Elaborating on the reality check, ICEA President Panjaj Mohindroo said: "Despite the challenges, the government and the industry will be working together to ensure what it takes to reach as close as possible to the vision document target. The reality check that we have undertaken will help us in doing so."

The big item is mobiles. The target for FY26 was pegged at \$126 billion within which exports were pegged at \$52-58 billion. But the ICEA quoted current trends to say that total mobile device production would be much lower at \$100 billion. Of this, exports would amount to around \$40-45 billion until steps are taken to meet the shortfall.

Three reasons account for the lower figure. One, a clear slowing down of domestic demand from last year. Two, no major participation from Chinese brands in exports (they did a mere \$157 million of exports in FY23) despite government prodding (a projection of \$8-12 billion was made for exports). Three, there has been a delay in the development of

Indian champions under the production-linked incentive (PLI) scheme. Most have found it difficult to meet their investment and production commitments to avail themselves of the PLI incentives. This is even after Apple is expected to do much more production and exports from India than earlier expected. Owing to the lukewarm response, the PLI scheme for IT hardware is being reworked. This sector was expected to hit a production value of \$25 billion in FY26 but the reality is that it could be a mere fourth at \$6 billion.

Exports were projected to hit \$12-17 billion in FY26. The ICEA has projected no exports based on the current scenario. The other area of concern is in PCBAs, which are a key component of mobile devices. The production target was \$12 billion by FY26, but the current assessment is that the figure will only be a third.

The earlier minimum export target was \$9 billion but this too has now been revised downwards to only \$1 billion now. The ICEA has suggested that to achieve the target outlined in the vision document, a new PLI scheme that includes PCBA can capture the export opportunity.



Extract of Audited Consolidated Financial Results for the quarter and year ended 31st March, 2023

Particulars	Quarter ended			Year ended	
	31.03.2023 (Audited) (Refer note 5)	31.03.2022 (Audited) (Refer note 5)	31.12.2022 (Unaudited)	31.03.2023 (Audited)	31.03.2022 (Audited)
Total Income	3003.46	2703.78	2036.27	9667.22	8123.64
Profit from operations before share of profit / (loss) of joint ventures and associates, exceptional items and tax	242.01	276.25	89.55	671.61	807.61
Share of profit / (loss) of joint ventures and associates	(28.17)	(28.85)	(32.62)	(120.65)	(110.31)
Profit before exceptional items and tax	213.84	247.40	56.93	550.96	697.30
Exceptional items (Net)	—	—	(137.39)	(243.82)	—
Profit / (loss) before tax	213.84	247.40	(80.46)	307.14	697.30
Net Profit / (loss) for the period	143.23	182.71	(110.49)	136.22	506.00
Total Comprehensive Income for the period	(52.24)	254.31	(126.71)	97.82	675.82
Paid up equity share capital (Face value ₹ 1/- each)	33.08	33.08	33.08	33.08	33.08
Earnings per share (* not annualised) Basic and diluted (₹)	*4.35	*5.52	*(3.34)	4.08	15.23

Notes:

1. These results have been reviewed by the Board Audit Committee at its Meeting held on 25th April, 2023 and approved by the Board of Directors at its Meeting held on 26th April, 2023.

2. Information on Standalone Financial Results:

Particulars	Quarter ended			Year ended	
	31.03.2023 (Audited) (Refer note 5)	31.03.2022 (Audited) (Refer note 5)	31.12.2022 (Unaudited)	31.03.2023 (Audited)	31.03.2022 (Audited)
Total Income	2300.32	2559.86	1456.07	7850.12	7266.49
Profit before exceptional items and tax	164.95	282.93	60.82	552.99	763.16
Exceptional items (Net)	32.57	—	—	975.18	—
Profit before tax	197.52	282.93	60.82	1528.17	763.16
Net Profit for the period	156.59	216.50	44.32	1405.31	583.47

3. The results for the quarter ended 31st December, 2022 and year ended 31st March, 2023 include provisions amounting to ₹ 137.39 crores and ₹ 243.82 crores respectively made in respect of receivables and bank guarantees issued under two overseas contracts, pursuant to the unilateral encashment of the bank guarantees / termination of the contract by the Contractors. The Company has initiated legal proceedings against the Main Contractors for recovery of the proceeds of bank guarantees and amounts due from them.

4. The Board of Directors of Voltas Limited (Holding Company) at its meeting held on 12th February, 2021, have approved the transfer of domestic B2B businesses of the Parent Company relating to Projects business comprising Mechanical Electrical and Plumbing (MEP) / Heating, Ventilation and Air-Conditioning (HVAC) and Water projects, Mining and Construction Equipment (M&CE) business and Textile Machinery Division (TMD) business to its wholly owned subsidiary viz. Universal MEP Projects & Engineering Services Limited (UMPEL) (formerly Rohini Industrial Electricals Limited) via slump sale through a Business Transfer Agreement (BTA). The BTA transaction has been consummated on 1st August, 2022, being the 'Closing Date' for the transfer of businesses for a consideration of ₹ 1190 crores.

5. Figures of the quarter ended 31st March, 2023 and 31st March, 2022 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the relevant financial year which were subjected to Limited Review by the Auditors.

6. The Board of Directors have recommended a dividend of ₹ 4.25 per share of ₹ 1/- each (425%) for the year 2022-23.

7. The above is an extract of the detailed format of the standalone and consolidated Financial Results for the quarter and year ended 31st March, 2023 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The full format of the standalone and consolidated Financial Results for the quarter and year ended 31st March, 2023 are available on the Stock Exchange websites, www.bseindia.com and www.nseindia.com and on the Company's website www.voltas.in.

For and on behalf of the Board of Directors of Voltas Limited
Pradeep Bakshi
Managing Director & CEO

Mumbai, 26th April, 2023

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