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# TODAY'S ANALYSIS

## (15 January 2025)

### TOPICS TO BE COVERED

- **BHEL COMMISSIONS PUNATSANGCHHU HEP 2 (PHEP2) IN BHUTAN**
- **17 INDIAN FISHERMEN ARRESTED BY SRI LANKAN NAVY**
- **INDIA'S ECONOMIC GROWTH OUTLOOK: UN REPORT**
- **MCQs**

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# **BHEL COMMISSIONS PUNATSANGCHHU HEP 2 (PHEP2) IN BHUTAN**

- In January 2025, Bharat Heavy Electricals Limited (BHEL) successfully commissioned 2 units of the **Punatsangchhu-II Hydroelectric Project (PHEP-II)** in **Bhutan**, marking a significant achievement in the company's portfolio.
- The project is part of a **bilateral agreement** between the **Government of India** and the **Royal Government of Bhutan**, aimed at strengthening **energy cooperation between the 2 nations**.
- This success further solidifies BHEL's presence and contribution to Bhutan's energy infrastructure.

## **KEY ASPECTS**

- **Project Overview:**
  - **Location:** The **Punatsangchhu-II Hydroelectric Project** is situated in the **Wangdue district** of **Western Bhutan**, a region known for its hydroelectric potential.
  - **Capacity:** The project has a total installed capacity of **1,020 MW**, with **6 units of 170 MW** each.

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- **Annual Power Generation:** Once fully commissioned, the project is expected to generate **4,357 GWh (Gigawatt-hours)** of electricity annually, making it a significant contributor to Bhutan's power grid and export capacity.
- **Technological Excellence:**
  - **Francis Turbine:** The turbines used in the project are **Francis Type turbines**, designed to operate at a rated head of **241 meters**, which is the **highest for any such turbine in Bhutan**.
  - The turbines are engineered to deliver high efficiency and performance, **designed to the unique topographical and hydrological conditions of the site**.
- **BHEL's Role in the Project:**
  - BHEL was responsible for the **design, manufacture, supply, installation, and commissioning** of the electro-mechanical works for the project.
  - This includes **6x170 MW vertical Francis turbines, matching synchronous generators, a SCADA system** for control and monitoring, **generator transformers, shunt reactors, and auxiliary systems**.

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- The equipment for the project was manufactured in BHEL's plants located in **Bhopal, Jhansi, Rudrapur, Bengaluru**, and its **transmission business group**.
- On-site commissioning was carried out by **BHEL's Power Sector Eastern Region division** based in Kolkata.
- **Commissioning Timeline:**
  - **Unit 1 and Unit 2** of the PHEP-II were successfully synchronized on **December 16 and 17, 2024**, respectively.
  - The **full commissioning of all 6 units** will complete the project, contributing to the power supply in Bhutan and its energy exports.

## **BHEL'S ONGOING PARTICIPATION IN HEP DEVELOPMENT OF BHUTAN**

- BHEL's involvement in Bhutan's hydroelectric sector dates back to several key projects, including:
  - **Chukha (4x84 MW)**
  - **Kurichhu (4x15 MW)**
  - **Tala (6x170 MW)**
  - **Mangdechhu (4x180 MW)**

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- With the commissioning of **PHEP-II**, **BHEL's contribution to Bhutan's total installed power capacity now stands at an impressive 89%**.
- This shows BHEL's important role in helping Bhutan achieve its energy goals and strengthen its position as a regional leader in hydroelectric power generation.
- Additionally, BHEL is working on another major project, the **Punatsangchhu-I Hydroelectric Project (PHEP-I)**, which has a capacity of **6x200 MW**.
- This will further extend BHEL's contribution to Bhutan's energy infrastructure.

## **BHEL'S ROLE**

- The commissioning of **PHEP-II** is a significant milestone in the long-standing energy cooperation between **India** and **Bhutan**.
- **Bhutan, a country with abundant hydropower resources, has been a key partner in India's energy import strategy, with much of Bhutan's hydroelectric output being exported to India.**
- This partnership **not only helps Bhutan generate revenue but also aids India in meeting its energy demands.**
- BHEL's contributions to these projects strengthen the bilateral relationship and ensure a reliable energy supply for both countries.

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## ABOUT BHEL

- **BHEL is a state-run company involved in the design, engineering, manufacturing, construction, testing, and servicing of products and services for the core sectors of the economy, including power, transmission, transportation, and infrastructure.**
- **As of September 2024, the Government of India holds a 63.17% stake in the company, which remains one of India's largest public sector enterprises.**

### Conclusion: BHEL's Strategic Role in South Asia's Energy Landscape

The successful commissioning of the **Punatsangchu-II Hydroelectric Project** marks a significant achievement for **BHEL** in its ongoing efforts to support Bhutan's hydropower capabilities. With nearly **89%** of Bhutan's installed capacity being contributed by BHEL, the company has firmly established itself as a leader in the region's energy sector.

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# 17 INDIAN FISHERMEN ARRESTED BY SRI LANKAN NAVY

## Overview:

- 17 fishermen from **Thangachimadam**, near **Rameswaram**, Tamil Nadu, were arrested by the **Sri Lankan Navy** while fishing near **Neduntheevu Island** in the early hours of **12 Jan 2025**.
- The incident has led to **protests from the fishermen's families** and highlights ongoing tensions regarding maritime disputes.

## KEY POINTS

- **The Incident:**
  - On **11 Jan**, 2 boats from **Thangachimadam** set out from the **Rameswaram fish landing centre**.
  - The boats carried a total of **17 fishermen: 8 fishermen on one boat and 9 on the other**.
  - The fishermen were fishing near **Neduntheevu**, also known as **Delft Island**, when they were apprehended by a **Sri Lankan naval patrol** around **3:30 a.m. on 12 Jan**.

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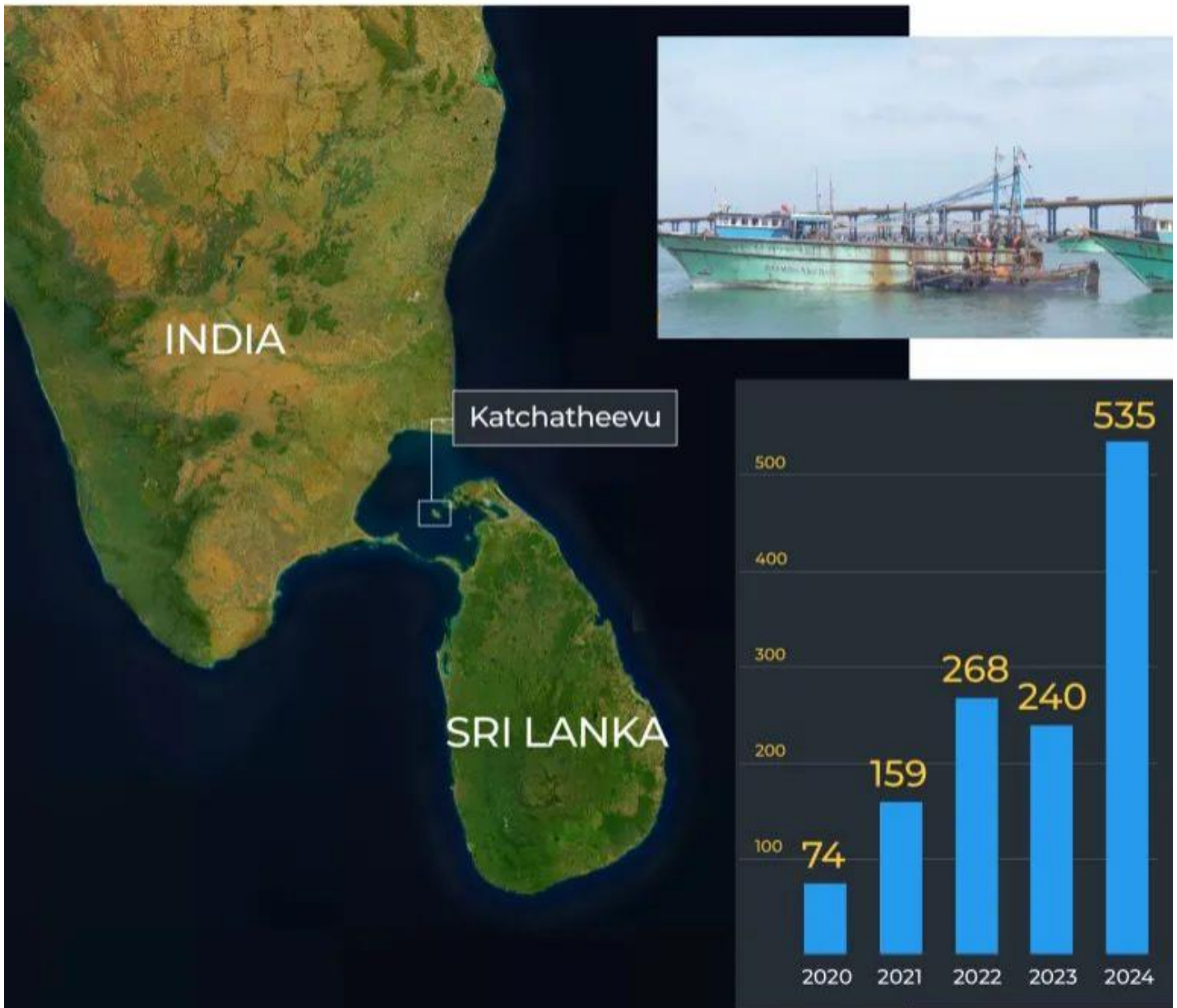


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## SOUTH ASIA

# Fishing wars trapping Indians in Sri Lanka

In 2024, a record 535 Indian fishermen were arrested by Sri Lanka — more than double the previous year. As of November 29, 141 Indian fishermen remain in Sri Lankan jails, with 198 trawlers confiscated.



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- **Protest by Families:**

- News of the arrests spread quickly, causing **family members of the fishermen** to protest.
- **Women relatives** of the arrested fishermen blocked the **Madurai-Rameswaram Highway** at **Thangachimadam** to express their dissatisfaction with the frequent arrests.
- One protestor, **Asensia, wife of one of the arrested fishermen**, expressed the **hardships faced by fishermen**, saying that **they were not involved in illegal activities, unlike smugglers, but were simply trying to earn a living.**

- **Frequent Arrests:**

- The **Sri Lankan Navy** regularly **arrests Indian fishermen from Tamil Nadu** for allegedly crossing into Sri Lankan waters.
- The arrested fishermen are often accused of fishing in areas that Sri Lanka claims as its own territory.

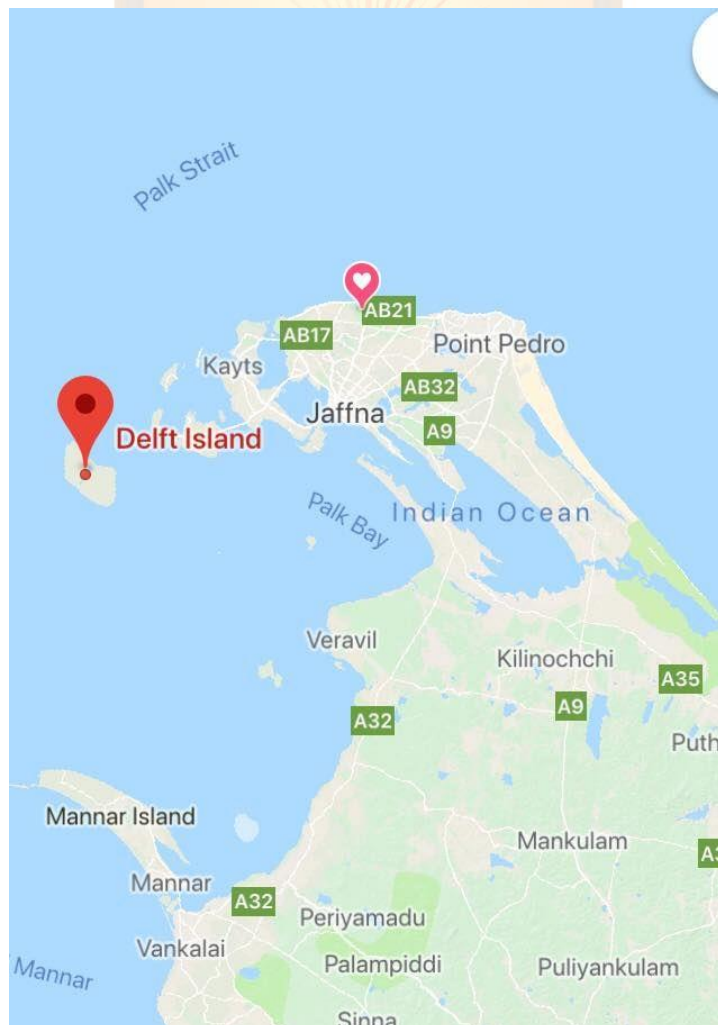
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## ABOUT NEDUNTHEEVU ISLAND (DELFT ISLAND)

- **Location and Size:**

- **Neduntheevu** (also called **Delft Island**) is the largest island in the **Palk Strait**, located in the northern part of **Sri Lanka**.
- The island spans an area of **50 sq. km**, with a length of **8 km** and a maximum width of about **6 km**.





- **Geography:**

- The island is flat and oval-shaped, often experiencing strong winds, making it a soothing and wind-swept area.
- There are no permanent streams on the island.
- The **primary freshwater source** is surface water, collected in natural depressions and artificial ponds.

- **Flora and Fauna:**

- The island has a mix of **dry shrubs** and **semi-arid tropical plants**.
- There are also tall **palm trees**, contributing to the island's beachy feel.

- **Historical and Cultural Significance:**

- A notable feature on the island is a **Dutch fort**, made from **dead coral chunks**, dating back to the Dutch colonial era.
- The island is home to a population of around **4,800 Tamil people**, who live in the northern part of the island, in small compounds.

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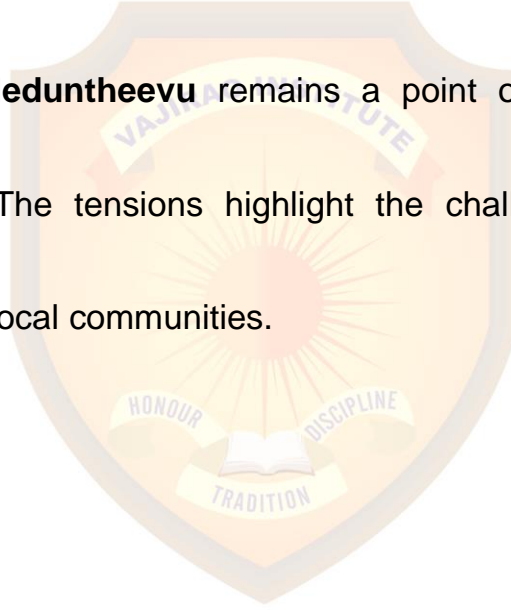
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## CONCLUSION

The arrest of **17 fishermen** by the Sri Lankan Navy has brought attention to the ongoing issue of **maritime disputes** between India and Sri Lanka. While the fishermen are seeking to make a living, these frequent arrests have led to **protests** and calls for a solution. At the same time, the island of **Neduntheevu** remains a point of historical and geographical significance in the region. The tensions highlight the challenges of maritime boundary disputes and their impact on local communities.



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# INDIA'S ECONOMIC GROWTH OUTLOOK: UN REPORT

## Overview:

- According to the **United Nations (UN) World Economic Situation and Prospects 2025** report, **India's economy** is expected to grow by **6.6% in 2025** and **6.7% in 2026**.
- The growth is supported by strong **private consumption**, **investment growth**, and government-driven infrastructure development.

## WHAT THE REPORT SAYS

- Capital expenditure on infrastructure development expected to have strong multiplier effect on growth in the coming years
- Expansion in the manufacturing and services sectors to continue to drive economy
- Strong export growth in services and certain goods categories, such as pharmaceutical and electronics, to bolster economic activity
- Favourable monsoon rains in 2024 have improved summer-sowing areas for all major crops, boosting agricultural output expectations for 2025

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## KEY POINTS

- **Growth Forecast for India:**

- The UN's growth forecast for India in **2025** is **6.6%**, slightly increasing to **6.7%** in **2026**.
- The **growth drivers** include:
  - Strong **private consumption**.
  - Continued **investment growth**, particularly in infrastructure.
  - The **public sector** plays a key role in funding major projects, including those related to **physical infrastructure, digital connectivity, and social infrastructure** like **water supply** and **sanitation**.

- **Economic Slowdown in 2024-25:**

- The **First Advance Estimates** by the **National Statistics Office** predict a **slower growth** of **6.4%** for India in **2024-25**, which is lower than the **Reserve Bank of India's (RBI)** projection of **6.6%**.
- This slowdown marks the **lowest growth rate in four years**.

- **Infrastructure and Investment:**

- **Capital expenditure** on **infrastructure** is expected to have **positive multiplier effects** on growth.

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- Investment in **manufacturing** and **services sectors** will continue to support economic activity, alongside a strong **export performance** in sectors like **pharmaceuticals** and **electronics**.
- **Agricultural Outlook:**
  - The **favorable monsoon rains** in **2024** have improved conditions for summer sowing of crops, boosting expectations for **higher agricultural output** in **2025**.
- **Regional Economic Outlook (South Asia):**
  - **South Asia's economic growth** in **2025** is projected at **5.7%**, driven largely by India's performance.
  - Growth in the region is expected to remain robust, with a slight increase to **6%** in **2026**.
- **Risks to Economic Outlook:**
  - The report highlights several risks to global and regional growth:
    - **Geopolitical tensions** may escalate.
    - **Deceleration in external demand**.
    - **Ongoing debt challenges**.
    - **Social unrest** in some regions.

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- **Climate change risks:** The region is highly vulnerable to extreme weather events, which could disrupt economic activity.
- **Inflation Outlook:**
  - **Consumer price inflation** in India is forecast to decrease from an estimated **4.8% in 2024** to **4.3% in 2025**, staying within the **2-6% range** set by the RBI.
- **Global Economic Outlook:**
  - **Global growth** is expected to remain at **2.8% in 2025**, the same as in **2024**.
- **Opportunities for Resource-Rich Countries:**
  - **India**, as a resource-rich country, can leverage rising demand for **critical minerals** to boost economic growth, create jobs, and increase public revenues for investments.
  - However, these **opportunities come with significant risks, including environmental** and social impacts.
  - The report urges governments to adopt **forward-looking policies** and comprehensive **regulatory frameworks** to ensure sustainable and equitable extraction of resources.

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## MCQs

1. Consider the following statements and mark the correct one:

1. The Punatsangchhu-II Hydroelectric Project is situated in the Wangdue district of Eastern Bhutan.
2. The Punatsangchhu-II Hydroelectric Project is one of the largest HEP installed by India in bhutan.

- (A) Only 1  
(B) Only 2  
(C) Both 1 & 2  
(D) Neither 1 nor 2

**Ans. (B)**

2. Consider the following statements about BHEL and mark the correct one:

1. BHEL is a state run company involved in design, engineering, manufacturing, construction, testing, and servicing of products and services for the core sectors of the economy.
2. BHEL has 51% govt. shareholding.

- (A) Only 1  
(B) Only 2  
(C) Both 1 & 2  
(D) Neither 1 nor 2

**Ans. (A)**

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3. Which European nationality colonised Sri Lanka before the Britishers?

- (A) French
- (B) Portuguese
- (C) Dutch
- (D) Spanish

**Ans. (C)**

4. Arrange these geographical entities from North to South

1. Palk Strait
2. Mannar Island
3. Delft Island

- (A) 1>2>3
- (B) 1>3>2
- (C) 2>3>1
- (D) 3>1>2

**Ans. (B)**



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5. Which of the following are risks to economic growth of the Indian Economy in FY 25 & FY 26?

1. Geopolitical Tensions
2. El Nino
3. Climate Change

- (A) Only 1  
(B) Only 3  
(C) Only 1 & 3  
(D) All of the above



**Ans. (C)**

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