NEWS ITEMS ON CAG/ AUDIT REPORTS (04.06.2022 to 06.06.2022)

1. A case for greater GST autonomy to states *(fortuneindia.com)* Jun 6, 2022

The need to make states fiscally more empowered can't be overstated; SC's recent order paves the way for discretionary space in GST to enable this, which states may rush to occupy.

The Supreme Court's order of May 19, 2022, on GST may have far-reaching consequences for cooperative federalism. Among others, the court ruled, "Parliament and the state legislatures possess simultaneous power to legislate on GST," the GST Council's recommendations "are not binding on the union and states", such recommendations "only have a persuasive value" and the objective of the GST is "to foster cooperative federalism and harmony between the constituent units".

This is bound to revive the now-forgotten debate. When the first GST Bill was introduced in 2011, during the previous UPA regime, many state governments, and tax and policy experts were worried that by giving up their rights to indirect taxes (which the adoption of GST entailed) states would be compromising on their fiscal autonomy. There are several reasons now (GST was rolled out in 2017) why that debate would revive, but first some clarity on the apex court order.

The order is very much in line with the 2016 constitutional amendment (101st) that paved the way for the GST regime. The amendment clearly spelt out that the GST Council "shall make recommendations to the Union and States". Through this amendment, as the court order points out, the GST Council was put under Article 279A of the Constitution, instead of Article 297B as envisaged earlier, to allay fears of states about compromising their fiscal autonomy.

There is yet another provision in the 2016 constitutional amendment the spectre of which now looms larger. Section 279A(4e) of the 2016 amendment says the GST Council is empowered to recommend "the rates including floor rates with bands of goods and services tax".

There are two elements to this. The GST Council may recommend: (i) "floor rates" and (ii) "with bands" or ranges. That is, the council is empowered to recommend not only specific floor rates but also a "band" or range for each in which the rates would operate. In simple terms, this means if the council recommends a floor rate of 28% for luxury goods with a "band" of, say, 1-2%, the Centre and states would have the discretion to set a rate which is 1-2% more or less of 28%.

This "band" of rates is inbuilt into the current "harmonised" GST structure/regime – that is, the same laws (for CGST, SGST and IGST), rules, processes etc. which govern the GST.

Thus, the apex court order isn't changing anything or threaten to derail or destabilise the GST regime but merely reiterates what is already provided in the statute.

Centralised fiscal federalism of GST

Though the GST was conceived as a manifestation of the cooperative federalism between the Centre and states, it has caused many heartburns in states over the years for several reasons.

Firstly, states sacrificed the fiscal space more. The 15th Finance Commission estimates show the subsumed indirect taxes (in the GST in 2017) accounted for 35% of the gross tax revenue of the Centre but 44% of the "own tax revenue" of states. States, thus, lost more in terms of rights over tax resources.

In FY19, the 15th Finance Commission found, the state GST (SGST) component of states' "own tax revenue" was 41.5% and non-GST taxes constituted the rest 58.5% – tax revenues from sales tax on petroleum and alcohol (24.3% of own tax revenue), state excise (12.3%), stamp duties (10.4%), vehicle tax (5.7%), electricity duty (3.5%) and others (2.3%).

It also found shortfalls in SGST collections (vis-à-vis the assured path), which was "about ₹7.1 lakh crore until June 2022". This shortfall is for the entire period of July 2017 to June 2022. The anticipation of this shortfall was the reason behind instituting the GST Compensation and GST Cess (to provide for the GST Compensation) in the Goods and Services Tax (Compensation to States) Act of 2017. Both the compensation and cess were to be valid for a period of five years from July 2017 to June 2022.

The 15th Finance Commission had estimated that the GST cess would be able to generate only ₹2.25 lakh crore until June 30, 2022 – while the shortfall in SGST would be ₹7.01 lakh crore. Hence, it talked about extending the cess until June 2026 to generate the entire shortfall.

It is in keeping with this the Centre has amended the GST law of 2017 to extend the cess till June 2026. But no GST compensation would be paid after June 30, 2022. This is the second cause of heartburn for states and may spark a new conflict because the shortfall in SGST would continue beyond June 30, 2022, too. Who will compensate states for the shortfall? How will states be compensated? There is no clarity on either.

After the Centre decided to discontinue paying GST compensation in November 2019 due to fiscal constraints and started borrowing money from the RBI in lieu of it. It has already borrowed ₹1.59 lakh crore in FY21 and Rs 1.1 lakh crore in FY22. The GST cess to be collected until 2026 will go to repay these loans.

The current fiscal of FY23 would test states for their fiscal resources and the spirit of cooperative federalism. Having lost most of their powers to collect indirect tax – except on oil and liquor – their dependence on tax devolution from the Centre would be heightened.

The extent of SGST shortfall is not known. The 15th Finance Commission expressed its inability to estimate the shortfall during its award period of 2021-26 because it said "the initial twenty-seven months of the award period are covered by the GST compensation scheme and the last thirty-three months are not".

Third, the Centre has been sharing much less tax collections than the Finance Commission awards. As against the award of 42% to states during the 14th Finance Commission period of FY15-FY20, the actual tax devolution was 33.6%. The 15th Finance Commission awarded 41% share to states, but the actual devolution was 29.5% for FY21(RE) and FY22(BE). The tax devolution has grown over the years but the shortfall in devolution has also grown. The shortfall in devolution was 4.1 percentage points during the previous UPA years of FY05-

FY14. It went up to 8.4 percentage points in the 14th Finance Commission period of FY15-FY20 and then climbed to 11.5 percentage points in the 15th Finance Commission period of FY21 and FY22.

Fourth, the Centre has increased surcharge and cess on a wide range of items post-2014, which are not part of the divisible tax pool the collection of which is shared with states. Analysis of data shows that surcharge and cess constituted 9% of the Centre's total gross revenue receipt during FY13-FY15, which shot up to 17% in FY20 and then to 18% in FY21.

This means, the Centre is using its power to collect a surcharge and cess, which are meant for its exclusive use, depriving states of their fair share.

Fifth, the Centre is further limiting the fiscal space for states.

In an unprecedented move, amidst the pandemic disruptions, it allowed states to borrow an additional 1% of the GSDP in October 2020 subject to four reforms – (i) 'one nation one ration' system (ii) improvement in ease of doing business (iii) power sector reforms and (iv) urban local body reforms.

This had never happened "in the history of independent India", pointed out Govind Rao, a tax expert and member of the 14th Finance Commission.

Case for more fiscal space for states

The case for higher fiscal autonomy and independence of states can't be overstated or need elaboration. Many states have larger geographical areas and populations than most European countries. They have the constitutional rights to fiscal autonomy too, as the latest Supreme Court order makes it very clear.

The good part of the Supreme Court order of May 2022 is that states can have greater fiscal autonomy without derailing or disrupting the existing GST structure. That can be done by using the new Article 279A(4e) to provide a "band" of rates.

Allowing a "band" for tax rates, this would create its own distortions in the system. The Comptroller and Auditor General of India (CAG) had found this to be so in the case VAT – in which case states were different rates within a narrow band of 1-1.5 percentage points. Further, deviations from the GST rates may cause tax leakages and increase the burden of compliance and administration.

But there are reasons to be optimistic that in the case of GST, these distortions and leakages can be better managed.

For one, the GST's nine tax slabs can be reduced to 1-3 rates as was originally conceived. For another, the GST Council has been in place for five years, regularly meeting and taking a call on rates and sorting out other complications. A new IT infrastructure and tax administration have also been put in place. The Centre and states have learnt to cooperate in tax matters more than ever in the past. All these factors would come handy if the "band" for tax rates is allowed – within the existing "harmonised" GST structure.

States also deserve greater fiscal space for several other reasons to take the risk that a discretionary GST regime (band of tax) may entail.

For example, budget documents and Economic Survey reports show states are far more fiscally responsible than the Centre. During 11 years between FY12 and FY22, the annual average fiscal deficit for the Centre is 4.9% of the GDP, while for states, it is much less at 2.7% of the GDP.

At the same time, states have consistently outperformed the Centre in capital expenditure. The Centre's capex averaged 1.7% of the GDP as compared to states' 3% of the GDP during the same period (FY12 to FY22).

Not to forget that states have a much lower tax base compared to the Centre.

Official statistics show the Centre's tax receipts averaged 10.3% of the GDP during FY12-FY22, while states' "own tax revenue" amounted to only 6.4% of the GDP.

Shouldn't states then be given more fiscal space through the GST?

Cooperative federalism doesn't mean dismantling the "union of states" that India constitutionally is and replacing it with an overly centralised fiscal regime that may better be described as a "unitary state". https://www.fortuneindia.com/opinion/a-case-for-greater-gst-autonomy-to-states/108459

2. Tracking ins and outs of Indian Railways *(tribuneindia.com)* Jun 05, 2022

The Indian Railways have been running some goods trains without guards during the night hours, Railway Minister Ashwini Vaishnaw said in the last session of Parliament. Trains without guards would be the end state of modernised railways. But the reality, as unearthed by the Comptroller and Auditor General (CAG) after the Union Budget showed a surplus, is that the Railways are not left with the financial capacity to fill many of the three lakh vacant posts.

Since CAG reports come with a time lag, the last one for 2019-20 found that the Centre had left uncovered a loss of about Rs 35,000 crore in passenger operations. The claimed net surplus when Nirmala Sitharaman presented the Budget was Rs 1,589.62 crore. The impression was that while the Railways were on an all-out modernising spree, it managed to keep its head above water. Not so, says the CAG. The Railways would, in fact, have ended up with a negative balance of Rs 26,000 crore had the Rs 48,626 crore for pension payments been appropriated to the Pension Fund. Meanwhile, the Railways continue to get pushed deeper into debt — long-term loans jumped from Rs 2 lakh crore in 2018-19 toRs 2.68 lakh crore in 2019-20.

Forget semi high-speed trains, there is still no sign of completion of the Western and Eastern Dedicated Freight Corridors, a UPA initiative which preferred Japanese financing for these projects, rather than an offer for a Bullet Train from Ahmedabad to Mumbai. The corridors would have ensured that goods trains run as per time tables, enabling exporters and importers to accurately plan shipments and keep inventories down. But more important, by absorbing the lumbering goods traffic, these corridors would have left tracks free for faster trains. The two-hour Chandigarh-Delhi journey still remains a promise.

On the contrary, the Railways levy 'superfast' surcharges on 478 trains. But, the scheduled speed of a quarter of them was less than 55 kmph, and yet passengers continue to be charged more. ‘Mission Raftaar’ in 2016 promised to increase the speed of freight trains to 75 kmph in five years. But the average observed speed of freight trains is still around 25 kmph.

The station modernising saga — these would be ‘world class’ stations, we were told — is parked in the slow lane. Take the Ambala railway station. From Haryana CM Manohar Lal Khattar to the French, all have expressed their intentions to modernise one of the busiest stations in the Northern Railways. In 2017, an MoU was signed by the Railways and the Ministry of Urban Development (MoUD). In 2018, Haryana set up a committee to expedite work on redevelopment of 13 railway stations in the state through the “Swiss Challenge method”. Apparently unaware of the Haryana initiative, France signed an MoU the same year to develop Ludhiana and Ambala railway stations as model stations. But in 2021, the Indian Railways Station Development Corporation, which was to oversee all this, was dissolved. It is now back to the drawing board.

As for the Vande Bharat trains, 400 train sets will now be ordered with inbuilt engines. Faced with this demand, railway production units are now paring the existing assembly line for making the LHB and ICF coaches. Apart from the fact that Vande Bharat train sets are four times more expensive than the existing rakes, what happens to the agreement with the US to manufacture more powerful electric engines? The return on equity of Railway PSUs has fallen from 9.17 per cent in 2017-18 to 7.53 per cent in 2019-20. With such improvisation underway, there are no guesses which way it is headed. And the main question remains unanswered: will the Railways not raise fares and absorb losses by introducing the more expensive Vande Bharat train sets? Or will it set market prices for sleeper trains, which are bound to be more expensive than airfare?

If future planning remains hazy despite a National Rail Plan 2030, some blame should be attributed to the musical chairs played in Rail Bhavan. In the past eight years, there have been four Ministers — Sadanand Gowda, Suresh Prabhu, Piyush Goyal and Ashwini Vaishnaw.

None could make a difference to the basics. Coal, iron ore and cements still contribute 63 per cent of the total freight revenue. The high freight rates on these captive commodities still help the Railways to cross-finance losses of over Rs 60,000 crore incurred on running passenger services.

Thanks to PM Modi’s accent on Swachh Bharat and bio-toilets, passengers waiting on platforms do not have to confront the hideous sight of overfed bandicoot rats darting between mounds of turds on tracks. But CAG found that the food the Railways serve is not fit for human consumption. Passengers would do well to avoid flavoured milk, juices, sandwiches and biscuits, to name a few. Purified water was not available at many stations. Coffee, tea and soups in 22 inspected trains were made from dirty water. Inspections in 14 depots revealed that no blanket had been dry-cleaned for two years. Surely, this was a legacy that could have been overturned in eight years.

And now, the government has dissolved several cadres of technically trained Railway officers, who did indulge in vicious infighting to the detriment of the organisation. But they had a certain culture of competence, which somehow kept the wheels rolling despite ministers of the ilk of Ram Vilas Paswan, Mamata Banerjee and Lalu Prasad Yadav, who did so much damage with their populism, as well as four of the Modi era during which they were at a loss about the broad direction.

As accountants say, the bottom line matters. The compounded annual growth rate (CAGR) of 7.1 per cent between 2012-13 and 2018-19 has now fallen to 5.9 per cent between 2018-19 and 2021-22. Is the Railways becoming more like a Potemkin village, where an impressive facade hid an undesirable condition?

Eye-catching projects

Uttarakhand Pilgrimage
At night, the hills of Garhwal reverberate with the noise of tunnel-boring machines as work continues 24 hours on the Rishikesh-Karnaprayag line. It is as much for pilgrimage to the Char Dham shrines as it is of geo-strategic importance since it will help faster troop movement to the China border. As is the case with the Bullet Train, this was also on the drawing board of the UPA. The Modi government imparted it momentum by roping in foreign experts and declaring it a project of national importance. Once complete, though grave doubts of environmental nature persist, it will cut the travel time between Rishikesh and Karnaprayag to four hours from the present 10-hour grind by road through steep gradients.

Sri Lanka by rail?
Nearly 58 years ago, one of the most powerful storms that struck India swept the Pamban-Dhanushkodi passenger train, its 200 passengers and chunks of the bridge's girders into a raging sea, obliterating all traces within minutes. The Railways now plan to develop an 18-km-long line between Rameswaram and Dhanushkodi. Gradually, a link to Sri Lanka will be set in motion. The novelty for tourists and pilgrims who head for Sri Lanka is that they will no longer have to take the more expensive and time-consuming flights to Colombo.

Another colour will flash by
Most coaches are coloured blue. The next in numbers are red-coloured coaches, made in Kapurthala. Fanners have now started spotting more of white-coloured coaches. The blue ones are called Integral Coach Factory coaches and can travel up to 110 kmph. The red coaches are known as Linke Hofmann Busch, or LHB. Much sleeker, they can reach speeds of 160 kmph. They also do not telescope (stack on top of each other) in case of an accident. The 15,000 red LHB coaches and the 35,000 blue ICF coaches now have a companion in the Vande Bharat train sets, liveried in white. There are plans to introduce 400 Vande Bharat trains with a sleeper version. Currently, 102 Vande Bharat Express trains are chair cars. https://www.tribuneindia.com/news/features/tracking-ins-and-outs-of-indian-railways-401155

3. What is Masked Aadhaar Card and Why Did Government Withdrew Its Recent Advisory *(indiatimes.com)* 03 June 2022

A warning to the general public is issued by UIDAI, stating not to share the Aadhaar number photocopy with any organisation. However, the government soon withdrew the notification and claimed that it might lead to "misinterpretation".

The earlier notification advised not to download electronic versions of the Aadhaar from a public computer to download. It further stated that share your ID with only organisations having a 'user licence' from the UIDAI and Hotels and cinema halls cannot collect the Aadhaar photocopies.

What does the withdrawal statement say?

Withdrawing its notification, the MeitY stated that “the release advised the people not to share photocopy of their Aadhaar with any organization because it can be misused. Alternatively, a masked Aadhaar which displays only the last 4 digits of the Aadhaar number, can be used. However, given the possibility of the misinterpretation of the Press Release, the same stands are withdrawn with immediate effect,”

The ministry further asked the public to “exercise normal prudence” while sharing their Aadhaar card numbers for verification.

What is Aadhaar Card?

The Unique Identification Authority of India (UIDAI) defines Aadhaar as a verifiable 12-digit identification number to the resident of India at no cost. UIDAI issues it on the behalf of the Indian government. It is for every Indian individual, including children and infants.

The UIDAI is a government body, established to issue Unique Identification numbers (UID) or "Aadhaar", to all Indian residents.

As per the official website of UIDAI, “Aadhaar Number serves as a proof of identity and address, anywhere in India. Any individual, irrespective of age and gender, who is a resident in India and satisfies the verification process laid down by the UIDAI can enrol for Aadhaar.”

It remains valid for lifetime and helps residents in availing government and non-government services like banking, mobile phone etc.

What is masked Aadhaar?

According to the official website of UIDAI, the “Mask Aadhaar option allows you to mask your Aadhaar number in your downloaded e-Aadhaar. Masked Aadhaar number implies replacing of first eight digits of the Aadhaar number with some characters like “xxxx-xxxx” while only the last four digits of the Aadhaar Number are visible."

This way an individual can share his/her 12-digit ID number without revealing any important information about himself/herself. Thus, it helps in reducing the fraud committed against users using the cards. It's a legal way to download e-copies of Aadhaar Identity.

What are the issues related to Aadhaar?
In September 2018, the Supreme Court of India upheld the overall validity of the Aadhaar Act, 2016 and rejected the claim that it violates citizens’ Right to Privacy.

However, section 57 of the Aadhaar Act was struck down by the Supreme Court, which allows private entities to collect a person’s Aadhaar details. The apex court considered it “unconstitutional”.

Aadhaar ID is asked by several private entities but it remains suspicious if the extreme personal data is private and secure anymore. In fact, during Covid-19 testing, most labs asked for Aadhaar card data, including a photocopy but is not compulsory to share your data for the test.

The SC also ruled that it can be made compulsory only in case of benefits paid from the Consolidated Fund of India and an alternative identity must always be provided when Aadhaar fails during the verification process.

The linking of Aadhaar to bank accounts, and UPI applications raised several questions in terms of the Right to Privacy of a citizen.

Based on the judgement passed by the SC concerning the Right to Privacy, the government passed a Data Protection Bill in December 2018.

CAG identified the problems with UIDAI

The Comptroller and Auditor General (CAG) of India, the country's top auditor, pulled up UIDAI for "deficient data management". In its 108-page audit report on UIDAI functioning, CAG flagged issues like data-matching, errors in authentication, and shortfall in archiving.

The CAG noted, "UIDAI provided Authentication services to banks, mobile operators and other agencies free of charge till March 2019, contrary to the provisions of their Regulations, depriving revenue to the Government."

It further stated that Aadhaar numbers with poor quality biometrics result in authentication errors. UIDAI does not take any responsibility but transfers the fixing error things to residents and charges fees as well.

"The Authority had not ensured security and safety of data in Aadhaar vaults. They had not independently conducted any verification of compliance to the process involved," the CAG observed. https://www.indiatimes.com/explainers/news/what-is-masked-aadhaar-card-and-why-government-withdrew-its-recent-advisory-571288.html

4. AG Valiyasala land's 'real owner'; govt gives 55 cents ***(newindianexpress.com)*** 05 June 2022

THIRUVANANTHAPURAM: The state government finally decided to allot the 55 cents of land adjacent to Government UPS, Valiyasala in Thycaud village to the Principal Accountant General (Kerala), ending the dispute over the ownership of land between Principal Accountant General's office here and KITE Victers, an educational channel under the general education department.

Last month, a thandapper account was created in PAG and AG's (Kerala) name for the land and the institution paid `683 towards basic land tax at the Thycaud village office.

With the completion of formalities regarding the transfer, the PAG's office can now move ahead with the plan for constructing an apartment complex for employees on the designated plot. The revenue department resolved the issue based on an inquiry report by the district collector who concluded that the ownership rested with the PAG's office and the GO issued in 2020 to transfer the land to KITE Victers was a mistake.

On November 3 last year, TNIE reported about Anim Cherian, Principal Accountant General (Kerala), who wrote to chief secretary V P Joy that steps should be initiated to clear the encroachment on the land owned by them. The move followed the act of KITE-Victers to fence the land that had been under the possession of CAG.

In January 2017, the government allotted 55 cents of land to PAG in lieu of 30 cents of land the central government institution had surrendered a few years ago for widening the MG road. The CAG was granted title deed for the land in March 2017 and the institution paid land tax for the plot subsequently. It was during a site inspection by employees that a board by KITE-Victers claiming ownership was noticed at the plot.

In October 2020, the PAG came to know that the general education department assigned the same land to KITE Victers for constructing a studio-cum-headquarters complex. The education department claimed that the land belonged to Government UPS, Valiyasala. Though the land was originally under the possession of the school, after assigning the land to the CAG, the ownership of the school ceased to exist. The land that was valued for `4.74 Cr in 2017 will now cost around `5.5 Cr. The PAG obtained sanction from CAG for the construction of employees' quarters. https://www.newindianexpress.com/cities/thiruvananthapuram/2022/jun/05/ag-valiyasala-lands-real-owner-govt-gives-55-cents-2461903.html

5. Activists pick holes in Shishu Aadhaar *(timesofindia.indiatimes.com)* June 5, 2022

HYDERABAD: While the government claims that Shishu Aadhaar helps kids get quick services like health surgery, experts and activists are wondering why should a newborn need an Aadhaar for a surgery.

Common Service Centre Andhra Pradesh, a government of India entity working for providing Digital India services, has been promoting Shishu Aadhaar.

CSC said: "On March 16, staffer Ramana from Amalapuram had done a Shishu Aadhaar enrolment to a four-day-old baby in ICU. The baby was diagnosed with a hole in heart and Aadhaar is mandatory for doing an immediate surgery. "

CSC senior official Raja Kishore tweeted, "Lucky baby Shishu Aadhaar is a great service helping citizens only in AP. All other states should also start this through CSC (sic). "

In Yeleswaram in East Godavari, Aadhaar enrolment was done for a two-day-old baby. However, data security analysts said the idea of creating a Aadhaar for a child immediately after birth forces Aadhaar into the child's life forever.

"CAG in its recent report on Aadhaar has suggested the idea of Shishu Aadhaar to be unnecessary. This push to database takes away their fundamental rights immediately after they are born," expert Srinivas Kodali said. https://timesofindia.indiatimes.com/city/hyderabad/activists-pick-holes-in-shishu-aadhaar/articleshow/92015837.cms

6. Legislative Assembly Public Accounts Committee to visit Erode on June 8 *(thehindu.com)* June 04, 2022

Members of the Tamil Nadu Legislative Assembly Public Accounts Committee (2021-2023) will carry out inspection in the district on June 8.

A release said that the committee with 19 members will be led by its chairman Selvaperunthagai and will hold discussions with the District Collector and department officials concerned over the report of Comptroller and Auditor General of India from the year 2014-

2015 to 2019-2022. The discussion will be on the audit report for the district that was mentioned in the CAG's report, the release added. The committee will also inspect a few projects that were mentioned in the report. https://www.thehindu.com/news/cities/Coimbatore/legislative-assembly-public-accounts-committee-to-visit-erode-on-june-8/article65493732.ece

7. नेशनल ऑडिट फेडरेशन के राष्ट्रीय सम्मेलन का समापन *(udaipurkiran.in)* 04 June 2022

प्रयागराज | ए.जी. (ऑडिट) प्रयागराज, उत्तर प्रदेश (Uttar Pradesh) में दो जून से चल रहे नेशनल ऑडिट फेडरेशन (एन.ए.एफ) का 12वां द्विवार्षिक राष्ट्रीय सम्मेलन का समापन शनिवार (Saturday) को हुआ. इस अवसर पर नये कार्यकारी निकाय के पदाधिकारी भी चुने गये.

कार्यक्रम के संयोजक राजेश कुमार तिवारी ने बताया कि राष्ट्रीय लेखा परीक्षा महासंघ के नए कार्यकारी निकाय में ए.के दास को अध्यक्ष, पुष्पराज राजवेदी को उपाध्यक्ष, जय शंकर कुमार को महासचिव, के.वी सुब्बा राव अतिरिक्त महासचिव, एम.डी शर्मा, बी. मानसिंह, कुशल वाल्मीकि को सहायक महासचिव और कुलदीप शर्मा को कोषाध्यक्ष चुना गया.

सम्मेलन में देश के विभिन्न राज्यों से 29 इकाइयों का प्रतिनिधित्व करने वाले प्रतिनिधियों ने भाग लिया. सम्मेलन में विभिन्न मुद्दों राष्ट्रीय पेंशन योजना को समाप्त करना, आईए और एडी कर्मचारियों की पदोन्नति में विभिन्न संवर्गों में ठहराव और विभिन्न क्षेत्रीय कार्यालयों में रिक्त पदों को भरना, आयकर स्लैब की दर में बदलाव, केंद्र सरकार (Central Government)की स्वास्थ्य योजना के तहत बेहतर स्वास्थ्य देखभाल सुविधाएं सुनिश्चित करना, इत्यादि पर विस्तार से चर्चा की गई. सम्मेलन में सर्वसम्मति से विभागीय मुद्दों पर भारत के सीएजी को प्रस्तुत किए जाने वाले 5 प्रस्तावों और भारत सरकार को विचार के लिए प्रस्तुत किए जाने वाले आम मोर्चे के मुद्दों पर दो प्रस्तावों को पारित किया गया. सम्मेलन के सफल संचालन के लिए इसके सदस्यों द्वारा किए गए अथक प्रयासों के लिए प्रयागराज (Prayagraj)की मेजबान इकाई के प्रति हार्दिक आभार व्यक्त किया.

उल्लेखनीय है कि उक्त सम्मेलन का उद्घाटन बी के मोहंती, प्रधान महालेखाकार (लेखापरीक्षा) आर के सोलंकी, प्रधान महालेखाकार (लेखा एवं हक) की उपस्थिति में किया गया था. https://udaipurkiran.in/hindi/national-conference-of-national-audit-federation-concludes/

8. राज्य में खनिज और खनन के प्रबंधन पर एजी ने स्पेशल ऑडिट शुरू किया *(bhaskar.com)* 06 June 2022

रांची। राज्य के माइंस एंड मिनरल्स (खान एवं खनिजों) के परिवहन और उनके प्रबंधन (विभाग की पूरी प्रक्रिया) का स्पेशल ऑडिट शुरू होने जा रहा है। रांची स्थित प्रधान महालेखाकार कार्यालय ने स्पेशल ऑडिट की प्रक्रिया शुरू शुरू कर दी है। यह ऑडिट देश के नियंत्रक और महालेखा परीक्षक (सीएजी) दिल्ली के निर्देश पर मैनेजमेंट ऑफ माइंस एंड मिनरल्स का होगा। इसके लिए एजी ने राज्य के खान सचिव को पत्र लिखकर खनन और परिवहन की विस्तृत रिपोर्ट देने को कहा है। इस रिपोर्ट के मिलते ही विशेष ऑडिट टीम इसकी गहन जांच करेगी।

मालूम हो कि राज्य में खनिज और खनन को लेकर कथित रूप से हो रही गड़बड़ियों की शिकायत के बाद सीएजी ने स्थानीय एजी ऑफिस को एक पत्र भेजा था। इसके बाद तीन सप्ताह पहले सीएजी ने राज्य के मुख्य मंत्री हेमंत सोरेन, उनके मीडिया सलाहकार अभिषेक प्रसाद श्रीवास्तव उर्फ पिंटू और सीएम के बरहेट विधायक प्रतिनिधि पंकज मिश्र के माइनिंग लीज प्रकरण पर रिपोर्ट भी मांगी थी।

इन बिंदुओं पर रहेगी विशेष नजर

-खनन और परिवहन के साथ-साथ इससे जुड़े पहलुओं की (प्रारंभिक) विस्तृत रिपोर्ट जांची जाएगी।

-खान विभाग के जिले से मुख्यालय तक का डिटेल्स ऑडिट होगा।

-अवैध माइनिंग और विभिन्न प्रकार के लीज आवंटन व खर्च के मामले की जांच की जाएगी।

डीएमएफटी पर पहले से चल रहा है ऑडिट

राज्य में डिस्ट्रिक मिनरल फाउंडेशन ट्रस्ट (डीएमएफटी) के कामों और खर्चों का पहले से एजी का ऑडिट चल रहा है। इसमें रांची, चतरा, हजारीबाग, धनबाद और बोकारो में काफी गड़बड़ियां सामने आई हैं। एजी ने सीएस को ऑडिट की प्रारंभिक रिपोर्ट और गड़बड़ियों की जानकारी दे दी है। मुख्य सचिव ने खान सचिव को इस मामले में रिपोर्ट देने को कहा है। शिकायत है कि प्रावधानों के विपरीत बड़े पैमाने पर पैसे खर्च किए गए हैं। वर्ष 2015-16 से 20-20 तक 5,517 करोड़ की वसूली की सूचना है। https://www.bhaskar.com/local/jharkhand/ranchi/news/ag-started-special-audit-on-the-management-of-minerals-and-mining-in-the-state-129898956.html

9. Noida थाने के लिए निशुल्क भूमि देने पर सीएजी के सवाल *(samacharnama.com)* 03 June 2022

यमुना प्राधिकरण के ऑडिट में कैग ने पावर स्टेशन, थाना, अस्पताल आदि के लिए मुफ्त जमीन देने पर आपत्ति जताई है. सीएजी का कहना है कि इससे संस्था को आर्थिक नुकसान हुआ है. सीएजी ने ग्रुप हाउसिंग में किए गए आवंटन पर भी सवाल उठाए हैं। प्राधिकरण इन आपत्तियों का जवाब देगा।

सीएजी ने यमुना अथॉरिटी का ऑडिट कराया है। इस ऑडिट में विभिन्न आपत्तियां उठाई गई हैं। इसका ज्यादातर जवाब यमुना अथॉरिटी ने दिया है। यमुना प्राधिकरण ने 100 बिस्तरों वाले अस्पताल व ट्रॉमा सेंटर, चार थाना, पावर हाउस, कौशल विकास केंद्र आदि के लिए नि:शुल्क जमीन दी है। ये परियोजनाएं जनता के लिए खुली हैं। इन सुविधाओं को विकसित करने की जिम्मेदारी नगर निकाय की होती है। इसके तहत काम किया गया है। सीएजी ने ऑडिट में इस पर आपत्ति जताई है। कैग का कहना है कि इस फैसले से यमुना अथॉरिटी को आर्थिक नुकसान हुआ है.थानों को जमीन देने से करीब 150 करोड़, बिजली स्टेशनों को जमीन देने से करीब 100 करोड़ का नुकसान हुआ है। इसी तरह अन्य कार्यों के लिए दी गई मुफ्त जमीन में भी नुकसान हुआ है। ऐसा नहीं किया जाना चाहिए। https://samacharnama.com/city/noida/CAG-questions-on-giving-free-land-for-Noida-police-station/cid7724545.htm

SELECTED NEWS ITEMS/ARTICLES FOR READING

10. 640 infra projects running behind schedule, some up to 26 years *(thehindubusinessline.com)* Updated: June 5, 2022

A new railway line of 142 kms between Hejjala and Chamarajanagar in Karnataka has been waiting for around 312 months or 26 years to be laid. This is one of 647 projects facing time overrun as on May 1, according to a report prepared by the Infrastructure and Project Management Division (IPMD) under the Statistics Ministry.

New line between Hejjala and Chamarajanagar is part of Bengaluru-Satyamangalam railway projects. The project was approved in 1996-97.

However, according to information placed on the website by South Western Railway, the Tamil Nadu government as well as the Central Empowered Committee (CEC) did not given permission to carry out survey in the Satyamangalam forest area.

During the year 2013-14, it was decided that the project shall be taken up between Kengeri-Chamarajanagar where there is no forest land involved. The line was to take-off from Kengeri but during the survey, it was observed that forest land was involved and hence to avoid it, the take-off station was shifted to Hejjala.

However, there are still some issues related to land acquisition which is why the Railway decided to keep this project in abeyance. Meanwhile, in November last year, the Karnataka government wrote to the Railway "to revive the project kept under abeyance by duly revising the estimate".

Monitoring system

There is no update since then, but this project is one of the 211 projects of Railway and overall, 1,559 projects being monitored by IPMD. The IPMD is mandated with monitoring of Central Sector Projects costing more than ₹150 crore in 16 sectors. It is done through the mechanism of Online Computerised Monitoring System (OCMS).

The physical performance are measured in terms of milestones and percentage physical progress against the target dates and quantities whereas the financial performance is measured on a yearly basis with respect to the link expenditure on each project.

IPMD brings out the following reports and forwards the same to the Prime Minister's Office, the Cabinet Secretariat, the Ministry of Finance, the Planning Commission and the concerned administrative Ministries.

Project costs

According to latest report by IPMD, anticipated cost of projects under review has gone up to over ₹26.72-lakh crore in April as against the original cost of over ₹21.73-lakh crore which is around 23 per cent.

Cost overrun with respect to original cost was as low as 11 per cent in March 2017 and over 19 per cent in March 2014. Similarly, time overrun has changed from 29.44 per cent in March, 2014 to 41.5 per cent in April, 2022.

Reasons for time overruns

The report has listed various reasons for time overruns as reported by various project implementing agencies. These include delay in land acquisition, delay in obtaining forest/environment clearances, lack of infrastructure support & linkages, delay in tie-up of project financing, law & order problems, State wise lockdown due to Covid-19, beside others.

It also highlighted causes of cost escalation which include under-estimation of original cost, changes in rates of foreign exchange and statutory duties, spiralling land acquisition costs and general price rise/inflation, beside others.

Now, the report has prepared a list of 46 projects for focussed attention. These have cost overrun of 50 per cent & more, and time overrun of 50 months and more. These contribute nearly 39 per cent of the total cost overrun and 20 per cent of the total time overrun.

"These projects are required to be taken up for special monitoring by the respective administrative ministries," the report said. https://www.thehindubusinessline.com/economy/about-647-infra-projects-facing-delay-up-to-26-years-cost-overrun-spikes-23/article65496632.ece

11. Govt to rein in cost, time overruns of infra projects *(thehansindia.com)* Updated: June 6, 2022

Worried over the excessive cost and time overruns of the major infrastructure projects, the central government is mulling a mechanism that could ensure focused and special monitoring of such projects by the respective administrative ministries.

There are 46 major delayed infrastructure projects, which have the cost overrun of 50 per cent and more, and the time overrun of 50 months and more, official sources told Bizz Buzz. These projects have a contribution of about 39 per cent of the total cost overruns and 20 per cent of the total time overruns, they added.

Last month, the government found that as many as 647 out of a total of 1,559 projects worth Rs 150 crore or more were delayed. Further, 428 projects had cost overruns. The anticipated completion cost of all the projects is Rs 2,672,201.26 crore.

The original cost was Rs 2,173,907.11 crore. This means that Rs 498,294.15 crore are more anticipated to be spent on the projects.

There are several reasons for time overruns, officials said, adding that delays in acquiring land and getting forest and environmental clearances are major factors. Often infrastructure support and linkages are inadequate. The finalization of detailed engineering is sometimes not in time.

There are also delays in tying up of project financing, in tendering, ordering and equipment supply, and in technical approvals. Projects sometimes also face law and order issues, including encroachments.

Then there are also geological surprises and contractual issues. Surprising though it might appear against the backdrop of a high unemployment rate, sometimes it is difficult to find a workforce.

The Covid-induced lockdowns also played havoc with many infrastructure projects.

Such is the bureaucratic apathy that even Central government projects had to wriggle out of red tape tied around them by the local authorities. Besides, these also suffer because of court cases.
Underestimation of the original cost and changes in rates of foreign exchange and statutory duties are major causes for cost escalation. Environmental safeguards and rehabilitation measures have also made the Central projects costlier. Land prices are going up all across the country, which makes projects more expensive.

Then there is often change in the scope of projects, which leads to both time and cost overruns. Apart from general inflation, officials believe that monopolistic pricing by vendors of equipment services also augments project costs. While the government wants to start special monitoring of projects in the foreseeable future, it has taken several steps to expedite them. The project appraisal has been made more rigorous. There are also online monitoring and regular reviews. https://www.thehansindia.com/business/govt-to-rein-in-cost-time-overruns-of-infra-projects-747038?infinitescroll=1

12. CPSEs to execute sale of units having Cabinet nod for privatisation: DIPAM *(business-standard.com)* Updated: June 6, 2022

Strategic sale of units of CPSEs for which Cabinet approval is already in place will have to be executed by the respective state-owned companies in accordance with the guidelines to be laid down by DIPAM shortly, the finance ministry has said.

However, those transactions for which Expression of Interest (EoI) have been issued will continue to be handled by the Department of Investment and Public Asset Management (DIPAM), it said.

DIPAM, in an office memorandum dated June 1, said that the strategic sale proposal of any CPSE (Central Public Sector Enterprise) unit which has been approved by the Cabinet Committee on Economic Affairs (CCEA) or Alternative Mechanism (AM) will be taken forward by the state-owned company in accordance with the new guidelines.

The office memorandum follows the decision of the Cabinet on May 18, which empowered the boards of Public Sector Enterprises (PSEs) to decide on the closure, strategic or minority stake sale in units/subsidiaries, thereby giving more autonomy to state-owned companies.

In the office memorandum, the DIPAM said that the Cabinet had empowered the boards of holding/parent PSEs "to undertake transactions for disinvestments (both strategic disinvestment and minority stake sale)/closure of subsidiaries/units/ sale of stakes in JVs, including for such cases, where 'in-principle' approval by the CCEA/AM has been accorded".

Since 2016 the Cabinet has given in-principle approval for strategic disinvestment in 35 state-owned companies and/or their units or subsidiaries. Of them, 9 transactions have been completed.

Also, two units of SAIL -- Salem Steel Plant, Bhadrawati Steel Plant; and NMDC's Nagarnar Steel Plant are ongoing transactions for strategic sale.

The DIPAM said that the process for undertaking the strategic disinvestment transactions/closure to be followed by the PSEs should be open, based on the principles of competitive bidding and consistent with the guiding principles to be laid down. For strategic disinvestment, such guiding principles will be laid down by DIPAM. For closure, DPE shall issue guiding principles.

It said the boards of the state-owned companies will be required to submit proposals for sale of its units or subsidiaries to DIPAM through administrative ministry.

The alternative mechanism on disinvestment will accord 'in principle' approval for disinvestment (both strategic disinvestment and minority take sale)/closure of subsidiaries of Maharatna PSEs, which was delegated to them and review the process of disinvestment or closure by the parent or holding PSEs.

The AM comprises ministers of finance, road transport and highways, and the concerned minister of the administrative department of the PSE.

So far, the board of directors of holding or parent public sector enterprises had powers to make decision on equity investments for setting up joint ventures and wholly-owned subsidiaries and undertaking mergers/acquisitions, subject to a net worth threshold.

However, the boards do not have powers for disinvestment or closure of their subsidiaries or units or stake in JVs, except for some limited powers given to Maharatna PSEs for minority stake disinvestment in their subsidiaries.

Therefore, approval of the Cabinet was required for both strategic disinvestment and minority stake sale or closure of the subsidiaries or units or sale of their stakes in a JV, irrespective of the size of operations or capital deployed of such subsidiaries, etc. https://www.business-standard.com/article/economy-policy/cpses-to-execute-sale-of-units-having-cabinet-nod-for-privatisation-dipam-122060500240_1.html

13. Asset monetisation: NHAI sets 1,750-km target for 2022-23, may raise Rs 20,000 crore *(financialexpress.com)* Updated: June 6, 2022

Asset monetisation is central to NHAI's plan to mitigate its debt burden, which stood at a worrisome Rs 3.5 trillion at the end of last financial year. Monestisation of operational assets will be through the toll-operate-transfer (TOT), infrastructure investment trusts (InvIT) and toll securitisation modes.

The National Highways Authority of India (NHAI) has decided to monetise highway stretches with combined length of 1,750 km in 2022-23, a move which help it raise around Rs 20,000 crore. It has prepared an "indicative" list of road assets to be monetised in the current fiscal which includes 14 stretches with length between 6.49 km and 280 km in different parts of the country.

Asset monetisation is central to NHAI's plan to mitigate its debt burden, which stood at a worrisome Rs 3.5 trillion at the end of last financial year. Monestisation of operational assets will be through the toll-operate-transfer (TOT), infrastructure investment trusts (InvIT) and toll securitisation modes. Recently, the NHAI cancelled the bidding processes for two TOT bundles — sixth and eighth — as the highest bids did not match up to its expectations.

The NHAI will not borrow from the market in 2022-23. The budgetary outlay for the agency this year is estimated at Rs 1.34 trillion, much higher than the level in recent years. Crisil's

Jagannarayan Padmanabhan said the authority to sail through the revised target for the current fiscal comfortably given the current level of investors' appetite.

Replying to a question in Lok Sabha on December 2, 2021, minister for road transport and highways Nitin Gadkari had said the authority has identified a total of 21,700 km highway length for monetisation in three years starting from FY23. In FY23, 5,500 km was to be monetised, 7,300 km in FY24 and 8,900 km in FY25. However, in the Budget for FY23, the monetisation target was set at Rs 20,000 crore, indicating that just around 1,800 km stretches would be on offer.

The rise in NHAI's debt level is mainly because of the steady rise in highway construction. From 1,901 km in 2013-14, construction increased to 4,325 km in 2021-22. Debt servicing is already is a huge burden for NHAI.

As reported by FE earlier, a little less than Re one out of every Rs five expenditure by the NHAI in 2022-23 will go towards debt servicing. According to the estimates of the ministry of road transport and highways (MoRTH) presented to a parliamentary standing committee, NHAI has to spend Rs 31,049 crore on servicing debt in 2022-23. The amount will go up to Rs 31,735 crore in 2023-24. In 2021-22, NHAI spent Rs 40,337 crore on debt servicing. https://www.financialexpress.com/infrastructure/asset-monetisation-nhai-sets-1750-km-target-for-2022-23-may-raise-rs-20000-crore/2549482/

14. Survey flags last-mile delivery issues with Direct Benefit Transfer *(thehindubusinessline.com)* Jun 03, 2022

Suggests speedy redressal of grievance, increased accessibility to enrolment points

A variety of exclusionary factors can be found at every stage of the delivery pipeline of Direct Benefit Transfers (DBT), a survey by Dvara Reserch has revealed.

The survey is based on response from around 2,500 respondents in seven States — Uttar Pradesh, Madhya Pradesh, Bihar, Tamil Nadu, Assam, Chhattisgarh and Andhra Pradesh. The agency has also given recommendations for improvement in enrolment and grievance redress mechanism.

DBT, which was started on January 1, 2013, with an aim to reform government delivery system, now covers 313 schemes under 53 Central ministries and departments. All 28 States and nine Union Territories (UTs) have adopted DBT for distributing various welfare initiatives, including subsidies. The Centre claims it managed to save over ₹2.22-lakh crore as of March 31, 2021, with the help of DBT.

The issue

Based on the responses, the agency has listed three issues each related with enrolment and receiving the payment. For example, one of the most prominent issues faced by citizens attempting to enroll is the lack of accessibility/proximity to enrolment points, unavailability, or erratic availability of officials/operators responsible for enrolment, etc.

Similarly, there are delays in accepting and pushing the applications forward. Some of the respondents also talked about difficulty in procuring the required documentation and errors/issues found therein.

In terms of receiving money in their bank accounts through DBT, one of the most prominent issues is disruptions to payment schedule. Reasons for disruptions could be spelling errors in Aadhaar details, pending KYC, frozen or inactive bank accounts, mismatch in Aadhaar and bank account details, etc.

Even after money credited in the accounts, respondents spoke about issues such as travelling long distances to withdraw cash, erratic functioning of cash out points, etc.

'Speedy implementation'
The agency feels there is an urgent need to increase the accessibility of enrolment points for citizens across schemes, specifically in rural and peri-urban areas. To that end, "We recommend the speedy implementation of the objectives laid down in the Memorandum of Understanding between the Ministry of Panchayati Raj and CSC e-governance Services India Limited," it said.

Further, it recommend the creation of a common grievance redress cell for all DBT schemes across tiers — State, district, and block. "A cell at each tier must be assigned with the task of collating and live-tracking all complaints generated at its sub-tiers and ensure timely redressal of grievances," the agency said, while adding, the specific reason for credit failure must be added to the online record of DBT beneficiaries, along with information on the next steps to resolve the issue. https://www.thehindubusinessline.com/economy/policy/exclusionary-factors-affecting-delivery-of-dbt-finds-dvara-survey/article65491090.ece

15. Railways cancelled almost 9,000 train services this year, over 1,900 due to coal movement: RTI *(millenniumpost.in)* 5 June 2022

The Railways cancelled almost 9,000 train services this year, out of which over 1,900 were due to coal movement in the last three months, an RTI query has found.

In a reply to a query under the Right To Information (RTI) filed by Chandra Shekhar Gaur, the Railways has said that it cancelled 6,995 train services for maintenance work or for construction purposes, while 1,934 services were cancelled from March to May due to coal movement.

Officials said due to severe shortage of power, the Railways has been forced to prioritise the movement of coal rakes over passenger services.

They also said that the national transporter is on its way to deliver 58 super critical and 68 critical projects worth more than Rs 1,15,000 crore in the next few years, and hence, maintenance as well as construction work is also being carried out as a priority across its network. However, this has critically affected the movement of passenger trains across the country, especially during the peak summer months.

According to the RTI response, from January to May, the Railways cancelled 3,395 services of mail/express trains, while 3,600 passenger train services were cancelled during the same period due to maintenance reasons or for construction works. In the peak month of May itself, 1,148 mail/express train services and 2,509 passenger services were cancelled due to maintenance or construction work.

While in January and February, no train services were cancelled due to coal movement, 880 mail/express train services and 1,054 passenger train services were cancelled due to the prioritising of coal rakes in the last three months.

The Railways is also struggling to provide confirmed tickets to passengers due to a shortage in trains, a severe surge in demand for tickets over the last few years and lack of new trains.

According to official figures, in 2021-22, more than 1.60 crore passengers who had bought tickets could not travel because they were being wait-listed, indicating a shortage of trains on busy routes.

Due to the prioritising of coal rakes, the Railways has in fact recorded its best-ever monthly freight loading of 131.6 million tonnes (MT) in May 2022. The loading of coal to power houses — both domestic and imported — has increased by more than 11 MT in May with 52.4 MT coal being moved to power houses as against 41.01 MT last year, registering a 28 per cent growth. Cumulatively, in the first two months of this year, Indian Railways loaded over 18 MT extra coal to power houses as compared to the same period last year with a growth of 24 per cent.

According to the figures, the passenger sector requirement in 2019-2020 was 8.4 billion and the average drop in the waiting list was 8.9 per cent. During the busy season, 13.3 per cent passengers were not able to get confirmed reservations. http://www.millenniumpost.in/business/railways-cancelled-almost-9000-train-services-this-year-over-1900-due-to-coal-movement-rti-480950

16. Can India Juggle Climate Targets and Power Consumption Demands? *(thewire.in)* June 4, 2022

India has pledged "net zero" carbon emissions by 2070 – but the searing summer has seen India's coal imports rise in the past month.

Kochi: India has pledged "net zero" carbon emissions by 2070, which can be achieved through climate action such as decreased fossil fuel use, carbon sequestration and so on. One crucial part of this is increasing renewable energy capacity to 500 gigawatts (GW) by 2030, a pledge India made last year at COP26.

This particular climate target, however, may be out of reach unless we support our renewable energy sector better. According to a recent report, government subsidies for renewable energy projects have decreased by almost 60% since 2017. There is still huge support for fossil fuels.

Experts have suggested shifting public finances to renewable energy and diversifying public-sector undertakings to invest in the sector if India wants to attain this climate target. The current deficiency in renewable energy also puts more pressure on the country's coal production while increasing reliance on imports.

Renewable energy versus fossil fuels

Government support through subsidies, such as price support through regulations, and other means are important to further India's climate goals. Researchers at the International Institute for Sustainable Development (IISD) and Council on Energy, Environment and Water (CEEW) assessed the public resources that support fossil fuels, renewables and electric vehicles. They also quantified trends in support levels across recent years. Their report, released on May 31, found that government subsidies for renewable energy had decreased by 59% since 2017. This is due to a decrease in installations and because grid-scale solar PV and wind are reaching cost parity, it said.

Subsidies for fossil fuels have also decreased over the years. However, subsidies for coal, oil and gas were still nine times higher than that of renewable energy in 2021. There's good news for electric vehicles, though subsidies have increased by 205% since 2017.

The researchers also identified areas where budgeting can be better aligned with stated policy objectives. They found that India would need to shift support away from fossil fuels and towards renewable energy to achieve the target of 500 GW of renewable energy by 2030. Interestingly, as of August 2021, only 100 GW has been installed. The government would also have to diversify public sector undertakings (PSUs); public finance too would need to shift from backing fossil fuels to cleaner sources of energy.

Indeed, investment in renewable energy so far has largely been private sector-driven, and Indian banks and PSUs need to diversify their portfolio and invest in clean energy sources, agreed energy economist Vibhuti Garg, Lead India, Institute for Energy Economics and Financial Analysis.

"We have seen [that] companies with more clean energy portfolios are witnessing better share price performance. So unless these PSUs diversify, there will be erosion of their shareholder value," she told The Wire.

The Indian government needs to "extend financial and policy support" to build the entire renewable energy ecosystem, said Garg. This includes investing in flexible sources like battery storage, expanding transmission and distribution networks, modernizing and digitalising the grid, and manufacturing inputs like modules, cells, wafers, electrolysers etc. domestically, she added.

The mounting bill of coal imports

Amid a searing Indian summer, elevated renewable energy capabilities could have stepped in to ease an escalating coal and power production crisis that the Indian government finds itself in. Instead, the government is boxed into a corner and forced to import coal from overseas at prices that have skyrocketed in the backwash of the Russia-Ukraine war.

In fact, the mismanagement of the coal crisis by the Indian government has only piled more pressure onto domestic power utilities. In early May, the Union government asked state governments and private power companies to import coal up to 19 million tonnes by the end of June, in a bid to avert recurrent power outages. This year alone the Union government has directed state-run and private power utilities to import over 22 million tonnes (mt) and 15.94 mt of coal.

Currently, as per data emerging from the Central Electricity Authority (CEA), 173 power plants that fall under the aegis of the CEA hold only 35% of the required coal inventory. A total of 84 plants out of the 173 had less than 25% of the required coal stocks and nine were running critical coal inventory. Considering the dismal condition in which domestic coal production finds itself, the central government, reportedly, will kick-start negotiations with Russia, Australia, South Africa and Indonesia on discounted coal imports in hopes that India can tide over a fuel shortage that could devolve into another power crisis in the June-to-September period. https://thewire.in/energy/india-climate-targets-power-consumption-juggle

17. India will fail to meet its climate change goals within its current forest governance framework *(theleaflet.in)* June 5, 2022

The governance of forest resources as it exists today is clearly unsustainable. The expert committees, and the Ministry of Environment, Forests and Climate Change are clearly functioning with a business-as-usual mind-set despite the very real threat of climate change and the urgent need to protect forests.

THERE is no doubt at this point that climate change is real, and India is struggling. This May has seen the highest temperature ever recorded, 49° C (120° F) in 122 years, leading to power outages, reduced harvests, and deaths. The second part of the Sixth report by the United Nations' ('UN') Intergovernmental Panel on Climate Change ('IPCC') released earlier this year has warned of more such frequent and extreme weather events impacting human health, ecosystems and food systems, which will contribute to a humanitarian crisis. Scientists, however, have recognized that forests play a crucial role in mitigating and combating climate change. Forests act as 'carbon sinks' that capture carbon dioxide from the atmosphere, and store it by transforming it into biomass through photosynthesis in a process called carbon sequestration. Further, the IPCC report on Climate Change and Land specifies that land degradation processes such as deforestation and/or wildfires also contribute to climate change because they release carbon dioxide, further exacerbating the problem.

Given the important role forests play, India has committed to increasing its forest reserves (carbon sinks) as reflected in its Nationally Determined Contributions ('NDCs') submitted in 2015 under the Paris Agreement of 2015. Target 3 of the commitments is "a carbon sink expansion target of creating an additional (cumulative) carbon sink of 2.5–3 GtCO2e through additional forest and tree cover by 2030."

Unfortunately, in the follow up to the Paris Agreement – the 2021 UN Climate Change Conference held in Glasgow, India did not sign the Glasgow Declaration on Forests and Land Use, which aims to halt and reverse forest loss by 2030, and has been endorsed by 141 countries covering over 90 per cent of forests in the world. The argument against signing this pledge was that India's forest stocks have continued to increase and therefore, India does not need to make an additional commitment. Is this claim true?

State of India's forests

Based on the State of Forest Report, 2021 which is a bi-annual assessment of forest resources conducted by the Forest Survey of India, 21.71 per cent of the geographical area of the country -equivalent to 713,789 square km – is covered by forests. The total forest and tree cover of the country is 80.9 million hectares, which is 24.62 per cent of the geographical area of the country. India's forest policy, enacted in 1988, stated that India must aim to achieve the goal of a minimum of one-third of the total land area of the country to be under forest or tree cover. Beyond its role in mitigating climate change, forests also conservatively support the livelihood of 275 million people, and have one of the world's most important biodiversity hotspots.

India did not sign the Glasgow Declaration on Forests and Land Use, which aims to halt and reverse forest loss by 2030, and has been endorsed by 141 countries covering over 90 per cent of forests in the world. The argument against signing this pledge was that India's forest stocks have continued to increase and therefore, India does not need to make an additional commitment.

Forests are governed by several legislation; however, the primary one is the Forest (Conservation) Act, 1980, which governs the use of forest land for any 'non-forestry" purpose, that is, infrastructure or industrial projects. The Act devises a procedure wherein any proposal for the use of forest land has to be accepted by the state government, an 'expert' committee and then the Union Government, following which a forest clearance is granted and forest land is 'diverted' for non-forest use.

However, India's forests are continuously disappearing. Between 2017 and 2020, 72,673.03 hectares (726 square km) of forest land has been recommended for diversion. The State of Forests report does not account for this legally mandated deforestation, or where this deforestation has taken place. Another recent study showed that India has lost 122,748 hectares of prime forest in four years.

India's forest governance

The Forest (Conservation) Act was passed to "provide for the conservation of forests" and to check deforestation. Under the Act, any action which is a "non-forestry" use requires a prior approval from the government, that is, a forest clearance which permits this activity usually subject to conditions, the most prominent of which is that the project proponent provides funds to the state forest department for 'compensatory afforestation', where the department carries out afforestation in a non-forest land of equal size or improves a degraded forest land of double the size of the diverted land. The governance under the Act involves the proposal for any non-forest use to be considered by statutory advisory bodies viz. the Forest Advisory Committee or Regional Empowered Committees, with the latter primarily looking at linear projects such as roads, railways and so on. These Committees are purportedly made up of 'experts' who are independent members, along with government officials, and have to give reasons for the acceptance or rejection of a proposal. An analysis of these reasons is a good way to determine whether the use of forest resources is in consonance with India's climate policy.

The minutes of the meetings held by the Forest Advisory Committee are publicly available; between 2020 and 2022, the committee met over 25 times – considering proposals on forest land relating to mining, oil drilling, building of roads and other infrastructure projects. An analysis of the reasons for granting approvals for these proposals and clearing of forests shows that climate change is rarely, if ever, considered as a reason for denying permissions. The reasons that reflect consideration of climate change have been for accepting a proposal, which involved using degraded forest land for compensatory afforestation for coal projects so that "critical coal-based power projects are not stuck due to non-availability of land for [compensatory afforestation]". The committee is clearly of the opinion that compensatory afforestation is the best way to meet India's NDCs and create carbon sinks.

However, experts clearly state that new trees and plantations cannot compensate for the loss of carbon stocks and other ecosystem services provided by old-growth forests in any realistic timeframe. Further, afforestation has been roundly criticized because it focuses on large-scale monoculture and single variety tree plantations, which do not take into account local biodiversity and ecological needs for wildlife and livelihoods. There are also concerns about how accurate information about afforestation is and the effectiveness of monitoring.

An analysis of the reasons for granting approvals for these proposals and clearing of forests shows that climate change is rarely, if ever, considered as a reason for denying permissions.

Granted that there are no legal mandates for the expert committees to consider climate change while granting forest clearances; however the Forest Advisory Committee refers to India's NDCs and the National Forest Policy in meetings, which shows that they could consider them while making decisions. The Committee also has the statutory mandate to consider whether the state government, before making its recommendation, has considered "all issues having direct and indirect impact of the diversion of forest land on forest, wildlife and environment." The purpose of granting such a wide discretion to an expert committee is to ensure that all considerations, including the impact of the forest diversion on climate change, are considered.

National Mission for Green India

The National Mission for a Green India is one of the eight Missions under the National Action Plan on Climate Change (introduced by the Union Ministry of Environment, Forests and Climate Change in 2010. The Plan recognizes that climate change must be addressed by "enhancing carbon sinks in sustainably managed forests and other ecosystems, adaptation of vulnerable species/ecosystems to the changing climate, and adaptation of forest dependent local communities in the face of climatic variability." The Plan speaks in detail about improving the "quality" of forest cover and how the scope of greening "will go beyond trees and plantations to encompass both protection and restoration." Unfortunately, the Plan also envisions an autonomous body to implement the mission, even though the current system of forest governance could achieve the objectives if the Ministry were to direct the Advisory Committees to consider the goals while making decisions about the use of forest land

The current implementation leaves much to be desired, with only five of fifteen states and Union Territories shortlisted for the Mission reaching the targets of the Plan. It is a mystery why the Ministry of Environment, Forests and Climate Change has not utilized the existing framework for forest governance, which looks to conserve forests, to further the goals of the Mission, which also has the same goals.

Proposed amendments to the Forest (Conservation) Act

In October 2021, the Ministry of Environment, Forests and Climate Change produced a consultation paper the proposed amendments to the Forest (Conservation) Act, 1980. However, it is clear that the concern in the amendments is merely to further ease the process of forest clearances, proposing exemptions for developing infrastructure along international borders, and allowing private forests to lease lands without a clearance as well as surveying for drilling without a forest clearance, among other things. The paper refers to the NDCs, but only to state that "extensive plantations and afforestation are encouraged in all possible available lands outside the government forests."

Unfortunately, despite the National Mission and commitments made under the plan, the Ministry of Environment, Forests and Climate Change is perpetuating the same belief as the Forest Advisory Committee that compensatory afforestation and plantations are the answer to mitigating climate change, and not protecting natural forests.

The way forward

Despite evidence to the contrary, the State of Forest Report, 2021 has reported that the country's forest and tree cover had increased over the last two years by 2,261 sq. km, along with an increase in carbon stock by 79.4 million tonnes. The report, however, glosses over issues of forest diversion, and has faced questions regarding its definition of a forest in the first place, as it considers plantations and orchards as forests as well.

The Ministry of Environment, Forests and Climate Change is perpetuating the same belief as the Forest Advisory Committee that compensatory afforestation and plantations are the answer to mitigating climate change, and not protecting natural forests.

At best, the report is an attempt at green washing; at worst, it obfuscates the real picture of India's forests on purpose, since there are serious questions about the methodology and verification of the data used in the report. Further, even assuming that there has been an increase in forest cover, the governance of forest resources as it exists today is clearly unsustainable. The expert committees, and the Ministry of Environment, Forests and Climate Change are clearly functioning with a business-as-usual mind-set despite the very real threat of climate change and the urgent need to protect forests.

If the Ministry is truly concerned about reaching its NDCs faithfully and combating climate change, it must grant clearances only after there is scientific evidence and studies about each proposal for diversion which accurately identifies what the impact on the climate will be. Otherwise, it is a fool's belief that our policies are protecting our forests and our people from climate change. https://theleaflet.in/india-will-fail-to-meet-its-climate-change-goals-within-its-current-forest-governance-framework/

18. What happened to Modi's national 'clean air' project? Not much in three years *(newslaundry.com)* June 3, 2022

The programme was launched in 2019 to cut PM levels. Data hints its targets are castles in the air.

Three years since its launch, the national clean air programme – aimed at reducing particulate matter levels in 102 cities – is way behind its targets with two years left for the deadline.

The union ministry of environment, forest and climate change had come up with the programme in January 2019. The government added 30 more cities to the list the next year, covering 24 states and union territories, with the target of reducing PM emissions by 20 to 30 percent by 2024.

There are two crucial aspects of mitigation through city action plans under the NCAP: ascertaining sources of pollution through studies and fund utilisation.

While all states and union territories are lagging behind in the first category, only five states – West Bengal, Nagaland, Gujarat, Madhya Pradesh and Andhra Pradesh – have utilised 100 percent funds, Newslaundry has found through NCAP steering committee reports.

So far, only 28 percent of the 132 cities have submitted their source apportionment (SA) or emission inventory (EI) studies to the Central Pollution Control Board, the nodal agency for NCAP. While SA tracks sources of pollution depending on the chemical composition of air samples, EI measures pollutants emitted under various sectors.

Action plans have been submitted by all the cities but studies are in progress in 72 percent of them – and the results could effect a change in response, leading to further delay.

SN Tripathi, an IIT-Kanpur civil engineering professor and NCAP expert member, likened city action plans without SA or EI studies to patients seeking a cure without diagnosis.

"Those kinds of plans are very vague. They will be based on common sense rather than science…In the absence of any data, city action plans have to undergo revision," he said, adding that there are three ways to assess sources of pollution: modelled and measured SA, and emission inventories.

However, in an online interaction with the Council on Energy, Environment and Water in October last year, CPCB member secretary Prashant Gargava, said that cities "don't have to wait for very precise methodologies and then start working. We have been saying, start working with whatever information [on sources of pollution] you have. You have broader estimates, start with that…you don't have to wait for another two years."

Gargava said cities should begin taking action based on their conceptual understanding of polluting sources.

But an environment ministry official, who was not authorised to speak to the media, told Newslaundry that SA and EI studies were aimed to finetune cities' response to air pollution.

In terms of pending SA or EI reports, Uttar Pradesh performed the worst with pendency for 14 cities, followed by Maharashtra's 11 and Andhra Pradesh's 8, according to a ministry report uploaded on a portal tracking the progress of the programme. Himachal Pradesh (7 cities), Madhya Pradesh (7), Odisha (7) and Assam (5) are yet to submit any study report to the CPCB.

Underutilisation of funds

The list of 132 cities was prepared on the basis of the annual pollution levels in 2011-15. Maharashtra (19), UP (17) and Andhra Pradesh (14) have the highest number of these cities.

These cities have been divided in two groups: 90 funded by NCAP and 42 million-plus agglomerations or cities under the 15th Finance Commission. According to a government reply in the Lok Sabha in December last year, the central government has allocated Rs 375 crore for 90 cities under NCAP so far and Rs 4,400 crore for the rest under the 15th Finance Commission in 2020-21.

Notably, budgetary allocation was linked to cities' performance at a later stage by the MoEFCC, which had not suggested any such arrangement in the original plan.

However, Newslaundry analysed an environment ministry report for April and found very low utilisation of funds under NCAP. Punjab, a state infamous for polluting the Indo-Gangetic airshed during winter harvest season, has used just five percent of its Rs 27.5 crore funds under NCAP, followed by Assam's 11 percent of Rs 12.36 crore and Haryana's 25 percent of Rs 24 crore. Nagaland, West Bengal, Madhya Pradesh, Gujarat and Andhra Pradesh are the only five states that claimed 100 percent utilisation for 2019-21. The percentage for other states hovers between 50 and 75, except Chhattisgarh's 92 percent and Bihar's 90 percent.

In its latest steering committee report, the environment ministry has tweaked the targets for 90 NCAP cities: increasing the range from 20 to 30 percent in the original plan to 20 to 45 percent and the timeline from 2024 to 2025-2026.

But the ministry official quoted above said the original NCAP targets remained unchanged. When asked about the tweaked targets in the new report, he said: "It [the table] might have got captured."

Newslaundry's questionnaire – on whether the original NCAP targets have been revised – sent to ministry secretary Leena Nandan and CPCB member secretary Prashant Gargava remained unanswered. This report shall be updated if a response is received.

Checking pollution in these cities

The economic and human costs of living in a country whose cities are perennially polluted are greater.

Newslaundry analysed PM levels of 130 of these 132 cities between 2017 and 2020 through data compiled by NCAP Tracker – an online hub tracking the programme's progress – and found an increase in airborne particles in 22 cities while 27 recorded a decrease by as much as up to 10 percent.

However, it may be noted that pollutants had seen a drastic dip during the Covid-induced lockdowns in 2020. According to Urban Emissions, a research group, air pollution levels had dropped by 20 to 60 percent during lockdown periods.

"The reduction in pollution is quite minimal. The end result is still not there. It might seem that the glass is half full but we are still a long distance from achieving the clean air goal, which is what the NCAP was supposed to achieve by 2024…only two years remain. If the situation remains the same, pollution levels might instead increase by five to 10 percent," said Aarti Khosla, director of Climate Trends, a strategic communications and capacity building initiative on climate change and environment.

Tripathi said NCAP has laid the groundwork despite the hurdles. "Globally, people have dealt with pollution in 20-30 years. What NCAP has done is to create a good framework. If it is followed by states, it will give good results."

Meanwhile, Bhargav Krishna, fellow at the Centre for Policy Research, a Delhi-based think tank, said until the studies are completed, cities can focus on common sources of pollution such as construction dust and waste burning. https://www.newslaundry.com/2022/06/03/what-happened-to-modis-national-clean-air-project-not-much-in-three-years

19. IAF to vault Multi Role Fighter Aircraft Program under Buy Global, Make India; 114 Aircraft in the pipeline intact *(financialexpress.com)* June 3, 2022

IAF's mega $20 billion Multi Role Fighter Aircraft (MRFA) project is under the debate again. On the criticality of depleting number of squadrons and against the lurking threats from the Northern and Western adversaries, the MRFA is under consideration to be placed on fast track under the 'Buy Global, Make in India', proposing a shift from strategic partnership model. While as a matter of fact, the number of combat aircraft

which is originally marked for the acquisition remains—114. As assessed, there is no plan to reduce the number of aircraft under MRFA.

IAF's mega $20 billion Multi Role Fighter Aircraft (MRFA) project is under debate again. Against the fast-depleting squadron of Indian Air Force, the MRFA program which is about acquiring 114 Multi-Role Fighter Aircraft is one such program Indian Armed Forces and Government attach utmost importance to. On the criticality of such serious concern and against the lurking threats from the Northern and Western adversaries, the MRFA is under consideration to be placed on fast track under the 'Buy Global, Make in India', proposing a shift from strategic partnership model. Assessed upon the fact, the number of combat aircraft which was originally marked for the acquisition remains—114. The assessment is based on factual analysis with highly placed experts on the matter. The talk of cutting down the number of aircraft is not a viable option in the emerging scenario where the Indian Air Force has already projected 500 combat jets in near future to be able to maintain critical air power.

Last year, Chief of Air Staff (CAS), Air Chief Marshal VR Chaudhari added the element of 'make in India' to the project MRFA emphatically and announced that the ambitious procurement must embrace indigenisation. The competition is intense with world leading OEMs are in fray for the MRFA, including Lockheed Martin's F-21, Boeing's Super Hornet F/A-18 E/F, Dassault's Rafale, Saab's Gripen JAS-39 E/F, Russian MiG-35 and SU-35, and the European consortium led Eurofighter Typhoon. Along with them, Boeing is also mulling to offer its upgraded F-15EX which was approved by the US government for India. Beyond the intense competition the quest for 114 fighter jets has seen the tumultuous and torturous journey, calling it a never-ending saga of high ambitions on low trajectory. The quest has been about laying ground for aerospace ecosystems of advanced capabilities within the country which has seen some success in taking LCA Tejas off the ground over the many decades of trials and tribulations. MRFA is based on the idea of expanding such ground, assimilating advanced technologies from the world of aerospace and defence which could be designed and built in India.

The IAF first floated the Medium Multi-Role Combat Aircraft (MMRCA) tender to procure 126 new combat jets from foreign OEMs in 2007. It was proposed to continue building upon the capabilities and keeping the sanctioned strength of combat jets as the Light Combat Aircraft (LCA) Tejas, a planned indigenous replacement for the IAF's aging fleet, needed more time to be able to fill the gaps. In 2012, the Eurofighter Typhoon and Dassault Rafale emerged as final contenders with Rafale winning the competition for the contract but the program couldn't take off due to certain clauses over the contractual guarantee and other disagreement with the selected OEM. Finally, in 2015, the project MMRCA was cancelled. Under the circumstances as severe for IAF to maintain the operational capabilities, the Government instead decided to acquire 36 Rafales in fly-by condition from the French entity Dassault's. This was formalised under the government-to-government deal which is to make procurement much faster and deployable.

In 2018, the government put out a new plan which is rechristened as 'MMRCA 2.0', by floating a Request for Information (RFI) for the procurement of 114 MRFA.

Air power and Capability gaps

A look at the geopolitics and global conflicts gives the clear indication that aerial dimension of warfare has established unprecedented superiority. The next generation technological breakthroughs in aerial warfare are already unfolding in sheer magnitude and in the shape of unmanned systems, hypersonic combat aircraft and laser energy weapons. It is almost redefining the concept of modern warfare in air and in space. How does IAF embrace such a shift in terms of evolving threats and capability?

The IAF has currently planned for 83 LCA, 70 HTT-40, two Sqns of AMCA Mk-I and five Sqns of AMCA MK-II. Additionally, the order for LCH and other developments in the helicopter fleet will provide for 400/450 aircraft. In the long term IAF will have the LCA version AMCA and MRFA in its flight line along with 56 C-295 for tactical airlift. Nowhere in the world is such a commitment of 450 aircraft made. This depicts IAF's plan for capability building.

Last year, in an exclusive interaction with the author, Air Chief Marshal Chaudhari spelt out his thoughts on building and acquiring such capabilities, said: "In the long term IAF will have LCA version AMCA and MRFA in its flight line along with 56 C-295 for tactical airlift. Nowhere in the world is such a commitment of 450 aircraft made. This depicts IAF's plan for capability building."

But dichotomy remains on bridging the capability gaps in building an advanced aerospace base for such next generation combat jets against the faster acquisition of such airassets amid depleting squadron numbers. How do we address the factors like joint production and tech development with OEMs in India? So, in depleting squadron number or technology is priority or balance timeline?

But the question is largely not about the policy uptick and the shift of the 'Strategic Partnership (SP)' model to 'Buy Global, Make in India' category under Defence Acquisition Procedure (DAP) 2020. It is about laying ground for a capability building roadmap and that is about leveraging the project MRFA for substantial technological gains and building systems and subsystems of global standards. India's aerospace ecosystem is ticking for tech flows across the dimensions for next generation combat jets. It is also about taking a good leap in our manufacturing technology which we have learned over the years for LCA Tejas. Besides the number of aircraft, the focus for IAF remains on the need for next generation tech ready for the future conflicts. The advancement across the spectrum of aerospace is breaking boundaries in areas like stealth, speed, electronic and sensor suite and networked platforms on quantum combat cloud, teaming with unmanned aerial systems with greater firepower. Besides the security dimension, the MRFA project worth $20 billion makes a compelling case for India in terms of the economy of scale when we have the ability to design, develop and produce 5 to 6 generation fighter jets.

At present, Tejas Mk1 FOC version aircrafts are under delivery by HAL. The production of LCA Mk 1A is likely to commence by 2023-2024. The LCA Mk-1A will have better capabilities with indigenous technologies such as AESA Radar, Integrated Electronic Warfare (EW) Suite, Long Range Beyond Visual Range (BVR) missile, Air to Air Refuelling with better maintainability and avionics suite.

Another breakthrough project, AMCA program by Defence Research and Development Organisation (DRDO) and IAF was conducted in Aug 2020, while the Critical Design Review is being looked into. DRDO) along with active support of IAF, is working towards development of Next Generation Technology Demonstrator. Such complex projects need the greater flow and collaboration with the global innovators from the world of aerospace and defence manufacturing.

As IAF Chief VR Chaudhari again pointed out to the author during the interaction last year, remarked: "IAF envisages AMCA to encompass state of the art design and better multi role capability with infusion of 6th Gen technologies. The experience of producing LCA will influence the design of AMCA to suit operational requirements of the future."

But the most important aspect of MRFA is the possibilities for acquiring and developing elusive jet engine technology. The depth of negotiation lies in addressing such gaps whether under the 'SP' model or Buy Global, Make in India. In totality, the need is to address the suitable jet engine for projected 500 fighter aircraft for India's next generation Advance Medium Combat Aircraft & Tejas Mk-2. What is lacking for India is the elusive jet engine capability. While the DRDO project on military gas turbines has achieved certain Technology Readiness Level (TRL) in producing crucial propulsion systems for unmanned aerial vehicles & weapon platforms along with long range weapon delivery systems, jet engines remain a complex task. As G. Satheesh Reddy, Secretary DDR&D & Chairman explained: "As you are aware, these engines are denied by global OEMs for strategic applications." The international outreach in this case will enable India to jointly develop under the open architecture matrix, having full access and rights of the aeroengine.

It is worth noting that China is already upgrading upon J-20 and J-31 aircrafts and working on the new fighter jets with sixth generation capabilities in areas across stealth capability with hypersonic weapons. China is taking the lead on the aerial dimension of Laser and precision warfare capabilities based on AI.

Clarity is the key to make substantial progress on crucial projects like MRFA. Policy conundrum that blocks the time frame defeats the purpose. The proposed 114 MRFA needs to pass through such trails to build an advanced aerospace industrial base and IAF to cement its formidable position in aerial warfare. https://www.financialexpress.com/defence/iaf-to-vault-multi-role-fighter-aircraft-program-under-buy-global-make-india-114-aircraft-in-the-pipeline-intact/2548146/

20. French Dassault vs US Boeing — Mega fighter deal for IAF & Indian Navy could be split *(theprint.in)* June 6, 2022

Instead of acquiring 114 fighters in one go as planned earlier, govt looking at going in for an initial order of 54 aircraft for IAF. Navy looking at buying 26.

The Narendra Modi government is looking at splitting the mega deal for 114 Multi-Role Fighter Aircraft (MRFA) for the Indian Air Force (IAF) into two separate orders, even as the Navy pursues its own fighter aircraft acquisition programme, ThePrint has learnt.

Sources in the Indian defence and security establishment said that instead of acquiring 114 fighters in one go, as was planned earlier, the government is looking at going in for an initial order of 54 aircraft for the IAF.

This would involve 18 fighters being bought off-the-shelf from the foreign Original Equipment Manufacturer (OEM) and 36 being built in India through a joint venture under Make In India.

This would be an order that will be placed with the foreign OEM directly.

Asked what happens to the subsequent need for the IAF, the sources said that a follow-on order will be placed to the joint venture and this deal would be in Indian currency.

While sources refused to speculate on whether there would be a global tender that will be issued, the main players for the IAF deal will be American firm Boeing, and Dassault Aviation of France.

'IAF happy with Rafale jets'

India has already bought 36 Rafale fighter jets from Dassault Aviation and has set up two bases with two separate simulators for training.

In France, each base can cater to 72 aircraft and hence India going in for two separate bases for just 36 came as a surprise and an indicator that more Rafale jets could be bought.

Boeing, which is keen to bag the mega deal, will decide on what to offer to the IAF — F/A 18 Super Hornet Block 3 or F-15 EX — depending on what the final technical requirements are.

In the past, both companies have said in private conversation that any plans to start off a production line in India will depend on the number of aircraft ordered for.

Dassault Aviation had gone on record saying that to start a production line in India, a minimum order for 100 fighters was needed.

However, it is not yet known what the number of follow-on orders will be once the order for 54 is completed.

The IAF is banking on the MRFA along with the Light Combat Aircraft (LCA) Tejas Mk 1A and the future-generation indigenous Advanced Medium Combat Aircraft (AMCA).

Sources have indicated that the IAF is happy with the Rafale jets and would be content if more of the same are bought, which will be a government decision.

Any future purchase of Rafale aircraft will work out to be cheaper than the 36 already bought.

This is because a large component of the €1,700 million paid for India-Specific Enhancements in Rafale will come down as the majority of the cost was for research and development, modification and certification.

The cost of setting up the base and training will also come down since India had paid for setting up two bases for just 36 aircraft. These bases can easily accommodate more squadrons of Rafale without additional cost.

Also, future Rafale fighter jets will come with no offsets under the new policy of the government, thereby bringing down the cost further.

The Rafale is the 7th addition to the types of fighters that the IAF has — a feat unique to the force in comparison to major air forces in the world.

Navy set to pursue own deal for fighters

It is also learnt that the Navy is looking at procuring fighters for its aircraft carrier on its own rather than tagging along with the IAF.

Earlier, in 2020, then Navy chief Admiral Karambir Singh had said the force was trying to work with the IAF for a possible joint procurement.

The Navy, which had an original plan to buy 57 fighters, is now looking at buying 26.

For the naval contract, too, the competition is between Boeing and Dassault Aviation.

Two Boeing F/A-18 Super Hornets, on lease from the US Navy, are showcasing their ski-jump from the shore-based test facility (SBTF) at INS Hansa in Goa to project their capabilities to operate from Indian aircraft carriers.

This was done after Dassault Aviation conducted a similar demonstration.

Sources said that all the 26 aircraft will be bought off the shelf. However, given that India will be operating two aircraft carriers by August this year and has faced multiple issues with the existing MiG-29K, the Navy is likely to add more new fighters in the coming years.

If the Navy decides to go in for its own procurement process rather than aligning with the IAF, then the advantage is with Boeing.

This is because its single-seater and twin-seater are both capable of operating from the aircraft carrier, unlike Rafale M, whose twin-seater operates from the shore.

Another aspect that Boeing is pushing for is interoperability. The US firm says the Super Hornets are compatible with systems and platforms that the Indian Navy already operates or has acquired — MH-60 Romeo anti-submarine helicopters, and P-8I Poseidon long-range maritime aircraft.

The aircraft, which can carry more anti-ship missiles than the Rafale M, will become more potent with all assets talking to each other and giving a holistic view of the zone of operations, Boeing has said. https://theprint.in/defence/french-dassault-vs-us-boeing-mega-fighter-deal-for-iaf-indian-navy-could-be-split/982629/

21. High-Speed Diesel (HSD) smuggling causing revenue loss of Rs 2,500 crore to Maharashtra exchequer *(freepressjournal.in)* June 3, 2022

Rampant smuggling of High-Speed Diesel (HSD) on the high seas off the Mumbai coast has caused a major revenue loss of Rs 2,500 crore every year to the Maharashtra exchequer.

An intelligence report of the Central Economic Intelligence Bureau had alerted the Central Board of Indirect Taxes and Customs of HSD smuggling in the grab of biofuels sludge oil to evade customs tariffs.

The report highlights the illegal import and smuggling of HSD prevalent at all major customs ports, including Nhava Sheva, Mumbai, Kandla & Mundra ports.

“Intelligence gathered indicates that organized syndicates have been engaged in illegal import/smuggling of High-Speed Diesel (HSD) originating from UAE. The intelligence further indicates that the imported items are generally declared as 'Base Oil SN50', 'Hydrocarbon Oil' and 'Sludge Oil'. Items declared as 'Base Oil SN50' are in clear, but there is no item called SN50 in the base oil market and the item is actually Diesel," reads the report accessed exclusively by The Free Press Journal.

High-Speed Diesel (HSD) is classified under the Customs Tariff Act and permitted to be imported only by State Trading Enterprises.

A high-level joint meeting chaired by Dy CM and state finance minister Ajit Pawar was held with senior officials of Customs, GST, Coast Guard, State Police and State Excise Department last week to plug the leaks in smuggled diesel entering the state, evading duties and causing revenue loss.

The officials were briefed about the smuggling of diesel in the grab of free to import petroleum class 'C' products like hydrocarbon oil, base oil, marine fuel, and furnace oil to evade action.

"Oil mafia active in the high seas using the passage meant for international cruises to smuggle HSD to evade customs levies and state taxes for petroleum products. The organized crime syndicate is engaged in the illegal sale of the smuggled HSD as Biodiesel in the open market," explained a senior state excise official heading the probe into the smuggling and sale of diesel in Mumbai.

State excise officials rued the lack of testing by customs officials for petroleum products imported and released from Customs Freight Stations (CFS) without ascertaining the parameters of the sample for restricted class 'A' products like petrol, diesel and LPG.

"Oil mafia adjust parameters of smuggled diesel and sample labs are not sufficiently defining imported fuel. A slight change in the HSD parameter allows the smuggled hydrocarbons like diesel fractions to pass as sludge, furnace and base oil. The exact content of the sample product should be defined if it is free to import petrol products or smuggled diesel," claimed the state excise officials at the high-level meeting.

The officials further alleged that the smuggled diesel is subsequently available in the open market as a biofuel to avoid taxes and demanded that "Customs and GST has data sharing policy which should share data with the state for the end use of fuel imported before release to check illegal sale of the smuggled diesel."

The state government has started cracking the whip and sealing unauthorized Bio-Diesel bunks in Nandurbar, Nasik, Dhule, Nagpur, Nanded, Beed, Buldhana and Palghar. https://www.freepressjournal.in/mumbai/high-speed-diesel-hsd-smuggling-causing-revenue-loss-of-rs-2500-crore-to-maharashtra-exchequer

22. State losing crores as govt, CM's family favouring pvt firms: Tamil Nadu BJP chief *(indianexpress.com)* Updated: June 6, 2022

Chennai: Tamil Nadu BJP president K Annamalai on Sunday raised serious allegations of corruption and irregularities against the DMK regime and the family of Chief Minister M K Stalin. He said the state exchequer will lose about Rs 77 crore as the government will be paying a private firm much more than the market price of nutrition kits for pregnant women, besides alleging favouritism in granting approvals to a controversial real estate company with alleged political connections.

With regard to the nutrition kit supply for pregnant women, Annamalai said the department of Public Health and Preventive Medicine had noted last March that an earlier contract with the private firm that supplied health mix packets for the kit was overcharging. It was then decided to give the contract to state-run Aavin dairy firm to supply the health mix. While this change was to bring down the cost by 60%, the decision taken by multiple committees was reversed in favour of the private firm. About Rs 22.88-lakh kits are being prepared for two-year period. Annamalai questioned who reversed the plan between March 30 and April 8 and gave the contract back to the private firm. He accused that two power brokers close to the DMK regime — an auditor and the son of a former MLA in Chennai city — had played the key role allegedly on behalf of the Stalin family. The Indian Express was unable to contact both the people.

The nutrition kits have one more content — iron syrup bottles. Annamalai said when the syrup costs just Rs 42 in the market, the same was being purchased from the same private firm for Rs 224. He said the exchequer will lose Rs 77 crore in the deal, while demanding immediate cancellation of the tender.

Reacting to the allegation, state Health Minister Ma Subramanian said the tender was yet to be finalised. “The financial bid hasn’t been opened yet. How can he raise allegations at this stage? If Aavin is the best, we will buy only from Aavin. The syrup also, we have been procuring from outside and it is yet to be finalised,” he said.

Another issue raised by Annamalai was against a real estate firm that recently made headlines in connection with the cases filed against some media firms and journalists. Accusing that the Stalin’s family members has created about 30 shell companies, Annamalai said there was an alarming trend of favouritism in granting approvals to the realty firm even as it “violated norms”. Annamalai said some 15 big-ticket projects launched by the real estate firm were approved by the Chennai Metropolitan Development Authority (CMDA) as well as the Directorate of Town and Country Planning within 15 days, which normally would take about 200 days. “I suspect that they had morphed pictures of the roads laid and structures built for such quick approvals,” he said.

“After the DMK government came to power, they made a smart move to favour this real estate firm through online approvals from the CMDA. But I have information that the online facility is disabled all the time except when this real estate firm places submissions for their projects. An hour before their submissions, the online facility will be enabled, and disabled soon after it is completed, denying the same opportunity for other builders in the state,” Annamalai said.

He also alleged that after the real estate firm was caught up in recent controversies, Stalin’s son-in-law V Sabareesan had started six other companies, including one in Hyderabad, in which Sabareesan, Stalin’s daughter Senthamarai, the lobbyist son of a DMK MLA and his mother are named as directors. “Like they did with 2G, they are now monopolising all major land parcels in the state,” Annamalai said. https://indianexpress.com/article/cities/chennai/state-losing-crores-govt-cms-family-favouring-pvt-firms-tamil-nadu-bjp-chief-7954340/

23. Gujarat MLAs' funds under-utilised, over Rs 300 crore unspent *(timesofindia.indiatimes.com)* June 3, 2022

AHMEDABAD: More than Rs 300 crore in the MLA local area development scheme (MLA LADS) remains unspent in Gujarat and will expire on completion of the five-year term of the state Assembly, a report by a polls rights group said on Friday.

According to the report, of Rs 1,004 crore worth of development works recommended by MLAs, only projects to the tune of Rs 677.5 crore had been completed till March 22.

The Association of Democratic Reforms (ADR) and NGO Mahiti Adhikar Gujarat Pahel (MAGP) jointly prepared the report on the performance of MLAs of the outgoing Gujarat assembly.

"Under the MLA local area development fund scheme (MLA LADS), every MLA can recommend/suggest developmental works worth Rs 1.5 crore in her/his constituency. The District Planning Board keeps the accounts of the MLA LADS fund. In Gujarat, this scheme has over Rs 1,365 crore," the report said.

Development works worth Rs 1,004.15 crore were recommended by MLAs in 2017-22, of which Rs 849.64 crore were released and Rs 677.5 crore were spent till March 2022, which was around 67.47 per cent, it said.

"Only 76 per cent of the works were completed out of the total 53,029 projects that were sanctioned. Of 53,020 sanctioned works, only 40,428 were completed till March 2022," the report stated.

"The budget allocated for MLA LAD funds is for five years. The unspent amount of Rs 300 crore will expire once the Assembly term ends. This amount could have been effectively used," the report said.

The term of the present Assembly will end in December and it is unlikely that the unspent funds can be used in such a short time, it said.

As many as 6,094 projects could not be started at all despite sanctioning of works, the report said, recommending that the planning committee look into the reason for this.

In tribal districts, of the total Rs 252 crore funds available with MLAs, projects worth Rs 230.37 crore were sanctioned, and only Rs 177.40 crore were spent. Thus, Rs 75 crore remains unspent from the MLA LADs funds, the ADR report said.

Out of 14,689 works planned and sanctioned, only 11,445 were completed (77 per cent), which shows several gaps in the planning and execution stages, it said.

"We had filed an RTI with all district planning boards offices to get details of the expenses carried out under the MLA LADS, as no proper data is available on government websites regarding this," said Pankti Jog of the MAGP.

The report has also demanded a separate website that will provide details of expenditure of funds and work executed using MPLAD funds of each MP in each year.

"There should be comprehensive guidelines for kind of work to be recommended under MLA LAD scheme, implementation mechanism, review for its progress, if the work could not be started, then reason for same and reason for under-utilisation," the report said. https://timesofindia.indiatimes.com/city/ahmedabad/gujarat-mlas-funds-under-utilised-over-rs-300-crore-unspent-report/articleshow/91988273.cms

24. 16 years later, Odisha's Khairi-Bhandan pipeline irrigation project hangs fire *(newindianexpress.com)* 05 June 2022

BARIPADA: The proposed Khairi-Bhandan irrigation project has remained confined to files even after 16 years of being announced. Other than various surveys, the project, conceptualised to cater to water crisis during kharif cultivation for 38 villages under Jashipur, Sukruli and Rauna blocks in Karanjia sub-division of Mayurbhanj district, has not moved at all.

Estimated initially at Rs 45 crore, the cost has now escalated to Rs 400 crore. Chief Minister Naveen Patnaik had announced the project to take shape on the confluence of rivers Khairi and Bhandan near Ramtirtha crocodile park in Jashipur.

However, he had laid the foundation of Ramtirtha Guest House on November 6, 2006 when Sambhunath Naik was the MLA from Socialist Unity Centre of India (SUCI) (Communist) from Jashipur Constituency.
Speaking to The New Indian Express, Naik said farmers had then been demanding irrigation facilities to their land during Kharif season as shortage of water hit agriculture activity.

Keeping their interests in mind, the CM had announced the irrigation project.The former MLA said the project cost estimate has been modified thrice from Rs 45 crore to Rs 313 crore and presently to Rs 400 crore. Even after cost escalation time to time, the project work remains a non-starter.

Official sources said a barrage would first be erected at the confluence of rivers Khairi and Bhandan. Once functional, the project would approximately irrigate 7,000 acre lands during the kharif season and nearly 38 villages including 20 revenue villages benefited. Forest and Environment clearances have already been given for the project, sources added.

Contacted, Superintending Engineer of Rairangpur circle Promad Kodamasingh said that officials of Irrigation Division in Udala are investigating the proposed project. After they submit reports, the next initiatives would be carried out, he added. https://www.newindianexpress.com/states/odisha/2022/jun/05/16-years-later-odishas-khairi-bhandanpipeline-irrigation-project-hangs-fire-2462030.html