NEWS ITEMS ON CAG/ AUDIT REPORTS (11.05.2022)

1. Boeing, AIESL to set up MRO of critical equipment on key Boeing defence platforms in India *(financialexpress.com)* May 10, 2022

Critical equipment including the P-8I operated by the Indian Navy and the 777 VIP aircraft operated by the Indian Air Force, are among the key platforms of Boeing which can now be maintained, repaired and overhauled in India. On Tuesday, Boeing announced its plans to collaborate with AI Engineering Services Ltd. (AIESL) which is a Directorate General of Civil Aviation (DGCA) approved MRO, for the setting up of Maintenance, Repair and Overhaul (MRO) of critical equipment on key Boeing defence platforms in India.

This venture has been announced under the US based Boeing India Repair Development and Sustainment (BIRDS) initiative. Under this initiative the plan is to make India the regional MRO hub for providing the MRO facilities to the different Boeing platforms being used in India as well as exploring collaboration in repair and overhaul of commercial common 737NG equipment which is fitted on the P-8I fleet as well as the landing gear.

In the presence of officials from the Indian Navy, AIESL and other key supplier partners, the collaboration between Boeing and AIESL was announced at a Aatmanirbhar in Defence conference.

More about the MRO

This will help in faster turnaround, exceptional and operational capability and mission readiness for the Indian armed forces. This is also in keeping with Indian government’s Aatmanirbhar Bharat vision of making the country a regional MRO hub, top Boeing official has said while announcing the collaboration.

Expressing its commitment to provide critical support to Indian Armed Forces, under BIRDS hub initiative, Sharad Agrawal, CEO, AI Engineering Services Ltd., said, “Such collaborations would drive forward our vision for strengthening MRO capabilities in India, for India.”

This MRO will help to provide an in-country and alliance of suppliers which will be led by Boeing in India and create a competitive MRO ecosystem for repair, maintenance, skilling, engineering, and sustainment services of defence and commercial aircraft.

And, according to an official statement issued at the end of the announcement, the hub has been growing capabilities in India in the areas of heavy maintenance, component repairs, skilling and training of MRO maintainers.

As has been reported earlier, the important aspect of BIRDS is the training programmes which help in increasing skilled manpower. This is done by developing sub-tier suppliers and medium, small and micro enterprises (MSMEs) in an effort to build high quality MRO capabilities in the country.

Boeing President & CEO visits India

To explore deeper participation in India’s efforts in self-reliance and Make in India, especially in the defence sector, last week, Boeing President and CEO Dave Calhoun was in India and had called on Prime Minister Narendra Modi.

According to reports, Boeing top officials accompanied by Sir Michael Arthur, President Boeing International, and its India head Salil Gupte had met with other top officials.

The agenda was far more serious than the scaling up the MRO facilities of various Boeing platforms, the leasing of aircraft, the six P-8i aircraft which have been put in cold storage and the 114 aircraft competition for Indian Air Force (IAF).

Reports in the public domain indicate that the Boeing CEO was here because of the show cause notice received from the Ministry of Defence against the company's failure to implement the offset deal as per the contract of a prior deal. The offset agreement states that 30 percent of the value of the order given to the US aerospace giant has to be put back in India in various sectors that have been identified under the Defence Procurement Procedure, Ministry of Defence.

What was Boeing expected to put back?
Under the P-8I offset obligation (India has received 12 of these aircraft and the plan to get additional six has temporarily been put on hold by the Ministry of Defence). And based on the information available in the public domain as per offset requirements of the government, around USD 730 million had to be put back – direct or indirect.

Background
In 2019, on September 23, the Comptroller and Auditor General (CAG) had tabled a report in Parliament in which it had noted that vendors made offset commitments to get contracts "but later they were not they are not earnest about fulfilling these commitments and raised new issues which delayed offset implementation."

The CAG report listed cases of 36 Rafale fighter aircraft from France's Dassault Aviation, a contract with US giant Boeing to buy 10 military transport C-17 III aircraft and 80 helicopters from Russian Rosoboronexport (ROE).

What are Offsets?
They are benefits that a buyer gets from a seller. It is technology/capability Indian industry is supposed to get from a foreign vendor who is selling equipment to India. https://www.financialexpress.com/defence/boeing-aiesl-to-set-up-mro-of-critical-equipment-on-key-boeing-defence-platforms-in-india/2519181/

2. Unscientific tree plantation programmes waste money and cause more harm than good *(scroll.in)* 10 May 2022

For every dollar that goes into tree plantation programmes, at least half is wasted, according to an analysis of tree planting data in India's Himachal Pradesh. The study sheds light on the trend of planting the wrong trees in the wrong places.

Researchers say that for India to achieve climate goals through forest restoration, "substantial changes" in the design and implementation of forest restoration programmes are needed.

"Many of the tree plantings we studied in this paper in Himachal are poorly designed for meeting India's climate mitigation goals. Our analysis also indicates that in Himachal, the forest department is not able to locate favourable sites for tree planting," United States-based study co-author Forrest Fleischman, Department of Forest Resources, University of Minnesota, told Mongabay-India.

“While there may be a number of reasons for this, one important reason may simply be that land that is not currently forested is often not suitable for the kinds of forest restoration envisioned when large-scale tree planting programmes are designed. Put in other words, there may not be space in Himachal for all the trees that the government wants to plant there,” adds Fleischman.

The projections are based on a machine learning model that factors in location data and detailed budgetary records of 2024 plantations for 2016–2019 in the Himalayan state. The projections also estimate that in the next 10 years, Himachal Pradesh in a business-as-usual scenario, will spend $100 million (approximately Rs 760 crore) on trees that are unlikely to survive, said Fleischman.

A closer look by study co-authors reveals the gaps in afforestation programmes that need to be plugged in India to make them cost-effective and sustainable: sites that are not suited to growing more trees, lack of engagement with forest-dependent communities, and a programme design that is not amenable to local biophysical (living and non-living components in the surroundings) and social contexts.

“On the ground, you find several such examples of wasteful expenditures and ghost plantations. There are several documented instances of wasteful expenditures and low survival rates of plantations in compensatory afforestation, including the 2013 report by the Indian government’s Comptroller and Auditor General which strongly said plantations do not survive in unsuitable sites (example: teak plantations in Chhattisgarh’s Hardi),” explained forests rights activist and researcher Tushar Dash, who was not associated with the Himachal Pradesh study.

The Comptroller and Auditor General report also mentions “substandard plantations” in Bihar’s Jamui division, where the survival rate of the plantation was 50% compared to the desired 80% rate in the first year, which was mainly attributed to insurgency-related challenges and bushes covering the new plants in the site, leading to a futile exercise carried out at an expense of Rs 23 lakh.

An assessment of carbon claims of two forest carbon projects in Himachal Pradesh (financially supported by the World Bank) and Haryana (jointly funded by the European Union and the state forest department) by Ashish Aggarwal, an associate professor of business sustainability at the Indian Institute of Management, finds that both projects had sequestered only 37% (Haryana) and 3% (Himachal) of the estimated amounts of carbon. Only the Himachal project could earn 38% of the projected credits.

Costs related to the projects were very high as well, indicating that forest carbon projects give mixed results and a nuanced understanding is needed as opposed to the “big and cheap” narrative. Poor survival and growth of plantations contribute to the mixed results.

“There are many reasons for poor survival and growth such as wrong selection of land parcels [using community pastures for plantations] and species [pine being the species of choice which local people do not like as it does not let grass grow], lack of community participation, poor management etc.,” Aggarwal told Mongabay-India.

“Forest carbon projects in their current form are not socially and economically viable as these have high transaction costs and adversely impact the livelihood of local people. These need to be reconsidered and redesigned,” Aggarwal added.

'Not based on science'

In Himachal's case, as the study points out, currently nearly 40% of afforestation spending ($2.6 million, or approximately Rs 20.15 crore) of the total $5.67 million of tree plantation budget, was going to places that already had moderate or high tree density, such as Chargati.

"This would have made sense if the goal was to enhance biodiversity and you would need more tree species but most of the plantations had trees of a few species," said study co-author and a serving Indian Forest Service officer Pushpendra Rana.

About 48% of spending to plant trees ($2.7 million, or approximately Rs 20.92 crore), focused on non-forest unproductive areas such as Killar on the gorge of the Chenab river. "In the Himalayan context, these areas are snow mountains and desert areas where the environmental conditions act as natural barriers to growing trees," said Rana.

Another chunk of the tree plantation budget (33% or $1.86 million – Rs 14.41 crore approximately) was dedicated to forests with extensive southern exposure, such as in Behnota, where dryness is likely to limit growth. "These areas receive direct sun through most of the year and these areas are dry. The shadow area in contrast has moisture for trees to grow," he adds.

As much as 28.9% of spending ($1.64 million, or Rs 12.71 crore approximately) was directed at undemarcated forests where land tenure is particularly contested. Contested land tenure is likely to lead to conflicts with local communities that may lead to tree cover loss.

"It is not clear if there is community buy-in, by contrast, only about 1% of spending went to established community-managed forests."

In contrast, only 14.1% of spending is likely to yield results because these were in areas of low-density forest (density between 10 and 40%), which are likely to be degraded forests having high reforestation potential.

India's Nationally Determined Contribution to the Paris Agreement targets creating an additional carbon sink of 2.5-3 billion tonnes of carbon dioxide equivalent by boosting forest and tree cover. India aims to bring 33% of its geographical area under forest cover by 2030 to fulfill its international commitments.

However, there is skepticism about the pathways to the targets. For example, a recent study said that climate mitigation, by creating additional carbon sinks through forest restoration and agroforestry, would meet less than a quarter of India's Paris Agreement 2015 goals in the land-use, land-use change and forestry category.

"The target which is the sole claim now for climate mitigation is not based on science. The so-called nature-based solutions which inform the NDCs [nationally determined contributions] and on the basis of which India has made commitments at the Glasgow conference and even the Paris Agreement, have no scientific basis. And the massive plantations that are going on now are leading to wasteful spending and introducing socio-economic and rights-related conflicts in tribal and forest dwellers," Dash explained, citing his research with colleagues which proposes a Forests Rights Act-based climate action plan with the recognition of rights of forest-dwelling communities and community-led governance as an integral part of action plans and strategies to address climate change.

Noting the Indian government’s increased reliance on the land-use, land-use change and forestry category for climate mitigation (15% of overall mitigation action), Dash pointed out that this indicates that the government does not want to mitigate in the coal and other mining sectors but it is trying to shift the entire climate mitigation model to land and forest sector using the approach of tree plantations which is flawed and this model creates problems for the indigenous and forest-based communities.

Indian Forest Service officer Mohan Chandra Pargaien, who was not associated with the studies, told Mongabay-India that though all tree planting programmes help to meet the challenges of carbon sequestration and climate change, any massive programme needs careful analysis of local ecological and social aspects and formulation of suitable strategies accordingly for its successful implementation.

“In case any programme is lacking in these essential prerequisites we need to take corrective actions duly incorporating desired interventions,” Pargaien said.

A tree plantation checklist
Asked about a checklist on tree plantations that forest managers could use to verify afforestation potential, Fleischman says, if a plot of land is not currently forested, or if the forest quality is poor or inappropriate, the first thing the forest manager needs to ask is what is the reason why there is no forest here.

“Once the reason for the lack of forest is identified, the second question to ask is whether this condition leading to a site not being a forest can be addressed without causing undue harm. Some sites lack forests because they are ecologically inappropriate (for example, natural grasslands) and should not be planted. Other sites lack forests because people are using the land as farmland or grazing land, or simply harvesting wood products intensively,” he observed.

On these sites, it is likely necessary to first understand how these demands for land use can be decreased (for example, by providing alternative grazing land) in order to ensure that the site can be reforested.

“Once the social and ecological drivers of a lack of forest are understood, we need to ask what the goal or desired future condition of the site is. Is there a desire to produce commercial or subsistence-oriented forest products or restore natural vegetation? Is the objective to improve hydrologic functions or provide wildlife habitat?”

Once the goal is identified, forest managers should identify the lowest cost way to achieve this goal.

“Oftentimes tree planting will be necessary, for example, if a specific species of tree is needed, or if seeds aren’t present in the area. However, just as often it may turn out that local seeds are present on the site, and what is needed to achieve the goal is not tree planting but protecting those seedlings from grazing or fire through fencing or other means of protection. Since tree planting is expensive, it should be avoided whenever the expense is not necessary to achieve the desired future,” said Fleischman.

Apart from factors like quality seedlings and selection of planting site, selection of species, time of planting and post-planting care are equally important.

In the Indian context having people depend on forests for their various needs and necessities; the active involvement of forest-dependent communities with adequate incentivisation is an additional aspect that helps to ensure the success of a plantation, added Pargaien.

There are robust systems of monitoring tree planting that exist in almost all state forest departments ranging from detailed documentation through plantation journals to locally modified technology-based systems followed by frequent field inspections by various officers. These mechanisms not only provide full data on expenditure but also provide insight into the growth of plantations," Pargaien said. https://scroll.in/article/1023562/unscientific-tree-plantation-programmes-waste-money-and-cause-more-harm-than-good

STATES NEWS ITEMS

3. '26 Tamil Nadu PSUs lost Rs 1.41 lakh crore in 2019-20', says CAG report *(newindianexpress.com)* 11 May 2022

The 18 PSUs reported a loss of Rs 18,458 crore in 2019-20. Similarly, the rate of real return in government investment in 70 PSUs was negative.

Twenty-six State Public Sector Units (PSUs) accumulated a combined loss of Rs 1.41 lakh crore, a Comptroller and Auditor General (CAG) report tabled at the Assembly said. It also showed that the accumulated losses (as on March 31, 2020) of 18 companies pushed their aggregate net worth to negative Rs 1.08 lakh crore. The 18 PSUs reported a loss of Rs 18,458 crore in 2019-20.

Similarly, the rate of real return in government investment in 70 PSUs was negative. The report highlighted irregularities and deficiencies in the financial reports/reporting process of 34 PSUs. The management of these PSUs were asked to undertake corrective action.

Similarly, many of the 71 working public sector units in Tamil Nadu are not complying with relevant provisions of the Companies Act, the report stated.

It said many of the PSUs did not conduct the mandatory requirement of four meetings of board of directors a year. Similarly, the directors of five PSUs did not declare independent status while in 15 PSUs, the independent directors did not attend the meeting of the companies.

Similarly, no audit committee was constituted in six PSUs. The report also indicated that nominations and remunerative committees were not constituted by 28 PSUs and there was no whistle blower mechanism in 15 PSUs. https://www.newindianexpress.com/states/tamil-nadu/2022/may/11/26-tamil-nadu-psus-lost-rs-141-lakh-crore-in-2019-20-says-cag-report-2452144.html

4. Net worth of 18 State public sector undertakings in Tamil Nadu completely eroded, says CAG *(thehindu.com)* MAY 11, 2022

They are 2 power sector corporations and 16 non-power sector establishments

The net worth of 63 State government companies and corporations was negative at ₹73,714.81 crore as against their paid-up capital of ₹61,957.03 crore, and the accumulated losses of 18 public sector undertakings (PSUs) had completely eroded their net worth, according to the report of the Comptroller and Auditor-General on PSUs for the year ended March 31, 2020.

The report said the net worth of 18 PSUs stood at a negative ₹1,08,863.78 crore against the equity investment of ₹31,869.56 crore. These companies are two power sector undertakings and 16 non-power sector undertakings.

"It is pertinent to mention that the State government had extended budgetary support in the form of grant/subsidies, amounting to ₹6,744.87 crore, to one power sector PSU (TANGEDCO) and ₹1,093.52 crore to eight non-power sector PSUs in 2019-20," the report said.

The number of PSUs (including one statutory corporation) that earned a profit was 27 during 2019-20, compared with 32 during 2018-19. The return on equity of these 27 PSUs was 11.84% during 2019-20, compared with 11.06% of 32 PSUs during 2018-19. The CAG excluded six loss-making PSUs and added one during 2019-20, compared with the previous year.

The report also found that three PSUs — Tamil Nadu Power Finance and Infrastructure Development Corporation Ltd.; State Industries Promotion Corporation of Tamil Nadu Ltd.; and Tamil Nadu Industrial Development Corporation Ltd. — accounted for 81.02% of the total profit earned by 27 PSUs during 2019-20. https://www.thehindu.com/news/national/tamil-nadu/net-worth-of-18-state-public-sector-undertakings-in-tamil-nadu-completely-eroded-says-cag/article65401899.ece

5. TANGEDCO's outstanding debts mount to Rs 1,23,895.68 crore by 2019-20: CAG *(indianexpress.com, theprint.in, latestly.com)* Updated: May 11, 2022

The outstanding debts of the State power utility Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) increased to Rs 1,23,895.68 crore by the end of 2019-20 from Rs 81,312 crore in September 2015, the Comptroller and Auditor General of India said on Tuesday.

The debts mounted due to the partial takeover of debt, failure to convert 25 per cent debt into bonds and increase in borrowings for generation project by 87.05 per cent and working capital by 189.88 per cent during five years ending 2019-20, a CAG report said.

TANGEDCO had to pay Rs 503.28 crore to banks/FIs as overdue and penal interest as a result, said the report for the year ended March 31, 2020 on TANGEDCO's performance tabled in the Assembly. The performance audit was taken up to assess the performance of TANGEDCO for achieving financial turnaround as well as the targeted operational improvement and intended outcomes envisaged in the tripartite MoU and the scheme.

The State government, against its obligation to take over 75 per cent of the debt, had agreed to take over only 34.38 per cent. Consequently, TANGEDCO was saddled with a loan of ? 30,502 crore, which resulted in additional interest burden of Rs 9,150.60 crore. In respect of the remaining 25 per cent debt i.e., Rs 7,605 crore, TANGEDCO was required to issue State government guaranteed bonds with lesser interest.

“This was not agreed by the government of Tamil Nadu. Consequently, the loans carrying higher rate of interest were continued resulting in additional interest burden of ? 1,003.86 crore,” the report claimed.

The gap between the Average Cost of Supply (ACS) and Average Revenue Realised (ARR) should have been brought to zero by 2018-19. Instead, it increased from Rs 0.60 (2015-16) to Rs 1.07 per unit (2019-20) and the total shortfall during 2015-20 worked out to Rs 42,484.70 crore, the report further explained.

Though TNERC had directed TANGEDCO to complete the process of providing meters to all the hut and agricultural consumers by June 2012 and September 2012 respectively, TANGEDCO failed to do that and claimed subsidy based on number of service connections and Horse Power basis respectively resulting in loss of revenue of ?1,541.49 crore.

The principle of Merit Order Despatch was not scrupulously followed in scheduling of power by State Load Despatch Centre resulting in procurement of power at additional expenditure of Rs 28.45 crore during 2018-20.

Non-renewal of Power Purchase Agreement at the TNERC approved rate of Rs 3.50 resulted in additional expenditure of ? 149.02 crore.

Further, there was under-reporting of AT&C loss in the range of 2.24 to 3.41 percent during 2015-20. The value of energy lost as per CEA’s method of calculation was ? 6,547.25 crore, it said.

In the report, the CAG recommended the State government and TANGEDCO to review and restructure the debts to reduce the interest cost, submit tariff petitions to TNERC regularly, calculate the AT&C losses accurately as per the methodology prescribed by CEA to have better control over it.

“TANGEDCO may work out a plan of action for feeder segregation with a focus to reduce the AT&C loss,” the report suggested. https://indianexpress.com/article/cities/chennai/tangedco-outstanding-debts-cag-report-2019-2020-tamil-nadu-7910617/

6. Tangedco, Tamil Nadu government failed to make use of UDAY, says CAG report *(thehindu.com)* UPDATED: MAY 11, 2022

It points to the deficiencies in the utility’s financial and operational parameters

The Comptroller and Auditor-General’s report on the Tamil Nadu Department of Electricity has faulted the State government and Tamil Nadu Generation and Distribution Corporation (Tangedco) for the failure to make a financial turnaround using the Ujwal DISCOM Assurance Yojana (UDAY). The report, effective for the year ending March 2020, has crunched the financial and performance data of Tangedco from 2015-16 to 2019-20.

It points to the deficiencies in the financial and operational parameters of Tangedco: no revision in tariff; high cost of power purchase; low plant load factor; no reduction in transmission losses; the widening gap between average cost of supply (ACS) and average revenue realised (ARR); and above all, the absence of effective monitoring of the key performance indicators of UDAY.

UDAY, launched in November 2015, envisaged reforms aimed at improving the finances and operational efficiency of the State power distribution companies (discoms). However, the scheme has not achieved what it was intended to, the report said.

The State government, a party to the tripartite agreement of the Memorandum of Understanding (MoU) with the Central government and Tangedco, has not made good on the promise to fulfil the obligation to take over 75% of the debt. As it took over 34.38% of the debt, Tangedco continued to be burdened with a loan of ₹30,502 crore and an additional interest burden of ₹9,150.60 crore during 2017-20. The State government also derailed the process of issuing bonds at a lesser interest for the remaining 25% of the debt of ₹7,605 crore of Tangedco. As a result, the utility was bearing a high cost of interest, amounting to ₹1,003.86 crore, the report said.

UDAY was aimed at reducing the cost of power generated by improving the plant load factor of the thermal power stations of Tangedco, thus cutting down on the power purchase from external sources. But the report, comparing the data for the pre- and post-UDAY periods, points to the increasing cost of generation and a lower plant load factor of the thermal power stations than the target set by the Tamil Nadu Electricity Regulatory Commission. The report says the cost of generation per unit had increased to ₹3.94 from ₹3.49 in 2015-16 and the cost of power purchased per unit went up to ₹4.94 from ₹4.32. The plant load factor of the four main thermal power stations averaged only 56.80% against the norm of 80%. Tangedco has also failed to take the help of NTPC, which was mandated to improve the operational efficiency of the thermal power stations.

The report lays bare Tangedco's inability to revise the tariff to increase the revenue to match the cost by filing tariff petitions with the Tamil Nadu Electricity Regulatory Commission every year. Except for the tariff petition filed once in January 2017 seeking a revision, it reduced the tariff for domestic consumers, causing a revenue shortfall of ₹6,574.97 crore and forgoing a portion of the tariff subsidy payable by the State to the tune of ₹6,505.69 crore.

To top it all, Tangedco had not reduced the transmission losses from 4.11% in 2015-16 to the target of 3.89% in 2019-20, owing to the delay in the commissioning of substations and transmission lines. The delay in consumer indexing and geographic information system mapping of losses by March 2020, due to poor supervision and monitoring at the top level, prevented UDAY from making any operational and financial impact on Tangedco. https://www.thehindu.com/news/cities/chennai/tangedco-tamil-nadu-government-failed-to-make-use-of-uday-says-cag-report/article65401864.ece

7. Tangedco finances in the red despite Uday scheme *(timesofindia.indiatimes.com)* May 11, 2022

Chennai: The Comptroller and Auditor General of India, the country's top auditor, has found that there was no visible improvement after the launch of the Uday scheme in Tangedco's financial position, except transferring debt of ₹22,815 crore to the state government.

The NDA government's Ujwal Discom Assurance (Uday) scheme was implemented during 2016-20 to facilitate financial turnaround and improve operational efficiency of the discom.

Due to partial takeover of debt by the state and failure to convert 25% debt of Tangedco into bonds, an increase in borrowings under capital loans for generation projects by 87% and working capital by 190% during five years ending 2019-2020, the outstanding debt of

Tangedco increased from ₹81,312 crore in 2015 (pre-Uday) to ₹1.2 lakh crore in 2020, the CAG said in its performance report tabled in the assembly on Tuesday.

"An MoU (with the Union government) was finalised for partial takeover of debts of Tangedco, which rendered the scheme unworkable and indicated the MoU was ill-planned and unworkable ab initio. The shortfall in takeover of Tangedco's debt of ₹30,502 crore by state government resulted in interest burden of ₹9,150 crore to Tangedco during 2017-20," the report said.

As against the obligation of taking over ₹56,317 crore, the state took over only 34.4% of the total eligible debt under the scheme. The state government also failed to convert Tangedco's debt of ₹7,605 crore into lower interest carrying guaranteed bonds despite request. As a result, loans with high rates of interest were continued leading to additional interest burden of ₹1,004 crore. The power utility paid overdue and penal interest of ₹503 crore to three financial institutions though it was not obligated under the MoU.

Under the Uday scheme, the gap between Average Cost of Supply (ACS) and Average Revenue Realised (ARR) should have been brought to zero by 2018-19, but Tangedco reported a loss of ₹12,623 crore during that year. This was mainly due to non-revision of tariff to match the cost, short receipt of subsidy from the state government, continued operation of thermal power stations with low Plant Load Factor, purchase of power from costlier sources, and nonadoption of merit order dispatch in power purchase.

The aggregate technical and commercial loss is a combination of technical loss, inefficiency in billing, theft and inefficiency in collection of revenue. As per the MoU, the Tangedco should reduce the losses to 13.5% by 2018-19 but the reported loss was 15.1%.

"The value of energy lost during 2016-20 for not achieving targets was equivalent to ₹6,547 crore," the report said. Despite installation work relating to feeder metering and DT metering, accurate measurement of input energy was not made for energy accounting. The performance of other initiatives, such as feeders' improvement programme, feeder separation for agricultural load, consumers indexing and GIS mapping of losses, remained unsatisfactory. https://timesofindia.indiatimes.com/city/chennai/tangedco-finances-in-the-red-despite-uday-scheme/articleshow/91478512.cms

8. 31 PSUs lost ₹18,630cr in 2019-20 *(timesofindia.indiatimes.com)* May 11, 2022

The Comptroller and Auditor General of India has found that 31 government undertakings, including Tangedco, Tantransco and eight transport corporations, reported a loss of ₹18,629.8 crore during 2019-20, an increase of ₹831 crore from the previous fiscal.

The CAG found deficiencies in corporate governance and deviations from the provisions of accounting standards in PSUs in the state.

The growth rate of GSDP increased by 13.2% during 2019-20 as compared to the previous year but the aggregate turnover of government companies and corporations decreased by 11.2% during the same period.

"There were 26 undertakings with accumulated losses of ₹1.41 lakh crore as on March 31, 2020. Of these, the net worth of 18 of the 26 PSUs had beeneroded by accumulated losses. As a result, the aggregate net worth of these companies had become negative to the extent of ₹1.08 lakh crore," said a financial report for the year ending March 31, 2020, tabled in the assembly on Tuesday.

Only 27 government companies and corporations earned a profit of ₹1,206 crore during 2019-20 of which ₹1,012 crore was contributed by five companies, TNPFC, Tidco, Sipcot, TIIC and Tansidco.

In 2019-20, the CAG issued a 'management letter' for taking corrective action to 34 undertakings after observing irregularities and deficiencies in the financial reports or in the reporting process during supplementary audit. The report said deviations from the provisions of accounting standards in preparation of the financial statements were noticed in 13 undertakings.

The auditor also found that some provisions of the Companies Act, 2013, finance department, Bureau of Public Enterprises (BPE) guidelines, regulations of Securities and Exchange Board of India regarding corporate governance, even as they are mandatory, were not complied with by some of the PSUs. "Ten PSUs did not conduct the required number of four meetings of board of directors during the year. They include Guindy Industrial Estate Infrastructure Upgradation, Industrial Explosives, Pallavan Transport Consultancy, Arasu Cable, Fibrenet, Tidco, Backward Classes Economic Development Corporation, Skill Development Corporation, Arasu Rubber, and Corporation for Development of Women," the report said.

Representation of independent directors was below the required number in seven PSUs, including Tangedco, Tantransco, TNEB, Backward Classes Economic Development, Medical Services, Fisheries Development, and Forest Plantation. Three PSUs, Tangedco, TNEB and Arasu Cable failed to appoint women directors as per norms.

Some of the independent directors did not attend even 75% of the board meetings in 19 PSUs, while some others did not attend the general meetings of 15 PSUs. The audit also found deficiencies in the CSR activities in 17 PSUs. https://timesofindia.indiatimes.com/city/chennai/31-psus-lost-18630cr-in-2019-20/articleshow/91478514.cms

9. CAG slams BMC over delayed action against illegal construction *(mid-day.com)* 11 May, 2022

The Comptroller And Auditor General of India (CAG) has slammed the Brihanmumbai Municipal Corporation (BMC) in its recent report, for the delay in action against illegal construction in the city. CAG has pointed out that BMC has been delaying further action after issuing notices for illegal construction. In some cases, CAG observed, that even 2 years after notices were issued, the BMC had failed to take action.

When the issue was pointed out after the audit, the designated officers of wards stated that the delay was mainly due to shortage of staff as most officers were given Covid duties," said the CAG report which was about the period 2019 to 2021. Interestingly, when contacted, Deputy Municipal Commissioner, the Removal and Encroachment Department, Chanda Jadhav, said she had not read the report.

According to BMC rules, after the demolition of any illegal structure, the civic authorities should recover the cost of the action from the concerned violator. But CAG pointed out that

BMC failed to recover this cost of action. CAG had asked to furnish a reason for the delay in recovery, and in reply, the Removal and Encroachment Department said that demolition charges would be shortly recovered. As per an RTI query by a civic activist, every year BMC receives more than 13,000 complaints regarding illegal construction.

CAG also mentioned the Kamala Mills fire incident in the report to highlight the issue of illegal construction. On December 29, 2017 a major fire broke out in Kamala Mills which claimed 14 lives. After the incident, the BMC had found major illegal alterations, change of use on the premises of Kamala Mill, and illegal construction, stated the report.

'An old game of BMC'

Former BJP group leader Prabhakar Shinde said, "This is an old game of the BMC. After sending notices, most of the time, BMC fails to take action. It is solely responsible for illegal construction in Mumbai. Recently, the city witnessed politically motivated notices and action over illegal construction by certain people."

"This is a mess created by the BMC. It is an open secret why no action is taken after notices are issued. It is only after an accident in such a building that everyone wakes up and senior BMC officials start taking action. But before that, illegal constructions are never reviewed by senior BMC officials," said civic activist Anil Galgali.

The civic body had last year completed a 360-degree Light Detection and Ranging (LiDAR) survey of over three lakh properties in the city, to identify additional areas used by citizens illegally. The survey found more than one lakh violations in the use of structures. https://www.mid-day.com/mumbai/mumbai-news/article/cag-slams-bmc-over-delayed-action-against-illegal-construction-23226624

SELECTED NEWS ITEMS/ARTICLES FOR READING

10. The untold story of India's Rs 3,000-crore farmer scheme scam *(scroll.in)* May 11, 2022

On October 29, Himadri Seshadri, assisting officer at Assam's Agriculture Directorate, reached her office and opened up the website of PM-Kisan, the central government's flagship welfare scheme for farmers. Launched in 2019, PM-Kisan aims to pay Rs 6,000 in three instalments every year to millions of eligible farmers across India.

Seshadri typed in the organisation's official username and password to access the dashboard for the state of Assam. She found herself locked out.

"Someone had changed the password. They must have done it at night because the last time I logged in was before leaving the office," Seshadri told us when we met her at her Guwahati office the next day.

Only those with official usernames and passwords can log in to the portal. By entering these in, they generate one-time passwords that are sent to mobile numbers linked to those usernames, and are valid for 24 hours. (This January, the OTP window was changed to a few minutes.) The usernames, also referred to as IDs, are assigned to agriculture departments across districts, and allows them to add beneficiaries to the scheme, and monitor their numbers.

Seshadri dialed the tech support at the National Informatics Centre, or NIC, in Delhi, which provides technology-related support to central and state governments. She was told that they had received similar complaints from other states as well. She reset the password using an OTP that came to the mobile phone of the state nodal officer.

When she logged in using the new password, Seshadri realised something strange. A report she had pulled out of the portal for Assam the previous evening had showed only 34 official usernames as active: one in each of Assam's 33 districts and one at the directorate. Now, the number of active usernames for Assam was 36.

When she called the NIC again, a technician told her that the two new usernames were created at the state-level for Assam, which could only have been done at the NIC's head office in Delhi.

But the mobile numbers corresponding to the new state-level usernames belonged to Rajasthan. The engineer said it was a case of hacking.

Meanwhile, IP addresses linked to the usernames led officials to a traffic roundabout in Lucknow. "It is a case of an organised cyber heist," Debjit Neog, Assam's Nodal Officer for PM-Kisan, told us.

The agriculture director made a complaint to Assam Police's Criminal Investigation Department, or CID. The directorate also asked the NIC to block the two usernames and to find out if any new beneficiaries had been added to the portal. None were, they learnt later on.

This wasn't an isolated incident. By this time, a barrage of irregularities had already come to light in PM-Kisan, involving scores of unauthorised usernames and thousands of unintended beneficiaries. In May 2020, the state government had ordered a probe into the matter, which was carried out by then additional chief secretary Jishnu Barua. Among the report's many damning findings that have not been reported so far was that, of the 31 lakh individuals who had received the cash transfer, 15 lakh were not eligible for it.

The sums of money involved are staggering. Between February 2019 and July 14, 2021, 11.08 crore beneficiaries across the country received more than Rs 1.37 lakh crore, the Union agriculture minister told Parliament in July. But he admitted that 42 lakh beneficiaries who together received Rs 3,000 crore in that time had actually been ineligible.

Our interviews with dozens of government officials and others involved with the PM-Kisan scheme in Assam revealed that in the state, these beneficiaries included non-farmers, single farmers receiving funds in multiple accounts, government servants, minors, deceased persons and people who can't be found anywhere.

So far, these anomalies have been reported as isolated, though widespread, incidents. But Scroll.in's investigation suggests that they occurred in a systematic way.

Since July, the Centre has been urging the states to bring back the Rs 3,000 crore from the fake beneficiaries even as millions of deserving farmers remain excluded from the scheme. According to the Union agriculture minister's statement in Parliament, Assam must recover the highest amount, of Rs 500 crore paid to 8.3 lakh ineligible beneficiaries. It is followed by Punjab (Rs 357.9 crore), Maharashtra (Rs 340.6 crore) and Tamil Nadu (Rs 258.6 crore).

Tracking the scam in Assam reveals that it began with a rush to add beneficiaries at a breakneck speed ahead of the 2019 Lok Sabha election. But once initiated, our investigation shows, the scam spiralled out of control as key government officials colluded with local middlemen to extend the cash benefit to anyone who could pay for it.

Assam's 14 Lok Sabha seats have little influence on the arithmetic of government formation in New Delhi. But, in 2019, faced with widespread anger in the Brahmaputra Valley over proposed amendments to a decades-old citizenship law, the local unit of the BJP was under pressure to prove that the party enjoyed popular support. The direct cash transfer scheme to the farmers came as a blessing. The state government would be responsible for identifying recipients. Once their lists were drawn up and approved by the state, the Centre would transfer money into their accounts directly.

"The welfare schemes helped us," said Ranjeet Dass, the then state president of the party. The BJP-led coalition government in the state, then in its third year, controlled the welfare machinery. "We contacted every beneficiary at their residence," he said.

But some officials sensed that the timing of the scheme would lead to problems. "From the word go, I had an intuition that lafda hoga," that scandal will follow, said Neog, the former nodal officer who now works as a senior consultant with the department.

One official who worked closely with the scheme described it as "an election-oriented scheme." The official added, "Modi ji's message was: jisko lena hai le lo. Humko vote de do," – whoever wants to take the money, take it and vote for us.

"It all began with elections and the government's pressure to add beneficiaries," said Rejaul Karim, a data entry operator at a common service centre, or CSC, in Darrang, a central Assam district that registered among the highest number of ineligible beneficiaries. CSCs are IT-enabled delivery points for government services, including welfare programmes, operated by workers known as village-level entrepreneurs, or VLEs. In December 2019, Karim was arrested and jailed for his alleged role – he was released on bail two months later, and spoke to us in October 2021.

Razaul Haque, who manages a network of around 800 CSCs in Barpeta district, recounted how senior officials pressured local intermediaries like him.

Union Finance Minister Piyush Goyal announced the Rs 75,000-crore PM-Kisan Samman Nidhi scheme in the interim budget placed in Parliament on February 1. Just days later, Haque received a call from Munindra Sarma, then Barpeta's Deputy Commissioner, or DC, the district's highest ranking bureaucrat. Sarma summoned Haque to his residence. "We will give you a list. Upload as many names as you can," Haque recalled Sarma telling him at the gathering, which was packed with important officials of the district.

Others who were present at the meeting also felt the heat. Among them was Krishna Kant Pathak, the then District Agriculture Officer, or DAO, of Barpeta who was later suspended for his "negligence" in preventing the scam. "We were told to collect the data as soon as possible," he said "We were barely given four to five days."

When Scroll.in phoned Sarma, he said he hadn't been closely involved in the scheme, and that it had been handled by Barpeta's agriculture office.

Five days was a dramatically short period in which to accomplish such a sprawling task. To identify beneficiaries in towns and villages, agriculture officers roped in panchayat workers in their jurisdiction. Each panchayat is divided into wards, and each ward is represented by a ward member. These ward members were tasked with going door to door to collect names and documents of prospective beneficiaries.

CSCs were tasked with feeding this data into the portal. In Barpeta, Haque and his associate, Harshajit Patgiri, created a Whatsapp group to coordinate with a network of 92 village level entrepreneurs who manned CSCs. The group had more than 100 members, including senior district officials such as the Deputy Commissioner and the District Agriculture Officer.

Haque said that on this group, district officers such as the District Agriculture Officer and the Circle Officer, who is in charge of local revenue matters, shared usernames and passwords that were meant to be used to add beneficiaries on the portal.

Senior officials were also part of another Whatsapp group where they were placed under immense pressure to deliver results. Neog, who was part of this group, recalled that the Deputy Commissioners of the state were added to it, and that it was monitored by the Chief Secretary in Guwahati, the state's highest ranking bureaucrat.

He would haul up any Deputy Commissioner if their district was falling behind in adding beneficiaries on any given day. "The ones making a large number of entries would get a thumbs-up emoji," Neog said. "Barpeta got it after 50,000 entries were done in one day, Morigaon after 38,000 entries." Morigaon's DAO was later suspended because more than 50% of the district's beneficiaries were found ineligible. Ninety three percent of those beneficiaries were untraceable.

With pressure from the top, the district officials made the rounds of CSCs at the oddest hours. "DC used to take me in his car and drive around at night, checking in on the progress of CSC operators," Pathak, the District Agricultural Officer, said.

Shahidul Islam, who runs a CSC in Mandiya block, was given a week to enter 10,000 names that had been gathered through panchayat workers. He recounted, "The Circle Officer himself used to come and sit next to us, saying 'karo karo'" – go on, go on. Islam recruited as many as ten data entry operators, but could make just 6,200 entries.

In the mad rush of the process, many village level entrepreneurs would make mistakes while entering the given username and password and end up being blocked by the portal. "After that, every block was given an ID," Haque said. This would ensure that if someone was blocked from using a particular username, they could use another from a larger pool of usernames to keep feeding names into the portal.

According to Barua's report, at the peak of the first phase of the data upload, Barpeta alone had 38 active user usernames.

The PM Kisan portal allowed uploading of beneficiaries in at least three ways. An authorised operator could add one farmer record at a time or as many as 100,000 by way of an XML file. A farmer could also opt for self-registration on the portal. All applications or lists of applications had to be approved with the signature of a Lot Mandal, a local revenue official.

But according to Barua's report, in Barpeta, Lot Mandals only verified 1,18,321 forms out of 7,82,508 forms.

It was mandatory to add bank account details and one proof of identity. Other information – father's name, address, mobile number, date of birth, age, farm size and other details of the applicant's landholdings – were optional categories according to the operational guidelines shared with the states. Many data entry operators left those fields blank.

Applicants across India did not have to mention Aadhaar numbers ahead of the transfer of the first payment under PM-Kisan. This was made mandatory from the second instalment in May 2019. However, since Aadhaar inclusion is low in Assam, this was kept optional in the state even in subsequent phases.

In this scenario, the alternate proofs of identity provided names and addresses of beneficiaries – however, they couldn't be relied on to single out every individual, since names often applied to more than one person in a village, and addresses rarely got down to house numbers. Thus, "the bank account served as the unique ID," said Neog.

According to a letter sent from the Centre to Assam on February 15, 2019, the onus was on the state to verify beneficiaries before their records were uploaded. Afterwards, a first round of validation on the portal was to be done by the NIC to eliminate duplicate, incorrect or incomplete records. Based on the NIC's inputs, the states then made corrections. A second round of validation was done by PFMS, a software application designed to track government expenditure, including direct payments as part of welfare schemes. The PFMS only checked bank account details of entries, and rejected those that had discrepancies – such as invalid account numbers, or account numbers that did not match the corresponding IFSC code.

Going over money transfer data later, Kanak Roy, a computer operator at the district agriculture office in Barpeta, noticed that in around 4,000 cases, "the beneficiary's and the account holder's names were different. Money went to relatives in a different district or state," Roy said.

Since identify proof documents were not being scrutinised carefully, and bank accounts served as unique IDs for each beneficiary, many took the opportunity to draw up their own lists.

A former BJP MLA from Barak Valley recounted that MLAs would hand over lists of people they wanted to favour "to the officials and tell them 'pass kar dijiye'", please approve it. Two officials who were then posted in districts confirmed this. Officials at the panchayat and the local agriculture office, too, added random names – either on their own, or by sending them to CSCs. Haque alleged that they did this in exchange for bribes. "They took money and added names," he said.

This was a short-circuiting of the actual intended process: once panchayat workers had made their lists, Agricultural Extension Assistants and Agricultural Development Officers were to compile them and send them to the District Agricultural Officer. The lists would then have to be approved by a district coordination committee, before being sent to the village-level entrepreneurs, who were to make the entries in the portal.

That VLEs should have direct access to the portal was not part of the official written guidelines for PM-Kisan, but Haque explained that they were recruited for the work on verbal directions from the Deputy Commissioner. Sarma, the DC, did not respond to queries from Scroll.in about whether he had issued such instructions.

In a WhatsApp conversation from February 2019, reviewed by us, Patgiri informed the District Agricultural Officer that “maximum” Agricultural Extension Assistants had been “taking money from farmers” and “forcing” the VLEs to “enter” their names. The DAO responded on the group by asking the AEAs to be careful. “Otherwise the matter will be sent to higher authority,” he wrote. In the same message, he instructed the VLEs to enter into the portal only names from the lists sent by the district agriculture office.

But pressure from the top to add more names continued to intensify.

“If our ID was not working, we were asked to use IDs of other blocks,” Haque said. In some cases that later came to light, usernames from Karbi Anglong and Kamrup districts had added beneficiaries meant for Barpeta, Neog said. Barua’s report also mentions that entries were “uploaded from other districts in great numbers”, and cites Barpeta as one district where this was observed.

Worse, in Barpeta, usernames and passwords leaked beyond the 100-odd members of the Whatsapp group: after this, the process of adding beneficiaries became impossible to control.

The political opposition in Assam was getting alarmed by the ground reports.

“In the case of Assam, any and everybody, even those who gave forged papers, were given money under PM-Kisan,” said Debabrata Saikia, a Congress MLA and leader of the opposition in the Assam Assembly. “It was definitely to influence people in favour of the BJP. It was done by violating the guidelines.” Saikia has been demanding a CBI inquiry ever since.

Several officials we interviewed complained that it was not possible to properly verify the beneficiaries given the short window for adding them, explicit instructions to add as many as possible, and the sketchy details entered in the portal.

In Mandia, in Barpeta, Samiruddin, the husband of a panchayat president, told us that in many instances, four people in a family of five, including minors, were enrolled – despite the fact that only one person in a family was entitled to enrol. Instances were also known of single persons applying twice through different bank accounts.

Scroll.in encountered one family in Barpeta that had gamed the scheme in this way. Around February or March 2019, a local panchayat worker came to Mohammad Kalam’s residence in the town of Howli in Barpeta, asking for land papers and identity proof, so that Kalam could be enrolled as a beneficiary. Kalam, a small jute trader, saw an opportunity. He told us that he submitted identification documents, land papers and bank account details, and got his wife and two of his brothers to also apply. (He shared his story with us on the condition that we refer to him by a pseudonym.)

On February 24, Prime Minister Narendra Modi launched the scheme from a dais in Gorakhpur in Uttar Pradesh. He pressed a button on a tablet to digitally transfer the first instalment of Rs 2,000 to each of the selected farmers across the country. Across Assam, the first instalment of PM-Kisan was then wired to 11 lakh accounts.

Kalam got the first instalment in one account, and his brothers in one each as well. (His wife's account did not receive an instalment, though he is not sure why.) "Once the PM launched the scheme, the money started flowing into people's accounts," Haque said.

If the first phase of the scheme's execution saw significant duplicity, what followed was sheer chaos. "People got drunk over this free dole," Haque said.

From March onwards, with the general election five weeks away, the Election Commission's model code of conduct kicked in, during which all official usernames and passwords were supposed to be deactivated, and the CSCs were relieved of the work of entering data into the portal.

In Barpeta, after the code of conduct kicked in, the DAO visited the district NIC office himself, and handed over a letter intended for the Delhi head office, formally surrendering access to the portal until after the elections. Satish Chandra Dev Sarma, a senior official with the NIC at Barpeta, confirmed that the DAO had come in with that request. He said he was not aware if the district username was subsequently deactivated by the Delhi NIC.

What is certain, however, is that some of the original members of the official WhatsApp group had had access to the district-level username and password, which they used to make other, unauthorised usernames and passwords. They now freely began to trade access to the portal – that is, these usernames and passwords, along with time-bound OTPs – for a fee. This was confirmed to Scroll.in by Shahidul Islam, who was part of a network of CSC operators, some of whom were buying unauthorised access to the portal.

This wasn't happening in Barpeta alone. In other districts, too, unauthorised usernames, passwords and OTPs were being sold in the local black markets. While the agriculture officers that Scroll.in spoke to put the blame on CSC operators who were enrolled into the process, many operators alleged that the officers were equally guilty of the malpractice.

These usernames were sold down a chain that included CSC operators, data entry professionals, internet café owners, and ordinary persons who could work a computer. "A painful situation followed. People were adding entries from internet cafes, homes, fields," said Islam.

Several CSC operators told us that the usernames and passwords were sold in a cascading order of price: for instance, they explained, an agriculture officer might sell them to a single buyer for Rs 50,000 who would sell them to three people for Rs 20,000 each. The sale continued downstream. At every level, buyers would add beneficiaries for a fee, and their clients were assured of cash transfers under PM-Kisan. The usernames and passwords weren't useful on their own, but had to be sold along with OTPs, which remained active for 24 hours after they was generated.

Neog, the nodal officer, admitted that officials were aware that unauthorised additions were being made while the model code of conduct was in force but "didn't take any action because the numbers weren't so huge then".

In May 2019, the BJP returned to power at the centre. The party won nine of 14 Lok Sabha seats in Assam. Ironically, some of the Lok Sabha constituencies where large numbers of ineligible beneficiaries received the funds saw the NDA candidates lose the election. The Congress candidate won in Barpeta and the All India United Democratic Front won in Dhubri.

Over the second quarter of the scheme, between April and July, the central government released the next installment of PM-Kisan across India. In Assam, as many as 26 lakh bank accounts, up from 11 lakh in the first phase, received it.

The sale and purchase of unauthorised IDs continued.

In August, Shahjahan Ahmed, a college student, bought a block-level username and password made for Mandia for Rs 14,500 from a man who had bought it from someone else. (The college student shared his story with us on the condition that we refer to him by a pseudonym.) Ahmed paid the money through a digital wallet and received the credentials on WhatsApp. He explained that that username could be used on multiple devices for 24 hours. Once the purchase was made, Ahmed spread the word in the village; aspiring beneficiaries sent in their details along with a fee, between 100 and 500 rupees, for each entry. “Only account numbers and IFSC codes mattered on the portal. The names could be XYZ or ABCD. Address could be anything,” he said. To maximise their profit, buyers like Ahmed often recruited others for data entry. Ahmed explained that he made 300 entries in 24 hours, and earned a profit of Rs 40,000.

Ahmed said most of the people he added as beneficiaries were farmers. Many of them sought him out because they wanted funds in more than one account. “People opened multiple bank accounts in those days through the network of village-level banking correspondents,” he said. Ahmed himself received the second instalment in three bank accounts.

Ahead of the transfer of the second instalment in August, Kalam, the jute trader who had managed to enrol himself as a PM-Kisan beneficiary, heard from a friend about an unauthorised operator who was offering to add names to the portal. “He asked me to WhatsApp him my details,” Kalam said. This time Kalam submitted the details of his second bank account. All together, he has received two PM-Kisan instalments in one bank account and three instalments in the other. He said he was one among many ineligible recipients of the cash. “People who have salaried jobs openly applied under this scheme.”

The business was booming. “In all of Assam,” Ahmed said, “everyone only worked on PM-Kisan. I would sell the OTP to five people; they would sell to five people each. Word was spreading that if you paid 200 rupees, 2,000 rupees would come to your account.”

In many instances, banking correspondents used documents that locals had submitted at customer service points to open accounts – the correspondents would make additional accounts in their names, without the customers’ knowledge. Then they entered those bank account numbers into the portal using usernames bought in the “market”. When the money came in, they withdrew it quietly using ATM cards meant for the farmers that the banks would dispatch to the customer service points.

In Darrang district, Rejaul Karim, the data entry operator, said he knew a banking correspondent who made around one thousand accounts in the names of clueless villagers and entered them in the PM-Kisan portal using a block-level username he made after buying a DAO’s username and password. “Some of the accounts got one instalment, some got two. Then their payments stopped,” he said.

The payments were stopped by the agriculture directorate in Guwahati. At first, they didn’t fuss over the additional beneficiaries. But when the numbers showed a particularly steep rise in July, they could no longer ignore the irregularities. “When we saw 30,000 beneficiaries were added in one day in Morigaon, that’s when we got alarmed,” Neog said.

The directorate first pressed a “Stop Payment” button on the portal in July 2019. In August, Neog said, a team from the state agriculture department was dispatched to Delhi to discuss the issue. There, they learnt that around 10 lakh names of beneficiaries had either been entered through unauthorised usernames or had failed the validation process. They were deleted from the portal, Neog recounted.

The directorate subsequently pressed the “Stop Payment” button for every new set of farmers that turned out to be ineligible or suspicious till those entries were verified. “After that, we did that many more times,” Neog said.

But the scam was now unstoppable.

The usernames continued to multiply. Assam has 33 districts and 219 blocks. Altogether, after the block-level IDs were created, the total number of usernames should have been 253, including the one for the directorate in Guwahati. But, Neog recalled that at one point, the number grew to 835.

The directorate in Guwahati had started deactivating the usernames as early as June 2019. But this process was not free from flaws: the system allowed a user whose username was deactivated to activate it again. “It was rectified later,” said Kailash Talukdar, a consultant at the directorate.

Subsequently, their office also began to deactivate block-level usernames, to leave only the district-level ones in operation. But Vinod Seshan, who took over as Assam’s Agriculture Director in May 2021, recalled that even at that time, around 60 usernames were still active. “We brought them down to 34,” he said. They also put up a more stringent process of approval, monitored by a district-level committee headed by the Deputy Commissioner.

On May 18, 2020, under pressure from the Opposition and some student groups, the then Chief Minister Sarbananda Sonowal announced an inquiry into the irregularities, headed by Barua, who is now the chief secretary of Assam. The districts were also asked to carry out a detailed verification exercise.

Barua found that 1,559,286 of the 3,120,160 beneficiaries who had been validated were, in fact, ineligible. The report further noted that out of these, 72% could not be traced at the addresses mentioned in their identity proof documents, 16.7% were non-farm beneficiaries (those who do not own land, deceased persons or minors) and 8.17% were “multiple entries” – that is, cases where more than one member of the family had been listed, or single individuals had been listed more than once.

For Barpeta, Barua’s report noted that by July, the number of beneficiaries added was 7,82,508 – which is 515% higher than the 1,27,093 farm families in the district as per the 2010-’11 agricultural census. The report notes that out of these, 79.5% were found ineligible after a verification was ordered.

The standard operating procedure of the scheme mandated that the district nodal officer for the scheme had to digitally sign to approve the data uploaded by each block username, and that the state nodal officer had to sign approval of the data sent by the districts. “However, the situation on the ground was different as the acceptance of the data on the portal required neither the DNO nor the SNO’s authentication,” the report noted.

In Barpeta, which had 5,44,290 untraced beneficiaries, the most of all districts, only 15% of the entries had corresponding physical forms, which were mandatory for entries to be made. In the whole of Assam, that percentage stood at 69.37.

Barua wrote that the DAOs may have been aware that this process of verification was not being followed but chosen not to file FIRs against those who were misusing the system. In some cases, he noted, the decision not to file FIRs “may have been due to these officials taking recourse to malpractices, intentionally or under pressure”.

The report held 11 District Agricultural Officers, including Pathak, liable for the mess. The sharing of usernames and OTPs in a WhatsApp group was termed “a serious breach of confidentiality and security”.

Besides Barpeta, FIRs have been filed in Darrang, Dhubri, Morigaon and Bongaigaon. The FIR in Darrang charged the data-entry operator Rejaul Karim with entering 8,458 beneficiaries through four unauthorised usernames. The initial investigation led to several arrests, including Karim’s, court documents show. Karim told us that his mobile number was used to set up unauthorised usernames by a local CSC operator who subsequently forced him into sharing the OTPs. (The CSC operator could only have made an unauthorised username after buying access to a district username, either from the district agriculture office or someone else.)

In Barpeta, an additional FIR was filed on July 27, 2020, naming CSC managers Haque and Patgiri. It said the duo had “complete access to OTPs and passwords” and notes that according to Barua’s report, they “embezzled huge public money”. The FIR, citing the report, also stated that Patgiri made five unauthorised usernames. The inquiry report has recommended a cyber cell investigation against the two.

Patgiri and Haque denied the charges and pointed to the role of the government officers. “They were selling IDs,” Haque said.

In Barpeta, ex-DAO Pathak, whose suspension has since been revoked (he recently retired from the post), said he did not remember how OTPs that came to his phone ended up with unauthorised persons. He claimed that once the code of conduct was in place, he signed off on the process. “I did not open my computer until after the elections,” he said.

He said that when he logged into the portal again in May 2019, he found that the number of entries had shot up – even though the state government had claimed that the process of adding beneficiaries had been halted in the period when the code of conduct was in force. In August, Pathak filed an FIR naming three usernames that had made unauthorised entries on the portal. The FIR did not mention how many entries were made or who was responsible. At the district NIC, the officer in-charge, Satish Chandra Dev Sharma, told us the three usernames mentioned in the Pathak’s FIR were created using the username granted to the district office. “Only a district user could create new IDs,” he said.

Pathak argued he was being punished to steer the blame away from those who called the shots. “I am being victimised,” he said.

While Barua’s report did not delve into the question of the sale and purchase of usernames and OTPs, it noted, citing the NIC, that there could not be fake IDs but “IDs created with connivance of local officials.”

In Dhubri, for example, a probe into the details of the username “Dhub601409”, which added thousands of unauthorised entries, revealed that it was mapped to a mobile number registered under the name of Ashok Kumar Shribastab. The report notes the “uncanny similarity” between that and the ADO’s name: Ashok Kumar Srivastava.

When Scroll.in spoke to Srivastava on the phone, he denied that the mobile number belonged to him and that he had ever received any such OTP. He said illegal additions by some CSC operators were widespread in the district. “They seem to have used my name.” He said his office in Dhubri had itself filed complaints with the police after they learnt of the unauthorised additions.

Assam’s agriculture minister, Atul Bora, blamed the design of the scheme for its misuse, pointing out that beneficiaries could be added online with little or no verification. “The system was like that,” he said. “People engaged in the theft of passwords. They were outsiders. But myself and our officers, they pointed out the anomalies. Immediately, we took drastic steps. We suspended some officers. We have filed FIRs. Our government formed a committee of enquiry. We have done everything on our part.”

He denied that the scam was set off by the rush to add beneficiaries ahead of the election. “It is not true,” he said. “Some officials may put it like that. A few of them are guilty, of course. No doubt about that. But not all.”

The political opposition in Assam isn’t alone in arguing that the scam needs a higher-level investigation. The official who worked closely with the scheme said, “A CBI inquiry should have been ordered. But it won’t happen because of the political implications.” The Gauhati High Court is currently hearing a PIL, filed by an NGO named Amguri Naba Nirman Samity, demanding a CBI investigation into the scam.

In May 2021, after a state assembly election, the BJP-led National Democratic Alliance came back to power in Assam. It ordered a new round of verification of beneficiaries. The one carried out in 2020 was found to be inadequate, officials of the agriculture department said.

Part of this involved identifying those who were simply untraceable. The department approached the State Level Bankers Committee seeking their help with KYC details – information relating to a customers’ identity and address – of these untraceable beneficiaries. Neog said the banks were not of much help, and only provided documents for “a handful” of people.

In parallel, the government sent notices to recover funds from those who had been found ineligible through physical verification, for which district officials had gone door-to-door.

The recovery process was simple. Every district was asked to open a bank account where people who had been served notices had to deposit the money. This money was then sent to the Guwahati headquarters of the agriculture directorate, which then deposited it into a bank account held by the government of India.

For those who were untraceable, the government resorted to public notices. In September 2021, the state government published the lists of untraceable beneficiaries on district websites, put up notices in block and gram panchayat offices, and published advertisements in newspapers. The government gave them 21 days to show up; not many did. The large numbers of untraceable beneficiaries who didn't turn up at their local agriculture offices despite public notices were marked "ineligible".

According to the data available with the directorate on October 24, 2021, 15,09,843 farmers across the state who had been added as beneficiaries had been deemed ineligible and 10,07,491 farmers had been deemed eligible. Recovery of funds, however, had been minimal – in late October, an official at Barpeta's agriculture office pulled out a register to show only 320 receipts from the district, adding up to a mere Rs 2,90,000.

As of late April, as that verification process neared completion, almost a year after being ordered by Assam's new government, the number of eligible beneficiaries had gone up to 14.93 lakh

Still, the state is struggling to reach more eligible farmers.

Ten instalments of the scheme have been released nationwide so far. Only about 12 lakh farm families in Assam received the last one. "There must be around 60 lakh farm families in Assam," Neog said, roughly doubling the 2010-'11 census figure of 27 lakh. Bora, the agricultural minister, explained that it was because a large number of eligible farmers had been deprived of PM-Kisan payments that the government had invited fresh applications in September 2021.

This isn't Assam's problem alone. Across India, PM-Kisan is facing two problems at the same time: of ineligible beneficiaries getting funds not meant for them and the funds not reaching enough eligible farmers. Over the first year of its rollout, the scheme reached only 7.6 crore farmers against its stated target of 14.5 crore.

Recent reforms to the scheme, by both the Centre and the state, have expanded the categories of eligible beneficiaries. In Assam, the scheme has been extended to farmers temporarily allotted land by the government and horticulture farmers, among others.

Of the Rs 500 crore that Assam is expected to recover on behalf of the Centre, only Rs 1.5 crore has come in so far. "Around 90% of those who returned money are government employees. The remaining 10% are rich businessmen," said Neog. The total amount to be recovered may change after the verification process is complete.

But not many have high hopes of getting back a sizable amount. Neog suspects that many of the ineligible beneficiaries would be poor villagers who would struggle to scrape together even Rs 2,000. "What will you take back from people who don't have anything?" https://scroll.in/article/1023605/the-untold-story-of-indias-rs-3000-crore-farmer-scheme-scam

11. Centre reins in FY22 fiscal deficit at revised estimate of 6.9% *(financialexpress.com)* May 11, 2022

The Centre has contained its fiscal deficit at about the revised estimate (RE) of 6.9% of the gross domestic product (GDP) for FY22. Though the total expenditure exceeded the RE by a small margin, receipts were strong enough to offset the additional outgo.

The Centre's actual net tax receipts are seen to have beaten the FY22 RE by Rs 1.2 trillion, but this was to a large extent offset by the postponement of LIC's IPO, for which the revenue target was Rs 60,000 crore, and additional tax transfers of Rs 43,168 crore to states to clear past arrears from the Budget.

The fiscal deficit and expenditure numbers for FY22 will be released by the Controller General of Accounts (CGA) on May 31.

For FY22, the total expenditure RE was Rs 37.7 trillion, 8% higher than the Budget estimate (BE), as revenue expenditure was enhanced by 8% to Rs 31.67 trillion and capex by 9% to Rs 6 trillion in the RE from the BE. Sources said actual capex was marginally lower than the RE.

While the railways and defence accounted for most of the shortfall in capex, the higher revenue expenditure was largely on account of extra fertiliser (Rs 22,000 crore) and food subsidies (Rs 8,000 crore) worth about Rs 30,000 crore over the FY22 RE levels.

Defence and the railways spent a lot of funds in March, yet they could not fully utilise the budget allocated to them in FY22. The total budgetary capex in the year was around Rs 5.9 trillion, an official said.

Despite total expenditure exceeding the RE, the Centre's fiscal deficit will be within the FY22 RE, as the second advance estimate projected nominal GDP to grow by 19.4% in FY22, compared with 17.6% factored in the RE, providing some extra fiscal space in statistical terms. https://www.financialexpress.com/economy/centre-reins-in-fy22-fiscal-deficit-at-revised-estimate-of-6-9/2519593/

12. Indian Economy: Glass half-full or half-empty for India? *(financialexpress.com)* May 11, 2022

After two years of being buffeted by the Covid pandemic and its fallout, the Indian economy is showing strong signs of resilience. Growth has returned rates above 7% and is expected to continue at this level for the next year or two. India is continuing to pursue the "formalisation" of the economy, and this push is helping some firms that might otherwise have remained stuck in old routines. At the upper end of the economy, the number of highly valued startups—often focused on or enabled by information technology—continues to increase. Foreign firms are bullish on India and the purchasing power of its consumers. The Centre is making progress on divestment, including the landmark sale of Air India and the sale of shares in the Life Insurance Corporation of India. There are signs that corporate balance sheets may be recovering, and this may help the financial sector recover as well. India has returned to being one of the fastest growing economies in the world, a status that had been lost well before the pandemic hit.

Despite all this good news, the "half empty" side of the picture may be of greater concern, requiring serious, immediate, and sustained policy attention. Inflation is certainly a problem.

Inflation expectations were heightened even before Putin's invasion of Ukraine, and the Reserve Bank of India has been faulted for acting too slowly, deviating from its inflation-fighting mandate to support the economic recovery. The US Federal Reserve also seems to have been caught in the same situation. One cannot help sympathise with both central banks, since the situation of repeated pandemic waves and supply shocks has been unpredictable. Another common problem is that both economies have been seeing a two-speed recovery, following an inequitable distribution of negative impacts from the pandemic and consequent disruptions. What is different is that the US economy is recovering very robustly overall, with historically low unemployment rates (though labor force participation has fallen, as it has in India). In India, employment growth remains anaemic, with longstanding weakness in employment growth made worse by the recent economic shocks.

India is also more likely to suffer lingering negative impacts on the education of its children and youth, and it is being hurt more by the spike in oil prices. In a nutshell, the structural weaknesses that were hampering India's growth before the pandemic are likely to become more apparent once the initial bounceback from the pandemic has played out. It is not yet clear that India can achieve sustained growth of 7-8% for a decade, which ought to be a minimal goal. What needs to be done in the short and medium term?

One of the most critical obstacles to economic growth is access to cost-effective, reliable electric power. This sector is one of the relative failures of India's economic reforms. Even now, electric power shortages are being addressed by increasing the use of coal-based generation, which has tremendous negative consequences in the longer run. By contrast, the Rockefeller Foundation is championing the idea of distributed renewable energy systems, using solar power. In India, it has created a subsidiary, Smart Power, which is investing $75 million in Bihar, Jharkhand and Uttar Pradesh. But this is a drop in the ocean compared to what is needed, and is an obvious example of where public investment can make a difference at the scale and speed that India needs.

Reliable electric power is also a prerequisite for access to the internet, the modern delivery mechanism for knowledge and information of all kinds, including basic education and skill upgrading. Investment in digital infrastructure that goes beyond 5G cellphones is also desperately needed, to provide bandwidth at levels that will permit accelerated and more inclusive growth.

Another area where creative thinking is needed, rather than business as usual, is on the inflation front. The most unequalising aspect of inflation is in the case of food. Yet India has a foodgrain procurement and distribution policy that is dysfunctional, and doing little or nothing to help reduce food inflation. Instead, it has helped create a situation where farmers in states like Punjab are using free or subsidised electricity to pump groundwater to grow rice in a region where it is not optimal. Scarce electric power is being used to fill warehouses faster than they can be emptied, and to turn the area into a desert.

There are other areas where policy rethinking is needed. None of them really have anything to do with the rhetoric of self-reliance. Instead, the guiding principle of economic policymaking in India needs to be making the best use of India's resources, and doing so in an integrated manner. Investing in people means giving them effective access to knowledge, skills and the means of production. Investing in natural resources means reducing their depletion and degradation, as well as replenishing them where possible. The national objective function has to be appropriate, as a first step toward figuring out what to do and how to do it. In terms of the simple metaphor, what glass is being filled?. https://www.financialexpress.com/opinion/indian-economy-glass-half-full-or-half-empty-for-india/2519439/

13. Measuring the change: On socio-economic surveys *(thehindu.com)* UPDATED: MAY 11, 2022

India should invest more to enhance the reliability of various socio-economic surveys

The fifth edition of the National Family Health Survey (NFHS) provides a valuable insight into changes underway in Indian society. It throws light on traditional parameters, for instance immunisation among children, births in registered hospital facilities, and nutritional levels. While there is a general improvement in these parameters, there were mixed signals in nutrition. Gains in childhood nutrition were minimal as were improvements in obesity levels. The prevalence of anaemia has actually worsened since the last survey in 2015-16. But the survey's major contribution is its insight into behavioural and sociological churn. When highlights were made public last year, the focus was on India's declining total fertility rate that had, for the first time in the country's history, dipped to below the replacement level, or a TFR (Total Fertility Rate) of 2.1. If the trend were to persist, India's population was on the decline in line with what has been observed in developed countries, and theoretically means improved living standards per capita and greater gender equity. Because this TFR had been achieved across most States, two notable exceptions being most populous Uttar Pradesh and Bihar, it was also evidence that population decline could be achieved without coercive state policies and family planning has struck deep roots. The more detailed findings, made public last week, suggest that this decline is agnostic to religion.

The fertility rate among Muslims dipped to 2.3 in 2019-2021 from 2.6 in 2015-16, the sharpest among all religious communities when compared to the 4.4 in NFHS 1 in 1992-93. Another set of subjective questions that the NFHS attempts to answer using hard data is gender equity. Less than a third of married women are working and nearly 44% do not have the freedom to go to the market alone. However, a little over 80% have said that they can refuse demands for sex from their husband. This has implications for legal questions surrounding marital rape. Only 72% of Indian men think it is not right to coerce, threaten or use force on a woman if denied sex, which again points to the vast territory that needs to be covered in educating men about equality, choice and freedom in marriage. This question made it for the first time in the family health survey as did another question, about the number of registered births and deaths, in the family survey. Multiple surveys such as the NFHS, Sample Registration Surveys, the Census, labour, economic surveys and ways of interrogation are necessary for insights about a country as vast and complex as India; the Centre should invest more substantially in improving their reliability. https://www.thehindu.com/opinion/editorial/measuring-the-change-the-hindu-editorial-on-reliability-of-socio-economic-surveys/article65401252.ece

14. Row over offset commitments: Global defence biggies to face government's wrath *(newindianexpress.com)* May 11, 2022

The Union Ministry of Defence (MoD) has decided to crack the whip to get top foreign defence companies to honour their offset commitments linked to multi-billion-dollar contracts received from India.

The Defence Acquisition Council (DAC), which is the apex body of the MoD for finalising procurement for the three services, is scheduled to meet at the end of this month.

The review committee that prepares the agenda for the DAC is scheduled to meet on May 11. Sources said offset default is one of the subjects that would come up at the DAC.

The MoD, according to sources, is preparing to issue a final warning to the defaulters with a message that if they do not deliver on their offset promise, the government would be forced to bar them from any future bidding.

The biggest names in the global defence industry have won contracts to supply a range of products — from airplanes to missiles, helicopters and guns — to India.

As per the government of India’s defence offset policy 2005, 30% of the value of the contract has to be spent in India by companies winning Indian defence contracts.

Over the last 15 years, offset commitments to the tune of $13 billion have been made by foreign original equipment manufacturers (OEMs). But these companies have so far executed contracts worth only $2.4 billion.

Sources said the defaulting OEMs that have been issued offset show-cause notices are: Russian Aircraft Corporation (MiG) for a $964 million contract signed in 2008 for the upgrade of 69 MiG-29 fighters; Boeing of US for a $1.09 billion contract signed in 2010 for the supply of 10 heavy-lift aircraft; Rafael Advanced Defense Systems for a $200 million contract signed in 2014 for the supply of Barak missiles; Elbit Systems of Israel for $270 million contract signed in 2014 for the supply of thermal imaging fire control systems for T-72 tanks; BAE Systems’ GCS International Limited for $542 million contract for the supply of 140 ultra-light howitzer guns; Dassault Aviation, Safran, Thales of France for $8.7 billion contract signed in 2016 for the supply of 36 Rafale fighters; Elta Systems of Israel for the supply of air route surveillance radars; etc.

Failed to respond despite multiple warnings

The ministry of defence has issued multiple warnings and show-cause notices and imposed penalties on several suppliers.

Yet, the foreign original equipment manufacturers have not honoured their commitments. https://www.newindianexpress.com/nation/2022/may/11/row-over-offset-commitments-global-defence-biggies-to-face-governments-wrath-2452119.html

15. Why India's 2025 ethanol blending target may not be a good idea *(business-standard.com)* May 11, 2022

India's target to have 20% ethanol blended in petrol will have to bring more land under cultivation of raw material, and that may affect food security. Yet, emissions will not reduce drastically

For India to meet its target of 20 per cent ethanol blended in petrol by the year 2025 (commonly known as the E20 target), it will have to bring in more land under cultivation of feedstock--agricultural products that can be converted into ethanol--land that can be better utilised for the generation of renewable energy and for furthering India's electric vehicles adoption programme, according to a new report by the Institute for Energy Economics and Financial Analysis (IEEFA).

Besides, the ethanol target will not reduce earth-warming emissions drastically, it may be detrimental to India's food security, and will only help us inch towards energy security, experts say.

Pros and Cons

Ethanol can be blended into petrol to reduce the quantity of petrol required to run a vehicle, thus reducing dependency on imported, costly and polluting petroleum. Today, India imports 85 per cent of its oil requirements.

India's net import of petroleum was 185 million tonnes in 2020-21 at a cost of $551 billion, according to a roadmap for ethanol blending released by NITI Aayog, the Centre's policy think-tank, in June 2021. Most of the petroleum products are used in transportation and therefore, the E20 programme can save the country $4 billion (Rs 30,000 crore) annually.

Besides, ethanol is a less polluting fuel and offers equivalent efficiency at a lower cost than petrol. Availability of large arable land, rising production of foodgrains and sugarcane leading to surpluses, availability of technology to produce ethanol from plant-based sources, and the feasibility of making vehicles compliant to ethanol blended petrol (EBP) are some of the supporting arguments used in the roadmap for E20, which refers to the target as "not only a national imperative, but also an important strategic requirement".

However, increasing production of food-based feedstock for ethanol manufacturing may not be the best use of land in a hungry country, IEEFA contends. India ranked 101 of 116 countries on the World Hunger Index 2021. Further, land can be used far more efficiently for generating renewable power for Electric Vehicles (EV) than for growing crops for ethanol.

For example, you need 187 hectares worth of maize-derived ethanol to match the annual travel distance of an EV recharged from one hectare of solar energy--even accounting for losses from electricity transmission, battery charging and grid storage, stated the IEEFA report, authored by Charles Worringham, an Australia-based independent researcher.

Independent experts also believe that existing ethanol production based on surpluses or damaged foodgrains can be maintained at status quo or at E10 (10 per cent ethanol-blended petrol), but the E20 target may be a misplaced priority for India.

What consumers gain and what they lose

Ethanol is one of the principal biofuels naturally produced by the fermentation of sugars by yeasts or via petrochemical processes. In India, it is primarily produced from sugarcane-based raw materials or certain types of heavy molasses, sugarcane juice/sugar/sugar syrup, surplus rice available with the Food Corporation of India and maize. These are known as first generation biofuels.

Since the beginning of the EBP programme in 2003, average blending ranged only in the 0.1 per cent to 1.5 per cent range upto 2013-14. The NITI Aayog lists a number of interventions by the government post that period, including eased tender conditions, an interest subvention scheme--a financial support scheme for distilleries--for augmentation of production capacity and more, owing to which average ethanol blending in the country reached 5 per cent in Ethanol Supply Year (ESY) 2019-20. An ESY is from December of a given year to November of the next year.

In ESY 2021-22, India has achieved 9.45 per cent ethanol blending, as on March 13, 2022. The Ministry of Petroleum and Natural Gas (MoPNG) aims to take this to 10 per cent in ESY 2021-22, and in December 2020 the government advanced its target of achieving 20 per cent blending from 2030 to 2025. But this target comes with challenges.

Ethanol can be used in vehicles calibrated to that particular degree of ethanol blending (for eg, E20) or in flex fuel vehicles that can run on pure fossil fuel or fossil fuels blended with any degree of biofuels.

There is a long way for vehicles to be E20 compatible. Vehicles made in India since 2008 are material-compatible (rubber and plastic components) with E10 and fuel-efficient compliant with E5 (5 per cent ethanol blended in petrol), but their engines are not tuned to E10 for optimum performance. At the next stage, when E10 petrol is made available across the country, new vehicles will need engine modifications.

Besides, when using E20, there is an estimated loss of 6-7 per cent fuel efficiency for four-wheelers which are originally designed for regular petrol and calibrated for E10; 3-4 per cent loss for two-wheelers designed for regular, unblended petrol, and calibrated for E10, and 1-2 per cent loss for four-wheelers designed for E10 and calibrated for E20. To offset this, the government might have to consider tax incentives on E10 and E20 fuel.

Also, the cost of flex fuel vehicles (four-wheelers) would be Rs 17,000 to Rs 25,000 higher, and of two-wheeled flex fuel vehicles Rs 5,000 to Rs 12,000 higher, compared to ordinary vehicles, tailored to run on 100 per cent gasoline. The cost of E20 compatible vehicles is also expected to be higher by Rs 3,000 to Rs 5,000 for four-wheelers and Rs 1,000 to Rs 2,000 for two-wheelers. This level of modification and calibration of vehicles will require large scale investment in infrastructure.

"We estimate that 162 million motorised two-wheelers and 4.2 million three-wheelers on road use petrol," said Himani Jain, senior programme lead at the New-Delhi based think-tank Council on Energy, Environment and Water (CEEW). "Retrofitting the engines of such an enormous existing vehicle stock across India will require competent skilled technicians at scale, strategic and early planning of required infrastructure, and robust monitoring systems."

That said, the prices of ethanol produced in India are higher in comparison to global players, since the cost of raw materials--that is, sugarcane and food grains--are fixed by the government to support farmers. But, at present, excise duty on the landed cost of petrol at oil depots is higher than the Goods and Services Tax (GST) on the landed cost of ethanol, and the benefit is being passed on to the retail consumers.

Petrol cost Rs 105 in Delhi on May 1, and high petrol prices work in favour of EBP users. However, should the price of ethanol increase beyond that of petrol, consumers may have to pay more for ethanol-blended fuel. In such a scenario, tax (GST) breaks on ethanol may become necessary, said the NITI Aayog roadmap.

Jain of CEEW stresses that the gains from ethanol-blended petrol are miniscule as compared to the effort. "Only if there is a substantial increase in fuel prices, consumers gain from blending ethanol; otherwise the gains are not that big," she said.

"In November, when we checked, the savings were as little as 5 per cent-6 per cent. For OEMs (Original Equipment Manufacturers or automobile manufacturers), investing in the internal combustion engine value chain makes no sense since it has to be phased out eventually (as EVs are introduced). Apart from Brazil, nowhere else in the world are people looking at ethanol as an energy security solution," said Jain. "Overall, when it comes to our E20 target, there is net-net not so much impact (on energy security)."

But Hetal Gandhi, director of CRISIL Research, a global ratings agency, believes that EBP can be a viable option for now, as EVs will become a reality only after 2026-27.

"When oil prices were lower, the scheme (EBP) was more expensive for a consumer who is buying EBP," said Gandhi. "Right now, oil prices are high, so it is a great value proposition for consumers in terms of the amount that gets passed on to them. There is time for the EV ecosystem to get established. Until then, you proliferate CNG and you also shift demand to blended petrol."

E20 target could impact food, water security

The NITI Aayog has estimated an ethanol demand of 10.16 billion litres by 2025, based on the expected growth of vehicles. The current ethanol production capacity in India, of 4.26 billion litres derived from molasses-based distilleries, and 2.58 billion litres from grain-based distilleries, is proposed to be expanded to 7.6 billion litres and 7.4 billion litres, respectively. This will require 6 million metric tonne (MT) of sugar and 16.5 million MT of grains per annum by ESY 2025.

The IEEFA report translates this as 30,000 additional sq km of land to come under maize cultivation. With half that land, IEEFA estimates, India can generate clean electricity by 2050.

Using one hectare of land for solar power generation is far more efficient than using the same land for cultivation of any of the agricultural ethanol feedstocks. For example, an EV charged from solar energy generated on one hectare of land can drive 32 times further than an EV running on ethanol derived from one hectare of sugarcane. The difference is even higher for other feedstocks.

Use of land on this scale to grow crops for ethanol production is questionable considering India's food security concerns, the fact that sugarcane is a water-guzzling crop, and that availability of damaged or surplus grains is uncertain. For example, on average, one tonne of sugarcane can produce 100 kg of sugar and 70 litres of ethanol. Cultivation of each kg of sugar requires 1,600 to 2,000 litres of water. Hence, one litre of ethanol from sugar requires about 2,860 litres of water.

Ethanol can be produced from both maize and sugarcane.

"If we do increase the area under sugarcane cultivation, we are using land that can be used for food crops. Increasing land under food grains like maize for ethanol also makes no sense from a food security point of view, and maize also produces less ethanol as compared to sugarcane," said Ramya Natarajan, a research scientist at Bengaluru-based think-tank, Centre for Study of Science, Technology and Policy (CSTEP). "Besides, what needs to be kept in mind is that right now there might be a surplus (of grains or sugarcane) but there are so many factors like climate change that impact yield."

If the target is for E10 rather than E20, Natarajan believes it would be possible to achieve with existing availability of molasses and sugarcane juice, without need for extra land or water.

Even the NITI Aayog roadmap asks that ethanol production reduce dependency on water-intensive, first generation biofuels like sugarcane, and instead develop advanced biofuels.

"The task force on sugarcane and sugar industry estimated that sugarcane and paddy combined are using 70 per cent of the country's irrigation water, depleting water availability for other crops," as per the roadmap. "Hence there is a need for a change in crop patterns, to reduce dependence on one particular crop and to move to more environmentally sustainable crops for ethanol production. Cereals, particularly maize, and second generation (2G) biofuels with suitable technological innovations offer promise of a more environmentally benign alternative feedstock for production of ethanol."

The National Policy on Biofuels had emphasised on 2G biofuels in 2018 too, but the E20 target put the focus back on first generation feedstock options. 2G biofuels include rice or wheat straw, corn cobs, bagasse, bamboo and other non-food feedstock. At the moment, 2G biofuels technology is at a nascent stage, due to which the roadmap has called for technological innovations.

Limited reduction in earth-warming emissions

The roadmap estimated higher reductions in carbon monoxide emissions with E20 fuel--50 per cent lower in two-wheelers and 30 per cent lower in four-wheelers--as compared to unblended petrol. Hydrocarbon emissions also reduced by 20 per cent with ethanol blends compared to normal gasoline. But how does that fare in terms of absolute reduction in greenhouse gas emissions?

Our analysis says 5 per cent of the transport sector GHG emissions will be reduced in 2025 due to E20 (not including life cycle emissions)," Natarajan says. "If you are putting in so many resources to achieve 5 per cent, is it worth it?"

The road ahead

Natarajan's question captures the conundrum facing India: Push for enhanced ethanol production to meet the E20 target, or consider alternatives?

Land is used far more efficiently to generate renewable power for EV batteries than growing crops for ethanol, author Worringham contends in the IEEFA report.

"The ramifications of India's ethanol policy are far-reaching, and its implications for land use appear not to have been adequately considered," the report said. "A careful evaluation of both the target blending level and its timeframe is needed, considering land use, food security and other issues confronting the rural sector in particular."

The report concluded that to achieve the key goal, that is emissions reduction, alternative mechanisms--enhanced EV uptake, installation of additional renewable generation capacity to allow zero-emissions recharging, etc.--need to be evaluated. https://www.business-standard.com/article/economy-policy/explained-why-india-s-2025-ethanol-blending-target-may-not-be-a-good-idea-122051100158_1.html

16. In two years, Delhi spent Rs 68 lakh on stubble decomposer, Rs 23 crore to advertise it *(newslaundry.com)* MAY 11, 2022

In 2020, the Delhi government announced with much fanfare a new strategy to tackle the issue of stubble burning – a bio-decomposer developed by the Indian Agriculture Research Institute (Pusa).

Newslaundry had reported how a pilot project was launched in 2020, allegedly covering 1,900 acres of farmland across 39 villages. Last October, the government announced it would spray 4,000 acres of farmland across 59 villages.

Based on the Delhi government's responses in the assembly and to RTIs, Newslaundry has learned that the AAP government has spent Rs 68 lakh across 2020-21 and 2021-22 on spraying this bio-decomposer. The government said this benefited 955 farmers.

But during the same time period, it spent a whopping Rs 23 crore on advertising the project.

Let's investigate these numbers.

2021-22 spending

Ramvir Singh Bidhuri, the leader of the opposition in the Delhi assembly, had asked the Delhi government how much money had been spent in 2021-22 on buying the bio-decomposer solution.

In its response in January 2022, the government said that in 2021-22, it had spent Rs 3,04,055 on buying the solution – Rs 1,04,055 on jaggery and gram flour, and Rs 2,00,000 on the bio-decomposer capsule. These are the two components that form the bio-decomposer solution.

The government said 645 farmers in Delhi had benefited in 2021-22. It also said in the same time period, it spent an additional Rs 24,62,000 on renting tractors to sprinkle the solution, and Rs 18,00,000 on the makeshift tents erected near the farmland while spraying the solution.

In total, approximately Rs 46,00,000 was spent on sprinkling of the solution.

And how much did the government spend on advertising the scheme, Bidhuri asked.

Rs 7,47,26,088 – or nearly Rs 7.5 crore.

These numbers are only for 2020-21. The Delhi government's rationale for its advertising blitz was that it was important to spread awareness on the "new technique" to tackle the annual issue of stubble burning.

“The Pusa Institute in Delhi had invented a new technique to turn the stubble into compost fertiliser,” the Delhi government had said in its response. “It was made available for farmers in Delhi...but it was also necessary that this information reached farmers in those states where the bulk of smoke from stubble burning originates. Due to the neighbouring states of Delhi being the primary source of pollution, the Delhi government spent Rs 7,40,26,028 on advertising to create awareness about this invention for people’s safety.”

2020-21 spending

But the Delhi government had first announced the bio-decomposer project in October 2020. How much did it spend on it in 2020-21?

This is precisely what BJP MLA Om Prakash Sharma asked the Delhi government in the assembly.

In its response in July 2021, the government said, “The Delhi government had released ads about the bio-decomposer costing Rs 15,80,36,828. While Rs 40,000 was paid to IARI Pusa to buy the chemical which turns the stubble into compost.”

So, that’s approximately Rs 16 crore on ads for 2020-21.

In the same reply, it said Rs 4,69,000 was spent on organising 56 “training events” to raise awareness among farmers on the ills of stubble burning.

Harish Khurana, spokesperson of the Delhi BJP, filed an RTI for 2020-21’s spending on sprinkling the bio-decomposer. The response to the RTI was received in January 2022, and Newslaundry accessed a copy of it.

The response was filed by Delhi’s agriculture department. Here’s what it said:

Documents accessed by Newslaundry clearly indicate the Delhi government spent Rs 22 lakh in 2020-21 and Rs 46 lakh in 2021-22 on sprinkling bio-decomposer. That’s a total of Rs 68 lakh in both financial years.

Meanwhile, it spent Rs 16 crore on ads for the solution in 2020-21 and Rs 7 crore in 2021-22 – a total of Rs 23 crore.

In other words, the Delhi government spent 72 times more on advertising the bio-decomposer than it did on sprinkling the bio-decomposer. And the scheme has only benefited 955 farmers in total so far.

It should be noted that in November last year, farmers in five villages – Tigipur, Ramzanpur, Mohammadpur, Baktarpur and Palla – told Newslaundry the bio-decomposer either made “no difference” or came “too late”.

Rs 5.58 crore on ads for ‘smog tower’

The bio-decomposer isn’t the Delhi government’s only solution to reducing air pollution.

In August 2021, it installed a “smog tower” at Connaught Place – an experimental setup that aimed to “filter” the surrounding air.

Now, in response to a question in the assembly on how much it spent on this smog tower, the government said it spent Rs 19 crore on installing it, and Rs 5.58 crore on advertising it.

Newslaundry contacted Delhi environment minister Gopal Rai to ask him why the government was spending so much on ads compared to its expenditure on actual projects.

Rai did not respond.

But in November 2021, Rai had told Newslaundry the Delhi government had taken out these ads "in Delhi only", alleging that "if something is being advertised in Delhi, it travels distances".

This is perplexing given that the aim of the ad blitz was to "spread awareness" in neighbouring states – to quote from the Delhi government's own response in the assembly.

The BJP's Harish Khurana said, "Delhi government is only wasting people's money. From the ads it may seem that so much has changed. But nothing is happening on the ground...So few farmers have benefited and crores have been spent on advertisements."

Rs 490 crore on ads in 2021-22
Meanwhile, Newslaundry filed an RTI asking the Delhi government how much it spent on ads between April 1, 2021 and March 31, 2022.

The AAP government replied that it had spent Rs 488 crore on ads in 2021-22 – approximately Rs 1.34 crore a day on ads. The government did not respond to Newslaundry's query on which schemes this expenditure was made.

Delhi's ad expenditure was Rs 117.76 crore in 2017-18, Rs 45 crore in 2018-19, Rs 293 crore in 2019-20, and Rs 242.38 crore in 2020-21.

Then it soared to Rs 490 crore in 2021-22.

For context, the state of Chhattisgarh, which is much larger than Delhi, spent Rs 315 crore on ads in three years, from December 2018 to November 2021. That's Rs 105 crore per year. Keep in mind that Delhi's annual budget is Rs 75,000 crore while Chhattisgarh's is Rs 4 lakh crore. https://www.newslaundry.com/2022/05/11/in-two-years-delhi-govt-spent-rs-68-lakh-on-bio-decomposer-versus-rs-23-crore-on-advertising-it

17. Heritage centre project moving at a snail's pace *(newindianexpress.com)* 11 May 2022

Delay in land acquisition has played spoilsport in setting up the International Archives and Heritage Centre (IAHC), announced during the first Pinarayi Vijayan-led LDF government tenure.

THIRUVANANTHAPURAM: Delay in land acquisition has played spoilsport in setting up the International Archives and Heritage Centre (IAHC), announced during the first Pinarayi Vijayan-led LDF government tenure. The centre was to come up on Kerala University's Kariavattom campus. As per the proposal, the Kerala State Archives Department, along with the University of Archives Study and Research, would set up the centre on one acre of land taken on lease from the university.

The foundation stone of the project was laid by Chief Minister Pinarayi Vijayan in January last year. Nothing much has happened since then. “It’s unfortunate the archives department hasn’t taken the initiative to expedite the work. The state government had allocated Rs 6 crore for the project in the 2020-21 budget. This has lapsed now,” a senior government official told TNIE.

Following the 2018 flood, there was an outcry among the people and the archaeologists to digitise land deeds and books, including rare documents. Researchers had highlighted the need for scientific conservation of records.During the foundation stone laying function, which he attended virtually, Pinarayi had claimed the centre would benefit even researchers from abroad.

The proposal, drawn up under the then museums, archaeology and archives minister Kadannapally Ramachandran, was to operate the centre on the land allotted by the university for a lease period of 33 years.Ahammad Devarkovil, minister for ports, museums, archaeology and archives, said there was an inordinate delay in acquiring the land. “The land was acquired only recently by the archives department. We couldn’t do anything until the land was acquired. We have now asked the Kerala Museum of History and Heritage to prepare a detailed project report,” the minister said.

STUCK IN LIMBO

The state government had allocated D6 crore for setting up IAHC. However, due to the delay the funding has now lapsed. https://www.newindianexpress.com/cities/thiruvananthapuram/2022/may/11/heritage-centre-project-moving-at-a-snails-pace-2452027.html

18. BJP MLA claims sale of Mumbai plot to builder caused Rs 3,000 cr loss to Maharashtra *(timesofindia.indiatimes.com)* 11 May 2022

MUMBAI: BJP MLA Ashish Shelar on Tuesday alleged a land sale in Bandra West area of Mumbai had brought about a loss of Rs 3,000 crore to the Maharashtra state exchequer. The MLA had last week said the plot of land, which was sold by a trust to a builder for Rs 324 crore, had a value of Rs 1,000 crore.

"This is a scam of Rs 3,000 crore which has been carried out by fraudulently transferring a prime government-owned plot of land adjacent to Taj Hotel at Bandstand in Bandra West to a builder. The government has helped the builder benefit by offering FSI as charity on the plot under the guise of slum rehabilitation," he alleged.

"The state government has given permission to the builder to implement SRA scheme on this vacant land. Under this, the builder will construct 168 permanent transit camp houses on this land. Under the guise of building these camp houses, the builder will be given all benefits of SRA scheme," he added.

Shelar claimed the developer would have got an area of 1.90 lakh square feet for sale if the plot was developed as a vacant one with an FSI of 2, but by going ahead with development under the SRA scheme, the developer gets three lakh square feet land for sale as the Floor Space Index will now be 4.

"A 42-storey tower is likely to come on the plot due to this FSI of 4. The builder has paid Rs 28 crore to the government and Rs 234 to the charitable trust and got ownership of the plot. He has got prime property for a paltry price," the BJP MLA from Bandra West alleged.

The matter needs to be probed immediately as a senior state minister is involved along with functionaries from the offices of the charity commissioner, suburban district collectorate and Brihanmumbai Municipal Corporation, Shelar alleged.

The plot of land in question has been on lease with Bandra Parsi Convalescent Home For Women & Children Charitable Trust since 1905 and it was meant for facilities to treat patients.

However, the trust did not utilize this land and its lease expired in 1980, and as per the 2034 Development Plan (DP) of the BMC, it is now meant for a rehabilitation centre.

Before this plot could come into the possession of the government with the expiry of the lease agreement, an advertisement was issued for its sale in 2020 and by 2022 the state government gave all permissions for its sale, he said.

In fact, this prime property had a structure with historical status but it has now been given away to a builder unauthorizedly, the MLA alleged. https://timesofindia.indiatimes.com/city/mumbai/bjp-mla-claims-sale-of-mumbai-plot-to-builder-caused-rs-3000-cr-loss-to-maha/articleshow/91472323.cms