NEWS ITEMS ON CAG/ AUDIT REPORTS (12.05.2022)

1. Cosy Arrangement? *(indialegallive.com)* 11 May, 2022

A PIL was filed in the Delhi High Court seeking declaration of the Fund as "State" under Article 12. After all, the Fund had utilised the privileges, benefits and exemptions reserved for the State.

Recently, the Delhi High Court was told that the Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) must either submit to the rigours of the Constitution or refrain from projecting itself as "State" to the world at large.

The division bench, comprising Acting Chief Justice Vipin Sanghi and Justice Navin Chawla, was seized of a plea filed by Advocate Samyak Gangwal, seeking declaration of the PM CARES Fund as "State" under Article 12 of the Constitution.

The PM CARES Fund is a public charitable trust set up in 2020 with the primary objective of dealing with any kind of emergency or distress situation, like the one posed by the Covid-19 pandemic, and to provide relief to the affected. Prime Minister Narendra Modi is the ex-officio chairman of the Fund and the ministers of defence, home and finance are its ex-officio trustees.

The genesis of the dispute relates to the issue of lack of transparency and accountability surrounding the PM CARES Fund on the ground that its operation has been exempted from audit by the Comptroller and Auditor General of India (CAG).

Senior Advocate Shyam Divan, representing Gangwal, submitted that the Fund had been established by the Government of India and is deeply and pervasively under the control of the government inasmuch as the Fund is being administered by the Prime Minister's Office.

He claimed that by virtue of the constitutional functionaries being "ex-officio" trustees of the Fund, the Fund was a "State" under Article 12 of the Constitution. To buttress his point, he highlighted that the Fund utilised the privileges, benefits and exemptions reserved for the State. He also highlighted that the official website of PM-CARES Fund uses the State Emblem of India and is registered by the domain name "gov.in". He argued that such constitutional functionaries cannot contract themselves out of the Constitution by deciding that they will function outside its scope. Such a "cosy arrangement" and a structure which undermines public accountability cannot be allowed under the law, he said. He also stressed that the public has the right to know and that the PM CARES Fund must be governed by the principles of good governance, transparency and public accountability.

"Can you have the Speaker of the House and some members creating a trusted site and saying please donate one and all? Please assume that the cause and the purpose and the object is extremely laudable, but does the Constitution allow you to set up a parallel entity saying that this is not subject to rigours of the State and that CAG (Comptroller and Auditor General of India) does not apply?" he asked. "The cardinal principle is you can't contract out, there is no escape velocity by which you can escape the Constitution. It's the Constitution that drags you down so long as you're discharging the constitutional function," he added.

Divan further argued that if the government, on the contrary, contends that the PM CARES Fund is not a "State", then it must refrain from using the State Emblem or the official domain

"gov.in" for its website. "This is not a structure which our Constitution envisages at all. Either you are State and submit to the rigours of the Constitution or do not publicize that you are State," he said.

While suggesting that such a structure is legally obnoxious which, if allowed to sustain, would result in a complete defeat of the constitutional machinery, he asked: "Can we, under our Constitution, allow such kind of cosy arrangements?"

When enquired where the High Court under its writ jurisdiction is empowered to grant a declaratory relief, Divan relied on the decision of "KK Kochunni vs State of Madras", wherein the apex court observed that courts whilst exercising their writ jurisdictions, are empowered to make declaratory order where that is the proper relief to be given to the opposite party.

At the outset, a public interest litigation had been filed by Gangwal seeking clarity on the legal status of PM CARES Fund. The plea sought periodic auditing of the Fund and disclosure of the details of donations received by it, to ensure transparency and accountability.

In the affidavit filed last year by an undersecretary at the PMO, the centre had informed the Delhi High Court that PM-CARES Fund is not a government fund as the amount collected by it does not go to the Consolidated Fund of India. The government contended that there was no control of either the central or any state government/s, either direct or indirect, in the functioning of the Trust. https://www.indialegallive.com/cover-story-articles/il-feature-news/pm-cares-fund-declaration-as-state/

2. CAG questions Tangedco's wisdom in buying expensive power, ignoring lower tariff options *(thefederal.com)* 11 May, 2022

The Comptroller and Auditor General (CAG) has criticised Tamil Nadu Generation and Distribution Corporation Limited (Tangedco) management for ignoring power available at a lower tariff and purchasing the same at a higher tariff between 2017 and 2020.

The CAG presented the report in the assembly on Tuesday. In 2012, Tangedco signed a power purchase agreement with Adani Enterprises Ltd at Rs 4.99 per unit for providing 200MW between September 2012 and 2017. The company lowered its tariff at Rs 3.50 per unit and wanted Tangedco to sign a PPA for two more years. But, instead of signing a new PPA with Adani, it went on to purchase power from other sources at a tariff which ranged between Rs 4.10 and Rs 5.48 per unit. "Tangedco, instead of accepting the offered rate of Rs 3.50 per unit, asked Adani to lower the tariff further. However, to meet the power requirement, Tangedco procured power at a higher cost from the power exchange. Thus non-renewal of contract with lesser rate lacked justification," said the CAG report. As a result, the state power utility spent Rs 149.02 crore more.

The CAG report further said that Tangedco placed orders on four power suppliers for procurement of electricity ranging from 615MW to 815MW under short-term agreement between February 2019 and May 2019 at a cost of Rs 5.20 per unit. The discom procured a total of 2000.85 million units at a total cost of Rs 1040.44 crore.

The state power generation and distribution company went for the short-term agreement at a higher cost when it had a power purchase agreement (PPA) with long term agreement (LTOA) and power was not purchased from these companies which offered lower tariff. "Audit analysis indicated that there was an unutilised quantum of power contracted from LTOA and such

unutilised quantum was 24.28%. The variable cost for the LTOA was Rs 2.57 and Rs 2.71 per unit against more than Rs 5 per unit from short-term agreements," said the report.

Against the above two, Tangedco has spent an additional amount of Rs 693.85 crore by going for short-term agreement instead of purchasing from LTOA.

The CAG also stated that the power generation and distribution company must complete segregation of agriculture load on feeder. As per the UDAy scheme, it must have segregated agriculture load separately so that quality power can be supplied to domestic consumers in rural areas. But Tangedco did not take action for separation of agriculture load in the remaining 1,891 feeders. "Audit is of the view that considering the benefits, Tangedco should explore the possibility of feeder segregation," said the report. https://thefederal.com/states/south/tamil-nadu/cag-report-on-tangedco-power-purchase/

3. Kerala in severe economic crisis as union govt delays approval for borrowings *(english.mathrubhumi.com)* MAY 12, 2022

Thiruvananthapuram: The union government is yet to allow Kerala to borrow money as the row over 'miscalculation' of previous borrowings continues. The state is reeling under a severe economic crisis due to this. The government may go for stringent treasury controls if the situation doesn't change soon.

As per the limit set by the union finance department, Kerala can borrow up to Rs 32,425 cr. Normally, this is permitted in the beginning of the financial year itself, in instalments through bonds issued by the Reserve Bank of India. It also includes loans from banks and LIC.

However, the union government is delaying the permission stating there are issues in the statements of previous years. CAG had said that borrowings of Kerala Infrastructure Investment Fund Board (KIIFB) and the Public Service Undertakings should also be accounted in the government's balance sheet. However, the state objected to this.

The union government has also sought explanation on the utilisation of the additional loan permitted during Covid-19 lockdown. Government sources said that the state has filed its reply and a positive action is expected soon.

The state had already made arrangements for borrowing Rs 1,000 cr on April 19, Rs 2,000 cr on May 2 and another Rs 1,000 cr on May 10, according to the RBI calendar. However, the union government's permission was delayed.

At present, there is a restriction in the treasury to approve bills above Rs 25 lakh. Other temporary control measures are also in place based on analysis of day-to-day affairs.

Meanwhile, union finance secretary TV Somanathan informed the state that action will be mooted against officials if there are lapses in presenting the numbers to the centre.

The government has sought explanations from several other states as well. https://english.mathrubhumi.com/news/money/kerala-in-severe-economic-crisis-as-union-govt-delays-approval-for-permitted-borrowings-1.7508582

4. PAC recommends steps to address issues faced by Perungudi residents *(thehindu.com)* MAY 11, 2022

'GCC to submit report on problems that cropped up during the previous AIADMK rule'

The Tamil Nadu Legislative Assembly Public Account Committee's (PAC) Chairperson K. Selvaperunthagai on Wednesday said the PAC has recommended certain steps to address the issues faced by residents living near the Perungudi garbage dump which witnessed a fire recently.

Addressing the media after conducting PAC's review meeting with Greater Chennai Corporation (GCC) based on the audit report of the civic body submitted by the office of the Comptroller and Auditor General (CAG), he said one of the recommendations was to shift the weighing bridge in the dump away from the residential area by at least 400m.

Apart from reducing the stench and air pollution, he said the move would facilitate the paving of a new road, which would provide easy access to the school in which many children from the area studied. He said that the PAC recommended repair of one of the roads connecting the dump to the Old Mahabalipuram Road as it was in poor condition.

The PAC earlier in the day visited the bio mining unit functioning inside the dump. It visited the GCC-run hospital in Perungudi. "It is functioning better than a private hospital. We have recommended that hospitals with similar bed capacity be formed in all zones," he said.

The civic body will be submitting a report on action taken towards several problems that happened during the tenure of the previous government as pointed out in the CAG's report. https://www.thehindu.com/news/national/tamil-nadu/pac-recommends-steps-to-address-issues-faced-by-perungudi-residents/article65404969.ece

5. Adani at Centre of Power and Heat Wave Crisis in North *India* *(adaniwatch.org)* May 12, 2022

Citizens in several parts of northern India have been suffering power outages during a record heat wave. Worsening the crisis, Adani Power cut off electricity supply to the state of Haryana (which adjoins the country's capital) amid a dispute with the local government over payment of tariffs.

North India is reeling under a heat wave with summer starting weeks earlier than expected. Worsening the situation are long hours of power outages. While several factors are responsible for the unprecedented electricity shortage, in the middle of the crisis is Adani Power, one of the country's biggest producers of power. Adani Power Ltd is part of the conglomerate headed by Gautam Adani, the richest man in India and one of the ten most wealthy people on Earth.

The Economic Times started an article published on 4 May 2022 titled 'India's heatwaves are testing the limits of human survival' with the following opening paragraph.

'New Delhi feels like it is on fire. The heat comes off the road in blistering waves, and the water that flows from the cold tap is too hot to touch. Daytime temperatures have hit 44 degrees Celsius (111 Fahrenheit) and often do not fall below 30 at night. A giant landfill on the outskirts of the capital spontaneously combusted a week ago and the 17-storey-high dump that contains

millions of tons of garbage continues to smolder, worsening the city’s already dangerously polluted air.’

Festivities were subdued in many parts of Gurugram in the North Indian state of Haryana on Tuesday, even though it was the occasion of Eid-ul-Fitre, the biggest festival of the Muslim community, as well as Akshaya Tritiya, an annual spring festival celebrated by Hindus. Power outages, which have rocked the state for over a fortnight, have thrown the lives of residents into disarray. Here is what three residents told Adani Watch:

Ramesh Vashisth, a 77-year-old senior citizen said: ‘The long hours of power outages have affected kids and senior citizens like me the most. The heat wave is intense this year and school children are finding it difficult to concentrate on their studies in the absence of fans, coolers and air-conditioners. Their examinations are under way. We have been using diesel-run portable electricity generator sets whenever we can. But diesel is expensive. And the pollution caused by burning diesel affects our health.’

Deepika Naithani, an IT (Information Technology) professional, added: ‘The coal crisis, the overloaded and ancient infrastructure, and the lack of planning all contribute to this crisis. Whether it is upgrading or maintaining the infrastructure or buying power from the Adani Group, it’s about time the Haryana government took concrete steps to address this annual crisis.’

Beetashok Chatterjee, a former merchant navy captain and an author said: ‘The situation is deplorable. With the early onset of summer and temperatures rising to a maximum of 45 degrees Celsius, have come frequent outages and long hours of power cuts that are making the lives of ordinary citizens miserable. It is about time the government of Haryana sorts out its problems with electricity suppliers and relieves us of this ordeal.’

In late April and early May, many parts of India, especially the northern part of the country, have been in the grip of a deadly heatwave with the mercury touching record highs in several cities and towns. Many state governments, including the government of Haryana, have published rosters of scheduled power outages, owing to a shortage in electricity generation. In many places, the electricity cuts have exceeded what was specified in the rosters.

Haryana, which has been hit particularly badly by the power crisis, cited a dispute over electricity tariffs with a ‘particular private power producer’ as one of the reasons behind the supply crunch. While the state government did not name Adani Power, the BJP-led government has itself come under considerable flak for failing to resolve this dispute.

Even as Haryana scrambled to put together power-purchase agreements with various entities, a stalemate continued between the state government, headed by Chief Minister Manohar Lal Khattar, and Adani Power Limited. The private company has stopped supply of electricity to the state from its Mundra Thermal Power Plant in Gujarat (one of the biggest in India). Adani Power, the biggest private power producer in the country and one of the major suppliers to Haryana, refused to supply electricity unless it is paid a higher rate of tariff than what had been agreed upon with the state’s power distribution companies (discoms).

According to media reports, Adani Power has been reluctant to supply electricity at the contracted tariff. It has cited an increase in production costs owing to a hike in the price of imported coal. Following in the footsteps of Adani Power, another private firm, Tata Power,

has also reneged on its commitment to supply electricity to Haryana at tariffs contracted in its PPA with the state government.

Origins of Haryana's Power Crisis

According to a petition filed in early-April by the state government with the Haryana Electricity Regulatory Commission (HERC), the power crisis in the state was aggravated because Adani Power stopped supplying electricity nearly six months ago. Adani Power, the largest private power supplier to Haryana, with a contracted capacity of 1424 MW, was followed by Tata group-owned Coastal Gujarat Power Limited (CGPL), which has a contract to supply 380 MW of electricity to the state. As per their respective contracts with the Haryana government, electricity from Adani Power is sold to the state at a tariff of Rs 2.94 per unit or kilowatt hour (kwh). The corresponding tariff for CGPL has been fixed at Rs 2.26 per unit.

Following a meeting on April 23 between Haryana Chief Minister Khattar, Adani Power's director Rajesh Adani and chief executive officer and managing director Anil Sardana, it was decided that a supplementary PPA was required to resolve the power crisis in the state. In accordance with the new agreement, Haryana will be supplied only 70 per cent of its 1424 MW of contracted electricity from Adani Power at the rate of Rs 2.94 per unit (a price that had been agreed upon in the original PPA). This amount of electricity (1050 MW) will be derived from domestic coal only. In order to avoid escalation of costs in purchase of power, Haryana will have to forego 30% of the contracted supply which, as per the original PPA, is to be generated by Adani Power from imported coal. The supplementary PPA will be in force temporarily until soaring prices of imported coal settle at normal levels. But it is not clear yet if Adani Power will be allowed to trade electricity generated from imported coal at power exchanges (as had been allowed in the past by the Modi government) during the period that the supplementary PPA is in force and whether profits, if any, generated by Adani Power by trading electricity at the exchanges will be shared with Haryana government.

The Haryana Power Purchase Centre (HPPC), the state-government enterprise which purchases electricity for distribution across the state, has justified procurement of expensive thermal power from privately-owned thermal plants, citing a central-government scheme. This justification has been put forth because of the acute power shortage due to the non-availability of electricity from Adani Power, following litigation over the latter's alleged violation of the terms of the PPA, and also because state-owned power plants are not operating at full capacity due to shortages in supplies of coal as well as technical snags.

Criticism from the Government Auditor and Opposition Parties

The Comptroller and Auditor General of India, which audits the finances of all government-owned entities, had pulled up the Haryana government even before the power shortage worsened in mid-April. It criticised the state government for failing to enforce the PPAs that the state had entered into with various private power-generating entities. In a report presented in Parliament in March 2022, the CAG noted:

'Haryana Power Purchase Centre incurred extra expenditure of Rs 209.33 crore [about US $27 million] in purchasing costly power from private producers and preparing incorrect merit order which put an extra burden on consumers of the State.'

The report further stated: 'HPPC had extended favour to these private power producers by purchasing their power at Rs 4.90 to Rs 5.00 per unit against the variable cost of State's own generating stations (Rs 3.25 to Rs 3.88 per unit).'

The CAG held that the justification put forth by HPPC to purchase power from outside entities as untenable for two reasons: (a) the terms and conditions of the PPA were legally binding upon privately-owned electricity-producing units, and (b) a single day's shortage of coal at plants was taken by the state government as the basis for entering into short-term power purchase agreements at higher tariffs.

The government watchdog also noted that issues with Adani Power over tariffs had already been resolved when HPPC had given an in-principal nod in October 2018 to purchase costlier power from other entities under the central government scheme.

The power crisis in Haryana has hit its agricultural sector very hard and also affected manufacturing units located in the industrial townships of Ambala, Yamunanagar, Kundli, Faridabad, Gurugram and Manesar.

The state's main opposition party, Congress, ridiculed the Khattar government's decision to purchase costlier power through short-term contracts. Party spokesperson Randeep Singh Surjewala, in a press conference in the third week of April, questioned the Khattar government as to why it had not been getting 1424 MW of electricity from Adani Power's thermal plant in Mundra (located in Gujarat). He also asked what action had been taken by the government against the company for not supplying contracted power since late 2021.

'Why is the M L Khattar government not buying power at the risk and cost of private power generators, including Adani Power?' asked Surjewala at the press conference. He claimed that Haryana used to be a power-surplus state until the BJP was elected to power in the state in 2014 for the first time.

Taking a cue from the CAG report, Surjewala pointed out that the state government had purchased electricity from two private firms based in Madhya Pradesh and Chhattisgarh, respectively, after failing to enforce the terms and conditions of the PPA upon Adani Power.

Unconvincing claims on coal supply

The power crisis comes amid tall claims by the Modi government that the country has reduced its import-dependency in the coal sector because of its 'Shakti' policy, a centrally sponsored scheme ostensibly aimed at allocating and utilising coal resources in a transparent fashion. On 8 March, the Union Ministry of Coal issued a press release claiming that India has achieved a significant reduction in coal imports, despite the surge in power demand, because of the increase in domestic production of coal.

'Imports of all grades of Non-Coking Coal have come down to 117.507 Million Ton (MT) during April-December 2021 from 147.85 MT during the corresponding months of FY 20, leading to a decline of about 20.52% … The import of Non-Coking coal, primarily used in power sector, has decreased by 59.20% from 52.49 MT to 21.41 MT up to Dec 2021 in comparison to the same period of FY 20,' claimed the ministry in the release.

What should be remembered is that the reduction happened because 2020-21 was a lean year due to the prolonged lockdown imposed by the Union government on account of the Covid-19 pandemic that devastated the Indian economy.

A month after issuing the press release, the Union government asked all state-run and privately-owned power-generating companies to increase imports of coal for blending with domestically produced coal. The upper blending limit has risen from 4% to 10%. The Union Ministry of Power asked all thermal power plants with domestic coal linkage to use 10% imported coal to blend with domestic coal. The Adani Group is the largest coal importer in the country. According to the 2020-21 annual report of Adani Enterprises Limited, 'the Company's IRM (integrated resources management) business accounts for a quarter of all the coal imported into India.'

Government meeting with Adani Power and Tata Power

Notwithstanding the claims of the Coal Ministry, the Union Ministry of Power held a meeting with Adani Power and Tata Power on 28 March attempting to resolve issues on how to reduce pressure on demand for domestically-produced coal. Around 17 GW of plants reliant on imported coal were reportedly lying idle following the steep increase in the international prices of coal in the wake of the Russia-Ukraine war. The price of imported coal has more than trebled from US$60 per tonne to $203 per tonne.

Tata Power imports coal from Indonesia, where it holds a 30% stake in a particular mining company to operate its plant in Gujarat. During the meeting, it was reported that Tata Power had agreed to share proportional profits from mining with distribution companies from its 30% share. This profit-sharing arrangement is restricted to the quantity of coal used by the company in its Mundra plant.

What about Adani Power which also owns coal mines in Indonesia? Sample the following facts.

Adani Power has petitioned the Central Energy Regulatory Commission asking for tariff revisions on several occasions. In an order on one of the petitions filed in 2013, a member of the commission, S Jayaraman, stated in his dissenting note: 'it came up during the hearing that Adani Enterprises (the flagship company of the Adani Group) held 74% of shares in the Indonesian coal company through which the coal was being imported. The increase in the price of coal directly benefits the Indonesian company, whose benefits are passed on to Adani Enterprises in the shape of return for the investment. Thus, the Adani Group as a whole may be the ultimate beneficiary of the Indonesian regulations.'

In December 2018, the Gujarat government passed an order allowing Adani Power (Mundra) Limited to charge higher tariffs for electricity it generates, despite a Supreme Court ruling against the move in 2017.

Returning to the meeting of the power ministry officials with representatives of Adani Power and Tata Power in April, it was reportedly put forth by certain officials during the meeting that Gujarat, which was also witnessing an increase in electricity demand, had already sorted out its dispute with Adani Power. Gujarat Urja Vikas Nigam Limited (GUVNL) had agreed to an out-of-court settlement between the two entities in January 2022. In October 2021, GUVNL decided to purchase electricity from Adani Power on a short-term basis at a rate much higher than what had been agreed upon in the PPA. Tata Power had also resumed electricity supply from its Mundra plant during the same month after the state governments of Punjab and Gujarat agreed to pay higher tariffs than what was fixed in the PPAs with the two states.

Government enabling profiteering by power generation companies amid power crisis?

During India's power crisis, instead of ensuring that the private power-generating companies adhere to the terms of the PPAs, the Modi government has been allowing them to trade electricity in the power exchanges. Short-term rates offered by power-distribution companies for emergency purchases at power exchanges are generally much higher than the tariffs in long-term contracts in PPAs. In September 2021, the Modi government allowed Adani Power to sell electricity generated from its Mundra thermal power plant at power exchanges. Another beneficiary of this statutory order, which had been issued for one month only, was Tata Power, which was also allowed to sell power from its plant in Mundra.

On 30 April 2022, with stocks of domestic coal depleting, the Modi government cancelled 42 passenger trains, claiming that it was done to make way for coal carriages destined for power plants. But will the central government in New Delhi be able to produce adequate amounts of domestic coal to tide people over during the crisis? The government-owned Coal India Limited (CIL), which is often described as the largest coal producer in the world, has been systematically weakened over the years in order to facilitate private players, including the Adani Group, that have entered coal mining following the opening up of the sector for commercial trading of the mineral.

Anil Swarup, India's former coal secretary, wrote in Bloomberg Quint in May 2020: 'Coal India was sitting on Rs 50,000-crore cash reserve (about US $6.5 billion) in 2016, but it appears that most of it has been taken away by the government to handle its fiscal deficit.'

He stated that such depletion of funds from CIL had affected its ability to expand its coal-extraction operations.

'Ironically, the depletion of Coal India's resources is happening on account of unwarranted dividends and investments in projects – fertiliser being one of them – that are not related to the core activities of this company,' stated Swarup.

Adani Power's disputes with several Indian states

A similar stalemate has played out in the western state of Maharashtra too, where Adani Power has reduced supply of electricity for unknown reasons, allegedly breaching the provisions of its PPA contract with the state government.

Nitin Raut, the energy minister of Maharashtra, said that a show-cause notice had been issued to the Adani Group for violating the terms of the PPA. Another power supplier to Maharashtra, the Sajjan Jindal-led JSW Group, also slashed power supply, citing a breakdown of equipment in the plant that would take at least nine months to repair. Speaking to a television news channel earlier this week, Raut confirmed that the state government had already entered into a short-term power purchase agreement with Tata Power at a higher rate after the private firm had reduced its contracted supply of 760 megawatts (MW) by at least 130 MW.

Adani Power has been at loggerheads with the southern Indian state of Karnataka as well, over the former's demand for higher power tariffs. The company's Udupi coal-power plant is not operational due to disagreements with the state government over imported coal prices. As per the minutes of the meeting of the Union Power Minister with officials of various states that

were held on 8 and 13 April, a discom in Karnataka was not ready to enter into a short-term power purchase agreement with Adani Power to buy electricity at a costlier rate.

But the Union Power Ministry asked the Karnataka government to follow the formula used by GUVNL to calculate the escalation price. Further, Reuters reported on 3 April that the Andhra Pradesh government in southern India had cancelled a couple of tenders because the prices bid by the Adani Group to supply imported coal were excessively high.

With disputes between private power producers and state governments unlikely to be resolved expeditiously, and with international coal prices likely to remain high, India's long hot summer will certainly not end quickly, and its citizens will continue to swelter. https://www.adaniwatch.org/adani_at_centre_of_power_and_heat_wave_crisis_in_north_india

6. बोकारो: डीएमएफटी फंड में घालमेल, सीएजी ने दिया रिकवरी का निर्देश

(lagatar.in) May 11, 2022

Bokaro: बोकारो के डिस्ट्रिक्ट मिनरल फाउंडेशन ट्रस्ट (DMFT) में गड़बड़ी का मामला सामने आया है. बता दें कि बोकारो स्टील प्लांट टाउनशिप में 1.08 करोड़ की लागत से 24 ओपन जिम बनाये गये थे. प्रधान महालेखाकार (CAG) ने इसको गलत बताते हुए आपत्ति जतायी है. उनका कहना है कि मिनरल डेवलपमेंट फंड के पैसे से जिम नहीं बनाया जा सकता है. ऐसे में इस फंड का गलत इस्तेमाल किया गया है. महालेखाकार ने फंड की रिकवरी करने आदेश दिया है. हालांकि कोई अधिकारी इस मामले में बोलने के लिए तैयार नहीं है.

मिनरल डेवलपमेंट फंड से नहीं बनाया जा सकता है जिम

बता दें कि टेंडर के निपटारे के बाद तीन महीने (नवंबर 2019 से जनवरी 2020) में ही 24 ओपन जिम बना दिये गये. एक महीने बाद यानी फरवरी 2020 को जिले के उपायुक्त ने इस योजना के पूरा होने पर योजना को स्वीकृति दे दी. लेकिन प्रधानमंत्री खनिज क्षेत्र कल्याण योजना के दिशा निर्देश के तहत स्वास्थ्य के नाम पर जिम नहीं बनाये जा सकते हैं. इसीलिए महालेखाकार ने ऐसा करने वालों से पैसा वसूलने की अनुशंसा की गयी है.

बोकारो में बनाये गये ओपन जिम पूरी तरह से उजड़ चुके

स्थानीय संदीप कुमार व मोहम्मद वकील का कहना है कि यह राशि के दुरुपयोग का मामला है. आरोप लगाया कि अधिकारियों ने अपनी जेब भरने का काम किया है. जहां ओपन जिम लगने चाहिए थे, वहां नहीं लगाये गये. जिस कारण आज ओपन जिम पूरी तरह से उजड़ चुके हैं. देखरेख के अभाव के कारण इस तरह की स्थिति उत्पन्न हुई है. यह राशि तत्कालीन उपायुक्त मुकेश कुमार के कार्यकाल में खर्च हुई थी. अब देखना यह है कि इस घोटाले में राशि की वसूली होती हैं या नहीं? यह सरकारी राशि की बंदरबाट का मामला है. https://lagatar.in/bokaro-confusion-in-dmft-fund-cag-gave-instructions-for-recovery/

SELECTED NEWS ITEMS/ARTICLES FOR READING

7. No improvement in mineral fund use under Centre's oversight

(financialexpress.com) May 12, 2022

Till March 2021, a total of Rs 31,212 crore, or just around half of the Rs 61,868 crore collected under the DMF since its inception, has been spent on the welfare of those affected by mining activities, including the tribal population.

Though the Centre took complete control of the district mineral foundations (DMFs) from the states with effect from July last year, mainly to rein in diversion of funds, the utilisation of the funds has not improved much.

The DMF, created in 2015 with legal sanction, is meant for the welfare of mining-affected people.

Till March 2021, a total of Rs 31,212 crore, or just around half of the Rs 61,868 crore collected under the DMF since its inception, has been spent on the welfare of those affected by mining activities, including the tribal population.

This compares with 48.5% spent of the total Rs 50,500 crore collection till July 15, 2021.

The Centre took complete control of the DMF funds through an order issued on July 12 last year.

The Union mines ministry had then said the move was necessitated as "there are instances where a part of the funds of the DMF are being transferred to the treasury/consolidated fund of the state or state-level funds (by whatever name called) or Chief Minister's Relief Fund or other funds or schemes", thereby "defeating the very purpose" of the creation of the DMF.

The Centre's unhappiness with the way the states were using the DMF kitty came to the fore in March 2020, as finance minister Nirmala Sitharaman suggested, as part of the first tranche of the Atmanirbhar package: "We will request the state governments to utilise the funds which are available at the DMF at the district level so that medical testing, medical screening and also providing of health attention will not suffer."

As on April 28, states have used Rs 1,460 crore to combat Covid-19 out of the fund.

According to the MMDR Rules, 2015, "every holder of a mining lease or a prospecting licence-cum-mining lease shall, in addition to the royalty, pay to the DMF of the district in which mining operations are carried on, an amount at the rate of 10% of the royalty in respect of mining leases or prospecting licence-cum-mining lease granted on or after January 12, 2015, and 30% of the royalty in respect of mining leases granted before January 12, 2015".

The Act mandates that state governments must establish DMFs in all districts affected by mining-related operations. It also said state governments must establish DMFs in all districts affected by mining-related operations.

The DMF fund collections have been the highest in mineral-rich Odisha (Rs 17,907 crore), followed by Chhattisgarh (Rs 8,943 crore), Jharkhand (Rs 8,301 crore), Rajasthan (Rs 6,112 crore) and Madhya Pradesh (Rs 4,870 crore). https://www.financialexpress.com/economy/no-improvement-in-mineral-fund-use-under-centres-oversight/2520987/

8. High cash balance of Rs 2 trillion allows states to borrow less *(financialexpress.com)* May 12, 2022

Thanks to a high cash balance of about Rs 2 trillion, most states may not be keen to borrow too much at the current juncture, as yields on state development loans (SDLs) have hardened after the Reserve Bank of India (RBI) raised the main policy interest rate recently, sources said.

Besides the high yields, the Centre's decision to adjust off-Budget borrowings by states in FY21 and FY22 in their net borrowing ceilings (NBC) for this year, likely higher tax devolution for the second year in a row vis-à-vis the Budget estimate (BE), and buoyant goods and services tax (GST) receipts will compress SDL issuance in FY23, analysts reckon.

Cumulatively, four state governments have raised Rs 22,400 crore via SDLs during April 1-May 10, 2022, nearly 40% lower than Rs 37,200 crore raised by 13 states/Union territories in the same period last year, due to the comfortable cash-flow position of the states following the highly back-ended release of the central tax devolution in FY22.

Despite lower supply, the weighted average cut-off of SDLs rose by a sharp 34 basis points (bps) to 7.69% on May 10 from 7.34% last week, reflecting hardening cut-offs across tenors. With the cut-off of the 10-year Andhra Pradesh SDL was at 7.76% on Tuesday, 46 bps higher than the benchmark 10-year G-sec.

"We expect tax devolution in FY23 to exceed the amount included in the FY23BE by Rs 1.1 trillion, which could compress the actual SDL issuance in the remainder of this fiscal," Icra chief economist Aditi Nayar said. The Centre released a substantial Rs 8.8 trillion to the states in FY22, compared to Rs 7.4 trillion in the FY22 RE (Rs 6.7 trillion in FY22 BE). Nearly half of the Rs 8.8 trillion in FY22 was released in Q4 FY22.

For FY23, the Centre has allowed the state governments additional borrowing of 0.5% of GSDP related to power sector reforms and an amount equivalent to the state government's and employee's share of contribution under the New Pension Scheme, over and above the base borrowing limit of 3.5% of GSDP.

To curb off-Budget borrowings by states, the Centre is treating off-Budget borrowings raised by state entities at par with the state governments' own debt from this year onward. However, some state governments may find this change difficult to comply with, given the perceived proliferation of off-Budget borrowings since the pandemic started. Counting past off-Budget borrowings in NBC for FY23 have hurt borrowing plans of states such as Telangana, which has opposed the latest move by the Centre.

The guarantees extended by Andhra Pradesh, Tamil Nadu, Uttar Pradesh and Telangana to their state-level entities increased relatively sharply in FY21 compared to FY20. However, off-Budget borrowing by states prior to FY21 won't be included in NBC for FY23.

"States witnessing a large downward adjustment in their net borrowing ceiling in FY23 may be forced to undertake lower borrowings, while simultaneously resorting to higher usage of liquidity facilities such as ways and means advances (WMA) and overdraft (OD) from the RBI," Icra said. States can't borrow beyond the annual limits set by the central government under Article 293(3) of the Constitution.

According to Crisil Ratings, off-balance sheet borrowings by all states may have reached a decadal high of about 4.5% of gross domestic product (GDP), or about Rs 7.9 trillion, in FY22.

According to India Ratings chief economist DK Pant: "It is too early to say whether states will borrow less or more. High cash balances may disappear as states start their FY23 budgeted spending."

Icra said several factors will affect the actual FY23 gross market borrowings against its recent forecast of Rs 8.4 trillion. Icra has the net SDL issuance by states at Rs 6 trillion in FY23, an increase of 21.9% from Rs 4.9 trillion in FY22. In April, Icra had estimated net and gross SDL issuance in FY23 at Rs 6.6 trillion and Rs 8.9 trillion, respectively. https://www.financialexpress.com/economy/high-cash-balance-of-rs-2-trillion-allows-states-to-borrow-less/2521199/

9. How Fares the PMAY (U)? Taking Stock of India's National Housing Programme *(orfonline.org)* May 11, 2022

Large numbers of city dwellers in India are unable to live in proper houses for two related reasons: insufficient income to buy or rent them, and the shortage of affordable homes.[a] Urban spaces, however, continue to attract denizens because of the livelihood opportunities that they presumably bring. These individuals or families then put together whatever money they can afford, to build for themselves some form of shelter in the unplanned areas of the city. This has led to the emergence of slums and informal residential colonies in Indian cities. As these residences are unauthorised, government agencies often do not provide them basic amenities, and living conditions are left substandard.

The last census in 2011 had found that over 65 million people, or about 5 percent of India's total population, lived in slums; this number is 17 percent of the country's urban population. States with the largest slum population (above 28 percent) are Andhra Pradesh, Chhattisgarh, and Madhya Pradesh. In some hill states, notably Himachal Pradesh, Sikkim, Arunachal Pradesh, Nagaland, and Mizoram, slums are a relatively recent phenomenon, emerging only in the 2011 census count. As for specific cities, Greater Visakhapatnam, Jabalpur, Greater Mumbai, Vijayawada, and Meerut had the biggest slum populations of over 40 percent.

Reliable data on the number of people living in unauthorised colonies is not available. According to some estimates, 25-30 percent of Delhi's population live in such colonies. Many other poor people live in public areas, such as pavements, without a roof over their heads.

Government agencies have historically taken a lenient view of the growth of unplanned (or informal) living areas. While authorities conduct evictions, these are mostly done when the area comes in the way of a development project or has been deemed palpably unsafe. Poor families have largely been allowed to reside wherever they built their homes. Indeed, with the growing recognition that every individual has the right to choose to live in the city if they wish to, many such areas have been given authorised status, and subsequently upgraded. Numerous housing programmes for people living in informal areas have also been launched.

Following the 2011 census, in 2012, the Ministry of Housing and Urban Poverty Alleviation estimated that urban India needed 18.78 million more dwelling units. Of this total, 95 percent was for the economically weaker section (EWS) and lower-income group (LIG) categories.

A later estimate in 2014 by the same ministry, by then called Ministry of Housing and Urban Affairs (MoHUA), set the housing demand at 11.22 million dwelling units.The National Democratic Alliance (NDA) government launched the Pradhan Mantri Awas Yojana (urban)

[PMAY (U)] the following year to provide housing for all by 2022. The scheme sought to be an expanded version of a programme already in operation under the previous United Progressive Alliance (UPA) government.

PMAY (U) is being implemented in the following four ways.

(i) In-situ slum redevelopment (ISSR):

This consists of existing slums being replaced by new, liveable houses at the same spot. The Centre provides assistance of up to INR 100,000 per house. Private developers, selected through an open and transparent bidding process, are encouraged to design and execute redevelopment projects in consultation with slum dwellers. Incentives have been offered to generate interest among private developers and to make projects financially viable. These include permitting them additional floor area ratio and floor space index, providing transferable development rights, and free sale of some houses in the market to cross-subsidise the projects. Upon completion of work, houses have to be allotted to eligible slum dwellers in a transparent manner.

(ii) Credit-linked subsidy scheme (CLSS):

This scheme is targeted at EWS, LIG and middle-income groups (MIG). People from these groups are eligible for interest subsidies of 3-6.5 percent on housing loans up to INR 1.2 million from financial institutions, the loan being repayable over a maximum of 20 years. The money received can be utilised to buy a house, build one's own house, or improve/enhance an existing dwelling. Only houses with carpet area between 30 and 200 sq m are eligible. The conditions include giving preference to disadvantaged sections such as manual scavengers, women, persons belonging to scheduled castes (SC)/scheduled tribes (ST)/other backward classes (OBC), minorities, persons with disabilities, and transgenders.

(iii) Affordable housing in partnership (AHP):

Under this component, the Centre offers financial assistance of INR 150,000 to buyers for each EWS house constructed as part of a housing project. The projects can be undertaken by states/UTs through their own agencies or in partnership with the private sector, and can include houses for various income categories. However, to be eligible, the housing project has to comprise at least 250 houses, reserving 35 percent of them for the EWS category. Once again, preference for such assistance is given to persons with disabilities, single women, senior citizens, persons belonging to SC/ST/OBC categories, minorities, and transgenders.

(iv) Beneficiary-led individual new house construction/enhancement (BLC-N/BLC-E):

People belonging to EWS categories, wishing to construct new houses or enhance existing ones themselves, and who have not availed of the benefits of PMAY (U) under any other category, can apply for central government assistance of up to INR 150,000 per house. They need to submit land/property documents providing proof of ownership of the land on which they intend to construct. Funds are released to bank accounts of eligible applicants through direct benefit transfer (DBT). The agencies in states/UTs which build the affordable housing colonies get central assistance, both in constructing houses and providing basic civic infrastructure such as water supply, sanitation, roads, and electricity.

The PMAY (U) guidelines require states/UTs to sign a memorandum of agreement with the Centre, conduct housing demand surveys (based on discussions with local representatives), and prepare proposals, plans of action, annual implementation plans, and detailed project reports. PMAY (U) is accompanied by a technology sub-mission (TSM) to ensure adoption of modern, innovative, and green technologies and building material in house construction. Given the varying geo-climatic zones in the country, the TSM allows deploying disaster-resistant technologies.

With the regular migration of people from rural to urban centres, and the reverse migration crisis seen following the COVID-19 pandemic-induced lockdowns, an Affordable Rental Housing Complex (ARHC) scheme was also launched by the government in July 2020. It is a sub-scheme of the PMAY (U) targeted at EWS, LIGs, SCs, STs, OBCs, women, persons with disabilities, and minorities. Under the initiative, existing government housing stock lying vacant (about 88, 236 houses to date) will be made available to migrants at affordable rents. The scheme also provides for construction, operation and maintenance of ARHCs by public and private entities.

PMAY (U): A Status Report

This report evaluates the progress of PMAY (U), and its implementation experience, reviewing national, state, and city-level data on houses sanctioned and constructed, and financial assistance offered by the Centre to states and cities. An attempt has also been made to understand the nature of affordable housing initiatives undertaken in the proposed 'smart cities' of India. An appraisal of the physical and financial progress of PMAY (U) reveals the following:

As of 21 February 2022, 11.46 million houses had been sanctioned in urban areas across the country, for which INR 1,228.98 billion was released. Of these, 9.36 million houses have been 'grounded' (i.e. work has begun), and 5.51 million, or less than one-half the houses sanctioned, have been completed. Houses sanctioned, grounded, and completed under the four different components of the scheme are shown in Table 1. The data shows significant achievements under the ISSR component, while the AHP and BLC initiatives have moved slower. It is also noted that the maximum number of houses have been constructed or enhanced under the BLC component.

Among UTs, the number of houses sanctioned under the PMAY in urban areas has ranged from 603 in the Andaman and Nicobar Islands to 48,777 in Jammu and Kashmir. Among states, the smallest number was in Goa – 3,520 units – and the largest, 2.04 million, in Andhra Pradesh. In each of the three states of Andhra Pradesh, Uttar Pradesh and Maharashtra, over a million houses were sanctioned.

On house completion rates among UTs, the cities of Chandigarh and Delhi have recorded the highest, exceeding several times the number of houses sanctioned. But that is because houses sanctioned under earlier schemes, which could not be completed then, have also been included. They are followed by Dadra and Nagar Haveli (DNH) and Daman and Diu (DD) with 70 percent completion. Andaman and Nicobar (A&N) Islands has the lowest completion rate among UTs – a bare 7.3 percent.

Among states – excluding the northeast – Goa, Telangana, Kerala, and Gujarat have been the best performers, recording over 70 percent completion. The lowest rates were in Andhra Pradesh and Bihar, with less than 30 percent of sanctioned houses completed. In the northeast,

sanctioned houses were between 628 (Sikkim) and 168,106 (Assam). Tripura and Sikkim have reported over 50-percent completion, while in Manipur and Mizoram, the rate is a mere 13 percent. (See Figure 1)

PMAY (U) in Smart Cities

PMAY (U) guidelines mandate the convergence of the scheme with other ongoing urban development initiatives to utilise resources judiciously and achieve maximum societal benefits. The smart cities mission statement includes the following provisions for housing of the poor:

-The core infrastructure elements should include affordable housing.

-Of the total housing provided in greenfield areas, at least 15 percent should be in the affordable housing category.

-Be it redevelopment or greenfield development, at least 80 percent of buildings should be made energy-efficient.

A total of 2.37 million houses were sanctioned under PMAY (U) in the 100 proposed smart cities, of which 1.4 million houses, or nearly 60 percent, have been completed. The number of houses sanctioned has varied from a low 63 in Pasighat (Arunachal Pradesh) to 256,093 in Ahmedabad. No houses were sanctioned for Atal Nagar (Chhattisgarh), Kavaratti (Lakshadweep), and New Town, Kolkata. The highest numbers (133,376 to 256,093) have been sanctioned for Ahmedabad, Bengaluru, Surat, and Pune.

In 13 of the 100 cities, all the houses sanctioned have been completed; in another eight, the completion rate is above 80 percent. There are 55 cities in the 40-80 percent completion category (see Figure 2). The completion rate is below 40 percent in 21 cities, including three where it is below 10 percent – Imphal, Port Blair, and Solapur.

In all, 143 affordable housing projects were proposed under the smart cities mission at a cost of INR 180 billion. – 9 percent of the total investment of INR 2,050 billion committed under the mission. Of these projects, 38.38 percent are completed, and work is underway on a similar proportion. However, work is yet to begin on nearly one-fourth of the projects (see Figure 3).

Source: Elets News Network, June 7, 2021.

The PMAY (U) projects in smart cities relate to slum rehabilitation and redevelopment, EWS/LIG flats, working women's hostels, night shelters, and affordable rental housing complexes (see Figure 4). Some representative projects in Surat, Tumakuru (Karnataka) and Bhubaneswar are described in the following paragraphs.

Surat

In 2017-20, 208 flats were built in the Magob area of Surat for EWS families, with the cost of construction, around INR 150 million, shared between the Centre and the state government.Two apartment blocks of 13 floors were developed. Each unit has an area of 30-40 sq m – with a living room, bedroom, kitchen and bathroom – and was sold to EWS families at INR 300,000-500,000. Common facilities include parking area, LED street lights, lifts, fire fighting equipment, rainwater harvesting facility, wastewater treatment facility, organic waste converter, and piped natural gas line.

Affordable rental housing for migrant workers has also been built in Surat. The demand for rented homes is high as the city's textile and diamond industries attract a large number of workers from other states. The need for secure accommodation for such workers was felt acutely during the pandemic-induced lockdowns, when migrants were unable – since their wages had stopped – to pay house rent and many were asked by their landlords to vacate their homes. Under this scheme, unoccupied government houses are given to private firms for renovation and subsequent use for rental housing. A total of 393 one-BHK (bedroom-hall-kitchen) flats of size 32 sq m, previously constructed by the State Urban Development Authority (SUDA) in 2014 in the Sachin area of the city, have been made available at rents of INR 3,500 – 4,000 per month. The private firm has to pay INR 180 million to SUDA over 25 years.

Tumakuru

In this city, land under slums has been redeveloped as a planned residential complex. The newly constructed houses were given to slum residents at zero cost.

Bhubaneswar

A three-storey social equity centre has been built in the city centre with the support of the Odisha government. It offers rental housing to construction workers and homeless persons. The city's municipality has also set up a shelter for mendicants, with a 100-bed capacity.

Figure 4 provides more details.

Figure 4: Affordable Housing in the Proposed Smart Cities

Achievements and Shortcomings of PMAY (U)
Houses are being constructed and delivered to EWS and other needy communities. Women's empowerment is being stressed as it is the woman of the family who is given house ownership rights. The financial support provided is enabling people to purchase, construct or improve their houses. Residential facilities are also being created for migrant workers, working women, and homeless people.

Among all urban initiatives, such as the metro rail network in different cities, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) which provides basic urban services, the overall smart cities project, the Swachh Bharat (Sanitation for All) Mission and others, the PMAY (U) has received the highest budgetary allocation from the Centre in the last three years. In Budget 2022-23, for example, INR 280 billion has been allocated. This is 36.57 percent of the total budgetary allocation by

A few cities are 'building green', laying stress on incorporating smart features into their house designs, as well using sustainable building materials.[b] The Surat project for EWS, for instance, has included sustainable management of water, sustainable sanitation, and power-saving devices. However, such examples are rare. In most cases, buildings are still being built in the traditional way without any provision to monitor energy and water consumption, or sustainable management of liquid and solid waste. Nor are annual audits conducted to measure building performance. An independent assessment claimed that not even 5 percent of the total built environment in the country is green.

The goal of Housing for All (HFA) by 2022 is far from achieved. Less than one-half of the houses sanctioned under PMAY (U) had been completed by February 2022. House completion rates depend greatly on release of central financial assistance, as well as the beneficiaries' economic condition (since the latter too must contribute). Thus, it is no surprise that states and UTs lagging behind in receipt of sanctioned funds – such as Andhra Pradesh, Bihar, Mizoram, Manipur, and A&N Islands, which have received less than 44 percent of the sanctioned assistance – have recorded the lowest rates.Other common institutional deficiencies that hamper the completion of projects include delayed approvals, restrictive development norms, high cost of construction, inadequate technical capacity of implementing agencies, and failure to mainstream low-cost technologies.

With the BLC (N) and BLC (E) components of the PMAY (U), central funds were often delayed because municipalities failed to submit fund utilisation certificates, which is usually caused by the beneficiaries' inability to continue building or improving construction. The Covid-19-induced lockdown saw many families' incomes fall steeply, and they were unable to contribute their share towards house construction.In Maharashtra, for example, constructing a new unit costs around INR 450,000-650,000 (land cost is separate). Central assistance up to INR 150,000 is available, but the remaining cost has to be borne by the beneficiary. With beneficiary income dropping, many projects have remained incomplete; it is not rare to find dwellings where walls have been raised, but the roof could not be laid.

In some places, relocation has affected beneficiaries adversely. In congested cities, for instance, vacant land to build PMAY (U) houses is not available in the core areas; housing projects for the poor have to be in peripheral areas. These areas often lack essential social/economic/physical infrastructure and services, and are poorly connected to the city centre.In Ahmedabad, for example,[26] slum dwellers near the Sabarmati River have been relocated at Odhav, at the eastern periphery of the city. With few public transportation options available, their reduced mobility makes it difficult for them to continue with their work, however informal. Thus many did not relocate to their new homes, which remain unoccupied.

Limited availability of vacant land in cities has been an important reason for the slow progress of the scheme. This issue is being dealt with by the government in various ways: (i) PMAY (U) guidelines require states/UTs to earmark land for affordable housing in their master plans; (ii) construction agencies need to reserve land/flats for EWS in housing projects; (iii) vacant land available at the periphery of cities is being acquired using the model of land pooling; (iv) existing government housing stock lying vacant is being made available to the migrant population on rental basis; (v) existing built-up informal areas are being improved through in-situ rehabilitation for optimal utilisation of land; and (vi) small format housing is being promoted. Such measures are proving beneficial, as observed in Bhubaneswar, Surat, and Tumakuru.

Private sector participation in affordable housing projects has been lower than expected, despite the incentives offered – such as stamp duty exemption, reduced GST, and granting of additional development rights. According to one assessment, private developers are unhappy with capping of bid costs and house sale prices by public authorities.

Conclusion

This evaluation of the PMAY (U)'s performance reveals that progress is being affected by various administrative and socio-economic constraints, key of which are the following:

-delays in fund release by the Centre, and in project approval;

-infrastructure and service deficiencies in new EWS housing areas;

-difficulties in attracting private developers for affordable housing projects;

-private builders violating the pre-condition of reserving houses for EWS in affordable housing projects;

-public/private builders' non-compliance with green building norms/green building audit measures in new housing areas;

-low affordability among a large number of people;

-difficulties in providing houses/giving housing loans to EWS due to their inability to furnish required documents, such as identity card, proof of income, tax returns;

-sale of houses by some beneficiaries after obtaining possession.

The early resolution of these problems will help bridge the housing demand and supply gap, and prevent proliferation of informal housing areas in India's urban spaces. https://www.orfonline.org/research/how-fares-the-pmay/

10. Power Point: In search of a national litigation policy *(financialexpress.com)* May 11, 2022

That the system needs an overhaul is evident from the fact that it will take around 300 years to clear the backlog of cases at the current pace of delivering justice

When Chief Justice of India (CJI) NV Ramana blamed inaction by the executive, coupled with legislative deficiencies, for the deluge of cases across courts in the country, prime minister Narendra Modi, who was sharing the dais with him, must have found it all too familiar.

At a public function earlier this month, the CJI was unambiguous that there is a huge burden on the judiciary of litigation that lands in courts because of the public offices. This is exactly what the prime minister had said at least twice in the past few years. Several chief justices have also been pointing out that the governments are the biggest litigants, accounting for nearly 50% of the cases. At various points of time, the government's eagerness to be involved in litigations has been termed as 'insensible', 'unfair, 'shocking', and 'wasteful expenditure' by various courts.

However, the net result of all this talk and court observations has been zero. Governments continue to remain the biggest litigants, as a result of which 40 million cases are pending in trial courts and several million cases in the high courts. Though there is no specific data on cases pending in the tribunals, the 272nd report of the Law Commission of India found that just five tribunals had over 350,000 pending cases. What adds to the problem is the shortage of judges, which again is a long-pending issue. The number of judges per million people in India is 20.91, an abysmal number compared to 107 in the US or 75 in Canada. What is worse is that the number is based on the sanctioned strength of judges, so the actual number is much lower. High courts have almost 40% vacancies and the lower courts 25%.

That the system needs a drastic overhaul is evident from the fact that, according to estimates, it will take 300 years to clear the full backlog of cases in Indian courts at the current pace of delivering justice. A report by Tata Trusts found that of all the pending cases in the lower courts, one in four has been pending for more than five years. Attorney general KK Venugopal thus was absolutely right when he said last week that a “pall of gloom settles” over a “hopeless situation”.

This is sad, as according to a paper by the Vidhi Centre for Legal Policy, the earliest attempts to discuss this were initiated by the Law Commission when it published two reports on issues surrounding government litigation. These include its 100th report titled ‘Litigation by and against the government: Some recommendations for reform’ in 1984, and its 126th report titled ‘Government and public sector undertaking litigation policy and strategy’ in 1988. Despite these reports, the causes for increased litigation involving the government have not been conclusively identified. Besides the volume of cases it adds to the judicial system, there are certain aspects unique to government litigation that make it a cause for significant concern.

The Economic Survey in 2017-18 had attempted a basic estimate of costs incurred due to litigation pending in court. For instance, data collected from six central departments showed that 52 infrastructure projects of over `52,000 crore had been hindered because cases related to them have been pending for an average of 4.3 years. The Survey suggested that the actual estimate of the financial burden due to judicial delay was too colossal to comprehend.

The problem is thus well-known, but the solution has been elusive. One of the solutions that the government came up with in 2015 was formulating a National Litigation Policy, which would lay down detailed guidelines on what can or cannot be brought before courts. The policy’s stated objective was to take preventive measures to reduce the filing of new cases by prescribing a procedure to properly deal with them, extend the benefit to similarly placed people and avoid litigation between government departments and PSUs through the intervention of empowered agencies, restrict appeals to a minimum by careful scrutiny of the implications of the judgment and make appeal an exception unless it affects policy of the government. The policy, which was passed by the committee of secretaries, is however still in cold storage.

The UPA regime had published a report to bring such a policy in 2010 to ensure an efficient way of tackling disputes and reduce litigation by government departments across the country. That report was never implemented. Though the proposal was revived by the current regime, there hasn’t been much progress even though then law minister DV Sadananda Gowda said in September 2015 that the policy would “be ready in a month.”

In 2017, the department of justice released a document titled ‘Action plan to reduce government litigation’, providing a breakdown of the case burden on each department. The action plan showed that the Railways is the most litigious department at the central level. “While it is commendable that the government has started to collate data on its individual departments, we do not have the actual details of what the data points being collated. Even basic information that indicates whether the department was a petitioner or a respondent in a majority of these cases is not available. Moreover, beyond providing information, the impact of the action plan in actually reducing the volume of government litigation is unclear,” said the Vidhi study.

In January 2021, the government informed the Delhi High Court that a revised policy was under consideration. That was the last that has been heard about the policy. It is obvious that

the reason why the age-long debate over the government being the largest litigant has not yielded any concrete results is the inherent resistance and pressure that the government faces from within. https://www.financialexpress.com/opinion/power-point-in-search-of-a-national-litigation-policy/2519507/

11. Govt revises payment, insolvency rules for stuck PPP port projects *(business-standard.com)* May 12, 2022

As the Centre faces a number of stranded port projects, the ministry of ports, shipping and waterways has revised the guidelines for resolution of PPP projects that have been abandoned midway by the concessionaire.

Under the new guidelines, the port can make partial payment amounting to the value of useful work completed by the concessionaire for projects that were under construction and take over the project. Moreover, the revised guidelines also empower ports to bid for abandoned projects undergoing insolvency proceedings at the National Company Law Tribunal (NCLT).

The issue has come to light after several projects sanctioned under PPP mode were stranded in either pre-COD (Commercial Operation Date) or post-COD stage.

"Despite all the policy level initiatives to mitigate the possibilities of litigation and encourage EoDB and due diligence and caution at the time of conceptualizing these projects from various perspectives, the survival of some of the projects is at risk due to various reasons like aggressive bidding and optimistic projections with regard to volumes & charges, unforeseen dynamic changes in the business and absence of flexibility to overcome such dynamic changes in the Concession Agreements that were either not foreseen or are beyond the control of the collaborating partners, i.e., the Concessionaire and the Concessioning Authority," the shipping ministry said.

Union minister Sarbananda Sonowal believes these guidelines can restart the halted progress on projects.

“These Guidelines will facilitate early resolution of various issues and revival of stressed projects along with unlocking the immense potential of those projects resulting in creation of more trade and job opportunities,” the minister said.

Sources in the ministry said that it was faced with the prospect of increasing delay in projects as concessionaires realised midway that they would not be able to live up to their end of the commitment and the government was bound not to make payments until the project was completed.

An official added that a concessionaire of a stressed project has already been taken to NCLT and the committee of creditors (CoC) is finding it difficult to find a bidder, since it was gained through aggressive bidding and terms of the awarded contract were unfavourable for other players as well. Similarly, two projects at Kandla Port might also be headed for a similar situation.

"In this situation, the port can come in and bid for the project at NCLT, take over, and float fresh tenders for the remaining work," the official said.

Under the revised guidelines for pre-COD projects, a concessioning port can conduct a fair value assessment of the useful work done by the private player, which could be less than the expenses incurred by it. The port can also settle by paying 90 per cent of the debt due by the concessionaire to lenders.

This will result in unlocking the blocked cargo handling capacity of approximately 27 MTPA (million tonne per annum) thereby creating better trade opportunities for the prospective investors and port authority will start generating revenue, the ministry said. https://www.business-standard.com/article/economy-policy/govt-revises-payment-insolvency-rules-for-stuck-ppp-port-projects-122051101406_1.html

12. Heading for GSTExit *(indianexpress.com)* Updated: May 12, 2022

"Do not drink and drive" is a general dictum in most nations. But state governments in India would rather have their citizens drink more and drive more, albeit not together. Facetious as this may sound, it is only half in jest.

After the introduction of the Goods and Services Tax (GST) in 2017, state governments lost their independent taxation powers. The only two significant avenues for states to generate their own tax revenues, without having to seek approval from the Union government, are liquor and fuel since they are outside the GST's ambit. Alcohol and fuel combined account for over a third of states' own tax revenues, up from a quarter before GST. Specifically, alcohol's share in overall state taxes has increased by 50 per cent from the pre-GST years.

When the entire country was under a Covid lockdown in 2020, state governments of all political hues were forced to keep liquor shops open, since they had no other independent means to raise resources and the Union government reneged on its GST commitments. The tragic irony of state governments relying on people's alcohol habits to manage a health crisis was an unintended consequence of the GST.

Both the Union and state governments levy high fuel taxes to garner revenues that they do not have to seek permission for or share with each other. This fiscal confrontation is punishing the common Indian with the highest fuel tax rates in the world. To put it cheekily, for the fiscal independence of state governments, GST has induced a perverse dependence on people's driving and drinking indulgences.

The solution to the problem of states' growing reliance on liquor and fuel taxes is not to bring these sin goods within the GST ambit, as experts suggest. The roots of GST's current woes lie not in economics but in politics. A technical approach to resolving GST's issues through expanded coverage or rationalisation of tax rates would be myopic and futile.

Government technocrats from the Vajpayee government onwards have peddled the GST as a panacea that would untangle disparate taxation structures across various states, reduce transportation costs and create a unified market that would boost economic growth and yield buoyant tax revenues for everyone to share. They forgot that we do not live in an economy but in a society governed by politics.

The 2015 GST report by the expert committee chaired by the then chief economic adviser proudly proclaimed that the GST would help in "making one India" and waxed eloquent about the economic efficiency benefits of a centralised GST, achieved through curtailing states' fiscal powers. This naïve technocratic endorsement of centralisation was exploited adroitly by the

ruling political class to an expanded “one nation, one language”, “one nation, one religion”, “one nation, one election” flurry of anti-federalist and anti-pluralistic ideas of “one India”. It is not far-fetched to hold the view that GST may have inadvertently paved the path for the over-arching centralisation project by the Modi government in many other areas, under the garb of efficiency and uniformity.

Five years after GST, the promised economic gains are elusive. Tax buoyancy has actually declined post-GST. The Union and state governments started to fight as the money got tight. Fiscal federalism woes spilt over to other areas with state governors quarrelling with elected chief ministers, non-BJP states complaining of unfavourable treatment by the Union government during Covid, the prime minister and chief ministers bickering over protocols in government events and so on. Fuel cesses, Hindi impositions, disputes over the NEET exam and a governor rejecting a duly approved state legislation are not disparate events. They are interconnected issues involving the same political leaders and institutions. The GST has ruptured India’s larger federal structure and destroyed trust between the Union government and states. Cooperative federalism cannot just be an economic compact but a broader ethic.

India’s GST is precariously held together by the loose thread of “compensation guarantee”, under which states surrendered their fiscal powers in return for guaranteed revenues. This thread is about to snap in June. The euphoria over record GST collections in the last few months is not enough to tide over the trust deficit that plagues GST.

Fixing GST requires a fundamental reset of the Union-states relationship and nurturing it back to a state of mutual trust and respect. Given the staggering economic, social and political diversity of India’s states, GST was always going to be a tough proposition for any government or prime minister. Implicit bargains such as revenue guarantee agreements between the Union and states are necessary but not sufficient to make GST tenable. Now that India is committed down the GST path, the onus lies with the Modi government to deftly balance all stakeholders and win back their confidence, rather than thrust GST further down the states’ throats such as bringing alcohol and fuel within its ambit. This would only constrain the fiscal sovereignty of states even more and exacerbate mistrust.

The GST brouhaha is no longer just an economic issue but a larger political issue of state rights with public opinion in states like Tamil Nadu, Kerala and Punjab stacked against the idea. Merely extolling its economic benefits is not enough to convince people in these states to embrace a retooled GST.

Perhaps there is a lesson to learn from another democracy, Britain, where public opposition to losing some sovereign freedom in return for economic gains of a common European market, was capitalised by politics, eventually leading to Brexit. If the Union-states relationship and the federal structure are not rebuilt with trust and faith soon, India may have to confront its own “GSTExit”. https://indianexpress.com/article/opinion/columns/gst-taxation-impact-economy-7912307/

13. The bitter dispute over India’s pandemic mortality *(thehindu.com)* UPDATED: MAY 12, 2022

The ‘modelling’ that the Government is objecting to is largely simple data analysis and techniques for filling data gaps

How many people died in India as a result of the COVID-19 pandemic? This question has become the subject of a heated argument after the World Health Organization (WHO) estimated India's pandemic excess deaths at around 4.7 million. The Government of India issued a strongly worded response, and media houses and editors waded in. It is almost as though life and death themselves are now matters of opinion.

The background

Here are some basic observations. First, we will never know precisely how many excess deaths occurred in India during the novel coronavirus pandemic. Second, all mortality studies, including the latest from WHO, involve choices about what data to include, how to fill gaps, and how to deal with uncertainty; there is always room for debate and disagreement about these choices. Third, uncertainty does not mean total ignorance: even the most optimistic reading of the data puts excess deaths at six or seven times official COVID-19 deaths.

The current dispute has been noisier than usual, but is not new. Several studies, most putting India's pandemic excess deaths at between three and five million, have been met by strident Government "rebuttals". These rebuttals have highlighted the uncertainties (which is valid), and then jumped — without justification — to claiming that there are no excess deaths beyond recorded COVID-19 deaths. The rebuttals are also littered with irrelevant, confused and absurd points.

The latest response is well summarised in its title: "India strongly objects to the use of mathematical models for projecting excess mortality estimates in view of the availability of authentic data". The "authentic data" in question is mortality data from the Civil Registration System (CRS), and there are two implications: that CRS data has been ignored by the researchers; that CRS data does not support estimates of high pandemic mortality.

Both are false. Estimates of pandemic mortality, including those of WHO, are largely data-driven, and the main data-source is — you guessed it — the CRS. This data strongly supports estimates of high pandemic mortality. The "modelling" that the Government objects to is largely simple data analysis and techniques for filling gaps in the data, entirely unavoidable if we are to use CRS data to estimate excess mortality.

Civil registration data

To make sense of all this, we need to consider what data is available and what it shows. In 2021, journalists managed to obtain monthly death registrations at the State or city level; these crucial efforts led to the first hard evidence that official COVID-19 deaths were only the tip of the iceberg. Although valuable, the data is patchy: not all States and regions are covered; it often comes from online systems which do not capture all registrations; and it often misses the latter part of India's devastating second wave. Nevertheless, a clear picture emerges: there was a gradual surge in deaths during the second half of 2020, which subsided and was followed by a tsunami of deaths during April-June 2021.

Although the data comes from local government records, the Health Ministry objects that it is "non-official". However, there is no official CRS report for 2021, and only very recently (on May 3, 2022) was the 2020 CRS report made available. This report does not give monthly registrations, so it is hard to cross-check with earlier data. In yearly totals, there are some discrepancies; but, nevertheless, we found that the gross estimates for 2020 were broadly aligned across the States whose data we ourselves had used in our estimates.

With everyone in agreement on the value of CRS data, how does the Government propose to explain away the pandemic surge in deaths? We find the answer in a bizarre assertion: during 2020, the Government claims, 99.9% of all deaths in India were registered. The message is: what appears like a rise in mortality in 2020, actually reflects a sharp improvement in registration. Note that this could never explain the bulk of excess deaths which came later, during 2021. But is the claim of complete death registration in 2020 plausible?

On the contrary, it is absurd. Consider the data from Uttar Pradesh. The government Sample Registration System tells us to expect around 1.5 million deaths in Uttar Pradesh every year. But during 2020 only 0.87 million deaths were registered, around 60% of the expected toll. If registration was complete, then 2020 saw a huge, unexplained, drop in deaths in the State!

Consider, also, Andhra Pradesh, where freely available CRS data tells a startling story: during 15 months from April 2020 to June 2021, over 50% more deaths were registered than expected. Could this reflect an improvement in registration? No. According to the 2019 CRS report, there was no room for improvement as death registration in the State was already complete before the pandemic. This is probably an overstatement; but however we look at it, Andhra Pradesh's huge mortality surge cannot be explained via increased registration coverage.

It is possible that in some States, registration coverage improved during the pandemic. But, overall, registration probably dropped during 2020. Data from the Government's latest National Family Health Survey suggests that deaths that occurred in 2020 were less likely to be registered than deaths in 2019. Birth registration data from the CRS points in the same direction: after increasing by 5% during 2017-18 and 7% during 2018-19, birth registrations fell by 2.5% in 2020.

Disruption to registration could have been especially severe in marginalised communities and in States where registration is anyway weak. In Uttar Pradesh, for example, both birth and death registrations fell sharply during 2020. Assuming that registration held steady during the pandemic, as we and many others have done, risks underestimating the mortality surge.

Some conclusions

India was badly hit. A year ago, tragic stories of overflowing hospitals and oxygen shortages filled the news as the virus swept through the country. There is now a weight of evidence — not just from the CRS, but from surveys too — telling us that many millions died. Data is still emerging, and estimating pandemic mortality will be an ongoing effort; but this effort is undermined by the shrill, incoherent response from the Government following each study.

All the estimates come with uncertainty and depend on choices. For example, the WHO estimate drops from 4.7 million to 4.4 million if we consider the pandemic period to span April 2020-July 2021 rather than January 2020-December 2021. Acknowledging the uncertainties and debating the choices is natural, but is very different from dismissing the estimates.

Strengthen the CRS

The tragedy has been huge; but in the global context, India is not an outlier. Parts of the developing world and eastern Europe saw similarly high pandemic mortality. Historical weaknesses and deliberate dishonesty, well-documented by journalists, mean that India recorded only 10%-15% of its pandemic deaths. In this too, India is not alone. India's all-cause mortality data is imperfect — but in many Asian and African countries, the data is even sparser.

The current state of affairs highlights both the value of India's CRS data, and the need to strengthen the CRS.

What is most troubling — and makes India stand out — is the relentless Government hostility towards every attempt to understand the pandemic. If the objections were made in good faith, the Government could accelerate the release of data, for example from the CRS for 2021 or from the Sample Registration System. Ultimately, the rift is not about science, data or methodology; the basic question is whether we wish to pursue the truth or not. https://www.thehindu.com/opinion/lead/the-bitter-dispute-over-indias-pandemic-mortality/article65405332.ece

14. Project 75 (I): Need for Decomplicating Acquisition of Six Submarines *(bharatshakti.in)* 12 May 2022

Indian Navy's 30-year-old plan to induct 24 submarines has faced enough hurdles and delays along its run-up so far. With the six submarines under Project 75 nearing completion, the follow-on contract for the next six has run into problems on the issue of Air Independent Propulsion (AIP). The author analyses this issue and offers a solution.

The Indian Navy's (IN) Project 75 (I) to build six diesel-electric stealth submarines in India at an estimated cost of Rs 43,000 crore received a setback on April 30 when France's Naval Group (DCNS) opted out of the race. It was one of the five foreign companies shortlisted by the Ministry of Defence (MoD) as potential technology collaborators with two Indian shipyards shortlisted for building the submarines in India.

Explaining the reason, Laurent Videau, Business Development Director for India and Thailand, reportedly said, "the present RFP requires that the fuel cell AIP (air-independent propulsion) be sea proven, which is not the case for us yet since the French Navy does not use such propulsion system".

The AIP technology enables conventional non-nuclear submarines to stay underwater for over two weeks without surfacing to recharge their batteries, making them more efficient than the traditional diesel-electric submarines which must surface every few days.

IN's 30-year plan to induct 24 submarines by 2030 was approved by the Cabinet Committee on Security (CCS) in 1999, but it was only in 2005 that the first contract for building six Scorpene conventional submarines in collaboration with DCNS (now Naval Group) was awarded to Mazagaon Dockyard Shipbuilders Limited (MDL) under Project 75.

While the last of these submarines is scheduled to be commissioned next year, the follow-on contract for building another six submarines under Project 75(I) is now facing headwinds because the MoD decided to acquire the submarines on a competitive basis under the Strategic Partnership (SP) model and the Naval Group's decision to opt-out of the competition at a belated stage.

Introduced in 2016 by MoD, this model was intended to 'institutionalise a transparent, objective and functional mechanism to encourage broader participation of the private sector, in addition to capacities of DPSUs/OFB, in manufacturing of major defence platforms, which included submarines, fighter aircraft, helicopters, and armoured fighting vehicles.

The SP model envisages parallel shortlisting of foreign manufacturers whose products meet the armed forces' requirements and the Indian companies who could tie up with the former to make the product in India as prime vendors. The process of shortlisting the foreign and Indian companies is cumbersome and potentially contentious, but to its credit, IN managed to complete these processes without much difficulty.

The foreign companies shortlisted for Project 75 (I) were Naval Group (France), ThyssenKrupp Marine Systems (Germany), Rosoboronexport (Russia), Daewoo (South Korea), and Navantia (Spain). As for the Indian companies, in a move that surprised many as it was not in keeping with the spirit of the SP Model, MoD shortlisted state-owned Mazagon Dock Shipbuilders (MDL) alongside the private sector conglomerate Larsen & Toubro (L&T).

Be that as it may, the Request for Proposal (RFP) for six submarines was issued to the two Indian shipyards last July, specifying that they could tie up with any one of the shortlisted foreign companies for the project. The bids were to be submitted by December 2021, but the deadline has been extended to June 2022.

The date for submission of bids was apparently extended because the Indian companies could not finalise the tie-up with the shortlisted foreign companies before the original deadline. This was probably because of the latter's discomfort with the RFP conditions, as is the case with the Naval Group.

According to some unconfirmed reports, Navantia too has similar issues with the RFP, ThyssenKrupp is uncomfortable with the requirement of indigenous content in the submarines and the extent of liability of the foreign partner, and Daewoo wants some changes in the RFP conditions. None of these is good news as it is procedurally cumbersome, though not impossible, to make changes in the RFP. This leaves only Rosoboronexport (ROE) in the game.

Even if ROE can meet the AIP and other RFP conditions, the shortlisted Indian companies may be wary of tying up with it in the face of the mounting pressure on India from across the world to at least scale down the defence dealings with Moscow whose brutal and unjustifiable offensive in Ukraine has shocked the world and put India in a tight spot. Besides, the prospects of being sanctioned by the US and its NATO allies are too real to be ignored.

Some analysts are of the view that India may be able to persuade at least one foreign company to remain involved in the project, but they also fear that since in this situation only one of the two Indian companies will be able to tie up with the former and respond to the RFP, it will result in a single vendor situation.

Theoretically, it is possible to go ahead with this, or any other, project even in a single vendor situation, but for doing that MoD will have to convince itself after internal deliberations that the competition cannot be broadened by modifying the specified requirements, notably the need for the AIP system. The result of such an internal deliberation cannot be foretold.

At any rate, the situation that has come to pass points to the age-old problem of the services formulating unrealistic and ambitious specifications or, to use the formal jargon, Services Qualitative Requirements (SQRs). Prima facie, it also points to some error on MoD's part in shortlisting the foreign companies.

The procedure prescribed for the SP model requires MoD to issue a Request for Information (RFI) to the foreign companies which can potentially meet the armed forces' requirement to, among other things, elicit the information required for finalising the SQRs. Thereafter, an Expression of Interest (EOI) is issued to them detailing all requirements, including the range and depth of technologies to be transferred to the production agency in India.

It is inconceivable that while responding to the RFI, and later the EOI, all the five shortlisted companies misrepresented that they possessed sea-proven AIP technology. That being the case, it is unclear why the companies which do not have sea-proven AIP were shortlisted and why this requirement was included in the RFP. One of the main purposes of an RFI is to elicit all manner of information from the prospective suppliers that help in formulating a viable acquisition proposal. Evidently, it did not happen in this case.

Meanwhile, Defence Research and Development Organisation (DRDO) has developed a modular AIP system that can be integrated with any conventional submarine, including the submarines already built under Project 75, though it may take some time to complete the trials and testing required to prove the seaworthiness of the system. This queer the pitch for Project 75 (I) as it is the government's policy to give preference to indigenous products over foreign products.

This rigmarole could be avoided by giving the follow-on contract to MDL for another six conventional submarines. The shipyard now possesses the necessary expertise and infrastructure which will go to waste if it does not bag the new contract. These submarines could later be upgraded by installing the AIP system. But, having shortlisted another Indian company for project 75 (I), it is too late -and will be unfair- to exercise this option.

A more practical way to resolve the issue could be to amend the RFP by deleting the requirement for AIP altogether and making such other changes as may be acceptable to all concerned. Thereafter, another chance could be given to the Indian companies to negotiate tie-ups with the shortlisted foreign companies and bid for the project. The RFP should, however, stipulate that the foreign company will be required to extend all support to the selected Indian company at a later stage in upgrading the submarines with DRDO's AIP.

Moving forward, MoD should also consider de-complicating the projects which entail manufacturing of foreign-origin equipment, weapon system or platform in India. It is far simpler to invite foreign companies to tie up with any Indian company of their choice and manufacture the equipment in India. This is what the 'Buy and Make' category, rechristened Buy (Global – Manufacturer in India) in 2020, was all about.

There is no reason to believe that the foreign companies would happily agree to a particular set of requirements, terms and conditions if the RFP is issued under the SP model, but decline to comply with the same requirements, terms and conditions if it is issued under the aforesaid procurement category.

The method suggested above was adopted for the first time in the Indian Air Force's Avro replacement programme. Last September, MoD awarded a 'Buy and Make' contract to Airbus Defence and Space S.A., for 56 C-295MW transport aircraft to replace the ageing fleet of Avro aircraft that were procured in the 1960s. Under the contract, Airbus is to supply 16 aircraft in a fly-way condition and make the remaining 40 in India in collaboration with Tata Advanced Systems Limited.

It is pointed out by some critics that this model is not apt because it took almost a decade for MoD to award the contract. True, but it was not because of any inherent procedural complication. It is always difficult for the bureaucracy to do something new for the first time. But now that a precedent has been set, the second time around it should not take that long. More importantly, delays are mostly on account of MoD's and armed forces' inability to take bolder and quicker decisions. This malady is independent of the category under which an acquisition proposal is processed. https://bharatshakti.in/project-75-i-need-for-decomplicating-acquisition-of-six-submarines/

15. Missing Defence Pensions: The Latest Case of MoD Interference in Forces' Functioning *(thewire.in)* 12 May 2022

Imagine the surprise and consternation that 58,275 military veterans felt when their monthly pension was not credited at the end of April 2022. Since it was the weekend, the Principal Controller of Defence Accounts (PCDA) (Pensions), Allahabad – the defence pension disbursing authority – helpline was switched off (it only functions Monday-Friday).

The spectrum of affected pensioners ranged from retired Army Commanders to a retired Jawan; no one was spared.

Then suddenly, on May 4, the PCDA sent out a press release in which it said that the reason for not crediting the pensions is that the affected pensioners had not submitted their life certificates. However, the release said that in a show of magnanimity, the 'pension-master' would credit the withheld pensions, but warned the erring pensioners to submit the life certificate by May 25.

This classic case of bureaucratic control and apathy came to light despite many ongoing representations by defence pensioners who were being migrated to the System for Pension Administration (Raksha) (SPARSH) – the new and untested (yet, imposed by diktat) pension disbursal system created by the PCDA.

Untested, yet implemented
Any system that is to be implemented in an organisation is, invariably, first tested, then fielded in a small set of the affected target demography, and is only then fully deployed. Not SPARSH, however.

SPARSH is a creation of the Defence Accounts Department (DAD) and was presented to the Ministry of Defence (MoD) as a system that is in line with the Union government's 'Digital India' theme. It was also claimed that SPARSH would save the government around Rs 250 crore annually from the expenses it incurred in disbursing pensions through public and private sector banks which, until now, were distributing defence pensions.

SPARSH itself has been implemented at a cost of Rs 160 crores, therefore, it will be intriguing to compare the amount saved to the burden to the exchequer that will come from wages, allowances and pensions for the DAD staff that will be required to support SPARSH through its envisaged service centres.

Most pensioners settle in rural areas with poor internet connectivity. To expect the not-so-digitally-savvy veteran to handle the elaborate process of registering and using SAPRSH is something that has to be factored in.

This whole migration exercise was apparently done without the recommendation or consent of the defence service headquarters. The old adage, 'If it ain't broke, don't fix it', clearly wasn't applied here, in the rush to protect turf and cadre of the DAD, all at the cost of defence pensioners.

It seems curious that the very government departments created to enhance efficacy and provide services to the men and women in uniform somehow always seems to generate a storm in a tea cup when existing systems and norms of the defence forces are challenged and changed overnight.

The recent history of government bureaucracy and the forces

The immediate incident that comes to mind is the storm that was kicked up when erstwhile Raksha Mantri Nirmala Sitharaman had declared that all military cantonment roads would be made open to the public. The decision had come after a meeting with the Department of Defence Estates, reportedly with no military representative present and no view or suggestion of the defence forces considered.

The decision to tax the disability pensions of veterans with medical disabilities attributable to the harsh conditions of military service was yet another bouncer sent down the pitch by the very same Raksha Mantri. Similarly. the One Rank, One Pension (OROP) announcement by successive governments and the ensuing conundrum about its implementation is a typical case in the same vein.

The Tour of Duty idea to reduce the 'burden' of defence pensions is, too, rife with serious challenges and is bound to adversely affect the operational efficiency of the defence forces. The list goes on.

The judiciary, too, has not let itself be left behind in making such interventions, as evinced by its decision to grant 'Permanent Commission' (PC) to 'Short Service Commission' (SSC) female officers of the Indian Army in the 'Service Arms' and 'Combat Support Arms' streams on the same terms as for male officers.

There is no disputing the need for gender equality and sensitivity in the defence forces, and there are women who serve with pride and who are given due respect by men in uniform. But to carry the equality into combat is something that the defence forces resisted, to no avail.

Yet again, the highest court of the country rammed the decision through and the defence forces are now spending more than the required energies on accommodating women in training establishments and in newer and far more sensitive billets in the field; probably a case of 'war-fighting being too serious a matter to be left to the military generals'.

There seems to be a perverse delight in these departments and adjunct offices of the MoD in forcing new ideas and schemes on to the defence forces in a manner that is reflective of the overnight 'shock and awe' strategy of the government.

These decisions seem to be of the same cloth as those of demonetisation or the announcement of the three contentious farm laws and other ordinances that are rammed through Parliament

with little to no debate. These are reminiscent of the military tactics of 'ram it through' and then 'bash on regardless', ignoring feedback and dismissing criticism as being 'anti-national'.

The defence forces are always called upon as the nation's first responders, not only in conflict but also in a myriad of internal security and humanitarian situations. Yet, it is the same lot who are treated with apathy by the MoD and its various adjuncts, whose raison d'etre is to help and support the defence forces in their functioning.

The forces have a strong sense of duty and even stronger mechanisms to bolster morale and fighting efficiency, and it is not that such instances of perceived deceit from the very hands that are to support them go unnoticed by both the serving soldiers and the veterans. In all cases, progressive change is cited as the need of the hour, but there has to be some faith in the defence forces to change and ring in a new, better system.

With a government that touts its muscular side, riding on the defence forces with the stated policy of providing the best them, it may only be fitting for it to obviate such recurring pinpricks.

The need to have defence service representatives in the various departments of the MoD as well as in other ministries which indirectly affect their functioning is the only logical next step and needs to be taken by the government if such glaring anomalies that shake the system and rattle morale are to be avoided.

The idea of the lateral induction of domain experts into government ministries has been mooted and, in some cases, successfully implemented. It's time to decisively bite the bullet and provide for the lateral induction of well-trained and disciplined servicemen both into government departments and the central police forces. https://thewire.in/government/defence-pensions-sparsh-government

16. Gold schemes' mop-up rises four times from FY20 level *(financialexpress.com)* 12 May 2022

The government's gold schemes dazzled during the pandemic. The combined mop-up under the sovereign gold bond programme and the gold monetisation scheme (GMS) shot up to Rs 17,323 crore in FY21 and remained elevated at Rs 18,042 crore in the last fiscal, compared with just Rs 3,870 crore in the pre-Covid year of FY20.

Interestingly, the gold bond scheme has elicited a much greater response than the GMS, as the latter is yet to gain adequate traction despite improvement in recent years. While the government is estimated to have sold gold bonds worth Rs 16,142 crore in FY22, its collection of the precious metal under the GMS was worth Rs 1,900 crore, according to finance ministry data.

"In the current fiscal, the government is expecting the same amount of gross collection under the gold bond scheme (Rs 16,142 crore) and another Rs 2,000 crore under the GMS," an official source told FE.

The robust performance of the gold bond scheme has been driven by increasing investor interest in "paper gold" amid Covid-induced economic uncertainties globally, said the official. The rise in inflationary pressure in most parts of the world in 2021, too, drove investors towards

the precious metal, considered a hedge against price pressure. On top of it, relatively elevated prices of the precious metal, too, contributed to the rise in interest in such bonds, he added.

Gold prices shot up in 2020 globally amid economic uncertainties but later eased as prospects of quick vaccine roll-outs brightened. But again, it started rising in 2022, more so in the aftermath of the Ukraine conflict, before easing in recent weeks. On Wednesday, gold prices dropped Rs 231 to Rs 50,646 per 10 grams in the national capital, still up about 8% from a year before.

The gold schemes (monetisation, bonds and sovereign coins) were unveiled in November 2015 to reduce the country's reliance on the import of the precious metal and curb its debilitating impact on current account deficit. While the gold monetisation scheme is aimed at tapping household stocks, through gold bonds, the government wants to wean investors away from the purchases of the physical metal to "paper gold".

Though the bond scheme has witnessed a greater mop-up than the GMS, the collection under these schemes still represents a tiny fraction of India's usual annual consumption. This suggests a huge potential for further rise, especially under the GMS, as Indians are the biggest hoarders of the precious metal.

The country's total gold holdings are estimated to be at least 25,000 tonne, worth over $1.6 trillion. https://www.financialexpress.com/market/commodities/gold-schemes-mop-up-rises-four-times-from-fy20-level/2521273/

17. Droughts reduced India GDP by 2-5% over 20 years: UN *(timesofindia.indiatimes.com)* 12 May 2022

NEW DELHI: The number and duration of droughts has risen 29% globally since 2000 and the effect of severe droughts is estimated to have reduced India's gross domestic product (GDP) by 2-5% over the 20 years from 1998 to 2017, said a new report from the United Nations Convention to Combat Desertification (UNCCD) released on Wednesday.

While calling for multiple actions, including land restoration to reduce the risk, the report released on the sidelines of the ongoing 15th session of the UNCCD conference (COP15) at Abidjan, Côte d'Ivoire, also flagged that the droughts represent 15% of natural disasters globally but took the largest human toll — approximately 6,50,000 deaths in 50 years (1970-2019).

Globally, droughts caused economic losses of roughly $124 billion during that period. Though severe drought affected Africa more than any other continent with over 300 events recorded in the past 100 years, accounting for 44% of the global total, the highest total number of humans affected by drought were in Asia.

"We are at a crossroads when it comes to managing drought. We need to steer toward the solutions rather than continuing with destructive actions, believing that marginal change can heal systemic failure," said Ibrahim Thiaw, executive secretary of the UNCCD, while calling for making a full global commitment to drought preparedness and resilience in all regions a top priority.

He said, "One of the best, most comprehensive solutions is land restoration, which addresses many of the underlying factors of degraded water cycles and the loss of soil fertility. We must

build and rebuild our landscapes better, mimicking nature wherever possible and creating functional ecological systems".

The report comes in the backdrop of the UNCCD's earlier report on 'global land outlook' that flagged in April how up to 40% of all ice-free land is already degraded globally, affecting 50% of humanity. It also noted that the current scale of degradation threatens half of global GDP ($44 trillion).

The UNCCD report notes that 128 countries, including India, have already expressed willingness to achieve or exceed 'Land Degradation Neutrality' and nearly 70 countries participated in the Convention's global drought initiative, which aims to shift from reactive approaches to drought to a proactive and risk-reducing approach. https://timesofindia.indiatimes.com/india/droughts-reduced-india-gdp-by-2-5-over-20-years-un/articleshow/91501079.cms

18. Bhangabandh MIP work left halfway *(orissapost.com)* 12 May 2022

Ragadi: In a bid to boost agriculture in Jajpur district, the state government has been executing a number of minor irrigation projects but implementation of some of them has been dismal while work of others has been abandoned. At the same time, contractors have raked in moolah by compromising with the quality of work.

Reports said many minor irrigation projects (MIPs) do not come to the use of farmers in crisis. Bhangabandh MIP, which is supposed to irrigate 70 acres of land in Korei block, is a case in point.

The contractor abandoned its work three years ago and got away with money. Villagers of Talagada panchayat alleged that a contractor has misappropriated lakhs of rupees meant for repair of Bhangabandh MIP near Mangarajpur. Jajpur MIP division had sanctioned `58.40 lakh for restoration of the MIP in FY 2019-20. As per the agreement with the contractor, the work should have been started February 4, 2019 and completed by December 3, 2019.

However, the contractor and officials of the department botched up the restoration work to misappropriate funds, villagers alleged. The bill of the work, however, has been cleared to the contractor. Executive engineer of the MIP division G Ramkrishna had directed the contractor to undertake the work as per the scheme guidelines, but it yielded no results.

People of Mangarajpur, Bandi and Kantajhari alleged that despite restoration, the project is of no use. Ramkrishna, however, explained that the work of MIP has not been completed due to land dispute. The Revenue department has been intimated to find a solution to the dispute. He denied allegation about botched-up work. https://www.orissapost.com/bhangabandh-mip-work-left-halfway/