NEWS ITEMS ON CAG/ AUDIT REPORTS (13.05.2022)

1. कोर्ट से रद्द

कोयला ब्लाकों में से एक चौथाई में भी उत्पादन नहीं, कभी बना था यूपीए सरकार की किरकिरी की वजह *(jagran.com)* May 12, 2022

अभी जब देश के बिजली सेक्टर में कोयले की कमी की चर्चा आम है तो यह सवाल भी उठ रहा है कि अगस्त,
2014 में भारी घोटाले को आधार बनाते हुए सुप्रीम कोर्ट ने जिन 204 कोयला ब्लाकों का आवंटन रद किया था उनका क्या हुआ। दैनिक जागरण ने इस बारे में जब जांच पड़ताल की तो पता चला है कि रद हुए ब्लाकों में से अभी तक सिर्फ 36 ब्लाकों में कोयला निकालने का काम शुरू हो पाया है जबकि इस साल (वर्ष 2022-23)
12 और ब्लाकों में उत्पादन शुरू करने की तैयारी है। यानी साल के अंत तक रद ब्लाकों में से कुल 48 ब्लाक ही कोयला उत्पादन कर सकेंगे और अगर पूरी क्षमता से ये काम करें तो इस साल इन ब्लाकों से 13 करोड़ टन कोयला निकाला जा सकेगा।

सुप्रीम कोर्ट की तरफ से रद कोयला ब्लाकों की अभी तक जो स्थिति रही है उससे यह बात साफ होती है कि फैसला आने के तकरीबन साढ़े सात वर्ष बीतने के बाद भी देश के कोयला उत्पादन में इनका योगदान बहुत खास नहीं रहा है। देश में बिजली आपूर्ति या दूसरे मकसद से कोयला आपूर्ति में सरकारी कंपनी कोल इंडिया और ¨सगारेनी कोइलरीज ही अहम भूमिका निभा रही हैं।

रद ब्लाकों का दोबारा आवंटन होने के बाद 36 ब्लाकों में उत्पादन अभी हो रहा है। वर्ष 2020-21 में इन ब्लाकों से 6.3 करोड़ टन, वर्ष 2021-22 में 8.9 करोड़ टन कोयला निकाला गया था। इस वर्ष 12 और ब्लाकों का उत्पादन शुरू होने के बाद 13 करोड़ टन कोयला निकाले जाने की उम्मीद है। दूसरी तरफ कोयला मंत्रालय ने वर्ष 2022-23 में देश में 90 करोड़ टन कोयला निकालने का लक्ष्य रखा है। इसमें 70 करोड़ टन कोयला निकालने का लक्ष्य कोल इंडिया को दिया गया है।

40 ब्लाकों का नए सिरे से नहीं किया जाएगा आवंटन

पिछले दिनों कोयला मंत्रालय में सुप्रीम कोर्ट की तरफ से रद ब्लाकों की मौजूदा स्थिति का उच्चस्तरीय आकलन भी हुआ है। इस बैठक में हुई चर्चाओं से यह बात सामने आई है कि कोयला मंत्रालय रद ब्लाकों में से तकरीबन 40 ब्लाकों का नए सिरे से आवंटन नहीं करेगा। वजह पर्यावरण के लिहाज से इनकी संवेदनशीलता है। जिस तरह यूपीए सरकार के कार्यकाल में पर्यावरण की अनुमति के लिए गो और नो गो का फार्मूला बनाया गया था उसी तरह से अभी हाई कंजरवेशन वैल्यू (एचसीवी) का फार्मूला लागू किया गया है। यह अंतरराष्ट्रीय स्तर का मानक है जिसमें पर्यावरण या जैविकी वजहों से जंगलों को संरक्षित रखने का फैसला किया जाता है। अधिकारियों का कहना है कि 204 में से 100 ब्लाकों को अभी आवंटित नहीं किया गया है। इनमें से 40 ब्लाकों का आवंटन नहीं होगा जबकि शेष बचे 60 ब्लाकों में से कई ऐसे ब्लाक हैं जिनमें निजी सेक्टर की कोई रुचि नहीं है। कुछ ब्लाकों में बहुत ही कम कोयला है जबकि दूसरी वजहों से कुछ ब्लाकों में निवेशक हाथ नहीं डालना चाहते।

यूपीए सरकार की किरकिरी की वजह बना था आवंटन का रद होना

सुप्रीम कोर्ट ने 25 अगस्त,

2014 को अपने ऐतिहासिक फैसले में वर्ष 1993 से वर्ष 2010 के दौरान आवंटित 204 कोयला ब्लाकों को रद करने का आदेश दिया था। कोर्ट ने अपने फैसले में कहा था कि इन ब्लाकों को आवंटन में कई तरह की गड़बड़ियां हैं। इस फैसले से तत्कालीन यूपीए सरकार की बहुत ही किरकिरी हुई थी। इसके पहले फरवरी,

2012 में नियंत्रक व महालेखापरीक्षक (सीएजी) ने अपनी रिपोर्ट में कोयला ब्लाक आवंटन में धांधली की वजह से देश को 1.75 लाख करोड़ रुपये की हानि होने का अनुमान लगाया था। इन रद ब्लाकों को बाद में नए सिरे से आवंटन करने के लिए केंद्र सरकार ने कोयला खदान (विशेष प्रावधान) कानून,

2015 ने बनाया हुआ है। https://www.jagran.com/news/national-no-production-even-in-one-fourth-of-the-coal-blocks-canceled-by-the-supreme-court-22707029.html

2. Kerala stares at crisis as Central govt delays nod for borrowings *(newindianexpress.com)* May 13, 2022

THIRUVANANTHAPURAM: The state government is staring at a major financial crisis following the delay in getting Centre's sanction for borrowings. The delay is attributed to the Centre's stand that the borrowings by public-sector undertakings are to be incorporated in the sanctioned borrowing limit of the state.

The Centre's direction is on the lines of the CAG's adverse remarks on the off-budget borrowings through the Kerala Infrastructure Investment Fund Board (KIIFB). The CAG had also questioned the constitutionality of raising funds by way of loans through the Kerala Social Security Pension Ltd.

While the mounting debt is a real cause for worry, a delay in sanction for market borrowings will push the state into an unprecedented crisis. It is learnt the state is engaging with the Central government at various levels. The finance minister and secretary are in consultation with their counterparts in the Union government to solve the issue quickly.

The upper ceiling on borrowings fixed for the state government this fiscal is `32,435 crore. The Reserve Bank of India, as per the norm, had published an indicative calendar or scheduling of tranches for borrowing. As per this, the state was entitled for a borrowing of `1,000 crore in April and `3,000 crore in May.

State yet to claim borrowing limit sanctioned for new fiscal

The government has the power to tweak this schedule as per its requirements. The state has not availed of the borrowing limit sanctioned for the new fiscal because of the delay in getting Centre's sanction.

In April last, the government had capped treasury payments in the wake of fund shortage. Accordingly, the ways and means limit was reduced from Rs 1 crore to Rs 25 lakh. At present, payments above Rs 25 lakh require sanction from the Finance Department. Also imposed is a transfer credit ceiling of Rs 1 crore.

The state government's outstanding debt, according to the 2021-22 Budget, is Rs 3.27 lakh crore. This is 37.39% of the GSDP, a quantum jump from the 29.82% in 2018-19. In addition to this are the off-budget borrowings through the special purpose vehicles KIIFB (for infrastructure development) and the Kerala Social Security Pension Ltd.

DEBT-HIT

Punjab, Rajast-han, West Bengal, Kerala & Andhra Pradesh are the five states having the highest debt-to-GSDP ratio, as per budget documents of 2021-22

Punjab is the only state that has debt-to-GSDP ratio more than 50% (53.3%).

FM: No crisis in distribution of salary

Finance Minister K N Balagopal has ruled out any sort of crisis with respect to salary distribution of government employees. https://www.newindianexpress.com/states/kerala/2022/may/13/keralastares-at-crisis-as-central-govt-delays-nod-for-borrowings-2452861.html

3. Kerala faces financial crisis as Centre nixes borrowing *(timesofindia.indiatimes.com)* 13 May 2022

THIRUVANANTHAPURAM: An unexpected crisis is looming large over Kerala's finances as Centre hasn't cleared the government's request seeking nod for market borrowing through the sale of government stocks via the Reserve Bank, allegedly citing discrepancies in the borrowing details the state had shared with it in the past.

Earlier, Centre had set the maximum borrowing limit for Kerala at Rs 32,425 crore for the current financial year.

Usually, state government borrows money through stock sales according to its needs after making a formal request to the Union finance ministry.

For the first time, the ministry refused to sanction the request of several states, including Kerala, on account of the mismatches in the borrowing details shared by states and their actual borrowings.

Centre's stand toppled the state's borrowing plans in April and May. It had planned to borrow Rs 1,000 crore on April 19, Rs 2,000 crore on May 2 and Rs 1,000 crore on May 10. Sources said that Centre had written at least three letters to Kerala in the recent past seeking explanation for the mismatches in its accounts.

The government is already reeling under severe financial crisis and a delay in borrowings through RBI would further worsen the crisis. Restrictions are already on for passing treasury bills above Rs 25 lakh.

Centre is learnt to have informed all state governments that it would consider borrowings by all state public sector undertakings as the borrowings of state governments.

CAG had already raised many objections against Kerala government's stand that borrowings of agencies like KIIFB cannot be considered as borrowings by the government.

Finance minister KN Balagopal said the delay in securing Centre's nod is a major concern.

"But, that is unlikely to push the state into a major crisis. Centre cannot deny the state's right for long. We are holding official-level talks and we hope that the issue will be resolved soon.

Meanwhile, we may have to resort to some restrictions for the time being. If the Centre refuses to budge, we may have to escalate the issue to other levels," he said.

The FM denied reports that the finance department was considering a proposal to withhold a portion of the employees' salary to circumvent the new crisis. https://timesofindia.indiatimes.com/city/thiruvananthapuram/kerala-faces-financial-crisis-as-centre-nixes-borrowing/articleshow/91530814.cms

4. Centre acts tough on borrowings, Kerala in a tight spot *(thehindu.com)* May 13, 2022

The Kerala government has found itself in a tight spot with the Centre yet to give permission for market borrowings in the current fiscal.

It is understood that the Centre has adopted a tough stand on off-Budget borrowings made through various government institutions and wants those to be factored in into the State's borrowing limit. The Centre has also reportedly sought a clarification from the State government regarding previous borrowings.

Finance department sources said the State government has taken up the matter with the Centre at multiple levels.

It may be recalled that the Comptroller and Auditor General (CAG) had slammed the off-Budget borrowings made through the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd (KSSPL), and wanted the Kerala government to disclose their details in the Budget and accounts.

The Centre is understood to have taken a stand on similar lines that borrowings by public sector companies, corporations and special purpose vehicles – where the principal amount and/or interest are to be serviced out of State Budgets or through taxes and cesses or any other revenue of the State – will be treated as borrowings made by the State itself.

According to the indicative calendar of market borrowings published by the Reserve Bank of India (RBI) on April 5, Kerala is entitled to market borrowings in the first quarter of 2022-23 to the tune of ₹1,000 crore in April, a total of ₹5,000 crore in May and ₹3,000 crore in June.

Following financial crunch, the State government had already imposed regulations on the treasury. Towards April-end, the Finance department had issued orders placing restrictions on the treasury from clearing bills above ₹25 lakh. This restriction is still in place, the government sources said. https://www.thehindu.com/news/national/kerala/centre-acts-tough-on-borrowings-kerala-in-a-tight-spot/article65407671.ece

5. Kerala's KIIFB dream comes under serious threat. Centre issues new offbudget borrowing decree *(onmanorama.com)* May 13, 2022

After over two years of what looked like an intense tug-of-war, the Centre seems to have finally pulled states like Kerala into submission in the off-budget borrowings issue. The Centre has insisted that states like Kerala should include their off-budget borrowings using special purpose vehicles like KIIFB in their annual borrowing limit.

Kerala is still in resistance mode, and is paying the price. The Union Government has not approved Kerala's borrowing schedule for the first quarter (April-June) of the 2022-23 fiscal. By May 10, Kerala should have mobilised Rs 4000 crore from the open market. It was not able to.

This fund squeeze has already led to some Treasury restrictions. If this Centre-State conflict persists, Kerala's fiscal position could turn precarious.

Convenience of off-budget loans

Kerala has been consistently opposing the inclusion of Kerala Infrastructure Investment Fund Board (KIIFB) and other off-budget borrowings in its fiscal deficit calculations.

In fact, the very reason for creating SPVs like KIIFB was to bypass the borrowing limit fixed for states. The logic was, most of the open market borrowing went into financing committed expenditure like salaries, pensions and interest, leaving virtually nothing for development expenditure. Off-budget loans that were free of fiscal conditions was the way out.

If the loans of KIIFB and other government-funded bodies like Kerala Social Security Pension Limited (KSSPL) were taken into account, Kerala's fiscal deficit would have looked even more bloated. The latest CAG report says that KIIFB and KSSPL had borrowed Rs 1,930.04 cr and Rs 6,843.65 crore respectively during the 2019-20 fiscal, none of these getting reflected in the deficit calculations of that fiscal.

Closure of a busy bypass

The Centre has now decided to permanently shut the route states habitually resorted to evade constitutionally-mandated fiscal controls. States are legally empowered to borrow 3% of their GSDP from the open market; from this fiscal on, it is 3.5% of the GSDP.

This they fully utilised and, in addition to this, they encouraged their PSUs and SPVs to borrow heavily. According to a CRISIL Ratings study of 11 states, including Kerala, off-balance-sheet borrowings of states had reached a decadal high of 4.5% of gross state domestic product (GSDP), or Rs 7.9 lakh crore, in 2022.

These huge amounts do not figure in the annual financial statements (budgets) of these states, but are serviced out of the state budgets. KIIFB, for instance, is propped by the annual transfer of 50% of Kerala's motor vehicle tax revenue and the whole of petrol cess.

Double whammy for states

But from now on, the Centre wants the loans taken by the SPVs, too, to be included within the borrowing limit of states. This will cause the net annual borrowings of states to shrink. KIIFB, for instance, will have to first reckon with the routine and more urgent open market borrowing requirements of Kerala before scheduling its loans. In such a situation the very existence of KIIFB could be questioned as the body was formed to operate outside such limiting constitutional and fiscal concerns.

This fiscal, states will suffer an additional deprivation. The decision to move PSU and SPV borrowings into the budget will be implemented retrospectively, from the 2020-21 fiscal. This will mean that the excess loans taken by states using off-budget mechanisms during the last two fiscals - 2020-21 and 2021-22 - would be deducted from their borrowing limit for this fiscal, 2022-23.

Will salary payments suffer?
The Centre has already asked states to furnish the revised borrowing figures for the last two fiscals. Top sources told Onmanorama that Kerala had still not provided these figures. Consequently, the Centre has refused to approve

Kerala's borrowing schedule. Kerala has not been able to mop up Rs 4000 cr from three auctions scheduled by the RBI: April 19 (Rs 1000 cr), May 2 (Rs 2000 cr), May 10 (Rs 1000 cr). This has caused a slight fiscal squeeze, threatening to derail salary and pension disbursement in May.

Finance Minister K N Balagopal, even while conceding that the Centre had not sanctioned Kerala's open market borrowings, said the situation would not affect salaries and pensions. "I hope the Centre will not behave in a vindictive manner," he said.

Why Centre and CAG despise
KIIFB The Centre's logic was spelt out in the Monthly Summary Report of March put out by the Department of Expenditure. "These off-budget borrowings by the states have the effect of bypassing the net borrowing ceiling of the state by routing loans outside the state budget through government-owned or statutory bodies despite being responsible for repayment of such loans. Such borrowings have an impact on the revenue and fiscal deficits and thus have the effect of surpassing the targets set for fiscal indicators under Fiscal Responsibility and Budget Management (FRBM) Act."

The latest Comptroller and Auditor General Report on Kerala Finances has also flagged the issue. "Even though repayment of the borrowed amount and its interest (by KIIFB) are being financed through Government revenue, the Government's financial documents do not reflect these borrowings," the CAG report said. "The liabilities of KIIFB are a direct charge on the Government's own revenue resources and are thus a direct liability of the State Government," it added.https://www.onmanorama.com/news/kerala/2022/05/12/kiifb-dream-threat-centre-off-budget-borrowing-decree.html

6. Bengaluru reports lowest May temperature in 10 years ***(hindustantimes.com)*** May 13, 2022

Heavy rainfall that resulted from cyclone Asani has brought Bengaluru's temperatures to their lowest in May in a decade but municipal authorities fear that the city is at risk of being overwhelmed by flooding.

On Wednesday, Bengaluru city recorded the minimum temperature of 19.5°C and a maximum temperature of 24°C — the lowest temperature in May in the past 10 years, according to the data released by the Bengaluru chapter of the India Meteorological Department (IMD).

According to IMD data, the previous lowest maximum temperature recorded in the last 10 years was 33.8° C on May 2, 2015. The coldest day in May in the last five decades in Bengaluru was on May 14, 1972, when the maximum temperature recorded was 22.2°C.

The city has received 255 mm of rain since March 1 -- a 171-mm departure from normal.

"Bengaluru will continue to receive light to moderate rainfall till May 16. For the next 48 hours, the sky will be generally cloudy. Rain is very likely. Maximum and Minimum temperatures are very likely to be around 26 and 21 Degree Celsius respectively," the IMD said on Thursday.

Wednesday's data from IMD indicated a deviation from normal of 9°C in the maximum temperature.

The drop in temperature is a result of cyclone Asani, which reached the Andhra Pradesh coast after weakening into a cyclonic storm.

According to an IMD official, similar weather was likely continue over Bengaluru till May 16.

The frequent downpours however, seem to be overwhelming the city's infrastructure and authorities are worried about the situation that will crop up after the seasonal rainfall starts.

Over this month, water-logging and potholes were reported several times across the city.

A senior official of the Bruhat Bengaluru Mahanagara Palike (BBMP) -- Bengaluru's municipal corporation -- said that the city cannot handle more than 70 mm per hour of rainfall and several lakes in the city are already filled to the brim. According to the official, there are around 100 flood-prone areas in the city, but the city's lakes and drains do not have enough space to store water if heavy rain continues in May

BBMP chief commissioner Tushar Girinath said that monsoon preparedness, preventing the spread of Covid-19 and enhancement of infrastructure were his top priorities.

"Every year, citizens are inconvenienced during the monsoon. I will identify short-term solutions. Precautionary measures should be taken to avoid any problems during the rainy season within BBMP limits. The civic body, Bangalore Electricity Supply Company Limited (BESCOM) and Bangalore Water Supply and Sewerage Board (BWSSB) should work in coordination and respond to citizens' woes immediately. I will make sure that citizens' complaints are addressed," Girinath said.

He has asked officers to identify the most vulnerable areas in the city and clear silt from the drains. Safety equipment should be provided to personnel operating during the rainy season. The work of the contractors must be supervised by the officers. He added that work of clearing stormwater drains is underway in several areas.

The Comptroller and Auditor General (CAG), in its performance audit report on the management of stormwater in the Bengaluru Urban area released in September 2021, had pointed out that the BBMP did not possess fool-proof data on the total number/ length and nature of different types of drains under its jurisdiction.

"The absence of a comprehensive inventory of drains and their proper classification contributed to a lack of clarity on critical issues such as the extent of a buffer zone to be maintained, etc. This, in turn, hampered maintenance of drains as many utility lines like electrical, telephone, optical cable, etc., were laid across the drains in many locations obstructing flow in the drains," the CAG noted, adding that BBMP had also failed to prepare an SWD manual specifying the design, construction and maintenance of the drain infrastructure of the city.

The CAG also stated that BBMP had failed to factor in reasons for high-intensity rainfall due to rapid urbanisation, did not adhere to the provisions of the Indian Road Congress and the guidelines of the National Disaster Management Authority while designing and constructing roads/ drains, and failed to prevent inflow of sewage, clear encroachments and blockages, and in general upkeep of the drains by taking up periodical inspections. All this has resulted in continuous misuse of the drains, the CAG report had said. https://www.hindustantimes.com/india-news/bengaluru-reports-lowest-may-temperature-in-decade-101652381998164-amp.html

7. Post uproar, Haryana reverses decision on loans to varsities, says grant will continue *(indianexpress.com)* May 13, 2022

After facing major protests against its decision to give loans to the universities instead of grants-in-aid, the Haryana government Thursday announced that "the state will continue the support universities through non-recoverable financial assistance in the form of grants-in-aid".

The teaching and non-teaching employees of 13 state-run universities have been protesting the government decision of offering loan to the universities instead of grants-in-aid ever since the finance department took a decision in this regard on April 29 this year. That day, the finance department had also approved the loan of Rs 147.75 crore for 10 state-run universities. Then, in an official note, the state finance department had mentioned: "Finance department agrees with the proposal of administrative department to approve the loan of Rs 147.75 crore as first installment for the state universities under the scheme…loans during the financial year 2022-23."

A senior officer of Haryana government told The Indian Express that the decision of loans instead of grant-in-aid was aimed at maintaining financial disciple and responsibility on the part of university management.

However, unions of teaching and non-teaching staffers started protesting the decision on the ground that it would force the universities to hike the fees which will hit the students hard especially those from the weaker sections. The unions also claimed that such a decision was taken at a time when grants to the universities were already dwindling.

According to Haryana Federation of Universities and Colleges Teachers Organisation (HFUCTO) president Vikas Siwach, the teaching and non-teaching staffers of the universities and their affiliated colleges were wearing black badges since Monday to protest the decision of doing away with the grants-in-aid to the universities and giving loans instead.

"On Wednesday, the staffers and students even observed a strike for three hours to raise their voice against the decision. Not only this, a general body of teachers from all universities was also called in Rohtak on Friday to take future course of action," added Siwach. Even senior Opposition leaders from Haryana were protesting the decision of the state government terming it a move aimed at commercialization of the education while the universities were set up for higher education and research work.

Amid growing protests, the Additional Chief Secretary (higher education) Anand Mohan Sharan on Thursday (May 12) issued an official letter to mention that the amount of Rs 147.75 crores to universities is "grant-in-aid only". In the letter, the ACS also claimed that the intent of the previous decision was to "maintain subsidiary asset as per the recommendation of the Comptroller and Auditor General of India and to enable appropriate provision of maintenance of these capital assets of universities in the state government's annual budget every year" adding "this approach would help the state government to account for the said asset as a capital asset instead of revenue asset, thereby enabling the government to continue to provide financial assistance to maintain these assets on a continued basis and address the concern of lack of adequate resources with the universities in maintaining these assets". The ACS also mentioned that the objective of the earlier move was "to highlight the financial autonomy, independence and self-reliance of the universities" and "further increase in productivity and quality, through internal resource generation through activities that will further enhance their skills and further increase the employability of their students".

However, while referring to the decision related to loans to the universities instead of grants-in-aid, BJP leader and former state finance minister Sampat Singh had stated: "This practically meant that all government universities would have to adopt self-financing pattern which in turn meant students would be paying exorbitant fees to angle the universities to pay off these loans. This would lead to universities running losses and going bankrupt giving the government an excuse to sell these off to private business houses of their choice."

Sampat Singh had added that the government did not tire of claiming credit for setting up new universities, but on the other hand it was making sure that the existing universities which had over decades turned in to centres of educational excellence would face closure in the very near future.

The former Minister said "the decision of loans was taken merely to help existing private universities in Haryana at the cost of existing state universities which would later be sold to private parties". https://indianexpress.com/article/cities/chandigarh/post-uproar-haryana-reverses-decision-on-loans-to-varsities-says-grant-will-continue-7914604/

8. धनबादः ट्रेड यूनियन चुनाव संपन्न होते ही डीवीसी ने आवासों की लाइसेंस फीस बढ़ाई *(lagatar.in)* May 12, 2022

कैग की रिपोर्ट के बहाने प्रबंधन ने रोक लगाने से किया इनकार

निरसा (Nirsa) डीवीसी प्रबंधन ने यूनियन का चुनाव होते ही आवासों के लाइसेंस फीस में भारी वृद्धि कर दी है. लागू एक मई से करने का आदेश जारी हुआ है. डीवीसी के मान्यता प्राप्त यूनियन संयुक्त मोर्चा ने आवेदन देकर रोक लगाने की मांग की है. परंतु डीवीसी ने इसे वापस लेने से इंकार करते हुए कहा है कि यह नियम सभी सार्वजनिक प्रतिष्ठानों के लिए भारत के नियन्त्रक एवं महालेखा परीक्षक कैग की रिपोर्ट के आधार पर लागू किया गया है. इसलिये इसे हटाना असंभव है. वार्ता में मौजूद नेताओं का तर्क था कि डीवीसी का निर्माण 1948 के एक अलग अध्यदेश से किया गया था. इसलिये यह नियम डीवीसी पर लागू नही होता है.

लेकिन प्रबंधन ने परामर्श एवं अध्यन का बहाना बना कर फिलहाल लाइसेंस फीस में बढ़ोतरी पर रोक लगाने से इंकार कर दिया. जानकारी हो कि यूनियन के चुनाव के समय भी किराया बढ़ाया गया था. लेकिन केंद्रीय मुख्य श्रम आयुक्त टीके पांडा ने आचार संहिता का उल्लंघन बता कर रोक लगा दी थी. चुनाव संपन्न होने के बाद आदेश को फिर लागू कर दिया. लेकिन नव निर्वाचित यूनियन प्रतिनिधि ने भी रोक की मांग की, पूर्व सांसद बासुदेव आचार्य, विकास रंजन भट्टाचार्य एवं अशोक घोष के साथ बैठक में अध्यक्ष राम नरेश सिंह ने फिलहाल कैग का बहाना बना कर रोक से इंकार कर दिया. नये आदेश के तहत आवासों के लाइसेंस फीस में 20 से 34 फीसदी बढ़ोतरी हुई है, जिमसें करीब पंचेत में 938 एवं मैथन में 22 सौ आवास हैं. https://lagatar.in/dhanbad-dvc-increased-the-license-fee-of-the-houses-as-soon-as-the-trade-union-elections-were-over/

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. Rationalisation of tax rates to aid in revenue buoyancy: CBIC chairman *(financialexpress.com)* May 13, 2022

Ahead of the Goods and Services Tax (GST) Council meeting in a month or so, Central Board of Indirect Taxes and Customs (CBIC) chairman Vivek Johri on Thursday said that reforms in the rate structures and rationalisation of tax rates are crucial for improving revenue efficiency and buoyancy.

GST collections have been consistently higher than the GDP growth rate in recent years, with the monthly collection in FY22 exceeding Rs 1.25 trillion for six months in a row till March, 2022. Monthly GST collections hit an all-time high of Rs 1.68 trillion in April (March transactions), broadly reflecting efficient plugging of tax evasion, a sustained shift of business to the formal sector of the economy and inflationary impact.

The continued momentum in high GST receipts since July 2021 yielded an average of gross GST of Rs 1.23 trillion in FY22, up 29% on year. Johri said monthly GST revenues may average Rs 1.35 trillion in FY23, up 10%, compared with Rs 1.2 trillion factored in the Budget for the year.

Caught between the conflicting objectives of boosting revenue receipts and controlling a runaway inflation, the GST Council may deliberate calibrated hikes in the GST rates over the next couple of years, rather than a one-time trimming of the slabs from four at present to three. Under the GST compensation mechanism state governments are assured 14% annual revenue growth for the first five years after the tax's July 2017 launch.

"To continue revenue buoyancy, we have changed our strategy. One possible way to continue revenue stream is to rationalise the tax rates to let refunds and credits flow freely, reverse the inversions," Johri said at an event organised by Ficci.

The government might look at improving revenues through legal and administrative changes, including tightening enforcement to curb leakages and better compliance.

"Legal changes were made to facilitate taxpayers to file their returns, which they could not do during the peak of Covid, and make the tax filing experience better. We have improved our systems on e-invoicing, which enables us to construct the tax-paying structure and credit system. Auto population of returns and inter-connectivity of returns has helped in fast-tracking credits and reducing the compliance cost for taxpayers," Johri said.

"By implementing data triangulation with the Directorate General of Foreign Trade and income-tax department, we have culled out risky taxpayers and have suspended their registrations. Wrongdoers and those who were gaming the system have been culled out," Johri said.

While GST collections are likely to remain buoyant, he did not see much upside on excise and customs duty receipts in FY23. https://www.financialexpress.com/economy/rationalisation-of-tax-rates-to-aid-in-revenue-buoyancy-cbic-chairman/2522838/

10. LIC IPO: Govt raises Rs 20,560 crore as firm sets issue price at Rs 949 *(business-standard.com)* May 13, 2022

India raised Rs 20,560 crore ($2.7 billion) as its biggest ever initial public offering priced at the top of the range following strong demand from local investors and a last-minute dash by foreign funds.

Life Insurance Corporation of India shares have been priced at Rs 949 each, the state-run firm said in a prospectus filed Friday. LIC shares were offered at Rs 902 to Rs 949 apiece. Trading on the stock exchange is due to begin May 17.

Dubbed India's "Aramco moment" in reference to Gulf oil giant Saudi Arabian Oil Co.'s $29.4 billion listing in 2019 -- the world's largest -- the float of LIC has ended up resembling the Aramco IPO not just in scale but in its reliance on domestic investors after some foreign buyers deemed it too expensive. Foreign institutional investors stepped up their bids for the sale in the last hours before the close of subscription this week, shunning currency risks and global market uncertainties.

Besides smashing India's record as the country's biggest IPO, LIC's offering is also the world's fourth-biggest this year, according to data compiled by Bloomberg. LIC's debut comes at a time when capital-market activities have significantly slowed globally as the war in Ukraine stokes market volatility and saps investor appetite.

Shares of LIC are trading at a discount of about Rs 30 to its IPO price in the so-called gray market, traders told Bloomberg News. The expectation for a strong debut by LIC's shares is waning as the demand in the unregulated market, where investors bet on listing day gains, has come down over the last few days.

Retail investors and LIC policyholders were among the most enthusiastic for the offering, thanks to the discounts they were offered. The portion reserved for them was fully taken up days before the offering was closed. The anchor portion of the IPO drew in sovereign funds from Norway and Singapore while other foreign investors picked up pace only on the last day.

Overall, the LIC offer was oversubscribed by nearly three times. The money will help the government bridge a budget deficit that's expected to widen as commodity prices soar across the world.

For the banks working on the IPO, the share sale might not give them large fees but offers glory in the league table rankings, Bloomberg News has reported. https://www.business-standard.com/article/markets/lic-ipo-govt-raises-rs-20-560-crore-as-firs-sets-issue-prices-at-rs-949-122051300346_1.html

11. LIC IPO: How is it the biggest privatisation scam in India? *(theleaflet.in)* May 13, 2022

Interview with V Sridhar, member of the People's Commission on Public Sector and Public Services

In February 2022, the Union Government filed its Draft Red Herring Prospectus [DRHP] with the Securities and Exchange Board of India [SEBI] and took the formal step toward disinvesting a part of its stake in the Life Insurance Corporation of India [LIC] through an Initial Public Offering [IPO]. The terms of the IPO, especially the manner in which the offer has been priced, have set off allegations that this is the biggest ever scam in the history of privatisation in India. The privatisation of India's biggest insurance provider, also among the biggest in the world, would result in substantial losses to not just LIC's policyholders but the government.

V Sridhar, a senior journalist, is a member of the People's Commission on Public Sector and Public Services, which was constituted in the background of the government's renewed push towards privatisation in the midst of the COVID-related crisis. Sridhar has written extensively on the LIC IPO, proving it to be a major scandal in the realm of privatisation in India. His insight provides not only a unique perspective on the rights of LIC policyholders but what the privatisation of this unique institution implies for the spread of the culture of life insurance in India.

Sridhar spoke with The Leaflet on the basics of LIC's nature of operations, and the implications of its IPO.

Edited excerpts from the interview:

Q: Can you tell us how LIC, being one of the biggest insurance operators in the Indian market, is globally sui generis in the world of finance?

A: The life insurance business was historically and typically structured as a mutual company where the members of the company were its shareholders. In such a structure, profits that arose were distributed amongst the shareholders; there was no appropriation of profits by an external source. They were thus akin to a cooperative housing society, for instance. Over time, while this organisational structure changed for other insurance companies, the LIC continued to be structured as a mutual company, even though it was not formally or legally termed as such. However, after the changes introduced in the Finance Act of 2021, the government has asserted its rights as a shareholder. These changes were introduced explicitly in order to help it divest its "stake" in the LIC. How fair is this, given the historical journey of the LIC?

During the first 55 years of its 66 years since the formation of the LIC, the government invested only rupees five crores as initial capital in 1956. The rest of the money, for the expansion of its operations, came from the policyholders. In effect, policyholders provided the risk capital for the LIC's expansion for most of its life. Furthermore, when LIC was nationalised after taking over 245 insurance companies (that threatened the interests of their policyholders), the compensation was paid to such companies from funds provided by the policyholders. Hence, it was natural that LIC paid 95 per cent of its surplus to the policyholders and only five per cent to the government, an entity that is now claiming to be the owner of LIC.

"Ordinary people who trusted Participatory Policies for their stability and decent returns, will now stay away from LIC as it shifts its focus elsewhere.

LIC is sui generis, firstly, because, till the Finance Act of 2021, it was not structured as a typical company. For most of its existence and until 2021, it functioned like a mutual company since the contribution of risk capital came from the policyholders. Secondly, each of the millions of policies is guaranteed by the government, though, significantly, the guarantee has never had to be invoked. When LIC pioneered the concept of life insurance, this guarantee backed every single policy. And, LIC's good track record of redeeming its policies gave confidence to the policyholders.

In global finance, 'Too Big to Fail' is often used to describe the fact that the mega banks are so big that their collapse poses system-wide risks to the entire financial sector. This is not some fancy notion; it actually proved to be true during the global financial crisis of the last decade from which we are yet to recover fully. In contrast to this, LIC, I would say has been 'Too Good to Fail'.

Q: Can you explain the idea of Embedded Value [EV] as a measure of a life insurance company's worth? Can you further give a brief on the low multiplication value, in relation to EV, adopted in the case of the LIC IPO?

A: EV is used uniquely for valuing insurance companies. The concept is of recent vintage. It is an actuarial (the business of evaluating insurance claims and performing the calculations that estimate risks), not just a financial concept. The point is that EV does not measure the true worth of a company but instead measures the potential returns to shareholders. During the financial crisis of 2008 many insurance companies collapsed. The EV concept caught on in a big way when there was a spate of mergers and acquisitions in the global insurance business. The concept was used by acquirers to estimate the potential returns from the acquisition of these failed insurance companies. It is a limited concept meant specifically to measure the potential returns for the shareholders of the company making the acquisition.

Typically, EV is calculated before an IPO.

But it is important to stress what the EV is not about. Firstly, a company's goodwill is not considered in the estimation of the EV. Remember, millions of households, over generations, have been associated with LIC over six decades. It is by far the most popular and well-known brand in India. The resulting goodwill or brand value of LIC is not included in the EV even though the acquiring entity benefits from it.

Secondly, the market value of its substantial real estate assets are not included in the EV computation. Remember, LIC has vast assets not only in metropolitan cities but in almost every city and town in India. As India's biggest realtor the current value of LIC's assets would be of a mind boggling, perhaps running into at least several lakh crore rupees. Mind you, the risk capital for the acquisition of these assets had come primarily from policyholders. The government is now diluting 3.5 per cent of its stake in LIC and selling its shares to private individuals. The new acquirers of the company, who would effectively have a claim over the assets of the company, even though neither they nor the government have contributed anything towards the acquisition of these assets. How is that fair?

The EV is of limited importance in the real world, and hence, every insurance company applies a multiplication factor to arrive at the price at which it offers its shares to potential shareholders. In India, we have had three major IPOs of life insurance companies – HDFC Life, SBI Life, and ICICI Prudential Life, which are considered "benchmarks". LIC has the biggest market share – in terms of policies it has 75 per cent of the market, and in terms of the value of the premium, it has about two-thirds of the market. Thus, there is no justification for LIC's multiplication factor being less than that used for its three main private sector rivals.

Initially, when the IPO was being considered in February, the multiplication value was expected to range between 2.5 to 4, in line with the valuation of the private insurance companies. But when the IPO was announced in late April, the EV was found to be 1.1, indicating a huge loss. Hence, the question is: how can the value of LIC have come down so sharply within a span of a few weeks? If the market was not willing to pay the multiple, why didn't the government just postpone the issue? This is why I term it as India's biggest-ever privatisation scam.

Q: You talk about the millions of policyholders who would be affected due to India's biggest ever IPO. Can you explain the loss to policyholders and the gain to investors due to this disinvestment because of the deep discount?

A: With the government offloading 3.5 per cent of its stake in LIC, it implies that the new owners would own 3.5 per cent of all that LIC is worth.

Life insurance policies can be broadly classified as participatory or non-participatory in nature. In a non-participatory policy, you just get what you are insured for. There are two costs involved – a part of the premium goes towards the risk borne by the insurer and the other part is for the maintenance of the policy (for instance, overheads and employee salaries). A participatory policy, apart from the two elements of cost, includes a saving component where the policyholder provides the funds and participates in the risk. This reward is in the form of bonuses paid to policyholders.

Previously, LIC managed a consolidated Life Fund; in September 2021 this corpus was about 36 lakh crore rupees. With the amendments to the LIC Act, 1956, effected by the Finance Act of 2021, LIC bifurcated the Life Fund into those of Participatory and Non-Participatory funds, with the latter accounting for about one-third of the total fund in September 2021. Significantly, the EV increased from Rs. 0.96 lakh crores in March 2021 to around Rs. 5.4 lakh crores after the bifurcation was implemented. What explains this spectacular jump in EV within a span of six months?

Prior to the 2021 amendment, 95 per cent of the profits from the consolidated corpus, including profits from non-participatory policies, were distributed to the policyholders. This was based on the logic that since policyholders primarily bore the investment risk, they were entitled to the overwhelming portion of the surpluses that emanated from non-Participatory policies. Remember, Participatory policyholders even bore the risk of losses that arose from non-Participatory Policies. However, the amendments take these surpluses away from policyholders and transfer them to the shareholders, including the new shareholders after the IPO. Now, shareholders will get 100 per cent of the profits from the policies. Policyholders get nothing at all.

"The LIC privatisation is entirely unique as it is disinvesting an entity that the government does not even own. The government's claim to LIC as an owner is suspect.

Now, let us come back to the explanation of how the EV increased so dramatically. Remember, the EV is nothing but a measure of the present value of future profits for the shareholders. The sharp increase in EV, by a whopping 518 per cent in a matter of six months, is directly a result of the expropriation of the corpus — and the surplus that flows from it — that belonged to the policyholders. Thus, there is an expropriation from policyholders, handing the profits over to the shareholders, including the new shareholders coming through the IPO. Moreover, participatory Policyholders lose even more. The share of the surplus they are now getting is to fall from the current level of 95 per cent to 90 per cent very soon, and perhaps even lower in a few years.

It is a blatantly fraudulent argument that a portion of the IPO is reserved for policyholders. Firstly, no other insurance company has a wide-scale scope as LIC, covering a broad range of the Indian population. The average premium for a policy is much smaller in the case of the LIC, when compared to its private "peers". This is because LIC covers a large segment of ordinary Indians with low incomes, unlike the private insurers. In fact, this is why LIC is a household name in India. Even if there is a quota for policyholders, only the more affluent policyholders would be able to apply for these shares; policyholders with lesser means would be unable to participate in the IPO.

Secondly, with LIC having about 240 million policyholders forming around 20 per cent of the Indian population, and with only a small percentage that is reserved for policyholders through the lottery system, (in case of oversubscription, not everyone will get the shares) the policyholders are looted and affected. It is important to reiterate that while policyholders as a class would be short-changed, a few of them may become shareholders. Thus, the allotted quota only allows the policyholder to enter a lottery system by which they may or may not get shares. While ALL policyholders would suffer the consequences of expropriation, a small fraction of them may become shareholders; even that gain may not be enough to cover the losses they would suffer.

Q: In one of your articles, you mentioned the government's rush to sell a portion of its stake in LIC, particularly in view of the war in Ukraine or in meeting the deadline for filing its Draft RHP with SEBI. Can you elaborate on these and other reasons, if any, for this rush?

A: Globally, investors have turned risk-averse. The war in Ukraine has compounded problems but there already existed a situation of high inflation, most notably of skyrocketing oil prices. The race by monetary authorities worldwide to raise interest rates has deterred investors from venturing into stocks. This is reflected in the recent and ongoing collapse of share markets, not just in India but elsewhere. Since the COVID-19 pandemic, every government, except India, has been loosening its monetary policy; this is now being reversed. This is the environment in which the government has decided to go ahead with the IPO.

The Draft RHP was filed in February with a deadline that closes on May 12. Overshooting this deadline would have required the LIC to file a revised DRHP incorporating the results for the year ending March 2022. This may have taken a few months. Hence, in a situation where it would have been perfectly reasonable and logical to walk away from the IPO, the government decided to go ahead with it, despite the adverse market conditions.

The RHP, filed on April 26, contains the multiplication factor of three leading peers of LIC. As of April 22, the ratio of market capitalisation to EV of the LIC's three main competitors was between 2.49 and 3.96. All this is contained in the RHP filed with SEBI on April 26, 2022 (page 105). What this means is that the market arrived at this multiplication factor after taking into account the adverse market conditions. The implied multiplication factor of 1.11 in the case of LIC raises an important question: why would the market only heavily discount the most dominant life insurance company in India, while valuing the private insurers more favourably despite the "adverse" market conditions? The inescapable conclusion is that LIC has been deliberately undervalued.

Also read: What you need to know about the recently passed Insurance Amendment Bill

Q: What does the IPO mean for the future of LIC?

A: As previously mentioned, LIC offers a range of policies. In a country that lacks a welfare system, a trustworthy insurer who offers stable returns plays a very important social welfare function. Since LIC is a public institution, it is under the constant glare of public scrutiny. It is a vibrant institution that has pioneered life insurance and promoted the culture of life insurance in India.

This status of LIC is bound to change after the IPO. Firstly, LIC has openly declared that it will gradually withdraw from offering participatory policies. These policies gave it a compelling advantage in terms of popular acceptance. Ordinary people who trusted Participatory Policies for their stability and decent returns, will now stay away from LIC as it shifts its focus elsewhere.

Secondly, unlike most of the private insurers, LIC provided very little equity-linked life insurance (investing insurance into equities/shares). In the case of such policies the risk is entirely on the investor. After the IPO, it is likely that there will be pressure on LIC to function like a clone of the private insurers. It will, thus, lose its unique character. As a result, ordinary Indians of lesser means, who lack the ability to undertake risks associated with equity markets, will turn away from life insurance. This will have adverse consequences for the penetration of life insurance in India. For the purpose of global comparison, insurance forms a mere three per cent of the GDP in India. With the IPO, the insurance penetration in the GDP is unlikely to improve.

The culture of life insurance, which LIC pioneered, is likely to suffer a huge setback as a result of the changes made to LIC's character.

The other major characteristic of the LIC's conduct was that it was subjected to stringent norms that regulated how its investments policyholders' funds were made. Thus, 8o per cent of its investments were in government securities that are very secure by nature. This is important in the case of the LIC. It has millions of policyholders who are not financially affluent and who are not looking for investing in risky high-return investments. As a result of the IPO and gradually over time, these regulations are likely to be loosened.

Q: What does the LIC IPO signify in the broader realm of privatisation in India?

A: In the cases of privatisation of Air India, Bharat Aluminium Company, or the proposed sale of the Shipping Corporation of India, the most objectionable factor of privatisation of these companies has been the way in which the government has undermined and undervalued these companies. The LIC privatisation is entirely unique as it is disinvesting an entity that the government does not even own. The government's claim to LIC as an owner is suspect.

"The culture of life insurance, which LIC pioneered, is likely to suffer a huge setback as a result of the changes made to LIC's character.

The public sector is legally considered to be an arm of the State in implementing its policies. With privatisation, all the means to kick-start the economy are throttled, especially considering that we are yet to recover from the effects of the pandemic.

It is important to appreciate that the eventual privatisation of a publicly-owned entity is only one event in a long process or a culmination of a process by which public sector companies are run down, making the field favourable for privatisation. For instance, Air India was sabotaged, deliberately undermined, and derailed for years prior to its privatisation.

Every instance of privatisation is, by definition, bound to be a scam. In the case of Air India's privatisation, the Tatas took over a portion of its debt. The deal provides the group tax benefits, which imply a loss to the exchequer.

Privatisation is bound to be a scandal because the valuation is based on the logic that it must be "attractive" for the private buyer. That is why every instance of privatisation rests on a dubious assessment of a publicly-owned company's true value. https://theleaflet.in/lic-ipo-how-is-it-the-biggest-privatisation-scam-in-india/

12. National pension system: Use NPS to build a retirement corpus *(financialexpress.com)* May 13, 2022

If you are looking to save for your retirement, the National Pension System (NPS) along with other investment options may be considered. NPS is essentially a long-term investment scheme to help one direct his or her savings towards retirement.

How NPS works

After opening an account, you keep contributing till age 60 or till the scheme's maturity. At age 60, called the vesting age, you can withdraw a maximum of 60% (tax-free) of the accumulated corpus, while the balance is to be handed over to a life insurance company to buy an annuity. You have different pension options to choose from, including pension for lifetime, but the annuity or the pension received is fully taxable in the year of receipt.

Now, let us see what are the fund options available in NPS to grow your money. NPS offers a choice to allocate your money among equity (index stocks), debt (corporate, state government and central government bonds) or a mix of both. Depending on your risk profile and the number of years left to retire, you may choose a mix of fund options, thus allocating your NPS contributions across equity and debt. You can also choose between 'active choice' and 'auto choice', depending on how comfortable you are in managing your investments. The maximum equity exposure in NPS has been restricted to 75% of contributions for private sector subscribers.

Retirement income

The fund options available in NPS are similar to the structure of mutual funds. NPS does not offer a fixed rate of return and instead is a market linked financial instrument. Since inception, various NPS schemes have generated 9-12.7% return, while over the last five-year period, the returns are in the range of 8.1-13.3% (as on March 31, 2022).

Illustratively, if a 30-year-old contributes Rs 15,000 a month in NPS, the corpus at age 60 grows to Rs 3.4 crore at an assumed annualised return of 10% . If the NPS subscriber chooses to get annuity on the entire corpus, then at an assumed rate of 6% per annum, the monthly pension amount comes to about Rs 1.7 lakh.
Using an NPS calculator, one can decide how much to save after taking inflation into account and accordingly plan for pension. NPS along with your other investments including equity mutual funds, PPF, EPF can help build a sizeable retirement kitty.

NPS suits someone who is not very comfortable in choosing the right investment options available in the market. By using NPS as an investment option to save for retirement, one not only inculcates a habit of savings but also ensures a steady source of retirement income especially at a time when life expectancy is increasing.

Overall, NPS has a plethora of options—from choosing the fund options, how you want to manage contributions, which pension fund manager you want, which annuity provided you want to which pension option you wish to opt for. But, NPS being a long-term investment has a not-so-friendly option to exit mid-way. So, understand the features, working and the life-cycle of the scheme before opening and contributing to the NPS account. Once familiar with the features and the fund options, you can optimise your NPS account to make it work for you for a lifetime. Knowing them will ensure you make the most of your NPS account for your golden years. https://www.financialexpress.com/money/national-pension-system-use-nps-to-build-a-retirement-corpus/2522321/

13. Carbon Neutrality by 2070: Banks must factor in climate risks *(financialexpress.com)* May 13, 2022

Twenty-six of the 34 largest Indian banks have no disclosures on Scope 1 and 2 emissions. Only one has made some Scope 3 Category 15 disclosures

Climate change poses a systemic risk to the Indian economy. Estimates of the impact range from 3% of lost GDP per annum to lost economic potential of $35 trillion by 2070, with virtually no sector left untouched. Lest we think this scenario is a hypothetical one, far in the future, we only need to look at how the climate crisis is affecting the economy already. It is not far fetched to imagine a 12 month period in which the country sees a heat wave cause mass crop damage in northern and central parts of the country, followed by unseasonal hail and more crop damage in the south, interspersed with torrential rain-induced landslides and flooding in the north and east, wiping out infrastructure projects and causing billions in damage, rounded off by yet another heat wave. Indeed, all of these have happened to varying degrees in the last three years alone, and climate scientists agree that their frequency and severity will likely increase. Apart from the human toll, the financial impacts in terms of loan defaults could be severe, both to heavily exposed institutions and to the Indian financial sector as a whole. That is why it is pertinent to ask if Indian financial institutions are preparing for the disruptions and financial risks they could face in an era of climate change.

We recently assessed the climate-related risk preparedness of the Indian banking sector, analysing the 34 largest scheduled commercial banks (SCBs) by market capitalisation (12 public, 18 private and four small finance banks) on the BSE. Our analysis shows that barring a few exceptions, most banks have not even begun to consider climate risks, let alone enact policies to mitigate and adapt.

We ranked banks based on publicly available information against 10 criteria that covered a range of issues, including emissions disclosure, fossil fuel exclusion policies, climate risk management processes, green finance and net zero targets. We found that, with a few notable exceptions, India's biggest banks are yet to put in place even the most rudimentary mechanisms to address climate risks—26 of the 34 banks do not even disclose the most basic environmental indicators i.e., Scope 1 and 2 GHG emissions. Only one (YES Bank) has disclosed some of its Scope 3 Category 15 (investment) emissions. Only six have verified their operational emissions by a third party. Measuring and disclosing Scope 3 emissions, that is, those generated by banks' financing activities, is crucial to gauge an institution's exposure to fossil fuels and disruption from the ongoing energy transition. And only two , Federal Bank and Suryoday Bank, have an exclusion policy that prohibits lending for construction of new coal power plants or extension of existing coal power plants. Given the cost advantage of renewable energy, and the excess capacity in the coal power sector, there is no financial case, or energy requirement, for new coal power plants in India, which suggests that instituting such a policy should be an easy task for banks. No bank has a long term net zero target year covering all types of emissions, though YES Bank and HDFC Bank do have net zero targets for their scope 1 and 2 emissions. The fact that 29 of 34 biggest Indian banks have scored less than 50% should be seen as a blinking red warning light. Public sector banks, including SBI, are in general lagging behind their private sector peers.

Both Sebi and RBI need to step up. Sebi has made a start by making Business Responsibility and Sustainability Reporting mandatory from this year, but, as with everything, enforcement is key. While RBI has been increasingly vocal about the climate challenge, it has yet to issue climate-related guidelines on assessing or managing risks. Banks should not be waiting for regulations though. Boards that allow their management to ignore the financial risk that climate change poses to their institutions profitability do themselves, and their investors, a disservice.

As a first step, the Indian banking sector needs to align itself with India's current goal of #CarbonNeutrality by 2070. That means 2050 or earlier for 'easier to abate' sectors such as electricity. Crucially, this must include financed emissions, which account for the vast bulk of any lending institutions' carbon footprint.

Banks also need to measure their impact on the climate, and not just the impact climate change will have on them. There is a growing body of knowledge, and Indian banks will do well to partner with international initiatives such as UNEP's Principles for Responsible Banking, Net Zero Banking Alliance, Task Force on Climate-related Financial Disclosures etc.

Our study points out that while most big banks have issued green loans/ bonds/financing towards climate change mitigation/adaptation, only 11 have disclosed individual values of financed activities, making independent verification difficult. To support India's green transition, RBI should periodically revise the Priority Sector Lending (PSL) scheme, say, to include electric vehicles (EVs), battery storage and green hydrogen, etc.

The choice is clear: a future worth living in needs the right investments and finance now. This will take a coherent, cohesive and collaborative approach between the Indian government, regulators, and private- and public-sector financial institutions. https://www.financialexpress.com/opinion/carbon-neturality-by-2070-banks-must-factor-in-climate-risks/2522519/

14. Don't waste wastewater *(thehindubusinessline.com)* May 12, 2022

Treatment and reuse are vital to prevent depletion of water

A report released in 2020 by the technical group on population projections constituted by the Ministry of Health and Family Welfare indicates that India's population is expected to touch 1.52 billion by 2036. To keep up with the growing population and its demands, the right kind of infrastructure has to be developed to ensure a good quality of life. Over the last decade, cities in India have grown vertically as well as horizontally. In spite of this enormous growth, our water infrastructure has remained more or less the same. Making any changes to the current infrastructure not only requires huge motivation but also an enormous budget. It wouldn't be wrong to say that it’s impractical to make any drastic changes to the current water infrastructure.

The distribution of water in India’s cities is based on rainfall. We monitor the level of water in our reservoirs/dams and adjust our distribution accordingly. As rainfall patterns change, it is becoming more challenging to rely solely on rainwater for our water demands. One of the ways to manage this is by tapping into unused wastewater.

Everyday, a city like Bengaluru produces about 1,400 million litres of wastewater and a majority of it ends up in our drains and lakes. Residential apartment complexes generate anywhere between 30,000 litres and 3 lakh litres of wastewater everyday. Currently, only a small percentage of this wastewater is getting used and the rest goes into our lakes and rivers. Imagine the potential wastewater has in addressing water shortages in our cities and towns? Water is a finite resource, and the only way to prevent its depletion is to reduce, treat, and reuse what we already have.

Wastewater can be divided three major categories:

-Untreated sewage wastewater predominantly from independent buildings and apartments less than 100 people.

-Treated sewage which is usable for garden and flushing. Currently, only 20 per cent is actually reused inside the apartment premises and the remaining STP (sewage treatment plant) water is drained into our lakes.

-Industrial effluents which are currently not fully discharged into our lakes due to the zero liquid discharg

In spite of having huge volumes of wastewater that gets generated, we are still unable to tap into its true potential. Here are the reasons

Eighty per cent of treated STP (sewage treatment plant) water from apartments is wasted: Currently, both untreated and treated STP water mix together in common government drains and enter our lakes. As per government norms, apartments are mandated to reuse only 20 per cent of their treated wastewater for secondary application. The majority of treated wastewater is still drained, and this water becomes polluted again when it combines with untreated sewage from standalone residential buildings. All this wastewater enters into our lakes and rivers thereby polluting our water bodies.

Centralised government STPs are non-viable and non-operational: The majority of centralised government STPs are under design, and by the time a new STP is completed, the sewage or wastewater load has increased to a level that exceeds the STP’s designed capacity, making it extremely difficult to maintain it for many years. The centralised wastewater treatment plant becomes commercially unviable and consumes a significant portion of the government’s water budget.

Subsidised fresh water cost: Every city in India gets subsidised freshwater supply. For example, the Bangalore Water Supply and Sewerage Board spends about ₹85-90 per kilo litres. However, the water that is supplied to the residents is at an average of ₹7/8 per kilo litres, which is a drastically subsidised cost for freshwater. This makes wastewater recovery and reuse commercially non-justifiable as a replacement for municipal supplied water.

When we use the term ‘recycled water’, most people never think of potability reuse. They always assume that recycled water is purely for secondary use. This perception needs to change. We need to find smart solutions to ensure that our wastewater is not wasted. Here are a few possible solutions

Creating a win-win

Currently, most industries buy water from water tankers for their water requirements and process their wastewater in-house. However, in spite of recycling it in-house, they are unable to obtain high quality water due to the operational efficiency of wastewater plants. On the other hand, we have apartments that are draining out at least 80 per cent of unused wastewater because they have no avenues to use them or discharge it for other purposes.

What if the excess STP treated water from apartment and commercial complexes is processed to a very high quality suited for industrial processing and mapped to industries within a 2-3 km radius? This would make the economics viable for both sides and this can be enabled by private players that supply processed water to the industry.

Indirect Potable Reuse (IPR) and Direct Potable Reuse (DPR) is an approach where treated high quality wastewater is released into groundwater/reservoirs or introduced into the municipal water system. In IPR, treated wastewater is released into the groundwater basin or a reservoir, whereas in DPR, treated high quality wastewater is introduced directly into the municipal supply system.

Instead of planning for a new massive sewage treatment plant, if the government plans for stages of IPR implementation at their existing working STPs, cities would greatly benefit. Over a period of time, government can plan DPR for industries for at least few months in a year and then move to IPR

A market can be created for highest quality recycled water or ‘whitewater’. This will enable citizens to choose the kind of water they want to buy — ‘treated highest quality water’ or ‘untreated borewell water’. This should be enabled with a central dashboard with real-time water quality monitoring centres across the city’s working IPR implementations. Just like how areas have air quality monitoring, there can be water quality dashboards displayed in public places.

A report by NITI Aayog indicates that nearly 600 million people in India are facing high to extreme water stress. The same report states that India ranks 120th out of 122 countries in terms of water quality, with roughly 70 per cent of the water being contaminated. As cities grow, we should depend less on fresh water and rely more on treated high quality wastewater.

If cities continue to use up fresh water from rivers, the entire agricultural belt that’s dependent on rivers will be left with no water. Wastewater has great potential to address water shortage and bring solutions to India’s water crisis. https://www.thehindubusinessline.com/opinion/dont-waste-wastewater/article65408424.ece

15. Unexplored solution *(millenniumpost.in)* 12 May 2022

Domestic, national and global issues have, in different measures, contributed to the ongoing coal conundrum in India and subsequent 'power crisis'.

Climate change, supply logistic issues, geopolitical tensions, slow revival of the economy after the COVID-19-induced lockdown, weak inter-ministerial coordination and poor functioning of the power distribution companies have had a domino effect on the energy dynamics in India.

India is currently facing a daily power deficit of 1 per cent from the average of 0.3 per cent. The deficit is expected to widen further, according to Fitch Ratings. This widened deficit is an outcome of the increased gap in power-supply demand as it went up by 20 per cent in May, compared to the same period last year.

This increase in power demand has led to a surge in prices of energy at the Indian exchange, soaring to Rs 12 per unit — the highest limit allowed by the electricity regulatory commission.

The unexpected demand for energy has once again brought the country's coal shortage to the forefront. Last October, the coal shortage was largely blamed on low supply of coal from mines. This year, the production by Coal India Ltd has increased by 23 per cent, from Singareni Collieries Company Ltd by 34.2 per cent and from captive mines by 40 per cent, data from the Union Ministry of Coal showed.

Stockpiles at the coal-based thermal power plants fell short despite this increase in domestic coal production, as the utilities were not prepared for the unprecedented heatwave in the country and the sharp surge in demand, which touched 201 gigawatts in April 2022. The country saw this demand in July 2021.

The growing demand for coal was further exacerbated by the Russia-Ukraine conflict that resulted in diverting Europe's attention to procure coal from Indonesia, Australia and South Africa — which so far had been major coal suppliers for China and India. This dependency on the common resource pool led to a spike in the price of coal in the international market from USD 70 per tonne to USD 421 per tonne in March.

This resultant energy crunch resulted in some 'knee-jerk' reactions by government agencies. Some states are coping with the growing crisis by curtailing power supply in different parts of the state. The National Thermal Power Corporation, after a gap of 6 years, is now again investing into building a 1,320-megawatt coal thermal power plant in Talcher, Odisha.

The government has invoked Section 11 of the Electricity Act for all imported coal-based thermal power plants that mandates power utilities to generate electricity under "extraordinary circumstances". Thirteen more coal blocks are expected to be granted permission for mining in FY 2022-23.

The growing power demand and seemingly recurrent coal crisis need advance planning that make the entire power generation and supply chain resilient to these 'shocks'.

Around 3,367 MW coal power capacity remained idle in India as they did not generate any electricity, according to an analysis of the power generation data for FY 2021-22 by the Centre for Science and Environment (CSE).

Moreover, some 15,472 MW capacity was grossly underutilised as they generated less than 50 per cent of what was planned. Another 44,976 MW generated 50-80 per cent of its planned output.

Also, most of the power generation was from old, inefficient coal-fired thermal power units, while the more efficient units were underutilised.

The newer underutilised plants accounting to 11,140 MW (less than 20 years old) do not have long term PPAs with the discoms and/or established coal linkages and therefore, despite being more efficient, these plants are not given due preference.

Before we plan to add coal capacity, it is important that we take stock of the stranded plants and underutilised assets. India needs to invest in long-term planning and not build on coal-dependent assets.

Apart from revising and revisiting the power generation and supply network, we need to reassess how we manage the demand side of energy and invest in climate resilient infrastructure.

These high costs of imported coal and electricity tariffs will ultimately be built into electricity bills of consumers, said Nivit Kumar Yadav, programme director, industrial pollution unit of CSE.

"We need to reflect on schemes that incentivise improving energy efficiency not only at an industrial level but also at the household level," the expert added.

"It's a major energy-consuming segment in our growing economy, especially in urban settings where uptake of electrical appliances has increased and use of air conditioners in summers has become more of a necessity than luxury," said Kumar.

The growing energy crisis in India is reflective of our heavy reliance on coal for power. The only way out is to accelerate the growth of renewable energy if we do not want to fall back on fossil fuels, according to experts.

The Union government recently decided to restart 100 coal mines that were earlier declared financially unsustainable, revive coal plants that are at present under liquidation and addition of coal power generation utility.

This shows that India is yet to reach its coal peak-use and is not moving away from coal anytime soon, energy experts feel. What this growing coal dependence spells for our climate commitments is yet to be seen. http://www.millenniumpost.in/opinion/unexplored-solution-477831

16. Revenue Dept seeks RTI exemption for its big data wing on GST, tax evasion *(economictimes.indiatimes.com)* 13 May 2022

The revenue department is learnt to have sought exemption from the Right to Information Act, 2005, for its GST and tax evasion analytics wing -- the Directorate General of Analytics and Risk Management (DGARM).

The Ministry of Electronics and Information Technology (MEITY) has sought a similar exemption from the RTI Act, 2005, for a high-level agency citing serious cyber security concerns, ET has reliably gathered.

The Indian Computer Emergency Response Team CERT-in -- a nodal national agency that deals with cybersecurity threats -- is likely to be the agency proposed for RTI exemption.

The proposals for both exemptions have been discussed in detail during meetings of a committee of secretaries and were taken up for discussion by Cabinet Secretary Rajiv Gauba on April 28 at a high-level meeting.

The law ministry has so far opined that these are not designated intelligence agencies and hence such a blanket exemption could come under question. A final decision, however, is yet to be taken, ET has learnt.

The two proposals have already been discussed in detail with stakeholder ministries in the Committee of Secretaries, beside the long-pending proposal of the armed forces for inclusion under the second schedule of the RTI Act, 2005, as first reported by ET.

DGARM, set up in 2017, to provide taxmen intelligence inputs and data analysis to identify, track and profile tax evaders, is also key to national policy formulation and targeted action by the investigation wings of the Central Board of Excise and Customs (CBEC).

It is learnt that the revenue department has made a strong pitch for keeping DGARM out of the ambit of the RTI Act citing sensitivity of big data, its potential misuse and national security implications of the same.

That apart, it has been pointed out that the CBEC has recently begun scrutiny of over 50,000 GST identification numbers (GSTINs) of taxpayers for alleged lapses in the 2018 financial year when the GST came into effect.

Information on the same through RTI applications has serious implications for both data confidentiality of the taxpayers involved as well, it has been argued by the Department of Revenue.

Similarly, MEITY has pointed to the sensitivity of data involved, especially with reference to agencies dealing with cyber security and cyber laws and esecurity. Both departments have sought inclusion under the second schedule of the RTI Act, 2005, which lists out 26 "Intelligence and security organisation established by the Central government" that have been kept out of the law's purview for security reasons. https://economictimes.indiatimes.com/news/economy/policy/revenue-dept-seeks-rti-exemption-for-its-big-data-wing-on-gst-tax-evasion/articleshow/91526027.cms

17. India succesfully test-fires extended range version of BrahMos missile *(theprint.in)* May 12, 2022

India successfully test-fired the extended range version of BrahMos air-launched missile from Su-30 MKI fighter aircraft on Thursday.

According to the Ministry of Defence, the launch from the aircraft was as planned and the missile achieved a direct hit on the designated target in the Bay of Bengal region.

It was the first launch of the extended range version of BrahMos missile from Su-30MKI aircraft. With this, the IAF has achieved the capability to carry out precision strikes from Su-30MKI aircraft against a land/sea target over very long ranges.

The Ministry said the dedicated and synergetic efforts of the Indian Air Force (IAF), Indian Navy, Defence Research and Development Organisation (DRDO), Bengal Aerotropolis Projects (BAPL) and Hindustan Aeronautics Limited (HAL) have proven the capability of the nation to achieve this feat.

The Ministry said extended range capability of the missile coupled with the high performance of the Su-30MKI aircraft gives the IAF a strategic reach and allows it to dominate the future battlefields. https://theprint.in/india/india-succesfully-test-fires-extended-range-version-of-brahmos-missile/953681/

18. Lucknow: Over 2 lakh expired medicines in Lohia hospital's store, DyCM Brajesh Pathak orders probe *(timesofindia.indiatimes.com)* May 13, 2022

LUCKNOW: Over 2.4 lakh medicines which had expired long ago were on Thursday found in the medicine store of Dr Ram Manohar Lohia Institute of Medical Sciences (RMLIMS) by deputy chief minister Brajesh Pathak himself. It is claimed that the loss due to expiration of the medicines runs into crores worth of tax payers' money.

Pathak was conducting an inspection of the institute on Thursday afternoon. After finding the huge anomaly and wastage of medical drugs, the deputy CM ordered for a probe and strict action against those found guilty.

The inquiry now is to be taken forward by medical education secretary secretary GS Priyadarshi.

"I had asked for a list of medicines available at RMLIMS's store. On seeing that, I found that more than 2.4 lakh medicines were lying unused and had reached their expiration date instead of being used in time on patients," said Pathak.

According to rules, unused medicines are to be returned to companies concerned before they expire. But this process was completely ignored by the store in charge as well as the medicine procurement in charge of RMLIMS. This has caused huge loss to the state exchequer. I have ordered an inquiry and action will be taken against those at fault," he added.

A video clip from the inspection of the drug store by Pathak revealed that the expiration of just about 5,000 medicines will cost the state exchequer around Rs 50 lakh. A formal audit of the entire lot remains to be done. Pathak also inspected medical and treatment facilities at the institute and expressed satisfaction on that. He met with patients and their attendants as he sat down on the floor to make inquiries from elderly attendants of patients admitted at the facility. He also checked upon the institute's canteen and kitchen services. https://timesofindia.indiatimes.com/city/lucknow/over-2l-expired-medicines-in-lohia-hospitals-store-dycm-orders-probe/articleshow/91528372.cms

19. At GIFT city, the glass looks half full *(livemint.com)* Updated: 13 May 2022

-The financial services centre has been in the works for 15 years but is still a work in progress

-There are regulatory gaps. Besides, professionals working in IFSC say they live either in Gandhinagar or Ahmedabad because of the lack of basics such as places to eat, socialise

MUMBAI: It's buzzing in the daytime… (But) it's short of humans… It's quite a ghost town after working hours," Simon Wong, Singapore's high commissioner to India, was quoted as saying recently in The Indian Express. He wasn't referring to a film set but to the Gujarat International Finance Tec-City (Gift City), 30 km outside Ahmedabad, after visiting it last month. After a delay, the Singapore Stock Exchange (SGX) is set to start operations at Gift City, in collaboration with NSE IFSC, in July. Though he acknowledged the progress that has been made in building an international financial services centre (IFSC), the envoy said Singaporeans might find it "hard" to live in Gift City.

On the face of it, Wong's assessment seems a tad harsh. Over the past decade, Gift City has been transformed from a barren landscape into an impressive enclave peppered with 14 tall, swanky buildings. The project is a business district with two zones: Gift City and Gift IFSC. An IFSC is legally a foreign jurisdiction that enjoys tax exemptions and facilitates the smooth flow of finance, financial products and services across borders. It is India's first such centre.

A quarter of Gift City has been earmarked for the IFSC. The idea is to have people work in the centre and live in Gift City, the domestic jurisdiction. So, the 886-acre estate will have office spaces, residential apartments, schools, a hospital, hotels, clubs and other amenities.

But Wong wasn't commenting on the quality of the infrastructure as much as the absence of life after dark. And that's because Gift City is still very much a work in progress even if it has been in the works for 15 years. While many financial services, law and consultancy firms have established a presence within it, they have done so only with a token office. Most of their operations are still being carried out from Mumbai, so their presence on the ground in Gujarat is very thin.

For instance, most of NSE Gift City subsidiary NSE IFSC's personnel are still in Mumbai, while its partner exchange SGX has taken one room to register its presence in Gift City. Then there are over 20 alternate investment funds, including True Beacon Global, Avendus Capital, Kedaara Capital, Vivriti Capital and ASK Realty Fund, that are licensed by the IFSC regulator, but most are yet to start operations.

Playing catch-up

To be fair, India's first IFSC entity became operational only in April 2015, and the going was slow until 2020. Given that their international finance centres were set up way earlier, Singapore, Hong Kong (1993) and Dubai (2004) are way ahead of Gift City.

A quick look at the numbers shows how far Gift City has to go. The Hong Kong IFC has $3 trillion in banking assets; Singapore has 672 listed companies and $2 trillion in banking assets, and the IFC in Dubai has banking assets of $189 billion with 3,644 active companies and a workforce of 30,000.

Gift City's IFSC does not have any primary listed companies yet and only has 300 registered entities. Its banking assets stand at $30.7 billion, while investments (both committed and completed) total about $1.5 billion (₹11,000 crore) as of 2021-22.

Gift City's two exchanges, NSE IFSC and BSE subsidiary India International Exchange (INX) have modest trading volumes, and both are in the red. NSE IFSC's loss for the year ended March 2021 (the latest available figure) stood at ₹1.03 crore. Since its inception in 2017, the losses have accumulated to ₹8.5 crore. INX's losses as of December 2021 stood at ₹7.6 crore, nearly three times its loss of ₹2.24 crore in December 2020

Trading volumes on these bourses will rise when SGX's investors begin to trade in Nifty companies through the NSE IFSC-SGX connect, a technology framework that will allow clients of SGX to trade in Indian securities through NSE IFSC. The 'connect' was supposed to start on 1 April but has been pushed to July due to pending regulatory clearances and the technology vendor, TCS, committing to a July timeline.

That being said, Gift City has grown at lightning pace over the last couple of years and if the momentum sustains, it will be able to hold its own in a few years.

Why have an IFSC?

In January 2017, Prime Minister Narendra Modi said that he wants India to become a price setter of Indian securities and commodities within a decade. Currently, Indian securities and commodities such as gold and oil take price cues from overseas exchanges. The Prime Minister's statement hints at changing this — meaning, price discovery should happen through a financial centre located in India.

The IFSC also aims to relocate financial sector activity related to Indian securities and commodities from overseas exchanges. So, if investors in Singapore, Dubai or Hong Kong are trading in Indian securities and commodities from those jurisdictions, migrating those operations to Gift City will prove to be just as tax efficient.

A vibrant IFSC will ensure that trades in Indian stocks such as Reliance Industries Ltd happen only out of an India-situated centre. Currently, trading happens through the Singapore Stock Exchange, too.

"Fund managers are increasingly looking to set up their feeder fund (a subsidiary of the main fund) in Gift City to pool international capital that was previously set up in other offshore jurisdictions such as Mauritius and Singapore," says Yash Bansal, Partner, Trilegal.

The government has been doing its bit to attract foreign funds. For instance, the 2021 budget removed tax incidence costs if a fund decided to migrate from, say, Mauritius, to the Gift IFSC. But so far, such migrations have not happened; most of the funds being set up here are new funds.

The aspirations are palpable but it will take some time for the Gift City to catch up with international IFCs. To begin with, it needs to set up more infrastructure. Currently, the IFSC section has only three buildings - Savvy Pragya, Brigade International Financial Centre, and a building developed by Hiranandani. It is difficult to imagine that these three buildings will be enough to house the financial services and businesses of the world interested in doing business with India. Savvy Pragya has 24 floors, two of which are occupied by the regulator IFSCA, while eight have been set aside for Bank of America. The IFSCA will eventually have a separate head office but it is not clear when it will be constructed.

The IFSC authority

When I first came to Gift City about 15 years back, it was a barren land. My cab driver looked around and asked me whether he should wait for me. Today, we are sitting in this smart city, in a state-of-the-art building. We have come a long way," says Deepesh Shah, executive director, International Financial Services Centre Authority (IFSCA).

Many wrote the Gift City project off but Shah stuck around, earning the moniker 'Bhishma Pitamah'. Today he has a swanky office on the second floor of the Savvy Pragya building.

A team of officers at the IFSCA, led by senior bureaucrat and IFSCA chairman Injeti Srinivas, work as a unified regulator for Gift City. IFSCA's mandate is to develop the Gift City project and reduce regulatory friction for market participants.

The IFSCA started working in 2020, with a batch of 20 handpicked civil servants. The authority gets rave reviews from everyone in the financial services circle, thanks to helping businesses navigate the regulatory landscape.

"Given that it offers a conducive and flexible setting with strong regulatory support for innovative investment structures, IFSC looks like an attractive financial hub for investors globally. We have seen several domestic fund managers set up their feeders in Gift city (Blume and Kedaara for example)," says Haigreve Khaitan, Senior Partner, Khaitan & Co.

Srini Srinivasan, managing director, Kotak Investment Advisors, concurs. "IFSC has been progressive and is creating an enabling environment. With the new fund manager guidelines, it has been conducive for fund managers like us to set up at IFSC. We largely deal with foreign assets; if we want to domicile some of the international capital, it is best done through IFSC," says Srinivasan. By fund manager guidelines, he is referring to the recently notified framework for fund managers to operate in IFSC.

Regulatory gaps

Despite the IFSCA being in place, however, some products still need regulatory approvals from other regulators.

The Securities and Exchange Board of India (Sebi), unlike the Reserve Bank of India (RBI), does not want to allow its regulated entities, namely brokers, to set up units in the IFSC. A broker would need to set up a different company to operate in the IFSC. The reason: Sebi does not want any default at the IFSC to affect the domestic markets, which have seen over 30 broker defaults in the past couple of years.

The RBI has extended the liberalised remittance scheme (LRS) for entities trading in IFSC. Under LRS, the central bank allows resident Indians to freely send up to $250,000 abroad in a financial year. However, the LRS for IFSC is not at par with what is enjoyed by, say, Dubai.

“If the funds that are transferred under the LRS route to an IFSC entity are not deployed within 15 days, then the money has to be remitted back, which is not the case for LRS accounts held offshore." says Leena Chacko, Partner, Cyril Amarchand Mangaldas.

Every banking transaction in the IFSC is currently a Swift transaction (Swift is an international payment system). “So, if State Bank’s international banking unit (IBU) in the IFSC wants to transfer money to Yes Bank’s IBU, the transaction is not instantaneous. The money first hits the overseas branch and then comes to the IBU in the IFSC. The settlement time for such transactions typically becomes T+2 (two days after the transaction). In India, such transactions are instant," she adds.

To reduce these unnecessary delays, the IFSC needs a central clearing bank. This was to be set up by SBI but has not happened so far.

Chacko also highlights issues with the Banking Regulation Act. “The BR Act is applicable to the IFSCA and the restrictions on ownership of shares and creation of pledges applicable to banks in mainland India will apply. As a result of this, foreign banks, which could have otherwise obtained a 100% pledge of shares of Indian companies in the case of ECBs (external commercial borrowings) and other financings, are not allowed to have a pledge of more than 30% of the shares of Indian companies, if the financing is from the IBU," she added.

Work-life imbalance

Gift City was set up with the vision of having world class amenities within walking distance. But as things stand, financial services professionals working in IFSC say they live either in Gandhinagar or Ahmedabad because of the lack of basics, such as places to eat and socialise. On that front, Singapore’s envoy was right on the ball.

“There is nothing much to do here at Gift City and there are no food options; we have to pretty much rely on food we bring from home," says an official working in one of the financial services firms in Gift City. Of the three buildings in the IFSC, only Hiranandani has a working canteen, and that one, too, belongs to INX.

There are two five-star hotels, Grand Mercure, belonging to Accor Group, and The Gift City Club and Business Centre. Both are yet to host the events or gatherings of financial firms eyeing India. Rather, they are often used to host wedding parties. To be sure, two years of the covid pandemic-induced travel restrictions and lockdowns have played a role in this.

Then again, most financial districts across the world have a vibrant social scene with young financial professionals unwinding at the end of the day in a bar. But Gujarat is a state with prohibition. The authorities told Mint they have sought an exemption for the foreign jurisdiction, but the government has not assented so far.

Many of Gift City’s issues are teething problems that will be overcome with time. International finance centres across the world have taken at least a decade to get to where they are today. It takes infrastructure, hardware, software and regulatory coherence to get people to come in organically. Since India is coming in late in a crowded market, its task is tougher than most. But those in charge are confident that Gift City will one day lay its ghosts to rest and be giving Singapore a run for its money—during the day as well as at night. https://www.livemint.com/market/stock-market-news/why-gift-city-needs-a-singapore-slingshot-11652376445750.html

20. 4 years later, work at district general hospital drags on *(timesofindia.indiatimes.com)* May 13, 2022

Nagpur: Set a deadline of 18 months in 2018, work at the district general hospital remains incomplete even after four years. The delay, especially in the backdrop of the pandemic, has raised questions about the public health department's functioning as tertiary healthcare infrastructure has been ramped up elsewhere after various cities faced an acute shortage of hospital beds over the last two years.

On Thursday, TOI visited the construction site of the upcoming hospital on a sprawling nine acre land next to the Regional Mental Hospital in Mankapur. The civil works have neared completion in the G+2 building with workers laying the final slab on the top floor portion. Electrical and furniture fittings still remain while a firefighting system has been installed in the wake of tragedies at Bhandara and Ahmednagar district hospitals.

Cost escalation following lockdown and labour shortage have further delayed the opening of the public hospital at Mankapur. Originally estimated at ₹18 crore, the 100-bed healthcare project's cost has now jumped to ₹45 crore.

Civil surgeon Dr Madhuri Thorat told TOI that funds were stalled at some stage of construction but the work didn't stop. "We have sought an extension of the deadline. An additional Rs13crore have been sought recently. The funds have been sanctioned but are yet to be released. Beautification works, front illumination and some electrical fittings are remaining," she said.

The deadline extension is yet to be decided but officials said the project is likely to be completed in six months. Public works department officials could not be contacted.

The project was proposed in 2012 and the work started in 2018. The contractor was given a deadline of 2020.

Aam Aadmi Party (AAP) member Prabhat Agrawal alleged the delay is deliberate. "The project is repeatedly getting delayed because they want the private hospitals to benefit. Most of these private hospitals are owned by powerful politicians from not just the district, but also from Madhya Pradesh," he said.

Naturally, added Prabhat, "They won't allow government hospitals to flourish or come up on time. In Delhi, AAP has proved how the public health sector can be run efficiently and offer quality treatment to people."

Regarding cost escalation, Agrawal alleged, "Only the contractors are going to benefit from this."

The hospital is likely to benefit hundreds of people in West Nagpur and periphery areas, where no government tertiary care hospital is available.

West Nagpur MLA Vikas Thakre said, "I will ensure the work is expedited and the hospital starts at the earliest." https://timesofindia.indiatimes.com/city/nagpur/4-years-later-work-at-district-general-hospital-drags-on/articleshow/91525304.cms

21. Delhi GST collections hit record ₹2,898 crore in April *(hindustantimes.com)* 13 May 2022

Delhi's revenue collections from the state Goods and Services Tax (GST) hit a record ₹2,898 crore in April, on the back of stronger compliance, economic recovery and increasing prices. The collections are also significantly higher than they have ever been in April, since GST was introduced in July 2017, showed state government data.

To be sure, this comes at a time when the country registered a record GST collection of ₹1.68 lakh crore in April, suggesting that collections were robust across several states. The rise, according to experts, was because of increasing consumer demand (especially in sectors that were affected by the pandemic), improved compliance systems, and increasing inflation across the board.

In April 2018, Delhi collected ₹2,075 crore in SGST, a number that stayed nearly flat at ₹2,059 crore in April 2019. Collections plummeted in April 2020 to ₹320 crore, with the nationwide lockdown to curb the spread of Covid-19 imposed in March that year shutting non-essential economic activities and severely restricting movement.

Collections picked up to ₹2,325 crore in April 2021, which was the previous highest single-month collection for the Capital.

The state collected a total of ₹28,500 crore revenue as state GST and Value Added Tax in the 2021-22 financial year that ended on March 31.

The record revenues will help the government put in place landmark reforms, Delhi deputy chief minister Manish Sisodia said.

"The Delhi government will proactively take steps to augment revenue, while providing user-friendly service to genuine taxpayers. The record revenues realised this year will help us serve the residents of Delhi even better. We will unveil landmark initiatives in education, health and employment sectors this year," said Sisodia, who is also the state's finance minister.

Delhi GST commissioner Ankur Garg said that while the biggest contributor to the growth in GST collection has been an overall buoyant economy, several steps taken by the department have also contributed to this increase.

"We are leveraging data analytics, with a focus on widening the tax base, identifying cases of fraud, fake firms, and augmenting revenue by targeting fraudulent ITC [income tax return] claims and critically examining tax filing by organisations against related variables like expenses and pre-GST financials," Garg said.

Suyash Rai, fellow at Carnegie India, said, “While the year-on-year growth of 24.6% over April 2021 looks good, if we look at the data over the long run, we see that over the last four years, the compounded annual growth rate in GST collection has been 8.7%, and the average retail inflation has been 5.5 percent. So, the real growth has been about 3%. Further, in the last two years, because of temporary disruptions in demand and supply in some of the months, other months have seen more consumption than usual. Months when lockdown was in place and when the second wave was raging, demand was affected. Many products have seen significant supply-side disruptions. All this makes it difficult to conclude that this impressive increase in GST collection signals a proper economic recovery.”

Brijesh Goyal, chairman of the Chamber of Trade & Industry, said a host of steps by the Delhi government have helped whet consumer appetite in the city. “The economy is reviving as demand is rising once again. Footfall in markets is also growing,” said Goyal.

Rakesh Gupta, a Delhi-based chartered accountant, said, “The April numbers are actually GST collected on business in March 2022, which happens to be the last month of the financial year, when business is generally higher.” https://www.hindustantimes.com/cities/delhi-news/delhi-gst-collections-hit-record-2-898-crore-in-april-101652379248966.html