NEWS ITEMS ON CAG/ AUDIT REPORTS (15.06.2022)

1. Grain container scam surfaces, two SBS Nagar officers in dock *(tribuneindia.com)* June 15, 2022

Purchase done for anganwari centres under nutrition scheme in 2015

A scam in the purchase of foodgrain containers for anganwari centres in SBS Nagar district has rocked the Social Security, Women and Child Development Department. The department has ordered charge sheet against two district programme officers, who had purchased low-quality containers. Their capacity, too, was half of that required as per norms.

The issue pertains to 2015, when the state government had received a grant for the development of basic amenities in anganwari centres under the Supplementary Nutrition Scheme. In SBS Nagar district, Anshu Thakur (now superannuated), who was posted as District Programme Officer, placed an order of 3,108 containers with a capacity of one quintal each. Every anganwari centre of the district was to be given four containers.

However, in gross violation of General Financial Rules, the district programme officer not only gave Rs 92.61 lakh as advance to the supplier but also purchased the containers having capacity of just 50 kg despite making payment against container having 1 quintal capacity. Apart from that, the containers were grossly underweight and of low quality.

These irregularities were first spotted by the Comptroller and Auditor General (CAG) and they made a para in their report “Loss of state exchequer due to undue favour to the contractor”.

Later, the department also started its probe and found that if Anshu Thakur was responsible for favouring the contractor by giving advance and purchasing low-quality and low-capacity containers, then another official, Amarjeet Singh Bhullar, who succeeded Thakur as District Programme Officer was equally responsible as the supply of the faulty containers was made to all centres under his supervision. The probe found that Bhullar did not check the quality of the containers and returned the earnest money of the supplier without checking the conditions of the tender.

After an inquiry, the department has proposed that Rs 6.94 lakh, which is the interest of the amount Rs 92.61 lakh which was given as an advance to the supplier should be recovered from both officials. Similarly a charge sheet should be issued to both.

Punjab Social Security, Women and Child Development Minister Baljit Kaur said the issue was in her knowledge but there were some procedural lapses during inquiry, which would be addressed and action would be taken against erring officials. Arvind Pal Singh Sandhu, Director Social Security, Women and Child Development, said the matter is still under process.

Vessels underweight, of poor quality

The Social Security, Women and Child Development Department has ordered charge sheet against the two district programme officers, who had purchased low-quality containers. Their capacity, too, was half of that required as per norms. https://www.tribuneindia.com/news/punjab/grain-container-scam-surfaces-two-sbs-nagar-officers-in-dock-403951

2. ADCs yet to respond to govt on CAG's red flag *(theshillongtimes.com)* June 15, 2022

A letter written by the Comptroller and Auditor General of India to Governor Satya Pal Malik seeking his intervention on the non-maintenance of accounts of several years by the three autonomous district councils (ADCs) has become a cause célèbre but the state government seems to giving a long rope to the ADCs who have been dragging their feet on such a contentious matter.

Soon after receiving the letter from the CAG, the Governor held a telephonic conversation with Chief Minister, Conrad Sangma and also dispatched a formal letter to him urging the CM to ensure timely and correct preparation of accounts by the concerned district councils through his personal urgent intervention.

Malik had also said that if deemed necessary, an inquiry could be conducted on the lapses in the district councils.

Khasi Hills Autonomous District Council (KHADC) Chief Executive Member Titosstarwell Chyne has also spoken in favour of an "independent" inquiry into the alleged irregularities and said he will propose it to the council's Executive Committee (EC). Incidentally, Chyne had blamed the COVID-19 pandemic for non-submission of accounts for audit purpose.

However the state government is yet to initiate action against the ADCs despite their reluctance in explaining the reason(s) behind the delay in submission of accounts.

Reacting to the CAG's letter to the Governor, District Council Affairs Minister Lahkmen Rymbui on Tuesday said non-submission of accounts is a serious matter and if the ADCs do not comply, it will affect the flow of funds to the council and set a bad precedence.

He also confirmed that the government had not received any reply from the ADCs on the "questionable lapses".

Rymbui recalled that he had called a meeting with the three ADCs after receiving the CAG's letter and said, "The ADCs reported that they were trying to maintain their accounts as per the norms but we mentioned the query by the CAG and asked them to reply to all that was mentioned in the report."

"We had also asked them to send the detailed information to the state government and if any guidance is needed we could help them," he added.

"The CAG's letter clearly mentions what needs to be done and I hope this becomes a roadmap for the three district councils to follow," Rymbui said, while adding that the district councils have, over the years, made some reforms in their Finance department but more needs to be done. https://theshillongtimes.com/2022/06/15/adcs-yet-to-respond-to-govt-on-cags-red-flag/

3. Assam: NRC Coordinator accuses predecessor of corruption, money laundering; files complaint *(timesnownews.com)* Updated Jun 15, 2022

Guwahati: National Register of Citizens (NRC) Coordinator in Assam, Hitesh Dev Sarma, filed a complaint with the Assam Police's Vigilance and Anti-Corruption Wing, alleging corruption and money laundering by former NRC state coordinator Prateek Hajela, officials said on Tuesday.

According to a senior official of Assam Police's Vigilance and Anti-Corruption unit, the division has received a complaint from NRC State Coordinator Hitesh Dev Sarma, but no FIR has yet been filed.

"We will study the complaint first. If we find any merit in it, we shall discuss with the appropriate authority and proceed," he said.

When PTI contacted Sarma, he informed the news agency that he filed the complaint on Monday. However, he declined to discuss its content. Notably, Sarma is also the Secretary of the Home and Political Department of the Assam government.

In his complaint, Sarma alleged financial irregularities during the preparation of the NRC's final list.

Last month, Sarma filed a complaint with the CID accusing Hajela, various service officers, and data entry operators involved in updating the citizenship document of "anti-national" and "criminal activities" during the process.

News agency IANS mentioned that Sarma, in his second complaint filed on Monday, said that the then state coordinator was aware of the fact that a subcontractor was being used to provide Data Entry Operators (DEO) although he did not formally approve the proposal of System Integrator (SI) to engage M/S Integrated System and Services.

During 2015-2019, the NRC authority paid the SI between Rs 14,500 and Rs 17,500 per month per DEO while giving DEOs only Rs 5,500 to Rs 9,100 per month. DEOs were denied the minimum wage as per the Minimum Wages Act. According to a provisional audit report, the Accountant General, Assam, has noted that "the difference of margin ranged from 45.59 to 64.27 per cent was exorbitant and audit assessed that undue benefit of Rs 155.83 crore was allowed to SI and labour contractor after allowing 10 per cent reasonable profit margin to the contractor".

"Undue benefit to the tune of Rs 155.83 crore is a huge amount and it is reasonable to suspect that kickbacks and money laundering must have occurred in the process. During my investigation, it came to light that one Proloy Seal worked as a middleman in the whole process. He was neither an employee of the office of the state coordinator nor was he a contractor engaged by the office. But his presence was seen always in the office. It is suspected that he was the key person in managing all the kickbacks and money laundering," IANS mentioned the complaint as saying.

The audit report stated that the engagement of Third-Party Monitoring Consultants (TPMC) resulted in an avoidable expenditure of Rs 10.73 crore.

"Further, as per the amended Delegation of Financial Power (DFP) Rules, for the expenditure of more than Rs 5 crore, the state coordinator should obtain approval of the Empowered Committee headed by the Chief Secretary or from the Registrar General of India."

"As the audit report observed that entire expenditure of Rs 10.73 crore made against the engagement of consultants was unjustified and avoidable which resulted in extra burden to the government exchequer and undue benefit to the SI to that extent, it is suspected that the TPMC was used to siphon off government money showing works against the same scope of work allotted to the Project Management Oversight of SI," the complaint said. https://www.timesnownews.com/india/assam-nrc-coordinator-accuses-predecessor-of-corruption-money-laundering-files-complaint-article-92213899

4. 3 more cops held in ₹1cr salary scam *(timesofindia.indiatimes.com)* June 15, 2022

Chandigarh: The crime branch of the police have arrested three more cops for their alleged involvement in Rs 1.1 crore salary scam.

The accused are head constables Varinder Kumar and Yogender Kumar and constable Sawinder. Manoj Kumar Meena, SSP (crime branch) said Varinder and Sawinder were arrested on Monday night, while Yogesh was caught on Wednesday. Police remand of two accused have been obtained to know about the involvement of other cops in the scam. Yogesh would be produced in a court on Wednesday, the SSP added. Police said all three were alleged beneficiaries of the scam.

Varinder Kumar Yogender Kumar Varinder Yogesh Akshay Munjal talks about bridging skill

The crime branch had earlier arrested three people — Balwinder Kumar, a junior assistant who was a former incharge of the salary branch; head constables Naresh Kumar and Surjit Singh, — in the case. All the accused have been lodged in Burail jail.

Some cops and officials of the accounts branch had allegedly started distributing extra money in their bank accounts every month and committed a scam over Rs 1 crore in around four years between 2015 and 2019. The scam came to light when the department received an anonymous complaint.

On the request of the police department, the CAG conducted a special audit of the accounts department. The report suggested Rs 1.1 crore extra was credited in the accounts of cops.

It was found that 161 cops got extra money in their accounts but most had informed the accounts department. However, 64 cops in connivance with clerks of the accounts branch did not return the money.

Salary accounts of cops were found to have been credited with huge money with fake entries of inflated conveyance allowances, TA/DA and allowances.

After the incident, the department on October 13, 2021, had passed an order that no police official would contact the dealing assistant of the accounts branch at the police headquarters.

The order issued by Meena had said cops could only visit the accounts branch on Monday, Wednesday and Friday between 12 noon and 1 pm relating to their personal works and disciplinary action would be taken against those violating the rules. https://timesofindia.indiatimes.com/city/chandigarh/3-more-cops-held-in-1cr-salary-scam/articleshow/92214992.cms

5. 1.1 करोड़ रुपये के वेतन घोटाले में एक और हवलदार गिरफ्तार *(amarujala.com)* 15 Jun 2022

चंडीगढ़। अपराध शाखा की एसआईटी ने 1.1 करोड़ रुपये के वेतन घोटाले मामले में एक और हवलदार को गिरफ्तार किया है। वहीं सोमवार को गिरफ्तार किए हवलदार वरिंदर कुमार और सिपाही सविंदर को एसआईटी ने मंगलवार को जिला अदालत में पेश किया। अदालत ने दोनों आरोपियों को दो दिन के पुलिस रिमांड पर भेज दिया है। वहीं पकड़े गए हवलदार योगेंद्र को पुलिस बुधवार को अदालत में पेश करेगी। एसआईटी के वरिष्ठ अधिकारियों का कहना है कि इनके खातों में भी रुपये गए हैं। जिस समय वेतन विभाग में घोटाला हुआ, उस दौरान तीनों आरोपी वहीं तैनात थे।

एसआईटी के अधिकारी ने बताया कि तीनों आरोपी घोटाले में शामिल हैं। जांच में आरोपियों के खिलाफ सबूत भी मिले हैं। इनके खातों में रुपयों की ट्रांजेक्शन भी हुई है। एसआईटी ने वरिंदर कुमार और सिपाही सविंदर सिंह को सोमवार को गिरफ्तार किया था। ज्ञात हो कि पुलिस विभाग ने वेतन घोटाले का खुलासा होने के बाद सभी कर्मचरियों को तुरंत पुलिस लाइन में ट्रांसफर कर पूरा स्टाफ बदल दिया था। इस मामले में अब तक वेतन विभाग के तत्कालीन प्रभारी, चार हवलदार, सिपाही और होमगार्ड की गिरफ्तारी हो चुकी है।

ऑनलाइन बिलिंग का काम था हवलदार वरिंद्र के पास

सूत्रों ने बताया कि वरिंद्र कुमार वेतन विभाग में खरीदे जाने वाले सामान के लेन-देन को लेकर ऑनलाइन बिलिंग करता था। इसके अलावा वह पुलिसकर्मियों का एरियर भी बनाता था। सूत्रों ने बताया कि सैलेरी घोटाले का खुलासा होने के बाद वरिंद्र कुमार की प्रमोशन भी रुकी हुई थी। वरिंद्र कुमार ने हवलदार से एएसआई बनना था। वर्तमान में वरिंदर सीआईडी ब्रांच में तैनात था।

सितंबर 2021 को वेतन विभाग के तत्कालीन प्रभारी की हुई थी गिरफ्तारी

सितंबर 2021 को इस मामले में आरोपी होमगार्ड सुरजीत सिंह और वेतन विभाग के तत्कालीन प्रभारी जूनियर असिस्टेंट बलविंदर को गिरफ्तार कर जेल भेज दिया था। सेक्टर-3 थाना पुलिस ने धोखाधड़ी समेत विभिन्न धाराओं में मामला दर्ज किया था। इन दोनों आरोपियों की गिरफ्तारी कैग से आई ऑडिट रिपोर्ट के आधार पर हुई थी। पुलिस जांच में कई पुलिसकर्मियों के नाम सामने आए थे। नवंबर 2021 में एसआईटी ने हवलदार नरेश कुमार को गिरफ्तार किया था। वहीं जांच के दौरान हवलदार वेद प्रकाश को गिरफ्तार किया गया। वर्तमान में चारों आरोपी जेल में हैं।

जांच में हुआ था खुलासा, तीन साल में किया 1.1 करोड़ का घोटाला

साल 2013 में पुलिस विभाग के वेतन विभाग में बलविंदर प्रभारी के रूप में तैनात था। वहीं, होमगार्ड सुरजीत सिंह उसका सहायक था। वर्ष 2019 में पुलिस को शिकायत मिली कि मुलाजिमों के खाते में अतिरिक्त रुपये डालकर घोटाला किया जा रहा है। इसके बाद दिसंबर 2019 में पुलिस ने मामले की आंतरिक जांच शुरू कर कैग से मामले की ऑडिट की मांग की। जांच रिपोर्ट में पता चला कि साढ़े तीन साल में 1.1 करोड़ रुपये का घोटाला किया गया है। इसके बाद मामले में एसआईटी गठित की गई और केस को क्राइम ब्रांच

सौंप को दिया गया। जांच में पता चला कि 200 से अधिक पुलिसकर्मियों के खाते में अतिरिक्त वेतन डाल कर घोटाला किया है। सूत्रों के अनुसार आरोपी मुलाजिमों के खातों में ज्यादा सैलरी डालने के बाद उनसे बाकी की रकम अपने खातों में जमा करा लेते थे। https://www.amarujala.com/chandigarh/another-constable-arrested-in-rs-1-1-crore-salary-scam-chandigarh-news-pkl4536733184

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Cabinet clears auction of 5G spectrum; 72097.8 MHz spectrum to be put on block by July-end *(economictimes.indiatimes.com)* June 15, 2022

Auction of 5G airwaves is set to begin on July 26, the department of telecom notified in its notice of inviting applications (NIA). The cabinet, on Wednesday cleared the spectrum auctions, deciding the airwaves to be auctioned for a period of 20 years.

The last date for submissions of applications for bids is on July 8, post which the DoT will publish the ownership details of applicants on July 12. The final list of bidders will go live on July 20 and there will be mock auctions on July 22 and July 23, according to the NIA.

The DoT has set June 22 as the last date for seeking clarifications on the NIA, and the clarifications will be made public on June 30.

The Cabinet also decided to enable the development and setting up of 'Private Captive Networks' to spur a wave of innovation in new-age industry applications such as machine-to-machine communications, Internet of Things (IoT), Artificial Intelligence (AI) across automotive, healthcare, agriculture, energy, and other sectors.

A total of 72097.85 MHz of spectrum with a validity period of 20 years will be put to auction to be held by the end of July 2022. The auction will be held for spectrum in various Low (600 MHz, 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz), Mid (3300 MHz) and High (26 GHz) frequency bands.

"Spectrum is an integral and necessary part of the entire 5G eco-system. The upcoming 5G services have the potential to create new age businesses, generate additional revenue for enterprises and provide employment arising from the deployment of innovative use-cases and technologies," the government said.

The government said it is expected that the mid and high band spectrum will be utilised by Telecom Service Providers to roll-out 5G technology-based services capable of providing speed and capacities which would be about 10 times higher than what is possible through the current 4G services.

Aimed at facilitating ease of doing business, the Cabinet said there is no mandatory requirement to make upfront payment by the successful bidders. Companies can make payments for spectrum in 20 equal annual installments which will be paid in advance at the beginning of each year.

The bidders would be given an option to surrender the spectrum after 10 years with no future liabilities with respect to balance instalments.

https://economictimes.indiatimes.com/industry/telecom/telecom-news/cabinet-clears-auction-of-5g-spectrum/articleshow/92220601.cms

7. Govt to auction 5G spectrum for 20 yrs; allows private captive networks *(business-standard.com)* Jun 15, 2022

The Union Cabinet has cleared the auction for 5G airwaves paving the way for auction and commercial launch of next generation telecom services this year.

The cabinet in its meeting on Tuesday approved Department of Telecom's proposal for the auction of 72 GHz of spectrum for a 20-year-period. It also decided to "enable the development and setting up of private captive networks to spur a new wave of innovations in industry 4.0 applications".

"A total of 72097.85 MHz of spectrum with a validity period of 20 years will be put to auction to be held by the end of July, 2022. The auction will be held for spectrum in various bands (600 MHz, 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz), Mid (3300 MHz) and High (26 GHz) frequency bands," the government said in a press release on Wednesday.

The press statement did not give any details on the base price for auction.

Last month, the Digital Communications Commission approved the auction of 5G airwaves. While mobile service providers had lobbied for 90 per cent reduction in the base price, it only recommended 36 per cent accepting the suggestion of Telecom Regulatory Authority of India.

"Payments for spectrum can be made in 20 equal annual installments to be paid in advance at the beginning of each year. This is expected to significantly ease cash flow requirements and lower the cost of doing business in this sector. The bidders would be given an option to surrender the spectrum after 10 years with no future liabilities with respect to balance installments," the government announcement said.

"The availability of sufficient backhaul spectrum is also necessary to enable the roll-out of 5G services. To meet the backhaul demand, the Cabinet has decided to provisionally allot two carriers of 250 MHz each in E-band to the telecom service providers. The cabinet also decided to double the number of traditional microwave backhaul carriers in the existing frequency bands of 13, 15, 18 and 21 GHz bands," it said. https://www.business-standard.com/article/economy-policy/govt-to-auction-5g-spectrum-for-20-yrs-allows-private-captive-networks-122061500373_1.html

8. Coal Availability: It's a Quagmire and Centre and States Are in It Together *(swarajyamag.com)* Jun 14, 2022

Media reports suggest that Telangana refused to follow the Union Power Ministry's instruction for mandatory import of 10 per cent fuel requirement, citing viability concerns. Delhi threatened to reduce the domestic fuel quota of states if they didn't start importing.

According to Hindustan Times, Telengana's special chief secretary (energy), Sunil Sharma, recently wrote to the centre stating that "the state government won't go in for import of coal as it was financially and practically not viable for the state."

The debate has strong arguments on either side. The central government is keen to avoid blackouts and ensure the growth momentum. However, finance is equally important. More so, when weak state finance is India's biggest worry to tide over the global uncertainty.

Import gap

The Power Ministry's concerns are justified.

India is currently mining coal at a world-beating pace. According to the Coal Ministry, domestic production grew by over 31 per cent year-on-year during April-May 2022. This is over and above 19 per cent growth in domestic supplies (offtake) in the financial year 2021-22 (FY22).

However, the pipeline remains stretched. There are many reasons for it. The most important of them all is the 42 million tonne (mt) supply gap of imported fuel between the pre-Covid year of FY20 and the growth year of FY22.

The total import by the power sector was down from 69 mt in FY20 to a decade's low at 27 mt in FY22. Imported coal-based plants reduced intake to less than half at 19 mt. Blending was down to one-third from 24 mt to 8 mt.

Meanwhile, power demand soared. According to the central electricity authority (CEA), as of April 2022, India's total power supply (including hydropower imports from Bhutan) stood at approximately 123 billion units (BU), as against 115 BU in April 2021 and 112 BU in 2019.

Thermal (which is almost entirely coal-based) electricity supplies increased from 94 BU in April 2019 to 104 BU in 2021 and 112 BU in April 2022. From the pre-Covid level, coal-power generation increased by over 19 per cent. The increase is 7.6 per cent year-on-year.

The electricity demand is riding on string GDP growth. On the flip side, the demand growth was intercepted by too many uncertainties which impacted import planning. Domestic coal sector filled up the gap in FY22. There are concerns about FY23.

Globally, mining production suffers from low elasticity. From that perspective, Indian production is increasing at a breakneck speed. Small mischief by the weather god, in the ensuing monsoon season, can bring correction. To remain safe, India must ensure adequate availability of fuel.

Stretched railway logistics

Availability, however, is not the only worry. The Coal Ministry data on rake loading is a clear indicator that the rail-logistics are overstretched. The stress will peak in the October-December quarter which coincides with the harvesting season.

The daily average loading by Coal India (which contributes 80 per cent of domestic output) increased by only four rakes (1.3 per cent) year-on-year to 285, in May 2022. This is 11 per cent short of the projection. Loading dipped in four out of seven CIL subsidiaries. Though loading for power sector increased by 30 rakes a day, the final tally was 95 per cent of projection.

Assuming that there is no quick solution to rake shortage; there are concerns if extra availability of fuel - be on pitheads or at ports - will be able to improve supply scenario at power plants in the coming months.

Now, Telangana has flagged an additional concern. Considering the spike in global coal prices, wild volatility in sea freight and, a depreciating rupee, imported fuel may have a significantly high impact on electricity tariffs. Can states recover that cost from the end-consumers?

In the prevailing scenario, there is no clear benchmark for cost escalation. Cost of delivery of containers to India's east coast is 20 per cent higher than that on the west coast.

Timing is also a key factor. NTPC has proven expertise in coal imports. Based on the price trends in contracts issued by the company in early 2022, Business Standard reported 20 mt (10 per cent of requirement) imported fuel may result in 50-60 paise a unit tariff hike.

In April, Andhra Pradesh cancelled two tenders for importing a total of 1.25 mt of fuel due to "high prices". In one tender, the lowest bidder offered to charge Rs 40,000 ($526.50) per tonne. This is 22 times the average ex-colliery price of (raw) domestic fuel.

Roughly 1.5 mt of domestic fuel is equivalent to 1 mt of imported fuel in energy value. Andhra is a coastal state. Telangana is landlocked, meaning landed costs of imported fuel may be higher.

Weak DISCOMs

Telangana's concerns are valid. According to an August 2021 NITI Aayog study, DISCOMs incurred a total expenditure of Rs 7,12,610 crore in FY19 against the total revenue of Rs 6,63,093 crore indicating a 6.94 per cent revenue gap. Even for this revenue, DISCOMs are disproportionately dependent on subsidies.

While 77 per cent of DISCOM cost is attributed to power purchase, 74 per cent of revenue is recovered from operations. Approximately, 17 per cent of earnings are attributed to tariff subsidies by states. Considering stretched finances of states, such subsidies are rarely paid in time and a good part of it is converted into paper or regulatory assets.

Overall, total DISCOM losses (net of tax and tariff subsidy) are zooming. Cash starved distribution utilities either turn up to states for loans or, delay payment against power purchase. The state generation utilities in turn delay payments to coal companies etc.

According to PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators) portal, on 6 June the DISCOMs had a total overdue of Rs 101,264 crore to power producers.

Debt settlement schemes are no solution to this problem. For the last two decades, such schemes came time and again. This included, UDAY (Ujwal DISCOM Assurance Yojana) in 2015. The outcome is questionable except for fresh debt piling on States.

State finances were already a cause of worry. The cause of concern has only gone up after Covid and the rush to offer freebies to win votes. The gap is filled by debt.

According to an April 2022 report by India Ratings & Research, “the aggregate debt-GSDP ratio for the 20 states (accounting for 80 per cent of India’s GDP) is budgeted at 27.23 per cent for FY23 (FY22 revised estimate 26.53 per cent), much higher than the average debt/GSDP of 25.5 per cent during FY18-FY21.

“The aggregate net market borrowings of the 20 states are budgeted at a record Rs 5.72 trillion in FY23, up 13.59 per cent year-on-year led by states such as Maharashtra, Madhya Pradesh, Telangana and West Bengal,” the rating agency said.

Will these imports lead to further fiscal imbalance? Take the case of Telangana. NITI points out that in FY19, the cost and realisation gap in the state was nearly double the national average. PRAAPTI portal says Telengana contributed nearly 8 per cent of the total overdue to gencos.

Telangana will go to the polls next year. They now have two options: Go for power rationing in case of any disruption or buy imported fuel risking the fiscal stability. It is difficult to judge what will be the right choice for the nation. https://swarajyamag.com/economics/coal-availability-its-a-quagmire-and-centre-and-states-are-in-it-together

9. Govt asks oil PSUs to come up with monetization plan *(livemint.com)* June 15, 2022

The ministry of petroleum and natural gas has asked state-run oil and gas companies to come up with new plans for asset monetization after the original plan for monetizing their oil and gas pipelines through infrastructure investment trusts (InvITs) was shelved.

Other options being looked at include monetization of receivables, two officials familiar with the developments said.

“They have been asked to look at the ways (of doing so). They have been asked to look at various avenues," said one of the officials cited above. The government has asked the companies to submit their plans within 15 days, the official added.

According to the initial plan, the oil and gas companies were likely to transfer some of their pipelines to separate InvITs and sell stakes in those pipelines. Recently, the companies conveyed to the ministry that the monetization of pipelines through InvITs would be an expensive way of raising capital, following which the government agreed to shelve the plan.

People in the know said that the companies conveyed that with high credit ratings they can raise capital easily and at a lower cost, which would be beneficial compared to the returns they would have to offer InvIT investors.

“For example, the National Highways Authority of India has got many (road) assets, but it does not have that much credit worthiness, so it (monetization through InvITs) is better for them, but the same might not be applicable in the case of refineries. You (oil and gas companies) can get loans at competitive rates and raise money from the market at quite competitive rates," said another official.

The official said that there is a need to be creative in terms of monetization and raising more capital from different avenues.

On whether the shelving of the pipeline monetization plan would result in lower recovery or raising of capital by the fuel retailers, the officials said that the government is not revising the targets.

The government's ambitious asset monetization plan was announced in last year's Union budget to increase financial resources for the National Infrastructure Pipeline. The total indicative value of the national monetization pipeline for core assets of the central government has been estimated at ₹6 trillion over the four-year period of FY22-25.

In terms of gas pipelines, the assets considered for monetization during FY22-25 include pipelines with an aggregate length of 8,154 km, of which 7,928 km are from the existing operational pipeline assets and the rest from pipelines that are expected to become operational during the period. The total value of natural gas pipeline assets considered for monetization was estimated at ₹24,462 crore, according to NITI Aayog.

A total of 3,930 km of petroleum product and liquefied petroleum gas (LPG) pipeline were also identified for monetization during FY22-25, of which 3,196 km are product pipeline assets and 733 km are LPG pipeline assets. Hindustan Petroleum Corp. Ltd's (HPCL) Mangalore-Hassan pipeline (LPG pipeline) was identified for monetization during FY23.

The monetization pipeline has been developed by NITI Aayog in consultation with infrastructure ministries, based on the mandate for asset monetization under the Union budget for FY22.

Queries sent to the ministry of petroleum and natural gas, HPCL, GAIL and Indian Oil remained unanswered till press time.

The push for alternative ways to monetize assets comes at a time the country's financial woes have increased amid the Russia-Ukraine war, and the government is also set to lose about ₹1 trillion with the latest excise duty cut on petrol and diesel.

The disinvestment plans of the government have also encountered hurdles, with the Bharat Petroleum Corporation Ltd privatization unlikely to take place this fiscal. https://www.livemint.com/industry/infrastructure/govt-asks-oil-psus-to-come-up-with-monetization-plan-11655236473972.html

10. Agnipath recruitment scheme: Why it can help cut the rising salary, pension bill *(indianexpress.com)* June 15, 2022

The Agnipath scheme on recruitment of soldiers, sailors and airmen will help cut the salary and pension bill of the armed forces.

On Tuesday, when he was asked about this, Defence Minister Rajnath Singh said, "We never see the Armed Forces through the perspectives of savings. Whatever we need to spend, the government is willing to spend. Our aim is to defend the country's borders. Whatever needs to be spent, will be spent."

The government has either allocated or paid more than Rs. 3.3 lakh crore in defence pension since 2020. For years, because of the pension bill, the revenue component of the Ministry of Defence has been larger than the capital outlay for modernisation of the armed forces. In the Budget presented in February, the total defence budget at Rs. 5.25 lakh crore was almost 10 per cent more than last year's allocation of Rs 4.78 lakh crore. Yet the revenue component of the budget continues to be more than capital outlay.

The total revenue component allocated this year is Rs 3.65 lakh crore, of which pension accounts for Rs 119,696 crore. The nearly Rs 1.20 lakh crore allocated for pension was larger than the Rs 1.17 lakh crore in revised estimates for pension in 2021-22. The previous year — 2020-21 — the actual pension Bill was even higher — Rs 1.28 lakh crore.

In this year's Budget, defence pension accounts for just under a quarter of the total defence budget, similar to many recent years.

Similarly, salary paid to the forces has also been increasing over the years. The Army paid more than Rs 88,800 crore in salaries (actual) in pay and allowances in 2020-2021, which went up by Rs 10,000 crore last year. The revised estimates for Army's pay and allowances for 2021-2022 was more than Rs 99,800 crore.

This year, the government has allocated Rs 1.07 lakh crore in Army's pay and allowances. The Army is the largest among the three forces with a strength of over 11 lakh officers and soldiers.

For Navy, pay and allowances went up from Rs 6,659 crore in 2020-21 (actual) to Rs. 7,832 crore in 2021-22 (revised) to Rs 9,133 crore (budgeted) this year.

Similarly, numbers for IAF have also been going up. From spending Rs 15,984 crore in 2020-21 (actuals) in pay and allowances, it went up to Rs 16347 crore in 2021-22 (revised), and it has allocated Rs 18,346 crore in this year's Budget.

The total pay and allowances for the three services for this year comes close to Rs 1.35 lakh crore. Added to the Rs 1.2 lakh crore of pension, the government has allocated Rs 2.55 lakh crore for just salary and pension this year, which is higher than the Rs 2.33 lakh crore allocated for capital outlay, to be used for modernisation of the defence forces. https://indianexpress.com/article/explained/agnipath-recruitment-scheme-why-it-can-help-cut-the-rising-salary-pension-bill-7970128/

11. On Defence, Govt running on empty *(dailypioneer.com)* June 15, 2022

The Government recently announced that it has renamed the Tour of Duty as Project Agniveer but the mention of a new CDS was still missing

His name came up for Army Chief before he retired after Gen Rawat's tragic death, and now as CDS. Just as the Government by process of elimination (letting contenders retire) got its choice, Gen Manoj Pandey, as Army Chief, it will also get the retired Lt Gen it wants as CDS. But that will still not explain the extraordinary delay in selecting a CDS. In 2019, Government had hailed plugging the holes in higher defence organisations a political feat. Despite six months without a CDS, Government has merely issued gazette notifications to Army, Navy and Air Force Acts, specifying the criteria for a CDS. Apparently, no urgency attaches to his appointment anymore. No comprehensive criteria for CDS were laid out before Rawat's hurried appointment.

The selection pool has widened as now serving and retired Generals, Lt Gens and their equivalents in the other two services below 62 years on date of appointment will be eligible. Nearly 50 officers are in the race but the number may reduce if the Government takes its time.

Veterans have put their money on one retired Lt Gen who is favoured by the establishment, superseding three serving Chiefs, all of whom belong to the 61st NDA batch. A marked measure of ad hocism has crept into Defence matters because the chain of command in MoD is blurred, distributed between PMO and NSA with Defence Ministry generally out of the loop and the Appointments Committee shared exclusively by PM and HM.

The criteria evolved for CDS selection is unprecedented — for a retired three star General being considered for a double jump. Retired three and four star officers have been appointed in staff slots like Commandant West Point and Royal College of Defence Studies — but never a CDS. CDS has invariably been picked from serving Service Chiefs — like in the UK, it was initially by seniority, then by rotation (round robin) and finally competence prevailed.

In my column of May 18, I had written that Government was fumbling with two key defence issues: appointment of CDS and review of his work allocation and the new Human Resources Policy on Recruitment, called Tour of Duty. With Gen Rawat's domineering persona out of the way, Defence Secretary has regrouped his forces to challenge his marginalisation by creation of Department of Military Affairs. He is determined to reset his towering position in MoD as CDS had virtually become Supreme Commander: Permanent Chairman Chiefs of Staff Committee, single-point advisor to Defence Minister, Advisor to National Command Authority responsible for implementation and prioritisation of Defence Acquisition Plan. What Rawat could not complete was the theatrisation of four commands — two land-based commands against China and Pakistan, one maritime command and an Air Defence Command. The warts in Rawat's plan have not been removed as such a gigantic reforms process should have been entrusted to a Strategic Defence and Security Review Committee, not DMA.

If the integrated theatrisation has been below par, the four-year ToD appears to be absurd, shortsighted and will terminally damage the innards of the time-tested regimental system, crippling the generational camaraderie, traditions and ethos of battalions and regiments. The Army, deficient of 125,000 soldiers, is operating with these dangerous deficiencies on LoC and LAC. With ToD intake at 40,000 while 60,000 retire annually, manpower voids will increase.

What is most puzzling is how the Government-pushed ToD has passed muster with Commanders, especially from fighting arms Infantry and Armoured Corps. One serving Lt Gen said: "It's fait accompli." The Government bringing in an Army Chief of its choice has helped ToD to sail through. A presentation on ToD was made to Prime Minister last week and clearly has his stamp all over Agnipath and Agniveer project, the name of the new All-India All-Class (AIAC) composition of the Army. 40,000 Agniveers with Rs 40,000 salary will become voluntary conscripts for four years, 10 per cent being ploughed back. Those discharged will get a severance package of Rs 11 lakh, one third of which they would have paid for. These soldiers of fortune are to be re-skilled and suitably re-employed by Government schemes that have not succeeded in the past, now even more unlikely, due to recession in jobs. Experts fear Agniveers could become military contractors (mercenaries), join insurgency movements, criminal gangs and so on. What havoc the AIAC will do to the regimental system is transform the Army into numbered regiments like the American Army, sacrificing the carefully manicured caste-based units and sub-units on the altar of financial expediency. Downsizing can be achieved in other ways without breaking integrity of the forces.

Soon, commemorating battle honour days of 300-year-old and younger specifically-classed regiments will dissipate. Not to talk of 200-year-young Gorkha regiments enlisted from Nepal which could disappear, disrupting India-Nepal special relations. Has the Government really thought out ToD? A delayed and diminished CDS is clear reflection of Government's current importance of defence. For next CDS, my money is on Lt Gen (Retd) Yogesh Kumar Joshi, PYSM, UYSM, AVSM, VrC, SM from the 60th NDA batch. But the real worry must be about the bombshell ToD and the dangerous potential of extinguished Agniveers. https://www.dailypioneer.com/2022/columnists/on-defence--govt-running-on-empty.html

12. Why the Critics of the Military's Agnipath Recruitment Scheme Are Wrong *(swarajyamag.com)* Jun 15, 2022

The military's new Tour of Duty recruitment scheme (now named 'Agnipath'), which had been in the making for over two years, has finally been launched. But the launch has come amid a barrage of criticism, mainly from veterans and also some policymakers, who have argued that the scheme would be unjust to new recruits and will blunt the military's ability to deal with the security threats the country faces.

Irrespective of what was said at the presser after the launch of the scheme, the main aim of the new recruitment policy is to prevent the pensions budget of the military from ballooning further — it makes up almost a quarter of the country's defence budget currently and is, at least in part, the reason behind the meagre modernisation spend.

The problem has been festering for decades. The share of pension in the defence budget was at 19 per cent in 2012-13 and grew to 26 per cent in 2019-20. The result is that the budget allocation for capital expenditure falls short of resource projection by the armed forces year after year.

This is perhaps the first time a serious attempt has been made to arrest the slide. But as is the case with every attempt to reform the armed forces and higher defence management, this too has faced stiff resistance. While the three services now appear to be on board, many veterans have continued to oppose the new recruitment scheme.

One of the often-repeated criticism is that the scheme would not do justice to the soldiers who are recruited through it. However, the fact is that those who join through this scheme would be volunteering for service, knowing fully well the terms of their employment. On day one, they would be making more than what a majority of engineering graduates in India do.

Moreover, as the chiefs of the three services clarified, the soldiers who exit after four years would get a certificate for their skills and credits, which could be used for further education. Along with the Rs 11.7 lakh tax-free 'Seva Nidhi' and the experience of serving in the armed forces, this would put these soldiers ahead of many of their peers across the country, a large number of which would end up unemployable with mostly worthless degrees.

Some have rightly pointed out that the prospect of long-term service and pension attracts those who want to escape the cycle of poverty to join the defence forces. This is not to say that the armed forces, by design, attract only those from poor backgrounds. But the fact that many soldiers — personnel below officer rank — in the Indian Army, Indian Air Force and Indian Navy come from underprivileged backgrounds can't be ignored.

However, the new recruitment scheme does not alter this calculation for most. With Seva Nidhi and good prospects of a new job, including priority in paramilitary forces and other government departments, these soldiers would still have a decent shot at escaping poverty. Instead of being disadvantageous, the scheme would widen the recruitment base by opening doors for those who need a leg up but do not necessarily want to serve in the defence forces for an extended period.

The other argument that has found traction among the critics of Agnipath is that the scheme would adversely affect military capabilities. While only time will tell what it does to capabilities, it is a mystery how the naysayers have already concluded that the new scheme would compromise the competence of the defence forces.

Political bias would explain some of the criticism, but there are a few questions one must ask without falling into that trap. For instance, how have countries like Israel, which has a conscription-based model of recruitment and service duration(s) shorter than the one under Agnipath, managed in a difficult neighbourhood with existential threats until recently?

While Israel has to contend with a demography problem, India has to escape the pensions trap. But many would rightly point out that Israel faced technologically inferior and poorly trained adversaries in the Arabs, while India faces a rising global power that is at least technologically superior in almost every military realm. But India is also unlikely to face an all-out invasion of the kind Israel had to deal with in the 1960s and 1970s.

What India is more likely to see is high-intensity, short and swift skirmishes and wars with China in the Himalayas, and the side with better access to emerging technologies is likely to come out on top.

For it to have access to these technologies, the Indian military would need more funds than it currently has for modernisation.

Moreover, it can be argued, and the Ministry of Defence has said this officially too, that the youthful profile of the military that the Agnipath scheme offers would make integration of new technology easier.

Interestingly, some veterans critical of the Agnipath scheme have linked Russia's poorer than expected performance in Ukraine to its use of conscripts and suggested that the new recruitment policy could lead to a similar situation in India. This is wrong on two counts.

One, the Agnipath scheme is not a conscription mandate. The Agniveers selected under the scheme to serve in the Indian military will be volunteers like before. Moreover, just because Agniveers will join for four years does not automatically mean that they will be unwilling to fight and take risks. Are Short Service Commission officers less willing to fight for paltan ki izzat than those who join the services to serve for decades?

Two, Russia's failures in Ukraine have little, if anything, to do with it sending conscripts to fight in the war. Those using this argument conveniently forget the fact that Ukraine, too, has conscripted men to fight Russia. While the fighting in Ukraine has lessons for India and others, it has been incorrectly used as evidence against the Agnipath scheme.

Some policymakers and veterans worry that the Agnipath scheme would lead to a loss of institutional memory. This fear, however, is exaggerated. The new recruitment scheme is limited to personnel below officer rank — the officer brass can ensure the continuation of institutional memory. It is also pertinent to mention here that the military will retain a large chunk of regular soldiers under the new arrangement. Up to 25 per cent of soldiers from each batch will have the option to enrol in the regular cadre.

While some of the criticism of the scheme, even if unseemly, is in a constructive spirit, many veterans have gone too far with it. It is no surprise that very few critics have suggested practical solutions to the problem of the burgeoning defence pensions budget — running down a new policy and resisting reform is always easier. From resistance to the creation of the post of Chief of Defence Staff to the opposition to theaterisation, we've seen this playbook used too often to fall for it now.

Agnipath is untested and may need changes in the future — few policies are perfect in their first avatar. But it is neither "polluting paltans" nor a "death knell" to the armed forces. Exaggerated and unfair criticism of Agnipath must be called out in the interest of reforms and modernisation. https://swarajyamag.com/defence/why-the-critics-of-the-militarys-agnipath-recruitment-scheme-are-wrong

13. IBC needs to evolve fast *(financialexpress.com)* June 15, 2022

The Insolvency and Bankruptcy Code (IBC) has reformed the Indian insolvency law landscape greatly, its most significant contribution being making errant promoters fearful of losing control of their companies in case of defaults. Given how the sanctity of the debt contract had been eroded, Section 29A, introduced through an amendment, compelled promoters to respect the loans they took from banks. Also, close to 20,000 applications seeking Rs 6.1 trillion have been resolved prior to being admitted in the IBC process. Had the IBC not existed, it is possible borrowers would have delayed repayments and, in the process, a lot of value would have been destroyed.

But six years and more than 3,400 cases later, it is obvious that the IBC has not quite lived up to the expectations. Nearly half the sick companies have been liquidated and a resolution could be found for just 14% of them. Timelines have rarely been met and financial creditors have taken home just about 30% of what they lent. For cases that were resolved in the fourth quarter of FY22, the haircut was 90%. There have been other shortcomings as well, evident from the Mumbai National Company Law Tribunal’s observation that a winning bid was intriguingly close to the liquidation value. The bench expressed doubts over breach of the confidentiality clause.

The Standing Committee on Finance’s concerns about the low recovery rates will see a Code of Conduct for the Committee of Creditors (CoC). The committee observed that the code was needed to define and circumscribe the CoC’s decisions. While lenders did appear to have given in too easily many times and a closer scrutiny of lenders’ decision is warranted, the government should move carefully on this as the status of bankers should not be undermined. The value of the assets of an insolvent company may have already eroded even before the case hits the courts. As such, comparing the amount recovered with the outstanding dues may not always be the right way to go. Instead, the efficiency of the process can be measured by comparing the recovered and liquidation value. Looking at it this way, financial creditors have been able to recover 166% of the liquidation value of the corporate insolvency resolution process (CIRP) cases resolved.

There is also the equally important concern about the performance of resolution professionals (RP) and ‘conduct issues’. The committee has done well to point out that the rationale for multiple Insolvency Practitioners’ Associations (IPAs) overseeing the functioning of their member insolvency professionals (IPs) rather than a single regulator, is unclear. However, whether an Institute of RPs, as recommended by the committee, can be effective is ensuring standards, is also unclear. Delays in the process have also cost the banks dearly. Although the IBC was amended in 2019 to say that the CIRP should be completed in 330 days, this is too long. In fact, the combination of delays and low recoveries has led lenders to explore alternative routes to resolve stress like sales to ARC (Asset Reconstruction Companies). A robust ARC mechanism would no doubt enhance the stressed asset ecosystem and take the load off the CIRP. Another important challenge is the digitisation of the IBC ecosystem; there should be a provision for virtual hearings to get through the backlog and deal with the pending cases swiftly. The IBC should evolve to become more effective. https://www.financialexpress.com/opinion/ibc-needs-to-evolve-fast/2560685/

14. Is the Indian economy truly resilient? *(thehindubusinessline.com)* Jun 14, 2022

Whether it is the CAD, capital flows, inflation, credit offtake or growth, the outlook isn't all that great

The Indian economy is in facing some unprecedented challenges. A protracted war in Europe has introduced new strains even before the impact of Covid-19 has fully waned. Together, these two significantly weaken the backbone of the world economy, impacting both the advanced and emerging markets. Contemporaneously, the Indian economy is also impacted.

Inflation has turned alarming and is generalised. There are fears that in the current fiscal, the inflation rate will be above the upper tolerance limit of 6 per cent as mandated in the flexible inflation target (FIT) system for three consecutive quarters. This will imply a failure of the RBI to adhere to the FIT mandate, a first since the inception of FIT in 2016.

Economy slowing

Economic growth has slowed as evident in Q4 data of 2021-22 (Q-o-Q, around 4 per cent). Even though the Monetary Policy Committee (MPC) has kept unchanged the rate of economic growth at 7.2 per cent for 2022-23, the Q3 and Q4 data at 4.1 per cent and 4 per cent, respectively, are pointers to a marked slowdown. Against this backdrop, the RBI Governor's remark (in his statement of June 6) that the "Indian economy has remained resilient supported by strong fundamentals and buffers" needs a relook.

With inflation out of control and growth under pressure, what does resilience really mean?

If the upside risks to inflation continue, the upside risks to economic growth will also continue as the higher interest rate will be transmitted to a higher lending rate which, in turn, will discourage both private consumption and private investment. The RBI has released credit offtake data as on May 22. The non-food credit data in general as on this date was 9.7 per cent (Y-o-Y) and industrial credit data in specific in the same period was 7.1 per cent.

For an economy of India's size, this is not very encouraging. The 90 basis points (bps) hike in interest rate (policy repo rate, announced in the May and June policy statements) will result in an increase in the bank lending rate as the MPC rate action transmits to the credit channel. The higher bank lending rate will further discourage private consumption/investment.

The Governor's statement also noted that "optimism on exports, both goods and services, and remittances, should help contain the current account deficit (CAD) at a sustainable level which can be financed by normal capital flows". The slowdown in economic growth both in advanced and emerging market economies will affect India's exports as the global demand will be weak. Furthermore, the external demand for our commodity exports are inelastic. Thus, our exports will be affected both by inelastic demand and the weak economic growth worldwide.

Even though the remittances and software services are to some extent pro-cyclical, the prolonged war in Europe could hurt trade in goods, services and remittances.

In view of the above, optimism on exports is misplaced at this stage. There is also pressure on imports in terms of crude oil, edible oil and pulses. Therefore, CAD could well be higher than that is anticipated currently. Past evidence suggests that higher crude prices make CAD unsustainable. Further, on account of the global slowdown and large-scale uncertainty, "normal capital flows" in terms of foreign direct investment (FDI) may take a pause for some time.

Forex reserves

In the context of a forex "buffer", as mentioned in the Governor's statement, a large component of forex reserves of $601.1 billion is debt flows. According to the International Investment Position (IIP), which measures external assets and liabilities, India is a net liability country. For example, as per the latest IIP data released by the RBI on March 31, 2022, for December 2021, our external debt liabilities comprised 48.5 per cent of the total external liabilities.

These debt liabilities mostly consist of External Commercial Borrowing (ECB) and NRI deposits. Furthermore, our assets-to-liabilities ratio as on end-December 2021 is 72.1 per cent. To the extent the "safe haven demand for US has increased", as mentioned in the Governor's statement dated June 8, the pressure on capital outflows from India continues.

Given the uncertainty in global demand for our exports and the rising oil import bill, the CAD position could remain fluid and the capital outflows may add pressure on volatility of our exchange rate vis-a-vis the dollar. Thus, the present 2.5 per cent rupee depreciation as against the dollar may not be a comfortable phenomenon, given the potential pressure on the CAD and normal capital flows.

Another important issue is the fiscal situation. The fiscal deficit, as a proportion of GDP, stood at 6.7 per cent in the provisional account of 2021-22 as against 6.9 per cent recorded in the revised estimates. This was on account of higher revenues but also a cutback in capital expenditure. Thus, growth-augmenting expenditure was reduced.

Furthermore, the revenue deficit-to-GDP ratio was 4.37 per cent. Revenue deficit conceptually is dis-savings of the government and is, therefore, a drag on growth. Thus, the fiscal trend for 2021-22 is not growth augmenting. If a similar trend continues in 2022-23, economic growth will further slow down and will be lower than the MPC-RBI estimate.

Survey findings

Let us now turn to the forward-looking surveys released by the RBI on June 8. The consumer confidence survey remained negative in respect of the economic situation, employment and price level.

The inflation expectation survey indicated that both, three months ahead and one year ahead, inflation will remain high. The survey of professional forecasters on macroeconomic indicators indicated largely a slowdown in growth rate (6.5 per cent), higher inflation rate (7 per cent) in 2022-23 against 7.2 per cent economic growth rate and 6.7 per cent for inflation estimated by MPC-RBI.

Also, the professional forecasters have estimated that CAD relative to GDP will be 3 per cent, which is higher than the CAD-GDP ratio of around 2 per cent historically.

In sum, growth is slowing and will slow further because of the higher lending rate, resulting in potential deceleration in credit offtake. Inflation has moved to a higher trajectory, mostly supply driven, and will cause hardship. CAD will be higher and normal capital flows may not be forthcoming. In this light, claims that the Indian economy is resilient offers an encouraging and optimistic reading but it is based less on ground realities and more on hope. https://www.thehindubusinessline.com/opinion/is-the-indian-economy-truly-resilient/article65527732.ece

15. Still short: India's life expectancy *(telegraphindia.com)* June 15, 2022

India's life expectancy at birth has inched up to 69.7 years between 2015 and 2019, but it is still well below the estimated global average of 72.6 years. It has taken India almost a decade to add two years to life expectancy. When seen across a longer time period, India's life expectancy has improved in leaps and bounds, from an abysmal 32 years around the time of Independence to the present figure. But 70 years of life expectancy for a 75-year-old nation looks modest when set against the global average of 72.6 years, or when compared with neighbouring Bangladesh at 72.1 years. Even within India, there are huge variations across states as well as between urban and rural areas. Urban women in Himachal Pradesh had the highest life expectancy at birth of 82.3 years, while rural men in Chhattisgarh had the lowest at just 62.8 years. In Assam, the gap in life expectancy between rural and urban areas is almost eight years. Data suggest that high infant mortality rates could be the reason India finds it difficult to raise life expectancy at birth faster. Iniquitous access to medicine, skilled healthcare providers, clean water and nutritious food affect life expectancy in general, but taken together they can dramatically impact IMR. The latter is also directly proportional to India's large pool of malnourished children, who are at higher risk of death from common childhood illnesses like diarrhoea, pneumonia, and malaria. This burden of malnourishment is, in turn, intricately tied to maternal nutrition and the status of women in society. The latest National Family Health Survey shows that 52 per cent of pregnant women between the ages of 15 and 49 in the country are anaemic — they are likely to give birth to underweight children who will then succumb to malnutrition.

But there is more to life expectancy than health challenges. For instance, research also reveals that Dalits, Muslims and adivasis have shorter lifespans on an average than upper-caste Hindus. This is refective of embedded prejudices that have been an impediment to welfare measures to improve life expectancy. The deteriorating environment poses an additional challenge: air pollution is likely to reduce the life expectancy of about 40 per cent of Indians by more than nine years. Additionally, there is the challenge of climate change that is expected to worsen food security besides enhancing the risk of newer contagions. Innovative and holistic thinking needs to go into designing effective social protection policies for at-risk populations for India to further improve longevity at birth given the nature of future challenges. https://www.telegraphindia.com/opinion/still-short-editorial-on-life-expectancy-in-india/cid/1870023

16. Scaling up our ethanol blending programme *(financialexpress.com)* June 15, 2022

With the persisting turmoil in the global commodities supply chain due to the Ukraine invasion, India has seen a sharp rise in cost of many an imported commodity. Crude oil and other petroleum products constitute more than 20% of our annual import bill and we are dependent for nearly 85% of our consumption requirement. Since the beginning of 2022, the price of crude oil imported into India has risen nearly 50% (in rupee terms) and the budget estimates that in FY23, more than 30% of our import bill will be towards crude and related products. Given the low elasticity of fuel demand (vis-a-vis price) and their role in driving economic activity and incomes, steps are needed to replace this dependence on the imported commodity. More importantly, the petrol consumption share of 4W has nudged up to 40% (in 2021) of the total (up from 36% in 2012). This is on account of the aspirational growth and purchases of 4W, coinciding with a waning role of diesel. Over the last decade, the ethanol blending programme has made a significant contribution in meeting this increasing demand of petrol. There has been a near 8x increase in the volume of ethanol used in blending and a historic milestone of 10% blend of ethanol in petrol was achieved recently.

India launched the ethanol blending programme as early as 2003 but saw little progress for more than a decade. Limited feedstock options, lack of certainty of off-take for suppliers, the preference for supply to a growing beverage industry, high levels of taxation on ethanol, and an uncertain price point for blending all posed significant challenges. The 10% blending target has been achieved after concerted policy action under the aegis of the National Policy on Biofuels (NBP 2018) that put in place various supply-side incentives. The reduction in GST on ethanol for blending from 18% to 5%, the differentiated and remunerative price regime for different feedstocks and signing tripartite agreements that guarantee offtake and financing inter alia are some of these measures.

On the back of the recent growth in blending shares, the goal to advance to the blending target of 20% ethanol has been shifted from 2030 to FY26. The potential gains to the economy are significant—a cumulative savings in imports of ~ 12.5 MTOE and the resulting forex savings of ~ Rs 97,500 crore by FY26. The avoided savings in green house gases (GHG) and criteria pollutants (particulate matter) are co-benefits of the pursuit of ethanol blending in petrol.

The transition to E10 has been rapid, with E5 having been achieved only in 2019-20. The country has also made rapid strides in leapfrogging to the BS-VI standard (in April 2020) that sets up the possibility for new 2W with fuel injection systems as opposed to the carburetors to adopt blended fuels more efficiently. However, to realise the savings from progressing to a 20% ethanol blend, the expectations with original equipment manufacturers, consumers, oil PSUs, and farmers must be set, and some outstanding issues as identified below must be addressed on priority.

The efficiency loss associated with blended fuel use (E20) in the existing stock of vehicles and the potential need for increased maintenance, component replacements, and financial impact on consumers must be addressed proactively to ensure that consumer backlash is minimised. The primary focus of policy must also be to limit the overall consumption of petrol in the economy and to limit the private demand for the fuel. Concerted promotion of public transit and pricing the use of private vehicles in urban settings could make the target of E20 a lot easier to achieve without straining the supply chain and running afoul of the competing uses for ethanol. Finally, the need of the hour is to actively invest in research and development and scaling up of second generation (2G) biofuels that do not use sugarcane and foodgrain but instead rely on cellulosic material and surplus biomass that is available in the economy to generate biofuels. The production of feedstock for the first-generation route is resource-intensive—water, electricity and fertiliser and each of these has a huge subsidy component both for state and central entities.

India's ambitions and policy impetus for a cleaner vehicle fleet have been spelt out clearly. While electric mobility becomes the predominant policy prerogative for the post-2030 period, securing our short- and medium-term fuel needs and shielding consumers from the vagaries of the global market are equally important. It is here that the blending programme gives us more breathing room. However, as the programme advances further, assessing its net impact on the wider economy and environment would be important. If India were to meet its ambitious ethanol blending goals by 2025, not only would it have advanced its sustainability goals but would have also contributed to strengthening its energy security and the wider economy. https://www.financialexpress.com/opinion/scaling-up-our-ethanol-blending-programme/2560695/

17. Why MSP alone does not bring farmers prosperity *(livemint.com)* June 15, 2022

The government has announced minimum support prices, MSPs, for 14 summer crops, chief among which is rice. While the average increase is 6%, the increase for rice is the lowest, at 5.1%. This is lower than the increase in cost: fertilizer and energy prices have gone up sharply in the wake of the Ukraine war, wholesale price inflation is in the region of 15% and consumer price inflation is about half of that. Opposition parties and farmer lobbies protest that the increase in support prices is a sham, and wholly inadequate.

It is possible to see the increase in support prices below the increase in costs as reform by stealth, provided the market mechanisms that would permit farmers to negotiate a guarantee-free regime on their own. However, these, such as a functional futures and options markets in farm produce — these stand banned — unconstrained access to global prices via export (capricious bans that serve more to signal political resolve to stamp out inflation to the general public than to boost farmer incomes) and facilities for food processing or swift evacuation of fresh produce to the retail buyer, are absent. The net result is a foregone opportunity to wean Indian farming off the infant formula of extended state support and let the market prove its mettle as the farmers' friend.

Minimum support prices are meant to function as a safety net, complemented by a functional crop insurance scheme. Instead, the populist policy has, over the years, converted MSP into the means of farmer prosperity, wherever there is the follow-up of actual procurement, which is scarce for commodities other than wheat, rice, cotton and, after a fashion, sugar. This needs to change.

Farmers receive generous support from governments around the world. It would be futile to pretend that India can treat farmers like producers in other sectors of the economy, who figure out what is in demand, what is their own area of competence, what is the state of the art in any line of production and whether they could thrive in it or not. Farmers need and should receive some support, but that does not mean that the rigours of the market would not help them improve their earnings.

A basic reform that is required is to remove systemic pressure to keep the terms of trade between industry and agriculture adverse for the latter. When industry gets protection, raising the price of industrial goods above what they would be in the absence of protection, and the export of farm produce is restricted, depressing farm prices below what they would be, state policy turns the terms of trade in favour of industry and against agriculture: farmers need to exchange more bags of grain to buy the fertilizer or tractor they need than would have been the case in the absence of policy that boosted industrial prices and repressed farm prices.

Farmers gain from information on what crops face rising demand and what crops face declining demand. This information is carried in the prices of future contracts. In India, some atavistic fear of markets force politicians to ban forward markets in farm produce at the slightest hint of rising inflation.

Markets function only when they can be accessed. The telecom revolution means that a farmer in a remote Bihar village knows that the price of green chilly in a market 50 km from his village is double that available from the local trader. But if there are no all-weather motorable roads to reach that market, the only gain from that knowledge would be an ulcer in the making.

Produce that goes bad needs to be stored. Some things, like grain, can be stored, provided it is free of moisture, in silos without temperature control. Other produce, like onions or potatoes, call for climate-controlled storage. That calls for a reliable power supply. Or refrigerated trucks to carry off the produce along a motorable road.

The government does not invest in building the pre-requisites of a functional market that would help farmers, because it is politically more attractive to give away subsidies to farmers: fertilizer subsidy, free canal water, if the canal has not silted up or broken its embankments from prolonged neglect, free power to pump out groundwater.

And the most visible token of political support for the farmer is the MSP. In the case of foodgrains, the government has trained farmers in certain parts of the country to grow only the crops for which the government renders guaranteed procurement, at ever-increasing support prices. So, India ends up with 2.5 times the grain it needs and not enough of edible oil or oilseeds.

Farmers could probably earn far more from growing fruit or flowers, but the attraction of guaranteed returns from grain keeps them hooked to grain, grown on the strength of subsidized water pumped out of the ground using unmetered power, excessive quantities of subsidized fertilizer and assured procurement by the government at MSP that offers a surplus over all costs.

This regime must go. But the market pre-requisites must be created first, the futures and options market for farm produce must function, the international trade regime must be stable, the terms of trade must not be skewed against agriculture and the government must have an open dialogue with society at large on what is truly in the interest of the farmer.

Till then, MSP increases must serve as a token of the incapacity of the political system to muster the courage to do what is right, rather than what is expedient. https://www.livemint.com/opinion/online-views/why-msp-alone-does-not-bring-farmers-prosperity-11655205709264.html

18. Riddled with scams, Lower Suktel in limbo *(orissapost.com)* June 15, 2022

Bolangir: Controversies continue to plague Lower Suktel Irrigation Project which is termed as the lifeline of farmers and residents of Bolangir district, a report said. Over 20 years have passed since the work for the project began but it is yet to get completed.

Meanwhile, after several controversies and objections, the project work has resumed after the state government and senior administrators intervened. The fresh deadline of the project is March 2023.

In its bid to meet the deadline, the consultancy agency is now hastily carrying out the dam work and other miscellaneous works of the project.

The initial outlay for the project was Rs 217 crore but it has now reached a staggering Rs 4,000 crore. It is alleged that engineers have splurged money under the cover of senior administrators without actually doing any work during last 20 years. Nobody is mustering courage to oppose them as they enjoy the patronage of senior administrators.

Moreover, locals have alleged that substandard soil is being used in construction of the embankment, raising questions about the durability of the dyke. They have alleged that the consultancy agency is not using the soil tested for the purpose but laying soil on the embankment by lifting it from other sites. Locals have alleged that the engineers are encouraging such a move to complete the work within the fresh deadline.

In the meantime, 90 per cent of the spillway work and 70 per cent of the soil embankment work have been completed. Reports said the initial outlay was only Rs 217.13 crore when it received administrative approval in 1999.

Chief Minister Naveen Patnaik laid the foundation stone for the project in November 2001 which was planned for completion by 2005. However, the project failed to make any headway due to stiff opposition from the residents of likely submerged areas. People intensified their agitation after they noticed severe irregularities in the social survey conducted for the project.

The project got mired in controversy after they found illegal purchase of land for outside people other than the project affected. The project work got stalled and resumed after the district administration started distributing compensation for rehabilitation of the oustees.

However, within a few days, irregularities of Rs 100 crore and fund embezzlement again pushed the project to the backbur ner. Preliminary inquiries indicated involvement of some senior officers, engineers and zone officers in the irregularities. As a result, the project work failed to get completed by 2005.

Later, the anti-project agitation got intensified following which the project work again came to a halt and the fate of the project was pushed into uncertainty. The work resumed after the proproject people launched an agitation in 2012- 2013.

However, the project supporters started opposing the project after they found some engineers and officers cheating them and misappropriating the funds sanctioned in their names. During this period, the engineers also neglected the work and failed to complete the construction of Lower Suktel Rehabilitation Colony.

Meanwhile, works for construction of the colony has started under the direct supervision of Bolangir Collector Chanchal Rana. Attempt to contact project chief engineer Niranjan Rout on his phone on the corruption allegations failed as the call went unanswered. https://www.orissapost.com/riddled-with-scams-lower-suktel-in-limbo/