NEWS ITEMS ON CAG/ AUDIT REPORTS (21.06.2022)

1. Flaming question: Why is it so easy to burn trains? Because effective RPF, local police coordination is missing *(timesofindia.indiatimes.com)* June 20, 2022

Over 500 trains were cancelled yesterday following protests against Agnipath. The cancellation follows instances of arson and wilful destruction of railway property last week. Yet again, Indian Railways (IR) has been made collateral damage. In the pre-pandemic period, IR carried about 22 million passengers a day, a measure of the scale of its importance. Cancellations not only directly inconvenience millions but undermine the economy as railway rakes transport 3.3 million tons of freight daily, mainly coal. This senseless destruction and related disruption should not be shrugged off.

IR is the lightning rod of protests primarily because of its importance. Disrupting railway service attracts wide attention. While IR is unconnected to the cause of violence, can it do better in protecting its assets? IR's security is overseen by its own force, Railway Protection Force (RPF), and backed by central legislation. As trains crisscross states, state governments also come into the picture. Government Railway Police (GRP), funded equally by IR and states but under the administrative control of the local government, and local police assist in safeguarding railway assets and passengers.

RPF doesn't lack attention. It's not only empowered to arrest without a magistrate's order, in 2019 handpicked personnel were given commando training. If IR's security performance is still unsatisfactory, it's because of gaps in coordination with the state police. This was examined in detail in a 2011 CAG performance audit of IR's security. GRP and state police forces handle security of trains, tracks and railway premises, while RPF protects properties and consignments. The performance of local policing is influenced by a state government's political signalling. Consequently, the leeway agitations get has a direct impact on IR's assets.

In this unfavourable environment, CAG's report observed that a unified overseeing arrangement between RPF and state police is missing. In short, there are coordination problems that IR has not addressed. Given last week's destruction, it's clear coordination gaps remain unplugged. Their cost will be borne by people who rely on IR. Between FY-2016 and FY-2020, losses on passenger service rose from Rs 36,286 crore to Rs 63,364 crore. Given GoI's fiscal challenges and limited rail budgets, willy-nilly people dependent on train travel will suffer. RPF, headed by a police officer on deputation, needs to strengthen its coordination protocols with local police. Trains can't be such easy targets for arsonists. https://timesofindia.indiatimes.com/blogs/toi-editorials/flaming-question-why-is-it-so-easy-to-burn-trains-because-effective-rpf-local-police-coordination-is-missing/

2. उत्तराखण्ड: लगातार बढ़ रहा प्रदेश सरकार का खर्च, अब 5800 करोड़ की राशि के सदुपदुयोग की चुनौती *(jagran.com)* 21 June 2022

आय कम और खर्च अधिक, परिणाम यह है कि विकास कार्यों के लिए पर्याप्त धन उपलब्ध नहीं हो पा रहा है। अनियंत्रित हो रही इस बीमारी का उपचार यही है कि सरकार बजट में अपव्यय पर अंकुश लगाए। चालू

वित्तीय वर्ष 2022-23 के बजट में 5800 करोड़ से अधिक धनराशि ऐसी है, जिसका दुरुदुपयोग रोकने और संतुलित उपयोग करने से निर्माण और कल्याण कार्यों के लिए धन बचाया जा सकता है।

प्रदेश सरकार का खर्च लगा तार बढ़ रहा है। तुलनात्मक रूप से आय के संसाधन बढ़ाने में गंभीरता नहीं दिखाई जा रही है। यह सब कुछ तब हो रहा है, जब बजट में मितव्ययता की सीख दी जाती है। हर वित्तीय वर्ष की शुरुआत में विभागों को बजट का अपव्यय और अनावश्यक व्यय से बचने का परामर्श दिया जाता है। कैग की रिपोर्ट हर बार अनावश्यक व्यय और अपव्यय रोकने की आवश्यकता पर ध्यान खींचती है। बजट खर्च को लेकर जारी होने वाले निर्देशों और कैग की रिपोर्ट के बाद भी बजट के दुरुदुपयोग को रोकना संभव नहीं हो पा रहा है।

अपव्यय रोकने की आवश्यकता

चालू वित्तीय वर्ष 2022-23 की वित्तीय परिस्थितियों का आकलन चौंकाने वाला है। कुल बजट में खर्च का अनुमान तो 65571.49 करोड़ रखा गया है, जबकि राज्य को तमाम स्रोतों से होने वाली आय मात्र 63774.55 करोड़ आंकी गई है। 1796 करोड़ से अधिक के घाटे की पूर्ति समेकित निधि से की जाएगी । यद्यपि सरकार चाहे तो इस घाटे की पूर्ति के साथ विकास कार्यों के लिए अधिक धन प्राप्त कर सकती है। सरकारी कार्यालयों और इससे जुड़े तंत्र के अनावश्यक खर्चों पर नियंत्रण कर बड़ी राशि की बचत की जा सकती है। वित्त विशेषज्ञों का भी मानना है कि बजट में इन सभी मदों में रखी गई राशि का सदुपदुयोग किया गया तो निश्चित रूप से इसके सुखद परिणाम सामने आएंगे। साथ में इसके लिए नियमित अनुश्रवण भी आवश्यक है।

अन्य विभागीय व्यय को 4127 करोड़

सरकारी वाहनों की खरीद, संचालन, ईंधन के साथ ही यात्रा भत्ते, सरकारी कार्यालयों से संबंधित व्यय के लिए सरकार ने वर्तमान बजट में 5800 करोड़ से अधिक राशि की व्यवस्था की है। इसमें अन्य विभागीय व्यय के रूप में ही 4127.44 करोड़ की बड़ी राशि सम्मिलित है। व्यावसायिक और विशेष सेवाओं के लिए सरकार 191.74 करोड़ खर्च करने जा रही है। अब तक देखने में आया है कि ऐसी सेवाओं का अपेक्षित लाभ उठाने में प्रदेश सफल नहीं रहा । वाहनों के संचालन, अनुरक्षण और ईंधन पर खर्च के लिए 107.57 करोड़ की व्यवस्था की गई है। उपयोगिता बिलों को 403 करोड़ कार्यालयों के प्रयोग के लिए वाहन खरीद के लिए 63.77 करोड़ रुपये दिए गए हैं। उपयोगिता बिलों पर सरकारी धन के दुरुदुपयोग को थामना आवश्यक है। इसके लिए 403.44 करोड़ की धनरा शिरखी गई है। यात्रा भत्तों पर 109.24 करोड़ समेत लेखन, कार्यालय फर्नीचर एवं उपकरण, कार्यालय खर्च को जोड़ा जाए तो कुल 124 करोड़ से अधिक राशि खर्च होनी है। आतिथ्य व्यय को 11.16 करोड़, गुप्त सेवा व्यय को 28.44 करोड़, भोजन व्यय को 47.81 करोड़ और मशी न उपकरण, सज्जा एवं संयंत्रों के लिए 182.72 करोड़ रुपये दिए गए हैं।

अनुरक्षण मद में 763 करोड़

अनुरक्षण पर होने वाला कुल सरकारी खर्च 763.36 करोड़ अनुमानित है। सामान और उसकी पूर्ति मद में 541.49 करोड़ की राशि खर्च होने का अनुमान है। इन सभी खर्चों पर संतुलित दृष्टि से खर्च के अच्छे परिणाम सामने आ सकते हैं। वित्त मंत्री प्रेमचंद अग्रवाल ने कहा कि बजट में मितव्ययता सरकार की प्राथमिकता है। अनावश्यक खर्चों पर कड़ाई से अंकुश लगाया

जाएगा। https://www.jagran.com/uttarakhand/dehradun-city-uttarakhand-government-has-challenge-of-utilizing-amount-of-5800-crores-22823103.html

3. झारखंड के सरकारी उपक्रम बेलगाम... नहींदेते हिसाब-किताब; सीएजी की रिमाइंडर भी बेअसर *(jagran.com)* June 20, 2022

झारखंड के सरकारी उपक्रम बेलगाम हो गए हैं। नियंत्रक एवं लेखा महापरीक्षक (सीएजी) द्वारा बार-बार वार्षिकर्षि आडिट नियमित करने के निर्देश के बावजूद अधिकांश सरकारी उपक्रमों ने इस आवश्यक वित्तीय प्रक्रिया का अनुपानु पालन नहीं किया । विधानसभा ने इन कंपनियों को आडिट रिपोर्ट अद्यतन करने को कहा है। एक सरकारी उपक्रम झारखंड राज्य खाद्य एवं नागरिक आपूर्ति निगम (जेएसएफसीएससी) का रिकार्ड तो अजूबा है। 2010 में निबंधित होने के बाद इस उपक्रम ने कभी सरकार और सीएजी को अपना हिसाब-किताब ही नहीं सौंपा।

झारखंड पर्यटनर्य विकास निगम (जेटीडीसी) सरीखे महत्वपूर्ण विभाग की आडिट रिपोर्ट 11 वर्ष से बकाया है। जबकि जेटीडीसी के पास कई महत्वपूर्ण संसाधन है, जिससे बड़े पैमाने पर आय होती है। इन दोनों महत्वपूर्ण सरकारी उपक्रमों के नक्शे-कदम पर लगभग सभी उपक्रम हैं जो वित्तीय अनुशासनहीनता की बानगी पेश करते हैं। बीते छह साल से लेकर न्यूनतम एक वर्ष से इनकी वार्षिकर्षि रिपोर्ट लंबित है। इस पर राज्य सरकार ने चिंता जताई है। विधानसभा की लोक उपक्रम समिति ने भी इस पर नाराजगी जताते हुए विभागीय प्रमुखों को निर्देश दिया है कि हिसाब-किताब तत्काल उपलब्ध कराया जाए।

उल्लेखनीय है कि कंपनी अधिनियमों के तहत विभिन्न विभागों के मातहत झारखंड सरकार ने समय-समय पर इसका गठन किया है। कंपनियां सीएजी के दायरे में आती हैं। नियम के मुताबिक इन्हें हर वर्ष आडिट रिपोर्ट सौंपना अनिवार्य है। आडिट रिपोर्ट जमा नहीं करने पर सीएजी इन्हें बार-बार आगाह करती है। इसके बावजूद कंपनियों द्वारा हिसाब-किताब नहीं सौंपा जा रहा है। विधानसभा की नवगठित लोक उपक्रम समिति ने इन कंपनियों के रुख पर कड़ा एतराज जताते हुए आडिट रिपोर्ट अद्यतन करने को कहा है। समिति विभिन्न विभागों की अलग-अलग बैठक बुलाकर इसकी वजह पूछने की तैयारी में है। पूर्व में भी लोक उपक्रमों को समिति द्वारा आगाह किया है। इस संबंध में अभी तक 25 प्रतिवेदन दिए गए हैं, लेकिन विभागों ने इस पर कोई कार्रवाई नहीं की।

विभिन्न विभाग और उसके तहत कार्यरतर्य कंपनियां

ऊर्जा विभाग - तेनुघाट विद्युतयु निगम लिमिटेड (टीवीएनएल), झारखंड ऊर्जा विकास निगम, झारखंड बिजली वितरण निगम, झारखंड ऊर्जाउत्पादन निगम, झारखंड ऊर्जासंचरण निगम।

शहरी विकास एवं आवास विभाग - ग्रेटर रांची डेवलपमेंट एजेंसी (जीआरडीए), झारखंड स्टेट बिल्डिंगल्डिं कंस्ट्रक्शन कारपोरेशन लिमिटेड, रांची स्मार्ट सिटी, रांच अर्बनर्ब ट्रांसपोर्ट कारपोरेशन।

उद्योग विभाग - झारखंड प्लास्टिक पार्क लिमिटेड, झारखंड इंडस्ट्रियल इंफ्रास्ट्रक्चर डेवलपमेंट कारपोरेशन (जिडको), झारखंड सिल्क टेक्सटाइल एंड हैंडीक्राफ्ट डेवलपमेंट कारपोरेशन (झारक्राफ्ट)।

सूचना प्रौद्योगिकी एवं ई-गवर्नेंसर्न - झारखंड कम्युनिकेशन नेटवर्क लिमिटेड, अटल बिहारी वाजपेयी इनोवेशन लैब।

वन एवं जलवायु परिवर्तनर्त - झारखंड स्टेट फारेस्ट डेवलपमेंट कारपोरेशन।

जल संसाधन विभाग - झारखंड हिल एरिया लिफ्ट एरिगेशन कारपोरेशन।

पर्यटनर्य विभाग - झारखंड पर्यटनर्य विकास निगम (जेटीडीसी)।

उत्पाद विभाग - झारखंड स्टेट बिवरेज कारपोरेशन।

खाद्य आपूर्ति - झारखंड स्टेट फूड एंड सिविल सप्लाइज कारपोरेशन।

कल्याण विभाग - झारखंड स्टेट माइनरिटी फाइनेंस एंड डेवलपमेंट कारपोरेशन।

स्वास्थ्य विभाग - झारखंड मेडिकल एंड हेल्थ इंफ्रास्ट्रक्चर डेवलपमेंट एंड प्रोक्यूरयूमेंट कारपोरेशन।

गृह विभाग - झारखंड पुलिस हाउसिंगसिं कारपोरेशन।

परिवहन विभाग - झारखंड रेलवे इंफ्रास्ट्रक्चर डेवलपमेंट कारपोरेशन।

कृषि विभाग - एग्रीकल्चर डेवलमेंट कारपोरेशन।

खान एवं भूतत्व - झारखंड स्टेट मिनरल डेवलपमेंट कारपोरेशन, आदित्यपुरपु इलेक्ट्रानिक मैन्युफैक्चिरिंगरिंग कलस्टर लिमिटेड।

लोक उपक्रम समिति के सभापति सरयू राय कहते हैं कि राज्य के सरकारी उपक्रमों में वित्तीय अनुशासनहीनता चरम पर है। इसकी विभाग के अनुसार समीक्षा होगी । उपक्रमों को लेकर शिकायतों पर भी कार्रवाई होगी। 27 जून को इससे जुड़ी बैठक बुलाई गई है। लोक उपक्रम समिति इनका पक्ष सुनकर कार्रवाई करेगी। https://www.jagran.com/jharkhand/ranchi-jharkhand-news-jharkhand-government-undertakings-not-give-accounts-cag-reminders-also-ineffective-22822633.html

4. आरोप: सरकारी जमीन पर है शाहरुख खान का बंगला *(bhaskarhindi.com)*

Jun 21, 2022

औरंगाबाद के पूर्व विधायक हर्षवर्धन जाधव ने प्रदेश सरकार के खिलाफ किराए पर दी गई सरकारी जमीन का भाड़ा न वसूलने को लेकर गंभीर आरोप लगाया है। सोमवार को जाधव ने कहा कि मशहूर अभिनेता शाहरूख खान का मन्नत बंगला सरकारी जमीन पर बना हुआ है। मन्नत बंगले का किराया करार साल 1981 में खत्म हुआ है। लेकिन साल 1981 से लेकर अभी साल 2022 तक किसी मुख्यमंत्री ने उस करार

को पुनर्स्थापित नहीं किया है। जाधव ने कहा कि शाहरूख गैर कानूनी रूप से सरकारी जमीन पर रह रहे हैं, लेकिन उनके खिलाफ मुख्यमंत्री उद्धव ठाकरे और राज्यपाल भगत सिंह कोश्यारी दोनों चुप हैं।

जाधव ने कहा कि महालक्ष्मी रेस कोर्स की 200 एकड़ जमीन प्रदेश सरकार की है। विधानमंडल के पास स्थित मित्तल टॉवर और मेकर चेम्बर्स सरकारी जमीन पर है। लेकिन सरकार इन जमीनों का किराया नहीं वसूल रही है। जाधव ने कहा कि मैं नियंत्रक एवं महालेखा परीक्षक (कैग) की रिपोर्ट के आधार पर यह आरोप लगा रहा हूं। मैं अपने आरोपों के बारे में मंगलवार को मीडिया से सबूत साझा करूंगा। जाधव ने कहा कि यदि सरकार ने किराए पर दी गई सरकारी जमीन को नियमित किया तो सरकार को स्टांप ड्यूटी और किराए से इतना ज्यादा राजस्व मिलेगा कि महाराष्ट्र में टैक्स वसूलने की जरूरत नहीं पड़ेगी।

सुप्रीम कोर्ट में दाखिल की है याचिका

जाधव ने कहा कि मैंने इस मामले को सुप्रीम कोर्ट में याचिका दाखिल किया है। जिस पर सुप्रीम कोर्ट ने राज्य सरकार को नोटिस दिया है। जाधव ने कहा कि पूर्व की भाजपा-शिवसेना की युति सरकार, कांग्रेस-राकांपा की आघाड़ी सरकार और शिवसेना, राकांपा व कांग्रेस की मौजूदा महाविकास आघाड़ी सरकार के शासनकाल में सैकड़ों एकड़ सरकारी जमीन अल्प दरों में किराए पर दी गई है। लेकिन सरकार ने इन सरकारी जमीनों का किराया वसूलना बंद कर दिया है। इस कारण महाराष्ट्र सरकार की तिजोरी खाली है और टैक्स बढ़ गया है। यदि सरकारी जमीनों का किराया वसूल किया गया तो महाराष्ट्र टैक्स फ्री हो सकता है। https://www.bhaskarhindi.com/city/news/shahrukh-khans-bungalow-is-on-government-land-380414

5. Bengal depts get expense statement order *(timesofindia.indiatimes.com)* Jun 21, 2022

Bengal depts get expense statement order Kolkata: The Bengal government has asked all departments to complete reconciliation statements within this month over instances of huge pendencies.

A missive from state finance secretary Manoj Pant to all departments mentions completing it for all expenditures during financial year 2021-22, as there are many pending utilisation certificates even from 2002-2003.

Earlier, Yasodhara Ray Chaudhuri, the PAG (principal accountant general), had written to Pant about it and said that various departments were not submitting their utilisation certificates as well. She wanted to close all supplementary accounts by June. Now, the PAG wants that those pending UCs since 2002-03, for spent during the Left Front regime, should also be provided. https://timesofindia.indiatimes.com/city/kolkata/bengal-depts-get-expense-statement-order/articleshow/92349333.cms

6. Govt committed irregularities of Rs 66,000 cr: TDP *(uniindia.com)* June 20, 2022

Vijayawada, June 20 (UNI) Telugu Desam Party(TDP) national official spokesperson GV Reddy here on Monday slammed the YSRCP Government in Andhra Pradesh for submitting "false" accounts to the Comptroller and Auditor General (CAG) of India.

Mr.G.V. Reddy alleged that in total, the Jagan Mohan Reddy Government has committed financial irregularities to the tune of Rs. 66,000 crore.

Addressing a press conference here, the TDP leader demanded that the Chief Minister release a 'white paper' on the State's real financial situation. The YSRCP leaders had no courage to come for a debate on the massive loans brought in the past three years, he said.

Mr.G.V. Reddy termed it shameless on the part of the ruling government to get reports published in Sakshi that AP loans were lower when compared to other states. False reports were being circulated that only Rs. 25,194 Cr loans were brought though the budget showed Rs. 37,029 Cr.

The TDP leader said that as per CAG's monthly key indicators, AP loans touched Rs. 51,112 Cr by February, 2022 itself. How such a huge debt could be shown as reduced to Rs. 25,000 crore by March, 2022. As usual, the AP Government was submitting totally false and concocted figures to the CAG.

Mr.G.V. Reddy said the loan repayment made in a public account was shown in the main account in violation of rules. Public account was for public savings that the Government would keep repaying. False accounts were shown that Rs 1,00,293 crore was paid towards this during 2021-`22. Loans brought through Government Corporation were not submitted to the CAG.

The TDP leader said Telangana loans went up from Rs. 43,000 crore in February, 2022 to Rs 47,690 crore in March, 2022. Contrary to this, AP loans were shown as being reduced during this period. Whereas, only through the RBI, the AP Government had brought Rs. 25,000 crore loans during 2021-`22, he stated.

Mr.G.V. Reddy said AP got badly stuck in a deep debt trap just like Sri Lanka. In another four to five months, Andhra Pradesh would become totally bankrupt. It was high time that the people should question the ruling YSRCP leaders about the State loans during their Gadapa Gadapaku visits. http://www.uniindia.com/govt-committed-irregularities-of-rs-66-000-cr-tdp/south/news/2762079.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

7. Trial by fire *(thehindubusinessline.com)* Jun 20, 2022

India is following a global precedent with Agnipath, but the Centre needs to iron out imperfections

Reforms are never easy to sell, and more so when they are sprung on the people without prior debate and discussion. That’s the lesson from the furore over the Agnipath scheme for the armed forces. The scheme, designed to reduce the average age of the forces, and to divert precious funds from salaries and pensions to investing in modernisation, equipment and technology, is a good reform measure. The defence forces cannot remain in a time warp and outside the purview of reforms. While the logic and need for reforms is unquestionable, it is also important that they are sold well. The Agnipath scheme is being pilloried wrongly, with entirely unacceptable violence breaking out as a result of a misunderstanding of the specifics of the scheme. India needs a young, modernised and battle-ready defence forces at a time when technology has become the cutting edge of combat. The average age of the Indian soldier estimated by the Kargil Review Committee in 1999 was 30 years. It has subsequently risen to 32 years, belying the suggestions of the Committee that the Army "must be young and fit at all times". Secondly, while Defence Minister Rajnath Singh has said, rather rhetorically, that "money is never an issue when it comes to protecting the country", India can hardly ignore the ballooning pension bill of the armed forces. This will reduce the space for capital expenditure and modernisation for Defence, more so in the wake of the adoption of One Rank One Pension scheme in November, 2015 for over 25 lakh defence pensioners. In the current fiscal, Rs 1,19,696 crore has been budgeted for pensions along with another Rs 1,63,453 crore for salaries which together account for over half the allocation for the Defence Ministry. The Ministry estimates that every year 60,000 soldiers and about 1,000 officers in the Army alone become eligible for pensions.

In the Russia-Ukraine war, the limitations of sticking to conventional warfare methods, in terms of weaponry and personnel, have been exposed. The recruitment procedures followed by US and Russia, conflict prone nations like Israel, as also China, France, the UK and Germany are instructive in this regard. They follow short-duration models to keep their armies young and dynamic. The professionalism of the Indian armed forces is unquestionable but they must also change with the changing times, especially with technology becoming a big differentiator in the battlefield. A smart, young, tech-savvy fighting force is the need of the times. Agnipath is the first step in that direction.

The government should consider some tweaks to the scheme that will make it better. First, the service period of four years is clearly designed to avoid paying gratuity at five years and deny ex-serviceman status. Such bureaucratic penny-pinching should be shed. A one-time payment of gratuity is not an unreasonable expectation especially given the Raksha Mantri's assertion of money not being a constraint. Secondly, the benefit of National Pension Scheme (NPS), as accorded to Central Armed Police Forces, can also be extended to the Agniveers so that they walk out with a corpus that they can build upon in their civilian life. These can hopefully help sell the Agnipath reforms better to the people. https://www.thehindubusinessline.com/opinion/editorial/india-is-following-a-global-precedent-with-agnipath-but-the-centre-needs-to-iron-out-imperfections/article65546156.ece

8. Agnipath Is Part of an Incapacitating Triple Hex That Ails India's Military *(thewire.in)* Jun 20, 2022

Chandigarh: The launch by the Union government of the controversial Agnipath scheme to recruit personnel below officer rank (PBOR) into India's armed forces, which has triggered widespread violent protests, could not have come at a worse time for a country that faces extant external security threats from both its nuclear-armed neighbours.

At a juncture when the Chinese military continues with its irredentist deployment in Ladakh, public disorder over Agnipath stands compounded by the lack of a Chief of Defence Staff (CDS) which, in turn had deferred the knock-on 'transformational' institution of Integrated Theatre Commands (ITCs) to augment inter-service synergy to manage future conflicts.

"This incapacitating triple hex is of the government's and the services' own making and comes at a time when India is confronting an actively dangerous Chinese military in Ladakh," said defence commentator Major General Amrit Pal Singh (retired). Even though India is nowhere near resolving the military standoff with Beijing along the Line of Actual Control (LAC), the establishment had flagrantly aggravated issues like Agnipath, while grave matters like nominating the CDS and the attendant formulation of ITCs, remains in limbo, he added.

A cross-section of other veterans, security officials and analysts were equally blunt in their assessments, but unwilling to be named, for fear of repercussions for opposing the designated 'official line' that the prevailing security situation was 'highly manageable'.

"The government is presently facing crises on multiple security fronts, but resolving none," declared a former two-star Indian Navy (IN) officer. The higher service echelons, he conceded, were equally complicit in perpetuating overall disorder, which only seems to be steadily proliferating.

And though all three major security concerns encircling Prime Minister Narendra Modi's BJP-led administration like Agnipath, the CDS's appointment and the ITCs, have been debated threadbare over an extended period, their significance still merits reiteration.

Firstly, Agnipath's merits and demerits continue to figure prominently in newspapers and on social and electronic media, as youths across several states riot against it, burning and disrupting trains, buses and police vehicles. But the irrevocable upshot is that, despite such pervasive unrest and criticism of the scheme by both serving and veteran officers, the government is neither going to revoke or majorly alter the scheme, or even admit any fallibility in its conception. It aims to kick off the Agniveer recruitment drive later this week.

But, much like the recurrent procedural changes effected almost daily during the 2016 demonetisation campaign, the Agnipath plan too continues to undergo frequent modifications, evidently in proportion to the disaffection amongst youths rampaging against this contractual military recruitment scheme.

"It's quite obvious that the entire Agnipath plan was not clearly thought through or debated before it was announced last week, or there would be no need for the slew of post facto additions and changes to it," said a retired three-star Indian Air Force (IAF) officer. And, in a rare admission of the military's blameworthiness in endorsing a flawed scheme, he said the respective service headquarters were also eager to endorse Agnipath without even remotely considering its obvious flaws and adverse implications that hinged primarily on its eventual execution and lack of trust in officialdoms ability to implement it.

Hence, the recent palliatives of 10% job reservations in the Central Para Military Forces (CAPF), Assam Rifles and 16 defence public sector units were announced for demobilised Agniveers only after the protests erupted. Alongside, several BJP-ruled states and other public sector corporations also competed with one another in offering future employment to large numbers of Agniveers, discharged after a four-year tour of military duty.

Nonetheless, some media reports citing official data, expressed severe skepticism on this count.

Quoting statistics from the Defence Ministry's Directorate of Re-settlement, the Indian Express on June 20 revealed the paltry number of ex-servicemen who had actually been provided government jobs in the recent past, despite 'dedicated' reservations and grandiose promises, similar to the ones being assured given to Agniveers. The newspaper disclosed that of the 30% posts reserved till June 30, 2021 for ex-servicemen in various types of government organisations like CAPF, nationalised banks and public sector units, amongst others, only 3.95% of military retirees had managed to secure employment.

"The recent pledges of job reservations for Agniveers should have been part of the initial Agnipath announcement," said a two-star IA officer. It now appears the recent undertakings were an afterthought, more like placeboes, and a damage limitation endeavour in which few opf the rioting youths believed, he added, requesting anonymity.

Pension savings not part of the plan?

Meanwhile, there is an element of disingenuity that has insidiously crept into the progenitors of the Agnipath plan, which the late CDS General Bipin Rawat and all three services had initially stated was being launched with the twin objectives of reducing annual pension pay-outs and fielding a youthful military, by reducing its mean age from 32 to 26 years.

Mysteriously, however, over the past week, first defence minister Rajnath Singh and thereafter Lieutenant General Anil Puri, presently heading the Department of Military Affairs (DMA) after General Rawat's demise, said saving on pensions was the last thing on their mind in initiating Agnipath. Singh had stated last week, when Agnipath was announced, that the government did not look upon the armed forces from the 'savings' viewpoint, but Lt General Puri went even a step further than the raksha mantri.

In an interview with NDTV over the weekend, Lt General Puri disbelievingly stated that in his entire analysis on Agniveer's, there was 'no financial chapter' or even mention of pensions. He declared that there was nothing like a cost-to-company (CTC) concept in the military with regard to Agniveers, as the country's defence was priceless and incalculable. "There is nothing like CTC in the military; these words do not exist in its lexicon," Lt General Puri categorically stated adding that there was simply no 'connect' between money and the prospective Agniveer scheme, disabusing all notions of Agnipath effecting pension savings.

In fact, the three-star officer went on to state that services will end spending more on these part-time recruits, than it would end up saving. "There is never a demand-supply problem (of finances) for the military," Lt General Puri amazingly said, adding that in the services there was also no 'planning on savings'. This latter statement will, no doubt, be queried not only by the armed forces themselves, but also by parliamentary and other governmental watchdog committees.

The DMA officer also inexplicably claimed that the severance package of the discharged Agniveers would total Rs 24 lakhs, instead of the Rs 11.71 lakhs that was earlier stated by defence minister Singh. According to Lt General Puri's complex and knotty calculations, this larger amount would include the Agniveers' 'personal savings' during their four-year tour of duty, in what appears to be a prescient evaluation of what each out going recruit would salt away each month from his salary.

Lt General Puri's assertions, however, fly in the face of what his late boss General Rawat frequently dwelt upon – the issue of escalating pensions and how they were singularly responsible for eroding the military's annual fiscal outlays for modernisation. In a Press Trust of India report in February 2020, for instance, General Rawat was quoted as saying that the rise in the armed forces pension budget was simply 'unsustainable'.

The former CDS revealed that pensions for Financial Year (FY) 2020-21 were Rs 1.33 lakh crore, up from Rs 1.1 lakh crore a year earlier. "Look at that jump (in defence pensions) that is taking place," he had stated at the time, and had subsequently repeated this escalation in pensions ad nauseum that he asserted was eating into the military's capital or acquisition budget. If this is the way the jump (in pensions) keeps happening, it is not sustainable and needed reducing, General Rawat had said, contrary to what Lt General Puri maintains.

In FY 2022-23, service pensions equaled Rs 119,696 crore of the overall defence budget of Rs 525,166 crore or 22.79%, leaving limited resources for the military's modernisation. In all likelihood, these exorbitant pay-outs would not pose Lt General Puri or his DMA any fiscal worries. Thus, recruiting Agniveers for longer durations would pose no financial burden on the state.

Secondly, procedures to appoint a CDS to succeed General Rawat after his death in a helicopter crash in Tamil Nadu last December, too have been equally muddled, much like Agnipath. This had resulted in India's senior most military post remaining vacant, even as the Chinese military doggedly refused to withdraw and restore the status quo along the LAC that prevailed before its ingress in May 2020, into wide swathes of territory India perceives as its own.

After months of prevarication, the government recently expanded, via a June 7 notification, the talent pool of officers eligible to become CDS, to include all serving and retired three-star officers below 62 years of age. This prompted speculation that one such officer had been shortlisted and that an announcement was imminent; but nearly a fortnight later no proclamation had emanated. Consequently, damaging hearsay on the prospective CDS persists, with several putative candidates busy lobbying politicians and currying favour with the government by vociferously backing the Agnipath scheme on television news channels and from seminar podiums across the country.

And, thirdly the unresolved operational ITC concern that was closely inter-twined with the CDS's appointment.

All three services are believed to have finalised their reports on creating theatre commands, which they had recently submitted to Lt General Puri for further consideration by the DMA. These analyses had been requisitioned by General Rawat in late 2021 with the eventual aim of instituting four or five ITCs – down from 17 individual service commands – to operationally combine India's tri-service manpower and assets by 2023. But without a CDS, this task would not only remain still born but would also be delayed.

"Perhaps, the unhurried haste with which the CDS appointment is being pursued will eventually transpire, after which the ITCs can be pursued," said a senior army officer. But till that occurs, the multiple security crises facing the government and military will endure, even as the dangers on the country's disputed northern and western borders persist, he warned. https://thewire.in/security/agnipath-cds-integrated-theatre-command-india-military-incapacitate

9. India faces near term challenges in managing its fiscal deficit: Finance Ministry *(businesstoday.in)* Jun 20, 2022

The Finance Ministry in its latest monthly economic report said that India faces near term challenges in managing its fiscal deficit due to various global challenges. It added that there is now an upside risk to gross budget deficit due to additional welfare and subsidy spending and cut in excise duty on fuel.

"As government revenues take a hit following cuts in excise duties on diesel, and petrol, an upside risk to the budgeted level of gross fiscal deficit has emerged. Increase in fiscal deficit may cause the current account deficit to widen, compounding the effect of costlier imports, and weaken the value of the rupee," the Finance Ministry said.

Reiterating India's stance, the Ministry of Finance in its monthly economic report said that India is at low risk of stagflation, owing to its prudent stabilisation policies. "The momentum of economic activities sustained in the first two months of the current financial year augurs well for India continuing to be the quickest growing economy among major countries in 2022-2023," it said.

With regards to the surging prices of oil globally, the report said that the imported components of high retail inflation in India have mainly been elevated global prices of crude and edible oil, it said, adding the onset of the summer heat wave has also contributed to the rise in food prices domestically.

However, going forward, it said, international crude prices may be tempered as global growth weakens and the Organisation of Petroleum Exporting Countries (OPEC) increases supply.

The report states that the Indian economy in 2021-22 has indeed fully recovered the pre-pandemic real GDP level of 2019-20, it said the real GDP growth in 2021-22 stands at 8.7 per cent, 1.5 per cent higher than the real GDP of 2019-20

"The provisional estimates of GDP released on 31st May 2022 have reaffirmed Indian economy's complete recovery over the pre-pandemic level, although contact intensive sectors are yet to recover. The recovery is driven by sustained growth in agriculture, higher investment and rise in exports," the report said. https://www.businesstoday.in/latest/economy/story/india-faces-near-term-challenges-in-managing-its-fiscal-deficit-finance-ministry-338386-2022-06-20

10. Centre may cut revenue expenditure to check fiscal slippage *(thehindubusinessline.com)* Jun 20, 2022

Excise duty cut, fertiliser subsidy have upped the risk to budgeted fiscal deficit: FinMin report

Reduction of excise duty on petrol and diesel has increased the risk to budgeted fiscal deficit, a Finance Ministry report said on Monday. It also advised rationalisation of non-capital expenditure.

The FY23 Budget estimated fiscal deficit at 6.4 per cent. However, last month, the government decided to cut part of excise duty levied on petrol and diesel. This reduction is estimated to bring down revenue collection by ₹1-lakh crore. At the same time, subsidy on fertiliser has been raised by ₹1.10-lakh crore to ₹2.15-lakh crore. All these are expected to have an effect on the fiscal deficit, indicated a monthly economic review (MER) prepared by the Economic Affairs Department of Finance Ministry.

Non-capex expenditure

"As government revenues take a hit following cuts in excise duties on diesel and petrol, an upside risk to the budgeted level of gross fiscal deficit has emerged. Increase in the fiscal deficit may cause the current account deficit to widen, compounding the effect of costlier imports, and weakening the value of rupee, thereby further aggravating external imbalances, creating the risk (admittedly low, at this time) of a cycle of wider deficits and a weaker currency. Rationalising non-capex expenditure has thus become critical, not only for protecting growth supportive capex, but also for avoiding fiscal slippages," MER said.

The budget prescribed an expenditure of over ₹39.44-lakh crore, out of which capital expenditure has been estimated at over ₹7.50-lakh crore, while the remaining ₹32-lakh crore is revenue expenditure.

Near-term challenges
According to the report, India faces near-term challenges in managing its fiscal deficit, sustaining economic growth, reining in inflation and containing the current account deficit while maintaining a fair value of the Indian currency. "Many countries around the world, including and especially developed countries, face similar challenges. India is relatively better placed to weather these challenges because of its financial sector stability and its vaccination success in enabling the economy to open up," the report said.

Further, it mentioned that India's medium-term growth prospects remain bright as pent-up capacity expansion in the private sector is expected to drive capital formation and employment generation for the rest of this decade. "Near-term challenges need to be managed carefully without sacrificing the hard-earned macroeconomic stability," MER said.

In the medium term, the successful launch of the Production Linked Incentive (PLI) scheme, development of renewable sources of energy while diversifying import dependence on crude oil and strengthening of financial sector are expected to drive economic growth, the report said.

Balancing act
It acknowledged that the high-wire balancing act between maintaining growth momentum, restraining inflation, keeping the fiscal deficit within budget and ensuring a gradual evolution of the exchange rate in line with underlying external fundamentals of the economy is the challenge for policymaking this financial year.

"Successfully pulling it off will require prioritising macroeconomic stability over a near-term growth. The reward for such a policy discipline will be the availability of adequate domestic and foreign capital to finance India's investment needs and economic growth that fulfil the employment and quality of life aspirations of millions of Indians," the report said. https://www.thehindubusinessline.com/economy/centre-may-cut-revenue-expenditure-to-check-fiscal-slippage/article65545776.ece

11. Five states need to take steps to stabilise debt levels: RBI *(indianexpress.com)* June 21, 2022

Bihar, Kerala, Punjab, Rajasthan and West Bengal are the five highly stressed states after taking into account the warning signs flashing from all the indicators, a Reserve Bank of India (RBI) study has said.

“We can identify a core subset of highly stressed states from among the 10 states identified by the necessary condition i.e., the debt/ GSDP ratio. The highly stressed states are Bihar, Kerala, Punjab, Rajasthan and West Bengal,” said the RBI study on state finances released last week.

It said Punjab is expected to remain in the worst position as its debt-GSDP ratio is projected to exceed 45 per cent in 2026-27, with further deterioration in its fiscal position. Rajasthan, Kerala and West Bengal are projected to exceed the debt-GSDP ratio of 35 per cent by 2026-27. These states will need to undertake significant corrective steps to stabilise their debt levels.

“Based on the debt-GSDP ratio in 2020-21,4 Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, Uttar Pradesh and Haryana turn out to be the states with the highest debt burden,” the study said. These 10 states account for around half of the total expenditure by all state governments in India, it said.

Among the ten states, Andhra Pradesh, Bihar, Rajasthan and Punjab exceeded both debt and fiscal deficit targets for 2020-21 set by the 15th Finance Commission (FC-XV). Kerala, Jharkhand and West Bengal exceeded the debt target, while Madhya Pradesh overshot the fiscal deficit target. Haryana and Uttar Pradesh were exceptions as they met both criteria. Rajasthan, Kerala and West Bengal are projected to surpass the FC-XV targets for debt and fiscal deficit in 2022-23 (BE), the RBI study said.

It said the own tax revenue of some of these 10 states, viz., Madhya Pradesh, Punjab and Kerala, has been declining over time, making them fi scally more vulnerable. “For most of these states, non-tax revenue has remained volatile, dropping significantly in recent years. The decline in non-tax revenue is under general services, interest receipts and economic services,” the study said.

The share of revenue expenditure in total expenditure of these states varies in the range of 80-90 per cent. “Some states like Rajasthan, West Bengal, Punjab and Kerala spend around 90 per cent in revenue accounts. This results in poor expenditure quality, as reflected in their high revenue spending to capital outlay ratios,” it said.

Committed expenditure, which inter alia includes interest payments, pensions and administrative expenses, accounts for a significant portion (over 35 per cent) of the total revenue expenditure in states like Haryana, Uttar Pradesh, West Bengal, Kerala and Punjab, leaving limited fiscal space for undertaking developmental expenditure, it said. “Consequently, the share of developmental expenditure in these states is considerably lower than the other states.”

According to the RBI study, the combined losses of DISCOMs in the five most indebted states, viz., Bihar, Kerala, Punjab, Rajasthan and West Bengal, constituted 24.7 per cent of the total DISCOMs losses in 2019-20, while their combined long-term debt was 22.9 per cent of the total DISCOM debt in 2019-20.

The 10 states identified by the vulnerability indicators account for around half of the total expenditure by all states and UTs, it said. The share of revenue expenditure in total expenditure of these states varies in the range of 80-90 per cent. Some states like Rajasthan, West Bengal, Punjab and Kerala spend around 90 per cent in revenue accounts, the study said. “This results in poor expenditure quality, as reflected in their high revenue spending to capital outlay ratios,” the study observed.

Although welfare-enhancing, the impact of revenue spending on economic activity lasts for just about a year. In contrast, the impact of capital outlay is stronger and lasts longer, with the peak effect materialising after two-three years, it said. https://indianexpress.com/article/business/economy/five-states-need-to-take-steps-to-stabilise-debt-levels-rbi-7980823/

12. India is understaffed. PM's nudge to fill lakhs of public sector job is affordable and doable *(theprint.in)* June 21, 2022

The Agnipath scheme and the opposition to it last week completely overshadowed Prime Minister Narendra Modi's nudge to all the central ministries, departments and PSUs to fill up the 8.72 lakh vacancies over the next 18 months. Even as some newspapers commented that such a scale of hiring is beyond the ken of the existing recruiting agencies, and may add to the fiscal deficit, it is important to place the issue of public sector employment in perspective – both in terms of the critical shortages in human resources, as well as from the point of view of the budgetary outlays.

It must be mentioned that the figure of 8.72 million is for the Union government, whereas the bulk of the employment in health, education, agriculture, infrastructure, and policing comes under the 28 state governments and eight Union Territories. It would therefore not be unrealistic to peg the total vacancy position in the country at somewhere between 25 to 30 lakh.

While the thrust of all governments has been to create employment and opportunities in the private sector, there can be no denial that unless the existing vacancies in the government are filled up, the country will not be able to achieve the 17 Sustainable Development Goals (SDGs) of the UN, which India has endorsed by 2030.

Understaffed and badly performing

Contrary to public perception, the government is understaffed in every single department, starting with the elite All India Services (AIS) – the IAS and IPS. Of the total sanctioned strength of 11,697 posts for both these services, only 9,279 are currently filled, with 2,418 positions, or 20 per cent of the posts still being vacant. The forest service is better placed with less than 10 per cent vacancies for the IFS and the SFS, but the rangers' and forest guards have a staggering shortage of over 30 per cent. This affects on-ground performance because it involves field visits, inspections and interactions with stakeholders.

While it is possible for AIS officers to hold additional charges, especially at the senior level, dual charges do not work well at the level of the primary health centres (PHCs) or the Block office or the police station. Unless the full contingent of the workforce is available, the administration's performance falls short of the target, or worse, relevant boxes are ticked on paper to make it appear that things are under control. So, if the Bureau of Police Research and Development (BPRD) is reporting five lakh vacancies at the level of constables across the country, the situation is grim – and while some work can be rationalised by the application of IT, AI, and procedural simplifications like online FIRs and technology applications like CCTVs to challan traffic violators automatically, the expectation of the community from police are rising exponentially.

With regard to health, two years ago, the Union Ministry of Health and Family Welfare informed Parliament that India had only one doctor for every 1,457 people. As per WHO norms, India would require an additional six lakh doctors and 10 lakh nurses. The shortfall in rural India is worse.

We now turn our attention to education, especially primary education. The National Education Policy (NEP) is great, but one has to acknowledge that 1.1 lakh schools in India are single-teacher entities. The country needs to recruit more than 10 lakh teachers to meet the NEP norms, and in the remoter districts, the number of vacancies is as high as 69 per cent.

The big agriculture gap

With regard to agriculture, let us remember that in the heydays of the Green Revolution, the extension services had a threefold connect with the agriculture universities, the state department and the farmers. The extension worker spoke the language of the farmer and ensured that the 'lab-to-land transfer' was effective.

However, as against the norm of one extension worker for every 700 farm families, the figure stands at one functionary for 1,200 families now. The Dalwai committee established to double farmers' incomes recommended that this be addressed on utmost priority.

Agriculture extension is closely related to the research being carried out in the agriculture universities such as Punjab Agricultural University, GB Pant Agriculture University in Uttarakhand and Bidhan Chandra Krishi Vishwavidalya in Bengal. All three have been trifurcated to create new universities – either for a specific geography, or sub-discipline.

Though the number of graduates and PhDs has increased, there is a marked decline in the quality of research and its application in these universities because their faculty strength is less than the numbers envisaged for them when they were established.

Imagine the counterfactual – if these universities had filled up all their teaching and research jobs – Punjab's agriculture would have moved out of the wheat-rice cycle a decade ago, saved its water table and emerged as the hub for dairying and horticulture, and added many agripreneurs to its ranks. The hills of Kumaon and Garhwal would have been laden with stone fruits and off-season vegetables, and the fertile tracts along the Ganga would have made Bengal the global hub for flowers, fruits, and vegetables. In fact, if India aspires to play the lead role in global food security, it has to be driven by research, extension, and technology services – all of which require investments in human resources.

Public servants are an asset

Let us now take a look at the Union budget. In the budget of nearly Rs 40 lakh crore, some key heads of expenditure include Rs 2 lakh crore on food security, Rs 1 lakh on fertiliser subsidy, and another Rs 75,000 on MGNREGA. Therefore, assuming an average salary of Rs 50,000 for the 8.72 lakh new hires, the additional expenditure would be around Rs 52,000 crore. However, when public systems are strengthened, the positive gains have a multiplier effect. Imagine what an additional teacher in a primary school does for the empowerment of the child, or when an extension worker shares information about new seed varieties and market prices.

We must also address the issue of additional resources, especially for the state governments. What comes to mind immediately is a 2 per cent cess on the fee paid to coaching centres for entrance exams – from IIT to JEE to CLAT to the civil services – and on non-critical drugs and nutraceuticals to support the education and health sector. The agriculture extension workers should receive support from the APMCs and Mandi Parishads, which are sitting on a surplus of several hundred crores. State governments can also save precious resources by restricting the power subsidy only to those at the bottom of the pyramid. In any case, more important than finding financial resources is an understanding that public servants are an asset, not a liability. This becomes even more relevant as the UN will mark 23 June as the Public Services Day. https://theprint.in/opinion/india-is-understaffed-pms-nudge-to-fill-lakhs-of-public-sector-job-is-affordable-and-doable/1004098/

13. Govt extends telecom PLI scheme by a year, ups incentive by Rs 4,000 cr *(business-standard.com)* June 20, 2022

The government has extended the productivity-linked incentive scheme for the telecom industry by another year and has expanded its scope to cover design-led manufacturing. The Centre will provide additional incentives of over Rs 4,000 crore under the amended scheme.

The Department of Telecommunications said the decision to amend the scheme was taken following consultation with stakeholders who had complained of stiff incremental and production targets for the first year 2021-22.

The department had notified the PLI scheme last February with an allocation of Rs 12,195 crore. Thirty-one companies were selected under the scheme last October. The beneficiaries will be able to select 2021-22 or 2022-23 as the first year for availing the incentives.

The policy has also been amended with the aim of building a strong ecosystem for 5G, the government said.

“The scheme is open to both MSME and non-MSME companies, including domestic and global companies. The applications from design-led manufacturers shall be prioritised over other manufacturers while shortlisting. Design led manufacturing is primarily aimed to support efforts for designing telecom products in India. It will recognise and encourage R&D-driven manufacturing in the country to enhance its contribution to the global value chain as envisaged in the National Digital Communication Policy, 2018,” the government said in a press release.

Applicants will have to satisfy the minimum global revenue criteria to be eligible under the scheme. Companies may invest in single or multiple eligible products. The scheme stipulates a minimum investment threshold of Rs 10 crore for MSME and Rs 100 crore for non MSME applicants. Land and building cost will not be counted as investment. The eligibility shall also be subject to incremental sales of manufactured goods (covered under scheme target segments) over the base year (FY2019-20). The allocation for MSME has been enhanced from Rs 1,000 crore to Rs 2,500 crore, it added. https://www.business-standard.com/article/economy-policy/govt-extends-telecom-pli-scheme-by-a-year-ups-incentive-by-rs-4-000-cr-122062001152_1.html

14. Towards a socially just, ecological agriculture *(thehindubusinessline.com)* Jun 20, 2022

The landless labourers in Punjab have been short-changed for long. Land reforms must be implemented in spirit

A few days ago, five landless workers unions of Punjab met the State Chief Minister to highlight the need to protect landless rural workers.

Their 17-point charter of demands includes fixing the minimum wage at ₹700 per day, action against those boycotting agricultural workers and ensuring transparent auctions of Shamlat lands meant for Dalit communities.

Landless rural workers of Punjab have been battered by Covid-19 work losses, the under-performance of the MGNREGA scheme and soaring inflation.

Despite the woes, landed farmers have been issuing diktats regarding wage caps that are much below the prevailing wage rates and threatening protesting workers. However, the final trigger must have been the May Day eve announcement of the Punjab government subsidising mechanised and substantially labour displacing direct seeding of the Kharif rice crop. This is why the demand for compensation for the adoption of direct seeding and fixing labour cost per worker at ₹6,000 per acre features prominently on their list of demands.

The charter of demands is a cry of despair by landless rural workers. The denial of their rights has not been addressed for decades.

They remain landless despite the promise of "land to the tiller". In Punjab, the land is concentrated in the hands of upper-caste landlords. The Punjab Land Reforms Act, 1972, which would have provided land for redistribution, has not been implemented in spirit.

Weakening legislation

Moreover, a 2017 amendment to the Act now allows for exemptions of land ceilings for commercial and industrial purposes through a simple process enabling subversion of land ceilings and conversion of land for non-agricultural use. This has further weakened the commitment for redistributing ceiling surplus land to the landless.

The 2011 census reported that nearly 69 per cent of agricultural workers in Punjab are from the Dalit community. Backward castes and other marginal sections also form a big chunk. As per the Agriculture Census of 2015-16, only 3.5 per cent of private farmland belongs to the Dalit community, which makes up 32 per cent of Punjab's populace.

The Punjab Village Common Lands Act 1961, provides Dalits rights over one-third of common, or Panchayat, lands in proportion to their population. These are auctioned every year. However, despite provisions to contain abuse, the Act has not been implemented in spirit as there has been a lot of resistance to it from landlords.

An RTI report revealed that land grabbers control over 13 per cent of this Shamlat land. In 2020, the Punjab government had also amended the Rules under this Act to sell Shamlat lands to companies and entrepreneurs, triggering fears that it would adversely affect the chances of thousands of Dalit families who seek these lands on lease for crop cultivation.

The Green Revolution and the resultant economic growth improving the living standards of farmers have largely excluded the Dalit landless communities in rural Punjab. In addition, the reversal in earlier gains of intensive agriculture seen across the last two decades, and the unfolding ecological and social costs of the Green Revolution, have multiplied the burdens, the brunt of which have been borne mainly by the landless agricultural labour. Several recent ground-level studies show how the rural landless are in the grip of loan sharks and usurious microfinance companies, increasing their indebtedness.

The Green Revolution has resulted in the contamination of groundwater as a direct result of the use of fertilisers and pesticides. Today safe drinking water is beyond the reach of agricultural labour. Reverse Osmosis (RO) plants were set up in the last decade, but accessing them could cost up to about ₹1,000 per month per family. This cost is unaffordable for most rural landless families.

Punjab's landless workers, especially the landless Dalit community, must see time-bound land reforms on the ground. We must see workers becoming owners of their production individually and collectively through the encouragement of cooperative farming. Agricultural workers of Punjab need immediate debt relief.

The welfare state must step in. What is needed is a careful, corrective response for the common good of both workers and farmers in the short and long term. It is a wake-up call for resetting the rural economy, and Punjab should lead the way.

Solidarity, a caring economy and agro-ecology are what Punjab now needs to herald; it needs to ensure a certain departure from a Revolution which wasn't Green for the people and the planet. Punjab must move towards a more socially just and ecologically sound agriculture system. https://www.thehindubusinessline.com/opinion/towards-a-socially-just-ecological-agriculture/article65546563.ece

15. The Cassandra Effect in India's Aviation ***(fortuneindia.com)*** Jun 21, 2022

In Greek mythology, Cassandra, the daughter of Priam, the king of Troy, had the gift of prophecy, which had turned into a curse. She warns against accepting the gift of the Trojan horse, in which the Greeks were hiding, but the King chooses not to believe her. As the myth goes, this leads to the downfall of Troy. India's airline industry finds itself in a similar position today.

With aviation turbine fuel (ATF) prices soaring to new highs, the domestic airlines find themselves in a desperate situation including contemplating a collective strike in the last week to 10 days, sources confide with Fortune India. What if all the domestic airlines were to go on a collective strike and issue a newspaper advertisement saying they have saved so many crore rupees by not flying the country anywhere that day? What if many of the players pulled back on flights on offer and let fares soar? What if some of the smaller players downed shutters?

All these and other desperate measures were being considered by the domestic carriers battered by one crisis after the other since March 2020. On June 21st, Tuesday, aviation minister Jyotiraditya Scindia is holding a meeting with the CEOs of all the carriers where representatives of the finance and petroleum ministry will also be present to look into the immediate demands of the industry.

Airlines have raised fares and hope to cover around 60-70% of the hit they are taking on ATF but they are not passing on the entire burden. In the last many weeks, fares have been inching up but loads have so far remained robust. But, airline chiefs remain conscious that at some point, the loads will begin to fall and demand could taper off in India's highly price-sensitive market.

For a long time and well before the Ukraine war wreaked havoc on oil prices, the industry has been asking that the government bring ATF under GST (goods and services tax). While the government listens to its list of demands, it has either not yet been able to do it or not bought into it.

The sector, for now, wants parity with petrol and diesel such that the tax rate on ATF is fixed and not ad valorem as at present. "Currently, the tax on ATF is ad valorem and has a cascading effect," argues one of the CEOs of the airlines. Airlines cannot claim VAT input tax credit on fuel. So at ₹50,000/KL, the tax outgo on account of excise and VAT would be around ₹19,000/KL whereas at ₹100,000/KL, the tax outgo goes up to ₹38,000/KL. "Even though international flights are exempt from excise and VAT, this makes us uncompetitive vis-a-vis the global carriers as we make losses at home. This pulls us down and acts as a drag overall," says an industry source. The industry has been pushing for GST status for ATF, and this demand has been reiterated time and again ever since the pandemic battered the airlines.

Trust Deficit

Industry insiders and chiefs are unable to comprehend why their pleas to various government authorities have fallen on deaf ears. The sector has always assumed that the primary reason is that the government does not want to appear to be siding with an industry that is perceived to be a luxury, which is a fallacy, to begin with, since almost 150 million passengers flew in 2019 domestically.

But former and present government and the ministry of civil aviation sources say this is only a partial truth. One of the reasons why the government remains quite unmoved by the pleas of the sector is that they are not convinced that the industry is as "loss-making or beleaguered" as it claims. This lot argues that most of the airlines that have gone bust in the past in their view are more a case of mismanagement by the founders/promoters/management, mal-intent or even a faulty model, rather than a hostile operating environment overall. They point to IndiGo's success to buttress their point. "Jet operated in virtually a no competition era so taking its example might not be ideal but IndiGo has amply demonstrated how one can make money and build a strong business even when there are reasonably strong competitors," says one official.

A senior ministry official points to three or four facts observed by them over the years. He argues that in good times, airlines can and do make good money, and in a debt-free and easy manner. For one, through sales and leaseback, airlines that go in for large aircraft orders straight away book a large profit as there is almost a discrepancy of $5-8 million per aircraft between the price at which the airline buys the plane from the manufacturer and at which it sells and leases back the asset from the leasing company. If the airline chooses to bring that money back into the company's books, it has a good buffer, as IndiGo had done with its very first 100 aircraft order at the time of launch. This is what many argue gave the airline a headstart over others.

Another reason why government sources say they are not convinced about the sorry plight of airlines is unlike most other businesses, airlines do not need working capital loans as they open flights, and fares are collected in advance. "The moment a sector or flight is opened, fares begin to accumulate and they provide working capital for the airline," explains an airline CFO who has been with three of the Indian carriers. This is a big advantage, he argues, which only a few other sectors have. Overall, debt is usually not a concern for most airlines as aircraft financing is also well-established and does not reflect on their liabilities as such. Unlike debt of say infrastructure companies and other similar businesses, there is no real gestation period for the asset (the aircraft) to begin to offer returns.

Three, most airlines - both in India and globally - earn revenues through ancillary businesses and this can be a significant portion of their total revenues. “In other words, as has been demonstrated by airlines like IndiGo in the past, the business can be profitable and quite remunerative even when the macro environment is not wholly favourable,” says this official. He argues that even if the airline loses some money through its core operation of flying, it can be more than made up through other avenues. “If this was not the case, why would many of the players continue in this business. Nobody is here to consistently make losses,” says he, pointing out that most in the sector are “pretty shrewd businessmen”. Moreover, why would new entrants like an Akasa come in, they ask.

An aviation industry veteran called it a “trust deficit” between the airlines and the government and said authorities were of the view that the industry - like many others - cries wolf at the drop of a hat. Be that as it may, there’s no denying the last three years have been a test of the sector’s nerves in more ways than one. Whether the airlines will prove to be Cassandra, the government, like the king of Troy, refuses to believe them, and will this lead to the downfall of one or more players, can only be known in due course. Readers should watch this space. https://www.fortuneindia.com/macro/the-cassandra-effect-in-indias-aviation/108656