NEWS ITEMS ON CAG/ AUDIT REPORTS (23.07.2022 to 25.07.2022)

1. Bank nationalisation: Blunder or masterstroke? *(indianexpress.com)*

Updated: July 25, 2022

Last week, on July 19, which was the 53rd anniversary of Prime Minister Indira Gandhi nationalising 14 banks, the Indian National Congress and its senior leaders commemorated the move as "a transformational change" and bemoaned that the current Prime Minister Narendra Modi and his government were on a "privatisation spree". Senior Congress leader Jairam Ramesh announced that his party will oppose any Bill seeking to facilitate privatisation of public sector banks (PSBs).

It is expected that the government will bring legislative changes in the current session of Parliament to enable it to privatise PSBs. Finance Minister Nirmala Sitharaman had announced the government's desire to do so in her Budget speech on February 1, 2021.

"Other than IDBI Bank, we propose to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. This would require legislative amendments and I propose to introduce the amendments in this Session itself," she had stated.

Indira's bank nationalisation as well as Modi's attempt to denationalise them evoke very sharp and bitterly polarised responses. Some claim it to be a masterstroke and others describe it as one of the biggest policy mistakes.

Before reaching any conclusion, it is worth asking: Did bank nationalisation serve its purpose? Is government ownership the main reason why PSBs lag behind private banks? What would happen if PSBs were privatised?

In this edition, ExplainSpeaking attempts to provide two diametrically opposite ways of looking at the issue.

A Masterstroke?

The Congress government had nationalised 14 banks in 1969 and then followed it up with nationalising another 6 in 1980. Nationalisation essentially meant that the government took over the ownership of certain private banks. The government's aim was to take away the control from a few private players and expand the banking coverage to rural India so that sectors such as agriculture and small industries could get better credit facilities, thus creating a new class of entrepreneurs.

India was predominantly an agrarian economy at that time with very high levels of poverty (over 50%) and abysmal levels of financial inclusion. Nationalisation was seen to be the quick way to ensure all the above objectives were met; private bankers would never have expanded for such social development reasons.

Cut to May 2014, the month and year when Congress was last in power. This is exactly the month and year when a committee to "Review Governance of Boards of Banks in India" submitted its report. The committee was constituted by the RBI Governor Raghuram Rajan and it was led by P J Nayak, former Chairman and CEO of Axis Bank.

What the Nayak Committee found was a damning indictment of the way public sector banks were being run in the country especially when compared to the private sector ones.

"The financial position of public sector banks is fragile, partly masked by regulatory forbearance…The boards are disempowered, and the selection process for directors is increasingly compromised. Board governance is consequently weak," it declared.

When the Nayak Committee reviewed what the PSB boards discussed in their meetings, they found two stark trends.

One, when compared to private bank board discussions, PSB boards not only discussed fewer topics but also in much less detail. Two, that PSBs focussed less on factors such as profitability was one thing; the more surprising finding was that PSB boards even discussed development concerns (such as financial inclusion) far less than their private counterparts.

Reviewing the minutes of such board meetings, this committee found several examples of PSBs focussing on irrelevant topics. Sample this: "In one bank the taxi fare reimbursement policy gets the same coverage as the NPA recovery policy". It was routine to find PSB boards having lengthy meetings discussing things like the "details of a lecture by a bank's CMD at a college," or the "extensive coverage of the finance minister's visit to the bank" or the "purchase of office premises".

The committee highlighted the oncoming tsunami of non-performing assets (NPAs) in PSBs and recommended the following: "The onus of remedying this situation through radical reform lies primarily with the Central Government. In the absence of such reform, or if reform is piecemeal and non-substantive, it is unlikely that there will be material improvement in the governance of these banks. This could impede the Government's objective of fiscal consolidation. The fiscal cost of inadequate reform will therefore be steep."

In the years since, the Modi government has had to repeatedly bail out one PSB after another as the NPAs rose to alarming proportions. As things stand, the current government has had to float bonds worth Rs 2.79 lakh crore to recapitalise public sector banks — that is twice the amount of oil bonds that Congress-led UPA had floated. These recapitalisation bonds will be paid by the government until 2036.

The government is just the medium; eventually losses of PSBs are paid for by India's taxpayers — both current and future.

When the Economic Survey reviewed bank nationalisation in 2020, it found that every rupee of taxpayer money invested in PSBs fetches a market value of just 71 paise. This is called the market to book ratio.

In stark contrast, every rupee invested in new private sector banks fetches a market value of Rs 3.70. In other words, private banks give more than five times more value than PSBs.

There is another way to look at this wastage.

The Economic Survey found that even if the PSBs' market to book ratio became "equal to that of the second-worst performing" private sector bank, then the government would gain more than Rs 9 lakh crore. For perspective, that amount could fund India's annual health budget for more than 9 years.

In short, on almost all metrics of efficiency and profitability, public sector banks lag far behind their private counterparts; in the process, they have become a drain on the public exchequer. If privatising the perennially loss-making Air India was a reform, why shouldn't the government off-load loss-making banks?

A Blunder?

What did nationalisation achieve? It is a valid question to ask. But answering it first requires accepting that comparing public sector banks to private sector ones is not an apples to apples comparison.

"The key difference between the state-owned PSBs and private banks is that PSBs enjoy less strategic and operating freedom because of majority government ownership. The government exercises significant control over all aspects of PSB operations ranging from policies on recruitment and pay to investments and financing and bank governance including board and top management appointments," states the Economic Survey.

This level of government involvement cuts both ways.

Public sector bank officials can be forced to extend loans when such loans don't make economic sense. This is what Modi criticised as "phone banking" during the Congress rule.

On the other hand, when things go bad — witnessed over the past decade of rising NPAs — PSB officials come under the scrutiny of agencies such as the Central Vigilance Commission and the Comptroller Auditor General. This holds them back from taking risks in lending or in renegotiating bad debt due to fears of harassment from the same investigative agencies.

Moreover, apart from this starkly different institutional set-up, the central point of nationalising banks was to do what no right-thinking, profit-maximising private bank will do in the first place. If one appreciates this "social" or "developmental" objective of PSBs, the results were nothing short of transformative.

Consider the following statistics from just the first decade of nationalisation:

> The number of rural bank branches increased ten-fold from about 1,443 in 1969 to 15,105 in 1980 compared to a two-fold increase in urban and semi-urban areas from 5,248 to 13,300 branches.

> Credit to rural areas increased from Rs 115 crore to Rs 3,000 crore, a twenty-fold increase and deposits in rural areas increased from Rs 306 crore to Rs 5,939 crore, again a twenty-fold increase.

> Between 1969 and 1980, credit to agriculture expanded forty-fold from Rs 67 crore to Rs 2,767 crore, reaching 13 per cent of GDP from a starting point of 2 per cent.

"This growth represents a significant correction to the undersupply of credit to farmers that drove nationalization. Both rural bank deposit mobilization and rural credit increased significantly after the 1969 nationalization," states the official Economic Survey of 2020.

The question is: Would even a fraction of this expansion been possible had it not been for the nationalisation of banks?

In fact, forget the past and let's go back to 2014.

The central policy initiative of the first Modi government was the so-called "JAM Trinity". JAM stands for Jan-Dhan, Aadhaar and Mobile number. The starting point was the Jan-Dhan bank accounts — the idea that every Indian, especially the poor, should have a bank account, which can be leveraged to bring about greater financial inclusion. The scheme was launched in August 2014.

Should every Indian have a bank account? Yes, of course. But from a bank's perspective, it may not make sense to create so many bank accounts. That's because running each account involves a cost, and given the fact that many such accounts are likely to stay either with zero balance or dormant, the initiative would have been a non-starter had there been only private banks and no PSBs in the country.

Ultimately, what bailed out the Modi government's ambitious scheme was the fact that it owned some of the biggest banks with the widest reach and an acute inability to say no to the government.

Look at the data, sourced from the government's Jan Dhan dashboard, and note the contribution of the private sector banks in the overall achievement.

Pradhan Mantri Jan – Dhan Yojana Beneficiaries.

Of the total 46 crore beneficiaries, only 1.3 crores have accounts in private sector banks — that is just 2.82%. The contribution is even worse when it comes to the more marginalised beneficiary categories such as rural or female customers. That's how much all the market capitalisation and efficiency and profitability is worth when it comes to achieving social or developmental objectives.

It can be argued that if the government simply left the public sector banks alone — as in, behave like an investor and not like an owner — then these banks too would be more efficient and profitable. However, in such a regime, there will be no one to finance the government's ambitious, even if unprofitable, policy decisions.

In other words, the public sector banks are being unnecessarily demonised when the real culprit for wasting taxpayer's money is the government and its policy choices.

Which of these two arguments appeals to you more? Was bank nationalisation a blunder or would the forthcoming privatisation be one? Share you views at udit.misra@expressindia.com

By the way, this week, the US Fed will announce its next policy decision about interest rates. This decision will have an immediate impact on global growth, foreign portfolio investments in India, rupee's exchange rate, forex reserves, domestic inflation in India and RBI's monetary policy which is due on August 5. https://indianexpress.com/article/explained/explainspeaking-nationalising-bank-masterstroke-policy-failure-8049647/

2. Whatever happens with Agnipath scheme, it offers 3 real lessons for future reform *(theprint.in)* 23 Jul 2022

Even as the Agnipath scheme continues to face challenges on multiple fronts, let's take a step back and ask: what are some lessons for public policy from this saga?

Lesson 1: Data secrecy makes reform difficult

In their book In Service of the Republic, economists Vijay Kelkar and Ajay Shah identify secrecy as a deterrent to building State capacity.

Further, the book proposes a seven-stage ideal-type pipeline for effecting a public policy change. The first stage of this pipeline is "the establishment of the statistical system". Highlighting the importance of this stage, the authors write, "Facts need to be systematically captured. Without facts, the entire downstream process breaks down." This precisely is the problem with the entire debate over defence pension—the absence of reliable, foundational data.

Believe it or not, the government does not release defence pension data beyond the aggregate numbers listed in budget documents. For instance, we still don't know how this Rs 1.15 trillion amount is split between officers, non-officers, and defence civilians. Forget pensions, we don't even have an authoritative source in the public domain for the exact number of personnel in our armed forces. There are good reasons to keep info on warfare capability, state of ammunition, etc., a secret. But there's no reason to hide foundational data on defence personnel and pension.

This severe lack of facts is counterproductive for the government itself. Without credible information, myths abound, distrust grows, and the cognitive maps of stakeholders get misaligned. The need for reforms is never widely appreciated, and the status quo becomes desirable, howsoever damaging it may be.

Take an example. An oft-repeated argument against defence pension reform is to blame defence civilians. Through images circulated on WhatsApp groups, many in the armed forces community are convinced that defence civilians account for more than 45 per cent of the total defence pension expenditure. And whenever the issue of defence pension comes up, they cite this data point.

However, there is no reliable information for this claim. Based on the last available data from 2016-17, defence civilians' pension was only 20 per cent of the total defence pension expenditure. And even if the pension outflow for defence civilians were somewhat higher, new defence civilians are now part of the National Pension System (NPS) since 2004. The issue has already been managed over the long term. But in the absence of reliable data, myths continue to be peddled. Calls for reforms become zero-sum contests between defence civilians and uniformed personnel or between developmental and defence expenditure.

Had the government come out with a position paper on pensions, allowances, and personnel, the chances of getting people on board for reforms would have been higher.

Lesson 2: Ex-ante fiscal projections a must

Seemingly small changes in pension policies can have hard-to-reverse, long-term detrimental effects. For instance, an executive decision in 1976 increased a 10-year service term for a non-officer soldier to 17 years. This move meant every soldier qualified for a pension by default on retirement. This decision was the primary reason for a steady rise in pension spending. Increasing life expectancy (a welcome development) and the One Rank One Pension scheme further contributed toward the pension expenditure rising from Rs 228 crore in FY81 to Rs 1.15 lakh crore in FY21.

Here's why we need an Independent Fiscal Council, which can help people and politicians understand the financial consequences of such plans before execution. While India has an institution (the Comptroller and Accountant General) to audit policies that are already in action, no organisation makes an independent financial evaluation of government policies before they receive approval. The 13th, 14th and 15th Finance Commissions have highlighted this institutional gap.

This absence results in tall promises from parties' electoral manifestos becoming government policies without regard to fiscal sustainability.

To take this idea further, Rajya Sabha MP Sujeet Kumar, Vedant Monger, and Vikram Vennelakanti have proposed a law that mandates executive decisions pass through a legislation impact analysis ex-ante and a post-implementation assessment in Parliament.

Lesson 3: Pension reforms are like six-day test matches

Pension reforms have a reputation for being notoriously tricky across the world. Reducing employees' pensions while they are in service is not possible. More importantly, such a move would be an immoral breach of trust by the State. Hence, all pension reform options can only tackle future employees, saving on the expenditure that would have been incurred after they retire. Today's reforms can at best contain the rise in spending a couple of decades later, when these yet-to-be-hired employees retire. Hence, it is imperative to exercise caution on pension policies at the inception stage.

Regardless of what happens with the Agnipath scheme, these three meta-lessons are helpful for future attempts at reform. https://theprint.in/opinion/whatever-happens-with-agnipath-scheme-it-offers-3-real-lessons-for-future-reform/1051195/

3. 'One Nation One Ration Card' Issues Raised by SC & CAG yet to be Addressed *(newsclick.in)* 22 Jul 2022

ONOR had a very modest beginning in August 2019; its implementation slowly picked up from mid-2020 and gathered pace by early 2021, and Assam's joining it on June 21, 2022, technically completed the exercise.

Kolkata: The utilisation of the Union government's One Nation One Ration Card (ONORC) scheme, of which the migrant workforce is intended to be one of the key beneficiary segments, appears to be gradually picking up; However, certain issues raised in a Supreme Court order and report of the Comptroller and Auditor General of India (CAG) remain to be addressed.

The missing link in the chain of states and Union Territories (UTs) for the gradually stabilising ONORC scheme under the National Food Security Act of 2013 was Assam for a fairly long time, despite the Supreme Court setting July 31, 2021, as the last date for rolling out the facility. Ultimately, overcoming the impasse resulting from National Population Register-related issues, Assam could join the ONORC arrangement on June 21, 2022. With that, all 36 states/UTs became participants in the scheme.

Even in an economically-backward state Jharkhand, which traditionally has a record of outbound and inbound migration, ONORC transactions are on the rise, gradually from a modest start. Statistics made available to NewsClick by the state's department of food, civil supplies, and public distribution show that persons from outside the state who lifted rations in Jharkhand, as expressed in terms of ration card count, improved from 165 in April 2021 to 640 in December and peaked to 791 in January. For February and March, the count was 669 and 559, respectively.

In the same period and on the same basis, persons from Jharkhand who lifted ration in other states stood at a low of 112 in May, going up substantially to 1,896 in December, 2,312 in January, 2,361 in February, and 2,911 in March.

In the first quarter of the current financial year, under the first category of persons from outside lifting ration in Jharkhand, the count stood at 1,320.

Under the second category, the figures for the April-June quarter add up to 7,715, not very different from 7,854 for the January-March quarter of 2021-22.

Variations among states, where outbound migration is conspicuous and inbound migration are not pronounced, stem from various economic reasons. However, migrants are at last able to get dry rations with ONORC in a large number of places, sources told NewsClick.

The position regarding allocation and distribution of foodgrains in Jharkhand in three years from 2019-20 to 2021-22, figures suggest, has been stable, with distribution working out to 94.89%, 94.77% and 95.5%, respectively.

According to Union food ministry statistics appended to the report for 2021-22, while 100% digitisation of ration cards has been achieved throughout the country, the position regarding Aadhaar seeding with ration cards as of the end of February shows West Bengal among the laggards at 63%, worse than Bihar's 83%. It was a non-starter in Meghalaya, 31% in Manipur and 59% in president-ruled UTs of what earlier was the state of Jammu & Kashmir. The overall average is at 84%. Chhattisgarh and Jharkhand achieved 100% and 97%, respectively.

ONOR had a very modest beginning in August 2019; its implementation slowly picked up from mid-2020 and gathered pace by early 2021, and Assam's joining it on June 21 technically completed the exercise.

From August 2019 till June 2021, 71 crore portable transactions – 43.6 crore under NFSA and 27 crore under Pradhan Mantri Garib Kalyan Anna Yojana - took place. Currently, a monthly average of about three crore portable transactions is being recorded, which government sources claim is a "key indicator" that ONORC is functional.

But, certain directives of the Supreme Court are yet to be carried out, and certain comments of CAG remain to be addressed.

A division bench of Justices Ashok Bhushan and MR Shah, while disposing a suo moto writ petition on June 29, 2021, had directed the Union government to undertake an exercise under Section 9 of NFSA to "re-determine the total number of persons to be covered under the rural and urban areas."

This was in the context of the states' demand for dry rations for distribution among migrants.

The division bench also directed all states and UTs to register all establishments and license all contractors under the Act of 1979 to ensure that the statutory duty imposed on the contractors to give particulars of migrant workers is fully complied with.

The Supreme Court then came down heavily on the Union labour ministry for the abnormal delay on its part in launching the national database for unorganised workers. While the directives are yet to be acted upon, the e-shram portal launched on August 26, 2021, with a toll-free number 14434, does not offer access for registration to workers without Aadhaar.

Additionally, workers registered with different boards cannot be included. Further, it is individual worker-based with no provision for family members/dependents. These and other issues have to be sorted out by the ministry in consultation with workers' organisations, trade union sources told NewsClick.

CAG, in its performance audit report (no. 24 0f 2021) on the function of the Unique Identification Authority of India, flagged flaws in the de-duplication process and issue of Aadhaars on faulty biometric data and documents.

Though UIDAI has acted to improve the quality of biometric data and introduced iris-based authentification features for enrolment, the database continued to have faulty Aadhaars already issued. Also, instances are galore of issues of Aadhaar with the same biometric data to different residents, indicating flaws in the deduplication process.

It is possible that the seeding of Aadhaar with a ration card fails because of a mismatch in the individual's personal information. People who access or want to access the PDS (Public Distribution System) ration cannot identify the mismatch/mistake, and the same remains uncorrected for a long time.

Issue of Aadhaar to minor children below five based on biometric data of their parents, without confirming the uniqueness of their biometric identity, goes against the basic tenet of the Act. UIDAI needs to review the matter and find alternate ways to establish their unique identity, especially since the Supreme Court has stated that no benefit can be denied to any child for want of Aadhhar, CAG had observed.

In this context, mention may be made of the observation made in a recent report titled "Datafication of the Public Distribution System in India" – a case study of Chhattisgarh and Jharkhand.

The study, brought out by Bengaluru-based The Centre for Internet & Society and authored by Sameet Panda with research support from Sonalimayee Sahu, notes: "Under NFSA, there is no age limit for beneficiaries, which means that all members of the ration card holding household, including children, are entitled to foodgrain right from birth. However, Aadhaar enrolment among children below five years is just 32% nationally and 42% and 26%e in Chhattisgarh and Jharkhand, respectively. Since no person is entitled to receive rations without submitting their Aadhaar details, 66% of children under five are automatically excluded from PDS. The exclusion of children means loss of entitlement for the family."

This is despite specific official instruction not to deny entitlement for not having Aadhaar.

The Jharkhand food department's response to NewsClick, however, notes: "Children are getting ration as family members even if they don't have Aadhhar no., as lifting is done by (an) elder member having Aadhaar card."

The other observations of the report are: "In all the challenges a beneficiary faces, the state appears absent. It does not play an active role in making the datafication process people-centric. Rather, the state seems happy to remove eligible beneficiaries if they do not provide the necessary documentation".

PDS serves the poor – the bottom 80% – but their right to privacy is as fundamental as that of the top 20%. https://www.newsclick.in/One-Nation-One-Ration-Card-Issues-Raised-SC-CAG-yet-Addressed

4. Centre's worries multiply on states raising funds via future revenues

(news9live.com) Jul 23, 2022

The Centre has cited Art 266 (1) of the Constitution to ask banks not to lend to state government entities based on the escrow of the states' future revenue streams or using collectorates and courts as security. The Finance Ministry has sought to put an end to the practice following such lending by PSU banks, media reports said.

Article 266 (1) of the Constitution says all revenues received by the Government of India, all loans raised by that government by the issue of treasury bills, loans or ways and means advances and all monies received by that government in repayment of loans shall form one consolidated fund to be entitled the Consolidated Fund of India.

All revenues received by the government of a state, all loans raised by that government by the issue of treasury bills, loans or ways and means advances and all monies received by that government in repayment of loans shall form one consolidated fund to be entitled the Consolidated Fund of the State.

Sometime back, there were reports about several Indian states such as Andhra Pradesh, Punjab, Bihar, Rajasthan and Uttar Pradesh going down the Sri Lanka way following haphazard borrowings with widespread apprehensions of a vicious debt cycle.

Sri Lanka has announced bankruptcy and expressed its inability to pay back its loans. Pakistan too is staring at Sri Lanka's fate with domestic external loans running into billions of dollars without any possibility of their repayment.

The government asked SBI, India's largest lender, to stop loans based on future revenue projections, The Times of India reported. Andhra Pradesh is reportedly the biggest user of this mechanism.

Although there is some fear that Indian states could face a Lanka situation if they do not bring down their debt in the next few years, it is technically unlikely for state governments to default on the debt repayments, as the Centre imposes strict limits on their borrowings.

The COVID-19 pandemic is seen as the primary reason for a surge in debt levels of Indian states.

The slowdown in economic activity had begun in 2018-19. Another factor said to be responsible for the poor financial health of state governments is the Centre's Ujwal DISCOM Assurance Yojana (UDAY) scheme, which allowed the state governments that own power distribution companies to take over 75 per cent of these companies' debt until September 2015, and pay back the lenders by selling bonds.

The following is how some of the biggest borrower states have raised money:

Andhra Pradesh: The state government has identified 213-acre land parcels across the state, which include the Visakhapatnam district collector office, tehsildar offices and other buildings to mortgage or sell off to raise funds to the tune of Rs 1,600 crore to run the administration, ET Government.com reported.

In total, the YS Jaganmohan Reddy government has directly credited Rs 95,529 crore into the bank accounts of beneficiaries of various welfare schemes in the last two years and has indirectly spent over Rs 36,198 crore on certain other schemes, aggregating Rs 1.31 lakh crore, as state government records.

The public debt of Andhra Pradesh hit Rs 3.89-lakh crore in the financial year 2021-22, registering an increase of almost Rs 40,000 crore compared to the previous year, accounting for 32.4 per cent of the gross state domestic product.

The high amount of debt has been increasing the interest burden on the state, which is at about Rs 22,000 crore, government records show.

The debt burden is impacting the image of the government and development works. The Hindu BusinessLine quoting sources said there has been a delay in government payments to contractors and other tender-related outgoes of about Rs 1 lakh crore which forced some contractors to move the High Court.

The Comptroller and Auditor General had also expressed its displeasure over "expenditure without allocation" of Rs 90,000 crore, The Hindu BusinessLine reported.

Punjab: Before the Aam Aadmi Party won the elections, it promised the people 300 units of free electricity a month for every household. In addition, it promised Rs 1,000 a month to every woman in the state.

Many conservative estimates suggest that together these schemes would cost the exchequer an extra Rs 20,000 crore a year. The burden would come at a time when Punjab's outstanding debt has risen by Rs 1 lakh crore in the last five years to Rs 2.82 lakh crore, as per government records.

Immediately after taking over as Chief Minister, Bhagwant Mann had sought a special financial package worth Rs 1 lakh crore from the Centre for the revival of the state's economy besides ensuring holistic development in the state during his first meeting with Prime Minister Modi on March 24 this year.

Mann apprised the Prime Minister of the poor fiscal health of the state and said the previous governments have left a humongous burden of Rs 3 lakh crore.

An official statement from the Punjab government said Mann sought an immediate financial package of Rs 50,000 crore each for two years to put the derailed economy back on the rails.

He hoped that with this financial help, the state's economy would become self-sustainable and economically viable during the third year.

UP, Bihar, Rajasthan: In Uttar Pradesh, the ruling BJP promised to give free LPG cylinders, and saw its interest payments rise faster than their revenues. The CAG data shows that while UP's revenues have increased only five per cent in the last five years, its interest payments have grown by six per cent.

The audited figure of the total outstanding loan of the Bihar government was Rs 2,27,195.49 crore at the end of 2020-21, which was 36.73 per cent of the GSDP (gross state domestic product). The borrowings further increased during 2021-22 and are expected to reach around 39 per cent of GSDP.

In Rajasthan, the debt burden was Rs 1.29 lakh crore when the BJP came to power in 2013, but it increased to Rs 3 lakh crore in five years, Chief Minister Ashok Gehlot has said.

"Our former (Congress) government had left a debt of Rs 1.29 lakh crore (in 2013). It was a debt of the last 30-40 years, but it increased to Rs 3 lakh crore in the last five years. The debt increased by close to Rs 1.75 lakh crore in the five years", Gehlot said.

However, Gehlot, in a major populist move, extended relief to 11.8 million electricity consumers by making consumption up to 50 units free of charge and offering part subsidy on power consumption above it.

The question is whether Gehlot can fulfil these commitments given the state's financial health. Rajasthan has a fiscal deficit of Rs 58,211 crore, about 4.3 per cent of the GSDP, and an estimated revenue deficit of Rs 23,488 crore.

The government's total debt is estimated to be Rs 4.34 lakh crore. For every Rs 100 in the budget, there is a debt of Rs 44, as per an estimate.

Warning signs emerge

According to the RBI report on state finances, Punjab was at the top of the ladder with the highest debt to GSDP ratio at 49 per cent in the financial year 2021, followed by Rajasthan (42.6 per cent), West Bengal (38.8 per cent) and Kerala (38.3 per cent), with the aggregate debt of all states reaching 31.3 per cent of the GDP in 2020-2021.

In a report in November, the RBI, while reviewing states' budgets, highlighted that the debt-to-GSDP ratio for 18 states and union territories has grown to 31.2 per cent from 22.6 per cent in the last 10 years, ending September 2021.

The Fiscal Responsibility and Budget Management (FRBM) committee headed by former revenue secretary N.K. Singh had mandated states to achieve a debt-to-GSDP ratio of 20 per cent by the financial year 2022-23.

The RBI report also said that market borrowing, which forms the largest component of the total outstanding debt of states and union territories, reached 63.6 per cent of their GDP by March 2022.

Market borrowing is the loan that governments, whether central or state, raise by issuing market securities such as bonds.

While flagging its concerns, the Centre has also cited Article 293 (3) of the Constitution.

It says a state may not, without the consent of the Government of India, raise any loan if there is still outstanding any part of a loan which has been made to the state by the Government of India or by its predecessor government, or in respect of which a guarantee has been given by the Government of India or by its predecessor government. https://www.news9live.com/india/centres-worries-multiply-on-states-raising-funds-via-future-revenues-184567?infinitescroll=1

5. रेलयात्रा रियायत वापस लेने पर बोले वरिष्ठ नागरिक-अब तो मुंह का निवाला छीनना ही बाकी *(lagatar.in)* Jul 24, 2022

सरकार एक-एक करके धीरे-धीरे आम नागरिकों को मिलने वाली सुविधाएं और रियायतें छीन रही है. अब तो बात मुंह के निवाले तक आ गई है. यह हम नहीं कह रहे, रेलयात्रा में वरिष्ठ नागरिकों को मिलने वाली छूट के सवाल पर एक बुजुर्ग ने झल्ला कर यह कहा. तमाम रेलवे यूनियनों के पदाधिकारियों, वरिष्ठ नागरिकों और आम लोगों का कहना है कि रेलवे अपनी कार्यप्रणाली और लापरवाही के कारण हर साल इतने रुपये बर्बाद कर देती है कि इन रुपयों से वरिष्ठ नागरिकों, मरीजों आदि को यात्रा में पूरी की पूरी छूट दी जा सकती है.

जनप्रतिनिधियों की चुप्पी से हैरानी

हैरत की बात यह है कि मुफ्त में तमाम सुविधाएं भोग रहे सांसद, विधायक और मंत्री इस बेहद गंभीर और संवेदनशील मुद्दे पर चुप हैं. यदि सभी मिलकर एक स्वर में उचित मंच पर इसे उठाएं तो हो सकता है सरकार यह सुविधा एक बार फिर बहाल करने पर विचार करे. रेलवे के सूत्र बताते हैं कि 2016 में रेलवे ने रियायतों को ऑप्शनल बनाया. पिछले दो दशक में रेलवे द्वारा दी जाने वाली रियायतों पर काफी चर्चा हुई.

इसमें कई समितियों ने रियायतें वापस लेने की सिफारिश भी की. इसका नतीजा यह हुआ कि जुलाई 2016 में रेलवे ने टिकट बुक करते समय बुजुर्गों को मिलने वाली रियायत को ऑप्शनल बना दिया.

रियायात दोबारा शुरू होने की उम्मीद भी नहीं के बराबर
जुलाई 2017 में रेलवे ने बुजुर्गों के लिये 'रियायत छोड़ने' के विकल्प की योजना भी शुरू की. कोरोना ने न सिर्फ लाखों लोगों की जान ले ली और बड़ी संख्या में लोगों को बेरोजगार कर दिया, बल्कि इसके कहर से सीनियर सिटीजन की रियायत भी नहीं बच सकी. मार्च 2020 से रेलवे ने रियायतें स्थगित की थी, तभी से यह सुविधा पूरी तरह से बंद है. अब इसके दोबारा शुरू होने की उम्मीद भी नहीं के बराबर है, क्योंकि सरकार ने इसको पूरी तरह से बंद कर दिया है.

क्या कहती है कैग की रिपोर्ट

भारत के नियंत्रक और महालेखा परीक्षक (CAG) की 2019 की एक रिपोर्ट के मुताबिक वरिष्ठ नागरिक यात्रियों की ओर से 'गिव इट अप' (रियायत छोड़ने की) योजना पर मिला रिएक्शन बहुत उत्साहजनक नहीं था. रिपोर्ट में कहा गया कि कुल 4.41 करोड़ सिनीयर सिटीजन यात्रियों में से 7.53 लाख (1.7 प्रतिशत) यात्रियों ने 50 प्रतिशत रियायत छोड़ने का विकल्प चुना और 10.9 लाख (2.47 प्रतिशत) यात्रियों ने 100 प्रतिशत रियायत छोड़ दी.

महिलाओं को 50 और पुरुष को 40 प्रतिशत मिलती थी छूट

वरिष्ठ नागरिकों के मामले में महिलाओं को 50 प्रतिशत, जबकि पुरुषों को 40 प्रतिशत छूट मिलती थी. इस कैटेगरी में महिलाओं की उम्र कम से कम 58 और पुरुषों के लिए 60 साल थी. एक बुजुर्ग कहते हैं कि हमें जो रियायत दी जाती थी वह बेहद महत्वपूर्ण थी और उन लोगों के लिए बहुत बड़ी मदद की तरह थी जो यात्रा का महंगा खर्च वहन नहीं कर सकते. कई घरों में बुजुर्गों को एक अतिरिक्त सदस्य के रूप में माना जाता है. उनकी अपनी कोई आय नहीं होती है. इन रियायतों से उन्हें कहीं आने-जाने में मदद मिलती थी. नियमित ट्रेन सेवाएं संचालित किए जाने के साथ वरिष्ठ नागरिकों को दी जाने वाली रियायतें बहाल की जानी चाहिए. अधिकतर बुजुर्ग पूरा किराया नहीं दे सकते.

चक्रधरपुर रेल मंडल से औसतन हर रोज यात्रा करते हैं एक लाख मुसाफिर

चक्रधपुर रेल मंडल के अधिकारी बताते हैं कि चक्रधरपुर रेल मंडल में औसतन हर रोज एक लाख मुसाफिर यात्रा करते हैं. इनमें बमुश्किल दो से तीन प्रतिशत वरिष्ठ नागरिकों की संख्या होती है. रेलवे यूनियनों के पदाधिकारियों, वरिष्ठ नागरिकों और आम लोगों का यह मजबूत तर्क है कि रेलवे को एक लाख में से दो से तीन हजार लोगों को रियायत दे देने से बहुत नुकसान नहीं होने वाला है.

रियायतें बंद करने का निर्णय रेलवे के लोककल्याणकारी स्वरूप के विरुद्ध

"रेलवे का जो लोककल्याणकारी स्वरूप था, रियायतें बंद करने का निर्णय रेलवे के इस स्वरूप के विरुद्ध है. हमारे बुजुर्ग यात्री रियायतों के वाजिब हकदार हैं. हमारा देश लोकतांत्रिक है. इसमें वरिष्ठ नागरिकों का सम्मान और सहयोग समस्त भारतीयों के साथ-साथ सभी सरकारी संस्थाओं की जिम्मेदारी है. हमारा संगठन वरिष्ठ नागरिकों को मिलने वाली रियायतों को बंद करने के निर्णय के विरुद्ध है. हम मांग करते हैं कि रेलवे यह सुविधा बहाल करे."

यह यात्री सुविधाओं का बेहद संवेदनशील मामला

“यह यात्री सुविधाओं का बेहद संवेदनशील मामला है. रेलवे बोर्ड ने जिस आधार पर इस सुविधा को बंद किया है, उसका कोई मायने-मतलब नहीं है. सांसद, विधायक व मंत्रियों सहित तमाम जनप्रतिनिधियों को चाहिए कि रेलवे के इस संवेदनहीन निर्णय के खिलाफ आवाज उठाएं. उचित प्लेटफॉर्म पर इस गंभीर मुद्दे को उठाकर इस सुविधा को बहाल करने के लिये सरकार व रेलवे बोर्ड को बाध्य करें. यह बेहद आश्चर्यजनक है कि सरकार धीरे-धीरे एक एक कर सुविधाएं छीन रही है और हमारे तमाम जनप्रतिनिधि चुप्पी साधे हुए हैं.”

सांसदों-विधायकों को दी जाने वाली सुविधाओं में कटौती की जानी चाहिए

“यह केवल वरिष्ठ नागरिकों का ही नहीं देश की जनता का मामला है. वरिष्ठ नागरिकों को रियायत हर हाल दी जानी चाहिए. इस कटौती जगह सांसदों-विधायकों को दी जाने वाली सुविधाओं में कटौती की जानी चाहिए. बहुत सारे ऐसे मद हैं जिनमें रेलवे का पैसा पानी की तरह बहाकर बर्बाद किया जा रहा है. रेलवे बोर्ड को उसको बंद करके वरिष्ठ नागरिकों, असहायों और बीमारों को रियायत देनी चाहिए. वैसे ही बुजुर्ग घर के एक कोने में सिमट कर रह जाते हैं. यह सुविधा बंद होने के बाद वरिष्ठ नागरिकों की जीवन अवधि कम हो जाएगी.”

सरकार का यह निर्णय पीड़ादायक

“वरिष्ठ नागरिकों को मिलने वाली रियायत छीनना सरकार का गलत निर्णय है. यह सुविधा आजादी के समय से ही वरिष्ठ नागरिकों को मिल रही थी. कोरोना काल में तो ठीक था, लेकिन अब जब सबकुछ सामान्य है तो सुविधा बहाल करना चाहिए. सरकार का यह पीड़ादायक निर्णय है. तमाम संगठनों को इसका विरोध करना चाहिए.”

यह वरिष्ठ नागरिकों का अधिकार है, सरकार हमारा हक मार रही है

“सरकार का यह निर्णय सरासर गलत है. यह सरकार तो आम आदमी के मुंह से निवाला छीनने पर तुली हुई है. एक-एक कर तमाम सुविधाएं छीन रही है. कोरोना काल में चलिए दिक्कत थी. अब जब सब कुछ सामान्य है तो सरकार वरिष्ठ नागरिकों को उनका हक दे. यह वरिष्ठ नागरिकों का अधिकार है. सरकार तो हमारा हक मार रही है.”

यह निर्णय हमारे मौलिक अधिकारों का हनन

“सरकार या रेलवे बोर्ड का यह निर्णय हमारे मौलिक अधिकारों का हनन है. ऐसा तो किसी भी सरकार ने नहीं किया. यह सरकार तो जीने का कोई रास्ता ही नहीं छोड़ना चाहती. वैसे ही बुजुर्ग हर तरफ से अपने आपको उपेक्षित महसूस करते हैं. यात्रा में छूट मिलती थी तो कहीं घूम-फिर कर अपना समय बिता पाते थे. अब तो यह उम्मीद भी सरकार ने छीन ली.”

सरकार को आखिर कौन सा कुबेर का खजाना मिल जाएगा

“सरकार के विकास के तमाम दावे और वादे तो ठीक हैं, लेकिन वरिष्ठ नागरिकों के अधिकार छीन कर यह सरकार आखिर क्या साबित करना चाहती है. रेलवे में यात्रा करने वाले दो-तीन प्रतिशत वरिष्ठ नागरिकों को मिलने वाली छूट समाप्त करके सरकार को आखिर कौन सा कुबेर का खजाना मिल जाएगा. जल्द से जल्द यह सुविधा बहाल की जानी चाहिए.”

सरकार एक-एक कर आम आदमी से उनके अधिकार छीन रही है

“सरकार एक-एक कर वरिष्ठ नागरिकों ही नहीं आम आदमी से उनके अधिकार छीन रही है. पेंशन छीन लिया. सरकारी नौकरियां नहीं मिल रही हैं. अब वरिष्ठ नागरिकों से यात्रा में मिलने वाली रियायत छीन ली. आखिर सरकार को आम आदमी को कुछ देने के बजाए हर चीज छीनने का जुनून क्यों सवार हो गया है. यह समझ में नहीं आता. रियायत जल्द बहाल हानी चाहिए.”

सरकार वरिष्ठ नागरिकों को घर के एक कोने में ही कैद करके रख देना चाहती है

“वरिष्ठ नागरिकों को जो सुविधा मिलती थी, वो मिलनी ही चाहिए. रेल यात्रा में छूट मिलती थी तो गाहे-बगाहे अपने गांव, रिश्तेदार या किसी तीर्थ स्थान पर घूम-फिर आते थे. अब जब छूट बंद हो गई है तो कहीं जाने की हिम्मत ही नहीं जुट पा रहे हैं. लगता है सरकार वरिष्ठ नागरिकों को घर के एक कोने में ही कैद करके रख देना चाहती है. तत्काल छूट बहाल की जानी चाहिए.”

रेल मंडल स्तर पर इस मामले में कुछ भी नहीं किया जा सकता

“किसी को रियायत देना या न देना रेलवे बोर्ड के स्तर का निर्णय है. रेल मंडल स्तर पर इस मामले में कुछ भी नहीं किया जा सकता. क्योंकि पॉलिसी तो रेलवे बोर्ड ही तय करता है. जहां तक फिर से रियायत देने की बात है तो यह निर्णय भी बोर्ड ही लेगा.” https://lagatar.in/jamshedpur-senior-citizens-said-on-withdrawing-the-rail-travel-concession-now-it-is-only-to-snatch-the-bite-of-the-mouth/

STATES NEWS ITEMS

6. GIDC paid 5 firms Rs 17cr extra due to ‘faulty calculation’: Audit Report *(timesofindia.indiatimes.com)* Jul 23, 2022

PANAJI: Due to “faulty calculation”, the Goa Industrial Development Corporation (GIDC) paid an extra amount of Rs 17.32 crore to five companies to settle the special economic zone (SEZ) litigation, said comptroller and auditor general (CAG) of India in a report for the year ended March 31, 2020. What is shocking is that the state government asked GIDC to “bear the liability” and refused to inform the Supreme Court, which was monitoring the compromise settlement about the error.

GIDC had calculated a settlement amount of Rs 256.57 crore which included construction licence fees and interest charged for delay in receipt of licence fee from the seven SEZ land allottees. The money was to be refunded as part of the compromise formula due to the cancellation of allotment of land.

“The government did not appeal to the apex court for submission of the revised calculation and thereby seek modification of the earlier order. Thus the faulty calculation of settlement amount and further non-rectification through a legal route led to avoidable payment of Rs 17.32 crore by GIDC,” said accountant general Anitha Balakrishna in the CAG report.

It is pertinent to note that GIDC had initially withheld the payment of licence fee and interest amount to SEZ promoters but subsequently released it citing “probable contempt” of court’s orders.

GIDC reviewed its calculation and realised that the construction licence fee along with delayed payment interest was collected from the SEZ promoters and deposited with the government treasury.

"Since the amount was not in possession of GIDC this amount with further interest thereon totalling Rs 17.32 crore was not refundable by GIDC. The refundable amount as per revised calculation of GIDC was Rs239.25 crore," said the CAG report.

GIDC made a request to the government for a refund of the licence fee and interest which was rejected in March 2019, stating that the licence fee had already been distributed to local bodies. "Further, the government directed GIDC to bear the liability as the settlement calculation was done by GIDC," said Balakrishna. https://timesofindia.indiatimes.com/city/goa/gidc-paid-5-firms-rs-17cr-extra-due-to-faulty-calculation-audit-report/articleshow/93062281.cms

7. Goa's infant mortality rate improved in 2020 as compared to previous year: Report *(theprint.in, newsd.in)* Jul 23, 2022

The infant mortality rate of Goa improved in 2020 as the state recorded 9.12 infant deaths per thousand live births as against the 10.18 such fatalities in the previous year, a report said.

The Comptroller and Auditor General (CAG) Report as on March 31, 2020, which was tabled in the state Assembly on Friday, gave these figures quoting the Directorate of Planning, Statistics and Evaluation.

The Infant Mortality Rate (IMR) is an important indicator of the health status of the community. The IMR is defined as the number of infants dying before reaching one year of age, per thousand live births, in a given year.

The report said that the Maternal Mortality Rate (MMR) in 2020 was 49 per one lakh births. The MMR refers to the deaths of woman due to complications from pregnancy or child birth.

The report also said that the birth rate in 2020 stood at 11.66 per thousand population. Birth rate indicates the number of the live births occurring during the year per 1,000 population estimated at mid-year.

During the same period, the death rate in the state was 9.30 per thousand population, it said. https://theprint.in/india/goas-infant-mortality-rate-improved-in-2020-as-compared-to-previous-year-report/1051827/

8. Goa departments unresponsive to our audit observations: CAG *(timesofindia.indiatimes.com)* Jul 24, 2022

PANAJI: The Comptroller and Auditor General (CAG), in its audit report for the year ending March 31, 2020, decried the lack of responsiveness of the state government to audit observations. As of June 2020, 50 departments have failed to provide a response or comply with or respond to 644 reports with 2,635 paragraphs detailing discrepancies in accounting records, its report shows.

The departments for urban development, PWD, panchayati raj, health, education, agriculture and irrigation are the most unresponsive, with inspection reports pending since 2014-15.

"Two draft performance audit reports and five draft paragraphs were forwarded between November 2020 and February 2021 to the secretaries of the departments concerned," the report said. "

The government's replies to these draft paragraphs were required to be received within six weeks. However, replies have not been received till September 2021," accountant general Anitha Balakrishna in the CAG report.

The accountant general (AG) conducts periodic inspections of government departments to check their transactions. The AG also verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These are followed up with inspection reports, which are issued to the heads of the offices inspected with copies to the next higher authorities.

The CAG also sends half-yearly reminders of pending inspection reports to the secretaries of the concerned departments. "This facilitates monitoring of the action taken on the audit observations included in these inspection reports. As of June 2020, 644 IRs (2,635 paragraphs) were outstanding for want of compliance in the social and general sector wings," said the CAG report.

According to the internal working rules of the public accounts committee (PAC) of the Goa legislative assembly, the departments need to furnish explanatory memoranda (EM) to the AG for vetting. This has to then be furnished to the legislature within three months from the date of tabling of audit report. Five departments have not submitted the explanatory memoranda pertaining to audit reports for the years 2015-16 to 2018-19. https://timesofindia.indiatimes.com/city/goa/state-depts-unresponsive-to-our-audit-observations-cag/articleshow/93096609.cms

9. Goa govt incurred wasteful expenses of hundreds of crores: CAG *(heraldgoa.in)* Jul 23, 2022

PANJIM: The report of the Comptroller and Auditor General of India (CAG) for the year ended March 31, 2020, tabled in the Legislative Assembly on Friday, has exposed several irregularities and wasteful expenditures to the tune of hundreds of crores by various Goa government departments.

The CAG stated that the Directorate of Panchayat leased premises for three years for shifting their office. The premises remained unoccupied/partially occupied for 25 months due to delayed decisions on the proposals for furnishing.

The rent paid during the unoccupied period was Rs 2.95 crore which was infructuous.

The Directorate of Mines and Geology (DMG) failed to ensure the collection of royalty for the extraction and sale of sand. This resulted in the extraction and sale of sand by 55 permit holders without payment of royalty. Further, the DMG had no information on the quantity of sand extracted by another 144 permit holders.

The CAG has further observed that the Goa Industrial Development Corporation (GIDC) lost out as part of the compromise formula for a refund of amounts received from seven allottees on the cancellation of allotment of land in the Special Economic Zone (SEZ).

The GIDC worked out a settlement amount of Rs 256.57 crore. The amount however included construction license fee and interest charged for delay in receipt of license fee from allottees, totalling Rs 17.32 crore, which was paid to local bodies on behalf of allotters/SEZ developers.

The CAG observed that the State's premier financial institution Economic Development Corporation Limited (EDCL) did not recover a transfer fee of Rs 5.04 crore for the non-utilisation of the plot for over three decades.

The EDC allotted a plot in 1986 to Hindustan Hotels Ltd, on lease for the construction of a hotel building. The plot was subsequently transferred twice but none of the transferees made any investment for the completion of the project and the plot remained unused even after three decades. Thus, the EDCL also short-collected transfer fee to the tune of Rs 5.04 crore on the second transfer.

Also, sub-division II of division XXI of the Public Works Department (PWD) was regularly delaying the remittance of revenue collected through receipt books to the divisional cash book resulting in the diversion of funds and delayed remittance into the treasury. The absence of internal controls led to the misappropriation of cash receipts to the tune of Rs 10 lakh from the government account in September 2019.

Further, the Goa Housing Board did not comply with the provisions of the Income Tax Act, 1961 regarding payment of advance tax and filing of the return, resulting in a levy of penal interest of Rs 70.69 lakh under the Act, which was avoidable.

Revenue Sector Commercial Taxes Department Assessing Authority failed to levy an entry tax of Rs 3.18 crore on the inter-State purchase of goods used as raw material for liquor manufacturing units not exempted under the Act.

The luxury tax of Rs 4.14 crore was exempted by the Assessing Authority even though the assessee did not fulfil the criteria for exemption set under the Goa Tax on Luxuries Act (GTLA). As per the notification, appeal cases can be admitted only on payment of 10 % of the disputed amount. However, scrutiny of appeal cases revealed that 22 appeal cases were admitted without collecting 10 per cent of the disputed amount aggregating Rs 3.13 crore.

The Registration Department, the Civil Registrar and Sub-Registrar (CRSR) office, Pernem did not consider the fair market value of land determined by the Collector while executing sale deeds resulting in a short levy of stamp duty and registration fee of Rs 20.63 lakh.

The Directorate of Fisheries had to forego the levy of Goods and Service Tax (GST) of Rs 26.80 lakh on renting immovable property, due to a delay in registration under GST.

The Directorate of Fire and Emergency Services collected charges from private institutes for use of barracks and ground for only 30 candidates and not on the basis of total candidates for the entire lease period resulting in a short collection of Rs 12.32 crore. https://www.heraldgoa.in/Goa/Goa-govt-incurred-wasteful-expenses-of-hundreds-of-crores-CAG/192091

10. CAG censures govt over plan, budget for school education *(thegoan.net)* Jul 23, 2022

PANAJI: The report of the Comptroller and Auditor General of India has censured the State government for failure to prepare plans and appropriately fix budgets for school education in the five years between 2015 and 2020.

"Goa Samagra Siksha (GSS) did not prepare perspective plans and did not adopt bottom-up approach for preparation of annual works and budget during 2015-20. In 20 out of 42 test-checked schools, School Management Committees did not prepare school development plans during 2015-20," the CAG report said.

The report for the year ended March 2020, was tabled in the Goa legislative Assembly on Friday by Chief Minister Pramod Sawant and it lists irregularities and wasteful expenditure totally running into hundreds of crores of rupees across departments of the Goa government.

From short collection of transfer fee up to Rs 5.04 crore by the Economic Development Corporation EDC to short collection of rent up to Rs 12.32 crores, the CAG has exposed fiscal deficiencies in the carrying out of government business and procedures.

The Director of Panchayat, it said, leased out a premises for three years for shifting its office which remained unoccupied or partially occupied for over two of these three years while it paid rent for all the 36 months.

"The rent paid was Rs 2.95 crore which was infructuous," the CAG said.

The report has indicted the Directorate of Mines and Geology (DMG) for its failure to collect royalty for extraction and sale of sand by 55 permit holders. It also did not have any information on quantity extraction by another 144 sand permit holders, it said.

In another observation the CAG said the PWD's Sub-division II of Division XXI was regularly delaying remittance of revenue collected through receipt books to the divisional cash book resulting in diversion of funds and delayed remittance into the Treasury. It noted "misappropriation" of Rs 10 lakh from government account in September 2019.

In the case of Goa Housing Board, the CAG said it did not comply with Income Tax Act, 1961 provisions related to payment of advance tax and filing returns, having to pay Rs 70.69 lakh in penalties.

In yet another observation, the Commercial Taxes Department Assessing Authority was pulled up for failing to levy entry tax of Rs 3.18 crore on inter-State purchase of goods used for liquor manufacturing units.

The department was also censured for an exemption granted in luxury tax of up to Rs 4.14 crore without the assesse being eligible.

The Civil Registrar and Sub-Registrar (CRSR) office in Pernem, fisheries department among some others also came in for adverse comments from the CAG in the report. https://www.thegoan.net/goa-news/cag-censures-govt-over-plan-budget-for-school-education/86842.html

11. DMG failed to ensure collection of royalty for extraction & sale of sand: CAG *(goemkarponn.com)* Jul 23, 2022

PANAJI: The Comptroller and Auditor General of India (CAG) in its report has said that the Directorate of Mines and Geology failed (DMG) failed to ensure collection of royalty for extraction and sale of sand.

"The Directorate of Mines and Geology (DMG) failed to ensure collection of royalty for extraction and sale of sand. This resulted in extraction and sale of sand by 55 permit holders without payment of royalty," the CAG report states

Further, the DMG had no information on quantity of sand extracted by another 144 permit holders.

The report further states that audit scrutiny (August 2018) of records of the DMG revealed that there are 332 permit holders in existence as on May 2018. Of this 56 permit holders remitted advance royalty by purchase of pass books worth 13.88 lakh76 and remaining 276 permit holders had not purchased pass books indicating these permit holders had not extracted any sand.

"On verification of the monthly returns submitted by the permit holders, Audit observed that 55 out of 276 permit holders had reported extraction and sale of sand totaling 16,363 cubic metre," it states

Further, these permit holders had not purchased any pass books by payment of advance royalty of 13.63 lakh" indicating that these permit holders extracted and sold sand unauthorisedly.

"Of the remaining 221 permit holders 77 permit holders reported nil extraction and 144 permit holders did not submit monthly returns," the CAG report states

The report states that non-scrutiny of returns submitted by the permit holders and slackness in enforcement and monitoring mechanism by the DMG has resulted in non-collection of royalty of 13.63 lakh.

"Besides interest recoverable under Rule 59 worked out to 7.63 lakh. In respect of 144 permit holders who did not submit monthly returns the DMG had not confirmed that these permit holders had not extracted and sold any sand," it said

The DMG stated (August 2018) that the show cause notices have been issued to permit holders to obtain details of sand extractions and regular inspections are being carried out to check illegal transportation of sand and minor mineral. The DMG further stated (July 2019) that the process of recovery of advance royalty has been initiated.

"The reply is not tenable as the verification of monthly returns alone would have detected non-payment of advance royalty on extraction and transportation of sand by 55 permit holders. Thus, it is evident from the above fact that regular inspections conducted by the DMG was ineffective," the report mentioned. https://goemkarponn.com/dmg-failed-to-ensure-collection-of-royalty-for-extraction-sale-of-sand-cag/

12. गोवा सरकार ने सैकड़ों करोड़ का फिजूल खर्चा : CAG *(jantaserishta.com)*

Jul 23, 2022

PANJIM: 31 मार्च, 2020 को समाप्त वर्ष के लिए भारत के नियंत्रक और महालेखा परीक्षक (CAG) की रिपोर्ट, शुक्रवार को विधान सभा में पेश की गई, जिसमें विभिन्न गोवा सरकार द्वारा सैकड़ों करोड़ की कई अनियमितताओं और फिजूलखर्ची का खुलासा किया गया है।

कैग ने कहा कि पंचायत निदेशालय ने अपने कार्यालय को स्थानांतरित करने के लिए परिसर को तीन साल के लिए पट्टे पर दिया है। प्रस्तुत करने के प्रस्तावों पर विलम्ब से निर्णय लेने के कारण परिसर 25 माह तक खाली/आंशिक रूप से आबाद रहा। खाली अवधि के दौरान भुगतान किया गया किराया 2.95 करोड़ रुपये था जो कि निष्फल था।

खान एवं भूविज्ञान निदेशालय (डीएमजी) बालू की निकासी एवं बिक्री के लिए रायल्टी का संग्रहण सुनिश्चित करने में विफल रहा। इसके परिणामस्वरूप 55 परमिट धारकों द्वारा रायल्टी के भुगतान के बिना रेत की निकासी और बिक्री की गई। इसके अलावा, डीएमजी को अन्य 144 परमिट धारकों द्वारा निकाली गई रेत की मात्रा के बारे में कोई जानकारी नहीं थी।

सीएजी ने आगे देखा है कि गोवा औद्योगिक विकास निगम (जीआईडीसी) विशेष आर्थिक क्षेत्र (एसईजेड) में भूमि के आवंटन को रद्द करने पर सात आवंटियों से प्राप्त राशि की वापसी के लिए समझौता फार्मूले के हिस्से के रूप में हार गया।

GIDC ने 256.57 करोड़ रुपये की सेटलमेंट राशि निकाली। हालांकि राशि में निर्माण लाइसेंस शुल्क और आवंटियों से लाइसेंस शुल्क की प्राप्ति में देरी के लिए लगाया गया ब्याज शामिल था, जो कुल 17.32 करोड़ रुपये था, जिसका भुगतान स्थानीय निकायों को आवंटियों/एसईजेड डेवलपर्स की ओर से किया गया था।

सीएजी ने पाया कि राज्य के प्रमुख वित्तीय संस्थान आर्थिक विकास निगम लिमिटेड (ईडीसीएल) ने तीन दशकों से अधिक समय तक भूखंड का उपयोग न करने के लिए 5.04 करोड़ रुपये के हस्तांतरण शुल्क की वसूली नहीं की।

ईडीसी ने 1986 में हिंदुस्तान होटल्स लिमिटेड को एक होटल भवन के निर्माण के लिए पट्टे पर एक भूखंड आवंटित किया था। प्लॉट को बाद में दो बार स्थानांतरित किया गया था लेकिन किसी भी हस्तांतरणकर्ता ने परियोजना को पूरा करने के लिए कोई निवेश नहीं किया और तीन दशकों के बाद भी प्लॉट अप्रयुक्त रहा। इस प्रकार, ईडीसीएल ने दूसरे हस्तांतरण पर 5.04 करोड़ रुपये के हस्तांतरण शुल्क को भी कम कर दिया।

साथ ही, लोक निर्माण विभाग (पीडब्ल्यूडी) के खण्ड XXI का उपखण्ड II नियमित रूप से रसीद पुस्तकों के माध्यम से संभागीय रोकड़ बही में राजस्व के प्रेषण में विलम्ब कर रहा था जिसके परिणामस्वरूप निधियों का विपथन हुआ और कोषागार में विप्रेषण में विलम्ब हुआ। आंतरिक नियंत्रण की अनुपस्थिति के कारण सितंबर 2019 में सरकारी खाते से 10 लाख रुपये की नकद प्राप्तियों की हेराफेरी हुई।

इसके अलावा, गोवा हाउसिंग बोर्ड ने अग्रिम कर के भुगतान और रिटर्न दाखिल करने के संबंध में आयकर अधिनियम, 1961 के प्रावधानों का पालन नहीं किया, जिसके परिणामस्वरूप अधिनियम के तहत 70.69 लाख रुपये का दंडात्मक ब्याज लगाया गया, जो परिहार्य था। राजस्व क्षेत्र वाणिज्यिक कर विभाग निर्धारण प्राधिकारी अधिनियम के तहत छूट प्राप्त शराब निर्माण इकाइयों के लिए कच्चे माल के रूप में उपयोग किए जाने वाले माल की अंतर-राज्यीय खरीद पर 3.18 करोड़ रुपये का प्रवेश कर लगाने में विफल रहा।

मूल्यांकन प्राधिकरण द्वारा 4.14 करोड़ रुपये के विलासिता कर में छूट दी गई थी, भले ही निर्धारिती ने गोवा टैक्स ऑन लक्ज़री एक्ट (GTLA) के तहत निर्धारित छूट के मानदंडों को पूरा नहीं किया था। अधिसूचना के अनुसार, विवादित राशि के 10% के भुगतान पर ही अपील के मामलों को स्वीकार किया जा सकता है।

हालांकि, अपील मामलों की जांच से पता चला कि कुल 3.13 करोड़ रुपये की विवादित राशि का 10 प्रतिशत एकत्र किए बिना 22 अपील मामले स्वीकार किए गए थे।

निबंधन विभाग, सिविल रजिस्ट्रार एवं सब-रजिस्ट्रार (सी.आर.एस.आर.) कार्यालय, पेरनेम ने बिक्री विलेखों को निष्पादित करते समय कलेक्टर द्वारा निर्धारित भूमि के उचित बाजार मूल्य पर विचार नहीं किया जिसके परिणामस्वरूप 20.63 लाख रुपये के स्टाम्प शुल्क और पंजीकरण शुल्क का कम आरोपण हुआ। https://jantaserishta.com/local/goa/goa-govt-incurred-wasteful-expenses-of-hundreds-of-crores-cag-1406143

13. जीआईडीसी ने 'गलत गणना' के कारण 5 फर्मों को 17 करोड़ रुपये अतिरिक्त भुगतान किए: ऑडिट रिपोर्ट *(jantaserishta.com)* Jul 23, 2022

पणजी: गोवा औद्योगिक विकास निगम (जीआईडीसी) ने "गलत गणना" के कारण विशेष आर्थिक क्षेत्र (एसईजेड) मुकदमेबाजी को निपटाने के लिए पांच कंपनियों को 17.32 करोड़ रुपये की अतिरिक्त राशि का भुगतान किया, भारत के नियंत्रक और महालेखा परीक्षक (सीएजी) ने कहा। 31 मार्च, 2020 को समाप्त वर्ष के लिए एक रिपोर्ट। चौंकाने वाली बात यह है कि राज्य सरकार ने जीआईडीसी को "उत्तरदायित्व वहन करने" के लिए कहा और सुप्रीम कोर्ट को सूचित करने से इनकार कर दिया, जो त्रुटि के बारे में समझौता समझौते की निगरानी कर रहा था।

जीआईडीसी ने 256.57 करोड़ रुपये की निपटान राशि की गणना की थी जिसमें सात सेज भूमि आवंटियों से लाइसेंस शुल्क की प्राप्ति में देरी के लिए निर्माण लाइसेंस शुल्क और ब्याज शामिल था। जमीन का आवंटन रद्द होने के कारण समझौता फार्मूले के तहत पैसा वापस किया जाना था।

"सरकार ने संशोधित गणना प्रस्तुत करने के लिए शीर्ष अदालत में अपील नहीं की और इस तरह पहले के आदेश में संशोधन की मांग की। इस प्रकार निपटान राशि की दोषपूर्ण गणना और कानूनी मार्ग के माध्यम से आगे गैर-सुधार के कारण जीआईडीसी द्वारा 17.32 करोड़ रुपये का परिहार्य भुगतान किया गया, "कैग रिपोर्ट में महालेखाकार अनीता बालकृष्ण ने कहा।

यह ध्यान देने योग्य है कि जीआईडीसी ने शुरू में एसईजेड प्रमोटरों को लाइसेंस शुल्क और ब्याज राशि का भुगतान रोक दिया था, लेकिन बाद में अदालत के आदेशों की "संभावित अवमानना" का हवाला देते हुए इसे जारी कर दिया।

जीआईडीसी ने अपनी गणना की समीक्षा की और महसूस किया कि विलंबित भुगतान ब्याज के साथ निर्माण लाइसेंस शुल्क एसईजेड प्रमोटरों से एकत्र किया गया था और सरकारी खजाने में जमा किया गया था।

"चूंकि राशि जीआईडीसी के कब्जे में नहीं थी, इस राशि पर और ब्याज के साथ कुल 17.32 करोड़ रुपये जीआईडीसी द्वारा वापस नहीं किए जा सकते थे। GIDC की संशोधित गणना के अनुसार वापसी योग्य राशि 239.25 करोड़ रुपये थी, "कैग की रिपोर्ट में कहा गया है।

जीआईडीसी ने सरकार से लाइसेंस शुल्क और ब्याज की वापसी के लिए अनुरोध किया, जिसे मार्च 2019 में खारिज कर दिया गया था, जिसमें कहा गया था कि लाइसेंस शुल्क पहले ही स्थानीय निकायों को वितरित किया जा चुका है। बालकृष्ण ने कहा, "इसके अलावा, सरकार ने जीआईडीसी को दायित्व वहन करने का निर्देश दिया क्योंकि निपटान गणना जीआईडीसी द्वारा की गई थी।" https://jantaserishta.com/local/goa/gidc-paid-5-firms-rs-17cr-extra-due-to-faulty-calculation-audit-report-1406583

14. Punjab Forest Department fails to realise Rs 129.8 crore from Irrigation Department for axing trees *(tribuneindia.com)* Jul 24, 2022

Chandigarh: The six-year-old case related to the illegal felling of 24,777 eucalyptus, sheesham and kikar trees to widen the 800-km-long Bist-Doab canal during the SAD-BJP government in 2016 is back to haunt the Forest Department.

The department has failed to realise Rs 129.81 crore as the cost of compensatory afforestation under Compensatory Afforestation Fund Management and Planning Authority (CAMPA) from the Irrigation Department that felled the trees on a forest area of around 107.25 hectares of land along the Bist-Doab Canal, the Comptroller Auditor General of India (CAG) has pointed out to the state government.

The Irrigation Department had cut the trees along the canal and its distributaries in Nawanshahr and Jalandhar divisions through the Punjab State Forest Development Corporation after seeking permission of the Forest Department.

The Rs 270-crore project to widen the canal had kicked up a row last year after foresters and environmentalists cried foul over trees being uprooted from a land strip (on both sides of the canal), classified as a protected forest. The irrigation canal and its distributaries that meander through Nawanshahr and Jalandhar districts carry the Sutlej water from the Ropar headworks.

The National Green Tribunal (NGT), in its 2018 orders, had also held that the then Principal Chief Conservator of Forest (PCCF) and Divisional Forest Officer (DFO), Nawanshahr, had deliberately ignored the fact that the trees stood in the area demarked as protected forest. The NGT said there was wilful violation of the Forest Conservation Act (FCA), 1980. The Act required the department to take permission from the Ministry of Environment (MOEF) under the FCA. The NGT had directed the state to get the case investigated by an officer, not below the rank of Additional Chief Secretary, and fix responsibility on officers responsible for the violation of the FCA. The inquiry was undertaken but it still remains inconclusive.

The CAG has pointed out that the PCCF ordered the Nawanshahr DFO in November 2019 to take action as per order of the NGT and submit the compliance report without any delay. However, the DFO did not initiate action to realise the cost of compensatory afforestation from the Irrigation Department.

Compensatory afforestation fund

-The amount was meant for compensatory plantation under the Compensatory Afforestation Fund Management and Planning Authority.

-The Irrigation Department had felled the trees on a forest area of around 107.25 hectares along the canal. https://www.tribuneindia.com/news/punjab/punjab-forest-department-fails-to-realise-rs-129-8-crore-from-irrigation-department-for-axing-trees-415067

15. Centre warns Punjab against raising funds via assets, future revenue

(tribuneindia.com) Jul 25, 2022

Chandigarh: The previous governments have not only mortgaged several assets of the state to raise loans, but have even pledged the future income to raise resources. This has put the state in a position where its financial stability is at a risk.

From the Punjab Mandi Board (PMB) to the Punjab Infrastructure Development Board — the once cash-rich instituitions of the state have been "milked dry" — as their future fund accruals have been pledged to raise more loans. It is learnt that in the past two years alone, during the Congress regime, Rs 2,879 crore was raised by the state by escrowing future revenue.

The issue was reportedly flagged in the recently held meeting of all Chief Secretaries in the presence of PM Narendra Modi.

Information gathered by The Tribune shows that while the then SAD-BJP government (2012-17) had raised a loan of Rs 3,134 crore to fund its Urban Rural Mission Scheme, it pledged approximately Rs 1,200 crore of its annual income for 10 years, beginning 2015-16, for repaying the debt. Initially, the then government was sanctioned a loan of Rs 5,000 crore, but only Rs 3,134 crore was released by a consortium of banks.

The Congress, after it took over, also took the same route and pledged the future fund accruals of the PMB for 10 years when it raised a loan of Rs 4,000 crore to fund the Crop Loan Waiver Scheme. Every six months, the board now has to shell out Rs 625 crore from its earnings towards loan repayment and interest.

Besides this, the governments have also been mortgaging the state's properties to raise loans. The Tribune has been highlighting the issue for past several years. In a report of the Comptroller and Auditor General, Punjab, released last month, it was pointed out that the Punjab Urban Planning and Development Authority had mortgaged several properties in order to raise resources. The report says after analysing the income and expenditure of the Optimum Utilisation of the Vacant Government Land Scheme (OUVGL), they found that there was a debt balance of Rs 1,158.63 crore. This was met by raising loans against mortgaging OUVGL properties.

Notably, Punjab is among the most debt-stressed states in the country, with its arrears set to cross Rs 3 lakh crore by the end of this fiscal. In wake of the crisis in Sri Lanka, the Centre has asked all many states, including Punjab, not to go in for off-Budget borrowings.

PUNJAB 3RD IN OFF-BUDGET LOAN LIST

Punjab has been placed third after Andhra Pradesh and Uttar Pradesh on the issue of mortgaging the government assets and raising loans by escrowing future revenue of the state.

AAP GOVT TRYING TO UNDO DAMAGE

Previous govts haven't only borrowed recklessly to fund targeted schemes, but also pledged state's future. The AAP is realising the scale of fiscal mismanagement. We're trying to undo the damage. Harpal Cheema, FM

https://www.tribuneindia.com/news/punjab/centre-warns-punjab-against-raising-funds-via-assets-future-revenue-415358

16. पंजाब में स्मार्ट सिटी मिशन मुहिम की नहीं आई अच्छी रिपोर्ट *(amarujala.com)*
25 Jul 2022

चंडीगढ़। पंजाब में शहरों को स्मार्ट बनाए जाने के केंद्र सरकार के मिशन की अच्छी रिपोर्ट नहीं आई है। 5 सालों के दौरान हुए मिशन के कामों की समीक्षा में खुलासा हुआ है कि शहरों में किए जाने वाले 124 कार्यों में सिर्फ 15 क्षेत्रों में काम किया गया है। कैग की रिपोर्ट में इस खुलासे के बाद अब पंजाब सरकार ने स्मार्ट सिटी मिशन की समीक्षा शुरू करने का फैसला किया है।

केंद्र सरकार ने जून 2015 में स्मार्ट सिटी मिशन शुरू किया था, जिसका उद्देश्य पांच साल में 100 शहरों को कवर करना था। इसका उद्देश्य उन शहरों को बढ़ावा देना था जो मुख्य बुनियादी ढांचा प्रदान करते हैं और अपने नागरिकों को जीवन की एक अच्छी गुणवत्ता प्रदान करते हैं। मिशन को संबंधित राज्य सरकारों द्वारा प्रचारित स्पेशल पर्पस व्हीकल (एसपीवी) के माध्यम से शहर स्तर पर लागू किया जाना था। इसी मिशन के तहत सूबे के लुधियाना शहर को भारत सरकार द्वारा 2016 में 20 शहरों की पहली सूची में स्मार्ट सिटी के रूप में विकसित करने के लिए चुना था। बाद के चरणों में अमृतसर और जालंधर को भी शामिल कर लिया गया। पंजाब के तीनों शहरों में मिशन स्मार्ट सिटी की प्रगति को लेकर कैग के द्वारा समीक्षा की गई। कैग ने अप्रैल 2015 से मार्च 2020 की अवधि के लिए पंजाब में शहरी स्थानीय निकायों का ऑडिट किया और हाल ही में समाप्त हुए बजट सत्र के दौरान इसकी रिपोर्ट विधानसभा में पेश की। रिपोर्ट में खुलासा हुआ है कि अक्तूबर 2020 तक, 3071.38 करोड़ रुपये की 124 परियोजनाओं को पूरा किया जाना था, लेकिन कुल परियोजनाओं में सिर्फ 15 (12.10 प्रतिशत) 40.69 करोड़ रुपये खर्च करके पूरी की गईं। शेष परियोजनाओं में काम किए जाने की बात कही गई है।

अमृतसर की रिपोर्ट सबसे खराब

रिपोर्ट में अमृतसर जिले की सबसे खराब स्थिति है। रिपोर्ट में कहा गया है कि अमृतसर में 32 परियोजनाओं में से 18 अभी शुरू होनी बाकी हैं, जबकि नौ पर काम चल रहा है। इसी तरह, जालंधर में 49 परियोजनाओं में से 34 अभी शुरू होनी बाकी हैं, जबकि 12 प्रगति पर हैं और लुधियाना में 43 में से 24 अभी शुरू होनी बाकी हैं और 12 प्रगति पर हैं।

पंजाब सरकार ने शुरू की समीक्षा

स्मार्ट सिटी मिशन की इस हालत के खुलासे के बाद पंजाब सरकार ने भी योजनाओं की समीक्षा का फैसला किया है। सरकार के मंत्री डॉ. इंदरबीर सिंह निज्झर ने हाल ही में इस मामले में कहा था कि सरकार ने निकायों की समीक्षा शुरू कर दी है। जल्द ही इसके अच्छे परिणाम सामने आएंगे। https://www.amarujala.com/haryana/panchkula/no-good-report-of-smart-city-mission-campaign-in-punjab-panchkula-news-pkl4575470126

17. Be more realistic in budgetary assumptions, CAG tells Kerala *(thehindu.com)* UPDATED: JULY 22, 2022

Report identifies misclassification of expenditures and investment, and lack of transparency

The Comptroller and Auditor General (CAG) has flagged discrepancies in the budgeting practices of the Kerala government, asserting that the State needs to be more "realistic" in its budgetary assumptions and ensure efficient control mechanisms.

In its State Finances audit report for the year ended 2021, the CAG identifies instances of misclassification of expenditures and investment, lack of transparency, excess and unnecessary reappropriation of funds and failure to execute schemes among the practices that need correction.

Benefits go awry
Several schemes for which budgetary provision was made were not executed, depriving the public of the intended benefits. Such savings deprive other government departments of funds which they could have utilised instead.

The audit observes that "a Budget provision of ₹10 crore and above was made in 19 schemes included in 11 grants, but no expenditure was incurred in any of these schemes. These schemes were also not withdrawn in the revised outlay. Out of these 19 schemes, two schemes such as National Scheme for modernisation of Police and other forces, Basic Amenities in Village Offices were announced in the Budget for financial year 2019-20 too with no actual funding."

It also notes indiscriminate classification of expenditure amounting to ₹2,236.30 crore under 'Other charges' when they should have been marked under specific object heads. Such practices leave the accounts "opaque," according to the CAG.

While separate standard object heads exist for machinery and equipment, materials and supplies, motor vehicles, rent rate and taxes, electricity charges and water charges, these expenditures were budgeted/booked under the 'Other Charges' during 2020-21.

Misclassification
The audit report cites cases of misclassification of expenditures and investment. In one instance in 2020-21, ₹46.50 crore spent on gratuity in the Kerala State Cashew Development Corporation (KSCDC) was classified as capital expenditure when it should have been marked under revenue expenditure.

The discrepancy had been noted in 2019-20 also and pointed out, but the same thing occurred the following year. This is inconsistent with the principles laid down in the Indian Government Accounting Standards, the CAG noted.

Further, the audit notes instances where the sanctioned supplementary demand for grants was unnecessary. In such cases, either the final expenditure did not come up to the level of the original grants or no expenditure was incurred even after obtaining the supplementary grants.

Taking note of these discrepancies, the CAG has recommended the State government "to formulate a realistic Budget based on reliable assumptions of the needs of the departments and their capacity to utilise the allocated resources."

On the bright side, the CAG has commended the government for the fact that in 2020-21 there was no low Budget utilisation of less than 50% in any of the grants, which was observed in seven grants in 2019-20. https://www.thehindu.com/news/national/kerala/be-more-realistic-in-budgetary-assumptions-cag-tells-kerala/article65670445.ece

18. State can borrow ₹ 17,936 crore till December *(thehindu.com)* JULY 23, 2022

Compared to the same period last year, the limit is lower by ₹5,656 crore

THIRUVANANTHAPURAM: Amid the row over Kerala's borrowing limit, the Centre has finalised it at ₹17,936 crore for the nine-month period up to December this year.

Compared to the same period last year, the limit is lower by ₹5,656 crore.

Reacting to the development, Finance Minister K.N. Balagopal described it as an "arbitrary decision" taken by the Union government that will affect development and welfare measures in the State.

In May, the Centre, at the time yet to finalise the limit, had permitted Kerala to borrow ₹5,000 crore from the market to meet immediate requirements.

At 3.5% of the Gross State Domestic Product (GSDP), Kerala's borrowing limit in the 2022-23 fiscal had been fixed at ₹32,439 crore, plus a 0.5% additional borrowing limit that is subject to power sector reforms.

However, the Centre has been insisting that "off-budget" borrowings made through the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd (KSSPL) are direct liabilities of the State, and should be adjusted against the State's net borrowing ceiling. Kerala had strongly opposed this argument.

The Comptroller and Auditor General (CAG) had refused to accept Kerala's argument that KIIFB borrowings are not direct liabilities of the State. The latest State Finances audit report of the CAG also notes that the borrowings cannot be treated as contingent liability since KIIFB has no revenue of its own and the State has to provide for KIIFB's debt obligations by transferring its own revenue resources through the annual budget.

But Kerala maintains that KIIFB borrowings are on the basis of government guarantees and therefore are not direct liabilities of the State, but only contingent liabilities especially since KIIFB funds remunerative projects and generates its own income. https://www.thehindu.com/news/national/kerala/state-can-borrow-17936-croretill-december/article65674471.ece

19. Faculty shortage takes a toll on research in Kerala University *(thehindu.com)* JULY 24, 2022

THIRUVANANTHAPURAM: The University of Kerala, which has been basking in the limelight of its NAAC A++ re-accreditation, has been unable to unlock its research potential owing to staff shortage.

The deficiency was among those flagged by the Comptroller and Auditor General of India (C&AG) in its performance audit that covered the period 2016-21. Litigations and changes in appointment norms have delayed appointments to over 50 teaching posts in the university.

During its scrutiny corresponding to the particular period, the audit observed the posts of Professors had not been sanctioned for nine teaching departments. Moreover, Associate Professor and Assistant Professor posts had not been sanctioned for seven and two departments respectively.

In 2021, the university reported to have 70 contract lecturers in its 43 departments and the School of Distance Education. Only 210 of the 298 sanctioned posts were filled by teachers on a permanent basis.

The shortage has adversely impacted research output with several research scholars unable to identify guides. The prevailing University Grants Commission (UGC) norms stipulated limits in the numbers of scholars who could be guided by Professors, Associate Professors, and Assistant Professors.

According to official sources, the university could fill 56 posts during the last two years. The institution is set to notify another 53 posts including 19 Professor posts that could not be filled in previous appointment processes owing to the paucity of candidates with the required qualifications.

A senior official said the legal battles over the university's decision to treat all departments as a single unit to identify reserved posts had delayed appointments. Furthermore, the template of the appointment process had to be modified in accordance with the regulations laid by the UGC for teachers' appointments in 2018.

In addition, repeated requests made by the university for new posts have been rejected by the government that has cited financial difficulties.

The lacunae had dashed the university's hopes of becoming an 'Institution of Eminence' three years ago. While Kerala University had applied to the UGC for the status that would have enabled the institution to receive a grant of up to ₹1000 crore, the request was turned down on account of the faculty shortage. https://www.thehindu.com/news/national/kerala/faculty-shortage-takes-a-toll-on-research-in-kerala-university/article65678685.ece

20. Is Kerala doing enough to make dining out a safe and healthy activity?

(onmanorama.com) July 25, 2022

Thiruvananthapuram Eating out is one of the most preferred leisure activities of families, especially those in urban areas. And for people who travel far to work, eating out, though by no means preferred, will be the only option.

This ubiquitous activity, for some a pleasure and for others a necessity, could pose alarming public health risks if left unmonitored. The demand for food is huge and the supply seems to have more than kept pace. But surveillance has a lot more catching up to do.

Kerala has been found wanting especially on three counts. One, licensing and registration. Two, inspection and sample collection. Three, food analysis and monitoring.

Under the Food Safety and Standards (FSS) Act, licence is mandatory for any Food Business Operator (FBO) like hotels, restaurants and catering businesses with an annual turnover of more than Rs 12 lakh. On the other hand, petty FBOs with an annual turnover of less than Rs 12 lakh, like small retailers, street vendors, or temporary stall holders, will have to register with authorities like the local self-governments or the GST Department.

How hotels escape food safety checks

A top source in the Food and Safety Department said that there was an inordinate delay, ranging from 60 to even 120 days, in issuing licenses. Under the FSS Act, licenses are supposed to be issued within 60 days of receiving an application. If this is not done without either rejecting the application or informing the applicant of certain insufficiencies, the FBO can start functioning.

“Problem is, when an FBO begins operations without getting a license, it will not be included in the database of the Food and Safety Department, thus remaining insulated from the scrutiny of the Department,” the source said.

Since these FBOs will have to be simultaneously registered with other government departments, the Food Safety Department can easily crosscheck its database with sister departments. The Department, however, has not bothered to do this either.

Official figures show that a substantial number of restaurants with GST registration do not feature in the Food and Safety Department database; State GST figures for Thiruvananthapuram, for instance, show that 96 of the 162 restaurants with a GST registration do not have Food Safety and Standards Authority of India (FSSAI) licence.

Under the FSS Act, the Food Safety Officer (FSO), who comes under the assistant commissioner of food safety of a district and is in charge of field-level functions, has to maintain a database of all food businesses within the area assigned to him. None of them, the top source in the Department said, had a comprehensive database. “Even prominent crowded eateries these FSOs pass by daily are not included in their database,” the senior official said.

Without a comprehensive database, the Food Safety Commissioner will have no idea of the total number of FBOs. Result: the Department is not in a position to monitor their activities, leave alone follow up on whether these restaurants and shops are adhering to the standards specified for manufacturing, selling and storing of food articles.

Poor inspections and follow up

There is a considerably high number of operators outside the scanner of the Food Safety Department but here is a more disturbing fact: Only a small percentage of even licensed operators are subjected to inspection. A recent CAG report observed that less than 30 percent of FBOs with a turnover of over Rs 12 crore were subjected to food safety inspection.

In the case of petty FBOs like 'thattukadas', the CAG report said that not even nine percent were being inspected. The Food Safety Department officials Onmanorama talked to said that the shortage of enforcement officers and basic infrastructure including vehicles were hampering enforcement.

The FSS Act stipulates that license holders should be inspected at least once a year by food safety officers.

It is problematic that only a small number of licensed eateries are subjected to even one inspection a year but far worse is the follow-up. It is as if the Department's job is done after issuing an improvement notice to an FBO.

A senior Department official said that the restaurants invariably default on furnishing the mandatory compliance report. “Without this information, how is the Department to know whether the lapses pointed out by the food safety officers have been rectified. The FSOs don't insist either,” the official said.

Caught red-handed, but forgotten

The enforcement is weak even when unsafe or substandard food is detected. Under the FSS Rules, FSOs will have to draw food samples for surveillance, survey and research. The first samples, however, cannot be used for prosecution.

If any of these preliminary samples are found not to adhere to FSSAI standards, more samples, called the 'enforcement samples', will have to be immediately collected from the operator so that the shop could be shut down and prosecution proceedings initiated.

In most cases, these are not done, and in some others, the lifting of the 'enforcement sample' is done very late. A recent CAG audit has found that though 708 cases of unsafe samples were found, 'enforcement samples' were collected only in 56 cases.

The net result of this failure to collect more samples urgently when a restaurant or wayside hawker is found to sell unsafe food is that the unsuspecting public will continue to consume such contaminated food.

For instance, based on a complaint, an initial surveillance sample of milk was taken from the Sankranthi Milk Cooperative Society in Kottayam in July 2019. The Government Analyst's Laboratory, Thiruvananthapuram, found the sample substandard. However, the enforcement sample was taken nearly two years later in February 2021. The results have still not come and the public continues to consume milk from this cooperative.

Anganwadi tragedy

The administrative indifference towards follow-up action is so intense that enforcement samples were not taken even when 'anganwadi' food was found unsafe.

The CAG, for instance, reported that food safety officers had found Amrutham Nutrimix, a supplementary nutritional powder given to children six months to three years of age, served in Thiruvananthapuram in September 2020 was unsafe.

However, when enforcement samples were picked, it was not only done late in December that year but also from a different batch. Meanwhile, the unsafe Nutrimix powder, from the problematic lot continued to be served to infants.

The near absence of post-detection or secondary surveillance was cited as a major reason when last June more than 60 children in three anganwadis in Kerala - Kalluvathukkal in Kollam, Kayamkulam in Alappuzha and Vizhinjam in Thiruvananthapuram - had complained of food poisoning symptoms like nausea and diarrhea.

It was found that the rice served in the Kalluvathukkal anganwadi was worm-infested. The reports from the other two anganwadis are still awaited.

The futility of lab testing

On top of all this, even if contaminated food reaches notified laboratories, the assessment of food safety is virtually a futile exercise.

There are three notified laboratories in Kerala: Government Analyst's Laboratory (GAL), Thiruvananthapuram, Regional Analytical Laboratory (RAL), Ernakulam and Regional Analytical Laboratory (RAL), Kozhikode.

A CAG audit conducted in 2020 found that all the prescribed parameters for analysing the standards and permissible limits of contaminants, toxins, residues, antibiotics and microbiological aspects were not being carried out in any of these laboratories.

Take for instance milk. A suspected sample of milk has to be subjected to a range of 33 to 99 parameters. But all these three labs have accreditation for not more than three of these parameters.

Now take fish. There are up to 23 parameters to be checked to assess the quality of fish. None of the three notified labs in Kerala have the National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation for any of these parameters.

Ditto for packaged drinking water. As per law, 52 parameters have to be checked before a quality judgment is passed. The GAL, Thiruvananthapuram, has accreditation for 20. But the other two labs in Ernakulam and Kozhikode have accreditation for only six and five parameters respectively. https://www.onmanorama.com/news/kerala/2022/07/25/food-safety-concerns-kerala-eating-out.html

21. Tell when GPF amount will be returned to staff, AP High Court asks govt *(thehansindia.com)* 23 July 2022

Vijayawada: The Andhra Pradesh High Court on Friday asked the state government to file an affidavit with details of its plans to repay the GPF (General Provident Fund) withdrawn from the employee accounts.

In a petition filed by the Andhra Pradesh Gazetted Officers' Association president K V Krishnaiah, the High Court said the government could not withdraw the money from the employees accounts.

The money had to be deposited back, it stated, opining that the amount could be around Rs 2,000 crore which the government used for its own needs. It also questioned the government's lawyer as to how a lowly officials could file the response when it sought its explanation as happened now, the government lawyer submitted that the principal secretary would file the affidavit. The court remarked that it would be the chief secretary who would be answerable whoever filed the affidavit.

During its last hearing too, the court wondered how the state government could withdraw money from GPF accounts of the employees. The High Court bench headed by Chief Justice Prashant Kumar Mishra and Justice D V S S Somayajulu said that they were surprised to see the news reports on recovery of money from GPF accounts. "We find it is in violation of the interim order of the High Court and if found true, we will initiate contempt proceedings against the authorities concerned," said the bench in the last hearing.

The withdrawal of the GPF amount from their accounts came as a shocker to the employees who protested the same. The Opposition criticised the government for siphoning away of money illegally from the employees' accounts. There is an allegation that the government had also diverted the panchayat raj funds.

The other day, the Supreme Court ordered reimbursement of Rs 1,100 crore to the SDRF account which the state diverted from the Centre-released Covid funds and diverted the same to meet its welfare schemes expenditure. The Comptroller and Auditor General (CAG) has repeatedly been pointing out that the state government was diverting funds from several programmes and schemes (given by the Centre) to other expenditure. Recently, the CAG report has pointed out that Rs 41,000 crore was spent without transparency.

BJP MP G V L Narasimha Rao has already demanded a high-level inquiry into allegations of the Personal Deposit (PD) accounts which, he said, 'were being indiscriminately operated in violation of financial regulations'. Earlier, former finance minister, Yanamala Ramakrushnudu too argued similarly seeking fiscal discipline.

Narasimha Rao had written a letter to the Governor Biswa Bhusan Harichandan urging him to direct the state government for a special audit of PD accounts under the supervision of the CAG, in addition to an independent investigation by the Central Bureau of Investigation (CBI). "The money in the PD accounts is meant for use only in emergencies. It is to be used only on a limited basis for administrative convenience, not for large scale diversion of funds or for evasion of financial rules and regulations," Narasimha Rao said. https://www.thehansindia.com/andhra-pradesh/tell-when-gpf-amount-will-be-returned-to-staff-ap-high-court-asks-govt-754739?infinitescroll=1#google_vignette

22. Karnataka: Transport department’s plan to procure 25 driving simulators raises eyebrows *(timesofindia.indiatimes.com)* July 23, 2022

BENGALURU: Armed with a government order, the transport department plans to procure 25 driving simulators, a move that has invited widespread criticism. Karnataka State Road Safety Authority will soon float a tender worth around Rs 5 crore.

Officials claim simulators help ascertain driving skills of applicants before they take the final driving test, but many experts feel they are a waste of money.

MN Sreehari, former adviser to the government on traffic issues, said: “Simulators are like playstations and do not quantify driving skills. The department appears to be desperate to spend all the allocated money before the election code kicks in this December. Many simulators which were obtained earlier were hardly used at RTOs. Funds should be utilised for something useful. Simulators are a waste of taxpayers’ money.”

A driving school owner in east Bengaluru said: “There is no rule that an applicant needs to pass a simulator test. Many such simulators procured around 14 years ago are lying idle at RTOs. Most become dysfunctional in less than five years. With that money, they could have got a few used cars. In fact, many reputed driving schools have their own simulators and candidates learn skills before appearing for the road test. The department should come up with more automated driving test tracks to assess the skills of aspiring drivers".

Questions swirl over the costs too. For instance, Maharashtra is procuring 65 simulators at around Rs 3.3 crore for 50 RTOs across Maharashtra. But officials claim the Rs 5- crore tender is not just for installation of 25 light motor vehicle simulators but also covers a three-year maintenance period besides manpower to operate them.

In 2022-2023, Rs 300 crore has been allocated for road safety and awareness. A senior transport department source said: “Most of it is being used to buy vehicles or furniture, so it is easier to spend. Automated driving test tracks will take time and planning to set up”

Additional commissioner for transport and director (road safety cell) J Gnanendra Kumar was unavailable for comments. In March, the Anti-Corruption Bureau conducted raids against 18 government officials, including Kumar, for allegedly amassing wealth disproportionate to their known sources of income.

Shortage of tracks

A CAG report on ‘performance audit of functioning of KSRSA’ for 2021 states: “Driving test tracks are one of the best practices adopted worldwide for conducting skill/ability tests of an aspiring driver. They are scientifically designed to test the ability of the applicant...and include all safe driving measures to be followed.”

It adds: “Though this scientific way of testing driving skills was adopted (2015), only five out of 67 RTOs had this facility while the others were using public roads for conducting tests. The transport department said (August 2021) that computerised testing tracks would be provided in 10 other RTOs soon. However, 52 RTOs would still be deprived of scientific testing tracks for issue of DLs.”

At present, automated tracks are available only at RTOs in Jnanabharathi, Electronics City, Mysuru, Kalaburagi, Dharwad, Shivamogga and Hassan.

“In Mangaluru, Belagavi and Raichur, work on installation and maintenance of sensors will be taken up soon. The tracks are being constructed by the road safety authority at Bagalkot, Haveri, Chikkodi, Jamakhandi and Athani. In the 2022-2023 budget, it was announced that nine RTOs — Kolar, Hospet, Gadag, Ballari, Vijayapura, Bidar, Yadgir, Davanagere and Devanahalli — would get them, but work is yet to begin,” said a transport department official.
https://timesofindia.indiatimes.com/city/bengaluru/karnataka-transport-departments-plan-to-procure-25-driving-simulators-raises-eyebrows/articleshow/93063227.cms

23. Declare date to return GPF money: HC *(timesofindia.indiatimes.com)*

25 Jul 2022

Vijayawada: The Andhra Pradesh high court on Friday directed the state government to make clear when the amount deducted from GPF accounts of employees will be deposited back.

The high court directed the state government to file an affidavit specifying the date. The high court observed that “even the Comptroller and Auditor General (CAG) cannot understand the details submitted by the state government explaining the technical reasons behind withdrawal of amount from GPF accounts.”

The high court bench said that prima facie it appears that the amounts were utilised somewhere else and now after its purpose was served, the state government is saying that they will pay back the employees. It appears that the state brought technical glitch to the fore only to evade contempt of court proceedings.

Challenging the GO issued by the state government notifying the Pay Revision Commission (PRC) recommendations, the Gazetted Officers' Joint Action Committee chairman K V Krishnaiah moved the high court.

Upon hearing the petition, the high court had earlier directed the state government not to make any recoveries from the salaries of the employees subsequent to the implementation of PRC.

Arguing on behalf of the government, advocate general S Sriram said that the amount debited from the accounts was purely a technical issue and nothing to do with PRC. The debited amount would be deposited back as soon as the budget is approved, he said."When there is no prior approval to withdraw from the accounts of employees why would the state government need budget approval to deposit back. It appears that about Rs 2,200 crore have been debited from accounts of employees and the amount was used for some other purpose. Now, after its purpose was served, the state government saying that they will deposit back the amount," said the bench.

The high court warned the state government not to drag the issue to an extent where an order would be passed to conduct audit with an independent auditor. The matter was posted for further hearing to August 3. https://timesofindia.indiatimes.com/city/vijayawada/declare-date-to-return-gpf-money-hc/articleshow/93064995.cms

24. रोडवेज में आईटी कंपनी के भुगतान में 25 करोड़ का घोटाला, वायरल चार्जशीट से हुआ खुलासा *(amarujala.com)* 25 Jul 2022

उप्र. राज्य सड़क परिवहन निगम (रोडवेज) में आईटी कंपनी ट्राइमेक्स को 25.05 करोड़ रुपये का भुगतान कराने में घोटाला सामने आया है। इसका खुलासा मामले के आरोपी और लखनऊ परिक्षेत्र के क्षेत्रीय प्रबंधक पल्लव कुमार बोस को दी गई चार्जशीट के रविवार को सोशल मीडिया पर वायरल होने के बाद हुआ।

पल्लव को पिछले हफ्ते ही मुख्यालय में आईटी इकाई का प्रभारी प्रधान प्रबंधक बनाया गया है। पल्लव के पास पहले से ही लखनऊ सिटी ट्रांसपोर्ट सर्विसेज कंपनी के प्रबंध निदेशक की भी अतिरिक्त जिम्मेदारी है। यानी उनके पास पहले से ही दो पदों की जिम्मेदारी है। अब आईटी कंपनी को ज्यादा भुगतान कराने के मामले में आरोपी बोस को ही आईटी का प्रभार सौंपने से सवाल भी उठे रहे हैं।

यह है मामला

रोडवेज ने दिसंबर 2015 में आईटी कार्य की परियोजना को गति देने के लिए एक समिति बनाई थी। समिति का अध्यक्ष लखनऊ परिक्षेत्र के आरएम पल्लव कुमार बोस और उनके प्रस्ताव पर वित्त इकाई से एमवी नातू (जो सेवानिवृत्त के बाद वर्तमान में लखनऊ सिटी ट्रांसपोर्ट सर्विसेज कंपनी में मैनेजर ऑपरेशन के पद पर कार्यरत हैं) एवं तकनीकी इकाई के एसपी सिंह को सदस्य बनाया गया था। इसी समिति पर मनमाने तरीके कंपनी को 25 करोड़ से ज्यादा भुगतान कराने के आरोप लगे। इसकी जांच पूर्व एमडी राजशेखर ने कराई थी। इसके बाद सीएजी ने भी भुगतान पर सवाल उठाए थे।

तीन अफसरों को मिली थी चार्जशीट

इस घोटाले की जांच रिपोर्ट आने पर पूर्व एमडी धीरज साहू ने 25 जून 2021 को पल्लव कुमार बोस को चार्जशीट और इससे पूर्व एक जनवरी 2021 को एमवी नातू व एसपी सिंह को कारण बताओ नोटिस जारी कर स्पष्टीकरण तलब किया था। तीनों अफसरों से एक हफ्ते में जवाब मांगा गया था। इनके जवाब पर क्या कार्रवाई हुई, कुछ पता नहीं है।

आरएम पर ये हैं प्रमुख आरोप

- सेवा प्रदाता को वित्तीय लाभ पहुंचाने के लिए सांठगांठ से सॉफ्टवेयर/पोर्टल तैयार कराया गया।

- सेवा प्रदाता को 25.05 करोड़ रुपये का अधिक भुगतान कराने का कुत्सित कार्य किया गया।
- अप्रमाणित सॉफ्टवेयर से आकलन कराकर निगम को वित्तीय हानि पहुंचाई गई।

'ऐसी चार्जशीट तो लगती रहती है'

यह प्रकरण 18 माह पहले का है। इस मामले की जांच चल रही है। ऐसी चार्जशीट तो सभी को लगती रहती है। मेरे स्तर से न कोई भुगतान होता है और न ही हुआ है। भुगतान का काम एमडी ऑफिस से होता। मुझे ये पता नहीं क्या भुगतान हुआ और कब हुआ।

- पल्लव कुमार बोस, आरएम लखनऊ व प्रभारी प्रधान प्रबंधक रोडवेज https://www.amarujala.com/lucknow/up-news-scam-of-25-crores-in-the-payment-of-it-company-in-roadways-revealed-by-viral-chargesheet

SELECTED NEWS ITEMS/ARTICLES FOR READING

25. Insurance companies made Rs 40,000 cr in 5 years under PMFYB scheme *(business-standard.com)* July 25, 2022

Under the central government's flagship scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY), insurance companies had made around Rs 40,000 crore between 2016-17 and 2021-22, according to a media report on Saturday.

According to the Times of India report, Narendra Singh Tomar, Union minister for agriculture, said the companies paid claims worth Rs 119,314 crore to farmers against the total premium collection of Rs 159,132 crore under PMFBY.

For the implementation of the scheme, the government roped in 18 general insurance companies, aimed to provide financial support to farmers suffering crop loss or damage arising out of natural calamities.

"Since inception of the scheme till Kharif 2021- 22 season, Rs 4,190 per hectare has been paid as claims to farmers under the scheme," Tomar said in a written response to Rajya Sabha, accessed by the Times of India.

Launched six years ago, the scheme was revamped in 2020, enabling voluntary participation of the farmers. It also made it convenient for the farmer to report crop loss within 72 hours of the occurrence of any event -- through the Crop Insurance App, CSC Centre or the nearest agriculture officer -- with claim benefits getting transferred electronically into the bank accounts of the eligible farmer.

Under PMFBY, farmers pay 2 per cent of the sum insured as their share of premium for kharif crops, 1.5 per cent for rabi crops and 5 per cent for horticulture and commercial crops. If the actuarial premium is lower than this rate, the lower of the two would apply. The difference between the actuarial premium rate and the premium paid by farmers is the subsidy shared equally by the Centre and states.

Integration of land records with the PMFBY's National Crop Insurance Portal (NCIP), Crop Insurance mobile app for easy enrollment of farmers, remittance of farmer premium through NCIP, a subsidy release module and a claim release module through NCIP are some of the key features of the scheme. https://www.business-standard.com/article/economy-policy/insurance-companies-made-rs-40-000-cr-in-5-years-under-pmfyb-scheme-122072300835_1.html

26. Finance Ministry seeks to rein in revenue expenditure *(financialexpress.com)* July 25, 2022

Faced with the task of managing additional spending commitments within a tight fiscal deficit goal, the finance ministry has asked various departments to avoid presenting new schemes that would warrant substantial revenue expenditure in FY23, official sources told FE.

The ministry is keen on revenue expenditure compression in FY23, given the strong external headwinds, and wants to generate some savings on this front. This is particularly important at a time when the Centre intends to realise its record budgetary capital expenditure target of Rs 7.5 trillion, betting big on its high-multiplier effect to spur growth.

The leash on revenue expenditure may lead to the deferment of certain new schemes, including a Rs 16,635-crore programme for the textiles sector that has been in the works for some time. The new, stepped-up scheme is aimed at not just replacing the latest avatar of the Technology Upgradation Fund Scheme (TUFS) but also promoting integrated manufacturing facilities. Similarly, the government is unlikely to widen the scope of the flagship tax remission scheme for exporters—RoDTEP—to include sectors like steel and pharma, despite industry demand. The Budget has earmarked `13,699 crore for the RoDTEP scheme for FY23.

"Any new scheme will further pressure the fiscal position. So, given the circumstances, it's better to avoid them, as spending has to be managed prudently," said a senior official. "However, this doesn't mean funds won't be available for any new scheme at all; it will depend on the urgency of the requirement," he added.

The government's expenditure management bid, however, won't impinge on critical extant schemes for which substantial budgetary outlay has already been earmarked for FY23. Out of the budgetary allocation of Rs 73,000 crore for the National Rural Employment Guarantee Scheme, Rs 36,000 crore has already been spent so far this fiscal. Under the PM-Kisan scheme, Rs 22,000 crore, or nearly a third of the FY23 outlay of Rs 68,000 crore, has already been transferred to farmers. Similarly, the National Rural Drinking Water Mission, under which piped water is being provided to each rural household, is unlikely to see any curtailment in funding. The scheme has a budgetary allocation of Rs 60,000 crore for FY23.

The Centre had budgeted to restrict revenue expenditure at Rs 31.94 trillion in FY23, down 0.2% from the actual spending of Rs 32.01 trillion in FY22. It intended to rein in fiscal deficit at 6.4% of GDP from 6.7% last fiscal. However, the Budget calculations went haywire after the Ukraine war caused massive disruptions in the global supply chains, leading to a spike in international commodity prices. This, in turn, led to a surge in fertiliser subsidy Bill, on top of the already-elevated food dole-outs following the government's decision to extend a programme to supply free grains to the poor by six months through September. The cut in the fuel excise duty in May to tame inflation, in addition to a potential drop in flows of dividend by state-run entities, will further exert pressure on the government's balance sheet.

Within the Budgetary allocation for FY23, the Centre will likely put a leash on certain avoidable revenue expenditure, as it has announced additional spending of Rs 2 trillion on subsidies over and above the FY23 Budget estimate. Of course, a large part of this additional spending would be offset by extra tax revenue, projected over the budget target.

The Centre's revenue receipts recorded a meagre 2% rise until May this fiscal from a year before, partly dampened by the plunge in the dividend transferred by the RBI. However, on top of it, a 15% jump in revenue expenditure and a 70% jump in capital spending in the first two months inflated the fiscal deficit to `2 trillion, compared with Rs 1.2 trillion a year before. Nevertheless, tax collection is going to rise in the coming months, breaching the Budgetted target.

Icra chief economist Aditi Nayar said: "Higher-than-budgeted revenues and nominal GDP will absorb a large portion of the extra expenditure. Unless free grains are extended beyond September 2022, we expect the fiscal deficit to print at 6.5% of GDP, mildly overshooting the budgeted level." According to Nomura, even before the government last week reversed its course on the windfall tax on petroleum products, the Centre's fiscal deficit was tracking at around 0.4% of GDP above the budget estimate of 6.4%, despite expectations of higher nominal GDP. It has now maintained its FY23 fiscal deficit forecast of 6.8% but added fiscal risks remain elevated. https://www.financialexpress.com/economy/finance-ministry-seeks-to-rein-in-revenue-expenditure/2604692/

27. Fertiliser subsidy to hit all-time high of Rs 2.5 trn in FY23 *(financialexpress.com)* July 25, 2022

The government may revise the budget estimate (BE) for fertiliser subsidy in the current fiscal year by around 140% to Rs 2.5 trillion, as elevated global prices of fertilisers and natural gas, the key feedstock, have inflated costs. This will be the largest ever outlay for fertiliser subsidy. The subsidy on farm nutrients stood at Rs 1.6 trillion (revised estimate) last year.

Chemicals and fertilizers minister Mansukh Mandaviya has recently stated that the government would not pass on the burden of rise in global prices to farmers. The government has been raising the subsidy on urea in tandem with the increase in costs as the retail prices of the nutrient is fixed.

The government had in April increased the Nutrient-based subsidy (NBS) rates for phosphatic and potassic fertilisers for the kharif season (from April 1, 2022, to September 30, 2022), in view of the increased cost of imports. The minister's statement signals that the NBS rates will be hiked further in the October review.

The country's annual demand for urea is around 35 million tonne (MT) of which 26 MT are domestically produced while the rest is imported. Urea is mostly imported from Oman, Oman, Egypt, the UAE, South African and Ukraine.

Under the NBS scheme, the aim is to insulate farmers to some extent from the increases in the prices of DAP and other non-urea nutrients in the global markets. Subsidies on P&K fertilisers were capped in 2010, but the government has increased the subsidy rates in recent years due to high prices of imported DAP and MoP.

Sale of all subsidised fertiliser to farmers or buyers is currently made through point of sale (PoS) devices installed at outlets since March 2018 and beneficiaries are identified through Aadhaar number, Kisan Credit Card and other documents.

"The prices of fertilisers have been on the rise globally in recent times, while fertilisers are being provided to farmers at affordable prices," Bhagwanth Khuba, minister for state for chemicals and fertilizers, said in Lok Sabha recently.

In the case of urea, farmers pay a fixed price of Rs 242 per bag (45 kg) against the cost of production of around Rs 2,700 per bag. The balance is provided by the government as a subsidy to fertiliser units.

The government released fertiliser subsidy to 177 manufacturers, which sold their produce to farmers through their retail chains in 2021-22. Since the introduction of the direct benefit transfer (DBT) system in October 2016, fertiliser subsidies have been released to companies on the basis of sales made by the retailers to the farmers. https://www.financialexpress.com/economy/fertiliser-subsidy-to-hit-all-time-high-of-rs-2-5-trn-in-fy23/2604458/

28. A prospective extension *(millenniumpost.in)* July 25, 2022

Exorbitant level of inequality in Indian cities makes urban employment guarantee scheme — on the lines of MGNREGA but with distinct features — an imperative

The latest CMIE data on unemployment rate show that unemployment in India continued to be high at 7.80 per cent in June 2022, with the urban employment rate being 7.30 per cent. At the same time, for May 2022, the urban employment rate at 8.21 per cent was higher than the overall unemployment rate of 7.12 per cent. Unemployment is definitely a matter of concern for policy makers and MGNREGA has proved to be a savior in rural areas but there is no corresponding safety net for the urban poor who also include the migrants from rural areas. The pandemic further brought into sharp focus the plight of the migrant labourers. Clearly, there needs to be a specific policy intervention for the urban poor to enable them to get gainfully employed

There have been attempts at coming up with urban employment schemes in the past. In 1997, there was the SGSRY (Swarna Jayanti Shahri Rozgar Yojna) which consisted of both self-employment and wage employment features. In 2013, NULM (National urban livelihood mission) replaced SGSRY. However, none of these has been an employment guarantee scheme. Many states have come to realise the growing stress on the urban poor plagued by high unemployment rates and impact of high inflation as well as the phenomena of low wage rates and poor quality of informal work. Accordingly, states like Kerala, Odisha, Himachal Pradesh, Madhya Pradesh, Jharkhand and Rajasthan have formulated their urban employment guarantee schemes. This is partly the result of the fact that over the last two decades the Indian economy has been characterised by growth without employment. The level of inequalities in urban areas is much higher than rural areas and this is sufficient justification for a national level urban employment guarantee act.

While the need is clear, the scheme will have to be designed with a lot of thought. It cannot just be an extension of MGNREGA, as unemployment in rural areas is of seasonal nature and the kind of public works that are taken up in rural areas are very different from those which can be viable in urban areas. Besides, the Panchayat at the village level is able to implement the MGNREGA scheme but the current capacity of urban local bodies may not be adequate to handle this kind of scheme. It has been suggested by some experts that at the national level it is possible to fund the scheme from the budget where about 20 million urban workers can get employment for 100 days at Rs 300 per day. The Prime Minister advisory committee has also recommended such a scheme to reduce the level of inequality in the urban sector.

Nature of works to be taken up under urban employment programmes would need to be wider and should focus on improving and maintaining the basic urban infrastructure services. Azim Premji University has suggested a model in which apart from building local infrastructure like roads, lanes or drainage they have added monitoring of environmental quality, strengthening municipal capacity through apprenticeships and providing care for children and elderly. These kinds of works can be taken up by the educated youth for whom the Azim Premji University has suggested that the scheme should guarantee 150 days of employment at a monthly stipend of Rs 13,000. Green jobs like construction and maintenance of public green bodies such as parks, lakes, ponds and other water bodies can also be considered. Monitoring and surveying jobs along with providing administrative assistance to local bodies can be useful for the educated unemployed. Universal slum upgrading is an important activity in urban areas where labor can be provided under this scheme. Some experts have also talked about building infrastructure for the informal economy which could include activities like designing vending zones for street vendors or construction of multipurpose livelihood centers for home-based workers.

Jean Dreze' has suggested a DUET (decentralised urban employment and training) model where the state could provide financial resources and infrastructure for conducting formal training and skill development programmes to develop the capacity of workers and eventually that of the urban local body. Jean Dreze' was very much aware of the fact that there was corruption in MGNREGA, particularly in the form of the existence of ghost employees, and to overcome this, he suggested the issuing of job stamps to employers. In urban areas there was a lot of scope for keeping public spaces clean and this could enable jobs for women also. In fact, he advocated that in the urban employment scheme, one-third of the jobs should be reserved for women. He also put forward the concept of worker cooperatives where only those enrolled would be eligible for jobs.

Currently, there is a lot of debate on 'freebies' being promised by political parties to attract voters and several economists and leaders have criticised this populism as it leads to draining of the resources of the nation. However, MGNREGA cannot be viewed as a freebie as it is a very important safety net scheme in the interest of the poor. In a similar vein, the urban employment guarantee scheme would help in taking a lot of urban poor out of poverty. Besides, there are tangible economic benefits like boosting local demand, improving quality of urban infrastructure and services, skilling urban youth and increasing the capacity of the urban local body. The urban scheme has to take the urban local bodies into confidence while designing the structure, as they are the implementing agency and success or failure of the scheme would be dependent upon their performance. One could also think of having wages of workers in the urban guarantee scheme decided in a decentralized manner at the level of the urban local body. As regards the availability of resources, it has been estimated that to provide employment to 50 million people, an expenditure of only 1.7 to 2.7 per cent of GDP would be required per year, which can certainly be made available with proper financial planning and expenditure management.

The example of MGNREGA has demonstrated the usefulness of such an employment guarantee scheme. Though there are some allegations of misuse of funds, and often, land owners complain of this scheme leading to a hike in rural wages, the scheme has by and large delivered results. I have personally used MGNREGA in Bundelkhand area of Uttar Pradesh when this region suffered a drought for three consecutive years. The employment provided by the scheme proved to be of immense value to the rural workers. Then again, the pandemic clearly illustrated the value of this scheme as it provided a huge safety net for the migrant labor which returned in large numbers to the villages.

The recent pandemic has highlighted the reality of the urban poor. Eighty-five per cent of the workforce in the urban areas is employed in the unorganised sector where they get least social benefits. There is, thus, an urgent need to design and implement a comprehensive urban employment guarantee scheme at the urban level on the analogy of MGNREGA but with its own distinctive features. http://www.millenniumpost.in/opinion/a-prospective-extension-487069