NEWS ITEMS ON CAG/ AUDIT REPORTS (25.07.2022)

1. CAG to assess impact of old pension scheme on finances *(economictimes.indiatimes.com)* Updated: Jul 26, 2022

India's statutory auditor, the Comptroller & Auditor General of India, is taking a deep dive to ascertain the impact of the old pension scheme on finances after some state governments decided to revert to that.

The CAG has also started work on a comprehensive account of natural resources in the country that will aid policymakers in planning their sustainable utilisation.

The Centre had instituted a contributory National Pension System (NPS) for those joining service from January 1, 2004, ending the costly defined benefit regime. States had over a period joined the NPS.

"We are doing a modelling exercise to see how it will impact government finances," Comptroller and Auditor General GC Murmu told ET.

A division within the CAG is looking at various aspects of the switch back including entitlement and expenses to see the long-term and short-term impacts.

Economists have warned that switching back to the old pension scheme from the NPS could have disastrous consequences for state finances.

Accounting of resources
As part of the in-depth examination of natural resources in 28 states, accounts have been compiled and under the process of validation. The CAG will be roping in technical experts for this first-ever exercise that would cover minerals and non-conventional resources as well.

Returning to normalcy
Post-pandemic, the audit process has begun to normalise and could return to the pre-pandemic stage soon. "Prior to Covid, we were doing on average 42-45 audits, which fell to 18-20 during the pandemic ... We are now doing 33 on average for the union government," said another official from the CAG. "For state governments, it has almost reached an average of 131 which shows that now we are almost at the same level as pre-pandemic."

The official said the CAG would soon be completing a comprehensive audit of states of health service delivery including health management, existing infrastructure at each level, procurement, and availability of personnel.

It will include a qualitative audit of the services delivered including turnaround time taken with each patient, implementation of the National Rural Health Mission and Ayushman Bharat.

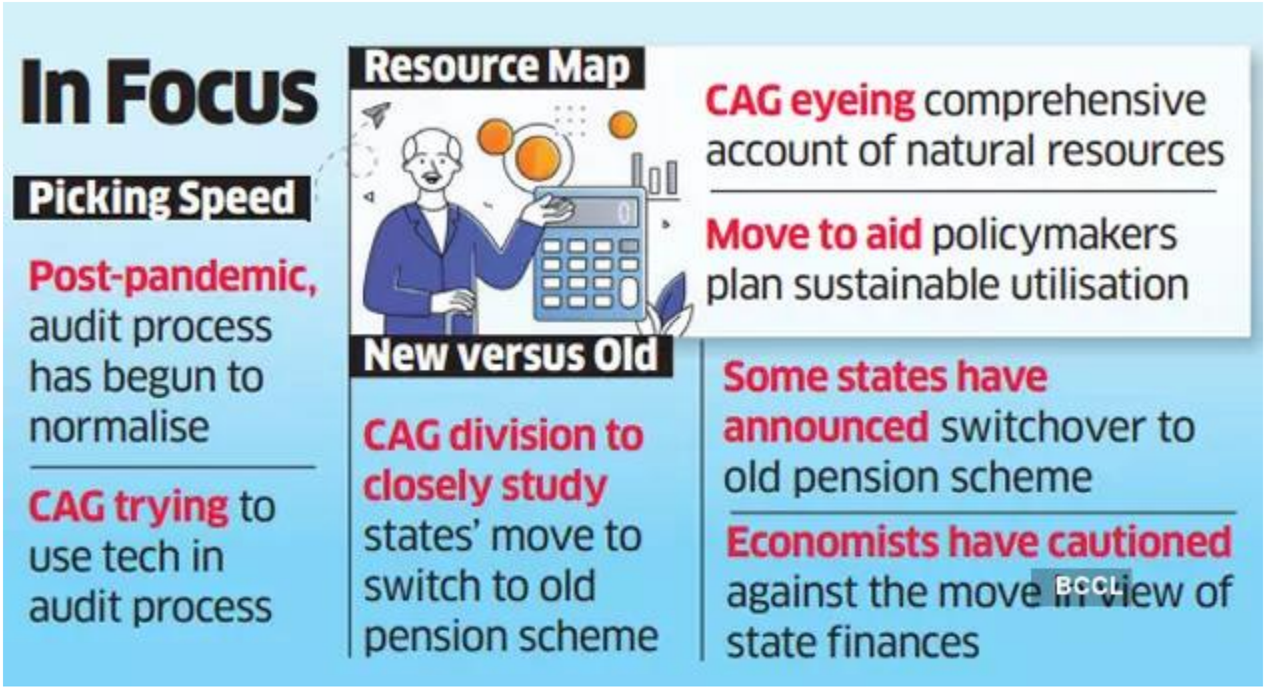
The CAG is also looking at audits of local bodies receiving substantial government grants.

"We have created a separate vertical for carrying out audits for local bodies ... These need to be strengthened as they take empowerment at the grass-root level," the official said.

Strengthening CAG

In keeping with the times, the CAG is trying to use technology in the audit process and all field offices have been integrated. The official said with a lot of data including on direct benefit transfer and other schemes now available online, the CAG could directly audit them with IT tools or using artificial intelligence.

"We will also be looking at IT proficiency besides accounting as a skill set going forward as part of the recruitment ... We would be setting up a committee to look into recruitment rules soon," Murmu said.



https://economictimes.indiatimes.com/news/economy/finance/cag-to-assess-impact-of-old-pension-scheme-on-finances/articleshow/93120464.cms

2. कैग: आयुध डिपो 77 प्रतिशत तक आपूर्ति सुनिश्चित करने में विफल रहे *(jantaserishta.com)* July 25, 2022

नियंत्रक और महालेखा परीक्षक (सीएजी) ने सेना की जरूरत का सामान उपलब्ध कराने में देरी और असमर्थता को लेकर केंद्रीय आयुध डिपो (सीओडी) और आयुध डिपो (ओडी) के कामकाज पर सवाल उठाए हैं. कैग ने इस संबंध में हाल ही में लोकसभा में अपनी रिपोर्ट दी है.

'ऑर्डनेंस सर्विसेज में इन्वेंटरी मैनेजमेंट' शीर्षक से दी गई रिपोर्ट में राष्ट्रीय लेखा परीक्षक ने कहा है ' लेखा परीक्षा विश्लेषण से पता चला है कि 2014-15 से 2018-19 की अवधि के दौरान चयनित सीओडी / ओडी स्टोर आपूर्ति करने में अक्षम रहे. इनकी अ

क्षमता का प्रतिशत 48.80 प्रतिशत से 77.05 प्रतिशत के बीच रहा.' हालांकि डिपो द्वारा रिपोर्ट की गई औसत अक्षमता प्रतिशत 11 से 35% के बीच थी, जबकि CAG के आंकड़ों के मुताबिक ये प्रतिशत कई गुना ज्यादा 48.80% से 77.05% के बीच थी.

सीएजी ने अपनी रिपोर्ट में कहा,
'इसलिए वास्तविक अक्षमता प्रतिशत डिपो द्वारा रिपोर्ट की गई अक्षमता प्रतिशत से काफी अधिक था.' मौजूदा प्रावधानों के अनुसार, उपयोगकर्ता इकाइयों की सभी मांगों को मांगपत्र प्राप्त होने के 22 दिनों के भीतर पूरा किया जाना चाहिए. जो सामान उपलब्ध नहीं होता है उसे डिपो में 'बकाया-आउट' के रूप में रखा जाता है. मार्च 2019 तक 22 दिन की समयावधि पूरी होने के बाद बकाया उपयोगकर्ताओं की संख्या 6,49,045 थी.

कैग के निष्कर्षों के अनुसार, छह महीने तक बकाया मांग 14%-62% के बीच थी, जबकि छह महीने से अधिक की मांग 38%-86% थी. ये आवश्यक पुर्जों की सोर्सिंग में डिपो की अक्षमता को दर्शाता है.' हालांकि रक्षा मंत्रालय ने फरवरी 2021 में 'बकाया-आउट' के स्तर को कम करने के लिए खरीद, आपूर्ति के अतिरिक्त स्रोतों का पता लगाने की बात कही थी. साथ ही 'मेक इन इंडिया' के तहत सामान की खरीद पर जोर दिया था. कैग ने रक्षा मंत्रालय के इस कदम को स्वीकार किया है, लेकिन उसने जोर दिया कि बकाया-आउट की बढ़ती स्थिति को देखते हुए मंत्रालय को प्रभावी और निरंतर कदम उठाने चाहिए.

सेना आयुध कोर (एओसी) युद्ध और शांति के दौरान भारतीय सेना को सामग्री और रसद सहायता प्रदान करता है. सशस्त्र बलों को भंडार की आपूर्ति डिपो और स्टोर-होल्डिंग इकाइयों के एक नेटवर्क के माध्यम से की जाती है. फील्ड स्तर पर विभिन्न स्टेशनों पर सीओडी स्थित हैं. इनमें खरीद, स्टॉक और प्रबंधन किया जा रहा है. कैग ने अपनी रिपोर्ट में 2014-15 से 2018-19 तक की स्थिति को कवर किया है. इसमें केवल 'ए' श्रेणी स्टोर या हथियार टैंक, रडार, बंदूकें, वाहन और हेलीकॉप्टर जैसे पूर्ण उपकरण शामिल हैं. https://jantaserishta.com/delhi-ncr/cag-ordnance-depots-failed-to-ensure-supply-up-to-77-per-cent-1413637

STATES NEWS ITEMS

3. Delhi construction workers' woes continue despite uptick in registration *(business-standard.com)* July 25, 2022

It was March 2020, when Rachna Devi, a construction worker, was finally happy that a government had done something for low-income people like her. The reason — Rs 5,000 Covid relief announced by Delhi Chief Minister Arvind Kejriwal.

But her happiness was short-lived, she said, adding, “For the first time in my life I was desperately looking to the government for help and that too was denied to me because I was not registered as a construction worker.”

Devi is not alone in being denied government benefits in the absence of proper registration with the Delhi Building and Other Construction Workers Welfare Board (DBOCWWB). During the Covid-19 pandemic, of the 1 million construction workers, according to the Board’s estimate (January 2019), only 3.96 per cent (39,600) received two instalments of ex-gratia relief payment of Rs 5,000 as of May 12, 2020, according to the Comptroller and Auditor General of India’s (CAG’s) “Revenue, Economic, Social, General Sectors and PSUs” report for the year ended March 31, 2019, published on July 5. (The report, though for the fiscal year ended March 31, 2019, has the figure for May 12, 2020.)

The CAG report states among Delhi’s 1 million construction workers, only 1.7 per cent (17,339) were registered with the Board as of March 2019. The non-availability of registration certificates with the Board (commonly called labour card) has resulted in hundreds of thousands of workers losing government benefits over the years. The Board, from its inception in 2002 till 2019, received Rs 3,273.64 crore as cess, interest earned on the cess, and registration fee. However, in the same period, it spent only 5.59 per cent, Rs 182.88 crore, on welfare schemes.

In fact, the irregularities in the official records prompted Delhi Deputy Chief Minister Manish Sisodia, who also holds the labour department portfolio, to suspend four officials during a surprise inspection on Thursday, the Delhi government said in a statement.

The change

Much has changed since Covid came. The Aam Aadmi Party-ruled Delhi government launched a drive in February 2021 to register construction workers with the Board. In the past three years (2019-22), the number of registrations increased from 17,339 to 1.1 million (11,19,795) as of July 20, an increase of a little more than 6,358 per cent. The Board also spent Rs 610 crore of the Rs 655 core it received in the 2019-22 period.

The increase in spending is due to the government’s decision to give Rs 5,000 during the Covid wave and pollution subsistence assistance to construction workers when construction activities were banned in Delhi, given the high pollution levels. Over Rs 553 crore were spent on these schemes.

Harshil Sharma, research consultant, DBOCWWB, said the increase in registration and spending was due to reforms like online registration, self-declaration forms, camps at construction sites, and reduction in documents required for claims. “Political will and easing of the process have made this possible,” he said.

Though the government has increased the number of registrations and spending, the jump in registrations has surprised construction workers’ unions and activists, who say it is due to the illegal registrations of non-construction workers.

Thaneshwar Dayal Adigaur, secretary, Delhi Asangathit Nirman Mazdoor Union, and member of the DBOCWWB advisory committee, said online registration and the use of self-attested applications to prove credentials, instead of having a labour union or labour officer's certification, had raised the number of registrations but the move also increased the chances of non-construction workers getting registered easily in the absence of physical verification.

"Registrations have increased but it is not the construction workers who are getting the benefits. The number of registrations has crossed the number of construction workers present in Delhi," Adigaur said.

According to estimates of the recent Periodic Labour Force Survey (PLFS) 2019-20, there are around 1.1 million construction workers working in Delhi.

However, Sharma said the increase was due to the cyclical nature of migration among construction workers.

"Touts/cyber cafe owners are also charging people in lieu of providing them a labour card without checking their credentials."

On the question of non-construction workers being registered with the Board, S C Yadav, additional labour commissioner, Delhi, said: "Legal action will be taken if somebody is found having a card without being in the construction sector."

The lacuna

Though the Delhi government has made the registration process digital, many workers do not know of the initiative. At 10 construction sites Business Standard visited, no construction worker had a labour card.

The Board has 14 welfare schemes for such workers related to health, pension, maternity leave, education, accidents, death, etc.

Dharam, a construction worker for 40 years and now a contractor, still doesn't have a labour card. "I tried for a labour card when I was a labourer but never got one."

Dharma employs around 30 people to construct a four-floor house in Tivoli Garden in Chattarpur but none of his workers has a labour card.

"I myself am not a registered contractor. How can I get a labour card for them," he said, adding, "registration is difficult for us. Only big companies have registration. The rest of the construction industry in Delhi is working without registration."

Explaining the government's efforts in making the registration process easy, Yadav said: "The whole process is online, now the employers should take the responsibility of registering everybody. So every construction worker can avail herself or himself of the benefit of the scheme."

On the Board's efforts to weed out non-construction workers, Sharma said: "We are sending SMSs to registered workers. If anyone is found to have a labour card without being a construction worker, legal action would be taken."

Sharma added: "Today if one worker is registered in UP, she/he cannot register in Delhi. So, there should be a national level repository so that their data could move from one board to another as they move."

Pointers

-1,18,256: number of beneficiaries given Rs 10, 000 ex-gratia in first covid wave; Total spending 118 cr

-3,13,452: number of beneficiaries given Rs 5,000 ex-gratia in second covid wave; Total spending 155 cr

-5,75,753: number of beneficiaries given Rs 5,000 pollution subsistence assistance; Total spending 280 cr

-2,440: number of beneficiaries of different welfare schemes of Construction Board in FY22; Total spending 13 cr

-15,791: number of children beneficiaries of scholarship; Total spending 12 cr

Source: DBOCWWD https://www.business-standard.com/article/current-affairs/delhi-construction-workers-woes-continue-despite-uptick-in-registration-122072500844_1.html

4. Go to Delhi high court, Supreme Court tells man who wants audit of advert budget *(hindustantimes.com)* Updated: Jul 26, 2022

The petitioner, a 30-year-old paediatrician approached the court highlighting the serious issue of pollution leading to still births and respiratory problems in infants who are extremely vulnerable to severe health ailments on account of the hazardous air quality in the Capital.

The Supreme Court on Monday refused to entertain a public interest litigation (PIL) filed by a medical doctor seeking scrutiny of the Delhi government's expenditure on advertisements claiming that the money could be well spent on curbing the high pollution level in the Capital.

Directing the PIL petitioner to approach the Delhi high court, a bench of justices Dhananjaya Y Chandrachud and AS Bopanna said, "The issue raised can be very well dealt with by the high court." The court allowed the petitioner to withdraw in order to move before the Delhi high court.

The petitioner, a 30-year-old paediatrician approached the court highlighting the serious issue of pollution leading to still births and respiratory problems in infants who are extremely vulnerable to severe health ailments on account of the hazardous air quality in the Capital.

The petition said, “The funds allocated towards restoration of the environmental balance, could have been effectively utilised and invested by the government (of national capital territory of Delhi) in extending financing schemes to auto-rickshaw and taxi-cab drivers to shift from usage of fossil fuels to electrically enabled vehicles, procuring more road sweeping purchase of apparatus and machinery for cleaning of roads, installation of smog towers, purchase of electrical buses, and improvement of health care infrastructure for vulnerable persons across the Capital.”

Claiming that government has to ensure that citizens enjoy their right to clean air, right to life and right to healthcare, the petition urged the court to direct the Comptroller and Auditor General of India (CAG) to conduct a targeted performance audit and forensic audit of the revenue expenditure of the Delhi government on the implementation of pollution controlling activities in Delhi. https://www.hindustantimes.com/cities/delhi-news/go-to-delhi-high-court-supreme-court-tells-man-who-wants-audit-of-advert-budget-101658773158681.html

5. Supreme Court Refuses to Entertain Plea Seeking CAG Audit of Public Funds Allocated to Delhi Govt; Gives Liberty to Move HC *(livelaw.in)* July 25, 2022

The Supreme Court refused to entertain a plea seeking directions to the Comptroller and Auditor General of India (CAG) to conduct performance audit as well as financial audit of the funds allocated to the Delhi Government for implementation of pollution controlling activities. The petition claimed that the Government has diverted public funds allocated under the 'National Clean Air Programme' to meet expenditure for advertisement, publicity and self-promotion.

A Bench comprising Justices D.Y. Chandrachud and A.S. Bopanna asked the Counsel appearing for the petitioner to approach the Delhi High Court with their grievance. It orally observed –

"Why did you not go to the Delhi High Court? The Delhi High Court is competent to hear this. You are uestioning the advertising expedition; saying not to divert expenditure for the environment. We will give you liberty to approach the High Court."

The petition submits that given the Delhi Government's 'apathy, indifference and lethargy' in addressing the steady rise of AQI levels in Delhi, the petitioner is constrained to invoke the jurisdiction of the Apex Court under Article 32 of the Constitution.

In some detail, the petition points out the adverse effects caused from the exposure to PM 2.5 particles and seeks the intervention of the Court in the interest of the public at large. It submits that according to a study report published in the Lancet Planetary Health, exposure to PM 2.5 particles above WHO Air Quality Guidelines may have contributed to a total of 29 percent of pregnancy losses in South Asia, with 77 percent of the pregnancy losses used in the study coming from India. As per the petition, other studies demonstrate that exposure to the same reduces life expectancy on an average by 8.6 months and in case of long-term exposure by approximately 20 months. Moreover, gestational exposure may increase the rate of chronic bronchitis, reduce lung function, and increase mortality from lung cancer and heart diseases.

The petition expresses concern that even when the environmental situation in Delhi is looking so grim, the Government is indulging in self-promotion and has spent almost INR 293,20,00,000 on advertisement and publicity. Out of this exorbitant spending, INR 150,00,00,000 is claimed to have been spent between January, 2021 to March, 2021. https://www.livelaw.in/top-stories/supreme-court-cag-audit-funds-pollution-controlling-activities-delhi-advertisement-204749

6. Faculty shortage in KU takes a toll on research *(thehindu.com)* July 25, 2022

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.

Around one-third, i.e., 96 teaching posts, remained vacant in the teaching departments of the university, litigations and changes in appointment norms have delayed appointments to a majority of these.

The deficiency was among those flagged by the Comptroller and Auditor General of India (CAG) in its performance audit that covered the period 2016-21.

The university, which has 307 sanctioned teaching posts, currently has 211 teachers who were appointed on a permanent basis.

While it could fill 56 posts during the last two years, Kerala University had been unable to fill 53 posts including 19 Professor posts that it had notified in 2017 owing to a paucity of qualified candidates. Among these, 33 Assistant Professor posts will be re-notified in August and the rest subsequently. The appointments to 43 fresh vacancies including those that arose by retirements will be taken up at a later stage, official sources said.

In 2021, the university reported to have 70 contract lecturers in its 43 departments and the School of Distance Education, according to the CAG report.

Besides, two teaching departments – Kerala Studies, and Nanoscience and Nanotechnology – lacked sanctioned posts, while the Department of Biotechnology has only two. Teachers have been posted from other departments on a work arrangement basis to conduct their courses.

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.

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 ₹1,000 crore, the request was turned down on account of the faculty shortage. https://www.thehindu.com/news/national/kerala/faculty-shortage-in-ku-takes-a-toll-on-research/article65681784.ece

7. Kerala High Court moved for takeover of KSRTC by government *(thehindu.com)* UPDATED: JULY 25, 2022

A petition was filed on Monday before the Kerala High Court seeking a directive to the State government to take over the Kerala State Road Transport Corporation (KSRTC) with immediate effect in view of the 'mismanagement' in the corporation.

In a petition, Rajeev R. and six other conductors pointed out that the corporation had reached a stage where it was not able to pay its employees salaries because of mismanagement. A veil of secrecy surrounded the entire financial dealing of the corporation. In fact, the last audit was done by Comptroller and Auditor General (CAG) in 2015. The corporation had deviated from its basic objective. Public money was being mismanaged by the management. The non-publication of the audit report for the last seven years was illegal and against the public interest, the petition said.

The petition also sought a directive to the State government to take over the management of the KSRTC, invoking the provisions of the Road Transport Act, 1950, and order a detailed financial audit and publish a report in a time-bound manner. https://www.thehindu.com/news/national/kerala/kerala-high-court-moved-for-takeover-of-ksrtc-by-government/article65681755.ece?homepage=true

8. State's hopes of permissions for more open market borrowings dashed *(thehindu.com)* July 26, 2022

Kochi: The State government's hopes of the Central government permitting open market borrowings as projected in the budget estimates are unlikely to materialise going by the statement made by Union Finance Minister Nirmala Sitharaman in Parliament on Monday.

The Finance Minister made clear that borrowings by State public sector companies/corporations, special purpose vehicles and other equivalent instruments where principal or interest are to be serviced out of the State budgets and/or by assignment of taxes/cess would be considered as borrowings by the State itself for the purpose of issuing consent under Article 293 (3) of the Constitution. This is likely to land the State in a piquant situation as the government had been trying hard to see that the Centre relaxed the conditions for raising borrowings as it could have serious impact on the ongoing programmes.

The State's total outstanding liabilities at the end of financial year 2021-22 increased to ₹3.12 lakh crore as against the ₹2.67 lakh crore in 2020-21 and ₹2.25 lakh crore in 2019-20, according to the RBI's report on study of budgets of 2021-22. The State has been struggling to raise resources after the Union Finance Ministry had reportedly pruned the borrowings for the current year to ₹23,000 crore. This would be almost

₹30,000 crore less than the ₹52,167 crore open market borrowings indicated in the provisional details submitted to the Comptroller and Auditor General of India.

The CAG, in its State Finances Audit Report for the year ended March 31, 2021, placed in the Assembly, said the State's percentage of total outstanding liabilities to GSDP was at 28.11 %, within the 29.5 per cent ceiling fixed by the XV Finance Commission. But this would be way above the limit if the off budget borrowings were taken into consideration. The CAG said the State government was not fully disclosing all the guarantees given by it to various institutions and this would have dual impact of diluting public financial management and legislative oversight and was in contravention of the recommendations of the XV Finance Commission.

Ms. Sitharaman said instances of borrowings by certain State public sector companies, special purpose vehicles and other equivalent instruments had come to the notice of the Finance Ministry. Considering the effect of bypassing the net borrowing ceiling of the States by such borrowings, it was decided to treat borrowings by these institutions as borrowings by the State itself. https://www.thehindu.com/news/national/telangana/states-hopes-of-permissions-for-more-open-market-borrowings-dashed/article65681409.ece

9. 403 govt schools in Goa being run with single teacher *(goemkarponn.com)* July 26, 2022

PANAJI: The Comptroller and Auditor General of India (CAG) as informed that 403 government schools are functioning with single teacher while 48 schools are having teachers more than the required strength.

"As per item no.1 of Schedule I of RTE Act 2009, there should be at least two teachers in a primary school having classes from first to fifth. Audit observed that out of 742 Government Primary Schools in Goa, 403 schools are functioning with single teacher while 48 schools are having teachers more than the required strength," the CAG report states

It further said that the Directorate of Education (DoE) in September 2020 said that one teacher was posted in a Government Primary School if enrolment in the school was less than 25 as per order issued by the Department in 2009 and additional teachers were posted in the school where enrolment was more than 25.

"Reply of Department is not tenable since as per Schedule I of RTE Act, there should be minimum two teachers in a school having enrolment up to 60 children. The order issued by the Department prior to implementation of RTE Act has not been withdrawn," the CAG report states

The CAG mentions that the department stated (July 2021) that the additional requirements of teachers to maintain the specified Pupil Teacher Ratio (PTR) would be submitted to the Government for approval.

"Thus, Department of Education could not ensure rational deployment of teachers in schools as per prescribed PTR, thereby depriving children enrolled in these schools of quality education as envisaged under RTE Act 2009," it said

CAG recomeded the Government may ensure rational deployment of teachers as per RTE norms and also ensure that teachers with minimum qualifications as prescribed by NCTE are recruited.

“As per Samagra Shiksha Abhiyan Framework, the role of a teacher is very important for bringing about changes in society. Teachers need to be sensitised towards the needs of SC and ST students from the pre-service training period as well as in the in-service training to deal with the specific problems of inclusion at the block level,” the CAG states

The report informed that while the GSS achieved the targets fixed for in-service training to teachers during 2015-16, there were shortfalls ranging from 10 to 44 per cent in achieving the same during 2016-20. SPD Samagra Shiksha stated (February 2021) that due to retirement, transfer and leave of teachers, targets for training could not be achieved during 2016-17 to 2019-20.

“The fact remained that the GSS could not ensure training to all the teachers, which may adversely impact the quality of education being imparted in the schools,”it said. https://goemkarponn.com/403-govt-schools-in-goa-being-run-with-single-teacher/

10. Non-development of fallow land & non-functioning OF CADB led to poor agricultural development in state *(goemkarponn.com)* July 26, 2022

PANAJI: The Comptroller and Auditor General of India (CAG) in its report said that non-development of fallow land and non-functioning Command Area Development Board led to poor agricultural development in the state.

“Non-development of fallow land and non-functioning Command Area Development Board led to poor agricultural development; as a result mangroves and weeds were growing on fallow lands affecting the land holdings which were being cultivated,” said CAG

It further said that the farmers were unable to use mechanised farming on account of the fallow land surrounding their farm holdings as observed during the survey of farmers conducted by audit team (January-February 2020).

“The State had observed (2012) that some areas within the command area were lying fallow which had to be brought under effective cultivation. Audit observed that the WRD had not made any attempt to identify and develop the fallow land areas till date (July 2021),” the report states

Further, the Goa Command Area Development Act, 1997 allowed imposition of fine and recovery of water charges if the land-holder failed to cultivate the fallow land for a period of two consecutive years.

CAG said that the Command Area Development Board was required to prepare annual report of its activities under the CAD Act, 1997 and submit it to the Government in such form on or before such date as may be prescribed to be laid before the House of the Legislature. The Command Area Development Board had not functioned during the period 2014-20, reasons for which were not furnished by WRD, though sought by Audit.

"It was observed that even at the time when it functioned (between 1981 and 2013), it never prepared such report indicating that the mechanism to update the State on the progress of command area development was never set in motion," the report mentions

CAG said that due to shortcomings in the execution of the policies and regulations by the State departments, the agricultural activity had remained confined to just 1,619 ha. out of CCA of 9,686 ha.

"The WRD stated (July 2021) that farmers and officers of the Department would be imparted training in best agricultural practices and scientific methods to improve the farm productivity," CAG report states. https://goemkarponn.com/non-development-of-fallow-land-non-functioning-of-cadb-led-to-poor-agricultural-development-in-state/

11. Fisheries Dept had to forego levy Rs 26.80 lakh GST on renting of immovable property, due to delay in registration under GST *(goemkarponn.com)* July 25, 2022

PANAJI: Comptroller and Auditor General of India (CAG) in its report has stated that the Directorate of Fisheries had to forego levy of Goods and Service Tax (GST) of 26.80 lakh on renting of immovable property, due to delay in registration under GST.

"The Directorate of fisheries had to forego levy of GST of ` 26.80 lakh on renting of immovable property, due to delay in registration under GST,"said CAG

The report states that under Sub-section (1) of Section 9 of the Act Central/State Goods and Service Tax shall be levied on all intra-State supplies of goods or services or both at such rates as may be notified by the Government and shall be paid by the taxable person. Sub-section (1) and (2) of Section 50 of GST Act, 2017 stipulates that interest at the rate of 18 per cent shall be levied on delayed payment of tax.

"The Directorate of Fisheries (DoF) provides service of renting its immovable property to a private party81 on payment of monthly rental fees of ` 21.27 lakh. Prior82 to implementation of GST the DoF was registered under Central Service Tax and applicable Service tax was credited into Government account for supply of service of renting immovable property," the CAG said

After implementation of GST w.e.f. 01/07/2017, the Directorate of Fisheries (DoF) was liable for registration under GST regime as provided under Sub-section (2) of Section 22 of the GST Act, 2017. However, the DoF failed to register in GST regime w.e.f. 01/07/2017 and consequently could not levy GST amounting to 26.80 lakh on supply of services of renting immovable property83 to the party during the period from June 2017 to January 2018. Besides interest to the tune of 13.67 lakh for delay in payment of tax under Section 50 of the GST Act was leviable as under.

The Director, DoF stated (October 2019) that GST for the period (July 2017 to January 2018) was not levied on the rent collected as the circular to register under GST was received only on 25/09/2018 and the Department got registered under GST on 17/10/2018.

The reply of the Director, DoF is not tenable as the said circular dated 25/09/2018 contains instructions regarding deduction of TDS by all DDOs/Heads of departments under section 51 of the GST Act. The Directorate of Fisheries was liable to obtain registration w.e.f. July 2017 under section 22 of GST Act, 2017 and collect applicable GST for supply of services of renting immovable property to the party since the Directorate was registered under Central Service Tax in pre-GST regime. https://goemkarponn.com/fisheries-dept-had-to-forego-levy-rs-26-80-lakh-gst-on-renting-of-immovable-property-due-to-delay-in-registration-under-gst/

12. ICU in district govt headquarters hospital in Walajah, Ranipet, not safe for patients, finds panel *(newindianexpress.com)* July 26, 2022

VELLORE: Chairman of the Tamil Nadu Legislative Assembly (Committee on Public Accounts) K Selvaperunthagai and other members, on Monday, conducted field inspections in Vellore and Ranipet and later held a review meeting.

Speaking to the press, Selvaperunthagai said, "The Intensive Care Unit at the District Government Headquarters Hospital in Walajah, Ranipet, had no auto-generators. During our inspection, we found that monitors and lights went off when there was no power. This does not provide a safe environment for patients."

We are going to call the officers from the health department and the Public Works Department (PWD) for an inquiry, he said. We also found that an indiscriminate amount of groundwater was sucked out and sold to 42 companies without permission during 2018-19. About 32 companies without NOCs drew groundwater and seven others continued operations even after their licenses expired, the chairman said.

As per the recommendation of the Comptroller and Auditor General (CAG), we are going to file a detailed report on the complaints, the chairman added. An inquiry into CAG's findings on the procurement of expired medicines worth crores in Tirunelveli and Kanniyakumari is underway, he added.

Minister for Handlooms and Textiles R Gandhi and Ranipet Collector D Baskara Pandian were present.

The chairman and committee members comprising of MLAs M Sinthanai Selvan, Y Prakaash, T Velmurugan, MH Jawahirullah, JL Eswarappan, AM Munirathinam, and other officials took part in the inspection and the meeting. https://www.newindianexpress.com/states/tamil-nadu/2022/jul/26/icu-in-district-govt-headquarters-hospital-in-walajah-ranipet-not-safe-for-patients-finds-panel-2480629.html

13. NITI mum on AP's fiscal imprudence *(thehansindia.com)* July 26, 2022

A delegation of NITI Aayog led by Ramesh Chand met Chief Minister YS Jagan Mohan Reddy at his camp office in Tadepalli on Friday last and lauded the 'remarkable schemes that are being implemented in the State.' It seems the Chief Minister explained various developmental and welfare programmes that were initiated in the State. Of course, he did not forget the Rythu Bharosa Kendras and the service those were rendering to the farmers, especially while also highlighting the changes brought to the health, education, and housing sectors.

It was nice of the Chief Minister personally intervening and explaining the good programmes of his government to the delegation from the NITI Aayog. Programmes like Sampoornaposhana and Gorumudda were shown as addressing the nutritional issues among women and children to explain the commitment of the government to women empowerment. Obviously, the delegation was impressed with these programmes and schemes and learnt about Amma Vodi meant to encourage mothers to send their children to schools.

No one denies any credit to the government for thoughtfully implementing all those programmes to increase the Gross Enrollment Ratio (GER) in schools. Surprisingly, not one member of the delegation which is meant to take care of the functioning of the democratic institutions in the country, too, and the Constitutional bodies felt like questioning the village volunteer system which has effectively replaced the Panchayat Raj system's self-governance in the state. It also did not seek to know why funds meant for Panchayat Raj are being diverted in the State.

The delegation seems to have seen and heard only what it intended to laud or was shown and told about only the brighter side of the schemes. The delegation should have asked about the amounts being spent on all welfare measures including 'Nava Ratnalu' and should have questioned the government on the source of the funds. It should have also raised questions on the real nature of the welfare module in the State that the government touts as the best. The NITI Aayog delegation should have questioned the government on the fund diversions that the government resorts to indiscriminately and the loans being borrowed against the future revenues. But, it seems none of this has happened and the government, which put out a press release citing the appreciation of the delegation. Ironically, these encomiums reportedly showered on the government come in the backdrop of the Union Finance Ministry, the CAG (Comptroller and Auditor General) and the RBI expressing concern over the freebees of the State government.

The State government also claims to have achieved remarkable heights in giving a health shield to the citizens against COVID-19 infections and other related ailments. This was debunked just the other day by the Union Health Ministry that lamented the below average precautionary measures undertaken in the State that could lead to spurt in the same. The Chief Minister cannot fool the world claiming that the freebees or direct benefit transfers are meant to take the poorer sections to economic comfort levels. It is clear that this is an investment he is making on the anticipated loyalty of the voters. He is only systematically segregating the segments of population for the benefits to ensure his party's victory in future. https://www.thehansindia.com/editors-desk/niti-mum-on-aps-fiscal-imprudence-755065?infinitescroll=1

14. Rising People's Party urges Centre to stop PMJVK funding in Nagaland *(nenow.in)* July 25, 2022

Dimapur: The Rising People's Party (RPP) has appealed to the government of India, particularly the minority affairs ministry, to stop the release of Pradhan Mantri Jan Vikas Karyakram (PMJVK) in Nagaland.

The party made the appeal on learning that the state cabinet has forwarded a list of projects to be included under PMJVK 2022-23 to the minority affairs ministry for sanctioning an amount of Rs 297.80 crore.

In a letter to Union minority affairs minister Smriti Irani on Monday, the RPP urged her to consider the track record of the United Democratic Alliance (UDA) government in the state that points to "systemic corruption".

It also appealed to the ministry to set up and conduct an independent review on the implementation of all the past sanctioned projects in the state.

In the meantime, the party said, the funding or allocation of projects may be withheld or stopped. It added that the government of India can put a full stop to this "madness of corruption prevailing in the state".

The RPP further urged the Centre to be aware and careful not to perpetuate the "cycle of corruption" in the state.

According to the latest CAG report, the party said, misappropriation of funds, losses, thefts etc., involving government money stands at Rs 207.25 crore.

The CAG report also highlighted that there were as many as 399 projects lying incomplete besides utilisation certificates worth Rs 456.2 crore are due for submission, it said.

The letter signed by RPP vice president Vitho Zao and secretary Akum Longkumer alleged that central schemes like MNREGA are an abject failure in the state where beneficiaries are hardly getting five man-days of wages.

The party quoted Nagaland Pradesh Congress Committee chief K Therie who said the 21 Nagaland People's Front MLAs who recently defected to the ruling Nationalist Democratic Progressive Party were paid Rs 2.50 crore each, "which was apparently diverted from MNREGA fund". The allegation is yet to be refuted, it added.

The RPP said as per SDGI index of NITI Aayog 2021 Nagaland is the worst performing state under six parameters (poverty, health, affordable energy, sustainable cities, industries and infrastructure), the worst performing state as per State Energy and Climate index as per NITI Aayog 2022 and worst performing state under the National Health Index 2019-20 (NITI Aayog).

It also said as per the latest NITI Aayog India Innovative Index 2021 released on July 21, 2022, Nagaland is the worst and the last ranked state among the northeastern and hilly states comprising 10 states. https://nenow.in/north-east-news/nagaland/rising-peoples-party-urges-centre-to-stop-pmjvk-funding-in-nagaland.html

15. ट्रेजरी बंद कर नया अकाउंटिंग सिस्टम लाना चाहती है सरकार:कैग का इनकार, प्रदेश सरकार कानून बनाकर लागू करवाने का रास्ता तलाश रही *(bhaskar.com)*
July 25, 2022

जयपुर।
प्रदेश में ट्रेजरी और सब ट्रेजरी को हटाकर विभागों को शक्तियां देने वाले नए पे एंड अकाउंटिंग (पीएंडए) सिस्टम को लागू करने की राज्य सरकार की कोशिशों को झटका लगा है। सीएजी (महालेखाकार) ने वित्त विभाग की इन कोशिशों को संवैधानिक प्रावधानों के विपरीत बताया है।

नए अकाउंटिंग सिस्टम को लेकर राज्य सरकार की ओर से भेजी गई पत्रावली के जवाब में सीएजी ने लिखा है कि मौजूदा अकाउंटिंग सिस्टम की जगह नया पीएंडए सिस्टम डीपीसी एक्ट 1971 के प्रावधानों के खिलाफ है। सीएजी ने राज्य सरकार को इस मामले में आगे कोई भी कदम उठाने से बचने के लिए कहा है। सूत्रों के मुताबिक सीएजी की आपत्ति के बावजूद वित्त विभाग इस सिस्टम को लागू करने के लिए कानूनी रास्ता तलाश रहा है। इसके लिए विधानसभा में एक्ट लाने पर विचार किया जा रहा है।

राज्य सरकार की मंशा ; ट्रेजरी-सब ट्रेजरी बंद कर विभागों को देंगे शक्तियां
राज्य सरकार ने विधानसभा के 7वें सत्र में पूछे गए एक लिखित प्रश्न जवाब में स्वीकार किया कि ट्रेजरी व सब ट्रेजरी के स्थान पर विभागों में पीएंडए ऑफिस खोले जाएंगे। संबंधित ट्रेजरी व सब ट्रेजरी कार्यालय को बंद करने या अन्य कार्य में लेने के लिए विचार करेंगे।

कैग की आपत्ति यह डीपीसी एक्ट के प्रावधानों के खिलाफ
सीएजी ने लिखा है कि नया पे एंड अकाउंटिंग सिस्टम डीपीसी एक्ट 1971 के प्रावधानों के खिलाफ है। सीएजी ने राज्य सरकार को इस मामले में आगे कोई भी कदम उठाने से बचने के लिए कहा है।

ट्रेजरी-सब ट्रेजरी ये काम करती है
1. जिलों में चलने वाले दफ्तरों के वेतन बिल बनाना, नियमानुसार उनकी जांच करना।
2. पेंशन प्रकरण भिजवाना और ब्ला◌ॅक स्तर पर स्टांप वितरण का काम करना।
3. विभागों में कोई वित्तीय गड़बड़ी पर उनकी ऑडिट करना।

वित्त विभाग को ठेके पर देने की तैयारी : अकाउंटेंट्स एसोसिएशन

राज्य में वर्षों से स्थापित वित्तीय व्यवस्था को खत्म करने की साजिश चल रही है। सोशल एंड परफारमेंस ऑडिट अथॉरिटी व राजस्थान फाइनेंशियल सर्विसेज डिलीवरी लिमि. का गठन कर वित्त विभाग को ठेके पर देने के कदम उठाए जा रहे हैं। आईटी का इस्तेमाल जरूरी है, पर खजाने को पूरी तरह आईटी पर छोड़ना खतरनाक है। -
सुनीता चौधरी, प्रदेश संयोजक, राजस्थान अकाउंटेंट्स एसोसिएशन

हर समस्या बताने क्या जयपुर आएंगे : पेंशनर्स

सब ट्रेजरी खत्म कर देंगे तो पेंशनर अपनी समस्या बताने के लिए क्या जयपुर जाएंगे? सब ट्रेजरी सिस्टम सही है। कोई समस्या होती है तो तहसीलों में सब ट्रेजरी ऑफिस हैं। वहीं समस्या का समाधान हो जाता है। -
किशन शर्मा, अध्यक्ष, पेंशनर्स समाज https://www.bhaskar.com/local/rajasthan/jaipur/news/cag-denies-the-state-government-is-looking-for-a-way-to-implement-it-by-making-a-law-130104995.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

16. Centre's total liabilities seen rising to Rs 155 lakh crore in FY23, says Fin Min *(moneycontrol.com)* July 25, 2022

The Central government's total liabilities are seen rising to Rs 155.33 lakh crore in FY23, Minister of State for Finance Pankaj Chaudhary said in a written reply to a question in the Lok Sabha on July 25.

This would represent an increase of 12 percent over the FY22 figure of Rs 138.88 lakh crore.

The Centre is set to borrow a record Rs 14.95 lakh crore on a gross basis from the market through the issuance of bonds in FY23.

As on July 25, the central government's outstanding securities amount to Rs 84.45 lakh crore.

"The risk profile of Government's debt stands out as safe and prudent in terms of accepted parameters of indicator based approach for debt sustainability," Chaudhary said in his reply.

"The Government debt is held predominantly (about 95 percent) in domestic currency. Outstanding external debt is financed by multilateral and bilateral agencies at concessional rates," the minister added.

Interestingly, as a percentage of GDP, the Centre's liabilities are set to increase to 60.2 percent in FY23.

After surging to 61.6 percent of GDP in FY21 on account of the coronavirus pandemic, the Centre's liabilities had declined to 58.7 percent in FY22 as the economy rebounded.

India's public debt has often been cited as a key weakness of the economy, not just by rating agencies but even by technocrats. Earlier this year in June, even as it changed its outlook on India's rating to stable from negative, Fitch Ratings said India's public finances "remain a credit weakness".

This year, the Centre is set to borrow a record sum from the markets through the issuance of bonds to fund its expenditure. It has targeted a fiscal deficit of 6.4 percent of GDP.

The fiscal deficit was 6.7 percent of GDP in FY22, 20 basis points lower than the revised target of 6.9 percent.

In reply to a separate question, Chaudhary said the combined liabilities of the central and state governments was Rs 195.49 lakh crore in FY22, or 82.6 percent of GDP.

No projection was provided for how much state governments' liabilities might increase in FY23. https://www.moneycontrol.com/news/business/economy/centres-total-liabilities-seen-rising-to-rs-155-lakh-crore-in-fy23-says-fin-min-8884501.html

17. Interest payment by govt rises 3.1% of GDP to Rs 7.31 trillion in FY22 *(business-standard.com)* July 25, 2022

Interest payment of the government has increased to 3.1 per cent of the GDP to Rs 7.31 lakh crore in 2021-22, Minister of State for Finance Pankaj Chaudhary told the Lok Sabha on Monday.

Interest payment of the government has increased to 3.1 per cent of the GDP to Rs 7.31 lakh crore in 2021-22, Minister of State for Finance Pankaj Chaudhary told the Lok Sabha on Monday.

Interest paid on public debt during 2014-15 stood at 3.27 lakh crore or 2.6 per cent of the GDP, he said in a written reply.

During 2014-15, the total central government liabilities stood at Rs 62.44 lakh crore or 50.1 per cent of GDP.

This increased to Rs 138.88 lakh crore or 58.7 per cent of GDP at the end of 2021-22, he said.

The Centre's debt is projected to hit 60.2 per cent of the GDP in the current fiscal to Rs 155.33 lakh crore, he said in reply to another question.

The combined state and central government liabilities increased from Rs 76.27 lakh crore (61.2 per cent of GDP) in 2014-15 to Rs 195.49 lakh crore (82.6 per cent of GDP).

As per the revised Fiscal Responsibility and Budget Management (FRBM) Act the government would endeavour to ensure that the general government debt does not exceed 60 per cent of GDP and the Central Government debt does not exceed 40 per cent of GDP by the end of the financial year 2024-25.

In 2020-21, the Central Government debt increased by more than 9 percentage points of GDP over the previous year's debt mainly on account of the COVID-19 global pandemic, which hugely disrupted projections of the Government's public finances, including a contraction in GDP/denominator, he said.

The Government has announced its commitment to reduce the fiscal deficit to a level below 4.5 per cent of GDP by FY 2025-26.

Increasing the buoyancy of tax revenue through improved compliance, monetisation of assets, improving efficiency and effectiveness of public expenditure etc. are the important measures initiated by Government to control the fiscal deficit and the debt, he said.

The risk profile of the Government's debt stands out as safe and prudent in terms of accepted parameters of indicator-based approach for debt sustainability, he said.

"The Government debt is held predominantly (about 95 per cent) in domestic currency. Outstanding external debt is financed by multilateral and bilateral agencies at concessional rates," it said.

Debt Management Strategy which revolves around three broad pillars mainly low cost, risk mitigation and market development for Government securities has been put in place, he said. https://www.business-standard.com/article/economy-policy/interest-payment-by-govt-rises-3-1-of-gdp-to-rs-7-31-trillion-in-fy22-122072501361_1.html

18. Debt risk profile prudent, despite high interest outgo: Finmin *(financialexpress.com)* July 26, 2022

Amid a spike in the country's debt level in the wake of the pandemic, the finance ministry on Monday asserted that the risk profile of the loans "stands out as safe and prudent" on the basis of globally-accepted parameters for debt sustainability.

Total liabilities of the general government (both the Centre and states) spiked to 86.3% of the country's nominal GDP in the pandemic year of FY21, from 73.4% in the previous fiscal. This is because the Covid outbreak "hugely disrupted projections of the government finances" while the denominator (GDP) contracted, the finance ministry told Parliament. In the last fiscal, however, such liabilities accounted for 82.6%, as the GDP expanded and government finances saw relative improvement.

In a written reply in the Lok Sabha, minister of state for finance Pankaj Chaudhary said the government has initiated a raft of measures to control fiscal deficit and the debt level. These include raising the buoyancy of tax revenue through better compliance, monetisation of assets and improving efficiency and effectiveness of public expenditure.

Thanks to elevated debt levels, the Centre's interest payment on various bonds, too, rose to Rs 6.23 trillion (3.1% of GDP or 41% of net tax revenue) in FY21, from Rs 5.56 trillion (2.8% of GDP and 41% of net tax revenue) in the previous year. In the last fiscal, the interest payment stood at Rs 7.31 trillion, representing 3.1% of GDP and 40.1% of net tax revenue, the minister said.

The government debt is held predominantly (about 95%) in domestic currency, the ministry said. "Outstanding external debt is financed by multilateral and bilateral agencies at concessional rates. Debt management strategy, which revolves around three broad pillars, mainly low cost, risk mitigation and market development, for government securities has been put in place," Chaudhary said. https://www.financialexpress.com/economy/debt-risk-profile-prudent-despite-high-interest-outgo-finmin/2605977/

19. PSU debt serviced by a state to be brought under its FRBM limit: Govt *(business-standard.com)* Updated: July 25, 2022

The Centre has informed the states that if any of their state-owned companies, special purpose vehicles or agencies borrow from the markets, and that debt is serviced by the state government, then the borrowing will be considered under the states' fiscal responsibility and budget management (FRBM) limit.

This was revealed by Finance Minister Nirmala Sitharaman in a written reply tabled in Lok Sabha on Monday.

Instances of borrowings by certain state PSUs, SPVs and other equivalent instruments, where principal and/or interest are to be serviced out of the state budgets, had come to the notice of the Ministry of Finance, she said in the reply.

"Considering the effect of bypassing the net borrowing ceiling of the states by such borrowings, it was decided and communicated to the States in March 2022 that such borrowings shall be considered as borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India," she said.

In her 2022-21 Union Budget, Sitharaman had announced that states would be allowed to borrow upto 4 percent of their gross state domestic product, instead of the earlier 3 percent norm, in view of stresses caused to their finances due to the Covid-19 pandemic. https://www.business-standard.com/article/economy-policy/psu-debt-serviced-by-a-state-to-be-brought-under-its-frbm-limit-govt-122072501176_1.html

20. Should India go for wholesale privatisation of banks? *(fortuneindia.com)* Jul 26, 2022

The arguments not only lack substance and perspective, they come from "source" or non-official channels with the Centre maintaining a strategic silence.

Apparently, the stage is being set to privatise all public sector banks (PSBs), except the SBI for now, with multiple news reports hitting the headline simultaneously in the recent past. But all these are coming from two channels – unnamed government "sources" and a think tank.

The unnamed government sources have been quoted as saying that a bill may be introduced in the monsoon session to allow the central government "a complete exit" from banks to be privatised by amending the Banking Companies (Acquisition and Transfer of Undertakings) Act of 1970, which requires it to hold at least 51% stakes. The bill is, however, missing from the list made public so far.

At present, only two PSBs, are supposed to be privatised – as per the 2021 budget's "AatmaNirbhar Bharat" package. The NITI Aayog is reported to have identified the Central Bank of India and Indian Overseas Bank for the purpose. It is also reported to have recommended the Indian Bank and Bank of Baroda for privatisation. The Aayog hasn't made the details public. Besides, it is merely following up on the budget announcement without asking questions or disclosing how and why will that benefit the economy or the people.

Why NCAER seeks wholesale bank privatisation

The second source is Delhi-based think tank National Council of Applied Economic Research (NCAER) – a public-private venture. According to multiple news reports, one of which is listed in its website. The think tank is understood to have proposed in a policy paper of July 2022 that all PSBs should, "in principle", be privatised, except the SBI for the time being, and that corporate entities should be allowed to bid for PSBs – that is, run banks.

This policy paper has not been made public yet but news reports say three reasons have been offered for this: (i) private banks have emerged as a credible alternative to PSBs with substantial market share (ii) government ownership hinders the ability of the Reserve Bank of India (RBI) to regulate the sector and (iii) except the SBI, all PSBs lag behind private banks in all major performance indicators during the last decade with soaring NPAs and operational costs. Arvind Panagariya, former NITI Aayog chief, is one of the two authors of this paper.

He had earlier, on February 5, 2021, advocated allowing corporates to run banks claiming that India was facing "acute problem of credit deprivation". The very same day, the RBI's "Monetary Policy Statement, 2020-21 Resolution of the Monetary Policy Committee (MPC) February 3-5, 2021" had said India was credit surplus and facing macro-financial risks due to prolonged cheap credit regime. It had said: "Systemic liquidity remained in large surplus in December 2020 and January 2021, engendering easy financial conditions."

The third source is an internal working group (IWG) of the RBI, which had proposed in November 2020, that large private industrial houses should be allowed to set up and run banks. The only logic that it provided for this was to increase credit-to-GDP ratio from the current level of 50% to more than 150%, in line with many developed economies, to boost growth.

What is worth noticing is that the central government has not spelt out its views in the matter so far. In the past, it has offered two arguments: (a) the government has no business to be in business and that (b) private sector "wealth creators" should be allowed to create wealth so that it could be redistributed among the poor.

While the first logic (a) is deeply flawed, particularly after the 2007-09 global financial crisis, which was sparked by private banking and other financial institutions running amok, the second assertion (b) is contrary to all evidence. The pandemic years of FY21 and FY22 have seen soaring corporate profits accompanied with shrinking jobs and wages. Even before the pandemic hit, private investments were falling, banking frauds and rich businessmen fleeing India after defaulting and diverting bank loans to tax havens were rising and so was the case with writing off of huge corporate loan defaults as NPAs.

Bank privatisation is also counter-intuitive because of India's experience with private banking before nationalisation drive which began in 1969.

Why were banks nationalised?

The RBI's own account of bank nationalisation offers three banking reasons (apart from political ones). These are:

-Lack of banking facilities for agriculture, small-scale industrial units and self-employed.

-Bank expansion during 1951-1967 "un-served" rural and semi-urban areas as focus was firmly on urban areas.

-Private banks were "seen as being excessively concerned with profit alone" and "unwilling to diversify their loan portfolios".

The RBI's account further notes that the sectoral share of credit was far more skewed in 1950-51 and 1966-67 in favour of big industries and the distribution of bank branches was skewed against rural, semi-urban and urban/metro areas. Post-nationalisation, the sectoral shares and distribution of branches witnessed marked changes, making them more evenly matched – indicating that sectors of the economy have been better served and geographical spread widened.

The first casualty of de-nationalisation of banks would then be revival of the pre-nationalisation skewed trends. This would hit small enterprises, particularly in rural areas. MSMEs are a big a source of employment, 51% of which are in rural areas. The state of MSME finance remains unsatisfactory, despite various credit schemes launched after the pandemic hit. The K-shaped recovery of the economy in FY22 is yet another evidence. An analysis of corporate accounts showed while profit continue to be concentrated at the top of corporation ladder, small and public sector firms were struggling to make profits.

The second adverse impact would be on social commitments and financial inclusion, which PSBs are called upon to helm: (i) job reservations for SCs, STs and OBCs (ii) zero-charge, no-frill Jan Dhan Yojana (PM-JDY) accounts for the unbanked through which direct cash transfer schemes like PM-Kisan, Ujjwala, pensions to elderly, disabled and widows and also wages under the MGNREGS are given and (iii) MUDRA loans to self-help groups (SHGs) and small rural entrepreneurs.

Private banks, which have legitimate claims to being profit-driven and outside the "affirmative" government programmes like PM-JDY and MUDRA, can neither be asked nor expected to carry such activities which are beneficial to the people and the economy.

The difference between public sector and private sector in driving growth and development of a populous and poor country like India is best explained in the words of Arun Maira, former Planning Commission member during the previous UPA regime, who had spent all his life in corporate sector until then.

In his 2015 book "An Upstart in Government", he wrote: "…the scope of the government's responsibilities is much larger than that of any private sector company. To produce outcomes that are equitable, and not only efficient, in providing health services to all citizens, for example, is more difficult than selling medicines to only those who can pay the price that covers their cost of discovery and production. The government's job is not to make profit. It is to improve the world for everyone. 'Making profit is easy: changing the world is hard', was the poignant statement of a business management student at an international conference on business responsibility."

The third impact would be massive macro-financial risks emanating from private banking failures.

When the Global Trust Bank (GTB) collapsed and its hapless depositors were abandoned, it was a PSB which bailed it out in 2004. The GTB was merged with the Oriental Bank of Commerce (OBC). In the past few years, several private banks and non-banking NBFCs have collapsed. Some of them were bailed out by government entities like PSBs and the LIC. For example, when the Yes Bank collapsed, the SBI was asked to step in and save it. When the IL&FS collapsed, the LIC and SBI were asked to do so. When the DHFL – linked to the Yes Bank scam – collapsed following a massive corruption scandal, the RBI went for its bankruptcy proceedings; there was no such bail out for it.

With no PSBs, who will bail out private banking failures?

The Insolvency and Bankruptcy Code (IBC) of 2018, brought in to resolve stressed assets, has demonstrably failed with recovery of debts falling to a new low of 16.6% by the end of March 2022. This is far lower than 25% recovery under the earlier Bureau of Industrial and Financial Reconstruction (BIFR) mechanism.

The fourth adverse impact will be rising banking frauds.

Banking frauds have gone up since 2018 – as the RBI reports show. In the meanwhile, a wrong impression has gone around that private banking is safe. Although PSBs have a higher share of such frauds (both in number and value), private sector banks are fast catching up.

Here is a disturbing data from the RBI's annual report of 2021-22. It shows, in FY20 private sector banks' share of frauds were 35.2% in number of cases and 18.5% in value, which jumped to 58.6% in numbers and 29.1% in value in FY22. That is, the number of banking frauds are more in private sector.

A recent analysis of loan defaults shows another disturbing trend. Wilful defaults – defaults by those who have the ability to pay but don't pay – has risen 10-times in the past 10 years from ₹23,000 crore in FY12 to ₹2.4 lakh crore in FY22. These defaults are of ₹25 lakh or more and 95% of money is owed to PSBs.

Not to forget, India's private corporate sector is heavily indebted to banks! World's fourth and India's richest man Gautam Adani's Adani Group's debt mounted to ₹2.2 lakh crore (or $26 billion) in FY22. The group has now sought another loan of ₹14,000 crore from the SBI.

These are significant numbers to ignore.

Lessons from developed economies

When the Great Recession of 2007-09 hit the world economy, it was found that private banks, shadow banks and other private financial institutions had played a major role in it. The US had to bailout many, including the Bank of America, Citigroup, AIG and Bear Stearns, all at a huge cost to its taxpayers. The US also nationalised two big shadow banks (NBFCs) in the housing mortgage markets, Fannie Mae and Freddie Mac, who had, by then, run up a combined debt of $5.4 trillion.

Apart from tightening regulations, developed economies began increasing government-ownership (asset share) in banks. A 2013 World Bank report, "Rethinking the Role of the State in Finance", had shown developed economies raised their public holding and justified this by saying that government-ownership of banks were critical in "stabilising aggregate credit" and played key roles in limiting damages during 2007-08 in several countries, including in India and China. India was saved by its PSBs, and so was China.

As for allowing large industrial houses to run banks, here is a lesson from the US.

The US laws don't allow corporations to run banks, which specifically prohibit big industrial houses with ownership and controlling stakes in non-banking business (manufacturing and others) from owning or controlling banks. Even then, the 2007-09 financial crisis emerged from the US and derailed the global economy.

In-house wisdom

As for addressing poor performance of PSBs (including rising NPAs), both the root causes and solutions are known for a long time. Multiple committees have spelt these out in the past.

In 2020, former RBI governor Raghuram Rajan and his then deputy Viral Acharya had strongly advocated against privatisation of PSBs and explained why. They wrote: "It would be a mistake…to sell a public sector bank to an untested industrial house. Far better to professionalise public sector bank governance and sell stakes to the broader public – that would help promote a shareholder culture, as well as distribute wealth more widely…It would be 'penny wise, pound foolish' to replace the poor governance under the present structure of these banks with a highly conflicted structure of ownership by industrial houses."

They had earlier argued that "corporate houses must be kept from acquiring significant stakes, given their natural conflicts of interest". They advocated regulatory and market reforms to improve banking, including bank governance and ownership, in line with other experts' committees – Narasimham Committee (1991) and Nayak Committee (2014).

Apart from them, several eminent economists warned India against handing over banks to corporates after the RBI's IWG report of 2020 suggested this. Kaushik Basu, former chief economic adviser (CEA) to the Indian government and World Bank economist, wrote it was "almost invariably a step towards crony capitalism". Former chief economic adviser (CEA) Arvind Subramanian, Shankar Acharya and Vijay Kelkar wrote in an article together that "mixing industry and finance will set us on a road full of dangers – for growth, public finances and the future of the country itself".

The Indian government can ignore all these historic and contemporary lessons at its own peril. https://www.fortuneindia.com/opinion/should-india-go-for-wholesale-privatisation-of-banks/109070

21. 8 PSUs surrender 11 coal mines: Coal Min *(millenniumpost.in)* Jul 25, 2022

New Delhi: Eight public sector companies have submitted requests to surrender 11 non-operational coal mines under an amnesty scheme, Parliament was informed on Monday.

Replying to a question in the Rajya Sabha, Coal Minister Pralhad Joshi said that till date, the government has received requests for surrender of 11 coal blocks allotted to three Central PSUs and five state PSUs following the policy being issued.

"Ministry of Coal has issued an amnesty scheme in May 2022 granting one-time window to allottee government companies to surrender non-operational coal mines without penalty," the coal minister explained.

The government had earlier allowed the PSUs to surrender non-operational mines without giving any reason. The government had said that the move would release several coal mines which the PSU allottees were not in a position to develop or were disinterested and could be auctioned as per the auction policy.

It had granted three months' time to the allottee government companies to surrender the coal mines from the date of publication of the approved surrender policy. As of December 2021, 45 out of the 73 mines allotted to PSUs remainednon-operational.

The delays were due to reasons beyond the control of allottees, for example, law and order issues; enhancement in the area of forest from what was declared earlier;

resistance of land-holders against land acquisition; geological surprises in terms of availability of coal resources. http://www.millenniumpost.in/business/debt-raised-by-state-psus-is-borrowing-by-state-fm-487186?infinitescroll=1

22. On a roll *(thehindubusinessline.com)* Jul 25, 2022

The Centre's seriousness in rolling out Vande Bharat trains is laudable. But haste should be avoided

Displaying seriousness of intent, the Centre has already floated tenders for 400 semi-speed Vande Bharat (VB) trains (now running at speeds of up to 160 km/hr) between April and July 2022. In her Budget speech, the Finance Minister had said the 400 VB trains would be ready to run in another three years. This does not include 102 VB trains for which tenders were invited in 2020 and 2021; these are expected to be commissioned by early 2024. The Centre has woken up to its error in discontinuing the production of these trains for nearly four years after two train sets were produced at the ICF, Chennai in late 2018. Now it wants to expedite the plan. The idea of super-fast passenger trains connecting Indian cities that are underserved by other means of transport is a welcome one, critical to economic development and labour mobility. But to make this happen, the trains need to be fast, punctual, comfortable and most important, cost-competitive.

The potential of VB trains to draw travellers away from road and air travel, while improving energy efficiency, is immense. The IEA observed in November 2021 that on average, rail required 12 times less energy and emitted 7-11 times less GHGs per passenger-km travelled, than private vehicles and airplanes. The popularity of the Shatabdis is already evident in sectors such as Chennai-Bengaluru where it offers stiff competition to air travel. For longer stretches (such as Bengaluru-Hyderabad, Pune-Hyderabad), with robust demand, Vande Bharat trains which are expected to run at 200 km/hr, can wean away both air and road transport users. In the 900-1,500 km range, the new trains can work as an alternative to air travel, if they can lop off about four hours of journey time and run as overnight trains. While the cost of 400 train sets is expected to exceed ₹50,000 crore, the Economic Survey 2021-22 has rightly identified Railways as an area where capex has high payoffs.

However, the VB expansion plan may not be easy to execute, especially at a rushed pace. While calling for tenders for the trains may be the easier part, ascertaining viable routes and preparing tracks for the high speeds are critical. The cost of track renewal is pegged at ₹8.5 crore per km, and an expanded outlay, perhaps beyond the current Budget's level of about ₹13,300 crore, may be needed. The energy-efficiency argument as also their attraction to commuters will be diminished if these trains were forced to operate at lower speeds merely because of track deficiencies. Rail employees at various centres will need to be trained on operations and maintenance. The Centre has done well to stipulate that the production will take place at Railway factories in Chennai, Latur and Sonepat. However, the newer facilities need to be cranked up. About half of the 400 bids invited this year are for aluminium train sets (sleeper trains), which could entail a different design from the stainless steel sets developed by ICF Chennai. Aluminium has its merits, in terms of lightness, but it can be costly. The Centre must ensure technology transfer in the event of European bidders bagging the contract. Else, cost escalation will be difficult to avoid, derailing the entire economics of the project. Vande Bharat has been a 'Make in India' success story. Efforts must be made to keep it that way. https://www.thehindubusinessline.com/opinion/editorial/on-a-roll/article65682576.ece

23. Road transport and highways sector has maximum number of delayed projects: Govt *(businesstoday.in)* Updated: Jul 26, 2022

Road transport and highways sector has the maximum number of delayed projects at 301 followed by railways segment at 127 and petroleum sector at 91, the government said on Monday.

"The top 3 sectors with the maximum delayed projects are road transport and highways- out of 843 projects 301 projects are delayed, railways- out of 211 projects 127 projects are delayed and petroleum- out of 139 projects 91 projects are delayed," Minister of State for Statistics Rao Inderjit Singh in a written reply to the Rajya Sabha.

The Infrastructure and Project Monitoring Division (IPMD) is mandated to monitor central sector infrastructure projects costing Rs 150 crore and above based on the information provided on Online Computerised Monitoring System (OCMS) by the project implementing agencies.

IPMD comes under the Ministry of Statistics and Programme Implementation.

As on June 1, 2022, 1,568 central sector infrastructure projects with anticipated completion cost of Rs 26,54,818.05 crore were on the OCMS. Out of the 1,568 projects, 721 projects were delayed and the cost overrun stood at Rs 3,28,126.34 crore, the minister said.

Bangalore-Satyamangalam rail line project was the most delayed one and was delayed by 312 months, according to the written reply.

Muneerabad-Mahaboobnagar rail project was delayed by 276 months while Udhampur-SrinagarBaramulla rail project was delayed by 245 months.

As per the data provided by the minister, among the top 20 delayed projects, 12 were of the railways.

The main reasons for increase in time of the projects include law and order problems, delay in land acquisition, environment and forest clearances, and funding constraints, according to the written reply.

The top five entities involved in development of projects worth Rs 150 crore and above are Dilip Buildcon (33), G R Infraprojects (28), Ashoka Buildcon (21), PNC Infratech (19) and Gawar Construction (18). https://www.businesstoday.in/industry/infra/story/road-transport-and-highways-sector-has-maximum-number-of-delayed-projects-govt-342670-2022-07-25

24. India lost 329 tigers in 3 years, including 29 due to poaching: Government *(economictimes.indiatimes.com)* Updated: Jul 26, 2022

India lost 329 tigers in the last three years due to poaching, natural and unnatural causes. Out of which 29 died due to poaching and 30 due to 'seizure', according to data presented by the Union Minister of State for Environment, Ashwini Kumar Choubey in Lok Sabha on Monday.

According to the data presented by the minister, in 2021, India's national animal population declined by 127. Whereas ,106 tigers died in 2020, 96 died in 2019 respectively.

Out of 329 lost tigers, the minister said, 68 tiger deaths were attributed to natural causes, five to unnatural causes, 29 to poaching and 30 to 'seizure'. A total of 197 tiger deaths are under scrutiny, he added.

However, the data showed that the number of poaching cases has reduced over the years from 17 in 2019 to four in 2021. The minister reported that the tiger attack on humans has increased to 125 people. In this period tiger attacks killed 61 people in Maharashtra and 25 in Uttar Pradesh.

The government also presented the past three years on elephants deaths, which showed total death of 307 elephants due to various reasons including poaching, electrocution, poisoning and train accidents. The government said 222 elephants have died due to electrocution in the last three years, with Odisha, Tamil Nadu and Assam reporting 41, 34 and 33 such deaths, respectively.

Forty-five elephants have died in train accidents. Odisha and West Bengal logged 12 and 11 such fatalities respectively. The data showed 29 elephants have died due to poaching, including 12 in Meghalaya and seven in Odisha, while 11 elephants have died due to poisoning, including nine in Assam during the period. https://economictimes.indiatimes.com/news/india/india-lost-329-tigers-in-3-years-including-29-due-to-poaching-government/articleshow/93126839.cms