# NEWS ITEMS ON CAG/ AUDIT REPORTS (28.06.2022)

## 1. States, freebies and the costs of fiscal profligacy *(thehindu.com)* Duvvuri Subbarao | 28 June 2022

**The need for instituting more effective checks that can make wayward States fall in line is compelling**

During the planning last year and the campaign ahead of the Punjab Assembly election, the Aam Aadmi Party (AAP) promised a sum of ₹1,000 per month to every woman in the State. To drive home the generosity of the promise, the AAP leader and Delhi Chief Minister, Arvind Kejriwal, emphasised that under AAP's 'Mission Punjab' for the Punjab polls 2022, if there were three adult women in a household (daughter-in-law, daughter, mother-in-law), each of them would get ₹1,000. When questioned how Punjab, already reeling under heavy debt, could afford this, Mr. Kejriwal said something to the effect that if there is good political management, money would not be a problem.

Growing freebie culture

Electoral promises of this kind raise several questions. Is borrowing and spending on freebies sustainable? Is this the best possible use of public money? What is their opportunity cost — what is it that the public are collectively giving up so that the government can fund these payments? Should not there be some checks on how much can be spent on them?

I am using Punjab to illustrate a point and by no means to suggest that it is unique. In fact, many States are pursuing the freebie culture, some even more aggressively than Punjab.

Ideally, governments should use borrowed money to invest in physical and social infrastructure that will generate higher growth, and thereby higher revenues in the future so that the debt pays for itself. On the other hand, if governments spend the loan money on populist giveaways that generate no additional revenue, the growing debt burden will eventually implode and end in tears.

Concerned by an increasing number of States that are embarking on this financially ruinous path, senior bureaucrats reportedly flagged the issue at a meeting with the Prime Minister, telling him that 'some States might go down the Sri Lankan way'.

There is an argument that this concern is being exaggerated. After all, if you look at any analysis of State Budgets by the Reserve Bank of India or any think tank, the inference you will draw is that State finances are in good, if indeed robust, health, and that all of them are scrupulously conforming to the Fiscal Responsibility and Budget Management (FRBM) targets.

This is a misleading picture. Much of the borrowing that funds these freebies happens off budget, beyond the pale of FRBM tracking. The typical modus operandi for States has been to borrow on the books of their public enterprises, in some cases by pledging future revenues of the State as guarantee. Effectively, the burden of debt is on the State exchequer, albeit well concealed. The Comptroller and Auditor General of India (CAG) had in fact pointed out that in respect of some States 'if extra-budgetary borrowings are taken into account, the liabilities of the government are way above what is acknowledged in the official books'.

How big is the problem? There is no comprehensive information in the public domain to assess the size of this off-budget debt, but anecdotal evidence suggests that it is comparable in size to the debt admitted in the Budget books.

The obvious motivation for States in expanding freebies is to use the exchequer to build vote banks. A certain amount of spending on transfer payments to provide safety nets to the most vulnerable segments of the population is not only desirable but even necessary. The problem arises when such transfer payments become the main plank of discretionary expenditure, the spending is financed by debt, and the debt is concealed to circumvent the FRBM targets.

The more States spend on transfer payments, the less they have for spending on physical infrastructure such as, for example, power and roads, and on social infrastructure such as education and health, which can potentially improve growth and generate jobs. The truth of the Chinese saying, 'give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime' is self-evident to everyone, including politicians. But electoral calculations tempt them to place short-term gains ahead of long-term sustainability.

Institutional checks, balances

What about the institutional checks and balances that should prevent this downward spiral? Unfortunately, all of them have become ineffective. In theory, the first line of defence has to be the legislature, in particular the Opposition, whose responsibility it is to keep the Government in line. But given the perils of our vigorous democracy, the Opposition does not dare speak up for fear of forfeiting vote banks that are at the end of these freebies.

Another constitutional check is the CAG audit which should enforce transparency and accountability. In practice, it has lost its teeth since audit reports necessarily come with a lag, by when political interest has typically shifted to other hot button issues. Besides, our bureaucracy has mastered the fine art of turning audit paras into 'files' which run their course and die a quiet death.

The market is another potential check. It can signal the health or otherwise of State finances by pricing the loans floated by different State governments differently, reflecting their debt sustainability. But in practice this too fails since the market perceives all State borrowing as implicitly guaranteed by the Centre, never mind that there is no such guarantee in reality.

## The costs can be huge

The costs of fiscal profligacy at the State level can be huge. The amount States borrow collectively every year is comparable in size to the Centre's borrowing which implies that their fiscal stance has as much impact on our macroeconomic stability as does that of the Centre. The need, therefore, for instituting more effective checks that can make wayward States fall in line is compelling.

Here are two suggestions towards that end.

First, the FRBM Acts of the Centre as well as States need to be amended to enforce a more complete disclosure of the liabilities on their exchequers. Even under the current FRBM provisions, governments are mandated to disclose their contingent liabilities, but that disclosure is restricted to liabilities for which they have extended an explicit guarantee. The provision should be expanded to cover all liabilities whose servicing obligation falls on the Budget, or could potentially fall on the Budget, regardless of any guarantee.

Second, under the Constitution, States are required to take the Centre's permission when they borrow. The Centre should not hesitate to impose conditionalities on wayward States when it accords such a permission. States slapped with conditionalities will of course baulk and allege political motives. The challenge for the Centre will be to act transparently and in accordance with well-defined, objective and contestable criteria.

Finally, there is the draconian provision in the Constitution of India which allows the President to declare financial emergency in any State if s/he is satisfied that financial stability is threatened. This Brahmastra has never been invoked so far for fear that this will turn into a political weapon of mass destruction. But the provision is there in the Constitution for a reason. After all, the root cause of fiscal irresponsibility is the lure of electoral nirvana. It will stop only if the political leadership fears punishment. It is therefore important to ensure that the prospect of a financial emergency in case of gross and continuing fiscal irresponsibility is not just an abstract threat but a realistic one.

Disappointingly, the Centre itself has not been a beacon of virtue when it comes to fiscal responsibility and transparency. To its credit, it has embarked on course correction over the last few years. It should complete that task in order https://www.thehindu.com/opinion/lead/states-freebies-and-the-costs-of-fiscal-profligacy/article65573164.eceto command the moral authority to enforce good fiscal behaviour on the part of States.

## 2. In Raising Red Flag on Key States, RBI Puts Spotlight on Unsustainable Subsidies *(thewire.in)* 27 June 2022

A clutch of Indian states, as per a recent Reserve Bank of India (RBI) report, are displaying worrisome signs of economic deterioration and considerable fiscal vulnerability.

These signs “warrant a careful assessment” given the ruinous economic developments in Sri Lanka, according to the central bank.

The IMF defines fiscal vulnerability as a situation where a government is exposed to the possibility of failure to meet its aggregate fiscal policy objectives and longer-term fiscal sustainability. In its analysis, the RBI has identified several high-stressed states by employing a number of fiscal vulnerability indicators.

Going by the debt to GSDP ratio, Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, Uttar Pradesh and Haryana turned out to be the states with the highest debt burden. These 10 states alone account for half of the total expenditure the state governments incurred.

What’s more, their GFD:GSDP ratio was equal to or more than 3% in 2021-22, not to mention the deficits in revenue accounts further adding to the worsening economic condition of the states. Lastly, for eight of these ten states, the interest payments to revenue receipts ratio (IP-RR), a measure of the debt servicing burden on the state’s finances, was more than 10%.

### The freebies train chugs on

One economic policy that has been identifiably adding more and more strain onto rickety economic frameworks of various states is the predisposition of the state governments to dole out subsidies and freebies during normal times via supply chains riddled with inefficiencies and leakages, which consequently result in market distortions.

The latest available data from the Comptroller and Auditor General of India (CAG) indicates that the state government’s expenditure on subsidies has grown at 12.9% and 11.2% during 2020-21 and 2021-22, respectively, after contracting in 2019-20. In the same vein, the share of subsidies in total revenue expenditure by states has also risen from 7.8% in 2019-20 to 8.2% in 2021-22.

Andhra Pradesh, Madhya Pradesh and Punjab, for instance, incur a very high subsidy bill by doling out freebies that go over and above 10% of their total revenue receipts. The three states respectively give away freebies worth 14.1%, 10.8% and 17.8% of their revenue income. Gujarat and Chhatisgarh also spend over 10% of their revenue on giving away subsidies to their citizens. For states like Andhra Pradesh and Punjab, already battling the scourge of heavy indebtedness, freebies are hollowing out the state government's coffers from the inside as the dole out is steadily inching up to more than 2% of the GSDP.

Other states – Jharkhand, Kerala, Telangana, Odisha and Uttar Pradesh – are also giving in to the political appeal of giving away freebies. The politically convenient and fiscally excoriating subsidy policy is starting to reflect in the budgets as these states have registered the largest rise in subsidies in the last three years.

The DISCOM distress

The power sector has been the proverbial albatross around the neck of several state coffers. The gargantuan debt profiles of the DISCOMs have been in the making for decades the blame for which lies largely with the political leadership, both past and present. A long-winded populist policy of giving away power at subsidised rates has led to an artificial depression in electricity prices in the farm and household sector while ratcheting up subsidy power bills to unsustainable levels for the states.

Over the years, a number of rescue schemes for the power sector have been introduced, starting with the first bailout episode in 2003, when the state governments decided to wipe out outstanding dues of State Electricity Boards to Central Power Sector Undertakings through the issuance of power bonds. In the second instance, the state governments had to undertake a Financial Restructuring Plan in 2012 to enable DISCOMS to meet their short-term debt obligations. The third and most ambitious of the three bailouts was the Ujjwal DISCOM Assurance Yojana piloted under the BJP in 2015, which mandated that state governments will have to take over 75% of outstanding liabilities of DISCOMS.

However, all these schemes while soaring loftily in the beginning, came crashing down hard soon enough. Meanwhile, the performance of the DISCOMs has remained weak, with their losses surpassing the pre-UDAY level of Rs 80,000 crore in 2018-19.

The RBI report runs a scenario accounting for a hypothetical scenario where another rescue package for the DISCOMs is implemented again. The report cautions that the rescue package will involve a "substantial financial burden" for the states. The report puts the cost of a bailout for 18 major states at 2.3% of the GSDP while qualifying that there could be significant variations between the states.

“For instance, if: (i) 75 per cent of the long-term debt of the DISCOMs (as at end-March 2020) is taken over by the state governments (similar to UDAY); and (ii) the states infuse liquidity (in the form of equity) into the DISCOMs to the tune of overdue outstanding to the GENCOs as of April 2022, the burden on the exchequer will be significant. For the 18 major states, the cost of the bailout will be 2.3 per cent of their combined GSDP, though there are significant differences amongst states. Tamil Nadu, Madhya Pradesh, Rajasthan and Punjab are most vulnerable to a possible bailout while Gujarat, Assam, Haryana and Odisha are relatively insulated from this risk.”

**An ominous future foretold?**

As per the RBI report, between 2021-22 and 2026-27, the debt to GSDP ratio is projected to moderate because of the stellar fiscal performance of a few states like Gujarat, Maharashtra, Delhi, Karnataka and Odisha.

Things, however, won’t be so great for the other states. Most of the other states are likely to exceed the debt-GSDP ratio of 30% in 2026-27. Punjab is expected to remain in the worst position as its debt-GSDP ratio is projected to exceed 45% in 2026-27, with further deterioration in its fiscal position. Rajasthan, Kerala and West Bengal are projected to exceed the debt-GSDP ratio of 35% by 2026-27. https://thewire.in/economy/rbi-red-flag-unsustainable-subsidies

## 3. Government tightens scrutiny on FAME scheme to prevent leakage of EV subsidies *(economictimes.indiatimes.com)* June 27, 2022

Companies availing of subsidies under the government's flagship electric vehicles (EV) promotion scheme are facing increased scrutiny from the authorities, after it came to their notice that many manufacturers were providing misleading information.

EV makers now must produce a certificate from a chartered accountant empanelled with the Comptroller and Auditor General, verifying the extent of imported components in their vehicles before their products can qualify for subsidies under the Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India (FAME-India) scheme.

Scrutiny from certifying authorities that validate models as compliant under the scheme has also become more stringent, said people in the know.

The subsidies are disbursed by the Ministry of Heavy Industries. As per the FAME-India scheme, companies availing of subsidies must comply with strict rules around local sourcing of components for their EVs. These include key components like motor, controller, onboard charger, instrument panel, chassis and wheels.

The government’s intention is to incentivise the development of a local manufacturing ecosystem through subsidies, making India a hub for EVs.

However, many companies wrongfully declared imported components as locally sourced by routing the imports through local companies who did little value-addition in India, according to multiple people in the know. The practice is particularly rampant in the electric two-wheeler market, where most manufacturers are reliant on Chinese imports, they said. The subsidies could range from Rs 15,000-60,000 for a two-wheeler.

To put a check on these practices, the authorities have introduced these new measures.

"The goal is to keep a check on companies that claim made-in-India status for their products but actually try and pass off largely imported goods," a senior heavy industries ministry official told ET. "The scrutiny of companies that claim subsidy under the FAME scheme is an evolving process. We have been trying to make the procedure for availing of subsidy support more robust as the ecosystem evolves."

If an EV company tries to sell a non-compliant vehicle as a subsidised one, then it is penalised, and any subsidy accrued is borne by the company itself, the official added.

Scrutiny has not just gone up in terms of the documentation required to claim subsidies. In some cases, validating authorities are also inspecting the premises of EV manufacturers and their suppliers before certifying a vehicle compliant with the FAME-India rules.

A manufacturer of electric motors told ET that inspections by certification authorities, in-person or over a video call, had become a norm of late, as they try to ascertain whether a supplier had a local manufacturing setup or simply re-routed imports with their stamp on it. https://economictimes.indiatimes.com/industry/renewables/government-tightens-scrutiny-on-fame-scheme-to-prevent-leakage-of-ev-subsidies/articleshow/92498918.cms

## 4. Urban experts and councillors discuss nuances of 74th Constitutional Amendment Act *(indianexpress.com)* June 27, 2022

**The event deliberated on the Comptroller and Auditor General of India (CAG) report titled 'Performance Audit of Efficacy of Implementation of 74th Constitutional Amendment Act across four states-Haryana, Karnataka, Rajasthan and Tamil Nadu'.**

NGO Janaagraha Monday held an online discussion on the nuances of the 74th Constitutional Amendment Act with officials and experts stationed in different states.

The event moderated by Srinivas Alavilli, Head, Civic Participation at Janaagraha, also deliberated on the Comptroller and Auditor General of India (CAG) report titled 'Performance Audit of Efficacy of Implementation of 74th Constitutional Amendment Act across four states-Haryana, Karnataka, Rajasthan and Tamil Nadu'.

Alavilli said, "When 'urban local bodies' become 'city governments' in common parlance, we can then claim that the 74th Constitutional Amendment Act has truly arrived in our country. When MLAs do not understand their role as legislators and choose to operate like councillors, it not only defeats decentralization but also makes our state legislatures weak. Today's discussion with elected representatives from Tamil Nadu, Karnataka and Rajasthan once again showed that we have a long way to go for empowered city councils. Councillors are closest to people and understand problems and solutions better than anyone else but their institutional framework does not leverage their knowledge and people connect."

Former Principal Accountant General of Karnataka EP Nivedita said: "Janaagraha's role as a catalyst in the reform of urban governance in the country has been pioneering. It has been engaging with all the stakeholders in a consistent manner. It would be fulfilling and satisfying if the urban political executives get to know about Audit reports. They need to know where they stand. They need to know what is ideal and real."

VR Vachana, Manager, Advocacy & Reforms, Janaagraha, said: "It is going to be three decades since the 74th Constitutional Amendment Act came into force. While it was a watershed moment in India's urban governance then, India's urban landscape has now transformed massively. However, our laws are often not dynamic in reflecting the contemporary realities and requirements. Today's City Politics conversation also highlighted the importance of robust institutional design in effectively implementing the 74th Constitutional Amendment Act. We look forward to the run-up to the 30th anniversary of the 74th Constitutional Amendment Act, being effectively leveraged to truly transform the governance of our cities."

Swati Parnami, Councillor, Jaipur Nagar Nigam, said: "The funds are equally divided amongst all the city wards. But the problems and development work that must be undertaken are not the same across all the wards. Hence a proper assessment to allocate funds is required."

"The elected representatives are not clear about their roles and responsibilities. Hence there is a delay and difficulty in discharging one's duties," said Kalpana Shivanna, Former President, Magadi Town Municipal Council.

"Ward Committee meetings are conducted regularly and minutes are documented. We also have raised the request with Town Planning for conducting a formal training for all the elected councillors," said KA Deivayanai, Councillor (Dravida Munnetra Kazhagam), Coimbatore City Municipal Corporation. https://indianexpress.com/article/cities/bangalore/urban-experts-councillors-discuss-nuances-74th-constitutional-amendment-act-7994634/

## 5. Govt set to restructure scam-riddled MeECL *(theshillongtimes.com)* Jun 28, 2022

The Meghalaya Energy Corporation Limited (MeECL) which has been marred by a series of allegations of corruption, mismanagement and misutilisation of central schemes, is set to undergo an overhaul with the state government announcing restructuring of its board and those of its subsidiary companies.

Chief Minister Conrad K Sangma said the posts of chairman and managing director of MeECL would be segregated. This was decided in the Cabinet meeting on Monday.

The MeECL will now have a full-time managing director who can be from the IAS cadre, a lateral entrant or a technocrat selected through a transparent process.

The MD of MeECL will also be the MD of the three subsidiaries – Meghalaya Power Generation Corporation Limited, Meghalaya Power Distribution Corporation Limited and Meghalaya Power Transmission Corporation Limited.

The power minister will be the non-executive chairman of the MeECL while the chairman of the three subsidiaries will be the chief secretary, additional chief secretary or the principal secretary in charge of power, the chief minister said.

"The decision was taken since MeECL has so far been managed by state government officials with other responsibilities and hence not able to focus on running the corporation as needed," he said.

He said the government may prefer to get an experienced technocrat who would understand technical matters of the MeECL. "We want the overall functioning of the MeECL to improve," he said.

The MeECL has been in the news for more than two years now over allegations of rampant corruption and illegalities, leading to the ouster of then Power minister James PK Sangma from the department. Deputy Chief Minister Prestone Tynsong now holds this portfolio.

The then Chairman-cum-Managing Director Arun Kumar Kembhavi was removed from his position and the then Additional Chief Secretary RV Suchiang was appointed as his successor.

Suchiang, who was appointed as chief secretary, was succeeded by Additional Chief Secretary Donald P Wahlang as CMD of MeECL.

While power outages continue and power-generating companies have kept on serving notices to the government to clear pending dues worth crores of rupees, the corporation's management has been accused of gross mismanagement.

The MeECL is also under the scanner over the alleged Saubhagya scam. An internal and preliminary report of the CAG had revealed financial bungling of over Rs 149 crore in the implementation of Saubhagya, which is a flagship programme of the Centre.

After this report was first carried by The Shillong Times, the then Health Minister, AL Hek had said there cannot be "smoke without fire".

The smart meter initiative is also under scrutiny. Amidst the rising charges of wrongdoing, the state government appointed Justice (retd) RN Mishra of the Allahabad High Court on July 29, 2021 to head the probe into alleged corruption in the MeECL.

The inquiry report was submitted to the chief minister on March 29 this year but the report is yet to be made public. https://theshillongtimes.com/2022/06/28/govt-set-to-restructure-scam-riddled-meecl/

## 6. Centre forced Kerala's exit from pension funding *(newindianexpress.com)* 28 Jun 2022

THIRUVANANTHAPURAM: The state government's order withdrawing financial support to the Kerala Social Security Pension Limited (KSSPL) appears to be a desperate attempt to overcome the Union government's conditions for granting consent for open market borrowings (OMB).

The state issued the controversial order earlier this month after the Union finance ministry rejected its claim that KSSPL's borrowings were not "direct debt of the state government". In a letter accessed by TNIE, the Union ministry asked the state to provide correct and complete information on off-budget borrowings by KIIFB and KSSPL.

The letter bluntly told the state that in case of non-receipt of information, these would be deemed as off-budget borrowings. The state is yet to get the Centre's consent to raise OMB for the first three quarters of 2022-23, except an ad hoc sanction to raise `5,000 crore and also to avail `900 crore loan from the NABARD.

The consent for raising the remaining portion of OMB has been put on hold until the issue of off-budget borrowing is settled. The net borrowing ceilings (NBC) of Kerala for 2022-23, as per the methodology of the Finance Commission, is Rs 32,439 crore. It will be enhanced by 0.50 pc of the GSDP if the state meets certain performance criteria in the power sector.

State's claim on borrowings wrong

The Centre said for issuing consent for OMB, off-budget borrowings by state public sector companies and SPVs will be considered as borrowings made by the state itself. This means off-budget borrowings will be adjusted in the NBC.

The state sought consent for OMB, claiming that KSSPL's borrowing is limited to short-term advances from state PSUs and "does not contribute direct debt to the state government". However, the Union finance ministry rejected this argument on May 20, 2022. The letter quotes CAG's state finance report for 2019-20 that states KSSPL borrowings were "direct liabilities of the state government despite being off-budget".

Further to the letter, the state, on June 10, 2022, issued an order withdrawing financial support to KSSPL in a bid to avoid KSSPL borrowings being categorised as off-budget. Also, the claim that KSSPL's borrowings did not contribute direct debt to state government was incorrect. For the 2018 order on KSSPL formation had clearly stated that the government would bear the repayment liabilities of the company. https://www.newindianexpress.com/states/kerala/2022/jun/28/centre-forced-keralas-exit-from-pension-funding-2470417.html

## 7. Speaker asks government departments to respond to CAG report *(thehindu.com)* 27 Jun 2022

PUDUCHERRY: Speaker R. Selvam on Monday directed the Heads of Departments to reply to queries raised by the Comptroller and Auditor General (CAG) in the annual reports.

Interacting with reporters after chairing a meeting of officials at the Secretariat, he said several departments had not responded to observations made by CAG in the audit reports. The Public Accounts Committee has to prepare action taken reports based on the response of the departments, he added.

"Some of the departments have not responded for years. The departments should approach the observations made by CAG on a positive note. The shortcomings pointed out by the auditing agency should be rectified so that such mistakes are not repeated, Officials should keep in mind that all money spent by the government is collected from the people as tax," Mr. Selvam said.

Heads of Departments have been asked to provide the reply to CAG within four weeks, he added.

Chairman of Public Accounts Committee K.S.P. Ramesh, Chief Secretary Rajeev Verma, Finance Secretary Prashant Goyal, Principal Accountant General (Audit-II) Tamil and Puducherry K.P. Anand and Senior Deputy Accountant General Varshini Arun were among those who attended the meeting. https://www.thehindu.com/news/cities/puducherry/speaker-asks-government-departments-to-respond-to-cag-report/article65571301.ece

## 8. Respond to CAG report on recommendations in 14 days, Puducherry Speaker Selvam tells officials *(newindianexpress.com)* 28 Jun 2022

PUDUCHERRY: n a rare action, Speaker of Puducherry Legislative Assembly R Selvam on Monday advised the government officials to respond to the Comptroller and Auditor General of India (CAG) report on recommendations, utilisation of Central funds, and lacunas that are pending over the years in the UT, within four weeks.

Chairing a meeting with Public Accounts Committee Chairman and MLA KSP Ramesh, CAG officials Principal Accountant General KP Anand, Chief Secretary Rajiv Verma, District Collector E Vallavan among others, Selvam made it clear that any lapses regarding these will not be tolerated. The meeting was convened after CAG officials brought to the Speaker's notice some of the issues on June 10.

The Speaker said the government departments are now required to respond to 112 paragraphs on the audit report for 2014-15, on the action taken on PAC recommendations from 1993-94, and submission of accounts of Public Sector undertakings, local bodies, and state autonomous bodies, which is pending for a decade. The Speaker said that utilisation certificates of Central funds have remained pending for years and, as a result, funds could not be availed under the schemes now. According to a CAG report for the year ending in March 2020, 653 certificates for an aggregate amount of `449.36 crore were pending.

“We all realise that every rupee that comes to the government is tax payers money, and hence have a responsibility to tell the government how to control the budgeted expenditure and how to avoid unnecessary expenditure,” Selvam said.

Department-wise discussions should be held on the outstanding audit department columns and a time frame should be fixed and answers should be obtained. He also issued a soft warning to officials that he will not hesitate to take action against those who are erring. The Chief Secretary also said that a monthly review meeting would be held in this regard and departmental action would be taken against officials who were reluctant to respond. https://www.newindianexpress.com/states/tamil-nadu/2022/jun/28/respond-to-cag-report-on-recommendations-in-14-days-puducherry-speaker-selvam-tells-officials-2470609.html

## 9. Now, Aadhaar card mandatory for all U.P. govt primary, upper primary students *(hindustantimes.com)* 27 Jun 2022

In a bid to ensure transparency, the basic education department has made having Aadhaar card mandatory for both newly enrolled and old students who are already studying in government primary and upper primary schools in Uttar Pradesh.

As of now, 1.88 crore children are studying in 1.3 lakh government primary and upper primary schools in 75 districts of the state. The state government targets to connect about 2 crore children aged 6- 14 years with its “School Chalo” campaign in 2022-23 academic year.

“To weed out all kind of possibilities of any fake students, the basic education department has decided to make Aadhaar card mandatory for 1.88 crore students who are enrolled in 1.3 lakh government schools,” said director general, school education, Vijay Kiran Anand.

“Presently, more than 50% students have their Aadhaar cards. We are in the process of facilitating remaining 50% students to get their Aadhaar cards. The authentication has been made compulsory so that department has exact numbers of students enrolled in the government schools,” he added.

Until last year, Aadhaar card was mandatory for guardians. Now it has been made a must for every student. According to officials, the move will bring about transparency and enable beneficiaries to get their entitlements directly in a convenient and seamless manner as Aadhaar card obviates the need for producing multiple documents to prove identity.

The Comptroller and Auditor General of India in its report on general and social sector for the year ending on March 31, 2016, had noted several anomalies in students’ enrolment in government schools. It noted that on an average, 20 lakh children dropped out of schools per year between 2011 and 2016.

However, as per the data provided by the state government, the average dropout rate was 0.63 lakh children pear year only during the said period. To plug all such malpractices, the HRD ministry had in 2017 issued a notification in this regard that said it will now be required for the students to have Aadhaar number for getting their mid-day meals across the country.

“The use of Aadhaar as identity document for delivery of services, benefits or subsidies simplifies the government delivery process and enables beneficiaries to get their entitlements directly and in a seamless manner,” reads the notification.

In recent times, U.P. Board has made Aadhaar card mandatory for students and it helped in checking fake candidates. As a result, the number of candidates had come down to 52 lakh this year from 60 lakh in 2017, an official said.

“Both central and state governments have been trying to link the Aadhaar number with subsidy schemes related to school education,” an official said. https://www.hindustantimes.com/cities/lucknow-news/now-aadhaar-card-mandatory-for-all-u-p-govt-primary-upper-primary-students-101656349303567.html

## 10. Elevated road: Noida panel set to probe payments ‘scam’ *(timesofindia.indiatimes.com)* 28 Jun 2022

NOIDA: The Noida Authority has formed an inquiry committee to look into alleged financial irregularities in the construction of the city’s first elevated road between Vishwa Bharti School and Sector 61.

The committee will also scan the role of the then officials from the engineering and finance department of the authority and probe how extra payments had been made to the contractor without taking permission from the authorities concerned. The report prepared would be sent to the government for further action.

Manvendra Singh, the additional CEO, will head the committee, while the financial controller and chief legal adviser would be the other members. Singh confirmed to TOI he would start the inquiry soon.

Commissioned in 2014, the 4.8km elevated road was inaugurated in June 2017. The construction company was awarded the project for Rs 415.5 crore, but by the time it was complete, the authority had spent Rs 468.9 crore.

The comptroller and auditor general (CAG), which conducted a financial audit of the project, found that the private firm had been paid Rs 17.2 crore even before the circle office submitted the final bill report to the technical audit cell (TAC).

The CAG raised the red flag, pointing out that the CEO’s permission was needed in case of escalation costs exceeding Rs 10 crore.

The company was paid the amount without any permission.

On the contrary, it was found that the Noida Authority had to instead recover Rs 21.6 crore from the company. So technically, the company should pay back the authority Rs 38.8 crore in total. The matter is under arbitration, an official said.

Apart from the alleged financial irregularities, questions have also been raised over the construction quality of the elevated road. In April this year, the authority had ordered a probe after cracks on the surface of the road were reported from multiple places. It was first investigated by the TAC. A team from IIT-Delhi is now examining the structure. https://timesofindia.indiatimes.com/city/noida/elevated-rd-noida-panel-set-to-probe-payments-scam/articleshow/92506755.cms

## 11. एलिवेटेड रोड की जांच के दायरे में कई अधिकारी *(amarujala.com)* 28 Jun 2022

नोएडा। विश्व भारती स्कूल से सेक्टर-61 तक बने एलिवेटेड रोड की गुणवत्ता पर सवाल उठने के बाद इसकी जांच तेज कर दी गई है। प्राधिकरण के अपर मुख्य कार्यपालक अधिकारी व वित्त नियंत्रक ने निर्माण कंपनी को अनियमित तरीके से 17 करोड़ रुपये से अधिक के भुगतान की जांच शुरू कर दी है। जांच के दायरे में इंजीनियरिंग और वित्त विभाग के कई और अधिकारी आ गए हैं, जिनकी आने वाले दिनों में परेशानी बढ़ सकती है।

एलिवेटेड रोड परियोजना का कैग ने भी वित्तीय ऑडिट किया था। जिसमें 415.17 करोड़ की इस परियोजना के निर्माण पर 468.90 करोड़ रुपया खर्च करने की बात सामने आई थी। जनवरी 2019 में टेकभनीकल ऑडिट सेल अंतिम बिल जमा करने से पहले ही कंपनी को 17.21 करोड़ रुपये के भुगतान की वित्तीय अनियमितता सामने आई। नियमानुसार 10 करोड़ रुपये से अधिक के भुगतान से पहले ऑडिट सेल के अलावा अधिकारियों की अनुमति की जरूरत होती है। लेकिन इस मामले में नियमों को दरकिनार कर भुगतान किया गया। कैग की आपत्ति और ऑडिट सेल की रिपोर्ट के आधार पर कंपनी से रिकवरी की जानी हैं। एलिवेटेड रोड के निर्माण की गुणवत्ता की जांच आईआईटी दिल्ली को सौंपी गई थी। वित्तीय अनियमितता की जांच प्राधिकरण अफसरों ने अपने स्तर पर भी शुरू कर दी है। इंजीनियरिंग व वित्त विभाग के जिन अधिकारियों के नाम सामने आ रहे हैं उनसे भी जवाब तलब किया जा रहा है। https://www.amarujala.com/delhi-ncr/noida/many-officers-under-investigation-of-elevated-road-noida-news-noi656527853

# SELECTED NEWS ITEMS/ARTICLES FOR READING

## 12. State of dependence *(thehindubusinessline.com)* June 28, 2022

**Extending the period of GST compensation payment to States may not be the right option**

The contentious issue of extending compensation payable to States by the Centre will occupy centre-stage in the upcoming GST Council meeting on Tuesday and Wednesday. Compensation payments will cease on June 30. . The Centre had promised to compensate the shortfall in revenues to States and Union Territories that failed to record 14 per cent annual growth in GST for five years beginning July 1, 2017, as part of implementation of the landmark tax reform. The compensation payments were made despite the economic slowdown in 2019-20 and the pandemic that followed, taking States' GST revenue growth far below the target. With the compensation cess collection proving inadequate to meet the shortfall in FY21 and FY22, the Centre borrowed ₹2.69-lakh crore to make the payments, thus necessitating an extension of the cess until March 2026..

Some States now demand that compensation period be extended as their revenues have suffered due to the pandemic-induced lockdowns. This issue was debated in depth at a GST Council meeting in September 2020. The decision arrived at then was that the Centre would compensate for the shortfall arising from GST implementation issues and not for the Covid-related deficit. While it is tempting to argue in favour of an extension of the cess given the perilous fiscal position of some States the fact is that doing so will not help solve the fiscal problem. The States' debt issues have more to do with fiscal profligacy that predates the pandemic. The benchmark of 14 per cent revenue growth on which compensation is pegged is too high when the rate of growth in taxes subsumed under GST between FY13 and FY17 — of just 8 per cent — is taken into account. The uniform protected growth of 14 per cent for all States has meant that States (for example, Punjab and Delhi) that had lower rate of growth in tax revenue pre-GST became eligible for higher compensation cess. There is also a moral hazard of States becoming too dependent on these payments to bridge their fiscal gap. GST compensation receipts accounted for more than 20 per cent of tax revenue in FY22 in States such as Bihar, Karnataka, Himachal Pradesh and Delhi.

With the original guarantee fulfilled by the Centre, it is time to end compensation payments. In fact, there cannot be a better time than now to wean States away from an assured payment as GST revenues are growing strongly — they grew 27 per cent in FY22.. Around 24 States/UTs saw GST revenue growth of over 20 per cent and 11 recorded over 30 per cent growth in this period. These numbers show that the GST system is well established and there may not be any need to hand-hold States and Union Territories anymore. The Centre also needs to keep in mind the negative impact of compensation cess on consumers and industries, especially the automotive sector. The funding of compensation payment will have to come from consumers which means that the cess collection will extend well beyond 2026, and that would be more than a decade after launch of GST. This is unfair on consumers and industry and will also have a cascading effect on inflation. Assuming that the Council concedes the demand for extension now, there is no guarantee that a demand for further extension will not arise again in future, especially if the economy under-performs then. With GDP set to grow at 7-7.5 per cent this year, this is the best chance to end compensation. Buoyancy in GST revenues will by itself compensate the shortfall that some States may experience from the ending of compensation payment. https://www.thehindubusinessline.com/opinion/editorial/state-of-dependence/article65567051.ece

## 13. The grand promise of India’s GST is yet to be redeemed *(livemint.com)* June 28, 2022

The fifth anniversary of the grand rollout of our goods and services tax (GST) will be celebrated on 1 July. The legislation’s passage in Parliament, ushering in the GST era, was made historic with a special midnight session five years ago. The Prime Minister addressed the nation on live television the next day, which also coincided with Chartered Accountants’ Day. Since one of the promises of GST is enhanced tax compliance, thanks to its inbuilt interlocking incentives that deter evasion, the PM warned the black sheep among CAs to desist from looting the exchequer under the guise of clever tax avoidance. Since the memory of demonetization was still fresh, he told CAs that because of data mining, more than 300,000 companies had come under the scanner and a third were found to have been violating Indian laws. By implication, the era of GST would eliminate such tax evasion, and the penalties would be harsh.

The promise of GST was not just leakproof tax compliance and complete electronic filing with real-time reconciliation, but also frictionless commerce across state boundaries, elimination of the practice of intra-company depot transfers (to escape interstate and central sales taxes), and eventually buoyant tax collections, with a virtuous cycle of fiscal benefits for all, thus paving the way for lower taxation rates. This promise remains unredeemed for reasons not wholly attributable to covid, the Ukraine war or external factors. It is due to a faulty initial design of GST and implementation glitches that necessitated frequent tweaks.

Firstly, nearly half of India’s national income remains outside the ambit of this destination-based consumption tax; petro products, energy and electricity are not covered by GST. This ups costs, since input tax credit is not available on the high taxes paid on petrol, diesel and electricity. This is particularly harsh on some sections of our services sector. Non-exclusion of certain sub-sectors also means that overall GST rates remain too high, which in turn can tempt tax evaders. Is the present proliferation of excess cash a hint of large-scale transactions staying out of the GST net? Secondly, there are still too many slabs and all too frequent tinkering with them and the rates, leaving too much discretion with the GST Council or the taxman. To date, more than 400 rate amendments have been made. Unsurprisingly, litigation has mounted and is clogging up courts. The mechanism of an advance ruling often used in tax matters is either not available or not working well for GST. Thankfully, an arbitration tribunal is on the cards to speed up dispute resolution. Thirdly, the unpleasant reality of inadequate telecom infrastructure and bandwidth availability in the country has hampered the sort of automation demanded by the GST system. Uploading documents can take a very long time. Mismatches between supplier and recipient details are common. Inadvertent errors cannot be differentiated from deliberate misdeeds. The taxman is unforgiving and legitimate refunds remain locked. Thus, instant and continuous synchronization of vendor and customer data is an unreachable holy grail. At least an adequate allowance has been made to depart from that goal. Frequent rectification is both needed and possible. But there are many wrinkles yet to be ironed out. Fourthly, the administration of e-way bills and interstate GST need an overhaul. It’s still burdensome and complex.

GST's grand promise. The rollout of a unified nationwide consumption tax regime was a landmark development, signifying cooperative federalism. But instead of deepening trust and cooperation, there has been more rancour between the Centre and states. The then finance minister had got all states on board in 2017 to sign up for GST, wherein they surrendered their right to impose sales tax in lieu of a generous five-year guarantee of 14% year-on-year growth in their respective GST revenues. This turned out to be not just too generous, since no state had achieved such a healthy benchmark in its recent past prior to 2017, but it also did not leave any incentive for the states to exert themselves on tax collection. An earlier design to harmonize value-added tax provided for only a partial reimbursement of revenue shortfalls, leaving some "skin in the game" for the states. But many states now simply bristle at any mention of risk or burden sharing. They are asking for the GST compensation guarantee to be extended by five years, which would be fiscally ruinous for the Centre. Some states are now in open rebellion against the very idea of a unified GST. They yearn for the bad old days of tax autonomy with barriers for inter-state trade.

The governance design of GST is also being questioned, since the Supreme Court recently opined that decisions of the GST Council are not binding on states. Voting rights within the Council are not linked to states' weightage in gross domestic product or share of total taxes collected. Hence, the larger states feel outmanoeuvred. The GST design still carries the bogey of a "revenue neutral rate" and is far from the 10% or 12% rate originally envisaged by the Kelkar task force. Meanwhile, the third tier of government—chiefly, municipal corporations—remain starved of funds, even as they face increasing spending obligations to provide basic citizen services. They have the least tax autonomy among the three tiers.

On its fifth birthday, India's GST is still very much a work in progress. https://www.livemint.com/opinion/columns/the-grand-promise-of-india-s-gst-is-yet-to-be-redeemed-11656350014759.html

## 14. Govt looking for complete exit with the help of PSB Privatisation Bill *(business-standard.com)* June 28, 2022

In the upcoming Monsoon Session of Parliament, the Centre will likely introduce a bill to make amendments in order to facilitate the privatisation of public sector banks, a report said.

The government is mulling an amendment that will allow the Centre a total exit from banks, fully privatising PSBs, The Economic Times reported, quoting an official aware of the developments.

As per the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the central government is required to hold at least a 51 per cent stake in the public sector banks. Earlier, the Centre was to retain at least a 26 per cent stake in PSBs during privatisation, and this would be brought down gradually.

While the dates of the Monsoon Session have not been announced yet, the Centre had listed the Banking Laws Amendment Bill, 2021, in the winter session of Parliament last year. However, the bill was not introduced in the session. The bill had proposed "amendments in Banking.

Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980 and incidental amendments to Banking Regulation Act, 1949", The Economic Times report said.

The Centre's bill will provide 'an enabling mechanism," another official told ET, adding, "We might bring it in this session and then iron out the other issues."

The official told the newspaper that the changes are based on potential discussions during recent roadshows held for the stake sale of the IDBI Bank.

The finance ministry is in talks with the Reserve Bank of India (RBI) on ownership and controlling stakes pertaining to PSBs' privatisation. As of now, private banks' promoters can hold only a 26 per cent stake in PSBs.

Nirmala Sitharaman, while presenting the Union Budget for FY22, had said the government would privatise two public sector banks and one general insurer. She had added that required amendments would be introduced in the Budget Session.

The privatisation process of IDBI Bank is already underway. The bank is incorporated under the Companies Act, 1956; thus, legal amendments are not needed for its privatisation. https://www.business-standard.com/article/economy-policy/govt-to-bring-psb-privatisation-bill-in-parliament-to-allow-complete-exit-122062800322_1.html

## 15. Agnipath pre-emptively aims at future problems *(newindianexpress.com)* June 28, 2022

Those who are privy to the subject of human resources would know that any organisational change or reform inevitably gets subjected to a strong pushback. The Agnipath scheme is no exception. It aims to pre-empt structural challenges in an age-old institution of armed forces that might arise in the future and comprehensively address them.

Despite being a relatively young country with a demographic dividend, we seem to have an older army than most of our counterparts. The United States, with the average age of its soldiers at 27 years, is roughly five years younger than the Indian army. This is despite the country’s median age being 10 years older than of India’s. The youthful dynamism is critical for our armed forces, especially given the arduous northern terrain with sub-zero temperatures and the recently witnessed nature of skirmishes. A testament to this was our last war in Kargil, which saw units comprising soldiers mostly just into their twenties valiantly leading India to victory in the harshest of conditions, with all four recipients of Param Vir Chakra for the war being under 25 years.

Agnipath will lower the military's average age by six years (to 26 years) within 8–10 years. Additionally, the exit component of the scheme also looks at sustainably solving the middle-heavy nature of the organisation of the armed forces with significantly higher-than-optimal non-commissioned officers (and junior commissioned officers) due to regular promotions.

The recent decades have seen an ever-increasing role of technology in the armed forces the world over, especially the navy and the air force. The requirement of an ideal recruit has expanded from being physically and psychologically fit to also being tech-savvy. The earlier model of recruitment gave the military three to five days to assess candidates and lock them in for life-long service. The Agnipath scheme, on the other hand, allows for continuous hands-on evaluation and three annual assessments overseen by different officials in both peace and forward locations, thereby allowing for a more holistic approach to select the best-suited candidates to take on higher responsibilities with permanent cadre postings. This also allows the armed forces to identify recruits with a better aptitude for operations and maintenance of the cutting-edge equipment and focus on their specialised training once into the cadre posts. This is also more efficient as instead of longer non-specific training at the beginning, a module-based intermittent career-long training model based on specific needs is followed.

The Agnipath scheme allows for similar flexibility on the part of recruits to judge whether a life-long career in the armed forces is the right fit for them given their on-ground experience with various postings. The short service model also allows for a higher number of recruits to serve than would be otherwise possible. In the case of a career after the armed forces, a generous tax-free Seva Nidhi package of `11.78 lakh, the savings of four years and a bank loan prioritisation along with the organisational and communication skills course credits, and discipline inculcated in the service would hold the recruits in good stead. Further, there has been an announcement of 10% vacancies in the CAPFs, Assam Rifles, and jobs in the ministry of defence to be reserved for exiting Agniveers.

Similar measures have also been announced by various state governments. The private sector would be amenable to absorbing them, given they would be considered 'moldable' in their early twenties, similar to most Indians entering the workforce. Their in-service training would account for over 50% of credits required for graduation, with the rest earned from a choice-based basket of courses allowing them to explore a career of interest given their accreditation.

Given the context of emerging modern warfare, it is important to point out that India's defence budget has legacy challenges with a ballooning pension and salary component. Though the defence budget has more than tripled, from ₹1.47 lakh crore in 2010–11 to ₹4.71 lakh crore in 2020–21 (being the single-highest component of the Union Budget), the share of salary and pensions has concomitantly seen an increase of over 10%, rising to 59%in 2020–21. This effectively means that only around a fourth of the budget can be directed towards capital procurement. China, through its policy of military modernisation, along with significant manpower trimming, has increased the share of capital expenditure to over 41% (10% increment in the last decade) of its defence budget. This proportion is on a budget that is over thrice that of India's. Even the US, with a significantly higher per capita income than India's, has less than a fifth of its veterans on permanent pensions and relies largely on short service stints. As a corollary, Agnipath will structurally amend this anomaly.

The government, through the recent addendums to the Agnipath Scheme, has demonstrated that it is willing to adapt to feedback, following a reiterative rather than a rigid approach. Given the deep structural challenges that are likely to emerge in India's hard power capability in the backdrop of an increasingly uncertain international order, a pre-emptive overhaul despite resistance rather than tweaks was the optimal way ahead. https://www.newindianexpress.com/opinions/2022/jun/28/agnipath-pre-emptively-aims-at-future-problems-2470403.html

## 16. The productivity killer *(financialexpress.com)* June 28, 2022

India experiences many severe forms of air pollution. As per a research report by the Council on Energy, Environment and Water (CEEW), almost 64% of Delhi's pollution originates from the burning of agricultural waste besides heating and cooking, along with transport (12%) and dust (7%). These factors contaminate the air with different pollutants such as particulate matter (PM2.5 and PM10), volatile organic compounds (VOCs), nitrogen dioxide ($NO_2$), ozone ($O_3$), and sulphur dioxide ($SO_2$). These pollutants can be extremely dangerous for human health and can lead both short and long-term illnesses.

With rapid urbanisation, booming industrialisation, and expanding economic development, ensuring good air along with development poses a big challenge for the country's policymakers. However, it is heartening to see the government going all out to address this issue through initiatives, one being the establishment of the Commission for Air Quality Management in NCR and adjoining areas for resolution of problems related to air quality. This was done by launching the National Clean Air Program (NACP) as a national-level strategy to reduce pollution levels across the country.

The prime minister's flagship Ujjwala Yojana has greatly helped in reducing diseases and deaths caused by pollution. He has maintained that India is committed to both reducing pollution within the country and addressing the global threat of climate change. The five targets that he announced during COP26 are, in fact, directly associated with air pollution. These include increasing non-fossil capacity to 500 GW by 2030, meeting 50% of our energy needs from renewable sources, reducing at least one billion tonnes of total projected emissions by 2030, reducing carbon intensity to less than 45%, and achieving a net-zero emissions target by 2070. The ministry of environment, forests, and climate change had also revised deadlines for coal-based thermal power stations in order to meet tighter emission norms which are in various stages of implementations in different states. In India, bad air quality is often cited as one of the reasons for reverse migration. According to a report on pollution and health published in The Lancet Planetary Health, 16.7 lakh deaths were caused in India due to air pollution in 2019. The figure represents 17.8% of all deaths in the country that year.

Every business thrives on employee productivity, which is directly dependent on the good health of workers. A considerable amount of money is spent on employee well-being through various programmes, but what often goes unnoticed is that employees also need to be provided a healthy workspace and that includes the air they breathe. It is not just the farm and factory workers in highly polluted areas who are affected. New research also suggests office workers sitting in air-conditioned cubicles have diminishing cognitive functions due to the poor air they breathe. Another recent health report by ASSOCHAM cites air pollution as the topmost cause for the rising burden of non-communicable diseases (NCDs) such as hypertension, diabetes, strokes, and chronic obstructive pulmonary disease in India. The report reveals that 76% of the Indian population with NCDs is in some way exposed to high air pollution. It shows that nearly 29% of population is exposed to high levels of household pollution. Similarly, 20% of people are exposed to air pollution at their workplace. Even people who are healthy can develop problems when exposed to toxic air. It is interesting to note here that air pollution, low physical activity and high stress levels are the most prevalent factors leading to NCDs while alcohol consumption, smoking, and the intake of sugary drinks are the comparatively least prevalent factors.

India is a country with a very high percentage of a young population. However, multiple health and life risks posed by pollution can not only reduce the life span of this population but can also prevent it from making valuable contributions towards the country. Hence, the onus is on people to support the government in the battle against pollution. Even people who are healthy can develop problems when exposed to toxic air. These problems can include respiratory irritation or difficulty in breathing during outdoor activities. Experts suggest that people with heart disease, coronary artery diseases, or congestive heart failure. Those with lung diseases or chronic obstructive pulmonary diseases must exercise greater caution when going outdoors on a bad AQI day. Some of the other sections that are at a higher risk include children below 14 years of age, pregnant women, the elderly, and outdoor workers.

The private sector, government, and citizens need to work together. We are all stakeholders because air is a shared resource, and the onus of maintaining the quality does not lie only with the government. Individual and organisational action will help us mitigate air pollution. Organisations can add air quality measures into their corporate social responsibility plans and adopt measures that can reduce pollution in the services they provide. https://www.financialexpress.com/opinion/the-productivity-killer/2574594/

## 17. Sand mafia on active mode, administration turns blind eye in Cuttack *(newindianexpress.com)* 28 June 2022

CUTTACK: Before monsoon picks up, the sand mafia have hit the active mode by indulging in sand lifting from different riverbeds and stacking the same on roadside agricultural fields and nearby localities. Moreover, sand lifting is being done in gross violation of government guidelines in Cuttack district with local tehsildars turing a blind eye by failing to impose necessary enforcement.

It is alleged that the sand mafia have employed heavy equipment such as JCB and proclain machines to lift sand from Mahanadi river system and then transporting it to other districts. They are also hoarding sand, so that they can sell at a premium rate when extraction from riverbeds becomes impossible due to rise in water level.

Huge pile of sand can be seen at different roadside land, as the sand mafia have taken some patches of agricultural land on rent basis to stack sand where government land is not available. Locals alleged that due to the callous attitude of the local tehsildars such a situation has happened, which in turn has resulted in loss of revenue worth crores to the state exchequer.

ADM (Revenue) Purna Chandra Mishra, however, told that tehsildars have been instructed to carry out enforcement to curb the illegal sand mining. Meanwhile, due to sand mining by using heavy equipment is affecting the water flow of the river, resulting in formation of huge crates and also causing erosion of the river embankments. Besides the plying of overloaded Hywa trucks are damaging the roads and causing frequent accidents.

Three days back, a sand laden Hywa truck ran over a 52 year-old man at Tilakana under Nemalo police station limits. Villagers of Demandua had blocked road on June 20 protesting the inaction of Nischintakoili tehsildar to curb excess sand lifting.

As per official reports, there are around 100 sand sairats of Mahanadi river and its branches Kathajodi, Chitroptala, Luna and Birupa passing through the district. While 14 have no potential and are likely to be shut, five are under subjudice and 18 sairats are pending for environment clearance, the rest 63 sairats are now operating.

A majority of the 63 sand sairats are located within the jurisdiction of Cuttack Sadar, Salipur, Nischintakoili, Kishan Nagar and Mahanga tehsils. Although the district administration is claiming to be operating 63 sand sairats, it is believed above 30 more sand sairats are operating illegally by the sand mafia. https://www.newindianexpress.com/cities/bhubaneswar/2022/jun/28/sand-mafia-on-active-mode-administration-turns-blind-eye-incuttack-2470513.html

## 18. Illegal sand mining rampant in old Karimnagar district *(deccanchronicle.com)* Jun 28, 2022

KARIMNAGAR: Instead of keeping check on illegal sand quarrying and transportation, the officials of revenue and police departments are allegedly joining hands with contractors, causing huge loss to the government exchequer in erstwhile Karimnagar district.

There is a great demand for sand available in the Godavari delta region as it is good in quality and highly used for construction purpose. Several second-rung contractors and political leaders in Karimnagar, Peddapalli, Sircilla and Jagtial districts became rich in a short time after taking to sand business. Several big contractors from Hyderabad purchase sand from old Karimnagar district and dump it at their secret places for completing their projects, it is alleged.

Sand contractors in the district are said to be in cahoots with officials and are allegedly mining sand irregularly at several places in view of the ongoing monsoon season. It also causes severe threats to the environment.

The persons who want sand must pay tax to the government online between 9 am to 5 pm on working days and must make use of it for the construction purposes. Apart from that, the officials who discharge duties at sand reaches also impose special tax for extra load of sand by giving permission for one or two trips per day after allocating numbers to the tractors.

The contractors, fearing that if heavy rainfall occurred, it would become difficult for them to excavate sand from the canals, rivers and streams, are exerting pressure on the officials concerned using their political influence, it is said.

The officials are allegedly giving permission to contractors to carry out mining even during night hours and on Sundays also, violating rules. The contractors are first mining sand from the reaches and then dumping it at secret places.

Meanwhile, the locals alleged that by excavating more sand from rivers and canals, several pits are created all along leading to accidents and loss of lives. They even pointed out that recently in Rajanna Sircilla district some school going children lost their lives while trying to swim in the water and urged the higher authorities to take immediate steps to prevent illegal sand mining and protect the environment. https://www.deccanchronicle.com/nation/crime/280622/illegal-sand-mining-rampant-in-old-karimnagar-dist.html