

NEWS ITEMS ON CAG/ AUDIT REPORTS (30.04.2022 to 02.05.2022)

1. Eight Hurdles the ONORC Has to Cross before It Can Be Called 'Successful' ([thewire.in](https://www.thewire.in)) 2 May 2022

After being sanctioned in 2018-19 by the Union government, the 'One Nation-One Ration Card' or ONORC scheme was implemented from August 2019 onwards.

In India, migration is mainly seasonal and circular in nature, and not of permanent type. Almost a third of the Indians are internal migrants. According to an estimate by Ravi Srivastava, an expert on migration, the population of short duration migrants is roughly 50 million. Therefore, the ONORC scheme is considered to be one of the best and most effective solutions to provide rations under the public distribution scheme to the footloose, internal migrant workers (mainly either semipermanent or long-term circular migrants or seasonal or short-term circular migrants) under the National Food Security Act, 2013 (NFSA).

The demand for effective and fast rollout of ONORC grew stronger when the plight of migrant and informal workers became visible to the urban elites after the sudden announcement of countrywide lockdown on the evening of March 24, 2020.

Before the ONORC came into existence, ration card holders could access their entitlements only at a Fair Price Shop (FPS) or ration shop, where they were registered. So, a migrant worker who moved to another city or town usually had no other option left to access PDS ration except to forgo it. She had to shell out extra money from her purse to purchase food grains from grocery shops at open market rates, instead of buying food grains at subsidised prices from FPS. The newly launched ONORC allows a migrant worker to access the food entitlement at any FPS in the country, thanks to an attribute called ration portability.

A new study by Dalberg in collaboration with Kantar, and with support from the Omidyar Network India, reveals how effectively the ONORC is serving PDS ration to migrants as well as non-migrants in five states of India, namely Andhra Pradesh, Karnataka, Rajasthan, Uttar Pradesh, and Jharkhand.

But the ONORC scheme has also been facing some challenges since its rollout. Some of the points mentioned here have already been discussed at length in the Dalberg report, and studies conducted by others.

1. Access to PDS ration by the income poor

Among other things, the survey by Dalberg researchers have found that over three-fourth of low-income households (i.e., 77%) who possessed no ration card, wanted to get enrolled in the PDS. However, due to various reasons, such households could not apply for a ration card and therefore, remained outside the PDS net. While 36% of income-poor households surveyed lacked necessary documents, almost one-fourth of them faced problems with their Aadhaar authentication.

It is important to discuss here how many people are outside the NFSA net despite being eligible. Under the National Food Security Act, subsidised food grains is extended upto 75% of the rural

population and upto 50% of the urban population at the national level. As a whole nearly 67% of the entire population of the country is eligible for subsidised food grains under the NFSA. The proportions of rural and urban population eligible under the NFSA varies across states and UTs.

The erstwhile Planning Commission had determined the state-wise coverage by using the National Sample Survey Organization's Household Consumption Survey data for 2011-12.

According to unpublished estimates by Jean Drèze, Reetika Khera and Meghana Mungikar, roughly 922 million persons should be ideally covered under the NFSA if 1.37 billion population in 2020 (as estimated by them) is considered. However, as per the 2011 Census, around 814 million persons – 67% of the 2011 population – are eligible (see 'Statement indicating State-Wise number of Persons/families Covered under National Food Security Act, 2013' during 2020 in any of the month-wise food bulletins).

In short, it means that more than 100 million (i.e., over 10 crore individuals) needy persons, were entitled to receive food rations under the NFSA but were unable to access that due to outdated data in 2020. The situation has not changed a bit in 2022.

A recent article published in Indian Express informs us that the offtake of PDS food grains was higher during the COVID-19 pandemic years in comparison to the offtakes in the post-NFSA years i.e., in each of the years from 2013-14 to 2019-20 at the national level.

Almost similar trends were noticed in the three poorest states (as per NITI Aayog's National Multidimensional Poverty Index) of India i.e., Bihar, Jharkhand and UP.

In India, the offtake of rice and wheat under various government schemes grew from 92.9 mt in 2020-21 to 105.6 mt in 2021-22. The average offtake of PDS food grains in the country was 62.5 mt every year in the period from 2013-14 to 2019-20.

However, as per the calculation done by Drèze, Khera and Mungikar, in 2020, around 17.7 million persons in Bihar, 4.4 million persons in Jharkhand, and 28.5 million persons in UP were excluded from accessing PDS ration from the NFSA. Had these many persons been part of the NFSA net, the offtake of PDS food grains would have been much higher during the pandemic years.

Without further issuance of PDS ration cards to the excluded at the state-level and adequate budgetary support from the Union Government, many of the income-poor persons (who are likely to be migrant workers, casual workers and self-employed in the informal sector) would remain left out of the ONORC.

The Supreme Court order of June 29, 2021, which was delivered by Justice Ashok Bhushan and Justice M.R. Shah, clearly mentions the following:

“Section 9 provides for coverage of population under Targeted Public Distribution System, which is to be determined by the Central Government and the total number of persons to be covered in such rural and urban areas of the State shall be calculated on the basis of the population estimates as per the census of which the relevant figures have been published. The State-wise coverage under National Food Security Act was determined by the then Planning Commission (now Niti Aayog) by using the NSS Household Consumption Survey data for

2011-2012. More than 10 years have elapsed from determination of State-wise coverage. In event, Central Government undertakes fresh determination of the State-wise coverage under National Food Security Act, number of beneficiaries State-wise are bound to increase benefitting the large number of eligible persons. We, thus, are of the view that Central Government need to take steps to undertake exercise under Section 9 of the National Food Security Act, 2013 to re-determine the total number of persons to be covered under Rural and Urban areas of the State, which shall be beneficial to large number of persons.”

2. Access to cooking gas, cooked meals, and community kitchens

Unlike portability of ration, portability of LPG cylinders has not been given much thought by policy thinkers. The food grains bought from the FPS needs to be cooked properly at one’s home or shelter. House-owners do not generally cooperate to certify that a migrant worker is staying in their house as a tenant on rent, which is a major obstacle in getting an LPG connection. Therefore, a migrant worker in most cases is compelled to purchase LPG cylinders from the black market at exorbitant rates.

Although PDS kerosene is available in FPS, the Union government’s policy to phase out kerosene is a work in progress. Kerosene oil, which is available in FPS, is sold at market rates now.

It should be noted that in order to ensure food security of the migrant and informal workers, the Supreme Court in 2021 passed two important orders. The Supreme Court had directed that provision of dry ration and cooked food through community kitchens to migrant workers and workers in the informal sector must continue till the pandemic continues.

The apex court directed all the states and Union territories to make operational community kitchens to provide food to migrant workers all over the country and ensure wide publicity of the locations of community kitchens against the backdrop of the pandemic. The plea to universalise food from community kitchens and provision of dry ration to all migrant workers across India was accepted.

The provision of cooked meals and access to community kitchens is also helpful to migrant workers who are either outside the NFSA net or do not have access to fuel for cooking PDS food grains.

Aside from ONORC, experts have suggested that portability of Integrated Child Development Services (ICDS) scheme, mid-day meals (now termed as National Programme of PM POSHAN), immunisation, health care services, and other social welfare schemes should also be facilitated.

3. Aadhaar-based biometric authentication

One can enjoy the ONORC only if the Aadhaar-based authentication is successful, says the Dalberg report. Unfortunately, the extent of Aadhaar seeding of ration cards varies across states. Their report also mentions that ePoS (electronic point-of-sale machine) based transactions related to ONORC fail many times due to biometric authentication or connectivity failure.

A new report by the Comptroller and Auditor General of India (CAG) clearly states:

“[T]here were instances of issue of Aadhaars with the same biometric data to different residents indicating flaws in the de-duplication process and issue of Aadhaars on faulty biometrics and documents. Though UIDAI has taken action to improve the quality of the biometrics and has also introduced iris-based authentication features for enrolment for Aadhaar, the database continued to have faulty Aadhaars which were already issued.”

Elderly persons and those who perform manual work often face issues with Aadhaar-based biometric authentication during ePoS transactions because their irises or fingerprints are diluted or obscured. That’s why, even after seeding of Aadhaar with ration card, one is unable to get ration through ONORC because of authentication failure.

4. Aadhaar seeding

It may happen that the seeding of Aadhaar with ration card fails because the individual’s personal information (such as date of birth, gender, and name, etc.) mismatch (such as due to spelling errors). Many people who access or want to access PDS ration are unable to recognise the mistakes or mismatches in their ration cards and Aadhaar on their own. The wrong personal details do not get corrected on time. Later, income poor persons face difficulty in seeding Aadhaar with ration cards.

The Dalberg report mentions that recently separated or divorced women were unable to get new ration cards because of lack of documents. If the Aadhaar and ration card carry the husband’s surname after the woman’s name, then it would be difficult to make name changes – by dropping the surname of the husband and taking the surname of the father or just having the name without any surname – in both these documents after separation or divorce.

Similarly, in the absence of a marriage certificate, it would be difficult to get a woman’s name with the husband’s surname on Aadhaar and ration card because her school certificates and other documents would carry the surname of her father. In the case of a woman, it is often difficult to get PDS ration after marriage due to relocation to another place (a different village, city or town, away from her original residence). Usually, she requires a new ration card with her husband’s residential address, with her name (along with her husband’s surname) on that ration card.

Threats to PDS ration

In many states (examples are here, here, here and here), there have been efforts, on a pilot basis, to move towards cash transfer in lieu of the PDS, perhaps for some items, instead of entire sets of items sold through FPS. The cash offered is often inadequate for the same quantity of that item from the open market. This is because of the huge gap in prices between FPS and the local grocery shops.

PDS ration quality

The quality of food grains supplied may vary across FPS, both within a state and between states. In some states, the PDS basket may have more items or more quantity of an item, whereas in others, the basket may be limited to just a few items.

A few examples will suffice to illustrate this. Although most states offer rice and wheat, in Maharashtra, only wheat is provided to below poverty-line families. Only rice is provided in Andhra Pradesh. Although a below poverty line household gets 20 kilograms of rice per month

in Tamil Nadu, a BPL household receives 5 kg of rice per member per month in Karnataka. The latter state also provides ragi or jowar.

Although rice is sold at Rs 3 per kg in Bihar and Uttar Pradesh, 20 kg rice per month is given free of cost in Tamil Nadu to BPL households. BPL households in a few states such as Himachal Pradesh and Chhattisgarh also receive pulses.

The price variation for the same item and in items sold across states may make things difficult and complicated for the floating population who opt for portability of ration.

In some states, the state government provides additional food subsidies. As a result, those states are able to give subsidised ration at prices below the level designated by the Union government. Such states may not be willing to share the additional subsidy with a person from another state. So, cooperation among the states is essential to take care of the welfare needs of the interstate migrant workers.

Problems with the ‘Mera Ration’ app

Some of the salient features of the Mera Ration mobile app application are:

- Beneficiaries can identify and locate the nearest fair price shop.
- Beneficiaries can easily check details of their foodgrain entitlement, recent transactions, and the status of their Aadhaar seeding.
- Migrant beneficiaries can register their migration details through the application. This particular piece of information helps the states in advance planning and provisioning of food grains under ONORC for those beneficiaries.
- Option for beneficiaries to enter suggestions or feedback.
- More functionalities will be added in the application with time to improve its utility and extend additional services.
- The app is available in 10 languages: English, Hindi, Kannada, Odia, Gujarati, Punjabi, Telugu, Malayalam, Marathi and Tamil.

The creation of such mobile applications presumes that those who opt for ONORC have access to a smartphone that can be used to run it. However, a large chunk of the floating population is quite poor.

Given the adverse impact of the COVID-19 pandemic on the livelihoods and income security of the majority of the informal and migrant workers, many of them would be unable to purchase such a phone and also pay for the internet data.

Digital divide due to socio-economic differences is quite prominent in our country.

Adequate availability of PDS ration stocks and low awareness about portability

Inadequate stocks with PDS dealers or the FPS is one of the key impediments in accessing portability, says the Dalberg report. Among other things, it has suggested allowing flexible stock requisition for PDS dealers.

Both PDS dealers and news media should be involved by the state governments to inform beneficiaries about the availability of portability. During awareness campaigns, efforts should be made to reach out to vulnerable groups like migrant construction workers and marginalised women. PDS dealers should be made aware about the possibility of interstate portability. <https://thewire.in/rights/eight-hurdles-the-onorc-has-to-cross-before-it-can-be-called-successful>

2. Six of Seven New Defence Companies Carved out of Ordnance Factory Board Report Profit in First Six Months (swarajyamag.com) APRIL 29, 2022

Six of the seven new defence companies formed after the corporatisation and restructuring of the Ordnance Factory Board (OFB) have reported provisional profits in the first six months of operations.

Context: In July 2020, the Cabinet Committee on Security had approved the corporatisation of the OFB, despite the organisation's protests.

-Less than a year later, the cabinet has cleared the restructuring of the OFB into seven separate corporate entities on the lines of the nine existing defence public sector undertakings in the country.

-Under this plan, the 41 units functional under the OFB were subsumed under one or the other of the seven new companies.

Why this matters: Before corporatisation and restructuring, the OFB had no incentive to enhance the product range, increase competitiveness, improve efficiency and quality and spend on research.

-With the new entities making a profit in the first six months of their operation, it seems that they are more efficient than in their previous avatar.

-Earlier, the government had to shell out around Rs 5,000 crore annually to pay salaries of the OFB employees and had to provide Rs 3,000 crore to OFB as operational cost.

The OFB was corporatised because it had failed to improve its abysmal record on defence production over the years.

-The Comptroller and Auditor General (CAG), in a 2019 report, pointed out that in 2017-18 OFB achieved the production targets for only 49 per cent of items.

-For example, in one case, the OFB had not taken any initiative till 2018 to create in-house capacity for electronic fuses, a requirement the army projected as early as 2013.

-Quality of its products, too, has been called into question repeatedly. The poor quality of ammunition supplied by the OFB resulted in at least one accident per week on average, the army said in 2020.

-Of the 618 in-house research projects that it had between 2014 and 2018, only 201 projects of these were completed by the factories, 92 were short-closed and work was still ongoing on 325 in March 2018.

How corporatisation helped: Corporatisation of OFB gave the new companies a structure similar to that in the existing DPSUs, which are managed by their own board of directors with the government giving only broad guidelines, thereby providing greater autonomy, incentive, and flexibility at managerial and functional levels.

-Frequent change in the leadership of the OFB has resulted in little accountability and lack of planning. In the last 10 years, the organisation has had as many as 15 chairmen. In comparison, DPSUs have had relatively stable leadership.

-Government believes the corporatisation of OFB could increase the turnover of the ordnance factories to Rs 30,000 crore by 2024-25 and help grow exports to 25 per cent of the turnover. <https://swarajyamag.com/context/six-of-seven-new-defence-companies-carved-out-of-ordnance-factory-board-report-profit-in-first-six-months>

3. Need for an Indian Management Service (timesofindia.indiatimes.com) May 2, 2022

One of the well known facts of Indian Government Budgeting – at the Centre or at States levels is that we are scampering for Funds on the Sourcing side but are not fully in control on the utilization of funds – Application side. After all, Government Budgets are nothing but Receipts and Payments statements with no accrual accounting.

Nowhere is that more apparent than in the case of Central and States undertakings – whether statutory (created under special Acts) or public sector corporations under Central or State Govts control.

State Government undertakings whether corporatized or statutory are a big area of leakage. Tax payers funds not being properly utilized. Not that the same is not present at the Centre, but there is in place a slow process of divestment, so that the entities can improve their performance. In the case of state governments this is not very visible.

What is even worse is that state governments entities are known not to have their audited accounts ready for 2 to 3 years. All these entities employ people and nobody likes to be told that there is no value in the work you are doing and you are paid on sufferance. That is humiliating and destroys employees morale.

Both Central & state governments undertakings need to be corporatized and mandatory listed on the Capital markets. Hopefully, this will introduce some financial and compliance discipline.

Indian states and the Centre are caught in a swamp which is dragging entities down, money is poured to keep the entities afloat (which is never adequate enough) and survival is a day to

day/hour for hour basis rather than a two to three years business horizon. This raises certain core issues as under:

1. Are the Centre and the states truly aware of the Total investments made by them in their entities (could be in terms of share capitals, loans, advances) – anything where tax payer money has gone. What is the amount of profits that these Investments have yielded at a cumulative level? This is an important question because without Returns, these losing entities cannot keep running. This is one area where the CAG authority has to look at and create an Annual Reporting structure. After all, it is the responsibility of the Centre and the states to ensure that their Investment yields returns so that social welfare schemes can run and be further extended. In the absence of even knowing an annual status fairly accurately, we are walking a dark alley with no plan of how to get out and come into the light;

2. There has always been an accusation that there is political interference in the functioning of Central & States undertakings. This may be largely true but there is also the possibility that these entities do not possess the Right Management mix to yield positive outcome. There is no other place where a good Management (people, plans & structure) can yield beneficial results than in loss making entities which have lost direction and have no viable plans for their future development

The question that is coming up from the above is whether India needs a new service cadre – let us call it IMS (Indian Management Services) structured on the lines of the IAS / IPS / IFS. Being a new cadre, from the very beginning it must have it's own work philosophy, employee remuneration rules, work guidelines, expectations, procedures, etc. In my view India must go thru the effort of creating an IMS. We know that the other services mentioned above have strength in their respective domains which does not include running commercial undertakings on a day to day basis. There is a strong school of thought in India with a core of influential and powerful interest groups which opposes privatization and divesting of entities. On this divestment of control matter, the work is extremely slow and at every single stage opposed in implementation.

India has IIMs, it has professionals like Chartered Accountants, Management Accountants, Chartered Secretaries, Scientific Manpower, Engineers and other Technical Competence. We need to put it all together in the IMS cadre and hope that the benefits on performance will flow. Today, frankly we are flogging a dead horse.

If this IMS can show improvement in the running of these entities, the immediate need for the Govts at the Centre and states ease because their Budget Receipts can be utilized for other purposes. This possible solution also takes care of the severe objections to divestment – where Indian private sector business houses are constantly run down. Instead of taking pride in our business houses, we have leaders across the political spectrum speaking ill of them at every available opportunity.

A key question that will arise is – ‘what if the losses do not reduce and the outcome has no change for the better?’. In that case, it becomes the responsibility of media, commentators, civil society to highlight the shortcomings. The IMS becomes a failed experiment and a way to close this cadre has to be found. We cannot keep another non functional cadre of employees going.

Hopefully, the CAG Reports as stated above will be available and the performance of the states and the Centre will become visible. The electorate has to be educated on why their tax payment is not yielding results and how there is a vested interest in keeping inefficiency running.

The economic development of India is at a critical stage. We MUST make efforts to utilize funds efficiently. In the absence of a serious rethink on how we are running our public sector units – good money is being poured into a black hole and no Government can take this burden. The camel's back will break. Have no doubt. <https://timesofindia.indiatimes.com/blogs/spreading-light/need-for-an-indian-management-service/>

4. CAG pulls up SED over non-utilisation of funds for civil works (greaterkashmir.com) APRIL 30, 2022

Srinagar Apr 29: The Comptroller and Auditor General (CAG) has pulled up the J&K School Education Department (SED) over non-utilisation of funds released to it for execution of civil works.

A CAG report “Compliance Audit of Social, General, Economic and Revenue Sectors” for the year ending March 31, 2020 has also revealed that the lack of planning, monitoring and coordination between different offices of SED resulted in blocking of Rs 21.48 crore for around four years.

The CAG said the project director erstwhile Sarva Shiksha Abhiyan (SSA) released funds under civil works (capital component) plan 2016-17, to the directors of School Education Jammu and Kashmir without any action plan for its utilisation which resulted in blocking of Rs 21.48 crore.

The CAG has pointed out the poor utilisation of funds and execution of works approved by Ministry of Human Resources Development (MHRD), Government of India (GoI), in its Project Approval Board (PAB) of Sarva Shiksha Abhiyan (SSA) in February 2016 for the Jammu and Kashmir.

"The civil works including separate girls toilet, boundary wall, furniture for government upper primary school and construction of building etc," the CAG said.

It said that the Project Director (SPD), SSA J&K released Rs 21.48 crore in favour of Director School Education (DSE) Jammu (Rs 9.76 crore) and DSE Kashmir (Rs 11.72 crore) with the direction not to utilise these funds till further detailed instructions were issued.

"But the audit scrutiny (July 2020) of the records of DSE Jammu revealed that no further instructions for utilisation of these funds were received from SPD, SSA J&K," the CAG said.

It has further said that the amount of Rs 9.76 crore was held in the official saving bank account and invested (March 2018) in fixed deposit receipts for a period of six months.

"Interest of Rs 3.13 crore accrued in the saving and fixed deposits was transferred (August 2020) to the Project Director Samagra Shiksha," it said

Similarly, Rs 11.72 crore released in March 2017 to DSE, Kashmir also remained unutilised in the savings bank account due to non-receipt of any directions for their utilisation.

"Failure of the department to get action plan prepared by subordinate offices for utilisation of funds received under AWP&B 2016-17 resulted in blocking of Rs 21.48 crore," it said.

The CAG has pointed out that there was an improper release of funds without a road map for their utilisation.

"The improper release of funds resulted in non-fulfilment of objective of creating intended infrastructure under SSA," the CAG said.

The CAG has further said that during audit of the DSE Jammu and DSE Kashmir it was revealed that the funds remained unutilised as they had not raised any demand under the Civil Works SSA Plan 2016-17 for release of the funds.

"The DSE Kashmir and Jammu said instructions for utilisation of the funds released were also not received from the SPD," CAG said.

However, the Project Director, Samagra Shiksha in February 2021 has stated that the the DSE Jammu and Kashmir were instructed not to utilise the funds till further orders as the works under different components were being finalised.

"The School Education Department in March 2017 issued directions to the SPD, SSA and RMSA that the available funds available are released to the implementing agencies to ensure nil balance at the end of year and avoid future cuts on account of unspent balance by GoI," the CAG said.

The lack of planning, monitoring and coordination between the offices of SPD, Samagra Shiksha, DSE Jammu and DSE Kashmir resulted in blocking of Rs 21.48 crore for the nearly four years, it said.

"The matter was referred to Department in February 2021 but their replies were awaited till October 2021," the CAG said. <https://www.greaterkashmir.com/kashmir/cag-pulls-up-sed-over-non-utilisation-of-funds-for-civil-works>

5. CAG puts Labour & Employment Deptt in dock for poor implementation of major scheme ([dailyexcelsior.com](https://www.dailyexcelsior.com)) 01 May 2022

JAMMU: The Comptroller and Auditor General of India has put the Labour and Employment Department of the Union Territory of Jammu and Kashmir in the dock for poor implementation of Building and Other Construction Works (Regulation of Employment and Condition of Services) Act of 1996. Moreover, it has noticed increase in unspent balances on account of labour Cess from Rs 296 crore to Rs 622 crore during the five year period ended in March 2020 and registrations without obtaining valid certificates.

The Ministry of Labour and Employment, Government of India enacted Building and Other Construction Works (Regulation of Employment and Condition of Services) Act in the year 1996 and in order to address the issues concerning safety, health and welfare of workers employed in construction sector, Labour Department of J&K notified in September 2006

Jammu and Kashmir Building and Other Construction Workers Welfare Board under Section 18(1) of the Act.

To run the Boards and undertake welfare schemes, the Government of India also introduced a bill for levy of Cess on all the works executed. Under the provisions of the Act, all workers (including those working with contractors) between 18 and 60 years of age and having worked for at least 90 days in the preceding 12 months, engaged in construction of roads, buildings, etc are eligible for registration and for obtaining assistance from the welfare schemes.

In the month of January 2006, Government notified collection of the Cess at the rate of one per cent from all Government Departments, Public Undertakings and other Government Bodies carrying out any building or other construction works from the year 2008 onwards on the tendered value of works undertaken but started paying assistance to the member workers only from financial year 2011-12, the CAG said.

In June 2010, the Government also notified all Assistant Labour Commissioners (ALCs) in districts as Cess collectors to perform the function provided under Section 3 of the Act 1996 and Rule 4 of the Cess Rules 1998. To assess the effectiveness of the welfare schemes run by the Board for Construction and Other Building Workers, an audit was undertaken during the period between July 2020 and October 2020 to assess the effectiveness of welfare activities undertaken in the six districts namely Udhampur, Reasi, Kishtwar, Kulgam, Baramulla and Kupwara out of 20 districts of J&K.

Stating that the Cess collected, the membership registration and renewal fee and interest earned on unspent funds kept in banks are the main resources for running the welfare schemes, the CAG has pointed out that the Board had not prepared its financial statements since the year 2013-14, adding “the unspent funds of Cess collected and membership fees had increased from Rs 296.19 crore at the end of March 2016 to Rs 622.05 crore at the end of March 2020”.

During audit it came to the fore that the District ALCs, who were the Cess collecting authorities, were allowed to retain the funds in their bank accounts for undertaking activities and transfer the unspent funds at the end of each financial year to the Board. However, it was observed that despite the standing orders the ALCs did not transfer funds and continued to retain them.

After being pointed out by audit, the Board intimated in July 2021 that now the unspent balances were being deposited in the Board accounts at the end of the financial year. However, it was observed that ALCs were retaining these unspent balances in the savings bank accounts of the J&K Bank and hence earned interest. The Bank, however, changed the nature of account from savings account to current account of three ALCs from April 2018. But the ALCs had not taken up the issue with the Bank which resulted in the loss of interest of Rs 11.54 lakh during the two years 2018-20.

The CAG has further observed that no control system existed in the Board to ensure that the Cess due on the payments made to contractors on account of construction works had been recovered/received by it. Also no records/registers depicting the details of receipts, agency from whom the Cess had been received and deposit of these receipts with the Board had been maintained by the ALCs and in the absence of any effective mechanism to capture the total amount of Cess due, shortfall in Cess collection by Board cannot be ruled out.

Mentioning that registration of workers/employees is mandatory for seeking benefit under the scheme, the supreme audit institution of the country has pointed out that Board had not conducted any survey to ascertain the actual number of construction workers nor conducted any advertisement campaigns publicising benefits available under its welfare schemes to expand its reach amongst the workers.

A construction worker, to become a member, has to provide at least one of the documents in support of age from competent authority, certificate from Register of deaths and births maintained by the village chowkidar and a certificate from the Medical Officer not below the rank of an Assistant Surgeon of a Government Hospital.

However, audit scrutiny of 751 sampled cases in six selected districts showed that in 123 (16 per cent) cases, the registrations were made without submitting the prescribed proofs of age. Likewise, audit scrutiny of 751 sampled cases in six selected districts showed that in 345 (46 per cent) cases employment certificates had been issued by the contractors/ unions/ persons who were not registered under the Act. This renders the payment of Rs 17.96 lakh paid to such workers (235 out of 345 cases) in six test checked districts irregular. <https://www.dailyexcelsior.com/cag-puts-labour-employment-deptt-in-dock-for-poor-implementation-of-major-scheme/>

6. Ensure regular meetings of Audit Committees to monitor progress: CAG to J&K UT Govt ([dailyexcelsior.com](https://www.dailyexcelsior.com)) 02 May 2022

Conveying serious concern over unexpected and dilly-dallying response of the departments to the Inspection Reports and other findings, the Comptroller and Auditor General of India (CAG) has asked the Government of Union Territory of Jammu and Kashmir to ensure regular meetings of Audit Committees to monitor the progress and for strict compliance of the rules and procedures.

The Principal Accountant General (Audit), Jammu and Kashmir conducts periodical inspection of the Government departments to test-check the transactions, verify the maintenance of important accounts and other records as prescribed in the rules and procedures.

These inspections are followed up with the Inspection Reports (IRs) incorporating findings, which are issued to the Heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Head of the office is required to take necessary corrective action on the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG (Audit) within four weeks from the date of receipt of the IRs. Serious financial irregularities are required to be reported to the Head of the Department and the Government.

However, the Comptroller and Auditor General (CAG) has pointed out that Inspection Reports issued up to December 2019 in respect of State Taxes, State Excise, Motor Vehicle and Law Department disclosed that 5,006 paragraphs relating to 927 IRs, involving Rs 2,266.10 crore remained outstanding at the end of June 2020.

In June 2018, 811 IRs were pending for settlement, 859 IRs were pending for settlement in June 2019 and 927 IRs were pending in June 2020. Similarly, 4111 audit observations were outstanding in June 2018, 4539 in June 2019 and 5006 in June 2020.

“Audit did not receive any replies from the Heads of offices within four weeks from the date of issue of all the 82 IRs issued during 2019-20. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit) through the IRs”, the CAG said, adding “5,119 paragraphs relating to 945 IRs involving Rs 2,304.96 crore remaining outstanding at the end of the year 2019-20 indicated that adequate steps were not taken by the departments resulting in increase of the outstanding IRs and Paragraphs”.

In the month of January 2021, the Government constituted Audit Committee for the HoDs falling under the administrative control of Finance Department, J&K for the purpose of monitoring and ensuring compliance and settlement of outstanding Audit Observations/ Paras in terms of Regulation 145 of the Regulations on Audit and Accounts 2020 issued by the CAG of India.

The CAG has now recommended that the Government should advise the concerned departments to hold Audit Committee meetings frequently at least three meetings in a quarter to monitor the progress of settlement of paragraphs and also ensure that demands/recoveries are addressed in time.

It is pertinent to mention here that Finance Department had issued instructions in June 1997 to all the administrative departments to furnish suo-moto Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports to the Public Accounts Committee (PAC) irrespective of whether they were taken up for discussion by the Committee or not.

These ATNs were to be submitted to the Committee duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the Legislature. It was, however, noticed that out of 110 audit paragraphs featuring in the Chapters of Revenue Sector of Audit Reports from 2000-01 to 2015-16, suo-moto ATNs in respect of 88 audit paragraphs had not been received up to March 31, 2020.

The auditable entities under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which inter-alia includes critical issues in Government Revenues and Tax administration. During the year 2019-20, there were 398 auditable units (State Taxes, Excise, Transport and Law) out of which 129 (32 per cent) units were planned for audit and 82 units (64 per cent) were audited, the CAG has pointed out. <https://www.dailyexcelsior.com/ensure-regular-meetings-of-audit-committees-to-monitor-progress-cag-to-jk-ut-govt/>

7. Matter of Alarm and Concern (brighterkashmir.com) 30 April 2022

It is indeed a matter of alarm and concern that less than a week after the announcement of several landmark development-related initiatives in Jammu and Kashmir, news surfaces of at least 56 autonomous bodies in the union territories of Jammu and Kashmir, and Ladakh, not being audited for many decades, as per a report of The Comptroller and Auditor General (CAG) of India.

Autonomous bodies across the length and breadth of India come under the CAG’s purview and are required to submit their accounts for auditing before June 30 every year.

In its scathingly critical report, the CAG says that these 56 bodies in Jammu and Kashmir and Ladakh have repeatedly failed to respond to its demands for submission of their accounts for timely auditing and suggested that the delay could be due to them committing acts of fraud.

According to the CAG, at least 811 annual accounts that fall under the jurisdiction of these 56 autonomous bodies are yet to be audited under Section 14 of the CAG (DPC) Act, 1971.

The report further reveals that the accounts of the Jammu Development Authority (JDA) alone haven't been audited for the past 46 years (1972-73 to 2018-19). The JDA is followed by the Srinagar Municipal Corporation (SMC), whose audit hasn't taken place since 1988-89.

The audit of the J&K Pollution Control Board is pending for 24 years (1996-96 to 2018-19), while the audit for the Srinagar Development Authority (SDA), the Jammu Urban Development Agency (JUDA) and the Tourism Development Authority, Gulmarg (TDA-G), have been pending for 20, 20 and 19 years respectively.

The SKUAST Universities of Kashmir and Jammu, the Employees Provident Fund Board (Srinagar), the Khadi and Village Industries Board (KVIB), the Building and Other Construction Workers' Welfare Board (BOCWVB) and the State Legal Service Authority (SLSA) have also not submitted their accounts for auditing for a period ranging from one to nine years, according to the CAG report.

In the union territory of Ladakh, the CAG report shockingly reveals that the Ladakh Autonomous Hill Development Council (LAHDC) has not submitted its accounts for auditing since 1995-96, when it was created, while LAHDC in Kargil hasn't done so since its inception in 2004-05.

Out of the 56 autonomous bodies, ten bodies consisting of 84 accounts have not been audited for a period ranging between one to 24 years. <https://www.brighterkashmir.com/matter-of-alarm-and-concern>

8. NOIDA & builders: Corruption and complicity; will politicians and IAS officers pay? ([nationalheraldindia.com](https://www.nationalheraldindia.com)) 29 Apr 2022

Extent of corruption exposed by CAG's report on NOIDA is far more serious than the fodder scam in Bihar. But will UP Govt or court ask CBI to fix criminal liability of politicians and IAS officers?

NOIDA (New Okhla Industrial Development Authority), the biggest development authority in Asia, has been in the news over the decades for various wrongdoings. Now for the first time a CAG report tabled in the Uttar Pradesh Assembly in December 2021, has uncovered the extent of the malpractices, corruption, loss of revenue to the state and undue benefits allowed to builders.

NOIDA did not prepare annual report of its activities for 20 years (since 1999). Naturally, none of the reports therefore could be placed in the UP Assembly. The cash rich organisation did not institute any system of internal audit. Nor did they prepare their annual financial statements properly.

CAG, as per convention, does not question ministerial liability in case of wrong doings. It is the Public Accounts Committee (PAC) which can examine aspects that may not be explicitly mentioned in the Report. It is assumed that extensive wrongdoing in NOIDA was not possible

without active support and encouragement of the political bosses. It remains to be seen if questions about the accountability of political masters are raised in due course.

CAG's Report (1996) on the fodder scam in Bihar, so far this author knows, has not been discussed yet in the PAC of the Bihar legislature. However, alongside CAG's examination of records, CBI conducted a criminal investigation and used the findings of CAG to build its case.

Based on their investigation of the culpability of government functionaries and the private parties that colluded in the fodder scam frauds, CBI found that political bosses were involved in providing cover to corrupt officers who worked at their bidding and benefited from the loot. They filed cases in the Special CBI courts on that basis and scores of IAS officers and concerned ministers in charge and the chief minister, who was also the finance minister, were sent to jail.

Considering the magnitude of CAG's findings in NOIDA, the Uttar Pradesh Government is expected to move fast for criminal investigation by an independent agency, if necessary, by taking help from CAG and other specialists so that wrongdoers can be identified and booked for punishment as was done by CBI in case of the fodder scam.

Traditionally, Audit Reports are not discussed on the floor of the House till the PAC submits its reports. This is a long-drawn process. In this background, it is hoped that PAC takes up this Report on priority and finalises its recommendations.

The PAC discussions are in camera and so media cannot follow up on this matter. Public and the legislators will eagerly wait for the outcome of PAC examination and their recommendations. But pending such discussions, options of criminal investigation, in the context of audit findings is still open to the Government as Bihar's Fodder Scam showed.

CAG's repeated requests to the Uttar Pradesh Government for entrusting NOIDA's audit was stonewalled till 2017 except for a brief interlude. Successive UP Governments also ring fenced NOIDA's operations from public scrutiny. The labyrinth of corruption, fraud, unfair practices and subversion of rules and procedures therefore remained hidden from the public.

With no CAG audit, no internal audit, no annual performance report to the Assembly and no financial statements, NOIDA management and successive UP Governments were rarely held accountable for mismanagement and corrupt practices; and people were deprived of a modern industrial and manufacturing hub that would have generated employment and brought prosperity for UP.

The audit report (Report no 6 of 2021, AG UP) came out in 2021 after three years of work in the Lucknow office of the Principal AG (Audit) UP. This Performance audit Report of NOIDA by CAG covers eleven years of NOIDA's work (2006-2017) and runs into more than 460 pages.

While the Government in good faith trusted an autonomous body to deliver policy goals and dispensed with bureaucratic controls associated with government schemes, autonomy became a license for abuse of power. NOIDA did not accord priority to the key policy goal of industrial development but to developing residential projects, commercial complexes and farmhouses.

The Industrial and infrastructure department (IIDD) oversees NOIDA on behalf of the Government of Uttar Pradesh. The Board of NOIDA headed by an IAS officer as Secretary, makes policies, considers the risks and prepares strategies. The Board made major amendments in NOIDA's Master Plan (MP) that diluted important provisions of Plan Regulations, 2010 by substituting or omitting clauses with undefined activities. Such amendments conferred greater discretionary powers to the Board.

CEOs abused the discretionary power and showered undue benefits on ineligible parties in allotting plots, pricing them, overlooking all deviations from required standards, not monitoring project implementation and repossessing land from under-performing units that was possible due to collusion among the applicants, plot holders and the officials.

The Board looked the other way when NOIDA management did not submit the terms and conditions of the scheme brochures prior to their launch under Group Housing and Commercial categories. In fact, some of the scheme brochures were not even submitted to the Board for post facto approval. NOIDA management did very much what they liked.

Again, NOIDA routinely indicated higher FAR (permissible Floor Area Ratio) and GC (Ground Coverage) for various categories of land use over and above the notified norms in the scheme brochures year after year without approval of Board to give undue favour to the allottees for Commercial and Group Housing categories.

NOIDA's Planning, Project Property, Finance and System wings did not work like a team. Neither of them monitored progress in completion of projects effectively so that penalty could be levied if projects were delayed. In the process NOIDA lost revenue and the goal of speedy project implementation was the casualty.

Weak and inadequate MIS aggravated the situation as senior management would not get timely reports of performance from inception to the completion of projects and take advantage of the quantitative techniques to learn from mistakes and quickly set them on the right course.

NOIDA management did not provide all the sampled cases to the audit team. In many cases, CAG's observations and recommendations were responded evasively or not responded. Where the recommendations are accepted, no time line has been given. No one knows when and how NOIDA will take action on such recommendations.

Another urgent action needed is to revamp NOIDA with a suitable organisational structure that facilitates corruption free, transparent and professional delivery of the intended goals. Wherever provisions of Acts and the Master Plan have been diluted, these need to be removed/amended to bring back focus on industrialisation.

Internal controls and risk management have to be suitably redesigned to prevent wrong doing as happened earlier. For this purpose, a composite team of specialists from various fields should be assembled to suggest how the Augean stable can be cleaned and the systems rejigged to give priority to the main objectives of NOIDA. The position of the Financial Advisor in NOIDA should be suitably upgraded to provide adequate safeguard against misuse of power. <https://www.nationalheraldindia.com/corruption/noida-builders-corruption-and-complicity-will-politicians-and-ias-officers-pay>

9. Bonanza for builders in NOIDA (nationalheraldindia.com) 30 April 2022

NOIDA has become a housing hub instead of an industrial hub that it was meant to be. A CAG report has now taken the lid off and shows how the autonomous authority deprived the state of revenue

Although NOIDA was mandated to develop industrial estates, in practice it has given priority to residential needs and commercial development.

In the Master Plan of 2031, NOIDA it was planned, would develop 2,806.52 hectares of land as industrial area. But till March end of 2018, NOIDA developed 2,418.90 hectares, but only 1,150.03 hectare (47.54 per cent) could be allotted. Out of the allotted area, only 796.10 hectares were made functional up to March 2020. CAG noticed that 20.73 per cent of the industrial units on the allotted plots were non-functional, thus defeating the objective of industrialisation.

NOIDA was to ensure that industrial units were established on the allotted industrial plots within the prescribed period. Rates of industrial plots were kept lower. NOIDA was to ensure that the benefit of these subsidised rates was passed on to genuine industrialists and not to investors, speculators or land sharks.

However, the objective industrialisation was defeated through a series of decisions taken by the Authority.

*Before 2009, transfer of plots was permitted only after the unit was declared functional. This condition was relaxed in September 2010 when transfer of non-functional plots was also allowed due to the global recession. However, since then NOIDA has not restored the previous order and has continued to allow transfer of non-functional plots, which promoted trading of non-functional plots.

* Allowed change in shareholding from one company to another without paying any fee.

* The allottees of industrial plots were required to make their unit functional within three years from the date of allotment/lease deed whereas the industrial allottees of IT/ITES units were required to make their unit functional within five years from the date of allotment/lease deed.

Completion/functionality period was extendable on payment of extension charges for a maximum period of 10 years. NOIDA revised (November 2008) the rules and the maximum extension period was relaxed. But no limit was fixed for maximum time extension allowed for IT/ITES plots.

Even the reduced maximum time extension period was very high as compared to Greater Noida Industrial Development Authority (GNIDA) where maximum time extension period for industrial plots was only three years.

NOIDA allotted industrial plots without ensuring that the plots were free from all encumbrances, without developing site or without site plan in many cases. So, the lease deed could not be executed- industrial projects could be set up on such plots. Till May 2017, project evaluation for allotment of bigger plots was left to the discretion of the Plot Allotment

Committee (PAC) as parameters were not formalised. That increased scope of malpractices due to discretion.

Post allotment, NOIDA did not ensure that allottees gave proper proof of deposits made by them. Records showed only a few challans were in original. In most cases photocopies were furnished. There was no assurance that these were genuine copies of the original.

NOIDA outsourced evaluation of the applications to 'U.P. Industrial Consultants Ltd.' (UPICO) and PAC evaluated the projects and made recommendations for allotment. But all the powers pertaining to allotment of properties were vested with the CEO, NOIDA. She overlooked the recommendation of the PAC in several cases without recording reasons and in some other cases disregarded negative recommendations of PAC and reconsidered applications.

The CEO allotted plots on discretionary basis based on interview and presentation. Absence of defined parameters for evaluation of the applications coupled with discretion of the CEO in allotment against the recommendations of PAC made fertile ground for misuse of authority by officials including the CEO. It does not need much imagination to know that discretion does not always come for free for those who benefit from such discretion.

The NOIDA scam

-Unutilised industrial plots were not taken back

-Industrial plots were allowed to be used for commercial activities

-

Recommendations of the Plot Allotment Committee were ignored

-Conversion charges for mixed land use was reduced from 50 percent to 10 percent, resulting in loss of revenue

-Ineligible companies were given plots through the back door by allowing transfer of shares

-NOIDA lost 14,000 Crore between 2006 and 2017 by not taking into account FAR and GC while fixing prices

-Plots auctioned for Group Housing at lower rates were later converted to commercial use without charging any premium or fees to oblige businessmen and builders

-Due to under recovery of rates, NOIDA lost potential revenue of Rs 16,245.44 crore

The industrial projects on allotted lands were not monitored and many of them did not come up or remained incomplete. But NOIDA did not take back such land and reallot them to other willing entrepreneurs.

Post allotment, in many cases industrial plots were irregularly used for commercial purposes while NOIDA's policy allowed commercial and institutional activities in residential areas and not in industrial area.

But from December 2017, NOIDA regularised commercial activities like auto showroom, art gallery and museum in industrial areas. The wider objective of providing institutional and support facilities was given a go by. Again, many industrial allottees of smaller size plots, mostly situated on narrow roads also started using their plots for commercial purposes. But there was no enforcement to prevent such commercial activity on narrow roads.

The violators of mixed land use policy were rewarded. Conversion charges for mixed land use were reduced from 50 per cent to 25 per cent and subsequently to 10 per cent by the Board in September 2015 on the ground of public demand for reduction. In the process not only misuse of industrial plots proliferated, but NOIDA lost significant amount of revenue. Decisions involving revenue loss was not adequately examined before this was implemented.

NOIDA's rules allowed abuse of opportunity for the allottees to transfer ownership of companies holding allotted plots without payment of any charges to NOIDA through change in shareholding. Thus, a group of ineligible companies were brought back to own industrial plots through the back door. This caused loss of revenue and facilitated the allottee company to transfer the plot in favour of another set of shareholders for free who otherwise may not have been qualified for the allotment of plot.

Not levying charges also resulted in change of ownership of plot. Change in shareholding free of cost resulted in loss of revenue for NOIDA and encouraged malpractices.

NOIDA had not developed costing guidelines for costing and fixing of premium (for industrial, institutional and farm houses) / reserve prices (for commercial plots/shops, group housing/builder plots and plots for sports cities).

Nor did they ever engage a cost accountant. So, the staff were left to learn on the job and in case of wilful mistakes, they could not be held responsible as they had no formal procedures or guidelines to follow.

In the absence of well laid-down procedures for pricing, builders and other allottees benefitted from unprofessional and incorrect fixing of prices.

NOIDA did not consider FAR and GC in fixation of sale price and suffered loss of Rs 13,968.49 crore in respect of 75 allotments under different categories during 2006-2017 for Commercial and Group Housing.

Reserve price is fixed on the basis of category of properties. Lower the category, lower the reserve price based on which bids are finalised in auction. Since commercial properties command greater premium than Group Housing properties, categories were deliberately lowered and once allotment was done, the categories were upgraded. CAG observed that such arbitrary change in classification was deliberate and it translated into benefit for builders at the expense of NOIDA due to loss of potential revenue.

Basic land allotment rate proposed by costing committee was often lowered by the Board that resulted in undue favour to the builders. The Supreme court observed in the case of Amrapali that officials of NOIDA acted in a manner that led to unjust enrichment of builders and that the interest of NOIDA was overlooked.

Pricing decisions were made on the basis of requests from interested parties, NOIDA overlooked the applicable orders in respect of key costing components, cost elements were revised without justification. Audit found that NOIDA lost revenue of Rs 1,026.24 crore, Rs 164.06 crore and Rs 126.21 crore in the Group Housing, Institutional and Industrial categories, respectively.

Due to under recovery of rates, NOIDA lost potential revenue of Rs 16,245.44 crore. It also resulted in short realisation of stamp duty of Rs 812.27 Crore on the allotments that was a loss to the exchequer. <https://www.nationalheraldindia.com/india/bonanza-for-builders-in-noida>

10. Noida Land Scam, a throwback - Part III (dailypioneer.com) 30 April 2022

The Authority kept on relaxing the terms of allotments of plots on the pretext of severe economic crisis but kept on increasing the size of plots from 50,000 sqm to 13,00,000 sqm

The C&AG has found that in 12 cases the allotted plots had been sub-divided into 32 sub-plots. Of these sub-plots, in only eight cases the value of plot was commensurate to the net worth of the sub-lessee and in 24 cases the value of the sub-divided plot exceeded the net worth of the sub-lessee. In these 24 cases the sub-lessee obtained plots ranging from 1.16 to 14 times of their net worth. In eight of these cases, the net worth of the sub-lessee was less than Rupees one crore and yet they were permitted sub-lease of plots worth Rs 501.62 crore in aggregate. It is thus, evident that NOIDA's decision to allow sub-division without any regulatory mechanism in place served effectively as a backdoor entry for transfer of valuable property into the hands of ineligible builders.

The payment schedule of plots was not kept in sync with the completion schedule of the project. The decision of Noida Authority to increase the repayment schedule for the plots to ten years from the date of allotment was also not in sync with the tenure of completion of the projects by the promoters. Thus, the promoters obtained a significant cost (75-80 percent) of the flats including the plot cost from the homebuyers within 2-3 years of launch of the projects while they were required to pay land cost to the Authority over 10 years. Resultantly, they diverted the funds elsewhere, leading to consequential delays in completion of the projects. The Builders in turn garnered more allotments as they enjoyed greater leverage to obtain bigger plots and to take loans from banks on the back of deposit of smaller amount of down-payment.

The Authority also did not follow up the relaxations by having close monitoring of the progress of the projects on the allotted plots or payment of premium/cost of the plots by the allottees. Instead, the Authority kept on granting further reschedulements to the developers, which made matters worse as there was no incentive for timely payment of instalments, causing havoc among the home-buyers.

Thus, these rebates and relaxations didn't help homebuyers finally as small firms like Logix group, 3C group, Supertech, etc., took advantage of the relaxations and garnered multiple/bigger plots and sub-divided them through their subsidiaries and sold the plots on premium to the companies which had not participated in the bidding and didn't meet the even the relaxed technical eligibility criterion. There was therefore complete collapse of the governance in the Authority/ Government as on one hand, the Authority kept on relaxing the terms and condition of allotment of plots on the pretext of severe economic crisis but on the other, they kept on increasing the size of plots from 50,000 sqm to 13,00,000 sqm and created

a new class of neo-Zamindars who in turn divided and sub-divided those plots through their newly created subsidiaries and sold/transferred them to third parties.

Undue Benefit to Builders by allowing exit of key member of consortium: In utter disregard of the terms and conditions, NOIDA Authority allowed exit of the key consortium members having substantial net worth which was considered for allotment of the plots/projects in 11 cases (five cases within one year of allotment), leaving the land/project to companies who by themselves were incapable of qualifying for allotment. In five cases viz, Prateek Realtors, MegitechInfradevelopers, Perfect Propbuild, Panchsheel Exotica and AIMS Max Gardenia, percentage of networth of exiting consortium member was more than 80 percent of the consortium whereas in the case of Logix Group (Two Cases), MagitechInfradevelopers, Sunshine Infrawell and Imperial Housing, key consortium members exited within a year of allotment of plots.

Thus, builders came together for a transitory period and helped otherwise ineligible entities to qualify for allotment and after the allotment was in place, exited the consortium, which indicates a total lack of regulatory control by Authority. This resulted in huge distress to home buyers as 10,769 flats out of 27,370 flats sanctioned in six of the above projects have not been completed till 31 March 2020, besides accumulation of dues of thousands of crores of rupees amongst the allottees of the plots. The elusive sports city of Noida: 826 Acres of the prime land grabbed by builder mafia without constructing sports Infrastructure. With a vision to hold marquee sports events like Commonwealth games, Asiad games, etc., on the strength of international level sports infrastructure in Noida, the Authority allotted 4 Sports City plots admeasuring 33,44,193 sqm (826.34 acre) during May 2011-July 2015 at the lease premium of Rs 5597.92 crores to consortiums of Logix group (Plot No : SC-01/150 in May 2011), 3C group (SC-01/78&79 in May 2011 and SC -02/150 in September 2014) and ATS Home Pvt Ltd promoted by Geetamber Anand and Poonam Anand (SC-01/152 in July 2015). In each plot, 70 per cent (578 acres in all) land was reserved for development of integrated sports infrastructure including golf course (nine holes) in Plot numbers - SC-01/150, SC-01/78&79 and SC -02/150, an international level cricket stadium along with sitting arrangement of 50,000 spectators, parking facilities, etc., in Plot no SC-01/152, tennis courts, swimming pools and other sports facilities. The terms and conditions of the allotment prescribed that sports infrastructure would be completed on priority within three/five years and residential and commercial projects in the remaining 30% plot would be completed in phases in seven years.

Under the first sports city scheme launched in December 2010, the Authority envisaged the development of Sport City in 150 acres in sectors 101 & 104 through construction of integrated sport infrastructure in 105 acres (70% of the land) at the cost of Rs 410 crores by the allottee. The Authority however didn't apply its mind in the subsequent schemes and continued to keep the cost of sport infrastructure at Rs 410 crores only though the plots of sport cities increased to 174 acres in the Plot no SC-01/78-79, 224 acres in the Plot no SC-01/150 and 329 acres in plot no SC-01/152. Keeping in view, the bigger size of the plot leading to increased area for development of sport infrastructure and higher cost, the cost of development of sport infrastructure should have been increased to Rs 475 crore in Plot no-SC-01/78-79, Rs 612 crore in Plot no-SC-01/150 and Rs 1475 crores in Plot no-SC-02/150.

In the Plot SC-01/152 for development of International level Cricket Stadium cum Sport City in NOIDA, the cost of construction of Cricket Stadium cum Sport City was not provided in the brochure altogether, though based on prescribed parameters in previous schemes, the cost of sport infrastructure ought to have been Rs 620 crores on 70 acres of plot. Thus there was total

collapse of governance system at every level in the Top- Heavy Authority where nobody applied his/her mind while approving the brochure for the 4 schemes of Sport City and didn't update the cost of sport Infrastructure in Annexure 2 of the brochures, commensurate with increase in size of the plot, higher cost of construction etc and thereby abdicated their responsibility giving undue benefits of Rs 1732 crore to three allottees at the cost of public exchequer. <https://www.dailypioneer.com/2022/columnists/noida-land-scam---a-throwback---part-iii.html>

11. Noida Land Scam, a throwback - Part IV (*dailypioneer.com*) 02 May 2022

RERA failed to detect limitations on 70 per cent of the Sports City plot, endangering the interests of home-buyers

Though the Noida Authority had committed to monitor the progress of project in the brochure, none of the envisaged sport infrastructure projects has been completed as yet. Neither has the Authority encashed the indemnity bond of the allottees for failure to complete the project within stipulated time.

In case of allotments in SC 01 in Sectors 78/ 79 (allotted in May 2011), SC 01 in Sector 150 (allotted in May 2011) and SC 02 in Sector 150 (allotted in September 2014), the allottees were required to complete the project in phases within five years from the date of execution of lease deed. In case of SC-01 in Sector 152 (allotted in July 2015), the allottee was required to complete the construction of the international level cricket stadium in the first phase within three years and the remaining residential and commercial projects within five years from the date of execution of the lease deed.

The C&AG has pointed out that plots for Sports Cities were allotted without preliminary consultation with national/international bodies like BCCI, ICC and without fixing and prescribing the technical specifications, etc., required for different sports infrastructure -golf course, international level cricket stadium, Tennis centre, Multi-purpose Sports Hall for Gymnasium, Volleyball, TT, Basket Ball etc. They also didn't do any due-diligence and analysed the reasonableness of the rates/bids quoted by the allottees. It was therefore no wonder that none of the envisioned sports infrastructure have been completed in last ten years though the construction of sports infrastructure was to be given priority in Sport City and completed first and only afterwards, other residential and commercial projects were to be taken up. However, the allottees took up the GH projects first and two residential projects have not only been taken up but completed or partially completed.

Though the terms and conditions prescribed in Brochures permitted sub-division of the plots meant for only residential and commercial use (30% of the sport city plots), the Authority allowed sub-division of the entire plot (826 acres) of the 4 sport city projects into 81 sub-plots thereby destroying the entire concept of development of integrated Sport City. The 578 acres of land earmarked for sport infrastructure in 4 sport cities was too sub-divided into 34 sub plots, thereby making the objectives of Integrated Sports infrastructure like nine-hole golf course in three sport cities in sectors-78/79 and 150, international cricket stadium in Plot SC-02 in sector 150, unachievable. The work on cricket stadium has not even commenced though it was to be completed by the end of 2018. The Authority has not yet encashed the indemnity bond of the allottee.

RERA failed to detect limitations on 70 per cent of the Sports City plot, endangering the interests of home-buyers. It is also observed that UP RERA has registered residential and commercial projects of the allottees/sub-allottees without noting the limitations on the use of 70 percent of plot of land for Sports infrastructure as mentioned in the lease agreement executed by the Authority. As none of the major Sport infrastructure has been undertaken till date and none of the 9-hole golf courses and International Level Cricket Stadium are likely to be completed in near future, the homebuyers of those residential projects being constructed are likely to face issues in getting their flats registered. Incidentally, most directors of all 4 SPCs at the time of allotment have since resigned and left. The decision of the Noida Authority to approve the use of increased FAR of the entire area of the sport city in residential/ commercial projects of allottees/sub-allottees without ensuring the construction of integrated sport infrastructure in 70% area of each Sport city project is injudicious and highly improper. It would affect the future prospects of the home buyers of these residential projects as their flats cannot be registered unless envisioned integrated sport infrastructure in 70 % area of each sport city project.

Further, the C&AG has determined that NOIDA Authority had given significant incentives of Rs 8,643.61 crore in terms of reduced pricing of plots and allowance of extra Floor Area Ratio (FAR) and Ground Coverage (GC) to the 3 real estate developers for development of sporting infrastructure as against the payment of Rs 5598 crores made for 33, 44, 193 sqm (826 acres) of land. Keeping in view the ongoing development of group housing projects vis-vis little progress observed in development of sports infrastructure in these Projects in last ten years, it would tantamount to providing undue benefit of Rs 8,643.61 crore to these three developers. NOIDA Authority, while allowing the builders to pursue group housing projects, abdicated its total responsibility towards completion of envisioned sports infrastructure.

Thus, the world class sports infrastructure envisioned by the Board in 2007 for holding national and international sports events failed to materialise even after a decade. Though the main objectives of establishment of sports city have not been achieved, these developers appeared to have grabbed nearly 825 acres of prime land in the city at one-third of the market rate with aid and abetment of senior officials of the Authority. Incidentally, there was a single CEO of the Authority who dealt with the allotment of Sport City plots in 2010-11 and 2014- 2015.

Discretionary allotment of Farm Houses at prime locations on throwaway prices: In 2009-2011, Noida Authority allotted 157 plots for farm houses of 10,000 sqm each aggregating 18,37,340 sqm in prime sectors of Noida at one-fifth of market rates in an arbitrary and discretionary manner mostly to big business houses, influential real estate developers/ builders, politicians, prominent lawyers and their family members without following any transparent bidding process under schemes which did not have any objective criterion for selection of the beneficiaries. Many companies, their directors, family members etc cornered multiple plots at throwaway prices. There was no bidding and selection of allottees was done based on an “interview” by a committee.

The C&AG has pointed out following cases of multiple allotments:

Allotment of 11 plots (FH -3 & FH-19/164, FH-4 & FH-18/164, FH-2 & Fh-20/164, FH-5/164, FH-6/164, FH-17/164 and FH-1 & FH-20/165) was made on 30 March 2011 to the companies/entities of the same group (Anil Kumar and Company).

Allotment of four plots (FH-2, 3, 4, 5 sector 131) was made on 27 July 2009 to a group of companies with the same promoter/director (Rajiv Kumar).

Allotment of seven plots (FH-15 & FH-18/128, FH-25 & FH-26/128, FH-27, FH-28 & FH-29/128) was made on 30 October 2009 to four companies of the same promoters (Sanjeev J Aeren and Sunita S Aeren).

Allotment of seven plots (FH-16 & FH-17/128, FH-11 & FH 22/128, FH-23, FH-24 & FH-33/128 was made (two on 26 March 2010 and five on 30 October 2009) to three companies (Meadows Infradevelopers Pvt. Ltd., Glory Infrabuild Pvt. Ltd. and Handful Infra Developers Pvt.Ltd.) of same promoters (Ankur Chadha and Geetu Arora).

In two cases it was observed that four plots (FH-11 & FH-22/128, FH-12 & FH-21/128) of sector 128 of two companies (Meadow Infradevelopers Pvt. Ltd and Snerea realtors Pvt. Ltd.) allotted on 30 October 2009 were transferred to the same individual, Vichitra Lata, on 28 September 2010. <https://www.dailypioneer.com/2022/columnists/noida-land-scam---a-throwback---part-iv.html>

12. CAG report highlights gross environmental violations in Ramsar sites, EKW, Sunderbans ([thehindu.com](https://www.thehindu.com)) UPDATED: APRIL 30, 2022

Illegal commercial and residential constructions, hovercraft stations, bioparks constructed in gross violation of CRZ norms.

KOLKATA: A recent audit report of Comptroller and Auditor General (CAG) has pointed out illegal constructions and violations of environmental norms in two Ramsar sites in West Bengal, East Kolkata Wetlands (EKW) and Sunderbans.

“There were illegal constructions in the EKW and Coastal Regulation Zone area in Sunderbans. However, such violations even in these ecologically fragile areas were rarely found to have been penalised; on a couple of rare occasions, (when) they were done, it was in compliance with Kolkata High Court orders,” the CAG report said. The report was made public in the last week of March before the West Bengal Legislative Assembly.

EKW, a unique peri-urban ecosystem that lies on the eastern fringes of Kolkata, covers an area of about 12,500 hectares, spread over 37 mouzas of the State’s South and North 24 Parganas district. The CAG report pointed out that failure to delineate boundaries of the EKW and uncontrolled transfer of land resulted in the change of character of EKW and lack of effective action by EKWMA (East Kolkata Wetland Management Authority).

“In absence of effective measures by EKWMA, water bodies were dried up and filled illegally. Since 2007, EKWMA has identified 357 cases of violation, out of which 101 cases were identified between December 2015 and March 2020,” the audit points out.

It further adds that on scrutiny of show cause notices issued to 101 violators, “51 cases were of construction of unauthorized two/three storied buildings, marble godowns, motorbike and car showrooms, 23 cases of drying up and filling of water bodies and 27 cases of construction of boundary walls in the EKW area; these altered the ecological character of the wetlands and therefore were in gross violation of the EKW Act”.

Violations by a religious authority and encroachment of wetlands by plastic industries has also been discussed in the report. The report points out that change in land use pattern was observed in Bhagabanpur Mouza where “areas under full water bodies and embankments decreased from 522.94 ha in 2002 to 116.07 ha in 2016 due to encroachment. The study further revealed that in the mouza, out of 47 bheries (fish ponds) functional in 1998, only 10 bheries were left in 2017. Thus EKWMA had failed to preserve the wetlands in the Bhagabanpur mouza”. The CAG has pointed out that the State Wetland Authority had not constituted the Wetland Mitra (citizen’s network) till March 2020.

Red flag on ICG hovercraft station

The CAG has also raised a red flag about a hovercraft station in Frazerganj in South 24 Parganas district. “Indian Coast Guard applied (September 2017) for setting up a hovercraft station in Frazerganj.” the CAG stated. According to the site plan, ICG would construct a guard room, officer’s mess and accommodation, park, fuel bunk, sailors institute, holiday home and a play ground.

“Though CRZ notification disallows construction of residential buildings in the NDZ, CRZ clearances by West Bengal State Coastal Zonal Management Authority for constructions of buildings ... was against notification,” the report stated.

The audit report points at a delay in coastal zone management plan (CZMP), construction of multi-purpose cyclone shelters without clearances of CRZ norms and construction of three helipads and VIP rest houses in ecologically sensitive areas in the Sundarbans.

Eco projects destroying biodiversity

The CAG report has highlighted serious violations of CRZ norms in Sundarbans particularly for an ecotourism project at Jharkhali. “GoWB had undertaken (October 2015) a project of an eco-tourism hub at Jharkhali in Sundarbans after clearing 69 acres of mangrove. Even the river channel, breeding place of crocodiles, was claimed by the project.”

According to the Forest Department Report, in 2014, 70 baby crocodiles were rescued from the channel. However, “the same channel was closed down to build new roads to the tourism hub,” the report points out. The other points raised are tiger rescue centre and children’s park constructed on the banks of Harobhanga river in Sundarbans by cutting mangroves, which was not permissible under CRZ notification, 2011. The development of butterfly garden, children’s park and tourist centre contradicted the rationale for establishment of the tiger rescue centre, the auditors have further pointed out. <https://www.thehindu.com/news/cities/kolkata/cag-report-highlights-gross-environmental-violations-in-ramsar-sites-ekw-sunderbans/article65370052.ece>

13. Audit report indicates gross misuse, presumptive fraud of DMFT fund in Jharkhand ([theprint.in](https://www.theprint.in)) 1 May 2022

Ranchi: An audit of the District Mineral Foundation Trust fund, collected under the provision of the Mines Minerals (Development and Regulation) Act, indicates gross misuse of the DMFT fund.

The audit was conducted by the Jharkhand’s Principal Auditor General (PAG) in six districts, Bokaro, Chatra, Dhanbad, Hazaribagh, Lohardaga and Ranchi. In these districts, a sum of about Rs 3,000 crore was collected as DMFT funds between 2015 and 2021. The audit was conducted between December 2020 and April 2022.

The audit team, in its report, which was submitted to Chief Secretary on April 22, expressed dissatisfaction, saying the mines department restricted its access to crucial and primary records for audit and it was a red flag to presumptive fraud and misappropriation.

“Audit findings are restricted to deficiencies noticed in the financial management of the trust fund, planning and selection of schemes and deficiencies in monitoring the fund, etc. As audit was not provided access to crucial records/ information in managing the Fund, the actual reason for lapses/deficiencies by individual officials could be examined and reported,” states the audit report.

The PAG wrote in the report, “...restriction on access to crucial and primary records to audit despite the assurance of full cooperation by the Secretary of the Department and the Chief Secretary is a red flag to presumptive fraud and misappropriation. These potentially derail the constitutional mandate of audit and prevent it from providing insights to the state legislature for fixing accountability on erring officials.”

In October 2019, the District Planning Office, Bokaro finalized the tender for the installation of 24 open gyms at a cost of 1.08 crore in different sectors of Bokaro Steel Plant residential township. Audit noticed that DC Bokaro granted post-facto approval for payment of the said work from the DMFT fund. The installation of an open gym was approved under health care but such activity was not specified in the scope of work relating to health care under PMKKKY. Thus DMFT fund was grossly misused by the DC of Bokaro in violation of the Act/Rules/PMKKKY provision, read the report.

In DMFT, Ranchi an amount of 85.56 lakh was sanctioned in May 2017 for the construction of a Dak-bungalow at Mcluskiganj. The audit noticed that this work was completed in September 2020, and expenditure was booked as ‘Skill development and livelihood’. However, such construction work does not fall under the category of skill development and livelihood under the provision of PMKKKY guidelines.

In Chatra, three schemes related to repair and maintenance of the Drinking Water and Sanitation (DWS) Department and the construction of toilets in the police station were sanctioned for Rs 4.79 crores during 2017-19, out of which 4.52 crore was spent. Repair and maintenance of tubewell and water supply system was not an ongoing scheme or project funded by the state government, rather it was a routine and recurring work by the DWS department which was to be carried out from the budget of the DWS department. As such, the sanction of these schemes under DMFT was not admissible and was beyond the scope of PMKKKY, the audit found.

The central government launched Pradhan Mantri Khanij Khanij Kalyan Yojna (PMKKKY) in September 2015 and issued directives to the states to incorporate them into the DMFT fund rules. The primary mandate of the funds is to implement developmental and welfare projects in mining-affected areas, mitigate the adverse impact on the environment, uplift the health and socio-economic conditions of the people in mining districts, and ensure the long-term sustainable livelihood of those affected. <https://theprint.in/india/audit-report-indicates-gross-misuse-presumptive-fraud-of-dmft-fund-in-jharkhand/938607/>

14. Govt willing to take over debt-ridden south Delhi school, HC told (timesofindia.indiatimes.com) 30 April 2022

NEW DELHI: In what may come as a relief to parents and students of Raisina Bengali School in south Delhi's Chittaranjan Park, Delhi government plans to take over the school which has been overwhelmed by mounting debt amid allegations of financial mismanagement.

Earlier TOI had reported that the debt recovery tribunal had directed the auctioning of a portion of the school. The auction, which was scheduled to be held on January 14, did not take place because no bids were received.

In Delhi High Court on Thursday, Delhi government stated that it was willing to take over the school and had also written to the Comptroller & Auditor General of India to conduct a financial inspection of the school.

In a letter to the CAG on April 27, Delhi government's Directorate of Education (DoE) said that complaints and representations had been received by the directorate related to alleged financial embezzlement and irregularities by the school management. "Further, the school management availed a loan of Rs 2 crore from United Bank of India but failed to repay the same because of which the school was to be auctioned, which would have certainly sabotaged the future of the students and teachers," the letter said.

Keeping the gravity of the situation in view, DoE requested CAG "to kindly conduct a financial audit of the relevant accounts of the said school so that the matter can be resolved on merit".

Speaking to TOI, Santosh Tripathi, counsel for Delhi government, said, "The state government has ordered an enquiry by CAG and very serious action will be taken in case any siphoning of funds is discovered. Further, the government is willing to take over the school and is preparing for the same. The school will not shut down and the future of students is safe. The government is duty-bound to maintain educational standards and will do so."

In an order on January 5, the high court had recorded the undertaking of asset reconstruction company ASREC that it would not disturb the school and its students till the end of the 2021-22 academic session, which concluded on March 31.

Seeking the court's directions to DoE to place on record the status of financial inspection or audit of the school's accounts, an application moved by Sudeep Chatterjee, the counsel appearing on behalf of the school's students, also sought directions to ASREC not to take any adverse action against the interests of the students till the disposal of DoE's representation.

Senior management officials of Raisina Bengali School told TOI on Friday, "We have not yet received a copy of the Delhi High Court order and Delhi government's proposal. We will look into it once it is available and decide the next course of action." <https://timesofindia.indiatimes.com/city/delhi/govt-willing-to-take-over-debt-ridden-s-delhi-school-hc-told/articleshow/91190757.cms>

15. Leaseholders owe TS govt over Rs. 235 cr; Pantaloons alone owes Rs. 171.88 cr (newsmeter.in) 29 April 2022

Hyderabad: According to the Comptroller and Auditor General (CAG) audit of Telangana tourism public-private sector partnership projects (PPP), leaseholders owe more than Rs. 235.00 crores to the government.

The audit was conducted from 17 November 2020 to 9 December 2020.

As per the CAG report, Pantaloons near Old Gandhi Medical College owes the highest amount, Rs. 171.88 crore followed by Jalvihar which owes Rs. 33.81 crore. Prasad IMAX, Expotel Hotel in Lower Tank Bund, Snow World, Daspalla Hotel (main and annex), and Secunderabad golf course also owe money to the government.

Telangana tourism has leased valuable government lands under PPP for 33 years to develop tourism projects in Hyderabad and Secunderabad.

AICC member Bakka Judson alleged that all PPP leaseholders put together owe more than Rs. 300 crore in outstanding lease rental to the state government. "Trident Hotel which is leased by Shilparamam owes another Rs. 75 crore to the government," he said.

Judson further said that he had filed a complaint with CM KCR and director-general of vigilance Anjani Kumar 24 January 2022 asking them to take necessary steps to recover the outstanding amounts from the leaseholders and book the officials of Telangana tourism for their monumental blunder. However, the complaint was redirected to the tourism department.

"How could the officials of the CMO and the vigilance department transfer my complaint to the same department against which I complained? Telangana tourism officials are solely responsible for the outstanding lease rentals of more than Rs. 300 crore," he added.

"When I tried to meet Narsing Rao, the principal secretary, and Bhoopal Reddy, special secretary to CM, on 6 April, the personal staff in the CMO stopped me from meeting them," he alleged.

Mr. Judson alleged that there is a deep-rooted conspiracy hatched by the staff working in the PMU section of the tourism department under the direction and guidance of successive secretaries.

"When the PPP leaseholders owe so many crores to the government, why did the tourism department not cancel the lease agreements of these PPP projects for years? The PMU section of Telangana tourism, to date, is manned by retired persons who are helping PPP project leaseholders instead of the government which is paying them salaries in their winter of life," he added.

He requested the government to appoint a sitting judge to inquire into the lease rental scam in Telangana tourism and punish the officials responsible for the outstanding dues of more than Rs. 300 crores <https://newsmeter.in/hyderabad/leaseholders-owe-ts-govt-over-rs-235-cr-pantaloons-alone-owes-rs-17188-cr-694853>

16. Congress party targets Modi govt, makes six claims on alleged ‘pulses scam’: Here is how they are off the mark on all 6 ([opindia.com](https://www.opindia.com)) APRIL 29, 2022

On Thursday, the Congress party claimed that it has exposed a Rs 4,600-crore food scam of the centre and had added that the Modi government had changed the rules of the auction in 2018 under a scheme to provide pulses to the poor and armed forces only to benefit certain “few big millers”.

Addressing a press conference, senior party leader and Rajya Sabha member Abhishek Manu Singhvi had said that the alleged scam has exposed the “real face” of the Narendra Modi government and demanded a full disclosure as well as punishment for those involved. At the press conference, Congress spokesperson Abhishek Singhvi had also claimed that the CAG had allegedly found how NAFED allowed only big millers to swindle tonnes of pulses meant for the poor with the conventional auction rules rewritten.

“Here is a government which is cheating over food products and allowing crooks to exploit something as basic as pulses. We have to thank Covid as this scam might not be unearthed so easily. With Covid, there was thought of distributing pulses for free or low cost, and it unearthed this scam,” Singhvi had alleged in the press conference.

In response, the government sources speaking to OpIndia have given a point-to-point rebuttal to the claims made by the Congress party leadership. The centre has dismissed the charges made by Congress and added that there are no such allegations or reports put out by the CAG, but the figures quoted are only imaginary.

Speaking to OpIndia, government sources said that there was no authenticity in the claims made by the Congress party as there is no such policy of favouring any millers. The government has also clarified that NAFED did the supply of milled pulses through competitive bidding on the basis of the outturn ratio (OTR) adopted from the beginning.

Here is a list of claims made by senior Congress leader Singhvi and the detailed response by the centre on the allegations that the government had committed an Rs.4,600 scam in the supply of pulses:

First claim: Modi government’s ministers have accumulated wealth for eight years by snatching away pulses from the common people

In response to the claim, the government sources have said that there is no question of snatching away daal meant for the common people. It also said that the government provided over 14 Lakh MT of daal to beneficiary households for eight months in 2020 and stranded migrant worker households for two months free of cost through the PDS system of States and Union Territories amid the Covid-19 Pandemic.

Second claim: Govt made NAFED change the policy to favour selected millers to make daal

The government has dismissed such charges saying that there was no authenticity in the claims made by the Congress party as there is no such policy of favouring any millers. The government has also clarified that NAFED did the supply of milled pulses in 2017 for the first time, and

the millers were selected through competitive bidding on the basis of the outturn ratio (OTR) adopted from the beginning.

Third claim: Centre removed the L1 provision and the provisions of the minimum amount of pulses extraction, which led to cartelisation

Rejecting the argument put out by the Congress Party, the government said that the bid was awarded to the miller who quoted the highest OTR, i.e, the miller who converts a given quantity of raw pulses into the highest quantity of daal through a competitive bidding process, is selected.

The government also clarified that the L1 bidding adopted by some states was to directly invite bids from millers for the supply of daal, which does not involve turning the stock of raw pulses owned by the State into milled daal (pulses).

Fourth claim: CAG report says Rs 4,600 crore in less than four years, involving 5.4 lakh tonnes of pulses

The centre has said there is no such report of CAG as claimed by the Congress party. Therefore, the figures quoted are only the imagination of the reporter, the sources contended.

The Congress party had conducted a press conference based on a report by a left-wing media entity – The Reporters’ Collective, which had claimed that the Union government’s auctions to provide pulses to the poor and armed forces, worth more than Rs 4,600 crore, were rigged to benefit a few big millers. They had cited purported findings from the National Productivity Council, headed by commerce minister Piyush Goyal.

Fifth claim: Congress claimed that the NAFED demanded the revival of the old system of providing pulses

There is no old or new system, the government sources said, adding that there is no scam as such.

Sixth claim: Scam was unearthed because of Covid as there was talk of distributing grains and pulses

The government sources said there is no scam as such as imagined by the Congress party as the supply of milled pulses to States and UTs under Pradhan Mantri Garib Kalyan Anna Yojana and AtmaNirbhar Bharat Scheme during 2020 was completed under the extremely challenging situation of Covid-19 pandemic when the availability of milling and logistics were limited. <https://www.opindia.com/2022/04/congress-party-six-claims-pulses-scam-point-to-point-rebuttal/>

17. बिजली संकट की वजह कांग्रेस सरकार में कैग की कोयला ब्लॉक आवंटन पर गलत रिपोर्ट देना: सिब्बल ([hindi.oneindia.com](https://www.hindi.oneindia.com)) APRIL 30, 2022

कांग्रेस नेता और पूर्व केंद्रीय मंत्री कपिल सिब्बल ने देश में जारी बिजली संकट को लेकर बयान दिया है। उन्होंने देश में गहराते बिजली संकट के पीछे पूर्व की कांग्रेस सरकार के समय में कोयला ब्लॉक आवंटन को लेकर कैग और भाजपा के गलत रिपोर्ट देने को कहा है।

शनिवार को सिब्लल ने कहा, इस समय जो बिजली संकट है, वो तब पैदा हुआ जब बीजेपी और सीएजी ने रिपोर्ट दी कि कांग्रेस सरकार के दौरान गलत तरीके से कोयला ब्लॉक आवंटित किए गए थे। जिसके बाद सुप्रीम कोर्ट ने आवंटन रद्द कर दिए। उन्होंने फिर से नीलामी की और बढ़ी हुई कीमतों के कारण इसे अभी तक पूरा नहीं किया गया है। सिब्लल ने कहा कि शायद ही कोई प्राइवेट सेक्टर प्रोडक्शन हो या राज्यों के पास खरीदने के लिए पर्याप्त पैसा न हो, उनकी (भाजपा) नीति पूरी तरह से विफल हो गई है। उन्होंने सिर्फ राजनीतिक फायदा उठाया और आज आम लोगों को बिजली नहीं मिल पा रही है।

भूपेश बघेल ने भी केंद्र को घेरा छत्तीसगढ़ के सीएम भूपेश बघेल ने भी बिजली संकट के लिए केंद्र सरकार को निशाने पर लेते हुए कहा कि देशभर के बिजली संयंत्रों को पर्याप्त मात्रा में कोयले की आपूर्ति हो ये भारत सरकार की जिम्मेदारी है। उन्होंने कहा कि सरकार ने समय रहते कोई कदम नहीं उठाया जिसके कारण यह हुआ है।

राहुल भी केंद्र पर हमलावर

कांग्रेस सांसद राहुल गांधी ने कई राज्यों में बिजली की भारी कटौती को लेकर प्रधानमंत्री नरेंद्र मोदी पर निशाना साधा। उन्होंने कहा कि यह संकट छोटे उद्योगों को खत्म कर देगा, जिससे बेरोज़गारी और बढ़ेगी। छोटे बच्चे इस भीषण गर्मी को बर्दाश्त नहीं कर सकते। <https://hindi.oneindia.com/news/india/congress-leader-kapil-sibal-on-power-crisis-cag-gave-wrong-report-over-coal-blocks-677846.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

18. GST collections touch record high at ₹1.68 lakh crore in April, says Centre ([hindustantimes.com](https://www.hindustantimes.com)) May 01, 2022

The Goods and Services Tax collection touched an all-time high of over ₹1.68 lakh crore in April, the ministry of finance said on Sunday, citing the improvement in economic activities.

The GST collection in April is ₹25,000 crore higher than that in March, which had the second-highest collection of ₹1.42 lakh crore, ANI reported. As per the ministry of finance, the gross GST revenue collected in April is ₹1,67,540 crore. Out of this, the central GST collected amounts to ₹33,159 crore, state GST worth ₹1,793 crore, integrated GST is ₹81,939 crore which also includes ₹36,705 crore collected on import of goods and the cess is ₹10,649 crore. The cess includes ₹857 crore collected on the import of goods.

The government said it has settled ₹33,423 crore to CGST and ₹26,962 crore to SGST from IGST.

"The total revenue of Centre and the States in the month of April 2022 after the regular settlement is ₹66,582 crore for CGST and ₹68,755 crore for the SGST," the finance ministry statement said.

The finance ministry said that revenues for the month of April are 20 per cent higher than the GST revenues in the same month last year.

"During the month, revenues from import of goods was 30 per cent higher and the revenues from the domestic transaction (including import of services) are 17 per cent higher than the revenues from these sources during the same month last year," they stated.

For the first time, the Ministry said, the gross GST collection has crossed ₹1.5 lakh crore mark.

"Total number of e-way bills generated in the month of March 2022 was 7.7 crore, which is 13 per cent higher than 6.8 crore e-way bills generated in the month of February 2022, which reflects the recovery of business activity at a faster pace," the release stated.

As per the Ministry, this shows clear improvement in the compliance behaviour, which has been a result of various measures taken by the tax administration to nudge taxpayers to file returns timely, to making compliance easier and smoother and strict enforcement action taken against errant taxpayers identified based on data analytics and artificial intelligence. <https://www.hindustantimes.com/business/gst-collections-touch-record-high-at-rs-1-68-lakh-crore-in-april-says-centre-101651398867706.html>

19. Data Drive: Rising government debt ([financialexpress.com](https://www.financialexpress.com)) May 2, 2022

The general government debt surged to 89.4% of the GDP in FY21, significantly higher than the Fiscal Responsibility and Budget Management (FRBM) target of 60%, and could pose risks for medium-term macroeconomic stability.

As a result, the interest payment on government debt has risen once again.

In fact, all states, barring Maharashtra and Delhi, have higher debt-to-GSDP than the N K Singh panel's recommendation of 20%. <https://www.financialexpress.com/opinion/data-drive-rising-government-debt/2509621/>

20. High subsidies to worsen finances of Punjab, Rajasthan ([financialexpress.com](https://www.financialexpress.com)) April 30, 2022

With non-merit subsidies on the rise to lure voters, Chhattisgarh, Punjab, Rajasthan, Karnataka and Bihar have emerged as the top five states in terms of subsidies as a share of GSDP during FY19-FY22, according to India Ratings.

Chhattisgarh's subsidy to GSDP ratio stood at 5.69, followed by Punjab (2.16), Rajasthan (1.83), Karnataka (1.44) and Bihar (1.41) during the period.

Punjab, which ranks second in terms of subsidy, given as percentage of GSDP, and eighth in terms of absolute subsidy given during FY19-FY22 is one of the most heavily indebted states of India.

Punjab's debt/GSDP is budgeted at 53.3% in FY22. With the fiscal deficit budgeted at Rs 242.4 billion (4.6% of GSDP), interest burden at Rs 203.2 billion (3.8% of GSDP) and outstanding liability at Rs 2.83 trillion, Punjab can ill afford more subsidy. However, with new government in power which had made a number of promises including free power to every household up to 300 units, Rs 1,000 per month to every adult woman and free medical treatment via Mohalla clinics, Punjab is staring at an even larger subsidy bill.

India Rating expects "the promise of free power to each household up to 300 units alone to more than double the power subsidy bill (FY22BE: Rs 106.21 billion) of Punjab in FY23."

Although Rajasthan did not witness assembly elections this year, its subsidy amount is budgeted at Rs 188.5 billion for FY22 with fiscal deficit budgeted at Rs 476.5 billion (4.0% of GSDP), interest burden at Rs 283.6 billion (2.4% of GSDP) and outstanding liability at Rs 4.77 trillion (39.8% of GSDP).

The situation in many other states is equally precarious, despite them not figuring in the top five on the basis of either absolute subsidy or subsidy as a percentage of GSDP.

For example, Uttar Pradesh, whose fiscal deficit was budgeted at Rs 901.3 billion (4.7% of GSDP), interest burden at Rs 435.3 billion (2.3% of GSDP) and outstanding liability at Rs 6.53 trillion (34.2% of GSDP) in FY22, is now staring at the impact of the poll promises the new government made in the FY23 budget which include free electricity for irrigation and two free cylinders to Ujjwala Yojana beneficiaries for Holi and Diwali every year, the rating agency said.

It may, however, be worth noting that the focus of freebies/subsidies has also undergone a change over the years. While farm loan waiver was at the centre stage of state elections during FY15-FY17, free power has been at the centre stage in the recently concluded state elections. Another point worth noting is that the farm loan waivers announced in the past did not hit the state government finances abruptly as it was paid in a staggered manner. Another way of analysing the subsidy is to normalise it in terms of per capita. Here also, Chhattisgarh, Punjab and Karnataka remain in the top five, but Rajasthan and Bihar get replaced by Tamil Nadu and Haryana, it said. <https://www.financialexpress.com/economy/high-subsidies-to-worsen-finances-of-punjab-rajasthan/2508505/>

21. Poor Economics: Has India's poverty really fallen? ([financialexpress.com](https://www.financialexpress.com)) April 30, 2022

Bhalla, Bhasin and Virmani in a working paper (IMF), claimed India's poverty, per a \$1.9 per person per day poverty line (at PPP), was 0.9% of the population in 2020. Thanks to government transfer of free rations of 5 kg per person month, it fell to 0.8% (from 0.9% in 2019). Roy and de Velt, for the World Bank (WB), claim poverty fell from 22.5% to 10.2% between 2011 and 2019. Remarkably, both papers contradict the WB's official publications, which state that, as a result of Covid, poverty will increase by 88-115 million in 2020, and the largest contributor to this would be India.

Naturally, the media in India has lapped up these conclusions, and purveyed them widely, to the delight of the government. Therefore, the papers deserve a thorough examination, both for their methodology and findings.

First, Bhalla et al use National Accounts Statistics (NAS) to estimate private final consumption expenditure, then used to estimate poverty. Practically no one in the world uses NAS estimates of consumption. It overestimates consumption. That has never prevented Bhalla from using it.

Second, they don't use household surveys of consumption expenditure (CES), widely used for estimating poverty (including by the WB, relying upon Living Standard Measurement Surveys). Historically, in India, poverty estimation has used the CES. The last one, in 2017-18, followed demonetisation and a hurried GST, which adversely affected the unorganised

sector that employs 85% of non-farm workers. That CES showed contraction of rural consumption by 8% and a mere 2% rise in urban, compared to 2011-12.

Third, they ignore data on inequality, rising unemployment, falling employment rates, falling wage rates and rising food inflation. Inequality had fallen between 2012 and 2019, primarily because all consumption was getting compressed and trending downwards. However, the recent PRICE, PEW and Oxfam inequality reports showed income inequality increased during pandemic, as the income of 84% households fell. While unemployment rate increased from 2.2% to 5.8% between 2012 and 2019, the youth unemployment rate increased from 6% to 17%. The share of working-age population with work declined from 38.6% to 35.3%, and, for youth from 42% to 31.5%. The falling wage rates since 2012 are consistent with falling GDP growth rates, especially since 2016. Moreover, a food inflation rate of 31% between July 2020 and July 2021 (RBI Bulletin August 2021), would wipe out the impact of the 5kg of free grain; add to that the fuel inflation, thanks to wilful taxes.

Roy and de Velt (2022) find a reduction in poverty between 2011 and 2019, based on CMIE's Consumer Pyramids Household Survey (CPHS). Their results could be misleading for several reasons. Although CPHS collects detailed expenditure information on about 115 items of household consumption, on a longitudinal basis (covering 174,000 households from 28 states), it suffers from criticisms.

The CPHS adopts a measure of consumption that is not comparable to that of the NSS, due to differences in survey instruments. Furthermore, Dreze and others have questioned the representativeness of the survey compared to the NSS surveys, due to differences in sample design and geographical coverage. These differences will have important impacts on poverty estimates for India.

On sample design, absence of a second-stage stratification puts a question on representation of households from both ends of the income distribution. By contrast, in the NSS, representation of urban households from the 1st to 6th deciles of the distribution is embedded into the sampling design. Homeless people or families living in construction sites are excluded in CPHS survey. This also contributes to under-coverage of the poorest households in CPHS. Then, the differences in instruments. The NSSO uses a more detailed consumption module comprising over 345 items, compared to CPHS's 114 unique items. Additionally, the NSS expenditure based on uniform recall period captures household consumption over the past 30 days, whereas the CPHS collects consumption based on the past four calendar months. Differences in recall periods across surveys can have large impacts on poverty estimates. The shares of households with access to electricity, water, toilet and ownership of a TV and refrigerator are notably higher in CPHS-2015 and -2019 compared to NFHS from the same years.

The undereducated are severely under-represented in the CPHS, with only 2% of the 2018 adult population having not received a formal education. By comparison, the NSSO's Periodic Labor Force Survey (PLFS) from the same year pegs the share of adults without formal education at 17%. By 2019, adults without formal education are virtually eliminated from the CPHS sample, while the PLFS estimates this at 17%. Basole et al (2021) find that average real incomes in the CPHS of 2018 are about 30% higher when compared to the PLFS from the same year.

Moreover, as Roy notes, the Gini coefficient of inequality using CPHS weights would rank urban India on a par with Sweden, the 25th most equitable country. However, NSS-2011 would rank urban India close to the 60th most unequal.

Thus, comparing expenditure and non-expenditure statistics derived from the CPHS to those obtained from nationally representative benchmark surveys shows that: (1) CPHS under-represents the poorest as well as the richest households in the population; and (2) under-coverage of the poor and the rich is more pronounced in urban areas. Roy adjusts for these differences, but strong differences remain between consumption in estimates based on CPHS and NSSO. Roy then uses regressions to arrive at poverty estimates for India. However, Roy's pass-through methodology based estimation of poverty is subject to strong assumptions. Hence, the estimates based on this are questionable. Moreover, the regression based estimation of the Log consumption per capita also suffers from problems of endogeneity (due to use of "consumption categories/heads" and "level of education" as the explanatory variables) and excluded regressors (family wage income, number of earning members in the family, and land holdings, etc). These two issues normally produce biased and inconsistent regressor estimates. Hence, the prediction based on this model may not be reliable.

Meanwhile, based on the Tendulkar's extended poverty line (from 2011-12 to 2019-20) taking CPI inflation into account and after due adjustments between CES and NSSO's Employment Survey (2011-12) EUS discrepancies, we found that the incidence of poverty between 2011-12 and 2019-20 decreased only about 1 percentage point (from 21.9% to 20.8%). While the incidence of rural poverty declined from 25.7% to 25.2%, in urban India, it declined from 13.7% to 12.4%. But the number of poor actually increased between 2011-12 and 2019-20 due to increased total population. The increase in number of poor in rural areas (from 217 to 235 million) is much higher than the 3 million fall (from 53 to 50 million) in urban India. <https://www.financialexpress.com/opinion/poor-economics-has-indias-poverty-really-fallen/2508324/>

22. Economy to take till 2035 to overcome Covid losses: RBI ([indianexpress.com](https://www.indianexpress.com)) Updated: April 30, 2022

India is likely to take another 13 years to overcome the losses incurred due to the Covid pandemic that hit the country in March 2020, says a Reserve Bank of India (RBI) report.

Taking the actual growth rate of (-) 6.6 per cent for 2020-21, 8.9 per cent for 2021-22 and assuming growth rate of 7.2 per cent for 2022-23, and 7.5 per cent beyond that, India is expected to overcome Covid-19 losses in 2034-35, according to the RBI's Report on currency and Finance in 2021-22.

The central bank said the output losses for individual years have been worked out to Rs 19.1 lakh crore, Rs 17.1 lakh crore and Rs 16.4 lakh crore for 2020- 21, 2021-22 and 2022-23, respectively.

"The pandemic is not yet over," the RBI said. A fresh wave of Covid has hit China, South Korea and several parts of Europe. However, various economies are reacting divergently ranging from a no-Covid policy in some jurisdictions (e.g., China, Hong Kong and Bhutan) on the one hand to those with relatively open borders and removal of internal restrictions (e.g., Denmark and the UK), it said.

"In India, the restriction levels are being dynamically calibrated at local levels in response to the evolving situation," the RBI said. With the ongoing Russia-Ukraine conflict, the downward

risks to global and domestic growth are getting accentuated through surge in commodity prices and global supply chain disruptions, it added.

The supply constraints and longer delivery times pushed up shipping costs, commodity prices, thereby intensifying inflationary pressures and threatening the nascent economic recovery across the world. India too felt the pressure from the global supply chain disruptions with the supplier's delivery time falling to its lowest point of 29.5 in April 2020, the report said.

The blueprint of reforms proposed in the RBI report revolves around seven wheels of economic progress: aggregate demand, aggregate supply, institutions, intermediaries and markets, macroeconomic stability and policy coordination, productivity and technological progress, and structural change and sustainability.

It said a feasible range for medium-term steady state GDP growth in India works out to 6.5–8.5 per cent, consistent with the blueprint of reforms. “Timely rebalancing of monetary and fiscal policies will likely be the first step in this journey,” the RBI report said.

It also said price stability is a necessary precondition for strong and sustainable growth. Reducing general government debt to below 66 per cent of GDP over the next five years is important to secure India's medium-term growth prospects, the RBI said.

The report suggested structural reforms including enhancing access to litigation free low-cost land, raising the quality of labour through public expenditure on education and health and the Skill India Mission, scaling up R&D activities with an emphasis on innovation and technology, creating an enabling environment for startups and unicorns, rationalisation of subsidies that promote inefficiencies and encouraging urban agglomerations by improving the housing and physical infrastructure.

“Industrial revolution 4.0 and committed transition to a net-zero emission target warrant a policy ecosystem that facilitates provision of adequate access to risk capital and a globally competitive environment for doing business,” it said.

‘Wean away PSU banks from dependence on govt recap’

The RBI said PSU banks should not be dependent on the government for recapitalisation. In the medium term, it is necessary to wean away PSBs from their dependence on government recapitalisation, this will be an important pre-condition to achieve greater privatisation of the sector, said the RBI's Report on currency and Finance.

To increase the competition in the banking sector and to introduce innovation, the RBI's ‘on tap’ licensing policy for universal and small finance banks may be used effectively. However, capital infusion should not become a substitute for better governance and risk controls, it said. <https://indianexpress.com/article/business/economy/economy-to-take-till-2035-to-overcome-covid-losses-rbi-7894252/>

23. An avoidable crisis? (millenniumpost.in) 1 May 2022

Multiple states across India are witnessing power crises — a phenomenon that characterises the April-October period on an annual basis. Like preceding years, states are going through extensive power cuts and administrations are wildly searching for quick fix solutions. Generally, with summers getting hotter after April, states and UTs witness a surge in power

demand and, for any reason, if the supply of coal is hampered, the situation becomes worse. In Delhi, for instance, the power demand has touched above 6,000 MW on a daily basis but coal stocks have been on a decline. Uttar Pradesh, too, has a power deficit of 3,000 MW; only 20,000 MW of the total demand of 23,000 MW could be achieved. The Union Territory of Jammu & Kashmir is also reeling under a similar crisis with the production being just half of the total demand. Certain states in southern, eastern and Western parts of the country are also facing the power crisis. The primary reason is India's overdependence on coal for power generation. It is estimated that of the total capacity of 396 GW, coal-based power generation accounts for 210 GW — more than half of the overall capacity. This overdependence on coal for power generation is a major problem which will only get worse in the coming future; the reason for this is straight and simple — coal stocks are limited and their exploitation follows a one-way route, towards irreversible depletion. Availability of coal is not the only concern. The shortage is also magnified by the existing lacunae in the mobilisation of coal resources. Effective mobilisation can be made possible through efficient collaboration among the Coal Ministry, Power Ministry and the Railways Ministry. While the Railway ministry contributes by providing the required coal rakes, the Coal ministry is involved in loading and unloading of the rakes. The two ministries are integral to the fulfilment of the targets set by the Power ministry. Present estimates show that production of coal is ample throughout the country. The core issue is mobilisation. Such a lack of coordination is inexplicable as the process is more of routine nature, rather than being a one-off problem. A part of the problem can be solved if authorities plug in these loopholes without delay. Monitoring mechanisms also need to function rigorously in tandem to avoid slippages. Furthermore, with the range of climactic aberrations and exorbitant heat we are witnessing, the governments must ensure strict compliance of coal stocking norms on the part of thermal power plants. Notably, the current guidelines for 2022-23 advise the import of 36 MT of coal for emergency blending by plants to ensure the mandatory maintenance of stocking limits. Coal supplies also get hampered by climatic conditions like irregular precipitation and other things. Precautionary measures must be devised on this front. While effective mobilisation of coal resources and strict compliance to coal stocking norms can strengthen the supply side and bridge the gap of rising power demand in the immediate future, there also has to be a long-term solution in sight to strategically shift from coal energy to renewables for power generation. The sooner we realise that coal cannot be depended upon for longer duration, the better we can ward off more grave power crises in coming years and decades. The decision to shift from coal to renewables should, however, be made very tactically and meticulously. Examples from certain countries show that abrupt shift from coal to renewables has led to more problems than providing answers. In any case, the problem of the recurring coal crisis should no longer be seen through the traditional lens. It is closely associated with dynamic climatic shifts. It is high time that all the stakeholders come together and chalk out a plan that would reduce the power sector's dependence on coal and incorporate more sustainable options in the solution framework. The climate is changing very fast, we cannot afford to act in a slow <http://www.millenniumpost.in/editorial/an-avoidable-crisis-476272?infinite-scroll=1>

24. Ayushman Bharat's short-term impact is beneficial (thehindubusinessline.com) May 01, 2022

Poor households in States that have implemented the scheme have seen significant reduction in out of pocket expenses

The recent Assembly election results have sparked a fresh round of discussion about the socio-economic impact of the social sector schemes launched by the Central government. One such

scheme is the national-level health insurance scheme popularly known as the Ayushman Bharat.

In a recent working paper (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4063386), shows that apart from other benefits, the implementation of the Ayushman Bharat program is associated with a 21 per cent decline in out of pocket health expenditure and an 8 per cent reduction in the tendency to borrow emergency loans for health purposes, among poor households.

Given the well-known constraints on state capacity to deliver social welfare programmes, it is essential to test the short-term impact of various programmes to gauge whether they are being executed as implemented. Given the scale of the programme — the Ayushman Bharat aims to cover nearly 10 crore households at the bottom of the income distribution — implementing it efficiently is challenging.

A large number of beneficiary households using health insurance instead of borrowing when faced with health emergencies and consequently experiencing a reduction in out-of-pocket expenditure relating to health insurance credibly indicate the effective programme implementation.

Ayushman Bharat could improve human capital by increasing access to curative and preventive healthcare in the long run. It is too early to comment on the long-term impact of the programme. Therefore, the focus here is on the short-term impact of health-related borrowing and out-of-pocket expenditure.

Plethora of schemes

Given the plethora of social sector schemes announced by both the Central and State governments, it is hard to identify and disentangle the impact of a particular intervention. A typical beneficiary of Ayushman Bharat could also be a beneficiary of some other State-level or Central social sector schemes, and therefore, it is generally hard to attribute any impact on a particular scheme. In this context, the fact that some States did not implement the Ayushman Bharat scheme, primarily due to political reasons, can be used for identification.

Any change, theoretically linked to health insurance in Ayushman Bharat implemented regions compared to the non-implemented areas can be reasonably attributed to the programme.

Further refinement by way of comparison between the border districts of the non-implemented States and the contiguous districts belonging to the implemented States in terms of change in outcome is likely to identify the programme's impact tightly. The border district identification strategy is used in the paper.

Household survey data provided by the Center For Monitoring Indian Economy (CMIE) is used in this study. The survey asks households about their income, sources of income, expenditure, break up of expenditure, among other things. The survey also records the health-related out-of-pocket spending.

In addition, the CMIE conducts three waves of surveys in a year wherein they ask the households about health-related indebtedness. This survey records whether a household has borrowed for health purposes during the survey period of four months.

Although the programme was launched in 2018, it took some time to do the groundwork such as empanelment of hospitals, the issue of health cards, the spread of information, etc. Therefore, the survey round ending April 2019 (starting December 2018) is the first complete survey after Ayushman Bharat was implemented. The study period ends in March 2020 to avoid the impact of the ongoing pandemic confounding the results.

Districts in the sample that implemented Ayushman Bharat, households that are eligible for Ayushman Bharat and fall in the bottom 10 per cent of the income distribution experienced a reduction in out-of-pocket expenditure on health by about 1 per cent after the implementation of the programme.

Interestingly, in a sample of similar households belonging to the adjoining districts that belong to States that did not implement Ayushman Bharat, there is a 20 per cent plus increase in out-of-pocket expenditure on health.

Given the unlikely possibility of neighbouring districts systematically differing in terms of health shocks, it is reasonable to conclude that the programme caused a 21 per cent reduction in out-of-pocket health expenditure within two years of its implementation.

In other words, poor households in Ayushman Bharat implemented regions spent about 21 per cent less on health care than comparable households in non-implemented regions. Interestingly, this pattern is not visible when affluent households that are unlikely to be Ayushman Bharat beneficiaries are considered.

A similar pattern is observed when borrowings related to health emergencies are examined. The programme reduced the probability of such borrowings by about 8 per cent. Once again, this pattern is seen only among poor households, the likely Ayushman Bharat beneficiaries, and not among wealthy households.

Also, using data from a credit bureau, there is no significant decline in other types of borrowings. Thus, the decline in health-related borrowing does not reflect a general reduction in credit supply in Ayushman implemented regions.

A reader may worry that the reduction in health care spending and borrowing reflects households skipping treatment rather than using insurance. There are two pieces of evidence against this hypothesis using data from multiple rounds of the National Family Health Survey. Both health insurance coverage and the average health situation improved in Ayushman Bharat implemented districts when compared to their neighboring districts that did not implement the programme. The 2020-21 Economic Survey records a similar finding.

The results from my study suggest that the Ayushman Bharat programme is achieving its primary purpose in the short run. It remains to be seen whether the programme leads to a significant improvement in human capital in the long run. <https://www.thehindubusinessline.com/opinion/ayushman-bharats-short-term-impact-is-beneficial/article65372763.ece>

25. India's submarine plans in deep water ([deccanherald.com](https://www.deccanherald.com)) April 30, 2022

For a submarine-deficient navy, the release of Vagsheer — the last of six Indian-made Scorpene-class submarines — into the water for trial eleven days ago, is undoubtedly good

news. After two decades, the Indian Navy finally has six new underwater boats, four of which (Kalvari, Khanderi, Karanj and Vela) are in service and the others (Vagir and Vagsheer) will be commissioned by early 2023.

Underneath the surface, however, are palpable signs of worry. The Narendra Modi government has failed to conclude the construction of six more conventional submarines with Air-Independent Propulsion (AIP) that allows submersion for longer periods of time under Project-75I, even after eight years in power. With the Ministry of Defence extending the deadline to respond to the tender until June 2022, it is unclear if a commercial deal with the winning bidder would be realised before the 2024 polls. Such agreements often run into thousands of pages and involve protracted negotiations that can continue for months.

As a consequence, the assembly line that was buzzing with activity now wears a deserted look. The naval community had long warned that such a situation could arise. Acquired over many years, the technical skills to manufacture a submarine will be lost if a fresh order doesn't come soon and the chances seem remote.

For India, there is a sense of déjà vu in the vacant yards of Mazgaon dock in Mumbai. This is the same place that witnessed the consequences of the Howaldtswerke-Deutsche Werft (HDW) scam three decades ago, freezing India's first steps in building submarines in its tracks.

In December 1967, India got its first submarine, a Foxtrot class (the first INS Kalvari) from the then USSR. By 1974, there were eight such submarines. In 1981, New Delhi entered into an agreement with HDW, a German firm, to buy two Type 209 submarines. Two others were to be manufactured at Mazgaon Dock Limited (MDL). The idea was to give the workforce at MDL a chance to acquire the required skills with the ultimate aim of establishing an indigenous assembly line.

The programme did not proceed that far. While MDL was making the two boats — INS Shalki and INS Shankul — the HDW scam in which then defence minister V P Singh ordered an enquiry into allegations of pay-off in purchasing the submarines broke out. With politics overriding military imperatives, the Centre cut its links with the German firm and did not use the 'option clause' in the agreement for the construction of two additional submarines. The production line was shut and skilled MDL workers migrated to other places.

Meanwhile, China did not stay idle. The People's Liberation Army decided to shift its focus from land-based force to shoring up naval resources. It aimed to dominate the strategic Indian Ocean region through which the bulk of the world's cargo and oil moves.

A report by the Pentagon in 2021 suggests that the PLA Navy (PLAN) currently operates 46 conventional submarines (SSK), six nuclear-powered ballistic missile submarines (SSBN) and six nuclear-powered attack submarines (SSN). "The PLAN will likely maintain between 65 and 70 submarines through the 2020s, replacing older units with more capable units on a near one-to-one basis," the report said.

Since the last decade, the PLAN has begun deploying its submarines, demonstrating its increasing familiarity with operating in that region and underscoring China's interest in protecting sea lines of communication beyond the South China Sea.

Moreover, Beijing is supplying eight new submarines to Islamabad making Pakistan's SSK total 11 (all with AIP) in the near future. It is also helping Bangladesh in the construction of a submarine base, which China can use to berth their submarines that are on long-range deployment.

“By 2028-29 we will face a lot of pressure in the Indian Ocean on the submarine front as most of our Kilo-class submarines may be out of action,” Commodore Anil Jai Singh (retd), an Indian Navy submariner, who was involved in drafting the 1999 plan told DH.

The Russian submarines are the mainstay of the Indian fleet for the past two decades. While looking for a replacement for the old Foxtrots, New Delhi turned to Moscow and ended up buying ten Kilo-class boats, the first of which came from Russia in the mid-1980s.

Two of the Russian submarines are no longer in service. INS Sindhurakshak exploded and sank near Mumbai in 2013 and India gifted the decommissioned INS Sindhuvir to the Myanmar Navy. Seven out of the eight remaining boats have surpassed their lifespan of 25 years but are still functioning thanks to multiple upgrades which cost hundreds of crores. The sole Kilo-class boat still left with some of its designed life is INS Sindhusashtra which was commissioned in 2000.

In February 1999, the Cabinet Committee on Security approved a 30-year plan that envisaged two production lines – P-75 and P-75I – to make 12 submarines at two Indian shipyards. The plan was to use the experience gained in the process for subsequent indigenous design and manufacturing so that the first set of home-grown submarines would come out by 2030. This would line up with when the last few Kilo-class submarines would be at the end of their lifespan.

A mistake

The UPA government under Manmohan Singh signed the Rs 23,653 crore P-75 deal in 2005. As per the contract, the French supplier DCNS was to deliver all the six submarines — manufactured at MDL — by 2012. Though the 30-year plan envisaged two production lines operating simultaneously, the government decided to go for only one. This was a mistake.

The Scorpene programme was soon embroiled in all sorts of troubles, from political to technical. Even though all the six submarines were to be delivered by 2012, in reality, the first submarine was handed over to the Indian Navy only in 2017.

“Our submarine building programme is at least 15 years behind schedule,” said Commodore Dilbagh Singh, a retired Indian Navy submariner. “The reasons range from policy and bureaucracy to absence of capability in the Indian defence industry.”

The Naval Headquarters kept pushing the P-75I whose Acceptance of Necessity (AON) was issued multiple times and procurement-cum-manufacturing plans — some of which are foolhardy — were made, discussed and rejected. The project was more or less stuck when the Modi government took over in 2014.

The new government first introduced ambiguity in Defence Procurement Procedure in 2016 and subsequently came out with the idea of “strategic partnership” which further complicated the business. A new AON for the SP model was issued in 2018 and the global players responded.

A long way to go

The Defence Ministry last year approved the long-awaited project and a Rs 43,000 crore tender was issued. The five foreign vendors in contention are Rosoboronexport (Russia), Naval Group (formerly DCNS of France), Daewoo (South Korea), Thyssenkrupp Marine Systems (Germany) and Navantia (Spain). They would have to tie up with MDL and Larsen & Toubro which have been selected by the Defence Ministry as the manufacturing yards for P-75I. The deadline for submitting the bids was November but now has been extended to June 2022.

With AIP being a must for P-75I boats, the Russian, French and Spanish companies suffer a disadvantage as they lack the technology. Only South Korean and German firms have AIP technology but it remains to be seen how others overcome the handicap.

Even in the best-case scenario, it would take a few years for the Defence Ministry to complete negotiations with the technology supplier and sign on the dotted lines. The more the delay, the higher the chances of losing skill. “If we are delayed with the decision, the capacity to build the submarine will disappear,” noted Commodore Anil Jai Singh.

With China expanding its submarine fleet, the 30-year plan was modified in 2015 to incorporate the construction of six SSN. Since then very little has been heard of about the plans to build the nuclear-powered attack submarines. Even if everything on the SSN front happens on time, the first Indian SSN won't be in the water before the 2040s.

“There is a dichotomy between what we want and what we end up with. This is clearly visible on the submarine front,” summed up Commodore Singh. <https://www.deccanherald.com/specials/india-s-submarine-plans-in-deep-water-1105401.html>

26. Online defence procurement sees 250% jump, touches record high of Rs 15,000 crore ([indiatoday.in](https://www.indiatoday.in)) April 30, 2022

Procurement orders through the Government e-Market (GeM) portal by the Ministry of Defence (MoD) reached an all-time high of Rs 15,047.98 crore for the financial Year 2021-22.

It is a jump of more than 250 per cent over the last financial year. The GeM was started in August 2016 to revamp the old tender process and bring greater probity and transparency in government procurement through digitisation.

The Ministry of Defence in its statement said, “In a short span since its inception, the MoD has embraced the digital drive and embarked on this path with absolute resoluteness. Despite multiple challenges on the ground, the results have been astounding.”

The statement further added, “The MoD is committed to contribute significantly to the Government's vision of promoting digitisation and transparency in consonance with Digital India.” <https://www.indiatoday.in/defence/story/jump-defence-ministry-procurement-gem-record-high-digitisation-1943916-2022-04-30>