NEWS ITEMS ON CAG/ AUDIT REPORTS (03.08.2022)

1. Delay in Srinagar-Leh power line project led to Rs 700 cr loss: CAG *(tribuneindia.com)* 03 August 2022

The Comptroller and Auditor General (CAG), in a report tabled in Parliament on Tuesday, spoke about the delay and losses in implementing the Srinagar-Leh power transmission system, undertaken by Power Grid Corporation of India Limited.

The CAG said that due to the delay in commissioning of the Srinagar-Leh transmission system, the hydropower stations at Chutak and Nimmo Bazgo in Ladakh operated in isolation and could not be optimally utilised as per their designed capacity, and the generation had to be curtailed. This mismatch in commissioning of generation and transmission projects consequently resulted in a loss of 1,602 million units of electricity generation and undue financial burden of Rs 700 crore.

The Chutak and Nimmo Bazgo power stations were commissioned in 2012-13 and 2013-14, respectively. The 220 kV transmission line between Srinagar and Leh was completed in 2019. It was in January 2014 that the Central Government had approved construction of this transmission system.

The planning of transmission system without considering prospective load of the Srinagar-Leh transmission line was envisaged in 2004 for 224 MW. The Planning Commission had in 2012 stated that such projected load was not realistic.

The CAG also said there was a mismatch of Srinagar-Leh transmission system with downstream network.

Four gas insulated substations (220/66 kV each) in Drass, Kargil, Khaltsi and Leh were to be interconnected with the transmission. The interconnection was completed for Kargil, Khaltsi and Leh, but the receiving substation was not made in Drass.

Power generation loss

-According to the CAG, due to the delay in the commissioning of the Srinagar-Leh power transmission system, hydropower stations at Chutak and Nimmo Bazgo couldn’t be optimally utilised.

-It resulted in a loss of 1,602 million units of electricity generation and undue financial burden of Rs 700 crore. https://www.tribuneindia.com/news/j-k/delay-in-srinagar-leh-power-line-project-led-to-700-cr-loss-cag-418249

2. NTPC-arm in Bihar failed to achieve CERC norms: CAG report *(economictimes.indiatimes.com, latestly.com)* 03 August 2022

NTPC-arm Kanti Bijlee Utpadan Nigam Ltd is not operating at full capacity and has failed to achieve norms fixed by the Central Electricity Regulatory Commission, according to a CAG report.

In a statement, the Comptroller and Auditor General of India (CAG) said it tabled a report in Parliament which includes three compliance audit paras on operational performance of KBUNL, fuel management in thermal power stations of Damodar Valley Corporation (DVC) and Srinagar Leh Transmission System implemented by Power Grid Corporation of India Limited (PGCIL).

Kanti Bijlee Utpadan Nigam Limited (KBUNL) had been set up in Bihar to revive the power plant of Bihar State Electricity Board and set up new projects to cater to power requirements of the nation.

"The company however, even after 15 years of its operation, was unable to operate at full capacity and its operations have continued to remain constrained.

"The company failed to achieve the norms fixed by CERC for gross station heat rate, auxiliary power consumption and specific fuel oil consumption due to nonscheduling of power for stage I units and installation of oversized machineries in stage II units," it said.

This resulted in higher cost of generation and non-recovery of energy charge rate. The projects under stage II units were delayed which resulted in time and cost overrun. The actual cost increased by 65 per cent (Rs 2,063 crore) over approved cost.

On fuel management in thermal power stations, it said the daily coal stock position in most of the power stations reached supercritical/ critical levels on many occasions.

"DVC incurred an opportunity loss of Rs 739.71 crore by not generating power due to shortage of coal. There were also cases of transit and handling loss of coal beyond norms that led to loss of Rs 201.92 crore. Loss of Rs 323.34 crore was passed on to customers by DVC due to higher grade of coal," it said.

The DVC also suffered a loss of Rs 62.41 crore on account of consumption of fuel oil more than norms. All the deficiencies continuing over the years underline the lack of seriousness on the part of the DVC in ensuring effective management of fuel.

The findings also said that "the process of award of contracts and their execution by PGCIL also suffered from various inadequacies like laxity in finalisation of scope of contracts, frequent revisions in line length, tower quantity & type of towers, which resulted in delay in completion of project." https://energy.economictimes.indiatimes.com/news/power/ntpc-arm-in-bihar-failed-to-achieve-cerc-norms-cag-report/93311598

3. NTPC unit in Bihar failed to meet CERC norms: CAG *(newsdayexpress.com)* 02 August 2022

The CAG has pulled up NTPC's unit Kanti Bijli Utpadan Nigam Limited for not working at full capacity and failing to meet the norms set by the Central Electricity Regulatory Commission (CERC).

The Comptroller and Auditor General of India (CAG) in a statement said that it has tabled a report in Parliament, showing the operational performance of Kanti Bijli

Utpadan Nigam Limited (KBUNL), Damodar Valley Corporation (DVC) and temperature of Srinagar Leh transmission system. Contains three compliance audit paras on fuel management in power stations.

KBUNL was established to revive the power plant of Bihar State Electricity Board and meet the power requirements of the country.

“However, after 15 years of its operation, the company is unable to operate at full capacity and its operations continue to be hampered,” the report said.

According to the CAG report, the company failed to meet the criteria laid down by the CERC.

Projects under Phase-II were delayed, leading to time and cost overruns. The actual cost exceeded the sanctioned cost by 65 per cent (Rs 2,063 crore).

With regard to fuel management in thermal power stations, the CAG observed that the daily coal stock situation in most of the power stations had reached very critical or critical levels on several occasions.

“DVC could not earn Rs 739.71 crore due to non-generation of power due to shortage of coal,” the report said. There was also a loss of Rs 201.92 crore on account of transit and handling of coal beyond norms. Due to higher grade of coal, DVC passed on the loss of Rs 323.34 crore to the customers.

DVC suffered a loss of Rs 62.41 crore due to consumption of fuel oil in excess of the norm. https://www.newsdayexpress.com/business/ntpc-unit-in-bihar-failed-to-meet-cerc-norms-cag/

4. बिहार में एनटीपीसी की इकाई सीईआरसी के मानदंडों को हासिल करने में विफल रही: कैग *(hindi.theprint.in)* 02 August 2022

कैग ने पूरी क्षमता से काम नहीं करने और केंद्रीय विद्युत विनियामक आयोग (सीईआरसी) के निर्धारित मानदंडों को हासिल करने में विफल रहने को लेकर एनटीपीसी की इकाई कांटी बिजली उत्पादन निगम लिमिटेड की खिंचाई की है।

भारत के नियंत्रक और महालेखा परीक्षक (कैग) ने एक बयान में कहा कि उसने संसद में एक रिपोर्ट पेश की है, जिसमें कांटी बिजली उत्पादन निगम लिमिटेड (केबीयूएनएल) के परिचालन प्रदर्शन, दामोदर घाटी निगम (डीवीसी) और श्रीनगर लेह ट्रांसमिशन सिस्टम के ताप बिजलीघरों में ईंधन प्रबंधन पर तीन अनुपालन ऑडिट पैरा शामिल हैं।

बिहार राज्य बिजली बोर्ड के बिजली संयंत्र को पुनर्जीवित करने और देश की बिजली आवश्यकताओं को पूरा करने के लिए केबीयूएनएल की स्थापना की गई थी।

रिपोर्ट में कहा गया,
“कंपनी हालांकि, अपने संचालन के 15 वर्षों के बाद भी पूरी क्षमता से काम करने में असमर्थ है और इस के संचालन में बाधा बनी हुई है।”

कैग की रिपोर्ट के मुताबिक कंपनी सीईआरसी द्वारा निर्धारित मानदंडों को हासिल करने में विफल रही।

चरण-
2 के तहत परियोजनाओं में देरी हुई, जिसके चलते समय और लागत बढ़ गई। स्वीकृत लागत से वास्तविक लागत 65 प्रतिशत (2,063 करोड़ रुपये) अधिक हो गई।

ताप बिजलीघरों में ईंधन प्रबंधन के बारे में कैग ने कहा कि अधिकतर बिजलीघरों में दैनिक कोयला भंडार की स्थिति कई मौकों पर अत्यधिक गंभीर या गंभीर स्तर तक पहुंच गई थी।

रिपोर्ट में कहा गया,
“डीवीसी कोयले की कमी के कारण बिजली पैदा नहीं करने से 739.71 करोड़ रुपये अर्जित नहीं कर सकी। नियमों से परे कोयले के पारगमन और हैंडलिंग के चलते भी 201.92 करोड़ रुपये का नुकसान हुआ। कोयले के उच्च ग्रेड के कारण डीवीसी ने 323.34 करोड़ रुपये का नुकसान का बोझ ग्राहकों पर डाला।”

मानक से अधिक ईंधन तेल की खपत के कारण डीवीसी को 62.41 करोड़ रुपये का नुकसान हुआ। https://hindi.theprint.in/india/economy/ntpc-unit-in-bihar-failed-to-meet-cerc-norms-cag/367162/

5. From 2G to 5G spectrum: How Chawla panel put value to natural resources *(downtoearth.org.in)* 02 August 2022

The auction for fifth generation (5G) telecom spectrum has generated revenue of over Rs 1,50,173 crore, bringing to light the value of overlooked natural resources. A recent Comptroller and Auditor General of India report had also highlighted gaps in spectrum allocations, finding a large quantity of spectrum lying idle.

The 2G spectrum scam had brought forward the value of the natural resources, specially spectrum, for the first time. Over 120 spectrum licences were allegedly sold for very low prices and a CAG report pegged the losses to the exchequer at Rs 1.76 lakh crore.

A high-power committee was set up by the central government in January 2011 to examine the approach on how to allocate natural resources. The panel was headed by former finance secretary Ashok Chawla and was asked to prepare a roadmap for efficient and transparent distribution of resources like spectrum.

The panel looked into eight natural resources: Coal, minerals, spectrum, petroleum, natural gas, land, water and forests. The Manmohan Singh-led central government accepted 69 out of the 81 recommendations of the committee.

Let us take a look at some suggestions the panel had made.

Spectrum

Spectrum should be allocated to companies only through market-related processes such as auctions, the panel had said. Allocation should be unbundled from the issuing of licences, so that companies can trade spectrum, it had said.

The panel also called for an integrated legislative framework for spectrum management — for both commercial and non-commercial frequency bands — for optimal use of resources.

Land

The panel recommended clearing a public database of government land and its allocation for transparency. It had also recommended e-auction or competitive bidding for allocation.

The government can earn a “higher income in the form of ground rent”, by regularly updating the rates in line with the market rate, the report suggested.

Forests

The panel said a scientific public domain database of forest clearances should be established and all decisions should be publicly available.

It also recommended that state forest departments should build up their capacities to avoid delay in forest clearances. However, the recommendation does not look into rights of forest dwellers and is only aimed at expediting the forest clearance process.

The report also said degraded forests should be de-reserved and allowed to be diverted.

The Ministry of Environment & Forests uses a net present value-based formula for the valuation of trees to determine penalties to project developers who cut them.

The panel also called for striking a balance between the value of the use for which the forest is needed — like extracting minerals — and the value of the forest itself.

Natural gas.

The panel recommended market-based pricing for natural gas, with the price of imported LNG acting as a cap.

However, the prices for natural gas to produce urea should be fixed by the government, it said, keeping in view the critical needs of the agriculture sector and food security.

Petroleum

The committee called the New Exploration Licensing Policy a “benchmark for transparency in the natural resources sector”. However, it called for all blocks to be identified in a national registry that will put the data in public domain.

Coal

The report by the panel said that there were legal hurdles to ending Coal India's monopoly. It recommended that independent mining companies should be allowed to supply to end-users. A trading platform for imported and surplus coal was also recommended.

Minerals
The panel recommended moving away from the first come first served allocation to an auction-based method. It also suggested shifting to market-based pricing for metals, minerals and other fossil fuels.

It also called for development of areas being mined. “A significant portion of the revenue should be used to ensure all round development of the mineral bearing areas,” it said.

Water
The panel pointed out the need for a comprehensive national legislation on water in the country. There is a lack of an overall integrated system of water management, which can harmonise various aspects of water use, it said, calling for an umbrella legislation to regulate water use.

However, the report was silent on allocation of water for industrial use. https://www.downtoearth.org.in/news/science-technology/from-2g-to-5g-spectrum-how-chawla-panel-put-value-to-natural-resources-84110

6. Let public, pvt sectors thrive together *(telanganatoday.com)* 3 AUGUST 22

The Comptroller and Auditor General (CAG) of India’s report on Central Public Sector Enterprises (CPSEs) presented to Parliament in December 2021 showed mixed results – the good, the bad and the downright ugly. After examining a total of 607 CPSEs as on 31 March 2020, the picture brought out by CAG is quite dismal. The report disclosed diminishing returns for the government and the taxing drain of public resources by many mismanaged PSUs.

The investments in government companies and corporations increased 23.15% to Rs 28,99,833 crore in 2019-20 from Rs 23,54,708 crore in 2018-19. Return on equity in the case of 224 CPSEs was 15.31%. Three sectors, namely power, petroleum and coal, and lignite contributed maximum profits — Rs 95,311 crore — to the Centre’s kitty and accounted for 67.61% of the total profits of government companies. However, 181 government companies incurred losses during 2019-20. Of this, 115 CPSEs incurred losses for three to five years continuously for the last five years.

In addition to CPSEs, State government-owned PSUs and statutory corporations are under financial stress. These include State Road Transport Corporations, electricity generation & distribution companies and financial companies. Losses incurred by State PSUs accumulated at a whopping Rs 97,078.61 crore which is almost three times that of central PSUs as on 31 March 2020. No doubt, the PSUs are bleeding.

Common Problems

Some common problems for such huge losses include the usage of old and obsolete plants and machinery, outdated technology and practices, excess manpower, extravagant trade unionism and weak marketing strategies. Other deterrent factors are allocation of inadequate resources, delays in filling top posts, tight regulations and procedures for investment and restrictions on the functional autonomy of employees.

In the initial periods, certain PSUs were advised to invest in infrastructure/capital expenditure to provide services in different parts of the country, but subsequently, rules/policies were framed to extend preferential treatment to private players. PSUs are headed by persons with zero domain knowledge instead of professionals in the relevant field. In certain sectors, inefficiency and indifference of employees due to job security too was a reason for the dismal performance. Improper price policy of the government is another factor which affects the price of their products or services. When a PSU is not making a profit, unlimited funding was made available without any rationale.

Strategies Adopted

No doubt, the government has made earnest efforts to revive loss-making PSUs. The Ministry of Disinvestment was created in 1999 and its objective was not just to raise revenue, but also to improve the efficiency of PSUs. The Board for Reconstruction of Public Sector Enterprises (BIFR) was created to track their performance and advise the government on restructuring, revival, investment etc.

Three categories of PSUs were formed: Maharatnas, Navaratnas and Miniratnas and performance contracts/MoUs were signed with the government to provide incentives for better performance. Now the Board has been scrapped as part of a new strategy to revive and disinvest sick public sector units. In a few cases, the closure of CPSEs has been approved by the government as there is no point in putting more money in the sinking ship.

The government announced the policy of strategic disinvestment on 1 Feb 2021. It aims to sell a substantial portion of its stake to private players in both loss and profit-making PSUs and use the proceeds to finance various social sector and development programmes.

In the initial years, the public sector occupied the commanding heights and played a key role in catalysing industrialisation, regional development, national security and fulfilment of a host of national goals.

The limitation of the earlier development model led to a significant course change after 1991 – the post-liberalisation shifts to markets and the private sector as engines of growth. The elements of liberalisation involved free entry to private sector firms in industries reserved exclusively for PSUs and disinvestment of a small part of the government's shareholding and listing of PSUs on the stock exchange.

Strategic Disinvestment

It is pertinent to mention that India has not gone for large-scale privatisation/strategic disinvestment in contrast to many other countries in East Europe and Latin America. There is a need to fine-tune the policy of strategic disinvestment. The perpetually loss-making PSUs of both the Centre and States are a huge burden on the country's sagging economy. The colossal amount of capital stuck in these enterprises could be used to boost public spending on healthcare, education and infrastructure considerably and create new job opportunities.

A curb should be imposed on PSUs to disallow them from floating new subsidiaries or joint ventures to stop the proliferation of these enterprises further. Utmost care may be exercised to appoint PSUs' chairmen to drive performance and they should be apolitical. PSUs should be allowed to function with full autonomy coupled with corporate governance and business standards. Accountability should be fixed for all decisions taken by them.

The Department of Public Enterprises has initiated revamping of performance monitoring systems of CPSEs to make them more transparent, objective and forward-looking based on sectoral indices. More performance contracts/MoUs must be executed by stipulating timelines for ailing PSUs failing which they may be wound up or taken over by private players.

Differential treatment for service and non-service sector PSUs is much needed. Disinvestment is the right approach for the PSUs in the service sector whereas, for the non-service sector, a mixed approach with a combination of disinvestment and performance contract/MoU is a prerequisite. Getting the government out of the business and laying the foundation for rapid growth by accelerating India's infrastructure plans is the road ahead. A ten-year plan to divest at least 49% of state holdings in PSUs may be chalked out on a need basis. Thereafter shifting the proceeds into the strategic investment fund must be worked out to focus on core infrastructure sectors.

Complete privatisation of PSUs is no panacea. As long as mixed economy remains the cardinal principle in our policy framework, PSUs will continue to be an important part. A right balance between the two sectors can perform better and meet the social and commercial targets of the economy. https://telanganatoday.com/opinion-let-public-pvt-sectors-thrive-together

7. Modi govt 'assures timely transfer of capex funds' as states decry reduced borrowing capacity *(theprint.in)* 03 August 2022

The Narendra Modi government has assured states that there will be no shortage of funds to spend on capital expenditure as they will be receiving timely transfer of their share in central taxes and their revenue deficit grants, The Print has learnt.

The assurance has come amid the states crying foul about the Centre slashing their funds that could be used for capital creation, after having determined their net borrowing capacity while taking liabilities of state entities into account.

According to calculations shared by finance ministry officials with The Print, the Centre expects states' own tax revenues in the current year to exceed that of the past two years. This despite more money being given to states to bridge the shortfall in their Goods and Services Tax (GST) compensation in 2020-21 and 2021-22, when Covid had ravaged their finances.

In 2021-22, the Centre transferred a total of Rs 2.59 lakh crore to the states as GST compensation — Rs 1 lakh crore of which was from the GST compensation cess collections, and the remaining Rs 1.59 lakh crore as back-to-back loans to states to make up for the shortfall in GST compensation cess.

"So, if you add the states' own tax revenues, plus the loan and compensation cess, in 2022-23, states are likely to exceed that amount [of the past two years]," a top government official told The Print on condition of anonymity.

Plus, with the increase in GST collections in the current year, the official added, states will have enough funds to spend on capital expenditure.

Replying to the debate on price rise in the ongoing Parliament session, Union Finance Minister Nirmala Sitharaman said Monday that the GST compensation to states till May 2022 has been paid by the Centre. She added that the compensation for June is pending, which will be cleared as soon as compensation demands from all states have been received.

At Rs 1.49 lakh crore, the GST mop-up for July 2022 was the second highest since the introduction of the indirect tax regime. The official quoted above said that last year, the average monthly GST collections were roughly Rs 1 lakh crore. However, so far in 2022-23, the collections have averaged around Rs 1.4 lakh crore. In April, they had touched a record Rs 1.68 lakh crore.

"Continuing the positive trend, this month's GST collections are 28 per cent higher compared to the collections in the same month last year," said Abhishek Jain, Partner, Indirect Tax, KPMG India.

"These consistent high collections indicate recovery from the pandemic and can also be attributed to inflation and tight check and balances implemented by the government. Further, with rationalisations being implemented, subsequent to the recent GST Council meet, these numbers may further go up in the coming months," he added.

Fuss over states' off-budget loans

In March, the finance ministry, while fixing the Net Borrowing Ceiling (NBC) of the states for FY 2022-23, had said that borrowings by state public sector companies/corporations or their special purpose vehicles (SPVs) and other equivalent instruments — where principal and interest are to be serviced out of the state budgets — shall be considered as borrowings made by the state itself.

This has resulted in a reduction of about Rs 40,000 crore from the NBC of states in 2022-23, a senior government official told ThePrint, adding that Telangana, Andhra Pradesh and Kerala are the worst-affected by this decision.

For 2022-23, the Centre has fixed a borrowing cap of Rs 8.57 lakh crore, or 3.5 per cent of states' Gross Domestic Product (GDP).

Under Article 293(3) of the Constitution, states can't borrow beyond their annual limits set by the Centre. However, the finance ministry has highlighted that many states have circumvented this rule, giving guarantees and mortgaging public assets.

In a presentation made to the chief secretaries of states in June, Union Finance Secretary T.V. Somanathan highlighted that five states — Andhra Pradesh, Uttar Pradesh, Punjab, Madhya Pradesh and Himachal Pradesh — raised up to Rs 47,316 crore in the two years ending March 2022 by "escrowing of future revenue".

Escrowing means using state assets in the safe custody of a financial institution to secure loans against them.

The Centre's data, according to the presentation, showed that Telangana has outstanding guarantees of Rs 1.35 lakh crore (around 11 per cent of the state's projected GDP in 2022-23), followed by Sikkim, Andhra Pradesh, Uttar Pradesh and Rajasthan. "Some states have large outstanding guarantees which pose a threat, if invoked," it was noted at the meeting in June.

Kerala Finance Minister K.N. Balagopal had written to Sitharaman last month, expressing concern over the reduction in revenue deficit grants, ending GST compensation from July, and factoring in borrowings by state entities and public account liability while fixing borrowing limits of states.

He blamed the finance ministry for putting the state in a financial crisis by slashing its resources by Rs 23,000 crore in the current financial year.

According to data with the Comptroller and Auditor General of India, the aggregate capital spending of 23 states declined by 10.3 per cent in the first two months of the current fiscal compared to last year, while also remaining lower than what was seen in the pre-Covid period. https://theprint.in/economy/modi-govt-assures-timely-transfer-of-capex-funds-as-states-decry-reduced-borrowing-capacity/1065679/

8. Dept of Financial Services (banking division), postal dept receive maximum graft-related grievances *(dailyexcelsior.com)* 03 August 2022

The Department of Financial Services (banking division), the Department of Personnel and Training and the Postal Department have received the maximum number of public grievances under the corruption category in the first six months of this year, according to an official report.

The DFS (banking division) is also on the top of the list of Government departments and ministries that got maximum number of public grievances under the "harassment/atrocities category" with 2,834 complaints received against it during the period.

The DFS division received 13,180 grievances during January 1 and July 25 under the corruption category, DoPT – which is the nodal authority for the anti-corruption related matters – got 2,086 and 1,592 plaints were raised against the Department of Posts, it said.

Besides them, the office of Comptroller and Auditor General (CAG) of India is also in the list with 1,739 grievances under the corruption category, 1,170 against Department of Consumer Affairs, 814 against Ministry of Skill Development and Entrepreneurship, 313 against Ministry of Cooperation and 283 against Department of Health and Family Welfare.

Giving details of the public grievances related under the harassment/atrocities category, the report prepared by the Department of Administrative Reforms and Public Grievances (DARPG) said 562 complaints were raised against the Ministry of Home Affairs, 465 against Coal Ministry, 426 against Ministry of Tribal Affairs, 268 against Ministry of Labour and Employment and 172 against Department of Consumer Affairs.

As many as 6,52,088 public grievances were received during the January and July 25 on Centralised Public Grievance Redress and Monitoring System (CPGRAMS) -– a portal that allows citizens to raise complaints, of which 6,16,979 were disposed, it said in its monthly report for July.

“In July 2022, 77,414 PG cases were received on the CPGRAMS portal, 68,567 PG cases were redressed and there exists a pendency of 1,03,558 PG cases. The pendency in the central secretariat has increased from 94,810 PG cases end June 2022 to 1,03,558 PG cases end July,” the DARPG report said.

Of the total pendency, 2,035 are pending for more than a year, 12,468 for more than six months, 50,112 for less than six months and more than 45 days and 53,436 for less than 45 days.

The Ministry of Labour and Employment, Department of Financial Services (Banking division), Central Board of Direct Taxes (Income Tax), Department of Posts have received the maximum number of grievances in July 2022, it said.

As many as 22 ministries/departments have more than 1,000 pending grievances as on July 25, 2022, the report said.

“Two ministry/department namely Ministry of Cooperation (18,203) & Department of Health & Family Welfare (11,644) have the highest pending grievances for more than 45 days,” it said.

The time limit to redress a public grievance has been reduced to a maximum of 30 days from 45 days, according to a DARPG order dated July 27.

“Department of Financial Service (Banking division) has the highest number of PG cases under the corruption category with 1,111 pending grievances,” the report said.

The Department of Financial Services (Banking division) has received the maximum number of grievances (1,07,318) followed by the Ministry of Labour and Employment with 78,668 grievances received between January 1 and July 25, 2022, it said.

“Central Board of Direct Taxes (Income Tax), Department of Posts & Ministry of Railways are the other top ministries which have received the maximum number of grievances,” the report said.

The Ministry of Cooperation also features in the list with 21,313 grievances received, rounding up the list of top 10, it said.

Though these ministries/departments received high number of grievances, they also feature at the top in disposing the maximum number of grievances with Department of Telecommunication, Department of Personnel and Training, Ministry of Housing and Urban Affairs & Department of Agriculture and Farmers Welfare, the report said.

The Ministry of Cooperation has the maximum pendency of 20,581 grievances followed by the Department of Health & Family Welfare with 15,583 grievances pending disposal, it said.

Department of Social Justice and Empowerment, Department of Revenue, Department of Defence are among the top 10 ministries and departments with maximum number of pendency, the report said.

A total of 22 ministries and departments have more than 1,000 pending grievances as of 25th July.

All departments and ministries have been analysed on the basis of six categories -— Quality of service/ civic amenities, employee related, allegation of corruption /malpractices, harassment /atrocities, education & financial services — out of the total of 23 categories available on the CPGRAMS portal.

The Department of Health & Family Welfare, Central Board of Direct Taxes (Income Tax) and Department of Posts are among the top three ministries with pending grievances under quality-of-service category with Department of Telecommunication rounding up the list of top 5.

“And Ministry of Road Transport & Highways, Ministry of Civil Aviation, Ministry of Petroleum and Natural Gas, Department of Financial Services (banking & insurance Division) & Ministry of Housing and Urban Affairs rounding up the list of top 10,” the report said.

“Department of Financial Services (Banking division) tops the list under harassment/atrocities category as well with 440 pending grievances,” it said. https://www.dailyexcelsior.com/dept-of-financial-services-banking-division-postal-dept-receive-maximum-graft-related-grievances/

9. Opposition members raise concerns over price rise in Rajya Sabha *(theprint.in)* 02 August 2022

Opposition MPs in Rajya Sabha on Tuesday raised concerns over the rising inflation in the country that is impacting the common people and asked the government to provide relief to the poor by reducing duties.

Members of the ruling BJP, however, said the inflation rate was only at 7 per cent and this was mainly on account of external factors such as the Russia-Ukraine war and global disruptions. They also hailed the government for navigating the economy in the right direction in such a troublesome time.

Participating in a short-duration discussion on rising prices of essential items, Raghav Chadha of the Aam Aadmi Party (AAP) said this time rural India is also facing the inflationary impact — both as a producer of food and as a consumer of goods.

“The cost of food production for farmers in the past year has gone up by around 21 per cent. But his income has not gone up despite the assurances to double the farm income,” he said.

Now rural inflation is higher than urban inflation and this is happening in this country for the first time. The living cost in villages has gone up despite the fact that the country’s maximum number of people reside in rural areas.

He noted there were several reasons for this inflation including energy taxation, service inflation, GST, cost pull inflation, income not rising in the ratio of increasing inflation, falling rupee, and collusion between the corporate and the government.

Energy tax which is levied on fuels such as petrol and diesel is one the highest in the world and has a cascading effect on the common people.

On the Goods and Services Tax (GST), Chadha said its collection grows in proportionate to the inflationary growth in prices and the government would never intend to reduce it. GST is trying to make a common person poorer.

Sudhanshu Trivedi of the BJP said India’s current inflation is around 7 per cent, which is one of the lowest in the world. There are 63 countries where the rate of inflation is over 10 per cent.

“The rate of inflation of India in August is 7.01 per cent,” he said, adding that developed countries like Italy have an inflation rate of 7.9 per cent, Germany 7.5 per cent, Canada 8.1 per cent, the USA 9.1 per cent and the UK 9.4 per cent.

Even the USA, which is the largest economy, is selling oil from a strategic reserve to contain inflation.

Today the world is facing a bigger challenge of recession rather than inflation. Citing a recent survey by Bloomberg, Trivedi said India has zero probability of slipping into recession, though several large economies in Asia face the threat.

Over the fall of the Indian rupee against the US dollar, he said this is because the US federal reserve is hiking interest rates to contain inflation.

“Hence whether it’s Yen, Euro, Pound, Sterling or any other currency, you would not find any difference (in valuation against INR),” he added.

Mahua Maji of the JMM raised the issues faced by the tribals and said poverty and inflation are creating havoc in the tribal areas.

Rajani Ashokrao Patil of the Congress said women were the most affected by price rise. Even LPG cylinders distributed under Pradhan Mantri Ujjwala Yojana are not being used. A report from the Comptroller and Auditor General (CAG) suggests that 65 per cent of LPG cylinders are not used because the price has gone over Rs 1,000 a piece.

Birendra Prasad Baishya of the AGP said the current inflation rate is high due to the Ukraine war and the coronavirus pandemic.

Tiruchi Siva of the DMK said the government has to take action to bring back the value of the rupee value to the level required.

“You are benefiting the corporates, finishing the poor people, this is not the right gesture of the government,” he said.

V Vijayasai Reddy of the YSRCP said the present central government has failed to control inflation.

Sujeet Kumar of the BJD highlighted the “plight of crores of citizens who are crying about the price rise”.

Manoj Kumar Jha of the RJD called for a discussion on inflation in healthcare.

Ranjeet Ranjan of the Congress said the downward spiral in the economy began with demonetisation.

She said that it is the poor and the middle class which have been bearing the brunt of rise in prices of essential items.

Fauzia Khan of the NCP criticised the government for imposing GST on essential commodities such as milk.

Criticising the government’s policies, Binoy Viswam of the CPI noted that the rupee value is going to reduce further against the US dollar in the coming days.

He asked the government to increase allocation under the rural job scheme MNREGA to help the rural population.

Jayant Chaudhary of the RLD pointed out that the cost of doing farming has gone up significantly over the past few years.

K R Suresh Reddy of the TRS stated that it was wrong to blame the Russia-Ukraine conflict for price increase in the country.

Countering the opposition, Ghanshyam Tiwari of the BJP said that despite so many geo-political challenges the country has performed better than so many nations. https://theprint.in/india/opposition-members-raise-concerns-over-price-rise-in-rajya-sabha/1066033/

10. India’s homemade carrier ready to flex and float *(asiatimes.com)* 03 August 2022

Long-delayed INS Vikrant carrier may ultimately have more symbolic than combat value+

After 13 years of development and US$2.5 billion in spending, India is set to commission its first indigenous aircraft carrier, the Maritime Executive reports.
The INS Vikrant was transferred on July 28 from Cochin Shipyard Limited (CSL) to the Indian Navy in advance of a commissioning ceremony scheduled for August 15, which marks India’s Independence Day.

The vessel is named after the previous INS Vikrant, a former Majestic-class carrier of the Royal Navy that India acquired in 1957 and which played a vital role in the 1971 Indo-Pakistan War.

Maritime Executive mentions that three-quarters of the ship was domestically-built. Although not wholly constructed in India, the Vikrant marks a significant step for the South Asian nation’s military indigenization efforts, which aim to achieve self-sufficiency in hardware and develop a blue-water navy, among other goals.

Vikrant’s protracted construction was delayed by technical difficulties, funding and procurement problems, and corruption, notes defense website Military Today.

Despite these difficulties, India managed to complete the vessel, which is expected to complement and have similar capabilities to India’s other carrier, the INS Vikramaditya, a refurbished Kiev-class carrier procured from the previous Soviet Navy.

The Defense Post says the Vikrant has a length of 262 meters and displaces 45,000 tons. It is powered by four General Electric LM2500 gas turbines that generate 88 megawatts of power, giving it a maximum speed of 28 knots.

The carrier features a ski ramp deck for short takeoff and arrested landing for its air wing of 30 aircraft. Military Today notes that Vikrant’s air wing may include MiG-29K and HAL Tejas carrier-borne fighters, alongside Ka-31, Ka-27, and HAL Dhruv helicopters.

In 2015, the Indian Navy published a document titled Ensuring Secure Seas: Indian Maritime Security Strategy, which outlines the role of aircraft carriers in India’s naval strategy.

The strategy notes India’s central position in the Indian Ocean region astride major international shipping lanes (ISL) and chokepoints almost equidistant from India.

It highlights India’s economic dependence on the Indian Ocean region, with 93% of its oil and gas needs transported via sea or offshore oil and gas fields. It also notes that

90% of India’s international trade by volume and 70% by value is carried by seaborne trade.

The strategy emphasizes India’s central position in the Indian Ocean and its trade and economic activities, which are critically dependent on sea lines of communication (SLOC) and require sizeable resources and investments to secure.

In terms of traditional security challenges, it notes that states with historically hostile relations with India, increasing militarization of the Indian Ocean region and spillover effects from ongoing regional conflicts all pose significant threats to India.

India’s sea control strategy envisions the development of three carrier battlegroups centered on an aircraft carrier with multi-mission escort and support ships, with integrated anti-air, anti-surface and anti-submarine capabilities.

Roby Thomas, a senior fellow at the Manohar Parrikar Institute for Defense Studies and Analyses, mentions that India needs three carriers to provide constant security on India’s maritime flanks, with two carriers at sea and one undergoing refit and maintenance.

Plans for a third indigenous carrier are already underway, reports the defense website Indian Defense Research Wing. According to the source, CSL claims that Vikrant’s sister ship, a 55,000 stretched derivative of the IAC-1 design, can be ready in five years.

However, the source mentions that plans for a third carrier might be delayed as the Indian Ministry of Defense is now prioritizing the development of nuclear-powered submarines.

In a 2018 article published in the Naval War College Review, defense analyst Ben Wang Ho notes that aircraft carriers were historically tasked to attack enemy maritime assets, project power ashore and protect SLOCs.

However, he points out that India may face what he calls the “small deck quandary,” meaning that the small size of India’s carriers may impact their overall utility.

He notes that their small complement of combat aircraft – 24 MiG-29K fighters for Vikramaditya and 30 MiG-29K fighters for Vikrant, poses limitations on how much of their respective air wings should be devoted to attack and fleet air defense.

Allocating more aircraft to attack purposes increases the vulnerability of the carrier battlegroup, but committing more aircraft to fleet air defense decreases attack power, the analyst notes.

This situation is compounded by the alleged poor build quality of the MiG-29K. In an article in The Print, Snehesh Philip cited a 2016 report by the Comptroller and Auditor General (CAG) of India that said the MiG-29K is riddled with problems with its airframe, avionics and engines.

Philip also quotes Indian Navy sources adding that the maritime operating environment for the MiG-29K compounds engine problems due to high salt and sand intake. These factors may limit the combat readiness of India's leading carrier-borne combat aircraft.

Moreover, India's domestic HAL Tejas fighter faces significant production delays. An article in The Economic Times mentions lack of coordination between Indian stakeholders and the lax approach of monitoring agencies has resulted in a 30-year delay to the Tejas program.

Given the limitations posed by India's small carriers, questionable reliability of the MiG-29K and delays in HAL Tejas production, defense analyst Ho contends that India's carriers may not deliver enough combat power to hit inland and shore-based targets.

India may also be reluctant to endanger its most prized warships in contested waters where enemy and anti-ship submarines pose a significant threat.

Ho posits that India's carriers may be more suited for SLOC protection, noting that the large expanses of the Indian Ocean are better covered by naval than land-based aircraft. However, the prospect of deploying such high-profile assets for relatively humdrum missions such as escorting merchant convoys may invite questions about the utility of India's carriers.

Gurpreet Khurana notes in a 2018 article in the National Maritime Foundation that aircraft carriers may be too vulnerable to anti-ship missiles and submarines and tie-down other naval assets while their acquisition costs may be prohibitive over the long run.

Against all those anti-carrier arguments, Khurana contends that the multi-layered defenses of a carrier battlegroup are already formidable against missile attacks while aircraft carriers themselves are incredibly resilient to battle damage.

He adds that a carrier battlegroup can bring substantial anti-submarine assets to bear against hostile submarines such as anti-submarine helicopters and anti-submarine warships.

Khurana also notes that subs must come to at least periscope depth to launch anti-ship missiles, increasing their chances of detection. In addition, he mentions the limited detection and tracking range of submarine radars with the range of their missiles.

Khurana also notes that a carrier's escorts may be increased or decreased as the situation requires and that a whole escort of warships is not always necessary. In addition, he mentions advances in unmanned vessel technology may reduce the need for many escort ships.

He also mentions that the inherent capabilities of aircraft carriers as floating airbases may well justify their cost, noting that no other type of warship provides the same capabilities as a carrier.

Despite these arguments favoring carriers, capability limitations and risk averseness may relegate India's carriers to symbolic political assets to showcase great power status.

Ho points out that since the end of World War II, much more capable US carriers have never been deployed against near-peer adversaries and have operated only in very permissive environments against adversaries who have no means to contest sea control.

One can argue that the same circumstances may apply to India's future carrier force. https://asiatimes.com/2022/08/indias-homemade-carrier-ready-to-flex-and-float/

STATES NEWS ITEMS

11. CAG finds 'irregularities' in Odisha forest dept's plantation activities *(business-standard.com)* 02 August 2022

The Comptroller and Auditor General (CAG) has found 'irregularities' in plantation activities carried out by Odisha's Forest Department which led to wasteful expenditure of public money.

The CAG report on Performance Audit of Assessment of Plantation Activities covering the period from 2013-14 to 2017-18, said that the acute shortfall in achievement of plantation targets during the period indicated fixation of unrealistic targets.

The long term planning and fixation of annual target could not be achieved due to lack of coordinated planning among Ranges, Divisions and Forest Headquarters.

It was necessary for the state to formulate their own State Forest Policy (SFP), in line with National Forest Policy, by considering local geo-climatic conditions. Failure to evolve SFP resulted in inadequate planning in enhancement of green cover in the state. Forest Divisions were working without approved working plans/working schemes, the report said.

Maintenance of plantation journals also lacked due care by the field functionaries as the details of plantations like pre and post planting data, complete year wise expenditure with abstract, Range Officer's (ROs) quarterly inspections, authentication by the in-charge of plantation (Forester/ Forest Guard) and ROs were not incorporated due to which audit could not authenticate the execution of plantations, it said.

Though Sal' species is the principal indigenous species of Odisha, the Teak' was planted as major species, thereby affecting the originality of the vegetation and biodiversity, the report said, adding that there was no coordination at the level of Divisional Forest Officers (DFOs) and District Rural Development Authorities (DRDAs) in planning the plantation projects executed under MGNREGS in a division.

Neither the DFOs nor the department had the information on total job card holders available in a division which affected the plantation execution, said Accountant General Viswanath Singh Jadon at a press conference on Monday.

The department incurred unfruitful expenditure worth Rs 13.17 crore as 191 out of 485 plantations were not successful, the report said, adding that the reasons of failure were improper selection of plantation sites in dense forest and delay in submission of plantation project proposals by Divisional Forest Officers.

This apart, the survival of plantations executed under MGNREGS was adversely affected due to non-release of funds from second year onwards for maintenance operations, the report said.

Target for compensatory afforestation programmes under CAMPA was not achieved within the stipulated period of three years and hence, could not compensate the forest cover against the diversion of forest land, it said.

The CAG said that its audit team and forest officers physically verified 41 plantations and found 20 failed plantations and seven partially successful plantations with unfruitful expenditure of Rs 2.67 crore.

The aerial survey of the plantation sites using UAVs revealed concentration of plantation activities in easily accessible areas like land along the pathways, leaving the degraded patches in the middle of dense forest unplanted. Even though few teak species survived, the quality of growth in respect of height attained was not up to the mark.

It was observed that soil moisture conservation activity like digging staggered trenches were either not taken up or have been executed inefficiently, trenches were not dug perpendicular to the terrain slope. Hence, the plantations were failed plantations with unfruitful expenditure of Rs 68.36 lakh.

Irregular release of funds in one installment during first year of bamboo plantation without ensuring the survival percentage in violation of norms of guidelines was also noticed, the report said, adding that although planting of seedlings was actually not taken up in the Aided Natural Regeneration (ANR) without gap plantation but the cost norm provided for watch and ward during the entire regeneration period of four years. This inappropriate provision led to avoidable expenditure of Rs 63.19 crore.

Though various components of plantation works of Block plantations and Urban plantations were similar, the provision of man days for urban plantations was fixed unreasonably higher which led to avoidable extra expenditure of Rs 39.80 crore, the CAG found.

Excess expenditure was incurred under different components or outside the cost norms led to avoidable/wasteful expenditure of Rs 99 lakh. Irregular allotment of funds for fencing and third year maintenance under Urban Tree Plantation led to irregular expenditure of Rs 14.82 crore, it said.

As financial procedures were not followed for which Rs 69.12 lakh was spent towards watering charges without inviting tender, the report said.

Avenue plantations were completely damaged due to widening of roads and funds for such damages was not raised against User Agencies (UAs) to compensate the damaged plantations due to lack of coordination and inefficient monitoring, the CAG said.

Similarly, the Bamboo plantations were executed inside forests having canopy cover of more than 40 per cent. The growth of clumps was not optimum in such sites because of poor light availability and as a result the sites failed.

The variation in performance of different plantations was attributed to variation in site quality, species taken and level of management. Selection of wrong sites and poor management had resulted in the failure of plantations in 251 sites, as found in Audit.

Inspection and monitoring by field level officers, in particular the Range Officers, was deficient compared to prescribed norms, the report said. https://www.business-standard.com/article/current-affairs/cag-finds-irregularities-in-odisha-forest-dept-s-plantation-activities-122080200578_1.html

12. Eucalyptus, acacia and teak, not Sal: Why CAG is critical of Odisha's afforestation efforts *(downtoearth.org.in)* 02 August 2022

There was an 'an acute shortfall' in the Odisha government's achieving plantation targets for the period 2013-14 to 2017-18, according to the report of the Comptroller and Auditor General of India (CAG) released August 1, 2022.

The shortfall in achievement of plantation targets by the Forest, Environment and Climate Change Department ranged from 11.98 per cent to 50.89 per cent, it added.

The CAG report cited a number of reasons as being behind the shortfall. This included lack of coordination, working plan, improper selection of plantation sites and plant species.

The performance audit was conducted from May 2019 to February 2021 in 13 of 49 forest divisions of Odisha selected on the basis of random sampling.

Odisha's forest cover was estimated to be 51,619 square kilometres, 33.15 per cent of the state's geographical area, according to the India State of Forest Report 2019.

The report stated that all scheme-wise annual targets fixed and achieved, both physical and financial, were not provided for audit in spite of repeated requests to the department.

The audit scrutinised the records of diversion of forest land and implementation of compensatory afforestation (CA). It found that the targets of CA under normal as well as pending plantations (yet to be planted) fixed during 2013-18 were not achieved fully.

“Out of total 1,187 plantation journals selected for audit; 491 journals were scrutinised under the Compensatory Afforestation Fund Act (CAMPA), 2016,” the report read.

It added:

It was revealed that three plantations over 820 hectares (ha), with an expenditure of Rs 1.78 crore partially failed as the survival of plants was within 40 to 60 per cent.

The audit team and forest officers physically verified 41 plantations and found 20 failed plantations and seven partially successful plantations with unfruitful expenditure of Rs 2.67 crore.

The report said the state was supposed to make its own State Forest Policy, in line with the National Forest Policy, by considering local geo-climatic conditions of the region. But failure to do so resulted in ‘inadequate planning in enhancement of green cover in the State’.

The report added that while Sal is the principal indigenous species of Odisha, teak, acacia and eucalyptus were planted as major species, affecting the native vegetation and biodiversity in the state.

The report stated that according to plantation journals, 10,000 plants of five species were planted. But only 1,837 plants survived, according to unmanned ariel vehicle evaluation.

Hence, the survival rate was 18.37 per cent, which can be treated as ‘failed plantation’. Also, 1,329 of the surviving 1,835 teak plants were five feet in height even after five years of plantation, according to their height charts.

Some 2,013 plantations were carried out in 1,24,151 ha during 2013-17, according to Annual Activity Reports of the Department. An amount of Rs 18.43 crore was spent during the first year for 485 of 2,013 plantations, covering 11,296 ha.

“The department incurred unfruitful expenditure worth Rs 13.17 crore as 191 of 485 plantations were not successful. The reasons for failure were improper selection of plantation sites in dense forest and delay in submission of plantation project proposals by divisional forest officers,” the CAG report noted.

It also observed that the forest divisions were working without approved Working Plans or Working Schemes. Lack of coordinated planning among ranges, divisions and forest headquarters prevented long-term planning and fixation of annual targets, the report said.

Ariel surveys revealed that a large number of plantation activities were concentrated in areas like along the pathways, leaving degraded patches in the middle of the forest unplanted, the report said.

Bamboo plantations were executed inside forests having canopy cover of more than 40 per cent, affecting the growth of the clumps due to poor availability of light, it added.

The Department could achieve only 51.74 per cent of the total target of bamboo plantations under the National Bamboo Mission.

“The variation in performance of different plantations was attributed to variation in site quality, species taken and level of management. Selection of wrong sites and poor management had resulted in the failure of plantations in 251 sites, as found in Audit,” the report said.

It added that there was a dearth in maintaining plantation journals and pre- and post-planting data, year- wise expenditure and details of the Range Officer’s quarterly inspections and other necessary formalities.

All these could not be incorporated in the report, making it impossible for it to authenticate execution of plantations. The non-release of funds from the second year onwards for maintenance of plantations executed under the Mahatma Gandhi National Rural Employment Guarantee Scheme also affected their growth.

“Required data relating to various plantation schemes, such as scheme-wise annual target and achievement, allotment and expenditure, survival percentage were neither maintained at government nor at Principal Chief Conservator of Forest level,” the report read.

The target for CA programmes under CAMPA was not achieved within the stipulated period of three years and hence could not compensate the forest cover against the diversion of forest land. https://www.downtoearth.org.in/news/forests/eucalyptus-acacia-and-teak-not-sal-why-cag-is-critical-of-odisha-s-afforestation-efforts-84114

13. ‘ICZMP mangrove plantation at Rajnagar had 36 per cent survival rate’: CAG *(newindianexpress.com)* 03 August 2022

BHUBANESWAR: A report by the Comptroller and Auditor General (CAG) on mangrove plantation pointed out that the drive taken up at one of the sites in Rajnagar division ‘failed’ as the percentage of plant survivability remained as low as 36 per cent.

The CAG in its report for the year ending March 2020 released recently stated that mangrove plantation was taken up at Santubi area of Mahakalapada forest range under Integrated Coastal Zone Management Project (ICZMP) at an investment of nearly `24 lakh in 2014-15. It, however, said that the survival percentage of the plantation was 36.46 at Santubi, which should be treated as a failed plantation.

The CAG stated that the joint physical verification wasn’t possible at the site as the team could not enter the mangrove plantation site due to deep muddy terrain and heavy inundation. Accordingly, the verification was carried out using remote sensing method. Satellite images and UAVs were used to analyse the mangrove plantations at Santubi.

The UAVs were deployed in February 2021 in three ANR sites and one mangrove plantation site covering 265 hectares to evaluate the plantation growth in different aspects such as tree count, tree species identification, tree height, spacing, and assessment of soil moisture conservation measures. While the plantation journal had a record of a little over 2.88 lakh trees, the verification done through satellite images and UAVs found that there are around 1.05 lakh trees.

The report also pointed out that the creeks and channels that are the lifeline of mangrove forests were not renovated from time to time as required although Central assistance was received towards the implementation of the Management Action Plan (MAP) for the conservation and management of mangroves in Bhitarkanika.

The CAG underlined that the deviations have been reported to (officials concerned) to improve the evaluation and monitoring of plantation activity in a better way. https://www.newindianexpress.com/states/odisha/2022/aug/03/iczmp-mangrove-plantation-at-rajnagar-had-36-per-centsurvival-ratecag-2483618.html

14. CAG finds irregularities in tree plantation in Odisha *(prameyanews.com)* 02 AUGUST 2022

Bhubaneswar: The Comptroller and Auditor General (CAG) has found 'irregularities' in the Odisha forest department's tree plantation activities.

The forest department had spent Rs 1176 crore in five years on a massive tree plantation program. The department incurred unfruitful expenditure worth Rs 13.17 crore as 191 out of 485 plantations were not successful because of improper selection of plantation sites in dense forest and delay in submission of plantation project proposals by Divisional Forest Officers, the report said,

"The planning procedure was limited to only instant data provided by field staff in a piece-meal manner. Annual targets on plantations were not compiled at the range and division level. The targets were set by the PCCF and communicated to respective divisions. This indicated a lack of coordinated planning by the ranges, divisions, and forest headquarters," the CAG report said.

The CAG report on Performance Audit of Assessment of Plantation Activities covering the period from 2013-14 to 2017-18 was tabled in Odisha Assembly on Monday.

The report said that the acute shortfall in achievement of plantation targets during the period indicated fixation of unrealistic targets.

The forest department fell short of its targets ranging between 12 and 50 percent between 2013-14 and 2017-18 under various types of plantations, the report said. https://www.prameyanews.com/cag-finds-irregularities-in-plantation-in-odisha/

15. 24 PSUs reported profits, 7 incurred losses in 2019-20: CAG report *(prameyanews.com)* 02 AUGUST 2022

Bhubaneswar, Aug 2: As many as 24 state public sector enterprises (SPSE) reported a profit of Rs 1686.08 crore in 2019-20 and 22 SPSEs had reported a profit of Rs 1174.30 crore in 2018-19, according to the comptroller and auditor general (CAG) report tabled in the Odisha Assembly on Monday.

On the other hand, seven units incurred a loss of Rs 304.52 crore in 2019-20 which was Rs 313.26 crore in 2018-19, the report said.

Similarly, out of the 33 public sector units, 11 companies and corporations had accumulated losses of Rs 5,778.34 crore in total by March 31, 2020, the CAG report added.

According to the report, out of the 24 profitable companies, nine enterprises of three departments have reported a profit of Rs 1566.49 crore which is 92.91 percent of the total profit amount. It was 88.36 percent in 2018-19.
Among the highly profitable enterprises of 2019-20, Odisha Mining Corporation (OMC) registered Rs 728.27 crore profit, Odisha Mineral Bearing Areas Development Corporation (OMBADC) Rs 427.20 crore, Odisha Power Generation Corporation (OPGC) Rs 171.48 crore, Odisha Hydro Power Corporation Ltd (OHPC) Rs 144.39 crore and Odisha Construction Corporation Ltd (OCCL) Rs 50.13 crore.

Odisha has 82 SPSEs as of March 31, 2020, consisting of 63 government companies, three statutory corporations, and 16 other government-controlled companies. https://www.prameyanews.com/24-psus-reported-profits-7-incurred-losses-in-2019-20-cag-report/

16. Opposition up in arms over CAG report on plantation irregularities in Odisha, BJD downplays *(odishatv.in)* 02 AUGUST 2022

The Opposition, including the BJP and the Congress, slammed the Odisha government over the latest CAG report that unearthed massive irregularities in the State Forest Department.

While Santosh Singh Saluja from Congress alleged that this is a massive corruption and this was made possible only because of a lack of coordination between the DFO and the PD-DRDA.

“Immediate action should be taken against the responsible officers who swindled crores of taxpayers’ money,” Saluja demanded.

Similarly, the Opposition Chief Whip, Mohan Majhi from BJP said, “As per the CAG report, we can smell major corruption in the plantation activities. This issue will be taken up in the next PAC Committee meeting and the officials involved in the issue will be summoned too.”

The CAG report has revealed that the Forest department has incurred unfruitful expenditure worth Rs 13.17 crore as 191 out of 485 plantations were complete failures.

A joint physical verification including representative team from forest division was conducted to confirm the existence and to assess survival of the bamboo plantation at Baghdangar Protected Reserve Forest (PRF). The officials of the forest division could not identify even a single planted bamboo to audit and the site was a failed plantation.

Similarly, Rs 19 lakh was spent by the Keonjhar Horticulture department to plant cashew saplings in 8 hectares of land at Munduli sahi under Keonjhar’s Gobardhan panchayat. But owing to alleged administrative apathy, no fencing or irrigation activities could be undertaken in the fields resulting in the death of all the saplings.

Moving on to Jagatsinghpur district, the soil conservation division had planted 4000 coconut saplings at Adhanga panchayat. But without maintenance, almost all the saplings have either died or eaten by the cattle.

After the Opposition furor over the report, interestingly, the ruling BJD played it down and termed the CAG report as allegations and it will be studied thoroughly by the concerned committee.

Speaking to reporters, BJD MLA Prashant Muduli said, “Only allegations do not mean anything. If a CAG report has come, there is a committee which will review the report and enquiry may be conducted if deemed necessary at all.”

Notably, the CAG for the first time has taken the help of a drone to survey the plantation fields and prepare the report that revealed the massive 'misappropriation' of funds. https://odishatv.in/news/miscellaneous/opposition-up-in-arms-over-cag-report-on-plantation-irregularities-in-odisha-bjd-downplays-182188

17. Oppn slams govt over CAG report *(timesofindia.indiatimes.com)* August 2, 2022

Bhubaneswar: A day after the comptroller and auditor general (CAG) report said the state had failed to achieve its plantation targets over the last few years, opposition parties trained their guns on the government alleging huge corruption on the pretext of increasing green cover.

Briefing reporters here on Tuesday, opposition chief whip and BJP legislator Mohan Charan Majhi said the CAG report had exposed the state government’s failure in plantation activities and increasing the green cover.

“What we have been alleging over the years about financial irregularities in the name of plantation programme has been corroborated by the CAG report. We will discuss the CAG observations in the public accounts committee of the state assembly and suggest action against officials who are responsible,” said Majhi. https://timesofindia.indiatimes.com/city/bhubaneswar/oppn-slams-govt-over-cag-report/articleshow/93311549.cms

18. ओडिशा में वृक्षारोपण अनियमितताओं पर कैग की रिपोर्ट को लेकर विपक्ष में हंगामा, बीजद ने ठुकराया *(jantaserishta.com)* August 2, 2022

भाजपा और कांग्रेस सहित विपक्ष ने नवीनतम सीएजी रिपोर्ट पर ओडिशा सरकार को फटकार लगाई, जिस में राज्य के वन विभाग में बड़े पैमाने पर अनियमितताओं का पता चला था।

जबकि कांग्रेस के संतोष सिंह सलूजा ने आरोप लगाया कि यह बहुत बड़ा भ्रष्टाचार है और यह केवल डीए फओ और पीडी-डीआरडीए के बीच समन्वय की कमी के कारण संभव हुआ है।

सलूजा ने मांग की,
"करदाताओं के करोड़ों रुपये ठगने वाले जिम्मेदार अधिकारियों के खिलाफ तत्काल कार्रवाई की जानी चाहिए।"

इसी तरह, भाजपा के विपक्ष के मुख्य सचेतक मोहन मांझी ने कहा,
"कैग की रिपोर्ट के अनुसार, हम वृक्षारोपण गतिविधियों में बड़े भ्रष्टाचार की गंध ले सकते हैं। इस मुद्दे को पीएसी कमेटी की अगली बैठक में उठाया जाएगा और इस मामले में शामिल अधिकारियों को भी तलब किया जाएगा।

कैग की रिपोर्ट से पता चला है कि वन विभाग ने 13.17 करोड़ रुपये का निष्फल व्यय किया है क्योंकि 485 में से 191 वृक्षारोपण पूरी तरह से विफल रहे थे।

बगदांगर संरक्षित आरक्षित वन (पीआरएफ) में बांस के वृक्षारोपण के अस्तित्व की पुष्टि करने और अस्तित्व का आकलन करने के लिए वन विभाग के प्रतिनिधि दल सहित एक संयुक्त भौतिक सत्यापन किया गया था। वन विभाग के अधिकारी एक भी लगाए गए बांस को ऑडिट करने के लिए नहीं पहचान सके और स्थल एक असफल वृक्षारोपण था।

इसी प्रकार क्योंझर के गोवर्धन पंचायत के मुंडुली शाही में 8 हेक्टेयर भूमि में काजू के पौधे लगाने के लिए क्योंझर बागवानी विभाग द्वारा 19 लाख रुपये खर्च किए गए। लेकिन कथित प्रशासनिक उदासीनता के कारण, खेतों में कोई बाड़ या सिंचाई गतिविधियाँ नहीं की जा सकीं, जिसके परिणामस्वरूप सभी पौधे मर गए।

जगतसिंहपुर जिले में आगे बढ़ते हुए, मृदा संरक्षण विभाग ने अढांगा पंचायत में 4000 नारियल के पौधे लगाए थे। लेकिन रखरखाव के बिना, लगभग सभी पौधे या तो मर गए हैं या मवेशियों द्वारा खा लिए गए हैं।

रिपोर्ट पर विपक्ष के हंगामे के बाद, दिलचस्प बात यह है कि सत्तारूढ़ बीजद ने इसे ठुकरा दिया और सीएजी रिपोर्ट को आरोप करार दिया और संबंधित समिति द्वारा इसका गहन अध्ययन किया जाएगा।

पत्रकारों से बात करते हुए बीजद विधायक प्रशांत मुदुली ने कहा,
"केवल आरोपों का कोई मतलब नहीं है। अगर कैग की रिपोर्ट आई है, तो एक कमेटी है जो रिपोर्ट की समीक्षा करेगी और जरूरत पड़ने पर जांच की जा सकती है।

विशेष रूप से, कैग ने पहली बार वृक्षारोपण के खेतों का सर्वेक्षण करने के लिए ड्रोन की मदद ली है और रिपोर्ट तैयार की है जिसमें धन के बड़े पैमाने पर 'दुरुपयोग' का खुलासा हुआ है। https://jantaserishta.com/local/odisha/ruckus-in-opposition-over-cag-report-on-plantation-irregularities-in-odisha-bjd-rejected-1439065

19. Kerala's great fiscal crisis: What is the way out? *(newindianexpress.com)* August 2, 2022

Kerala has been experiencing an acute fiscal crisis, somewhat similar to the worst crisis experienced in the state's history during the period 1999-2000. The crisis has many dimensions: lack of the state's own resources, persistent use of borrowed funds for meeting the revenue deficit, excessive increase in salary, pension and other items of revenue expenditure, fiscal extravagance in spending, under estimation of debt due to off-budget borrowing, and a cut in annual borrowing limit by central government.

Poor fiscal management by successive state governments is the root cause of this crisis.

The current government blames harmful central policies such as reduction in revenue deficit grant to the tune of Rs 7000 crore this year, loss due to the stoppage of GST compensation of around Rs 12000 crore and an arbitrary reduction of Rs 3578 crore in borrowing in the name of off-budget borrowing (total of about 23,000 crore) for the present acute fiscal crisis.

Is this what is really driving it? And what needs to be done?

Nature and magnitude of the crisis

Based on the Comptroller and Auditor General of India's (CAG's) accounts at a glance for the month of March 2022 and the state finance audit report for 2020-21, this is how the fiscal situation of the state looks.

The total revenue receipts of the state comprising tax revenue, non-tax revenue and grants-in-aid contributions of the Centre was Rs 1,16,546 crore in 2021-22. Of this, Rs 42,982 crore is the share from union taxes and grants-in-aid from the Central Government. It accounts for 37 percent of the total revenue receipts.

Of the total revenue receipts, 79 percent is spent on three items viz. salary, pension and interest payments.

The total revenue deficit is Rs 26,582 crore and fiscal deficit is Rs 42,786 crore in 2021-22.

Huge increase in salary and pension

A disturbing development in revenue expenditure during 2020-21 is the huge increase in salary and pension due to the once-in five-years revision.

The salary expenditure shot up from Rs 28,763 crore in 2020-21 to Rs 45,585 crore in 2021-22 (a 58 percent increase).

Pension expenditure too increased in the same period from Rs 18,943 crore to Rs 26,898 crore (a 42 percent rise).

The net additional financial commitment created as a result was Rs 24,777 crore.

This irrational policy has pushed the state to a fiscal crisis trap from which it is not going to recover in the near future. https://www.newindianexpress.com/opinions/2022/aug/02/keralas-great-fiscal-crisis-what-is-the-way-out-2483347.html

20. GFP flays govt for poor thrust on education sector *(timesofindia.indiatimes.com)* August 3, 2022

Panaji: GFP on Monday criticised the state government for the falling school enrolment and other shortfalls in the Samagra Shiksha Abhiyan (SSA). Blaming chief minister Pramod Sawant for the faulty implementation of the SSA scheme, GFP said Sawant remains focused on selling Goa's resources instead of investing in the education of the future generation.

Citing the Comptroller Auditor General (CAG) report, GFP said that the education department's lapses negatively affected the students.

"The CAG exposed the government's failure and policy paralysis in the school education sector. The CAG pointed out various shortfalls of the government indicating lethargy and financial bankruptcy plaguing this government," GFP vice-president Dilip Prabhudesai said.

The CAG report stated that the Goa government failed to prepare the perspective five-year plans, annual work plans and budget at the district-level because of which the Centre withheld funding for the education sector. The report also showed a drop in the student enrolment ratio.

"Infrastructure works in various schools are pending and the government has not provided uniforms to students.

More than 400 schools are operating with just one teacher," Prabhudesai said.

In a reply to a question in the assembly, Sawant, who holds the education portfolio, said that no amount was allocated by the Centre towards the Samagra Shiksha Abhiyan for 2021-22. However, the Centre has informed the Parliament that Rs 18.6 crore was approved for Goa of which Rs 4.1 crore was released. https://timesofindia.indiatimes.com/city/goa/gfp-flays-govt-for-poor-thrust-on-education-sector/articleshow/93307564.cms

21. Assistant accounts officer, data entry operator held for taking ₹3.5 lakh bribe in Karnal *(hindustantimes.com)* Aug 03, 2022

The Haryana State Vigilance Bureau has arrested an assistant accounts officer and a data entry operator posted in Gharaunda of Karnal while accepting a bribe of ₹3.5 lakh.

As per the official spokesperson of the bureau, Pramod Kumar, assistant accounts officer, was posted in the office of the Accountant General, Haryana, and Deepak Kumar, data entry operator, was posted in the treasury office in Gharaunda, Karnal.

They were arrested for taking a bribe of ₹1 lakh in cash and ₹2.5 lakh cheque from a person in lieu of processing pension-related bills of his deceased father.

The complainant, a resident of Dadupur village of Karnal district, had approached the Vigilance Bureau alleging that the accused had demanded ₹4 lakh to release the retirement benefits, including pension, gratuity and other benefits of a retired policeman, who died after retirement. They had already taken ₹40,000 from the complainant.

Acting on the complainant, the bureau laid a trap and arrested the accused red-handed while accepting ₹1 lakh in cash and ₹2.5 lakh cheque.

A case under the Prevention of Corruption Act was registered against the accused in Karnal. Further investigation is underway, he added. https://www.hindustantimes.com/cities/chandigarh-news/assistant-accounts-officer-data-entry-operator-held-for-taking-3-5-lakh-bribe-in-karnal-101659470405807.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

22. Keeping MiG-21s Flying to Maintain Squadron Strength is a Dangerous Proposition *(news18.com)* August 3, 2022

Every time a MiG-21 fighter jet crashes and kills pilots of the Indian Air Force (IAF), the questions haunting the service for over a decade resurface.

Should the IAF have phased out MiG-21s by now at the cost of further depleting the number of its fighter squadrons? Or should the fighter jets continue flying—till they are replaced by the indigenous Light Combat Aircraft (LCA) Tejas — for the sake of maintaining the squadron strength?

The latest crash of a MiG-21 trainer Type 69 aircraft last week that killed Wing Commander M Rana and Flight Lieutenant Adivitiya Bal has brought back the same questions to the military discourse.

Like always, there would be no answers to them in black and white. Even as the IAF awaits a report from the Court of Inquiry on the latest crash, the accident does, once again, spotlight the pressing need to phase out the Soviet-era fighter jets.

Yes, even at the cost of cutting down IAF’s fighter squadron strength to less than 32.

The reasons for this for this are several.

But first a bit of history on the aircraft, which had been the backbone of the IAF.

WHY MIG-21S ARE IAF’S BACKBONE

The MiG-21s are among the six fighter jets which India has at present. The single engine, single-seater multi-role fighter/ ground attack aircraft were first inducted in 1963 after the 1962 India-China war as an inceptor aircraft. India procured over 700 variants of the aircraft since then.

The IAF had flown the Type-77, Type-96 and the BIS variants of the MiG-21s and the latest of these variants are the MiG-21 Bisons.

The IAF's initial plans were to phase out its remaining MiG-21 squadrons—around 70 jets—by the end of this year. The IAF has now drawn up a three-year plan to phase out all the four remaining squadrons of MiG-21s by 2025.

One of the four squadrons—the No 51 squadron based in Srinagar—will be number plated by the end of next month.

Group Captain Abhinandan Varthaman — who had downed an enemy aircraft post India's Balakot air strike in 2019 — was from this squadron.

The MiG-21s had, over the years, proved their mettle multiple times in several wars which India fought.
In the Bangladesh Liberation War of 1971, the MiG-21s (Type 77 variant) had played a critical role in tilting the war's result in India's favour. The fighter jet went on to be among the IAF's mainstay in the 1965 war with Pakistan and also in the Kargil conflict in 1999.

KEEPING THE AIRCRAFT SMACKS OF TOKENISM

Despite its illustrious service in critical air operations of the IAF, keeping the vintage aircraft going—just for the sake of maintaining the required squadron strength—smacks of tokenism.

Data shows that the flight safety record of the aircraft has been abysmal with over 400 crashes and 170 pilot deaths in the last 60 years, lending the aircraft controversial names such as "flying coffin". In its first year of induction in 1963, the aircraft saw two accidents.

While most MiG-21 pilots swear by the aircraft, others say that keeping the ageing MiG-21s operational may not be useful from the point of view of them having the capability to fight a war—with modern fighters having better avionics, navigational aids and electronic warfare capabilities. According to IAF officers, the aircraft can play a bigger role in training pilots.

A senior IAF officer, who has been a test pilot, told me that they can now be compared to empty pistols.

He said the Court of Inquiry report will ascertain the exact cause of the latest crash, which could range from technical issues and bird hits to spatial disorientation during a night sortie or a human error. But keeping the MiG-21s flying at this point to maintain squadron strength is a dangerous proposition.

Even for pilot errors, there are more chances of them taking place in a MiG-21 fighter jet than in other aircraft in the IAF's inventory, because of its primitive navigational and flying aids, the officer told me, adding that no amount of upgrades can help beyond a point.

“This could affect the pilot’s morale by creating an atmosphere of fear. In a squadron, the prevailing environment matters a lot. Keeping the MiG-21s flying to keep the number of squadrons up serves no purpose in such a situation,” he emphasised.

BANKING ON DELAYED PROJECTS

While the IAF has been banking on the LCA Tejas to replace the MiG-21 squadrons, one cannot lose sight of the fact that the project had seen massive delays since the 1980s.

In February last year, the defence ministry had inked a Rs 48,000 crore deal with the HAL to procure 83 Tejas fighter aircraft. But prior to that, the IAF has placed an order for 40 Tejas Mark 1, including twin-seater trainers. IAF is yet to receive the trainer variant of the aircraft.

The first LCA Tejas squadron started with just three aircraft and the serviceability rate of the aircraft has not been encouraging. HAL is currently carrying out flight trials of the Mark 1A variant of the aircraft, and production of the aircraft will only begin after that.

Additionally, the IAF is also in the process of procuring 114 Multi-Role Fighter Aircraft (MRFA), the procurement process of which has seen little progress since India inked a deal to buy 36 Rafale fighter jets from France in 2016.

Since the IAF issued a Request for Information to acquire 114 jets at a cost of around $18 billion in 2019, the plan is still to receive the Acceptance of Necessity (AoN) from the government—the first stage of the long-drawn complex defence procurement process.

India is also developing a fifth-generation medium-weight fighter jet but that is still at the drawing board.

India has a sanctioned squadron strength of 42, a target which Air Chief Marshal VR Chaudhari had said the IAF won’t be able to meet even in a decade despite all its planned acquisitions.

When HAL’s HPT 32 trainer aircraft began crashing in large numbers—with nearly 18 accidents in 10 years—the IAF had to take the tough decision on pulling the plug on it.

It’s time that the IAF pulls the plug on the vintage fighter jets too. Crashes are killing pilots and their morale is the other casualty. https://www.news18.com/news/india/defence-diary-keeping-mig-21s-flying-to-maintain-squadron-strength-is-a-dangerous-proposition-5677273.html

23. Centre revokes mandatory coal import target after many flip-flops *(business-standard.com)* August 2, 2022

In just three months of the Centre directing power generators (gencos) to “mandatorily” blend imported coal with the domestic variety, it has revoked the order, leaving it to them to ship in the commodity from abroad if need be.

This comes in the wake of a pushback from several states that said they will not pay higher tariffs on account of imported coal.

Uttar Pradesh and Maharashtra were leading this pack, Business Standard had reported.

Sector executives said blended coal led to power price increases of 50-70 paise per unit, which were borne by the customers. Among the generating units, NTPC has imported the highest amount -- 6.25 million tonnes (MT) -- to date and is in the process of importing 15 MT more. The union power ministry in a separate order directed NTPC as well to bring down imported coal blending to 5 per cent from earlier mandated 10 per cent. NTPC currently has 80 per cent of their normative coal stock available at its plant end.

At Rs 10,000 a tonne, imported coal is five times costlier than domestic coal.

The Union power ministry in an order on Tuesday said it had reviewed the coal stock position, which varied across state-owned power-generating companies (gencos).

“Many states have more than 50 per cent of normative levels whereas many other states still have stocks near critical levels. In view of the above facts, it has been decided that now onwards, states/IPPs (independent power producers) and ministry of coal may decide the blending percentage after assessing the availability of domestic coal supplies,” said the order.

The average coal stocks across power gencos in the country stand at 55 per cent of their demand or 10 days of the coal stock. This has increased slightly over the past months, when it ranged between six and nine days.

Meanwhile, responding to questions regarding coal import in Parliament, Union Power Minister R K Singh said India would have faced “substantial load shedding (power cuts) if the country had not decided to blend imported coal”.

“Coal production has increased but not at a pace that it can meet our growing demand. Today, our domestic coal stock is around 23 million tonnes (MT). If we had not blended it, it would have been 7.8 MT, which is the minimum level,” the minister said.

“There was a shortfall of 120,000 tonnes between the average daily demand and supply of coal,” he said.

The power ministry on May 5 had issued a directive under Section 11 of the Electricity Act, asking gencos to import coal for blending up to 10 per cent at their generating units.

On May 18, it told gencos the coal-blending benchmark would be increased to 15 per cent if they did not import coal by the end of the month. However, two weeks later, the ministry asked them to put their tenders in abeyance. Instead, it asked Coal India Ltd (CIL) to import coal for state and private gencos.

State and private gencos were estimated to cumulatively require 38-40 million tonnes of imported coal for blending at 10 per cent.

However, the demand with CIL was 2.4 MT. The tender for importing coal worth Rs 4,500 crore went to Adani Enterprises. Till now, state gencos have imported barely 600,000 tonnes.

Similarly, NTPC awarded tenders of 6.25 MT of imported coal, worth Rs 8,300 crore, to Adani Enterprises. According to a Lok Sabha reply, power gencos imported 9.2 million tonnes this fiscal year.

Senior coal ministry officials said there was no need to import coal because CIL had stepped up production and had asked gencos to stock up.

“After the mismatch in October last year, CIL, since the beginning of this year, has been pursuing gencos to stock coal in advance,” said an official, adding that till July, the company’s production increased by 24 per cent over the same period last year.

https://www.business-standard.com/article/economy-policy/many-u-turns-later-centre-revokes-mandatory-coal-import-order-122080201601_1.html

24. Making sense of the 'freebies' issue *(thehindu.com)* August 2, 2022

Most welfare schemes contribute to improving human development outcomes, also resulting in higher growth

Concern over 'freebies' in Indian politics has recently been expressed by those in the highest offices in the country. Speaking at the inaugural ceremony of the Bundelkhand Expressway (Uttar Pradesh) on July 16, Prime Minister Narendra Modi warned youth not to get carried away by the 'revari culture', where votes are sought by promising 'freebies'. He hit out at the Opposition parties for offering freebies and said that this was dangerous and harmful to the development of the country.

Days later, a Bench headed by the Chief Justice of India, N.V. Ramana, heard a public interest litigation in which the petitioner argued against the promise of 'irrational freebies' by claiming that these distort the electoral process. It has been reported that during the hearing, the Chief Justice of India remarked that 'freebies' were a serious issue and asked the Central government to take a stand on the need to control the announcement of 'freebies' by political parties during election campaigns. The Court also suggested that the Finance Commission could be involved to look into the matter and propose solutions.

Still confusion

The discussion on the demerits of 'freebies' distributed to the public as a result of election promises is not new in India. However, there is often confusion on what constitutes 'freebies', with a number of services that the Government provides to meet its constitutional obligations towards citizens also being clubbed in this category. The basic argument is that these are a waste of resources and place a burden on already stressed fiscal resources. In such discussions, 'freebies' not only include the free distribution of what may be considered 'club goods' such as televisions and gold chains but also welfare schemes such as free or subsidised rations under the Public Distribution System (PDS), cooked meals under the mid-day meal scheme, supplementary nutrition through anganwadis, and work provided through the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

Foodgrain distribution

But can these expenditures by the Government be considered 'freebies', as many commentators seem to do? For instance, is the distribution of free foodgrain during a pandemic that devastated lives and livelihoods at a time when godowns of the Food Corporation of India (FCI) had over 100 million tonnes of rice and wheat a 'freebie'? The Prime Minister and members of the Bharatiya Janata Party have repeatedly campaigned about the Government implementing the 'world's largest food security programme' by distributing free foodgrain, through the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) to around 80 crore ration cardholders.

The PMGKAY is probably what kept many away from the brink of starvation during the novel coronavirus pandemic. If anything, it can be argued that coverage under the PMGKAY must be expanded to include non-ration card holders as well, as there are many who are excluded from ration lists but are in need of subsidised or free foodgrains. Even before the COVID-19 pandemic, there have been studies which showed the poverty-reducing effect of the PDS. Subsidised foodgrains distributed under the PDS not only contribute to ensuring basic food security but also act as an implicit income transfer allowing the poor to afford commodities that they otherwise could not. Further, the PDS also plays an important role in our country where public procurement at minimum support prices (MSPs) is one of the main instruments of support to farmers. The PDS allows foodgrains to be available for cheap for consumers while assuring remunerative prices to farmers.

PDS coverage, MGNREGA

From around the mid-2000s, the PDS increasingly became a political issue, with State governments expanding coverage and reducing prices. Lower prices in the PDS became electoral issues in the southern States even earlier. Such initiatives were also included in the poll promises of almost all political parties during the mid- to late-2000s, including the general elections in 2009. This ultimately led to the National Food Security Act being passed by Parliament unanimously in 2013. Despite its shortcomings, it cannot be denied that the PMGKAY and the support that it provided during the pandemic would have been impossible had it not been for the NFSA which expanded the coverage of the PDS to about two thirds of the population. In its absence, a much smaller number of people would have had ration cards with high errors in identification of the poor (as was seen in the previous targeted system of dividing the population into those above and below the poverty line. With expansion in coverage, exclusion errors have automatically reduced, although not entirely eliminated. A universal PDS would take us even closer towards this goal.

Other welfare schemes that are repeatedly berated as adding to the ‘subsidy’ burden of the state also contribute to human development and protection of the basic rights of the people to nutrition, work, etc., essentially the right to life with dignity. MGNREGA for instance has been another scheme which has been a lifeline for many during the pandemic and earlier. At a time when there are few employment opportunities, working under MGNREGA can guarantee some assured wages; if implemented in the true spirit of the legislation this is also demand-based and, therefore, responds to as much need as there is.

Similarly, mid-day meals in schools have been proven to contribute to increased enrolment and retention in schools and addressing classroom hunger. A number of other schemes such as old age, single women and disabled pensions, community kitchens in urban areas, free uniforms and textbooks for children in government schools, and free health-care services play a critical role in providing social security and access to basic entitlements in our country. In fact, there are a number of lacunae in these programmes which call for expansion in coverage, allocation of greater resources, along with putting in place mechanisms for greater accountability and grievance redress.

In perspective

Undermining the importance of these interventions of the Government by calling them ‘freebies’ exposes the elitism in our society, where the poor are seen as being unproductive and dependent on charity. Rather, the problem in fact is that these issues are not given enough attention in the political process. If anything, building public pressure towards making welfare delivery an electoral issue is the need of the hour. A discussion on whether eggs will be served in the mid-day meal programme, how many days of work will be provided under the employment guarantee scheme, schemes for access to free medicines, or at what price subsidised grain will be given under the PDS are positive signals of electoral democracy responding to the needs of the majority of people. It is important to recognise that most welfare schemes contribute to improving human development outcomes, which also results in higher economic growth in future. Sometimes, this process throws up initiatives that seem 'wasteful' — while these must be discussed, one cannot deny them completely.

In any case, how does one define a 'freebie'? Around ₹1 lakh crore is the revenue forgone annually as a result of 'major tax incentives for corporate tax payers'. Putting together all tax exemptions and concessions, including on foreign trade and personal income taxes, the revenue forgone each year is over ₹5 lakh crore. Corporate tax rates have been reducing and Budget documents show that in 2019-20, the effective tax rate (tax-to-profit ratio) declined as profits increased. However, one does not see much pressure for a justification for these concessions in mainstream discussions. The fact that small amounts given to the poor by a system that has mostly failed them are called 'freebies', while the freebies that the rich get all the time through low tax rates and exemptions are 'incentives' is nothing but a reflection of the nature of democracy in our country https://www.thehindu.com/opinion/lead/making-sense-of-the-freebies-issue/article65717382.ece.

25. GoM mulling to scrap 12% slab under GST, says accounts for only 8% of total tax revenues *(timesnownews.com)* August 2, 2022

A group of ministers (GoM), authorised to examine rate rationalisation by the all-powerful Goods and Services Tax Council, is reportedly considering abandoning the 12 per cent bracket while retaining the 18 per cent and 28 per cent slabs.

Citing people familiar with the matter, ET reported that most of the members of the group believe that the 12 per cent slab accounts for around 8 per cent of total GST revenues and can be scrapped.

"This is one of the options. At present, the 12 per cent slab contributes the least to revenues. It would be easiest to remove it," the financial daily cited one of the persons as saying.

Butter, ghee, almonds, fruit juice, footwear up to Rs 1,000, several processed food products, solar water heaters and hotel accommodations priced up to Rs 1,000 per day among others attract a 12 per cent GST rate.

A final decision on any modification in slabs would be taken by the GST Council. The GoM, headed by Karnataka chief minister Basavaraj Bommai, has been tasked to recommend rationalisation in tax rates, amalgamation of slabs, review of the exempt list and correct duty inversion.

The GoM on tax slab rationalisation was given time for three months in June to submit its report.
In June, the 47th GST Council meeting pushed several items such as tetra pak, printing, pencils, writing or drawing ink, pencil sharpeners and blades, spoons, forks, LED lamps among others to the 18 per cent slab from 12 per cent.

The person cited above mentioned that the GoM was evaluating the revenue impact of shifting products from one slab to another and is eyeing to increase revenues without giving a huge jolt.
It is important to mention in this context that the GoM is likely to discuss the option when it meets later this month. At present, the GST has four slabs—5 per cent, 12 per cent, 18 per cent and 28 per cent.

The GoM is not ready to change the 5 per cent or 28 per cent slabs. “The 5 per cent bracket has common man items, so most members favour leaving it untouched for at least 2-3 years,” another source told the publication. https://www.timesnownews.com/business-economy/economy/gom-mulling-to-scrap-12-slab-under-gst-says-accounts-for-only-8-of-total-tax-revenues-article-93306167

26. Broad spectrum *(thehindubusinessline.com)* August 2, 2022

Notwithstanding duopoly concerns, the spectrum auction marks a turning point for India's telecom market

India’s much-awaited 5G spectrum auctions concluded with 51,236 MHz of spectrum acquired by the three incumbent telecom operators Reliance Jio, Bharti and Vodafone Idea, and new entrant Adani Data Networks for a total consideration of ₹1.5 lakh crore. While the Centre has termed the auction a success, the fact of the matter is that no bidding took place in the auction. Although the reserve price was cut by 20-40 per cent across different spectrum bands, it remained very expensive. As a result, the operators acquired spectrum at reserve price in all the circles, except one. Operators will have to pay the first instalment of ₹13,400 crore in August and the remaining ₹1.36 lakh crore in similar instalments over the next 19 years. The high payout could force telecom operators to increase focus on monetisation, potentially driving further tariff hikes over the next few months. The Centre’s decision to lower the spectrum usage charge will cushion some of the financial burden. A combination of tariff hike and lower spectrum usage charge is expected to improve the operators’ margins which in turn will hopefully improve their cash flows required for investing in rolling out brand new 5G networks.

The bigger worry though is that the telecom sector has now become a duopoly. Nearly 60 per cent of the spectrum sold by value was bought by Reliance Jio for ₹88,100 crore. Jio is the only operator to acquire spectrum in the all-important 700 MHz which was priced so high that no other player could acquire it. This gives Jio a massive advantage over other players because 700 MHz is considered to be best for indoor coverage. In addition, Jio has amassed the highest amount of 5G spectrum in 3.3 GHz and 26 GHz. Its nearest rival, Bharti Airtel, bought spectrum worth ₹43,100 crore which will help it to become the only other pan-India 5G operator.

Notwithstanding duopoly concerns, the spectrum auction marks a turning point for India's telecom market. In addition to improving mobile broadband, 5G technology will enable the delivery of critical services such as telesurgery and the Internet of Things over a mobile network with unprecedented efficiency. The Centre must do three things to make sure that the benefits of this technology reach every citizen. First, it should ensure that the recent revival package announced for BSNL is utilised efficiently. India's telecom consumers need BSNL as an effective counter to the duopoly in the telecom sector. A strong public sector telecom company will not only prevent the private players from increasing tariffs as an easy means to wriggle out of the ongoing financial stress but also ensure that even rural consumers access digital services. Second, more should be done on reducing the cost of business along with ease of doing business. The telecom sector continues to be one of the heavily taxed sectors with licence fees and other levies adding to the cost of operations. Third, it must be ensured that operators meet quality of service parameters. Consumers are still grappling with basic network issues like voice call drops and interrupted data services. The Centre can celebrate the record revenue earned from the sale of spectrum but the real win will materialise when consumers enjoy seamless 5G services at affordable prices. https://www.thehindubusinessline.com/opinion/editorial/broad-spectrum/article65717161.ece

27. Tech-ing the climate agenda forward *(financialexpress.com)* August 2, 2022

India's ambitions on decarbonisation are underscored by a cleantech imperative. Realising government-set targets on such technologies will need an investment of $1 trillion by 2030. To put this into context, the investment requirement is close to 40% of the total assets of all commercial banks. Achieving such a scale of investment will need three fundamental interventions

India set in motion its energy transition over the past decade, with the rise of solar and wind project installations in the power sector. Renewable installations grew over 22% annually between 2010 to 2022, driven by ambitious government targets, encouraging policies and cost-efficient projects. As a result, the sector attracted investments of about $70 billion. As of today, 25% of the total capacity mix in India comes from solar and wind with around 100 GW installations. As electricity accounts for over half of total emissions, it was natural for the country to target decarbonisation on this segment. It is now time for the country to accelerate its efforts by not only expanding the base of solar and wind but also developing other emerging sectors.

The ongoing decade is full of opportunities and will be crucial for India's energy transition story. The country has already expanded the role of renewables with the COP26 target of 500 GW of non-fossil fuel capacity and aiming to achieve 50% share of renewable generation by 2030. Integrating such high quantum of renewables with the grid would require building of energy storage and transmission assets at the proportionate scale. The government is also devoting similar focus on other segments such as industries and transport which account for nearly one-third of the country's carbon emissions. Emerging technologies in these segments have already started firing up with falling costs and supportive policies.

The government has set ambitious targets for emerging technologies. For instance, it wants to focus on having 30% penetration of electric vehicles in automobiles and 5 million tonnes of green hydrogen production by 2030. On the energy efficiency front, large industries have shown promising achievements while potential in small and medium industries and commercial complexes remain largely untapped. As per our estimates, India would need more than $1 trillion by 2030 to realise these ambitions. To put this into context, the investment requirement is close to 40% of the total assets of all commercial banks or around four times the total housing loans in India as of March 2021. Clearly, the investment inflow will have to steeply increase which is an achievable pursuit, but it will require three fundamental interventions.

First is the strengthening of the financial health of public institutions. In India, public utilities such as electricity distribution companies (discoms), municipalities, state transport agencies and urban local bodies form bulk of the off takers for the clean tech projects. Most of these utilities are reeling under massive financial burden due to legacy issues which often result in delayed invoice payments and in some instance even litigations out of contractual disputes. Continuous improvements in technologies tend to reduce the cost of future projects which making the contracts made with public utilities appear expensive. As a result, even though the investors have already paid for the contracts today with an expectation of secured payments, the risk of contract renegotiation or delay in payment remains. Robust contract enforcement and payment security mechanism along with strengthening of public utilities will go long way in attracting the investments into the cleantech sectors.

Second is the deepening of the capital markets in India. By design, largest bond subscribers such as insurance companies, pension funds and provident funds operate only in high quality AA+ and above rated assets. This rules out the large spectrum of cleantech project universe. Slight relaxation in norms specifically for cleantech projects from AA+ would pave way for unlocking the investment potential in the cleantech sector. Coupled with the first reform to ensure payment security and contract sanctity, the projects would have enhanced creditworthiness even if rating is below AA+.

Third is the deepening of the forex hedging market. Indian domestic markets alone will not be able fund $1 trillion investment requirement which is almost 15 times higher than the total investments that took place in the cleantech sector in the last decade in India. The sector will also have to rely on the abundant foreign capital, but shallow hedging market increases the landed cost of borrowings. Currently, long-term swap options are either not available or just too expensive. Though short-term swap options would look attractive, but it leaves the projects exposed to currency depreciation where the investments are made for long-term. As quantum of fund requirement is huge, it is prudent that policy measures are taken to ensure competitiveness of hedging market in line with long term currency depreciation rates. With the help of necessary interventions and healthy market fundamentals combined, India will be able to scale up its decarbonization efforts thereby becoming the role model in the global mission to mitigate climate change. https://www.financialexpress.com/opinion/tech-ing-the-climate-agenda-forward/2615135/

28. RBI’s lukewarm response to global warming *(thehindubusinessline.com)* Updated: Aug 02, 2022

Macro-prudential practices concerning climate change, and climate as a factor in monetary policy have been overlooked

Climate change is a systemic risk, acknowledges the much-awaited discussion paper from the Reserve Banks India (RBI) on Climate Risk and Sustainable Finance.

The paper has many interesting findings, and a slew of recommendations but also a lot of areas where it falls short.

Good start

The paper highlights gaps in the way climate change as a material risk is treated by India’s banks. A survey by the RBI suggests that several private and public sector banks still have not considered climate change as a material threat. While the risk is considered for Internal Capital Adequacy Assessment Process (ICAAP), it is not integrated with the overall risk management process.

It notes that major private banks have not discussed the risks and opportunities related to climate change and sustainability. This can be bad news for the government’s ambition to decarbonise the economy.

There are also some thoughts laid out on how private banks can deal with climate change risk and scale up green finance. This covers many areas including governance, strategy, risk management, reporting and disclosure as well as capacity building. For example, the recommendation on pricing climate risks through ICAAP and integrating climate change with overall risk management framework will help banks’ resilience against this imminent risk.

Another important aspect is on disclosure, which is a good starting point for all stakeholders including investors and regulators. To bridge the asymmetric information barriers between banks and investors, the paper gives a strong push to follow Task Force on Climate-Related Financial Disclosures (TCFD), an international standard for climate-related risk disclosure.

The emphasis on capacity building and training on climate change across the board including senior management can go beyond bridging the skill gap and potentially foster a culture of integrating climate change in all decision making.

Another practical recommendation is to adopt forward-looking tools such as stress testing and climate scenario analysis to assess the true risks of climate change. Existing tools are largely based on historical data, and do not capture the true climate change risks.

The shortcomings

One notable absence in the consultation paper is the central banks’ future plans on climate change and sustainability in the context of the central bank’s role in financial stability and supervisory practices.

The paper cited the Financial Stability Board's focus on regulatory and supervisory approaches wherein the Network for Greening the Financial System (NGFS) paper clearly mentions that climate-related risks fall within the banking supervisory and financial stability mandates of central banks and financial supervisors. It would have been helpful if the RBI had come up with macro-prudential supervision practices concerning climate change. Another big miss is a discussion and framework for the consideration of climate and sustainability risk in monetary policy.

This is beginning to attract the attention of the policy and academic community, but is absent in the paper.

Also, to accelerate good practices, the regulator could have used its clout more. For instance, instead of setting a voluntary funding target for green finance, the RBI can make it mandatory for banks to allocate a specific percentage of lending to green finance by adding green business under the priority sector lending (PSL) category.

The RBI can ensure sufficient debt capital flow to green businesses by setting a minimum percentage for them within PSL.

Long-term view

The discussion could have covered areas that go beyond reactive steps to pro-active ones. For instance, banks can include clauses related to climate change in the loan documents such as covenants that would force the borrowers to take the planned actions. The terms of loans can be linked with adherence with the clauses. Banks can also engage with their clients and support them in their sustainability strategy and follow best practices.

While the paper mentions liquidity risk due to climate change, it does not provide ways to address it. One option may be for banks to consider sustainability risk in their liquidity risk management process. The banks' liquidity ratios can be adjusted by taking sustainability into account, through a differentiated risk-based approach.

Besides the suggestion to upgrade knowledge, the paper can also define the roles and responsibilities of the team members including the senior management involved in sustainability strategy. There can also be a system for reward.

For instance, the compensation structure of top management can be linked with banks' strategy to climate change — the carbon intensity of lending portfolio and carbon emission from direct operation.

Taking cognisance of the fact that different sectors that banks lend to may face vastly different vulnerabilities to climate risk, there can also be some thought given to sector-specific policies. For example, banks can develop and implement minimum standards for each sector. https://www.thehindubusinessline.com/opinion/rbis-lukewarm-response-to-global-warming/article65717073.ece