NEWS ITEMS ON CAG/ AUDIT REPORTS (06.08.2022 to 08.08.2022)

1. CAG report: PSU general insurers logged ₹26k cr loss between FY17 & FY21 *(economictimes.indiatimes.com)* Aug 06, 2022

All four public sector general insurers posted an aggregate loss of ₹26,364 crore between 2016-17 and 2020-21, according to an audit report by the Comptroller and Auditor General of India (CAG).

The losses of health insurance business of PSU insurers either wiped out or decreased profits of other lines of business or increased the overall losses, the audit report on third-party administrators (TPAs) in the health insurance business of public sector insurance companies noted.

"The losses were on account of group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies," it said, adding that PSU insurers' market share in health insurance business is also reducing vis-a-vis the stand-alone health insurers and private insurers.

The audit findings tabled in parliament on Friday pointed out that the four insurers- New India Assurance NSE -0.17 %, United India Insurance, Oriental Insurance and National Insurance - did not comply with the government directive to not exceed above 95% the combined ratio of standalone group policies and 100% for group policies involving cross subsidy. https://economictimes.indiatimes.com/industry/banking/finance/insure/cag-report-psu-general-insurers-logged-26k-cr-loss-between-fy17-fy21/articleshow/93379344.cms

2. CAG REPORT: PSU general insurers flouted finmin norms *(financialexpress.com)* August 7, 2022

State-run general insurance companies didn't comply with finance ministry guidelines on underwriting of group policies and witnessed huge losses on account of their health cover business, the Comptroller and Auditor General (CAG) has revealed in its latest report.

The combined ratio (claims paid plus expenses divided by premium earned) of group health insurance segments of all the four public-sector general insurers ranged from 125% to 165% between FY17 and FY21, way above the ceiling of 100% stipulated by the finance ministry, the CAG pointed out.

The four insurers — New India Assurance Company, United India Insurance Company, Oriental Insurance Company and National Insurance Company — incurred a combined loss of Rs 26,364 crore in their health insurance portfolio in the five years through FY21, the CAG said in a compliance audit of third-party administrators (TPAs) in health insurance business of public sector insurance companies.

“The losses were on account of group health insurance policies where on the one hand, less premium per life was charged by the insurance companies as compared to retail policy holders and on the other hand, more pay-out towards claims had to be incurred,” the CAG said. “Instances of multiple settlements of claims and claim payment in excess of sum insured signify major lapses,” it added.

Since test check by its audit was limited to a sample of 2,176 claim records, the CAG advised PSU insurers to conduct their own review of the remaining cases. It also called for recovery in case of excess payments and responsibility be fixed on officials concerned.

The CAG highlighted the lacunae in the IT systems in PSU insurers, which “lacked appropriate validation checks and controls”. This has resulted in lapses such as multiple settlement of claims, excess payment over and above the sum insured, excess payments due to ignoring waiting period clause for specific diseases, non-application of co-payment clause, breaching of capping limit for specific diseases, incorrect assessment of admissible claim amount, irregular payments on implants, non-payment of interest on delayed settlement, etc.

The CAG’s audit showed that New India and United India have settled claims more than once on different dates, although the policy number, name of the beneficiary, hospitalisation dates, illness code, hospital name and disease were the same. Audit pointed out 792 cases (Rs 4.93 crore) of multiple settlements by New India and 12,532 cases (Rs 8.60 crore) by United India.

Further, in case of New India, claims settled to policyholder exceeded the sum insured plus cumulative bonus in 139 retail claims, indicating excess payment of Rs 33 lakh. As for United India, the claim paid exceeded sum insured in 2,223 claims involving Rs 36.13 crore, which included group claims. For group policies, there is a provision in the policy for such excess payment over sum insured by way of ‘corporate buffer’. However, the claim processing sheet/note verified did not indicate the use of buffer or available balance of buffer and utilisation, etc.

The PSU insurers carried out empanelment of third-party administrators (TPAs) but allocated business to non-empanelled TPAs also, the CAG said. A TPA typically processes insurance claims admissible under the mediclaim policy. PSU insurers incorporated their own TPA (Health Insurance TPA or HITPA) but the allocation of business to HITPA by them was minimal.

The four PSU insurers have preferred provider network (PPN) agreements with only 2,552 hospitals, much lower than 9,900 in the network of Star Health Insurance, and 10,000 hospitals of HDFC Ergo General Insurance Company. https://www.financialexpress.com/money/insurance/cag-report-psu-general-insurers-flouted-finmin-norms/2620243/

3. 4 PSU insurers lost Rs 26K in 5 yrs: CAG *(tribuneindia.com)* Aug 06, 2022

The Comptroller and Auditor General (CAG) on Friday said four public sector undertakings (PSU) in the field of health insurance incurred a collective loss of Rs 26,364 crore from 2016 to 2021.

Group policies to blame

-The losses were on account of group policies where premium charged was less and claim outgo was more

-The companies are New India Assurance, United India Insurance, Oriental Insurance and National Insurance Company

-They are functioning under the Ministry of Finance

In its report in Parliament, it said the losses of health insurance business of PSU insurers, either wiped out or decreased the profits accruing from other business. The losses were on account of group health insurance policies where premium charged was less and claim outgo was more when compared with retail policies for individuals.

PSU insurers' market share in health insurance business had been reducing continuously vis-à-vis private insurers, the CAG said.

Health insurance business is the second largest line of business of the PSU insurers — the first being motor insurance — having a gross direct premium of Rs 1,16,551 crore during the five-year period.

The CAG noticed that Ministry of Finance guidelines were not complied with by the PSU insurers, said the report: 'Third Party Administrators in Health Insurance business of Public Sector Insurance Companies'.

There are 32 general insurance companies doing health insurance business in India. Of these, four are PSU insurers — New India Assurance Company Limited, United India Insurance Company Limited, The Oriental Insurance Company Limited and National Insurance Company Limited offering various health insurance products. https://www.tribuneindia.com/news/nation/4-psu-insurers-lost-26k-in-5-yrs-cag-419230

4. PSU general insurers report Rs 26,364 crore loss between FY17 and FY21 *(moneycontrol.com)* Updated: Aug 6, 2022

All four public sector general insurers - New India Assurance, United India Insurance, Oriental Insurance and National Insurance - reported an aggregate loss of Rs 26,364 crore between 2016-17 and 2020-21, according to an audit report by the Comptroller and Auditor General of India (CAG).

The losses of health insurance business of PSU insurers either wiped out or decreased profits of other lines of business, as per the audit report on third-party administrators (TPAs) in the health insurance business of public sector insurance companies.

"The losses were on account of the group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies," said the CAG report.

The PSU insurers' market share in health insurance business is also reducing with respect to the stand-alone health insurers and private insurers.

The audit findings pointed out that the four insurers did not comply with the government directive to not exceed above 95 per cent the combined ratio of standalone group policies and 100 per cent for group policies involving cross subsidy. https://www.moneycontrol.com/news/business/psu-general-insurers-report-rs-26364-crore-loss-between-fy17-and-fy21-8968971.html

5. Health covers pull all four PSU insurers into red *(timesofindia.indiatimes.com)* Updated: Aug 6, 2022

NEW DELHI: All four public sector general insurance companies are in the red, mainly due to the over Rs 26,300 crore losses incurred in their health portfolio in five years from 2016-17 to 2020-21, a report of the Comptroller and Auditor General (CAG) of India has revealed.

In its report tabled in Parliament on Friday, the CAG said the losses have been caused on account of group insurance policies where premium charged was less and claim outgo was more in comparison to retail policies. The audit covered New India Insurance Company Limited, United India Insurance Company Limited, Oriental Insurance Company Limited and National Insurance Company Limited and put their combined losses at Rs 26,364 crore.

About 10 years ago, PSU insurers took the initiative to have their own network of hospitals by forming a Preferred Provider Network (PPN). It found the four PSU insurers together have PPN agreements with only 2,552 hospitals (as against 9,900 hospitals for Star Health Insurance Co. Ltd and 10,000 hospitals for HDFC Ergo General Insurance Co. Ltd). "This indicates inadequate efforts by PSU insurers in tying up with a greater number of hospitals," the auditor has said. https://timesofindia.indiatimes.com/business/india-business/health-covers-pull-all-four-psu-insurers-into-red/articleshow/93381232.cms

6. Four PSU insurers lacked appropriate checks and controls: CAG report *(business-standard.com)* Updated Aug 6, 2022

CAG report: 4 PSU insurers lacked checks & controls

Report finds lapses such as multiple settlement of claims, excess payment over insured sum

NIKUNJ OHRI
New Delhi, 5 August

Inadequate checks leading to multiple claim settlements, excess payment over sum insured, and breach of caps limit for specific diseases are some of the lapses by four public sector insurers that the Comptroller and Auditor General of India (CAG) has flagged in its report.

The four insurers are New India Assurance Company (NIACL), United India Insurance Company (UIICL), Oriental Insurance Company (OICL), and National Insurance Company (NICL). According to the report, the insurers have incurred an aggregate loss of ₹26,364 crore in their health insurance portfolio between 2016-17 and 2020-21 on account of group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies.

The CAG report on "Third Party Administrators (TPAs) in Health Insurance business of Public Sector Insurance Companies" said processing of claims was done digitally both by insurers and TPAs. However, information technology systems of the insurers lacked appropriate checks and controls.

This resulted in lapses, among others, excess payments by ignoring waiting period clause for specific diseases, non-application of co-payment clause, incorrect assessment of admissible claim amount, irregular payments on implants, and non-payment of interest on delayed settlement, the report said.

The auditor's findings revealed New India Assurance and United India Insurance settled claims more than once on different dates although the policy number, insured name, beneficiary name, hospitalisation dates, illness code, hospital name, and disease were the same.

While New India Assurance had 792 cases of multiple settlements involving a sum of ₹4.93 crore, 12,532 such cases of ₹8.60 crore were found at United India Insurance. Besides, 139 instances were found where claims settled exceeded the sum insured including bonus, by ₹33 lakh at New India Assurance. At United India, claims paid including group claims, exceeded the sum insured in 2,223 cases involving ₹36.13 crore. Group policies include a provision for such excess payment over the sum insured by way of "corporate buffer", the auditor said. However, the verification of claims did not indicate use of such a buffer, the auditor said.

PSU insurance companies have their own network of hospitals called a Preferred Provider Network (PPN), but even after 10 years, enrollment of hospitals under PPN coverage was inadequate, the auditor said.

UNDER THE SCANNER

- 4 PSU insurers incurred aggregate loss of ₹26,364 crore in health insurance portfolio from 2016-17 to 2020-21
- Losses were on account of group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies
- About 792 cases of multiple settlements of ₹4.93 crore found at New India Assurance and 12,532 such cases of ₹8.60 crore found at United India Insurance
- New India Assurance failed to initiate action against hospitals whose staff was involved in fraudulent cashless claims

https://www.business-standard.com/article/economy-policy/four-psu-insurers-lacked-appropriate-checks-and-controls-cag-report-122080501488_1.html

7. PSU general insurers logged Rs 26,000 crore loss between FY17 and FY21: CAG report *(timesnownews.com)* Updated Aug 6, 2022

All four public sector general insurance companies -- New India Assurance, United India Insurance, Oriental Insurance and National Insurance -- posted an aggregate loss of Rs 26,364 crore between Fiscal Year 2016-17 and 2020-21, according to an audit report by the Comptroller and Auditor General of India (CAG).
These losses were attributed to deteriorating health insurance business of these four PSUs or decreased profits of other lines of business, the audit report on third-party administrators (TPAs) in the health insurance business of public sector insurance companies noted.

"The losses were on account of group health insurance policies where premium charged was less and claim outgo was more in comparison to retail policies," it said, adding that PSU insurers' market share in health insurance business is also reducing vis-a-vis the stand-alone health insurers and private insurers.

The audit findings tabled in parliament on Friday pointed out that the four insurers-New India Assurance, United India Insurance, Oriental Insurance and National Insurance - did not comply with the government directive to not exceed above 95% the combined ratio of standalone group policies and 100% for group policies involving cross subsidy.

Meanwhile, state-run general insurers continue to lose market share in terms of gross direct premium underwritten to their private peers. Collective market share of the four public sector general insurance companies fell 426 basis points year-on-year to 37.86 percent at the end of the first quarter this fiscal.

All four PSU insurers lost market shares during the 12-month period ended June 30. New India Assurance, which continues to have the highest market share in the general insurance space at 17.53 percent, lost 235 basis points year-on-year during the period. The company was the only PSU general insurer which had earlier been able to expand its market share. https://www.timesnownews.com/business-economy/companies/psu-general-insurers-logged-rs-26000-crore-loss-between-fy17-and-fy21-cag-report-article-93381556

8. CAG report reveals multiple settlement of claims, excess payment by public sector insurers *(newsroomodisha.com)* UPDATED: AUGUST 05, 2022

It has come out in a CAG audit report on 'Third Party Administrators in Health Insurance business of Public Sector Insurance Companies' tabled in the Parliament on Friday.

There are 32 general insurance companies doing health insurance business in India. Out of these, four are public sector general insurance companies (PSU insurers) including The New India Assurance Company Limited (NIACL), United India Insurance Company Limited (UIICL), The Oriental Insurance Company Limited (OICL) and National Insurance Company Limited (NICL) offering various health insurance products.

Data analysis by audit revealed that NIACL and UIICL have settled claims more than once on different dates although the policy number, insured name, beneficiary name, hospitalisation dates, illness code, hospital name and disease were the same.

Audit pointed out 792 cases (Rs 4.93 crore) of multiple settlements in NIACL and 12,532 cases (Rs 8.60 crore) of multiple settlements in UIICL, as seen from the database. Further, Audit observed in NIACL that the claims settled to policyholders exceeded the sum insured plus cumulative bonus in 139 retail claims indicating excess payment of Rs 33 lakh.

In UIICL, the claim paid exceeded the sum insured in 2,223 claims involving Rs 36.13 crore, which included group claims. For group policies, there is a provision in the policy for such excess payment over sum insured by way of ‘Corporate buffer’. However, the claim processing sheet/note verified did not indicate use of buffer or available balance of buffer and utilisation, etc, said the audit report.

TPAs need to carry out mandatory investigation of claims as per Service Level Agreement but in NIACL, UIICL and OICL, 562 claims (for Rs 40.46 crore) out of 2,735 sample claims did not contain investigation reports, said the report.

The audit report pointed out that systems and procedures for Internal Audit / Health Audit were inadequate and the number of audits carried out was insignificant as compared to the target’s fixed/ total number of claims settled.

“During the three financial years ended March 2019, 659 audits of claims processed by TPAs were conducted by Health Audit teams constituted by PSU insurers and a recovery of Rs 14.30 crore was pointed out, however, PSU Insurers so far recovered only Rs 6.06 crore,” said the audit report.

All the four PSU insurers incurred losses in the health insurance portfolio in all the five years from 2016-17 to 2020-21.

Aggregate loss of the four PSU insurers was Rs 26,364 crore during 2016-17 to 2020-21. https://newsroomodisha.com/cag-report-reveals-multiple-settlement-of-claims-excess-payment-by-public-sector-insurers/

9. सार्वजनिक क्षेत्र के बीमाकर्ताओं के पास उचित सत्यापन का अभाव, कई जगह हुई चूक: कैग *(deshbandhu.co.in)* UPDATED: AUGUST 06, 2022

सार्वजनिक क्षेत्र की स्वास्थ्य बीमा कंपनियों के पास उचित सत्यापन जांच और नियंत्रण का अभाव है, जिसके परिणामस्वरूप कई चूक हुई हैं, जिनमें दावों का एकाधिक निपटान, बीमा राशि से अधिक भुगतान, स्वीकार्य दावा राशि का गलत मूल्यांकन, प्रत्यारोपण और अन्य पर अनियमित भुगतान शामिल हैं।

संसद में शुक्रवार को पेश 'सार्वजनिक क्षेत्र की बीमा कंपनियों के स्वास्थ्य बीमा कारोबार में तीसरे पक्ष के प्रशासकों' पर नियंत्रक एवं महालेखा परीक्षक (कैग) की ऑडिट रिपोर्ट में यह बात सामने आई है।

भारत में 32 सामान्य बीमा कंपनियां स्वास्थ्य बीमा कारोबार कर रही हैं। इनमें से चार सार्वजनिक क्षेत्र की सामान्य बीमा कंपनियां (पीएसयू बीमाकर्ता) हैं, जिनमें द न्यू इंडिया एश्योरेंस कंपनी लिमिटेड (एनआईएसीएल), यूनाइटेड इंडिया इंश्योरेंस कंपनी लिमिटेड (यूआईआईसीएल), द ओरिएंटल इंश्योरेंस कंपनी लिमिटेड (ओआईसीएल) और नेशनल इंश्योरेंस कंपनी लिमिटेड (एनआईसीएल) शामिल हैं।

लेखापरीक्षा (ऑडिट) द्वारा डेटा विश्लेषण से पता चला कि एनआईएसीएल और यूआईआईसीएल ने अलग-अलग तिथियों पर एक से अधिक बार दावों का निपटारा किया है, हालांकि पॉलिसी नंबर, बीमित नाम, लाभार्थी का नाम, अस्पताल में भर्ती होने की तारीख, बीमारी कोड, अस्पताल का नाम और बीमारी समान थी।

जैसा कि डेटाबेस से देखा गया है, ऑडिट ने एनआईएसीएल में एकाधिक यानी मल्टीपल सैटलमेंट के 792 मामलों (4.93 करोड़ रुपये) और यूआईआईसीएल में कई सैटलमेंट के 12,532 मामलों (8.60 करोड़ रुपये) को इंगित किया।

इसके अलावा, एनआईएसीएल में ऑडिट के दौरान देखा गया कि पॉलिसीधारकों के लिए निपटाए गए दावे 139 खुदरा दावों (रिटेल क्लेम) में बीमा राशि और संचयी बोनस से अधिक हो गए, जो 33 लाख रुपये के अधिक भुगतान को दर्शाता है।

ऑडिट रिपोर्ट में कहा गया है कि यूआईआईसीएल में, भुगतान किया गया दावा 2,223 दावों में बीमा राशि से अधिक था, जिसमें 36.13 करोड़ रुपये शामिल थे, जिसमें समूह के दावे शामिल थे। समूह पॉलिसियों के लिए,
'कॉर्पोरेट बफर' के माध्यम से बीमा राशि पर इस तरह के अधिक भुगतान के लिए पॉलिसी में प्रावधान है। हालांकि, दावा प्रसंस्करण शीट/सत्यापित नोट में बफर के उपयोग या बफर और उपयोग आदि के उपलब्ध शेष का संकेत नहीं दिया गया था।

रिपोर्ट में कहा गया है कि टीपीए को सर्विस लेवल एग्रीमेंट के अनुसार दावों की अनिवार्य जांच करने की जरूरत है, लेकिन एनआईएसीएल, यूआईआईसीएल और ओआईसीएल में 2,735 सैंपल दावों में से 562 दावों (40.46 करोड़ रुपये में) में जांच रिपोर्ट शामिल नहीं है।

लेखापरीक्षा रिपोर्ट ने इंगित किया कि आंतरिक लेखापरीक्षा/स्वास्थ्य लेखापरीक्षा के लिए प्रणालियां और प्रक्रियाएं अपर्याप्त थीं और किए गए लेखापरीक्षा की संख्या लक्ष्य के निर्धारित/निपटाए गए दावों की कुल संख्या की तुलना में नगण्य थी।

ऑडिट रिपोर्ट के अनुसार,
"मार्च 2019 को समाप्त तीन वित्तीय वर्षों के दौरान, टीपीए द्वारा संसाधित दावों के 659 ऑडिट पीएसयू बीमाकर्ताओं द्वारा गठित स्वास्थ्य ऑडिट टीमों द्वारा किए गए थे और 14.30 करोड़ रुपये की वसूली की ओर इशारा किया गया था, हालांकि, पीएसयू बीमाकर्ताओं ने अब तक केवल 6.06 करोड़ रुपये की वसूली की है।"

इसके अलावा यह भी सामने आया है कि सभी चार पीएसयू बीमाकर्ताओं ने 2016-17 से 2020-21 तक सभी पांच वर्षों में स्वास्थ्य बीमा पोर्टफोलियो में घाटा उठाया है।

2016-17 से 2020-21 के दौरान चार पीएसयू बीमा कंपनियों का कुल नुकसान 26,364 करोड़ रुपये दर्ज किया गया है। https://www.deshbandhu.co.in/news/1-public-sector-insurers-lack-proper-verification-multiple-lapses-cag-293399-politics

10. CAG ने बताया, सार्वजनिक क्षेत्र के बीमाकर्ताओं के पास उचित सत्यापन का अभाव, कई जगह हुई चूक! *(samacharnama.com)* AUGUST 06, 2022

सार्वजनिक क्षेत्र की स्वास्थ्य बीमा कंपनियों के पास उचित सत्यापन जांच और नियंत्रण का अभाव है, जिसके परिणामस्वरूप कई चूक हुई हैं, जिनमें दावों का एकाधिक निपटान, बीमा राशि से अधिक भुगतान, स्वीकार्य

दावा राशि का गलत मूल्यांकन, प्रत्यारोपण और अन्य पर अनियमित भुगतान शामिल हैं। संसद में शुक्रवार को पेश सार्वजनिक क्षेत्र की बीमा कंपनियों के स्वास्थ्य बीमा कारोबार में तीसरे पक्ष के प्रशासकों पर नियंत्रक एवं महालेखा परीक्षक (कैग) की ऑडिट रिपोर्ट में यह बात सामने आई है। भारत में 32 सामान्य बीमा कंपनियां स्वास्थ्य बीमा कारोबार कर रही हैं। इनमें से चार सार्वजनिक क्षेत्र की सामान्य बीमा कंपनियां (पीएसयू बीमाकर्ता) हैं, जिनमें द न्यू इंडिया एश्योरेंस कंपनी लिमिटेड (एनआईएसीएल), यूनाइटेड इंडिया इंश्योरेंस कंपनी लिमिटेड (यूआईआईसीएल), द ओरिएंटल इंश्योरेंस कंपनी लिमिटेड (ओआईसीएल) और नेशनल इंश्योरेंस कंपनी लिमिटेड (एनआईसीएल) शामिल हैं।

लेखापरीक्षा (ऑडिट) द्वारा डेटा विश्लेषण से पता चला कि एनआईएसीएल और यूआईआईसीएल ने अलग-अलग तिथियों पर एक से अधिक बार दावों का निपटारा किया है, हालांकि पॉलिसी नंबर, बीमित नाम, लाभार्थी का नाम, अस्पताल में भर्ती होने की तारीख, बीमारी कोड, अस्पताल का नाम और बीमारी समान थी। जैसा कि डेटाबेस से देखा गया है, ऑडिट ने एनआईएसीएल में एकाधिक यानी मल्टीपल सैटलमेंट के 792 मामलों (4.93 करोड़ रुपये) और यूआईआईसीएल में कई सैटलमेंट के 12,532 मामलों (8.60 करोड़ रुपये) को इंगित किया। इसके अलावा, एनआईएसीएल में ऑडिट के दौरान देखा गया कि पॉलिसीधारकों के लिए निपटाए गए दावे 139 खुदरा दावों (रिटेल क्लेम) में बीमा राशि और संचयी बोनस से अधिक हो गए, जो 33 लाख रुपये के अधिक भुगतान को दर्शाता है।

ऑडिट रिपोर्ट में कहा गया है कि यूआईआईसीएल में, भुगतान किया गया दावा 2,223 दावों में बीमा राशि से अधिक था, जिसमें 36.13 करोड़ रुपये शामिल थे, जिसमें समूह के दावे शामिल थे। समूह पॉलिसियों के लिए, कॉर्पोरेट बफर के माध्यम से बीमा राशि पर इस तरह के अधिक भुगतान के लिए पॉलिसी में प्रावधान है। हालांकि, दावा प्रसंस्करण शीट/सत्यापित नोट में बफर के उपयोग या बफर और उपयोग आदि के उपलब्ध शेष का संकेत नहीं दिया गया था। रिपोर्ट में कहा गया है कि टीपीए को सर्विस लेवल एग्रीमेंट के अनुसार दावों की अनिवार्य जांच करने की जरूरत है, लेकिन एनआईएसीएल, यूआईआईसीएल और ओआईसीएल में 2,735 सैंपल दावों में से 562 दावों (40.46 करोड़ रुपये में) में जांच रिपोर्ट शामिल नहीं है।

लेखापरीक्षा रिपोर्ट ने इंगित किया कि आंतरिक लेखापरीक्षा/स्वास्थ्य लेखापरीक्षा के लिए प्रणालियां और प्रक्रियाएं अपर्याप्त थीं और किए गए लेखापरीक्षा की संख्या लक्ष्य के निर्धारित/निपटाए गए दावों की कुल संख्या की तुलना में नगण्य थी। ऑडिट रिपोर्ट के अनुसार, मार्च 2019 को समाप्त तीन वित्तीय वर्षों के दौरान, टीपीए द्वारा संसाधित दावों के 659 ऑडिट पीएसयू बीमाकर्ताओं द्वारा गठित स्वास्थ्य ऑडिट टीमों द्वारा किए गए थे और 14.30 करोड़ रुपये की वसूली की ओर इशारा किया गया था, हालांकि, पीएसयू बीमाकर्ताओं ने अब तक केवल 6.06 करोड़ रुपये की वसूली की है। इसके अलावा यह भी सामने आया है कि सभी चार पीएसयू बीमाकर्ताओं ने 2016-17 से 2020-21 तक सभी पांच वर्षों में स्वास्थ्य बीमा पोर्टफोलियो में घाटा उठाया है। 2016-17 से 2020-21 के दौरान चार पीएसयू बीमा कंपनियों का कुल नुकसान 26,364 करोड़ रुपये दर्ज किया गया है। https://samacharnama.com/states/delhi-news/CAG-said-lack-of-proper-verification-with-public-sector/cid8193911.htm

11. Foreign firms achieve only 82% target in defence deal offsets *(thehindu.com)* UPDATED: AUGUST 06, 2022

In 15 years, India received only $5.61 billion from deals estimated at $6.83 billion

The total offset commitment by foreign defence companies to be fulfilled in India for various defence deals during the last 15 years, was $6.83 billion till August 01, 2022 of which they fulfilled offset claims worth 82.13% or about $5.61 billion, the Defence Ministry informed Parliament. Expressing concern over the shortfall, MP Kunwar Danish Ali who raised this question said this “huge money could revive MSME (Micro, Small and Medium Enterprises) sector and create a lot of jobs.”

“Total 15 companies have missed the first deadline set for implementation of their defence offset commitment. Further details being strategic and sensitive in nature, cannot be disclosed,” Minister of State for Defence Ajay Bhatt said in a written reply in the Lok Sabha, on Friday. “For unfulfilled offset obligations, penalty as applicable has been imposed on the defaulting vendors as per the governing Defence Offset Guidelines.”

Further, in genuine cases, re-phasing of offset obligations has been allowed to enable vendors to discharge the pending offset obligations, Mr. Bhatt stated, detailing the steps taken by the Defence Ministry to prevent default or delay in implementation of offset commitments by vendors.

High-end technology

Defence offset policy was promulgated under Defence Procurement Procedure (DPP) 2005 with the objective that it would bring in high-end technology into the country and build the domestic defence industry. Under offset clause, a foreign company which wins a defence deal is supposed to invest back a part of the contract value in the country thus developing skills and bringing in technology while also generating employment.

“It’s so unfortunate that Government is not seriously implementing defence offset agreements with various foreign companies worth $6.83 billion. This huge money could revive MSME sector and create a lot of jobs. I will demand a short duration discussion in the next session of Parliament,” Mr. Ali said on Twitter, on Saturday.

As per DPP 2006, offset value has been fixed at 30% of defence deals above ₹300 crore which was revised to ₹2000 crore in DPP 2016 for full import deals. The first offset contract was signed in 2007.

Offset guidelines revised

In Defence Acquisition Procedure 2020, the Government has removed the requirement of offset clause in Inter Governmental Agreements like the Rafale deal. The offset guidelines have also been revised in DPP 2020 wherein preference will now be given to manufacture of complete defence products over components and various multipliers have been added to give incentivisation in discharge of offsets.

Auditing the offset deals till March 2018, the Comptroller and Auditor General (CAG) in its report tabled in the Parliament in September 2020 had stated that 46 offset contracts were signed for ₹66,427 crore and till December 2018, ₹19,223 crore worth of offsets should have been discharged. “However, the vendors have claimed discharge of only ₹11,396 crore, 59%, of the offsets,” the report had stated.

Further, the Ministry has accepted only ₹5,457 crore or 48% of these offset claims while the rest were pending or rejected due to various deficiencies, the report had noted and the remaining offset commitments of about ₹55,000 crore would be due to be completed by 2024, but the rate of offset discharge has been about ₹1,300 crore per year. "Given this situation, fulfilling the commitment of ₹55,000 crore by the vendors in the next six years remains a major challenge," the report added. https://www.thehindu.com/news/national/fulfilment-of-offset-obligations-in-defence-deals-falls-short-by-18/article65737949.ece

12. Rather Than Flaunting 'Operationally Inadequate' Vikrant, Navy Should Clear Backlog *(thewire.in)* 06 Aug 2022

Chandigarh: The imminent commissioning of the Indian Navy's first indigenous aircraft carrier-1 (IAC-1) as INS Vikrant, to mark India's 75th Independence Day, will be that of an 'incomplete' platform that will take another 18-20 months, if not more, to become fully operational.

Already delayed by nearly seven years, and beset by a six-fold price overrun – from its original 2003 project sanction of Rs 3,216 crore to over Rs 20,000 crore currently – the 40,000-tonne short take-off barrier arrested recovery (STOBAR) carrier will be commissioned later this month, but without its aviation flight complex (AFC) that is critical to operating its combat air arm.

"Structurally the carrier is complete as a sea-going platform, but operationally it still needs to demonstrate its functionality as a floating airbase capable of deploying and recovering fighter aircraft," said Indian Navy Captain D.K. Sharma (retired). Like other carrier's around the world, this will be achieved subsequently for Vikrant to enable it to achieve its designated role, he added.

The AFC, which is being supplied by Russia's Nevskoe Design Bureau (NDB), has faced recurring delays owing to its bespoke design requirements to meet the Indian Navy's specific operational needs, alongside differences over its eventual cost, and is unlikely to be fully installed and functional till 2023-end, sources in the Indian Navy said. They said a large proportion of the AFC that involves over 300 hi-tech compartments comprising the command centre, diesel alternators, power supply and heating, ventilation and air conditioning systems and a myriad other sundry components like arrestor wires and aircraft guiding lights, had already been delivered to Cochin Shipyard Limited (CSL) and awaited fitment by Russian technicians. Some diverse AFC equipment, on the other hand, is on order and is yet to be delivered.

But the US-led sanctions on Russia for invading Ukraine had only delayed the AFCs' installation, industry sources said, making it difficult to put a timeline on its completion to render Vikrant as a deployable battleworthy platform. Currently, however, the carrier is capable of embarking helicopters on its flight deck, an activity that needs little or minimal AFC involvement and is almost certain to be on display during its forthcoming commissioning ceremony at Cochin Shipyard Limited which constructed the platform as part of Project 71.

Similar to the one that manages the air group of INS Vikramaditya (ex-Admiral Gorshkov), the navy's 44,750-tonne sole operational refurbished Kiev-class Russian carrier, Vikrant's AFC is expected to eventually support a complement of 40-odd fighters and assorted rotary wing assets. For the immediate future, these will include some 25-odd Russian MiG-29K/KUB fighters, Kamov Ka-31 early warning and control (AEW&C) helicopters and the under-induction Lockheed Martin/Sikorsky MH-60R multirole naval helicopters.

Eventually, the Indian Navy aims to acquire 26 multi-role carrier-borne fighters (MRCBF), including eight twin-seat trainers, to operate off Vikrant, for which France's Rafale-M (Marine) fighter and Boeing's F/A-18E/F 'Super Hornet' were under evaluation, after recent trials. It would, in time, operate via the Russian AFC. At a later stage, Vikrant is also likely to deploy the under-development indigenous, twin-engine light combat aircraft (Navy) or LCA (N) and unmanned aircraft systems or UAS.

One of these two former fighter types will, in due course, supplement, and eventually replace a bulk of the 45 MiG2K/KUBs delivered to the Indian Navy between 2009 and 2017. These had proven inadequate in meeting the navy's operational requirements, as they had demonstrated their inability in delivering their specified weapons payload to their stated ranges with a full fuel load.

In its July 2016 report, India's Comptroller and Auditor General (CAG), for instance, severely criticised the Indian Navy and the Ministry of Defence (MoD) for technically accepting the MiG-29K/KUB fighters, despite them being "riddled with problems, discrepancies, and anomalies".

In its damming audit, the CAG had, at the time, revealed the fighters' multiple deficiencies which included shortcomings with its airframe, its RD-33 MK engines and fly-by-wire systems; in short, the entire fighter. The report also stated that the fighters had suffered repeated engine failures, with at least 10 cases of single-engine landings. Of the 65 RD-33MK turbofan engines received from their manufacturer Klimov, the Indian Navy had rejected or withdrawn at least 40 from service due to defects.

Consequently, operational availability of the MiG-29Ks between 2014 and 2016 fluctuated from 15.93% to 37.63%, while that of the MiG-29KUB dual-seat trainers was between 21.20% and 47.14%, and one which had improved marginally, if at all, the CAG disclosed. It also revealed that these technical deficiencies would considerably reduce the MIG-29K's overall service life of 6,000 hours and that even its full-mission simulator had proven "unsuitable" in training pilots for carrier operations.

Additionally, the MiG-29K/KUB fleet continued to face severe maintenance problems, as a large number needed repairs after each deck landing that damaged many of the fighters' onboard components. There were also complaints from the Indian Navy regarding Russia's inability to incorporate all agreed-upon features onto the MiG-29Ks. This state of affairs had resulted from the 2014 sanctions, still in place, imposed on Moscow by the US, European Union, and other international organisations for its military intervention in Crimea, which had been contracted to provide several of the MiG-29K components.

In recent months, this situation had only deteriorated exponentially following additional embargoes imposed on Russia for its ongoing assault on Ukraine, making it even more problematic for the Indian Navy to source spares and components for its MiG-29K fleet.

India's procurement had revived Mikoyan's flagging MiG-29 naval variant programme, rendering the Indian Navy as Russia's sole overseas customer for these fighters. The Russian Navy, for its part, operates a handful of MiG29K's and KUB trainers, far less than the numbers in service with the Indian Navy.

Unfinished projects

Meanwhile, Vikrant is not the first major naval platform to have been recently commissioned despite being 'operationally inadequate', or as one naval officer jocularly put it: without its full 'complement of teeth'.

Four of the Indian Navy's six Kalvari-class French Scorpene diesel-electric submarines (SSKs), that are being licence built by Mazgaon Dock Shipbuilders (MDL) in Mumbai, for example, have been commissioned into service 2017 onwards without the originally planned Black Shark heavyweight torpedoes (HWT).

Instead, these four boats were presently armed with the older German-origin SUT-series torpedoes that were acquired by the Indian Navy in the late 1980s for its four Shishumar-class German HDW Type 209/1500 SSKs. Ultimately, the remaining two Scorpene boats too would be fitted with SUT torpedoes whose strike range is around 28 kilometres, while that of the advanced, next-generation Black Shark equivalent, is almost 50 km or almost twice that. Moreover, the SUT's technology dated back to the 1980s and had operational limitations in its tracking and homing features, compared with the Black Shark.

This 'compromise' or 'concession' came about after the tender to procure 98 Black Shark torpedoes for all six Scorpenes from Italy's Whitehead Alenia Sistemi Subacquel (WASS) was scrapped by the Ministry of Defence (MoD) in May 2016. It followed allegations of corruption involving WASS's then parent company, Finmeccanica, in the import of 12 AW101 AgustaWestland helicopters for the Indian Air Force (IAF) to ferry VVIPs like the president, prime minister and other dignitaries.

However, the outcome of the helicopter contract, which went into arbitration, remains unknown, with three AW-101s delivered to the Indian Air Force in 2012-13 still in storage in New Delhi. Ironically, WASS was in no way involved in any questionable dealings, and the fact that the Indian Navy had shortlisted its HWT after extended trials, but later abandoned it, speaks volumes for the forces' operational priorities.

The improvised arming of the Scorpenes involved SUT torpedo makers Atlas Elektronik extending the operational life of 64 of them in the navy's inventory by 15 years as a stopgap measure or jugaad – innovation – as both the Indian Navy and the MoD had collectively failed to effect a comparable torpedo buy. Fitting the Scorpenes with the substitute SUTs also necessitated changes to the platforms which had all been structurally designed to receive the Black Shark torpedoes. It also meant that the already insufficient number of SUT torpedoes for the navy needed apportioning between the Shishumar and the Scorpene SSKs, further depleting the force's war wastage reserves.

Furthermore, the recent 310-strong list of military items whose import has been proscribed by the MoD includes torpedoes which, in effect, would need to be developed indigenously under the Atmanirbhar Bharat initiative, aimed at India's military sourcing all its equipment needs locally. And, since the technology to domestically design HWTs needs developing over time, it follows that the hugely expensive and operationally effective Scorpene SSKs will, for the foreseeable future, remain ineffectually armed, diluting their overall deterrence capability and war-waging effectiveness in the surrounding waters.

In short, the Indian Navy needs to comprehensively complete projects it had started before flaunting them half-finished. It should simply not accumulate a backlog of unfinished programmes. https://thewire.in/government/ins-vikrant-inadequate-navy-backlog

13. From 2G to 5G Auction: The Great Indian Telecom Saga *(dailypioneer.com)* 07 August 2022

The 5G spectrum auction has reaped a whopping sum of Rs 1,50,173 crore for the public exchequer. This massive figure is the highest value collected in India through not only spectrum auctions but also from any kind of bidding process, be it coal or power, or land auctions. As expected, the country's leading telecom operator Mukesh Ambani-headed Reliance Jio made the highest bid for 5G waves in all 22 circles as well as for other frequencies and paid Rs 88,078 crore.

Jio was followed by India's first private telecom operator Sunil Mittal's Bharti Airtel, which made a successful bid of Rs 43,084 crore by competing in all 22 telecom circles. Cash-strapped Vodafone Idea headed by Aditya Birla Group, which continues to struggle with financial woes despite Government's grand bailout packages, bid only in 17 circles and bought spectrum for Rs 18,799 crore only.

Adani Group also bid for 5G to operate their private network installed in airports, sea ports, and power stations by paying Rs 212 crores for 400 MHz.

As per the convention, Public Sector Undertakings (PSU) BSNL and MTNL did not attend the auction. They will be allotted 5G spectrum at the highest price reached in auction at each circle. Sadly, these two PSUs have not yet optimized the service and even in the usage of 4G. It has to be seen how much time they take to activate 5G on their networks.

Interestingly, the 5G auction turned out to be the only auction where Chinese telecom giants have been kept out from supplying gears, machinery, etc., ringing in cheers for European telecom equipment giants like Nokia, Ericson, and Korean behemoth Samsung.

India's auction process has a long history associated with politics, corruption, and legal cases. The government decided to conduct the auction for the first time in the telecom sector in 2001. Then India had only four million mobile phone users, and through pan Indian (all the 22 telecom circles) auction, telecom license fee with spectrum allotment arrived at a handsome figure of Rs 1651 crore. Undivided Reliance and Tata Group entered the telecom sector through this process. Earlier, players like Airtel and BPL were cajoled by the Government to enter the sector in 1994 at a very low price. Those were the days when the incoming call rate was Rs Eight and outgoing Rs 16 per minute on a minuscule customer base.

While the ruling BJP rejoiced over the final figures of the 5G auction that came out on August 1 after four days of bidding, 2G Scam-hit former Telecom Minister A. Raja got his chance to take a jibe at the NDA government. Raja called for a probe into the auction asserting that the 5G spectrum should have been sold for Rs 5 lakh crores. Raja compared the 5G spectrum amount of Rs 1.5 lakh crore with the notional loss of Rs 1.76 lakh crore in the 2G auction during his tenure as calculated by the CAG and said that 5G has more spectrum, it should have fetched more for the government.

"When I recommended only 30 MHz of spectrum to TRAI, the regulatory authority, the then CAG Vinod Rai said ? Rs 1.76 lakh crore loss to the Government. But now 5G only for Rs 1.5 lakh crore?" Raja asked.

Raja and several other Opposition leaders vented their anger against the then CAG Vinod Rai for "sabotaging the UPA regime" and providing a platform for the rise of the BJP by alleging a scam in the 2G auction. These allegations are laughable given the gross procedural irregularities in the allotment of the spectrum during Raja's regime.

Auction of Spectrum, Coal and natural resources

The Government was forced to conduct a 3G and BWA spectrum auction in April 2010, when the 2G Scam of 2008 made headlines. The scam-hit UPA Government formed a Group of Ministers headed by then Finance Minister Pranab Mukherjee, sidelining Telecom Minister A. Raja and the public exchequer got a huge sum of Rs 1,06, 200 crores. This figure ignited the anti-corruption wave and opposition demanding the removal of Telecom Minister A Raja who allotted 2G Spectrum and 122 licenses to many companies, most of them from real estate sectors, at a throwaway price of just Rs 9, 200 crores.

Raja gave telecom licenses and spectrum without auction in 2008 at a price arrived in 2001. In 2001, the pan-Indian license (total 22 licenses) value was Rs 1651 crore when India had just four million mobile phone users. But in 2008, India's number of mobile phone users crossed 300 million, and the Minister, ignoring Prime Minister Manmohan Singh's direction, gave away licenses and spectrum at a seven-year-old fixed rate. Among the 122 licenses, around 86 licenses , did not get clearance from the Regulator TRAI to start a telecom business.

By that time BJP leader Subramanian Swamy and lawyer Prashant Bhushan approached the Supreme Court demanding the cancellation of all 122 tainted licenses granted by Raja and conducting fresh auction. The CBI in its FIR in 2009 on the 2G Scam pegged the loss to the public exchequer at 30,000 cr. Things got murkier when the beneficiary companies started selling their shares to multinational companies for huge premiums. For example, Swan Telecom sold around half of its shares to UAE telecom giant Etisalat for more than Rs 4,500 crore.

How CAG arrived at the loss figure of Rs 1.76 lakh crore?

In November 2010, the CAG submitted a report to Parliament outlining the illegalities in the 2G Scam allotment and claiming a notional loss of Rs 1.76 lakh crore in the auction. For this, CAG Vinod Rai was maligned and bullied by Congress and DMK MPs in JPC and PAC and in the public domain. How the auditors finalised the loss figure is a matter of record in the CAG's depositions before JPC and PAC. The auditors had derived around 10 types of rates for calculating the expected loss to the public exchequer.

The figures were based on the sale of shares to multinationals by the beneficiary companies in the 2G scam and the companies reaping the benefit of Dual Policy (Anil Ambani's Reliance, Tata, and Shyam Telecom). Somehow probes against the Dual Policy, the fountainhead of 2G Scam fizzled out. The lowest loss figure arrived at was a Rs 60,000 crore loss based on the sale of shares of Swan Telecom to Etisalat. The highest loss figure arrived at was Rs 4.25 lakh crore based on the sale of Tata shares to Japanese firm DoCoMo. As this price was based on the brand value of Tata, the auditors did not consider it.

At last CAG auditors after deliberations decided to stick to the rates of the 3G and BWA auction of April 2010, and based on these rates the 2G Scam loss was estimated at Rs 1.76 lakh crore. Interestingly, the BWA spectrum was later conveniently termed the 4G spectrum. This was seen as a real Indian Jugad. In February 2012, Supreme Court cancelled all 122 licenses allotted by Raja and ordered an immediate auction and also called for an auction of all natural resources, later leading to the cancellation of all coal blocks. The Government went for Presidential Reference in the Supreme Court, which justified its decision to auction all natural resources in place of arbitrary allocations.

Many of the operators and the authorities resorted to every possible trick to sabotage the first auction in November 2012 after the Supreme Court verdict of Justices GS Singhvi and AK Ganguly. Airtel's Sunil Mittal even said the auction would not last a day. But just 19 licenses were sold at Rs 9400 crore, while in 2G Scam 122 licenses were given away arbitrarily for just Rs 9,200 crore.

The merit of the auction can be seen in the rise of rates from 2014 onwards. In February 2014, the spectrum auction bagged Rs 62,162 crore to the public exchequer and the rates were higher than the 2010 3G auction, justifying the CAG's loss figure based on the 3G auction rates. In March 2015, the spectrum auction fetched the government Rs 1,10,000 crore, and in December 2016 the spectrum auction brought in Rs 65,789 crore to the public exchequer.

Again in March 2021, the spectrum auction gave Rs 77, 814 crores whereas the recent 5G auction provided the highest figure Rs 1,50, 173 crores, totaling around Rs 5.9 lakh crores to the public exchequer by auction.

When will 5G service will be available in BSNL and MTNL?

The full optimization of 5G technology will be reached only when the country's BSNL and MTNL are equipped with the 5G technology. It is high time for the merger of BSNL and MTNL by delisting MTNL from stock exchanges. Sadly, BSNL and MTNL are not yet fully equipped with 4G. The Narendra Modi Government has come out with a huge package to revive these two strategic PSU telecom companies. If the plans work out, then only the 5G technology could reach most of the users across the country.

Incidentally, all the private operators only roll out their technology in Metros Cities and urban areas based on commercial viability. Since only BSNL can reach out to the entire country, hence 5G and all technologies must be made available to the public sector telecom firm for the benefit of the entire Indian population. https://www.dailypioneer.com/2022/sunday-edition/from-2g-to-5g-auction---the-great-indian-telecom-saga.html

14. 5G Auction Is The Biggest Scam In Indian History: 5G Sold For Lesser Than The Amount Of Scam In 2G After. 2G Had 1.76 Lac Crore Scam, Entire 5G Spectrum Sold for Only 1.5 Lac Crore *(inventiva.co.in)* 06th August 2022

Some of India's richest tycoons are being drawn into the fight for the fifth-generation airwaves, and billionaires like Mukesh Ambani and Gautam Adani are going to join a host of other parties offering up to $14 billion for frequency rights that might determine who dominates the digital era.

As Asia's third-largest economy auctions its airwaves to provide the newest technology to its more than 1.3 billion residents, the competition to deploy fifth-generation (5G) telecoms services is heating up in India.

India's digital sector is anticipated to grow when the introduction of fifth-generation technology, which can be up to 10 times quicker than 4G.

Bidding for 5G is heating up among Indian telecom players with deep pockets.

Several factors are at play, and a large investment is required to build additional infrastructure so the service can take off.

According to Deloitte India partner and telecoms sector leader Peeyush Vaish, "We're now one step closer to getting access to the fifth generation network." The country's major telcos take part in the ongoing 5G spectrum auctions. It is anticipated to transform the Indian telecommunications industry dramatically.

The sale commenced on July 26. The government said on Saturday that there had been bids totalling 149.85 billion Indian rupees ($18.9 billion) for the process.

Reliance Industries Jio, the telecom business headed by Mukesh Ambani, India's richest man, is leading the way.

Competitors Bharti Airtel and Vodafone Idea have also submitted bids, while Adani Enterprises, owned by billionaire Gautam Adani, has also done so.

The unexpected entry of Adani Data Networks, which has expressed interest in purchasing airwaves for a private network, has sparked the public's curiosity.

Second-richest individual in the nation, Mr Adani, is now directly competing with Mr Ambani for the same asset.

These businesses have “tremendous interest” in the 5G auction due to its role in all business sectors, from agriculture to energy.

Could this be a Jio moment for the enterprise telecom industry, where a new entrant with deep pockets, competitive advantages, and innovative technology ends up capturing a significant portion of the pie?

2G ‘scam’ and A Raja

During the UPA government, allegations over the allocation of coal blocks and the 2G spectrum significantly influenced Indian politics. The second UPA government suffered greatly as a result of the CAG reports.

The CAG Vinod Rai estimated a presumptive loss to the exchequer of Rs 1.76 lakh crore as a result of the 2G spectrum being allocated without an auction in November 2010. While the government didn’t technically lose anything, if the 2G spectrum had been put up for sale, the exchequer was expected to gain Rs. 1.76 lakh crore.

It is interesting to note that CAG estimated the assumed loss in the 2G auction to be between Rs 58,000 crore and Rs 1.76 lakh crore, yet the largest figure was only mentioned in the media and stuck in people’s minds.

One of the defendants was A Raja, who was the telecom minister at the time. In exchange for bribes to benefit specific telecom businesses, he was accused of changing the first-come, first-served rule by moving the deadline for applications to be given spectrum.

Raja also served time in jail for committing the crime. But in 2017, A Raja and the other defendants in the case were brought before a special court. The court ruled that the case was without merit and had been fabricated by substantially inflating the truth. The CBI had filed an appeal with the Delhi High Court challenging the ruling, but the high court earlier this year denied the petition.

A Raja, a former telecom minister, demands an investigation into the $5 billion 5G spectrum auction.

Former CAG claimed that the 2G auction resulted in a loss of Rs. 1.76 lakh crore in 2010. However, the current 5G bids are lower than that. The former Telecom Minister called this a big scam.

A total of Rs 1.5 lakh crore worth of bids were submitted for the recently ended 5G auction, with Mukesh Ambani’s Jio winning over half of the airwaves sold with an offer of Rs 88,078 crore.

Vinod Rai, a former C&AG, damaged India’s reputation in November 2010 by asserting that there was a notional loss of 1.76 lakh crores in the allotment of the 2-G spectrum.

For the far superior 5-G technology 12 years later, the government could only secure 1.5 lakh crores in the auction. It seems like the government is concerned about his friends that prompted him to sell the 5G at a lesser amount than 2G.

The BJP‘s alleged 5G scandal is the biggest scam in Indian history.

If the 2G spectrum, which is mostly used for voice and text, was worth Rs.1.76 lakh crores, how can the 5G spectrum, which powers applications such as linked automobiles, remote surgery, augmented reality, and meta, be 1.5 lakh crores when it had an auction worth 4.3 lakh crores?

Because the government fixed the base price of 5G spectrum at Rs 4.3 lakh crores but only received Rs 1.5 crore from the auction, there are claims that there was a scam.

Similar comparisons have been made to the alleged “2G scam” in 2008, which the Supreme Court determined was not a scam. In that case, the UPA government collected 176,000 lakh crores for the 2G auction in 2008, and in 2022, the BJP government should have collected 400,000 lakh crores for 5G rather than the 150,000 lakh crores it did.

The public is accusing the government of conducting a massive scam, dubbed “the biggest in Indian history,” in connection with the 5G auction, which is really the largest spectrum auction in India, lasting seven days and netting more than 1.5 lakh crores.
Following this auction, the Modi government is being accused of major misconduct on social media, with the hashtag #5G Scam Bjp currently trending at the top. Some claim that the auction was fake and that everything was predetermined.

During the 7-day 5G spectrum auction, which ended on August 1, billionaire industrialist Mukesh Ambani’s company Jio made the highest bid.

He bought nearly half of the total spectrum by bidding for Rs 88,078 crores. It seems like the government is doing its best to help his friends so they can take over the entire telecom sector.

The Adani Group purchased a 400 MHz spectrum for Rs 212 crore, according to Telecom Minister Ashwini Vaishnav. Spectrum in many bands, including the 700 MHz band, has been purchased by Jio. The 26 MHz bands of the spectrum have been purchased by Adani Group.

Adani does not own any telecom company. Then what is he going to do with the 5g spectrum? Isn’t it because whoever holds the entire telecom sector would get to control the entire people’s choices? Reminding everyone that the #5gScam is the BJP’s gift to the country on Independence Day.

The BJP’s recent scams include the NSE Scam (worth 5 lakhs crores), the Bitcoin Scam (worth 40000 crores), and the 5G Scam (worth 2.8 lakhs crores), but who is willing to question them?

In 2010, the BJP alleged that the 2G spectrum was a scam. According to the CAG, the scam resulted in a presumed loss of Rs 1.76 lakh crore. A Delhi court cleared every defendant in 2017. According to the court, the CBI utterly failed to establish the charges.

The opposition is claiming that the 5G spectrum auction is a con. The government disputed the allegation, which maintains that just a fraction of the spectrum has been sold. The opposition asks how superior technology can be sold for a low amount (Rs 1.50 lakh crore).

How come 5G, the superior technology being sold for less than the presumptive loss amount you quoted in 2G? Where has the money gone?
In 2019, when the 5G spectrum sale was planned, it was estimated that exactly for the portion that has been sold, about Rs 6 lakh crore would be raised. India is almost operating as a duopoly in the telecom industry. Where is the blooming telecom industry? Why has it contracted?

Ex-Telecom Minister Raja on the 5G Spectrum Sale: “Where Has the Money Gone?”

Raja, a former telecom minister who had accused the recently concluded 5G spectrum auctions of being a “massive scam,” questioned, “Where has the money gone?” in light of the large disparity between auction proceeds (Rs. 1.5 lakh crore) and estimated sales proceeds (Rs 5 lakh crore).

On Thursday, he told reporters in Chennai that the government had predicted that 5G would bring in up to 5 lakh crore. However, the 5G auction price was merely 1.5 lakh crore.

“When you search on the internet, you will receive results in 10 seconds when using 2G, 5 seconds when using 4G, and one second when using 5G. Such is the effectiveness of 5G. The 5G auction should have drawn bids worth at least Rs 5 to 6 lakh crore, according to comparisons of the statistics based on this efficiency.

We don’t know if the planning or estimation was flawed, if they simply plucked these figures from the air, or if the Union government partnered with particular corporate companies to carry out this scam. The former telecom minister had stated that all of this needed to be looked at right now.

Will Adani’s Entry Into the 5G Spectrum Race Change the Telecom Equation in India?

Brokerages claim that the Adani Group’s involvement in the spectrum auction will intensify competitiveness in the enterprise 5G market and the forthcoming auctions.

BofA Securities stated in a report regarding the Adani Group’s intentions to participate in the 5G auctions, “We consider this news flow negative for incumbent telecoms as it boosts competition in the next auction bidding as well as in the long-term chance to target the enterprise area.”

According to brokerage firm CLSA, Adani’s involvement will raise questions about spectrum pricing in the 5G auctions.

Why would Adani bid in an auction versus awaiting a direct spectrum assignment?

While telcos offer enterprise services that address cybersecurity, big data, and data centres, the consumer mobility market focuses on offering telecom services like broadband, wifi, and mobile recharge.

The bid will likely assist the Adani Group in capturing India's rapidly rising data technology industry. The global market for big data technologies is anticipated to reach $116.07 billion by 2027, growing at a CAGR of 14% during the forecast period, according to a report by Fortune Business Insights.

India's telecom sector has almost reduced to a duopoly, with Vodafone having to go to the government and do a rescue act. Where is the vibrant telecom sector? Why has the telecom sector shrunk? Where are the 1-13 operators?

Why did not a single foreign operator think 5g telecom in a moving market, supposedly moving market like India, is a great option to put their money in? The government is not going to answer such questions. But these need to be asked. Surprisingly, 1.5 lakh crore that has been collected by selling 5g airwaves is proof of how the vibrant telecom market has just reduced a duopoly. https://www.inventiva.co.in/stories/5g-auction-is-the-biggest-scam-in-indian-history-5g-sold-for-lesser-than-the-amount-of-scam-in-2g-after-2g-had-1-76-lac-crore-scam-entire-5g-spectrum-sold-for-only-1-5-lac-crore/

15. Reticent spectrum bidders, 'scam-talk' mark 5G rollout *(newindianexpress.com)* 07th August 2022

With the completion of the auctions for 5G spectrum, India is well on the way to the next level of the telecommunication revolution. We are about three years behind the developed world but the telecom minister Ashwini Vaishnaw has promised quick allocation. If things go well, the telecom operators – Airtel, Reliance Jio and Vodafone Idea – may roll out commercial services as early as October, this year.

5G or the 5th generation mobile network – currently the highest global wireless standard – has evolved from 1G that gave us an analogue voice, past 2G and 3G that provided digital voice and mobile data, respectively, and then 4G that revolutionized communication through mobile broadband.

5G will now provide the step up with peak data speed that could be 20 times faster than the best we know, low latency – or lightning fast transmission for packets of data; and therefore great user experience ranging from live streaming entertainment to making hassle-free business presentations. It is designed to connect virtually everyone and everything to your phone – machines, home devices and objects – bringing to life the Internet of Things (IoT).

The government received record bids of over Rs 1.5 lakh crore for the over 51,000 MHz of spectrum picked up by the telecom companies, almost double the Rs 77,800 crore offered for 4G spectrum earlier. Mukesh Ambani's Reliance Jio expectedly made the largest acquisition acquiring 24,740 MHz for Rs 88,000 crore followed by Airtel, that bought 19,867 MHz for around Rs 43,000 crore.

Is there a scam?

Despite all the media hype, the auctions have not gone too well for the government. Of the 72,098 MHz offered in the auction, only 51,236 MHz or 71% of the spectrum was sold. Though Rs 1.5 lakh crore was raised from sales of the spectrum, the telecom minister had projected collections of ₹5 lakh crore. Moreover, Rs 4.3 lakh crore was the reserve price set for a total of 72 gigahertz (GHz) of spectrum in 22 telecom circles. However, only 35% of the reserve price was realized.

This has opened the door for former telecom minister A. Raja to allege that there was a 'huge 5G scam'. Posing the question 'Where has the money gone?' he hinted darkly it was a set-up with corporate groups: "When you search for something on the internet, you will get results in 10 seconds when you use 2G, 5 seconds when you use 4G, and in 5G, you will get the results in a second. That is how efficient 5G is. When you compare the numbers based on this efficiency, the 5G auction should have attracted bids worth at least Rs 5-6 lakh crore."

Responding in defence, minister Ashwini Vaishnaw said: Many bands were not sold, what was not sold remains with the government. How does that become a scam? The sold spectrum was valued at Rs 1,50,173 crore and the unsold spectrum was valued at Rs 2,81,432 crore, while the 600 MHz and 2300 MHz bands remained unsold entirely due to the "weak ecosystem of mobile telephony in these segments".

Valuation vs affordability

But what's sauce for the goose, is sauce for the gander. The basis of the '2G allocation scam', dug up by the then Comptroller and Auditor General Vinod Rai in 2007-08, was a claim that minister Raja and his cohorts caused a presumptive loss of Rs 1.76 lakh crore to the exchequer. The 'presumption' was based on some fuzzy, unsubstantiated valuation.

On investigation, the CBI in its charge sheet lowered the estimated loss to Rs 20,000-30,000 crore.

Finally, in December 2017, a special court acquitted all the 26 accused including prime-accused – ministers Raja and Kanimozhi. In its ruling, the court noted: "Some people created a scam by artfully arranging a few selected facts and exaggerating things…"

We don't know whether A Raja will now take Vaishnaw and others to court, but the latter's claims that the spectrum the government has held back is valued at Rs 2.81 lakh crore is speculative. The real value is what the telecom operators will buy it at, and right now the mood is conservative and not upbeat.

Another aspect of the 2G scam debate was the proposition: Should government sell the spectrum at the highest value; or, should it be sold at affordable rates to keep mass communication services within reach of the common man? Over the last decade or two, governments have learnt the hard way: that if you squeeze the telecom companies too hard for revenue, they collapse.

On the flip side, the benefits are huge. For the consumer, 5G will expand the mobile ecosystem to a new extreme reality (XR), seamless IoT capabilities, and instant cloud access. For business and the economy, 5G is driving growth on a world scale and is estimated to generate $13.1 trillion and create nearly 23 million jobs by 2035. So fewer politics, please, and more tech empowerment for the masses.

LACKLUSTRE SHOW

Despite all the media hype, the 5G spectrum auctions have not gone too well for the government. Of the 72,098 MHz offered in the auction, only 51,236 MHz or 71% of the spectrum was sold. Though Rs 1.5 lakh crore was raised from sales of the spectrum, the telecom minister had earlier projected collections of Rs 5 lakh crore. https://www.newindianexpress.com/opinions/2022/aug/07/reticent-spectrum-bidders-scam-talk-mark-5grollout-2484858.html

16. Indian Railways to bring 'Mission Raftaar' to increase the speed of trains *(zeenews.india.com)* 6 Aug 2022

The Ministry of Railways has envisioned "Mission Raftaar" to reach a goal of doubling the average speed of freight trains and increasing the average speed of superfast, mail, and express trains by 25 kmph. The Railway Minister claimed that the overall punctuality and travel time of Indian Railways' train operations were examined in the CAG report, which was presented during budget session 2022. One of the documents utilised as audit criteria for the creation of the report is Mission Raftaar.

In a written reply to a question in Rajya Sabha, Union Railway Minister Ashwini Vaishnaw said, "Mission Raftaar is not a standalone project, and the overall allocation and utilization of funds under Mission Raftaar cannot be quantified."

Speeding up of trains is a constant endeavour and a continuous process on Indian Railways, which is dependent on constant optimization of the investments made by Railways in the modernisation of technology, high-powered locos, modern coaches, and better tracks, he said.

Vaishnaw said Indian Railways are inter alia proliferating Hofmann Busch (LHB) coaches, which have higher speed potential, converting passenger trains operating with conventional coaches into MEMU services (which have higher acceleration/deceleration owing to distrusted power). As a part of "Mission Raftaar" and during the period 2015-16 and 2021-22, 414 passenger train services have been converted into MEMU services.

Indian Railway is constructing more than 3,000 Km of Dedicated Freight Corridor(DFC), which would enable freight trains to run at speed of 100 kmph. There is a marked improvement in average freight train speed. During the financial year, 2016-17 to the financial year 2020-21, the average speed of freight trains increased from 23.7 km/hr to 41.2 km/hr. https://zeenews.india.com/railways/indian-railways-to-bring-mission-raftaar-to-increase-the-speed-of-trains-2493838.html

17. CPM writes to Election Commission of India on Aadhaar data *(telegraphindia.com)* 6 Aug 2022

CPM general secretary Sitaram Yechury on Friday wrote to the chief election commissioner expressing concern about the linking of voter cards with Aadhaar, flagging issues of privacy and voter deletions and urging the poll panel not to share this data with the home ministry.

He also urged the commission to keep the process on hold till instances of data breach and voter deletions that took place in the first linking attempt are thoroughly investigated. In the absence of a data protection law, Yechury said the CPM opposes any potential sharing of voter IDs linked with Aadhaar with the home ministry for building the Natgrid database, National Population Registry, the National Registry of Citizens and any new and upcoming catalogues of birth and death registries.

“We oppose usage of this data collected only for electoral purposes to be used for other purposes and demand a purpose limitation for this data. The Election Commission of India must ensure the need for privacy practices,” Yechury wrote. Referring to the first round of linking Aadhaar with voter IDs carried out in 2015 as part of the National Electoral Rolls Purification-Authentication Programme before the Supreme Court intervened, the CPM leader pointed out that the process had resulted in voter deletions across the country, particularly in Telangana where the NERP-AP was originally developed.

“As part of this exercise, several Chief Electoral Officers across the country have obtained the Aadhaar data of voters from several other databases like NPR, PDS and State Resident Data Hubs (SRDH). These electoral offices linked Aadhaar with voter IDs of 31 crore voters without informing the individual voters and instead using algorithms to automatically link them based on already existing data,” Yechury wrote.

Such data collected before the amendments to the Representation of the People Act, 2021, allowing this linking process, he said, should be deleted.

“As the officials have carried (out) the previous linking without due information to the voters, we demand that every voter whose Aadhaar was already linked with voter ID be notified. As this entire linking exercise is voluntary, the voters should be allowed to exercise their right to de-link their Aadhaar. The entire technical process, privacy policies, including code and manuals for linking and delinking of Aadhaar-voter ID needs to be published and shared with all political parties and the public before this exercise starts,” the letter added. Yechury also questioned the absence of consultations with political parties before starting the fresh drive on August 1 to link voter IDs with Aadhaar.

“India currently does not have a data protection or privacy law and neither does the Election Commission of India have a privacy policy with regard to maintenance of Aadhaar data of voters. The stated purpose of the Aadhaar-voter ID linking is primarily to remove duplicate voters, but with concerns of duplicate Aadhaar raised by CAG (comptroller and auditor general) in its report on UIDAI, this is a hasty exercise. The lack of all due procedures from the Election Commission of India and a hasty process to link Aadhaar of every voter will lead to incidents that have previously occurred like the deletion of genuine voters," Yechury wrote. https://www.telegraphindia.com/india/cpm-writes-to-election-commission-of-india-on-aadhaar-data/cid/1878471

STATES NEWS ITEMS

18. Place CAG report before PAC within 8 weeks: Gauhati High Court to Dispur *(sentinelassam.com)* 7 Aug 2022

GUWAHATI: A division bench of the Gauhati High Court has directed the Assam Government to place the CAG's (Comptroller and Auditor General) report before the Public Accounts Committee within eight weeks from the date of receipt of a certified copy of this order to verify the contentions raised by a petitioner as regards to the embezzlement of a large amount of money meant for public purposes.

In its PIL (20/2021), Amguri Naba Nirman Samity alleged misappropriation of government funds allotted to Jorhat Municipal Corporation (JMC) from fiscal 2009-10 to 2018-19. The petitioner prayed for a command directing the State Government to take into account the audit report of the Accountant General (audit), Assam. The Samity also prayed to the court to take cognizance of the complaint dated June 21, 2019, and August 13, 2019. The Samity also prayed for an impartial investigation into the matter of corruption as alleged in the FIR of the Jorhat Police Station case (1690/2020) registered under Section 409 of IPC.

https://www.sentinelassam.com/guwahati-city/place-cag-report-before-pac-within-8-weeks-gauhati-high-court-to-dispur-606355

19. A challenge: Delhi Government not tabling CAG reports is wrong *(newindianexpress.com)* 08 Aug 2022

That the Delhi Government did not table the reports on its functioning by the Comptroller and Auditor General (CAG) in the state assembly for four years in a row shows how legislative functioning has hit a bottomless pit in the national capital. That the Arvind Kejriwal-led Delhi government, known for its care a damn attitude towards legislative responsibilities, did not table the report is not surprising.

What worries is that the opposition benches, constituting of the BJP MLAs, also did not care to demand its tabling. The surprises don't end there. There is an assembly secretariat, headed by the Speaker, custodian of legislative powers and responsibilities, too went along the government in their devious act to subvert the processes which makes assembly proceedings meaningful.

And lastly the role of the former Lieutenant Governor Anil Baijal in overlooking this act of subversion of democratic functioning for four continuous years. According to recent newspaper reports, it took four letters from the present L-G Vinai Kumar Saxena's office for the government to table the 10 reports panning over four years finally in the monsoon session of the Delhi Assembly on July 5 this year.

The news reports mentioned that the CAG reports of the year 2017-18, 2018-19, 2019-20, 2020-21, detailing 'State Finances Audit Report', 'Revenue Economic, Social & General Sectors and PSUs', 'Social General & Economic Sectors', 'Finance Accounts of GNCTD' and 'Appropriation Accounts of GNCTD', were pending with Deputy Chief Minister, Manish Sisodia, since as long as when they were submitted by CAG. What does this indicate, a deliberate attempt to paper over the cracks in governance.

As per statutory provisions, the CAG submits its report to the state government, who after approval of the Finance Minister and the Chief Minister, sends the same to the L-G with a recommendation for presenting it in the Assembly. That none in the L-G's office for four years or from the Opposition benches in the assembly bother to ask for the report is just mind-wracking.

After tabling of the report, it goes to the Public Accounts Committee (PAC) of the assembly. That none in the PAC ever asked for the report shows how deep the rot runs. It would be interesting to find what were the agenda of the PAC meetings in these four years if the CAG reports were not being discussed.

Our post-Independence history is replete with instances where the CAG reports have nailed malfunctioning and corruptions in government.

In recent times, the CAG report on the 2G Spectrum Allocation, became albatross around the neck of Manmohan Singh government leading to its eventual fall in 2014. Similarly, in states like Bihar the infamous Fodder Scam was discovered through the study of the CAG reports.

Journalists too in the past have known to broken stories carefully scanning through the pages of these voluminous reports. That none among them also realized that a mandatory legislative process was being given a go by for the past four years. Probably there was no desire to write what could be termed as a negative report against the government.

The Union Ministry of Home Affairs, which supervises the functioning of the National Capital Territory of Delhi through the L-G office, too at no point in the past four years realised that the reports were being thrown into deep dungeons. It all indicates towards the complete collapse of the government machinery which administers NCT of Delhi.

Having discovered what is almost a criminal act on the part of the government, hope the new L-G takes the matter to its logical end. The culpability of people responsible for not tabling the report must be fixed.

'TOOK FOUR LETTERS FROM L-G TO TABLE 10 REPORTS'
According to newspaper reports, it took four letters from L-G Vinai Kumar Saxena's office for the government to table the 10 reports panning over four years finally in the monsoon session of the Delhi Assembly on July 5 this year.

Sidharth Mishra
Author and president, Centre for Reforms, Development & Justice https://www.newindianexpress.com/cities/delhi/2022/aug/08/a-challenge-delhi-government-not-tabling-cag-reports-is-wrong-2485337.html

20. ‘Violations’ in KIIFB dealings: Thomas Isaac unlikley to appear before ED *(theshillongtimes.com)* Aug 6, 2022

Two-time former Kerala Finance Minister Thomas Isaac is unlikely to appear before the Enforcement Directorate (ED) in connection with the alleged violations in Kerala Infrastructure Investment Fund Board (KIIFB).

Earlier, Isaac had ducked the notice served to him by the probe agency. This time the ED has asked him to appear at its Kochi office on August 11.

On Friday, Isaac had confirmed that he has got a notice by the ED, and said that he will talk to legal experts and then decide what needs to be done.

Sources close to Isaac said that after talking with the experts, he has decided to send a detailed letter to the ED and if need be, will take the matter before a court of law.

The ED has served him the notice to find out the functioning of the KIIFB, which had come under fire from the Comptroller and Auditor General of India.

KIIFB was established as the principal funding arm of the government of Kerala in 1999. Its objective is to channelise funds for critical and large public infrastructure projects in Kerala.

In Kerala, CAG has become a persona non grata ever since economist turned Isaac, early last year took on the Constitutional body head on, when he was holding office.

After slamming the CAG, the Pinarayi Vijayan government passed a resolution against the CAG report (which termed the off-budget borrowings through KIIFB as unconstitutional), with the Congress-led Opposition opposing it. https://theshillongtimes.com/2022/08/06/violations-in-kiifb-dealings-thomas-isaac-unlikley-to-appear-before-ed/

21. Yamuna Authority इंस्टीट्यूशनल लैंड एलॉटमेंट मामला: CAG ने उठाए सवाल, जमीन की आधी कीमत ली गई, बाकी वसूल करें *(tricitytoday.com)* 05 Aug 2022

यमुना एक्सप्रेसवे इंडस्ट्रियल डेवलपमेंट अथॉरिटी (Yamuna Authority) में वर्ष 2009 में हुए इंस्टीट्यूशनल लैंड एलॉटमेंट मामले में नया मोड़ आ गया है। भारत के महालेखा परीक्षक ने इन आवंटन पर सवाल उठाए हैं। सीएजी का कहना है कि जमीन की आधी कीमत ली गई है। बाकी पैसा वसूल किया जाना चाहिए। आपको बता दें कि उत्तर प्रदेश सरकार ने लाभ लेने वाले 13 संस्थानों से 2,201 करोड़ रुपये वसूलने का आदेश जारी किया है। प्राधिकरण ने सोमवार को शकुंतला एजुकेशनल सोसायटी समेत सभी 13 इंस्टीट्यूशंस को नोटिस भेजा है। इन सभी से 15 दिनों में यह पैसा मांगा गया है। अब सीएजी की आपत्तियों से मामले में नया पेंच फंस गया है।

क्या है पूरा मामला

वर्ष 2009 में यमुना एक्सप्रेसवे के किनारे कॉलेज और यूनिवर्सिटी जैसे संस्थान बनाने के लिए यमुना अथॉरिटी ने भूमि आवंटन किया था। तब उत्तर प्रदेश में बहुजन समाज पार्टी की मायावती सरकार थी। एक शिका

यत के आधार पर यमुना अथॉरिटी के तत्कालीन चेयरमैन प्रभात कुमार ने वर्ष 2018 में इस आवंटन की जांच करवाई। जांच में पता लगा कि उस वक्त यमुना अथॉरिटी की संस्थागत श्रेणी में आवंटन दरें 2,670 रुपये प्रति वर्गमीटर थीं। इन 13 शिक्षण संस्थानों को 1,629 रुपये प्रति वर्गमीटर की दर पर भूमि आवंटन कर दिया गया। जांच में यह तथ्य भी सामने आया कि यह जमीन किसानों से लेने के लिए अथॉरिटी ने 2,500 प्रति वर्गमीटर की दर से मुआवजा बांटा है। मतलब, अथॉरिटी ने जितना पैसा किसानों को दिया, उससे भी कम कीमत पर इन संस्थाओं को भूमि आवंटन कर दिया गया।

अब सीएजी ने क्या कहा

उत्तर प्रदेश सरकार समाजवादी पार्टी और बहुजन समाज पार्टी के कार्यकाल के दौरान गौतमबुद्ध नगर के तीनों विकास प्राधिकरण जुड़े कामकाज का सीएजी से ऑडिट करवा रही है। सीएजी ने इन 13 संस्थानों को किए गए भूमि आवंटन की भी जांच की है। मिली जानकारी के मुताबिक सीएजी ने इन आवंटन पर बड़ा सवाल खड़ा किया है। सीएजी का कहना है कि भूमि आवंटन की दर कम से कम 3,244 रुपये प्रति वर्ग मीटर होनी चाहिए थी। इन संस्थानों को लगभग आधी कीमत 1,629 रुपए प्रति वर्ग मीटर की दर से आवंटन कर दिया गया। लिहाजा, इन सभी संस्थानों को किए गए आवंटन से अथॉरिटी और राज्य सरकार को अरबों रुपए का नुकसान हुआ है। सीएजी ने सिफारिश की है कि सभी संस्थाओं से 1,615 रुपए प्रति वर्ग मीटर की दर से और वसूली की जाए। आपको बता दें कि प्राधिकरण ने 1,041 रुपए प्रति वर्ग मीटर की दर से अतिरिक्त आवंटन राशि मांगी है। ऐसे में अगर सीएजी की सिफारिशों पर यमुना प्राधिकरण ने अमल किया तो वसूल की जाने वाली धनराशि करीब 33% बढ़ जाएगी।

प्राधिकरण ने वसूली का फैसला लिया

मुआवजा दर और प्रचलित आवंटन दर से कम दर पर यह आवंटन किया गया। इसे आधार बनाते हुए जांच रिपोर्ट यमुना प्राधिकरण की बोर्ड बैठक में रखी गई। बोर्ड ने इस भूमि आवंटन को अनुचित करार दिया। आवंटियों से अतिरिक्त पैसा वसूलने और पैसा नहीं देने पर आवंटन रद्द करने की सिफारिश की। इन सिफारिशों को लागू करवाने के लिए उत्तर प्रदेश सरकार को भेज दिया गया था। उत्तर प्रदेश सरकार ने राज्य के न्याय विभाग से जांच रिपोर्ट और प्राधिकरण बोर्ड की सिफारिशों पर मंतव्य मांगा था।

न्याय विभाग ने आवंटन दरें गलत मानीं

न्याय विभाग ने यह माना है कि जमीन की अधिग्रहण दर और डेवलपमेंट चार्जेस को जोड़कर अलॉटमेंट रेट तय होता है। उस वक्त यमुना प्राधिकरण के अधिकारियों ने गलत फैसला लिया। आवंटन दरें भूमि अधिग्रहण की दर से भी कम रखी गई थीं। ऐसा प्रतीत होता है कि कुछ चुनिंदा संस्थाओं को फायदा पहुंचाने के लिए उस वक्त प्राधिकरण अफसरों ने यह भूमि आवंटन किया था। लिहाजा, सारे आवंटियों से अतिरिक्त पैसा वसूल किया जाना चाहिए।

अथॉरिटी ने भेजे वसूली नोटिस

जांच रिपोर्ट के आधार पर वर्ष 2018 में सारी संस्थाओं से अतिरिक्त पैसा मांगा गया था। हालांकि, प्रकरण शासन में लंबित था। जिसके चलते वसूली रोक दी गई थी। अब सरकार से मंजूरी मिलते ही यमुना अथॉरिटी ने सभी 13 आवंटित संस्थाओं को नोटिस भेज दिया है। नोटिस में कहा गया है कि अगले 15 दिनों में 1,041 रुपए प्रति वर्गमीटर की दर से बकाया पैसा जमा करें। सभी 13 आवंटियों ने वर्ष 2009 में केवल 847 करोड़ रुपए प्राधिकरण को चुकाए थे। अब बढ़ी दर के हिसाब से 982.85 करोड़ रुपए बतौर आवंटन राशि चुकाने पड़ेंगे। अब तक का ब्याज और लीज रेंट जोड़कर कुल धनराशि 2201.83 करोड़ रुपये बन

गई है। https://tricitytoday.com/greater-noida/cag-raises-questions-in-yamuna-authority-institutional-land-allotment-case-31756.html

22. CAG report exposes mess in Jharkhand power sector *(lagatar24.com)* 05 Aug 2022

The Comptroller and Auditor General of India (CAG) in its latest audit report on the finances of the Jharkhand government has revealed major inefficiencies in the state power sector that are impacting the sustainability of state finances.

Of the long-term loan of Rs 18,775 crore outstanding in 10 State Public Sector Enterprises (SPSEs) as on 31 March 2021, 99.73 per cent was outstanding with the power sector. The non-power sector accounted for only Rs 50 crore, CAG said.

“None of the companies (in both power and non-power sectors) had repaid the principal as well as interest amount during the year 2018-19 to 2020-21 to the state government,” said the CAG report, which was tabled in the Jharkhand assembly on Thursday.

The total number of SPSEs in Jharkhand is 31 whereas CAG has covered 16 SPSEs (six power sector and 10 non-power sector companies) based on latest finalised accounts for the three financial years from 2018-19 till 31 March 2021, the auditor said.

Not just the large amount of loans outstanding on the state power companies, the real concern is that many of these are incapable of paying back either the principal or the interest on their loans as they are incurring huge losses year after year.

“Out of the total loss of Rs 2,143.77 crore incurred by 10 SPSEs/ government controlled other company, loss of Rs 2,093.22 crore was attributed to two SPSEs which functioned in power sector,” the CAG report said. Six SPSEs made profit in the three years.

The two biggest loss-making SPSEs are Jharkhand Bijli Vitran Nigam Ltd (JBVNL) and Jharkhand Urja Sancharan Nigam Ltd (JUSNL), as per the CAG report.

Interest Coverage Ratio (ICR) is a financial ratio that determines how well a company can (at least) pay the interest on its outstanding debts. An ICR below one indicates that the company was not generating sufficient revenues to pay the interest.

The apex auditor said that it was found that the ICR of three SPSEs was less than one. “All the three are power sector SPSEs. It indicates that these SPSE’s earnings were not sufficient to pay their interest which also indicates high risk of insolvency,” it said.

The three power companies with ICR less than one are JBVNL, JUSNL and Jharkhand Urja Utpadan Nigam Ltd (JUUNL). As on 31 March 2021, the interest outstanding on the long term loans of these three power sector SPSEs is Rs 3,676.63 crore.

Besides, Return on Capital Employed (ROCE), ratio to assess profitability and efficiency of a company, worsened for power sector SPSEs from a negative 4.66 per cent in 2018-19 to a negative 6.42 per cent during financial years of 2019-20 and 2020-21.

Ironically, in two of the 10 SPSEs with long term loan outstanding the value of total assets was less than the loans outstanding raising doubts about their solvency. The companies are Karnpura Energy Ltd (KEL) and Jharbihar Colliery Ltd (JCL). https://lagatar24.com/cag-report-exposes-mess-in-jharkhand-power-sector/112894/

23. सीएजी रिपोर्ट: 88047 करोड़ के 34017 उपयोगिता प्रमाण पत्र विभागों के पास बकाया *(lagatar.in)* 05 Aug 2022

Ranchi: सीएजी की रिपोर्ट से पता चला है कि राज्य में 31 मार्च तक 88047 करोड़ की योजनाओं के 34 017 उपयोगिता प्रमाण पत्र (यूसी) विभिन्न विभागों के पास बकाया थे. 2010-11 तक जहां 966 करोड़ रुपये की योजनाओं के 2191 यूसी ड्यू थे, वहीं 10 साल में यह बढ़कर 34017 पहुंच गये. विभागों ने यूसी जमा नहीं करने का कारण भी नहीं बताया है.

76 निकायों और प्राधिकरणों ने अनुदानों और ऋणों का विवरण नहीं दिया

रिपोर्ट बताती है कि राज्य के 76 निकायों और प्राधिकरणों ने अक्टूबर 20121 तक अपने अनुदानों और ऋणों का विवरण पेश नहीं किया, जबकि 4 निकायों व प्राधिकरणों ने शुरू से ही अपना लेखा एजी को पेश नहीं किया.

609 करोड़ श्रम कल्याण बोर्ड में स्थानांतरित नहीं किया गया

सीएजी के मुताबिक,
609 करोड़ की राशि का श्रम उपकर अक्टूबर 2021 तक श्रम कल्याण बोर्ड में स्थानांतरित नहीं किया गया था, जिससे 2008 से 2021 तक राजस्व अधिशेष में बढ़ोतरी हुई और राजकोषीय घाटे में कमी हुई.

बजट था 4.80 करोड़ का, रिम्स ने खरीद लिये 37.17 करोड़ के डेंटल उपकरण

ऑडिट में यह बात भी सामने आयी है कि रिम्स के अधिकारियों ने 4.80 करोड़ के बजट के विरुद्ध 37.17 करोड़ रुपये के डेंटल उपकरण खरीदे. 25.70 करोड़ का डेंटल चेयर, चलंत डेंटल वैन और अन्य उपकरणों की खरीद के लिए एक खास कंपनी के पक्ष में अहर्ता का निर्धारण किया गया. इसमें करीब 14.25 करोड़ रुपये की गड़बड़ी हुई है. https://lagatar.in/cag-report-34017-utility-certificates-of-88047-crores-outstanding-with-departments/

24. सीएजी रिपोर्ट: 4669 करोड़ रुपये खर्च के बाद भी अधूरी हैं 374 परियोजनाएं *(lagatar.in)* 05 Aug 2022

Ranchi: भारत के नियंत्रक-
महालेखा परीक्षक (सीएजी) की रिपोर्ट में यह खुलासा हुआ है कि झारखंड में 31 मार्च 2021 तक 374 परियोजनाएं अधूरी थीं. इनपर 4669 करोड़ रुपये खर्च कर दिये गये हैं. इन 374 परियोजनाओं की कुल अनु

मानित लागत 7613 करोड़ रुपये थी. मतलब आधी से भी ज्यादा राशि खर्च करने के बाद योजनाएं पूरी न हीं हुईं. 374 में से सिर्फ 47 परियोजनाओं की संशोधित लागत प्रदान की गई थी, जिससे पता चला कि 97 1.57 करोड़ की अनुमानित लागत की उन परियोजनाओं के पूरा न होने के कारण लागत 215.14 करोड़ तक बढ़ गई. सीएजी ने कहा है कि इन अधूरी परियोजनाओं से पूंजी अवरूद्ध हुई है.

अधूरी परियोजनाओं का वर्षवार विवरण

योजना पूर्ण होने की डेडलाइन	अपूर्ण परियोजनाएं	अनुमानित लागत खर्च (31.3 2021 तक)
2014	6 120 करोड़	74 करोड़
2015	13 174 करोड़	154 करोड़
2016	15 500 करोड़	268 करोड़
2017	21 402 करोड़	346 करोड़
2018	43 520 करोड़	419 करोड़
2019	87 1842 करोड़	1283 करोड़
2020	189 4055 करोड़	2125 करोड़

विभाग	अपूर्ण योजनाएं	अनुमानित खर्च
सड़क निर्माण विभाग	125 4793 करोड़	2885 करोड़
ग्रामीण विकास विभाग	102 396 करोड़	266 करोड़
जल संसाधन विभाग	84 1475 करोड़	841 करोड़
पेयजल एवं स्वच्छता	42 689 करोड़	598 करोड़
भवन निर्माण विभाग	21 7613 करोड़	4669 करोड़

https://lagatar.in/cag-report-374-projects-incomplete-even-after-spending-rs-4669-crore/

25. रिम्स के जिम्मेवारों ने अपने फायदे के लिए ज्यादा दर पर खरीदा उपकरण *(news11.live)* 05 Aug 2022

रांची: राजधानी रांची स्थित रिम्स में डेंटल घोटाला सामने आ रहा है. रिम्स के जिम्मेवारों ने अपने फायदे के लिए 4.80 करोड़ के बजट के विरुद्ध 37.17 करोड़ के उपकरण खरीदा. उपकरण की खरीदाररी निर्धारित बजट से ज्यादा पर क्यों की गई, इस सवाल का जवाब किसी भी जिम्मेवार के पास नहीं है. यह वित्तीय अ नियमितता नियंत्रक एवं महालेखा परीक्षक (सीएजी) ने पकड़ी है. सीएजी की ऑडिट रिपोर्ट में एक बार फि र राज्य की वित्तीय गड़बड़ियां एवं अनियमितताएं उजागर हुईं हैं. 4 अगस्त को वित्तमंत्री डॉ. रामेश्वर उरांव ने विधानसभा में सीएजी की तीन रिपोर्ट को सदन पटल पर रखा. जिसके बाद कहा गया कि राज्य का वि त्तीय प्रबंधन तय मानकों के अनुकूल नहीं रहा है.

स्वास्थ्य मंत्री के निर्देश के बाद भी आरोपी कंपनी को हुआ भुगतान

सीएजी की ऑडिट रिपोर्ट में कहा गया है कि 25.70 करोड़ मूल्य के डेंटल चेयर, चलंत डेंटल वैन और 15 अन्य उपकरणों की खरीद के लिए एक खास कंपनी के पक्ष में अर्हता का निर्धारण किया गया. इससे करी ब 14.25 करोड़ की गड़बड़ी हुई. जनवरी 2016 में टेंडर में तकनीकी और वित्तीय मूल्यांकन के दौरान मन मानी कर 18.52 करोड़ के 20 उपकरण महंगे मूल्य पर खरीद लिए गए. शिकायत मिलने पर स्वास्थ्य मंत्री

के निर्देश के बावजूद रिम्स निदेशक ने 5.40 करोड़ के बकाया बिल का भुगतान आरोपी कंपनी को कर दिया. https://www.news11.live/responsible-of-rims-bought-equipment-at-higher-rates-for-their-benefit/jharkhand/news/20480.html

26. CAG की रिपोर्ट के बाद ओडिशा सरकार ने वन के लिए 26 हजार से अधिक एकड़ भूमि की पहचान की *(hindi.oneindia.com)* August 5, 2022

नवीन सरकार ने नियंत्रक एवं महालेखा परीक्षक (कैग) की रिपोर्ट के बाद पौधारोपण को बढ़ाने का फैसला किया है। राज्य के राजस्व विभाग ने प्रतिपूरक वनीकरण के उद्देश्य से 26496 एकड़ से अधिक अवक्रमित वन भूमि की पहचान की है। नियंत्रक और महालेखा परीक्षक ने नवीन के नेतृत्व वाली सरकार पर पिछले कई वर्षों 2013 से 2018 के लिए पौधारोपण लक्ष्य हासिल करने में विफल रहने को लेकर रिपोर्ट तैयार की है।

कैग की रिपोर्ट के तीन दिन बाद नवीन सरकार ने कमर कसी है। नवीन सरकार ने पौधरोपण के लिए विभिन्न जिलों में भूमि की पहचान की है। कहा कि जल्द ही नए पौधे लगाकर वन तैयार किया जाएगा।

एक वरिष्ठ सरकारी अधिकारी ने कहा कि चूंकि संबंधित विभागों के लिए प्रतिपूरक वनरोपण के लिए समान आकार की निजी भूमि खरीदना संभव नहीं है, इसलिए राजस्व विभाग ने इस उद्देश्य के लिए विभिन्न जिलों में भूमि की पहचान की है। मुख्य सचिव ने हाल ही में अवसंरचना से संबंधित विभिन्न विभागों को क्षतिग्रस्त राजस्व वन भूमि का उपयोग प्रतिपूरक वनरोपण के लिए करने को कहा है। https://hindi.oneindia.com/news/india/odisha-government-identified-more-than-26-thousand-acres-of-land-for-forest-after-cag-report-700272.html?story=1

27. CAG recommends quarterly inspection of plantation sites in Odisha *(newindianexpress.com)* 07 August 2022

BHUBANESWAR: The Comptroller and Auditor General (CAG) has recommended a slew of measures including quarterly inspection of sites to improve monitoring and evaluation of plantation activities to prevent wastage of resources. The move assumes significance as the government has set a target to plant a whopping 9.78 crore saplings in 2022-23. In its recent report, the CAG pointed out gross irregularities in the State government's plantation programme.

According to forest officials, around 4.88 crore seedlings will be planted by the Forest and Environment department in 1.16 hectare (ha) of land under different schemes and programmes. Another 4.90 crore saplings will be distributed among beneficiaries for plantation outside forest areas.

The CAG recommended the department to carry out quarterly inspections of plantations by range officers and supervision by divisional forest officers (DFOs) for proper maintenance of the plants and saplings. It is also advised to maintain a regular database on plantation programmes which is crucial for planning long-term plantation activities and their concurrent monitoring. The department was asked to maintain a database of GPS-tagged images of each plantation site for better management of forest resources.

The CAG said basic information relating to plantation activities, plantation index number, the extent of available degraded forest and vacant revenue land were not maintained properly. No such information could be made available to audit by the PCCF and some DFOs. It also pointed out that the e-Green Watch developed as an integrated online system to present the data in real-time for monitoring of forestry activity was also not maintained properly

The audit observed that the data were not in real-time on forest activity. Out of 503 compensatory afforestation (CA) plantations, data of only 288 sites, around 57 per cent, were uploaded with polygons. Data of the balance 215 sites were still pending for uploading since 2010. The government also accepted this in October last year, the CAG added. https://www.newindianexpress.com/states/odisha/2022/aug/07/cag-recommends-quarterly-inspectionof-plantation-sites-in-odisha-2484975.html

28. You thought power subsidy is a Delhi-Punjab problem? Check out Tamil Nadu's power sector mess *(theprint.in)* 8 August, 2022

Free or highly subsidised power supply and the mess in India's power sector is a topic that makes headlines frequently, with states such as Punjab, Haryana and Delhi high on the recall list for using electricity as a "freebie".

But as it turns out, it isn't the power sector in any of these states that accounts for the biggest financial mess in the country but the one in Tamil Nadu, a state known to be among India's more industrialised, developed and progressive.

According to a Reserve Bank of India (RBI) bulletin published in June titled 'State Finances: A Risk Analysis', power distribution companies (DISCOMs) in 19 states owed around Rs 4.5 lakh crore by the end of 2019-20, and almost a third of this (Rs 1.24 lakh crore) was owed by Tamil Nadu's TANGEDCO (Tamil Nadu Generation and Distribution Corporation Limited) alone.

Separately, a government dashboard that shows how much DISCOMs owe power generation companies (Gencos) lists Tamil Nadu as the state with the highest dues.

Power comes under the concurrent list, hence it is both a state and central subject. DISCOMs in almost all states are run their respective governments. Only in some urban areas including Delhi, Mumbai and Kolkata among others has the private sector entered the power distribution business.

UDAY scheme & DISCOM debt

The promise of free power — an already electric political issue — has gained even more traction after Prime Minister Narendra Modi, in a speech last month, urged states to clear power sector dues and steer away from "subsidy culture".

In 2015, the Modi government launched the UDAY (Ujwal DISCOM Assurance Yojana) scheme, essentially aimed at managing the debt of power distribution companies and prompting operational reforms.

However, the dues of DISCOMs across the country have risen since its inception. In 2014-15, power DISCOMS owed about Rs 4 lakh crore, which rose to Rs 5.14 lakh crore by 2019-20, and is estimated to have reached Rs 6 lakh crore by 2021-22.

India has, over the past decade, improved its access to electricity, resulting in increased demand.

But low realisation of dues from consumers leads to a cycle of DISCOMs — which also take up loans to set up power distribution plants — becoming indebted to Gencos.

According to estimates by credit ratings agency ICRA Limited, the consolidated debt of Indian power DISCOMs was a whopping Rs 6 lakh crore by the end of the financial year (FY) 2021-22.

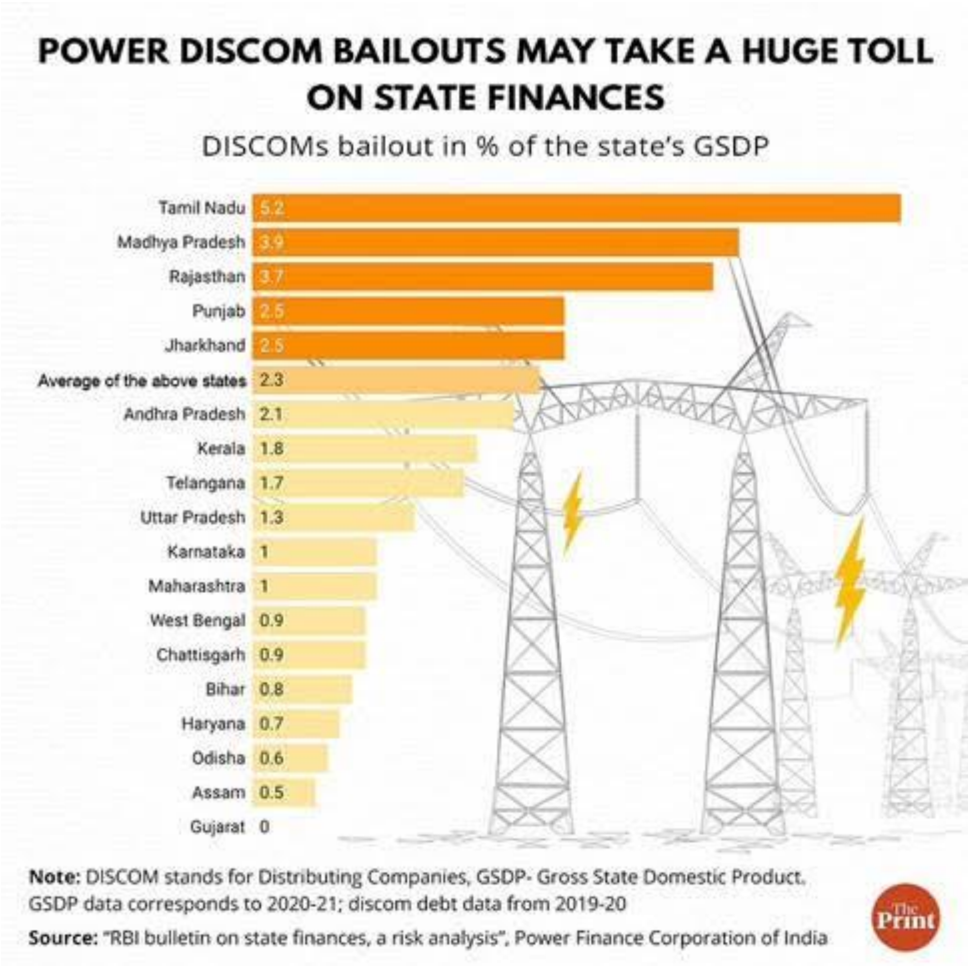
This is where the UDAY scheme comes into the picture — it allows state governments that own DISCOMs to issue bonds against the money they owe to Gencos, and these bonds can be redeemed after 10-15 years according to the arrangement. The idea behind the scheme is to buy DISCOMs enough time to streamline operations to the extent that they are able to honour the bonds as and when they mature.

Under this scheme, state governments can sell bonds carrying the value of up to 75 per cent of the debt owed by a particular DISCOM (or DISCOM run by them), while the DISCOMs will keep the balance 25 per cent of their debt in the form of some financial instrument.

However, research by the RBI shows that the issue is more complicated than it seems at first glance.

Data shows that to be able to clear 75 per cent of the debt of its DISCOMs, the Tamil Nadu government will have to shell out 5.2 per cent of the state's GSDP (Gross State Domestic Product). This means that for every Rs 100 that people in the state earned in 2020-21, at least Rs 5 would have had to be spent on clearing the debts owed by its DISCOMs in 2019-20.

In this context, the national average for select states is 2.3 per cent.



The RBI report says that after Tamil Nadu, which will have to shell out 5.2 per cent of its GSDP to clear 75 per cent of its DISCOM dues, the number is high for Madhya Pradesh (4 per cent or Rs 42,000 crore), Rajasthan (3.7 per cent or Rs 48,000 crore), Punjab (2.5 per cent or Rs 13,600 crore) and Jharkhand (2.5 per cent or Rs 11,500 crore).

Gujarat fares the best, with not even one per cent of its GSDP spent on clearing DISCOM debt, simply because it doesn't owe much (Rs 563 crore) in the first place.

How much do states owe

Apart from state governments, the mismanagement of DISCOMs also spells trouble for Gencos, which are unable to realise the debt owed to them by state-owned distributors.

'PRAAPTI' — the central power ministry's dashboard of how much DISCOMs owe Gencos — shows that among Indian states, Tamil Nadu owes the most to Gencos in the form of DISCOM debt.

The portal, which keeps track of the number of months each state has fallen behind in making payment of dues to Gencos, also shows that DISCOMs of Telangana, Meghalaya and Jammu & Kashmir haven't paid their dues for more than a year.

DISCOMs of Jharkhand, Tamil Nadu and Karnataka, are running 6-12 months behind, while Madhya Pradesh and Maharashtra are running 3-6 months behind on their payments.

Similarly, DISCOMs of Rajasthan, Uttar Pradesh, Sikkim, West Bengal, Karnataka, Kerala, Tripura, Manipur, and Mizoram are running 1-3 months behind and the remaining states are running 0-1 month behind on their payments.

In absolute terms, Tamil Nadu owes its Gencos the most in DISCOM debt — over 25,000 crore, followed by Maharashtra with at least Rs 20,000 crore and Uttar Pradesh with at least Rs 11,000 crore, according to the PRAAPTI portal.

Why Tamil Nadu's power sector is in a mess

Much of the mess that TANGEDCO finds itself in was accrued over the past decade, arising from all sides of the business, ranging from production to distribution and consumption.

According to a study by Climate Risk Horizons, a Bengaluru-based think tank that works on providing financial analyses with respect to climate change, Tamil Nadu is a power surplus state which can generate much more power than required, but still keeps its old, coal-based power plants functional, which adds to operational costs despite these plants being underutilised.

This, the research suggests, adds to inefficiency, which in financial terms translates to an increase in the cost of producing electricity in the state. If Tamil Nadu uses an optimal number of plants, it stands to save up to Rs 26,000 crore, the study argues.

Tamil Nadu also offers subsidies to almost all power consumers.

According to clean energy advocacy agency Auroville Consulting's estimates, even households that consume about 1,000 units pay only 63 per cent of the cost of supply. Consequently, power subsidy in Tamil Nadu has metastasized to an extent that it now costs more than the food subsidy offered by the state government.

Despite all of this, the state government hiked its power tariffs for general consumers for the first time in eight years this July.

The Tamil Nadu government's white paper on its finances shows that nearly 15 years ago, in 2006-07, power subsidies cost the state exchequer Rs 1,424 crore — only 0.43 per cent of GSDP.

Cut to 2021, and power subsidy alone costs the state exchequer more than Rs 21,300 crore or 1.1 per cent of GSDP, which is more than twice the amount allocated for food subsidy (Rs 9,604 crore).

It is owing to these subsidies that power distributors in Tamil Nadu incur huge losses since they charge customers a subsidised price but have to pay the producers the full cost of supply and often, the government falls short of clearing their bills on time.

Hence, DISCOMs like TANGEDCO are left with few options other than taking loans from banks to pay their dues. What adds to their debt is the issue of DISCOMs having to invest in distribution infrastructure and ensuring proper collection of dues.

Since there is no competition in Tamil Nadu's power distribution sector, DISCOMs often lack the incentive to proactively streamline operations, believes Vibhuti Garg, an energy expert and economist at the Detroit-based Institute for Energy Economics and Financial Analysis (IEEFA).

"Power sector bailouts have happened multiples times now; it is becoming a norm. The discoms have become complacent in their operations and then would expect the state and central government to rescue them.

"Apart from the fact that most Gencos and DISCOMs are run by governments which do not work with a profit maximisation objective, they take loans from government banks and then ask for discounts and write-offs when they are unable to pay them back," Garg told ThePrint.

She added that increasing competition in the power distribution sector is one of the ways in which TANGEDCO can resolve the crisis they now find themselves in.

"What we need is fair competition when it comes to distribution. The agency that maximises the realisations and minimises the costs, should get a chance to carry out the power sector functions, which otherwise, are run by a monopoly.

"Rationalising subsidies, modernisation and digitalisation of the grid, tariff reforms, reducing the distribution costs and improving revenue collection techniques can help debt-stressed DISCOMs come out of their bad phase to some extent," she said.

Need for political will

The bottom line is — can DISCOMs settle their dues without making a significant dent in the state's coffers and where does the UDAY scheme figure into all of this?

While the scheme allows DISCOMs and state governments to issue UDAY bonds to Gencos, it essentially means that DISCOMs are taking on fresh debt to pay an older debt and will have to ultimately pay back the value of the bonds plus interest.

Issuance of UDAY bonds was based on an agreement between state governments, DISCOMs and the Union power ministry.

At the time, it was assumed that states would achieve operational and financial efficiency within a stipulated time, which has not happened in most states, said Lekha Chakraborty, a professor at the state-run National Institute of Public Finance and Policy (NIPFP). "According to the tripartite Memorandum of Understanding (MoU) between state governments, DISCOMs and the ministry of power, the power sector debt restructuring was based on time-bound financial and operational efficiency plans."

“However, many states including Tamil Nadu, Rajasthan and Madhya Pradesh have not achieved these financial efficiency norms; operational efficiency parameters either,” she told ThePrint.

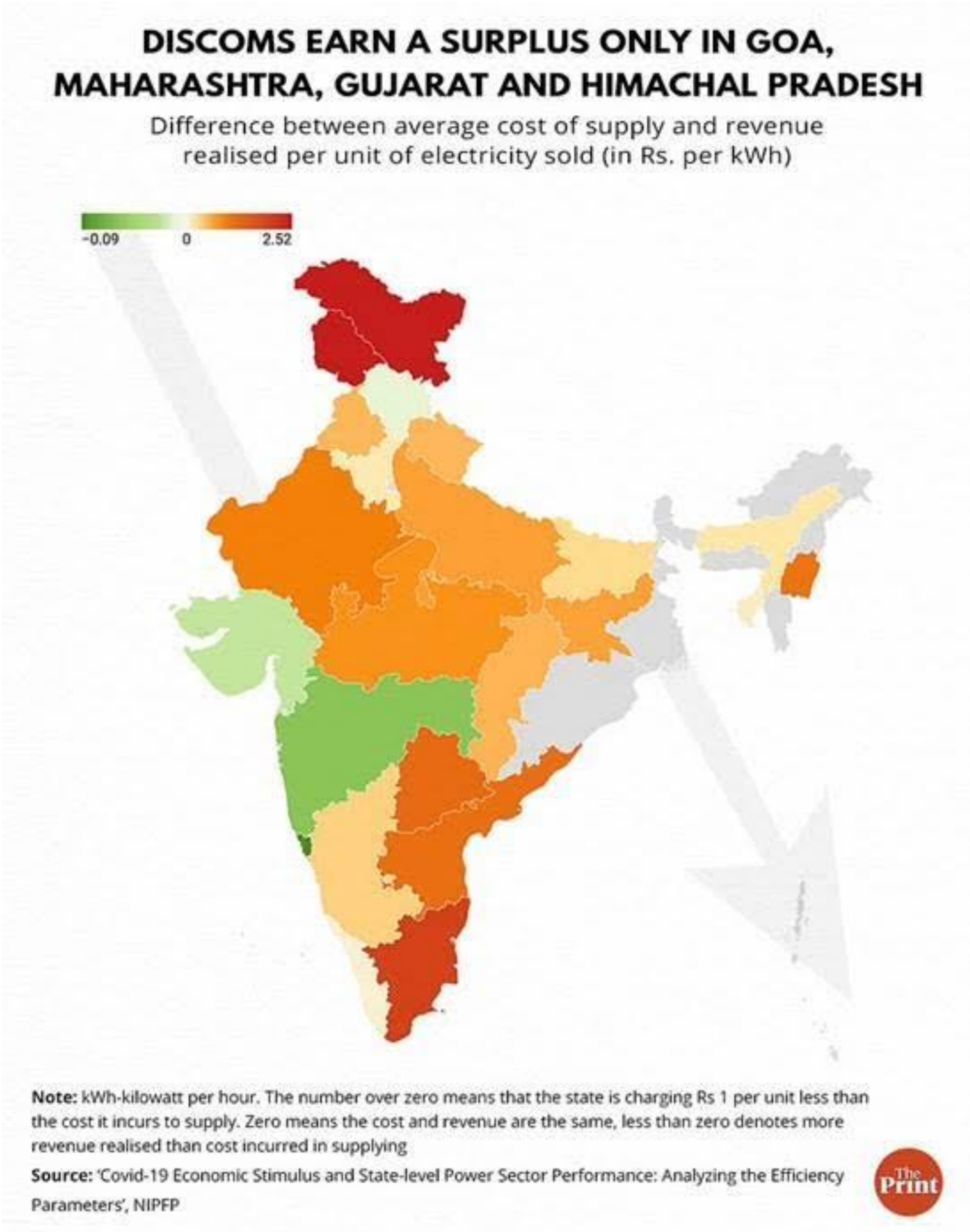
As a result, DISCOMs are now under pressure to increase their revenues, which can happen either by charging consumers more for the cost incurred on the power supply or by reducing the costs of supplying power — both of which haven’t been done yet.

A study by scholars from NIPFP shows that for most Indian states, the gap between what the states earn from consumers and what they have to pay Gencos, has only increased in the four years between 2017 and 2021.

According to the paper authored by Amandeep Kaur, Lekha Chakraborty and Divy Rangan, in about 19 states, the Average Revenue Realised (ARR) per kilowatt hour of power sold was lower than what the Average Cost of Supply (ACS) — expenditure incurred to supply every 1 kWh unit of electricity.

The study also showed that this gap was the widest in Jammu & Kashmir, where, on average, the state realises an average revenue which is Rs 2.52 less than the cost incurred to supply a single unit (kWh) of electricity.

J&K is followed by Tamil Nadu with a deficit of Rs 2 per unit sold, Telangana with Rs 1.24 and Andhra Pradesh with Rs 1.13.



There are, however, exceptions in the form of states where DISCOMs are running in surplus — earning more in revenue per unit than what it takes to supply electricity to consumers. These states are Gujarat, Goa, Maharashtra and Himachal Pradesh.

Chakraborty adds that states were supposed to reduce costs and bridge revenue gaps, both of which are yet to happen.

"The NIPFP study led by our former director Pinaki Chakraborty looked into the financial and operational efficiency parameters to be achieved as part of the bailout package.

"However, there are no systematic tariff revisions undertaken by the state governments to optimise the ACS and ARR. The gap between Average Cost of Supply to Average Revenue Realised is still very high in many states," she said.

The Tamil Nadu government had responded to the audit report released by the Comptroller and Auditor General of India (CAG) in May this year saying that an increase in tariff would unsettle customers, adding that it had plans to reduce supply costs instead.

But the CAG found that despite these measures, the gap between the average revenue realised versus the cost of supply in Tamil Nadu had risen by 78 per cent since the implementation of the UDAY scheme.

Chakraborty recommends "segregation of the grid and a differential rate treatment of customers into various slabs" as one of the potential ways to rationalise these subsidies.

Sabyasachi Majumdar, the ICRA group head, while releasing the ratings for Indian DISCOMs in May last year, had said that strong political will is needed to implement reforms intended for the power sector.

"The implementation of reforms in the distribution segment is essential which could either be through privatisation or through delicensing as proposed by the Government of India.

"However, strong political will and support from the state governments are required for the implementation of such proposals given that power is a concurrent subject," Majumdar had said. https://theprint.in/india/governance/you-thought-power-subsidy-is-a-delhi-punjab-problem-check-out-tamil-nadus-power-sector-mess/1070875/

29. BJP: Brihanmumbai Municipal Corporation 'dumped' ' probe that had exposed over Rs 73 crore loss *(timesofindia.indiatimes.com)* August 6, 2022

29.

MUMBAI: BJP has alleged that BMC is brushing under the carpet a probe against officials working on the scientific closure of the Gorai dumping ground, which caused a revenue loss of around Rs 73 crore. BJP has alleged that BMC was delaying the probe against officials and contractors from its solid waste management (SWM) department, which was ordered by the state legislature's public accounts committee (PAC) following irregularities in the scientific closure of the Gorai dumping ground.

In a letter to municipal commissioner Iqbal Chahal, BJP MLA Mihir Kotecha alleged that PAC had ordered a probe after it was revealed that despite irregularities in the project, which caused a financial loss of around Rs53 crore. Kotecha said BMC didn't take action against the consultant and BMC and suffered losses. Kotecha said even CAG had raised objections to BMC's loss and irregularities in the project.

"A probe was initiated in June 2022 when the deputy municipal commissioner (zone 7) was told to conduct a probe. Those officials under probe are going to be promoted and the probe has been brushed under the carpet. This is very grave. All SWM officials who are responsible for causing a loss to BMC, against whom the inquiry is pending, must not be promoted. BMC must conduct a fair probe in three months," Kotecha said.

Former BJP corporator Vinod Mishra said BMC had preempted generation of certified emission reductions (CERs) from Gorai dumping ground, before the scientific closure of the dumping ground. “This goof up not only caused a massive financial loss to BMC but also caused major embarrassment to it globally. The estimates created by the consultant were off the mark from the ground reality. BMC also did not take into account that trash in Mumbai has silt, debris, dry garbage and plastic, and this garbage doesn’t generate methane gas like in Europe. So BMC was forced to buy CECS from the global market and paid it back to banks. BMC had got Rs24 crore from the advance bank so the CEC had to be paid back.

Instead of Rs96 crore, BMC earned only Rs11 crore and there was a revenue loss of Rs73 crore,” Mishra said.

Kotecha said if BMC fails to conduct the probe and promotes the officials who are under the scanner, he will take-up the issue with the state government. https://timesofindia.indiatimes.com/city/mumbai/bjp-bmc-dumped-probe-that-had-exposed-over-73cr-loss/articleshow/93382539.cms

30. Bhanpura: Delay in maintenance work poses risk to Gandhi Sagar Dam and people downstream *(freepressjournal.in)* August 07, 2022

Amid the ongoing monsoon season, incomplete maintenance work of Gandhi Sagar dam sluice gate may pose a threat to the dam as well as to human life residing downstream of the dam.

The Gandhi Sagar Dam on the Chambal River in Madhya Pradesh was constructed in 1960 to provide drinking water to several districts of Rajasthan and generate 115 megawatts of electricity. It has been breached several times in recent years, causing flooding in downstream areas.

It is one of the five water reservoirs of national importance and three districts of the state — Sheopur, Morena and Bhind, with an approximate collective population of 4.35 million (as per the 2011 Census) — lie downstream of the dam.

Meanwhile, Gandhi Sagar has been put in Category II in the dam inspection report thanks to the absence of regular checks, non-functional instruments and choked drains which are the major problems plaguing the dam for years, according to the report by the Comptroller and Auditor General of India (CAG) released December 23, 2021.

Many claimed that the maintenance work of 19 gates of the dam has remained a mere formality.

The gates of the dam are opened when the water level of the dam rises in the monsoon. In such a situation, the maintenance work of the gates has to be finished before the monsoon, so that they can be opened easily when the water level of the dam increases.

But due to the apathy of the Water Resources Department, even till August, the maintenance work of the gates of the dam is at the initial level. The maintenance work of the gates may take another one to one and a half months. In such a situation, if the water level of the dam increases, the incomplete maintenance work of the gates of the dam can also become a threat to the safety of the dam.

Many accused that the maintenance work of the gates being done by the contract method is not up to the mark. As per the rules of the government and the conditions of the tender issued for about Rs 16 lakh for the maintenance work, about 25 litres of petrol, and cotton has to be used for cleaning the chain of one gate of the dam and the old material has to be removed by greasing it well.

Apart from this, oil, grease, high-quality primer and compound have to be applied, layer by layer by experienced labourers and a compressor machine is to be used to fill the grease as part of the maintenance work so that the machine works smoothly.

But, in this case, the gates are being cleaned with diesel and kerosene along with a very less quantity of petrol. Similarly, the prescribed quantity of grease and compound is not being used.

In such a situation, along with the arbitrariness of the contractor, the collusion of the departmental employees is also visible. The surprising thing is that the tender is about 41 per cent less than the prescribed rate which raises sufficient doubts about the quality of work.

Such irregularity by the department about work of such sensitive nature which involves a question of lives of lakhs of people is beyond comprehension.

When asked about the delay in maintenance work, engineers NK Sharma and ML Trivedi said that due to elections, the tender was delayed. They said that the maintenance work is going on now.

Meanwhile, repeated attempts to contact the executive engineer of Gandhisagar HK Malviya were not successful as he did not pick up the phone. https://www.freepressjournal.in/indore/bhanpura-delay-in-maintenance-work-poses-risk-to-gandhi-sagar-dam-and-people-downstream

SELECTED NEWS ITEMS/ARTICLES FOR READING

31. Over 47 m bogus ration cards deleted between 2013-21 after Aadhaar seeding *(financialexpress.com)* August 6, 2022

To ensure that highly subsidised foodgrain reaches the intended poor families, more than 47 million bogus ration cards have been cancelled between 2013 and 2021 following seeding of Aadhaar cards of beneficiaries covered under the National Food Security Act (NFSA), food secretary Sudhanshu Pandey said on Friday.

Of these, Uttar Pradesh has pruned 17.3 million cards, followed by Maharashtra (4.2 million), Karnataka (3 million), Madhya Pradesh (2.35 million) and Rajasthan (2.26 million).

“Rightful targeting of beneficiaries under NFSA is a continuous processes to weed out those who are not entitled to get highly subsidised foodgrain,” Pandey said.

Sources said more than 200 million ration cards have been seeded with Aadhaar numbers, which has reduced leakage and diversion of foodgrain under the public distribution system.

At present, 75% of rural and 50% of the urban population is covered under NFSA. Based on this ratio, 813.5 million people are eligible to get subsidised foodgrain.

Meanwhile, to ensure that migrants living in urban centres get ration cards, the food ministry has launched a common registration facility on a pilot basis in 11 states and Union territories: Assam, Goa, Lakshadweep, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Tripura and Uttarakhand.

The web-based facility will enable states/ UTs to collect data of those who wish to register under NFSA, including migrants living in other states.

“This facility will help states/ UTs in expeditiously identifying and verifying the eligible beneficiaries for coverage under NFSA as per their established inclusion and exclusion criteria, subject to the ceiling limit of NFSA of the state/ UT,” the food ministry said in a statement.

Pandey said 16 million beneficiaries could possibly be added under NFSA by providing ration cards to the migrant population.

Once ration cards are issued in their respective states, migrant workers can avail benefits under NFSA under the one-nation, one-ration card (ONORC) initiative launched in 2019. Under the ONORC, ration-card-holders can avail their quota of grain entitlement from any fair price shop in the country by using the ration card issued in their home states or Union Territory, after biometric authentication.

Since the launch of the system, 778 million portable transactions — 60% under NFSA and the rest under Pradhan Mantri Garib Kalyan Anna Yojana — have taken place under ONORC. According to a recent food ministry statement, subsidised foodgrain worth `43,000 crore has been delivered to beneficiaries through ration card portability so far.

As per estimates, 60 million people migrate seasonally to various states in search of livelihoods. Another 80 million people are intra-state migrants.

Under NFSA, beneficiaries receive highly subsidised foodgrain — rice at Rs 3/kg, wheat at Rs 2/kg and coarse grain at Rs 1/kg monthly. These are referred to as central issue prices. Many states such as Odisha, Chhattisgarh and Tamil Nadu also subsidise foodgrain supplied under

NFSA. https://www.financialexpress.com/economy/over-47-m-bogus-ration-cards-deleted-between-2013-21-after-aadhaar-seeding/2619374/

32. Address the GST challenges *(financialexpress.com)* August 8, 2022

The introduction of the Goods and Services Tax (GST)—with the promise to meet the challenges of legacy taxes, multiple laws and varying rates across geographies—was a watershed moment in India's tax policy. GST transformed the indirect tax landscape with a common law, uniform compliance procedures, reduced tiers of administrators, and technology-driven automated compliance and tax administration.

While the first five years of GST focussed on ironing out the teething troubles, the focus now shifts to the process of rationalisation of rate structure to take the effective tax rate closer to the Revenue Neutral Rate (RNR), remove the inverted tax structures, prune exemption lists, and ensure no revenue leakages due to tax evasion by continuing on the path of complete automation of the compliances. The recommendation of the 47th meeting of the GST Council, which was implemented in July 2022, indicates this process.

The indirect tax law reform process significantly accelerated the country's march towards the formalisation of the economy and a more compliant tax environment. Being GST compliant became a business imperative, leading to a spurt in tax revenues not only under the GST law but other tax laws as well.

Another impact area for businesses has been the embracement of technology and automation of compliance processes, thanks to the use of advanced technologies and automation of the tax administration. Automation helped businesses to generate quality data to conduct comprehensive evaluations of business processes and improve internal controls.

Importantly, uniform tax rates resulted in the elimination of arbitrage on account of differences in state-level tax rates under legacy laws and created a single national market, where buyers' focus rests on quality and economy, rather than mere tax arbitrage.

Viewed from the tax administrator's perspective, the transition to a technology-backed compliance process and the introduction of e-way bills and e-invoicing systems, resulted in a generation of a significant volume of data, which can be analysed to identify any potential tax evasion. The information flow, coupled with stringent actions against evaders, has dissuaded tax frauds.

GST witnessed significant revenue growth in the first three months of FY23. Such an upward trend in revenue was recorded in FYs19 (19%), 20 (4%) and 22 (31%), albeit with a negative growth (7%) in FY21. This shows that GST collections are on an upward trend, except during the pandemic-induced lock-down period.

The GST Council formed a Group of Ministers (GoM) for looking into GST rate rationalisation. Basis the GoM's interim recommendations, the Council, in July, increased tax rates on certain products and removed certain exemptions. In a few cases, the tax rate was increased to address inversion of taxes also, where the input tax rates were higher than the output tax rate leading to input tax credit build-up. These measures would help achieve the long-term policy objective of the tax rates moving closer to the RNR and converge a number of tax rates into a two (or three) rate structure progressively, as against the present 6-7 along with compensation cess.

However, there are still open issues from an industry perspective. It requires a shift in mindset within the tax administration, which continues to express a bias towards revenue. Advance Ruling Authorities seem inclined to take a position favouring revenue, despite reasonable interpretation or judicial precedents supporting the taxpayer's position, leading to a dent in the image of the advanced ruling process. Mechanical and rampant rejection of refund claims, investigations for an alleged incorrect claim of tax credits, blocking of credits, etc., reflects revenue bias, where even the courts have made adverse remarks on the administration.

The return filing platform sculpted for compliance has been another cause of concern due to frequent glitches and delays. Frequent amendments in law and the introduction of a newer compliance protocol necessitates continuous tinkering with the accounting/ERP systems of the taxpayer. The government has again proposed to amend form GSTR 3B (monthly return) and has invited suggestions for the same.

To add to the woes, the GST Appellate Tribunals are yet to be constituted, due to various challenges and the disputes adjudicated by first appellate authorities are pending resolution to endure the uncertainty, thus often prompting taxpayers to approach high courts, which have little room to manage long-pending litigation. Industry-government interactions through continuous dialogue seem to have lost steam and it is expected that these forums are better used to proactively address contentious issues.

As a way ahead, it is expected that petroleum products should be brought within the ambit of GST levy without much delay, even if it is in a phased manner to address concerns of the central/state government who garner significant revenue by way of tax. Convergence of GST rates slabs to two or three and the early phase-out of compensation cess are immediate expectations. https://www.financialexpress.com/opinion/address-the-gst-challenges/2620972/

33. Army Hardware worth ₹ 1.8 Lakh Crore Approved For Procurement: Centre *(ndtv.com)* Updated: August 05, 2022

The government on Friday said it accorded the Acceptance of Necessity (AoN) or in-principle approval for procurement of military equipment worth ₹ 1,83,778 crore since 2020-21.
Under India's defence acquisition norms, AoN is the first step toward procurement of any military equipment and hardware.

After the grant of AoN, tendering and contracting process is undertaken by the respective services and the ministry of defence.

"In the period 2020-21 to 2022-23 (till June 30), 59 AoNs amounting to ₹ 1,83,778.34 crore have been accorded and 91 contracts amounting to ₹ 1,19,045.3 crore have been concluded," Minister of State for Defence Ajay Bhatt said in Lok Sabha.

He was replying to a question on the issue.

"Capital acquisition of defence equipment is carried out as per provisions of Defence Acquisition Procedure (DAP). The DAP-2020 lays down the timelines for completion of acquisition activities,"Ajay Bhatt said.

"Further, the activities are regularly monitored so as to ensure finalisation of proposals and conclusion of contracts expeditiously," he added.

To a separate question, Ajay Bhatt said women are being recruited as officers in the Indian Navy since 1992 and they are employed in various branches and specializations.

"Consequent to Department of Military Affairs' notification No. RP/3312/Women dated 23rd June 2022, women are also eligible for appointment as sailors in the Indian Navy," he said. https://www.ndtv.com/india-news/army-hardware-worth-rs-1-8-lakh-crore-approved-for-procurement-centre-3229332

34. India's tax-GDP ratio may be too high *(indianexpress.com)* Updated: August 8, 2022

One of the stylised beliefs in India, and amongst some leading economic commentators both in India and abroad, is that our tax/GDP ratio is lower than what it "should" be. Many ills are laid at the door of this hypothesised low tax/GDP ratio. It is conjectured that we have a lower rate of investment, a higher fiscal deficit, and lower GDP growth — and all because the tax ratio is too low. There can be reasonable doubts about the presumed links, an issue on which I have relatively little to say. For the record, I have long argued that there is no empirical evidence to indicate a causal relationship between tax ratios or fiscal deficits and growth — or even a statistical relationship. There is, however, a well-established relationship between investment and growth.

Proceeding, there are three important fiscal variables in the economy — taxes, fiscal deficit, and debt. They are inter-related — lower tax revenue means higher fiscal deficit, for the same level of expenditures, and higher deficit means higher debt. All three, directly or indirectly, are assumed to affect growth and/or inflation. The relationships are complicated, and have provided grist for a number of PhDs, with many more to come. Our goal in this article is to look at the first of the trinity — the tax/GDP ratio (hereafter Xtax). We look at Xtax in an uncomplicated way, just facts, and interpret the evidence.

Two common observations on Xtax for India — first, it is low at around 10-11 per cent of GDP and it has stayed at close to that level for the last 20 years. In 2019, it hit a decade low of 10 per cent of GDP, the same as in 2014. Second, in comparison with our peers, it is much lower. Hence, logic dictates that we should strive to increase Xtax.

But which country should we compare India with? A common observation (surprisingly also offered by economic experts) is to look at the tax-GDP ratio in G20 countries. This is the beginning of a set of misinterpretations committed either knowingly, or unknowingly. Because simple logic dictates that tax collected is a function of the average level of per capita income. Per capita income in the G20 varies from around $2,100 (India) to around $65,000 (US). But before going “there”, there is a more fundamental issue that needs to be resolved. The 10-11 per cent figure for India is the tax/GDP ratio for taxes administered at the central level. Taxes in India, as in many other large, especially federal, countries, are collected at both a federal and state level. And many economies have local (municipal) taxes as well. The tax collected is the sum of all these taxes. That is the Xtax that needs comparison.

Until now, collecting such disaggregated data for a large set of countries was, well, impossible. In a recent web publication, the IMF has come to the rescue and for which kudos are due. On their World Revenue Longitudinal Data set (https://data.imf.org/?sk=77413f1d-1525-450a-a23a-47aeed40fe78) data are presented for all countries, from 1990-2019.

In this pre-pandemic year, among G20 economies, India’s tax-GDP (Xtax) ratio of 16.7 per cent was higher than that of China (15.9 per cent), Mexico (14.1 per cent), Indonesia (11.0 per cent), Saudi Arabia (5.9 per cent) and Turkey (15.9 per cent). While reassuring, such a simple head-to-head comparison is not very meaningful. A more informative indicator of whether a country is taxing too much or too little in comparison with others is to look at the tax-GDP ratio adjusted for PPP per capita income (and excluding resource-rich economies like Russia and Saudi Arabia and countries with population less than 3 million). Prediction via a simple regression of Xtax on log PPP per capita GDP can yield one estimate of the tax gap — the difference between actual and actual adjusted for level of income.

Table 1 reports the averages for 104 countries for the period 2011-2019. The world average tax gap is -1.3 per cent; India is +1.2 per cent for the nine years 2011-2019. So, India’s tax GDP ratio averages 2.5 percentage points more than an average economy. Among 70 Emerging economies (excluding AEs and countries belonging to the former Soviet Union), India’s rank is 20 — Xtax in India is higher than 50 peers on a systematic basis. Zilch evidence, therefore, that India’s tax/GDP ratio is too low. For every year for which data are available 1990-2019, India has had a positive tax gap — there is little evidence that a higher tax/GDP ratio helps growth.

But this is all before the tax collection revolution post-2019 (a structural change?), a subject matter to which we now turn.

Corporate tax cut 2019: For years, the advocacy in India was to increase revenue from corporate tax (one of three major components of tax revenue, the other being income and indirect taxes). The slogan: India Xrat was low, so raise corporate and income tax rates. “Because the rich should pay more taxes”; because inequality was increasing, and high, and because such higher taxation would lower the fiscal deficit and increase growth. A small minority had argued the opposite — that higher corporate tax rates stifle investment, increase tax un-compliance, and lower growth.

In a series of articles starting with ‘Maximise revenue, minimise tax’ (IE, July 13, 2019) Karan Bhasin and I argued against the heightened Indian wisdom. We argued that to increase tax revenue, we needed to decrease tax rates. (Incidentally, I had also argued that demonetisation would have a very positive effect on tax compliance a week after November 8, 2016!) We were dubbed Laffer curve groupies and faced criticism (and ridicule!) from more knowledgeable “experts” who said that empirical evidence around the world (for example, the US) meant that if tax rates were lowered, revenues would decline, the fisc would increase, as would inequality. A triple whammy that is best avoided.

In September 2019, Finance Minister Nirmala Sitharaman, going well against Indian established conventional wisdom, lowered the corporate tax rate by around 10 percentage points. This was one of the largest corporate tax cuts in world history. Unfortunately, the pandemic struck the world a few months later and disrupted world economies. However, now, three years later, we can assess the efficacy (or not) of this bold experiment in Modi 2.0. For the three months April-June 2022, corporate tax revenues, y-o-y, are up 30 per cent. Using fiscal 2019-20 as a base, corporate tax revenue has increased by 66 per cent, GDP by 33 per cent — an average tax buoyancy of 2.0 over three years. The previous largest tax buoyancy was in 2006-7 when the world was buoyant — and this was when the world was Covid-depressed! Tentatively, the tax-GDP ratio in the fiscal year 2022-23 will average over 18 per cent in India, a level close to Japan and the US.

What the data conclusively show is that the debate on the Indian economy should shift away from simplistic notions (borrowed from the West?) of the tax-GDP ratio being low in India. The debate should shift to expenditures, and quality of expenditures (and perhaps to reform of the direct tax code). In this regard, PM Modi’s suggestion that freebies be critically examined is most timely and welcome. https://indianexpress.com/article/opinion/columns/the-wrong-diagnosis-india-tax-gdp-ratio-quality-of-expenditure-8076901/

35. Gas pricing formula needs a revisit *(thehindubusinessline.com)* Updated: Aug 08, 2022

The current pricing formula does not incentivise the producers. A review is needed to up gas’ share in the energy mix

If India wants to make natural gas one of its major sources of fuel then it may need to take a relook at its existing domestic gas pricing mechanism.

Today, gas price in the spot market is around $47 per mmBtu (gas is measured in million British thermal unit), long-term contracts which India has entered into is around $19/ mmBtu, Non APM (non-administered price) domestic gas is at $10/mmBtu and APM (administered) domestic $6/mmBtu.

Though India sources most of its LNG (liquefied natural gas) through long-term contracts, price in such contracts is also subject to market conditions.

Supply disruptions

Recently at the media and analyst call of Reliance Industries Ltd's first quarter 2022-23 results, Sanjay Roy, Senior Vice President – E&P, Reliance Industries Limited, had said, "...Just to give you a perspective on global gas markets, as you all know, the gas prices continue to remain elevated. There are two major drivers, one is European demand now shifting from Russian gas to LNG supplies, and which also impacts the Asian consumers. Also, there's been supply destruction. As, we've seen the Freeport LNG terminal in the US, as well as the Nord Stream one pipeline disruptions. So, that's a substantial amount of volume that has been impacted…"

"In terms of the Indian gas market the outlook remains robust and one of the big reasons is the availability of the domestic gas. Because the domestic gas particularly like in KG-D6, where there is a price ceiling and that is much in demand as compared to the market prices that are currently prevailing at these times.

"Now, in terms of price ceiling, as you all are aware and I mentioned earlier, the price must move up and we will see higher realisations. It is expected that based on higher energy prices this will go further up," he said adding, "Now, we do see that the domestic price ceiling remains disconnected, whether the prices are elevated or when prices fall. And you know we are continuing our advocacy for removal of ceiling prices. Overall, we expect higher gas price realisations in FY23 and in the quarters to come."

Pricing problems

Roy is not the only one talking on these lines. Recently at an event former Petroleum Secretary and currently Chairman of Hindustan Oil Exploration Company (HOEC), Vivek Rae, opined that the gas pricing policy in India has to be fixed and the 2014 formula has to be done away with.

Rae had said that the current formula is "myopic" and does not incentivise gas producers. In India, gas penetration in its energy mix is 6 per cent as against a global average of 23 per cent. The objective is to improve this number to 15 per cent over the next few years.

India's gas price is determined at an average price of LNG imports into India and benchmark global gas rates. According to industry, India is simply underpricing a scare resource. "At current prices, you are penalising the producer and somehow the consumer trumps the producer," he had added.

"…We are benchmarking our resource price based on the price in countries where the resource is not scarce," he explained.

Market dynamics

Let us look at the gas market in India. Total consumption in India is 175 million standard cubic metre a day (MMSCMD), of this 93 MMCMD is met through domestic production and 82 MMSCMD through LNG imports. Gas consumption is directly linked to supply availability.

The industry fears that the world's third largest energy consumer could see its natural gas consumption decline from the current levels if LNG (imported gas) prices in the international market continue to rule in the range of $45 an mmBtu.

At a post results media interaction Petronet LNG Chief Executive Officer AK Singh, elaborating on the impact of high prices on demand, said, "India is fortunate enough to have a good portfolio of long-term contracts." But, due to high volatility and prices, the increase in demand is not happening, though demand destruction here is not to the extent that people in other parts of the world are experiencing, he added.

"With gas prices moving up in this fashion, to sustain consumption in this situation is in itself a challenge. Growth comes when prices stabilise. Considering the geopolitical situations, we do not foresee that immediately growth will start," he had pointed out.

Formula review

What India needs to do to have a mature gas market is to review is its existing formula. Currently, India revises its domestically produced gas price on a half yearly basis based on a cocktail formula worked out considering the volumes and prices prevailing at major international markets such as Henry Hub, National Balancing Point, Alberta and Russia.

According to the government, the formula was finalised considering the requirements/interests of producing and consuming sectors. The prices are notified after every six months in accordance with said guidelines.

The argument put forth is that the formula is based on markets which are either very matured or are themselves producers and not exactly India-sepecific. If the government wants to promote the gas market then such economic transformation would be not be possible without proactive and sustained policy support from the governments and regulatory authorities in these countries.

In India, Gujarat has shown how one can expand to gas economy, and other States can follow.

India has set the target to raise share of natural gas in energy mix to 15 per cent by 2030, and to attain this, the entire eco-system needs to be addressed. https://www.thehindubusinessline.com/opinion/gas-pricing-formula-needs-a-revisit/article65742408.ece