NEWS ITEMS ON CAG/ AUDIT REPORTS (19.08.2022 to 22.08.2022)

1. CAG points out flaws in GST data; the fault may lie in the framing of the law *(deccanherald.com)* UPDATED: AUG 22 2022

A taxpayer, an alleged habitual offender, was issued a show cause notice (SCN) for operating a fake firm and passing a fake input tax credit of Rs 26.53 crore. The concerned department cancelled its registration on June 1, 2018. The taxpayer, in his statements dated June 7, 2018 and July 6, 2018 before the Directorate of Revenue Intelligence (DRI), admitted to be the owner of a fake and non-existing firm in the name of his mother as a dummy proprietor. He had also admitted that he defrauded the Department by forming different firms and opening different bank accounts with two different PAN numbers. He also received drawback by forging the certificate of origin for which the SCN was issued in March 2019.

Despite such antecedents of the taxpayer, the registration granted to his sole proprietary concern (on March 4, 2018) was not revoked in July 2018 and a provisional refund of Rs 20.07 crore was released during May 2019. The final refund of Rs 1.55 crore was paid during the period April 2019 to June 2019 even aer it became evident that the person was involved in claiming the drawback on forged documents. This clearly points to little or no coordination between various wings of Central Board of Indirect taxes and Customs (CBIC). Failure to share intelligence had led to individuals exploiting the system and getting refunds on fake ITC. When this was brought to the notice of the Ministry in December 2021, their response in February 2022 was that the issue was being examined.

CAG Report

The above case has been extracted from the report of the Comptroller and Auditor General of India (CAG) on GST. In over six chapters spread across 198 pages, the report identifies many weaknesses and suggests a number of recommendations. The case above summarises one of the main issues under GST today -- a law that is being misused by a few taxpayers probably in collusion with a few in the Department. CBIC ends up making rules to plug this misuse that apply to all taxpayers. The report of the CAG is littered with many such cases of different Commissionerates across India. The six chapters in the report are on the administration of indirect taxes and revenue trend, the audit mandate and response, the effectiveness of compliance verification mechanism under GST, reliability of the GST data maintained by GSTIN, and processing of refunds and transitional credits under GST. The report spends a lot of time on the errors made in processing of refunds and incorrect claim of transitional credits -- many of which the Department could not detect or turned a blind eye to.

The comments of the CAG on the reliability of GST data could cause some concern. The CAG says that “During analysis of pan-India data provided by GSTN, audit noticed significant data inconsistencies between the taxable value and declared tax liability. Inconsistencies were also noticed between the CGST and SGST components of GST, and between ITC figures captured in GSTR-3B and GSTR-9 returns. Due to significant inconsistencies in GST data, Audit could not establish the reliability of data, for the purpose of finding audit insights and trends in GST revenue, and assessing high risk areas such as tax liability and ITC mismatch at the pan-India level." CAG recommends that "Ministry should consider introducing appropriate validation controls (controls which prevent unreasonable data entries or alert the taxpayer to unreasonable data or both) supplemented by post-facto data analytics in respect of important data elements (including those covered in this audit analysis), wherein data (such as tax amounts; taxable values; tax components, like CGST and SGST; validation of ITC and tax amounts, between the annual and monthly returns) is entered by the taxpayer. An effective review and follow-up system needs to be developed at GSTN to review and address cases of data inconsistencies. In case of significant deviations, tax officers may be alerted to the inaccuracies and directed to take necessary action. Further, cases of all taxpayers, who have not been allocated to either the Centre or state jurisdictions, may be reviewed and they may be allocated to appropriate tax administrations, as per the guidelines of the GST Council. To cut a long story short, CAG wants the Ministry to come out with a plan to effectively use the tons of data they possess.

If the laws are framed clearly, there would be little room for interpretation and misuse. A recent example would be the GST on residential housing that was proposed after the 47th meeting of the GST Council.

This was brought under the reverse charge mechanism but there was no guidance on situations when it would apply and whether ITC can be availed (since it can always be argued that any residential use has a tinge of personal expense to it thereby attracting Section 17(5) on blocked credits). A set of FAQs a few days prior to July 18 (when the levy came into force) would have helped. As taxpayers have got used to saying by now, things under GST could certainly have been better. https://www.deccanherald.com/opinion/cag-points-out-flaws-in-gst-data-the-fault-may-lie-in-the-framing-of-the-law-1138091.html

2. CAG report on compliance of FRBM act highlights the grim debt situation *(factly.in)* 22 August, 2022

The Union Government incurs expenditure of various sorts including welfare schemes, subsidies, infrastructure development & maintenance, and administrative expenditure. This expenditure is met through different sources of income. In the annual budget, the government makes estimates for expenditure & earnings through various revenue sources that include tax and non-tax revenues. Any shortfall in the revenue to meet the expenditure is met through borrowings. These borrowings are a liability that the government must pay back. In a recent story, we highlighted the increasing trend of market borrowings by the Union government to meet its expenditure, which increased significantly in the light of COVID-19.

While borrowings help governments tide over the fiscal deficit i.e., the excess of expenditure over the revenue, it does not augur well for the longer-term economic stability of the country.

To ensure better fiscal management and introduce fiscal discipline, the Government of India enacted Fiscal Responsibility and Budget Management (FRBM Act, 2003).

> An Act to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by *[omitted]*[1] removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto.

Source: FRBM Act, 2003

Section 7A of the FRBM Act, introduced through an amendment in 2012, entrusted the Comptroller and Auditor General of India (CAG) to conduct a periodical review of the compliance with this Act by the Union Government, starting from 2014-15. Recently, the CAG released its fifth report on compliance with the FRBM Act, 2003, for the years 2019-20. We look at the key findings & observations from this report of the CAG.

One of the Key Targets of the FRBM Act is to limit the Fiscal Deficit to 3% of GDP

Since the enactment of the FRBM act in 2003, it was amended 4 times – 2004, 2012, 2015 & 2018. The FRBM Act and the Rules underwent more significant changes during the 4th Amendment, in 2018.

In these amendments, the target for Revenue Deficit (difference between Revenue Expenditure and Revenue Receipts) and Effective Revenue was Removed.

The target of limiting the Fiscal Deficit at 3% of GDP is extended with a target date of 31 March 2021. It targeted to reduce the Fiscal Deficit by 0.1% every year to reach the fiscal deficit target of 3%.

(ii) for rule 3, the following rule shall be substituted, namely:-

"3. The Central Government shall reduce the fiscal deficit by an amount equivalent to 0.1 per cent or more of the gross domestic product (GDP) at the end of each financial year beginning with the financial year 2018-19, so that fiscal deficit is brought down to not more than 3 per cent of the GDP by 31st day of March, 2021.";

Source: Amendments in 2018 to FRBM Rules, 2004

The other target is to ensure that by the end of 2024-25, the General Government debt does not exceed 60% of GDP and Central Government Debt does not exceed 40% of GDP. The FRBM rules also state that no additional guarantees for any loan or security of the Consolidated Fund of India (CFI) in excess of 0.5% of GDP in a Financial year.

Table 1.1: Details of FRBM amendments made

(As percentage of GDP)

Fiscal Indicators		Target detail	Principal Act/ Rules	1st Amendment (in 2004)	2nd Amendment (in 2012)	3rd Amendment (in 2015)	4th Amendment (in 2018)
1.	**Revenue Deficit**	Target	Zero	Zero	2	2	Target for RD has been removed.
		Annual reduction	0.5	0.5	0.6	0.4	
		Beginning with FY	2004-05	2004-05	2013-14	2015-16	
		Sunset Target date	31.03.08	31.03.09	31.03.15	31.03.18	
2.	**Fiscal Deficit**	Target	3	3	3	3	**3**
		Annual reduction	0.3	0.3	0.5	0.4	**0.1**
		Beginning with FY	2004-05	2004-05	2013-14	2015-16	**2018-19**
		Sunset Target date	31.03.08	31.03.09	31.03.17	31.03.18	**31.03.21**
3.	**Effective Revenue Deficit**	Target	Introduced in 2012		Zero	Zero	Target for ERD has been removed.
		Annual reduction			0.8	0.5	
		Beginning with FY			2013-14	2015-16	
		Sunset Target date			31.03.15	31.03.18	
4.	**Guarantee**	Aggregate guarantees in any FY not to exceed 0.5 *per cent* of GDP, beginning with FY 2004-05					No additional guarantee for any loan on security of CFI, in excess of 0.5 *per cent* of GDP, in any financial year
5.	**Liability/ Debt**	Not to assume additional liabilities (including external debt at current exchange rate) in excess of 9 *per cent* of GDP for the financial year 2004-05 and progressively reduce the limit of 9 *per cent* of GDP by at least one *percentage* point of GDP in each subsequent financial year.					General Govt debt and Central Govt debt not to exceed 60 and 40 *per cent* of GDP respectively by the end of the FY 2024-25.

Source: Report of the CAG on Compliance of the FRBM Act, for year 2018-19

The latest CAG report on Compliance of the FRBM Act, 2003 is the second report after the 2018 amendment was made effective on 01 April 2018.

Fiscal Deficit at 4.6 % of GDP in 2019-20, as per the CAG report

As highlighted, one of the key targets under FRBM is to reduce the Fiscal Deficit to equal to or less than 3% of GDP by 2020-21. The annual reduction target was 0.1%. Therefore, the target for 2019-20 was 3.3% of GDP.

The CAG report refers to the information from the Ministry of Statistics & Programme Implementation, where-in the GDP for the year 2019-20 was around Rs. 200.7 lakh crores. As per the Budget at Glance Report (BAG), the fiscal deficit for the year was Rs. 9.33 lakh crores. This accounts for 4.65% of the GDP for the year. CAG report also refers to the information from the Union Government Finance Accounts (UGFA), where the fiscal deficit for the year was mentioned as Rs. 10.31 lakh crores i.e., 5.14 % of the GDP. The difference between the Fiscal Deficit of BAG and UGFA is due to the exclusion of certain expenses on capital infusion for Public Sector banks, external assistance for State Government projects and other expenses.

Figure 3.3: Calculation of Fiscal Deficit for Financial Year 2019-20

(₹ in crore)

S. No.	Particulars	Amount (as per UGFA)
1.	Non-debt Receipts	20,17,080
	Revenue Receipts	*19,48,084*
	Miscellaneous Capital Receipts	*50,349*
	Recoveries of Loans and Advances	*18,647*
2	Total disbursements (excluding debt repayment)	30,48,205
	Revenue Expenditure	*26,15,320*
	Capital Expenditure	*3,87,744*
	Loans and Advances	*45,142*
3.	Fiscal Deficit (2-1), as per UGFA	10,31,126
4.	FD as % of GDP, as per UGFA	5.14%
5.	Fiscal Deficit , as per BAG	*9,33,651*
6.	FD as % of GDP, as per BAG	*4.65%*

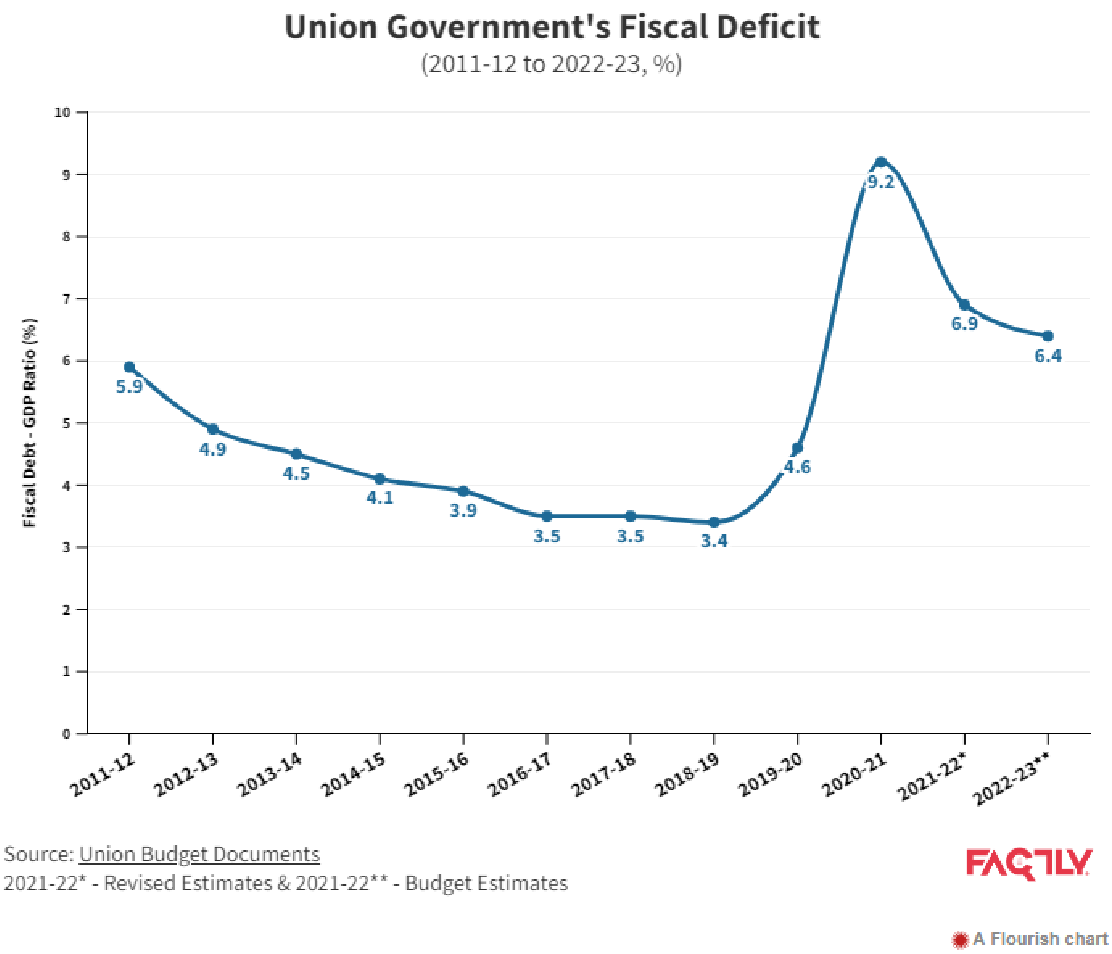
Source: Budget Documents & UGFA for Financial Year 2019-20

Source: Report of the CAG on Compliance of the FRBM Act, for years 2019-20

The FD in the earlier two years i.e., 2017-18 and 2018-19 was 3.5% and 3.4% respectively, indicating a jump in the FD for 2019-20. The GDP grew from Rs. 189.71 lakh crores in 2018-19 to 200.7 lakh crores in 2019-20. Meanwhile, the total expenditure increased from Rs. 23.15 lakh crores in 2018-19 to Rs. 30.48 lakh crores in 2019-20. During the same period, the non-debt receipts increased from Rs. 16.65 lakh crores to Rs. 20.17 lakh crores, i.e., the increase in expenditure was higher than the increase in non-debt receipts. Therefore contributing towards a higher increase in fiscal Deficit.

As per the latest budget documents for 2022-23, the actual Fiscal Deficit for 2020-21, increased to 9.2% of GDP. The impact of the COVID-19 pandemic is clearly visible, where-in, the non-debt receipts were only Rs. 16.91 lakh crores i.e., lower than the previous year. Meanwhile, the expenditure increased to Rs. 35.09 Lakh crores. The total FD for the year was Rs. 18.18 lakh crores. The increase in fiscal deficit was at the time when the GDP fell for the year. As per the information available with MoSPI, the GDP for 2020-21 was Rs. 198.01 lakh crores. This also implies that the FRBM target of limiting Fiscal Deficit to 3% of GDP by 2020-21 is not met. The target might also not be met for the next few years if one goes by the figures for the subsequent years.

The revised estimates for 2021-22, project an improvement over the previous year, yet a higher fiscal deficit of 6.9% of GDP while the budget estimates for 2022-23 peg the fiscal deficit at 6.4% of GDP. The overall trend indicates that there was an improving trend in the Fiscal Deficit to GDP ratio, until 2018-19, after which it took an opposite turn.



Central Government Debt at 52.3% of GDP in 2019-20

The amendments made to FRBM in 2018, introduced new targets of – Central Government Debt not to cross 40% of GDP and General Government Debt not to cross 60% of GDP by 2024-25. Central Government Debt includes – Total outstanding liabilities on the security of CFI, total outstanding liabilities in the Public Account of India and the financial liabilities of any of the central government bodies.

As per the CAG report, based on the reference of UGFA, the total Central Government Debt in 2019-20 was Rs. 104.99 lakh crores. This accounts for 52.3% of the GDP. As highlighted, the target to be achieved by 2024-25 is 40% of GDP.

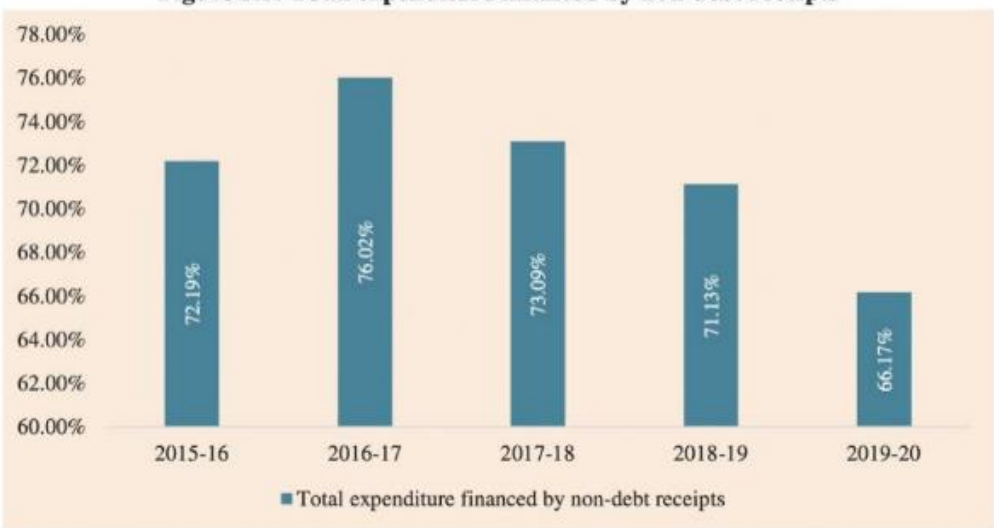
	Item	As per UGFA *(₹ in crore)*
a.	Internal Debt of Union Government	80,20,490
b.	External Debt (at current rate)	5,44,394
c.	Public Account Liabilities	18,78,733
d.	EBR recognised by Government	1,11,870*
e.	Less: Net cash balance of GoI	55,573
f.	Total Central Government Debt (a+b+c+d+e)	**104,99,914**
g.	Total Central Government Debt as *per cent* of GDP	**52.30%**

Source: Report of the CAG on Compliance of the FRBM Act, for years 2019-20

CAG reports note that the target can be achieved by 2024-25, with superior growth in GDP. However, as already highlighted above, there has been a fall in the GDP for 2020-21, compared to 2019-20. This also corresponds with an increase in the debt borrowings of the centre which pushes the Central Government debt to GDP ratio higher.

Data indicates that there is a declining trend of Union Government meeting its expenditure through non-debt receipts. In 2016-17, it was 76.02% and in 2019-20 it reduced to 66.17%. This implies that the government relies on debt receipts to meet its expenditure. As highlighted in an earlier story, there is a fall in Union's tax & non-tax revenues and an increased reliance on borrowings.

Figure 3.6: Total expenditure financed by non-debt receipts



Source: UGFA of respective years. GDP figures have been updated based on latest available data.

Source: Report of the CAG on Compliance of the FRBM Act, for years 2019-20

Another target is to reduce the General Government Debt to less than 60% by 2024-25. General Government Debt is the total debt of the Central Government and the State government. CAG report refers to Status Paper on Government Debt, as per which the General Government Debt at the end of 2018-19 was 68.6% of GDP. As per the finance ministry's response in February 2022, the status paper for 2019-20 is in progress.

If the numbers of the subsequent years are any indication, this target would be missed in view of the increasing debt situation of the States. Our story on increasing reliance on borrowings by the States to meet the expenditure can be read here.

The increase in the Debt to GDP ratio also impacts another indicator – Debt Sustainability Indicator. Debt sustainability is defined as the ability of the government to maintain constant Debt to GDP ratio. Debt to GDP ratio increases because of higher levels of debt leading to higher interest expenditures, contributing to higher deficits. In contrast to the trend between 2015-16 to 2018-19, the debt sustainability indicator was negative i.e., more burden on the union government.

Trends indicate that the Union government is far off from meeting the FRBM goals.

The Fiscal deficit and other debt indicators are a reflection of the economy. Lower revenue receipts in the backdrop of increasing expenditure are a direct contributor to Fiscal Deficit. The already increasing trend of fiscal deficit & higher debts was further exacerbated by the COVID-19 pandemic. During the pandemic years, the GDP fell, and the growth was stymied coupled with increased expenditure.

The fall in GDP during the pandemic year and slower than expected growth in the ensuing years contributed to a higher Fiscal Deficit. The projections for even the current year, which is two years past the deadline of 2020-21, are more than double the goal of 3%. https://factly.in/review-cag-report-on-compliance-of-frbm-act-highlights-the-grim-debt-situation/

3. 'Outdated data, gaps in assessment': CAG red-flags govt nod for multiple coastal projects *(theprint.in)* 19 August, 2022

A report by the Comptroller and Auditor General (CAG) of India has flagged alleged lapses in the environmental clearance process for several coastal projects, calling it a "large-scale" violation of the laws governing India's coastal ecosystems.

The CAG report, tabled in Parliament on 8 August, said multiple projects had been awarded clearances without having adequate checks and balances in place.

The projects named include the Adani Petro Port in Gujarat, the Mumbai Coastal Road, the Mumbai Trans Harbour Link, expansion of facilities in a port by Redi Port Limited in Maharashtra, and the deepening of an approach channel in Goa's Mormugao Port.

The alleged violations cited include the use of outdated data to grant clearances, not thoroughly evaluating the environmental impact of projects, and a lack of compliance with the terms of clearance granted to some projects.

The scale of these violations made it “imperative to assess the implementation” of the coastal regulation zone notifications of 2011 and 2019 — legislation designed to regulate activities in coastal areas — the CAG said in its report.

Between 2015 and 2019, the Union environment ministry awarded clearances to 210 projects, while state bodies granted clearances to 1,978. The CAG sampled some of these projects to draw its conclusions, also inspecting clearances from 2020.

According to the report, the ministry was given access to the CAG’s findings in December 2021, but “despite repeated requests”, no responses were received.

When contacted, a spokesperson for the ministry told ThePrint that no comment or statement could be shared at the moment.

What the report found

In pre-audit studies, the CAG said it found incidents of “illegal construction activities (reducing coastal space), effluent discharges from local bodies, industries, and aquaculture farms”.

The Coastal Regulation Zone (CRZ) Notification of 2019 (revised from the 2011 and 1991 versions) manages activities along India’s coasts by dividing them into different zones. India’s coast is 7,516-km-long and is managed by an institutional framework that is covered at a national and local level.

Only permitted activities are allowed in these zones.

At the central level, the implementation of the CRZ notification is handled by the National Coastal Zone Management Authority. At the state level, it is the responsibility of the state/Union territory coastal zone management authorities, which branch out into district-level committees that exist wherever the CRZ notification is applicable.

The CAG said that the National Coastal Zone Management Authority was functioning as an “ad hoc” body and hadn’t been made permanent, leading to a “lack of continuity of approach towards coastal conservation issues”.

The CAG also noted that many state-level coastal management authorities were reconstituted months after their terms had expired. In Karnataka, the State Coastal Zone Management Authority (SCZMA) was reconstituted 11 months after its last term expired in March 2020, it said, adding that delays were recorded in Kerala, Andhra Pradesh, Goa, Odisha, and West Bengal as well.

Several of these states had failed to constitute district-level committees (DLCs), the CAG added. Tamil Nadu’s DLCs failed to include the inputs of local traditional communities, the report said.

The CAG also said projects had been given clearances despite “inadequate environment impact assessments (EIA)”.

The EIA is a process through which the potential environmental impact of a project is assessed, based upon which clearances are given. Project proponents (the entity primarily responsible for a specific project) can hire external consultants to carry out the impact assessments for them.

Some projects such as the construction of the Moti Mahal Hotel in Mangaluru, Karnataka, and the laying of the Mahanagar Gas Ltd liquefied natural gas (LNG) pipeline in Maharashtra were given clearances even though the consultants were not licensed to carry out the EIA, the report says.

The CAG further found at least 12 examples of projects whose EIA allegedly relied on outdated data. These include the Mumbai Coastal Road project as well as the Mumbai Trans-Harbour Link (MTHL) — both of which are projects that received widespread criticism for their potential adverse effects on the environment.

Fourteen other projects were given clearances even though their EIA "failed to identify key biodiversity in the area and did not include mitigation measures to alleviate the risks faced by the unique biodiversity", the report says. These include the aforementioned Redi Port Limited and Mormugao Port projects.

Projects such as the setting up of an International Leather Complex by Adani Port and SEZ Ltd as well as an effluent discharge system by Hyacinths Pharma Pvt Ltd in Andhra Pradesh failed to produce a cumulative study to assess their impact on marine life, as mandated by CRZ 2019 notification, the CAG said.

"Despite serious reduction and degradation of the live coral cover in the Gulf of Mannar islands, no viable strategy to mitigate the propagation of the invasive species had been devised by the Department of Forest, Tamil Nadu," the CAG report added.

How to remedy the situation

Foremost in the CAG's recommendations is to make the national and state coastal zone management authorities permanent bodies and to reconstitute district-level committees without delay.

The CAG has also called for the clearance process and the implementation of the CRZ notification to be more transparent in terms of sharing minutes of meetings in a timely manner.

"The ministry may ensure that the project proponent carry out [an] in-depth ecological evaluation of the project environment before granting the clearances to the projects as well as enforce the practice of cumulative assessments already defined in the EIA notification, 2006," the CAG said. https://theprint.in/environment/outdated-data-gaps-in-assessment-cag-red-flags-govt-nod-for-multiple-coastal-projects/1087005/

4. Archaeological Survey of India May Be Reluctant To Give Information under RTI, but Hey the CAG Has Just Exposed Its Misdeeds! *(moneylife.in)* Updated: Aug 18, 2022

Last week, the office of the comptroller and auditor general of India (CAG) tabled in Parliament, the audit report on the preservation and conservation of monuments, which exposes the archaeological survey of India (ASI), known to deny information under the Right to Information (RTI) Act and rebuked by information commissioners.

Former central information commissioner (CIC) Prof Shridhar Acharyulu, in one of his orders, had stated that the ASI should voluntarily notify all information as per Section 4 of the RTI Act.

CAG, which conducted a performance audit of preservations and conservation of monuments and antiquities between November 2020 and March 2021, studied the action that has been taken on 25 recommendations made by the public accounts committee (PAC) way back in 2013. No prizes for guessing that ASI, which comes under the ministry of culture, has hardly implemented these recommendations, which include documentation of heritage structures and antiquities, public amenities at famous sites and corpus where corporates and public sector units (PSUs) have contributed, amongst others.

Some important observations by CAG include the following:

• Out of 400,000 plus heritage structures and 5.8mn (million) plus antiquities, only 184,000 monuments and 1.68mn antiquities have been documented so far. For this, national mission on monuments and antiquities was launched by the government (in 2007) to prepare a national database of all monuments and antiquities in the country in five years. Its period was extended for another five years (2012-17) and later merged with ASI.

• Joint physical inspection of selected monuments, viz., world heritage sites, Adarsh and ticketed monuments, living monuments, baolis, and kos-minar revealed (i) absence of public amenities, viz., public toilet, drinking water, space for vehicle parking, ramp, guide, and security; and (ii) shortcomings in conservation works at monuments and management of heritage gardens.

• The national culture fund (NCF), which was set up to involve corporates and PSUs to preserve heritage, helped raise the primary corpus of Rs19.50 crore to Rs76 crore by March 2021. However, the utilisation towards the objectives of NCF was less than 14% (Rs10.25 crore), which indicates absence of NCF's coordination with ASI.

• The instruction by PAC, to the ministry of culture and ASI, to fill up vacancies has not been done and employee strength continues to remain at a dismal 29%. The CAG report observes: "At management levels and in important conservation branches of ASI, the position had further deteriorated."

• Despite the ministry of culture intimating the PAC, of having increased the budget to 5% of its total budget for ASI's expenditure on exploration and excavation activities, the budget has increased only by 1%.

• As recommended by the PAC, ASI had revised its ticket and other charges for monuments and had included more monuments under the ticketed category. However, there were shortcomings in reconciliation and financial control mechanism.

• ASI was required to chalk out a long-term and medium-term strategy or road map for conservation activities so they are being undertaken on ad-hoc or annual basis.

• The advisory board on archaeology, which is the apex body for ASI on matters relating to archaeology, is inactive since March 2018.

• Discrepancies in the list of Centrally protected monuments and issues related with de-notification of missing monuments (as reported earlier) still exist, despite assurance that efforts would be made for their rectification.

• At selected national level museums and site museums under ASI, concerns related to antiquity management, viz., non-formation of art purchase committees, shortcomings in acquisition, accession, verification, display and rotation of artefacts, their storage, preservation and security were noticed.

• PAC (Report No.39 of 2016) had asked the ministry/ASI to draw an action plan under the excavation policy and ensure adequate allocation and effective utilisation of funds for these activities. It was noted that ASI had no action plan based on its exploration and excavation policy. ASI did not have a centralised information/monitoring system for displaying excavation proposals and their status. Writing of excavation reports was pending for more than 60 years. The expenditure on the exploration activities was less than 1%.

The jarring observations in the CAG report only go to prove that the present government, which waxes eloquent on India's past glory at the drop of a hat, cares two hoots for the mute testimonies of that era. Pathetic!

To add further, in addition to ASI, national culture fund (NCF) and national monument authority (NMA) have also been established by the government to support the process of conservation and protection of monuments.

CAG audited the ministry of culture, ASI, NMA, NCF, national mission on monuments and antiquities and six national-level museums. Also, monuments, sites and offices of ASI of Delhi, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Odisha and West Bengal were examined. https://www.moneylife.in/article/archaeological-survey-of-india-may-be-reluctant-to-give-information-under-rti-but-hey-the-cag-has-just-exposed-its-misdeeds/68090.html

5. It's complicated - the freebie debate explained *(thehindubusinessline.com)* Updated: Aug 19, 2022

The freebies versus welfare scheme debate has sparked a furious war of words. Everyone from political heavyweights, including Prime Minister Narendra Modi, to the Supreme Court and the RBI have joined in. But exactly what are freebies anyway?

The freebies debate was reignited last month when Prime Minister Narendra Modi cautioned against the culture of distributing revris — a popular north Indian winter candy made of sesame and jaggery — or freebies for votes.

Speaking at the inauguration of Bundelkhand Expressway in Jalaun in Uttar Pradesh on July 16, he hit out at the Opposition saying that some governments are using freebies to secure votes, while the BJP is building infrastructure. “There are some governments which are indulging in revri culture to secure votes, while the double engine government is working towards creating new expressways and rail routes,” he said.

In another rally in Deoghar, he said: “Short-cut politics is a challenge today. People could get votes through populist measures. But the truth is that any country that resorts to short-cut politics is bound to face a short-circuit.”

It isn’t surprising that Opposition parties are not happy about it. Many leaders reacted to the Prime Minister’s jibe. The Congress, Samajwadi Party and AAP have slammed Modi’s stand, saying that welfare measures are not “freebies”.

The latest entrant to the debate is Tamil Nadu Finance Minister Palanivel Thiagarajan, whose take on welfare schemes in a TV debate has gone viral. He said, “You must have a performance track record, that you have grown the economy wonderfully or you brought down debt, increased the per capita income or created jobs. When neither is true, why we should listen to somebody’s view?”

The debate is not limited to politicians alone. Former RBI Governor D Subba Rao cautioned that freebies could become a burden for future generations.

Supreme Court’s hearing

The Supreme Court is hearing a petition to curb the practice of offering “irrational freebies” at the cost of public money, especially in debt-ridden States in the run-up to elections.

In a hearing on August 3, it observed that the matter is a serious one and suggested that an expert committee – with members from the Centre, States, Niti Aayog, Election Commission, RBI and Opposition parties – be set up to discuss the matter. On August 11, it stressed on the need to create a balance between providing welfare measures and the economic strain on the exchequer.

In a hearing on August 17, the court questioned the difference between welfare schemes and freebies. “Can the promise of subsidy on power, seeds and fertilisers to small and marginal farmers, free healthcare and drinking water be considered as freebies? Can we treat promises of consumer products and electronics free-of-cost for all as a welfare measure?” the top court asked.

Political parties such as the AAP DMK and YSR Congress have filed affidavits in the Supreme Court, asking to join the proceedings in this matter. The parties have vehemently opposed the BJP’s stance.

What is a freebie?
Well, there is no exact definition and that's the problem. Generally, the government expenditure on public goods like healthcare, PDS, education, health and employment are considered welfare measures, while spends on free TVs, cycles, cattle and loan waivers are considered freebies.

Even the Constitution has mandated that State secure a social order for the promotion of the welfare of the people and minimise and even eliminate inequalities in income, status and opportunities (Article 38).

The problem comes when it becomes a burden on the State's finances. In a report, the RBI lists the growing preference for distribution of "freebies" as a potential source of fiscal risk.

Data from the Comptroller and Auditor General of India (CAG) shows that the State governments' expenditure on subsidies has grown by 12.9 per cent (in 2020-21) and 11.2 per cent (in 2021-22), after contracting in 2019-20. The share of subsidies in total revenue expenditure by States has risen to 8.2 per cent in 2021-22 (from 7.8 per cent in 2019-20).

Jharkhand, Kerala, Odisha, Telangana and Uttar Pradesh are the top five States, with the largest rise in subsidies over the last three years. Gujarat, Punjab and Chhattisgarh spend more than 10 per cent of their revenue expenditure on subsidies.

It's complicated
The problem with the freebie culture is manifold. If you want to stop it by legislating a ban on it, defining it is a problem in itself. Also, no political party might actually do away with the possibility of handing out doles before an election. They will find ways to sidestep the rules. The top court's solution of setting up a committee to discuss the matter also faces similar problems.

Then, there is also a rich versus poor debate on the horizon. The government provides subsidised water, and electricity and even offers tax breaks to industrialists. So will people seek these "incentives" next?

For now, the debate will go on and it might be a while before we reach a consensus. In the meanwhile, let parties and the government concentrate on getting the basics – providing healthcare, PDS, education, health and employment – right. https://www.thehindubusinessline.com/news/national/its-complicated-the-freebie-debate-explained/article65787138.ece

6. Whose freebie is it, anyway? *(freepressjournal.in)* Aug 20, 2022

The Finance Commission should ideally state in detail what is a freebie, and then ensure that only a certain amount of money can be spent on these outlays. Camouflage terms like 'empowerment schemes' should be covered here

The recent debate on freebies being given by various governments raises the broader issue of how governments should be spending money. Given the federal structure of the country there are central, state, municipal and panchayat levels of government involved, with the maximum power being given to the centre in terms of levying of taxes. The interesting thing is that the physical support to enterprise or farmers is provided by the lower levels of government which in turn are dependent on the centre for funding. It is in this context that the Finance Commission had been constituted which lays down rules of devolution of funds.

When the 14th Finance Commission decided that the centre devolve 42% of the shareable resources to the states from 32% the logic was that the latter would get more funds to use the way they wanted. Hence the centrally sponsored schemes would be reduced.

The issue of freebies has surfaced today as in the last two decades or so there has been a tendency for all parties to mention in their manifestos that if voted to power there would be several payments made to different sections of society. There are other schemes announced separately by governments like say the NREGA, which is a dole scheme as there is no productive work done but money is paid. All this comes under social welfare which is the job of the government. Hence free meals, education, health, employment guarantee, payments for girls, women, special sections of society etc. are considered to be economically expedient though there are always political undertones.

Of later there has been a lot of umbrage taken by everyone as every party has gotten into a competitive mode and is offering electricity, water, plain cash and so on without any restraint. What are the options for getting states or even the centre, for that matter, to be more judicious in spending?

The first option is for the Finance Commission to officially state that only a certain portion of the budgetary revenue can be spent on so called freebies. This will be a rule-driven policy with the CAG monitoring the progress.

The alternative is to have some kind of voting of the public on where the government should be spending. In a democracy, unfortunately the 1300 million are represented by around 542 representatives of which the majority are in the government in power. The decisions taken are top down. Suppose it has to be bottoms- up. There can be several interesting conjectures here. The majority would not vote for highways and bullet trains and would have humble requests for pucca, well-maintained, motorable roads connecting villages. The majority will favour subsidies, employment doles, cash transfers and so on. Hence the present controversy of disdain for freebies will be seen as an elitist view to exacerbate inequality, as any withdrawal means hardships for the poor.

A third alternative is to put all governments under check through the funding route. While pegging fiscal deficit at 3% or 3.5% for states is a rule that worked well, a similar cap should be on the centre. This way the possibility of deviation can be curbed. Further, to correct anomalies which come in the way of the power sector, for example, government guarantees should be banned and entities must be made to borrow from the market if not being financed directly from the Budget. This will address the issue of free power.

Suppose banks and financial institutions refuse to lend money which would be the case for private enterprises with similar balance sheets, then the governments would have to perforce pay the DISCOMs from the budget or desist from giving free power. Banning contingent liabilities is an effective way of controlling expenditures.

A fourth option would be to separate freebies into those that distort the market like free power — which no one, including the government, pays for — and plain cash transfers, which come through the Budget. The PM Kisan scheme is a pure cash transfer, paid for by the Budget, and does not distort the system. The same holds for cash payments for marriages of girls or special category of society. But subsidies in the form of MSP is the tough one. Ideally MSPs should be replaced by a cash transfer, because the MSP is a doctored price which distorts markets as it raises benchmark prices in mandis.

A combination of the suggestions made could be the way out. The FC should ideally state in detail what is a freebie, and then ensure that only a certain amount of money can be spent on these outlays. Camouflage terms like 'empowerment schemes' should be covered here. Second, any scheme which distorts markets should be withdrawn or replaced by transfers. Third, anything outside the budget should be banned and every PSU would have to fend for and fund itself. Last the private sector should cease to look for props from the government and have to use all the tax benefits to run their business. Looking for incentives from the government can be in say EXIM policy but not for cash returns through say the PLI or any other such scheme. The private sector cannot have it on both sides all the time. https://www.freepressjournal.in/analysis/opinion-whose-freebie-is-it-anyway

7. States must cut freebies for economy's quantum leap *(newindianexpress.com)* 21 August 2022

There is either good politics or bad politics. Good politics invests in public good to lay foundation for expansion of socio-economic pool and base. Bad politics works overtime to find ways to lure voters to win elections. Kutch, Saurashtra and some other parts of Gujarat were parched. Farmers struggled to raise even one crop. Good politics worked for a long-term solution, laid canals, lifted waters from dams to gush into pipelines, and in the course of 15 years, farmers began raising three crops.

Those good politics seen in Gujarat richly rewarded the ruling BJP. The asset creation for solving long-term challenges was funded by the state government through its revenue, which entailed additional revenue flow, and thus helped the farmer stay away from taking debt.

Bad politics too has electoral success to its credit, but its quality is nowhere as resounding as that of Gujarat. Worrisome, though, is the fact that some of the states are splurging on freebies such as free electricity to a large section of population at the cost of education, healthcare and police modernisation. The Gross State Domestic Product of Delhi has been rising since 2015.

The fiscal surplus of NCT of Delhi was Rs 1,332 crore in 2015-16. That turned into deficit during 2016-17 at Rs 1,051 crore, and Rs 416 crore in 2019-20. This is on the back of revenue receipts not matching GSDP due to chronic freebies. Debt capital receipt increased by 65.45 per cent from Rs 2,880 crore in 2018-19 to Rs 4,765 crore in 2019-20 for Delhi due to increased flow of loans and advances from the Central government. The money was used for freebies, as expenditure on subsidies increased from Rs 1,867.61 crore in 2015-16 to Rs 3,592.94 crore in 2019-20.

In Delhi, the transport corporation hasn't added buses to its strength, while vacancies for teachers and doctors persist. In Delhi, the power tariff revision shows that the individuals are being cross-subsidised at the expense of non-individual consumers. West Bengal has been piling up short-term debts since 2016-17. The state borrowed Rs 23,696.79 crore in 2015-16. This debt climbed to Rs 34,430.52 crore in 2016-17; Rs 36,911 crore in 2017-18; Rs 42,828 crore in 2018-19; and Rs 56,992 crore in 2019. The Trinamool Congress government is just adding the debt burden to run the freebies show.

Similar is the story of Andhra Pradesh. The Uttar Pradesh Government, too, on an average, spent 93.39 per cent of revenue as capital expenditure, while the Rajasthan government spent only 60 percent as capital expenditure from 2018-19 to 2021-22. The capital expenditure would indeed help the state gain more revenues, while also ensuring that the people benefit from the positive spinoffs.

It's in this backdrop that the Reserve Bank of India, in its report, has cautioned the states, and Prime Minister Narendra Modi has brought the debate at the centre stage of the public discourse. The issue of the politics of freebies is not limited to the whims and fancies of any political party, for India's march to becoming the third-largest economy by 2035 cannot be derailed by anyone. It is worthwhile to explore the feasibility to establish a Credit Rating Commission. The ratings of the states should be basis for availing loans, with transparency on 'Return on Investments (RoI)'.

The Commission shall be an independent body comprising officials from the finance ministry, Comptroller and Auditor General (CAG), Reserve Bank of India, Chief Economic Advisor, NITI Aayog, Economic Advisory Council to the Prime Minister and Public Accounts Committee. Parliament can also hold extensive discussions to evolve the blueprint for financial discipline, as the Fiscal Responsibility and Budgetary Management Act has proved inadequate to the task. The post-pandemic world has become more chaotic following the Russian invasion of Ukraine. States must watch out for their finance, as black swan events, if any, could leave catastrophic consequences.

Equally important to note is the shift in the global order and the consequent disruption in the supply chains would bring opportunities, which India can grab and not let them go to the East Asian countries only if the states begin spending money on asset creations and not for luring the voters. Indian economy has to take a quantum leap for the next two decades, and that would require extensive scaling up of public investment to attain $30 trillion scale by 2050. https://www.newindianexpress.com/magazine/voices/2022/aug/21/states-must-cut-freebies-for-economys-quantum-leap-2488935.html

STATES NEWS ITEMS

8. Funds for Nutritional Diet of Poor Children 'Diverted' in Punjab in 2014-2017 *(newsclick.in)* Aug 20, 2022

A special audit of five districts in Punjab has revealed alleged diversion of Integrated Child Development Services (ICDS) funds meant for the Supplementary Nutrition Programme (SNP) from 2014 to 2017.

According to the audit, carried out by the accountant general (AG), funds meant for nutritional diet of poor children at Anganwadi centres were allegedly diverted to purchase inferior-quality food containers in Ferozepur, Gurdaspur, Fatehgarh Sahib, Ropar and SBS Nagar during the second term of the Shiromani Akali Dal-Bharatiya Janata Party (BJP) rule, The Tribune reported.

The auditor discovered that the Department of Social Security and Women and Child Development spent Rs 807.22 lakh on purchasing 30,085 containers each having a capacity of 100 kg but at different rates ranging from Rs 2,980 to Rs 3,429. Containers of a similar capacity (90 kg- l00 kg) were purchased by other districts at rates as low as Rs 814, the audit revealed.

The AG pointed out that Rs 707.22 lakh could have been tentatively saved if the containers were purchased at a centralised place at the headquarters level. Besides, the storage capacity of every container was less than 100 kg mentioned in the tender and the entry for hundreds of them was not made in the stock register.

Department director Arvind Pal Sandhu told The Tribune that "senior officials are looking into the matter as this is a departmental issue". Kirpa Shankar Saroj, who has been given the additional charge of principal secretary of the department, said that he would look into the matter.

The SNP, which aims to provide diet to children below six years and pregnant and lactating mothers, is implemented through a network of Anganwadi workers under the ICDS. The department purchased the containers in nine districts using the SNP funds in violation of the guidelines, the audit noticed. The AG audited only five districts because the expenditure incurred in these was the highest. https://www.newsclick.in/funds-nutritional-diet-poor-children-diverted-punjab-2014-2017

9. Punjab recklessly fulfilling poll promises at cost of exchequer *(daijiworld.com)* Aug 20, 2022

In a state with accumulated loans of close to Rs 3 lakh crore and almost heading towards bankruptcy owing to reliance on doles in election years, the government is recklessly fulfilling its poll promises of free electricity, water and other freebies at the cost of the state exchequer.

Just five months after the Aam Aadmi Party's (AAP) sweeping victory in the Assembly elections in Punjab, in which it trounced the traditional players that ruled the state for over seven decades by capturing 92 out of the 117 Assembly seats, it is a financial crunch that is emerging as a key challenge for the Bhagwant Mann-led government to run even day-to-day affairs.

Also the AAP, which came to power with a 10-point 'Punjab Model', comprising free electricity and a monthly allowance of Rs 1,000 for every woman above the age of 18, has skipped announcing the timeline for the latter poll promise in its maiden budget of Rs 1.55 lakh crore.

On completing 30 days at the helm on April 16, the AAP government had announced 300 units of free electricity from July 1 for all categories of household consumers.

This was one of the first crucial pre-poll sops announced by AAP national convener Arvind Kejriwal on June 29, 2021.

Before announcing free electricity for all categories of household consumers, the state has been providing free power to the farmers for agriculture, besides 200 free units to 21 lakh consumers belonging to the Scheduled Castes, Backward Classes and BPL families.

Now except for agriculture, all other categories are getting 300 units of free electricity every month.

As per the government's promise to provide 600 units of free power per billing cycle, 51 lakh households are expected to get a zero electricity bill from September.

Also in another major relief to the common man, all electricity bills, prior to December 31, 2021, were waived off.

But the question is: Where is the money going to come from?

Chief Minister Mann at his first meeting with Prime Minister Narendra Modi after assuming charge sought a special financial package of Rs 1 lakh crore from the Centre for the revival of the state's economy.

Critics say on the one hand Mann is apprising the Prime Minister about the state's crushing debt burden by saying the previous governments have left a whopping burden of Rs 3 lakh crore, on the other he's offering freebies without assessing the state's deteriorating economy.

What will the AAP's Rs 1,000 to all women cost Punjab?

An official familiar with the matter told IANS that if the government implements the poll promise of providing a monthly allowance of Rs 1,000 to every woman, which party national convener Arvind Kejriwal touted as the world's biggest empowerment programme, the state with a population of 1 crore eligible beneficiaries needs Rs 1,000 crore every month.

"From where will Rs 1,000 crore come to fund this programme," asked the official, quoting the latest findings of the Comptroller and Auditor General of India that forecasts that the state's debt is likely to reach Rs 3.73 lakh crore by 2024-25.

Reiterating that his government is according top priority to the health and education sectors, Chief Minister Mann, while dedicating an Aam Aadmi Clinic in Ludhiana on August 15, said, "On this historic day, the Aam Aadmi Party government has dedicated these clinics to the people to ensure that they have access to quality healthcare services, without paying a single penny."

In the first phase, 100 such Aam Aadmi clinics have been dedicated to the people.

Banking largely on freebies to woo the electorate, the AAP, which believes these programmes are for the welfare of the people and must continue, has also promised to suitably compensate financially Anganwadi and ASHA (Accredited Social Health Activists) workers.

After staking claim to form the government, the Chief Minister promised that the AAP would provide a good Cabinet and take historic decisions.

However, the ever increasing salary and pension burden and rising debt and interest leave little scope for development, admit officials.

According to the White Paper on State Finances presented by the government in the assembly in June, undertakings, boards and corporations had an outstanding amount of Rs 43,204 crore, as they have raised a debt of Rs 54,948 crore.

The total outstanding debt of the state is Rs 2.85 lakh crore. The AAP government will be disinvesting its stake in the undertakings as the return on the investment of Rs 23,853 crore by the government in these entities is just 0.016 per cent.

The White Paper also mentions how sops given by the previous government last year had pushed the state further into a financial mess.

In his recent interview to a news channel, Mann admitted that it is unfortunate that Punjabis are reeling under a huge debt. Instead of worrying about their well-being, Opposition leaders are worried about their own salaries.

He said as a matter of fact these politicians are not worried about their salaries, they are more concerned about the corruption in public life that has stopped now.

Mann said as his government has plugged the pilferage in public money by checking corruption due to which most of the politicians and bureaucrats now think that their original salaries are too low as compared to the money minted by them through illegal means.

Two-time Chief Minister and former Congress leader Amarinder Singh in his election campaign had stressed that Punjab "needs the Centre's support for its economic revival, which his party, the Punjab Lok Congress, in alliance with the BJP would help achieve".

The state has no money for development, which will remain a far cry under the false promises of parties, he had stressed.

The previous Congress government has left them with an immediate and medium-term staggering liability of Rs 24,351.29 crore that the AAP government will have to discharge now. The state's debt indicators are the worst in the country, says the White Paper.

Government officials told IANS the state's debt has increased by Rs 1 lakh crore in the past five years under the previous Congress government, largely owing to populism. https://www.daijiworld.com/news/newsDisplay?newsID=991326

10. Over 800 govt buildings owe Chandigarh MC ₹84 crore in property tax *(hindustantimes.com)* Aug 22, 2022

Working to achieve the target of collecting ₹80 crore in property tax this year, the cash-strapped municipal corporation has another task cut out for itself — recovery of a whopping ₹84.54 crore dues from government buildings alone.

Over 800 buildings of Punjab, Haryana and central governments in Chandigarh, and even UT administration, are among the list of defaulters, who are being sent recovery notices with a two-week deadline.

Of the total dues, ₹26 crore are owed by 41 properties belonging to different institutions, such as Panjab University, PGIMER, Punjab Engineering College, ICSSR, and other government colleges and schools.

Guest houses in PU owe MC more than ₹1.21 crore. Similarly, the outstanding tax against different canteen buildings at PU is around ₹3.91 crore. The ICSSR building has ₹36 lakh dues against it.

Among other educational institutions, PGIMER has yet to clear around ₹8 crore in tax dues, Punjab Engineering College more than ₹2 crore, Government Arts College ₹9.65 lakh, Institute of Design ₹11.28 lakh and Government Model High School, Manimajra, ₹29.48 lakh.

Haryana's mini-secretariat has a pending bill of ₹1.41 crore, Haryana's printing press ₹30 lakh and Haryana Tax Tribunal ₹9.57 lakh.

At Punjab's end, its mini-secretariat owes MC ₹83 lakh, Principal AG Audit Punjab Principal Accountant General (Audit) Punjab ₹20 lakh and Punjab Police Headquarters ₹4 lakh.

Among the institutions and agencies under the Union government, the Railway Station has failed to pay ₹2.32 crore in tax and TBRL building ₹18.5 lakh.

CBSE office's tax arrears have piled up to ₹24 lakh, Survey of India office owes ₹14.8 lakh, BSNL ₹9 lakh, ITBP ₹7 lakh and DRDO Transit Facility ₹6 lakh.

Hospitality, entertainment and sports institutions on the defaulters' list include Hotel Shivalikview, Taj hotel, James Plaza hotel, Tagore Theatre and Chandigarh Golf Club that alone has a massive pending bill of ₹10.9 crore.

MC depts also among defaulters

Even MC's own departments are on the list of defaulters. MC has to collect ₹1.03 crore from its solid waste processing plant and ₹3 lakh from the chief engineer's office, among others. The Chandigarh Smart City Ltd owes MC ₹4,137.

MC commissioner Anindita Mitra said, "MC has taken up a number of infrastructure projects for which it needs funds. A lot of city's infrastructure like sewerage, storm water drainage, etc, are over four decades old and require major upgrade. Similarly, areas like solid waste management also require constant expansion and upgrade. Funds are crucial for other capital works also. It is the statutory obligation of these departments to pay their dues to MC to allow it to execute projects smoothly."

She added that the dues against UT department had come down from the previous ₹35 crore to around ₹10 crore, which the administration had assured to pay within this financial year. "As far as government departments of other states are concerned, we are writing to the administrative departments to recover the dues," she said.

Rebate for residential properties available till Aug 31

Of the total property tax target of ₹80 crore this year, MC has so far collected around ₹50 crore.

While the original deadline for payment of tax with 20% rebate was May 31, it was extended till August 31 for residential properties. For all other categories, the last date remained May 31. After the rebate period, the civic body imposes a penalty of 25%, along with 12% interest, on the tax dues, sans rebate.

"The list of defaulters among residential properties will be readied once the rebate period is over on August 31. Thereafter, we will issue notices and proceed as per provisions of the law," said Mitra.

In the last fiscal (2021-2022), MC's tax branch had collected over ₹70 crore in property tax against a target of ₹44 crore—an increase of more than three times since 2016, when the collections stood at ₹20 crore. https://www.hindustantimes.com/cities/chandigarh-news/over-800-govt-buildings-owe-chandigarh-mc-84-crore-in-property-tax-101661121259886.html

11. Hard to digest *(tribuneindia.com)* Aug 22, 2022

Punjab: That precious funds meant to be spent on ensuring nutritious meals for poor children, pregnant women and lactating mothers in Punjab should have been diverted and misused by the authorities is a grave lapse as it has a direct bearing on the health of the kids. The Accountant-General (Audit) has found that huge chunks of money sanctioned for the Integrated Child Development Services were wasted during the 2014-19 period in five districts on food storage containers by procuring them at exorbitant rates, which caused a loss of over Rs 700 lakh. Just imagine how many children would have been saved from wasted and stunted growth in the crucial years of their mental and physical development had this amount been rightfully used on their diet through the state's Supplementary Nutrition Programme. The National Family Health Survey-4 for Punjab is telling as it shows that 22 per cent kids below five were still underweight and that wasting among them had increased to 16 per cent from 9 per cent recorded in NFHS-3.

It is impossible to digest the fact that even as other districts bought the containers at Rs 814 per unit, officials in Ferozepur, Gurdaspur, Fatehgarh Sahib, Ropar and Shaheed Bhagat Singh Nagar paid Rs 2,980-3,429 for the same. In 2019, too, the state authorities handling this matter had been accused of profligacy and misplaced priorities when they held seminars on poshan in five-star hotels at the cost of feeding the needy youngsters in anganwadi centres. Lack of wholesome food is a major cause of childhood morbidity and mortality.

This splurge of scarce resources is callous in the light of the fact that there are still many miles to go before the scourge of malnutrition is removed. Despite so many schemes in place for decades, it is a pity that Punjab, which prides itself on being the food bowl of India, has not yet been able to feed all its young children properly. And that this sorry state of affairs should prevail, in some measure, due to the misuse of funds by those in charge of improving the health of children amounts to a criminal lapse. https://www.tribuneindia.com/news/editorials/hard-to-digest-423990

12. 2011 Odisha Flood: What happened then, why CAG Pulled Up Hirakud officials *(odishabytes.com)* Aug 18, 2022

Bhubaneswar: Odisha's Special Relief Commissioner (SRC) Pradeep Kumar Jena has compared this year's floods with the 2011 flood fury that wreaked havoc in the state. At a press conference on Wednesday, Jena said that this was the first instance since 2011 when so much water was seen at Mundali near Cuttack.
2011 floods

The floods in 2011 in the Mahanadi and other rivers had affected more than 40 lakh people and left at least 80 dead, according to some media reports of that time.

At one point, 13.66 lakh cusecs water flowed through Mundali after sluice gates of Hirakud dam on the Mahanadi were opened to release excess waters.

The 2011 floods came in two spells.

The first flood spell hit the state on September 9, affecting 19 districts. More than 21 lakh people in about 5,000 villages were affected. At least 42 people were killed, while nearly 3 lakh people were evacuated to safer places.

The first spell damaged more than 25,000 houses and 1.78 lakh hectares of crop land, for which the state had sought a Central assistance of Rs 2,121 crore.

A second spell of flood fury hit the state on September 23 following incessant rain triggered by a depression in the Bay of Bengal. More than 23 lakh people in 3,500 villages spread across 10 districts were affected.

The second spell killed 38 people, while more than 1.55 lakh people from 1,362 marooned villages were evacuated to safer places. The floods damaged over 46,000 houses and 2.23 lakh hectares of crop land.

The flood was considered the worst in Orissa in three decades.

CAG rap

The Comptroller and Auditor General (CAG) of India had pulled up the Hirakud Dam authorities for not adhering to the State Water Policy and Flood Management Manual as well as forecasts of the India Meteorological Department (IMD) and Central Water Commission (CWC), resulting in severe floods in the lower basin of Mahanadi river in 2011, according to a TNIE report published in 2017.

The CAG said the IMD had repeatedly forecast heavy rains in Chhattisgarh and upstream and downstream of Mahanadi river from August 24, 2011 to September 9, 2011. The CWC had also issued warnings. Still, the dam authorities maintained the water level above the lower limit of rule curve, which was 590 feet for the period. Adequate number of sluice gates were also not opened during the period before the forecast, it said.

According to the CAG, on September 1, 2011, only seven sluice gates and three crest gates were opened though the water level in the reservoir was 624.5 feet. On September 4, 13 sluice and five crest gates were opened when the water level was 624.97 feet.

But on September 9, when the water level rose to 628.5 feet, 55 sluice and four crest gates were opened, causing floods in Hirakud dam's downstream areas, the CAG said.

In their defence, the dam authorities had said that it was decided to keep the reservoir level at 600 feet to meet irrigation and power generation needs. But, the TNIE report cited Odisha State Water Policy 2007, which states that flood control gets overriding consideration in water regulation policy for the reservoir even if it means sacrificing some irrigation and power needs in highly flood-prone areas. https://odishabytes.com/2011-odisha-flood-what-happened-then-why-cag-pulled-up-hirakud-officials/

13. Sikkim BJP Strongly Declares War against Illegal Lottery & MCX Scam *(northeasttoday.in)* August 20, 2022

The Sikkim Unit of Bharatiya Janata Party (BJP) declares a war against the alleged illegal lottery and MCX scam.

According to the spokesperson of Sikkim Pradesh BJP – Dr Raju Giri noted that they have conducted researches and even have evidences. So now they can start initiating legal actions against offenders associated with the matter.

Sikkim has incurred losses of thousands of crores of rupees due to mismanagement in Multi Commodity Exchange (MCX) and the State lotteries.

Addressing a press conference here on Saturday, Dr Giri said that lotteries asserted that the regulated gambling and state lotteries is mainly to generate revenue for the State which can be used for various development purposes. However, mismanagement of the state lottery has been going on for 25 years as the control of the state lottery was in the hands of a single person since 1995.

He added that there is a process of tender for lottery which has been manipulated so that only one person has been getting that tender since 1995 and earning hundreds of crores with the State receiving only 0.40% revenue from it.

Dr Giri informed that as per the CAG report of 2016-17 which was also tabled in the Assembly from 2010 to 2016, the state government organized 44,834 draws of various lotteries and the audit observes many lapses in the lottery operation of State relating to monitoring, maintenance of records and deposits of revenue, operation of lottery schemes and others. https://www.northeasttoday.in/2022/08/20/sikkim-bjp-strongly-declares-war-against-illegal-lottery-mcx-scam/

14. Ground Water Crisis: दुनिया में सबसे ज्यादा पानी का इस्तेमाल कर रहा भारत, इन राज्यों में खत्म हो सकता है भूमिगत जल *(indiatv.in)* August 20, 2022

भारत में पिछले कई दशकों से लगातार वर्षा में गिरावट दर्ज की जा रही है। इससे भूमिगत जल का स्तर भी घटता जा रहा है। जबकि देश में पानी की खपत बहुत अधिक है। अंतरराष्ट्रीय सर्वे रिपोर्टों के मुताबिक चीन और अमेरिका मिलकर जितने पानी का इस्तेमाल करते हैं। भारत उससे काफी अधिक मात्रा में पानी अकेले खर्च करता है। हालांकि भारत में दुनिया की 18 फीसद आबादी भी निवास करती है। जल की खपत अधिक होने की यह भी प्रमुख वजह है। इसके अलावा पिछले करीब 82 वर्षों से मानसून का मंद रहना भी भूमिगत जल में गिरावट होने की मुख्य वजह है। आंकड़ों के मुताबिक इस दौरान 10 फीसद से अधिक वर्षा जल में कमी आई है। जो कि जल संकट बढ़ाने के लिए जिम्मेदार है।

मानसून में अच्छी बारिश नहीं होने के दौरान भी भारत के अधिकांश राज्य प्रतिवर्ष सूखे की चपेट में होते हैं। लिहाजा मजबूरन खेती-किसानी के लिए उन्हें भूमिगत जल का इस्तेमाल करना पड़ता है। इससे भू-जल दोहन लगातार बढ़ रहा है। इस वर्ष भी मौसम विभाग के अनुमान की तुलना में बारिश का स्तर नगण्य रहा है। कोलकाता में तो 61 दिनों तक लगातार बारिश नहीं हुई। इसके अलावा यूपी, दिल्ली, राजस्थान जैसे राज्य भी सूखे की चपेट में हैं। ऐसे में भूमिगत जलस्तर का गिरना कोई आश्चर्य की बात नहीं है। मगर यही हाल रहा तो वह दिन दूर नहीं जब देश के कई राज्यों में भूमिगत जल पूरी तरह से खत्म हो जाएगा।

सबसे ज्यादा इन राज्यों में खतराः भारत में भू-जल की खपत करीब 63 फीसद है। जितना भी बारिश का पानी जमीन में अंदर जाता है, उसका 63 फीसद पीने और सिंचाई जैसे कार्यों के लिए निकाल लिया जाता है। वर्ष 2021 में आई कैग की रिपोर्ट के अनुसार पंजाब, हरियाणा, दिल्ली और राजस्थान में 100 फीसद भूमिगत जल का दोहन हो रहा है। इसलिए इन राज्यों में भूमिगत पूरी तरह खत्म हो जाने का खतरा है। इससे पहले चेन्नई में भूमिगत जल पूरी तरह खत्म हो चुका है। महाराष्ट्र, आंध्रप्रदेश, राजस्थान, पश्चिम बंगाल, छत्तीसगढ़, कर्नाटक, मध्यप्रदेश जैसे राज्यों में भी भूमिगत जल की खपत ज्यादा है। इस प्रकार देश के 13 राज्यों में जल का भारी संकट पैदा होने की आशंका है।

वर्ष 2025 तक उत्तर-पश्चिम और दक्षिण भारत में होगी पानी की भारी किल्लत

वर्ष 2021 में साइंस एडवांस में प्रकाशित स्टडी में दावा किया गया था कि 2025 तक उत्तर-पश्चिम और दक्षिण भारत में पानी की भारी किल्लत हो सकती है। यूनिसेफ की एक रिपोर्ट के अनुसार

50 फीसद से भी कम भारतीय स्वच्छ पेयजल पाते हैं। क्योंकि यहां के भूमिगत जल में फ्लोराइड की मात्रा काफी ज्यादा है। सरकार के एक सर्वे में देश के 25 राज्यों के 209 जनपदों के भूमिगत जल में आर्सेनिक की मात्रा अधिक पाई गई है। यह हृदय और फेफड़े के रोग को बढ़ाता है। द लसेंट पत्रिका के अनुसार अकेले 2019 में भारत में दूषित पानी पीने से पांच लाख से अधिक लोगों की जान गई थी। जबकि लाखों लोग बीमार पड़े थे। ऐसे में अब सरकार हर घर स्वच्छ पेयजल नल योजना पर साढ़े तीन लाख करोड़ रुपये से भी ज्यादा खर्च करने का प्लान तैयार किया है। https://www.indiatv.in/india/national/ground-water-crisis-india-is-using-the-most-water-in-the-world-ground-water-may-run-out-in-these-states-2022-08-20-875755

SELECTED NEWS ITEMS/ARTICLES FOR READING

15. A powerful move *(financialexpress.com)* August 22, 2022

Barring 13 states from the power exchanges till they clear the current dues owed to generation companies (gencos) should help jolt states into getting serious about discom dues. This was the first step in a graded system of penalties that kicks in in an automatic manner upon default. The move seems to have driven home the message, with a few states already paying up the dues, while some others are in the process of doing so. As of Saturday, only five remain suspended, and the outstanding dues have reportedly dropped 80% within a day of the electricity grid operator barring defaulting discoms from power exchanges for short-term purchases or sales. The accompanying threat of massive power outages should either prompt all states to become regular with subsidy payments to their discoms or scale back their subsidy programmes if the bills drain their coffers. The total dues of the 13 states, at Rs 5,100 crore, may not seem much, but their accumulated dues should show how irresponsible they have been. Some of these dues have been pending for anywhere between three months to over a year.

The problem stems from state governments' failure to make subsidy and consumption (by government departments) payments in time, apart from a large regulatory assets overhang. Data from the latest Integrated Rating and Ranking of Power Distribution Utilities of the Power Finance Corporation (PFC) shows, subsidy receivables of discoms across the country stood at Rs 79,577 crore in FY21, up 85% from FY19. This amounted to 52% of the subsidy booked that year. The pending dues were concentrated largely in some of the states in the list of those barred from the power exchanges. Rajasthan, Andhra Pradesh, Madhya Pradesh, Karnataka, Punjab (not among the 13), and Maharashtra accounted for 85% of total unpaid subsidy. When it came to regulatory assets, Rajasthan alone made up 51% of the total. Government department dues to discoms, too, seem concentrated in the errant states. At the end of March 2022, as per government data, Telangana owed discoms Rs 11,935 crore under this head, Maharashtra Rs 9,131 crore, Andhra Pradesh Rs 9,116 crore, Karnataka Rs 6,600 crore and Tamil Nadu Rs 3,677 crore.

As is evident from the mounting power sector distress despite multiple conditional bailouts by the Centre, states are simply loath to revising tariffs. In FY22, 10 states did not issue tariff orders; seven of these had not done it in FY21 either. This has resulted in revenue growth falling short of overall costs. The states' profligacy on subsidy policies seems a lot worse given the rules in the revamped discom bailout scheme lowers the states' dues-burden, should they be willing to correct course. States can save thousands of crores if they agree to pay the legacy dues in instalments with funding from the REC and PFC. They also get a 2% discount on the tariff for prompt payments of current dues.

While the obvious solution is states making timely payments to the discoms, one way to continue populist subsidies while unburdening the discoms is to have direct transfer of benefits to end-users, with usage caps. Tariff revisions, especially in those states where this has been long pending, needs to happen at the earliest. But all of this will be a partial solution. The real need is to get rational about subsidies—no longer can rich farmers and middle-income households have free power or remain buffered from the real costs of the power delivered to their homes. https://www.financialexpress.com/opinion/a-powerful-move/2638565/

16. Power utilities' debarment shows India needs to fast-forward electricity reforms *(businesstoday.in)* Updated: Aug 21, 2022

In a letter sent to power exchanges, India Energy Exchange (IEX), Power Exchange of India Ltd (PXIL) and Hindustan Power Exchange (HPX), Power System Operation Corp. (POSOCO) asked them to restrict trading in electricity by 27 power utilities based in 13 states from August 19. In a first, the country's integrator of power systems, invoked the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, after utilities failed to clear Rs 5,085 crore owed to generating companies.

This effectively means that distribution companies or discoms won't be able to buy electricity from exchanges to meet their short-term requirements till they clear their dues. The gravity of the situation can be gauged from the fact that total outstanding owed by distributors to generation companies or gencos have risen by 4 per cent a year per annum to Rs 1,32,432 crore in June 2022, as compared to Rs 1,27,306 crore in June 2021, according to data from the Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators (PRAAPTI) portal.

On August 18, six states from the list were allowed to trade on power exchanges after they claimed no outstanding dues. The list of remaining defaulters includes distribution companies in Karnataka, Madhya Pradesh, Mizoram, Rajasthan, Tamil Nadu and Telangana, and the union territory of Jammu & Kashmir. The states of Telangana (Rs 1381 crore), Tamil Nadu (Rs 926 crore) and Rajasthan (Rs 501 crore) lead the pack.

The debarment has put the spotlight back on key structural reforms outlined in the Electricity (Amendment) Bill, 2022. "The power distribution segment especially has been reeling under heavy losses and legacy debt, estimated at Rs 4.7 trillion for top ten states by CRISIL Research, which is 70 per cent of the demand as on fiscal 2022, has not been solved by often short-term liquidity plans rolled out by the government so far," informed director CRISIL Research, Hetal Gandhi.

Critics alleged that the invocation of the clause amounted to the government implementing the provisions of the bill from the backdoor. However, it remains a fact that, unlike the generation and transmission segments, the distribution segment has not demonstrated self-sustainability and has been a drag on the overall power sector.

Make discoms competitive

So, what do the key amendments propose? "The Bill has sought to tackle the challenges of unsurmountable financial dues of distribution licensees, it has also focused on the promotion of competition in the sector with a strong thrust being accorded to renewable energy generation," said managing partner at SKV Law Offices, Shri Venkatesh.

Its key proposals recommend multiple discoms to operate in the same area, with the existing discom providing non-discriminatory access to its network to all the other distribution licensees on payment of certain charges. To promote competition, the appropriate commission shall fix the maximum ceiling on tariff and the minimum tariff for the retail sale of electricity. As is the case in telecom, this will give the consumer the option to choose their electricity supplier.

The Bill also allows the appropriate commission to amend or revise rates in four stages under the tariff policy. It also proposes to empower the central and state load despatch centres in scheduling electricity supply in case an adequate payment security mechanism is not established and maintained by the distribution licensee.

It is also proposed that a distribution licensee to meet additional power requirements may enter into additional power purchase agreements (PPAs) after meeting the stipulated requirements. Disputes related to the performance of contracts will be adjudicated by the central and state electricity regulatory commissions.

The proposal for states to either meet or exceed the Renewable Purchase Obligations (RPOs) prescribed by the central government is expected to give a further boost to the production of clean energy.

These amendments seek to enhance private participation in the power sector. However, the perception that more powers may get delegated to the central government may become a cause for acrimony between the centre and states, considering that electricity is a concurrent subject under the Constitution.

"This may also be a challenge from the perspective that originally the ethos of the present Act was to distance the government from issues such as determination of tariff as specific statutory bodies have been formed under the act," opined SKV Law Office's Venkatesh.

Then there is the prospect of new players focusing only on profitable areas such as those having high commercial and industrial (C&I) loads for enhanced revenues.

"The proposed amendments may lead to more entities entering urban areas, while loss-making areas will be underserved. Farmers are also concerned as the bill will eventually lead to the end of subsidised power," averred partner at DSK Legal, Samir Malik.

Need for a consensual approach

Following protests by opposition parties, farmer groups and the All India Power Engineers Federation, the central government sent the Bill for review by the Parliamentary Standing Committee on Energy soon after its introduction on August 8. The committee is expected to shortly begin discussions on the document.

To prevent the Bill from being put on the back burner, DSK's Malik, suggested that recommendations from states should be taken into consideration for effective implementation, provisions related to subsidies should be elaborately debated and regulations for private players introduced to avoid differential distribution.

"Amendments are aimed at improving efficiency in the power sector and not reducing the state's role. This bill has become necessary to strengthen the regulatory and adjudicatory mechanisms in the Electricity Act and to improve the corporate governance of distribution licensees," he opined.

"Adequate clarity on subsidy eligibility and transfer needs to be communicated to all stakeholders. Hence, suggestions from a wider spectrum of stakeholders are to be carefully examined while resolving their apprehensions through meaningful dialogue," said associate director CareEdge, Agnimitra Kar in agreement.

Moreover, the government has set an ambitious target for renewable capacity expansion in the long term and this would require substantial investment by both domestic and overseas investors alike.

"Given that the distribution segment is the wallet for the power value chain, it cannot be more opportune time to further bring the reforms in the sector and inspire investors' confidence. The bill attempts to address some of the major issues and address the objectives of the Electricity Act, 2003, in the right earnest," said CareEdge's Kar.

The rollout of the proposed amendments through a consensus-based approach would go a long way in overhauling the weakest link in the nation's power supply chain. https://www.businesstoday.in/latest/economy/story/power-utilities-debarment-shows-india-needs-to-fast-forward-electricity-reforms-345157-2022-08-21

17. Green energy plans have an import problem *(thehindubusinessline.com)* Updated: Aug 21, 2022

Being self-sufficient in strategic minerals is critical for India to achieve its green energy goals

Achieving India's ambitious energy transition goals pledged by the Prime Minister at the Conference of Parties (COP 26) in Glasgow depends on several factors.

A significant pillar of this strategy is the transition to green energy and action on climate change — a shift in mobility through electric vehicles (EVs) and upscaling solar and wind power generation. These points were underscored in the Budget of 2022-23.

A report by the International Energy Association (IEA) titled “Net Zero by 2050: A Roadmap for Global Energy Sector” points out that more than 60 per cent of passenger car sales must be EVs by 2030, which is 18 times more EV sales than in 2020. Such a move would help the world to be on track to net-zero greenhouse gas emissions by 2050.

The IEA also projects that the total critical mineral demand for EVs will grow almost 30 times from 0.4 million tonnes in 2020 to 11.8 million tonnes by 2050, based on its Sustainable Development Scenario. The growth in battery demand for EVs translates into increasing demand for lithium use, which will grow 30-fold by 2030 and be more than 100 times higher in 2050 than in 2020 (IEA, 2021).

The demand for lithium is expected to grow from 19,830 tonnes in 2020 to 8,59,270 tonnes in 2040, and those for graphite from 1,41,030 tonnes to 35,56,840 tonnes in the same period. To meet this increasing demand, the IEA believes that nearly 200 giga- factories of batteries need to open every year till 2030 and the need for higher density batteries to electrify long-haul trucks.

Similarly, demand for nickel will grow from 80,470 tonnes in 2020 to 32,86,000 tonnes in 2040 and copper from 1,10,320 tonnes in 2020 to 31,19,350 tonnes in 2040, says the IEA report. While copper is used in EVs and charging infrastructure, nickel is used in EV batteries.

However, to achieve net zero emissions by 2050, power generation from solar and wind energy also needs to rapidly scale up. They need to achieve annual additions of 630 gigawatts of solar photovoltaics and 390 Gw of wind by 2030, four times the record levels set in 2020, says the IEA report.

The Budget and government statements have, therefore, rightly focused on clean and sustainable mobility, and productivity-linked incentives (PLI) to augment the manufacture of solar modules.

Strategic metals

This shift to mobility via electric vehicles and rapid scaling of power generation via renewables will be a non-starter without an adequate supply of metals such as copper, aluminium, lithium and nickel. For instance, while an electric vehicle requires about 83 kg of copper and a plug-in-vehicle 60 kg, an average internal combustion vehicle requires just 23 kg. These strategic minerals, however, are difficult to access and for which the country is mainly dependent on imports.

India, a net exporter of refined copper, turned into a net importer in 2018-19. The rise in imports may be attributed to the closure of the Sterlite plant, which produced 400,000 MT per annum and contributed 40 per cent of the country’s total copper production.

The Indian primary copper industry can produce 1 million tonnes per annum. A further 0.5 million tonnes of capacity will be operational by 2025, sufficient to cater to domestic demand. Yet, refined copper imports at the end of FY20 were 0.35 million tonnes. It rose from less than 10 per cent in 2012 to 35 per cent by the end of 2020. In financial terms, refined copper imports led to a forex outgo of $1.9 billion in FY20.

Similarly, imports of copper scrap into the country rose to 2,33,671 tonnes in 2020-21 from 1,81,000 tonnes in 2015-16. Developed countries dump low-quality copper scrap, unfit for copper extraction, in countries like India.

Minerals consumption to rise

The push for green energy will quadruple the consumption of these minerals, further exposing the country's import dependence. These dangers have come to the fore in the Covid-19 pandemic and recently during the ongoing Russia-Ukraine conflict.

The risks are apparent in the backdrop of sanctions against Russia following the war in Ukraine. Nickel prices at the London Metal Exchange (LME) have soared to $100,000 a tonne in March 2022 from $20,537 per tonne in January 2022, forcing the LME to halt trading. Russia is the world's biggest producer of high-grade nickel, which produces 9.3 per cent of international output.

Analysts predict that the war will result in a deficit of roughly 100,000 tonnes of nickel, approximately the same level as global stocks, threatening global green energy transition plans, which are critically dependent on the mineral. It would also add to China's muscle in leveraging its dominance in mining and refining rare piles of earth and non-ferrous metals for its geostrategic needs.

Ensuring domestic self-sufficiency in metals and minerals production is paramount if India is to control not only its clean energy transition but also its growing infrastructure needs. As of April 1, 2015, India's total nickel reserve was 189 million tonnes, copper 1.51 billion tonnes, bauxite 3,896 million tonnes, and graphite 194.89 million tonnes, according to the Bureau of Mines. While it is impossible to be completely self-sufficient, the government must ensure adequate supplies of these minerals.

The government has shown its intent by augmenting the manufacturing capacities of vital industrial inputs through PLIs and direct infrastructure spending to crowd-in private sector capital. The PLI schemes will incentivise the manufacturing of electric vehicles, solar photovoltaics and automotive cell (ACC) batteries, according to Crisil.

But the vagaries of trade policy and environmental regulations are significant bottlenecks that need urgent reforms. For instance, the import duty on copper concentrate (raw material for the copper refining industry) is 2.5 per cent compared to the zero rates of India's competitors like China, South Korea and Japan.

Compounding the problem, free trade agreements have made imports of refined copper entering India duty-free, thus creating an inverted duty structure for the primary copper industry.

It is only natural to emphasise the need to check the continuing environmental degradation, both due to rapid industrialisation and growth on the one hand and widespread poverty and underdevelopment on the other. However, inconsistencies in environmental laws, regulations and standards can undoubtedly be ironed out, and institutional mechanisms at the State and central levels redesigned to facilitate better integration of sustainable development's economic and environmental objectives. https://www.thehindubusinessline.com/opinion/green-energy-plans-have-an-import-problem/article65794629.ece

18. India's road transport and highways sector has maximum number of delayed projects, says report *(timesnownews.com)* Aug 21, 2022

The country's road transport and highways sector is the worst hit in terms of number of delayed projects, official data showed. This sector has the maximum number of delayed projects at 300, followed by railways at 119 and petroleum sector at 90.

Of 825 projects in the road transport and highways sector, 300 projects are delayed. In railways, out of 173 projects, 119 are delayed, while for petroleum, 90 out of 142 projects are delayed, as per the latest flash report on infrastructure projects for June 2022, news agency PTI reported, citing a government report.

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

The report showed that a 500 MW Prototype Fast Breeder Reactor being constructed by Bharatiya Nabhikiya Vidyut Nigam Ltd (BHAVINI) is the most delayed project. It is delayed by 168 months.

The second most delayed project is PARBATI-II hydro electric project (4X200 MW) of the NHPC, which is delayed by 162 months.

The third most delayed project is Subansiri Lower hydro electric project (8X250 MW) of NHPC at 155 months.

About the road transport and highways sector, the report stated that total original cost of implementation of 825 projects when sanctioned, was Rs 4,90,792.42 crore. This was subsequently anticipated at Rs 5,37,163.29 crore, implying a cost overrun of 9.4 per cent.

The expenditure incurred on these projects till June 2022 was Rs 3,21,084.28 crore, which is 59.8 per cent of their anticipated cost.

About railways, it said the total original cost of implementation of 173 projects when sanctioned, was Rs 3,72,761.45 crore, which later increased to Rs 6,12,578.9 crore, implying a cost overrun of 64.3 per cent.

The expenditure incurred on these projects till June 2022 was Rs 3,29,682.13 crore, or 53.8 per cent of the anticipated cost.

In the petroleum sector, it said the total original cost of implementation of 142 projects was Rs 3,73,333.65 crore, which rose to Rs 3,93,008.38 crore, showing a cost overrun of 5.3 per cent.

The expenditure incurred on these projects till June 2022 was Rs 1,33,493.59 crore, which is 34 per cent of the their anticipated cost. https://www.timesnownews.com/business-economy/industry/indias-road-transport-and-highways-sector-has-maximum-number-of-delayed-projects-says-report-article-93694869

19. PSBs Better on Thin Spread *(thedispatch.in)* Aug 22, 2022

Public sector banks (PSB) are critically needed today as these were in 1969, is virtually the message that the Reserve Bank of India has given. Its observation that privatisation can do more harm is almost a warning.

Independent reports suggest severe weakness in seven private banks – Federal Bank, Yes Bank, Karur Vysya Bank, Lakshmi Vilas Bank, Karnataka Bank, Dhanlaxmi Bank and South Indian Bank. The second largest bank ICICI has gone through many hiccups and its top officials put under probe. The HDFC is penalised for unethical practices. From 1969 onwards, a 2018 report says, 36 private banks, including 10 during last 20 years, have been put under moratorium, due to mismanagement.

The RBI report is almost an echo of the views expressed by Pranab Mukherjee as then Finance Minister in 2008 after the collapse of Lehman Brothers. He triumphantly said the country was able to weather the global financial crisis on the back of its strong banks. History proved that later the same government encouraged undue incentivisations of the corporate post 2009. It led to an avoidable critical non-performing assets (NPA) situation. The RBI is right that the banks are not at fault but extra-banking decisions have led to many crisis-like situations and unwanted write offs.

The national psyche has yet to accept the move to privatise the banks. The bank employees went on strike a number of times during the past one year. The recent dilution of Life Insurance Corporation (LIC) equities have only resulted in its share prices losing shine. The RBI paper is almost a counter to the policy paper of National Council of Applied Economic Research (NCAER) Director General Poonam Gupta and former NITI Ayog Vice-Chairman Arvind Panagarya which recommended privatisation of all banks except the State Bank of India.

Decisions of the Narendra Modi government such as MUDRA, Skill India, Jandhan Yojana, transferring of PM Kisan and other direct benefits were deftly handled because the banks are in social control. Demonetisation would not have been possible had not the public sector banks efficiently managed it.

The Indian financial sector underwent a tectonic shift, when the Indira Gandhi government nationalised the 14 biggest commercial lenders on July 19, 1969. The second volume of the official history of the RBI describes bank nationalisation as the single-most important economic policy decision taken by any government after 1947.

Central bank historians say that in terms of the impact, even the economic reforms of 1991 pale in comparison. It may be recalled prior to the takeover, often one or the larger banks were rumoured to be facing moratorium.

The RBI bulletin critically observes that public sector banks have given yeoman service to the stabilisation and growth of the different sectors. They have higher degree of market confidence, better financial inclusion objectives, labour cost efficiency and handled Covid-19 shock well.

The bank employees, including the unions linked to the Bharatiya Mazdoor Sangh have been protesting, occasional strikes included, against the move to privatise. In 1980, again 20 banks were bringing 90 per cent of the banking under the public sector. The banks were, economists observed, fiefdoms of big business. It got under social control. The common man, the poorest, students and the needy entrepreneurs got access to finance, which the private house controlled banks had denied. It paid Congress political dividend in 1971 elections. People in general welcomed it but gradually aberrations set in as politicians could control the banking decisions.

The first major loan-waiver by Janata Party government led by the then Prime Minister VP Singh cost the exchequer Rs 10000 crore yielding to the demands of agitating farmers in 1990. The second one of Rs 60000 crore was by the UPA government in 2008. Thirteen States followed it in the subsequent years to give relief to farmers. This was criticised but there was wide support too as the write-off of big loans of the industry too became norm for decades.

During the 2004-2014, the UPA government wrote off loans worth Rs 2.20 lakh crore. In subsequent years another Rs 19.2 lakh crore of large loans were written off. Banks say these are totally unrecoverable and excluded from balance sheets.

Yes these have been problems. The PSBs suffered a grievous injury when they ended up with a huge amount of gross NPAs or bad loans, which peaked at Rs 8.96 trillion in March 2018, 14.6 per cent of total loans. This situation led a section in the government mull over privatising the banks, starting with four major banks the Central Bank of India, Bank of India, Bank of Maharashtra and Indian Overseas Bank despite the latest recapitalisation of Rs 15000 crore.

The premise that private sector banks are doing better is being disputed by the RBI paper. It highlights that the private banks have failed to cater to the customers of the rural and semi-urban areas to date and customers from such locations are relying heavily on PSBs for banking. It turns out that even after bank nationalisation and with more stringent regulation of the banking system by the RBI, private banks continue to fail.

Some of the major reasons as identified by the RBI paper shows PSBs can serve the country better than private banks as these have better financial inclusion, superior credit system, and better efficiency.

The paper hints at a possible convolution of financial engagement if the entire sector is privatised, as the NITI Ayog suggests. It says that private banks are oriented to profits while the public banks work on thin spread but serves a larger section and different strata of the society. It implies that if the sector is privatised many government programmes as well as social welfare aims might get hit resulting in social imbalance. It notes that despite weak balance sheet, resource utilisation of the public sector had been more efficient and that gave them the edge in weathering the covid pandemonium shock remarkably well.

Once privatised, the large social wealth would be beyond the reach of the people and the government. This was the problem that the government faced most during the 1960s. If these are sold out again to similar people, many of whom are large defaulters, the countercyclical role of the banks would suffer the most. This apart it might cause severe fluctuations in lending rates affecting most government programmes and severe social imbalance.

It may not be good for the PSB themselves as abstract factors can affect their share price, market sentiment, valuation and may have three risks – interest rate, regulatory, price-to-earnings ratio and price-to-book value. For better social returns the public sector is the ideal and privatisation is not the panacea. https://www.thedispatch.in/psbs-better-on-thin-spread/

20. India to upgrade defence along LAC, soon to procure MQ-9B drones from US *(livemint.com)* Aug 21, 2022

Aiming to upgrade the overall surveillance apparatus along the Line of Actual Control (LAC) with China and in the Indian Ocean, India is in the advanced stage of negotiating with the US to procure 30 MQ-9B Predator armed drones at a cost of over USD 3 billion, people familiar with the development informed on Sunday.

The drones are well equipped to assist the defence forces in a variety of duties including maritime surveillance, anti-submarine warfare, over-the-horizon targeting and hitting stationary ground targets. The long-endurance-hunter-killer drones are being procured for the three defence services.

The MQ-9B drone is a variant of MQ-9 "Reaper" that was reportedly used to fire a modified version of the Hellfire missile which eliminated al-Qaeda leader Ayman al-Zawahiri in the heart of Kabul last month.

Authoritative sources in the defence establishment said that talks between New Delhi and Washington are underway between the states for the procurement of the drones manufactured by US defence major General Atomics, and rejected reports that the deal is off the table.

The information about acquisition is at the advanced stage with discussions between the two governments was given by Dr Vivek Lall, Chief Executive for the General Atomics Global Corporation.

He said, "We understand that the MQ-9B acquisition programme is at an advanced stage of discussion between the US and Indian governments."

"Any questions on those discussions should be addressed specifically to the respective governments. From a company perspective, General Atomics is ready to support India and values our longtime relationship," Lall added.

The sources said the talks are focused on sorting out certain issues relating to cost component, weapons package and technology sharing.

The fourth two-plus-two foreign and defence ministerial dialogue between India and the US in Washington in April witnessed the proposal for negotiations for the procurement of the drones.

INDIA'S EXPERIENCE WITH MQ-9B

In 2020, the Indian Navy had taken on lease two MQ-9B Sea Guardian drones from General Atomics for a period of one year for surveillance in the Indian Ocean. The lease period has been extended subsequently.

With frequent interference from the Chinese side, the Indian Navy has been bolstering its surveillance mechanism. The aim is to monitor growing Chinese activities including frequent forays by PLA warships in the Indian Ocean Region.

When asked about the two drones that had been acquired on lease and are operational, Lall said they have performed "very well" and flew close to 3,000 hours in support of the Indian Navy's maritime and land border patrol objectives, covering over 14 million square miles of operating area.

"General Atomics has supported India over the past three years by providing two MQ-9 remotely piloted aircraft as part of a company owned/company operated (COCO) lease agreement," he said.

The MQ-9Bs are designed to not only meet the standards of NATO (North Atlantic Treaty Organization) but also to comply with civil airspace requirements in the US and around the world, according to General Motors.

The procurement proposal has been moved by the Indian Navy and all three services are likely to get 10 drones each.

The medium-altitude long-endurance (MALE) drone is the first hunter-killer unmanned aerial vehicle (UAV) designed for long-endurance and high-altitude surveillance, with the capability of remaining airborne for around 35 hours.

Following the eastern Ladakh standoff with China, Indian armed forces have been focusing on procuring unmanned platforms including armed drones.

In 2019, the US approved the sale of armed drones to India and even offered integrated air and missile defence systems.

In February 2020, India sealed a USD 2.6 billion (one billion=100 crores) deal with the US for the procurement of 24 MH-60 Romeo helicopters from American aerospace major Lockheed Martin for the Indian Navy. The delivery of the helicopters has already begun. https://www.livemint.com/news/india/india-to-upgrade-defence-along-lac-soon-to-procure-mq-9b-drones-from-us-11661070867634.html

21. Food for thought *(thehindubusinessline.com)* Aug 18, 2022

With grain stocks running close to buffer levels, the Centre needs to take a considered decision on extending PMGKAY

After grappling with a problem of plenty on foodgrains for many years, the government now appears to be confronted with the opposite -- there's a possibility that stocks at the Food Corporation of India's (FCI) central pool will fall short of comfortable levels in the coming year. As of this month, the central pool held a total of 545 lakh tonnes of foodgrains, comprising of 279 lakh tonnes of rice and 266 lakh tonnes of wheat. This is a good 36 per cent below the 855-lakh-tonne stock at the same time last year and also short of the four-year average of 740 lakh tonnes. The main reason for the lower stock is the inability of government agencies to meet their wheat procurement targets in the ongoing rabi marketing season. Against a target to mop up 444 lakh tonnes of wheat in April-June 2022, agencies managed to procure just 187 lakh tonnes until August, as spiralling open market prices made it unattractive for farmers to sell to state agencies. With a patchy monsoon resulting in a 13 per cent drop in the kharif paddy acreage and market prices already firming up, there's a risk of a similar script playing out with rice procurement as well.

As things stand, against the current stock of 545 lakh tonnes in the central pool (without accounting for further rice procurement), the government will need about 41 lakh tonnes a month to meet its Public Distribution System (PDS) obligations for the remaining seven months of this fiscal, which adds up to 287 lakh tonnes for the year. Should the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) be extended, this will add an additional obligation of 287 lakh tonnes. Worries that the food stockpile will fall short of the buffer stock norms if PMGKAY is continued, therefore, appear to be quite valid. Pragmatism would seem to dictate that the PMGKAY be discontinued, once the current extension runs out in September this year, to solve this problem. For one, this scheme, which distributes 5 kg of free foodgrains to 81.3 crore PDS beneficiaries in addition to the 5 kg sold at subsidised prices of ₹2-3 per kg, has already been extended on six occasions since it was introduced in March 2020 as a safety net for the poor during Covid. Given that the economic cost of procurement and storage are borne entirely by the Centre, PMGKAY also entails an additional fiscal outlay of about ₹1.6 lakh crore a year.

But given the prevailing high levels of inflation, a complete stoppage of the scheme may be seen as an unkind move at this juncture. Apart from humanitarian considerations, a sudden stoppage of PMGKAY supplies would throw the scheme's 81.3 crore beneficiaries at the mercy of the markets for procuring cereals. This could in itself stoke price rise. Instead, the Centre can consider withdrawing free distribution of grains under PMGKAY and substitute it with an additional foodgrain quota of 5 kg over and above regular PDS supplies, at subsidised prices for PDS households. This will not only reduce the fiscal burden to an extent but also discourage the leakages and wastage that are an inevitable offshoot of any State-sponsored, free giveaway. Eventually, the government should consider phasing out PMGKAY gradually by the end of this financial year. The current foodgrain stocking norms, set more than five years ago, also need to be reviewed to build up higher strategic reserves towards exigencies. https://www.thehindubusinessline.com/opinion/editorial/with-grain-stocks-running-close-to-buffer-levels-the-centre-needs-to-take-a-considered-decision-on-extending-pmgkay/article65783860.ece

22. Freebies make sense only if state budget has revenue surplus: Economists *(business-standard.com)* August 21, 2022

With the issue of freebies announced by political parties being heard by the Supreme Court, economists are of the view that if there is revenue surplus in the budget then freebies could be implemented.

In simple terms, what is applicable at the home front is equally applicable for the governments - spend if there is a surplus, said economists queried on freebies and subsidies.

"Political parties can announce freebies, subsidies as poll promises. But such poll promises - freebies/subsidies - should be implemented only if there is a revenue surplus in the state budget," K.R. Shanmugam, Director, Madras School of Economics, told IANS.

The state and the central governments are welfare governments and welfare schemes cannot be prohibited, he added.

The current debate about freebies is that they are announced by political parties as part of their poll manifestoes. There are also free schemes implemented by the governments which were not mentioned in the ruling party's manifestos.

The one way out is that the state budget should comply with the Fiscal Responsibility and Budget Management Act (FRBM) and there should be revenue surplus in the budget.

"Implementing freebies and subsidies announced in the poll manifestoes can be allowed if there is a revenue surplus in the state budget," Shanmugam reiterated.

But what is happening at the ground level is that the state governments borrow to implement these freebies which in turn adds to their debt burden.

According to Shanmugam, a sustainable debt: state gross domestic product (SGDP) ratio will be 20 per cent.

Indian states should curtail their wasteful expenditure to control their debt and improve their fiscal position.

Freebies and welfare schemes of state governments are funded mainly from liquor tax revenues which is like robbing the family head and giving it to his family members.

"The issue of subsidies and freebies has come to the fore with the collapse of the Sri Lankan economy and political parties announcing freebies as their poll promises," Economist Gowri Ramachandran told IANS.

According to her, freebies are not actually free, but a burden on other taxpayers.

It is a welfare economy and is the duty of the state government to protect the marginalised sections of the society.

Ramachandran said freebies/subsidies had to be accommodated in the budget outlays.

She said freebies/subsidies have to be dealt with in a calculated manner without foregoing fiscal deficit, macroeconomic stability while bringing up the marginalised sections of the society.

"Subsidies are of two kinds -- good and bad. The good ones do not impact other sectors, distort prices while uplifting the targeted populace, while bad subsidies have a negative effect on the other sectors," Shanmugam said.

According to him, subsidy is a fiscal instrument in the hands of the government.

Shanmugam said if the target group is identified and assistance is provided to them for their upliftment then it is a good subsidy.

However, if it distorts the price - for example free electricity - then it is bad.

Electricity is a scarce commodity and offering it free will increase the usage which in turn would distort the prices in other sectors.

"Similarly, the free bus ride for women in the government city and town buses in Tamil Nadu is not a targeted one as those who can afford the bus will also travel free," Shanmugam added.

According to Ramachandran, the expenditure and the overall beneficial impact has to be weighed in the case of welfare schemes.

She added that freebies play a role in attaining the UN Sustainable Development Goals like zero hunger, good health and wellbeing and gender equality.

"In all these touch points freebies play an important role," she said.

Agreeing that the state's alternate sources of income are limited, Shanmugam said: "Perhaps the Central government can allow the states to levy Income Tax on their citizens. There are states who are complaining that their citizens contribute a huge amount of taxes to the Central government but get only a small share from the Centre." https://www.business-standard.com/article/economy-policy/freebies-make-sense-only-if-state-budget-has-revenue-surplus-economists-122082100143_1.html

23. ‘Undue benefits to licensees, loss to exchequer’: What CBI’s excise FIR says on Sisodia & others *(theprint.in)* 20 August, 2022

Granting undue financial favours to vendors taking liquor licenses, thereby causing losses of “over Rs 140 crore” to the state exchequer, receiving kickbacks in return for these favours, conniving with owners of several companies as part of a nexus — these are some of the allegations being probed by the CBI in its case against Deputy Chief Minister Manish Sisodia and other Delhi government officials, ThePrint has learnt.

The central agency Friday morning raided 31 locations across seven states, including the residences of Sisodia, former Delhi excise commissioner Arava Gopi Krishna and three public servants, in connection with a probe into the national capital's revamped excise policy.

On 22 July, Lieutenant Governor Vinai Kumar Saxena had recommended a CBI probe into the Aam Aadmi Party (AAP) government's Excise Policy 2021-22, alleging "deliberate and gross procedural lapses", according to an assessment report prepared by Chief Secretary Naresh Kumar.

According to sources, it was alleged that irregularities were committed including modifications in excise policy, extending undue favours to the licensees like waivers and reduction in the license fee, and extension of L-1 license (granted to business entities having wholesale distribution experience in liquor trade) without approval.

It was also alleged that kickbacks were received for these favours.

"It is suspected that using the excuse of businesses taking a hit during the pandemic, undue financial favours were granted to the vendors taking liquor licenses by waiving the license fee, which caused losses of over Rs 140 crore to the state," a CBI source said.

"It is also alleged that kickbacks were received in exchange for these favours and the money was then used in the Punjab elections. All the allegations are being probed," the source added.

Following directions from the Ministry of Home Affairs (MHA) for an inquiry into the matter of alleged irregularities in framing and implementation of the excise policy, the CBI on 17 August registered a case against Sisodia, three government officials, 10 liquor licensees, and unknown others.

According to the CBI's FIR — accessed by ThePrint — the named accused were instrumental in "recommending and taking decisions pertaining to excise policy for the year 2021-22 without the approval of the competent authority, with an intention to extend undue favours to the licensees post tender".

Besides Sisodia, the other officials named in the FIR include Krishna, former deputy excise commissioner Anand Tiwari, and former assistant excise commissioner Pankaj Bhatnagar.

Searches in connection with the case were conducted in Delhi, Gurugram, Chandigarh, Mumbai, Hyderabad, Lucknow, and Bengaluru. Documents and digital records in connection with the excise policy were seized, agency sources said.

Reacting to the raids, Sisodia tweeted that he would cooperate with the CBI and that they would not find anything against him.

“CBI is here and they are welcome. We are honest and are helping make the future of lakhs of children. It is unfortunate that whoever tries to do good work in this country is harassed like this. This is the reason why our country has not become no.1 till now,” he tweeted Friday.

Also slamming the raids, Delhi Chief Minister Arvind Kejriwal blamed the Centre for trying to create obstacles before his government’s mission to “make India no. 1”.

L-G’s claims

On 20 July, L-G Saxena had written a letter to Home Secretary Ajay Kumar Bhalla, in which he stated that “undue benefits were extended to the existing licensees at the cost of the public exchequer, in violation of the rules and procedures”.

According to the letter — accessed by ThePrint — the L-G claimed that major changes in the annual license fee and changes in methodology to calculate the license fee were approved by a cabinet decision on 23 June 2021, but it was not submitted for his opinion, which is a violation.

The decisions taken by the excise department, the letter said, were “without the approval of the competent authority to extend undue favours to the licensees post tender”.
According to the letter, the excise department decided to refund an Earnest Money Deposit (EMD) amounting to Rs 30 crore in the case of license of the Airport Zone. This was done as the successful tendering was not able to obtain the NOC (no objection certificate) from airport authorities, which again is a violation, it added.

Furthermore, the L-G said that the department “revised the formula of calculation of rates of foreign liquor and removed the levy of import pass fee of Rs 50 per case on beer, which made foreign liquor as well as beer cheaper for retail licensees”.

“The extension of such benefits, post tender, amounts to extending undue favours to licensee”, he added.

The letter also said that the excise department allowed waiver on “tendered license fee, on account of Covid-19 pandemic between 28 December 2021 and 27 January 2022”, despite the fact that “no specific provision for compensation in the form of reduction in tendered license fee was available in the tender document”.

This, the L-G said, resulted in “undue benefits to the licensees and a loss of Rs 144.36 crore to the exchequer”.

The ‘nexus’

According to CBI sources, the deputy CM and Delhi government officials allegedly connived with the owners of several companies and retailers to give them waivers in exchange of “monetary benefits”, and it was all part of a “nexus”.

The CBI FIR stated that Vijay Nair, former CEO of Only Much Louder, an entertainment and event management company — that is behind the comedy collectives ‘The East

India Comedy' and 'All India Bakchod' and has conducted events like NH7 Weekender — Manoj Rai, ex-employee of Pernod Ricard, Amandeep Dhal, owner of Brindco Spirits, and Sameer Mahendru, owner of Indospirits, are "actively involved in irregularities in framing and implementation of the excise policy".

It also said that the CBI was informed about some L-1 license holders issuing credit notes to retail vendors with an intention to divert the funds as an "undue pecuniary advantage to public servants". These license holders, the FIR added, are showing false entries in their accounts book to keep their record straight.

The report further stated that Amit Arora, director of Buddy Retail Pvt. Limited, and two others — Dinesh Arora and Arjun Pandey — in the same business are "close associates of Manish Sisodia" and are "actively involved in managing and diverting the undue pecuniary advantage collected from liquor licensees to the public servants accused".

The FIR also said that Sameer Mahendru, MD of Indospirits, had allegedly transferred an amount of Rs 1 crore to an account of Radha Industries, which is being managed by Dinesh Arora. One Arun Ramchandra Pillai used to collect money from Mahendru that was to be given to public servants through Nair, it added.

"A person named Arjun Pandey has once collected a huge cash amount of about Rs 2-4 crore from Sameer Mahendru on behalf of Shri Vijay Nair," the FIR read.

It was also alleged that Mahadev Liquors, a proprietorship firm, was granted L-1 license and its authorised signatory Sunny Marwah is in "close contact with accused public servants and has been regularly giving undue pecuniary advantages to them". https://theprint.in/india/undue-benefits-to-licensees-loss-to-exchequer-what-cbis-excise-fir-says-on-sisodia-others/1090514/

24. Flip-flop over liquor policy: How AAP govt bungled up & caused losses to exchequer *(newsroompost.com)* August 19, 2022

After almost 9 months of operation and huge losses in state exchequer due to changes in the liquor policy, the Aam Aadmi Party (AAP) government chose to withdraw the new policy and reinforce the previous one.

Arvind Kejriwal government had boasted about the new liquor policy and also promised to replicate it in other states for 'enhanced income to state and pleasant experience for customers'. However, inspite of adding revenue, the new policy miserably fell flat and cut down the revenue to exchequer sharply.

After the Delhi LG ordered CBI inquiry in new policy over irregularities & inconsistencies, the AAP government chose to revert to the old model.

Though, the AAP dispensation may continue to boast about its new policy but its mere revocation raises many questions and also speaks about gross failures of excise policy.

According to highly places sources, the cabinet note also acknowledged losses to the exchequer and windfall gain to existing licencess.

“Windfall Gains for existing License Holders”

While the liquor shops were to be opened in various zones of the capital, many couldn’t open due to lack of logistic support or some falling in the greener zone, prohibiting their opening.

Out of the 14 wholesale licencees, 4 license holders opted to discontinue their licenses. The revenue decline on account of surrendered zones is estimated to be around Rs. 193.95 crore per month.

The data from Excise Department shows that sale of liquor in 1st quarter of 2022-23 has increased by 59.46% in case of Whisky and to 87.25% in case of Wine as compared to FY 2019-20 but it remained in negative in terms of revenue.

Reduced Number of Liquor Shops

Under the new policy, the number of operational shops were reduced to 468 as against targeted number of 849. This resulted in windfall gain for the existing license holders as they kept selling the alcohol at reasonable rates.

The dubious dual and diabolic character of Kejriwal government was again at display when Manish Sisodia on July 30, did the drama of withdrawing the policy and returning to the same old policy that he had claimed to be a cause of corruption in the City.

According to highly placed sources, Delhi Deputy CM reportedly played key role in modification of Excise policy, extension of undue favours to the licencees and bringing waiver/reduction in licence fee. https://newsroompost.com/india/flip-flop-over-liquor-policy-how-aap-govt-bungled-up-caused-losses-to-exchequer/5164351.html