

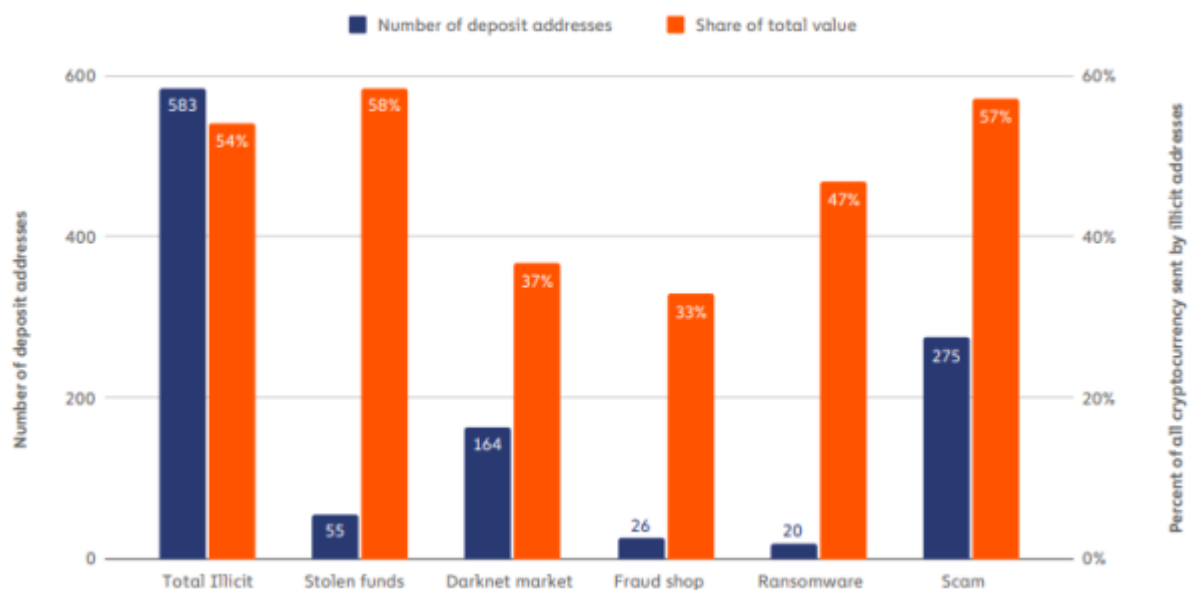
NEWS ITEMS ON CAG/ AUDIT REPORTS (24.08.2022)

1. As India holds one of the top positions among top crypto investors government cracks a whip to control it ([financialexpress.com](https://www.financialexpress.com)) Aug 24, 2022

The United Nations Trade and Development (UNCTAD) recent report where-in it stated that 7.3% of Indians either own or had owned digital assets in the shape of cryptos in 2021, has raised several eyebrows. One of the main concerns is that if that cryptocurrency could unofficially replace national currencies if allowed to grow unchecked. “The global cryptocurrency market remains highly volatile due to many economic and socio-political factors. The only certainty is the continued growth and innovation of the Web3.0 space as more institutions deploy capital into it,” Aniket Jindal, co-founder, Biconomy, a blockchain developer platform, told FE Digital Currency.

What is to be noted here is that the Reserve Bank of India (RBI) has been a constant critic of crypto assets. Furthermore, recently in a series of raids the Directorate of Enforcement (ED) froze the assets of WazirX and Vault. “The owners of India-based crypto exchanges such as WazirX and Vault failed to provide satisfactory explanations of transactions and often contradicted them. Funds from financial technology (fintech) have been collected through exchanges and diverted to untraceable foreign wallets,” Sankhanath Bandyopadhyay, economist, Financial Sector, said, adding that there should be appropriate disclosure toward Comptroller and Auditor General (CAG), RBI, Securities and Exchange Board of India (SEBI) by each crypto exchange, it may happen during income tax return file.

As per a recent report by Chainalysis — a blockchain data platform, over one million dollars was traded in illicit cryptocurrency in 2021.



Moreover, the UNCTAD report noted that the use of cryptocurrencies had increased exponentially globally because of the COVID-19 pandemic. India was ranked sixth in

crypto adoption, whereas It is believed that numerous investors have benefited from a high level of usage of crypto. “Cryptocurrencies are getting mainstream with media outlets and exchanges offering it as an investment and trading asset. Blockchain is here to stay and as regulations and government policies evolve alongside, we anticipate that user adoption will grow with the technology,” added Jindal.

For industry experts, the introduction of the ‘Crypto bill’ will favour the Indian government to maintain checks on the transaction. “Centralised procession of transactions and framework is expected to be laid by the bill. The purpose of forex transactions, which refers to the purchase and sale of foreign currencies above certain threshold limits is notified to RBI. Likewise, the government will put a cap on crypto transactions and define disclosure guidelines,” Gaurav Mehta, founder, Catax – Simple Crypto Taxes, said. <https://www.financialexpress.com/digital-currency/as-india-holds-one-of-the-top-positions-among-top-crypto-investors-government-cracks-a-whip-to-control-it/2641833/>

2. Aadhaar and status of Dalits continue to cause concern (theleaflet.in) Aug 23, 2022

There are fresh reports of coercion in Aadhaar-voter ID linking, raising privacy concerns. The Parliament, in December 2021, passed the Election Laws (Amendment) Bill, 2021, which allows for the linking of electoral data with the Aadhaar number. The Bill, passed hurriedly, amends the Representation of the People Act, 1950 and the Representation of the People Act, 1951, and adds sub-section (4) to Section 23 of the 1950 Act that would allow the linking of voter identity cards with Aadhaar numbers.

Prima facie, this provision does not seem harmful as it uses the word ‘may’, that is, the electoral registration officer ‘may’ require a person to furnish the Aadhaar number. Thus, it makes the linking between two databases voluntary.

However, the ground reality is that this provision is being interpreted as mandatory by electoral officers. On August 18, the Internet Freedom Foundation, a non-governmental organisation advocating for digital rights and liberties, tweeted that one of its staff members received a call from a booth-level electoral officer directing him to give his Aadhaar number or else, his name would be deleted from the electoral roll.

What makes this whole procedure questionable is that the Bill may consider the whole exercise of linking voluntary but the Registration of Electors(Amendment) Rules, 2022, enacted in June, make it mandatory. For new voters, a Form 6 appended in the Rules has to be filled; as per its guideline (4) annexed with the Rules, an Aadhaar number “should” be furnished for the purpose of authentication of entries. If the applicant does not have an Aadhaar number, the same may be mentioned, it says. There is an option for those who do not have an Aadhaar card to submit a copy of a different document. The plausibility of Aadhaar holders availing an opportunity to not furnish their Aadhaar number, therefore, does not arise.

Aadhaar’s USP under challenge

Aadhaar’s unique selling proposition has been that it cannot be duplicated or forged. It has now emerged in recent proceedings before the Karnataka High Court that there has been frequent fabrication of the documents required to secure Aadhaar. In April,

it was reported in the Comptroller and Auditor General of India's report that the Unique Identification Authority of India ('UIDAI') has issued 4.75 lakh Aadhaars with the same biometrics till November 2019. The Karnataka high court's recent direction to UIDAI has only confirmed this.

The high court was approached by the National Investigation Agency ('NIA') alleging that 12 nationals of Bangladesh – some of whom have been convicted in a gang rape case, while some are facing trial in human trafficking and illegal immigration – fabricated information and documents to secure Aadhaar. The high court has directed the UIDAI to provide all such documents to the NIA for the probe.

The NIA approached the Karnataka High Court with a request to procure the information from the UIDAI as the confidential clause under Section 33 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 prohibits the disclosure of such information. The exception to this is by an order of the court not inferior to the judge of a high court.

Article 17 under focus

Article 17 of the Constitution proclaims that “untouchability” is abolished and its practice in any form is forbidden. It further says that the enforcement of any disability arising out of untouchability shall be an offence punishable in accordance with the law. The word ‘untouchability’ is not defined in the Constitution, and its applicability to menstruating women prevented from worshipping Lord Ayyappa in the premises of the Sabarimala temple in Kerala, came up for discussion during the hearing of Indian Young Lawyers’ Association versus State of Kerala (2018) before the Supreme Court, with the five-judge Constitution bench ruling in favour of the right of the menstruating women to enter the temple for worship.

According to legal scholar Professor Upendra Baxi, the Constitution-makers used inverted commas compendiously to refer to ‘permanent’ and ‘temporary’ states of untouchability. Prof. Baxi adds that the Constitution forbids all states of untouchability and imposes a total prohibition on practising it.

The Sabarimala case, having been referred to a nine-judge Constitution bench during the hearing of the petitions asking for review of the 2018 judgment, may be considered inconclusive, but there can be no doubt that the essence of Article 17 of the Constitution will squarely apply to the facts of the recent case in Rajasthan.

A nine-year-old Dalit boy, Inder Meghwal, from Surana village in the state's Jalore district, was allegedly beaten up by his teacher, for touching a pot of water meant for ‘upper castes’ (however, to be clear, at this point both the Rajasthan Police and the Rajasthan State Commission for Protection of Child Rights are yet to ascertain a caste angle in the crime). Meghwal died as a result of injuries that he suffered.

Article 17 is a horizontal fundamental right, and can be invoked against private individuals. In this case, the State's failure to protect Meghwal from discrimination is an issue. His village is witnessing constant protests, including from some Dalit groups, demanding a fair and impartial trial.

Although Meghwal's death has been sought to be politicised in the state, with the Chief Minister, Ashok Gehlot's rivals holding his government responsible for the plight of Dalits, a look at newspaper headlines will suggest that the problem is indeed widespread. Recently, Uttar Pradesh Minister of State for Jalshakti, Dinesh Khatik, sought to resign, alleging discrimination because he was a Dalit. He was, however, persuaded to withdraw his resignation and continue as a minister.

A recent survey conducted in 24 districts of Tamil Nadu found that many Dalit panchayat presidents were not even allowed to hoist the national flag, nor given access to documents. In 22 of 386 panchayats surveyed by the Tamil Nadu Untouchability Eradication Front, Dalit presidents were not provided chairs in their offices.

Crimes against Dalits in Rajasthan have reportedly registered a sharp rise in the past five years, while there has been an overall increase in such incidents in the rest of the country between 2011 and 2020. This rise has been attributed to resistance from the upper castes to Dalits catching up with them economically. <https://theleaflet.in/rights-watch-aadhaar-and-status-of-dalits-continue-to-cause-concern/>

STATES NEWS ITEMS

3. Correction prod for civic bodies (telegraphindia.com) Aug 24, 2022

Kolkata: The Bengal government has asked all 128 urban local bodies (municipal corporations and municipalities) in the state to initiate a series of "corrective" measures in their day-to-day functioning after the office of the comptroller and auditor general

(CAG) identified several "irregularities" in the running of the civic bodies over the past few years.

"The CAG has raised several questions over the functioning of some urban local bodies.... The civic bodies have been asked to adopt corrective measures and avoid similar questions in future," said a senior government official.

Sources said the state government had ordered the corrective measures soon after the CAG had pointed out the "irregularities", which could result in the disruption in the flow of funds from New Delhi.

A senior government official said a meeting had been held between senior urban development and municipal affairs officials and representatives of the civic bodies on Tuesday where it was decided that the finance officers of the civic bodies would have to play an important role to ensure that those directives were followed properly.

"The urban local bodies get central funds under schemes like housing for the poor, installation of drinking water facilities and management of solid waste. Moreover, funds of the Finance Commission also reach the civic bodies. The cash-strapped state government does not want the release of the funds to be stopped like it happened for rural bodies," said a bureaucrat.

The sources said the state government was worried as the Centre had suspended the release of funds under several schemes like 100 days' work, PMAY and PMGSY citing alleged irregularities.

“So, a message has already been sent to the state that no financial irregularity will be tolerated any more. So, corrective measures had to be initiated,” said a source.

In the directives, the urban local bodies have been asked to maintain transparency in tender procedures, avoid excess payments and make payments according to government-approved rates.

“These apart, irregularities should be avoided in mid-day meal schemes and other schemes. The civic bodies were also asked to ensure that no unauthorised expenditure was incurred through engagement of casual workers,” said a source.

The sources said as the CAG had raised a maximum number of questions on those issues, the government had categorically told the civic bodies that those should not be repeated.

The CAG also pointed out that the civic bodies were losing revenue as they were not serious about collecting property taxes and other municipal fees and rent. The state also asked the civic bodies to be careful on this particular issue. <https://www.telegraphindia.com/west-bengal/correction-prod-for-civic-bodies/cid/1882020>

4. Why fisherfolk in Kerala are protesting Adani's under-construction Vizhinjam port ([indianexpress.com](https://www.indianexpress.com)) Aug 24, 2022

The week-long ongoing protests against the construction of the Adani Group's Vizhinjam International Transshipment Deepwater Multipurpose Seaport in Kerala's capital Thiruvananthapuram intensified on Monday (August 22), with fisherfolk laying siege to the port from the sea and land.

The fishing community under the leadership of the Catholic Archdiocese of Thiruvananthapuram has said the protests will continue until all their demands are met. At talks between Fisheries Minister V Abdurahiman and representatives of the archdiocese on August 19, the government agreed to most of the fisherfolk's demands, but no breakthrough was achieved.

On Tuesday (August 23), Chief Minister Pinarayi Vijayan told the Assembly that the protest in some areas seemed “orchestrated”. The government, he said, was ready for talks, and wanted to resolve the concerns faced by the fishing community — however, it could not agree to halting the project.

Fisherfolk's demands

The biggest demand of the protesters is that the construction of the Rs 7,525-crore deepwater port and container transshipment terminal at Vizhinjam on the outskirts of Thiruvananthapuram should be stopped and a proper environmental impact study should be carried out.

The community has also put forward six other demands: (i) rehabilitation of families who lost their homes to sea erosion, (ii) effective steps to mitigate coastal erosion, (iii) financial assistance to fisherfolk on days weather warnings are issued, (iv) compensation to families of those who lose their lives in fishing accidents, (v) subsidised kerosene, and (vi) a mechanism to dredge the Muthalappozhi fishing harbour in Anchuthengu in Thiruvananthapuram district.

The government has conceded all demands except providing a kerosene subsidy, and halting the construction of the port. It has agreed to find accommodation for relocated families before Onam (which begins at the end of this month).

Community's grievances

Rethin Pulluvila, a representative of Pulluvila ward and a member of the coastal community, said they have been raising these demands for long. "We had protested outside the secretariat, but did not get a response," he said, adding the protests would continue until all demands were met and implemented.

A J Vijayan, a member of the Coastal Area Protection Forum who has been opposing the project from the beginning, said the protests were widening as awareness among the fishing community increased, and they experienced the impact of the project on their day-to-day life.

More than 100 families lost their homes to coastal erosion last year, but there is no official data on the relocated families except for some church records, Vijayan said. He claimed around 300 families were living in schools and camps, and many others were staying in rented accommodation or with relatives.

The fisherfolk also fear that the proximity of the port to the fishing harbour will impact the tranquillity of the sea and fishing. There are apprehensions that the proposed shipping channel will lead to loss of livelihoods.

Vijayan said that even if the church pulls out of the protest, the fisherfolk would not. "Even if they stop now, they will come back more vigorously in case of any untoward incident in the future," he said. He also said the government may not finally implement some of the things that it concedes in discussions. "So we will stop the protest only after their offer is implemented."

Pulluvila said that since construction began, fisherfolk have had to travel deep into the sea for catch, and this has increased fuel costs. Since the government has eliminated the subsidy on kerosene, their pockets are being directly hit.

Delays; contested studies

As per the initial agreement, the project was supposed to be operational by 2019. The Adani Group cited several reasons for the delay, from the 2017 Ockhi cyclone to the Covid-19 pandemic. The company also faced a shortage of granite boulders to build the 3.1-km breakwater, only 1 km of which has been built so far. State Minister for Ports Ahammad Devarkovil said last year that the project was now expected to be completed by 2023.

Vijayan said fisherfolk were also provoked by the central government's annual shoreline studies that concluded work on the port did not lead to increased coastal erosion, even though the impact was clearly visible.

In 2019, the National Institute of Ocean Technology, Chennai, said in its Annual Shoreline Monitoring report that erosion spots such as Valliyathura, Shangumugham, and Punthura had remained unchanged since the construction of the port began in 2015.

The 2021 edition of the study noted erosion at Pulluvila (500 m), Mullur (290 m), Kochuveli (250 m), Punthura (150 m), Cheriyaathura (120 m), Shangumugham (100m), and Valliyathura (50m), but concluded that the port activity had less impact than high wave activities and cyclones in the Arabian Sea.

Question of viability

Then Chief Minister Oommen Chandy laid the foundation stone of the Rs 7,525 crore port being built under a Public Private Partnership (PPP) model with Adani Ports Private Limited, in December 2015. The port will have 30 berths, and will be able to handle giant "megamax" container ships. The Adani Group has said the ultramodern port, located close to major international shipping routes, will boost India's economy. The port is expected to compete with Colombo, Singapore, and Dubai for a share of trans-shipment traffic.

The report of the Comptroller and Auditor General of India, tabled in the Kerala assembly in 2017, had said the conditions of the concession agreement were not favourable to the state government. "Out of a total project cost of Rs 7,525 crore, the Adani Group needs to invest only Rs 2,454 crore. The rest of the cost would be borne by the state and the central governments," it had said.

The CAG had said that the standard concession period for PPP projects was 30 years, but the Vizhinjam project concessionaire had been given an extra 10 years, which would allow it to reap an additional revenue of Rs 29,127 crore.

According to Vijayan, the project would put the government in a "debt trap", and could meet a fate similar to that of the Vallarpadam Terminal in Kochi, which has failed to make a profit more than a decade after it was opened. <https://indianexpress.com/article/explained/kerala-fishermen-vizhinjam-adani-port-protest-explained-8107064/>

5. Why Fisherfolk Are Protesting Against Adani's Vizhinjam Port in Kerala ([science.thewire.in](https://www.science.thewire.in)) Aug 24, 2022

Kochi: On August 23, fisherfolk marked the eighth day of protests against the Adani Group's upcoming Vizhinjam Port near Thiruvananthapuram, Kerala, by continuing their day and night sit-in at the entrance of the Port in the village of Mulloor. People forded the barricades at the gates, took out marches and burnt an effigy of Gautam Adani; other fisherfolk, meanwhile, took their protests to the sea in their small fishing boats. They reinstated their demands – the main one being that the state stops the Vizhinjam Port project due to the coastal erosion and loss of livelihoods it is causing.

Kerala chief minister Pinarayi Vijayan claimed that it was a pre-planned protest, while responding to an adjournment motion in the state Legislative Assembly on Tuesday. It is not just fisherfolk who are taking part in the protest, he said. While the state will ensure that fisherfolks' livelihoods or homes are not affected, it will not concede to the demand to stop the project, he added.

“Stopping the Vizhinjam Port project cannot be considered at this point. There will be problems. Such problems in such projects are but natural. What actions are taken to address them is what matters,” Vijayan said. Stopping the project will be an “injustice” to the future generations, Vijayan said.

However, the price that coastal fishing communities could pay for the project could be high. Protests against the project gained momentum – and further intensified over the last month – when coastal communities realised the social and environmental costs that the project is beginning to, and will continue to, extract.

What is the Vizhinjam Port project?

According to the Adani Group, which won the concession agreement for the development and operation of the port in August 2015, the Vizhinjam Port will be India's first “mega transshipment container terminal”. The project, being implemented at a cost of Rs 7,500 crore, involves constructing the container terminal at Vizhinjam, a coastal town that lies around 20 km south of Kerala's capital Thiruvananthapuram.

It will be developed in three phases. The capacity of the first phase alone will be 1 million TEU (or twenty-foot equivalent units, a measure of how many twenty-foot long containers can be berthed at the port at one time); in subsequent phases, another 6.2 million TEUs can be added. (For comparison, the Chennai Port's capacity in 2016-17 was around 1.5 million TEU.) A total of 450 hectares of land will be used for the construction of the Vizhinjam Port, and this will include reclaiming more than 120 hectares of ocean and dredging the seabed as well.

Though the project received environmental clearance and clearance under the Coastal Regulation Zone Notification 2011 and construction of the port began in December 2015, it has faced numerous delays.

One of the main concerns that local communities as well as activists and scientists have raised for some time is the coastal erosion that has occurred since work on the port began in 2015-16.

The ongoing construction of breakwaters has altered the direction of sea currents, causing coastal erosion across the entire coast of the project area. Experts have noted that the Environment Impact Assessment for the project did not address the issue of coastal erosion adequately. The city of Thiruvananthapuram has lost its famed Shanghumukham beach entirely to sea erosion over the last few years. In fishing villages including Valiyathura and Muttathara, around 600 people have already been shifted to relief camps after their houses were lost to sea erosion, reported Mongabay-India. They are demanding a fair compensation package, as they continue to live in relief camps.

Fisherfolk are also losing access to beaches, and their livelihoods are at risk as well. The more turbulent sea now endangers the lives of fishermen as well, who are unable to manoeuvre their crafts due to the rough sea. Accidents have become more frequent and three fishermen lost their lives last year due to the turbulence in the sea, said A.J. Vijayan, an activist and member of the NGO Coastal Watch, who has been opposing the project since its inception.

‘Best time to stop the project is now’

On August 23, ports minister Ahammad Devarkovil said in the proceedings of the State Legislative Assembly that stopping the Vizhinjam project at this stage would translate into huge financial losses to the state government because it has already undertaken a lot of work.

However, there is still a lot of construction and other related activities for the port that is yet to be done, said Vijayan. According to him, only less than 40% of the dredging and reclamation work as part of the project has been completed by the Adani Group. Similarly, only less than half of the berth construction – involving piling in the sea to build a platform to berth ships – has been completed, he claimed.

Moreover, the Kerala state government is in charge of building the breakwaters (permanent structures constructed along the coast to protect vessels in the port from tides, currents, waves, or storm surges), added Vijayan. This can be paused by the state easily, he said.

According to the proposal, the breakwaters will be constructed perpendicular to the coast for a distance of 3.2 km. Only 1 km of this has been completed, near the shallow depths of the coasts, said Vijayan. Completing the construction will require more stones, and mining from quarries could have an additional environmental and ecological impact on the state.

For example, in May this year, the National Board for Wild Life – which has to grant clearances for non-forest activities in protected areas – permitted the Adani Vizhinjam Port Private Limited to quarry granite. Its decision, based on the recommendations of the State Board for Wild Life and the Government of Kerala, will allow quarrying in almost 2 hectares of land that falls within the eco-sensitive zones of the Peppara and Neyyar wildlife sanctuaries in the state.

This is problematic because the operation of quarries in and around the Western Ghats in the state has been recognised as a factor that plays a role in landslides that have been hastened by intense rainfall events. Scientists and environmentalists, for example, have said that unscientific excavations in more than 30 quarries in and around Kavalappara in the Malappuram district played a major role in making the area vulnerable to landslides. In 2019, a landslide claimed almost 50 lives here.

Thiruvanthapuram’s drinking water supply comes from the Neyyar and Peppara regions, so quarries here can also potentially affect the city’s drinking water supply, said A.J. Vijayan. Additionally, the work on road and rail access for the Vizhinjam Port project – which is also the state’s responsibility – has not yet begun, he said.

“This is the time to stop work on the project with minimal damage,” he said. “Please stop the port. We don’t want it. It will cause even more damage in future.”

Additionally, a report by the Comptroller and Auditor General (CAG) in 2017 warned that towards the end of the concessional period (40 years), the government of Kerala would have incurred a loss of Rs 5,608 crore due to the construction of the project. It also found that the tendering process was flawed and that conditions of the agreement were prepared in favour of the Adani Group, instead of being in favour of the state, reported The Federal.

Protests to continue, intensify

Currently, fishing and coastal communities from more than 40 villages along the coast are participating in the protest to bring a stop to the construction of the Vizhinjam Port project, said Vijayan. More land and ocean protests are being planned by the protest committee, to which the Latin Catholic Archdiocese of Thiruvananthapuram has also recently lent support. The Adani Group was forced to temporarily stop construction activities after protestors went inside the construction site, reported Down to Earth on August 17.

On August 29, fisherfolk will again take to the ocean in their country boats to give voice to their protests. As Thiruvananthapuram celebrates the festival of Onam on September 8 with floats across the city, the fisherfolk would also take floats of country canoes to the city and to the chief minister’s residence, said Father Theodacious D’Cruz, the spokesperson of the church and secretary of the protest committee.

On the CM’s allegations that this was a planned protest, a visibly angry D’Cruz said that this is indeed planned, as all coastal communities that are affected by the project are coming together.

“There is no caste or religion in this protest,” he told the media following the developments in the State Legislative Assembly and the CM’s stand that there would be no backing off from the port project.

He went on to add that the protestors will not back off until their demands are met, and the chief minister is forced to change his stand regarding the construction of the Port. This is a struggle of life and death for people, he said.

“These are fishermen. We will rest only after we win this protest,” D’Cruz added. <https://science.thewire.in/environment/adani-vizhinjam-port-environment-impact-protests/>

6. Bihar: UGC begins special drive for varsities as HC threatens to stop VC salary ([hindustantimes.com](https://www.hindustantimes.com)) Aug 23, 2022

The University Grants Commission (UGC) has launched a special drive in Patna from August 23 to 28 for reconciliation of funds granted to state institutions based on utilisation certificates (UCs) submitted by them.

The counsel of UGC said this before the Patna high court, which is hearing a case related to pending utilisation certificates from the state institutions for funds worth

crores availed in the past. All universities have been given deadline, failing which the court has threatened to stop the salary of the vice-chancellors (VCs).

“A special drive/camp for reconciliation has been planned from August 23 in Patna,” the UGC counsel told the bench of chief justice Sanjay Karol and justice Sanjay Kumar last week.

The counsel also told the court that after 2017-18, the original scheme of advancing money was discontinued and now the amount is reimbursed only after the expenditure is incurred by the constituent/ affiliated colleges/institutions.

Patna University registrar Col Kamlesh Mishra said that all preparations have been made for the camp, organised at the Patna University Central Library.

The Patna high court has asked all the VCs of the state universities and the joint secretary, UGC, Eastern Regional Centre, Kolkata, to file personal affidavits indicating the latest status of compliance of the order regarding submission of utilisation certificates by institutions.

Taking strong exception to the delay, the bench said that the “universities/institutions have been sitting over the matter for years and the utilisation certificates amounting to ₹324 crore were neither issued nor amount reconciled”. The matter has been before the high court for nearly four years and during the period many institutions did submit UCs on court prodding, but the same still requires to be vetted and reconciled by UGC. The high court order, issued on Friday, was uploaded on the website on Saturday.

“We only hope that the entire process of submission of certificates and reconciliation of the accounts/amounts would be completed before the next date. We notice that utilisation certificates, pertain to financial year 2007 onwards up to the year 2017 remain pending in case of some universities,” the court said, directing BRA Bihar University, TM Bhagalpur University, Magadh University, Pataliputra University to ensure compliance from defaulting institutions within a week, else it would be constrained to stop the disbursement of salary of the VCs.

LN Mithila University, Darbhanga, told the court that 5/6 colleges, which were yet to submit their utilisation certificates, had been identified and within one week, the utilisation certificates should be submitted by these institutions, failing which the process for their de-affiliation will be initiated and completed within a period of two weeks thereafter. Magadh University claimed to have identified 12 defaulting institutions and TM Bhagalpur University 13. Veer Kuer Singh University has 20 such institutions and Pataliputra University 19. They assured the court that the process will be completed within a week. BN Mandal University and JP University counsels said that their institutions had already submitted the utilisation certificates to UGC. Patna University said that out of the nine constituent colleges / institutions, eight had already submitted their utilisation certificates which UGC needed to reconcile.

The problem associated with utilisation of funds has been old and chronic with the state institutions. The state government has also been asking the universities for timely submission of utilisation certificates even for salary disbursement and citing it as the

prime reason for delay due to finance department's objections to issue further grant without reconciling the previous one.

A senior university official, who did not want to be quoted, said that the state institutions lost huge funds in the past due to their inability to submit timely utilisation, as they missed further instalments.

"In some cases, funds were also diverted against the UGC mandate, while there were many instances when funds remained unutilised and would have to be returned. Bihar's institutions have had a poor track record in fund utilisation despite fund crunch due to a host of factors, including rampant ad hocism on key posts for years. Over the years, several principals retired and some also passed away, and now the new principals are hesitant to clear bills accrued more than a decade ago. It is just like what happens in the state government, which does not submit timely utilisation worth thousands of crores and after a lapse of significant time, it can only be managed," he added.

The report of the Comptroller and Auditor General (CAG) for the year ending March 31, 2020, had underlined that since 2010-11, the Bihar government did not submit utilisation certificates (UCs) for nearly ₹80,000-crore worth of funds despite the finance department's 1975 executive order prescribing a deadline of one year from the date of sanction of fund for submission of UCs, which was extended to 18 months by a 2011 executive order. <https://www.hindustantimes.com/cities/patna-news/bihar-ugc-begins-special-drive-for-varsities-as-hc-threatens-to-stop-vc-salary-101661254338467.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

7. FCI resorts to short-term loans again, raises Rs 22,000 crore ([financialexpress.com](https://www.financialexpress.com)) August 24, 2022

The Food Corporation of India (FCI) has availed short term loan of Rs 22,000 crore in the current fiscal to finance its operations due to inadequate provisioning of the food security expenses by the finance ministry.

Sources told FE that against expenses of more than Rs 75,000 crore in the current fiscal, the finance ministry has allocated around Rs 52,000 crore under the food subsidy budget till now. In the current month, ministry has not allocated any funds under food security expenses to the FCI.

The corporation has been relatively comfortable with its cash position in FY22 as the government promptly released food subsidy amounts, after ending practice of taking National Small Saving Fund (NSSF) loans for subsidy financing in the FY22 Budget for the sake of budgetary transparency.

The Corporation could go for seeking more short-term loans, if the ministry doesn't release funds soon. It has already got a loan amount of Rs 75,000 crore sanctioned by banks.

The ministry has also provided Rs 10,000 crore in the current fiscal as wage and means advances, which is adjusted against the food subsidy budget by the end of the fiscal.

FCI avails short-term loans, which are of 90 days' duration, from scheduled banks to address cash flow mismatches because of inadequate release of food subsidy by the finance ministry.

Raising more short-term loans would have pushed up FCI's expenses because of higher interest outflow. These short-term loans carry an interest rate in the range of 3.85 – 5.5% per annum.

Meanwhile, several ministries such as rural development, education and external affairs have pending dues payment of around Rs 2900 crore to FCI against the grain supplied for various social welfare schemes.

For 2022-23, the central government has allocated Rs 2.06 trillion for food subsidy expenses, of which Rs 1.45 trillion or 71% is provided to FCI. Rest of the food subsidy is directly routed to states who follow a decentralised procurement system.

However, following the extension of the Pradhan Mantri Garib Kalyan Anna Yojana till September 30, an additional Rs 80,000 crore (Rs 56,000 crore through FCI) will be spent under the food subsidy budget.

The corporation has been relatively comfortable with the cash position over the last one year as the government promptly released food subsidy amounts, after the practice of taking National Small Saving Fund (NSSF) loans for subsidy financing was stopped in the FY22 Budget for the sake of transparency.

The central issue prices of Rs 3, Rs 2 and Re 1 for a kilo of rice, wheat and coarse grains, respectively, under the National Food Security Act (NFSA) have not been revised since 2013. On the other hand, FCI's economic cost (minimum support price to farmers, storage, transportation and other costs) of rice and wheat for 2022-23 is Rs 36.70 and Rs 25.88 per kg, respectively.

FCI procures and distributes more than 60 million tonne of wheat and rice annually. The corporation manages procurement, storage and transportation of rice and wheat to states for distribution, mainly for NFSA and other welfare schemes.

Due to a huge mismatch between rising expenses because of open-ended procurement of rice and wheat from farmers under minimum support price operations, and cost of carrying excess stocks between 2016-17 and 2020-21, the government had provided FCI funds from loans taken from the NSSF from 2016-17 to 2020-21 in lieu of food subsidy.

Finance minister Nirmala Sitharaman, in her Budget speech for 2021-22 had announced an end to the practice of extra-budgetary borrowing from the next fiscal by making provisions of Rs 3.35 trillion towards payment of NSSF loans. <https://www.financialexpress.com/economy/fci-resorts-to-short-term-loans-again-raises-rs-22000-crore/2641606/>

8. Govt considers selling at least 51% of state-backed IDBI Bank: Report ([business-standard.com](https://www.business-standard.com)) Aug 24, 2022

India's government is considering selling at least 51 per cent of state-backed IDBI Bank Ltd., according to people with knowledge of the matter.

Officials in the government and the state-backed Life Insurance Corp. of India, which together own about 94 per cent of IDBI Bank's shares, are in talks about how much of their stakes they plan to sell, the people said. Both parties are expected to retain a stake in the lender after the sale, the people said, asking not to be identified as the information is confidential.

A panel of ministers will make the final decision on the structure of the deal, the people said. The government and LIC will formally seek to gauge buyer interest as soon as the end of September, one of the people said.

Shares in IDBI Bank have risen 6.3 per cent in the past 12 months, giving the lender a market value of about 424.7 billion rupees (\$5.3 billion).

Representatives for India's finance ministry and IDBI Bank declined to comment, while a representative for LIC didn't immediately respond to requests for comment.

Authorities plan to sell at least some of the government and LIC's stakes in IDBI Bank and cede management control. Reserve Bank of India will allow investors to buy a stake larger than 40 per cent, Bloomberg News has reported. Entities governed by the regulator normally need to seek permission to buy stakes above that threshold while non-regulated firms are capped at purchases of 10 per cent to 15 per cent.

Relaxing the criteria could widen the pool of potential buyers, energize the government's privatization plans and bolster its finances as it seeks to mop up 650 billion rupees from several disinvestments this year. It has already raised more than a third of the target, primarily from the \$2.7 billion initial public offering of LIC. https://www.business-standard.com/article/economy-policy/govt-considers-selling-at-least-51-of-state-backed-idbi-bank-reports-122082400551_1.html

9. Is investing in canal irrigation a bad idea? ([thehindubusinessline.com](https://www.thehindubusinessline.com)) Aug 23, 2022

Lack of data and monitoring on cropping patterns and water use has given irrigation schemes a bad name

Long before the British Raj, India was a pioneer in canal irrigation by building dams across rivers. After Independence, considering the importance of canal irrigation, the Central and State governments have been giving increased thrust to its development. Today, India is one of the countries with the largest number of dams and canal irrigated area.

However, due to the sluggish development of canal irrigation in recent times, some researchers and policymakers are not only criticising its poor performance but also saying that the investment in canal irrigation is 'throwing good money after bad'. Is

canal irrigated area really declining in India? Why are there serious criticisms about this form of irrigation?

To alleviate the scarcity of foodgrains experienced during the 1950s and 1960s, huge investments were made by the Central Government to build dams to increase the production of foodgrains through canal irrigation. Of the total investment (₹1,960 crore) made in the First Five-Year Plan (1951-56), more than 85 per cent was spent on major and medium irrigation (MMI) projects alone. Similar emphasis on the construction of dams was placed from the Second to the Eleventh Plan (2007-12).

Till the end of the Eleventh Plan, for which data on investment is available, ₹3,50,892 crore was spent on the construction of MMI projects. This accounts for about 73 per cent of India's total irrigation investment.

Because of increased investment in MMI projects, the number of large dams increased exponentially from 304 in 1950 to 5,334 in 2019. That is, on an average, about 73 large dams were built each year between 1950 and 2019. The water storage capacity created through MMI projects thus increased from 55 billion cubic meters (BCM) to 304.58 BCM during this period.

The Central Water Commission data shows that the potential created through MMI projects has increased from 97 lakh hectares (lha) in 1951 to 479.70 lha in 2012, an almost five-fold increase.

Canal area

Although there was a slowdown in the growth of canal area after 1990-91, its net irrigated area has increased significantly after Independence, from 82.90 lha in 1950-51 to 159.40 lha in 2018-19. Between 1960-63 and 2016-19, several States have registered impressive growth in canal irrigation. For example, it increased from 89,000 ha to 7.71 lha in Gujarat, from 4.53 lha to 18.55 lha in Madhya Pradesh, from 2.47 lha to 10.52 lha in Maharashtra, from 5.86 lha to 19.87 lha in Rajasthan and in Karnataka, from 2.56 lha to 10.47 lha.

During the same period, however, in States like Tamil Nadu, Punjab and Kerala, the canal irrigated area declined drastically (Figure 1). While Tamil Nadu's irrigated area decreased from 9.03 lha to 5.84 lha, Punjab's declined from 21.53 lha to 11.57 lha and Kerala's from 1.46 lha to 75,000 ha. There is a need to study why the canal area has decreased sharply in these States.

From 82.9 lha in 1950-51, the net canal irrigated area reached a peak of 174.53 lha in 1990-91 (Figure 2). Since then, its irrigated area has not grown much as per the data published by the Ministry of Agriculture. ut, contrary to this, the data released by the Central Water Commission shows that the potential utilised under MMI projects increased from 97.1 lha in 1951 to 382.8 lha in 2018. That is, in 2018, a difference of almost 140 per cent was noticed between the data released by the Ministry of Agriculture and the Central Water Commission.

Why is there such a big difference? Generally, when a dam is constructed for irrigation purposes, a notional cropping pattern is prepared to estimate its irrigation potential.

Accordingly, in a canal irrigation scheme, only certain crops should be cultivated with a certain percentage of area.

But the notional cropping pattern is seldom followed in most canal command areas in India. Why are the critics of canal irrigation not speaking about this? Importantly, government departments that publish data on net canal irrigated area do not publish gross canal irrigated area regularly. Therefore, a huge difference exists in the published data.

Data problems aside, there are some important reasons for declining canal irrigated area. First, because of fast economic growth and urban agglomeration, especially after 1990-91, the water originally allocated for irrigation purposes has increasingly been diverted to domestic and other requirements.

For example, it is alleged that more water is being taken from Kadakvasala dam to Pune city and from KRS dam to Bengaluru and Mysuru in recent years. In 2013, near Pune, three farmers were killed in police firing for protesting against the excessive withdrawal of water from Bhavna dam to Pimpri-Chinchwad Municipal Corporation. Although the water withdrawal for domestic and other needs has been increasing every year, no Central ministry publishes data on this. This is one of the main reasons for the declining canal area.

Water-intensive crops

After 1990-91, citing the price and market-related reasons, farmers located in the head-reach of the canals have been increasingly cultivating water-intensive crops like paddy, sugarcane, banana, etc. As a result, farmers located in the tail-end of the canal command area do not get adequate amount of water. Sugar mills are also one of the culprits for declining canal irrigated area.

A report by the World Bank (2002) underlines that sugarcane, which accounts for only 3 per cent of the total cultivated area in Maharashtra, consumes two-thirds of its water. Diverting water by constructing wells illegally near the canal and transporting water through long pipelines to distant fields are taking place increasingly in recent years. These are not accounted for under the canal irrigated area. Don't the researchers who disparage canal irrigation know this?

There is no denying the fact that the canal irrigation sector faces many problems including low investment efficiency, poor financial recovery and low water use efficiency. But, the sluggish trend in the development of canal irrigation happens mainly due to data problems and violation of notional cropping pattern. Without proper analysis of the data, it is not correct to say that investment in canal irrigation is 'throwing good money after bad'. Canal and groundwater irrigation are closely related. In the absence of canal irrigation, groundwater recharge may decrease and wells could dry up.

One of the main reasons why canal irrigation is criticised is because there is no proper water accounting method. The introduction of canal water accounting method in Maharashtra in 2000 resulted in a huge increase in water use efficiency. Therefore, the water accounting method should be introduced in all canal command areas, as it will reveal how much water stored in the dams has been used for what purpose, its

efficiency and the real status of the canal area. <https://www.thehindubusinessline.com/opinion/is-investing-in-canal-irrigation-a-bad-idea/article65802538.ece>

10. 17 non-operational mines left by PSUs to go under hammer ([dailypioneer.com](https://www.dailypioneer.com)) Aug 24, 2022

The Government plans to put on auction 17 mines surrendered by public sector undertakings which could not put the blocks into operation, Coal and Mines Minister Pralhad Joshi said on Tuesday.

The statement comes in the wake of the government making efforts to ramp up domestic coal production to ensure adequate availability of dry fuel to different sectors.

“Just the-day-before yesterday (Sunday) I got 17 blocks back and they are very good blocks and I am putting them for auction now,” Joshi said.

Speaking during a conference on the Indian minerals and metals industry organised by NMDC and FICCI, the minister said many PSUs in the country in sectors like coal were sitting on big mines.

The government decided to take away all those mines from the public sector undertakings which do not get into operation even after the lapse of five to six years and put them on sale.

“I talked to the chief ministers and ministers of a few states and asked them the reasons for sitting on mines. These mines could not get into operation even after 10 to 15 years,” Joshi said.

Joshi also said that his ministry was in deliberations with the Ministry of Environment and Forest on how the exploration of mines can happen without cutting down trees.

Through an amendment to MMDR Act in 2021, private exploration agencies which have been accredited are allowed to carry out exploration without prospecting licence upon their notification and so far nine private exploration agencies have been notified for this purpose. <https://www.dailypioneer.com/2022/business/17-non-operational-mines-left-by-psus-to-go-under-hammer.html>

11. Discom discipline ([thehindubusinessline.com](https://www.thehindubusinessline.com)) Aug 23, 2022

With payment defaults becoming the norm, the recent rap on Discoms’ knuckles by Posoco was inevitable. Hopefully, it will spur reforms

The Power System Operation Corporation (Posoco) cannot be faulted for recently invoking the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 against 12 States and a UT. It stopped these States and their Discoms from buying spot power on the exchanges till they cleared their late payment surcharge (LPS). As per the law, the States have submitted a repayment schedule of their dues to the generation companies (which can go up to a maximum of 48 monthly instalments) which includes the LPS. They must pay up at least the LPS to the gencos that is due for the month to ensure that they can buy and sell power. That so many States have

not paid up even the penalty is irresponsible indeed. The latest Rules will ensure that there is some flow of funds to the gencos. At present, Discoms owe gencos over ₹1.2 lakh crore. Discoms have been perennially in the red, cash-strapped and mismanaged. Repeated attempts to help them turn the corner, including the Ujjwal Discom Assurance Yojana (UDAY) launched in 2015, have not really helped. Restoring Discoms to some financial health is an exercise that can take half-a-decade, if not more, in the best of circumstances — assuming that technical and regulatory reform proceeds smoothly, and the Centre and States work together. However, the liquidity needs of gencos cannot suffer on account of these wrangles. The LPS Rules can really help here.

The health of Discoms is crucial to keep the wheels of the economy running. Various schemes are in operation (such as the ₹3.05 lakh crore package announced in the Budget 2021-22) to improve the quality of their assets — in the form of grid infrastructure, smart meters and feeder separation for agriculture and domestic use. This will reduce power leakages through billing efficiencies as well as ensure that tariffs can be changed over the time of day to ensure that the difference between peak and off peak loads is smoothed out. However, the knotty issue of fixing tariffs in a way where industrial users do not subsidise residential ones has not been given the attention it deserves. State regulatory commissions often rubber-stamp tariff subsidies or hikes by governments. These bodies should have a diverse stakeholder representation for objective decision-making. The financing for Discoms' infrastructure should be ring-fenced from their operational needs. As for the latter, last year's NITI Aayog report on Discoms observes that AT&C losses remain high at over 20 per cent, with several States above this average. Discom losses started climbing after 2017-18, while Covid made matters worse; this was after showing a declining trend in the five preceding years. AT&C losses can be arrested with better infrastructure. The financially stronger States could do better at improving their systems, as is the case with feeder separation, which also points to the need to monitor the performance of financially weak States.

Discoms, as the report says, should exit from unviable legacy PPAs. Long-term PPAs account for 80 per cent of their electricity purchases. A lock-in for commercial buyers must be enforced as they shuttle between the open market and Discoms. Above all, Discoms need professionalism and independence. Their absence is borne out by the recent

payments default. <https://www.thehindubusinessline.com/opinion/editorial/discom-discipline/article65801925.ece>

12. Railways subsidising train travel by 55%, spent Rs 62,000 crore last year, says Ashwini Vaishnaw (cnbctv18.com) Aug 24, 2022

Railway Minister Ashwini Vaishnaw on Tuesday said that Railways gives a concession of 55 percent to its passengers and last year spent Rs 62,000 crore on the subsidy. The minister, who arrived in Bijnor, Uttar Pradesh, on Tuesday on a two-day visit, said: "If the expenditure of the Railways is Rs 100, then only Rs 45 is charged from the passengers."

Last year, Railways gave a total subsidy of Rs 62,000 crore to different categories of passengers, he said.

Asked about any plans for new trains, Vaishnaw said there are under construction EMU trains, which are being built on the lines of the metro, which do not have an engine but are powered by the second or the third coach. The same arrangement will be made in main line EMU trains also, he said.

Vaishnaw, who is also the Minister for Communications, said that the 5G service of Bharat Sanchar Nigam Limited (BSNL) will start in October. The service is targeted to be launched in five major cities of the country in the next 500 days, he said.

Vaishnaw said that the government has given Rs 1.64 lakh crore to strengthen BSNL, which has been asked to focus completely on customers. <https://www.cnbtv18.com/india/railways-subsiding-train-travel-by-55-spent-rs-62000-crore-last-year-says-ashwini-vaishnaw-14574631.htm>

13. Is India becoming more self-reliant in defence? ([business-standard.com](https://www.business-standard.com)) August 24, 2022

India's first indigenous aircraft carrier, INS Vikrant, will be commissioned into the Indian Navy this month. We ask if after 75 years of independence, are we close to becoming self-reliant in defence

In his Independence Day speech, Prime Minister Narendra Modi called for innovation in defence products. And just fortnight ago, Army Chief General MK Pande had said that the country's interests are best served by being self-reliant, especially in defence productions. And that the future wars cannot be fought and won on what he called "borrowed technology".

India has come a long way since 1971, when the war with Pakistan saw the Indian Navy use its aircraft carrier, INS Vikrant, and its Seahawk aircraft to blockade Bangladesh. INS Vikrant was previously known as HMS Hercules, before India acquired it from the United Kingdom. Fast-forward to 2022. In July, India's first indigenous aircraft carrier, also christened Vikrant, was handed over to the Navy. It will be commissioned later this month.

It is not just INS Vikrant. The country has been making strides towards self-reliance. Hindustan Aeronautics Limited is aiming to secure a deal for its Tejas Light Combat Aircraft in Malaysia.

In January, India had signed a 375-million-dollar contract for the supply of BrahMos cruise missiles to the Philippines. This constituted India's largest-ever weapons sale abroad.

The government numbers show an encouraging trend. As a proportion of total procurement, capital expenditure on imported defence equipment declined from 41.89 per cent in FY20 to 35.28 per cent in FY22.

But a closer look reveals another story. It remains unclear how these import numbers were arrived at. Under the Defence Procurement Procedure 2016, the extent of indigenous content in the procured equipment is calculated by excluding specific elements from its total cost at all stages of manufacturing, production, and assembly.

These elements are the direct costs of all materials and products imported into India, along with the direct and indirect costs of all services obtained from foreign entities or citizens. All license fees, royalties, technical fees and other fees or payments paid out of India and statutory levies in India like taxes, duties, and cesses also have to be excluded. But, there is a question mark on whether or not this method has been adhered to in both letter and spirit.

[Byte of Amit Cowshish on lack of transparency on % of IC in defence items]

If you cannot measure it, you cannot manage it. But, how you measure also matters, especially if the goal is increasing defence indigenisation. And, DPP 2016's 'monetary-value' calculation method might not be the most suitable one.

[Byte of Amit Cowshish, Ex-Financial Advisor (Acquisition), Ministry of Defence, on problems with DPP 2016's IC calculation method and lack of focus on core technologies.]

Becoming self-sufficient in core technologies remains the real challenge. At present, the Tejas is powered by an American engine. As will India's future stealth combat aircraft. Although India is exploring collaboration with foreign defence majors for co-producing engines for the latter. Meanwhile, the Navy's ships rely on power plants designed by foreign firms. And, India is again hunting for a foreign conventional submarine design, despite the Make in India Scorpène initiative.

The government might also have to set its sights higher. As of the 5th of August, three positive indigenisation lists comprising 310 items have been released. These lists clearly spell out the timelines beyond which these items must be compulsorily procured from Indian companies. Though laudable, this indigenisation initiative has its own limitations.

Ajai Shukla of Business Standard says these lists lack ambition. All of their items are already indigenised. They don't present an accurate picture of indigenisation challenges.

Shukla also argues that Make in India for defence products is handicapped by the absence of large orders. In the past, there have also been cases where products designed, developed and manufactured in India failed to qualify for indigenous status because of the government's tendency to place such small orders that it was uneconomical to carry out import-substitution for many components.

Ajai Shukla of Business Standard says, buying just 40 Tejas jets was example of anaemic govt orders. Order for 83 Tejas jets has improved economies of scale.

As Lt Gen H S Panag has pointed out, successive Indian governments have failed to formalise and declare a formal national security strategy. Such a strategy would form the basis of all defence planning, capability development, and fund allocation. In its absence, the Atmanirbhar mission will remain delinked from India's long-term strategic needs. It remains to be seen if the current government will remedy this. https://www.business-standard.com/podcast/current-affairs/is-india-becoming-more-self-reliant-in-defence-122082400094_1.html

14. What counts for PSU banks is reforms not ownership (livemint.com) Updated: 24 Aug 2022

An article in the current issue of the RBI Bulletin argues for a gradual approach to privatization of public sector banks, and cautions against sudden, wholesale privatization. The advice is based on research that finds that public sector banks (PSBs) make greater contributions to financial inclusion, and counter-cyclical lending, leading to more effective transmission of monetary policy. The paper also cites the greater trust the deposit-making public has in public sector banks, as compared to private sector banks.

Bank unions and certain other organisations that see departure from the status quo as selling out to vested interests might feel vindicated by such a finding from within the central bank, given reports and recommendations and many past governors have been making the case for privatising PSBs for decades. Does the advice reflect the position of the RBI or the government? Probably not, given Finance Minister Nirmala Sitharaman maintains in her speeches on the floor of Parliament, including when presenting the Union Budget, that the government will be privatising PSBs.

We would urge the government to stay the course on the gradual bank privatisation it has embarked on. Further, we suggest that this debate about ownership only serves to divert attention from the real reforms India's banking urgently requires: superior supervision and regulation; better use of information technology and analytics; a vibrant debt market as complement and competition to traditional bank credit; and, finally, a resolution framework for banks that fail, whether in the public or the private sector. The goal should be to create an institutionally stable operating framework for banks that makes the nature of ownership irrelevant to how banks function.

The basic job of banks is to mediate the public's savings to those who would put them to optimal use as debt capital, while minimising risk. In the process, a bank agglomerates savings; smoothens out the gaps between how long individual depositors want to keep their money in the bank and for how long borrowers want credit; and avoids high-risk borrowers altogether while striking the right balance between risk and reward in the loans it makes, so as to generate decent returns for depositors and for the bank's own shareholders.

Banks have to attract deposits; develop expertise in the assorted activities for which borrowers seek loans, so as to evaluate risk and reward in the putative loans; develop risk management expertise and loan recovery expertise; manage the funds that await longer term deployment to generate whatever returns are possible; and comply with regulation meant to ensure banks stay solvent, minimise risk to deposits and meet social goals.

Practice is messier. Borrowers submitting cost-inflated projects and bribing decision-makers at the bank or those who appoint them to overlook such minor flaws that would thwart the loan. Bankers lack the skill to make sound loans or the incentive to exert themselves to optimise lending. Some borrowers end up not being able to service loans for reasons other than fraud. Banks have to generate enough returns to provide for such bad loans, without eating into deposits or their own risk capital, and take steps to retrieve whatever can be salvaged from the loans that do go bad. The government

prescribes social goals that cannot be met without considerable expenditure on the banks' part, without compensating the banks for that spending.

The narrative suggests that a major problem with public sector banks is that their decision-making is constrained by ex-post suspicion of criminal intent, should a loan go sour, without any remunerative incentive for bankers at the senior-most levels to take risks. Former governor Urjit Patel challenged this notion, after he stepped down from the RBI, in his masterful analysis of why banking crises recur periodically in his book 'Overdraft: Saving the Indian Saver'. He argues in the book that PSBs seem to not be unduly concerned about the possibility of suspicion, queries and investigations over the loan size to struggling corporates increasing (due to ever-greening of loans) even as their debt-servicing capability decreases.

There is also the implicit, if not explicit, expectation that borrowers should expect differential treatment depending on their proximity to the powers that be. Private sector banks do not face such constraints. To align their lending practices more closely with social purpose laid down by the government, something that doesn't happen at the moment—an argument offered for why PSBs must remain government-owned—can be done. Former governor Raghuram Rajan made the case for privatisation arguing that the private sector banks can be compensated by government for efforts entailed in meeting social obligations. Government doesn't need to own banks for this meeting this objective.

Today, technology allows bankers, auditors, supervisors and regulators to access and analyse data on a scale that could not have been anticipated when the current banking rules and regulatory norms were framed. That capability must be harnessed to raise the quality of bank governance, supervision and regulation to a standard that makes ownership irrelevant to the functioning of the bank, besides eliminating fraud such as the one perpetrated at Punjab National Bank by diamondaire Nirav Modi. Account aggregators leverage the consent layer enabled by the India Stack set of application programming interfaces (APIs), to consolidate a company's financial data lying scattered among diverse entities, ranging from the banks they deal with and the goods and services tax network to the companies they buy from and sell to, into a real-time testament of a company's creditworthiness, far superior to annual reports. They are just a beginning.

Assorted fintech startups that provide data analytics or serve as neobanks specialising in specific sectors such as education or healthcare, can enhance the quality of banking, when they function as partners to commercial banks. Risk-mitigating instruments, such as derivatives and contingent bonds—loss absorbing capital in Additional Tier 1 of bank capital, catastrophe bonds that forgo interest and repayment of principal, in case a specified catastrophe does occur—are essential for banks to play their role in the financial system. That calls for a vibrant debt market.

A debt market is also needed to free banks from having to lend to infrastructure projects for periods that cause serious asset-liability mismatch for banks, and for securitising the loans they do make to infrastructure projects in their initial phases.

Bank reform calls for a comprehensive overhaul of banking and the financial system, of which banks are a vital part; it is not determined by the nature of

ownership. <https://www.livemint.com/opinion/online-views/what-counts-for-psu-banks-is-reforms-not-ownership-11661301326319.html>

15. BSNL Selling 10000 Mobile Towers Pegged at Rs 4000 Crore in Value (telecomtalk.info) 24 August 2022

Bharat Sanchar Nigam Limited (BSNL), the state-run telecom operator in India, has reportedly kicked off the process of selling over 10000 mobile towers. These towers have been pegged at Rs 4,000 crore in value by BSNL. The development comes through an ET report which says that BSNL has appointed KPMG to administer the sale. The tower sale from BSNL is a part of the national monetisation pipeline (MNP) laid out by the central government.

BSNL will only sell the towers which have co-location arrangements with other telecom service providers such as Bharti Airtel and Reliance Jio. There are over 68,000 telecom towers under the tower portfolio of BSNL. Over 70% of the towers of BSNL are fiberised and ready for the deployment of 4G networks.

Indus Towers and Data Infrastructure Trust are expected to make the purchases. It is worth noting that Data Infrastructure Trust had earlier acquired over 1,30,000 towers from Reliance Jio in 2019.

BSNL will Have to Sell These Many Towers

By 2025, because of the MNP targets laid out by the central government, BSNL will have to sell a total of 13,567 towers, along with MTNL (Mahanagar Telephone Nigam Limited) selling 1,350 towers in Mumbai and Delhi. In total, both BSNL and MTNL will sell 14,917 towers in a phased manner.

This will be a helpful move for the private telecom companies who are looking to create a denser infrastructure for a successful 5G rollout. The centre will also be able to raise some money by selling the towers. BSNL is also going to launch 4G PAN-India in the next 18 to 24 months, and for that, the state-run telco also needs access to fiberised towers.

For now, BSNL looks in a comfortable position as it has secured a Rs 1.64 lakh crore relief package from the Indian government. The relief package is focused on helping BSNL rollout 4G, restructure debt and more. There's no official date from BSNL yet for launching homegrown 4G in India. <https://telecomtalk.info/bsnl-selling-10000-mobile-towers-pegged-at/555488/>

16. Government plans to auction 17 non-operational mines surrendered by PSUs (moneycontrol.com) AUGUST 24, 2022

The government plans to put on auction 17 mines surrendered by public sector undertakings which could not put the blocks into operation, Coal and Mines Minister Pralhad Joshi said on Tuesday.

The statement comes in the wake of the government making efforts to ramp up domestic coal production to ensure adequate availability of dry fuel to different sectors.

"Just the-day-before yesterday (Sunday) I got 17 blocks back and they are very good blocks and I am putting them for auction now," Joshi said.

Speaking during a conference on the Indian minerals and metals industry organised by NMDC and FICCI, the minister said many PSUs in the country in sectors like coal were sitting on big mines.

The government decided to take away all those mines from the public sector undertakings which do not get into operation even after the lapse of five to six years and put them on sale.

"I talked to the chief ministers and ministers of a few states and asked them the reasons for sitting on mines. These mines could not get into operation even after 10 to 15 years," Joshi said.

Joshi also said that his ministry was in deliberations with the Ministry of Environment and Forest on how the exploration of mines can happen without cutting down trees.

Through an amendment to MMDR Act in 2021, private exploration agencies which have been accredited are allowed to carry out exploration without prospecting licence upon their notification and so far nine private exploration agencies have been notified for this purpose.

In 2021-22, the total revenue accrued from auctioned mines is more than Rs 25,170 crore.

To be future-ready, the mines ministry, he said, is also exploring sources of minerals like lithium, cobalt, nickel, rare-earth elements, lead, zinc and others.

"With this view, I visited Australia last month to secure critical minerals that will help the country transition to clean sources of energy," he added. <https://www.moneycontrol.com/news/india/government-plans-to-auction-17-non-operational-mines-surrendered-by-psus-9078761.html>

17. Kolkata gasps for clean air even with Rs 536 cr in 3 years to control pollution (downtoearth.org.in) 23 August 2022

The Kolkata Municipal Corporation (KMC) has received over Rs 536.5 crore since 2019 to combat air pollution, said a senior central government official to Down To Earth (DTE). Despite the robust financial support, the city continues to have one of the worst air qualities in the world.

It recently ranked second in Particulate Matter 2.5 concentration after Delhi in a global assessment of 100 populous cities.

The PM 2.5 pollutant count is considered critical as they can penetrate deep into the lungs, triggering a range of health problems including fatal ones.

Environmentalists alleged that the funds were used inappropriately. The money was spent on non-priority areas instead of critical areas like vehicular pollution control likely

to have wider political ramification, they alleged. Hence the investment failed to bring the desired improvement in the air quality of the city.

State and civic body officials accepted that the steps taken so far have proven inadequate to cut the air pollution level significantly in the city, which is about 40 per cent above national limit. Actions on key areas like the transport sector need to be prioritised.

“I will seek a detailed report from the pollution control board and try to undertake appropriate steps to fix the problem,” said Manas Bhunia, state environment minister, to this journalist.

Pollution double of national limit

Kolkata’s PM 2.5 concentration in 2019, the year considered for the study, was 84 micrograms per cubic metre of air, according to the global report Air Quality and Health in Cities by US-based Health Effects Institute. This is more than double the national standard of 40 micrograms and nearly 17 times the World Health Organization (WHO) standard of 5 micrograms.

The National Clean Air Programme (NCAP), however, considers reduction of PM10 — fine respirable particulate matter — as a benchmark of improving air pollution status. This is because sufficient infrastructures for measuring PM2.5 do not exist throughout the country.

The eastern city, however, has not even shown much improvement in the PM10 levels over the last three years, as its annual average has remained static around 100 micrograms.

In fact, during 2021-22, according to NCAP, the concentration increased to 106 micrograms compared to 99 micrograms the year before. The national annual limit is 60 micrograms.

Minimum action on key sources

“Under NCAP and then the 15th Financial Commission, KMC received Rs 536.5 crore from 2019-20 to 2021-22. The money went directly to KMC and only a small part of it was allotted to the state pollution control board through them, as is the NCAP norm,” the senior union government official told this journalist.

KMC officials claimed that they have been working according to the air action plan prepared for the city being pivoted by the environment department. They, however, admitted having inadequate capacity to handle such huge funds and actions to counter pollution in the city.

A KMC official said:

We could use about 50-60 per cent of the funds so far as we do not have adequate infrastructure. We have so far spent funds on road development, particularly making them pothole free; bio-mining of legacy waste in Dhapa; setting up of two construction and demolition waste recycling units in city; water sprinklers, according to the advice of the environment department.

“We will also support at-source separation of solid waste to be initiated soon,” the official added.

The corporation has also purchased about 170 new vehicles to replace its fleet of 15-year-old vehicles.

It also invested around Rs 60-70 crore on building charging stations for electrical vehicles and a few CNG buses, sources said.

Stringent multi-sectoral pollution-cut approach critical

“The steps taken by KMC are important, but what about the priority areas like controlling vehicular pollution and taking steps to replace old polluting commercial vehicles?” said environment activist Subhas Datta.

KMC should not use the fund in covering its other activities and rather, prioritise its action on urgent air pollution-related areas, he added.

Scattering of construction waste in the open covering footpaths — even part of roads — and burning of garbage are routine sights within greater Kolkata, Datta pointed out.

Naba Dutta, an environmentalist and secretary of green platform Sabuj Mancha, said:

It’s strange that such a huge amount of public money was spent apparently to counter the city’s air pollution and no public consultation was held. We demand the government and KMC to inform the public how they are spending the money and organise widespread public consultations on the issue.

Environment experts have also highlighted the ambiguity in the city’s strategy of pollution reduction. Trams — the oldest electric vehicle in the city that has made a comeback all over the world — have been pushed towards a natural death through complete apathy, they noted. This is when, quite rightly, an effort to introduce large scale electrical vehicles are going on simultaneously.

Moreover, there is still no integrated public transport system that can significantly reduce the pollution load, experts argued.

Phasing out old commercial vehicles, including goods vehicles, is politically inconvenient, a researcher in the city said. It involves a huge number of people and so, has been put on the backburner, they added.

“So, the party in power and even the opposition hardly say anything on the issue of surging air pollution and scrapping of old vehicles,” the expert pointed out.

“On the other hand, doling out freebies such as gas in the name of pollution control work in favour of the politicians,” they further added.

“It’s a fact that based on the NEERI report, we earlier asked KMC to prioritise actions on construction, road dust counter and water sprinkling as well as waste burning,” said a senior environment department official.

However, since then, the NEERI report has come under the scanner as it is found to be inconsistent with reports prepared by other premiere research institutes.

“This year, we are asking KMC to focus on transport, solid fuel and stubble burning,” the official shared, accepting that earlier actions were proven to be inadequate to cut pollution to a significant level.

"Data from the Health Effects Institute (HEI) report show that residents of Kolkata are exposed to poor air quality, including very high levels of PM2.5. It is critical to address air pollution in the city, and plan for targeted actions on sources including transportation, industries and waste," Pallavi Pant, a senior scientist of HEI, to DTE.

"Kolkata, with the second-highest PM2.5 exposures, needs the most stringent time-bound multi-sector action to meet the clean air target," Anumita Roy Choudhury, an air pollution expert with Delhi-based non-profit Centre for Science and Environment, observed.

Experts expressed apprehension that Kolkata may not be able to reach the pollution cut target as mandated within the stipulated period unless the government swings into real action quickly. <https://www.downtoearth.org.in/news/governance/kolkata-gasps-for-clean-air-even-with-rs-536-cr-in-3-years-to-control-pollution-84476>