NEWS ITEMS ON CAG/ AUDIT REPORTS (08.09.2022)

1. In fiscal 2020–21, Mizoram's GSDP increased by 15.62%: CAG Report *(economictimes.indiatimes.com)* Updated: Sep 07, 2022

In fiscal 2020–21, Mizoram's Gross State Domestic Product (GSDP) increased by 15.62 percent, according to a research from India's Comptroller and Auditor General (CAG).

The state's GSDP at current prices increased at a pace ranging from 12.76% to 15.62% between 2016 and 21 according to the report that Chief Minister Zoramthang submitted to the assembly on Wednesday.

According to the report, the GSDP for the 2020–21 fiscal year increased by 15.62% to Rs 29,076 crore from Rs 29,076 crore from Rs 25,149 crore (in 2019–20). The primary sector's growth rate in the GSDP has significantly decreased over the five-year period from 2016-2017 to 2020-2021, falling from 18.16% in 2016-17 to 11.15% in 2020-21, while the growth in the secondary sector has stayed more-or-less consistent, based on the report.

The tertiary sector still contributes the most to the GSDP. For the first time since 2014–2015, according to the CAG report, the state government was unable to maintain a revenue surplus throughout the year.

The MTFPS's targets for the fiscal deficit-GSDP ratio and the debt-GSDP ratio were also not attained, it stated.

The fiscal deficit for 2020–21 was 6.43 percent of GSDP, exceeding the projected level of 6.40 percent, while the revenue shortfall for the year was Rs 774.13 crore. Despite not being able to achieve the desired level, the state government's debt to gross state product ratio decreased from 34.51 percent the year before to 33.98 percent.

The fiscal deficit for 2020–21 was Rs 1,869.31 crore. The report noted that the internal debt (Rs 768.17 crore), public account liabilities (Rs 209.40 crore), and loans from the Centre (Rs 225.25 crore) were all increasing as part of the fiscal liabilities for the current year.

As a result, the total outstanding liabilities for the year were Rs 9,881.09 crore, or 33.98% of the gross domestic product, falling short of the objective of 27.85%, it stated.

Due to the non-provision of interest and non-contribution to designated funds, the state's revenue deficit and fiscal deficit were both understated by Rs 15.84 crore, it alleged.

In order to close the state's revenue gap, the CAG has recommended that the state government raise both tax and non-tax revenues. Additionally, it requested that the fiscal deficit target set by the MFRBM Act be followed. https://economictimes.indiatimes.com/news/economy/indicators/in-fiscal-202021-mizorams-gsdp-increased-by-15-62-cag-report/articleshow/94058886.cms

2. Mizoram's GSDP increased by 15.62 percent during fiscal 2020-21: CAG Report *(eastmojo.com)* SEPTEMBER 08, 2022

Mizoram's Gross State Domestic Product (GSDP) has increased by 15.62 per cent during fiscal 2020-21, according to a report of the Comptroller and Auditor General of India (CAG).

The report tabled in the assembly by Chief Minister Zoramthanga on Wednesday said that the growth rate of the state GSDP at current prices during 2016-21 ranged between 12.76 percent to 15.62 percent.

During 2020-21 fiscal the GSDP at the current price was Rs 29,076 crore against Rs 25,149 crore in 2019-20 representing an increase of 15.62 percent, it said.

During five years from 2016-2017 to 2020-2021, there has been a significant decrease in the growth rate of the primary sector in GSDP, declining from 18.16 percent in 2016-17 to 11.15 percent in 2020-21, while the growth in the secondary sector remained more or less steady, the report said.

The tertiary sector continues to be the largest contributor to the GSDP.

The CAG report said that the state government was unable to maintain a revenue surplus during the year for the first time since 2014-2015.

Fiscal deficit-GSDP ratio and Debt-GSDP ratio as targeted in the MTFPS were also not met, it said.

The revenue deficit during 2020-21 stood at Rs 774.13 crore and the fiscal deficit at 6.43 percent of GSDP could not be kept below the targeted 6.40 percent.

Even though the state government was unable to meet the targeted ratio of Debt to GSDP, it declined to 33.98 per from the previous year's ratio of 34.51 percent.

During 2020-21, the fiscal deficit stood at Rs 1,869.31 crore.

Components of fiscal liabilities exhibited upward movement for the current year with increase in internal debt (Rs 768.17 crore), public account liabilities (Rs 209.40 crore) and loans from the Centre (Rs 225.25 crore), the report said.

As a result, total outstanding liabilities for the year stood at Rs 9,881.09 crore which was 33.98 percent of GSDP and thus, failed to meet the target of 27.85 percent, it said.

Both the revenue deficit and fiscal deficit of the state was understated by Rs 15.84 crore due to non-provision of interest and non-contribution to designated funds, it said.

The CAG has suggested that the state government make more efforts to increase its tax and non-tax revenues to make up for the revenue deficit in the state.

It also asked to adhere to the target of the MFRBM Act set for fiscal deficit. https://www.eastmojo.com/mizoram/2022/09/08/mizorams-gsdp-increased-by-15-62-percent-during-fiscal-2020-21-cag-report/

3. Report on Madhya Pradesh nutrition programme irregularities not final, says Shivraj Singh Chouhan *(thehindu.com)* UPDATED: SEPTEMBER 07, 2022

Madhya Pradesh Chief Minister Shivraj Singh Chouhan on Wednesday said that the findings of a recent audit report that talk of purported irregularities in the State's nutrition programme for women and children were not final, and attacked the Congress for alleged irregularities during its tenure (2018-20).

"This is not the final report of the CAG (Comptroller and Auditor General). This is a preliminary report, on which the [Women and Child Development] department is yet to present its side. Congress took action to withdraw the nutritional food plants from women self-help groups. An amount of [₹]35 crores was stopped for providing sub-par nutritional level during the Congress regime," tweeted Mr. Chouhan.

The Congress has been attacking the Madhya Pradesh Government over the issue, seeking Mr. Chouhan's resignation. Others, including the Aam Aadmi Party (AAP) and the Trinamool Congress (TMC), have also been turning on the heat on the issue of irregularities in the distribution of rations. In another tweet, Mr. Chouhan also attacked the AAP saying that the party under Delhi Chief Minister Arvind Kejriwal and Deputy Chief Minister Manish Sisodia had failed to present the CAG's report in the Delhi Assembly since four years.

The ruling Bharatiya Janata Party (BJP) in Madhya Pradesh, too, posted a series of tweets saying that there was no scam under its rule and called the State's Auditor General's report that talks of "large scale fraud/misappropriation etc in the identification of beneficiaries, production, transportation, distribution and quality control of THR [take home ration]" as a "routine report dubbed as scam by the Congress".

The party specifically addressed two irregularities highlighted by the survey — the alleged fraudulent and exaggerated estimation of the number of beneficiaries, and the quality control aspects. It said that the estimated number of 2.26 lakh beneficiaries in 2018-19 had been brought down with transparency to 15,000, and it was for this number that rations were being withdrawn.

On the quality of the THR, which comprises dry ration as well as cooked items, distributed to children, pregnant and lactating mothers, and Out Of School Adolescent Girls (OOSAG), it said that the State had been under the Congress' rule in the period the auditor has pointed toward.

The confidential audit report said that the lab report of THR supplied by plants in five districts was not in conformity with the required nutritional value of the THR during March 2019 to January 2020 and this is a period when the Congress was ruling.

Responding to this counter by the BJP, Madhya Pradesh Congress media cell in-charge K.K. Mishra said that even if the Congress ruled the State during the said period, the Minister of Women and Child Development Department (WCD) was Imarti Devi. Ms. Devi was among the 22 rebel Congress MLAs — considered close to Union Minister Jyotiradiya Scindia — who had switched over to the BJP, paving Mr. Chouhan's return as the Chief Minister.

However, Ms. Devi lost the by-elections that followed the crossover and since then, the department has been supervised by Mr. Chouhan himself.

"If Ms. Devi's culpability is proven, she should be sent to jail," Mr. Mishra said in response to the BJP's claims and that party's attempts to turn tables on the Congress with the hashtag #RationChorCongress. https://www.thehindu.com/news/national/other-states/report-on-madhya-pradesh-nutrition-programme-irregularities-not-final-says-shivraj-singh-chouhan/article65862435.ece?homepage=true

4. No corruption in nutrition scheme, AG audit report not final: MP home minister *(theprint.in)* September 7, 2022

The Madhya Pradesh government on Wednesday denied irregularities in implementation of a supplementary nutrition scheme and said the Accountant General's audit report on the programme was not final and that the number of a vehicle mentioned in it was not registered on the transport department's "Vahan" portal.

The Accountant General's (AG) audit report on the take home ration (THR) component of the supplementary nutrition programme 'poshan-aahar' has kicked up a controversy with the Congress alleging corruption in its implementation. The opposition party, citing the report, has said vehicles mentioned as trucks for transportation of 'take home ration' turned out to be motorcycles and cars.

Madhya Pradesh Home Minister Narottam Mishra, who is also the state government's spokesperson, maintained the audit report was not final.

"In the report it was mentioned that poshan-aahar was transported in such vehicles whose registration numbers match with cars, scooters or tractors and are not available on the Vahan portal, which means they are not registered. But the fact is, a registration number, MP 15 AV 3835, is mentioned in the report, while in the department records the number mentioned is MP 15 LA 3835 and this number is also recorded at weigh-bridge and security registers where entries were made," he told reporters.

"Before giving a report to the audit, officials should have taken on record entries made at weigh-bridge and security registers maintained in Sagar district," Mishra said.

Referring to the audit report finding that eight districts had received 97,656 MT of poshan-aahar, but in anganwadis (child care centres) only 86,377 MT was transported, and the rest was not found in stocks, Mishra said in the preliminary probe, auditors have taken into account only that poshan-aahar whose bills were paid, but not recorded those whose payments were pending.

As this poshan-aahar was transported, it was not mentioned in stocks, said the minister.

"Just because bills for transportation were not paid doesn't mean it (food material) was not transported," he said.

Besides, the auditor had sought factual information in two weeks so that they can take a call on whether or not to include it in the CAG (Comptroller and Auditor General of India) report, he said.

“The report in question was not final,” Mishra said.

He categorically said there were no irregularities in the poshan-aahar programme and added the state government will give a detailed reply in two weeks’ time on the issue.

The Congress on Tuesday cited the AG report to allege corruption in the supplementary nutrition scheme implemented by the women and child development (WCD) department wherein vehicles mentioned as trucks turned out to be motorcycles and cars.

“As per the report, till 2021, 4.05 MT take home ration (THR) was distributed to 1.35 crore beneficiaries amounting to Rs 2393.21 crore. It specifically pointed out that the registration numbers of trucks mentioned in the records of the transport of food material turned out to be motorcycles, cars, autorickshaws, tractors and tankers when checked through the ‘Vahan’ portal of the transport department,” state Congress media department chairman KK Mishra had alleged at a press conference in Bhopal.

Comparing the alleged irregularities in the scheme and distribution of ration with the infamous Bihar fodder scam, the Congress demanded the resignation of Chief Minister Shivraj Singh Chouhan, who heads the WCD department. https://theprint.in/india/no-corruption-in-nutrition-scheme-ag-audit-report-not-final-mp-home-minister/1119984/

5. कारम डैम के बाद अब क्या गांधी सागर बांध पर खतरा! कैग की रिपोर्ट के बाद हड़कंप *(hindi.news18.com)* Updated: September 7, 2022

मंदसौर. धार के कारम डैम के बाद अब क्या मंदसौर के गांधी सागर बांध की बारी है. कैग की रिपोर्ट तो यही कह रही है कि बांध पर संकट है. 2019 में आयी भीषण बाढ़ ने बांध को काफी नुकसान पहुंचाया है. कैग की रिपोर्ट के बाद प्रशासन सतर्क हो गया है और सर्वे के लिए 10 टीम बना दी गयी हैं. अगर बांध पर आंच आयी तो इसके कारण करीब 40 लाख की आबादी खतरे में पड़ जाएगी.

मध्यप्रदेश के मंदसौर में चंबल नदी पर बना गांधी सागर बांध कैग की रिपोर्ट के अनुसार खतरे में है. 2019 में आई भीषण बाढ़ के बाद गांधी सागर बांध की बालकनी के ऊपर से पानी छलक पड़ा था. बांध का पावर हाउस भी पूरी तरह से ठप हो गया था. बांध की परिधि में रहने वाले लोगों और यहां पर होने वाली गतिविधियों के ऊपर भी जब प्रश्नचिन्ह खड़े हुए तो प्रशासन जागा और अब वहां पर तकनीकी और अन्य सर्वे शुरू करवा दिया गया है. कलेक्टर गौतम सिंह ने अलग-अलग सर्वे दल गठित किए हैं. सभी को 15 दिन में रिपोर्ट देनी है. गांधी सागर बांध की 5 किलोमीटर की परिधि में ड्रोन से वीडियो और फोटोग्राफी पर भी रोक लगा दी गयी है. पूरे इलाके में धारा 144 लागू कर दी है.

कमजोर हो गया है बांध

नियंत्रक एवं महालेखा परीक्षक (कैग) ने अपनी अंकेक्षण रिपोर्ट में प्रदेश के जर्जर बांधों पर आपत्ति ली थी. मंदसौर जिले में चंबल नदी पर बंधे गांधी सागर बांध में वर्ष 2019 में पानी का रिसाव हुआ था. रिपोर्ट में कहा गया था कि बांध के डाउन स्ट्रीम में गहरे गड्ढे हो गए हैं. गांधी सागर बांध कमजोर हो गया है. इसलिए आस पास की बस्ती सहित डैम के इलाके में पड़ने वाली लाखों की आबादी पर खतरा मंडरा रहा है. कैग ने रिपोर्ट में कहा है बांध को मरम्मत की जरूरत है.

बांध के आसपास धारा 144

कैग की रिपोर्ट के बाद प्रशासन ने गांधी सागर बांध के 5 किलोमीटर के दायरे में धारा 144 लागू कर दी है. इस परिधि में ड्रोन से बांध के आसपास फोटोग्राफी और वीडियोग्राफी भी प्रतिबंधित कर दी गई है. कलेक्टर गौतम सिंह ने अलग-अलग टीमें गठित कर सर्वे करना भी शुरू कर दिया है. ये टीमें बांध की स्थिति का आंकलन और आसपास अवैध रूप से सरकारी जमीन पर अतिक्रमण कर रह रहे लोगों का सर्वे करेंगी. कुल 10 टीम बनाई गई हैं. इनमें राजस्व, सिंचाई, पुलिस, शिक्षा,आंगनवाडी कार्यकर्ता और अन्य विभागों के अधिकारी कर्मचारी शामिल हैं. प्रत्येक टीम में 8 सदस्य हैं. गांधी सागर पंचायत की जनसंख्या 8850 और 20 वार्ड हैं. जांचदल को 15 दिन में रिपोर्ट तैयार करके देना है. गांधी सागर बांध के आस पास रहने वाले लोगों में अधिकतर बंगाल से आए हुए मछुआरे हैं. कई लोग बांध के निर्माण के समय यहां आ गए थे. उस समय से यहीं पर रह रहे हैं. कुछ ऐसे भी हैं जो भारत विभाजन के समय यहां पर आ गए थे.

सर्वे टीम 15 दिन में रिपोर्ट देगी

कलेक्टर गौतम सिंह ने बताया गांधी सागर बांध को कोई खतरा नहीं है. लेकिन कैग की रिपोर्ट के बाद अलग-अलग टीमें गठित कर दी गई हैं. एक टीम तकनीकी दृष्टि से बांध को देख रही है, जहां पर बांध को खतरा हो सकता है वहां पर मरम्मत की जाएगी. दूसरी टीम स्थानीय जनसंख्या का सर्वे कर रही है. यह जानकारी मिली थी कि वहां पर कई लोग शासकीय जमीन पर अतिक्रमण करके रह रहे हैं. 15 दिन में जांच दल की रिपोर्ट आएगी उसके बाद ही कुछ निर्णय लिया जाएगा.

40 लाख की आबादी पर खतरा

कैग की रिपोर्ट के बाद कलेक्टर गौतम सिंह ने गांधी सागर बांध की के सर्वे के लिए जो टीमें बनायी हैं वो देर से ही सही पर एक सही फैसला है. अगर गांधी सागर बांध खतरे में पड़ा तो इसकी वजह से राजस्थान, मध्य प्रदेश सहित करीब 40 लाख से ज्यादा की आबादी खतरे में पड़ जाएगी. https://hindi.news18.com/news/madhya-pradesh/mandsaur-gandhi-sagar-dam-in-danger-cag-report-disclosed-collector-constituted-10-survey-teams-mpsg-4560081.html

6. Bengaluru floods: How lake catchment alterations upped urban flooding risk in the city *(indianexpress.com)* Updated: September 8, 2022

The overflowing of Bellandur, Varthur, Saul Kere and Kaikondrahalli lakes in Bengaluru has put the spotlight back on the loss of interconnectivity of water bodies, which is being blamed for the recent urban flooding. While the government took up the desilting work of Bellandur and Varthur lakes in June 2020, that work is yet to be completed.

Dr T V Ramachandra, from the Centre for Ecological Sciences at the Indian Institute of Science (IISc), says that loss of interconnectivity among lakes in the region is the major reason behind the flooding.

In 1800, Bangalore (740 sq km region) had 1,452 water bodies with the water storage capacity of 35 TMC (thousand million cubic feet), which helped in optimally harvesting rainwater and also mitigated flooding.

"Today we have 193 lakes and most of them have lost connectivity due to blocking of rajakaluves (storm water drains) with solid waste or because of encroachment. Lakes and their beds are also being encroached. The silt deposited in the lakes also reduces the water holding capacity of the lakes," he said.

Catchment alterations

Bengaluru has the distinction of having inter connected lake systems. Valley zones connecting the lakes are to be protected to ensure the continuation of hydrological functions of the drains and flood plains. However, valley zones in the city continue to be abused despite norms to protect these fragile ecosystems.

"Bellandur-Varthur wetland ecosystem has been experiencing threat due to the large scale catchment alterations with changes in the land use, land cover. This wetland is now being converted for mixed land use to build both residential and office complexes. Alterations in the wetland began in 2004 and aggravated post 2008. The alterations of these wetlands were initiated by filling the low lying areas with excavated earth debris, followed by other construction activities. The land fillings have breached both drains and lakes," Ramachandra said.

The upstream lakes to Bellandur and Varthur, which include Kaikondrahalli and Saul Kere, are also overflowing due to the rampant encroachments of storm water drains.

Ramachandra added that his study found that the storm water drain connecting Bellandur lake from the city market side was narrowed to 28.5 m against the original width of 60 m.

Also, a 2021 audit report by the Comptroller and Auditor General (CAG) said that the stormwater drain department does not maintain records like work registers or the progress reports of works. It also said that BBMP (Bruhat Bengaluru Mahanagara Palike) failed to factor in high intensity rainfall amid rapid urbanisation and did not adhere to the provisions of Indian Road Congress and the guidelines of National Disaster Management Authority while designing and constructing roads/drains. "Ground water recharge structures were not taken up due to flow of sewage in SWDs. Water bodies and drains were not inter-connected and linkage between different drains was absent. This affected free flow of stormwater leading to frequent flooding in various parts of the city," the report said.

Failure to desilt

Bangalore Development Authority (BDA) in June 2020 had commenced the desilting at Bellandur and Varthur lakes. Officials say that due to the pandemic the work was stopped and was resumed again in January 2021. In April 2021, the work was again discontinued.

Varthur Lake warden Jagadish Reddy said, "The desilting, whatever has happened till now, indeed improved the water retention capacity of Varthur lake. The desilting at Bellandur lake was stopped in March and at Varthur it was stopped in April. The problem is that there are more than 90 lakes in this series of the lakes of which Varthur and Bellandur are part of. Most of these lakes and drains in this series are either encroached or not desilted leading to flooding."

Bangalore Development Authority officials say that the desilting of these lakes will take another one year. "The desilting at these two lakes was supposed to be completed in August this year. One of the major reasons in the delay of desilting is the identification of the area where the silt has to be deposited….The silt was initially given even to the farmers to be used as manure. Moreover, in this heavy rain it is not possible to carry out desilting," the official said.

There are more than 6,000 illegal layouts across the city. A senior IAS official with the revenue department said that over 22 layouts have been constructed on lake beds across the city. But officials incharge of removing those encroachments say that despite orders to remove them, they face resistance from residents. https://indianexpress.com/article/explained/explained-climate/explained-lake-catchment-alterations-urban-flooding-risk-bengaluru-8137048/lite/

7. The plight of India's flooded tech capital is striking. But Bengaluru's predicament is unfortunately not unique *(indianexpress.com)* Updated: September 08, 2022

As Bengaluru reels under floods, schools are shut and tech firms have urged employees to work from home. Power and water supply have been hit in many areas. Residents in expensive enclaves have had to be evacuated from their flats and villas and CEOs of MNCs reportedly had to wade through water and even travel on tractors to work. There is flooding in the Outer Ring Road area, which hosts tech firms that bring in revenue of billions of dollars annually. The Bruhat Bengaluru Mahanagara Palike (BBMK) Chief Commissioner has blamed the extreme weather conditions — this is reportedly the city's second wettest rainy season in 50 years. Chief Minister Basavaraj Bommai attributed it to the "maladministration" and "unplanned" development under previous governments. There is truth in that explanation but the CM did not reveal what his government has done to break from the past, or correct it. The unfortunate fact is that the Bommai administration has been busy with polarising issues such as hijab in educational institutions, or in stoking spectres of conversion, rather than attending to Bengaluru's crumbling infrastructure.

Of course, the current predicament in Bengaluru is not an exception. The scenes seen in India's Silicon Valley this week have been witnessed earlier in Chennai, Hyderabad, Mumbai, Guwahati, Kochi and several other cities and towns in India. Each town/city may cite local factors for the collapse of infrastructure in the face of extreme events, but a common thread runs through all the stories. A large number of urban wetlands that soak up rainwater have been built upon, including in Bengaluru. Corrupt civic bodies are guilty of treating cities as pieces of lifeless real estate to be sliced up for the benefit of the highest bidders. Stormwater drains remain locked in decades-old networks, whose deficits are aggravated by the inefficiency of municipal bodies. Last year, for instance, the Comptroller and Auditor General pulled up the BBMK for "its inability to manage stormwater drains in the city." It raised questions about Bengaluru's sewerage plan, especially the municipality's failure to map the city's tertiary drains, which have a critical role in managing run-off.

Urban bodies complain — and mostly, they have a point — that they lack adequate resources. Municipal tax rates are far too low for local administrations to build, manage and renew public services and utilities efficiently. But the truth also is that civic bodies are often guilty of impropriety in the use of resources. The CAG, for instance, also found that the Bengaluru municipality did not maintain proper records of the stormwater management funds allotted to it under the JNNURM. It also noted the lack of coordination between the municipality and the Bangalore Development Authority on drainage-related matters. The net result of all these omissions is on show in Bengaluru, where, as an IT czar put it, technology professionals are forced to be on the road for hours to design apps that promise to deliver groceries in 10 minutes. https://indianexpress.com/article/opinion/editorials/the-plight-of-indias-flooded-tech-capital-is-striking-but-bengalurus-predicament-is-unfortunately-not-unique-8137452/

SELECTED NEWS ITEMS/ARTICLES FOR READING

8. Tax treat *(thehindubusinessline.com)* Updated: September 07, 2022

Formalisation of the economy, lower corporate tax rates and digital tracking are beginning to pay off

After taking a hit during Covid, India's direct tax collections have been displaying unusual buoyancy lately. In FY22, gross direct tax collections soared 49 per cent to ₹14.1 lakh crore, exceeding not just Budget estimates (₹11.08 lakh crore) but also the revised estimates (₹12.5 lakh crore). The growth last year however, could be explained by the low base effect. India's GDP after contracting in FY21 due to Covid related disruptions, rebounded in FY22 with corporate profits following suit. But recent data from the Controller General of Accounts show that direct tax mop-ups have continued their strong growth into this fiscal as well. Net corporate tax collections for April-July 2022 at ₹1.96 lakh crore were 35 per cent higher than the same period last year, while net personal income tax mop-ups were a good 50 per cent more. With over a third of the direct tax collections budgeted for the year already in the kitty, the CBDT Chairman's hope that actual mop-up will again exceed Budget estimates may not be misplaced. But this will hinge on the buoyancy sustaining through the year.

One factor behind the buoyancy in direct tax collections appears to be inflation. As they are levied on incomes, direct tax collections carry a greater correlation to nominal GDP growth than real GDP growth. India's real GDP in Q1 FY23 coming at 13.5 per cent was somewhat disappointing, but thanks to high inflation, nominal GDP growth was at a robust 26.7 per cent. But both corporate and personal income tax receipts in the April-July period have surged much faster than the nominal GDP. With respect to corporate taxes, this could be explained by two factors — increasing formalisation of the economy and improving compliance. While input cost pressures have moderated profit growth at India Inc this year, the process of formalisation of the economy, with a shift in profits from the unorganised to organised firms, seems to have gained traction, post-Covid. A recent ICICI Securities study finds that India Inc's profits, which had dipped to 1.6 per cent of GDP in FY20 had climbed back to 4.6 per cent by FY22, with the trend expected to continue. It is also likely that some part of the gains in corporate tax collections have come from better voluntary compliance. As a part of the stimulus package for Covid, the Centre had effected a sharp cut in the corporate tax rate from over 30 per cent to 22 per cent, if companies opted to give up exemptions. A recent Action Taken report submitted to Parliament showed that about 15.8 per cent of the corporate return filers accounting for over 61.9 per cent of the declared income, have opted for this new regime. The tax cut shrank corporate tax mop-ups during Covid, but seems to be paying off now.

On personal income tax though, it appears to be fear of the stick that's behind the 50 per cent surge in collections. With the concerted digital push and the taxman tightening reporting structures around high-value transactions while deploying technology to track money trails, the wiggle room for individual taxpayers to evade tax has shrunk considerably. The CBDT's recent initiatives to present taxpayers with an auto-populated Annual Information Statement and 26AS have reduced scope for under-reporting of income. Having tightened the screws on individual taxpayers though, it may be time for the Centre to consider some carrots, in the form of lower personal tax rates or a more friendly exemption-free regime in the days ahead. https://www.thehindubusinessline.com/opinion/editorial/tax-treat/article65862660.ece

9. India 'Running Out Of Weapons' Due To "Make In India" Policy: Report *(ndtv.com)* Updated: September 08, 2022

Prime Minister Narendra Modi's push to boost domestic manufacturing of defense systems is leaving India vulnerable to persistent threats from China and Pakistan, according to officials with knowledge of the matter.

India's air force, army, and navy can no longer import some critical weapons systems to replace aging ones, the officials said. That risks leaving India critically short of helicopters by 2026 and with a shortfall of hundreds of fighter jets by 2030, they said.

Shortly after sweeping to power in 2014, PM Modi unveiled his "Make in India" policy to build everything from mobile phones to fighter jets in India to generate jobs and reduce outflows of foreign exchange. But eight years later, the world's biggest importer of military hardware still doesn't manufacture enough weapons locally to meet its needs -- and government rules are blocking imports.

PM Modi's program mandates between 30% to 60% of home-made components, depending on the nature of the military purchase or where it's purchased from. There were no such caps earlier and India used a system of plowing back a certain percentage of the cost of the purchase into domestic manufacturing.

As things stand, India's military readiness is set to further deteriorate just as it faces greater risks from Pakistan and China, which have soldiers deployed toe-to-toe against troops from India along their Himalayan border following deadly clashes in 2020. The weaker air force in particular means India will need twice the number of soldiers on the ground to deter aggression along the Chinese border, one person said.

Bloomberg spoke to multiple officials for this story across the three services in India. They asked not to be identified to discuss sensitive issues.

India's Ministry of Defence did not respond to an email seeking comments.

While India's military has increased local purchases of some defense items, the country doesn't yet produce complex platforms like diesel-electric submarines and twin-engine fighters. Plans to buy fighters from foreign manufacturers were shelved because the Modi government wants the air force to opt for indigenously made single-engine fighters, which are in short supply, as well as twin-engine fighter planes that the country doesn't yet have in production.

The situation with the air force is particularly dire. By 2030, the Indian Air Force may be left with less than 30 fighter squadrons, well below the 42 the military says it needs to adequately protect borders with both China and Pakistan, officials said. Between now and then, the air force will be forced to ground about half-a-dozen squadrons -- each including 16 to 18 fighter jets -- that will reach the end of their flying life, one official said.

The Bengaluru-based state-owned defense manufacturer Hindustan Aeronautics Limited can only produce eight indigenous Tejas fighters each year, officials said, or roughly half a squadron. The company plans to double manufacturing capacity by 2026, they added, but delays are possible due to supply-chain disruptions caused by Russia's war in Ukraine.

Tense Border

Helicopters are another problem. The air force, army, and navy still depend on light helicopters designed and developed in France more than half a century ago and inducted in the 1970s. Almost 80% of India's fleet of choppers has already outlived their lifespan of 30 years, a defense ministry official said.

Most of the army's fleet of single-engine choppers will have to be grounded by 2026 even though domestically made light helicopters aren't likely to be ready before the end of 2030, one defense official said. A plan to manufacture Russian Kamov-226T helicopters hasn't materialized yet because of disagreements over costs and the amount of indigenous components to be included.

Last year, the Indian Army advised the Defense Ministry to ignore PM Modi's import bans and buy a few dozen much-needed utility helicopters, an official said. Both the air force and army are also making contingency plans and extending the lives of the existing aging platforms, said officials.

Flying the old helicopters is costing lives. According to records with the Parliament until last December, 31 soldiers were killed and another 19 injured in accidents involving military helicopters since 2017.

The navy is also facing problems over the push to use home-grown equipment. India's submarine fleet is dependent on a limited number of heavyweight torpedoes it had bought four decades ago.

The Defence and Development Research Organisation (DRDO) is working on a plan to make submarine launched, heavy-weight torpedoes but there is no specific timeline for when they will be ready for use.

PM Modi's import substitution plans don't take into account the fact that developing world-class weapon systems requires billions of dollars in investment and years of research, said Rahul Bedi, a New Delhi-based independent defense analyst. Moreover, even Indian defense platforms such as light combat aircraft or tanks have roughly 50% imported components, he added.

"Make in India for defense isn't thought through properly," Mr Bedi said. "It is a good slogan, beyond that there isn't much to show as yet." https://www.ndtv.com/india-news/india-running-out-of-weapons-due-to-make-in-india-policy-report-3326079#pfrom=home-ndtv_topscroll

10. Former RBI governor D Subbarao suggests 10-year road map for privatisation of all public sector banks *(financialexpress.com)* September 07, 2022

Former RBI governor D Subbarao has suggested that the government should come up with a 10-year road map for privatisation of all Public Sector Banks (PSBs) as it would provide much needed predictability to stakeholders.

Subbarao further said that the big bang approach to privatisation of state-owned banks is not desirable but at the same time the issue should not be put on the back burner.

“Ideally, we should have a road map, maybe over a 10 year timeframe, to privatise all PSBs.

“That will give much needed predictability to all stakeholders,” he told PTI.

Meanwhile, Subbarao said the government should also be thinking about corporatisation of public sector banks so that they come within the umbrella of uniform RBI regulation.

In the Union Budget for 2021-22, the government announced its intent to take up the privatisation of two PSBs in the year and approved a policy of strategic disinvestment of public sector enterprises.

The government think-tank NITI Aayog has already suggested two banks and one insurance company to the Core Group of Secretaries on Disinvestment for privatisation.

According to Subbarao, the impact on the Indian economy of privatisation of PSBs will be in two ways.

“The overall efficiency of the banking system will improve as public sector banks, freed from the obligation of driving social objectives, will pursue profit maximisation like their private counterparts,” he said, adding that the pursuit of social objectives like financial inclusion and priority sector lending might, to some extent, be compromised.

Even so, Subbarao said he believes the net cost benefit calculus of privatisation will be positive.

In 2020, the government merged 10 nationalised banks into four large lenders, thereby bringing down the number of PSBs to 12.

The former RBI governor observed that at India’s current stage of development, the country should be using other instruments to pursue social objectives rather than continuing to place the burden on bank depositors and borrowers.

A research paper published in the August 2022 issue of RBI Bulletin had said “the gradual approach to privatisation adopted by the government can ensure that a void is not created in fulfilling the social objective of financial inclusion.

Asked whether high inflation will become the norm in India and if the country’s inflation targeting regime faces its biggest test at the moment, Subbarao said he believes the RBI’s monetary policy action as well as possible base effect will help bring inflation down to 4 per cent over the next two years.

RBI has been mandated by the government to ensure that inflation remains at 4 per cent with a margin of 2 per cent on either side.

Noting that monetary policy action will involve raising interest rates and withdrawing liquidity which RBI has already started, Subbrao said there is a case for further tightening although he cannot speculate on how much.

“The trend inflation of 6 per cent suggests that the repo rate should be 7 per cent so that it is positive in real terms,” he said, adding that it is possible that RBI might not be so aggressive in the face of global slowdown.

While pointing out that it is important that the government deliver on the budgeted fiscal deficit of 6.4 per cent of GDP notwithstanding higher than budgeted expenditure commitments on food and fertilizer subsidies, Subbarao said any additional borrowing, apart from eroding fiscal credibility, will also put upward pressure on inflation.

According to official data, retail inflation softened to 6.71 per cent in July due to moderation in food prices but remained above the Reserve Bank's comfort level of 6 per cent for the seventh consecutive month.

The Consumer Price Index (CPI) based retail inflation was at 7.01 per cent in June and 5.59 per cent in July 2021. It was above 7 per cent from April to June this fiscal. https://www.financialexpress.com/industry/banking-finance/former-rbi-governor-suggests-10-year-road-map-for-privatisation-of-all-public-sector-banks/2658682/

11. One in every six MSME loans under ECLG scheme turned into NPAs: Report *(business-standard.com)* September 8, 2022

One in every six loans disbursed under the Emergency Credit Line Guarantee Scheme (ECLG Scheme) launched during the Covid-19 pandemic has turned bad in the last 27 months. The majority of these loans are lower than Rs 20 lakh, a report by Indian Express (IE) stated.

The National Credit Guarantee Trustee Company Ltd (NCGTC) declared that 1.6 million accounts or 16.4 per cent of the total 9.8 million loans disbursed have turned into non-performing assets (NPAs), the report stated. NCGTC was set up to manage these loans.

In May 2020, the government announced the ECLG scheme. A two-year moratorium was allowed for the loans under ECLG. For NBFCs, the interest rate was capped at 14 per cent. The interest rate for other entities was fixed at 9.25 per cent. If they remained unpaid after the moratorium, the loans were to be declared as NPAs.

However, IE quoted a banker as saying that if one loan account of a customer turns bad, all the loans of the account holder are declared as NPA.

Loans under the ECLG Scheme are guaranteed by the government and 75 per cent of the loan amount is paid to the bank by the government immediately if the accounts become NPAs. If the money is not recovered, the government pays the 25 per cent to the bank.

A report by the State Bank of India (SBI) released in January said that the ECLGS was crucial to keep MSMEs afloat. https://www.business-standard.com/article/economy-policy/one-in-every-six-msme-loans-under-eclg-scheme-turned-into-npas-report-122090800498_1.html

12. FinMin okays converting Vodafone Idea's Rs 16,100 cr dues to govt equity *(business-standard.com)* September 8, 2022

Ministry of Finance cleared a proposal to convert the accrued interest on dues related to deferred adjusted gross revenue (AGR) worth Rs 16,130 crore of Vodafone Idea into equity, reported Economic Times.

The telecom department will now have to finalise the transaction according to the package announced earlier.

"It (the equity conversion) has received the finance ministry's nod in line with the approved (telecom relief) package," said an official told ET.

The equity conversion was been pending since January this year, which finally received the government's approval.

With investors seeking clarity on the matter, it is crucial for Vodafone Idea to conclude the Rs 10,000 crore external fundraise via equity. According to reports, the telecom service provider is also engaging with banks to raise another Rs 10,000 crore in debt to invest in 4G and 5G network to compete with rivals such as Reliance Jio and Bharti Airtel.

The government of India will own nearly 33 per cent of Vodafone Idea's equity, and become the single-largest shareholder, provided the Department of Telecommunications finalised the conversion under the telecom relief package. Vodafone will hold 31.8 per cent and ABG, 18.3 per cent, according to Nomura. Also, the co-promoters of VI -- UK's Vodafone Group Plc. and the Aditya Birla Group -- will together continue to hold a combined majority stake of 50.1 per cent.

This Rs 16,130-crore liability is the accrued interest on Vodafone Idea's accumulated licence and spectrum usage charge (SUC) dues levied on AGR and deferred spectrum payments up to FY17. But, the telcos got the option to convert these dues into government equity under the terms of rescue package. Vodafone Idea had opted for the option. https://www.business-standard.com/article/companies/finmin-okays-converting-vodafone-idea-s-rs-16-100-cr-dues-to-govt-equity-122090800234_1.html

13. Concor privatisation to get a leg up: Railway land lease rentals cut sharply *(financialexpress.com)* September 8, 2022

In a move that will help accelerate urbanisation, multi-modal connectivity and infrastructure development, the Union Cabinet on Wednesday approved a steep 75% reduction in the railway land licencing fee (LLF), along with a much longer lease period, for specified end uses. The decision will also aid the proposed privatisation of Container Corporation of India (Concor).

If the land is used for cargo business – Concor is a major lessee – or integrated development of public service utilities like electricity, gas, water supply, sewage disposal, urban transport, etc, the LLF will now be 1.5% of the land value, down from 6%. Also, the lease period in such cases will be 35 years, instead of 5 years. The new policy has also eased the right of way (ROW) to make asset creation easier for investors.

Following the Cabinet decision, the Concor stock rose 8.58% on Wednesday to close at Rs 726.65 on the BSE.

Uncertainty surrounding LLF policy and the high lease cost were hurdles in the Concor disinvestment. At the current market prices, the government’s proposed 30.8% stake in Concor is worth about Rs 13,636 crore.

While Concor will benefit from new lower costs on new parcels of land it will take on lease, it and other commercial users of railways land will also have the option to switch to the new licensing regime after a competitive bidding process for plots currently in their possession.

The government estimates that about 300 PM Gati Shakti Cargo Terminals would be developed over the next five years and about 0.12 million jobs would be generated thanks to the move.

Among the civilian government agencies, the Indian Railways is the largest landholder with 1.134 million acres. Of these, about 0.1 million acres are vacant (surplus) land. Though aggressive land monetisation was advocated by many, including the DK Mittal committee, to boost the resources available with the national transporter (it barely make any operational surplus) for new investments, the progress has been tardy. State governments' refusal to give right of way has often stymied commercial development of surplus railway land.

The approval of the much-awaited LLF policy will facilitate the implementation of PM Gati Shakti – National Master Plan for multi-modal connectivity, for integrated planning and coordinated implementation of infrastructure connectivity projects, the government said in a statement.

"Rationalising the railway land lease policy will accelerate investment in the sector and reverse the decades-long modal shift to the road. It will bring in higher quality infrastructure to steadily reduce India's logistics costs and make our manufacturers more competitive globally," said Ajit Pai, strategy lead partner, Government and Public Sector, EY India.

Among others, railways land will be offered for optical fibre cables and other smaller diameter underground utilities by levying a one-time fee of Rs 1,000 for crossing the railway track. The policy also provides for use of railway land at a nominal cost for setting up solar plants on railway land. It also encourages the development of social infrastructure (such as hospitals through PPP and schools through Kendriya Vidyalaya Sangthan) on railway land at a nominal annual fee of one rupee per sq metre per annum.

It was only in April 2020 that the railways notified an LLF regime for industrial use of its land, and extended it to its arm Concor for annual LLF at 6% with a 7% escalation each year. Until then, Concor had been paying land lease rentals to the transporter on a per-container (20-feet equivalent unit container) basis, which entailed a much lower outgo.

The new regime has proven to be expensive for Concor – from Rs 120 crore in FY20, the land rentals shot up to Rs 520 crore in FY21. It paid Rs 465 crore as LLF charges in FY22 as it restructured some terminals. Out of 60 container depots operated by Concor, 24 are situated on railway land.

On November 20, 2019, the Cabinet had given its nod to sell 30.8% out of its 54.8% holding in Concor along with management control to a strategic buyer.

Post 2005, Concor has not picked up any land from railways as it bought land along rail tracks from farmers at cheaper rates. https://www.financialexpress.com/infrastructure/railway-land-lease-rentals-cut-sharply/2658936/

14. Fast-forward on safety *(financialexpress.com)* September 8, 2022

Road transport and highways minister Nitin Gadkari was refreshingly candid when he said at a media event on Wednesday that he “tried his best but could not succeed” on road safety. The minister’s admission will, however, be cold comfort for a country, which probably has the worst road safety record in the world.

India, which has only 1% of global motor vehicles, accounts for over 10% of all road traffic deaths globally. Around 150,000 people lose their lives on Indian roads every year. It’s inexplicable why a minister who has the distinction of setting a record on the pace of road construction failed to put more focus on the safety aspect. Faulty road design, which seems to have played a big role in the car crash that killed former Tata Group chairman Cyrus Mistry, is a problem that Gadkari has highlighted on many occasions in the past. Besides, the minister has been talking about bad designing of road junctions and inadequate signages and markings as some of the main causes of road accidents in India. Earlier this week, he also faulted shoddy detailed project reports (DPRs), a mandatory requirement for infrastructure projects laying down particulars of design, engineering and technology use proposed. It is therefore shocking that the government has moved so slowly on setting this right.

Gadkari perhaps needs to rethink his endorsement of higher speed limits for cars on highways and expressways in light of the poor state of Indian roads. This will be debated at the meeting of the Transport Development Council that begins in Bengaluru today, and the existing realities, hopefully, should inform the outcome. Given the climate footprint of fossil-fuel burnt in high-speed roads, India must take a cue from Germany, which is currently debating lowering the speed caps on its famous autobahn. As the country develops faster and better highways, commensurate systems must be deployed for high-speed corridors. Poor awareness among drivers and passengers, as also the failure of auto companies to put ‘safety first’ is the other part of the problem. Failure to wear seat-belts accounted for over 15,000 deaths in 2020, despite the Central Motor Vehicle Rules of prescribing penalties for rear passengers not wearing seat-belts. So, the minister’s statement that the government will soon notify strict penalties for any passenger not wearing seat-belt and mandate seat-belt alarms for all seats is a good step towards forcing corrective behaviour among the masses. After all, youth (18-34 years) account for 65% of people killed in road accidents.

The goal of reducing incidence and fatality of road accidents in the country by 50% by 2024 can’t be met without greater awareness and safer road-travel behaviour among youngsters. Despite the government having mandated several curbs on unsafe behaviour such as riding without seat-belts/helmets, speeding, driving under influence, and reckless driving, these continue to be flouted with impunity. There is perhaps a case for the government making some of the punitive measures more stringent and states enforcing road safety rules effectively. Auto companies, too, need to step up their act, and make passenger safety a priority, irrespective of what the market demands are. Gadkari was right in questioning car-makers on why they have six airbags, a standard safety feature, for the cars they export, but fit just four in most models sold in the domestic market. If the cars at the lower end become costlier, so be it, as safety must come first before everything else. https://www.financialexpress.com/opinion/fast-forward-on-safety/2658943/

15. Realising India's wind energy potential *(thehindubusinessline.com)* September 08, 2022

The Centre can't do all the heavy lifting. Resource-rich States like Tamil Nadu need to adopt a merchant producer mindset

What Mukesh Ambani does today, the government — and the rest of the country — will do tomorrow, it seems. Even as the Central Government takes its first, tentative steps towards developing its hitherto untapped offshore wind energy potential, energy behemoth Reliance Industries Ltd is already moving to set up a captive 5 MW offshore plant off the Gujarat coast.

RIL's subsidiary Reliance New Energy Ltd — which has already announced a ₹75,000 crore investment plan for green hydrogen — already has a tie-up with Danish green energy specialist Stiesdal, which also happens to have an offshore wind energy subsidiary of its own. As with everything it does, RIL plans to capture the entire value chain in renewable power — from manufacturing solar photovoltaics to wind turbines to, earlier this week, buying a majority stake in Sensehawk, which makes specialised software for solar power generators.

Unfortunately, this 'get-up-and-do' attitude is largely missing when it comes to the government, which has been setting increasingly ambitious targets for renewable energy, but has often failed to address bottlenecks on the ground which have so far prevented India from actually achieving its vast potential of renewable energy from solar and onshore and offshore wind. This is not to say that we have not been trying. At first glance, India's achievements actually look quite impressive. India's total installed capacity of renewable energy from all sources (excluding large hydro) stood at 114.07 Gigawatts (GW) as of June-end this year, according to a written reply to a Parliament question by the Minister for New and Renewable Energy. Further, a capacity of 60.66 GW is under various stages of implementation, while 23.14 GW capacity is under various stages of bidding, the reply stated.

This should, provided the projects under implementation get completed within this year, put India at, or even past, its self-imposed target of achieving 175 GW of renewable energy capacity by the end of 2022. With renewable energy, particularly solar energy, one of Prime Minister Narendra Modi's pet projects, capacity addition has seen impressive growth during the years he has been at the helm, growing nearly four-fold in the last eight years and a bit.

Estimating the potential

However, the achievements need to be put in the frame of the existing potential, and how fast we are going to exploit that potential. The National Institute of Solar Energy has assessed the country's solar potential of about 748 GW assuming around 3 per cent of wasteland area to be covered by solar PV modules.

Its sister body, the National Institute of Wind Energy, estimates a total wind energy potential of 302 GW at a hub height (where the centre of the wind turbine sits on top of the tower) of 100 metres above ground, which more than doubles to over 695 GW at a hub height of 120 metres.

In addition, India has a potential of 174 GW of offshore wind resources, according to an estimate by the Global Wind Energy Council, almost all of it concentrated off the Gujarat and Tamil Nadu coasts. Onshore wind is also highly concentrated in Tamil Nadu, Gujarat and Maharashtra. Against this, we have an installed onshore wind capacity of around 40.8 GW as of end-June 2022, while offshore has just got off the starting block with the government set to open the first lot of tenders for a total capacity of 4 GW later this year.

The trouble is, there is quite a distance to be covered between potential and actualisation. Some, like land, are actually beyond the power of the government to control, particularly in the absence of a land acquisition law.

The concentration of resource potential, for instance, has sent land costs soaring for power projects, particularly in wind energy, where most current and future projects are sited around the Kanyakumari-Tirunelveli-Tuticorin belt and down the Palghat pass on the Tamil Nadu side. This dense clustering has sent land prices soaring manifold, making it now the single biggest component of a wind energy project.

In solar too, the situation is little different. While the potential is calculated on the basis of using ‘waste’ land, terminology here doesn’t reflect the situation on the ground. What the government defines as ‘waste’ land is actually land which is not yielding it revenue, which is quite different from actual wasteland of little value to anyone and hence available at low cost.

The second big bottleneck is evacuation of the power generated. India’s renewable installations are densely clustered around a few substations in Tamil Nadu and Gujarat which are used to evacuate the power. Decades of under-investment in transmission and grid capacity have meant that several tenders have had to be actually cancelled because there is no grid capacity available.

The money problem

And then there is money, which is a two-part problem. One part is access to finance. Renewable projects are easily financed if clarity is available to lenders on how the power producers will be paid. So Centrally-backed projects with assured PPAs get financed while independent and State-level projects find it difficult to raise funding.

The second part of the money problem is payments. India’s chronically loss-making Discoms are notorious for payment delays. According to an estimate by CRISIL, average receivables of renewable power producers stood at 180 days as of March 2022, which is expected to reduce to 140 days by the end of the current fiscal, mainly due to rising central offtake.

This is the crux of the challenge facing the renewable sector in India. Despite shortcomings, it is the Centre which has done most of the heavy lifting when it comes to actualising RE potential. States are laggards. This needs to change. States like Tamil Nadu and Gujarat, which have high solar and wind potential, need to stop viewing renewable power merely as an augment to meeting their power demands.

Instead, they need to treat it as a natural resource — like coal or oil. They need to adopt a ‘merchant producer’ mindset where renewable power is seen as product and a revenue source. Investments in grid and transmission capacity, to wheel the power efficiently to where demand lies, can transform state economies, like they have done for Bhutan, which exports 70 per cent of the power it produces to India. Only then can India’s vast RE power potential be actually realised. https://www.thehindubusinessline.com/opinion/realising-indias-wind-energy-potential/article65862624.ece

16. India needs climate action targets for next 10 years *(livemint.com)* September 08, 2022

Climate change is one of the most important problems we face. It is also truly a global problem in the sense that no country alone can influence the outcome. It can only be solved if all countries mount a global response. The issue will come up for discussion soon at CoP-27 in Egypt and then at this November's G20 Summit in Indonesia. Unfortunately, this will happen at a time when major developed countries are overwhelmed by other problems: the ongoing Ukraine crisis, a sharp rise in gas prices in Europe, the fear that anti-inflationary measures will induce a recession, and sustained geopolitical tension between the US and China.

How should India navigate these choppy waters? Two issues are critical. First, what do we say as we go into these negotiations about our climate strategy, and second, what position do we adopt on the issue of international financing for developing countries to help manage climate change.

India's strategy for managing climate change: The major targets in our strategy for managing climate change were announced at CoP-26 in Glasgow last year. They include: (a) a long-term commitment to reach net zero by 2070; (b) a shorter-term objective of reducing the emissions intensity of GDP by 45% over our 2005 level, by 2030; and (c) raising India's non-fossil fuel-based electricity generation capacity (mainly solar and wind) to 50% of the total by 2030.

The target of taking renewable electricity (RE) capacity to 450GW by 2030 is a critical supply-side element of our strategy and many steps need to be taken to realize it. These must be accompanied by demand side-steps to reduce fossil fuel use in transport through electric vehicles and electrification of railways, and to promote green hydrogen-based technologies for steelmaking, fertilizers and petrochemicals. We must also increase the energy efficiency of buildings through better materials and designs, and efficient cooling and lighting, and expand the use public transport.

We have examined these issues in detail in our CSEP working paper 'Managing Climate Change: A Strategy for India' (bit.ly/3x4Zlns). An important point which emerged from our analysis is that success will call for interventions in many areas, with different ministries of the Centre working in tandem with each other. Coordination will also be necessary across different levels of government (Centre, states and cities) and also with the private sector, which will play a major role.

While it is not possible to spell out all the policy interventions expected over the decades till 2070, a good way of proceeding credibly is to announce a 10-year programme detailing what we intend to do in each major sector. These details need not be part of our formal Nationally Determined Contributions submitted to UN Framework Convention on Climate Change (UNFCCC), but will serve as domestic targets to monitor closely and ensure we are on track to achieve our goals. The specific targets that could be set for the first 10 years are as follows:

1) Since achieving net zero emissions implies elimination of unabated coal-based power plants well before 2070, we could specify an interim target for peak coal use for power generation, perhaps around 2030. All capacity expansion in electricity generation could be from other sources. The peak date should consider the commissioning of coal power plants currently being built and the possible phasing down of inefficient ones. Studies show that at least 50GW of coal capacity could be phased out.

2) A date could also be set for peak economy-wide CO2 emissions, sometime in the 2030s.

3) The poor financial health of power distribution companies (discoms) is a serious impediment that discourages private investment in expanding RE capacity since it poses payment risks. We are going through a fourth attempt to resuscitate discoms. Targets emerging from this exercise could be publicized as part of our decarbonization strategy. It should be possible to mobilize financing from multilateral development banks to help restructure discoms. MDB involvement would offer a degree of independence in setting terms that might reassure states, which could be encouraged to set targets for privatizing parts of the distribution system.

4) RE is an intermittent source of power and increasing its share in total electricity supply will require innovations in electricity regulation and grid management practices. Central regulators would have to collaborate closely with state regulators. Regulatory changes aimed at improving grid flexibility should be a top priority in the first 10 years, as they would lay the basis for continued expansion of RE later. A road map for such changes should be announced.

5) Growth of green hydrogen production could be supported by setting offtake targets for major industries that can shift to it.

6) The Indian Railways has announced that it will reach net zero by 2030. This would require the network's entire traction to be electric (from RE/carbon neutral sources), and this implies phasing out diesel locomotives or converting them to electric. The timeline for this should be built into the target.

7) Separate target/s should be set for increasing the share of EVs in new auto sales of 2- ,3- and 4-wheelers, and also for expanding EV-charging networks. The government could also consider announcing a date after which the sale of new internal-combustion-engine vehicles is banned.

8) Our minimum energy efficiency standards for popular household appliances, especially fans, refrigerators and air-conditioners, should be reviewed and higher standards set periodically.

9) State governments should be encouraged to prepare climate action plans for cities and rural areas. These must have targets for expanding public transport networks, water harvesting facilities, etc.

10) Any strategy for decarbonization would be helped by the introduction of a carbon tax. Cap-and-trade systems are a substitute for carbon taxation and the Energy Conservation Bill makes a provision for introducing such systems. The 10-year plan could involve studying the pros and cons of the two systems. There is a strong case for introducing a carbon tax, as it will send the right price signals to switch to renewables and will also raise revenues.

11) Finally, we should ensure progress towards our Paris target of afforestation, and perhaps even plan to ratchet it up. Investment in afforestation helps not only in mitigating climate change by sequestering carbon, it also helps in adaptation by supporting water conservation.

A 10-year plan along these lines would help increase public consciousness and generate a public debate on aspects of the strategy that may seem contentious. It would show Indian leadership too.

Financing the transition: How to finance the transition to a carbon-neutral economy is a major unresolved problem facing the global community. Climate change negotiations under the UNFCCC were conducted on the understanding that developing countries will get financial assistance from advanced countries to help make the transition. The 2015 Paris Agreement promised assistance of $100 billion per year by 2020, comprising an undefined mix of public and private flows. This amount has yet to be realized. The Glasgow Pact recognized the failure on this count and urged that the promised amount be delivered at the earliest and continued up to 2025, and increased substantially thereafter. Financing is a major issue because decarbonization commitments made at CoP-26 involve massive investments in the energy and related sectors. Estimates of the amount needed above the business-as-usual (BAU) projection of investment for developing countries excluding China come close to 4% of GDP, or almost $1 trillion per year by 2025. There is no prospect of resources on that scale being available from external sources. Developing countries will have to accept that a large portion of this amount, say 45%, would have to be mobilized domestically. This would reduce the international contribution to $550 billion. Since this is meant to be a combination of public and private flows, we could break it up into $220 billion public flows (bilateral and multilateral) and $330 billion of private flows. Public flows can be used to leverage private flows through creative forms of blended finance and risk mitigation. The problem is that even this reduced amount of public flows is five times the level expected under BAU.

The G7 countries have given no indication of their willingness to consider funding on this scale. The upcoming G20 Summit under the Indonesian presidency will provide some indication of whether there is flexibility on this issue. The G20 baton will then pass on to India in 2023, followed by Brazil and South Africa. It will be a test of developing countries' global economic diplomacy to see if progress can be made over the next three years.

Whatever the outcome on financing, we should lay out our own roadmap for the transition with an associated investment cost. All developing countries should do the same. https://www.livemint.com/opinion/online-views/what-india-could-do-now-to-make-progress-against-climate-change-11662572893069.html

17. Farming needs overhaul to survive climate change *(thehindubusinessline.com)* September 07, 2022

A climate risk management board should be set up. In Punjab, policies should change to promote less input use

The effects of the climate crisis are a study in contrast — flooded roads in IT city Bengaluru on the one hand and the parched earth of drought-affected Banka of Bihar on the other. Climate crisis threatens our food security. This year, record-breaking heat waves trimmed wheat output by 3 per cent; now, large rice-growing tracts are staring at a shortfall of crops due to insufficient rainfall.

While large parts of the country reel under floods, drought-like conditions stare at farmers in UP, West Bengal, Bihar and Jharkhand, which are among the top paddy-producing States. For farmers, hot temperatures and erratic rainfall threaten the livelihood of 45 per cent of the country's population. It impacts their income and crop-loan cycle — to return on time to get fresh lending and to invest back into their farms as well as to fulfil their basic needs.

Policymakers, agri-scientists and farmers must come together to form a Climate Risk Management Board (CRMB) to create a sustainable solution in the form of climate-resilient farming.

A study by the Council for Energy, Environment and Water (CEEW) has found that over 75 per cent of India's districts are vulnerable to extreme climate. Expert estimates show that climate change might reduce global agriculture productivity by 17 per cent by 2050. Could embracing sustainable agriculture improve farm incomes and nutrition security in a climate-changing world?

The challenges

Overuse of resources like water, soil, fertilisers and pesticides to boost yield resulted in greenhouse gas (GHG) emissions, which exacerbate the climate crisis. After the implementation of the Food Security Act, the country is once again looking towards Punjab. But Punjab farmers need to conserve its soil and water along with adopting diversification in agriculture and venture into agro-processing.

The State has never been able to implement an agenda of crop diversification. Punjab takes about 5,400 litres of water to grow one kilogram of rice, five times as much as China uses, pointing to the State's low water productivity. That's why 131 of the 148 blocks in the State are overexploited. About 15 lakh shallow tube wells dig deeper and deeper every year. The northern and central districts are severely water-depleted, while south-western districts face waterlogging and soil salinity or alkalinity. The Central Ground Water Board put out a dire warning — 'at the current rate of water extraction, Punjab would be a desert within the next quarter-century.'

The Green Revolution led by Punjab once helped India overcome a food crisis. In irrigated areas, a typical farmer now uses 3.5 times more fertilisers and pesticides than in 1970 to get the same output. Although Punjab has only 1.53 per cent of the land area of India, it uses about 23 per cent of the total pesticides used in the country. There are serious environmental problems and health concerns resulting from the use of pesticides.

Ironically, as much as 78 per cent of pesticides and fertilisers are lost to the environment, causing soil, air and water pollution. In addition, the soils of Punjab have become deficient in micronutrients resulting in soil fertility decline.

Farmers need a decent income to solve their multidimensional crisis. The CEEW has identified 16 sustainable agriculture practices (SAPs), such as organic farming, integrated farming systems, agro-forestry and precision farming. These could be economically remunerative, socially inclusive and environmentally benign.

Brazil set an example and became the top producer of sugarcane and soybean without using fertilisers. In India, a few States are already at the vanguard of this revolution. Sikkim is a 100 per cent organic State, and Andhra Pradesh aims at 100 per cent natural farming by 2027.

The way out

Farmers should start promoting sustainable integrated agriculture practices that could enable higher crop diversity from staples to high-value crops, fruit and vegetables. Integrated farming with the inclusion of dairy, poultry, beekeeping, fisheries and mushroom cultivation can give additional high-energy food without affecting the production of foodgrains.

There are four sustainable ways farmers can produce more food and adapt to climate change.

First, farmers need hand-holding in the early phases. Support them for knowledge exchange with skill-intensive practices.

Second, support technology innovation and adoption to mechanise labour-intensive activities associated with sustainable agriculture practices. Incentivise innovators and entrepreneurs to encourage the development of farm implements. Alongside, support local micro-businesses through State livelihood missions to produce and sell ready-made inputs such as vermicompost and organic fertilisers.

Third, instead of input-based subsidies for fertiliser and power, incentivise outcomes such as annual nutrition output per hectare and enhanced ecosystem measures such as water conserved or desertification reversed.

Fourth and most significantly, is enhanced research and development for impact studies compared with conventional farming across agro-climatic zones. Regular comparisons of outcomes amid climate change are important for safeguarding farm income, nutrition, food security and natural resources. https://www.thehindubusinessline.com/opinion/farming-needs-overhaul-to-survive-climate-change/article65862731.ece

18. Irregularity in paddy procurement: Three cooperative societies in Jabalpur district cause Rs 27L loss to state exchequer, booked *(freepressjournal.in)* September 07, 2022

The Economic Offences Wing (EOW) has registered a case in connection with irregularities committed by three cooperative committees of Jabalpur district in paddy procurement in the financial year 2003-04, said officials on Wednesday.

EOW, superintendent of police Devendra Rajput told media that complaints of alleged financial irregularities in paddy procurement were reported in 25 cooperative societies of the district. The agency officials conducted an inquiry and of the 25 cooperatives societies, only three societies that of Gosalpur, Kushner and Bankheri were found to have erred. The police have registered cases under sections 420,120-B of IPC and 7(C), 13(1)A and 13(2) of Anti Corruption Act.

The EOW has registered separate cases against the then government officials, chairman, farmers and other office bearers of the three societies.

It has been alleged that in connivance with the society members, the farmers had sold more of the yield as per the set production of the paddy per acre. The farmers and the society members made extra bucks thus giving loss to the state exchequer.

The police have registered a case against the members of Gasalpur society including the then chairman Sanjay Singh Thakur, farmer Rajkumar, Bholaram and others. They caused a loss of Rs 6.35 lakh to the state government. Similarly, the case against the Kushner cooperative society has also been registered and the then chairperson Sashibai Patel, manager Harishankar

Dubey, farmers Baijnath, Bholaram and others have been booked. They caused a financial loss of Rs 13.84 lakh to the state exchequer.

In Bankhedi society, the then chairman Ramsiya Thakur, manager Habib Khan, farmers Baijnath, Bholaram and others have been booked for causing Rs 7.50 lakh loss to the state government. https://www.freepressjournal.in/bhopal/irregularity-in-paddy-procurement-three-cooperative-societies-in-jabalpur-district-cause-rs-27l-loss-to-state-exchequer-booked