NEWS ITEMS ON CAG/ AUDIT REPORTS (15.10.2022 to 17.10.2022)

1. Constitutional breakdown nearing in Bengal, case for Article 356 *(sundayguardianlive.com)* October 16, 2022

Inaccuracy is the rule in the state, suppression of information is the system and undermining the Constitutional authorities and processes are prevalent.

A fall into a ditch makes you wiser but not when you are in West Bengal. Even when you find yourself badly stuck in a ditch, the overriding feeling there is never to admit this as a misfortune. In fact, the counter arguments there can be classified into two stacks. First is denial of the ditch itself and claiming that what is said to be ditch is not uncomfortable at all, at least more pleasant than those in the rest of the country, who never experienced the charm of a ditch. The second and no less strong argument is that falling into a ditch is caused by a historical injustice meted out to the state by the national government, therefore fault lies only with Delhi. The responsibility of bailing them out rests completely on the Central government. This logic was heard in a recent claim that if the state has failed to pay DA to its staff it is for the Central Government to come forward and pay the same since the state employees are contributing to the revenue collection of the Union as well. Since both the stream of sentiments wink at the moot question of turning wise after the fall in the ditch there is no effort by the state to extricate itself from the mess.

The West Bengal government today is a perfect example of layers of deniability. The state's refusal to deny payment of DA to its staff and school teachers since it wrested power from the Left Front government is arguably the longest case of denial of something that the Kolkata High Court had termed as fundamental right "enshrined under Article 21" of the Constitution. The state government kept on denying any wrongdoing in recruitment of teachers till a huge cache of cash was seized by the investigating agency from a high profile TMC leader and a former education minister who presided over the scam. Even after getting badly exposed and the High Court order on dismissal of all those who received appointments by bribing the ruling party the state's Chief Minister keeps on assuring that none will lose job, and submits affidavit before the court against dismissal of such illegal recruits. It is yet another deliberate case of denying the Constitutional demarcation of power. Despite the state administration's inability to ensure law and order the state police is seen more often than not in working as party cadre in uniform and implementing the TMC agenda.

The deep-rooted inefficiency that is in the administrative system was seen when the flash flood at the Mal river in North Bengal washed away people who had gone there for immersion of the Goddess Durga. Curiously, despite there being heavy rains in the hills the state administration arranged for the immersion inside the river ignoring the risk of flash floods. Here again deniability ruled, with the district administration washing off its incompetence with support from a state minister and silence from the state administration in Kolkata. Clearly, in West Bengal, no ditch is a ditch enough to learn any lesson at all, hence there is no question of getting wise.

Look at the misinformation peddled, which has been deindustrialising for long. Yet it claimed and was reported in the India Brand Equity Foundation (IBEF, Ministry of Commerce) portal that, “The state received investment of Rs. 4.45 lakh crore (US$ 63.13 billion) in large industry from five Global Summits organized in the state so far.” That is not all, it assured that “West Bengal have received investment proposals worth Rs. 342,375 crore (US$44 billion) during the Bengal Global Business Summit (BGBS) 2022.” Clearly, the information circulated through IBEF is a denial of the depth of the ditch the state is in.

Managing dodgy issues is the focus of the West Bengal government. According to Article 204 of the Constitution, “no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this article” that is without the approval of the legislative Assembly. In case of any deviation, the Assembly needs to approve the same. But the provision seems to have not been in place in West Bengal. According to Sukhbilas Barma, a former Congress MLA and chairman of the Public Accounts Committee (PAC) for three years, as many as 12 reports submitted by him to the Assembly mentioned need for regularisation of excess expenditure made during 2010 to 2018 remained unaddressed. Chief Minister Mamata Banerjee is yet to regularise the excess expenditure by way of moving Bills. It seems the Constitutional provisions are observed in violation in the state of West Bengal. Instead the state is media managed with false hypes like the quantum of investment mentioned in the IBEF portal.

The inaccuracies peddled by the Mamata Banerjee government is illustrated in the claim made by the state that the Centre did not pay compensation for three typhoons—Bulbul, Amphan and Yas, which had hit the state. The claim of the state has been Rs 42,866 crore. According to Sukhbilas Barma, such claims were exaggerated: “While no report on the expenditure on Bulbul and Yaas is separately available, expenditure on Amphan was Rs 1,969 crore, as per the Economic Review 2020-21. But the state claimed a compensation of Rs 32,310 crore for Amphan.” Evidently, Mamata Banerjee has been taking advantage of non-availability of audit reports and putting ad hoc demands for funds claimed as outstanding dues from the Centre. No wonder the TMC government did not want any BJP member to head the PAC and bring the falsehoods in the open, hence it chose MLAs who left BJP as the PAC heads, another glaring illegal act.

That inaccuracy is the rule in the state, suppression of information is the system and undermining the Constitutional authorities and processes are prevalent could be seen in anything the state is doing. According to Barma, the irregularities committed by the finance department itself are too many. “As per the CAG’s report, amounts requiring adjustment from 2012-13 to 2016-17 are Rs 800 crore, Rs 910 crore, Rs 1,587 crore, Rs 3,075 crore and Rs 2,357 crore, respectively.” Another example of such falsification is the state government claims of helps rendered to the unorganised labour sector. Barma claims that “an audit showed that only Rs 8 crore against the payment obligation of their provident fund contribution of Rs 127.52 crore for 2018-19 has been paid and Rs 547.29 crore as outstanding dues still remains to be paid”. So it’s not just the DAs of state employees the government is accused of thriving on, saving any payment to be made and diverting the same in fairs, pujas or doles. Sadly, the erudite team that had put together India’s Constitution 75 years ago did not ever imagine that one day such a government would come to a state.

An example cited by Barma is the curious claim by West Bengal's finance minister Chandrima Bhattacharya that "47.34 lakh housing units had been constructed under Banglar Bari scheme till 2021". Interestingly, there was no Budget provision for the number of units claimed to have been constructed. Can the state spend money without the approval of the Assembly? Even if the same was done due to some exigency shouldn't the same be regularised through the Assembly? The fact that the same was placed in the Budget Speech without any Constitutional propriety illustrates how deep is the malady in West Bengal. Clearly judged by the Constitutional provisions and observance of the rules and procedures there may be a case to demand dismissal of the Mamata Banerjee government for violating the Constitution.

When simple legislative process is not followed, that dodgy methods will take precedence over rule of law is a natural outcome. That national resources like coal, sand, stone etc. will be mined and sold for the benefit of individuals and political persons are but natural corollary of the system of governance followed by the government. And there are no qualms for that as was seen in the state legislative Assembly passing a resolution against the investigative agencies which are carrying on investigations under the directions of the courts.

Under Article 356, the President can assume control of a state if the Governor sends a report on the breakdown of the Constitutional provisions there. Among the vocal proponents of the provision was none other than Babasaheb Ambedkar. While the debates over the need for invoking the provision will never end, the elementary fact remains that West Bengal is not being run as per the Constitutional provisions. The Supreme Court, in its S.R. Bommai case, had mentioned that the Centre may caution a state on failure to observe Constitutional provisions. This the Modi Government has not exercised perhaps worried over the political consequences of such a move. There are judgements of High Courts as well as the Supreme Court that in case of blatant violations even courts can recommend to the President for imposition of Article 356. In view of the inability of our political system at the Centre to exercise authorities vested, it seems now one has to approach the court for tethering the hands of a recalcitrant state government.

Author Sugato Hazra's latest book is "Losing the Plot: The Political Isolation of Bengal". https://www.sundayguardianlive.com/news/constitutional-breakdown-nearing-bengal-case-article-356

2. Bengaluru storm water drains | Three CAG reports ignored *(deccanherald.com)* 14 Oct 2022

The CAG reports on storm water drains in Bengaluru have regularly been warning the city about its drain infrastructure. What do these reports say and why have the reports been ignored? Rishika Kashyap has the details.

Video Link: https://www.deccanherald.com/video/city/top-bengaluru-stories/bengaluru-storm-water-drains-three-cag-reports-ignored-1153596.html

3. Assam-Based NGO Alleges Fund Misappropriation against WIPRO & NRC Directorate *(northeasttoday.in)* 15 October 2022

An Assam-based NGO has filed a First Information Report (FIR) against the Information Technology (IT) firm – Wipro and the Directorate of National Register of Citizens (NRC) for allegedly misusing a "large amount of public money" while updating the NRC list.

Based on a petition filed in 2009 by the non-profit organization – Assam Public Works, the NRC of 1951 was updated in the state.

According to the NGO president – Abhijeet Sharma, the organization has been monitoring the process of updating the NRC, since its inception.

As per The Hindu report, "Altogether 19.06 lakh of some 3.3 crore applicants, were excluded in the final draft list of citizens released on August 2019. The entire exercise cost of the government was worth more than Rs 1,600 crores."

"The Wipro Limited was entrusted with one of the prime software installation companies by the NRC Directorate. The firm was paid Rs 1.27 crore from February-August 2017 for installation of two software programmes," the FIR reads.

However, the National Institute of Smart Governance in its report addressed to the office of the Accountant General, found no such systems installed by Wipro.

"Wipro was also paid Rs 34.76 crore for purchasing 3,500 generators at 2,500 NRC Seva Kendras. But audit reports revealed the company hired the generators instead for a billed amount of Rs 93,964 each against the market price of Rs 35,000. Such instances clearly demonstrate that a huge corruption took place during the process of updating the NRC with the active role of the NRC Directorate," – the FIR added. https://www.northeasttoday.in/2022/10/15/assam-based-ngo-alleges-fund-misappropriation-against-wipro-nrc-directorate/

4. Bihar: IMA Angry after Tejashwi Suspends a Medical Superintendent for Negligence *(newsclick.in)* 15 Oct 2022

Patna: Two days after Bihar deputy chief minister Tejashwi Yadav, who is also health minister, suspended the medical superintendent of a government-run medical college and hospital for negligence and complaints of irregularities, the Indian Medical Association (IMA) Bihar denounced the action and called an emergency meeting on Saturday evening to discuss it.

Yadav's action was widely seen as a part of his move to improve the health system of the government hospitals, which have been in poor condition for years.

Though the action taken by Yadav got overwhelming support among the public, this development is set to bring Yadav and IMA Bihar, which expressed unhappiness, face to face.

During a surprise visit on Thursday night to Patna-based Nalanda Medical College and Hospital (NMCH), Yadav checked the treatment being provided to dengue patients and found utter negligence. A number of patients and their close relatives informed him that they were not getting medicines and were asked to purchase from outside. They were even forced to buy a drinking water bottle, and nurses, during night duty, refused to attend to them.

After the visit, Yadav suspended Dr Vinod Kumar Singh, medical superintendent of NMCH, for negligence and failure to implement the health department's rules.

As per local dailies, Patna has become a hot spot for dengue, with cases rising since early this month. Bihar has sounded a dengue alert following increasing cases in recent days. With official data putting the number of cases at more than 4000, fear of a dengue outbreak is looming large in the state.

But IMA Bihar is not happy over the action against Singh taken by Yadav.

"There is anger among the doctors over the latest government action. Doctors will not tolerate any move to make them scapegoat to hide the government's failures." Dr DS Singh, president of IMA Bihar, told NewsClick. He warned the government to withdraw action against Dr Vinod Kumar Singh or face serious consequences.

According to officials of the health department, government doctors, their organisation and IMA Bihar are not comfortable with Yadav's initiative to improve health facilities in the government-run hospitals.

"The government doctors, who are also members of Bihar Health Services Association (BHSA) and IMA Bihar, have their vested interest as most of them are engaged in private practices. Improvement of medical care in government hospitals is not favourable to them. They have been doing one or other things contrary to Yadav's move."

In early September this year, Yadav's surprise midnight visit to Patna Medical College and Hospital (PMCH) found that doctors and medical staff were absent from duty, and there was a lack of sanitation and dirt and filth on the premises. What shocked him was that dogs were inside the wards of the hospital, which is the largest government-run health centre in Bihar. During interaction with patients, they complained of a lack of medicines and other facilities to him.

Taking serious note of it, Yadav called a high-level meeting of all the civil surgeons in the state to ensure proper treatment in the government hospitals.

Last week, Yadav revealed that 705 government doctors were absent from duty or work for more than six months to twelve years to five years and continue to draw their salary in Bihar and made it clear that the government will take action against such doctors.

Yadav admitted that there are several government doctors posted in rural health centres who hardly work there and instead continue to practice in urban areas.

Hundreds of doctors of government-run hospitals and other health facilities in Bihar went on strike on October 6 to protest against the government's move toward mandatory biometric attendance. It is seen as another ploy of these doctors to create hindrances to improving health facilities by Yadav.

The state health department has directed officials of medical colleges and hospitals and concerned district officials to manage the situation amid the strike.

Despite government claims, health infrastructure remains poor in Bihar; thousands of patients, primarily poor and marginalised, visit OPDs at different hospitals and return without treatment due to the unavailability of doctors, defunct ultrasound, x-ray machines, etc. As per local dailies, in the last two months since the new Mahagathbandhan government was formed, hundreds of patients who queued up for hours at Sadar hospitals in different districts had to return without even basic check-ups as doctors were absent. Similarly, several seriously ill patients could not be hospitalised due to either unavailability of medical staff or lack of equipment.

This year's latest report by the Comptroller and Auditor General of India (CAG) revealed the alarming healthcare situation. The report stated that the government-run hospitals, mainly the district hospitals, suffered from a severe lack of resources, workforce and plans for the growing population. It also clarified that the number of doctors, nurses and other paramedic staff was significantly less.

There was a persistent shortage of doctors, nurses, paramedical staff, and technicians in Bihar from 2014 to 2020. Still, the department did not publish the total vacancies to get them filled," the report said.

The report shows a shortfall of beds, ranging from 52% to 92%. Actual bed strength was not raised to the sanctioned level even after a decade passed.

According to the CAG report, the district government-run hospitals could hardly provide patients with basic health facilities. The situation was noticed during the audit of the functioning of hospitals in five districts - Biharsharif, Hajipur, Jehanabad, Madhepura, and Patna - for the period 2014-15 to 2019-20. https://www.newsclick.in/bihar-ima-angry-after-tejashwi-suspends-medical-superintendent-negligence

5. J&K Pumped Rs 83 Cr into Two Companies, Corporation: CAG *(kashmirobserver.net)* 14 Oct 2022

Srinagar- The Jammu and Kashmir Government's commitment to rejuvenate businesses in 'Naya Kashmir' through multiple efforts has proved a reality as the Union Territory administration invested Rs 83.27 crore in two companies and one corporation and had total investment of Rs 162.39 crore as on 31 March 2021.

These details were revealed by the Comptroller and Auditor General (CAG) report that was tabled in the month of August and had pointed out numerous factors in the disbursement of Union Territory Finances.

"Erstwhile State Government had cumulative investment of Rs 4,617.16 crore in 38 Companies (Rs 4,148.83 crore), three Statutory Corporations (Rs 374.34 crore), eight Co-operative Institutions/ Local Bodies (Rs 47.83 crore), two Rural Banks (Rs 45.82 crore) and two Joint Stock Companies (Rs 0.34 crore) ending 30 October 2019 which had not been divided between Union Territory of Jammu & Kashmir and Union Territory of Ladakh," it said.

The report said that Rs 32.50 crore were granted to J&K State Road Transport Corporation Limited which already had outstanding loans of Rs 406.73 crore.

"During the year ended 31 March 2021, the Government of Union Territory of Jammu and Kashmir disbursed Loans and Advances of Rs 61.64 crore and recovered loans and advances amounting to Rs 1.93 crore. Out of total loans of Rs 61.64 crore disbursed during 2020-21, a loan of Rs 32.50 crore was granted to J&K State Road Transport Corporation Limited which already had outstanding loans of Rs 406.73 crore," reads the data.

These facts were emerging from CAG's 2nd report of the year 2022 for J&K titled, 'Audit Report of the Comptroller and Auditor General of India on the Union Territory Finances for the year ended 31 March 2021, Government of Union Territory of Jammu and Kashmir'.

The report also found that during 2020-21, the balance under Reserve Funds of UT Jammu and Kashmir was Rs 771.13 crore. "There was also a cumulative aggregate balance in Reserve Funds at the end of 30 October 2019 amounting to Rs 2,806 crore which was yet to be bifurcated between the two Union Territories till 31 March 2021," it read.

The report said that an amount of Rs 6,714.34 crore was incurred under 53 schemes/ Sub Heads in 16 Grants without Budgetary Provisions which needs to be regularized. However, the report also revealed that "entire budget provision of Rs 18,134.91 crore under 25 Grants involving 139 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public".

It also noted that there were huge savings of Rs 100 crore and above by the departments under Capital Section in 25 grants amounting to Rs 31,927.59 crore. "Out of 35 grants, in 34 grants the utilization ranged between 20 per cent and 83 per cent. In the remaining one grant there was over utilization of 11 per cent resulting in excess over provisions during 2020-21," CAG noted.

The report also said that as on 31 March 2021, of the total equity capital of Rs 5,073.32 crore in Power Sector PSUs, Rs 2,593.54 crore (51.12 per cent) was contributed by the GoJ&K. Further, the total equity investment in 36 PSUs of sectors other than Power Sector was Rs 969.10 crore. The government had also advance loans of Rs1437.72 crore to PSUs functioning in other than the power sector.

"Budgetary assistance of Rs 3,151.70 crore was received by PSUs from the GoJ&K during 2020-21," CAG added.

The report further said that the market value of shares of J&K Bank Limited was Rs 1,901.35 crore as on 31 March 2021 as compared to Rs 881.83 crore as on 31 March 2020. https://kashmirobserver.net/2022/10/14/jk-pumped-rs-83-cr-into-two-companies-corporation-cag/

6. Cost overruns as a rule *(nagalandpost.com)* October 17, 2022

Kohima: For the time being, leaving aside the recent high voltage press statements in the media with regard to the controversy or irregularities or scam involving the construction of the high court building for Nagaland at Meriema, near Kohima; what it only confirms is, that delays and cost overruns have become the rule rather than the exception of projects in Nagaland. There had been several media highlight over the issue but it gained prominence and credibility only after the Nagaland Tribes Council(NTC) filed an RTI about the project in 2017. The Registrar of the Gauhati High Court, Kohima Bench, has clarified on September 13,2017 that the foundation stone for the proposed building of a Nagaland State High Court was laid by Justice KG Balakrishnan, Chief Justice of India, on May 21, 2007 in the presence of chief minister Neiphiu Rio, Supreme Court judge, Justice H.K. Sema and Chief Justice of Gauhati High Court, Justice Jasti Chelameswar. Citing RTI reply, NTC revealed that Rs. 43 crore was the estimate for the High Court project at Meriema. During 2009-2014, i.e., in 5 years, the State Department of Law and Justice had drawn Rs. 41.62 crore and for the period from 2015 to 2017 an amount of Rs. 11.25 crores was drawn against the project. NTC revealed that there had been 18 drawals from 2009 to March 2017, and the amount totalled Rs. 52.63 crores as against the original estimate of Rs. 43 crores.

The Gauhati High Court on May 2,2018 then registered PIL (Suo Moto) 5/2017 directing the CBI to inquire into the allegations of misappropriation of public money vis-à-vis the snail pace of construction work of the new High Court complex at Kohima, and submit a report within 3(Three) months to the Registrar general of this High Court. Subsequently five persons were named by the CBI. While directing CBI to probe the alleged misappropriation, the Court also cited the Audit conducted by the Comptroller and Auditor General (CAG) of India report for ending 2019 and Report 2 of 2020, where many anomalies had been exposed by the Comptroller and Auditor General (CAG) of India in the delay of the construction of Kohima High Court. Following the high court's order, the CBI conducted a preliminary inquiry and filed a first information report (FIR) in 2019. It named ten officials of the Nagaland Public Works Department, four contractors, and "unknown others" as accused in the case. The CBI found instances of "substandard construction" in the main high court building, as well as allegedly unaccounted and misappropriated payments in three other areas — "construction of the retaining wall in the new high court complex", "addition work for providing the retaining wall" and "construction of retaining wall and site levelling at new high court complex". These type of additional works are the spice added to the original estimates which have become part and parcel of major projects in Nagaland and factors for huge cost escalations. Respondent Secretary to the Government of Nagaland, Department of Justice and Law, in the affidavit-in-opposition, said that as per the detailed project report, the total project cost was Rs 161,10,72,200 based on Nagaland Public Works Department Schedule of Rates, 2010. However, the department, in the affidavit said that due to escalation of price if the DPR is revised as per NPWD SoR 2016, the total project cost will become more than Rs 200 crore. This is how projects costs are escalated in Nagaland. https://nagalandpost.com/index.php/cost-overruns-as-a-rule/

7. MP Nutrition Food Delivery Scam: कैग की रिपोर्ट के जवाब में भी सामने आ रही गड़बड़ी *(naidunia.com)* October 16, 2022

MP Nutrition Food Delivery Scam: भोपाल(राज्य ब्यूरो)। पोषण आहार वितरण में घोटाले का खुलासा होने के बाद महिला एवं बाल विकास विभाग पिछले एक महीने से उन 29 बिंदुओं का जवाब तैयार कर रहा है, जिनका नियंत्रक एवं महालेखा परीक्षक (कैग) ने अपनी रिपोर्ट में उल्लेख किया है। रिपोर्ट में जिन जिलों में गड़बड़ी बताई गई है, वहां के अधिकारियों को बारी-बारी से भोपाल बुलाकर अंकेक्षकों के साथ बैठाया जा रहा है और जवाब तैयार किया जा रहा है। सूत्र बताते हैं कि वर्ष 2018 से 2021 के बीच वितरित पोषण आहार के आंकड़ों के परीक्षण में गड़बड़ी के प्रमाण मिल रहे हैं।

कैग ने पोषण आहार वितरण को लेकर प्रारंभिक रिपोर्ट तैयार की है, जो पिछले माह परीक्षण के लिए राज्य सरकार को भेजी गई थी। इसमें 10 हजार टन पोषण आहार गायब बताया गया था। इसकी कीमत 110 करोड़ रुपये है। इसे लेकर विधानसभा में हंगामे के बाद मुख्यमंत्री शिवराज सिंह चौहान ने परीक्षण के निर्देश दिए थे। साथ ही यह भी कहा था कि मामले में कोई दोषी पाया गया, तो उसके खिलाफ कठोर कार्रवाई की जाएगी।

तभी से विभाग पोषण आहार वितरण के आंकड़ों का जिलेवार परीक्षण करा रहा है। सूत्र कहते हैं कि आंकड़ों के परीक्षण में गड़बड़ी के प्रमाण मिल रहे हैं। अधिकारियों ने आहार बांटने में लापरवाही बरती है। उल्लेखनीय है कि कैग ने आठ जिलों के आंकड़ों के परीक्षण में यह गड़बड़ी पाई है। इन जिलों के 48 आंगनबाड़ी केंद्रों में पंजीबद्ध बच्चों से अधिक को 110.83 करोड़ रुपये का पोषण आहार कागजों में बांट दिया गया था। यह आहार तीन साल के बच्चों, गर्भवती-धात्री माताओं और 11 से 14 साल की उन बालिकाओं को बांटा जाता है, जो स्कूल छोड़ चुकी है। https://www.naidunia.com/madhya-pradesh/bhopal-mp-nutrition-food-delivery-scam-in-response-to-the-cag-report-information-about-the-disturbance-is-also-being-received-7888931

8. ग्रेटर नोएडा अथॉरिटी : सेक्टरों के लोग प्यासे मरने को मजबूर, शिकायत करने पर पंप ऑपरेटरों को पीटा *(tricitytoday.com)* October 15, 2022

ग्रेटर नोएडा अथॉरिटी के जल विभाग से इस समय बड़ी खबर सामने आ रही है। शहर में हर घर पीने का पानी पहुंचाने का टेंडर प्राइवेट फर्म को वर्ष 2018 में एक साल के लिए हुआ था। इसके बाद से अभी तक कोई नया टेंडर नहीं हुआ है। शहर के पांच जोन में एक ही फर्म का ठेकेदार सर्वेश बिल्डर को ठेका दिया हुआ है। चार साल से नया टेंडर नहीं होने के चलते वेरिएशन भी 300 प्रतिशत तक पहुंच गया है। इस मामले की शिकायत पंप ऑपरेटरों ने सीएम पोर्टल पर की है।

पंप ऑपरेटरों की ओर शिकायत करने पर उन्हे ठेकेदार के गुडों से पीटा गया। पंप ऑपरेटरों का पीएफ और ईएसआई भी जमा नहीं हुआ है। शहर में पानी की सप्लाई करने के लिए नलकूपों के रख रखाव और पंप संचालन के लिए केवल एक साल तक ही टेंडर दिया जा सकता है।

सेक्टर फाई-
3 आरडब्ल्यूए के महासचिव एमके शर्मा का कहना है कि तीन दिनों से पानी सेक्टर में सप्लाई नहीं किया जा रहा है। बार-
बार पंप पर मोटर फूकने की शिकायत आ रही है। बगैर पानी के लोग प्यासे है। इस तरह का हाल सेक्टर एक्सयू-2 का है। इस सेक्टर में नलकूप पर डोजर क्लोरीन खराब पड़ा हुआ है।

फाई-3 और फाई-4 में दो पंप की मोटर फूकी पड़ी है। पी-
5 और भागमलपुरम में पंप नहीं चल रहा है। आपेटरों की और महाप्रबंधक जल को अवगत कराया है कि ओमीक्रोन-
1 में लाल बिल्डिंग नलकूप पिछले तीन दिनें से फूका पड़ा है। एडब्ल्यूएचओ ग्रीन वुड में तीन महीने से पंप बंद पडा हुआ है। टेकरों से पानी पहुंचाया जा रहा है।

पंप आपरेटर सुमित भाटी का कहना है कि इस मामले की शिकायत कई बार जल विभाग के अधिकारियों से कर चुके है। इस मामले की शिकायत आईजीआरएस पोर्टल पर भी सीएम से की है। सीएम के पोर्टल प र आईजीआरएस के द्वारा बिजेंद्र सिंह आपरेटर की ओर शिकायत दर्ज कराई है कि ठेकेदार पंप ऑपरेटरों का ईएसआई और पीएफ भी जमा नही कर रहा है। पंप ऑपरेटरों का चार साल का पीएफ औरईएसआई जमा नहीं करने की शिकायत कई बार अधिकारियों से की गई है।

ग्रेटर नोएडा अथॉरिटी में जांच कर रही सीएजी ने मामले को जांच के दौरान पकडा है। पंप ऑपरेटरों का आरोप है कि ठेकेदार की सीएम पोर्टल और सीईओ से शिकायत करने पर ठेकेदार गुडों से पिटाई करा दे ता है। एक आपरेटर ने अपनी आपबीती सुनाते हुए बताया कि उसकी डयूटी पंप पर बी शिफ्ट में थी। शि कायत करने पर ठेकेदार ने गुडों से इतनी मार लगवाई की गुप्तांग पर गंभीर चोट आई है। चार साल से शोषण किया जाता आ रहा है।

7 सिंतबर 2022 को सीएम पोर्टल पर अपरेटर बिजेंद्र निवासी सलेमपुर गुर्जर की ओर से शिकायत दर्ज करा ई गई। श्रम कानून का ठेकेदार उल्लंघन करता आ रहा है। ईएसआई और पीएफ जमा नहीं कर रहा है। 8 महीने बाद पंप ऑपरेटरों को सेलरी बांटी जाती है। सीएम से मांग की गई है कि पंप ऑपरेटरों का शोष ण करने वाले ठेकेदार आपने आप को गौरखपुर का बताता है। अथॉरिटी के अधिकारियों पर सीएम का क रीबी होने की धोस जमाता है। https://tricitytoday.com/greater-noida/big-news-is-coming-out-from-the-water-department-of-greater-noida-authority-at-this-time-34114.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

9. End of GST aid makes states wary: States' capex growth much slower than budgeted *(financialexpress.com)* October 17, 2022

19 large states report just 10% growth in capex in April-Aug, against combined FY23 target of 40%

Despite robust tax revenues and high borrowing limits, the state governments have reduced their borrowings, necessitating capital expenditure growth much lower than budgeted by them, in the first five months of the current fiscal year.

The combined capex of nineteen states whose finances were reviewed by FE, were up just 10% on year at Rs 1.33 trillion in April-August of FY23 compared with a 70% y-o-y increase in the corresponding period a year ago, albiet aided by a favourable base. These states have budgeted a capex of Rs 6.58 trillion for FY23, an increase of 40% over FY22 level.

The states have regulated capital spending amid concerns that over tax revenues after the cessation of the Goods and Services Tax (GST) compensation on June 30. However, the Centre has released an advance installment of tax devolution to state governments amounting to Rs 58,333 crore for August, as central tax collections were buoyant, to prevent the states from cutting their capital expenditures.

The Centre may release another advance installment of tax devolution to front-load the devolution. Rating agency Icra has estimated the Centre's tax devolution to be higher than the budget target of Rs 8.17 trillion by Rs 1.13 trillion for FY23.

Despite the Centre adjusting a portion of states' off-budget borrowings of FY22 in FY23, it has permitted all states to borrow over Rs 6.8 trillion in the first nine months of the current fiscal (including some carry forward of borrowing space from the previous year). The Centre has a fixed net borrowing ceiling (NBC) of Rs 8.58 trillion (3.5% of GSDP) for all states in FY23.

However, the 19 states under review—-Maharashtra, Uttar Pradesh, Madhya Pradesh, Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat, Odisha, Telangana, Kerala, Rajasthan, West Bengal, Punjab, Bihar, Chattisgarh, Haryana, Jharkhand, Uttarakhand, Himachal Pradesh –reported 36% decline in borrowing to Rs 1.62 trillion in April-August 2022.

The combined tax revenues of these states, however, stood at Rs 9.14 trillion in April-August of FY23, a robust 34% increase on year despite a high base of last year. This reflected the buoyant state GST revenue collections as well as higher devolution released by the Centre.

The Centre is also extending a Rs 1 trillion soft loan, 80% of which is unconditional 50-year interest-free loan, to states to keep up the capex momentum. As states draw down from this facility, their capex may start showing improvement from Q3FY23 onwards, analysts said. State capex is seen to have a higher growth multiplier potential than central Budget/CPSE capex.

While the Centre's capex growth year-on-year remained high at 47% as against a required rate of 27%, capital spending has averaged around Rs 50,000 crore per month in the first five months, lower than the required monthly average of Rs 62,500 crore to meet the FY23 BE of Rs 7.5 trillion.

The 19 states saw their revenue expenditure rise 16% on year in April-August of FY23 compared with 10% in the year-ago period.

https://www.financialexpress.com/economy/end-of-gst-aid-makes-states-wary-states-capex-growth-much-slower-than-budgeted/2713739/

10. Divestment déjà vu *(thehindubusinessline.com)* October 16, 2022

With just over a third of the target of ₹65,000 crore realised in the first six months of this fiscal, it looks like we're set for a repeat of the same old story once again on the disinvestment front. It may be difficult for the Centre to meet the target this fiscal. In a recent interview to this newspaper, Secretary, Department of Public Asset and Investment, Tuhin Kanta Pandey, said: "We did have substantial disinvestment since 2014... (but) it always leads to lower and lower potential going forward."

He is also right when he says that the process drags in the case of 'strategic sale' as it entails change of management control. Delays arise by way of litigation, questions over valuation of assets and eligibility criteria of bidders — and some of this is perhaps inevitable, as due diligence must be seen to be observed. However, in order to keep the 'disinvestment' show going in fits and starts, the Centre has resorted to minority sale of public sector undertakings or more absurdly, transfer of equity from one state-run entity to another.

This amounts to a mundane equity sale to raise some funds for the Budget. It is another matter that the February 2021 policy on New Public Enterprise is clear about its goals. As the Economic Survey 2021-22 notes: "The policy intends to minimise the presence of the Government in the PSEs across all sectors of the economy." The pursuit of such a goal should be de-linked from meeting budgetary targets.

Indeed, implausible disinvestment targets are often announced to make the budgetary revenues look good. As a result, the average shortfall in realisations vis-à-vis targets between 2014-15 to 2021-22 was 44 per cent, with wide dispersals around this average. Even if one leaves out the Covid period of 2021-22 and 2020-21 when the gap was 55 per cent and 85 per cent, respectively, with respect to targets of ₹1.75 lakh crore and ₹2.10 lakh crore, the underachievement remains high.

This is true even for the period 2008-09 to 2013-14, when the average shortfall was 51 per cent. Between 2014-15 and 2021-22, disinvestment receipts were budgeted at nearly 6 per cent of total receipts on an average (and over 15 per cent of the fiscal deficit in many years), with the figure touching touching 9 per cent or more in FY22 and FY21. This year, it is down to 2.84 per cent, which appears "realistic".

That said, the significance of sale of minority stake in behemoths such as LIC cannot be brushed aside. This fiscal, ₹24,543 crore has been raised from stake sale in LIC (₹20,516 crore) and ₹3,026 crore from minority stake sale in ONGC. Strategic sales of BPCL, Visvesvaraya Iron and Steel Plant and Central Electronic Ltd have been put off for now, while Pawan Hans remains on the radar.

Rashtriya Ispat Nigam Ltd, BALCO, CONCOR and Hindustan Zinc are strategic sale prospects too this year. However, it is time to move these off the Budget books, like the asset monetisation plan — as both are aimed at maximising return on core assets. https://www.thehindubusinessline.com/opinion/editorial/divestment-deja-vu/article66017734.ece

11. Institutions and Economy~I *(thestatesman.com)* NANDITA CHATTERJEE | October 16, 2022

Economists worldwide would agree that differences in institutions serve as the main determinants of prosperity among countries. There is also enough empirical evidence to show that some countries undergo political transitions and reform their institutions to move into enduring paths of economic development.

Economists worldwide would agree that differences in institutions serve as the main determinants of prosperity among countries. There is also enough empirical evidence to show that some countries undergo political transitions and reform their institutions to move into enduring paths of economic development.

Douglas North (1990) in his book "Institutions, Institutional Change and Economic Performance" defines institutions as the "rules of the game in a society".

As early as the eighteenth century, Adam Smith in his "Wealth of Nations" noted the importance of a system of justice, private property rights and the Rule of Law.

Rodrik et al (2002), while assessing the relative importance of institutions, observe that institutional determinants "trump all others".

Aron (2000), in "Growth and Institutions, a review of the evidence" found that there was a positive correlation between seven indices of development to institutions relating to property rights and law enforcement, ten indices with civil liberties, another ten with political rights, four with cooperation and fifteen indices that correlated economic development with democracy. Studies by the UNFAO in 2006 and by Myrdal (1992), upon a comparative analysis of development trajectories, found that the unequal land ownership in Latin America, exacerbated by population growth, was the primary cause of its underdevelopment.

The introduction of improved technology in agriculture only facilitated landowner elites to consolidate their control over agriculture, thereby perpetuating path dependency in the form of institutions. On the other hand, while greater equality and functional economic institutions contributed to the economic development in Vietnam, the concentration of power and instability of the government to invest in infrastructure and public welfare impeded development in Nicaragua. Birell et al (2005) found that although the institutional capacity to harness domestic primary resources assisted in the development of Botswana and Mauritius, such experience was belied in Sierra Leone, Angola, Equatorial Guinea and in Nigeria. Banerjee and Duflo (2011), while recounting the findings of Abhijit and Lakshmi Iyer (2005), observed that in India, the two distinct systems of land revenue collection during British rule produced contrasting results.

Areas, where the farmers were responsible for tax payments, demonstrated larger agricultural yields, as compared to those places where landlords were responsible for collecting taxes. In the former case, more schools and hospitals were built as public welfare measures along with increased social cooperation. Similarly, Bardhan (2006), found that development-oriented institutions ensured a greater flow of information and greater resource saving whereby the state is able to suitably mitigate economic risks. Ferrini (2012) observed that institutions determine the costs of economic transactions, spur development in the form of contracts and contract enforcement, establish a common commercial code and increase the availability of information, all of which reduce costs of transactions, risk, and uncertainty.

According to Ferrini, institutions also determine the degree of appropriability on returns to investment, protection of property rights and expropriation of rights by elites as well as the conduciveness of the ecosystem to cooperation and enhanced social capital. Inclusive and participatory institutions increase the flow of information and resource pooling to mitigate risks and ensure sustained levels of wealth.

The World Bank's Commission on Growth and Development, working paper no 10, entitled "Role of Institutions in growth and development" based on their cross-country studies of Asian, Latin American and African countries, concludes that the main determinants of cross-country differences in per capita income are differences in their economic institutions, which reflect the outcome of different collective choice.

The Bank asserts that solving the problem of development entails pushing the appropriate institutions to move towards good political and economic equilibrium. According to the Bank, the African experience would indicate that the promotion of democracy and accountability would largely, but not universally, lead to better economic policies and institutions. Latin American history, on the other hand, would disprove the Washington consensus that political equilibrium can necessarily be changed in introducing democracy. China's experience, on the contrary, would testify to how the country embarked on a growth trajectory post-1978 as the political equilibrium changed in such a way that it gave more power to those who wanted to push through reforms.

A study by MIT (2005) named "Institutions as a fundamental cause of long-run growth" would refer to the relevance of good economic institutions such as secure property rights and well-developed financial markets in explaining the prosperity of England and Netherlands and in institutions such as the "organization of overseas trade" that influenced the 16th-century rise in Atlantic trade.

The study also refers to the emergence of democracy in 19th-century Europe that determined the economic institutions and policies such as the distribution of economic resources. In fine, as Ferinni would put it, institutions strongly influence the economic development of countries in determining the framework in which the economic exchanges occur. In the above backdrop, India ticks all the right boxes. It is one of the largest democracies in the world with the longest written Constitution that guarantees Fundamental Rights to life and liberty while the Directive Principles lay a strong foundation for economic policies.

Property rights are protected by a well-structured legal framework, the provision of Separation of Powers provides for the three pillars of the judiciary, the executive and the legislature. Well-regulated financial markets and a vibrant domestic market act as a boost to production. India boasts of a considerable public sector investment (contributing to 2.2 per cent of the GDP, expected to climb to 2.9 per cent in 2023).

The regularity of the election process ensures the accountability of those in power to the electorate. The office of the Comptroller and Accountant General is responsible for monitoring the probity in public expenditure. An active media and the supporting legal enactment of the Right to Information Act in 2005 facilitate the dissemination of information. India also reports vibrant social capitalism.

The most important policy measure that has triggered India's growth trajectory, however, lies in its strong reliance on the reform process. Post-1991, India introduced Industrial delicensing that freed the private manufacturing sector from licensing regulations, as well as the devaluation of the Indian rupee in 1996, to provide a greater competitive edge to its software and other exports sector, to match increased competition from foreign markets.

Further actions in this direction would involve the reduction of the average nominal tariff rates, abolition of the consumer goods quota in 1991, tariff liberalization in the intermediate goods sector and preferential trade agreements with Singapore, Sri Lanka and Thailand to improve India's competitiveness in the international markets.

The legacy of FERA was abolished in 1991 raising the attraction of foreign investment; further, foreign investment through the portfolio route enabled domestic sector industries to take advantage of the enhanced limit of foreign equity investment. India's entrepreneurial instincts which rose to the occasion to take advantage of the investment-oriented economic environment free of the regulatory process acted as the catalyst in this growth process.

The 1990 reform era, however, failed to energize the power sector or to become more inclusive as interstate disparities grew. Trade union laws failed to be labour-friendly and the agricultural sector went into a decline. Hence what India needed was financial crises and technocratic conviction to move its economic policies in a significantly new direction. https://www.thestatesman.com/opinion/institutions-and-economyi-1503122006.html

12. Global Hunger Index: India ranks 107 on list of 121 nations *(financialexpress.com)* Updated: October 16, 2022

India ranks 107 on the latest Global Hunger Index (GHI), of the 121 countries assessed, making it the worst-performing Asian nation save conflict-torn Afghanistan. It again ranks far behind neighbours Sri Lanka (64th), Nepal (81st), Bangladesh (84th), and even Pakistan (99th). The country, as was the case with the rankings from the past couple of years, also lags other large emerging economies, including China, Brazil and Russia.

Whether too much should be read into the rankings still remains a question. Biraj Patnaik, former principal adviser to the commissioners of the Supreme Court in the Right to Food case, believes the data don't lend themselves well to meaningful cross-country comparisons on an annual basis. While India was ranked 101st among 116 countries last year, the report comes with the usual caveat that a country's rankings aren't accurately comparable over successive years, given that the score for an indicator in a particular year is calculated using relevant data over the preceding five years; to illustrate, the 2022 scores for India will be based on performance over 2017-2021.

India’s score of 29.1 puts it in the ‘serious’ category based on how GHI assigns severity of ‘hunger’. A nation’s level of ‘hunger’ is assessed after standardisation of the country’s showing across four indicators — prevalence of undernourishment (daily caloric intake lower than the benchmark), child stunting, child wasting, and under-five mortality. While India has been seeing a general trend of decline across all four indicators for some years, its showing on child wasting (low weight for their height, signalling acute malnutrition) and undernourishment has worsened slightly in 2022 over 2014. At 19.3%, India has the highest child wasting rate of all countries covered in the GHI. While child stunting (low height for age among children under five years of age) has seen a significant decrease — from 54.2% in 1998–1999 to 35.5% in 2019–2021 — it is still considered very high. The problem of child under-nutrition is of particular concern, experts believe. “We can’t claim a seat on the high table of developed nations with these statistics relating to our children,” says Patnaik.

An aspect of child under-nutrition that bears investigation, as per Chetan Choithani, assistant professor at the National Institute of Advanced Studies, Bengaluru, is nutritional deficit’s link to gender. “Pervasive gender inequalities, which result in girls getting inadequate attention in matters of food, nutrition and health vis-à-vis boys, need to be investigated as these lead to poor nutrition among girls, manifesting in turn as women bearing low-weight infants,” Choithani says.

Addressing female under-nutrition to preempt low birth-weight thus could be a key intervention. “The government can take two urgent steps. One is to make the maternity entitlement under the National Food Security Act universal and unconditional. The other is that it must use population estimates of 2022 rather than 2001 in calculating coverage under the NFSA. Close to a 100 million people are being excluded because the numbers have not been updated,” Patnaik says.

The report states that globally, the progress against world hunger is more or less at a standstill, as a combination of conflict, the economic fallout of the Covid-19 pandemic, and climate change push the hunger levels up. The hunger score of the world is currently at 18.2, which has been only slightly lower than the 2014 score of 19.1. South Asia remains the region with the highest levels of hunger and with the most concerning issues pertaining to child nutrition. https://www.financialexpress.com/economy/global-hunger-index-india-ranks-107-on-list-of-121-nations/2713162/

13. Global Hunger Index: Writing on the wall, or "misleading measurements"? *(business-standard.com)* October 17, 2022

The Indian government has maintained the stance that the Global Hunger Index is an "erroneous measurement of hunger" and part of a "consistent effort" to "taint India's image"

India has slipped to rank 107 among 121 countries in the latest edition of the Global Hunger Index. The country was ranked 101 out of 116 countries in the 2021 index. With a GHI score of 29.1, the report placed India's hunger levels under the "serious" category. While this shows an improvement in the "alarming" numbers of 38.8 points in 2000, the report says that India's child nutrition performance was quite concerning.

The Indian government has maintained its stance that the GHI is an "erroneous measurement of hunger" and part of a "consistent effort" to "taint India's image."

What exactly is the GHI, how is it measured, and why has the Centre consistently opposed its annual report?

The Index

The GHI measures and tracks global, regional, and national hunger. It maps four indicators across three dimensions. This includes the under-five mortality rate under the "child mortality" dimension, undernourishment under "inadequate food supply", and child stunting and child wasting under "child undernourishment".

While child wasting maps the percentage of children under five years of age with a low weight for their height, child stunting counts for the share of children with a low height for their age in the same age group.

The GHI primarily sources data from various multilateral agencies based in the United States and other countries to compute scores under each dimension for all participating countries. These organisations include the Food and Agricultural Organization (FAO) and UNICEF.

Computing the dimensions

Each of the four components under the three dimensions is given a standardised score based on thresholds set slightly above the highest country-level values observed worldwide for that indicator since 1988. For instance, the highest value for undernourishment in this period is 76.5 per cent, so the threshold for standardisation is set at 80 per cent. Thus, if a country has an undernourishment prevalence of 40 per cent, its standardised undernourishment score will be 50 or halfway between having no undernourishment and the maximum observed level.

The standardised scores are then aggregated to calculate the GHI score for each country. Undernourishment and child mortality contribute one-third of the GHI score, while child stunting and wasting each contribute one-sixth of the score.

The GHI scores are marked on a 100-point scale, where 0 is the best score (no hunger), and 100 is the worst. In terms of the criteria ranking scale, a score equal to or below 9.9 is categorised as "low", 10.0 to 19.9 is "moderate", 20.0 to 34.9 is serious, 35.0 to 49.9 is alarming, and 50.0 or above is extremely alarming.

The GHI revised its methodology in 2015, which has led to an upward shift in GHI scores for most countries.

India's standings and objections

India is ranked second lowest amongst the SAARC nations, with Pakistan at 99, Bangladesh at 84, Nepal at 81, and even the crisis-stricken Sri Lanka at 64. Only Afghanistan is ranked lower at 109. Maldives and Bhutan were not ranked.

India's share of child wasting — 19.3 per cent — is the highest in the world. While the numbers for child stunting have shown improvement, from 54.5 per cent in 2000 to 35.5 per cent now, the share is still too high. Similarly, under-five child mortality has decreased from 7.1 in 2006 to 5.2 in 2012 and 3.3 per cent in 2022.

The Indian government has primarily maintained two major objections over the past two instalments of the GHI. In a press release, the ministry of women and child development (MWCD) says, "Three out of the four indicators used for calculation of the index are related to the health of children and cannot be representative of the entire population." Moreover, the ministry claims that the estimate of the undernourished population accounts for a very small sample size of 3000 based on the FAO's Food Insecurity Experience Scale (FIES) survey model.

The GHI official website mentions that they don't use the FIES and instead rely on the prevalence of undernourishment indicators assessed by the FAO using the Food Balance Sheet, which is based primarily on data officially reported by member countries, including India.

The website also mentions that GHI uses three children-related indicators out of the total four to assess hunger levels for an entire country to ensure "that both the food supply situation of the population as a whole and the effects of inadequate nutrition within a particularly vulnerable subset of the population are captured." https://www.business-standard.com/article/current-affairs/global-hunger-index-writing-on-the-wall-or-misleading-measurements-122101700386_1.html

14. IMF asks countries to preserve vital foreign reserves amidst appreciating dollar *(financialexpress.com)* October 15, 2022

In a blog post by the First Deputy Managing Director of the IMF Gita Gopinath and the global lending body's Chief Economist Pierre-Olivier Gourinchas, they said that in such a fragile environment, it is prudent to enhance resilience.

The IMF has urged countries to preserve vital foreign reserves to deal with potentially worse outflows and turmoil in the future, amidst appreciation of the US dollar and depreciation of other major currencies, including the Indian rupee.

In a blog post by the First Deputy Managing Director of the IMF Gita Gopinath and the global lending body's Chief Economist Pierre-Olivier Gourinchas, they said that in such a fragile environment, it is prudent to enhance resilience. Although emerging market central banks have stockpiled dollar reserves in recent years, reflecting lessons learned from earlier crises, these buffers are limited and should be used prudently.

“Countries must preserve vital foreign reserves to deal with potentially worse outflows and turmoil in the future. Those that are able should reinstate swap lines with advanced-economy central banks,” they said in a blog post.

Countries with sound economic policies in need of addressing moderate vulnerabilities should proactively avail themselves of the International Monetary Fund’s precautionary lines to meet future liquidity needs.

Those with large foreign-currency debts should reduce foreign-exchange mismatches by using capital-flow management or macroprudential policies, in addition to debt management operations to smooth repayment profiles, they wrote.

Notably the dollar is at its highest level since 2000, having appreciated 22 per cent against the yen, 13 per cent against the Euro and 6 per cent against emerging market currencies since the start of this year.

“Such a sharp strengthening of the dollar in a matter of months has sizable macroeconomic implications for almost all countries, given the dominance of the dollar in international trade and finance,” Gopinath and Gourinchas said in the blog post.

According to them, for many countries fighting to bring down inflation, the weakening of their currencies relative to the dollar has made the fight harder. On average, the estimated pass-through of a 10 per cent dollar appreciation into inflation is one percent, they said. The IMF officials said several countries are resorting to foreign exchange interventions. Total foreign reserves held by emerging markets and developing economies fell by more than 6 per cent in the first seven months of this year, they said.

Observing that the appropriate policy response to depreciation pressures requires a focus on the drivers of the exchange rate change and on signs of market disruptions, the IMF blog said that specifically, foreign exchange intervention should not substitute for warranted adjustment to macroeconomic policies.

“There is a role for intervening on a temporary basis when currency movements substantially raise financial stability risks and/or significantly disrupt the central bank’s ability to maintain price stability,” it said.

Gopinath and Gourinchas noted that in some cases temporary foreign exchange intervention may be appropriate. This can also help prevent adverse financial amplification if a large depreciation increases financial stability risks, such as corporate defaults, due to mismatches, they wrote.

“Finally, temporary intervention can also support monetary policy in the rare circumstances where a large exchange rate depreciation could de-anchor inflation expectations, and monetary policy alone cannot restore price stability,” they said. https://www.financialexpress.com/economy/imf-asks-countries-to-preserve-vital-foreign-reserves-amidst-appreciating-dollar/2712636/

15. Centre's dividend receipts to take a hit as OMCs bleed *(financialexpress.com)* October 15, 2022

State-run fuel retailers have been high dividend-paying companies over the years. Indian Oil had declared a total dividend of Rs 11,568 crore in FY22 (48% of its net profit for the year), 51% of which was cornered by the Centre.

The Centre's FY23 dividend revenue target of Rs 40,000 crore from the central public sector enterprises (CPSEs) looks increasingly challenging, given the heavy losses being incurred by the state-run oil marketing companies. Besides, windfall tax on crude will weigh on dividends to be paid by Oil and Natural Gas Corporation (ONGC).

The Centre had garnered Rs 59,000 crore in dividends from CPSEs in FY22, 28% more than the target of Rs 46,000 crore for the year, thanks to a sharp rise in prices of commodities like metals, mining and petroleum, which boosted the profits of these firms. The share of the petroleum sector in such dividend receipts rose to 38% in FY22 compared with 26% of the relevant target in FY21.

"Oil marketing companies usually pay high dividends, but this year they will pay very little due to heavy losses reported by them. So, it will be challenging to meet the dividend receipts target for FY23," an official said.

State-run fuel retailers have been high dividend-paying companies over the years. Indian Oil had declared a total dividend of Rs 11,568 crore in FY22 (48% of its net profit for the year), 51% of which was cornered by the Centre.

The three state-run retailers – IOC, BPCL and HPCL – which supply over 90% of domestic fuel supplies have suffered a combined loss of Rs 18,480 crore due to erosion in the marketing margin on petrol, diesel and domestic LPG in Q1FY23. ICICI Securities has estimated these three companies operating losses at about Rs 23,000 crore in Q2FY23 due to weak refining and marketing margins and inventory losses.

The government's decision to levy special additional excise duty on crude and export taxes on diesel, petrol (withdrawn later) and jet fuel with effect from July 1 to corner a share of the windfall gains of crude oil producers like ONGC and refiners, including state-run IOC and BPCL may also lower dividend payout in FY23. However, the move will result in additional tax revenues from these firms.

ONGC had paid a dividend of Rs 11,448 crore in FY22, 59% of which went to the Centre.

During the current financial year so far Rs 15,709 crore has been obtained through dividends from the CPSEs, which is 39% of the full-year target for such receipts. This includes the final dividend tranches of about Rs 2,408 crore from ONGC and another Rs 1,745 crore from IOC for FY22 paid in September.

The dividend receipts from the Reserve bank of India came down 69% on the year to Rs 30,307 crore in FY23 (for FY22), which was a little lower than what has been factored in the current year's budget.

https://www.financialexpress.com/economy/centres-dividend-receipts-to-take-a-hit-as-omcs-bleed/2712316/

16. A carbon market for India *(financialexpress.com)* October 17, 2022

Key to the success of such a market mechanism will be four Ds—democratisation, decentralisation, demand generation, and data quality

In the context of the Net Zero Carbon targets announced by countries (2070 for India) and corporates, carbon markets can be an important catalyst for the collective and individual action required to achieve the ambitious goals defined at the 26th Conference of Parties (COP26) to the United Nations Framework Convention on Climate Change in Glasgow last year. Further and discussions are expected at COP27 in Sharm-El-Sheikh in Egypt in November this year, around enabling market mechanisms under Article 6 of the Paris Climate Treaty, and financing for mitigation, adaptation, and resilience.

Private sector climate action can acquire momentum from robust market mechanisms that embrace scale, incentives, partnerships, and innovation. We believe a key role will be played by carbon markets in the drive for decarbonisation, incentivising emission reductions in the short-term and Net Zero transitions in the long-term. Already, according to the International Climate Action Partnership's (ICAP) Status Report 2022 on Emissions Trading Worldwide, jurisdictions making up 55% of global GDP are using emissions trading, 17% of global greenhouse gas emissions are covered by an emission trading system (ETS), and eight countries, 19 provinces and states, one supranational (the EU), and six cities are implementing carbon markets.

Market mechanisms and the 4 Ds

India has had favourable experiences with market mechanisms. Over a decade earlier, the Clean Development Mechanism (CDM) under the Kyoto Protocol offered a primary carbon market for Indian participants, and later, the energy efficiency trading scheme Perform-Achieve-Trade and the Renewable Energy Certificate scheme have served as surrogate carbon markets. Lessons learnt from each of these can facilitate the creation of a robust national carbon market.

Key to the success of such a market mechanism will be four Ds—democratisation, decentralisation, demand generation, and data quality. While India is on the path to conceptualising a national carbon market, possibly in phases starting with a voluntary approach and moving to a compliance-based market, it would be important to integrate the four Ds in the framework.

Democratisation and decentralisation through the development of diverse mitigation outcomes that can be linked to a single carbon market can spur the deepening and widening of the carbon market in India. These can be catalysed through the widening of mitigation options, greater participation by MSMEs, and enhanced activity in geographically dispersed sectors, clusters, and regions.

Mitigation outcomes should straddle opportunities across areas such as energy efficiency, renewable energy, wastewater treatment and reuse, modal shifts in transport, methane recovery and reuse, and afforestation and reforestation. The participation of MSMEs can be facilitated through a programmatic approach to aggregate and pool projects, creating economies of scale and facilitating better access to affordable finance and technologies. Greater inclusion and better regional distribution of mitigation action can be facilitated by locating projects in geographically dispersed sectors.

Accelerating demand through targeted communication and awareness campaigns for the adoption of climate-friendly and resource-efficient technologies, products, and appliances, and influencing consumer behaviour, will create shifts in purchasing choices of citizens as well as procurement decisions of corporate customers. This is amplified in the 10-year work programme adopted at COP26 to strengthen the implementation of Action for Climate Empowerment, which has the following elements: climate education and public awareness, training, public access to information, public participation, and international cooperation.

The fourth and most important D is data quality. Robust data inventorisation will aid effective reporting, monitoring, and verification of mitigation action. It will aid future policy direction through benchmarks on costs, benefits, and impacts of climate and sustainability-related action. China’s carbon market, as revealed by the ICAP report, in its recently completed first compliance cycle uncovered issues of data quality, including data fraud, leading the government to make improvement of data quality control the key task in its second compliance cycle.

A robust regulatory framework will need to underpin the 4Ds, to facilitate capacity building for market participants, government entities, and service providers such as verifiers and validators. From ensuring stability for participants and aligning the carbon market with the national Net Zero goal as the UK ETS provides, to encapsulating a just transition to Net Zero as the California ETS has done, India can learn lessons from other jurisdictions while it prepares to launch its national carbon market.

The way forward

Funds controlling more than $120 trillion have already signed up to the United Nations Principles for Responsible Investment, which emphasise environmental, social, and governance (ESG) requirements. ESG is becoming a major determinant of the flow of capital across markets, and for the channelling of climate finance. Leveraging this, discussions on carbon markets at COP27 must focus on greater transparency, efficiency, low transaction costs, broad coverage of sectors, greater regulatory certainty, and reward for innovation.

The establishment of a robust and efficiently functioning domestic market in India will be the precursor to participation in a more interconnected global market. This can spur new projects, while expanding the market for Indian carbon credits. https://www.financialexpress.com/opinion/a-carbon-market-for-india/2713761/

17. Railways attains 82 per cent electrification in mission 'zero carbon emission' *(newindianexpress.com)* 16 October 2022

The Indian Railways (IR) claimed on Friday to have set a new benchmark in the electrification of rail routes while working steadily towards achieving net zero Carbon Emissions by 2030 to become the world's largest Green Railway. An official statement said that its electrification drive aims to improve fuel energy usage, reduce fuel expenditures and save foreign exchange for the country.

"The railway has accomplished 81.51% electrification of the total broad gauge rail network, moving towards achieving the Net Zero Carbon Emission by 2023," the Indian Railway claimed, adding that a long stretch of 851 km rail routes were electrified between April and September of outgoing 2022 alone.

Sharing details with this newspaper, a senior railway official said that the target for electrification during the current financial year is 6500 rail route kms, out of which 851 rail route kms have been electrified till September 30, 2022.

"As on September 30 this year, out of 65,141 rail route kms of broad gauge network, 53,098 kms have been electrified, which is 81.51% of the total broad gauge route," claimed the IR in a statement.

The railway further added that a record electrification of 6,366 rail kms was done during 2021-22 as compared to 6,015 route kms electrified in 2020-21. In fact, the Indian Railway has set the target to electrify the entire length of broad gauge rail routes by 2023-24. Recently, its four zones out of a total 18, namely- the East Coast, South Eastern, Eastern and Central Eastern railways, are 100% electrified.

Sharing the news recently, Union MoS for railway Raosaheb Patil Danve said that 100% electrification of four zones was achieved in line with the railway's aim of becoming the largest Green railways in the world. A senior railway official further said that the importance of electrification is all set to further increase in the next few years with the introduction of 400 Vande Bharat trains of new generation and the Vande Bharat-based' Freight EMU' services.
https://www.newindianexpress.com/thesundaystandard/2022/oct/16/railways-attains-82-per-centelectrification-in-mission-zero-carbon-emission-2508602.html

18. Discom losses surge 66% to ₹50,281 crore in FY21 *(livemint.com)* OCT 14 2022

Aggregate losses of distribution utilities rose 66.47% to ₹50,281 crore in FY21, showed a report by Power Finance Corporation (PFC).

The report on performance of power utilities in 2020-21 unveiled at the state power ministers' conference in Udaipur on Friday also showed that the overall aggregate technical and commercial (AT&C) losses of discoms rose from 20.73% in 2019-20 to 22.32% in 2020-21.

“Aggregate losses for distribution utilities increased from ₹30,203 crore in 2019-20 to ₹50,281 crore in 2020-21. Aggregate losses on tariff subsidy received excluding regulatory income and revenue grant under UDAY for loan takeover increased from ₹63,949 crore in 2019-20 to ₹88,500 crore in 2020-21," it said.

Tariff Subsidy billed by distribution utilities increased from ₹1,20,828 crore in 2019-20 to ₹1,32,416 crore in 2020-21. As a percentage of total revenue, tariff subsidy billed by the utilities increased from 16.52% in 2019-20 to 18.53% in 2020-21, the report showed.

Further, the gross energy sold by distribution utilities was 10,24,309 million units in 2019-20 and 10,05,044 million units in 2020-21 registering a YoY decrease of 1.88%. Revenue from sale of power including tariff subsidy billed decreased by 1.76% during the same period from ₹6,43,881 crore in 2019-20 to ₹6,32,543 crore in 2020-21.

Regarding generation utilities, the report showed that generation utilities earned a profit of ₹2,700 crore in 2020-21, as compared to profit of ₹3,836 crore in 2019-20 and 16 out of 23 generation utilities registered profit in 2020-21.

Further transmission utilities earned a profit of ₹955 crore during the period under review compared to a loss of ₹287 crore in 2019-20 and 15 out of 22 transmission utilities registered profit in 2020-21.

The conference of power and renewable energy ministers of states and union territories is being held during 14-15 October, 2022 in Udaipur, Rajasthan.

During the conference, it was emphasized that India’s power demand is set to double by 2030, for which huge capacities will be required to be, which in turn will require huge capital investments.

He noted that capital investments would also be required for modernizing the power systems and promoting new technologies like green hydrogen, storage, offshore wind among the to help India achieve its energy transition trajectory. https://www.livemint.com/industry/energy/discom-losses-surge-66-to-rs-50-281-crore-in-fy21-11665758397981.html

19. Wind Energy in India: Tailwinds and Headwinds *(orfonline.org)* OCT 17 2022

Although the wind energy sector has grown significantly, to meet the target of 140 GW wind energy capacity by 2030, the growth rate in capacity addition has to triple.

In 2007, Time magazine featured a story on Mr Tulsi Tanti, wind energy pioneer and Chairman & Managing Director of the Suzlon group, who passed away suddenly this month (October 2022). As part of a series on ‘Heroes of the Environment’, the story offered two reasons behind Mr Tanti’s entry into the Indian wind energy industry. One was the poor quality and high price of grid-based power that affected the profitability of his textile yarn business. The second was a report on climate change that predicted that without a radical decrease in the world’s carbon emissions, many parts of the world would be underwater by 2050. Both factors continue to drive investment in renewable energy (RE) by the industry today.

The industry is now facing the headwinds of cost escalation, competition from cheaper solar photovoltaic (PV) power and policy attention devoted to the solar sector.

When Mr Tanti entered the Indian wind energy industry, the total installed capacity was about 500 MW (megawatt). In August 2022, total wind energy capacity was over 41 GW (gigawatts), a CAGR (compound annual growth rate) of over 14 percent. But the tailwinds that propelled the Indian wind energy industry from the late 1990s until the early 2010s have died down. The industry is now facing the headwinds of cost escalation, competition from cheaper solar photovoltaic (PV) power and policy attention devoted to the solar sector. Suzlon's own history is a testimony to the rise and stagnation of the Indian wind energy industry. In the 2000s, the growth and success of Suzlon enabled its founder to become an international hero of the environment. Today the company characterises travails of the wind energy sector.

Tailwinds

India's wind energy journey is essentially India's RE journey. In 1982, the Department of Non-conventional Energy Sources (DNES) was constituted under the Ministry of Energy. Based on an assessment of wind energy potential in India by the Indian Institute for Tropical Metrology, DNES supported the commissioning of the first grid-connected wind turbine of 40 kW (kilowatt) capacity at Gujarat in 1984. Later DNES offered grants to five projects of 550 kW. In 1987, the Renewable Energy Development Agency (IREDA) was established to act as a dedicated public sector financing arm for RE projects.

In 1988, the Danish aid agency DANIDA supported plans to develop two commercial projects of 10 MW (megawatt) each in the states of Gujarat and Tamil Nadu. These DANIDA-sponsored projects were the first demonstrations of large-scale grid-connected wind farms. These demonstration projects provided real data on the techno-economic feasibility of wind energy generation in India that initiated private sector interest in wind energy generation. Favourable policies by the government also played an important role in garnering private investment in both the manufacture of wind turbines and wind energy generation. These included but were not limited to: a) 100 percent accelerated depreciation on capital investment in equipment in the first year of installation; b) Five years' income-tax exemption on income from the sale of power generated by wind energy c) mandatory purchase of electricity by State Electricity Boards (SEBs) d) industry status to wind equipment manufacturers. In 1992, DNES became the Ministry of non-conventional energy sources (MNES). MNES set targets for RE generation based on incentives for capacity addition.

Captive wind power generation fixed one of the major components in the cost of production of textile yarn which, in turn, improved the profitability of textile mills.

One of the lesser-known drivers of the wind energy sector was the technology upgradation fund (TUF) launched by the Ministry of Textiles in 1999 to facilitate the modernisation and technology upgradation of jute and textile mills over a period of five years. The scheme continues to be operational with modifications and adaptations even today. When first initiated, TUF provided loans at commercial rates to assist the textile industry's modernisation, including gaining access to firm supplies of power by investing in their own power plant. In Tamil Nadu, home to at least half of India's textiles market, the TUF scheme was boosted further by the state government's decision to introduce a special lending rate of 12.5 percent for wind projects supplying power directly to the textile company. As the textile industry was power intensive, investment in wind energy generation for captive consumption made economic sense. Captive wind power generation fixed one of the major components in the cost of production of textile yarn which, in turn, improved the profitability of textile mills. This historical policy push to wind power generation by the state government along with the fact that Tamil Nadu has one of the best windy coastal areas explains why it leads all other states in cumulative installed wind energy capacity and also in annual capacity additions.

The provision of an accelerated depreciation mechanism within the context of the income tax act was another significant driver of growth in the wind energy segment. Accelerated depreciation allowed the investor (such as a textile company) to divert taxable income into a wind power project which acted as a tax shield. With accelerated depreciation, investors could show the allowed depreciation value as deductible from income in the first year of investment thus avoiding the tax that would be levied on that amount.

Accelerated depreciation led to negative outcomes such as large textile and cement industries appropriating all the tax benefits as they were large investors in technology. These industries also made hasty decisions around the time of tax filings to install wind plants. This resulted in poor siting and low or no generation by wind generators. These outcomes eventually led to the scaling down and phasing out of accelerated depreciation.

Wind energy also benefited from incentives like renewable purchase obligations (RPOs), attractive rates for feed-in-tariff along with capital subsidies that continue in one form or the other even today.

Headwinds

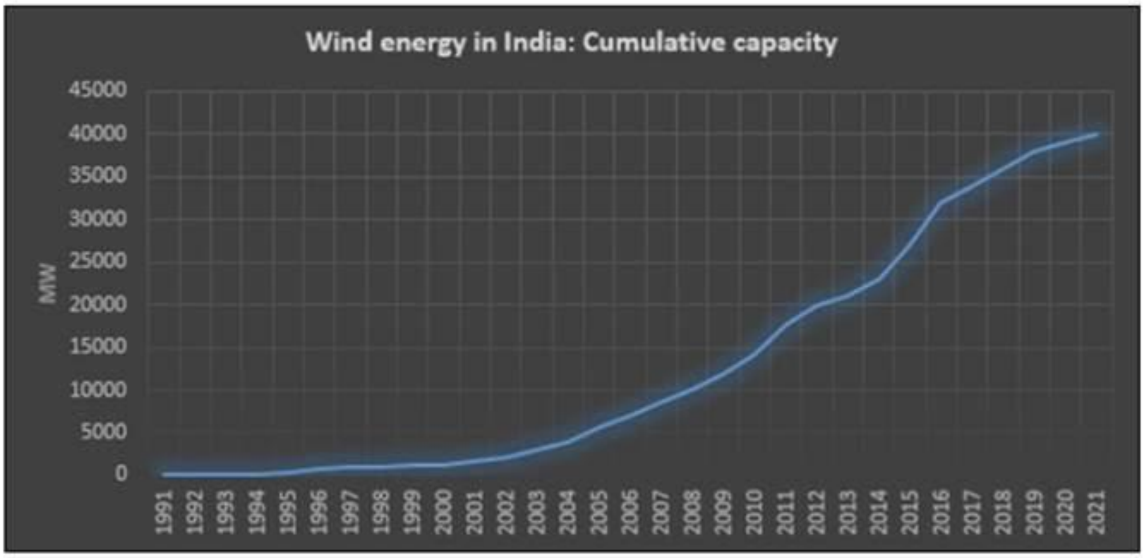
The tailwinds behind wind energy in India began to ebb when the market-oriented electricity act was introduced in 2003. Though the act stipulated special treatment for RE resources, the act-initiated market-based discipline on the electricity sector that indirectly influenced RE projects. In 2006, MNES was recast with the more progressive title of Ministry of New & Renewable Energy sources (MNRE) to resonate with the global narrative of climate change as a key challenge and RE as the solution. The national tariff policy announced that year emphasised the importance of setting targets for RE capacity addition and stressed the importance of preferential tariffs for RE power. In 2009, generation-based incentives (GBI) for RE generation replaced policies that supported RE capacity addition rather than generation. In the late 2000s, the success of reverse auctions in driving down solar tariffs led the wind energy sector to adopt the model. Initially, it was welcomed by the wind sector but eventually, the sector began crumbling under the constant pressure to lower tariff that was not consistent with the increase in the price of steel and other wind energy components.

The national tariff policy announced that year emphasised the importance of setting targets for RE capacity addition and stressed the importance of preferential tariffs for RE power.

In 2014, targets for RE capacity were increased by almost five-fold. The increase in targets for RE has meant a large degree of centralisation of the initiatives and programmes to increase RE capacity. Centralisation of decision-making has produced mixed results. On the one hand, it has dramatically improved the visibility of India's effort to decarbonise the power sector. This has attracted large overseas players and foreign investment in the RE sector. On the other hand, centralisation has oversimplified and generalised RE projects offered on auction or tender basis which has affected their technical and economic viability. Whilst the involvement of technologically competent international players in the RE sector has introduced advanced technology, it has also driven out small players with domestic roots, especially in the wind sector. Most importantly the constant pressure to drive down tariffs on RE projects has favoured large international players with access to low-cost finance at the expense of smaller domestic players.

In addition, the overemphasis on lower tariffs has meant that tariff caps set for centrally auctioned projects are often too low to make the projects bankable or economically viable. The case of the Indian wind energy industry which has developed domestic manufacturing capabilities over the last 30 years illustrates the challenge. Four thousand small and medium enterprises (SMEs) that manufacture equipment and components for the wind energy industry employ 2 million people directly or indirectly. These industries and jobs are now under threat as the downward pressure on tariffs has pushed many wind SMEs to the verge of bankruptcy.

Whilst solar is generally location agnostic, wind favours specific locations and this has become a major problem when tariff caps are set at low levels. Under a 'one tariff fits all' approach that centralised efforts pursue, wind projects crowd around a few favourable locations around the country. This has limited capacity creation. Continued emphasis on low tariffs pushed projects towards cheaper components that compromised the efficiency and life of wind energy systems. It has also contributed to the creation of stranded assets that drain public finances replicating the plight of some of the conventional power generation projects. In 2001, the capital cost of wind projects in India was estimated at about INR30 million/MW compared to INR300 million/MW for solar projects. By 2020, the capital cost of solar projects had fallen to about INR55 million/MW whilst the capital cost of wind increased to about INR60 million/MW. The modular nature of solar projects adds to the attractiveness of solar compared to wind projects. Between 2016 and 2022, wind energy capacity addition has grown at a CAGR of about 5 percent. To meet the target of 140 GW wind energy capacity by 2030, the growth rate in capacity addition has to triple. The government's decision in July 2022 to end reverse auctions for RE projects may ease price pressure but it is likely to bring out new problems such as the competitiveness of RE power.



Source: MNRE

https://www.orfonline.org/expert-speak/wind-energy-in-india/

20. Rs 1,800 crore sits idle with rural bodies *(telegraphindia.com)* Oct 15, 2022

WB: A review of the fund status of the state government has revealed that gram panchayats — the lowest tier in the three-tier panchayat system — did not spend more than Rs 1,800 crore received from the 15th Finance Commission.

The revelation has come as another embarrassment for the Trinamul-led government, which has been blaming the Centre for blocking funds to “settle political scores.”

A Nabanna source said a scrutiny of the failure to use funds — which could have created jobs in development work — revealed infighting within Trinamul as the main reason.

“In most gram panchayats, there are two rival groups of the ruling party.... It has been found out that clash between rival factions on which projects to be implemented and how to spend money has led to unused funds,” said a source.

As funds from the 15th Finance Commission, a constitutional body, directly reach the gram panchayats and the devolution is not tied to any conditionalities, rural bodies enjoy the freedom to spend the money on any project planned by them. “The state started the 2022-23 financial year with a carry-over of Rs 1,974 crore. The state received Rs 1,142 crore in the ongoing financial year from the 15th Finance Commission, but could spend only Rs 1,304 crore. That means Rs 1,812 crore could not be spent,” said a bureaucrat, adding this corpus could have been used for development projects ahead of rural polls.

An official said that Rs 172.44 crore is lying unspent with panchayats in Murshidabad, Rs 162.93 crore with South 24-Parganas, Rs 152.59 crore with North 24-Parganas and Rs 138 crore with Nadia.

“Infighting within Trinamul is intense in these districts and that’s the reason why they could not utilise the funds properly,” said a source.

Under norms, panchayats decide on the projects, and then officials — each panchayat has a secretary — release the funds for it. “If panchayat office bearers don’t reach a consensus, how can officials release funds?” said a source.

“The chief minister asked authorities to use 50 per cent of this fund to develop rural roads since the Centre froze funds under Pradhan Mantri Gram Sadak Yojana.... But rival groups (within Trinamul) with fight to hire contractors of their choice. That’s why work orders couldn’t be issued in large areas,” said an official. https://www.telegraphindia.com/west-bengal/rs-1800-crore-sits-idle-with-rural-bodies/cid/1892110