NEWS ITEMS ON CAG/ AUDIT REPORTS (03.11.2022)

1. A Minimum Work Threshold May Go Against the Spirit of MGNREGA *(bqprime.com)* 03 Nov 2022

The central government may define the minimum work requirement under the rural jobs guarantee scheme to claim benefits for ensuring better targeting and optimal use of funds. But that could stifle fund flow and go against the spirit of decentralisation envisioned in the scheme, according to economists.

New Delhi may be considering defining how much of work must be done to qualify for a day's wage under the programme, after considering the bill at the end of the second quarter, The Economic Times reported. States have had the responsibility of defining work till now, leading to varying standards.

The Mahatma Gandhi National Rural Employment Guarantee Act, or MGNREGA, provides 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The scheme is demand-driven with the central government transferring resources to states, based on the demand for employment in each state.

The guidelines and outcomes of the programme need to be region- and season-specific, said NR Bhanumurthy, vice chancellor at the BR Ambedkar School of Economics.

According to Rajendran Narayanan, faculty at Azim Premji University, Bengaluru, and an MGNREGA researcher, the focus on targeting may impact the effectiveness of the scheme.

"Targeting could lead to a supply-driven approach. The programme was envisioned to offer work to people, should they choose to want it. There needs to be a choice for self-selection."

There are also concerns surrounding the nature of work and how uniformity can be achieved as states have different terrains and requirements.

The scheme would be most effective if it remained decentralised, Amalendu Jyotishi, a professor with the School of Development at Azim Premji University, told BQ Prime. "More than state governments, the autonomy should be with gram panchayats, who understand the local needs and the kind and conditionality of work," he said.

The Need to Define Daily Limits

Defining of minimum work is expected to ensure proper targeting so that intended beneficiaries are not left out inadvertently, according to a senior government official with the knowledge of the matter. Audit reports and the CAG in the past have also highlighted the need for tightening leakages and ensuring quality of work in states, said the official, who didn't want to be identified as details are not public. Part of the exercise is also expected to involve sending out teams to states and tracking the spend of the funds already released. The teams would also be looking at the assets being created and the valuation of such assets through the programme, the senior official said. The finance ministry declined comment. BQ Prime awaits response on queries emailed to the Ministry of Rural Development on the exercise and a prospective timeline.

Other Possible Measures

"It becomes important to remember that from a macroeconomic perspective, the employment guarantee programme works as an automatic stabiliser where the larger goal is creating employment rather than a productive effect," Jyotishi said.

Based on his research, Narayanan said there are two levels of exclusion already at play at the grassroots level, where worker households are not getting work despite wanting it or are not getting work for as long as they want.

To counter the unmet demand and corruption, Narayanan suggested that the government funds and programme implementation functionaries must increase. To counter corruption, there is a need to empower existing state and local-level social audit teams, he said.

"Social audit is meant to be a part of the programme to validate the work done and check corruption. So, more support for social audit as part of programmes and an increase in the budgetary allotment are some of the measures the centre could look at."

According to Bhanumurthy, the most important component of the scheme is the social audit. Only a budgetary allocation of 1% is mandated for social audits and that too is often subsumed in the overall administrative costs, which has around 6% allocation, he said.

“Social audit expenses need to be kept out of administrative costs and it must be made mandatory to utilise the allocation for it," he said. "That should determine to what extent the monitoring and evaluation happens at the gram panchayat level."

Of the Rs 73,000 crore budgeted for MGNREGA this fiscal, Rs 59,942 crore has been transferred to states.

A PTI report suggested that the Ministry of Rural Development has sought additional funds of about Rs 25,000 crore for the rural jobs scheme, a clear indication of a rise in demand for work.

Last year, the government's expenditure on MGNREGA touched Rs 98,000 crore. Approval for any additional expenditure will require a parliamentary nod, which will be presented by the finance ministry in its first supplementary demand for grants in the upcoming winter session of Parliament. https://www.bqprime.com/economy-finance/a-minimum-work-threshold-may-go-against-the-spirit-of-mgnrega?src=tl_story

2. What will it cost to universalise early childhood education in India? *(idronline.org)* November 3, 2022

A recent study estimates the financial investment India needs for a robust early childhood education system, and suggests ways in which underutilised public funds can be used to strengthen it.

According to the 2011 census, India is home to 99 million children between three and six years of age, a period considered vital for growth. Researchers believe that a child learns the most during this period of early childhood—from birth until the age of six or eight years. The foundations of brain architecture and functioning, and subsequently lifelong developmental potential, are laid during this time.

Cognisant of this fact, education policies in the country have time and again stated the need for equitable early childhood education (ECE). The National Education Policy 2020 has gone a step further and recommended the inclusion of young children within the structure of the school system and the universalisation of pre-primary education by 2030. However, a vision of such magnitude can only be brought to fruition with adequate resources and planning.

Early childhood education in India

Currently, the ECE system in India is a mix of incongruous programmes with different funding streams, service providers, and quality standards. Government is the largest provider of ECE, followed by the private sector, and nonprofits and other organisations that run preschools for a small proportion of children. The public sector delivers ECE through its network of anganwadi centres and preprimary schools across the country, but is able to cater to only 31.4 million children. According to the National Sample Survey 75th Round report, approximately 37 million children do not avail of any early education service, be it in the public or private sectors. Further, there are wide variations in access to quality ECE. For example, the annual average out-of-pocket expenditure per child varies from INR 1,030 in government institutions to as high as INR 12,834 in private institutions.

Poor allocation of public funds is one of the major roadblocks to effective planning and delivery of ECE in India. In 2020–21, the government allocated a meagre 0.1 percent of the GDP to ECE and its average yearly spend of INR 8,297 per child is drastically lower than the amount required to meet the standards set by countries around the world. Even within India, budget allocation varies across states. While Haryana allocated INR 16,506 per annum to each child in 2020–21, West Bengal's allocation was only INR 5,346.

A model for the future

What kind of financial investment will it take to make sure that India has a robust ECE system? To answer this question, the Centre for Budget and Governance Accountability along with Save the Children India conducted a study to estimate the cost of universalising quality ECE. Based on primary and secondary research, the study proposes the adoption of the following three models—that are aligned with the National Education Policy 2020, widely prevalent, and scalable—to deliver ECE.

1. Stand-alone preschool-cum-day-care centres

This model is suitable for urban areas, especially for children with working parents. The centre operates for six to eight hours, aligned to parents' work timings, and has three ECE teachers, one centre head, and two helpers. Sixty children aged three to six can be enrolled at these centres. The infrastructure and facilities in the centre include a computer and an internet connection, a kitchen, a toilet, drinking water, furniture, and adequate educational material for the children. The centre has a minimum area of 800 square feet in addition to an outdoor area for play.

2. Stand-alone anganwadi centre

This model meets all the quality parameters that apply to preschool-cum-day-care centres, and can be considered as an anganwadi centre of improved quality with two ECE teachers and one

helper. It operates for three to four hours daily and can enrol 40 children in the three-to-six age group. The centre has a computer and an internet connection and/or smartphones, a kitchen, a toilet, drinking water, furniture, and adequate educational material for children. It has a minimum area of 500–600 square feet in addition to an outdoor area for play.

3. Pre-primary section in primary schools

This model is located within a primary school and is staffed with two ECE teachers and one helper. It can enrol 40 children in the three-to-six age group and operate for four hours. The infrastructure and facilities in the centre include a computer and an internet connection and/or smartphones, furniture, and adequate educational material for children. The toilet and drinking water facilities are shared with the primary school. The infrastructure such as the space and classrooms within an existing primary school are utilised by the pre-primary sections as well.

Cost of universal ECE

The study considers the following costs to deliver quality ECE:

Establishment cost: This comprises the cost of infrastructure development, including investment on buildings/space acquisition, and procurement expenditure on fixed assets such as furniture, water tanks, computers, printers, and swings for playgrounds.

Operational cost: This comprises cost of staff salaries, rent or maintenance of buildings and other infrastructure, communication expenses, midday meals, and so on.

Institutional cost: This includes institution building at various levels of governance (block, district, state, and centre), monitoring and supervision, and so on. These allied expenditures were included because they apply to similar service provisions in various other government programmes such as anganwadi services and the Samagra Shiksha Abhiyan.

The study recommends a teacher–child ratio of 1:20 in all three models. It recognises that the salary of an ECE teacher should be at least INR 40,240 a month, so that it is equivalent to the amount currently paid to a primary school teacher at a Kendriya Vidyalaya. Further, the entry-level salary of a helper should be INR 8,892–11,622, in accordance with the minimum wage norms for unskilled labour set by the Union Ministry of Labour and Employment.

The study estimates the cost of universalising ECE in India in three scenarios, which involve providing quality ECE to:

-All 99 million children aged three to six
-The 67.6 million children who are currently not availing government ECE services
-The 37 million children who are currently not enrolled in any ECE service

Type of model	Total cost as a percentage of GDP		
	Scenario 1 (99 million children)	Scenario 2 (67.6 million children)	Scenario 3 (37 million children)
Standalone pre-school cum day-care centre	1.6–2.5	1.1–1.7	0.6–0.9
Standalone Anganwadi centre	1.5–2	1–1.4	0.5–0.8
Pre-primary section in primary schools	2.1–2.2	1.4–1.5	0.78–0.82
Note: The total cost as a percentage of GDP has been based on the projected GDP of FY2021-22 as per the Union Budget of the same year.			

Based on the authors' calculations, the study concludes that the approximate total resource requirement to provide universal quality ECE services to all children in the three-to-six age group would be in the range of 1.5–2.2 percent of the GDP.

Mobilising revenue for universal ECE

The study has identified some channels from where additional resources can be mobilised towards the universalisation of ECE.

1. 15th Finance Commission

The 15th Finance Commission has recommended a 41 percent share for states in the central taxes for the period of FY2021–26. As this fund is flexible in nature, a part of it can be used for institution building for ECE. The commission also recommended a grant of INR 4,800 crore to incentivise states to enhance educational outcomes. The government could use this resource efficiently to improve early education services in the country.

2. Unutilised cesses

Over the last 10 years, cesses of approximately INR 1.25 lakh crore were collected on crude oil but remain in the Consolidated Fund of India as they were never transferred to the designated reserve fund. There have been similar incidents in the past where cesses, taxes, and charges have been collected but never remitted to specific reserve funds. The unutilised cess or part of it retained in the Consolidated Fund of India can be used to finance universal ECE.

3. Unspent funds from government programmes

At different points of time, Comptroller and Auditor General of India (CAG) audits have shown sanctioned amounts lying unspent under different government-run programmes. As mobility

of funds under centrally sponsored schemes and central sector schemes is mostly conditional, it is difficult to utilise unspent funds from one sector/scheme on another. The government should make the programmes more flexible and channel unspent funds into deserving sectors such as early education.

4. Corporate social responsibility

Education receives one of the highest priorities in CSR activities but only 17 percent of these funds is directed towards education of pre-primary children. The CSR community must be made aware of the importance of ECE and the need to enhance its quality and coverage in the country.

Policy recommendations

In addition to suggestions on the need and utilisation of budget, the study makes certain policy recommendations:

1. Increase spending on anganwadi services

The early education programme run under anganwadi services is considered to be age appropriate. However, due to the shortage of anganwadi centres and low quality of service delivery, people have to resort to private centres that do not follow recommended practices. Therefore, it is vital for the state to enhance its spending on anganwadi services so that children between three to six years of age can avail good-quality early education.

2. Improve data collection

There is paucity of data on ECE interventions in the country, which hinders planning. Disaggregated, real-time physical and financial data is vital for adequate planning, budgeting, and monitoring of early education at all levels.

3. Maintain a well-trained and well-paid workforce

A professionally trained and adequately compensated workforce is needed to impart early education. Training and capacity-building programmes must be conducted for staff at ECE centres on a regular basis. The study recommends building a block- or cluster-level centre or strengthening existing architectures to regularise and professionalise the staff.

4. Standardise financial norms

The financial norms of certain essential components such as salaries of teachers, education material, and training must be standardised at the central level. States should have the flexibility to spend over and above the stipulated norm set by the Centre. Moreover, the unit costs of many components such as rent, infrastructure, and teaching and learning material should be increased.

5. Regulation of education services

Early education services need to be regulated across diverse service providers, along the lines of the quality standards set by the Ministry of Women and Child Development and the National

Early Childhood Care and Education Policy. Norms such as space, teacher–child ratio, and curriculum mentioned in both could be key aspects in delivering effective ECE in India. https://idronline.org/article/education/what-will-it-cost-to-universalise-early-childhood-education-in-india/

STATES NEWS ITEMS

3. GCZMA under CAG scanner for granting development permissions in protected areas *(goemkarponn.com)* November 03, 2022

PANAJI: The Comptroller and Auditor General (CAG) has rapped Goa Coastal Zone Management Authority (GCZMA) over rampant grant of permissions to the developmental and infrastructural projects, including that of the Central and State governments, by allowing the destruction of khazan land, sand dunes and mangroves.

The latest CAG report on 'Conservation of Coastal Ecosystem', tabled in the Parliament, observed issues such as the absence of a monitoring system for coral reefs, non-preparation of management plans for turtle nesting sites, prohibited activities permitted in coastal sand dunes and khazan land, destruction of mangroves and gaps in its conservation, in Goa.

CAG observed that due to the non-demarcation of khazan lands by the State, GCZMA granted approvals to projects which were otherwise impermissible in these protected areas.

For instance, clearances for projects involving the construction of a bypass from Bambolim Plateau to Verna Plateau and for cutting of 69 mangroves and temporary land filing in the said area were granted in December 2015 and October 2017, respectively, without ascertaining that the projects involved the use of khazan lands.

"Although the authority reply stated that the permission granted for the construction of bypass was temporary in nature, the fact that 12 columns constructed in the salt pans under the project were of permanent nature and were impermissible in the khazan land," CAG said.
Mangroves: CAG noted several instances of cutting of mangroves and other issues related to their conservation, despite notifying 14 species as protected, imposing a ban on their cutting. Mangroves are spread across 2,000 ha in Goa.

CAG observed that the authority in 2015 granted permission to cut 247 mangrove trees for the construction of Atal Setu, with a condition to re-plant the same number. However, the re-plantation had not been carried out by the project proponent- Goa State Infrastructure Development Corporation (GSIDC).

Further, in 2017, GCZMA allowed the cutting of 69 mangrove trees for the construction of the new Zuari Bridge. The permission envisaged a condition that the project proponent (PWD) should deposit with the Mangrove Society of India, an amount for the plantation of mangroves. However, it was observed that mangrove replantation had not been carried out.

The Audit observed that GCZMA despite the existence of sand dunes gave permissions for infrastructure development and construction of hotels and residential houses along the beach stretches vulnerable to sand dunes. Construction of hotels/resorts/guesthouses, dune reclamation for making approach roads to the beaches, and landscaping were the major causes

of destruction of sand dunes of Goa, prominently along the coastal stretches of Betul to Cansaulim, Sinquerim to Baga, Arambol, and middle of Morjim.

CAG observed that the construction of four-lane National Highway 17 B from Varunapuri to Sada Junction near Baina Beach was recommended by the authority in 2015 despite observations of the site inspection team that Baina Beach contained sand dunes covered with vegetation and that it was prone to annual cycles of erosion which made it ecologically sensitive and construction will disturb the ecological stability of sensitive beach. https://goemkarponn.com/gczma-under-cag-scanner-for-granting-development-permissions-in-protected-areas/

4. Maharashtra: Shinde-Fadnavis govt reveals plan for new prison, 7 new police stations in Mumbai *(freepressjournal.in)* November 03, 2022

Arthur Road jail houses 3,406 inmates against the maximum capacity of 804

The Maharashtra government is planning to set up a new prison and seven new police stations in Mumbai, Deputy Chief Minister Mr Devendra Fadnavis has said.

A discussion on the requirement of new jails in state capital Mumbai, Nagpur and Pune was held with officials of the police department on Tuesday, Fadnavis tweeted after the meeting.
Mumbai lagging behind in terms of number of jails

At present, there is only one jail (Arthur road jail) in Mumbai. ‘’Best quality work in stipulated time is expected," Fadnavis, who also holds charge of the state home department, told the police brass.

Mr Fadnavis’ announcement is important especially when 40,496 prisoners against the current prison capacity of state jails of 24,772 were languishing in different central and district prisons as of June 1. As far as Arthur Road jail is concerned, it is presently filled to capacity. There were 3,406 inmates against the maximum capacity 804.

Nine new cells are being constructed by the Public Works Department (PWD) in a ground-plus-two storey structure. It is likely to be handed over to the prison authorities in due course of time.

According to the home department, of the 4,049,46 prisoners, 39,314 were males, 1,619 females and 13 transgenders. The other crowded jails are at Thane, Buldhana, Kalyan and Nanded. The Yerawada jail is the state’s seventh most populous that currently houses 6,866 prisoners against its capacity of 2,499.

CAG had rapped the state govt for stagnant capacity of jails

There are nine central jails, 28 district jails, one special jail at Ratnagiri, one juvenile improvement home at Nashik, one Mumbai district women’s jail, 19 open jails and one open hostel at Atpadi.

Earlier, the Comptroller and Auditor General of India in its report in 2019 had rapped the state government for stagnant capacity of jails when the number of inmates was increasing. The former home minister Mr Anil Deshmukh in 2020 had said that there was a proposal before the

state home department to construct multiple new jails with modern amenities to ease the existing overcrowding of inmates.

Meanwhile, Mr Fadnavis has assured that there will be no shortage of funds from the government for police housing. He said there was also a discussion on expediting the redevelopment project of police housing in the Worli area of Mumbai. Fifteen projects of new police stations and police housing are almost ready and 10 more will be ready in six months, he said.

''Work for 457 police housing projects across Maharashtra with 53,860 houses for police personnel in progress. 87 new police stations in Maharashtra, 7 in Mumbai are planned," Mr Fadnavis tweeted. He directed the officials to prioritise the works, initially take up the urgently needed projects, finish them speedily and then go ahead phase-wise.

''Wherever feasible, police housing should be built near the police station itself. Optimum utilisation of space be kept in mind while preparing the plan," the deputy CM said. https://www.freepressjournal.in/mumbai/maharashtra-shinde-fadnavis-govt-reveals-plan-for-new-prison-seven-new-police-stations-in-mumbai

SELECTED NEWS ITEMS/ARTICLES FOR READING

5. CPSE capex at Rs 2.85 trn in first half *(financialexpress.com)* November 3, 2022

The capex target for these entities – 54 CPSEs and 5 departmental arms — with an annual capex of above Rs 100 crore is set at Rs 6.62 trillion for FY23.

The Central Public Sector Enterprises (CPSEs) and other large government undertakings, including the Railways and the National Highways Authority of India (NHAI), achieved 43% of their combined annual capital expenditure target in April-September of the current financial year, by spending Rs 2.85 trillion, sources said.

The capex target for these entities – 54 CPSEs and 5 departmental arms — with an annual capex of above Rs 100 crore is set at Rs 6.62 trillion for FY23.

The railways and NHAI with substantial budgetary support are the two largest public-sector investors, which play a key catalytic role in crowding in capex from assorted other entities. These two entities have reported impressive capex growth rates in the first half of FY23, an official said.

"The capex target of Rs 6.62 trilion for CPSEs and departmental arms in FY23 will be achieved," the official said.

The Centre's budgetary capex has reached Rs 3.43 trillion or 45.7% of the annual target in H1FY23 compared with Rs 2.3 trillion or 41.4% of the respective target in the year-ago period. In H1FY23, budget capex has been led by investment in roads and highways, which rose 65% on-year to Rs 1.22 trillion. Investment in railways projects rose 91% on year to Rs 88,548 crore in during the period.

Given that the first half is usually weak for the delays in the release of funds, this is a remarkable feat and signals accelerated momentum in public capex.

Gross fixed capital formation in the June quarter jumped 20.1% from a year before, against 5.1% in the previous quarter, driven substantially by the public sector, especially the Centre's budgetary capex.

Fuel retailer-cum-refiner Indian Oil Corporation (IOC) achieved capex of Rs 13,640 crore or 48% of its annual target of Rs 28,549 crore in H1FY23 compared with 41% of the annual target achieved in the corresponding period of last fiscal. IOC is expanding the refining capacity of its plants at several locations in the country.

ONGC, the top CPSE player in oil and gas exploration, has achieved a capex of Rs 11,756 crore in the first six months of the current financial year or 39% of the annual target.

Among others, fuel retailer-cum-refiner BPCL's capex was Rs 6,715 crore or 67% of the FY23 target of Rs 10,000 crore.

The combined capital expenditures by 40 of these entities with annual capex budgets of above Rs 500 crore stood at Rs 2.19 trillion, 37% of the respective annual target in the first half of FY22. https://www.financialexpress.com/economy/cpse-capex-at-rs-2-85-trn-in-first-half/2771478/

6. Oil PSUs asked to come up with better asset monetization plans *(livemint.com)* Nov 3, 2022

State-run oil and gas companies have been ordered back to the drawing board after failing to come up with "comprehensive" plans to monetize their assets.

Earlier this year, these marketing companies -- HPCL, GAIL, and Indian Oil-- told the petroleum ministry that monetizing assets such as oil and gas pipelines was not a viable proposition, arguing it was an expensive way to raise capital.

Following this, the government agreed to shelve the plan but told them to come up with alternatives within a month.

Two officials aware of the development said the ministry eventually received a few alternative proposals but did not find them comprehensive or practical and has now asked the companies to come up with "more comprehensive" proposals.

"When we move ahead, we will move ahead with some substantive things. There should be actual monetization. We are waiting. The companies have been asked to come up with decent proposals," said one of the officials.

Other options looked at by the OMCs include monetization of receivables.

The second official said all the options are on the table, including the initially targeted InvIT model.

According to the initial plan, the oil and gas companies were to monetize some of their pipelines by creating separate InvITs and sell stakes in those pipelines.

Queries sent to the petroleum ministry, HPCL, GAIL and Indian Oil remained unanswered till press time.

On the rationale behind not preferring the InvIT model of asset monetization, the first official said: “Everything has its pros and cons. At one particular point of time when the companies have easy access to cheap financing, InvITs were not very lucrative. In the case of NHAI, it does not get cheap finances, risk is higher and there finances are costly, so for them InvIT is very lucrative, because it gives them finance at better rates."

The official, however noted that the companies may eventually opt for the InvIT model if access to cheaper finance gets tougher. https://www.livemint.com/companies/news/oil-psus-asked-to-come-up-with-better-asset-monetization-plans-11667407018477.html

7. Why the Indian Army's Search to Find Sniper Rifles Seems Neverending *(thewire.in)* Nov 3, 2022

Chandigarh: The Indian Army is taking delivery of some 750 Sako TRG-42 sniper rifles from Finland and around 355,000 rounds of specialised .338 Lapua Magnum rounds for an estimated $7-8 million, as a follow-on procurement of both weapon systems and ammunition it had twice imported recently.

Industry sources said the bolt-action TRG-42 .338 inch (8.6x70mm) rifles acquired under the army’s ‘emergency provisions’ for employment by its Parachute Regiment followed the previous procurement of some 32 identical rifles for its Special Forces in 2018, alongside some 70,000 Lapua Magnum rounds.

This limited sniper rifle buy was succeeded in 2021, by the purchase of yet another 370-odd TRG-42s and over 420,000 identical Lapua Magnum rounds, also via the forces emergency procurement proviso, for use by its Parachute Regiment.

Shortlisted after trials in 2017-18 over Accuracy International’s AWM rifle model from the UK, the TRG-42s were needed urgently to supplement the Army’s legacy 7.62x54mm Soviet-era semi-automatic Dragunov SVD Designated Marksman Rifles (DMR).

Designed in the 1950s, the Dragunov rifles, with a 1,200m kill range, first entered Indian Army service in the mid-1980s and for nearly four decades thereafter bridged the engagement gap between a service rifle and a dedicated sniper rifle. But a large number of the 6,000-odd Dragunovs that were currently in the army’s inventory needed upgrading or replacing, with the TRG-42s merely a ‘stopgap’ measure to plug an immediate operational void, official sources said.

Multiple attempts by the Army from 2009 onwards to acquire sniper rifles for deployment along India’s disputed borders with Pakistan and China had failed, due principally not only to the force’s questionable and nebulous qualitative requirements (QRs) for the weapon system but also unrealistic delivery schedules.

And to add to the Army's enduring sniper rifle shortfall woes, the weapon system featured on the Ministry of Defence (MoD)'s December 2020 list of items whose import was embargoed forthwith under the government's Atmanirbhar Bharat initiative aimed at securing self-sufficiency in armaments.

Consequently, the MoD dispatched a restricted request for proposal (RfP) to around 30 local vendors on October 18 for 4,849 sniper rifles and 7,841,575 rounds of .338 Lapua Magnum ammunition worth an estimated $60-70 million. Industry officials said these recipients included only those vendors who had responded to the MoD's request for information dispatched in June 2022 for the planned sniper rifle procurement.

According to the RfP, 4,549 bolt-action sniper rifles intended for the Army, 212 for the Indian Air Force (IAF) and 88 for the Indian Navy (IN), were to be procured under the 'Buy Indian' category of the Defence Acquisition Procedure, 2020. If locally designed, the rifles would need to have an indigenous content of 50%, and if not, this proportion would increase to 60%, the RfP stated in what will be the first-ever instance of the Indian military sourcing a sniper rifle domestically.

Calling upon prospective bidders to file their responses by January 11, the RfP outlined its requirement for a sniper rifle capable of firing .338 Lapua Magnum rounds to a distance of not less than 1,200 metres to an accuracy of no more than 1 minute of angle or 1MoA. The MoA factor that's frequently used to delineate the accuracy of firearms, sights and ammunition, correlates to the minute hand of a 360-degrees clock face, with each minute denoting 1/60th of a degree. Getting this dimension exactly right whilst sniping is critical, as even a minuscule miscalculation or deviation from the 1MoA can result in the shooter missing the target.

Furthermore, the 119-page RfP requires the rifle, including its muzzle break that prevents recoil, to measure 1,250mm, weigh no more than 9 kg along with its bi-pod, empty magazine and telescopic sight and be equipped with a MIL-STD 1913 Picatinny Rail for mounting accessories.

The rifle's butt stock would also need to be fitted with an adjustable cheek-rest, while the weapon system would be required to operate in temperatures varying between -20° C and 45° C, in addition to possessing a 'minimum' service life of 10 years or 5,000 rounds, whichever came earlier. The vendor would also be required to provide 10 years of product support for the rifles, alongside instructing their maintenance crew, amongst myriad other requirements the RfP detailed.

But delivery schedules for the shortlisted sniper rifle were highly demanding and somewhat implausible, requiring all 4,849 rifles to be supplied between 6 and 48 weeks after the contract for them was signed.

The RfP stipulated that the first lot of 800 rifles needed to be delivered within 6-12 weeks, the second batch of 1,200 weapons in 13-24 weeks, the third consignment of 1,400 pieces between 25-36 weeks, and the fourth and final delivery of 1,449 rifles in 37-48 weeks. The proposed delivery schedule for all 7,841,575 .338 Lapua Magnum rounds, technology for which would need to be imported as there was none available locally, too stipulated a parallel timetable.

‘Highly difficult’

Industry officials and a cross-section of prospective sniper rifle vendors, however, were highly critical of the extraordinarily ‘severe and challenging’ delivery schedules and of the MoD ‘linking’ the rifle and ammunition procurements. They maintained that the MoD tender was possibly the largest ever in the world for sniper rifles which, considering their esoteric employment, were made in small numbers, almost individually hand-crafted and meticulously tested. Manufacturing sniper rifles en masse in such industrial volumes would make it ‘highly difficult, if not impossible’ to secure 1MoA levels of accuracy, stated a potential vendor.

Besides, combining the sniper rifle buy with that of Lapua Magnum ammunition, he maintained was an ‘impossible ask’. Worldwide, he stated there was just one such vendor who manufactured both rifle and Lapua Magnum rounds, with the latter production executed by two separate entities in the same industrial group.

“It is impracticable to expect indigenous vendors getting into designing and producing sniper rifles for the first time to also take on contractual risks, equalling half the $60-70 million contract, to produce the ammunition too,” he declared, declining to be named. In all probability, he added, the Lapua Magnum rounds requirement had been included in the RfP by the MoD to preclude ‘past bungling’ by the Army, in which it had taken delivery of the weapon system, but without any ammunition.

Even technically, other probable vendors pointed out that the RfP had failed to include a night sight, critical for snipers – who normally execute their lethal skills at dusk, or under cover of darkness. Acquiring a night sight later, they argued, would necessitate ‘mating’ it with the rifle, invariably a complicated operation involving certification by the manufacturer, which entailed fulfilling a host of complex technicalities.

Also not included in the tender was a Military Spotter Scope for the sniper’s buddy with reticle markings or cross-hair aiming point, which normally matched, if not surpassed, the sniper’s telescopic sight to assist the shooter in effecting immediate corrections. A sniper team normally comprises the shooter and the equally critical spotter, or buddy, who determines and judges the wind direction and speed, providing the shooter with all the necessary data to ensure a successful hit. But in India’s military, this practice was not followed.

A history of poorly thought QRs

Ironically, in July 2019, the MoD scrapped its 2018 RfP to overseas manufacturers for 5,719 8.6x70mm sniper rifles and 10.2 million rounds of ammunition, after bids by four vendors had failed to meet the Army’s QRs for the weapon alongside ‘unworkable’ delivery schedules. The four vendors then were PT Pindad (Indonesia), Rosoboronexport (Russia), Barrett and MSA Global (the US).

This RfP had also required sniper rifle vendors to supply 5.26 million rounds of .338 Lapua Magnum ammunition off the shelf, followed by technology transfer to the erstwhile Ordnance Factory Board and private sector companies to locally manufacture an additional 4.60 million rounds.

“It’s commercially unviable for any manufacturer of this kind of advanced ammunition to transfer technology for merely 4.6 million rounds,” said a senior executive from one of

Europe’s leading sniper rifle makers. It’s simply naïve for the MoD and the army to make such demands which are almost certain to be turned down, he added on condition of anonymity.

The proposed delivery schedule of the rifles at the time had also posed logistic problems, as it required the shortlisted original equipment manufacturer (OEM) to deliver the first lot of 707 rifles within six months of the contract being signed, and the remaining 5,012 supplied in batches of 1,200 units each over the next 30 months.

“No sniper rifle manufacturer produces such large numbers in the time stipulated in the RfP,” said the above-mentioned executive. The RfP, he said, was badly conceived, leaving the MoD no choice but to withdraw it. The latest RfP for 4,849 sniper rifles, he also warned, was merely iterating the earlier error with regard to both the delivery timetable and supplying ammunition. Both could well jeopardise the entire procurement yet again, he cautioned.

Formerly, another sniper rifle tender in 2009-2010 via the MoD’s Fast Track Procedure, which mandates a 12-month deadline to conclude the procurement, was similarly terminated, due to the Army’s QRs that failed in mandating accuracy standards at a minimum range of 800m and absurdly required the weapon system to be fitted with a bayonet.

It was incomprehensible to the handful of OEMs to determine why a sniper rifle, purposed for exclusive employment at extended distances needed a bayonet that is normally used by infantry soldiers in close combat. The highly nebulous RfP also failed to differentiate between a bolt-action and semi-automatic sniper rifle model, which is usually fundamental to such QR determinants.

The Indian Navy, on the other hand, was more professional in its approach and in late 2016 had acquired 177 Sako TIKKA t3 TAC 7.62x51mm bolt-action sniper rifles from Italy’s Beretta for around $3 million. Selected over UK’s Steel Core Designs Thunderbolt SC-76 model, the Sako rifle upgraded the Navy’s Marine Commando (MARCOS) firepower and included 100,000 rounds of 7.62x51mm expert Match grade ammunition. In recent years, the secretive MARCOS have been increasingly deployed on anti-piracy missions in the Gulf of Aden and the Strait of Malacca.

Meanwhile, some 3,500-4,000 Indian Army snipers – around 10 per infantry battalion – remain little better than amateurs compared to their Western, and even Chinese counterparts. They lacked adequate training, suitable weaponry and supplementary paraphernalia like accurate imported Match ammunition, hand-held laser range finders, night sights and related hardware, essential to accomplish this highly skilled and deathly mission. Army shooters were routinely issued locally-produced ammunition, which experts dismissed as ‘wholly inaccurate’ and one that defeated the very purpose of sniping.

As The Wire has previously reported, retired military officers have rued that India has made no attempt at building up the ethos of sniping in the Army or any other security agencies.

It also remains to be seen whether the domestic sourcing of sniper rifles is ably vindicated. A cross-section of possible vendors stated that in all likelihood, all the rifles participating in the selection trials would be imported. The shortlisted rifle would then be acquired in limited numbers in knocked-down kits and assembled locally, as the selected vendor gradually indigenises and certifies the processes.

Is it time for the MoD to get real and learn from its past errors? Perhaps, if it is listening. https://thewire.in/security/indian-army-sniper-rifles-search

8. India races towards becoming a global aerospace hub on strong indigenisation push *(financialexpress.com)* Nov 2, 2022

The Indian aerospace sector is abuzz with developments including the Tata-Airbus foundation stone being laid for building the C295 military transport aircraft. Garuda Aerospace has inked a deal with Lockheed Martin to integrate the latter's advanced software with the former's range of drones for commercial and defence purposes.

As the largest defence importer, India has now shifted its strategy in the Aerospace & Defence Sector (A&D) towards 'Make-in-India' and further envisioned itself as a global manufacturing hub with 'Make-in-India for the World'. This policy has led to an indigenous aircraft carrier with over 75 percent indigenous content and a light combat aircraft with over 60 percent indigenisation.

Atmanirbharta, AMCA and a missing engine

The indigenisation push is built on a successful strategy of technology transfers and cooperative manufacturing wherein foreign Original Equipment Manufacturer (OEMs) partner with Indian counterparts – public and private, to manufacture in India for Indian defence needs. This caters to existing markets and fosters robust research and development in the country. A stellar example is the Indo-Russian BrahMos supersonic cruise missile.

In this bid for indigenisation, a key component missing from the puzzle has been the engine. Engine manufacturing for modern aircraft has been a secret guarded closer than nuclear technology.

A select few companies enjoy a global presence, with virtually no one else able to manufacture an engine indigenously. Hindustan Aeronautics Limited (HAL) has been unable to produce even a single, low-thrust engine indigenously. Therefore, it sought foreign OEMs to provide an engine for the Light Combat Aircraft (LCA) Tejas.

However, "foreign OEMs are replete with international political considerations. Hence, when HAL wanted a GE F414 engine that produced around 100 KN of thrust, it was stuck with a GE F404 engine with only 80 KN of thrust. For the LCA Tejas Mark II, the GE F414 engine will likely be incorporated. However, that will again underpower the Mark II variant, which could have carried more payloads and flown further," Girish Linganna, Aerospace and Defence Analyst, explains to Financial Express Online.

In the midst of this, the Indian 5th generation aircraft programme, Advanced Medium Combat Aircraft (AMCA), is underway. For the AMCA, UK based Rolls Royce is expected to tie up with the Defence Research and Development Organisation (DRDO) to co-develop engines for this aircraft.

"Jet engines contain more than 30,000 moving parts and require the input of various other industries like metallurgy, forging, casting and machining. This complexity poses a bottleneck to anyone aiming to develop an engine single-handedly," opines Linganna.

Engines Made in India

With a push for defence exports and a sufficient domestic interest for state-of-the-art defence equipment, India is now in talks with various engine manufacturers to co-develop an engine for AMCA.

The French major, Safran, has already done a similar co-production with HAL for the Shakti helicopter engine. The Shakti engine powers the latest attack helicopter, Light Combat Helicopter (LCH) Prachand.

A similar offer has been put forth by the British engine manufacturer Rolls Royce and the American manufacturer Pratt and Whitney. Even Indian players like Tata plan to work with GE in a joint venture to pitch an engine to HAL. Tata is already developing various engine components for various Leading Edge Aviation Propulsion (LEAP) engines.

According to Linganna "AMCA's engine dilemma has inadvertently converted India into a battleground for engine manufacturers. With a co-development model, manufacturers will earn a piece of the pie out of AMCA and any further developments. HAL also looks to develop the engine for Hindustan Turbo Trainer 40 (HTT 40) indigenously. Annually, HAL plans to develop 170 aircraft, including exports."

Flyer Friendly Future: The Global Aerospace Forecast

It is estimated that India's domestic aviation market will contribute over US$ 30 billion annually to the Gross Domestic Product (GDP). Already the third largest in domestic traffic, it will also be the third largest domestic market. The government is pushing for more aerial connectivity and is expected to build 100 additional airports by 2024 under the UDAN scheme. This means, based on the information available in public domain the number of passengers will go up to over 500 million, with the fleet to be 2500 aircraft strong by 2040s.

Maintenance, Repair and Overhaul (MRO)
As the domestic industry booms, major manufacturers realise India's geographical and technological potential. Hence, most manufacturers have announced maintenance, repair and overhaul (MRO) facilities for their aircraft to be localised, intending to make India the regional hub.

US based Boeing Company launched the Boeing India Repair Development and Sustainment (BIRDS) programme in 2021 with a vision to make India a regional MRO hub. It has partnered with Indian MSMEs like Air Works and Air India Engineering Services Limited (AIESL) to provide MRO for various Boeing aircraft in service with the Navy and the Air Force.

A major push for the MROs has been the policy rolled out last year by the Ministry of Civil Aviation. The policy included leasing land via open tenders, slashing the royalty charged by the Airports Authority of India (AAI) for MRO and also increasing the period of allotment to 30 years from 3-5 years. The policy aimed at making India a global 'MRO hub'. The increased ease was aimed at curbing the practice of domestic aircraft flying to the Middle East for cheaper MRO. https://www.financialexpress.com/defence/india-races-towards-becoming-a-global-aerospace-hub-on-strong-indigenisation-push/2771397/

9. NHAI InvIT: How India Is Monetising Public Assets without Selling Them *(swarajyamag.com)* Nov 2, 2022

The National Highway Authority of India's (NHAI) Infrastructure Investment Trust (InvIT) recently floated an issue of non-convertible debentures (NCDs). The issue was oversubscribed seven times over its actual size, filling it up right on the first day and raising Rs 1500 crores.

A quarter of the issue was subscribed by retail investors. The minimum application size has been kept low at Rs 10,000 so that retail investors find it easier to invest in the issue.

Though the government or the NHAI does not guarantee the bonds, they are secured by the underlying assets – meaning that the underlying assets will be sold off in case of bankruptcy. The bonds offer a coupon of 7.9 per cent paid semi-annually – effectively 8.05 per cent a year.

How is NHAI Monetising Assets?

When the InvIT was first launched in 2021, it had raised Rs 8,011 crore from institutional investors.

The initial money raised by the InvIT went towards acquiring the first five assets of the portfolio consisting of five toll road assets with a cumulative length of 390 Kilometres. But three new assets have been added to the portfolio, taking the cumulative length to 636 kilometres.

The NHAI InvIT would use the money it raises from investors and lenders to pay the sponsor, NHAI. In return, NHAI would hand over its highway assets to the trust. The InvIT will collect tolls over the concession period, which will be used to pay back the NCDs. As a result, investors get an opportunity for stable returns through interest and principal payments, while NHAI receives money upfront without giving up ownership of the projects.

The other mechanism used by NHAI to monetise its assets is the toll-operate-transfer (TOT) model, under which institutional investors make an upfront payment to NHAI and collect tolls during the concession period.

NHAI is stepping up asset monetisation as the government seeks to recycle existing public capital to create new infrastructure without waiting decades to recoup the investment. At the same time, the ownership of the assets remains in the hands of the government, while only the cash flows generated by these assets during the concession period are monetised.

NHAI's share in the National Monetisation Pipeline stands at 27 per cent, making it a crucial player in the government's monetisation plan.

Pros and Cons of the NCDs

The bonds have a triple-A rating from credit agencies, marking them as safe investments for investors with low credit risk. The three tenors offered are 13 years, 18 years and 25 years. The investment tenor is quite long, which adds some element of risk as predicting interest rates so far into the future is quite difficult.

A bond's value changes with changes in interest rates, and interest rate changes add an element of possible opportunity costs. On the other hand, the NCDs offer an opportunity to lock in at a long-term interest rate, which is higher than the expected inflation rates in the future.

In addition, unlike usual bonds, the principal repayment will not be a lump sum but a staggered pay-out. So the bond with a tenor of 13 years would pay full interest until the end of the 8th year and then begin re-paying the principal, making interest payments lower each year as the principal amount decreases. The bonds are also taxable, making the actual returns lower than the headline number.

Selling the bond within less than a year of buying would attract short-term capital gains tax, and a bond held for more than a year would attract long-term capital gains tax at 10 per cent without any indexation. Further, India's bond markets do not have the same liquidity as the equity cash and derivate markets, making it relatively more difficult to sell your bonds quickly.

The response to the offering shows retail investors' enthusiasm for bond issues. So far, the bond market has been concentrated in the hands of institutions. Increasing retail participation is a positive sign for the bond markets. The government and corporations could tap the retail investors' wealth base to meet their capital requirements. https://swarajyamag.com/infrastructure/nhai-invit-how-india-is-monetising-public-assets-without-selling-them

10. Public spending: Cut the fat, finance growth enablers *(orfonline.org)* Nov 2, 2022

Governments are the biggest spenders in national economies. As per the IFPRI SPEED 2019 database, global expenditure in agriculture, communications, education, defense, health, mining, social protection, fuel and energy, and transport for 110 countries in 2015 is estimated at US $19.3 trillion in current terms or 26 percent of global GDP.

By 2022, the average spend would be higher as even advanced economies are running fiscal deficits in the high single digits. Credit markets let them pile up debt to finance their expenditure, secure in the belief that these economies have enough fiscal resilience to pay back the excess debt. The problem is, profligate public spending is habit-forming and it is hard for vote-seeking governments to pull back from a loose money policy. Even modern autocrats tend to dilute opposition by stuffing protesting mouths with cash and are, thereby, prone to overspend.

The big spenders

In 2015, one half of the global government expenditure was by just four countries, each with an annual spend above US$1 trillion (the Unicorn governments)– United States, China, Germany, and France. Another 24 percent was on account of just six countries (the Big Six) – United Kingdom, Italy, Brazil, Japan, Russia, and Spain, each with expenditure between US$ 500 billion to 1 trillion. Fifteen others – all with expenditures between US$100 to 350 billion—including Netherlands, India, and Saudi Arabia, which accounted for 18 percent of the total expenditure.

Credit markets let them pile up debt to finance their expenditure, secure in the belief that these economies have enough fiscal resilience to pay back the excess debt.

The remaining 82 countries, each with an annual spend below US$ 100 billion, accounted for just 7 percent of the total spend. This disparity, with public spending power concentrated in the top 25 countries, explains the closed-door nature of select clubs for non-formal, international consensus and decision making like the G7, active across geopolitics, trade, finance, and security since 1973; or the G20, a recent 1999 creation, to diversify the composition of the club in a nod to the dispersion of global spending power.

Starting in the late 1980s, New Public Management sought to integrate smart business practices into slow coach public governance systems. One of the key innovations was to define service delivery chains better and fix performance targets to each link, starting from inputs to outputs and ending with outcomes, to monitor performance closely.

Ingredients of the public service delivery chain

Inputs are the building blocks which go into delivering an output. For instance, to impart education to children, inputs will include qualified teachers being paid on time, procuring and having the relevant teaching aids and equipment, and a clean, safe, and sanitary place to teach the children. Regular attendance by teachers and children and full coverage of the curriculum could be measurable outputs. Outcomes are higher level results or proxies for measuring the achievement of project objectives, like the ratio of students passing the annual examinations and how well they do. Ensuring that school graduates are imbued with communication and life skills, civility, morality, social empathy, and the zeal for innovation are higher level outcomes, difficult to measure immediately but trackable through selective tracer studies.

To impart education to children, inputs will include qualified teachers being paid on time, procuring and having the relevant teaching aids and equipment, and a clean, safe, and sanitary place to teach the children.

Not so hot on outcomes, as on inputs and outputs

Sadly, governments have yet to internalise the need to focus on outcomes, even more so than on outputs. That we pay insufficient attention to outcomes, is evident from our budgetary process where the emphasis is on the supply side of "inputs", ie, cash, personnel, furniture, construction, and equipment and related outputs but negligibly on the outcomes.

Tracking broad based growth

Economic growth is the sole, high-level outcome, which is diligently monitored globally and pursued. But it is the outcome of millions of economic agents incentivised through a contextual rewards system, which enhances efficiency, innovation, network-based solutions, and continuing skill upgradation. The dispersed nature of growth drivers makes monitoring and collation of results difficult. The default option to timely data-based analysis of growth lags, is to throw more money at the perceived problem. Delivery chain analysis red flags areas of inefficient or ineffective allocations and spending.

Consider that poorly educated children are more likely to be drags on productivity enhancement rather than growth drivers. High morbidity, particularly in mothers and children, is not only economically wasteful, but it also robs future generations of the impetus of sustainable growth.

Shun "K" shaped growth

The "K" shaped, post covid pandemic growth pattern is the outcome of insufficient attention being paid to broadening of the drivers of growth. Incremental income must be fairly distributed across the income percentiles through targeted job creation, "tax and distribute" strategies, or productivity enhancements. Focusing on aggregate economic growth is like an investor tracking the headline changes in the NIFTY (a National Stock Exchange index) but ignoring the fluctuations in her own portfolio of stocks—the latter are the most closely related to her welfare and, hence, far more significant.

High morbidity, particularly in mothers and children, is not only economically wasteful, but it also robs future generations of the impetus of sustainable growth.

High levels of income inequality are detrimental to social cohesion and sustainable growth. Economies where income differentials are low have far greater individual, familial and community resilience built into them than economies where the "K"-shaped growth pattern systematically diminishes family reserves at the bottom whilst grossly enlarging those at the top.

Outcome budgeting in India—an underutilised tool

India has tabled outcomes budget since fiscal 2006-07. But it remains a work in progress—an add on to the core budget documents—rather than the key instrument for rationalising proposed outlays. The Finance Minister's budget speech underuses the explanatory power of an outcomes budget to rationalise why outlays should be increased or decreased, supported by surveys, estimating the efficacy of public spending in achieving outcomes. The reason is clear. The metrics used in the outcomes budget do not define hard, logically connected inputs, outputs, and outcomes. They offer little guidance for budgetary or programmatic adjustments to enhance the effectiveness of spending.

Hungry Kya?

Consider that India was quick to protest against The Global Hunger Index 2022 (GHI) recently released by Concern Worldwide and Welt Hunger Hilfe, Non-Government Organisations from Ireland and Germany, which ranked India at 107 among 121 countries. This was down from rank 99 in 2014. More importantly, the index worsened the aggregate score (a lower score is better) by 3.3 percent from 28.2 in 2014 to 29.1 in 2021.

Of the four metrics, India improved its score in two—child stunting improved by 15 percent and infant mortality by 26 percent over 2014. But the metric for undernourished population worsened by over 10 percent and that for child wasting by 28 percent.

The four performance metrics are a joint responsibility of at least three ministries—Ministry of Consumer Affairs, Food and Public Distribution (MCAFPD), which distributes free or subsidised cereal; Ministry of Health and Family Welfare (MOHFW) for infant mortality; and the Ministry for Child and Women Development (MCWD), which implements nutrition programs. The MOHFW was in the clear with a steady improvement in the infant mortality score from 12.6 in 1990 down to a satisfactory 3.3 in 2022.

The global war is now against “Hidden Hunger”, the consequence of inadequate intake of micronutrients and the deficiency of vitamins.

The MCWD fronted the assault, questioning the GHI methodology for measuring undernourishment via a survey of 3000 respondents as too small for India’s size. It did not, however, object to the instrument used – getting feedback from people likely to be undernourished. Curiously, MCAFPD never thought it necessary to monitor outcomes through feedback surveys even for a INR 2 trillion food security program equalling 5 percent of total budgeted expenditure. Its outcomes metric (FY 2022-23) is just an input. It stops at supplying food to the wholesale distribution channels.

No one, it seems, was responsible for monitoring that the supply of food also stopped people from sleeping hungry—the desired outcome. Blame a loosely designed Outcomes Budget.

On the metrics of child wasting and stunting, the MCWD reasons that these are inappropriate metrics for tracking hunger. But its own outcome budget for “Mission Saksham Anganwadi and Poshan 2.0”, a nutrition program, adopts the same metrics. A full belly does not necessarily end hunger. Dietary diversification is a key ingredient of nutrition. The global war is now against “Hidden Hunger”, the consequence of inadequate intake of micronutrients and the deficiency of vitamins.

The problem with the outcome budget of MCWD is that the specified outputs are wrongly defined as the creation of Anganwadi Centres equipped with drinking water, toilets, a garden and so on. None of these are outputs. At best, these are inputs for achieving outputs. Outputs could be the number of families which switch to a diversified diet or vitamin infused nutritious food, which sadly are missing. It is no surprise then that achieving the poorly defined outputs do not help in achieving the desired outcomes of reducing the number of wasted and underweight children.

An Outcomes Budget is a tool to improve expenditure outcomes. Well specified and relevant performance metrics can red-flag inefficiencies and provide clues for program restructuring. India might not be as hungry as The Global Hunger Index 2022 assesses. But it has served to highlight why and how budget allocations are being rendered ineffective. Citizens deserve better results. Let us win the test match, not argue with the umpire. https://www.orfonline.org/expert-speak/public-spending/

11. The impending cop-out at CoP27 *(thehindubusinessline.com)* Nov 3, 2022

Doing well on renewable energy isn’t enough. Who’s going to foot the bill for decarbonising the economy?

So CoP27 is all set to begin this weekend and the big news is that Rishi Sunak won’t be skipping it after all. This may help convince British voters that Britain’s voice still matters on the world stage but is unlikely to materially alter the outcomes of the world’s biggest climate jamboree. As Twitter user @DougieOcean pointed out, “COP27 already? It’s sort of like birthdays: they come faster and faster and mean less and less.”

That would have been an unfair assessment of CoP26, which saw some serious commitments to decarbonisation from the world’s biggest economies, notably India, but may well be true for the current edition, which is taking place in the backdrop of an unprecedented surge in energy prices which has seen the developed world rapidly drop any pretence of pro-planet greenness

in favour of keeping themselves warm this coming winter and keeping their economic engines hot and running.

India is no exception. As I wrote last month, the world, including India, has taken a great leap backwards on the green energy front, plumping for cheap coal to meet the immediate needs. Not surprising. At ₹3 per kilowatt-hour, a thermal plant with a captive coal-mine comfortably outcompetes solar (with battery storage, required to give dependable grid output).

To be fair though, while economic compulsions may be keeping coal on the front burner so to speak, India is still on track on the renewable energy front. It's ‘ panchamrit’ strategy, unveiled at CoP26, includes, apart from the big one of achieving net zero by 2070, creating 500 GW of non-fossil (not quite the same as renewable, since this includes nuclear power) power generation capacity by 2030, sourcing 50 per cent of its energy requirements from renewables by 2030, cutting carbon emissions by one billion tonnes per year by the same target year and reducing the carbon intensity of its GDP by 45 per cent from 2005 levels by 2030.

The first two — getting to 500 GW or thereabouts of renewable capacity and meeting about half our energy needs from renewables — appear on track. India is adding new renewable capacity at a faster clip than any other major economy, including China. We are already meeting 25 per cent of energy requirements from renewables (including hydro).

Even the one billion tonnes carbon reduction may be not too out of reach, given the faster than expected shift to electric mobility that is taking place in India. Here the lead has been taken by two-wheelers in private transportations, while city bus networks have shaken off their inertia on electrification of their fleet, while the Railways are well advanced on electrification and diesel substitution, which is a good first step.

Different kettle of fish

But decarbonising the economy? That is a whole different kettle of fish. India is still doing better than most on this, but that's not entirely because of the right reasons. As Annapurna Mitra, editor of a recent ORF monograph (’Reconciling India's Climate and Industrial Targets: A Policy Roadmap’) pointed out: “One of the key, albeit unfortunate, reasons behind India's climate success is the underperformance of its manufacturing sector. Since industries comprise approximately one-fourth of the economy's total GHG emissions, sluggish growth in the industrial sector has led to moderate increase in industrial power demand and emission-intensity of GDP.”

If manufacturing rebounds, that will worsen the problem. India has plans to double steel production to about 300 million tonnes per year and ramp up cement production to meet the needs of its ambitious infrastructure development plans. Both are “hard to abate” sectors from a carbon point of view, as both rely on coal in the primary production process. And growing inequality is also driving more carbon-intense consumption. The air-conditioning sector is expected to sell nearly 10 million units this fiscal, compared to just six million two years ago. And while sluggish income and wage growth is squeezing two-wheeler and entry-level car sales, sales of large SUVs are ballooning.

There is, however, a much bigger problem, and one which, in all probability, is going to make all the posturing at CoP27 meaningless — money. In a jointly-authored article earlier this year, Fatih Birol, Executive Director of the International Energy Agency, and Amitabh Kant (then

CEO of NITI Ayog) pointed out a key stumbling block: “To reach net zero emissions by 2070, the IEA estimates that $160 billion per year is needed, on average, across India’s energy economy between now and 2030. That’s three times today’s investment levels.”

That’s just in the energy sector. To meet the overall requirements of achieving net zero by 2070, McKinsey has estimated that India may need an estimated $7.2 trillion of green investments until 2050 to decarbonise in the Line-of-Sight scenario (using current and announced policies and current and foreseeable technology) and an additional $4.9 trillion for the accelerated scenario. This translates to about 3.5 per cent of India’s GDP through this period.

Another study by BNY Mellon Investment Management and Fathom Consulting show that a capital investment of around $100 trillion in lower-carbon infrastructure will be required for the world to comply with the Paris climate goal of limiting warming below 2.0 °C and achieve net zero emissions by 2050. While somewhat extreme, the report points out another significant stumbling block — about $20 trillion of this total would be for scrapping or retrofitting polluting assets well before their design life ends. This is something that governments will largely have to foot, since private enterprise will be unwilling to give up productive (but polluting) assets before extracting their return on investments.

India — and most of the developing world — is simply not in a position to come up with these sort of funds. The only realistic solution is for the developed world, which has outsourced a bulk of its polluting manufacturing to the global South, to cough up. And that is not happening. As UN Secretary General Antonio Guterres pointed out in his foreword to the UN’s ‘Financing for Sustainable Development Report’, “Financing for sustainable development is at a crossroads. Either we close the yawning gap between political ambition and development financing, or we will fail to deliver the Sustainable Development Goals (SDGs) by the deadline of 2030.”

That’s why CoP27 is likely to be a bust. https://www.thehindubusinessline.com/opinion/the-impending-cop-out-at-cop27/article66087898.ece

12. 6-year delay led to 68% cost hike: Congress *(timesofindia.indiatimes.com)* Nov 3, 2022

NEW DELHI: Congress on Wednesday alleged that Kalkaji’s EWS flats were actually conceived and started by the Sheila Dikshit government and a six-year delay in construction and allotment led to 68% cost escalation.

Prime Minister Narendra Modi inaugurated the 3,024 flats for economically weaker sections as part of a slum rehabilitation project in Kalkaji on Wednesday evening.

Former Delhi Congress chief Subhash Chopra said the project was the “brainchild’ of the Congress and Sonia Gandhi.

“This in-situ rehabilitation project was launched by then chief minister Sheila Dikshit on September 18, 2013,” Chopra told TOI. He added that a total of 8,000 flats were to be constructed, but the DDA — under the BJP government at the Centre — could only complete the first phase with 3,024 flats, which was started in 2013 and was scheduled to be completed in 2016.

"The first phase to be inaugurated by the prime minister was completed after a delay of six years and its cost increased from Rs 206 crore to Rs 345 crore," he claimed.

The second and third phases, which were to be completed by 2019 and 2020 respectively, have not even started yet.

The Congress members also claimed that registry of the flats were being done in the name of male members of the households, in a diversion from the original scheme, depriving women from ownership of the property. https://timesofindia.indiatimes.com/city/delhi/6-yr-delay-led-to-68-cost-hike-cong/articleshow/95263201.cms?from=mdr

13. 8 years on, deadline for Faridabad-Greater Noida bridge completion extended again *(tribuneindia.com)* November 2, 2022

The construction of Rs 315-crore bridge over the Yamuna river to connect Faridabad with Greater Noida in Uttar Pradesh, which has emerged as one of the most delayed and time consuming projects, is not likely to be over, even this year, keeping in view the pending work. According to sources, the project may take another six to eight months to become fully operational.

-As the foundation of the project was laid on August 15, 2014, work on the ground started in February 2018.

-With the first direct connectivity between Faridabad and Greater Noida, the bridge is likely to reduce the travel time between two cities to just half an hour.

"Over eight years have passed and six deadlines of the project have been missed. The project's next deadline has been fixed on April 30 as the construction work of the 15-km approach road to the bridge is yet to be taken up," said officials of the PWD who are carrying out the project.

According to sources, 95 per cent civic work of laying the span of the bridge is over but the authorities will not be able to do the work related to the construction of the bandh (side wall) of the approach road due to the ban on earth excavation during the graded response action plan

(GRAP) period. It is claimed that earth related work could be taken up only after the end of the GRAP, which was imposed to tackle pollution in the NCR.

Claiming that an NOC for the removal of trees was also awaited from the Department of Environment and Forest, sources said around 600 trees had to be axed for the approach road on the Faridabad side.

Marred by an initial delay of over three years after laying of the foundation, the project of the 630-metre long bridge over the Yamuna could take off in February 2018 with an assurance of its completion by December 31, 2019. The deadline was revised to March 2020, June 30, 2020, December 31, 2021, June 30, 2021, and March 31, 2022, mainly due to issues related to technicalities and payments and the pandemic.

Pradeep Sindhu, Executive Engineer, PWD, said, "The phase I of the civil work has almost been completed and the phase II, connected with the construction of the approach road, is

expected to be over soon.” https://www.tribuneindia.com/news/haryana/8-yrs-on-deadline-for-bridge-completion-extended-again-447072

14. ‘Grains not stored properly in FCI godown, rotting food creating pest hazard’ *(downtoearth.org.in)* 03rd November 2022

The National Green Tribunal has taken a suo motu cognisance of a plea alleging food grains are being improperly stored in a Food Corporation of India (FCI) godown in Punjab. The grains are rotting and pose a biological pollution risk to the area due to pest infestation.

Petitioner HC Singla alleged a number of violations at the godown located on Sirhind Road in Patiala. The rotting grain has become infested with floor beetles, posing a threat of further environmental infestation of nearby areas, he claimed.

Several violations have been alleged by the petitioner, the NGT Bench noted on October 31, 2022. The tribunal has jurisdiction over the issue due to the biological hazard posed by the incident under Sections 14 and 15 of the NGT Act, 2010.

The Bench has constituted a joint committee to probe the matter and submit a report to the Bench. The committee will include members of the state’s pollution control board and district magistrate of Patiala.

“This joint committee will visit the affected area. If the committee finds any violation of environmental norms, it should take appropriate legal action without delay,” the Bench said.

The petitioner, in his plea, had alleged that the grains were not stored and handled properly in the godown, which posed a biological hazard in the area. Several residents were affected by the pests spreading in the area.

A Bench of Justices Sudhir Agarwal and Professor A Senthil made the Punjab Pollution Control Board the nodal agency in the matter before disposing of the order. https://www.downtoearth.org.in/news/environment/-grains-not-stored-porperly-in-fci-godown-rotting-food-creating-pest-hazard--85754

15. Cabinet okays ₹51,875 cr fertilizer sops *(livemint.com)* 03 November 2022

The Cabinet Committee on Economic Affairs on Wednesday approved a ₹51,875 crore subsidy for phosphatic and potassic fertilizers for the rabi season along with higher procurement price of ethanol for public sector oil marketing companies in moves it described as buttressing its “farmer-friendly approach".

The hike in procurement price will support sugarcane farmers.

“In accordance with its farmer friendly approach, the government is committed to ensure the availability of P&K (phosphatic and potassic) fertilizers to the farmers at affordable prices," the petroleum ministry said.

The ministry of chemicals and fertilizers said the decision to provide subsidy for phosphatic and potassic fertilizers will facilitate their easy availability to farmers during Rabi 2022-23 (October-March) at affordable prices and support agriculture.

The CCEA approved a subsidy of ₹98.02 per kg for nitrogen (N), ₹66.93 per kg for phosphorus (P), ₹23.65 per kg for potash (K) and ₹6.12 per kg for sulphur (S).

The ministry noted that the volatility in the international prices of fertilizers and raw materials had been primarily absorbed by the Centre.

The subsidy on P&K fertilizers, which includes support for indigenous fertilizer through freight subsidy, will be provided on the basis of the nutrient-based subsidy (NBS) rates approved by the CCEA.

Under the nutrient-based subsidy scheme, which has been implemented since 2010, the government announces a fixed rate of subsidy (in ₹ per kg) on four nutrients—Nitrogen, Phosphate, Potash and Sulphur—every year.

In the other major related decision, the cabinet approved to increase the procurement price of ethanol made from C-heavy molasses from ₹46.66 to ₹49.41 per litre. The price of ethanol from B-heavy molasses was hiked from ₹59.08 per litre to ₹60.73 per litre, the petroleum and natural gas ministry said.

The price of ethanol from sugarcane juice, sugar or sugar syrup has been raised from ₹63.45 to ₹65.61 per litre, it said. Additionally, GST and transportation charges will be payable.

All distilleries will be able to take benefit of the scheme and a large number of them are expected to supply ethanol for the blended petrol programme, the Cabinet said.

Remunerative price to ethanol suppliers will help in early payment to cane farmers, in turn helping alleviate the difficulties faced by sugarcane farmers, it noted.

In view of the steep increase in the international prices of fertilizers and inputs i.e. Urea, DAP, MOP and Sulphur, the government has decided to absorb the increased prices by increasing subsidy on P&K fertilizers including DAP.

Petroleum minister Hardeep Singh Puri told reporters, “We have saved about ₹40,000 crore in forex outgo from 10% blending besides benefiting the farmers." He added the pilot to offer E-20 (petrol with 20% ethanol) will start from April 2023 at select petrol pumps. https://www.livemint.com/industry/agriculture/cabinet-okays-51-875-cr-fertilizer-sops-11667409177763.html

16. Kerala’s pension age U-turn bad for finances *(newindianexpress.com)* 03rd November 2022

The Kerala government’s knee-jerk reaction of freezing the decision to raise the retirement age to 60 in public sector units is the latest example of political considerations reigning supreme over practical wisdom.

The finance department issued an order on October 29 to increase the pension age in state-run PSUs, excluding Kerala State Electricity Board, Kerala State Roads Transport Corporation, and

Kerala Water Authority. As expected, there was a hue and cry from youth organisations aligned with the opposition parties, which took out protest marches to the secretariat. CPM's youth organisation, DYFI, too, jumped onto the bandwagon after CPI-affiliated AIYF demanded the scrapping of the decision. The government promptly succumbed to the pressure, ignoring the financial realities.

It's not that the political class isn't aware of the swelling wage and pension bill draining the exchequer. The government is borrowing heavily to pay salaries and pensions. And the October 29 order was a small step in the right direction.

With the rise in life expectancy, the proportion of the elderly has been increasing, adding to the financial burden because pensions need to be paid for longer. There is another realisation that the experience gained by a person on the job is wasted if the person retires early. All these concerns, expressed by the Employees Provident Fund Organisation recently and mentioned in the Economic Survey of 2018–19, have prompted the governments to reconsider pension strategies.

Kerala has the highest life expectancy in the country and the lowest retirement age. But any announcement to increase the pension age is greeted with suspicion and resentment. The youth's fear of losing job opportunities is often cited for scuttling any attempt to revise the retirement age. The parties concerned have yet to care to undertake a scientific study to measure the exact impact of the revision. There is also pressure on the government to bring back the statutory pension scheme done away with in 2013.

This would be suicidal for Kerala in its current financial condition. Chief Minister Pinarayi Vijayan is known for his 'no-nonsense' approach to crucial issues. But at times, he is forced to return to his old self as CPM state secretary who succumbs to pressure from party die-hards. What is expected from the chief minister at this juncture is not populism that would fetch cheers from the galleries but some bitter medicine that would lessen the burden on the strained finances. https://www.newindianexpress.com/opinions/editorials/2022/nov/03/keralas-pension-ageu-turn-bad-for-finances-2514479.html

17. BMC cancels Rs 5,800 crore tender meant for concretising 400 kilometer city roads *(freepressjournal.in)* Nov 02, 2022

The Brihanmumbai Municipal Corporation (BMC) has cancelled the tenders worth Rs. 5,800 crores that were invited in August to concretise of 400 kilometer roads across the city.

The tenders were cancelled as due to low response from the bidders who blamed the stringent conditions laid by the civic body. So the civic authority has decided to re-examine the terms and conditions and will then start the retendering process fresh.

In order to make the city pothole-free the BMC has decided to concretise the roads in Mumbai. As per the direction of chief minister Eknath Shinde, the civic body collectively invited five tenders for different roads.

Contractors who are experienced in constructing state and national highways were invited to participate in the tender process. "In the last two months, the BMC has so far received only one bidder for the city and two each in the eastern and western suburbs. The bidders have blamed

the stringent conditions in the tender, so we will now re-examine it. But the quality of road work will not be compromised," said the civic official of the road department.

BMC asked contractors to make precast utility ducts under the roads

BMC had also told the contractors to make precast utility ducts under the roads so there will not be a need to dig trenches. The road work will be retendered including this condition. The civic body has completed 984.84 km of concretisation of roads till now. The BMC has proposed 400 km of road work for this year.

In the currently invited tenders, 71 km roads were in the city area for which, approximately 1194 crore were planned to be spent, 811 cr were scheduled be spent on 70 km roads in eastern suburbs and 3,801 crores were to be spent on the concretisation of 275 km. roads of western suburbs.

These are the tender conditions laid by the BMC:

* Joint venture has not been allowed, also the contract cannot be transferred to another contractor.

* The contractor should have experience in constructing state and national highways.

* 80 percent of the payment will be made after the work completes and the remaining 20 percent will be contributed to the defect liability period.

* The defect liability period of the road will be 10 years.

* BMC will also provide a QR code on the barricades of construction of road sites where citizens can scan it and will know all the details of ongoing road construction. GPS trackers will be installed on barricades.

* If the road work is found of inferior quality, a heavy penalty will be imposed.

Tenders which were cancelled in last few months:

1) Development of Deonar abattoir- two contracts worth Rs 402 crore were cancelled because of poor response from contractors. BMC had cited reason that it had invited two separate tenders jointly i.e. construction and maintenance of abattoir hence they received poor response.

2) Rs 43 crore tender for the construction of acquarium in Jijamata Udya. BMC cited the reason of cancellation that the state government had given them go ahead to construct aquarium at Worli.

3) Rs 160 crore Tunnel Laundry to wash clothes of the different civic run hospitals. BMC had cancelled the tender saying shortage of land for the construction of laundry.

4) Rs 5800 crore tender for concretisation of roads, one of the biggest road construction contract of BMC'S history. Reason behind the cancellation was poor response from contractors and stringent conditions to qualify the contract.

5) September 27, BMC cancelled two tenders of construction of underground tunnel in SGNP for the construction of Goregaon Mulund link road. Many companies couldn't qualify and there was issue with the Associate Tunnel Contractor (ATC) whose company went into liquidation.

6) BMC cancelled Rs 92 crore Virtual Training Centre at 400 civic run schools. After BJP MLA Ashish Shelar alleged irregularities and favouritism. BMC had cancelled the tender because BMC wanted to relook at the virtual classrooms technology and other options available. https://www.freepressjournal.in/mumbai/mumbai-bmc-cancels-rs-5800-crores-tenders-meant-to-concretise-400-kilometer-city-roads