NEWS ITEMS ON CAG/ AUDIT REPORTS (04.11.2022)

1. CAG report: BMC awarded work to contractor without tender *(indianexpress.com)* November 4, 2022

While the Brihanmumbai Municipal Corporation (BMC) is set to shut down the Gopal Krishna Gokhale Bridge in Andheri for at least two years, a recent report by the Comptroller and Auditor General (CAG), prepared in June 2022, has shown that the civic body awarded contract for doing staging works to provide temporary support to the bridge to a contractor in 2019 without going through proper tendering channel and deliberately delaying the process, giving undue advantage to the contractor.

The report stated that the approximate cost of carrying out the staging works was pegged at Rs 4.66 crore and, since the BMC didn't float any tender for this project, it lost the opportunity to obtain competitive rate for the said work which gave undue advantage to the contractor to whom the contract was awarded. The CAG report also stated that the process of awarding the contract was delayed by eight months.

The Gokhale bridge is a primary connector between Andheri East and West. On July 3, 2018, a portion of the bridge collapsed, leading to the death of two pedestrians and injuring three other pedestrians.

Following the incident, the civic body carried out a structural audit of the bridge through an empaneled consultant and the report was submitted on August 23, 2018, one month after the mishap.

The consultant's report directed the civic body to demolish and reconstruct the existing bridge and to carry out staging works as a precautionary measure to provide temporary support to the super structure of the existing bridge from its base by using structural steel trestle. The cost of carrying out the staging works was pegged at Rs 4.66 crore.

However, the CAG report stated that the approval for the staging works were taken after a delay of eight months, on April 24, 2019. "The decision should have taken immediately after the submission of the audit report and tender for demolition and reconstruction should have been invited considering the urgency of work," the CAG report said.

"Hence due to the undue delay in taking the decision, the work was awarded to M/S J Kumar without inviting tender thereby rendering undue advantage to the contractor. The department lost the opportunity to obtain competitive rate of work," the CAG report further stated.

Interestingly, the work done by the aforementioned contractor was also under CAG's scanner and, in the same report, the CAG mentioned that the work for construction of a grade separator at Telli Gully in Andheri (East) was awarded to this contractor at 22.5 per cent above the estimated cost of Rs 101 crore and stated that the bills paid to the contractor and the consultant, though called for scrutiny, were not furnished.

Meanwhile, the BMC in its reply stated that the said work was of urgent nature and no other agency was working in the vicinity of the bridge site. “M/S J Kumar was earlier awarded the work of Telli Gully, which is near the site. Further, no agency was appointed to carry out this miscellaneously. Hence, the work was awarded to M/S J Kumar,” the BMC’s reply said.

The CAG, however, had labelled BMC’s reply as not satisfactory. “The reply of the department is not tenable as substantial time lapsed after the audit carried out by the appointed consultant and during the nine-month delay period, a separate tender could have been floated and awarded through short tender notice,” the CAG said. https://indianexpress.com/article/cities/mumbai/cag-report-bmc-awarded-work-to-contractor-without-tender-8248325/

2. Mumbai: BMC to shut Gokhale Bridge for two years from Monday *(timesofindia.indiatimes.com)* Nov 4, 2022

MUMBAI: As Andheri stares at traffic chaos with the BMC suddenly proposing to shut the east-west Gopal Krishna Gokhale bridge from Monday for two years for repairs and reconstruction, it has emerged that a few months ago the had pointed out how the municipal corporation had laid the red carpet for a contractor for a work on the bridge in 2019.

The Comptroller and Auditor General (CAG) of India said in a report submitted to the municipal commissioner in June that the BMC had awarded the work of providing temporary support from the base to Gokhale bridge in April 2019 to a contractor without inviting tenders. The CAG said it was a case of rendering undue benefit to the contractor.

"The department lost the opportunity to obtain competitive rates for the said work," said the report, a copy of which is with the TOI.

After a portion of the bridge crashed in 2018, it was felt necessary to support the superstructure of the bridge as a precautionary measure till demolition.

On July 3, 2018, the pedestrian section of the bridge collapsed, leading to the death of two people and injuring three. The portion of the bridge which had crashed was under the jurisdiction of the railways.

An audit of the bridge portion with the BMC was conducted by consultant CV Kand, who submitted a report on August 23, 2018. After the report, it was decided that the bridge should be demolished and reconstructed.

The CAG report stated that while the audit report of the bridge was submitted by the consultant on August 23, 2018, the approval for temporary support was taken from the municipal commissioner on April 24, 2019, after a lapse of nearly eight months.

"The decision should have been taken immediately after the submission of audit report and tender for demolition and reconstruction should have been invited considering the urgency of the work," said the report submitted by the CAG.

Andheri MLA Ameet Satam in a tweet pointed out that the Gokhale bridge accident occured in July 2018.

"Work was to commence in March 2020, commenced in November 2021. Railways told BMC in July 2021 to do work in the railway portion. Why BMC sat on the project?" read a part of MLA Satam's tweet. https://timesofindia.indiatimes.com/city/mumbai/mumbai-bmc-to-shut-gokhale-bridge-for-two-years-from-monday/articleshow/95287151.cms?from=mdr

3. Cong for probe into Rs 162 crore health dept bill *(timesofindia.indiatimes.com)* Nov 4, 2022

Panaji: After the department of Indian Audit and Accounts sought clarification for payment of bills of Rs 162 crore for medical purchases from April 2018 to August 2022, Congress on Thursday said it was nothing but corruption and demanded investigation of the purchases.

Earlier, Manoj Parab, chief of Revolutionary Goan Party (RGP) also termed it a scam demanding a thorough investigation.

“All is not well in GMC and the health department. The CAG report has exposed that it is the wellness of the health minister Vishwajit Rane and not that of the patients which has cost the state treasury Rs 162 crore,” said Amit Patkar, state Congress president.

“Will the chief minister Pramod Sawant sack the health minister and order an investigation questioned?”

Patkar said. Patkar said they have learnt that the approval of the finance department was not obtained when purchases were made.

“Rane should be sacked and a high-level probe should be ordered for purchase of drugs made by GMC and health department during the Covid pandemic,” he said. https://timesofindia.indiatimes.com/city/goa/cong-for-probe-into-rs-162-crore-health-dept-bill/articleshow/95286253.cms

4. Public Accounts Committee visits Karur inspects progress of various schemes *(thehindu.com)* November 4, 2022

TIRUCHIRAPALLI: Members of the Assembly Public Accounts Committee led by K. Selvaperunthagai visited Karur and inspected the progress of various schemes in the district on Thursday.

Accompanied by Assembly Secretary K. Srinivasan, Mr. Selvaperunthagai held a review meeting at the Collector’s Office. Collector T. Prabhushankar, Superintendent of Police A. Sundaravadhanam and senior officials of the district took part in the meeting. The panel members sought the reply of various officials on the findings of the Comptroller and Auditor General of India (CAG) report. The Chairman of the committee asked the officials to expedite the ongoing schemes in accordance with the guidelines stipulated by the Government.

Earlier, the panel members visited the banks of the Amaravathi river and discussed with the officials on ways and means to check pollution. They also checked the functioning of dyeing units at Periyar Nagar on whether they followed the rules and regulations of the Tamil Nadu Pollution Control Board. https://www.thehindu.com/news/cities/Tiruchirapalli/public-accounts-committee-visits-karur-inspects-progress-of-various-schemes/article66092089.ece

5. Jharkhand government clueless about dangerous bridges in State *(lagatar24.com)* November 4, 2022

Ranchi: The collapse of a cable bridge in Gujarat last Sunday has raised concerns about the condition of bridges across India with some states ordering immediate repair of unsafe bridges, but Jharkhand does not even have a list of such bridges in the state.

One after the other senior officials and engineers of the Jharkhand Road Construction Department (RCD), including Joint Secretary Vijay Kumar Gupta, Chief Engineer Arvind Pandey, Chief Engineer (CDO) Rajesh Kumar Singh and Superintendent Engineer KK Lal expressed their inability to share the total number of bridges in the state, leave aside highlighting the number of bridges that are unsafe for commuting.

“The bridges in the state are under various departments including the central authorities and hence we do not have the total number of bridges,” said an official, the fourth in the line of officials whose name was suggested for getting the required information.

However, when asked to share the number of bridges under the RCD, then again he was completely at a loss. Meanwhile, Jharkhand Road Construction Secretary Sunil Kumar and Engineer-in-Chief J P Singh neither took repeated calls nor replied to a message over the last two days.

Another official on condition of anonymity said that there was a report of 2016 on the condition of bridges in the state. “It had identified a list of bridges that were dangerous and needed immediate repair. But nobody knows where the report is now,” he said.

It may be noted that Union Transport Minister Nitin Gadkari in a reply to Lok Sabha in 2017 had cited a probe by Indian Bridge Management System (IBMS) that revealed 147 bridges in the country were dangerous and needed immediate repair.

As per the National Crime Records Bureau (NCRB) report on accidental deaths and suicides, 36,362 people lost their lives due to drowning in 2021, and 20,313 people died due to collapse of structures over the previous 10 years. Even the country has no separate data on the collapse of bridges and deaths due to collapse of bridges.

Hours before 140-odd people died in the Morbi bridge collapse in Gujarat on Sunday evening, two cars got stuck on a British-era bridge in Odisha’s Kalahandi the same afternoon. People trapped in the car were rescued from the bridge built in 1925.

In February 2018, a parliamentary committee report highlighted the poor quality of the railway bridges in the country and blamed the nexus between officials and contractors for it. It went on to say that delay in bridgework was putting passengers’ lives at risk.

Jharkhand has no centralised data on bridges, unsafe bridges and pre-Independence bridges. The mineral-rich state has had wide road and rail networks for decades due to the heavy mining activities, particularly in areas like Dhanbad and Singhbhum.

While the Morbi tragedy got the West Bengal government on its toes as it instructed its engineers to check all the bridges in the state and report within a month, and carry out repairs immediately, the Jharkhand officials are yet to understand its seriousness.

This is despite the fact that a CAG report in 2019 revealed lack of planning, monitoring, poor execution and compromised quality of the bridges built for rural connectivity under PMGSY and CMGSY during 2014-2019 in Jharkhand for their premature collapse.

A newly-constructed bridge over Kanchi river in Tamar near Ranchi collapsed in May 2021. The bridge collapsed within two years of inauguration as its weak structure could not withstand the cyclonic winds and rainfall, and also due to illegal sand mining. https://lagatar24.com/jharkhand-government-clueless-about-dangerous-bridges-in-state/129559/

SELECTED NEWS ITEMS/ARTICLES FOR READING

6. Disinvestment target for FY24 to be at a 'realistic level' of Rs 65K-crore *(business-standard.com)* November 4, 2022

The disinvestment target for the year 2023-24 may be set at around Rs 65,000 crore, a report in Financial Express (FE) said. This will be on a "realistic level" keeping in mind the receipts of the current year that may range between Rs 45,000 and Rs 50,000 crore.

Currently, Centre's receipts from disinvestment stand at Rs 24,544 crore. It is just 38 per cent of the annual target presented in the Budget 2022. A major chunk of this, close to Rs 20,500 crore, was achieved only via selling a 3.5 per cent stake in the Life Insurance Corporation of India (LIC).

The Centre is in the process of selling some of its stake in Vedanta-controlled Hindustan Zinc in FY23. The rest of the stake in the company will be sold in FY24. It currently holds a 29.54 per cent stake in the company worth Rs 36,000 crore, FE added.

The sale of 26 per cent of the stake in BEML, formerly Bharat Earth Movers, may also be proposed by the Centre soon. If successful, it will fetch the centre around Rs 1,600 crore. Currently, it holds a 54.03 per cent stake in the company.

In early October, the government invited bids for IDBI Bank. It is selling its 30 per cent stake in the bank, along with 30 per cent held by the LIC, making up the total stake sale to 60 per cent.

The government will also soon invite bids for the Container Corporation of India (ConCor). It plans to sell 30 per cent of its stake for Rs 15,000 crore. https://www.business-standard.com/article/economy-policy/disinvestment-target-for-fy24-to-be-at-a-realistic-level-of-rs-65k-crore-122110400230_1.html

7. 'India has to stop being satisfied with its own performance,' says veteran economist Lord Meghnad Desai *(businesstoday.in)* November 3, 2022

Economist Meghnad Desai, Emeritus Professor of Economics at the London School of Economics and Political Science, says economics is all about people's lives and livelihoods. So, the economy should serve the people and not vice versa

Meghnad Desai, known for his frank views on the state of the economy, says the world is looking at tough times. An Emeritus Professor of Economics at the London School of Economics and Political Science (LSE), Desai believes that India should concentrate on its creamy layer of 200 million people as the growth of these wealthy individuals will propel the economy and lift the bottom 40 per cent out of poverty. The 82-year-old, who sits on the board of Elara Capital, says that economics is all about people's lives and livelihoods, and not about debt-to-GDP ratios or deficit finance. In an interaction with Business Today's Anand Adhikari, Desai speaks on a host of issues confronting India. Edited excerpts:

Q: What impact do you see of historically high global inflation and high interest rates on emerging markets, including India?

A: I hold a somewhat unorthodox view. I lived through the previous stagflation crisis of the 1970s. It was very similar because oil prices had quadrupled in 1973. The OPEC countries, which had not changed the price of oil since 1918, after 55 years decided to increase prices. At that time, many people said that this monopoly would never last, and that there would be competition. It, however, totally changed the whole paradigm of economics and of the global economy. The oil price rise didn't end for 20 years. Inflation went up to 22 per cent in England. Margaret Thatcher [became PM] in 1979, and she let all the pain be inflicted. She had a simple view: inflation cannot go unless you inflict pain on the public. This is what monetary policy is all about. It was about deflating the economy until the economy stopped growing and people stopped buying or bought the [bare] minimum. And that's how inflation gets out of the system.

The central banks now have this delusion that they control inflation. They cannot control inflation. They tried to, but it is very hard, partly because it's a global phenomenon and, in essence, local imperfections add a little bit further to it… People are not seriously aware of how long this [stagflation] is going to go on. I believe in being a pessimist. We don't know what the growth rate [of GDP] is going to be… But I think we have to be prepared for a very tough time.

Q: Why are you being so pessimistic?

A: If I go back to my old-fashioned belief in Kondratieff cycles [long-term periods of evolution and self-correction brought on by technological innovation that results in a long period of prosperity], when I was doing economics in the 1950s in Mumbai, we believed in long economic cycles. We read a lot about business, like a history of business cycles. [Economist] Joseph Schumpeter wrote two volumes with the theme that Kondratieff are long economic cycles. But I have now lived through one Kondratieff cycle, and I have come to a second Kondratieff cycle in my life—1970s and 2020s. A perfect 50-year fit. So, why it happens is very complicated. Ultimately, the whole global crisis is not an Indian crisis, or developing country crisis. During the last crisis, the quadrupling of oil prices was an aftermath of the Arab-Israeli war. This time it is during a war. And we don't know how long the [Ukraine-Russia] war is going to last… The UK is also paying [a price], though the country is not that dependent on Russian oil. But once energy prices rise, it spreads to other prices… So, this is a very serious stagflation problem. It is quite clear that we had a zero rate of interest for a decade after 2008 because we did quantitative easing. We stuffed the market with liquidity and bonds. This easy money was used by large businesses to recover. You never pay the poor when they need money, but you always manage resources to pay the rich. Economically speaking, you cut interest rates and investment goes up and the economy bounces back, right? We didn't see that happening.

Q: What are the big lessons for a country like India, which is still expecting growth of 7 per cent-plus while the world is likely to slip into a recession?

A: The perspective of central banks and fiscal policymakers should be over a longer period of five to 10 years. There should be some mechanism, at least in India, for long-term thinking. We [in the UK] have something called the Office for Budget Responsibility, which is independent. It is a government body, but it is independent. India should make its Finance Commission permanent… You can't prevent political parties from making promises… And when making a promise, they can't say, 'Where do you get the money from?' They [the political parties] say, 'When we come to power, we'll find the money.' But a finance commission would be able to constantly evaluate and issue reports periodically as and when they like on topics like this. I think we are going to need something like that, in this long stagflation cycle… And I think what happened to Sri Lanka is just the beginning of a lot of other countries that are going to be badly hit. Pakistan is going to be badly hit. My view is that if stagflation is going to last a long time, we'll have to begin to think long-term. And secondly, India will have to make up its mind where it is in the global chain. Is India serious that it is going to replace China? Is India going to collaborate with China? Either solution is possible.

When the last stagflation crisis was going on in the'70s, and '80s, the big manufacturers of America and Europe came to Asia, especially South Korea, Singapore and Indonesia. I would really like to see [that] in this time of stagflation. We seriously say to the private businesses, 'You are patriotic, we trust you to contribute to India's growth. We are here to help you.' I think at some stage, somebody will have to make a big change and say that this is the one chance India has of getting to the top on its own strength. Our own strength is our skilled labour force at all levels, and [our] good education system. We also have a good gender ratio. This is India's chance. And the way India will win is by using its business sector in cooperation with the government.

Q: But we are starved of capital…

A: If you think about the Indian economy, think about 20, 40, and 40—20 per cent are all right, 40 per cent are middle class, and the last 40 per cent are poor. I don't want to go into details, but the top 20 per cent have a near-American style of living. And 20 per cent of a billion is 200 million people. India is a market for 200 million people. It's three times the market of the UK, which is why people are pouring in dollars. This is why we have unicorns. India has become a very efficient service economy. People are pouring in money because they know here is a market where people will buy and consume goods and services. I think one has to have a slightly cynical mind about this. Don't keep on talking about the bottom 40 per cent. Take a look at the top 20 per cent. They are going to deliver the growth that will make the rest of them [the population] better off. Growth will benefit everybody… We have to grab the opportunity because this is the time… China is getting into problems. The world is large enough to have two big economic powers and India has to stop being satisfied with its own performance.

Q: Will private capital move away from the mainland because of the way the Chinese Communist Party is cracking down on start-ups?

A: China has internally slowed down… I think Zero Covid-19 is complete madness… The Chinese government had shut down Shanghai. You cannot shut down Shanghai... It is one of the largest industrial cities [in the world]. This is where the Communist Party fails—it lacks flexibility.

I think India has an opportunity… It has been a stable democracy for 75 years. And there is no danger of any impediment to Indian democracy… I don't care whether we are the fifth-largest in terms of GDP or not. I only care about per capita income. We have to take advantage of the 20 per cent rich, that is, 200 million. That is a huge market. In my younger days, we were obsessed with becoming a manufacturing country—we still are. [But] we have to be the most efficient service economy. That's what people pay us for. And it's an old principle of economics that you let people make things that they are good at.

Q: The government is focussed on Aatmanirbhar Bharat and the Production Linked Incentive Scheme…

A: I don't care whether textiles are made here or in Central Asia. I want to be able to buy and deliver. India's strengths are the service economy, digitisation, financial technology, a young population and mobility. India is not only a large country, but fully mobile as well. The world has realised that India's young population who graduate from the IITs and IIMs are fantastic assets… This is our opportunity. We have to play to our strengths.

Q: Do you see India making big moves in manufacturing or taking advantage of the China-plus-one strategy?

A: This country is obsessed with manufacturing. India wasted the first 40 years after independence because we would not import machinery but wanted to make our own machinery. That was Aatmanirbhar. And we wrecked the economy. Until then prime minister P.V. Narasimha Rao and then finance minister Manmohan Singh opened up the economy in the early '90s, we had huge tariffs on foreign goods. Suddenly, the whole game changed and you could get telephones to toothpaste from abroad. We have a very patriotic private business sector. In the past, this antagonism between the private and public sectors was very damaging to the Indian economy. And even now, people talk about [billionaire industrialists] Ambani and Adani. They (the big industrialists) are [like] open books. They became rich because they were hard-working, clever people… profit comes from being smarter than your competitors. I think even in politics, no politician is willing to say that business is a good thing and that businesses create jobs. Ultimately, there has to be a symbiosis between business and the government. That's the only way the country will ever get out of poverty. There is no other way. As I said, you have to go from 20, 40, and 40 to 40, 40 and 20.

Q: This government has made some moves to privatise public sector companies. What are your thoughts?

A: We have been through the debate about the state versus the market. You can trust the market. It can make as many mistakes as the state can. Let's concentrate on human development. Let's concentrate on health, climate change, poverty—things like that. Don't worry about who owns what… And by and large, India has a good private sector. India has always had a good private sector. Let's concentrate on getting rid of poverty as soon as possible.

Once upon a time, India used to export labour to sugarcane-growing countries like Mauritius. We are now exporting people who run multinational corporations… We have to be confident that we are going to win… Yes, we have problems. But we are not like a Sri Lanka or a Myanmar. We are a serious economy. I lived through a time when everybody thought socialism was the answer to all problems. It's all over. Capitalism is here and going to stay forever… We really [need to] have faith in our private businesses, which are our greatest strength.

Q: You make an interesting point about having a permanent finance commission. Are you confident that India will adhere to fiscal management with its deficit growing?

A: A lot of these targets are misleading because they encourage opaque accounting. Take for example, pension schemes, which are unfunded. Look at one rank, one pension (OROP), which is completely unfunded. What are the debt implications of OROP? Nobody wants to talk about it. We like our defence forces, but OROP is an unfunded programme. But basically, it's a political issue. It's not an economic issue. A country like India can more or less deal with debt easily.

Ultimately, economics is about lives and livelihoods. It is not about the debt to GDP ratio or deficit financing. Are you protecting people's lives? Are you protecting people's livelihoods? That's what the pandemic has taught us… The saddest pictures for me during the pandemic were of people walking from Delhi to Bihar. That should never happen again. If they are out of jobs in Delhi, give them MNREGA or urban MNREGA of 100 days' work. Have them stay put in the city itself because you are disrupting their lives… Our priority has to be lives and livelihoods.

Q: So, how does this fit in with your earlier remark about focussing on the top 20 per cent of the population?

A: Again, what the pandemic showed was that it hit [people] across income groups… And at the end of it, the important thing the pandemic taught us is to look after people's health and their livelihoods. Even if you have to give people money for free, give them [the] money for the time being; you will get the money back later on. That's what we did in the UK. We had what's called a furlough payment. You can't work, but that's not your fault. We will pay you while you can't work because we know that when you can work, the money will come back. Ultimately, we don't want anybody to die because they did not have enough medical care or enough food to eat. That is what a democracy is about… We have to care about all 1.3 billion people because they are us. They are our people. We have to be with them because that's what… a nation is about. We are in this together. And what is economics for? Economics is for serving the people, and people are not for serving the economy. Ultimately, economics has to serve the people.

Q: India has signed free trade agreements (FTAs) with the UAE, Australia and Canada. The FTA with the UK is under discussion. How do you see the India-UK FTA?

A: We have to have a bilateral trade treaty with the UK because it foolishly walked out of the EU. It's not India's problem. It's the UK's problem… Basically, India is in the driving seat. India is going to be the UK's solution… You have to look at the UK-India FTA that way. We have more or less equal total GDP size, but we have got highly skilled labour which they want, and a huge market. [Then] there are things which the UK does very well. They are very good at research, especially university research and development. Places like Imperial [College] or Cambridge have made the education departments like corporations. If you are a researcher, say, in astrophysics or medicine, you are encouraged to form a corporation. And your research is your patent. And you're going to make money, and the university doesn't mind. They get their cut. But that idea that you can make universities into corporations is a great British idea… The UK has amazing universities now and is immensely rich. We have to learn that. We have to export people... if half of those [people] come back, [your] job is done. We have to concentrate on exporting our skilled people. And that is a win-win solution because that is our strength. Indian strength is skilled labour. India should play like a winner. https://www.businesstoday.in/magazine/interview/story/india-has-to-stop-being-satisfied-with-its-own-performance-says-veteran-economist-lord-meghnad-desai-351728-2022-11-03

8. Why we need to stop worrying about a falling Indian Rupee *(moneycontrol.com)* November 4, 2022

A weaker rupee will help bring in export promoting FDI when countries and corporations want to cut their China exposure, and are looking for alternative suppliers who can match China in pricing, and scale

After growing at double-digit rates for several months in a row, India's merchandise exports have started showing signs of moderation posting 2.14 percent, 1.6 percent, and 4.8 percent in the last three months, compared to 20-25 percent in the January-June period.

This is happening at a time, the attempts to revive private investment are proving to be rather ineffective, and the recovery in consumption is fragile, at best. With debt-to-

GDP ratio breaching 90 percent, and inflation above the Reserve Bank of India (RBI)'s comfort levels, neither fiscal nor monetary policy has any room to support growth.

Given this backdrop, the RBI should focus more on supporting exports and let the rupee steadily weaken against the USD (the currency in which 86 percent of India's export is denominated), and it should intervene in the forex market only to check sharp fluctuations in rupee-dollar exchange rate.

A weaker rupee makes it cheaper for the foreign buyers, and hence they are incentivised to buy more. That helps exports grow faster. A weaker currency also enables Indian exporters to offer lower prices in an intensely-competitive global marketplace. Moreover, unlike the PLI subsidies which incentivises manufacturing, a weaker currency incentivises exports of all kinds of merchandise as well as services.

A weaker rupee will help bring in export promoting FDI when countries and corporations want to cut their China exposure, and are looking for alternative suppliers who can match China in pricing, and scale. An undervalued rupee will strengthen India's relative attractiveness to be selected as a sourcing hub.

This line of thought has its critics as well, who argue that there is no correlation between depreciation of the rupee and export growth; that if the rupee depreciates, buyers/importers tracking movements in the dollar-rupee exchange rate will ask for discounts that will eat up benefits of a weak currency; that a weak rupee increases the cost of imported inputs that minimises the gains from a weaker currency, and; India's export competitiveness gets neutralised if other countries also weaken their currencies. In other words, it's a race to the bottom that benefits the buyers.

Yet China pursued this policy for three decades to give a big push to its exports, and now it's the world's largest exporter with its goods exports alone exceeding India's GDP. Earlier Japan too used an undervalued exchange rate to promote its exports successfully. Many countries knew about it but no other countries including India could match Chinese and Japanese export success. The reason is that a weaker currency is a necessary but not a sufficient condition. For instance, a weaker rupee can't compensate for damage to the country's reputation caused by a seller of adulterated drugs that killed 70 children. India will need to do more to achieve its export target of $2 trillion by 2030.

On its own, a depreciating rupee may not help India's exports, but an overvalued currency will certainly hurt them. Further, even if the Indian Rupee doesn't fall against the USD but other currencies do, for instance, if the Chinese Yuan falls against the USD, the Indian Rupee will become relatively stronger (even if there is absolutely no change in rupee-dollar rate), and that will put Indian exports at a disadvantage in, say the US market.

If the rupee declines by 10 percent, but the price of an Indian merchandise being exported somehow goes up by 10 percent, there would be no improvement in competitive advantage. The beneficial impact of a weaker currency on Indian exports can be neutralised if a competing supplier, say Vietnam, gets into an FTA agreement with a common trade partner, say the US, even if Vietnamese currency doesn't depreciate against the USD. Many argue that benefits of weakening currency on exports are neutralised by increased cost of imported inputs. This is correct only if there is no value addition to imported inputs.

Others argue that if the rupee weakens, the buyer asks for discounts that neutralises most of the gains from a weaker currency. This is not true at least in the case of the buyers from developed countries. Most buyers pay you based on contracted dollar or euro value. If the rupee weakens they don't ask for discounts. Similarly, if the rupee strengthens they don't offer to pay more. If the price terms change tracking movements in exchange rates, it's only for new contracts; so exporters don't really lose.

Thus, the beneficial impact of a weaker rupee depends upon multiple variables such as extent of depreciation in other currencies, inflation differentials, and/or absence/presence of FTAs among trading partners and competitors. At a time when most currencies have weakened against the greenback, defending the Indian Rupee will put India's exports at a disadvantage that we would want to avoid. https://www.moneycontrol.com/news/opinion/why-we-need-to-stop-worrying-about-a-falling-indian-rupee-9449761.html

9. **Miles to cover** *(millenniumpost.in)* November 3, 2022

India's success in adopting digital payment system has been phenomenal but more needs to be done to reach the bottom of the pyramid

India is on the cusp of a digital revolution in the banking sector. With over 260 million people and 50 million merchants on the unified payment interface (UPI), we have already created the infrastructure and the ecosystem for scaling up to the next level. In this context, setting up of 75 Digital Business Units (DBUs) becomes a game changer, as it aims to not only bring digitisation to the grassroots level but also educate people on how to use it to their advantage.

One billion, one nation

The target of reaching one billion transactions per day in the next five years doesn't look like a steep task, but to achieve that, one has to go beyond the techno-savvy and the privileged. The DBUs look to address some of these concerns, as they are also supposed to educate customers on the digital journey and cyber security awareness.

As per a report by consulting firm Deloitte, there are as many as 1.2 billion mobile (750 million smartphone) users in the country. If we want to achieve the one-billion target, we need to get Bharat on board. This can be achieved by establishing a Digi Desk in all the lead district offices; a prototype of the DBU, which will be less costly in comparison to a full-fledged unit. In all the 53,000 rural bank branches, we can also have a Digi Desk managed by a bank staff member, which would solely focus on digital awareness and education. A special thrust can be given to the onboarding of customers from identified sectors like retail, MSME, and other schematic loans.

The next step will be to channel our Nari Shakti. There are over 76 lakh self-help groups (SHGs) under the Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM), one of the vibrant schemes with a good track record. We have over 50,000 BC Sakhi to coordinate and guide these SHGs, at least one in every Gram

Panchayat. Their services can be sought by incentivising them in some way so as to promote digitisation among the group members. This alone will bring some 10 crore women under the digital footprint.

Usurp king cash...

Considering the fact that we started our digital journey in mission mode only seven years ago, we have undoubtedly made phenomenal progress. After a few hundred crores in UPI transactions in 2016, we are all set to cross the 100 trillion mark this financial year. But cash in circulation continues to increase; it stood at an all-time high of Rs 31 trillion as of March 2022, which is almost double the amount at the time of demonetisation. This trend can only be reversed if we incentivise digital transactions. While the government has explicitly stated that UPI is a digital public good with immense convenience for the public and productivity gains for the economy, and there is no consideration to levy any charges for UPI services, the concerns of the service providers for cost recovery need to be looked at.

The regulator and the industry could explore a parallel structure where the users make some payments towards support services and maintenance for certain riders. This will help in setting up more facilitation centres all over the country and in providing adequate support service for users. We are a country of 638,000 villages, with 65 per cent of our population living there.

So, digitisation can only happen in a big way if we extend these services at the bottom of the pyramid and also find a model that is beneficial to the whole ecosystem. http://www.millenniumpost.in/opinion/avertible-catastrophes-497944?infinitescroll=1

10. Loans worth Rs 20 trillion disbursed under MUDRA scheme, says PM Modi *(business-standard.com)* November 3, 2022

PM Modi said loans worth Rs 20 lakh crore have been disbursed so far under the Centre's MUDRA scheme to provide self-employment opportunities to the youth

Prime Minister Narendra Modi on Thursday said loans worth Rs 20 lakh crore have been disbursed so far under the Centre's MUDRA scheme to provide self-employment opportunities to the youth, and added that Maharashtra was one of its major beneficiaries.

In a video message aired during an event here to distribute appointment letters as part of the Maharashtra government's aim to provide employment to 75,000 people, Modi said his government was providing assistance to start-ups and micro industries as well.

The Pradhan Mantri MUDRA Yojana (PMMY) scheme was launched by the Modi government in April 2015 to provide loans up to Rs 10 lakh to the non-corporate, non-farm small/micro enterprises.

"Youths play an important role in making India a developed country. The Centre has started a programme to provide 10 lakh jobs and on the same lines, the Maharashtra government has launched a scheme to provide employment to 75,000 people. It is a matter of pride that maximum recruitment will be done in home and rural development departments," Modi said.

He added that his government was working to strengthen the micro industry sector.

Self-help groups (SHGs) in rural areas are being encouraged. In the last eight years, eight crore women working in SHGs have been provided with funds of up to Rs 5.5 lakh crore. SHGs have created opportunities for manufacturing and employment. Since investment is being done on infrastructure, employment opportunities are being created, he said.

The prime minister said railway projects worth Rs 75,000 crore and road development projects worth Rs 50,000 crore are in progress, due to which employment opportunities have been created, he added. https://www.business-standard.com/article/economy-policy/loans-worth-rs-20-trillion-disbursed-under-mudra-scheme-says-pm-modi-122110301246_1.html

11. Malnutrition in India: Govt schemes need to offer a more balanced diet, say experts *(financialexpress.com)* November 4, 2022

Even as the Centre and independent experts have criticised the Global Hunger Index for high weightage given to child under-nutrition as a proxy for population-level 'hunger' and conflating malnutrition with hunger, the country's umbrella nutrition programme, the POSHAN Abhiyaan, seems to be lagging.

The dashboard for the programme, which seeks to address under-nutrition among children under 6 years of age, pregnant and lactating women, and adolescent girls, shows that against 98.5 million registered beneficiaries, 181 million hot, cooked meals were delivered in the last 30 days. This means a hot, cooked meal from the government — over the entitlement under the National Food Security Act and the Pradhan Mantri Garib Kalyan Anna Yojana — is not reaching every beneficiary everyday.

"Malnutrition among children needs to be addressed within the first five years. This is where the Integrated Child Development Services programme comes in. Despite several court observations in the landmark right to food case, on ensuring hot, cooked meals to children through ICDS, in many states, dry rations or pre-packaged food continue to substitute the cooked meals on most days, which may not translate into nutritional intake comparable with a hot, cooked meal with nutritional diversity," says Biraj Patnaik, former principal adviser to the Supreme Court in the right to food case.

"Given that the Centre pays for a large part of the ICDS outgo, it needs to push states to get on ground implementation right," he adds.

Childhood malnutrition can be an important factor of adult malnutrition, experts say. A multi-country (including India) study published in The Lancet as part of its series on maternal and child under-nutrition shows that childhood under-nutrition plays a role in stunting in adulthood. With maturational delay — which lengthens the period of growth — being typically shorter in low- and low-middle income nations, the likelihood of early-years growth loss getting compensated for in the subsequent few years, even if access to better nutrition improves, is quite low. Early-years under-nutrition also leaves a tell-tale imprint on absorption capability in adulthood, making malnutrition perpetual.

“Several studies show links between low birth-weight/early-years under-nutrition and increased likelihood of diabetes and cardiovascular diseases in later years, leading to lingering nutritional issues,” says Dr K Srinath Reddy, president of the Public Health Foundation of India.

Under-nutrition among women, studies show, have an impact on birth-weight of the babies they bear and feed, leading to a vicious cycle.

Under the centrally-sponsored Pradhan Mantri Poshan Shakti Nirman (PM-Poshan) scheme — the Mid-Day Meal in Schools progamme renamed — the government aims to provide one hot, cooked meal to pre-schoolers along with 118 million children in classes I-VIII in 1.12 million government and government-aided schools.

Even as the government brought down the budget estimate for the programme this fiscal from the FY22 BE, the increase in material costs of meals under for the programme, some experts have argued, is too low to make a difference to the quality of nutrition provided under the scheme.

“The supplemental nutrition vision in India has long focused on quantity over quality — calorie-intake as opposed to a more balanced intake of nutrients, with necessary intake of protein, vitamins and fibre. If we intend to address malnutrition meaningfully, and focus on muscle mass to tackle wasting rather than adiposity, we have to have a more balanced nutritional offering in our schemes,” says Dr Reddy. The criticism of the GHI criteria has also focused on a “Western standards of growth versus Indian reality”, to suggest a genetic predisposition to relative “shortness” (reflected in stunting). However, as a 2013 research published in Oxford Economic Papers shows, the average height of European men aged 21 rose by 11 cm between 1870s and 1980, suggesting improving nutrition and health and decreasing disease as an important determinant of population-wide gains in height. There also needs to be a focus on improving sanitation, given the absorption losses from water-borne diseases. “We can’t expect to see a major change in the malnutrition figures unless we can provide universal sanitation and good quality primary health care. These are key social determinants to crack India’s malnutrition conundrum,” says Patnaik. https://www.financialexpress.com/economy/malnutrition-in-india-govt-schemes-need-to-offer-a-more-balanced-diet-say-experts/2773696/

12. Wrong orientation? *(millenniumpost.in)* 3 Nov 2022

In order to "enable smooth availability" to the farmers during the rabi season at subsidised prices, the Central cabinet approved the new rates of Nutrient Based Subsidy (NBS) for Nitrogen (N), Phosphorus (P), Potash (K) and Sulphur (S) for Phosphatic and Potassic (P&K) fertilisers. Through this move, the Central government seeks to absorb the "volatility in international prices of fertilisers and raw materials" in order to ease the burden from farmers' shoulders. It is true that international energy prices have a direct bearing on the production, import and availability of fertilisers in the country. Heightened energy prices in the wake of the Russia-Ukraine war have made the situation grim. Additionally, Russia, Belarus and Ukraine are the major suppliers of non-urea fertiliser ingredients. The war has led to curtailment of the supply of essential ingredients of such fertilisers, thus hampering production and increasing prices. The war has indeed presented before us an extraordinary situation, and the government's response appears imperative at this juncture. However, it must be pointed out that even before the war, international prices of urea and DAP had risen to "extraordinary" levels by the end of 2021, due to demand-supply and production constraints in main fertiliser producing countries. Though the increase in subsidy for fertilisers is aimed at solving an immediate problem at hand — that of farmers' inaccessibility to high-cost chemical fertilisers, the chronic problems it perpetuates cannot be overlooked. The government's decision can be justified as an emergency response but deserves no applause in the medium and long term, as it extrapolates the ills of India's fertiliser industry. The most prominent fallout of increased subsidy is the huge fiscal burden it puts on the government's coffers. There is a limit to how much the government can "absorb", and for how long. The government's recent move will lead to a total financial outgo of Rs of 51,875. The budgetary allocation for fertiliser subsidy in the rabi season has been extended from Rs 54,500 crore to Rs 1,38,875 crore. With this move, the total subsidy — including both rabi and kharif seasons — would now touch a record high of Rs 2.25 lakh crore for 2022-23. Even much before the war and the pandemic, subsidy for fertiliser had been on the rise. In 2017-18 for instance, the estimated budget for fertiliser subsidy was Rs 66,468 crore, which increased to Rs 79,530 crore in 2021-22. It is no mystery that subsidies for fertilisers have been made to swell massively over the decades against a moderate increase in prices. Taking the case of urea alone, it is reported that taxpayers bear 78 per cent of the cost of urea and farmers pay only 22 per cent. How sustainable this ratio is, needs no explanation! High fertiliser subsidy is not only a fiscal burden for the government, it also promotes disproportionate and inefficient use of fertilisers, affects soil health, adds to the import bill among other things. In terms of imports, the overall figure for India stood at USD 24.3 billion in 2021-2022 alone. Furthermore, Liquified Natural Gas (LNG) is one of the main feedstocks of urea. A large part (over 40 per cent) of India's LNG import goes into the fertiliser sector. Reckless use of fertilisers, urea in particular, will create a burden on LNG imports as well. Call it the circumstances, Indian government's decision to increase fertiliser subsidy cannot be denounced at the present junction. But, in the medium and long term, there is a need to reform the fertiliser sector. In the first place, India's import dependency in terms of fertilisers needs to be moderated. The government has claimed that India will not import fertiliser after 2025. It remains to be seen to what extent such future claims will fructify. Secondly, India's fertiliser policy will have to be realigned to promote the use of organic fertilisers; at the same time, methods need to be exploited to enhance the nitrogen content of the composts. Use of complexes can also be promoted. Thirdly, greater efficiency has to be introduced in the use of fertilisers by opting for nano and water-soluble variants. Apart from all these, use of harmful fertilisers like urea should be balanced with that of safer types. To sum up, India's fertiliser sector is headed in the wrong direction. Basic re-orientation is the need of the hour. http://www.millenniumpost.in/editorial/wrong-orientation-497946

13. Award of PPP grain silos gathers pace *(financialexpress.com)* November 04, 2022

Silos are sub-mandi yards, which could bring ease of procurement of grains for farmers and lead to significant reduction in logistical costs.

The Food Corporation of India (FCI) is likely to award contracts for the construction of wheat silos with capacity of 7 million tonne (mt) under the private public partnership (PPP) model by the end of this month, according to official sources. These silos are expected to be built over the next three-four years, with investments to the tune of over Rs 3,000 crore.

Silos are sub-mandi yards, which could bring ease of procurement of grains for farmers and lead to significant reduction in logistical costs.

Of 3.4 mt of silos with railway sidings awarded to private entities, around 1.8-mt capacity has been created and the balance is at various stages of construction.
Private entities including Adani Agri Logistics and KCC Infrastructure have been awarded the contracts.

In addition, under a new 'hub and spoke' model approved by the food ministry in 2020, 3.5-mt silo projects are being awarded to private entities, with an estimated investment of Rs 2,800 crore.

This is part of a broader Rs 9,400-crore project to build wheat silos with 11 mt of capacity during the next three-four years under the PPP mode. These silos will be spread over 249 locations across Punjab, Haryana, Madhya Pradesh, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, Bihar, West Bengal, Jammu, Uttarakhand and Kerala.

Silos will be used for storing wheat for the FCI.

Currently, the silos are being built under the design, build, fund, own and transfer (DBFOT) mode, under which the land is owned by the FCI and via the design, build, fund, own and operate (DBFOO) model, under which land belongs to private entities.

The FCI will use these for storage of wheat through a lease of 30 years with private entities. Fixed storage charges to be paid by the FCI to private entities, based on a per-tonne, per-year basis, are the bidding parameters. This fixed charge escalates by 70% of the wholesale price index and 30% of the consumer price index.

In 2005, under a pilot project to modernise storage infrastructure, construction of 0.5 mt of storage capacity under the build, own and operate (BOO) model was carried out by Adani Agri Logistics. Subsequently, on recommendation of a high-level committee chaired by former food minister Shanta Kumar in 2015, construction of silos with railway sidings commenced.

Then the food ministry approved a 'hub and spoke' model because of challenges faced in land acquisition for railway sidings.

Food ministry officials say that if food grains are stored in silos and transported in bulk, losses due to theft, pilferage and transportation would be negligible compared to the food grains stored in warehouses.

As part of a pilot initiative, two rice silos with a combined storage capacity of 25,000 tonne are currently being built at Buxar and Kaimur in Bihar, by private entities.

The FCI stores on an average 50-60 mt of rice and wheat at any given point of time. However, because of the free ration scheme being implemented and lower wheat procurement, the FCI's stocks have declined in the last six months. Silos ensure better preservation of food grains. https://www.financialexpress.com/economy/award-of-ppp-grain-silos-gathers-pace-2/2773707/

14. Green cess needs a makeover *(thehindubusinessline.com)* November 03, 2022

Eco push. A graded form of an ecological tax must be levied on the value of outputs of sectors that are polluting

The government has made climate pledges under the Paris Agreement that includes reducing emissions to GDP ratio (emissions intensity) by 45 per cent by 2030 compared to 2005 levels.

The Clean Environment Cess (CEC) was a tax introduced in 2010 as a fiscal tool to reduce the use of coal and associated carbon emissions, and whose revenues were earmarked for financing and promoting clean environment initiatives. It was levied on the total sales of all types of coal in India.

To manage the funds accrued under the CEC, the National Clean Energy & Environment Fund (NCEEF) was created in 2010, and the funds were hypothecated for environmental goals such as rejuvenation of rivers, afforestation, and promotion of renewable energy generation through research and development.

Despite these intentions of levying the cess, its design and implementation have been inadequate. Our recent study at the Centre for Social and Economic Progress (CSEP) analyses the issues associated with the implementation of the CEC and its usefulness in combating the increasing pollution levels in India.

The grade factor

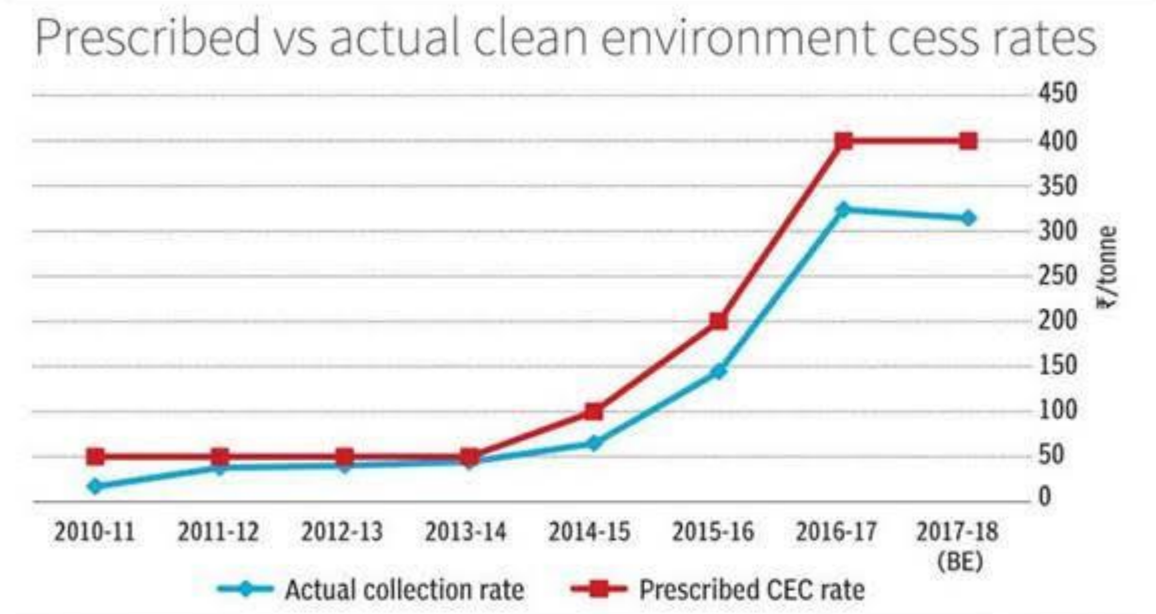
The findings of this study show that, first, the design of the CEC, which levies the cess in proportion to only the quantum of coal (at ₹400/tonne), without differentiating by its grade, does not give an incentive to switch to higher quality coal with lower levels of pollution.

Second, this cess was subsumed into the Goods and Services Tax (GST) compensation cess in 2017, and the revenues, which were originally earmarked for environmental conservation, was instead used for compensating States for their loss of revenues.

Instead of having designated funds for clean energy and environment initiatives, it is now at the discretion of the States to determine where their revenues from the GST compensation cess are being spent. This calls for an immediate review and also highlights the inefficiencies of the government's fiscal operations and the reduced attention given to promoting clean environment schemes.

Third, the data on revenue utilisation from this cess indicate that only 18 per cent of the aggregated revenue collected between 2010-11 and 2017-18 was used for its intended purpose. This again points out the inefficiency of the government in using the revenue of a cess for its earmarked purposes.

Fourth, and significantly, the study finds that there is an inadequacy by the government in collecting the revenues owed from this cess. The difference between the prescribed rate and the actual rate of collection has widened since 2013-14 (see graph). While the rate of this cess was ₹200/tonne and ₹400/tonne in 2015-16 and 2016-17, the actual collection rate per tonne of coal was only ₹144 and ₹324, correspondingly.



Note: The prescribed rate is the cess rate set by the government and the actual rate is the implicit rate computed from the data on sale of coal and collection of cess' revenue Source: Verma and Sivamani (2022)

The gap of ₹56 and ₹76 per tonne of coal sold in India led to an estimated revenue loss of around ₹4,900 crore and ₹6,700 crore, respectively.

Finally, despite the doubling of the rate of CEC from ₹200 to ₹400/tonne in 2016-17, the modelling experiment showed that the effect on the emissions reduction was meagre. The emissions from the burning of the coal and petroleum products in various industries decreased by only 0.90 per cent in total.

Additionally, the doubling of the cess had a marginal impact on the GDP, with a reduction of 0.09 per cent. The emissions intensity of the economy thus reduced by just 0.81 per cent, compared to the effective 20 per cent tax imposed on the price of coal. This shows that the cess was not very useful in reducing the emissions intensity in India vis-à-vis its high tax rate.

The way forward

The government cannot rely on a fiscal tool such as the poorly-designed CEC. The government must introduce a graded form of an ecological tax that is levied on the value of outputs of sectors such as coal, electricity, fertilisers, iron and steel, non-ferrous basic metals, paper products, and textile industries. This would be in contrast to the CEC, which was levied on the sale of coal, and coal is not as polluting as these sectors.

Further, this will help broaden the tax base. Various studies indicate that these industries are the most polluting, which not only release air pollution, but also have adverse impacts of water pollution and land degradation. Thus, a tax on their outputs, and not necessarily on their emissions (as these taxes are more difficult to monitor, compute, and collect), may help India provide industries a proper incentive to move away from polluting forms of production to cleaner mechanisms.

Most importantly, the proceeds from such taxes must be used in an ecological sensitive manner by sticking to the desired objectives of promoting clean environment projects and meeting the country's climate change mitigation targets. https://www.thehindubusinessline.com/opinion/green-cess-needs-a-makeover/article66092559.ece

15. At COP27, we must find a better way to reduce our carbon footprint *(indianexpress.com)* 4 November, 2022

Six years ago, world leaders adopted the "Paris Agreement," a commitment to keep global warming below 2°C above pre-industrial levels, and preferably limit warming to 1.5°C. Momentum is building for the Conference of Parties (COP), where world leaders plan, deliberate upon, and engage to fulfil their commitments and plans. COP27 is set begin in Sharm El-Sheikh, Egypt on November 6, 2022.

Given our inability to reduce fossil fuel use fast enough to avert the climate crisis, much of the actual action has ended up being on "carbon offset schemes", that allow individuals and companies to balance out their own carbon footprints by investing in environmental projects around the world, primarily through large-scale tree-planting. Trees sequester carbon by capturing carbon dioxide from the atmosphere and transform it into biomass through photosynthesis.

But one crucial factor is often missing from these conversations — the question of where the water to sustain all this tree-planting will come from.

In hot, dry climates that characterise much of India, not every region is suitable for high-density tree plantations. Low rainfall means that water is the factor that constrains what grows; it is why we have vast tracts of brown dusty landscapes. Native grasses and dryland plants are adapted to use little water in keeping with local rainfall patterns. In landscapes like the semi-arid savannahs in central India, indiscriminate tree planting may actually make things worse. Tree plantations in such areas can increase water uptake and reduce recharge, depleting the water table.

One common justification for large-scale tree planting is that trees eventually bring more rain. This is a possibility. Only a tiny fraction (less than 1 per cent) of the water taken up by trees is locked in biomass, the rest goes back into the atmosphere as transpiration and could get recycled and fall back as rain. But there are caveats. The change in vegetation has to be on a large scale (of the order of hundreds of sq km) to make any appreciable difference to local rainfall patterns and there is no guarantee that the rainfall will occur in the same location; it may occur downwind, the local watershed where trees are planted could still dry out as a recent global modelling study showed.

Most large-scale plantations occurring on private land in the Indian context are relatively small given the fragmented land holdings. But a bigger concern is that in drier regions, these plantations are being sustained by pumping from deep borewells. Project proponents argue that the saplings need to be irrigated only for the first three years, till the trees' root system is developed. It's unclear that high-density plantations will thrive without continued irrigation. In semi-arid regions where the water table is very deep, the roots of even deep-rooted trees are unlikely to reach groundwater. The high-density plantations then must rely only on rainfall to sustain their water needs. This may not be enough.

Many large-scale plantation efforts simply fail. Water is a major reason. Even if they do survive, we may end up with plantations with high tree morbidity that have very little to offer in terms of biodiversity. In other words, dry tinder-boxes, susceptible to fire. In other cases, low water-using native trees — like mango and pomegranate — are being planted on private lands with some provision for supplementary irrigation through a shared pipeline or tanker.

To address climate change effectively, we can't focus exclusively on carbon; we need to integrate water management into our actions, and not just assume that any water uptake by trees will come back as rain. A warmer atmosphere can hold more water vapour (also a greenhouse gas), leading to further increases in temperature. As global warming intensifies, we can expect more average rainfall, which makes matters more complicated. How we harness and tap this additional water effectively to address climate change will be key.

Given that unscientific tree planting can lead to undesirable outcomes and wasteful expenditure, the discourse requires a course correction. The obsession with mass tree planting drives needs to be replaced with careful and responsible agroecological restoration practices. Permaculture (or permanent agriculture) models are good examples of this. Here, carbon sequestration by trees is not the main objective. These projects look at biomass more holistically to provide mulch, fodder, food and live fencing. The projects are designed considering water availability and track both above-ground and soil carbon, thereby contributing to the sustenance of the entire ecosystem. Multi-layer farming and agroforestry are other models that provide opportunities for trees to be planted for the right reasons and at the right density.

Going forward, there is a need to define archetypes and standards for degradation so that appropriate restoration interventions can be designed. We urgently need standardised indicators that facilitate effective decision-making on conservation, restoration and sustainable use. The indicators must consider the local environmental conditions such as rainfall, soil, and biodiversity; global and local drivers of change, and their social and ecological impacts; as well as broad management and restoration objectives and the cost-effectiveness and impact of such strategies. With good planning of tree-planting projects, there's potential to avoid losing too much water in dry regions or even increase the water availability in such regions. Understanding the relationship between afforestation and the water cycle will build a strong foundation for such planning. https://indianexpress.com/article/opinion/columns/cop27-carbon-footprint-anuja-malhotra-veena-srinivasan-8249193/

16. Army starts process to procure 120 loitering munitions, 10 aerial targeting system *(theprint.in)* 3 November, 2022

The Indian Army has started the process to procure 120 loitering munitions and 10 aerial targeting systems to bolster its military might along the frontier with China, officials said on Thursday.

The loitering munitions and the aerial targeting systems are being procured under the fast track procedure within the framework of 'buy Indian' category, they said.

The officials said the request for proposal or initial tender for the procurement will be issued around November 14.

Under the prescribed specifications, the aerial targeting systems will be required to have a range of 100 km.

The Indian Army has been ramping up its overall combat capabilities in view of the lingering border row with China in eastern Ladakh.

It has significantly bolstered its fire power along the frontier with China by deploying a range of rockets and artillery weapons and it plans to procure an array of additional systems including 100 K9 Vajra howitzers and UAVs to further augment combat prowess.

The Artillery units of the Indian Army already deployed K-9 Vajra Tracked Self-Propelled Howitzers, ultra-light M-777 howitzers, Pinaka rocket systems and Dhanush gun systems. https://theprint.in/india/army-starts-process-to-procure-120-loitering-munitions-10-aerial-targeting-system/1196335/

17. Will Deal to Manufacture C-295 Aircraft Prove Pivotal For India's Defence Production? *(thewire.in)* 04 Nov 2022

Prime Minister Narendra Modi on October 30 laid the foundation stone of a first-of-its kind manufacturing facility in Gujarat's Vadodara for the production of C-295 medium transport aircraft (MTA) for the Indian Air Force (IAF) by a consortium of defence major Airbus and Indian conglomerate Tata.

The MTAs will replace turboprop Avro 748 military transport, which joined the IAF service in the 1960s.

The contract was signed by the Ministry of Defence (MoD) with Airbus Defence in September 2021.

The total cost of the project for a total of 56 MTAs is Rs 21,935 crore.

This industrial unit in Gujarat is expected to build 40 C-295s, of which 24 will be made through a mix of imported kits and 30% indigenously sourced content, which is expected to double for the remaining 16 platforms.

The remaining 16 C-295s of the overall project will be acquired in a flyaway condition from Airbus Defence in Spain, and delivered over two years starting September 2023.

All the 56 C-295s will be fitted with indigenous electronic warfare (EW) suites, and feature a rear ramp door for swift loading and para dropping troops and supplies.

An additional six C-295 Multi-Mission Maritime Aircraft variants are likely to be acquired by the Indian Coast Guard, in addition to possible follow-on orders from paramilitary organisations like the Border Security Force.

Furthermore, Air Marshal Anil Chopra (retired), who heads the Centre for Air Power Studies in New Delhi, told Hindustan Times that the C-295s have the potential to eventually replace the IAF's fleet of some 100-odd turboprop twin-engine Antonov AN-32 'Cline' transport aircraft. These AN-32s, which joined the IAF service in the 1980s, are currently facing problems with their $400 million upgrade by Ukraine.

Experts believe that with some modifications, the fuel-efficient C-295s, which have an operational radius of 5,650 kilometres, load carrying capacity of 10-12 tonnes and a top speed of 576 km per hour, could also be employed to ferry civilian cargo, and be inducted as a turboprop platform by private airlines to meet the growing demand in the aviation sector.

This, in turn, could give a fillip to tourism to exotic locations like the Andaman and Nicobar and the Lakshadweep islands, among other popular vacation spots.

In his speech at the foundation laying ceremony, Prime Minister Modi said that India's aviation sector would need over 2,000 passenger and transport aircraft over the next 15 years.

The Vadodara C-295 facility could also become an export hub for the MTA, in addition to being used as a maintenance, repair and overhaul (MRO) provider for at least 15 countries in the Asia-Pacific region. These countries include Bangladesh, Egypt, Indonesia, Jordan, Kazakhstan, Mali, Oman, the Philippines, Saudi Arabia, Thailand, United Arab Emirates, and Vietnam alongside several other nations.

Pivotal milestone

For sure, the C-295 project is a pivotal milestone but its journey that began around 2010-11 and reached fruition only last year has been turbulent, hitting air pockets every now and then. It bears recounting, not least because the way the obstacles were overcome holds lessons for the future.

Initially conceived by the IAF as a Buy (Global) project for importing 56 transport aircraft, on the presumption that such limited numbers did not justify seeking transfer of technology to locally build them, the IAF later ungrudgingly agreed to categorise it as a 'Buy and Make' project, clearing the path to build 40 MTAs locally via transfer of technology. But that was just the beginning of the obstacle race which climaxed years later with the award of contract to Airbus Defence and now at Vadodara last weekend.

Much of the credit goes to the IAF which, to make this possible, reached out to private Indian vendors and overseas MTA manufacturers to convince them that the project was commercially viable, apart from eliciting information required for framing realistic and achievable qualitative requirements for a potential transporter – something that can make or mar a project.

Synchronously, the MoD and the Defence Research and Development Organisation (DRDO) also displayed unusual boldness in supporting the idea of developing a parallel aircraft manufacturing facility in the private sector by keeping HAL out of the MTA project. And, for the first time, the MoD permitted foreign manufacturers to choose the Indian Production Agency (IPA) of their own volition rather than nominating one, as was then procedurally required for procurement programmes under the Buy and Make category. It was a smart decision as selecting a private sector company for nomination as the IPA would have been very difficult, and possibly contentious.

What is also significant is that only one bidder – Airbus – had responded to the 2103 MTA tender, resulting in a 'single vendor' situation in which the MoD is normally chary of going ahead with the deal fearing allegations of wrongdoing. In this case, however, MoD was not deterred. The outcome would have been different had the MoD not overcome this irrational fear and decided to go ahead regardless.

Step towards self-reliance?

Meanwhile, the Vadodara C295 facility is understandably being projected by the MoD as a major step towards making India self-reliant in the military aviation sector, while concomitantly fulfilling the government's commitment to generating employment, stimulating industrial growth, and promoting materiel exports.

The C295 project is expected to create 600 highly skilled and 3,000 semi-skilled jobs alongside providing indirect employment to another 3,000 people. About 100-odd Micro, Small and Medium Enterprises are expected to be involved in supplying around 13,400 components, 4,600 sub-assemblies and related parts.

In essence, it is estimated that around 96% of Airbus's components and related manufacturing in Spain will, over the next few years, transfer to India once the programme takes off. In yet another significant add-on, some 240 Indian aviation engineers too will be trained in Spain, before returning to Vadodara.

In conclusion, one positive subclinical take-away from the C295 deal is the way IAF and MoD worked together as a team towards the twin objectives of meeting the former's requirement and promoting indigenous production. The latter's willingness to take bold decisions to remove the roadblocks with tact and imaginative thinking must also be lauded, but for which the project would not have fructified.

The enduring reality of India’s military acquisition programmes is that each one of them presents a unique set of challenges and roadblocks. Unless those in responsible positions of authority work unitedly to remove the obstacles by thinking out of box and taking bold decisions, most projects are doomed to orbit the unending cycle of rules, regulations and procedures. https://thewire.in/government/airbus-tata-c-295-transport-aircraft-pivotal-defence-production