NEWS ITEMS ON CAG/ AUDIT REPORTS (08.11.2022 to 09.11.2022)

1. Fine govt for frivolous litigation *(telanganatoday.com)* Nov 09, 2022

Former judge of the Supreme Court Justice Nageshwar Rao recently suggested that the business community must prepare commercial contracts carefully and settle amongst themselves instead of litigating and thereby over-burdening the already over-burdened courts. This is a sound idea because it takes a long time before the courts adjudicate.

There are two ways to address the issue of litigation in commercial contracts. First, courts must penalise frivolous litigation, especially by government and government entities, since they are the largest litigant. Second, the cost of delaying execution of an arbitration order must be huge. We will discuss both these approaches.

The FIRST APPROACH

* Penalty

The largest litigant is the government – State and Central – and its associated bodies and PSUs. According to a 2018 report published by Vidhi Center for Legal Policy, "Though no verifiable data is available, various sources, including a recent document by the Ministry of Law & Justice, state that the government, including public sector undertakings and other autonomous bodies, are party to around 46% of court cases"

The GoI and even State governments have two rules – one for themselves and one for others. The classic example is – if you delay GST payment, then you pay 18% interest. But when the GST department refunds your money, they will pay only 6% interest. Worse still, the government does not want to pay any interest when it delays payments.

The point is, government bodies have nothing to lose, or the government officials are more worried about the CAG audit and CBI case and hence prefer to be safe and litigate. The private party must respond to the litigation, often running into several years before justice is delivered. The execution of the court order is a bigger nightmare. When the government loses the case, often there is no penalty on the government officials who deliberately recommended frivolous litigation in the first place. How do we make sure that the government is treated just as a commercial party and not as a privileged party?

* Accountability of Courts

The courts, in fact, must hold the government to a stricter standard than a private entity. This is because the government through the legislature made the law in the first place. Second, the government has a plethora of legal advisers whose only job is to provide the right legal advice. These legal advisers are paid by the citizens, and they have an obligation to citizens to provide the right advice. If they give wrong advice, why shouldn't they be held accountable? When the courts regularly pass strictures against government officers, why should the courts not pass strictures against legal officers of the government?

Let me give you an example. Our organisation signed a contract with the Department of Posts (DoP). They stopped the payment unilaterally and we approached the Telangana Micro and Small Enterprises Facilitation Council and got an arbitration order as per the MSMED Act.

The arbitration order was to pay the principal with interest as per the MSMED Act. The DoP approached the Telangana high court with the wrong claim on the jurisdiction of the facilitation council despite knowing that this was explicitly verified and addressed by the facilitation council. It got an ex-parte interim injunction order because the judge was moved by the argument of the government counsel, in good faith that the government counsel will not mislead the court.

It took two years for the injunction to be lifted and the court upheld the arbitration order but did not pass any strictures or even costs on the DoP. The DoP deliberately paid only the principal and is still delaying payment of interest despite knowing that the interest is mandatory as per the MSMED Act, 2006. In this case, what is the accountability of the legal advisers to DoP?

Why should the court treat the DoP as a privileged party in a commercial contract? Shouldn't it pass strictures against the DoP for willingly misleading the court and wasting public money with frivolous litigation? Shouldn't the court insist that the DoP pay for the legal costs and also pay a penalty? More importantly, shouldn't the DoP legal advisers be penalised for advising the DoP to pay only the principal even after getting the court order?

* Penalising Legal Team

The weapon the government uses is a delay in payments and deliberately initiating court proceedings for delaying the payment. There is no incremental litigation cost to the government. It is unused to pay interest and hence believes that there are zero costs of delays.

The job of the government counsel is to avoid litigation when there is no case. Courts must pass strictures against the government legal team for wrong advice. The government must be asked to pay all the costs and pay compensation for wrong litigation. This approach can reduce unnecessary litigation.

Recently, a single-bench in Jabalpur Bench of MP High court levied a cost of Rs 1 lakh to be paid to respondents and Rs 50,000 to be paid to the Covid relief fund as a penalty for delaying the execution of the arbitral order issued by the State Facilitation Council. We need more such orders.

The Second Approach

* Arbitration and Conciliation Act, 1996

The arbitration procedure is intended as an express procedure and often it achieves this purpose, especially under the MSMED Act, 2006. But the implementation of the arbitral order, especially if the order is against the government, is a nightmare. In fact, the MSMED Act, 2006, was one of the first statutes to provide for statutory interest, at a penal interest rate of 3X the RBI rate. The interest rate is also stipulated under the statute. Courts adhere to this stipulation.

In a classic case, according to an article published by a leading English daily, NHAI ended up releasing nearly Rs 4.5 crore in 2019 to a private firm for holding back the clearing of bills of barely Rs 20 lakh, eight to nine years earlier, but only after the private firm won the arbitration award and also two cases in the Delhi high court. The firm was entitled to get 27% interest since it was registered under the MSMED Act, 2006. This must be made a case study for legal advisers to government entities.

* Amendment to ACA 1996

It is time The Arbitration and Conciliation Act, 1996, or ACA, was amended to provide for compulsory interest payment with a penalty for frivolous litigation under ACA, and on a par with MSMED Act, 2006. This will be a great addition to the Ease of Doing Business initiatives.

This will discourage government authorities and even private parties from delay tactics. In addition, this will enable quick enforcement of arbitral orders because delays become expensive to the party which has to receive the benefits under the award. This one amendment will kill two birds with one stone – delay in arbitral proceedings under ACA and delay in execution of arbitral orders under ACA. https://telanganatoday.com/opinion-fine-govt-for-frivolous-litigation

2. Old Pension Scheme: पुरानी पेंशन स्कीम से किसको राहत, किसको आफत, यहां समझिए *(navbharattimes.indiatimes.com)* Nov 09, 2022

पुरानी पेंशन व्यवस्था (Old Pension Scheme) में कर्मचारियों को रिटायरमेंट के बाद एक निश्चित पेंशन मिलती थी। अब गुजरात और हिमाचल प्रदेश में चुनाव की सुगबुगाहट के बाद पुरानी पेंशन का सिस्टम फिर उछल गया है। पंजाब और झारखंड के दो राज्यों में पेंशन की पुरानी व्यवस्था फिर से शुरू की गई है। इस साल राजस्थान और छत्तीसगढ़ में पेंशन की पुरानी व्यवस्था (Old Pension Scheme) लागू होगी, जिसे विशेषज्ञों ने लुभावने कदम बताया है। विशेषज्ञों का कहना है कि पेंशन सिस्टम जहां सरकार पर भारी बोझ डालती है, वहीं सरकार से विकास के संसाधनों को छीन लेती है। पुरानी पेंशन स्कीम (Old Pension Scheme) से किसको राहत है और किसको आफत है, आईए आपको बताते हैं।

1 जनवरी 2004 से एनपीएस स्कीम लागू

इकनॉमिक टाइम्स की रिपोर्ट के अनुसार 1 जनवरी 2004 के बाद सरकारी नौकरी शुरू करने वालों के लिए एनपीएस रिटायरमेंट स्कीम शुरू की गई है। इस समय दिल्ली और पॉडिंचेरी समेत 29 राज्यों में पेंशन स्कीम लागू है। पश्चिम बंगाल ने एनपीएस स्कीम को लागू करने से इनकार किया है। पश्चिम बंगाल में पुरानी पेंशन स्कीम लागू है। तमिलनाडु की अपनी स्कीम है। 4 गैर बीजेपी राज्यों, राजस्थान, छत्तीसगढ़, झारखंड और पंजाब ने पुरानी पेंशन व्यवस्था लागू की है। हिमाचल प्रदेश और गुजरात में चुनाव से पहले कांग्रेस और आप ने चुनाव जीतने पर मतदाताओं को लुभाने के लिए पुरानी पेंशन व्यवस्था को लागू करने का वादा किया है। मध्यप्रदेश में भी कांग्रेस ने मतदाताओं से पुरानी पेंशन व्यवस्था लाग करने का वादा किया है, हालांकि वहां चुनाव अभी एक साल बाद होने है। हरियाणा में भी पुरानी पेंशन व्यवस्था को लागू करने के लिए प्रदर्शन हो रहे हैं।

कर्मचारियों के लिए फायदेमंद

1. इस स्कीम में रिटायरमेंट के समय कर्मचारी के वेतन की आधी राशि पेंशन के रूप में दी जाती है।
2.पुरानी पेंशन स्कीम में पेंशन के लिए कर्मचारी के वेतन से कोई पैसा नहीं कटता है।
3. पुरानी पेंशन स्कीम में भुगतान सरकार की ट्रेजरी के माध्यम से होता है।
3. इस स्कीम में 20 लाख रुपये तक ग्रेच्युटी की रकम मिलती है।
4. रिटायर्ड कर्मचारी की मृत्यु होने पर उसके परिजनों को पेंशन की राशि मिलती है।
5. पुरानी स्कीम में जनरल प्रोविडेंट फंड यानी GPF का प्रावधान है।
6. इसमें छह महीने बाद मिलने वाले DA का प्रावधान है।

सरकारी व्यवस्था के लिए ठीक नहीं
इसमें आखिरी सैलरी का 50 फीसदी रकम पेंशन के रूप में पेंशनरों को मिलती है। इसके अलावा कर्मचारी को डीए भी दिया जाता है। कर्मचारियों के योगदान की कोई जरूरत नहीं होती। मुद्रास्फीति के कारण बढ़ने वाले डीए और नए-नए पेंशन आयोग के गठन का लाभ पेंशनरों को मिलती है। इसमें कर्मचारियों को रिटायरमेंट के बाद उचित वित्तीय सुरक्षा की गारंटी मिलती है। ओल्ड पेंशन स्कीम सरकारी व्यवस्था के लिए हानिकारक है। सैलरी की तरह पेंशन भी आम बजट से बाहर के फंड से दिया जाता है। मौजूदा आयकर दाताओं पर ही रिटायर्ड लोगों की पेंशन का बोझ पड़ रहा है। छोटे राज्यों, जैसे उत्तरपूर्वी राज्यों पर पेंशन का बोझ बढ़ता जा रहा है क्योंकि कुछ राज्यों राज्यों में बहुत से सरकारी लोग नौकरी में है। राज्यों की पेंशन से जुड़ी जिम्मेदारी भी काफी बढ़ गई है। एसबीआई के अध्ययन के अनुसार लंबे समय में पेंशन भोगियों में काफी तेज रफ्तार से बढ़ोतरी हुई है। 2022 में समाप्त हुई 12 साल की अवधि के लिए राज्यों की पेंशन संबंधी जिम्मेदारी और बोझ में सीएजीआर 34 फीसदी रहा था। इसी विश्लेषण से यह नतीजा निकलता है कि भविष्य की पेंशन संबंधी जिम्मेदारी निभाने में जीडीपी का करीब 13 फीसदी खर्च होगा।

एनपीएस सिस्टम क्या है
एनपीएस पारिभाषित योगदान स्कीम है, जिसे जनवरी 2004 में लागू किया गया। इसमें कर्मचारी का योगदान उसकी बेसिक सैलरी और डीए का 10 फीसदी कर्मचारियों को प्राप्त होता है। इतना ही योगदान राज्य सरकार भी देती है। 2019 में सरकार का योगदान इसमें 19 फीसदी कर दिया गया। 1 मई 2009 से एनपीएस स्कीम सभी के लिए लागू की गई। कर्मचारी अपनी कमाई की अवधि में रिटायरमेंट के लिए पैसे बचाते हैं। इसमें सरकार का योगदान लोगों में बचत की आदत को प्रोत्साहित करने के लिए टैक्स में छूट देने पर सीमित होता है। बजट पर पेंशन का कोई खास बोझ नहीं पड़ता है।

राज्यों की वित्तीय स्थिति के लिए सही नहीं पुरानी पेंशन स्कीम
सीएजी की एक डिवीजन लंबी अवधि के और अल्पकालिक प्रभावों का पता लगाने के लिए पुरानी पेंशन योजना पर वापस लौटने से जुड़े विभिन्न पहलुओं को देख रहा है। अर्थशास्त्रियों ने चेतावनी दी है कि एनपीएस से पुरानी पेंशन योजना में वापस जाना राज्यों के वित्त के लिए विनाशकारी परिणाम ला सकता है। https://navbharattimes.indiatimes.com/business/business-news/old-pension-scheme-who-benefits-from-the-old-pension-scheme-who-will-suffer-loss-understand-here/articleshow/95393568.cms

STATES NEWS ITEMS

3. BBMP silent over CAG's letters to check wrong payments *(deccanherald.com)* Nov 09, 2022

The CAG discovered the anomalies as it audited the accounts of the BBMP South Zone (2012 to 2019), Bommanahalli Zone (2017-2019), and West Zone (Rs 2018-19)

Accessing public information is proving to be daunting for no less a body than the Comptroller and Auditor General (CAG), which got no response for its three letters to the BBMP.

Rs 1.25 crore as GST
In the letters directed to the Bruhat Bengaluru Mahanagara Palike (BBMP) via the Urban Development Department (UDD), the government auditor has questioned the rationale behind paying Rs 1.25 crore as Goods and Services tax (GST) to government-exempted services.

The CAG discovered the anomalies as it audited the accounts of the BBMP South Zone (2012 to 2019), Bommanahalli Zone (2017-2019), and West Zone (Rs 2018-19).

The auditor dispatched its first letter in April this year and followed it up with a reminder in July.

The UDD attached the two CAG letters and sent a reminder in October with a warning.

During the audit, the CAG found that the BBMP's three zones were making tax payments to private agencies for supplying manpower although these services are exempted under GST.

The CAG has been auditing several sections of the BBMP, including the stormwater drain department and has exposed irregularities, shortcomings, and gaps in planning by the civic body.

But the Palike and the government has done little or nothing to fix the issues. https://www.deccanherald.com/city/bengaluru-infrastructure/bbmp-silent-over-cag-s-letters-to-check-wrong-payments-1160622.html

4. Madras HC reserves orders on plea to quash FIRs against former minister Velumani *(newindianexpress.com)* November 9, 2022

CHENNAI: The Madras High Court on Tuesday reserved the orders on the petitions filed by former municipal administration minister and senior AIADMK leader SP Velumani seeking to quash two FIRs filed by the Directorate of Vigilance and Anti-Corruption (DVAC). The case was in connection with alleged irregularities in awarding tenders in Chennai and Coimbatore corporations, and disproportionate assets.

The division bench of Justices PN Prakash and RMT Teekaa Raman was hearing arguments from the counsels for the petitioner, DMK organising secretary RS Bharathi and Arappor Iyakkam. On the last day of the arguments, V Suresh, counsel for Arappor Iyakkam, said all allegations were supported by documents obtained under the RTI and through public sources.

They showed collusion in the award of tenders to Senthil & Co, owned by Velumani's brother Anbarasan, with respect to 47 tenders that were uploaded from the same IP address, on the same date within a short time, he added.

Suresh said the modus operandi indicated conspiracy. Accusing the then SP of DVAC R Ponni of disregarding concrete evidence, he described her preliminary enquiry (PE) report as a sham to exonerate Velumani. If the court finds her action malafide, exemplary action must be initiated against her, he urged.

SPP Hasan Mohammed Jinnah, representing DVAC, submitted that by increasing the income ceiling of the firms from Rs 10 crore to Rs 20 crore, smaller companies were prevented from participating in the tender process.

Counsels, appearing for Velumani, reiterated their arguments that he had no role in allocating the tenders, held in a transparent manner. They said the court was misled by DVAC as the FIR was registered based on the CAG report findings, but the PE report was not taken into account. https://www.newindianexpress.com/states/tamil-nadu/2022/nov/09/madras-hc-reserves-orders-on-plea-to-quash-firs-againstformer-ministervelumani-2516392.html

5. Bihar: After Kidney, Now Uteruses of Poor Women Removed at Private Clinic *(newsclick.in)* November 8, 2022

Patna: In yet another health scandal in Bihar, seven poor women are battling for life after their uteruses were allegedly removed at a private nursing home. All of them are in the age group of 22 to 35 years.

The women were admitted for a minor operation or baby delivery at Om Sai Nursing Home in Ramnagar in the west Champaran district.

This sensational and shocking incident comes two months after both kidneys of a Dalit woman were allegedly removed at a private nursing home in Muzaffarpur district. She is still battling for life.

On Monday, the National Human Rights Commission (NHRC) issued a notice to the principal secretary of state health department in this connection and sought a reply within four weeks.

After the news came to light, West Champaran Civil Surgeon Dr Virender Kumar Choudhary ordered an inquiry into it and asked
concerned officials to take stern action against culprits. “As per my information, this incident happened on Monday, and I immediately took notice of it and sent a team of doctors to probe into this,” Choudhary told NewsClick.

All these women were shifted to the state-run Government Medical College and Hospital I Bettiah, district headquarters town for proper treatment after their uteruses were removed, he said.

Choudhary said poor women’s uteruses were removed at a private nursing home, which was being run illegally. “We are waiting for a probe report of the expert team into the matter,” the civil surgeon said.

Choudhary admitted that several such illegal private clinics are running in different urban parts of the district and the health department will initiate action against them soon.

Ramnagar PHC in-charge Dr Chandra Bhusan Singh said the removal of the uterus of women below the age of 40 is not advisable unless it is medically inevitable. “It was illegal and wrong the way uteruses of these women were removed,” he said.

According to a district health official, the local administration has sealed the Om Sai Nursing Home, where uteruses were removed. It was verified that Om Sai Nursing Home’s registration and degrees of the doctors involved in the operation were fake.

The clinic neither has its registration number nor the degrees of its doctors displayed on a board. Locals alleged that the clinic is run by self-proclaimed doctors. The doctors and owner of the clinic are absconding after a probe began into the incident.

Anant Ram, the police officer in charge of Ramnagar, told NewsClick that an FIR would be lodged against the private clinic for allegedly removing the uteruses of these women. "In a violation of basic medical ethics, private clinics removed uteruses without informing them," he said.

As per local media reports that quoted close relatives of these women, they never expected that the uterus would be removed without their approval. They have reportedly expressed anger and demanded harsh punishment for the doctors and owner of the clinic that violated established rules of treatment.

In early September this year, Sunita Devi, in her early 30s, a mother of two from a village under Sakra block in Muzaffarpur, was rushed to Subhakant Clinic following stomach pain. After examining her and conducting an ultrasound, doctors asked the family to immediately admit her for a uterus removal operation. But instead, both her kidneys were allegedly removed, and her condition deteriorated after that.

In the wake of her critical health conditions, ultrasound reports at the government-run Patna Medical College and Hospital (PMCH) and Sri Krishna Medical College and Hospital (SKMCH) in Muzaffarpur confirmed that both her kidneys were missing and removed.

Days after it came to light that both kidneys of the poor dalit woman were allegedly removed and stolen at a private nursing home in the name of a uterus removal operation, an initial probe revealed that there was no operation theatre in the private clinic, and it also lacked all basic facilities.

Sunita's horrible experience has exposed the ground reality of basic health care in rural Bihar. Contrary to the state government's claims, the health infrastructure remains poor, with thousands of patients, primarily poor and marginalised, visiting OPDs and returning without treatment due to the unavailability of doctors and defunct ultrasound and X-Ray machines, etc.

As per local dailies, in the last month since the new Mahagathbandhan government was formed, and hundreds of patients who queued up for hours at Sadar hospitals in different districts had to return without even basic check-ups as doctors were absent. Similarly, several seriously ill patients could not be hospitalised due to either the unavailability of medical staff or lack of equipment.

Most primary or community health centres are non-functional, and even district hospitals are facing a shortage of doctors and basic medicines.

The Comptroller and Auditor General of India (CAG) report presented in the Assembly in March, highlighted that the government hospitals, mainly in the districts, lack resources and a workforce. The number of doctors, nurses and other paramedic staff is also significantly less.

The CAG report also exposed the state's unpreparedness during the first wave of the pandemic in 2020. "There was a persistent shortage of doctors, nurses, paramedical staff and technicians in Bihar from 2014 till 2020 but the department did not publish the vacancies to get them filled," the report said.

As per the report, there is a bed shortfall ranging from 52% to 92% at hospitals. The number of beds was not raised to the sanctioned level even after a decade had passed.

A CAG audit of hospitals in the districts of Biharsharif, Hajipur, Jehanabad, Madhepura and Patna from 2014-15 to 2019-20 showed that they hardly provide patients with basic health facilities. Much to its shock, the audit team found street dogs, pigs and open drains on the premises of the hospitals. https://www.newsclick.in/bihar-kidney-uteruses-poor-women-removed-private-clinic

6. CBI quizzes Anubrata Mondal on Rs 1 crore lottery win, BJP accuses TMC leaders of laundering money via lottery *(opindia.com)* November 8, 2022

Heavyweight Trinamool Congress (TMC) leader, Anubrata Mondal has now come under the scanner of the Central Bureau of Investigation (CBI) over winning Rs 1 crore in a lottery.

On Saturday (November 5), he was interrogated by the central agency for about 1.5 hours at a special prison in Asansol. Mondal was quizzed about a ₹1 crore lottery that he won in January this year and the manner in which the funds were utilised.

A CBI officer informed, “We went to the prison to question Mr Anubrata about the lottery he won. We are tallying his responses with the statement given by the lottery ticket seller with whom we spoke on Friday (November 4).”

According to the central agency, Mondal might have laundered black money, procured through cattle smuggling activities, via lottery draws. The ticket seller, identified as Munna Sheikh, denied selling lottery tickets to the TMC leader.

It is alleged that Mondal purchased the lottery ticket, which fetched him ₹1 crore, through his bodyguard. As per a report in Hindustan Times Bangla, the CBI has now found information about 3 additional lottery ticket winnings by the Mondol family.

Funds received from two lottery winnings, totalling ₹51 lakhs, were transferred to the bank account of Anubrata Mondol’s daughter Sukanya Mondol. Similarly, ₹10 lakhs won from the lottery was transferred to the TMC leader’s account in 2019.

The CBI had also quizzed Munna Sheikh, the ticket seller from Birbhum, which fetched Anubrata ₹1 crore. He claimed no memory of selling tickets to the TMC leader. Sheikh said that he purchased the tickets in bulk from the ‘Rahul Lottery Agency’, which was indirectly issued by the Nagaland State Lottery.

BJP leader Dilip Ghosh has now hit out at the Trinamool Congress and its leader Anubrata Mondal. “Every scam in Paschim Banga is inter-connected. The lottery scam came to light in 2016 from a CAG report. The govt paid no heed despite knowing everything,” he tweeted.

“The people of the govt are involved with the 40-45 lotteries that run in the state…Lottery has become an avenue for converting black money to white money. A number of TMC leaders won prize worth Rs. 1 cr,” he had alleged.

Similar allegations were also levelled against Anubrata Mondal by BJP leader Suvendu Adhikari. He pointed out how the lottery company stopped posting pictures of the winners after several TMC leaders including Mondal and MLA Vivek Gupta’s wife were declared winners. https://www.opindia.com/2022/11/cbi-quizzes-anubrata-mondal-1-crore-lottery-win-bjp-accuses-tmc-leaders-of-money-laundering-via-lottery/

7. Assam to abolish 8,000 vacant school teacher posts *(hindustantimes.com)* November 9, 2022

The Assam government on Tuesday said it will abolish 8,000 vacant posts of permanent school teachers as a larger number of contractual faculty members are already working through the Sarba Siksha Abhiyan (SSA).

Opposition parties and student organisations slammed the government claiming that the step is against the interests of vernacular medium schools.

Education Minister Ranoj Pegu said that the state government in 2020 had offered a regular pay scale and other benefits such as service tenure up to 60 years of age to 11,206 contractual teachers working under the SSA in Lower Primary and Upper Primary schools.

"In order to maintain rationality against this near-regularisation, the Govt. decided to keep 8000 sanctioned posts of regular teachers vacant to avoid duplicity and financial neutrality," he said in a Facebook post.

The education minister said that as these vacant posts have been kept frozen and shall be vacant for a long period till the retirement of the contractual teachers, the government has considered it "prudent to abolish them for financial discipline".

He, however, said that the state government may create posts as and when required owing to an increase in enrolment in the future.

Reacting to the announcement, Assam Jatiya Parishad president Lurinjyoti Gogoi alleged that the step to abolish the posts is "short-sighted" and against the public education system.

"Such conspiracies of the government against vernacular medium schools are very old and the latest is the abolishing of thousands of teachers' posts. Such a decision related to the education sector, which is a Constitutional subject, is not at all acceptable," he said.

All India United Democratic Front (AIUDF) organisational general secretary Aminul Islam said that instead of giving jobs to the unemployed youths, the government abolished thousands of opportunities.

"This step is really unfortunate at a time when only one teacher is imparting education in 4,000 schools in the state. To maintain the teacher-student ratio as per the NEP, more hiring is required," he added.

The All Assam Students' Union (AASU) general secretary Sankarjyoti Baruah claimed that the BJP-led government in Assam is planning to "finish" the vernacular medium institutions in the state.

"This will destroy all government schools in Assamese, Bodo and other local languages. There are around 500 Assamese medium schools where there is no teacher at all. We demand that the government withdraw the decision immediately," Baruah added.

After reactions from the opposition started pouring in, Pegu called "an urgent press conference" on the subject on Wednesday.

On Monday, School Education Secretary Bijoya Choudhury wrote to the Accountant General of Assam informing the official of the decision to abolish the vacant posts of the regular teachers.

She said in her letter that out of the total posts, 4,285 are in Lower Primary schools and the remaining 3,715 are in Upper Primary schools. https://www.hindustantimes.com/india-news/assam-to-abolish-8-000-vacant-school-teacher-posts-101667955183428.html

SELECTED NEWS ITEMS/ARTICLES FOR READING

8. Behind GST buoyancy *(thehindubusinessline.com)* November 7, 2022

Milestones and records are normally tracked in sports. In India, monthly GST collections have almost become a barometer for the performance of the economy. On the first day of every month, the Finance Ministry releases data on GST collections of the previous month. October 2022 GST revenues were ₹1,51,718 crore — the second highest since GST was introduced, next only to the collection in April 2022.

October also saw the second highest collection from domestic transactions. This is the ninth month — and for eight months in a row — that the monthly GST revenues have been more than the ₹1.4 lakh crore mark. In September, 8.3 crore e-way bills were generated, which were significantly higher than the 7.7 crore generated in August.

‘Revenge consumption’
One of the reasons given for the record GST revenues is that consumption increased during the just concluded festival season. Consumer spending was muted over the last two years due to the pandemic, resulting in consumers resorting to “revenge consumption” this year. This could, at best, have had a marginal impact on GST revenues. Many other factors have contributed to the uptick in GST revenues.

Nine months back, Section 16(2)(aa) was introduced in the CGST Act. GST revenues have crossed ₹1.4 lakh crore for eight months in a row. Coincidence? Section 16(2)(aa) added a condition for the taxpayer to be eligible to claim input tax credit — the details of the invoice or debit note have been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under Section 37.

In other words, input tax credit can be claimed only if the counter-party has reflected it in the return and the details appear in GSTR 2B. This restriction on availing input tax credit has also contributed to taxpayers having to shell out more while discharging their GST liabilities.

Extending the gamut of e-invoicing to taxpayers with a turnover greater than ₹10 crore is yet another contributor to increased GST revenues. The menace of fake invoices which was rampant has reduced due to e-invoicing. Aggressive assessment by tax officers complete the list of contributory factors.

The Central Board of Indirect Taxes and Customs is also seeking the blessings of the GST Council to decriminalise certain offences under GST laws. The idea behind this appears to be to differentiate between minor offences and offences that are made with a clear intent to evade tax.

The proposal appears to be to increase the threshold limit for launch of criminal proceedings from ₹5 crore to ₹20 crore. It has been suggested that prosecution will only be initiated in extreme cases, where wilful evasion of GST and misuse of input tax credit can be established.

If this provision is introduced, it will bring GST laws on a par with the provisions of the Income Tax Act where monetary penalties and the power to imprison taxpayers are enunciated in different clauses. The 12 clauses listed out in Section 132 of the CGST Act are very general and can be interpreted in any manner. At present, this section is open to misuse by overzealous revenue officials pursuing targets.

Any relaxation provided under GST laws is always to be welcomed. However, decriminalisation provisions would work well only if the other provisions of GST laws are clear and unambiguous. GST notices and assessments continue to be a source of great concern to taxpayers — in some cases notices are being issued even for trivial reasons and assessments are more revenue-generation exercises than an interpretation of the law.

The GST Council is expected to okay the decriminalisation provisions in its next meeting this month. It should wait for the tribunals to be set up in order that taxpayers have a window to appeal at the appropriate forum against unjustified criminalisation orders. https://www.thehindubusinessline.com/opinion/behind-gst-buoyancy/article66108607.ece

9. Reforming public sector doesn't mean selling it *(asianage.com)* Mohan Guruswamy | November 07, 2022

Prime Minister Narendra Modi is, by all accounts, a fairly isolated figure. Few know who he meets and whose advice he solicits. Unlike the earlier Prime Minister, who created many councils of advisers and gave many of the country's gainfully under-employed titles and platforms to be seen on and not necessarily heard, Mr Modi has given away little except to a few cronies from his Gujarat days. Dr Manmohan Singh had a surfeit of advice with it flowing from as many as eight sector-specific councils of which he himself headed as many as six, including one each on skill development, industry, nutrition, wildlife and unique identification. These councils rarely met. The one on nutrition, for instance, met only once in the UPA's 10 years. Apart from these, Dr Singh had 35 ministerial committees -- empowered groups of ministers (EGoMs) and groups of ministers (GoMs) -- to whom he tossed decisions, more often not to be taken. The only council that met regularly was the Council on Trade and Industry, which featured all the major captains of business. As they say, money is the mother's milk of politics.

True to his word, Mr Modi dismantled all these councils and committees and everything is now concentrated with him. But one group he meets from time to time, even if not to solicit advice but to preach, are industrialists. Since he took over, he has had several well-publicised gatherings of all the fat cats, even the NPA overburdened ones, and more are now planned for soon. The industrialists will make presentations with an aim to suggest ways to achieve Mr Modi's many policy visions. The discussions are likely to revolve around "Make in India", overhaul of financial services, healthcare, retail and Digital India.

However, his list of invitees betrays his myopia. He obviously believes that the private corporations are the ones who will lead India's economic growth and provide it with the entrepreneurship and vision required to make our dreams come true. He seems to forget that most of our major companies have business models based on obtaining government assets at low prices and selling the products and services at market prices. He also misses the fact that most of industrial investment in India is by the State, and unless these become productive and profitable, India's industrial sector will languish. The private sector by contrast does well and the challenge for the government is to make the public sector do just as well. This does not always entail privatisation.

Yet, in the eight years he has been in office, Mr Modi has shown a singular lack of interest in the public sector, where our economic and industrial malaise is concentrated. He has heard enough of the gripes of the private sector captains. Mr Modi should now be talking to the bosses of the public sector units to understand their problems and seek ideas and advice from them on how to jumpstart the moribund PSUs so that they can contribute to growth in a meaningful way.

In 1951, there were five PSEs under the ownership of the government in India. By March 2021, the number of such government entities had increased to 365. These entities represented a total investment of about Rs.16.41 lakh crores as of March 31, 2019. Their total paid-up capital as of March 31, 2019 stood at about Rs.2.76 lakh crores. The CPSEs have earned a revenue of about Rs.25.43 lakh crores during the financial year 2018-19. Thirty-five years ago, in 1980-81, the capital invested in Central PSUs was Rs 18,207 crores and they had a combined turnover of Rs 28,635 crores. The 320 CPSUs contributed by way of excise duty, customs duty, corporate tax, interest on Central government loans, dividend and other duties and taxes Rs 278,075 crores, which increased from Rs 200,593 crores in 2014-15, showing a growth of 38.63 per cent. They also employed 12.34 lakh people (excluding contractual workers) in 2015-16.

Considering that the entire industrial sector only contributes about 20 per cent of GDP, it is quite obvious that many, if not most, of the commanding heights of the economy are still with the public sector. India has made huge investments in the public sector and has never got even halfway to a fair return on them.

Clearly, the overall picture is not a rosy one, for our PSUs depend on administered prices and are mostly oligarchies in many major sectors such as coal, hydrocarbons and minerals. The state oil companies contributed 30.4 per cent of all PSU profits, the coal sector 20.5 per cent and the power sector 14.4 per cent. In 2021, the 41 PSUs in these three sectors together provided Rs 138,112 crores, or about two-thirds of PSU profits. If you keep these three sectors aside, the rest of the PSUs together earned a pittance. This is a sorry state of affairs.

Quite clearly, we are unable to extract any benefits from the huge investments made in these companies. The PM should focus his attention of improving their performance instead of being attentive only to the needs of the private sector, which for the most part are fairly well managed and are profitable.

Soon after he assumed office, Mr Modi indicated plans to do more with state-controlled companies than use them as piggy banks to break into whenever the government needed a revenue boost. He said he had plans to sell off the traditional laggards and to fix the ones with potential. He also signalled that the government had plans to privatise state-run firms and unfetter them from the clutches of the middle bureaucracy of deputy and joint secretaries. There is no sign of this any of these happening.

PSU holdings are being offloaded to plug revenue gaps without any plan to make PSUs profitable and contribute to the State's coffers.

But solutions are possible that will enable the public sector to become a profitable, productive and contributing sector of our economy. The critical first step will be to take all PSUs from out of their administrative ministries and bring them under one administrative ministry whose mandate would be to make the PSUs cumulatively profitable.

Then, by a process that selectively uses liquidation, outright sale, restructuring and amalgamations, new, viable and profitable entities could be created whose ownership could then be progressively diluted to broad base it and liberate these companies from bureaucratic and ministerial control. All this is possible, but only if Narendra Modi focuses his attention on reforming and restructuring our PSUs and on realising returns on the huge investments that the nation has made on them. https://www.asianage.com/opinion/columnists/071122/mohan-guruswamy-reforming-public-sector-doesnt-mean-selling-it.html

10. Demonetisation – 6 years after *(thehindubusinessline.com)* November 07, 2022

It's time to bring out a report detailing what this move achieved and what it didn't

Surgical strike against black money' was one of the more popular headlines that screamed across the nation on November 9, 2016.

This was the day after Prime Minister Narendra Modi announced the banning of ₹500 and ₹1000 notes.

People could deposit the banned notes into their bank accounts and get newly issued ₹500 and ₹2000 notes. The logic behind the move was that the black/unaccounted money would not return to the banking system and hence would be permanently extinguished.

The ₹500 and ₹1000 notes formed almost 85 per cent of the currency notes in circulation then.

Apart from snuffing out black and unaccounted money, the decision was also meant to cut off funding for terrorist activities and trade in narcotics. But despite the pain that common people had to endure the move itself had surprising popular support. The rhetoric that the rich were suffering more due to the note ban struck a chord among the poor.

There was little doubt that a cash-reliant economy like India was severely impacted by a sudden removal of ₹500 and ₹1000 notes from the system. Newspapers were full of reports about how small businesses and the informal economy, which conducted their business largely in cash, were badly hit by the move. And there were job losses too.

Interestingly as days went by the reasons for demonetisation also expanded – to boost digital payments and to make the economy more 'formal'.

The one success that its proponents cite is the sharp increase in the number of taxpayers – from 61 million in 2015-16 to 85 million in the next two years.

Demonetisation was indeed a 'disruptive' move and perhaps not entirely in ways it was intended. After six years, it is time the government brought a report elucidating what this decision achieved and what it didn't. https://www.thehindubusinessline.com/opinion/columns/from-the-viewsroom/demonetisation-6-years-after/article66108637.ece

11. REPLUG: Demonetisation has been an Utter Failure on all Fronts *(newsclick.in)* 08 Nov 2022

In the entire history of post-Independence India, no single economic measure has been as devastating for the people and as utterly futile in achieving its stated objectives, as the demonetisation of currency notes of Rs 500 and Rs 1,000 denomination, decreed by the Narendra Modi government on November 8, 2016.

The fact that it did not achieve its stated objectives was not unforeseen. On the contrary, it was obvious to every economist that demonetisation was the height of folly even as it was announced, which is why it was opposed by all, except a handful of "climbers" keen to please the government.

The government had mentioned three objectives of the move: to eliminate black money, to get rid of counterfeit notes and to attack terror funding. Of these, the last two were add-ons that everybody knew did not carry much credibility. A study by the Indian Statistical Institute had estimated counterfeit currency to be a minuscule proportion of total currency. Hence, the sudden demonetisation of 85% of the country's currency for the sake of getting rid of a minuscule amount of counterfeit currency could not be taken seriously as an argument.

Likewise, terror funding occurs through diverse routes and nobody seriously thought that demonetisation would stop terror funding or even hurt it temporarily. The real objective was to eliminate black money; and believing that demonetisation would do so, betrays the Modi government's total lack of understanding of the black economy, and hence of the economy in general.

Demonetisation as a solution to the problem of black money was based on an understanding of "black money" derived from Bollywood films, namely, a stack of currency notes stuffed in pillows, or in suitcases kept under beds. In fact, there is no such thing as "black money", only a number of economic activities that are not officially declared, primarily for the purpose of avoiding taxes.

All economic activity requires money for its operation; and undeclared activities are no exception to it. The money that is used for carrying on these undeclared activities may be loosely called "black money", but these do not remain inactive, as a hoard stuffed into pillows and suitcases.

The use of money can be shifted from declared to undeclared economic activities, so that even if the Modi government had succeeded in "killing" a whole lot of money used in the black economy, whose owners, as expected by the government, did not turn up at various banks for converting their demonetised currency holdings into new money, this would still not have killed black economic activities. Money would just have shifted from the "white" to the "black" economy, that is, from declared to undeclared economic activities, causing at the most a shortage of money in general and hence a general recession, but not the elimination of the "black" economy.

In the event, however, 99% of the disabled currency notes came back to banks for conversion into new notes. Nothing demonstrates the utter failure of demonetisation as clearly as this fact. The government's expectation was that "black" money would not be exchanged for "white" because their possessors would be too scared to do so, for fear of being caught if they turned up with large amounts whose presence in their possession they could not explain.

The ruling Bharatiya Janata Party spokespersons even suggested that if a certain amount of money did not turn up for conversion, say Rs 100, then, currency being the liability of the Reserve Bank of India, Rs 100 of liability would disappear from the RBI's balance sheet, which could be substituted by printing new money and this new money could be simply distributed among the people.

Estimates of the amounts that could be so distributed among the people were bandied about. But when 99% of disabled currency notes turned up for conversion, it showed not only how absurd these calculations had been, but also how utterly naïve had been the government's expectation that "black" money would be disabled by demonetisation and eliminated from the economy. The entire exercise, therefore, turned out to be a mere act of converting old notes into new ones, and that too at great inconvenience to the people.

But the inconvenience did not end there. Demonetisation was not just a game played out, with no great consequence (apart from the pain of queueing up for hours outside banks which incidentally claimed many lives). It had severe economic consequences for the economy. The currency notes that were demonetised amounted to nearly 85% of the economy's total cash; and 85% of total cash being immobilised suddenly had effects that were crippling in both the short and the long-term.

Between demonetisation and the near complete return of old currency to the banking system, there was a gap of about nine months, during which the economy faced a shortage of currency, and the petty production sector that primarily uses cash transactions, was the worst victim of it.

Farmers had difficulty selling their rabi harvest. Since they had no cash for buying seeds and fertilisers for the next crop, they took loans. Likewise, many artisans and petty producers in the non-farm sector, who could not sell their output, had to take loans to buy their inputs. And if they did not buy inputs and interrupted their production instead, then their workers who became unemployed had to take loans to return home and feed themselves during the period of unemployment.

Demonetisation, therefore, had the effect of making the petty production sector, or "the informal sector", indebted; and this sector, it must be remembered, employs nearly 94% of the workforce of the country.

This debt left a permanent scar on the sector. Where there was interruption of production, the debt incurred in the interim remained a permanent debt. Where output was stored and not sold, but production continued nonetheless, even if the principal of the debt incurred in the interim to buy new inputs, could be paid back, the interest, which could be quite high because of the distress under which debt was incurred, could not be. It continued to remain like an albatross around the neck of the producers.

The petty production sector, therefore, witnessed a permanent increase in its level of debt; and since even at the best of times, large segments of this sector can manage just about simple reproduction, this increase in debt pushed many such units into non-viability.

As a result, not only was there a short-run disruption of production, especially arising from the petty production sector's inability to cope with the demonetisation-induced cash shortage, but there was also a long-run debilitation of this sector which could not but affect the workforce employed by it. This debilitation and impoverishment continues to this day.

The damage, however, was not confined to the petty production sector alone. Even the organised sector was hit by demonetisation for a different reason. The petty production sector, either directly or via the consumption demands of those engaged within it, buys a number of goods from the organised sector and when it suffered a recession, or more generally a loss of income, its demand for organised sector's goods fell, which in turn affected the latter. Thus the entire economy, one way or another, was adversely affected by demonetisation.

Meanwhile, the BJP, ever inventive in its lies, had started spinning another story. Corruption and black money, it argued, were the result of the use of cash in the economy; if cash could be substituted by non-cash means of settling transactions, then there would be a record of all such transactions which would bring down corruption and black money. Modi was projected as a "visionary", modernising the economy in a manner that would eliminate all scope for corruption and black money.

This claim flew in the face of obvious facts: there was no connection between corruption and the use of cash, captured, for instance, by an economy's cash-GDP (gross domestic product) ratio. Germany and Japan had much higher cash-GDP ratios than India but were palpably less afflicted by corruption. And interestingly, the cash-GDP ratio that had gone down temporarily after demonetisation from its original level of 12%, climbed back again and is currently 14%. Thus, even by the BJP's own argument in this regard, demonetisation has been a failure.

How can anybody be so indifferent to people's suffering as the Modi government was in decreeing demonetisation? The answer lies in its desire for "shock and awe", and the belief that the more people suffer, the more they would feel convinced that the government could not be inflicting so much suffering on them unless it was indeed serving some higher purpose. The combination of ignorance, arrogance and the desire for "shock and awe" on the part of a government can be quite lethal, as the Indian people have learned to their great cost. https://www.newsclick.in/REPLUG-demonetisation-been-utter-failure-all-fronts

12. OMCs' losses mount to Rs 21K crore in first half *(newindianexpress.com)* November 9, 2022

Even as the government provided one-time Rs 22,000 crore relief, the oil marketing companies continued to bleed in the second quarter as well. The combined loss of fuel retailers -- Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Indian Oil Corporation (IOC) -- stood at Rs 2,748.66 crore in July-September quarter.

The companies attributed their loss to erosion in the marketing margin on petrol, diesel and domestic liquefied petroleum gas (LPG). OMCs have not revised the price of petrol and diesel for the past months, despite inflated crude prices in the international market.

Overall, in the first half of the current financial year, the three government-owned OMCs have reported a cumulative loss of Rs 21,400 crore. According to analysts, OMCs are losing an estimated `per litre on petrol and Rs 10 per litre on diesel.

Market experts are of the view that if the government doesn't come up with another relief package, the companies will have no choice but to hike the fuel price. "Tax collections have been good despite some slowdown, so alternatives could surely be explored .. but generally preferred more for LPG than for fuels," said Gaurav Moda, India Energy Leader, EY.

Prashant Vasisht, VP and Co-Group Head at ICRA, said it is very difficult to predict when the government will come up with a new relief package. However, historically, OMCs have been aided by the government in times of large under-recoveries and these companies had to bear limited net under-recoveries.

"As these companies are important for energy needs and aid in fulfilling socio-economic objectives of the government, they have been supported by the government in the past," said Vasisht. BPCL, which has released its Q2FY23 result on Monday (Nov 7, 2022), reported a loss of Rs 304.17 crore in Q2.

It has posted a loss of Rs 6,263.05 crore in Q1. Similarly, HPCL reported a loss of Rs 2,172.14 crore in the second quarter, and in April-June quarter it lost Rs 10,196.94 crore in Q1. IOC in its result on October 29 reported a net loss of Rs 272.35 crore for the Q2.

Down and out

https://www.newindianexpress.com/business/2022/nov/09/omcs-losses-mount-to-rs-21k-crore-in-first-half-2516453.html

13. India could trim spending for first time in 3 years: Report *(livemint.com)* NOV 09, 2022

Spending by the Indian government this fiscal year could be less than budgeted for the first time in three years, two sources with direct knowledge of the matter told Reuters, amid a push to meet a fiscal deficit target of 6.4% of gross domestic product.

Total expenditure for the 2022/23 fiscal year that started on April 1 could come in 700 billion rupees to 800 billion rupees ($8.59 billion to $9.82 billion) below the budgeted 39.45 trillion rupees, the sources said, requesting anonymity.

The government is keen to rein in the fiscal deficit as it is well above the historical levels of between 4% and 5%, having shot up to a record of 9.3% during the first year of the COVID-19 pandemic in 2020/21.

Though tax cuts on fuel, aimed at reducing the impact of soaring global energy prices, could reduce revenues by more than 1 trillion rupees, one of the sources said total revenues were still expected to increase by over 1.5 trillion to 2 trillion rupees this year.

The rise in revenues would still not be enough to cover anticipated additional expenses with, for example, the government potentially having to provide additional food and fertiliser subsidies of 1.5 trillion to 1.8 trillion rupees, according to the sources.

Despite those pressures, the government remains intent on achieving its deficit target, according to one of the sources.

"The government is not going to budge from the fiscal deficit target," the source said, noting that an "expenditure rationalisation" would be required.

The finance ministry declined to comment.

The sources did not say which sectors were likely to be affected by expenditure cuts as discussions over revised budget estimates were ongoing and a final call would be taken by the end of December.

Economists at brokerages such as Citi, Kotak and ICRA see a risk to the 6.4% deficit target.

Without any expenditure cuts, Kotak expects a fiscal deficit of 6.6%, while ICRA expects the government to overshoot the deficit target of 16.61 trillion rupees by 1 trillion rupees. https://www.livemint.com/economy/india-could-trim-spending-for-first-time-in-3-years-report-11667983720362.html

14. Fostering rural India's growth *(financialexpress.com)* November 9, 2022

The lack of political consensus on rural reforms has thwarted the transformation of the farm sector. Stop-gap solutions and populist measures brought in temporary reliefs for some, but did not foster productivity improving structural changes

India had a predominantly agrarian and rural economy at the time of Independence. Since then, both industry and services have overtaken agriculture. Yet, agriculture and allied activities retain the position of the largest employer. With the vast majority still living in villages, India remains predominantly a rural economy. Globally, India ranks fifth in terms of the size of industry and seventh in terms of the size of the services sector. Indian agriculture has overtaken that of the US and stands second only to China. Thus, rural India has a large role to play in India's economic growth. Without substantial improvement in livelihood and the living conditions of the rural population, India cannot become truly developed.

The pace of urbanisation in India has been slower compared to its peers. India, accounting for 2% of the global landmass but 18% of the population, has a high population density with overstretched infrastructure, civic amenities, and other facilities in urban areas. To contain migration, policymakers are increasingly providing urban amenities in rural areas, thus envisioning significant growth impulses coming from rural India. The government needs to remove the impediments constraining rural India from becoming a major growth engine. More than half of rural income originates outside agriculture. Yet, with little alternative opportunities, two-thirds of the rural workforce is in agriculture and allied activities, making the sector crucial for rural India.

The root cause of the rural distress in India is abysmally low agricultural productivity growth, mainly due to low investment, further compounded by inequitable land holding—less than 15% of the population hold nearly 85% of agricultural land. The predominance of small farm-size makes modern cultivation difficult due to technology and funding issues. The volatility of agricultural input and product prices create further complications. Efforts at cooperative and collective farming in the past and more recent initiatives on contract and corporate farming to overcome the problem of small farm size have largely been unsuccessful. While the elaborate system of input subsidies and public procurement of food grains helped a relatively small segment, these measures have failed to usher in rural growth and prosperity. The lack of political consensus on rural reforms has thwarted the transformation of the sector. Stop-gap solutions and populist measures brought in temporary reliefs for some, but did not foster productivity improving structural changes. Inconsistent policies led to inappropriate land use, lopsided cropping patterns, the depletion of groundwater levels, high harmful chemical content in farm products, and the persistence of subsistence rather than market-oriented farming.

The idea of national food security has been interpreted in India as the domestic production of individual food crops matching domestic demand rather than capacity creation to meet the national food bill. In the process, India has missed out on being a major exporter of high-value farm products, including cash crops with high global demand. Strict administrative and regulatory control on the farm trade and supply chain management kept agricultural markets fragmented. The lack of investment in cold-chain capacity, transportation, storage, and food processing results in almost 30% spoilage of agricultural products. While creating an adequate social safety net and risk-sharing mechanism for the farming community, India needs to allow market forces to decide the cropping pattern, input use, and the marketing and processing of farm products.

In the early 1970s, economic reforms in China started with the withdrawal of state control over land holding, cropping pattern, input use and agricultural trade. The better alignment of Chinese agriculture with national and international demand boosted agricultural income. The surplus was deployed in non-agricultural rural activities leading to the emergence of a new class of non-agricultural rural entrepreneurs. They focused on production of manufactured products to meet global demand. Rapid productivity gain by the rural non-agricultural enterprises compelled state-owned enterprises to undertake productivity-enhancing reforms and the China growth story took shape.

Until 1983, India was ahead of China on per capita income. Agrarian reforms unleashed far-reaching structural changes, making China the fastest-growing economy until 2014. India needs to take hints from the Chinese playbook. A major part of non-agricultural rural income in India gets generated by village and cottage industries and MSMEs. Unlike their Chinese counterparts, the Indian MSME sector caters mainly to the local demand. In the absence of an agricultural surplus to be deployed in non-agricultural activities and limited access to funding at reasonable costs, the MSME sector could not adopt new technologies or leverage economies of scale. A lot of these are now changing. The recent revolutions in information communication technology (ICT), network connectivity, and digitalisation have opened up new opportunities to improve both farm and non-farm productivity, better mitigate business risks, and access funding by harnessing new technologies.

Many such changes are being implemented at the grassroots level. As a part of Aatmanirbhar Bharat, the government has committed large investments in supply chain infrastructure for agriculture and allied activities. There is an urgent need for various regulatory and administrative overhauls to foster the emergence of a new rural India. The growth of rural India through agriculture, cottage industries, and other rural industries is necessary for the faster growth of the economy. It hence needs special attention from the central and state governments. https://www.financialexpress.com/opinion/fostering-rural-indias-growth/2793333/

15. Coal truths *(thehindubusinessline.com)* November 08, 2022

Nearly two-and-a-half years after opening up coal to commercial mining, the Centre announced its biggest-ever auction recently. It has put on the block 141 coal mines in 11 States, of which 71 are new mines, 62 are carried forward from earlier auctions (this is the sixth round of commercial auctions) and eight are being put on offer for the second time, as they received a poor response in earlier rounds. Sixty-seven mines have been auctioned so far, of which two have begun production and another two or three are expected to begin operations by the end of this fiscal.

The reasons for this push to commercial mining are not hard to seek. The Economic Survey 2021-22 says, “Despite the push for renewables, as per the Draft National Energy Policy of Niti Aayog, the demand for coal is expected to remain in the range of 1.3-1.5 billion tonnes by 2030.” At present, annual coal demand is about 950 million tonnes (of which about 75 per cent goes for thermal power generation, while the rest is consumed by steel, aluminium cement and sponge iron units), of which over 200 million tonnes is imported. India is slated to lose over ₹2 lakh crore in foreign exchange by importing coal at an average price of about $200 a tonne in FY23. Therefore, coal output must be ramped up to restrict coal imports to coking coal, for the iron and steel units in particular. However, thermal coal imports account for about 75 per cent of total coal imports at over 150 million tonnes annually. This should be brought down by raising the output of Coal India, which accounts for 80 per cent of domestic output (778 million tonnes in 2021-22), as well as captive and commercial mines.

Coal India’s performance has been underwhelming. Its output has increased about 11 per cent from FY16 to FY22 or from about 540 million tonnes to over 620 million tonnes. Commercial and captive mining are expected to bridge the demand-supply gap. However, the auctions have not been a great draw so far, as just about a quarter of the mines auctioned so far have attracted good bids. While the Centre has eased pre-bidding requirements, it seems that bidders are only keen on mines where the coal quality is known, the location attractive and land acquisition and other clearances have been sorted out. A further easing of formalities can be looked into, without compromising due diligence.

Meanwhile, investment is gravitating towards renewables. The Ukraine war reminds us of the importance of having coal, oil and gas for baseload power; yet, the International Energy Agency says that fossil fuel price volatility will spur the shift towards renewables. Notwithstanding its green energy plans, India would have to depend on thermal power for 50 per cent of its electricity needs even in a decade from now, from the present level of over 70 per cent. A renewables shift could, however, curb coal imports, ensuring that India is atmanirbhar in a mineral in which it has the fourth largest reserves in the world. https://www.thehindubusinessline.com/opinion/editorial/coal-is-indispensable-for-energy-security/article66111318.ece

16. India far cry from energy independence, spends $160 billion on energy imports *(downtoearth.org.in)* 08 November 2022

Prime Minister Narendra Modi pledged to make India an energy independent country by 2047 during his Independence Day address August 15 this year. But the country spends $160 billion on energy imports and is far from self-sufficiency, according to a new study.

India needs $300 billion in investments by 2030 to generate 500 gigawatts power from non-fossil-fuel sources, as it has laid out in its updated Nationally Determined Contributions towards addressing global warming.

Countries like the United States, China and Russia are already making headway toward becoming self-reliant.

"A dramatic transformation across the entire energy value chain is needed to realise India's dream of energy independence," underscored the study titled India's Energy Vision 2030, published November 7, 2022.

The study was conducted by management consultants Arthur D Little.

India will be able to reach 2.02 trillion units of power generation by 2030, considering the current rate of electricity generation. Therefore, falling short of the consumption requirements is expected to grow to 2.3 trillion units that year.

India will need to increase its pace of shifting to clean energy to meet this gap. The country should collaborate with private and government players and devise required policies. This can be implemented by maximising new technologies, particularly for green hydrogen, the report suggested.

There are problems with scaling up solar power, too, the researchers noted.

Renewable energy output can be scaled up by — introducing reforms to improve investors' confidence, removing entry barriers such as difficulty in land acquisition, boosting domestic manufacturing of Photo Voltaic cells and wind equipments and incentivising the adoption of roof-top solar, the report suggested

"India needs to produce excess energy and generate it through sustainable methods and conserve it by minimising losses during transmission, distribution and consumption," the study noted.

The debt incurred by power distribution companies (DISCOMS) is a problematic aspect of the supply chain in terms of its finance. The DISCOMS are characterised by negative net worth and debt amounting to Rs 36,7932 crore and Rs 589,000 crore, respectively.

Electricity theft and technical losses can be reduced by — shifting towards high voltage direct current transmission lines for long-distance transmission, imposing stricter penalties for transmission network developers upon default and expediting the development of inter-state transmission lines, the report suggested.

Another way to achieve this is by establishing a smart grid, the researchers noted. Smart grids can increase grid reliability, reduce transmission and distribution losses, optimise demand side management, support renewable integration, improve self-healing capacity and ensure optimal grid usage, the report added.

"India's decaying transmission network and ever-worsening financial situation of most state DISCOMs have plagued development in the power sector over the last decade," said Brajesh Singh, head of Arthur D Little India's Energy and Utilities Practice, said in the press release.

A phase-wise approach with tactical capacity augmentation projects and financial assistance to private distributors through tax rebates and conducive loan structures could revive the power sector," he added. https://www.downtoearth.org.in/news/energy/india-far-cry-from-energy-independence-spends-160-billion-on-energy-imports-85841

17. Green energy for world peace *(thehindubusinessline.com)* November 07, 2022

Underlying the chaos and conflict of our times — be it war or cataclysmic natural disasters linked to climate change – is the dependence on fossil fuels. Climate change is the consequence of overuse of fossil fuels over centuries. And, the urge to control regions rich in these fossil fuels has been one of the primary drivers of war.

These wars have periodically driven economies the world over into a tailspin of inflation and growth paralysis. What we are going through today is not dissimilar to earlier episodes of war, disruption and inflation, over the last 80-100 years; territorial control over resource rich regions has been a driving force all along.

The fact is that large quantities of fossil fuels are concentrated in tiny geographical pockets. Hence, the urge to control over regions rich in reserves of coal, oil, and natural gas forms the sum and substance of foreign policy worldwide.

Countries neighbouring these prized regions, as well as others, play all sorts of games to grab them — deploying religion, language, alliances to that end. Conflicts also suddenly start when there is a temporary change in the balance of power, breaking the earlier, often fragile, equations of peace.

Historical overview

Control over fossil fuels has historically been a reason for some of the biggest wars. The centenary of the occupation of the Ruhr (1923-1925) falls next year. The Ruhr region spreads around the Rhine River, which borders France and Germany. French and Belgian troops occupied the minerally and industrially rich Ruhr region, as Germany had stopped sending coal to France as part of the reparation deal struck during World War I. This occupation led to the crash of the German currency and the economy, which eventually led to the start of World War II.

Almost 45 years after the end of World War II, ownership of fossil fuel (petroleum) became the focus of another global conflict when Saddam Hussein invaded neighbouring Kuwait.

A win over Kuwait would have made Iraq world's leading energy power, dominating both the Arab and the Persian Gulf regions, home to the bulk of the planet's oil reserves. The US and its allies could not have accepted this dramatic shift in balance of power, if Iraq were to win.

Fast forward to the present day conflict involving Russia and Ukraine. The Donbas region has rich coal reserves. The other parts including the Dnieper-Donetsk region, and the Black Sea of Azov are a rich source of natural gas, an important input for manufacturing fertilisers.

The Russian invasion of Crimea in 2014 was related to control over oil and natural gas reserves in the Black Sea region. Quite like the Ruhr region which had a considerable German population but was occupied by the French and Belgians, this time around the Donbas, Dnieper, Donetsk and the Luhansk regions has a large Russian speaking population — with both Russia and Ukraine claiming rights over these territories. These prolonged conflicts have led to highly volatile energy prices, hurting the world economy. Take for instance, the Yom-Kippur war of 1973 and the subsequent Saudi embargo, leading to worldwide stagflation. During 1974, to fight the raging inflation that skyrocketed to 11 per cent, the then Fed chairman, Arthur Burns raised the funds rate to 12 per cent, before reducing it to about 5 per cent in 1975. But that did not help as there was a second oil crisis in 1979 with the start of the Iran-Iraq war.

Combating inflation

To tame inflation, Paul Volcker, who was in charge of the Fed at that time, pursued a consistent hawkish policy. Between 1979 and 1981, the Fed increased policy rates from 13.6 per cent to 20 per cent. It took about a decade to tame inflation, which touched 14.5 per cent in the US during the early part of 1980s. However, such monetary tightening came with a cost — namely, recession (famously touted as Volcker's recession), with the US unemployment rate climbing to 10 per cent. There was collateral damage as well. Countries like Argentina, Brazil, and Mexico which borrowed heavily in dollars to sustain infrastructure investment, defaulted as an appreciating dollar increased the cost of borrowing.

The present events are eerily similar. Many countries in Asia (Pakistan and Sri Lanka), Europe (UK) and in Latin America (Argentina) are suffering because of an appreciating dollar, an outcome of a hawkish monetary policy undertaken by Fed Chairman Jerome Powell.

The 2022 inflation is not as bad as what the US witnessed during the late 1970s; but it remains the worst inflation in decades. Aggressive monetary tightening, with the Fed increasing the policy rate by 300 basis points since March 2022, has led to an increase in the yield on one-year US treasury securities, from 1.86 per cent in March 1 2022 to 4.12 per cent on September 9, 2022.

More such bouts of monetary tightening may follow, and that may spell bad news for emerging and developing economies. The good news, however, is that central banks around the world are not averse to raising rates on par with inflation, thereby snuffing out inflation expectations that could feed into a wage-price spiral. However, the rate hikes the world over are likely to peak sooner than later, as fears of a recession loom large.

Inflation volatility is the outcome of our excessive dependence on fossil fuels, and as result there are conflicts, dictatorships, and climate change. An uncertain economic environment instigates fear and induces high defence spending that could otherwise be spent on social welfare measures and to arrest a degrading environment. A decisive shift towards renewable energy could alter this destructive chain of events.

Unlike fossil fuels, sources of green energy — sunlight, water, wind — are much less localised. That could eliminate the reason for many territorial conflicts. https://www.thehindubusinessline.com/opinion/green-energy-for-world-peace/article66108513.ece

18. COP27: Wealthy nations agree to loss, damage funding. What it means for India *(livemint.com)* Nov 07, 2022

The United Nations chief on Monday told the leaders of nations gathered at the world climate summit that the world is “on a highway to climate hell" and requested the two most polluting countries- United States and China to cooperate in reducing the effects of global warming and subsequent climate change or everyone shall perish.

This year's annual UN climate conference, known as COP27, comes as leaders and experts have raised increasing alarm that time is running out to avert catastrophic rises in temperature.

The summit that is being attended by global leaders like UK Prime Minister Rishi Sunak, US President Joe Biden was given a miss by India's Prime Minister Narendra Modi.

At the summit nations agreed to include financing for loss and damage on the agenda of COP27. This is the first time that loss and damage funding will be part of the official negotiations following 48 hours of hectic parleying described as “herculean informal negotiations" by COP27 president Sameh Shoukry of Egypt.

The polluter West had decided in the Copenhagen summit 2009 that they would contribute an annual $100 billion towards a ‘green fund’ for the developing nations, as fee for climate adaption.

According to official data, climate adaptation finance provided by wealthy nations was only $29 billion in 2020, just 34% of total climate finance available. In comparison, estimated annual climate adaptation needs worldwide are $ 160-340 billion by 2030 and $315- 565 billion by 2050, the UN environment agency said in its annual adaption report.

What is Climate Adaption?
Climate adaptation refers to adjustments in ecological, social, or economic systems in response to climatic impacts, according to the United Nations Framework Convention on Climate Change (UNFCCC). There has been little progress on adaptation funding since COP26 was held in the Scottish city of Glasgow in November 2022.

Further a report by the World Metrological Organization (WMO) has shown that the past eight years are on track to be the eight warmest on record, fuelled by ever-rising greenhouse gas concentrations and accumulated heat.

India at COP 27
India might be put at a larger advantage despite the country' status as the third largest polluter in the world. Indian is likely to have an edge over China to represent the Global south of developing nations, especially now that China has been marked as one of the largest contributors to global pollution.

Going by statistics, India accounts for $% contribution to global warming, which is helmed by US at a whopping 25%, followed by European Union at 22% followed by fast catching up China at 13%.

Developing countries like India and small island nations have been asking for a separate fund to tackle the extremes of climate caused by historic polluters in the West.

India garners a larger advantage because India's per capita emissions is currently 2.4 tonnes of CO2-equivalent far below the world's average of 6.3 tCO2e, and well below America's 14, China's 7.5 and the EU's 7.2 tCO2e.

Further the solar power and renewable energy programme in India has gained global recognition as the one of the biggest in the world.

According tot he latest Climate Transparency Report, soaring temperatures are hurting India's economy the most among G20 nations. However, India's losses due to its own emission has been calculated at approximately $109 billion dollars, cumulatively over 1990-2014 by the Historical Climate Damages study.

Loss for India: If India does not cut back on emission, a study has shown that the estimated losses of earnings will be 5.4% of GDP which is $159 billion, owing to heat-related labour capacity reduction in four sectors - services, manufacturing, agriculture and construction - in 2021.

This means while India has the most to lose and the most to contribute. Therefore the Indian government now needs to really cut back on carbon footprint and emission to further their own good. https://www.livemint.com/news/world/cop27-wealthy-nations-agree-to-loss-damage-funding-what-it-means-for-india-11667826169700.html

19. Bihar's wait for central funds to execute infrastructural projects lingers on *(hindustantimes.com)* Nov 08, 2022

As many as seven departments including road construction, energy, health, water resources, industries, rural workers department have been waiting for their allocated funds

Procedural delays in release of special assistance from the Centre continues to halt the execution of several key infrastructure projects of various departments in Bihar.

As many as seven departments including road construction, energy, health, water resources, industries, rural workers department, and science & tech departments have been waiting for their allocated funds to the tune of ₹8,046 crore to carry out their pending works.

Earlier in April this year, the Central government had announced special assistance of ₹1 lakh crore to the state governments to help them tide over the revenue crunch as the fall out of Covid pandemic and carry on with the capital investments in the duly approved projects in the 2022-23 fiscal.

The assistance will be provided to the states as interest-free loans to be returned in the next 50 years.

A senior officer of the finance department, familiar with the matter, said the state government started submitting the proposals under the set guidelines to the Centre in July and August in three batches.

"While the proposals of energy, industries, road, rural works, water resources, health and science and technology departments were approved by the Centre, we are still waiting for the fund," said the officer, adding that a reminder will be sent to the union finance ministry soon.

The major projects awaiting funds include construction of new premises of Patna medical college and hospital (PMCH), Patna ring road, Danapur-Bihta elevated road corridor, construction of a four-lane bridge on river Ganga in Patna, logistics park in Gaya, engineering and medical colleges, revamping of domestic power supply network.

"Roads and logistics parks proposals have been stuck up for want of land acquisition," said an executive officer of the road construction department (RCD).

Officials said proposals worth ₹1,858.26 crore of RCD, ₹1,687.78 crore of energy, ₹1,413.88 crore of health, ₹950 crore of water resources, ₹887.95 crore of industries, ₹778.58 crore of rural works department and ₹469.54 crore of science and technology department were sent and got approval by the Central government.

"The assistance is being provided from the first lot of ₹80,000 crore fund allocated by the Centre under the special assistance, while the rest ₹20,000 crore would be disbursed in the next seven-eight instalments later this year. Proposals worth ₹200 crore from Bihar have also been sent to the Centre for assistance under the head at later stages," said the official, adding that the state is getting the share in fund according to the norm devolution, which accounts for around 10.058% in the sum. https://www.hindustantimes.com/cities/patna-news/bihars-wait-for-central-funds-to-execute-infrastructural-projects-lingers-on-101667879146928.html

20. 278 degrees to non-students: Probe panel in MP medical results irregularities *(hindustantimes.com)* Updated on Nov 09, 2022

278 degrees given to people that were never students; overwritten answer sheets; and revaluation when the rules offer none — these are some of the grave findings highlighted by a five-member committee headed by retired Madhya Pradesh high court judge KK Trivedi probing irregularities in results of the Madhya Pradesh Medical Science University.

On August 16, 2021, seven petitioners approached the Madhya Pradesh high court seeking an inquiry by an independent agency into what they alleged was "mass scale corruption" in the conduct of the 2018-19 examinations in medical and nursing colleges affiliated with the university. There are 954 private and government medical colleges, nursing colleges and paramedical colleges affiliated with the university in the state.

On October 4, 2021, a bench of chief justice Mohammad Rafiq and justice Vishal Dhagat ordered the state government to form a high-level committee headed by a retired judge of the high court, a police officer and three experts to investigate the allegations. The state government formed the committee under Trivedi seven days later.

The committee probed complaints filed by the seven different petitioners in several medical and paramedical colleges and submitted its findings to the court in July, and these are expected to be discussed at the next date of hearing on January 2, 2023.

The report, a copy of which HT has seen, says that the university's report shows a mismatch between the number of those enrolled in the course, and those that got degrees — in 278 cases. The university took action only "in respect of a few candidates and institutions", the report says. In most of these instances, according to the report, the mark sheets were issued "in the name of other candidates whereas the enrolment number reflects a different name."

"From the analysis it is clear that all three, the colleges, the university and the IT agency, have acted hand-in-glove in this mischief. It is unbelievable that in the garb of making corrections to the application form for taking part in the examination, altogether complete changes are made and a person who was not even a student in the college and never shown as admitted and enrolled in the university is permitted to take part in the final examination and go with a degree in his/her hand," the report said.

Mindlogics Infratech, a private IT company was given the contract for delivering question papers under the university and declaring the results of 2 lakh students.When contacted on the number given on website, no one responded.

The five-member committee also included additional director general of the cyber cell of the state police, Yogesh Deshmukh said the report was submitted and the court will take decision accordingly.

Detailing the modus operandi behind these fraudulent degrees, the report said that colleges apply to the university for minor corrections in examination entry forms. "The university in turn, without conducting any inquiry, solely on the discretion of the authorities of the university, directs the IT agency to reset (re-open) the portal. After the portal is reopened, the entire data relating to the student is changed by the college, except the enrolment number-- even the name, father's name, gender etc (are changed). Once this change is locked, the system of the IT agency automatically generates the admit card in the name of the fraudulent candidate."

Other irregularities found by the committee include giving passing marks to students where their answer sheets are overwritten during "revaluation and special revaluation." The report identified a list of 13 students of different colleges (the report doesn't have names of the college), who took admission under the NRI quota in MBBS and BDS courses in the 2018-19 academic year. 11 of them failed in the annual examination in 2018, but passed during revaluation, and two more who failed in the revaluation too, were given passing marks in a "special revaluation." The answer sheets of these students bore evidence of overwriting, the report said.

This is especially interesting because the rules do not allow for a revaluation.

"Surprisingly, it was noted that even though there was no provision of revaluation in the entire scheme of conducting examination as prescribed in Ordinance VI of 2014, not was revaluation done but in some cases special revaluation was also done and the results of such students were declared through a special result committee. This raises a serious question as to why this option of “special revaluation” was not made available for all students when it was granted and executed for a select few which points towards favouritism.”

The report also records former exam controller Vrinda Saxena as admitting that she was pressured to favour some students. The report says: “When a specific question was asked to Dr. Vrinda Saxena, the then Controller of Examination, that whether at any point of time any attempt was made by anyone to manipulate the examination results, she hesitatingly stated that on two occasions such attempts were made and she was asked to favour certain students.” Vrinda Saxena couldn’t be reached for comment despite several calls.

The report has attached two papers that show such requests, one allegedly hand written by TN Dubey, the then Vice Chancellor of the University, and another by registrar JK Gupta.

“The first paper written by the VC Dubey contains five names of students with their roll number and enrollment number and the second, a printed document, the names of seven students. Though it was stated that there was no change made in the results of the aforesaid students , this is enough to demonstrate that the then officials posted in the university were not working honestly and fairly,” said the report.

Dubey said, “This is in the past. The day I left the university on August 15, 2021, I left things behind and don’t want to discuss it.”

Then registrar JK Gupta said, “In fact, action was taken against whistleblowers. I probed the matter first in July2021 and gave a report to the state government with the recommendation to black list the IT company. But I was removed from the postof registrar. I moved the courton July 28, 2021 and was reinstated, so they suspended me. The real culprits went untouched.” Gupta declined to elaborate on his allegations.

Another doctor, Tripti Gupta, said that she was terminated from her position at the university on November 4(2021 or 2022) for raising these issues. “I sent an email to the vice chancellor highlighting the irregularities and was punished for unearthing the truth,” Gupta said.

Vishal Baghel, one of the petitioners in the case said, “This shows the massive corruption and fraud in the university. We are pleading before the court to cancel the degrees of students who received degrees in place of other enrolled students.”

Health expert and Vyapam scam whistleblower Dr Anand Rai said, “What this means is that several unqualified people are roaming around with medical degrees. We have raised this issue many times but it is now on record. The degrees of such students should be cancelled.”

The university vice-chancellor Dr Ashok Khandelwal said, “The action was taken by the state government, who are responsible for the irregularities. Now, we have strengthened the system and made the system transparent.”

Madhya Pradesh medical education minister Vishwas Sarang said, “We have taken action against people involved in irregularities. More action will follow if directed by the court.” https://www.hindustantimes.com/india-news/278-degrees-to-non-students-overwritten-answer-sheets-probe-panel-report-in-mp-medical-results-irregularities-101667932803011.html