

NEWS ITEMS ON CAG/AUDIT REPORTS (22.11.2022)

1. Farmers seek PM scheme overhaul (telegraphindia.com) Nov 22, 2022

The Samyukta Kisan Morcha (SKM), which had spearheaded the yearlong farmers' agitation along Delhi's borders, has called for an overhaul of the Pradhan Mantri Fasal Bima Yojana so that insurance companies make payments to farmers for crop loss as promised.

CPI MP Binoy Viswam has also written to Prime Minister Narendra Modi about the irregularities in the crop insurance scheme and urged him to initiate an audit by the Comptroller and Auditor General of India, citing reports of Union minister Dharmendra Pradhan also flagging the issue in Odisha.

“Over the past five years, both the central government and state governments have contributed almost Rs 1,265 lakh crore to the scheme to benefit our farmers. It is shocking that, as per the available reports, only Rs 87,320 crore have been paid to the farmers. This staggering data throws light on the handling of the funds of the Pradhan Mantri Fasal Bima Yojana (PMFBY),” Viswam said in his letter.

He has also sought the blacklisting of all private insurance companies that have defaulted in their payments to the farmers, arguing that the scheme should be managed only by public insurance companies.

SKM leader Ashok Dhawale cited the example of Beed district in Maharashtra where farmers protested against the insurance companies. “There is a clause in the scheme, which states that farmers should inform the insurance company of crop loss within 72 hours of a natural calamity. These farmers lost their standing crop in unseasonal rains that caused havoc across the district. The rains disrupted communication networks and the insurance company did not have a registered office in the district. So the farmers had no means to inform the insurance provider about the crop loss within 72 hours. This was then cited by the insurance company not to pay the farmers,” Dhawale said.

The SKM is now demanding that conditions that serve as an escape route for the insurance companies should be removed from the scheme. Launched with much fanfare in 2016, seven states, including BJP-ruled Gujarat, have opted out of the scheme.

The PMFBY is supposed to insure farmers against natural calamities during the pre-sowing to post-harvest time. Farmers have to pay a maximum of 2 per cent of the total premium of the insured amount for kharif crops, 1.5 per cent for rabi crops and oilseeds and 5 per cent for cash crops.

The remaining premium is shared by the respective states and the Centre in a 50:50 ratio except in the Northeast where the centre picks 90 per cent of the tab. The main complaint against the scheme was that the claims paid by the companies were way less than the premium collected by them.

Also, the states that pulled out found the premium to be an additional drain on their finances and some of them preferred to launch their own crop insurance schemes. <https://www.telegraphindia.com/india/farmers-seek-pm-scheme-overhaul/cid/1899491>

2. CPI MP urges PM Modi to look into ‘irregularities’ in farm insurance scheme (theprint.in) Nov 21, 2022

CPI MP Binoy Viswam has written to Prime Minister Narendra Modi and urged him to look into the “irregularities” in the government’s flagship farm insurance scheme, alleging that the scheme has become a “bonanza” for private insurers.

In the letter to Prime Minister Modi, Viswam has said that the Pradhan Mantri Fasal Bima Yojana (PMFBY) launched in 2016 was initiated to provide insurance protection to farmers against crop losses due to natural calamities.

“But in recent years, there have been several reports of irregularities of grave nature committed by private insurance companies in settling insurance claims with farmers. This leads to the conversion of the scheme into a bonanza by the private companies to reap huge profits. Naturally, the farmers are denied their rightful protection under the scheme,” he said.

The Communist Party of India (CPI) MP further said that over the past five years, both the Central government and state governments have contributed about Rs 1.265 lakh crore to the scheme to benefit the farmers. It is shocking that only Rs 87,320 crore, as per the available reports, has been paid to the farmers, he said.

“This staggering data throws light on handling of the PMFBY’s funds. While public sector insurance companies settled 90 per cent of farmers’ claims, private sector companies such as Bharti AXA, Reliance General Insurance and Future General India Insurance pocketed enormous profits of nearly Rs 39,201 crore without paying farmers their rightful dues. This is a scam of wider magnitude heralded by the corporates,” Viswam alleged.

He also said that the Union Education Minister, Dharmendra Pradhan, has already written to Union Minister of Agriculture and Farmers’ Welfare Narendra Singh Tomar regarding the same issue in Odisha.

“Given these circumstances, I urge you to look into this grievous matter and initiate a CAG audit on how farmers are being deprived by the corporates. I also request that all those private companies that have defaulted on insurance payments to the farmers be blacklisted.

“I further request that the Pradhan Mantri Fasal Bima Yojana be entrusted only with the public insurance companies,” he said. <https://theprint.in/india/cpi-mp-urges-pm-modi-to-look-into-irregularities-in-farm-insurance-scheme/1227952/>

STATES NEWS ITEMS

3. Uncertainty prevails over quantum of market borrowings this fiscal (thehindu.com) November 21, 2022

Telangana: Uncertainty continues over the quantum of market borrowings that will be allowed during the current financial year as the State’s off budget borrowings including outstanding guarantees to different corporations crossed ₹1 lakh crore at the end of the previous financial year, reaching ₹1.05 lakh crore.

According to the Reserve Bank of India's latest edition of handbook on State finances, the outstanding guarantees which were ₹18,265 crore after the first year of the State's formation grew significantly over the years and crossed the ₹1-lakh crore mark in the previous fiscal. The development raises questions on the quantum of market borrowings the State would be permitted to raise during the coming days.

The government landed in a piquant situation earlier this year after the Union Finance Ministry raised questions relating to financial management and warned that the off-budget borrowings raised in the name of State-owned corporations would be brought under the purview of the Fiscal Responsibility and Budget Management Act.

Union Finance Minister Nirmala Sitaraman, too, said in the monsoon session of Parliament that instances of borrowings by certain State public sector companies, special purpose vehicles and other equivalent instruments had come to the notice of the Union Ministry. Considering the effect of bypassing the net borrowing ceiling of the States by such borrowings, it was decided to treat borrowings by these institutions as borrowings by the State itself.

The Union Minister made it clear that borrowings by State public sector companies/corporations, special purpose vehicles and other equivalent instruments where principal or interest are to be serviced out of the state budgets and/or by assignment of taxes/cess would be considered as borrowings by the State itself for the purpose of issuing consent under Article 293 (3) of the Constitution.

The Comptroller and Auditor General (CAG) of India expressed concern over the off budget borrowings in the name of guarantees to different corporations. The CAG, in its State Finances Audit Report for the year ended March 31, 2021, placed in the Assembly, said Telangana's percentage of total outstanding liabilities to GSDP was at 28.11, within the 29.5% ceiling fixed by the XV Finance Commission.

But this would be way above the limit if the off budget borrowings were taken into consideration. The CAG said the State government was not fully disclosing all the guarantees given by it to various institutions and this would have dual impact of diluting public financial management and legislative oversight and was in contravention of the recommendations of the XV Finance Commission.

It was in this background, the Union Finance Ministry had pruned the State's market borrowings limit since early April and the State could raise funds required to meet its immediate commitments after the Centre allowed borrowings to some extent. As against ₹52,165 crore to be raised through market borrowings for the current fiscal, the State could raise around ₹26,000 crore after seven months of the current fiscal. <https://www.thehindu.com/news/national/telangana/uncertainty-prevails-over-quantum-of-market-borrowings-this-fiscal/article66164061.ece>

4. ऑडिट सप्ताह-2022: राजस्थान में खर्च हुए 3.8 लाख करोड़ की ऑडिट का काम CAG कर रहा है- प्रधान महालेखाकार (zeenews.india.com) Nov 21, 2022

कैग राजस्थान नवंबर के चौथे सप्ताह को कैग का ऑडिट सप्ताह 2022 के रूप में मना रही है. जिसमें बताया गया है राजस्थान में खर्च हुए 3.8 लाख करोड़ रुपये की ऑडिट का काम CAG कर रहा है.

कैग राजस्थान नवंबर के चौथे सप्ताह को कैग का ऑडिट सप्ताह-2022 के रूप में मना रही है. जिसमें उन्होंने राजस्व वसूली को लेकर कई सारी बातें विस्तार से बताई हैं. कैग राजस्थान के प्रधान महालेखाकार के. सुब्रह्मण्यम ने मीडिया में खास बातचीत में बताया कि संविधान और लोकतांत्रिक व्यवस्था के तहत जो जिम्मेदारी उन्हें दी गई है वह उसे बखूबी निभाएंगे.

आगे कैग राजस्थान के प्रधान महालेखाकार ने बताया कि विभिन्न सरकारी योजनाओं के तहत राजस्थान में खर्च हुए 3.8 लाख करोड़ रुपये की ऑडिट का काम CAG कर रहा है. 12 रिपोर्ट्स सालाना विधानसभा के पटल पर रखी जाती हैं. 1500 सरकारी विभागों और संस्थाओं का ऑडिट कर नियंत्रण का काम कर रहे हैं। बीते वर्ष 1,654 करोड़ रुपये राजस्व वसूली के लिए सरकार का ध्यान दिलाया. क्योंकि देश के राजस्व को लेकर उनकी अकाउंटेबिलिटी और पारदर्शिता स्थापित करने का इसके जरिए प्रयास है. और हमारी ऑडिट रिपोर्ट्स सार्वजनिक पटल पर हमेशा मौजूद रहती हैं. सरकार तक रिपोर्ट पहुंचाना हमारा काम है, उस वह क्या काम करती है यह हमारा काम नहीं है. लेकिन अब तक यही देखा गया है कि राज्य सरकार ने हमेशा हमारी रिपोर्ट को हमेशा गम्भीरता से लिया है.

कैग की ऑडिट रिपोर्ट में दोषी पाए गए अधिकारियों पर कार्रवाई करने की बात पर उन्होंने कहा कि हमारा काम ऑडिट कर रिपोर्ट देना है, उस पर आगे क्या कार्रवाई होती है यह संबंधित अथॉरिटी को देखना है. कुछ महत्वपूर्ण सुझाव सामने आए हैं, इनमें कैग की तर्ज पर राजस्थान सरकार की अलग से ऑडिट विंग बनने, प्रमुख सचिव को जिम्मेदारी देने, राजस्व अनदेखी के बड़े बिंदुओं की अलग से रिपोर्ट बनना शामिल है. <https://zeenews.india.com/hindi/india/rajasthan/jaipur/audit-week-2022-3-8-lakh-crore-spent-in-rajasthan-principal-accountant-general/1451227>

5. CAG की ऑडिट पर कब होगा कड़ा एक्शन? मुख्य सचिव की मौजूदगी में सामने आया जनप्रतिनिधियों का दर्द (zeenews.india.com) Nov 21, 2022

Jaipur: राजधानी जयपुर के स्टेच्यू सर्किल स्थित महालेखाकार कार्यालय में सोमवार से लेखा परीक्षा सप्ताह की शुरुआत हो गई है. महालेखाकार कार्यालय में आयोजित कार्यक्रम में प्रदेश के राज्यपाल कलराज मिश्र ने लेखा परीक्षा सप्ताह का उद्घाटन किया. कार्यक्रम में राजस्थान की जन लेखा समिति के अध्यक्ष गुलाब चन्द कटारिया, राजकीय उपक्रम समिति अध्यक्ष गोविन्द सिंह डोटासरा, स्थानीय निकायों और पंचायती राज संस्थाओं संबंधी समिति के अध्यक्ष राजकुमार शर्मा के साथ ही प्रधान महालेखाकार के. सुब्रह्मण्यम और राज्य की मुख्य सचिव ऊषा शर्मा मौजूद रहे .

कार्यक्रम में राज्यपाल कलराज मिश्र ने कहा कि महालेखाकार कार्यालय की ओर से सरकार के तमाम कामों का परीक्षण किया जाता है. ऑडिट रिपोर्ट के आधार पर समय-समय पर सरकार अपने स्तर पर दोषियों के खिलाफ संज्ञान लेती है. 4 वर्षों से कोई काम और फाइलें राजभवन में नहीं अटकी हैं.

वहीं कार्यक्रम को संबोधित करते हुए पंचायती राज संस्थाओं संबंधी समिति के अध्यक्ष राजकुमार शर्मा ने कहा कि मौजूदा समय में महालेखाकार कार्यालय का महत्व काफी बढ़ गया है. पंचायती राज संस्थाओं और स्थानीय निकायों की ऑडिट के दौरान जो भी पैरा लाए जाते हैं, उनका समिति के स्तर पर परीक्षण कर दोषियों पर कार्रवाई की जाती है लेकिन कई बार 50 रूपए तक के पैरा लाए जाते हैं जो ठीक नहीं हैं. उन्होंने प्रदेश की ब्यूरोक्रेसी पर सवाल उठाए.

वहीं राजकीय उपक्रम समिति अध्यक्ष गोविन्द सिंह डोटासरा ने भी प्रदेश की ब्यूरोक्रेसी पर सवाल उठाते हुए कहा कि वरिष्ठ अधिकारी समितियों के परीक्षण के दौरान पूरी तैयारी के साथ नहीं आते हैं और ज

ब जवाब मांगा जाता है जब तक उस अधिकारी का तबादला हो जाता है और नया अधिकारी अगली बैठक आगे खिसकाने की बात करता है।

राजस्थान की जन लेखा समिति के अध्यक्ष गुलाब चन्द कटारिया ने कहा कि अब प्रदेश में केंद्र सरकार की ओर से कई बड़ी योजनाएं संचालित की जा रही हैं। इन योजनाओं में लाभान्वितों पर पूरा पैसा नहीं पहुंच पाता है। ऐसे समय में महालेखाकार कार्यालय कार्यालय का महत्व और बढ़ जाता है। उन्होंने कहा कि महालेखाकार कार्यालय की तरह राजस्थान में भी एक अलग ऑडिट एजेंसी होनी चाहिए, जो स्वतंत्र रूप से प्रदेश के विभागों और योजनाओं की ऑडिट करें।

जिससे बिना किसी दबाव के अधिकारी अपनी रिपोर्ट पेश कर सकें। कटारिया ने कहा कि समय - समय पर समितियां अपनी रिपोर्ट के आधार पर राजभवन में कार्मिकों के खिलाफ कार्रवाई की अनुशंसा करती हैं लेकिन लंबे समय पर प्रकरण विचाराधीन रहने से दोषियों पर कार्रवाई नहीं होती या तो वे रिटायर हो जाते हैं या फिर उनकी मौत हो जाती है। ऐसे में राज्य सरकार की ओर से जो भी प्रकरण राजभवन में जाते हैं उनका जल्द निस्तारण किया जाए। वहीं प्रधान महालेखाकार के सुब्रमण्यम ने कहा कि ऑडिट वीक के दौरान कई कार्यक्रमों का आयोजन किया जाएगा। जिसमें विभिन्न विषयों के विशेषज्ञ तथ्यों के साथ अपनी बात रखेंगे। ऑडिट सप्ताह के उद्घाटन कार्यक्रम यह सवाल छोड़ गया कि CAG की रिपोर्ट में दोषियों पर एक्शन कब होगा? <https://zeenews.india.com/hindi/india/rajasthan/jaipur/when-will-strict-action-be-taken-on-cag-audit/1451424>

6. **धूमधाम से मनाया ऑडिट दिवस, खूब झूमे नाचे-गाए** (*beforeprint.in*) November 21, 2022

Kanpur: नियंत्रक एवं महालेखा परीक्षक के स्थानीय कार्यालय निदेशक लेखा परीक्षा (आयुध निर्माणियां) रक्षा सेवा, के प्रांगण में ऑडिट दिवस धूम धाम से मनाया गया। कार्यक्रम की शुरुआत परंपरागत दीप प्रज्वलन से हुई। कार्यक्रम के वरिष्ठ अधिकारी समरकांत मिश्र एवम् राकेश कुमार ने दीप प्रज्वलन किया जिसके पश्चात सीएजी पर अभिभाषण तथा अन्य सांस्कृतिक कार्यक्रम, नृत्य, गायन, म्यूजिकल चेर आदि संपन्न हुए।

कार्यक्रम में कार्यालय के सभी सेवारत एवम् सेवानिवृत्त कर्मचारी/अधिकारी सपरिवार शामिल हुए। कार्यक्रम का समापन पुरुस्कार वितरण एवम् कार्यक्रम के आयोजक समरकांत मिश्रा के अभिभाषण से हुआ। कार्यक्रम का संचालन कार्यालय के सहायक लेखा परीक्षा अधिकारी नितिन दुबे ने किया। इस अवसर पर कार्यालय के पूर्व निदेशक गजेन्द्र सिंह, आशुतोष चटर्जी, महेश सिंह, अमोद दीक्षित, वीरेन्द्र शर्मा, वैभव सिंह, विपुल शर्मा, प्रदीप कुमार वर्मा एवं ए के सिंह आदि उपस्थित रहे। <https://www.beforeprint.in/news/trending-news/audit-day-was-celebrated-with-pomp-danced-and-sang-a-lot1/>

7. **ऑडिट दिवस के आयोजन में शामिल होंगे रामेश्वर, नीलकंठ और सरयू राय** (*lagata r.in*) November 21, 2022

Ranchi: ऑडिट दिवस (Audit Diwas) भारत के नियंत्रक और महालेखा परीक्षक (Comptroller and Auditor General - CAG) की संस्था की ऐतिहासिक उत्पत्ति और पिछले कई वर्षों में शासन, पारदर्शिता और जवाबदेही में इसके योगदान को चिह्नित करने के लिए मनाया जाता है। देश भर में 18 नवंबर से 24 नवंबर 2022 लेखा परीक्षा सप्ताह के रूप में मनाया जा रहा है। इस क्रम में 23 नवंबर को पलाश सभागार डोरंडा में सीएजी के संगठन के बारे में जागरूकता बढ़ाने के लेकर कार्यक्रम आयोजित किया गया है। इस आयोजन में रामेश्वर उरांव वित्त मंत्री, नीलकंठ सिंह मुंडा सभापति लोक लेखा समिति, सरयू राय सभापति लोग उप

क्रम समिति एवं अजय कुमार सिंह, प्रधान सचिव, वित्त विभाग झारखंड सरकार भाग लेगे. <https://lagatar.in/rameshwar-neelkanth-and-saryu-rai-will-be-involved-in-organizing-audit-day/>

8. Blanket distribution, rangoli competition mark audit week celebrations (hindustantimes.com) Nov 22, 2022

Continuing with the celebrations, a major cleanliness campaign has been planned by the department and the same would be conducted in and around Sangam area and the office premises of the Indian Audit and Accounts department.

As part of the ongoing celebrations of “Audit Week” being observed by the Indian Audit and Accounts department from November 16 to 24, a rangoli competition was organised at the office of Principal Accountant General (Audit-1), Uttar Pradesh here on Monday.

The personnel of the department and their relatives participated in the competition. Abhilasha Jaiswal bagged first prize for her art work; Ayushi Jaiswal emerged as the first runner up and Archana Pandey and Yatika Mandal jointly bagged the third place in the competition. Deepika Tiwari and Swasti were awarded consolation prizes.

On Monday afternoon, blankets were also distributed under the “Samajik Sahbhagita Kraykram” by principal accountant general Bijay Kumar Mohanty at the Sangam.

Other senior officers of the department including accountant general (accounts and entitlement)-II, RK Solanki and senior deputy accountant generals as well as deputy accountant generals and other officers and employees of the office were also present.

Continuing with the celebrations, a major cleanliness campaign has been planned by the department and the same would be conducted in and around Sangam area and the office premises of the Indian Audit and Accounts department, informed assistant audit officer, Rajesh Kumar Tiwari. <https://www.hindustantimes.com/cities/others/blanket-distribution-rangoli-competition-mark-audit-week-celebrations-101669057257871.html>

9. Audit Day Celebrations: Gazala Abdullah delivers a lecture on ‘Dal Lake Conservation’ (onlykashmir.in) November 22, 2022

Week-long audit day celebrations aimed at spreading awareness among the local people and other stakeholders about the C&AG and its functioning continued at the office of the Principal Accountant General, Jammu and Kashmir, Srinagar. On Monday, Gazala Abdullah, DFO Srinagar talked about the works carried out by the Lake Conservation and Management Authority (LCMA) for the conservation of Dal Lake and its bowl-shaped catchment area. PCS Negi, Senior DAG, Ranjeet Singh, Senior DAG and other senior staff members of the office of Principal Accountant General, Jammu and Kashmir were present during the lecture.

Ms Gazala Abdulla, Project Officer, Watershed Management Division welcomed the Principal Accountant General's Office for joining hands with LCMA in conserving the Dal Lake, the heart of the Kashmir Valley. The officer talked about various water soil conservation initiatives such as increasing grassland area, use of check dams, promoting vermicomposting etc aimed at protecting the Dal Lake and its catchment area along with increasing the income of farmers in nearby areas thus leading to sustainable conservation of the ecosystem.

It was highlighted that along with conservation work taken up by the authority, the support of people at large is also required for sustainable conservation.

The program ended with a vote of thanks by PCS Negi, Senior DAG. Celebrations will continue till 22nd November and various other activities will be organised in the coming days.

"People should come forward for planting the trees. As a best social culture, people should plant a tree on the birth of a girl child and birthdays. This becomes the best memoir of life and a big contribution towards saving our mother earth"- Gazala Abdullah, DFO.

<https://onlykashmir.in/24194/audit-day-celebrations-gazala-abdullah-delivers-a-lecture-on-dal-lake-conservation/>

10. CAG Must Be Unbiased, Sensitive Not Mechanical: CM (deshabhimani.com) Nov 21, 2022

Thiruvananthapuram: CAG must be able to operate without fear or wish to grab limelight, said Chief Minister Pinarayi Vijayan. CAG bears the crucial responsibility of ensuring that government revenues and expenses are in line with established laws. Parliament and Assembly relies on findings of the CAG while making decisions - the all more important reason why it should never become afflicted by any sort of interest, said CM speaking at the inaugural of audit under the aegis of C and G Kerala Field Officers in the capital.

CAG enjoys constitutional protection and unlike several other establishments is not founded on "favour". This protection acts as armour to function competently and without bias. Although audit and assessment are beneficial elements, a section of officials are hesitant to act decisively. This has caused sort of paralysis in policy making at some point. If the malady becomes widespread, it will pull back progress of the country.

In the massive floods of 2018, everybody got together in model fashion for rescues and relief. However, some officials who took timely decisions so to reduce risk to lives, were subject to unfair criticisms, years later. One must remember that, such criticisms will have an effect on officials from departments that must potentially act on war footing.

Audits must be one that take into account the gravity and necessity of specific situation. A mechanical approach is not suited in this regard. If view of the audit departments is available at time of taking decision, it would prevent officials from backing off for the fear of potential problems, said CM.

The event was presided over by Opposition Leader VD Satheesan. Other speakers were: Minister KN Balagopal, MLAs E Chandrasekaran, Sunny Joseph, Principal Accountant General Dr. Biju Jacob, Principal AGG Sudharmini, Annie Cherian and NE Mathachan.

<https://www.deshabhimani.com/english/news/kerala/cag-must-be-unbiased-sensitive-not-mechanical-cm/7458>

11. Suwendu files PIL for audit of NREGS cards (*timesofindia.indiatimes.com*) Nov 22, 2022

Kolkata: BJP leader Suwendu Adhikari has filed a public interest litigation seeking an audit by the Comptroller & Auditor General of India (CAG) into job cards issued for MGNREGS (100-days' work) in rural Bengal.

In his petition, Adhikari cited a ministry of rural development report, which had pointed out that in some blocks of Bengal job cards issued exceeded the block population. He complained of state inaction even after the ministry wanted the district magistrate and block development officer to lodge FIRs in such cases.

The state sought time from a division bench of Chief Justice Prakash Shrivastava and Justice Rajarshi Bharadwaj to file its response. The bench fixed the next date of hearing on November 28. <https://timesofindia.indiatimes.com/city/kolkata/suwendu-files-pil-for-audit-of-nregs-cards/articleshow/95673161.cms>

SELECTED NEWS ITEMS/ARTICLES FOR READING

12. Govt monetises assets worth Rs 33,442 cr so far this FY; Coal Min raises Rs 17,000 cr (*financialexpress.com*) November 21, 2022

The government has monetised assets worth Rs 33,422 crore under the National Monetisation Pipeline (NMP) in 2022-23 so far, with the Coal Ministry leading the list by raising Rs 17,000 crore, and the Ports and Shipping Ministry surpassing its overall fiscal target, according to sources.

In 2021-22, the government surpassed the programme's first-year target of Rs 88,000 crore by completing transactions worth Rs 1 lakh crore.

Finance Minister Nirmala Sitharaman in a meeting with Niti Aayog CEO Parameswaran Iyer on November 14 reviewed the progress of NMP implementation.

Sources told PTI that according to the government's latest estimate, there is likely to be a shortfall of Rs 38,243 crore in realising the overall asset monetisation target of Rs 1,62,422 crore in 2022-23.

"Likely realisation from asset monetisation under NMP in the current fiscal has been now estimated at Rs 1,24,179 crore," they said.

According to sources, while the Ministry of Coal, the Ministry of Mines, and the Ministry of Ports and Shipping are likely to surpass the asset monetisation target, the Ministry of Road Transport and Highways, is on track to achieve the target.

The Ministry of Power, the Ministry of Railways, the Ministry of Civil Aviation, and the Ministry of Oil and Gas are likely to miss the target.

While the Ministry of Coal has so far achieved a monetisation value of Rs 17,000 crore, against an overall monetisation target of Rs 30,000 crore in 2022-23, the Ministry of Road, Transport and Highways has achieved a monetisation of Rs 4,100 crore against the overall target of Rs 32,855 crore in the current fiscal.

Sources said that the government is considering linking the budgetary support to ministries to monetisation.

Ministries have also been asked to achieve targets by identifying additional asset classes.

Sources said Gujarat, Maharashtra, Karnataka, Uttar Pradesh, Madhya Pradesh and Odisha have been identified as focus states with a monetisation base.

In these states, state highways and expressways, transmission networks, urban terminals and state warehouses are identified as potential assets. <https://www.financialexpress.com/economy/govt-monetises-assets-worth-rs-33442-cr-so-far-this-fy-coal-min-raises-rs-17000-cr/2872133/>

13. Indian municipalities and their finances (*moneycontrol.com*) Updated: November 22, 2022

The Reserve Bank of India (RBI) recently released its Report on Municipal Finances (RMF). The RBI has itself called RMF a “first of its kind” report; it’s the first analysis that aims to bridge the gap in public understanding of municipal finances.

RBI has published the report “with the objective of making it a regular annual publication.” This explainer helps understand the findings of the report and its significance for Indian economy.

What are municipal corporations?

In 1992, the 73rd and 74th Amendments of the Constitution added third layer of governance in India. Apart from governments at the central and state levels, the amendments added governments at the local level. The local-level governments were of two types – urban local governments for urban areas and panchayati raj institutions for rural areas. Further, urban local governments were divided into three types: municipal corporations, municipal councils and Nagar panchayats. Municipal corporations are for larger urban locations whereas municipal councils and Nagar Panchayats are for smaller locations and transition areas.

The constitution has also listed 18 functions of MCs as shown in the table below.

18 FUNCTIONS OF MCS

Urban planning including town planning.	Slum improvement and upgradation.
Regulation of land-use and construction of buildings.	Urban poverty alleviation.
Planning for economic and social development.	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
Roads and bridges.	Promotion of cultural, educational and aesthetic aspects.
Water supply for domestic, industrial and commercial purposes.	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
Public health, sanitation conservancy and solid waste management.	Cattle pounds; prevention of cruelty to animals.
Fire services.	Vital statistics include registration of births and deaths.
Urban forestry, protection of the environment and promotion of ecological aspects.	Public amenities including street lighting, parking lots, bus stops and public conveniences.
Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.	Regulation of slaughter houses and tanneries.

Source: RBI



What do we mean by municipal finances?

Municipal finances mean the budget of the urban local government which comprises receipts and expenditure. The RBI report analysed the budgets of 201 MCs. The latest data we have is for 2019-20, which is also marked as budgeted. The union and most state governments have presented the budgeted estimate for 2022-23. The revenue receipts are in the range of 0.6 to 0.7 percent of Gross Domestic Product (GDP) for three years. Within revenue receipts, transfer from state governments makes up the highest share.

The share of own tax revenues is around 31-34 percent and share of property tax is around 14 percent of the total receipts. The octroi/local body tax has been subsumed in the Goods and Services Tax (GST) which has made property tax an even more prominent source of revenue for urban bodies. Even so, Indian municipalities collect lower property taxes compared to other countries due to inefficient administration and poor governance.

REVENUE RECEIPTS OF THE MCS (% OF GDP)

	2017-18 (Actual)	2018-19 (Revised Estimates)	2019-20 (Budgeted Estimate)
Revenue Receipts	0.61	0.67	0.72
Own Tax Revenue	0.21	0.21	0.22
Of which: Property Tax	0.09	0.1	0.11
Own Non-Tax Revenue	0.18	0.19	0.23
Transfer from state governments	0.21	0.26	0.26

Source: RBI



In case of expenditure, total expenditure is 0.7 to 1.05 percent of GDP, which is higher than revenue receipts. Within expenditure, share of revenue expenditure has declined from 70 percent in 2017-18 to 58 percent in 2019-20. Within revenue expenditure, share of salaries has declined from 26 percent to 21 percent of revenue expenditure. Share of capital expenditure has risen from 30 percent to 42 percent.

TOTAL EXPENDITURE

	2017-18 (Actual)	2018-19 (Revised Estimates)	2019-20 (Budgeted Estimate)
Total Expenditure (I+II)	0.68	0.9	1.05
I Revenue Expenditure (A to G)	0.48	0.58	0.61
A Establishment Expenses	0.25	0.28	0.29
(i) Salary, Wages and Bonus	0.17	0.2	0.2
(ii) Pension	0.05	0.05	0.05
B Administrative Expenses	0.03	0.04	0.04
C Operational & Maintenance Expenses	0.11	0.14	0.15
D Interest and Finance Charges	0.01	0.01	0.01
E Programme Expenses	0.01	0.01	0.01
F Revenue Grants, Contributions and Subsidies	0.03	0.04	0.05
G Miscellaneous Expenses	0.06	0.07	0.06
II Capital Expenditure	0.2	0.32	0.44

Source: RBI



The union and state governments manage higher expenditure by borrowing from banks or issuing bonds. This option is highly limited for municipal corporations as their borrowing is

just 0.05 percent of GDP or just 6 percent of revenue receipts. Within borrowings, nearly 80 percent of the borrowings come from banks and state governments. The bond market comprises just 10 percent of the total borrowings, making it a largely untapped opportunity.

How do different municipalities rank in finances?

The municipal corporations in Delhi, Gujarat and Maharashtra collect the highest share of own tax revenue whereas the smaller states of Sikkim, Assam and Goa collect the least share of own tax revenue. The higher share of own tax revenues enables the municipal corporations of Delhi, Gujarat and Maharashtra to budget higher revenue expenditure compared to other counterparts. The municipal corporations in the states of Sikkim, Assam and Goa have both lower revenue and capital expenditure compared to counterparts in other states. In terms of borrowing, Municipalities in Telangna, Bihar and Maharashtra borrow the highest.

How do India's municipalities compare with rest of the world?

The research shows that municipalities dependent on grants from higher tiers of government are more vulnerable and inefficient. In some developed countries such as Switzerland and New Zealand, municipalities generate a higher share of around 80-90 percent from own taxes and non-tax revenue. There are other developed countries such as the United Kingdom and Italy whose municipalities rely more on grants from the state. Within emerging economies, China and South Africa generate around 60-70 percent of receipts from own taxes and non-tax revenue. The share of own tax and non-tax revenue in India's municipal corporations is around 40 percent, which is on the lower side.

What is the overall assessment of the RMF?

Despite the importance of urban local bodies in provision of public services, little attention has been paid to their functioning and even less to their finances. We saw the importance of local bodies during the pandemic, when most cities in India struggled to provide basic healthcare services. RMF shows that nearly all the municipal corporations in India are struggling financially and highly dependent on support from state and central governments. There is tremendous scope for development of a municipal bond market in India that could become an alternative source of funding. The RMF team has done a remarkable job of preparing and releasing the report as most of these entities do not keep proper records. The report has kickstarted the much-needed discussion on municipalities and their finances. <https://www.moneycontrol.com/news/business/mc-explains-indian-municipalities-and-their-finances-9578491.html>

14. Government to give additional funds for rural schemes to ease pain – Report ([moneycontrol.com](https://www.moneycontrol.com)) Updated: November 22, 2022

The Indian government will likely raise its allocation to the rural development ministry by 18% to 1.60 trillion Indian rupees (\$14.19 billion) for the current fiscal year, partly to bolster its job scheme, a top government source told Reuters.

India had allocated 1.36 trillion rupees for 2022/23 for various schemes in the hinterland, but the stress in rural areas has led to increased demand for the Mahatma Gandhi National Rural Employment Guarantee Scheme, or MNRGA, the country's only minimum job guarantee scheme, which pays \$2 to \$3 a day.

The additional funds will be used to bulk up job and affordable housing schemes in the fiscal year ending March 2023, said the official, who did not want to be named as the information is yet to be made public.

India's finance and rural development ministry did not immediately respond to requests for comments.

The government had initially budgeted 730 billion rupees for the job scheme and 200 billion rupees for the housing scheme. It has already spent 632.6 billion rupees on the jobs programme, according to the rural development ministry's website.

Coming out of the pandemic, the Asian country's rural areas were under stress, with rising prices and limited non-farm job opportunities forcing more people to sign up for the government's job scheme.

The rural unemployment rate has remained above 7% for the majority of the months in the current fiscal year that started on April 1, according to data from Centre for Monitoring Indian Economy (CMIE), a private think-tank.

The rural unemployment rate was 8.04% in October, according to CMIE.

The government is likely to seek approval for these additional funds in the next parliament session, which starts on Dec. 7. <https://www.moneycontrol.com/news/business/economy/government-to-give-additional-funds-for-rural-schemes-to-ease-pain-report-9580221.html>

15. Loss and damage fund, a tiny step forward at COP 27 ([thehindubusinessline.com](https://www.thehindubusinessline.com)) Updated: November 21, 2022

The recently concluded climate ministerial at Sharm-el-Shaikh was marked more by setbacks than gains. After two weeks of jawboning, COP 27 arrived at a consensus to create a loss and damage fund to make good the losses arising out of climate catastrophe. This breakthrough has taken time in coming, after having first being decided upon in 2013. Now, the funds are expected to follow, but the question remains on how loss and damage will be assessed, who will cough it up, and which countries can benefit from it.

The developed countries have been wary of this initiative, fearing that demands for compensation of loss could escalate into damages for historical responsibility for emissions. India supported the move, but is unlikely to benefit in terms of any money coming its way for extreme climate events. In fact, it would be lucky if it is not asked to contribute to the fund, with China being clearly in line for being asked to pitch in. The principle of 'common but differentiated responsibility' has not been spelt out for funding this body. The usual argument of current emitters being required to pay has been trotted out instead, but even here China, US and EU (27) are the top three, with India following.

The EU in particular has bemoaned that COP 27 marks a retreat from emission reduction goals. In fact, it seems that the target of curtailing global warming to 1.5 degrees Celsius over pre-industrial levels has virtually been shelved. This calls for reductions in global greenhouse gas emissions of 43 per cent by 2030 relative to the 2019 level, but the emission reduction plans of countries do not measure up. The Western countries have shown no indication of trying to

reduce their carbon footprint (which should include emissions generated elsewhere because of their consumption) or transferring funds and technologies to the rest. In fact, it is suspected that their contributions to ‘loss and damage’ will be set off against their existing, unmet commitments (of the order of \$100 billion a year). Climate finance remains pie-in-the-sky; it’s time to try something different.

At COP 27, the retreat on emissions was pronounced. India’s proposal, backed by the EU, to phase out all fossil fuels, not just coal, did not see the light of day, as oil and gas producing countries weighed in against it – besides actually pushing gas as a low emitting fuel. This turn of events seems linked to the Ukraine-war-induced spike in energy prices. If the war has incentivised coal and oil production, the demand for these fuels (besides their baseload power attribute) has also been triggered by the supply crunch in solar panels, owing to China’s zero Covid policy. While the IEA has said that the push to renewables will pick up because of the high energy costs, there can be no denying that, for now, renewables have taken a hit. Whether this situation prevails in COP 28 depends on whether the war carries on, and on how China’s economy shapes up. <https://www.thehindubusinessline.com/opinion/editorial/loss-and-damage-fund-a-tiny-step-forward-at-cop-27/article66164684.ece>

16. Army issues fast-track tenders to buy body cams, ballistic shields (newindianexpress.com) 22 November 2022

The Indian Army on Monday issued two requests for proposals (RFP) for fast-track procurement of 7,000 body-worn cameras (BWC) and 1,612 body shields with harness under emergency procurement.

The BWC is a small, audio/video recording device worn usually on the chest over the uniform to capture real time footage of a live operation. Whereas, the body shield is to protect the soldier and should have ambidextrous design and not weigh more than 21 kgs with a service life of five years. Both are to be procured through fast-track procedure. While the camera systems will be procured under the ‘Buy Indian’ category, the body shields would be under the ‘Buy Indian IDDM’.

The process of the fast-track procedure was started to meet the requirement of the equipment and systems which are urgently required by the forces. The Indian Army had recently issued RFPs for drones, loitering munitions and ballistic helmets.

The emergency procurement has been done under the financial powers given by the Ministry of Defence under which they can clear procurements up to Rs 300cr without any further clearance. There had been three occasions when the Army used the emergency procurement; in 2016, post Uri surgical strike, in 2019, Balakot strike and in 2020, during the standoff with China in Eastern Ladakh. 68 contracts worth Rs 6,000 were executed during this period. The fourth cycle of the EP is underway as told by General MK Pande recently.

For both procurements the prospective bidders have to submit their proposals by December 20. As per the Ministry of Defence the aim of the fast-track procedure is to ensure expeditious procurement for urgent operational requirements of the Armed Forces such as war, border security and critical situations. Fast track procedures may also be applied for cases where timelines of the normal prescribed procedure in procuring of operationally critical equipment is seen to be adversely impacting the capability and operational preparedness of the Armed

Forces. <https://www.newindianexpress.com/nation/2022/nov/22/army-issues-fast-track-tenders-to-buy-body-cams-ballistic-shields-2520804.html>

17. Much needs to be done to bolster our defences (*livemint.com*) November 21, 2022

Just 10 days before the 60th anniversary of the India-China war, General Manoj Kumar Pandey, Indian Army chief, said in a dialogue, "If I have to describe it in a single sentence, I will say that the situation is stable but unpredictable." It is obvious that despite the flourishing business and trade ties between the two nations, the border animosity with China is still going on. This enmity reminds us of the sacrifices of our jawans.

For a better understanding of this issue, let's travel back to the years 1947 to 1962. Jawaharlal Nehru, the country's first prime minister, received a timely warning from the army. Maj Gen D.K. Palit claims in his book Major General AA Rudra that Sir Robert Lockhart, the first commander-in-chief of independent India, presented Nehru with a thorough strategic plan for border security but was met with the stern response: "We don't need a defence plan. Our policy is ahimsa (non-violence). We foresee no military threat. Scrap the army! The police are good enough to meet our security needs." This was the consensus of the majority of the cabinet, with the exception of Krishna Menon. Morarji Desai, the finance minister, believed that increased military spending and modernization would kill Gandhi's dream.

The border conflict grew worse, starting in the late 1950s. The Dalai Lama was compelled to flee Lhasa after China occupied Tibet. India granted him refuge and acknowledged his government-in-exile in 1959. Rising tensions between India and China culminated in the war in October 1962. Some 7,000 Indian soldiers and officers were either killed or captured in the war. China also suffered losses of about 2,000 soldiers.

Nehru was so outraged by the attack that he sought help from US President John F. Kennedy. His uneasiness grew into restlessness as he wrote letter after letter to the Kennedy. Meanwhile, on 20 November, China declared a unilateral cease-fire. Its army returned from Tezpur in Assam, though it still occupied 38,000 square kilometres of our territory. We have yet to take it back.

New Delhi was in an unusual state before the conflict broke. Gen S. Thimayya led the country's army from 1957 to 1961, but his relationship with defence minister Krishna Menon was strained. He had even resigned at a point during this tension, but Nehru persuaded him to withdraw his resignation. Meanwhile, Marshal Ayub Khan, a friend and colleague of Gen Thimayya in colonial India, conducted a coup in Pakistan in 1958. Thereafter, Nehru felt the Indian military had to be brought under constitutional control if India's democracy were not to be jeopardized. He also accomplished this.

This raises the question whether democracy and sovereignty can be separated. Certainly not. However, there was a lack of coordination between the army brass and political leaders. Even top-ranking officers of the army were divided on many issues. In fact, in the growing democracy of our country, policy direction and a well-organized government structure could not take shape until then. This was not India's only hazard. Gen B.N. Kaul, who was close to Nehru, was the commander of NEFA (North-East Frontier Agency). He became ill amid the war and returned to Delhi, from where he led the army.

The question is whether the leaders who succeeded Nehru have learned any lesson from this chapter in Indian history.

Let us look at two major occurrences from the last nine years, as examples. The first is China's encroachment near Raki Nala in Dipsang in May 2013. New Delhi was successful in getting the People's Liberation Army to withdraw within a month through diplomatic means. Neither side fired a single round. China committed its next huge assault in the Galwan Valley of Ladakh in 2020. This time, the two sides engaged in a brutal battle. On the fateful evening of 15 June, 20 jawans were slain, including Commanding Officer Santosh Babu. China, as is customary, did not provide any details about its casualties. Though four soldiers were confirmed dead by its newspaper Global Times, Indian intelligence sources claim that number to be significantly higher.

The situation on our borders has been tense since then. There have been 16 rounds of negotiations between the two countries to defuse tensions, but no concrete results have been reported. This 30-month impasse raises many doubts. This month marks the 60th anniversary of the brutal conflict of 1962, but much work remains to be done to bolster our defences and free our territory from Chinese occupation.

It is reassuring that the country's current leadership is fully engaged and dealing with this sensitive issue appropriately. <https://www.livemint.com/opinion/columns/much-needs-to-be-done-to-bolster-our-defences-11668976210612.html>

18. India's GDP growth forecast continues to see cuts (*businessinsider.in*) November 21, 2022

India's GDP growth will slow down in the next calendar year of 2023, says a note released by Goldman Sachs. It has slashed GDP growth expectations to 5.9% next year, as compared to the 6.9% growth of 2022.

India's growth momentum will be affected by the fading effects of post-Covid reopening, coupled with higher borrowing costs, as per Goldman Sachs.

"Growth will likely be a tale of two halves, with a slower first half as the reopening boost fades, and monetary tightening weighs on domestic demand. In the second half, growth is likely to re-accelerate as global growth recovers, drag from net exports diminishes, and investment cycle picks up," said Goldman Sachs per a Bloomberg report.

Goldman Sachs expects the global economy to grow at 1.8%, as US resilience contrasts with a European recession, and a bumpy reopening in China. "Global growth slowed through 2022 on a diminishing reopening boost, fiscal and monetary tightening, China's Covid restrictions and property slump, and the Russia-Ukraine war," said a redacted version of Goldman Sachs report on November 16.

In the second week of November, Moody's too cut its India GDP growth forecast for 2022 to 7% from its earlier estimates of 7.7%. The rating agency has cited rising inflation coupled with high interest rates and a slowing global economy as the reasons behind the same.

However, Moody's pegged India's GDP growth rate at 4.8% for 2023 – much lower than that of Goldman Sachs' report.

On Monday, CRISIL cut its Indian GDP growth forecast for FY23 to 7% from 7.3% earlier. This agency too expects FY24 growth to slow down further to 6%.

RBI too revises estimates

CRISIL's estimates are in line with RBI's estimates which too revised its GDP growth estimates in September for the financial year 2022-23 from 7.2% to 7%.

For the first quarter of FY23, India's GDP grew at 13.5%. In spite of its double digit growth, it had missed many estimates, forcing agencies like SBI and Citibank to recalibrate their estimates for the financial year and the RBI was the latest to do so.

"While the real GDP growth in the first quarter of this year turned out to be lower than expectations, nonetheless it was 13.5% and perhaps the highest among the major global economies," RBI governor Shaktikanta Das said on September 30.

Like most central banks around the world, India too has hiked base interest rates four times this financial year on account of rising inflation. The base interest rate rose cumulatively by 1.9%, and now stands at 5.9%.

For the month of October, exports shrunk by 16.6%, while imports rose – expanding the country's current account deficit. The retail inflation cooled to a three-month low of 6.7%, but was however above the RBI's tolerance limit of 6%. Retail inflation had been above the RBI's comfort zone for the last ten months.

Q2 growth rate estimated at 6.5%: ICRA

Apart from macroeconomic effects, India's growth story is also affected by a myriad of factors including erratic monsoons and more. As per an ICRA report, India's pace of economic growth is expected to halve in the second quarter, as compared to the first. As per the rating agency's note, Q2 GDP growth is expected to be at around 6.5% – half of Q1 GDP growth.

"Economic activity in Q2 FY2023 benefitted from robust demand for contact-intensive services, healthy capital spending by the Government of India (GoI) and pre-festive season stocking of goods. The downsides arose from the mixed crop output trends revealed by the advance estimates of kharif production, adverse input cost movements for certain sectors with a higher fuel intensity, as well as the impact of the flagging external demand on non-oil merchandise exports," said the ICRA report.

The contribution of agriculture to the nation's growth is estimated at a modest rate of around 2.5% by ICRA for the quarter. "Untimely heavy rainfall in the North-west and Central India is likely to have added to the moisture levels of the standing crop, which poses some downside risks to the kharif output relative to first advance estimates," the ICRA report said.

However, ICRA's estimates are slightly higher than that of the Reserve Bank of India's estimates for the second quarter – at 6.3% in Q2; tapering further to 4.6% each in Q3 and Q4. <https://www.businessinsider.in/finance/news/indias-gdp-growth-forecast-continues-to-see-cuts/articleshow/95664894.cms>

19. Revised Personal Data Protection Bill: One step forward, one step back ([indianexpress.com](https://www.indianexpress.com)) Updated: November 22, 2022

After months of uncertainty, last week, the Union government released the revised version of the Personal Data Protection Bill for public comments. The Bill, now called the Digital Personal Data Protection Bill, 2022, comes three months after an earlier draft version of the Bill was withdrawn following considerable backlash over its onerous provisions. Some of the changes made in the latest version of the bill indicate a rethink on these provisions within the government. For instance, the revised Bill has dropped some of the more contentious rules that govern cross-border data flows after facing considerable opposition from Big Tech. There remain, however, some areas of worry. One concern centres over the independence and the extent of authority vested in the proposed Data Protection Board that will be tasked with overseeing compliance with the Bill. The other relates to the exemptions extended to government agencies from adhering to some of the provisions of the Bill.

The earlier version of the Bill had imposed stringent conditions on cross-border data flows. Companies were mandated to store a copy of “sensitive” personal data within India, while taking out “critical” personal data from the country was barred. The new draft makes a significant departure on this issue by not imposing any such requirements on firms. Companies do not have to store data exclusively in India. They can now transfer the data to countries which are listed by the government. However, on what basis the government chooses a particular country is not yet clear. Will it be determined by considerations other than privacy, such as trade and geopolitics? Notwithstanding that, easing the rules on data storage will be welcomed not only by Big Tech but also by the burgeoning start-up ecosystem in the country.

Some of the other aspects of the Bill, however, warrant greater introspection. Take for instance the proposal to set up a Data Protection Board. The board’s members and its chairperson will be appointed at the government’s discretion. This along with indications that the latest version ends up curtailing the board’s powers raise concerns over its independence. Equally contentious are the expansive exemptions that have been afforded to the government and its agencies with limited safeguards. The joint parliamentary committee, which had dwelt on the earlier version of the bill, had suggested that the exemption be provided under a “just, fair, reasonable and proportionate procedure”. However, as reported in this newspaper, this finds no mention in the revised draft. By simple notifications, government agencies can be exempted from the Bill’s provisions on grounds of national security. At a time of government overreach, these arguably contentious provisions, which will vest greater power with government as opposed to an independent statutory authority, need to be reexamined. <https://www.indianexpress.com/article/opinion/editorials/revised-personal-data-protection-bill-one-step-forward-one-step-back-8281546/>

20. Banks recover only 13% of Rs 10 Lakh Crore Loans Written off in Last 5 Years ([newslick.in](https://www.newslick.in)) 21 Nov 2022

Banks have recovered only 13% of a staggering amount of loans worth more than Rs 10 lakh crore loans written off in the last five years.

According to a right-to-information request filed by The Indian Express with the Reserve Bank of India (RBI), banks were able to recover just Rs 1,32,036 crore by writing off debts in the last five years. The write-off helped banks reduce their non-performing assets (NPAs) by Rs 10,09,510 crore.

The mega write-off, which would have been enough to eliminate 61% of the projected gross fiscal deficit of Rs 16.61 lakh crore for 2022–23, reduced NPAs to Rs 7,29,388 crore as of March 2022, the RTI revealed. According to the RBI, write-offs reduced NPAs by Rs 13,22,309 crore in the last 10 years.

“Following write-off, banks are expected to keep trying to recover the loan using a variety of strategies. They must also make provisions. As the written-off value is subtracted from the earnings, the tax obligation would also decrease,” according to Sanjay Agarwal, a banking analyst at Care Ratings.

When a loan’s principal payment is 90 days late, it becomes an NPA. Subsequently, it is written off when there is a negligible chance of recovery. Writing off a loan results in the removal of the NPA from the bank’s asset book is recorded as a loss. It also helps the bank in lowering both its NPAs and taxes.

A rough computation puts the entire amount of defaulted loans at Rs 16.06 lakh crore (including write-offs but excluding loans recovered through write-offs in five years). When write-offs are taken into account, the overall NPA ratio rises to 13.10% of loans from the banks’ stated 5.9%.

As expected, public sector banks reported the majority of write-offs, amounting to Rs 734,738 crore, or around 73% of the total, according to the RBI.

When asked about its write-off recommendations, the RBI said: “It may be noted that in a deregulated credit environment, banks have been advised to take credit-related decisions including waiving off bad loans as per their commercial assessment of the viability of the loans in accordance with their board approved policies subject to prudential norms issued by the RBI.”

The policy on loan recovery, according to the RBI’s reply to the RTI, must specify the means of collecting debts owed, the targeted level of reduction (period-wise), the standards for permitted sacrifice and waivers, the considerations to be made before considering waivers, decision-making levels, reporting to higher authorities, and the monitoring of write-off and waiver cases.

“Recovery might be years long. It’s been spaced out across many years,” added Agarwal.

The RBI didn’t disclose the top loan write-offs. “Information on borrower-wise loan write-off is not collected by us and, thus, not accessible to us,” the central bank said. Banks have written off several huge and minor NPAs throughout the years without disclosing the names of the debtors.

In the last five years, the NPAs of the State Bank of India (SBI) reduced by Rs 2,04,486 crore, Punjab National Bank (PNB) by Rs 67,214 crore, Bank of Baroda by Rs 66,711 crore ICICI Bank by Rs 50,514 crore.

According to an RBI explanatory note, banks regularly write down NPAs to balance their books. “However, a significant percentage of this write-off is technical in nature. Its main goals are to simplify the balance sheet and increase tax efficiency.”

Loans are “technically wiped off from the books at the head office in ‘Technically Written Off’ accounts but the right to recovery is not waived. Additionally, write-offs are often applied against the total amount of provisions made for such loans. The provisions made for those loans move back into the banks’ profit and loss accounts whenever they are recovered”, the note states. <https://www.newsclick.in/Banks-Recover-13%25-Rs-10-Lakh-Crore-Loans-Written-Last-5-Years>