

## **NEWS ITEMS ON CAG/AUDIT REPORTS (25.11.2022)**

### **1. Governor Purohit and Haryana Speaker Attends CAG Event at Lake Club ([face2news.com](http://face2news.com)) 25 Nov 2022**

Chandigarh: Director General (Central), Chandigarh, one of the field office of Comptroller General of India organized an Interaction with HoDs of various departments of UT & Government of India stationed at Chandigarh. Hon'ble Governor of Punjab and Administrator of Union Territory, Chandigarh, Sh Banwarilal Purohit, and Hon'ble Speaker, Haryana Vidhan Sabha, Sh Gian Chand Gupta, graced the occasion as Chief Guest and Guest of Honour, respectively. The Police band and the presence of Cavalry police personnel added a flavour of discipline to the evening.

This role of CAG has assumed greater importance as more and more budget is flowing to social sector Schemes to achieve 17 Millennium goals of UN to which India is also signatory along with already ongoing schemes of Govt. Sh. Sanjeev Goyal also said, "Monitoring and evaluation is major gap in implementation of schemes and C&AG as an organisation is focusing more and more on social programmes with the aim of advising the executive towards effective implementation of such programmes so that outcome envisaged are achieved in time."

The outreach and extent of Govt Schemes have increased multiple time mainly with use of Information Technology such as Direct Beneficiary Transfer platform, geo mapping etc. C&AG is also evaluating the impacts of such programmes by using latest tools for auditing in digital environment both in revenue and expenditure sides.

On 16th November, 2022; Hon'ble Vice President of India, Sh. Jagdeep Dhankhar ji inaugurated the Audit Diwas which is celebrated to mark the historic origin of the Institution of the Comptroller General of India & the contribution it has made to the good governance, transparency & accountability over the past several years. It commemorates the day the first Auditor General took charge of CAG's office in 1860. Over the period, the role of the CAG has evolved to assume wider responsibilities to strengthen democracy & governance of the Country.

CAG of India is the apex authority responsible for audit of the receipt and expenses of the Central and State Governments. It is established in accordance with Article 148 of the Constitution of India and is the statutory auditor of Government owned Corporations. It also conducts supplementary audits of government companies where the Government is having equity share of 51% or higher. <http://www.face2news.com/news/84231-governor-purohit-and-haryana-speaker-attends-cag-event-at-lake-club-.aspx>

## राष्ट्र निर्माण में सीएजी की भूमिका की सराहना

चंडीगढ़, लोकसत्त्व

भारत के नियंत्रक जनरल के क्षेत्रीय कार्यालय चंडीगढ़ में स्थित केंद्र शासित प्रदेश और भारत सरकार के विभिन्न विभागों के विभागाध्यक्षों के साथ विचार मंथन हुआ। जिसमें पंजाब के राज्यपाल और केंद्र शासित प्रदेश चंडीगढ़ के प्रशासक बनवारीलाल पुरोहित और अध्यक्ष, हरियाणा विधानसभा ज्ञान चंद गुप्ता ने क्रमशः मुख्य अतिथि और विशिष्ट अतिथि के रूप में शिरकत की। पुलिस बैंड और कैवलरी पुलिस कर्मियों की उपस्थिति ने कार्यक्रम को और भी अनुशासित बना दिया।

पंजाब के राज्यपाल और केंद्र शासित प्रदेश, चंडीगढ़ के प्रशासक बनवारीलाल पुरोहित ने उत्कृष्ट एवं बहुमूल्य सेवाओं के लिए स्टाफ सदस्यों की सराहना की। उन्होंने राष्ट्र निर्माण में सीएजी और उसके



कार्यालयों की भूमिका पर भी चर्चा करते हुए प्रशंसा की। संजीव गोयल, महानिदेशक (केंद्रीय) ने दोहराया कि यह आयोजन हितधारकों को लेखापरीक्षा के तेजी से बदलते परीक्षा क्षेत्रों के बारे में अवगत कराने के लिए किया गया है, यानी भारत सरकार के

विभिन्न कार्यक्रमों और योजनाओं के कार्यान्वयन में गलती खोजने वाले से भागीदार बनने के लिए आसान बदलाव।

सीएजी की इस भूमिका ने और अधिक महत्व प्राप्त कर लिया है क्योंकि अधिक से अधिक बजट संयुक्त राष्ट्र के 17 सहस्राब्दी

लक्ष्यों को प्राप्त करने के लिए सामाजिक क्षेत्र की योजनाओं में प्रवाहित हो रहा है, जिसमें भारत सरकार की पहले से चल रही योजनाओं के साथ-साथ भारत भी हस्ताक्षरकर्ता है। संजीव गोयल ने यह भी कहा, "योजनाओं के कार्यान्वयन में निगरानी और मूल्यांकन प्रमुख अंतर है और एक संगठन के रूप में सीएजी सामाजिक कार्यक्रमों पर अधिक से अधिक ध्यान केंद्रित कर रहा है, जिसका उद्देश्य कार्यपालिका को ऐसे कार्यक्रमों के प्रभावी कार्यान्वयन की सलाह देना है ताकि परिकल्पित परिणाम समय पर प्राप्त हो सकें।

मुख्य रूप से सूचना प्रौद्योगिकी जैसे प्रत्यक्ष लाभार्थी हस्तांतरण मंच, जियो मैपिंग इत्यादि के उपयोग के साथ सरकारी योजनाओं की पहुंच और सीमा में कई गुना वृद्धि हुई है। सीएंडएजी राजस्व

और डिजिटल वातावरण में ऑडिटिंग के लिए नवीनतम उपकरणों का उपयोग करके ऐसे कार्यक्रमों के प्रभावों का मूल्यांकन भी कर रहा है।

ज्ञात हो, 16 नवंबर, 2022 को भारत के उपराष्ट्रपति जगदीप धनखड़ ने लेखा परीक्षा दिवस का उद्घाटन किया था, जो भारत के महानियंत्रक संस्थान की ऐतिहासिक उत्पत्ति और पिछले कई वर्षों में सुशासन, पारदर्शिता और जवाबदेही के लिए किए गए योगदान को चिह्नित करने के लिए मनाया जाता है। यह उस दिन को याद करता है जब 1860 में पहले महालेखापरीक्षक ने सीएजी के कार्यालय का कार्यभार संभाला था। इस अवधि के दौरान, सीएजी की भूमिका देश के लोकतंत्र और शासन को मजबूत करने के लिए व्यापक जिम्मेदारियों को संभालने के लिए विकसित हुई है।

<https://epaper.loksatya.com/pagezoomsinwindows.php?id=36288&boxid=848238472&cid=4&edcode=74>

### 3. राज्यपाल बनवारी लाल पुरोहित ने हरियाणा स्पीकर ज्ञान चंद गुप्ता के साथ चंडीगढ़ के लेक क्लब में CAG कार्यक्रम में की शिरकत (dainiksaveratimes.com) 24 Nov 2022

चंडीगढ़: चंडीगढ़ महानिदेशक (केंद्रीय) भारत के नियंत्रक जनरल के क्षेत्रीय कार्यालयों में से एक ने चंडीगढ़ में स्थित केंद्रशासित प्रदेश और भारत सरकार के विभिन्न विभागों के विभागाध्यक्षों के साथ एक विचार-

विमर्श का आयोजन किया। पंजाब के राज्यपाल और चंडीगढ़ के प्रशासक बनवारीलाल पुरोहित और हरियाणा विधानसभा अध्यक्ष ज्ञान चंद गुप्ता ने क्रमशः मुख्य अतिथि और विशिष्ट अतिथि के रूप में शिरकत की।

राज्यपाल बनवारीलाल पुरोहित ने उत्कृष्ट स्टाफ सदस्यों को उनकी बहुमूल्य सेवाओं के लिए सराहना का टोकन दिया और राष्ट्र निर्माण में सीएजी और उसके कार्यालयों की भूमिका की सराहना की। महानिदेशक संजीव गोयल ने दोहराया कि यह आयोजन हितधारकों को लेखापरीक्षा के तेजी से बदलते परीक्षा क्षेत्रों के बारे में अवगत कराने के लिए किया गया है, यानी भारत सरकार के विभिन्न कार्यक्रमों और योजनाओं के कार्यान्वयन में गलती खोजने वाले से भागीदार बनने के लिए आसान बदलाव।

सीएजी की इस भूमिका ने और अधिक महत्व प्राप्त कर लिया है क्योंकि अधिक से अधिक बजट संयुक्त राष्ट्र के 17 सहस्राब्दी लक्ष्यों को प्राप्त करने के लिए सामाजिक क्षेत्र की योजनाओं में प्रवाहित हो रहा है, जिसमें भारत सरकार की पहले से चल रही योजनाओं के साथ-

साथ भारत भी हस्ताक्षरकर्ता है। श्री संजीव गोयल ने यह भी कहा,

"योजनाओं के कार्यान्वयन में निगरानी और मूल्यांकन प्रमुख अंतर है और एक संगठन के रूप में सीएजी सामाजिक कार्यक्रमों पर अधिक से अधिक ध्यान केंद्रित कर रहा है, जिसका उद्देश्य कार्यपालिका

को ऐसे कार्यक्रमों के प्रभावी कार्यान्वयन की सलाह देना है ताकि परिकल्पित परिणाम समय पर प्राप्त हो सकें।”

उपराष्ट्रपति जगदीप धनखड़ ने 16 नवंबर को लेखापरीक्षा दिवस का उद्घाटन किया जो भारत के महा नियंत्रक संस्थान की ऐतिहासिक उत्पत्ति और पिछले कई वर्षों में सुशासन, पारदर्शिता और जवाबदेही के लिए किए गए योगदान को चिह्नित करने के लिए मनाया जाता है। यह उस दिन को याद करता है जब 1860 में पहले महालेखापरीक्षक ने सीएजी के कार्यालय का कार्यभार संभाला था। इस अवधि के दौरान, सीएजी की भूमिका देश के लोकतंत्र और शासन को मजबूत करने के लिए व्यापक जिम्मेदारियों को संभालने के लिए विकसित हुई है। भारत का CAG केंद्र और राज्य सरकारों की प्राप्तियों और खर्चों की लेखापरीक्षा के लिए जिम्मेदार शीर्ष प्राधिकरण है। यह भारत के संविधान के अनुच्छेद 148 के अनुसार स्थापित किया गया है और सरकारी स्वामित्व वाले निगमों का वैधानिक लेखा परीक्षक है। यह उन सरकारी कंपनियों का सप्लीमेंट्री ऑडिट भी करता है, जहां सरकार की इक्विटी हिस्सेदारी 51% या उससे अधिक है। <https://dainiksaveratimes.com/2022/11/24/governor-banwarilal-purohit-along-with-haryana-speaker-gyan-chand-gupta-attended-the-cag-event-at-lake-club-chandigarh/>

#### **4. Transparency must for good governance: PAG Sellate (*e-pao.net*) Nov 24, 2022**

Imphal: Public Account Committee, Committee on Public Undertakings and Legislatures have a huge role to play in maintaining transparency and accountability in government machineries, principal accountant general (A&E) John K Sellate has stated.

He made the statement at the closing function of Audit Week 2022 organised jointly by Principal Accountant General (A&E), Manipur and Principal Accountant General (Audit), Manipur at the office complex of Principal Accountant General, Babupara here on Thursday.

John K Sellate called for re-dedicating the responsibilities and commitments assigned to the office to maintain transparency, accountability and promote good governance, in addition to preparation of pensions, GPF of state government employees and payslips for gazette officers.

He then urged for remembering the importance of audit in providing insight and oversight to utilisation of public funds, through accounting and auditing services Recalling that the institution of the Auditor General of India first came into being in 1860 and re-designated as Comptroller General of India by the Constitution after India became a republic in 1950; he highlighted the important role the Indian Parliamentary Democracy has assigned to CAG and the Public Account Committee (PAC) and Committee on Public Undertakings (COPU) of the legislature.

He continued: "The legislature carries the will and the aspiration of the people and thus, has the responsibility of maintaining openness, accountability and promotion of integrity promote in the state's finance management.

The government has a constitutional obligation to prepare and present a budget for approval by the legislature.

In addition, the legislature has the power to control government expenses as a budget sanctioning authority.

Thus, an inquiry could be initiated on misuse of public funds based on CAG reports.

"Meanwhile, the executive has a responsibility of providing good governance and public services to the citizens.

CAG and the executive serve as a critical link between the legislature and the people.

Thus, there is the need for accountability, transparency, credible institutional and administrative process to maintain a long-term, sustainable socio-economic growth.

Auditees must, therefore, interact with different stakeholders to strengthen the relationship," he stressed.

John then emphasised on the importance of proper and efficient utilisation of public funds, as this help increase the credibility of the government.

Presently, almost all information can be obtained through RTI.

The true example of good governance in a democratic society is providing the proper and right public services, and maintaining transparency and accountability, he said and urged for concerted efforts to help achieve the same.

The function was also attended by retired IAS RK Nimai; social scientist Dr Dhanabir Laishram; MPSC chairman L Angamchand; Manipur principal accountant general (Audit) Athikho Chalai and Office of CAG of India director general (NER) JPN Singh as presidium members. <http://e-pao.net/GP.asp?src=37..251122.nov22>

##### **5. CM stresses need to audit govt. accounts (*thehindu.com*) November 24, 2022**

**PUDUCHERRY:** Stressing the importance of auditing government accounts, Chief Minister N. Rangasamy on Thursday said auditing agencies should give suggestions to implement public-oriented policy measures.

"We have seen, on certain occasions, officials getting penalised for making slight deviations in rules while implementing schemes meant for public welfare. The auditors should give suggestions on implementing schemes," he said, while participating in 'Audit Diwas', organised by the Office of the Principal Accountant General (Audit-11).

The Chief Minister said auditing of accounts was an important part of governance. Improper spending could bring the government into disrepute. Officials should take the suggestions given by auditing agencies in a constructive way, he said.

Speaker R. Selvam, Chairman of the Public Accounts Committee K.S.P alias S. Ramesh, Government whip A.K.D Arumugham, Director General of Police, Manoj Kumar Lal and Principal Accountant General, Tamil Nadu and Puducherry, K. P Anand were also present.

Earlier in the day, Mr. Selvam participated in a walkathon organised as part of the celebrations on Beach Road. <https://www.thehindu.com/news/cities/puducherry/cm-stresses-need-to-audit-govt-accounts/article66178674.ece>

**6. HC sets limestone export condition, dismisses PIL ([theshillongtimes.com](https://theshillongtimes.com)) 25 Nov 2022**

SHILLONG, Nov 24: The High Court of Meghalaya on Thursday disposed of a PIL by directing the state to not allow the export of limestone mined or quarried by persons under a minor mineral licence by obtaining regular end-use certificates from the licensees, verifying the same and presenting annual reports for cross-verification by the office of the accountant-general (AG) under the aegis of the Comptroller and Auditor-General of India.

The Court said this process will continue for the next 10 years unless interdicted by an express order of a competent court.

“For the state’s conduct in the issuance of a minor mineral licence for limestone used for export thereof, the State will pay damages assessed at Rs 2 crore, which will go towards the purchase of additional equipment for cancer treatment at the specialised unit therefor installed at the Civil Hospital, Shillong,” the Court said.

It further said the AG will audit and verify the purchase of equipment exclusively from the damages awarded and not from the funds that may otherwise be made available by the state to the relevant unit.

Such money has to be put in by the end of January 2023, the court said.

In view of the state’s affidavits indicating that the loopholes upon the introduction of Rule 2(u) in the Rules of 2016 have been plugged, the state was directed to ensure that large-scale limestone “incidentally” extracted is not dealt with without its reference.

The state should indicate by formulating a rule in such regard, specifying a much lower threshold of up to 50 MT of minor mineral being incidentally extracted, but any quantum in excess thereof, even if it is incidentally extracted, would have to be made over to the state, the court said.

“At the end of the day, the state is in the position of a trustee protecting the natural resources of the state in the interest of its people and for their benefit. The rule would apply more strictly in this state almost completely governed by the Sixth Schedule to the Constitution where the land and the resources under the land have been recognised to be the property of the tribes and their tribal folk. The state has a duty to ensure the preservation of a precious natural resource for future generations rather than exhaust the entire deposits over one or two Assembly terms,” the court added.

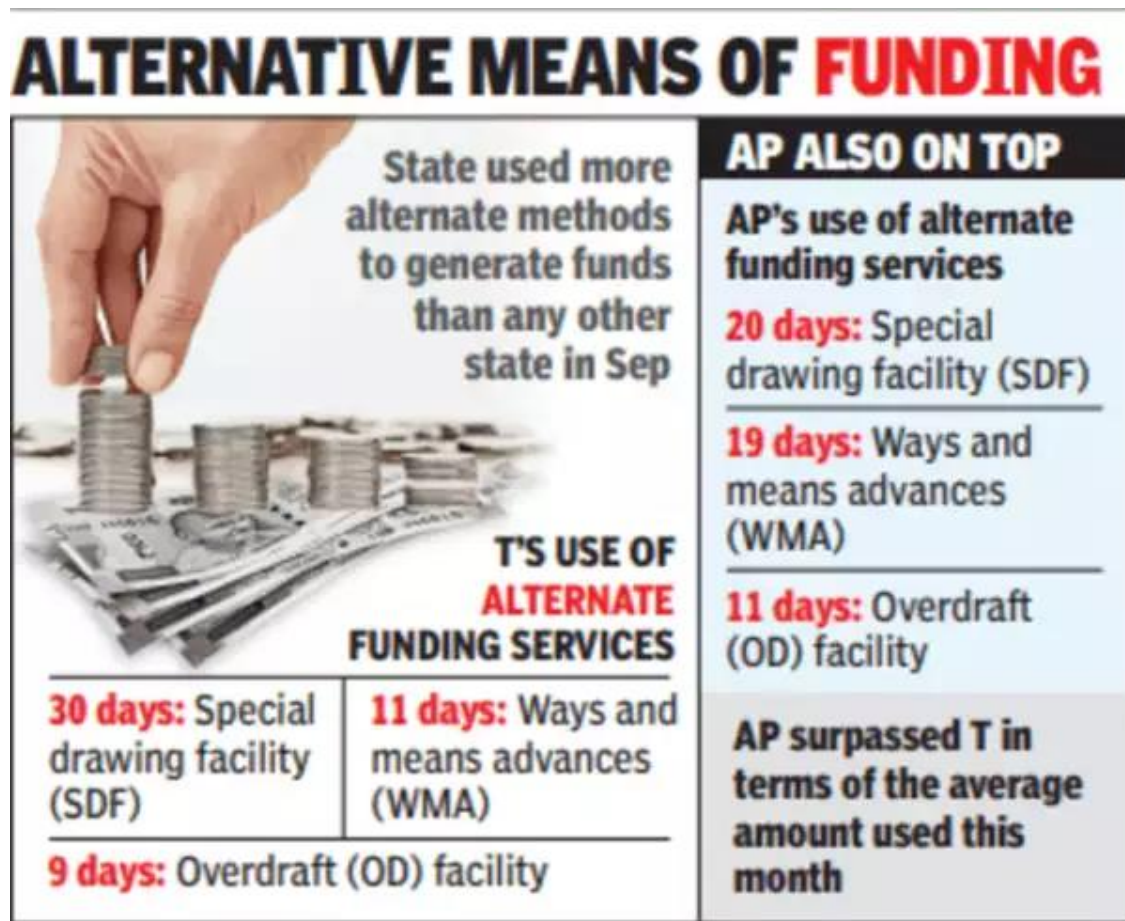
The court said it is laughable that a genuine limestone mining lessee engaged in exporting the mineral would support the state’s cause, as the applicant has purported to do, though obtaining a minor mineral licence costs the licensee much more than obtaining a major mineral licence for the same purpose. <https://theshillongtimes.com/2022/11/25/hc-sets-limestone-export-condition-dismisses-pil/>



**7. Special advances, overdrafts keep Telangana coffers afloat** ([timesofindia.indiatimes.com](https://timesofindia.indiatimes.com)) 25 Nov 2022

HYDERABAD: Due to the severe funds crunch, Telangana is depending upon alternative means of fund mobilisation. In September, the state used the special drawing facility (SDF) for 30 days, more than any other state, and ways and means advances (WMA) for 11 days - also more than any other state. Not just this, Telangana had to rely on the overdraft (OD) facility for nine days in September this year.

This month, the state has withdrawn an average of 986 crore as SDF, 1,177 crore as WMA and 662 crore as OD. Neighbouring Andhra Pradesh is also at the top of the list, having used 20 days of SDF and 19 days of WMA. But, unlike Telangana, AP relied on OD and used the facility for 11 days in September.



However, in terms of the average amount used, AP surpassed Telangana. AP used 1,527 crore as WMA and 1,340 crore as OD. Among southern states, Karnataka and Tamil Nadu availed these special means this month, but Kerala availed SDF for six days (116 crore) and WMA (573 crore) for four days, sources said.

States can obtain an OD from the RBI if their daily cash balance falls below the limit set by the apex bank and they have exhausted all other options, including SDF. The RBI extends the SDF and normal WMA to state governments to help them weather temporary cash flow shortfalls. However, it still indicates the government's growing reliance on WMA.

States must maintain a daily cash balance of 1.38 crore, as required by the RBI. And in 2020, the state only kept it for 197 days out of the year, indicating the severe fund strain, sources said.

The CAG also noted an important discrepancy between budget estimates and actuals submitted at the end of the fiscal year 2020. It has been suggested that the finance department rationalise the budget preparation process in order to reduce the gap between budget estimates and actuals. <https://timesofindia.indiatimes.com/city/hyderabad/special-advances-overdrafts-keep-telangana-coffers-afloat/articleshow/95752446.cms?from=mdr>

### **SELECTED NEWS ITEMS/ARTICLES FOR READING**

**8. Govt sees GDP growth dipping below the RBI forecast** ([livemint.com](https://www.livemint.com)) Updated: 25 Nov 2022

Government expects external shocks and high interest rates to hit economy, making budget-making for FY24 even more challenging.

The government expects India's economic growth to slow to 6.5% in the current fiscal year because of external shocks and monetary policy tightening, a government official said.

The pace is slower than the Reserve Bank of India's latest projection of 7% GDP growth. In fact, the Centre expects growth to slow down further in 2023-24 amid global recession fears, making budget-making for FY24 even more challenging for policymakers.

Slowing growth may prompt finance minister Nirmala Sitharaman to balance laying a road map for fiscal consolidation with growth-stimulating measures in the coming budget, expected to be announced on 1 February. It will be this government's last full budget before the 2024 general election.

Queries emailed to a spokesperson for the finance ministry on Thursday morning remained unanswered till press time.

The national statistical office will release the second quarter GDP numbers on 30 November. The GDP expanded at a slower-than-expected 13.5% in the first quarter, and most economists have pegged the second quarter numbers at close to 6.5%.

Moody's Analytics, in its latest APAC Outlook on Thursday, projected that India is headed for slower growth in 2023, in line with its long-term potential. It cautioned that if inflation persists, the Reserve Bank of India (RBI) will increase the repo rate above 6%, causing GDP to falter.

RBI, in its 30 September policy meeting, lowered the GDP growth forecast to 7% from the 7.2% estimated earlier. It had hiked the repo rate for the fourth straight time by 50 basis points, taking the policy rate to a three-year high of 5.9%.

The Centre's forecast is in line with the World Bank's latest projection, which sharply cut growth forecast for FY23 by 100 basis points to 6.5% last month, attributing it to spillovers from the Russia-Ukraine war and the global monetary policy tightening.

The International Monetary Fund also cut India's growth forecast for this fiscal to 6.8% last month from its earlier projection of 7.4%. The higher-than-expected nominal GDP will, however, help the Centre achieve the fiscal deficit ratio target of 6.4% of GDP.

In the monthly economic review on Thursday, the finance ministry cautioned that a rapid deterioration in global growth prospects, coupled with high inflation and worsening financial conditions, has increased fears of an impending global recession. Devendra Kumar Pant, chief economist of India Ratings and Research, said demand recovery appears weaker than expected if one looks at volume growth of fast-moving consumer goods firms in the second quarter of FY23.

"A large part of weaker demand recovery is due to persistently high inflation, leading to rural wage growth being negative for the most part of this fiscal," Pant said. "Inflation is the biggest risk, which will slow demand growth further, leading to a weaker economic growth scenario in FY24."

Madan Sabnavis, chief economist of Bank of Baroda, said GDP growth in FY23 will be higher at 6.8%, aided by the recovery in the services sector, even though there will be downward pressure due to lower corporate performance.

"The only way growth can be spurred in FY24 is higher capex, but there will not be much room as tax buoyancy will be lower, with inflation coming down. There will probably be an increase of not more than ₹50,000-75,000 crore next year in capex," Sabnavis said.

The government remains concerned about the widening current account deficit, which may put further pressure on the rupee, which had breached the 83 mark last month against the dollar.

It has now strengthened to 81.7 against the dollar. Economists expect CAD to touch 3% of GDP in the current fiscal from 1.2% of GDP last year. India's exports contracted for the first time in 19 months by nearly 17% in October.

"While we have pegged the current account deficit at \$130 billion for this year, given the sharp increase in the trade deficit, it may moderate slightly next year due to the global slowdown and the expected decline in commodity prices," said Suman Chowdhury, chief analytical officer, Acuité Ratings & Research.

Sabanvis, however, said that the current account deficit would continue to strain the external account as the export growth of both goods and services will be under pressure.

"With the GDP nominal number also coming down due to lower inflation, the ratio will tend to remain high. We may expect a number upwards of 3% for the second successive year," he added. <https://www.livemint.com/news/india/centre-sees-economic-growth-in-fy23-at-65-11669315374665.html>

## **9. RBI's Report on Municipal Finances Highlights the Inadequate Revenues of ULBs ([factly.in](https://www.factly.in)) November 25, 2022**

The Reserve Bank of India (RBI) has been publishing reports on financial statistics related to the Central and State Governments on a regular basis. However, despite being a crucial tier in India's three-tier governance system, data pertaining to the finances of the local governments



is not published by the central bank due to the lack of consolidated data on local governments. Local governments include municipal corporations (MCs), municipal councils, municipalities/Nagar panchayats and Panchayati raj institutions. In order to address this gap in data availability, RBI recently released a report on municipal finances. This is the maiden report on municipal finances which shall be published regularly on an annual basis. Going forward, RBI will also be including municipal finances in its general government statistics. RBI has also stated that efforts will be made to broaden the coverage of local governments in the general government statistics on an ongoing basis.

Local self-governance was introduced in India through 73rd & 74th amendment to the Constitution in 1992

The 73rd and 74th amendments were made to the Indian Constitution in 1992 through which multiple powers & functions were devolved to the local governments. Functions were devolved separately for urban and rural India- Urban Local Bodies (ULBs) and the Panchayati Raj Institutions (PRIs), respectively. Urban Local governments include municipal corporations, municipal councils, and Nagar panchayats. While municipal corporations are for larger urban localities with a population of more than one million, municipal councils and Nagar panchayats govern smaller urban agglomerations and transition areas. Through the 74th amendment, Schedule 12 provides a list of 18 functions that the State governments may assign to the municipalities.

<b>12 TWELFTH SCHEDULE</b> (Article 243W)	
1.	Urban planning including town planning.
2.	Regulation of land-use and construction of buildings.
3.	Planning for economic and social development.
4.	Roads and bridges.
5.	Water supply for domestic, industrial and commercial purposes.
6.	Public health, sanitation conservancy and solid waste management.
7.	Fire services.
8.	Urban forestry, protection of the environment and promotion of ecological aspects.
9.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10.	Slum improvement and upgradation.
11.	Urban poverty alleviation.
12.	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13.	Promotion of cultural, educational and aesthetic aspects.
14.	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15.	Cattle pounds; prevention of cruelty to animals.
16.	Vital statistics including registration of births and deaths.
17.	Public amenities including street lighting, parking lots, bus stops and public conveniences.
18.	Regulation of slaughter houses and tanneries.]

## Municipal finance does not get enough attention despite its significance

Municipal finance refers to the budget, revenue, and expenditure of these municipal corporations. This is an important factor to be considered since it aids the local government to plan, mobilize, and utilize financial resources to provide services for the welfare of citizens, alongside developmental & infrastructural activities. Yet, this is not given enough attention, especially when the role of municipal corporations is becoming critical as India's urban population is nearing 500 million.

In the RBI report, the budgetary data of 201 municipal corporations for the three years ending 2019-20 has been compiled. The revenue receipts of municipal corporations include tax revenues, non-tax revenues, assigned (shared) revenue, grants-in-aid, loans, etc. The expenditure incurred by the municipal corporations can be classified as Revenue expenditure and Capital expenditure. Revenue expenditure includes establishment expenditures, administrative expenditures, operations and maintenance expenditures and interest payments on loans, etc.

### Indian municipal corporations' revenue receipts are only 0.6 – 0.7% of GDP

According to RBI's analysis of the sample, the revenue receipts of municipal corporations are estimated at 0.61% of GDP in 2017-18 and increased to 0.72% of GDP in 2019-20.

Own tax revenue, comprising property tax, water tax, toll tax and other local taxes, accounted for 31-34% of total revenue during the three years considered in the study. Further, there were large variations in the municipal corporations in Delhi, Gujarat, Maharashtra, Chandigarh, and Chhattisgarh which collected more tax as compared to other states. Property tax has become a prominent source now as other taxes such as octroi and local body tax (which were the major source of revenue in Maharashtra and Gujarat), have been subsumed in GST.

Non-tax revenue accounted for around 30% of total revenue receipts. Fees and user charges account for the highest share of non-tax revenue followed by income from investment, mainly in the form of interest earned and dividends, rental income from municipal properties, and sale and hire charges.

	2017-18 (A)	2018-19 (RE)	2019-20 (BE)
<b>Revenue Receipts</b>	<b>0.61</b>	<b>0.67</b>	<b>0.72</b>
Own Tax Revenue	0.21	0.21	0.22
<i>Of which: Property Tax</i>	0.09	0.10	0.11
Own Non-Tax Revenue	0.18	0.19	0.23
Transfer	0.21	0.26	0.26

A: Accounts; RE: Revised Estimates; BE: Budget Estimates  
Source: Municipal Corporations.

### Total expenditure has increased to 1.05% of GDP in 2019-20

The total expenditure of these MCs was 0.68% of the GDP in 2017-18 which increased to 0.9% in 2018-19, and 1.05% in 2019-20. The share of revenue expenditure increased from 0.48% to 0.6% of GDP and the share of capital expenditure increased from 0.2% to 0.44% of GDP. As a share of total expenditure, the revenue expenditure dropped from 70% in 2017-18 to 58% in 2019-20 while that of capital expenditure increased from 30% of total expenditure in 2017-18 to 42% in 2019-20. The share of capital expenditure has huge variations among states- from less than 10% in Delhi to around 80% in Sikkim & Jharkhand.

<b>Table II.4: Expenditure of Municipal Corporations</b>			
<i>(Per cent of GDP)</i>			
	<b>2017-18 (A)</b>	<b>2018-19 (RE)</b>	<b>2019-20 (BE)</b>
<b>Total Expenditure (I+II)</b>	<b>0.68</b>	<b>0.90</b>	<b>1.05</b>
<b>I Revenue Expenditure (A to G)</b>	<b>0.48</b>	<b>0.58</b>	<b>0.61</b>
A Establishment Expenses	0.25	0.28	0.29
<i>Of which:</i>			
(i) Salary, Wages and Bonus	0.17	0.20	0.20
(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
<b>II Capital Expenditure</b>	<b>0.20</b>	<b>0.32</b>	<b>0.44</b>

A: Accounts; RE: Revised Estimates; BE: Budget Estimates.  
Source: Municipal Corporations.

## **Borrowings account only for a minute share of GDP**

Gross municipal borrowings account for only less than 0.05% of GDP for all municipal corporations. It was around 6% of the total receipts of municipal corporations at the national level. The share of borrowings as a proportion of total receipts was higher in Telangana, Bihar, and Kerala. Again, a large share of these borrowings is raised by a few large metropolitan corporations. For instance, in Telangana, the Greater Hyderabad Municipal Corporation (GHMC) alone accounts for more than 90% of the total municipal borrowings.

## **India's Municipal Finances has been unsatisfactory since decades**

The state of India's Municipal Finances has been unsatisfactory since decades. Even after institutional amendments were made in 1992, there has been no considerable improvement in the finance of the municipal corporation. RBI's analysis of municipal finances for the period 2017-18 to 2019-20 reveals that the combined budget size of the municipal corporations in India is much smaller than that of the Central and State governments. The composition of municipal revenue in India has changed considerably over time, with increased reliance on transfers. Also, the ratio of revenue expenditure to capital expenditure is lower than that of the Centre and States.

## **India lags BRICS and OECD members with respect to municipal finances**

The report also noted that Indian cities are far behind in being able to generate the resources required for providing good quality infrastructure and services to their citizens and lack financial autonomy. India lags the levels achieved by OECD and other BRICS countries. The local governments in major economies like Australia, Belgium, Canada, France, New Zealand, Spain, Sweden, Switzerland, etc. were mainly dependent on their own tax and non-tax revenue sources while those in Austria, Greece, Ireland, Lithuania, Mexico, Netherlands, Turkey, United Kingdom, etc. were dependent on grants from the general government. Switzerland, Iceland, and Australia generated over 80% of their revenue through tax and non-tax sources.

Among the BRICS nations, the local governments in Brazil and Russia depended on general government grants whereas China and South Africa generated their own tax and non-tax revenues. Both China and South Africa generated more than 50% of revenue through tax and non-tax sources while India generated only about 40% through these sources.

The report suggests that the increase in urban infrastructure in India has not been on par with the pace of urbanisation as is evident in the performance of the urban local bodies. The dependence on the devolution of taxes and grants from the upper tiers has risen over the years. Alternative sustainable resource mobilization through municipal bonds may be explored as per the report.

## **India should invest USD 840 billion over the next 15 years as per World Bank**

According to a new World Bank report's estimates, India will have to invest USD 840 billion over the next 15 years, or an average of USD 55 billion per annum into urban infrastructure to effectively meet the needs of its fast-growing urban population. About 40% of the population is expected to live in cities by 2036 which will add more pressure on the already stretched urban infrastructure and services such as clean drinking water, power supply, road transportation, etc. Furthermore, effective governance of cities is critical to sustainable

development as per Sustainable Development Goal 11- Sustainable Cities and Communities. Thus, it is high time that local governments and their finances take prominence in the governance discourse. <https://factly.in/review-rbis-report-on-municipal-finances-highlights-the-inadequate-revenues-of-ulbs/>

**10. India considers selling small stakes in its mammoth coal, zinc miners** (*business-standard.com*) November 25, 2022

India plans to sell small stakes in state-run firms including the world's biggest coal miner and Asia's largest zinc producer, to ride a stock market boom and boost revenue in the final quarter of the financial year, according to people familiar with the matter.

The government is looking to sell 5%-10% in Coal India Ltd., Hindustan Zinc Ltd., Rashtriya Chemicals and Fertilizers Ltd. via the so-called offer-for-sale mechanism, the people said, asking not to be identified as the details aren't yet public. In all, five firms could be chosen, including a listed entity under the railway ministry, they added.

At current prices, sales at the lower end of the range could fetch the government some 165 billion rupees (\$2 billion), according to Bloomberg calculations. Local stocks are at a record high, supported by a healthy pace of economic growth, and the cash raised will help Prime Minister Narendra Modi's administration fund its subsidy bill that has surged partly because of the war in Ukraine.

India had budgeted 650 billion rupees from such asset sales in the year through March, but has so far raised just over a third of the target, mainly from the \$2.7 billion initial public offering of Life Insurance Corp. in May.

Roadshows have started to gauge investor interest in the stake sales, the people said. A spokesperson for the Finance Ministry couldn't be reached for comment.

Coal India jumped about 46% in the past year, while Rashtriya Chemicals gained 58%, outstripping the benchmark S&P BSE Sensex's roughly 6% advance. [https://www.business-standard.com/article/companies/india-considers-selling-small-stakes-in-its-mammoth-coal-zinc-miners-122112500505\\_1.html](https://www.business-standard.com/article/companies/india-considers-selling-small-stakes-in-its-mammoth-coal-zinc-miners-122112500505_1.html)

**11. 'India's green hydrogen plan will need ₹30 tn funding by 30'** (*livemint.com*) November 25, 2022

India is in the process of finalizing the roadmap to a "green hydrogen economy" which will require an investment of ₹30 trillion by 2030, said Vivek Kumar Dewangan, chairman and managing director, REC.

The country's green hydrogen plans would play a major role in achieving its goal of net zero emissions and becoming a developed nation by 2047.

"India has launched green hydrogen project. Now, we are in the progress of finalizing a roadmap for becoming green hydrogen economy which would require ₹15 trillion and another ₹15 trillion is required to meet our middle-term goal by 2030. So in all, these initiatives would require an investment of ₹30 trillion by 2030," Dewangan said.



He was speaking at a panel discussion on new and old energy sources in turbulent times at Mint Energyscape 2022.

He, however, noted that in terms of per capita consumption of electricity and per capita carbon emission, India was far behind the world average.

“Our per capita emission is likely to increase and by 2070, India has to become net zero. We have about 48 years to become net zero. Our energy peak is yet to happen and we have to reach this peak of energy consumption as well as peak of carbon emission,” Dewangan said.

Andre Aranha de Lago, Brazil’s Ambassador to India said energy transition is a “gigantic” challenge for India as its first obligation as a country is to ensure energy availability for its population. He, however, said that he is confident India with its “clear intent” would be able to achieve its climate goals.

“You have to bring to your population an increase in the quality of life. India... is going to be the third largest economy in the world soon. India now has choice and the choices have been made, they are very clear about that. The world is watching India and there is no doubt about it but I think India will continue to surprise,” he said. <https://www.livemint.com/companies/news/indias-green-hydrogen-plan-will-need-30-tn-funding-by-30-11669318399875.html>

## **12. Opening up the treasure trove of GST data ([newindianexpress.com](http://newindianexpress.com)) November 24, 2022**

India's data generation in the digital age has seen tremendous qualitative advancements in the past few years. But our statistical architecture has not necessarily been able to keep pace.

To give institutions their due credit, a plethora of indicators, especially during the pandemic, have allowed researchers and policymakers to better understand the dynamics of the complex economy. This has brought with it newer series of administrative datasets, such as payroll data and creation of dynamic dashboards to help track outcomes on a near real-time basis. Data, including freight traffic, customs clearance, airport footfall and retail activity, can now be tracked almost on a daily and real-time basis, given their digital footprint.

One database, perhaps the most critical, is yet to be mined -- GST data.

The GST database is one of the most crucial high-frequency, real-time barometers of the economy that is available from the government. The weekly e-way bills, which though now discontinued, gave a clear picture of the pulse of the formal economy. Monthly GST collections and the various cross-sectional distributions, whether by product or geography, can inform and drive several now casts of economic health by policy makers and institutions to make better informed decisions.

For the past five years, the GST Council and Ministry of Finance have released only consolidated data by the States and the nature of collections. However, the consolidated GST collections are just the tip of the iceberg, and while the data provides a sense of economic direction, it could be further disaggregated to illuminate sectoral disparities.

This includes data on performance of various industries, both at national and at sub-national levels. Equally important is the data composition classified on the basis of goods and services

-- again both at national and sub-national level. While there could be a debate about the level of granularity, as a starting point, we believe the GST Council should mandate that the data be broken into at least goods and services, even if the further disaggregation is some time away.

Ultimately, disaggregated tax data could help the Government better identify and understand business cycles, especially enabling them to identify areas of intervention specific to sectors or regions. The same is true even for State Governments as it will provide them a detailed snapshot of disaggregated economic activity at the state level, paving the way for tax data to operate as proxy for GDP aggregates, which are available with a much longer lag.

To begin with, while large states can and should be using the GST breakdowns, there is also merit in developing and sharing this information with other institutions such as the Reserve Bank of India, which have been early adopters and users of granular databases for economic modelling. It would also assist in eventually building a broad retail sales indicator for India, which though sitting within the formal sector, could provide a breakdown between consumer and producer behavior, providing economic policymakers with a comprehensive gauge of sales, consumption, inventories and orders.

Furthermore, given that this data is administrative in nature, it would be free from any sampling concerns and would not be affected by issues of hedonistic consumption changes that our macro aggregates often do not account for.

Another important use of this data would be in preparation of national accounts, especially at the state and city level.

Under the new methodology based on the UN System of National Accounts, India currently uses primarily the MCA21 database for its GDP estimates. The GST data can augment the MCA21 database and add to the overall information that feeds into preparation of our national accounts. In addition, the GST data can help with reconciliation of the MCA21 database, thereby helping address some of the issues that have been identified with the use of MCA21 data. Such changes in preparation of national accounts will require time and wider stakeholder discussions. However, releasing more information from the aggregate and disaggregated GST data would be a good first step in utilising the massive amount of data that is collected on a regular basis. <https://www.newindianexpress.com/web-only/2022/nov/24/opening-up-the-treasure-trove-of-gst-data-2521729.html>

**13. India can catalyse climate financing** (*thehindubusinessline.com*) November 24, 2022

**Backing the ‘loss and damage’ fund at COP27, India must now leverage its G20 presidency to get rich nations to shell out more**

Cruising in a boat along an estuary near Devi’s mouth in Odisha, I was struck by the beauty of the dense mangrove forests, a common feature of India’s eastern coast. Known for their remarkable ability to grow in saline water, mangroves are a powerful weapon in our fight against climate change.

They absorb 4-5 times more carbon than conventional forests, helping mitigate emissions. But perhaps the most important role of mangroves is protecting coastal communities from the damaging impacts of natural disasters like cyclones..

In many parts of the world, people do not have ecosystems like mangroves or the infrastructure necessary to protect them from natural disasters or extreme weather events. Developing countries, who are working hard to balance socio-economic growth with emissions reduction, also bear the added burden of losses from these disasters.

Earlier this week, COP27 ended in Sharm el-Sheikh, Egypt, after an extended period of negotiations. It could not bring any major decisions on phasing down fossil fuels and scale-up of climate financing.

The current combined National Determined Contributions or NDCs, the targets voluntarily set by countries to tackle emissions and mitigate climate change, are leading our planet to at least 2.5 degrees Celsius warming, well above our target of 2 degrees Celsius agreed in Paris in 2015. With another COP gone without strong commitments from countries, we are desperately running out of time.

One silver lining, though, was a decision to establish a ‘loss and damage’ fund to compensate countries particularly vulnerable to climate harm. India has played a key role in advocating for this fund, which will finance infrastructure rebuilding and economic recovery in developing countries facing huge losses due to climate change induced disasters.

This is about climate justice. Many communities and nations are already suffering the impacts of climate change because of emissions caused by other countries. They, therefore, must be suitably compensated or supported to rebuild their lives and economies. ‘Loss and damage’ recognises that humanity will continue to face a rise in the number and intensity of natural disasters due to the current trajectory of the climate crisis, so we must find solutions to minimise the loss of lives and livelihoods, and damage to infrastructure.

In the first nine months of 2022 alone, the world saw 29 weather catastrophes and events of the largest scale, where the economic damage is estimated to be over \$1 billion. These are harming poor and marginalised communities the most, widening existing social and economic inequalities. A study by Oxfam estimates that the projected economic cost of loss and damage by 2030 is nearly \$400 billion per year for developing countries alone. It can go up to \$1-1.8 trillion per year by 2050 if corrective measures are not taken.

These countries cannot muster up so much finance on their own. Developed nations must come forward. The decision to set up a loss and damage fund at COP27 is a positive step. But there are a lot of unknowns that need answering: What events can be defined as loss and damage? How much money do we need? Will wealthy countries put money in this fund?

India is one of the world’s fastest growing economies. It is also among the most disaster-prone. As a long-term advocate of loss and damage compensation for developing nations, India has an important role in driving this agenda forward globally/regionally, while strengthening frameworks to manage and mitigate loss and damage at home.

On the global stage, the India-led Coalition for Disaster Resilient Infrastructure, or CDRI, is implementing intergovernmental programmes to develop climate resilient infrastructure. CDRI is well positioned to support the structuring of the loss and damage fund, including developing an operative mechanism, and helping deploy funds to vulnerable countries.

India is taking over the presidency of the G20 in a week, a powerful forum representing 65 per cent of the global population, 75 per cent of world trade and 85 per cent of global GDP. They are also responsible for 80 per cent of total emissions worldwide.

### **Critical platform**

With Brazil and South Africa to assume the G20 presidency after India, the global south is rising at the world stage, and G20 will be a critical platform to mobilise finances, technical expertise and human resource for the loss and damage fund.

High population density and its vulnerability in South Asia exacerbate impacts of recurrent natural hazards like cyclones, earthquakes, landslides, floods and droughts.

With similar geographies and threat profiles across international borders, financing mechanisms that can address regional instead of national priorities might be more effective.

India's south-south cooperation initiatives along the Bay of Bengal, one of the most densely populated regions globally that is highly vulnerable to oceanic disasters, and across the Hindu Kush Himalaya, home to the largest reserves of ice and freshwater after the polar regions, will be instrumental in accessing finance from the fund as well as creating platforms for technology transfer and knowledge exchange.

India must also prioritise creating a framework for assessing loss and damage as a part of its national and sub-national action plans on climate change and disaster risk reduction. Social protection schemes like MGNREGA that are creating climate-resilient infrastructure at the grassroots, and weather index-based crop insurance to protect farmers demonstrate how minimising loss and damage can become a part of public welfare programmes.

The situation may look grim, but efforts and hope exist at the community level. We stop at an eroded patch near Devi's mouth where mangroves were destroyed due to a cyclone. UNDP is working with the Ministry of Environment, Forest and Climate Change and the state government to restore them as part of an initiative to enhance the resilience of India's coastal communities.

The restoration is an intensive exercise requiring lots of time, money and effort, but local communities and government officials believe that together, they can revive these forests, which protect them from floods and cyclones.

We must deliver on this hope — for communities and countries. <https://www.thehindubusinessline.com/opinion/india-can-catalyse-climate-financing/article66179797.ece>

### **14. Cash-strapped states pulled out of flagship PMFBY, says Centre (*business-standard.com*) November 24, 2022**

The Centre on Thursday said some states have pulled out of the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY) for failure to pay their share of premium subsidy owing to financial constraints. It said it was willing to make additional pro-farmer changes to the scheme in response to the climate crisis.

“After resolution of their issues, Andhra Pradesh rejoined the scheme in July. Other states are also considering joining the scheme to provide a comprehensive cover to their farmers,” Union Agriculture Secretary Manoj Ahuja said in a statement on Thursday.

He said states have opted for a compensation model instead. Unlike PMFBY, it does not provide the same comprehensive risk cover to farmers.

The statement comes at a time when the number of states settling on PMFBY has seen a considerable decline over the years.

According to the kharif data of this year, around 19 states have opted for PMFBY, as opposed to 22 states in Kharif 2018.

The number of farmers covered has also gone down, from 21.6 million in Kharif 2018 to 15.38 million this year.

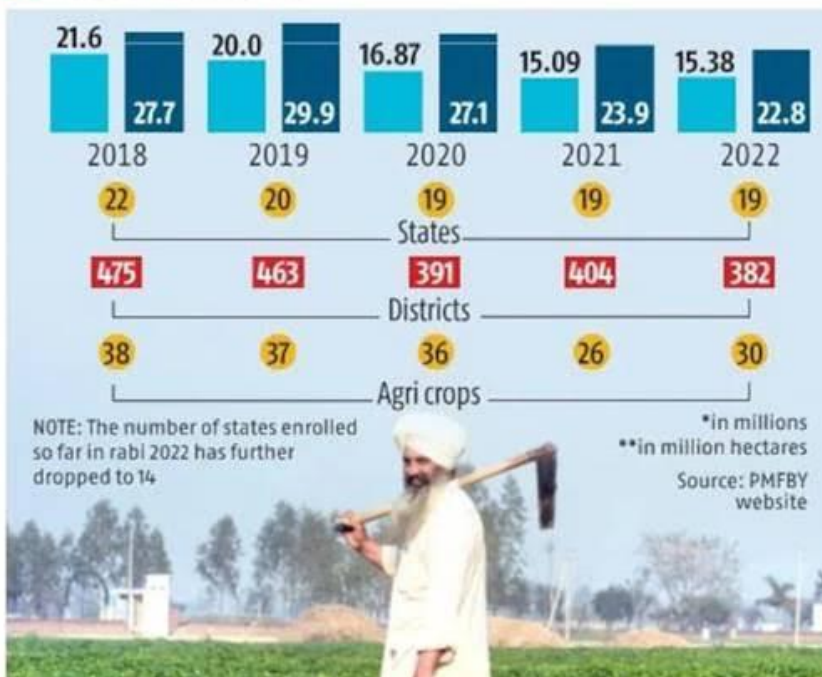
In rabi so far, the number of states preferring the scheme has further dropped to 14, according to the data referenced on the PMFBY website.

Under PMFBY, the Centre and states share the premium subsidy equitably. Commensurate with the official statement of the past six years, farmers have paid just around ~25,186 crore as premium, while they received claims amounting to ~1.25 trillion.

The share of non-loanee, marginalised, and small farmers has risen by almost 282 per cent since the initiation of the scheme in 2016, the secretary added.

### AN OVERVIEW... (PMFBY In kharif seasons)

Farmers\* Area insured\*\*





Under PMFBY, the premium is determined through bidding. However, farmers have to pay a maximum of 2 per cent of sum insured for kharif crops, 1.5 per cent for rabi food and oilseed crops, and 5 per cent for commercial or horticultural crops.

The balance of the actuarial/bid premium shared by the Centre and states is 50:50; 90:10 for Northeast states.

The premium rate of crops depends upon the associated risks. The total liability of the state depends on the actuarial/bid premium, crop sum insured, area insured, and the number of crops notified by states, the government had said in a reply to Parliament earlier.

Three years after the launch in February 2020, the Union Cabinet decided to make PMFBY optional for loanee farmers and also incorporated a host of other changes to the scheme to make it farmer-friendly.

These included capping the central subsidy under the scheme for premium rates up to 30 per cent in unirrigated areas and 25 per cent in irrigated areas, placing a cut-off on states for their failure to release their share of premium subsidy.

If states don't release their share of premium subsidy before March 31 for the kharif season and on September 30 of the subsequent years, they will not be allowed to implement the scheme.

Moreover, the new guidelines also stated that when states engage any insurance company for PMFBY, they will have to ensure it stays signed on for a minimum of three years, against the current provision of one to three years.

Meanwhile, the official statement said that in 2017, 2018, and 2019, the ratio of claims paid in several states averaged more than 100 per cent, against the gross premium collected.

These included Chhattisgarh (2017), Odisha (2017), Tamil Nadu (2018), Jharkhand (2019), which received 384 per cent, 222 per cent, 163 per cent, and 159 per cent of the claims ratio, against the gross premium. [https://www.business-standard.com/article/economy-policy/cash-strapped-states-pulled-out-of-flagship-pmfby-says-centre-122112401137\\_1.html](https://www.business-standard.com/article/economy-policy/cash-strapped-states-pulled-out-of-flagship-pmfby-says-centre-122112401137_1.html)

**15. IAF set to place Rs 1,400 cr order for new age missiles to destroy radars** ([business-standard.com](https://www.business-standard.com)) November 24, 2022

In a major push to induct indigenously developed weapon systems, the Indian Air Force has moved a proposal worth over Rs 1,400 crore to the government for acquiring Rudram next-generation anti-radiation missiles (NGARM) to search and destroy enemy radar locations, informed defence officials.

"A proposal for acquisition of advanced missiles developed by the Defence Research and Development Organisation is with the Defence Ministry and a high-level meeting would soon be taking a call on it," defence officials told ANI.

The next-generation anti-radiation missiles have already been tested by the Indian Air Force from its Sukhoi-30 fighter aircraft fleet and can destroy enemy radar locations during conflicts, they said.

The destruction of radar systems can help the Indian Air Force to strike targets without detection, the officials said.

The NGARM can be fired from IAF fighters like the Sukhoi-30 and the Mirage-2000. It is accurate and has been developed with the capability to even track a radar system even if it is not operating.

NGARM is India's first indigenously developed anti-radiation missile that has a speed of Mach two or twice the speed of sound.

The tactical, air-to-surface anti-radiation missile is equipped with a passive homing head that tracks sources of radiation of a wide range of frequencies. It can lock into a target not only before launch but also after it has been launched.

The NGARM induction would be a big boost for the Indian Air Force as it would help the force prepare for future wars with indigenous weapon systems.

Recently, Air Chief Marshal VR Chaudhari stated that based on lessons learnt from the Ukraine-Russia war, the Indian Air Force would be focusing on inducting 'made in Indian weapons'. [https://www.business-standard.com/article/economy-policy/iaf-set-to-place-rs-1-400-cr-order-for-new-age-missiles-to-destroy-radars-122112400992\\_1.html#:~:text=In%20a%20major%20push%20to,radar%20locations%2C%20informed%20defence%20officials](https://www.business-standard.com/article/economy-policy/iaf-set-to-place-rs-1-400-cr-order-for-new-age-missiles-to-destroy-radars-122112400992_1.html#:~:text=In%20a%20major%20push%20to,radar%20locations%2C%20informed%20defence%20officials).

## **16. Govt doubles down on defence purchases from MSMEs; buys goods worth this much amount (*financialexpress.com*) November 24, 2022**

Purchase of defence-related goods and services by the Defence Ministry from MSMEs via the government's business-to-government (B2G) portal Government eMarketplace (GEM) during the eight months of the current fiscal has surpassed FY22 procurement level, according to the portal. In a tweet on Thursday, GeM announced that the gross merchandise value of Rs 15,039 crore achieved in 12 months in the last fiscal has already been done in eight months of the current FY.

“Defence buyers (are) looking forward to double their GMV this FY at this pace,” the tweet read. The FY22 procurement value was more than 250 per cent from the previous year, FE Aspire had reported earlier this year.

Importantly, the total MSME vendors supplying to the Defence Public Sector Units (DPSUs) increased to 10,506 till Q2 FY20 from 8,643 in FY19, and 7,591 in FY18, according to the data shared by the former MSME Minister Nitin Gadkari in Rajya Sabha in March 2020. By December 2021, the total count had jumped to 12,000. As a result, the procurement value by DPSUs from MSMEs jumped from Rs 4842.92 crore in FY19 to Rs 5463.82 crore in FY21 before leapfrogging in FY22.

However, in the current half of FY23, the defence ministry wasn't the top buyer of MSME products. Based on the public procurement monitoring portal MSME Samadhaan, as of September 6, the defence ministry was the fifth biggest buyer among various ministries.

Ministry of Petroleum and Natural Gas led the pack with purchases from MSMEs worth Rs 7,332 crore since April followed by Ministry of Power with purchases made worth Rs 1,905 crore, Ministry of Steel (Rs 1,755 crore), and Ministry of Heavy Industries and Public Enterprises (Rs 1,323 crore). Ministry of Defence procured goods worth Rs 1,156 crore.

For the uninitiated, MSMEs are also playing a key role in manufacturing 40 C-295 transport aircraft for the Indian Air Force. According to the government, over 125 MSME suppliers have been identified by a consortium of Tata companies including Tata Advanced Systems Limited (TASL) and Tata Consultancy Services (TCS) that will make these aircraft along with the European defence major Airbus. <https://www.financialexpress.com/industry/sme/msme-eodb-govt-doubles-down-on-defence-purchases-from-msmes-buys-goods-worth-this-much-amount/2890445/>

**17. Bihar: Thousands of MGNREGA Workers Not Paid as Centre Lags in Providing Timely Funds** ([newsclick.in](https://www.newsclick.in)) Nov 24, 2022

Patna: Thousands of daily-wage labourers, who worked under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to earn their livelihoods in Bihar, have not been paid for months as BJP-led Central government is not providing funds on time. As of now, the state has a pending bill of over Rs 1,000 crore under wages for workers from the centre. This has created problems for workers as MGNREGA is the sole source of earnings for many of them.

Suresh Manjhi, Harideo Paswan and Lakhan Yadav are landless farm labourers in Dihura and Shiv Nagar panchayat under Tekari block in Gaya district. All three said they have been awaiting payment for their work under MGNREGA since September. They are among thousands of poverty-stricken labourers struggling to survive due to non-payment of wages.

“We are poor. The local Panchayat Rojgar Sewak (PRS) Mukhiya (head) and block-level government officials informed us that funds are not coming from the Central government. We have no idea when we will be paid.” Manjhi told NewsClick.

Paswan and Yadav said the delay in payment discourages many labourers and forces them to look for work elsewhere to earn a livelihood. “A labourer gets his wage immediately daily after working but it is not easy to get wages for work under MGNREGA. We have been waiting for payment since last month,” Yadav told NewsClick.

Taking serious note of this, Bihar Rural Development Minister Sharwan Kumar warned the Centre that this would result in more migration in the coming days from rural Bihar in search of livelihood.

“A large number of workers under MGNREGA have been facing a tough time because they are not paid due to the failure of the Centre to clear pending dues under wages. If workers are not paid on time after they have worked, they will be forced to work elsewhere or migrate in search of work,” Kumar told NewsClick.

The minister said the Central government was “totally responsible” for such a situation because it was not providing funds under wages, which are pending despite repeated requests through proper channels.

“Bihar is not getting funds under MGNREGA. The Centre has been ignoring and discriminating against Bihar after the Mahagathbandhan government led by Nitish Kumar was formed in August. This is another example of the repercussion of JD-U's decision to dump BJP and joined hands with Mahagathbandhan,” he said.

Kumar demanded that the Central government immediately clear the pending bill under wages for workers and increase the budget of MGNREGA for the state. “We would like to clarify that different works under MGNREGA are already affected. If these works are not be completed on time, then the Centre will question us,” he added.

A PRS in the Haspura block of Aurangabad district told NewsClick that MGNREGA provides livelihood to the landless and jobless villagers and helps them live life with some dignity. As they get work locally, MGNREGA is in high demand.

He recalled that MGNREGA was a big hope for sustaining livelihood in rural Bihar during the massive reverse migration due to the pandemic-induced sudden lockdown in 2020 and 2021. Opportunities in other sectors like industries and other developmental projects are limited in the state.

Kumar said the government’s aim was to create jobs in rural areas by taking up more projects under MGNREGA. For poor job card holders, manual work like digging ponds, renovation work of water bodies and the state government’s ambitious Jal Jeevan Haryali mission and Pradhan Mantri Awas Yojana provide livelihood.

“The state government is serious about continuing work under MGNREGA in more than 8,000-gram panchayats across the state. But the Central government’s delay in releasing pending funds and lowering the MGNREGA budget for Bihar is hindering the completion of ongoing works,” the PRS said.

A senior official of the state’s rural development department told NewsClick that the state has demanded more mandays under MGNREGA because, during the ongoing 2022-23 financial year, the state already exhausted Rs15 crore worth of mandays by August. After that, Bihar got an additional Rs 2.5 crore mandays from the Centre despite the demand for Rs10 crore. “By the end of October, sanctioned additional mandays were also exhausted due to a higher allocation of work to job card holders,” he said.

Chief Minister Nitish Kumar had repeatedly demanded an increase in the number of work days under MGNREGA from 100 days to 200 days. The state government had sent a proposal to the Centre, requesting it to increase mandays (on shramik karya divas) to provide a source of livelihood to the rural poor.

Bihar has witnessed an increase in the number of people who have registered themselves as labourers under MGNREGA in the past few years. As per the department’s official data, Bihar has a total of 2.24 crore job card holders, out of which 1.09 crore are active workers under MGNREGA.

MGNREGA was launched by the Congress-led United Progressive Alliance (UPA-I) government in 2005, to provide a minimum of 100 days of employment out of 365 days a year, to every rural household willing to do unskilled manual work. <https://www.newsclick.in/Bihar-Thousands-MGNREGA-Workers-Paid-Centre-Lags-Providing-Timely-Funds>

**18. Shimla Smart City projects see big cost escalation** ([tribuneindia.com](https://tribuneindia.com)) Nov 24, 2022

The estimated cost of some major Shimla Smart City projects like the double-lane Dhalli-Sanjauli tunnel and the Ridge Restoration project has increased significantly. It has been learnt that the cost of the tunnel has gone up by Rs 15-16 crore and the spike in the estimated cost of the Ridge Restoration project is even steeper.

“The cost of the Ridge restoration project has gone up from the original estimate of around Rs 37 crore to around Rs 60-62 crore. It needs to be looked into from where the funds could be generated to meet the inflated costs of these projects,” said an official, following the Board of Directors meeting of Shimla Smart City Mission here today.

Incidentally, it’s not the first time the budgetary estimates for the restoration of the Ridge have gone up. In April last year, the budget had jumped from Rs 15 crore to Rs 27 crore owing to the use of proposed use of micropiles technology for the project.

“The work is happening under the supervision of IIT, Roorkee. It has changed some designs, so the cost has gone up,” the official said.

Meanwhile, the original budget for the Dhalli-Sanjauli tunnel was Rs 49 crore. With the escalation of around Rs 15 crore, the tunnel will now cost around Rs 65 crore. <https://www.tribuneindia.com/news/himachal/shimla-smart-city-projects-see-big-cost-escalation-454022>