

NEWS ITEMS ON CAG/ AUDIT REPORTS (10.12.2022 to 12.12.2022)

1. **SAI20: ब्लू इकोनॉमी और आर्टिफिशियल इंटेलिजेंस की दिशा में कदम** (newstrack.com) Girish Chandra Murmu | December 09, 2022

SAI20: जी20 विश्व की प्रमुख विकसित और उभरती हुई अर्थव्यवस्थाओं को जोड़ने वाला एक बहुपक्षीय रणनीतिक मंच है। भविष्य में विश्व के आर्थिक विकास और समृद्धि को सुरक्षित रखने में जी20 की एक महत्वपूर्ण भूमिका है। एक साथ मिलकर जी20 के सदस्य दुनिया की जीडी पी का 80 प्रतिशत से अधिक, अंतर्राष्ट्रीय व्यापार का 75 प्रतिशत और दुनिया की आबादी के 67 प्रतिशत का प्रतिनिधित्व करते हैं।

जी20 सदस्य देशों के सर्वोच्च लेखा परीक्षण संस्थानों का एक समूह एसएआई20 कार्य समूह शासन से जुड़ी संस्थाओं को मौजूदा समय में सामने आ रही समस्याओं का बेहतर, तेज और विश्वसनीय तरीके से हल निकालने में समर्थ बनाने के साथ ही नागरिकों को उच्च कोटि का जीवन प्रदान करने के लिए सरकारों को सक्षम बनाने की दिशा में काम करता है। इस कार्य समूह की स्थापना से एक इकोसिस्टम का निर्माण हुआ है जहां एसएआई सकारात्मक और जन-केंद्रित दृढ़ नीतियों के माध्यम से शासन प्रणाली में साझेदार के रूप में बहु-हितधारक संबंधों के जरिए रणनीतियों को सुस्पष्ट और समन्वित करता है और साथ ही पारदर्शिता और जवाबदेही को भी आगे बढ़ाता है।

एसएआई 20 की अध्यक्षता करेगा भारत का एसएआई इंडिया

1 दिसंबर 2022 को भारत के द्वारा जी20 की अध्यक्षता ग्रहण करने के साथ, भारत का सीएजी यानी एसएआई इंडिया एसएआई 20 की अध्यक्षता करेगा। एसएआई इंडिया इस संपर्क समूह के महत्वपूर्ण स्तंभों के रूप में स्वतंत्रता, पारदर्शिता, जवाबदेही, सहयोग और निरंतरता की मान्यता के प्रति समर्पित रहेगा। जी20 में भारत की अध्यक्षता के मार्गदर्शक सिद्धांत यानी वसुधैव कुटुम्बकम्, जिसमें पूरे विश्व को 'एक पृथ्वी, एक परिवार, एक भविष्य' के रूप में देखा जाता है, के तहत भारत के नियंत्रक एवं महालेखापरीक्षक प्राथमिकता वाले दो क्षेत्रों ब्लू इकोनॉमी और जिम्मेदार आर्टिफिशियल इंटेलिजेंस पर जी20 एसएआई के सहयोग का प्रस्ताव रख रहे हैं।

ब्लू इकोनॉमी आर्थिक प्रणाल

ब्लू इकोनॉमी एक ऐसी आर्थिक प्रणाली है जिसमें समुद्री और ताजे पानी के पर्यावरण के संरक्षण, उनके सतत उपयोग को बढ़ावा देने, खाद्य और ऊर्जा का उत्पादन करने, आजीविका में मदद करने और आर्थिक उन्नति और कल्याण में सहायक के रूप में कार्य करने के उद्देश्य से नीति और परिचालन-

संबंधि आयामों की विस्तृत श्रेणी शामिल है। कॉप 26 में भारत के द्वारा प्रस्तुत की गई लाइफ यानि लाइफस्टाइल ऑफ इन्वायरमेंट की अवधारणा को ब्लू इकोनॉमी आगे ले जाती है जो कि

समुद्री और मीठे पानी को नया जीवन देने और उसे बनाए रखने के लिए विचारहीन और अनावश्यक खपत की जगह 'सचेत और सुविचारित उपयोग' की आवश्यकता पर जोर देती है।

जलीय जीवन की उपलब्धियों पर एसएआई का ध्यान केंद्रित

प्राथमिकता वाले क्षेत्र के रूप में, यह यूएन 2030 एजेंडा, विशेष रूप से (लेकिन अनन्य रूप में नहीं) हीं , लक्ष्य 14 अर्थात् जलीय जीवन की उपलब्धियों पर एसएआई का ध्यान केंद्रित करने में मदद करता है। इसका उद्देश्य लेखापरीक्षण नीतियों और कार्यक्रमों पर इस तरह से सहयोग करना है जो ब्लू इकोनॉमी पर प्रभावशाली तरीके और प्रगतिशाली रूप में असर डाले और साथ ही समुदायों, यों क्षेत्रों के साथ-

साथ राष्ट्रों तक फैले मजबूत अंतर्संबंधों में और वृद्धि करे। इस तथ्य को ध्यान में रखते हुए कि मत्स्य पालन व्यवसाय से जुड़ा अधिकांश वर्ग आर्थिक रूप से कमजोर है, एसएआई को समाज में अधिक समावेशिता और लोगों के प्रति उनकी तत्काल प्रासंगिकता के हित में अधिक प्रभावी ढंग से अपने निरीक्षण का प्रयोग करने के लिए मजबूर करता है।

भारत के नियंत्रक एवं महालेखापरीक्षक सर्वसम्मत और व्यापक रूप से लागू मानकों या दिशा निर्देशों को तैयार करने का प्रयास करेंगे जो सभी एसएआई को उनके संबंधित अधिदेशों के भीतर नीतियों और कार्यक्रमों के विकास और प्रभावी कार्यान्वयन का मूल्यांकन और मार्गदर्शन करने में सक्षम बनाएंगे जो एक ओर निरंतरता और दूसरी ओर आर्थिक प्रगति और कल्याण के साथ संतुलन बनाता है। हम एसएआई के साथ-

साथ अन्य हितधारक समुदायों के बीच घनिष्ठ सहयोग के लिए अनुसंधान, सर्वोत्तम कार्य प्रणालियों के संकलन, टूल-किट, या लेखापरीक्षा दिशानिर्देशों के साथ-साथ संभावित तौर-तरीकों को विकसित करना चाहते हैं।

जिम्मेदार आर्टिफिशियल इंटेलिजेंस पर जोर

दूसरी प्राथमिकता वाला क्षेत्र यानी जिम्मेदार आर्टिफिशियल इंटेलिजेंस पर जोर आर्टिफिशियल इंटेलिजेंस की नागरिकों के जीवन पर असर डालने वाली उस भूमिका के अनुसार है जिसमें छोटे कदम के बड़े असर देखने को मिल रहे हैं, वहीं साथ ही साथ इसकी बदलाव लाने वाली क्षमताओं की सराहना भी की जा रही है। ब्लू इकोनॉमी की तरह, उत्तरदायी एआई से संबंधित समस्याएं सामयिक, बहुआयामी और अन्योन्याश्रित हैं। चिंताएं वैधता, नैतिकता के साथ-साथ मानव बनाम गैर-

मानवीय एजेंसी को लेकर दार्शनिक विकल्पों के मुद्दों पर फैली हुई हैं। गोपनीयता की चिंताओं के अलावा, सिस्टम के लगातार खुद विकसित होने के बीच, आम आदमी में एल्गोरिदम को समझने की योग्यता में कमी के कारण एआई पक्षपात और भेदभाव से जुड़े मुद्दों को भी सामने लाता है।

"जागरूकता पैदा करने को लेकर व्यापक मान्यता और मजबूत सिफारिश"

सरकारों, रॉ व्यवसायों और नागरिक समाज संगठनों में जिम्मेदार आर्टिफिशियल इंटेलिजेंस के उपयोग पर जागरूकता पैदा करने को लेकर व्यापक मान्यता और मजबूत सिफारिश की गई है। जून 2019 में व्यापार और डिजिटल अर्थव्यवस्था पर जी20 मंत्रिस्तरीय वक्तव्य के दौरान, और नवंबर 2021 में यूनेस्को द्वारा आर्टिफिशियल इंटेलिजेंस की नैतिकता पर सिफारिशों के अनुसार, यह स्पष्ट करने की दिशा में एक शुरुआत की गई है कि सभी हितधारकों के बीच विश्वास पर ही एक डिजिटल समाज का निर्माण किया जाना चाहिए।

जबकि एआई के एप्लीकेशन हमारे जीवन के अधिक से अधिक क्षेत्रों में शामिल हो रहे हैं, यह एआई के जिम्मेदारी भरे उपयोग को सुनिश्चित करने में सरकारों के साथ-साथ एसएआई दोनों की समझ, विनियमन और लेखापरीक्षा से जुड़ी जटिल चुनौतियों को सामने रख रहा है। एसएआई के लिए यह महत्वपूर्ण है कि वे एआई सिस्टम के इस्तेमाल से जुड़े मूल प्रश्नों को हल करने के लिए कारगर क्षमताओं को विकसित करें ताकि प्रभावी निरीक्षण के प्रतिनिधि के रूप में खुद को अनिवार्य रूप से स्थापित किया जा सके और व्यापक नीति निर्माण और कार्यान्वयन में साक्ष्य आधारित समर्थन प्रदान किया जा सके।

भारत के नियंत्रक एवं महालेखा परीक्षक का प्रयास उठाए

भारत के नियंत्रक एवं महालेखा परीक्षक का प्रयास उठाए जाने वाले कदमों की प्रकृति और उनकी सीमा पर व्यापक सहमति बनाना होगा जो सभी एसएआई अपने संबंधित शासनादेशों के भीतर रहते हुए उत्तरदायी एआई के मूल्यों को बढ़ावा देने के लिए उठा सकते हैं। हम संयुक्त रूप से लेखापरीक्षण में मदद के लिए रचनाएं विकसित करने का प्रयास करेंगे और साथ ही उन तरीकों का पता लगाएंगे जिसमें जी20 एसएआई आपसी क्षमता निर्माण और अनुभवों को साझा कर एक दूसरे की मदद कर सकते हैं।

एक सामान्य सिद्धांत जो हमारी दिशा का मार्गदर्शन करेगा, वह एआई सिस्टम के विकास और उपयोग को इस तरह से विनियमित करने की आवश्यकता होगा जो इसके जीवन को बदलने वाले फायदों को पूरी तरह से हासिल करने में सक्षम बनाता है, जबकि उसी समय में जानबूझ कर होने वाले दुरुपयोग या यहां तक गलतियों पर नजर रखता है। अत्यधिक प्रासंगिकता वाले प्राथमिकता के क्षेत्रों को आगे बढ़ाते हुए, एसएआई20 के अध्यक्ष के रूप में भारत के नियंत्रक एवं महालेखा परीक्षक, एक प्रभावशाली और बेजोड़ जी20 अध्यक्षता के लिए जी20 एसएआई के मजबूत, सफल और व्यापक रूप से भागीदारी वाले सहयोग का इरादा रखता है। <https://newstrack.com/world/sai20-steps-towards-blue-economy-and-artificial-intelligence-350013>

2. GST claims of states to be cleared moment AG certificate is received: Sitharaman ([businesstoday.in](https://www.businesstoday.in)) Updated: December 12, 2022

Union Finance Minister Nirmala Sitharaman on Monday said GST claims of state governments will be cleared once she gets relevant papers along with a certificate from their respective accountant generals.

She also said in Lok Sabha that the central government is committed to pay all Goods and Services Tax (GST) compensation to states and has been doing so continuously for the last five years.

The respective accountant general (AG) has to provide a certificate that the particular state has to get this much of compensation, the finance minister said.

"If there is a delay in the AG certified claim from states, obviously that (GST compensation) is pending. So, when the AG certificate along with the state's claim comes, at that moment the money will also get released," she said during the Question Hour.

From the central government's side, it is up to date, and whatever money it gets as cess, is distributed among states, Sitharaman said.

"We are up to date on all claims that came from states, which were approved by the respective AG. We have paid all," she said.

Sitharaman said if the AG has not cleared the claims of states, the state governments should expedite that. "The moment I get it, I will clear that," she said.

Many state governments believe that their GST compensation is pending, and these are pending as the central government needs the necessary papers as the money belongs to the taxpayers, Sitharaman said.

"The moment I receive the papers, the AG certification, even if there is a contention between the Centre and a state, it has to be sorted out. I cannot be sitting on somebody's money," she said.

Sitharaman said differences with states can be sorted out when officials of the central and state governments sit together.

The minister said half of the GST compensation for June has already been cleared while the rest would be given once adequate cess is collected. <https://www.businesstoday.in/latest/economy/story/gst-claims-of-states-to-be-cleared-moment-ag-certificate-is-received-sitharaman-356031-2022-12-12>

3. Vizhinjam Port PPP- Approval for Viability Gap Funding by the Centre- Has MOF considered the CAG report? ([countercurrents.org](https://www.countercurrents.org)) By E A S Sarma | 11 December 2022

To
Smt Nirmala Sitharaman
Union Finance Minister

Dear Smt Sitharaman,

The Vizhinjam Port project being set up in Kerala as a “Landlord PPP” project involves partial financial support from the Centre towards “Viability GAP Funding”, in accordance with the PPP format developed by the erstwhile Planning Commission.

The Kerala State Govt, after inviting bids from prospective promoters for the PPP project and evaluating the same, selected M/S Adani Ports & SEZ Ltd. as the group to implement the project, subject to a grant of Rs 1635 Crores to be given to the group to cover the “viability gap”, as per the terms of the bid. The grant would be shared by the State and the Centre in equal proportions, according to the PPP scheme approved by the Centre (<https://www.vizhinjamport.in/>)

It is reported that your Ministry has recently issued final clearance for the project for releasing a grant of Rs 818 Crores towards its share (<https://infra.economictimes.indiatimes.com/news/ports-shipping/centre-gives-final-nod-for-viability-gap-funding-to-adanis-vizhinjam-port-project/95271745>)

I am not sure whether your Ministry has seen a detailed report prepared by the Comptroller & Auditor General (CAG) on this project (Audit Report No.4 (PSUs) for the year ended 31 March 2016).

The CAG had audited the project w.r.t the following two aspects:

- “Whether the tendering process was competitive, equitable, fair and transparent; and
- Whether the key clauses of the concession agreement were drawn up in such away as to allocate risks and benefits between the Concessionaire and GoK in a balanced manner“

With reference to each of these issues, the findings of the CAG were quite disturbing. Some of the CAG’s observations are extracted below.

“According to the guidelines issued by the Central Vigilance Commission (CVC), prequalification criteria (PQ) should be framed with a view to attracting participation of reputed and capable firms with proper track record. Therefore, the PQ criteria should be exhaustive, yet specific and unambiguous. We noticed deviations from these guidelines” (Para 3.1.8)”

“VISL changed the entire structure of the project after pre-qualifying five bidders. The changes were made on the adoption of Model Concession Agreement (MCA) for State Ports issued by the Planning Commission of India and were intended to make the project more attractive to private investors. As the changes were not incorporated in the RFQ/DPR/Master Plan made available to prospective investors at the RFQ stage, unfair advantage was given to the qualified bidders. We observed that by incorporating major changes in the project parameters after shortlisting the bidders, GoK/VISL had violated the spirit of the MCA in which it was stated that ‘All project parameters such as concession period, tariff, price indexation and technical parameters should be clearly stated upfront’ ” (Para 3.1.8.1)

“it could be observed that in spite of 67 per cent investment by the GoK, the NPV of its investment in the project is (-) `3,866.33 crore and at the same time the NPV of the investment accrued to the Concessionaire for the 40 year period with 33 per cent investment is `607.19

crore. Further, ENPV18 and EIRR from the project is (-) `834.60 crore and 8.9 per cent respectively. Therefore, the financial benefit accruing to the State is not commensurate with its investment” (Para 3.1.6)

“The standard concession period for PPP projects is 30 years. This was also fixed as the base concession period for projects with private participation in the policy on Ports and Shipping Development approved in 2005 by GoK. Further, in the study report on the Vizhinjam project by the International Finance Corporation (IFC), the Concession period was recommended as 30 years and the concession period was specified as 30 years in all the three tenders issued for the Vizhinjam project prior to the 2013 tender. In the current agreement, however, the concession period was fixed as 40 years. By allowing 10 years extra concession period, the Concessionaire would be collecting additional revenue of Rs 29,217 crore” (Para 3.1.9.1)

“We also observed that the Department of Economic Affairs (DEA) had, while considering the VGF application submitted by GoK/ VISL, stated that the proposal of a two per cent trigger for traffic for adjustment of concession period was too small and that normally, a band of 10 per cent was factored in bids. The DEA had, therefore, requested GoK to set the trigger at a reasonable level of 10 per cent which was not acted upon by GoK. GoK replied (August 2016) that the unequal adjustment for decrease and increase in traffic was done to incentivise the Concessionaire. The reply is not tenable since the Concessionaire stood to gain disproportionately both when the traffic increased and decreased” (Para 3.1.9)

The above cited report of the CAG was placed before the Kerala Legislative Assembly through the Governor, as required under the Constitution.

According to news reports (<https://scroll.in/article/888728/kerala-judicial-probe-into-adani-port-pact-winds-up-hearings-even-before-revised-terms-are-notified>), the Kerala government had set up a judicial commission, invoking its authority under Section 3 of the Commissions of Enquiry Act (a Central Act), to enquire into the Concession Agreement in the light of the CAG’s findings. Apparently, the judicial commission differed with the assessment made by the CAG, on the basis of which the Kerala government chose to go ahead with the project, following a discussion held by the Legislative Assembly.

While it is commendable that the present government in Kerala has made every effort to exercise due diligence in respect of the concession granted to the Adani Group by its predecessor government, by setting up a judicial commission, the fact remains that the Centre is an equal contributor to the grant portion of the project and the project itself has been formulated on the basis of the PPP model developed by the Planning Commission. The CAG had kept these issues in view and audited the terms of the concession in detail. The Ministry of Finance which clears grants for such PPP projects cannot ignore the observations made by a Constitutional authority like the CAG.

The points raised by the CAG on Vizhinjam Port project should cause concern for the Ministry of Finance, as the bid process, according to the CAG, seemed to have deviated from the guidelines issued by the Central Vigilance Commission (CVC) and the changes made in the concession agreement have the effect of running counter to the interests of the government, whether at the State level or at the level of the Centre.

In addition to the grant component, considering that this project costs more than Rs 7,000 Crores, it may also involve a substantial loan assistance from the PSU banks, in which the public has a heavy stake. The Ministry of Finance cannot afford to overlook this aspect.

While issuing “final approval” for releasing its portion of the grant, has the Finance Ministry examined all these aspects carefully?

I would request your Ministry to revisit the findings of the CAG and take such steps as necessary, so as to safeguard the overall public interest.

In selecting PPP promoters, neither the Centre nor the State can afford to deviate from the CVC’s norms of propriety and transparency.

Regards,

Yours sincerely,

E A S Sarma

Former Secretary to Government of India

Visakhapatnam

<https://countercurrents.org/2022/12/vizhinjam-port-ppp-approval-for-viability-gap-funding-by-the-centre-has-mof-considered-the-cag-report/>

4. Focus on commercial use of NavIC, ISRO’s future satellites to get additional frequency ([indianexpress.com](https://www.indianexpress.com)) Updated: December 12, 2022

With an aim to promote the civilian use of NAVigation with the Indian Constellation (NavIC), the regional navigation satellite system developed by the Indian Space Research Organisation (ISRO), the space agency is introducing the L1 frequency in all its future satellites. “The next satellites, starting from NVS-01 onwards, will have an L1 band for civilian navigational use,” said Union Minister of State for the Department of Space Jitendra Singh in a written reply in Parliament on Wednesday.

The L1 frequency, one of the most commonly used frequencies in the Global Positioning System (GPS), will increase the use of the regional navigation system in wearable devices and personal trackers that use low-power, single-frequency chips. At present, the satellites operate on two frequencies — L5 and S bands.

The NVS-01 satellite, according to previous annual reports of the Department of Space, is set to replace one of ISRO’s seven navigational satellites currently in space. Two of these satellites — IRNSS-1B and IRNSS-1C — will complete their 10-year mission life in 2024.

The NavIC-enabled chipsets first made their way to cell phones in 2019 even though the first three satellites of the constellation were launched in 2013 and 2014. Experts say only three satellites are needed to make a navigational constellation partially operational; however, before 2017, the space agency did not take interest in developing the user segment.

In fact, a 2018 report by the Comptroller and Auditor General notes that even though ISRO received a go ahead for Rs 200 crore funding from the Cabinet to develop the user receivers in 2006, work on it only started in March 2017, by when all three atomic clocks aboard the first

satellite — IRNSS-1A (Indian Regional Navigation Satellite System) — had failed and two other satellites had lost two to three years of their mission life.

The seven satellites in the NavIC constellation so far use two frequencies for providing positioning data — L5 and S band. The new satellites NVS-01 onwards, meant to replace these satellites, will also have L1 frequency that can be used by devices that run on low power, single-frequency chips such as smart watches and security systems.

“Other than the issues with atomic clocks onboard the satellites, there was not much interest in the space agency for developing the user segment. There was a discord. What this meant was that there were satellites sending signals but no user chipsets to receive the data. A couple of years ago, the commercial use of NavIC did start but years of mission life of these satellites was wasted,” said Ajey Lele, senior fellow at Manohar Parrikar Institute for Defence Studies and Analyses.

“The usage of NavIC system has increased in India. NavIC finds utilisation in national projects like public vehicle safety, power grid synchronisation, real-time train information system and fishermen safety. Other upcoming initiatives (such as) common alert protocol-based emergency warning, time dissemination, geodetic network and unmanned aerial vehicles are in the process of adopting NavIC system,” the minister said in his reply in Parliament.

Other than that, many mobile phones available in the country already use chipsets capable of receiving NavIC signals. The minister in his reply said the “performance of NavIC system is on par with the other positioning systems”.

In fact, with a fully operational constellation and ground stations outside of India — ISRO plans to set up ground stations in Japan and France to better triangulate the entire area under NavIC coverage – the system is likely to become more accurate than GPS. The satellites placed directly over India also ensure better availability of signals in varied geographical regions compared to GPS, which India receives at an angle making it difficult to access in dense forests or valleys. <https://indianexpress.com/article/technology/science/focus-on-commercial-use-of-navic-isros-future-satellites-to-get-additional-frequency-8319252/>

STATES NEWS ITEMS

5. CAG slams CMC, BMC over slaughterhouse mess (newindianexpress.com) 10th December 2022

BHUBANESWAR: If the CAG report released recently is any indication, the Cuttack and Bhubaneswar municipal corporations are worst in managing the slaughterhouses and keeping the practice of open slaughtering in check in the twin cities.

The report assumes significance in view of the drive the corporations, BMC in particular have started to reach out to non-veg traders to curb the practice ahead of the hockey World Cup next month.

“Indecisiveness of BMC and CMC authorities in tendering for operation and management of slaughterhouses rendered the premises of slaughterhouses unhygienic and led to illegal slaughtering of animals,” CAG stated in its report for the year ending March 2021.

The CAG in its audit observed that the Cuttack Municipal Corporation didn't obtain Consent for Establishment (CFE) and Consent for Operation (CFO) from the State Pollution Control Board (SPCB) to make its abattoirs operational.

Operation of slaughterhouses without the authorisation of SPCB amounted to the illegal slaughtering of animals within the urban limit. This implies that the compliance criteria were not adhered to, leading to health hazards as well as contamination of the environment, the audit pointed out.

The CAG, in its audit report also pointed out that none of the slaughterhouses in either of the urban local bodies had waste processing and disposal facilities. "The liquid waste generated were allowed directly into the drainage system. Solid waste generated in the slaughterhouses and retail mutton, chicken, fish shops also mixed with solid waste and transported to landfill sites. The deep burial of carcasses and animals was not practiced by ULBs, instead they were disposed to the landfill," the CAG rued.

It further underlined that BMC had constructed a slaughterhouse at Gadakana in August 2017 at a cost of ₹7.02 crore, which remained idle till January 2021 due to non finalisation of tender for operation and maintenance leading to blockage of funds besides paving way for illegal slaughtering within the urban limits.

The other five slaughter houses constructed by CMC were also lying in dilapidated condition during the time of audit due to non-maintenance. This was also leading to foul smell all around these structures and was creating environment pollution, the report stated.

In January 2021, the CMC deputy commissioner for sanitation accepted the audit comments and said that necessary steps would be taken in the future for management of slaughterhouses, the CAG report read. <https://www.newindianexpress.com/states/odisha/2022/dec/10/cag-slams-cmc-bmc-over-slaughterhouse-mess-2526792.html>

6. CAG finds gross irregularities in Excise Dept ([dailypioneer.com](https://www.dailypioneer.com)) 11 December 2022

BHUBANESWAR: The Comptroller and Auditor General of India (CAG) has found significant lapses in the regulation of the legal supply chain for liquor products in Odisha by the Excise Commission.

The CAG has pointed out the absence of the critical 'track and trace' functionality to monitor the movement of liquor products from manufacture to retail point.

In its compliance audit for the year ended March 2021 of the Departments of Excise, Finance and Revenue and Disaster Management (Report Number 5) laid in the State Legislative Assembly on December 2, the auditing agency pointed out that no software application or mobile app had been developed to empower the end consumer of liquor products in Odisha to scan the Excise Adhesive Labels (EALs) affixed on liquor products at retail point to ascertain the EAL as genuine, the product safe for human consumption and Government taxes had indeed been paid.

The report further said that such an application would have also enabled the Officers of the Enforcement Wing of the Excise Commission to scan the EALs affixed on liquor products at any point during the movement through the legal supply chain and verify the specific routing from source to destination. The EALs are required to be affixed on all liquor products, to enable 'track and trace' functionality through the legal supply chain.

Another significant lapse commented on by the CAG is the inordinate delay in implementation of the EAL Accounting Module in the supply chain management software, which had been scheduled to be completed by 2014, but had not been implemented even by end of 2022.

The CAG clarified that manufacturers located outside Odisha State had not supplied liquor products commensurate with the number of EALs which they had been issued, and not even renewed their licences during subsequent financial years. There was a material risk that such EALs may have been diverted for use by manufacturers located within Odisha, who could then affix them on their liquor products which were the result of excess production not reported to the Excise Commission.

Other significant irregularities identified were flow meters have not been installed at the distilleries and breweries, to ascertain the actual production of liquor products. The Excise Commission has instead been accepting production figures reported through manual registers maintained by the distilleries and breweries, without any cross verification with system generated production records. This lack of internal control resulted in the material risk of manufacture and sale of liquor products without payment of Excise Duty and Value Added Tax.

The agency slammed the poor documentary and storage controls in the depots of the Odisha State Beverages Corporation Limited (OSBCL). No norms had been adopted for spoilage (no refrigeration facilities for beer at its depots for example, and liquor products exposed to rain and sun in some cases), breakage or pilferage. The OSBCL does not adequately monitor the loss of liquor products from its depots, which results in loss of VAT, the report observed.

The CAG highlighted that there is a crippling shortage of Excise Officers and hence, a significant number of vacancies in the Excise Commission. In the absence of CCTV cameras to monitor and record the footage of the production line at distilleries/ breweries, the visiting officers were not in a position to review footage of the production shifts which had taken place from the time of their last visit.

There are adequate provisions in the Odisha Excise Rules 2017 (such as

Rule 158) to address the above lack of internal controls. However, gross non-compliance with the Odisha Excise Rules 2017 by the liquor manufacturers, the Odisha State Beverages Corporation Limited and liquor retailers, as well as the lack of effective enforcement of the rules by the Excise Commission have contributed to large scale irregularities. <https://www.dailypioneer.com/2022/state-editions/cag-finds-gross-irregularities-in-excise-dept.html>

7. CAG report on govt. schools submitted to Governor ([thehindu.com](https://www.thehindu.com)) December 09, 2022

CHENNAI: A performance audit report of the Comptroller and Auditor-General (CAG) of India on State-run schools in Tamil Nadu was submitted to the Governor on Friday, an official press release from the Press Information Bureau said.

The report is regarding the functioning of government secondary and higher secondary educational institutions in Tamil Nadu for the year ending 31 March, 2021. It is to be tabled in the State Legislature.

As per Article 151 (2) of the Constitution, the CAG is required to forward the audit reports on the accounts of the Government of Tamil Nadu to the Governor, to be tabled in the Assembly later. <https://www.thehindu.com/news/national/tamil-nadu/cag-report-on-govt-schools-submitted-to-governor/article66242910.ece>

8. RTI activist assaulted at CAG office for filing application ([thehindu.com](https://www.thehindu.com)) December 10, 2022

Kolkata: A Right to Information (RTI) activist was allegedly assaulted while filing an RTI query at the Comptroller and Auditor General of India office in Kolkata. Biswanath Goswami, the activist, had lodged a police complaint at Hare Street Police Station recently.

Mr. Goswami said the incident occurred inside the CAG office at the Treasury Building on November 30. The activist has alleged that officials at the CAG office attacked him. He filed a police complaint on December 2.

“N.K. Maji (Senior Audit Officer) led and provoked the entire incident and took leadership proactively in the attack, assault and abuse with offensive language and threat of grievous hurt with his 10-12 associates,” Mr. Goswami wrote in his complaint. According to the activist, the officials were upset that he had been “constantly probing the matter of corruption and malpractices of the audit body through RTI for the last many years”.

Satish Kumar Garg, Principal Accountant General (Audit- I), West Bengal told The Hindu that he was not aware of any assault on an RTI activist. “If the police have been informed they will definitely look into the matter. We do not discourage people from filing RTI queries,” Mr. Garg said.

According to Mr. Goswami, there are clear directives by a task force constituted by DOPT (Department of Personnel and Training) against attacks on activists in India where several agencies including the National Human Rights Commission and Central Information Commission take cognizance of the matter. “I have informed NHRC, DOPT, Ministry of Home Affairs as well as CAG headquarters for necessary action,” the activist added.

Mr. Goswami said that since 2018 he has been filing RTI queries at the CAG office on numerous public issues but no information was provided. “If RTI activists are assaulted for seeking information at the CAG office which is mandated by law to audit and inspect and bring irregularities to public domain, we can imagine what will be the situation in panchayats, municipalities and other State-run offices”, the activist

said. <https://www.thehindu.com/news/national/other-states/rti-activist-assaulted-at-cag-office-for-filing-application/article66244115.ece>

9. Promise to implement Old Pension Scheme: Most successful arrow in Congress' quiver ([moneycontrol.com](https://www.moneycontrol.com)) December 09, 2022

Good politics may not necessarily mean sound economics. Promising restoration of the Old Pension Scheme (OPS) as an electoral gambit is one thing, but once the gambit has worked, implementing its lofty targets on the ground is quite another matter.

There is no doubt that the Congress party's promise to restore the OPS has turned the election mandate decisively in its favour in Himachal Pradesh, where the government remains the largest employer.

The burden of paying OPS becomes particularly precarious in a state that is close to bankruptcy. Himachal is under a debt burden of over Rs 70,000 crore and the new government will find it difficult to raise Rs 16,000 crore for paying the arrears to its employees.

“It is a huge challenge. No one knows where the money will come from. But compared to BJP, which did not even talk of pensions, the promise by Congress is too good to be ignored,” Shimla-based academic Shashi Kant Sharma told Moneycontrol.

The focus of the new Congress government will be on raising funds to pay salaries to employees and maintain the pace of development works.

So, how will the new government go about doing it?

Consider the following. According to data from the latest State Finances Audit Report of Himachal Pradesh for the year ended March 31, 2021, the state's committed expenditure — which comprises interest payments, expenditure on salaries and wages, and pensions — had increased from Rs 17,154.75 crore in 2016-17 to Rs 22,464.51 crore in 2020-21.

As a percentage of revenue receipts, the committed expenditure has increased from 65.31 percent to 67.19 percent over the last five years. The committed expenditure has been hovering around 67 percent of the total revenue expenditure of the government during the last five years (2016-21).

The rising amount of committed expenditure means that a lower revenue is available with the state government for development expenditure. For instance, during 2020-21, only about one-third of the state's total revenue receipts were available for the developmental outlay.

Only about a fourth of Himachal's revenues comes from its Own Tax Revenues (OTR). During 2020-21, out of the total revenue of Rs 33,438 crore, only Rs 8,083 crore came from the state's OTR.

In the Himalayan state, the growth in OTR, which comprises taxes like state GST, state excise, stamp duty, registration fees, land revenue, and taxes on vehicles, goods, and passengers, has remained very low in recent years.

Figures from the Comptroller and Auditor General of India (CAG) show that Himachal Pradesh's OTR increased by 14.84 percent to Rs 8,083 crore in 2020-21 from Rs 7,039 crore in 2016-17.

In the year preceding the pandemic – which crippled the state's tourism-led economy (2019-20) – Himachal's own taxes as a ratio of total revenue receipts stood at just 24.80 percent, which was lower than the all-state average ratio of states' own taxes to total receipts (38.04 percent) in that year.

Employees, particularly those who have superannuated, are thrilled. "The Old Pension Scheme will benefit retired employees in a big way," Mohan Singh, a retired irrigation department official, told Moneycontrol.

More than 2.25 lakh individuals are employed with the Himachal Pradesh government, of which 1.90 lakh are pensioners. This is a huge number for a small state like Himachal, where the total size of the electorate is not more than 55 lakh.

Employee associations have protested against the new scheme in Shimla, Mandi, Kangra, and Solan, particularly in the run-up to the elections.

While no one is willing to talk on behalf of Congress, saying it is too early, restoring the OPS is a tactic that may work. After its success in Himachal, the Congress is keen to broaden the agenda. Several states will follow suit.

Chhattisgarh's Chief Minister, Bhupesh Baghel, who also campaigned in Himachal, has already promised that Congress is keen to go ahead with its 'pro-people' policy.

Recently, the Punjab government said it was considering reverting to OPS, for its employees. If the proposal goes through, Punjab will be the fourth state to have reverted to the OPS. States like Rajasthan, Chhattisgarh, and Jharkhand have already implemented the OPS.

With Arvind Kejriwal too, toying with the idea of restoring pensions, a significant piece of financial reform could be under threat. <https://www.moneycontrol.com/news/politics/promise-to-implement-old-pension-scheme-most-successful-arrow-in-congress-quiver-9679881.html>

10. Cabinet formation will be the first major challenge before Himachal CM (dailypioneer.com) December 12, 2022

After the formation of the government led by chief minister Sukhvinder Singh Sukhu in Himachal Pradesh, constituting a Cabinet or the council of ministers will be the first major challenge of the chief minister and the Congress leadership.

In the formation of the Cabinet, keeping factional fighting at bay and adjusting the interests of various pressure groups and delivering on ambitious poll promises all will be considered. Allocation of portfolios would be the immediate vexatious issue for the party, with supporters of Virbhadra Singh already feeling sidelined after the elevation of the late chief minister's professed rival Sukhu.

Virbhadra Singh's wife Pratibha Singh may have made all the right noises to start with, but it remains to be seen what bargain she strikes in order to satisfy her camp.

Her son Vikramaditya Singh, who won again from Shimla Rural could get an important portfolio in the new Cabinet and could be the youngest minister of the Sukhu Cabinet.

Organizational unity challenge apart, the Congress government in the state would need to hit the ground running and deliver on the manifesto promises, which appeared to have struck a chord with the voters. The uphill task would be to generate finances for the range of promises which, all put together, would entail an expenditure of around Rs 10,000 crore annually on the part of the state government.

How Sukhu and his team achieve this will be closely watched considering Himachal's massive debt burden of around Rs 65,000 crore till March 31, 2002.

With the state's finances already under stress, the CAG has also warned that the state government utilised 74.11 percent of borrowed funds for the repayment of previous borrowings (principal) and 25.89 percent for capital expenditure. As per the CAG's latest report tabled in the state assembly for 2020-21, around 39 percent of the debt (amounting to around Rs 25,000 crore) is payable in the next two to five years.

Implementing the lofty promises made by Congress is going to be a challenging task, including providing one lakh jobs in the first year and a total of five lakh jobs in the five-year term. The immediate task would, however, be to fill the state's 62,000 vacancies in various government departments, which will also push up the employee cost. The promise of giving Rs 1500 to every adult woman in the state would entail Rs 5,000 crore expense annually. Coupled with that the promise of free power of up to 300 units to every household will entail expenses of another Rs 2,500 crore annually while catering to around 15 lakh households, the sources said.

The restoration of the old pension scheme, which has been the biggest promise that helped the party romp home to power, is also a challenging task considering that other Congress-ruled states of Rajasthan and Chattisgarh have not been able to implement them.

On Saturday, Sukhu had said all stakeholders will be taken on board while taking important decisions. "We want to change the system. Give me some time. We need to work hard to bring in a new system and new thinking," he said.

The Congress made several ambitious promises ranging from a free once-in-four-year pilgrimage for all elderly to a dedicated budget for the promotion of religious tourism in every assembly constituency, as the manifesto included a stand-alone segment titled – "Devsthan and Tirth Yatras" (Temples and Pilgrimages). The loftiest promise in this section is a pledge of free pilgrimage to any shrine of choice for all elderly in the state. The Congress promised to foot the bill for such a trip every four years. It included a provision for attendants to accompany the elderly on such trips.

The Congress had made ten promises to the people of Himachal Pradesh which include the restoration of the old pension scheme in its first meeting of the state cabinet, besides giving Rs 1500 to all adult women in the state. <https://www.dailypioneer.com/2022/state-editions/cabinet-formation-will-be-the-first-major-challenge-before-himachal-cm.html>

11. हिमाचल प्रदेश में कांग्रेस की नई सरकार के समक्ष दोहरी चुनौती है (hindi.business-standard.com) December 11, 2022

हिमाचल प्रदेश में नए नेतृत्व को लेकर निर्णायक कदम उठाने के बावजूद राज्य में कांग्रेस पार्टी के लिए अभी काम खत्म नहीं हुआ है क्योंकि उसके सामने गुटबाजी को दूर रखने और महत्वाकांक्षी चुनावी वादों को पूरा करने की दोहरी चुनौती है।

मुख्यमंत्री सुखविंदर सिंह सुक्खू और उपमुख्यमंत्री का रास्ता अभी कठिन है जिसमें पहली बाधा मंत्रिमंडल का गठन होगी। मंत्रिमंडल गठन के मामले में उन्हें पार्टी में प्रतिस्पर्धी समूहों के दबाव से निपटना होगा।

पार्टी के लिए सबसे पहली मुश्किल विभागों का आवंटन होगा क्योंकि दिवंगत मुख्यमंत्री वीरभद्र सिंह के समर्थक उनके कथित प्रतिद्वंद्वी सुक्खू को शीर्ष पद पर काबिज किये जाने के बाद पहले से ही खुद को दरकिनार महसूस कर रहे हैं।

हो सकता है कि पूर्व मुख्यमंत्री वीरभद्र सिंह की पत्नी प्रतिभा सिंह ने शुरू में सही आवाज उठाई हो, लेकिन देखना यह होगा कि अपने खेमे को संतुष्ट करने के लिए वह क्या मोलभाव करती हैं।

इस तरह की चर्चा है कि उन्होंने अपने बेटे विक्रमादित्य सिंह के लिए एक महत्वपूर्ण विभाग मांगा है। विक्रमादित्य सिंह ने शिमला ग्रामीण से जीत दर्ज की है।

पार्टी के सूत्रों ने कहा कि शीर्ष नेतृत्व विक्रमादित्य सिंह को राज्य मंत्रिमंडल में वरिष्ठ मंत्री बना देने पर सहमत हो गया है।

संगठनात्मक एकता की चुनौती के अलावा, राज्य में कांग्रेस सरकार को जमीनी स्तर पर काम करने और घोषणापत्र के वादों को पूरा करने की आवश्यकता होगी।

चुनावी वादों को पूरा करने के लिए एक और कठिन कार्य राज्य सरकार के लिए वित्त जुटाना होगा। इन वादों को पूरा करने के लिए राज्य सरकार की ओर से लगभग दस हजार करोड़ रुपये सालाना खर्च होंगे।

हिमाचल पर 31 मार्च,

2002 तक लगभग 65,000 करोड़ रुपये के कर्ज के बोझ को देखते हुए सुक्खू और उनकी टीम इसे कैसे हासिल करती है, इस पर बारीकी से नजर रखी जाएगी।

राज्य की वित्तीय स्थिति पहले से ही मुश्किल में है। भारतीय नियंत्रक एवं महालेखा परीक्षक (कैग) का कहना है कि राज्य सरकार ने कर्ज ली गई धनराशि का 74.11 प्रतिशत पिछले कर्ज (मूलधन) के पुनर्भुगतान के लिए और 25.89 प्रतिशत पूंजीगत व्यय के लिए उपयोग किया है।

राज्य विधानसभा में 2020-

21 के लिए पेश की गई कैग की नवीनतम रिपोर्ट के अनुसार, लगभग 39 प्रतिशत ऋण (लगभग 25,000 करोड़ रुपये) अगले दो से पांच वर्षों में देय है।

कांग्रेस द्वारा किए गए चुनावी वादों को लागू करना एक चुनौतीपूर्ण काम होने जा रहा है, जिस में पहले साल में एक लाख नौकरियां और पांच साल की अवधि में कुल पांच लाख नौकरियां देना शामिल है।

तत्काल कार्य विभिन्न सरकारी विभागों में राज्य की 62,000 रिक्तियों को भरना होगा, जिससे कर्मचारी लागत भी बढ़ेगी।

राज्य की हर वयस्क महिला को 1500 रुपये देने के वादे पर सालाना 5,000 करोड़ रुपये खर्च होंगे।

सूत्रों ने कहा कि इसके साथ ही हर घर को 300 यूनिट तक मुफ्त बिजली देने के वादे पर सालाना 2,500 करोड़ रुपये का और खर्च आएगा।

वर्ष 2022-

23 के बजट अनुमानों के अनुसार, कुल प्राप्तियां और नकद व्यय क्रमशः 50,300.41 करोड़ रुपये और 51,364.76 करोड़ रुपये अनुमानित हैं।

हिमाचल के लिए 2022-

23 में राजस्व घाटा 3,903.49 करोड़ रुपये और राजकोषीय घाटा 9,602.36 करोड़ रुपये रहने की संभावना है।

पार्टी को राज्य की सत्ता में लाने में मदद करने वाला सबसे बड़े वादे पुरानी पेंशन योजना की बहाली भी एक चुनौतीपूर्ण कार्य है।

हालांकि प्रधानमंत्री नरेन्द्र मोदी ने आश्वासन दिया है कि हिमाचल प्रदेश के विकास में कोई बाधा नहीं आएगी, भले ही भारतीय जनता पार्टी (भाजपा) ने राज्य में सत्ता गंवा दी हो।

सुक्खू ने शनिवार को कहा था कि महत्वपूर्ण फैसले लेते समय सभी हितधारकों को साथ लिया जाएगा। उन्होंने कहा था,

“हम व्यवस्था को बदलना चाहते हैं। मुझे कुछ समय दें। हमें एक नई प्रणाली और नई सोच लाने के लिए कड़ी मेहनत करने की जरूरत है।”

कांग्रेस ने सभी बुजुर्गों के लिए चार साल में एक बार मुफ्त तीर्थ यात्रा से लेकर हर विधानसभा क्षेत्र में धार्मिक पर्यटन को बढ़ावा देने के लिए समर्पित बजट तक कई महत्वाकांक्षी वादे किए थे। धार्मिक पर्यटन को बढ़ावा देने के लिए प्रत्येक विधानसभा क्षेत्र के लिए समर्पित बजट को शामिल करने वाली निधि “देव भूमि विकास निधि” का भी वादा किया गया है।

कांग्रेस ने हिमाचल प्रदेश के लोगों से दस वादे किए थे जिनमें राज्य कैबिनेट की पहली बैठक में पुरानी पेंशन योजना की बहाली के अलावा राज्य की सभी वयस्क महिलाओं को 1500 रुपये देने का वादा शामिल है।

पार्टी ने सभी घरों को 300 यूनिट मुफ्त बिजली और युवाओं को पांच लाख नौकरियों का वादा करके गरीबों को लुभाने की भी कोशिश की थी।

पार्टी ने 680 करोड़ रुपये की ‘स्टार्टअप निधि’ बनाने का भी वादा किया है।

पार्टी द्वारा 52 पृष्ठों के ‘प्रतिज्ञा पत्र-

हिमाचल, हिमाचलियत और हम’ में धार्मिक पर्यटन को बढ़ावा देने के लिए विधायकों को विशेष बजट देने, बिजली परियोजनाओं से प्रभावित लोगों को प्रति परिवार एक नौकरी और बेरोजगारों को शहरी मनरेगा के तहत रोजगार देने का भी वादा किया गया है। https://hindi.business-standard.com/storypage_hin.php?autono=2308312

SELECTED NEWS ITEMS/ARTICLES FOR READING

12. India needs to bring down its fiscal deficit which is highest among G20 countries ([indianexpress.com](https://www.indianexpress.com)) Written by Ashok Gulati, Manish K Prasad | December 12, 2022

As India takes over the G20 presidency, one of the big jobs under the finance track is to ensure that G20 nations come up with a credible policy framework to tame inflation, especially food inflation, while protecting growth and ensuring overall financial stability. The massive stimulus that was injected in almost all G20 nations to circumvent the fear of recession during Covid-19 has come back to haunt them in the form of excess liquidity, causing inflation. On top of that, the Russia-Ukraine conflict has flared fuel and food prices while climate change in the form of intense heat waves, floods and droughts, is also hitting at food prices in several countries. The central bankers of the G20 have been on the job, using monetary policy tools to douse inflation pressures. But the job is not yet over. The year 2023 will be a test case for the collective wisdom of the G20 in taming inflation and protecting growth.

In Turkey, food inflation is surging at 103 per cent. Argentina’s food inflation is at 91.6 per cent. One wonders how they are controlling social unrest in their countries as the life-long savings of people are being eroded. Even in Germany, food inflation is at 17.7 per cent – an

unprecedented phenomenon in decades. India is in a much better position with 7 per cent food inflation. The RBI governor has recently pronounced that the worst of inflation is behind us. Perhaps it is time to appreciate the RBI's policy in managing inflation. The beauty is that India is taming inflation while scoring the highest GDP growth (6.1 per cent in 2023), as forecasted by the IMF's World Economic Outlook. In terms of GDP growth, China is likely to be at 4.4 per cent, the US at 1 per cent, the Eurozone at 0.5 per cent and the UK at just 0.3 per cent (see Infographics).

India is taming inflation while scoring the highest GDP growth (6.1 per cent in 2023), as forecasted by the IMF's World Economic Outlook.

Incidentally, global growth is likely to tumble from 6 per cent in 2021 to just 3.2 per cent in 2022 and 2.7 per cent in 2023. Advanced economies are likely to see even lower growth at only 2.4 per cent and 1.1 per cent in 2022 and 2023 respectively. Similarly, China's growth has been downgraded to 3.2 per cent in 2022 (the lowest growth in more than four decades, excluding the initial Covid crisis in 2020), and a tad higher to 4.4 per cent in 2023.

Against this global backdrop of inflation and growth, India can surely stand tall and may be able to give a lesson or two to the G20 on how it has managed not to let food inflation go out of control and yet maintained the highest rate of GDP growth.

In this context, it may be noted that food inflation has been hurting not just the G20 economies, but also several African nations where the purchasing power of people is very low. If India is to represent an agenda for the Global South, one thing it must do is to invite the African Union to the G20. African nations are suffering badly from food inflation for no fault of theirs and need support from the G20.

Interestingly, Union Finance Minister Nirmala Sitharaman, in one of the conferences recently organised by ICRIER, had remarked that managing inflation with growth has to be done in a synchronised manner by the RBI, the Ministry of Finance, the Ministry of Food, and many other ministries. It is like playing an orchestra with various policy tools to create a symphony. It can't be done just by the central bank alone. This is an important lesson that India can offer to G20 nations. But which policy instrument to play at what time, and at what volume, is an art making that needs to be fleshed out clearly for others to follow.

However, there is no room for complacency even for India as we step into 2023. While our GDP growth prospects are the brightest and inflation is under control (though still not below the upper tolerance band of the RBI), our fiscal deficit at 9.9 per cent (Centre and states combined) is the highest amongst all G20 countries. That's not a good sign of sound macroeconomic management. The Fiscal Responsibility and Budget Management Act of 2003 (FRBMA), which was passed by Parliament when Atal Bihari Vajpayee was the Prime Minister, had envisioned bringing down the fiscal deficit to 3 per cent of GDP. That has remained a tall order for almost all governments since 2003. If Sitharaman can bring down the fiscal deficit of the Centre in a calibrated manner somewhere between 3 to 4 per cent in the next year or two, without jeopardising growth, that would be the real feather in India's cap for macro-economic management. It is not impossible, and can be done if efficiency in public expenditure is kept at a high priority.

The Prime Minister has been recently talking of staying away from the revdi (doles) culture during the state assembly elections. The issue has also attracted the attention of the Election

Commission as well as the Supreme Court. Earlier, the Finance Commission under the chairmanship of N K Singh had red flagged the growing culture of subsidies at the Centre and states. The time has come to bite the bullet on this. No one can deny the need for targeted subsidies to the most vulnerable. But the dole culture has gone far beyond that welfare objective to almost using it as a bait to win elections. It is this “bribe for votes” that needs to be tamed. The best way to proceed is to set up a high level committee of credible professionals to look into this and suggest ways and means to bring in frugality and efficiency in public expenditures of the Centre and the states, making it more growth oriented, creating more jobs and livelihoods, and more environment protecting.

If India can do that in a professional and pragmatic manner, it can surely lead the G20 to a much more sustainable finance track. <https://indianexpress.com/article/opinion/columns/india-fiscal-deficit-g20-gdp-inflation-8319179/>

13. Why local bodies are financially starved ([thehindubusinessline.com](https://www.thehindubusinessline.com)) By BIBEK DEBROY | ADITYA SINHA | December 11, 2022

The US Supreme Court Justice Louis Brandeis is often attributed for coining the phrase “race to the bottom” in *Louis K Liggett Co. v. Lee* (1933). Brandeis termed the race between the States for watering down rules and regulations to entice industry in their jurisdictions as “one not of diligence but of laxity”. But there is also a race towards the bottom between several Indian States today.

This race is to create a mockery of the 73rd and 74th amendments of the Indian Constitution. Next year, India will celebrate the 30th anniversary of the enactment of these constitutional amendments, cornerstones of decentralisation in India. A lot remains to be done to have truly decentralised local bodies in the country.

Decentralisation is supposed to stimulate intergovernmental competition for producing maximum social utility. However, the current intergovernmental competition in India is akin to watering down the very basic tenets of decentralisation. Unfortunately, nothing much has changed in the last 30 years.

Elections in PRIs (Panchayati Raj Institutions) are still irregular. Recently, several states conducted local bodies elections just because the Union Finance Commission recommended grants only for the “duly constituted local governments”.

There is still prolonged suppression. In many states, there has been no local body for a prolonged period of time.

There is still inadequate devolution of powers; and

There’s a lack of financial resources. The only respite is that there has been a representation of weaker sections like Scheduled Castes, Scheduled Tribes and women in PRIs. But there is also the perennial problem of Rule by Proxy.

This column is about lack of financial resources. Both rural local bodies (RLBs) and urban local bodies (ULBs) across the country are under financial stress. RLBs are exclusively

dependent on grants from State Finance Commissions (SFCs) or Union Finance Commission (UFC) and are rarely able to generate their own revenue.

It is the responsibility of SFCs to not only devolve resources between the State and the local body but also recommend measures for local bodies to raise their own tax and non-tax revenues. But SFCs in some states are either defunct, or nobody pays any heed to SFCs' reports.

There are five key issues with SFCs.

States do not constitute SFCs. Article 243I of the Constitution warrants States to constitute SFCs to review the financial position of RLBs and ULBs and make suggestions to the Governor about: (i) distribution of taxes between State and LBs, (ii) determination of taxes, duties, etc., which may be assigned to or appropriated by LBs, and (iii) grants in aid to LBs by the State.

As per constitutional provisions, States should have constituted their first SFC by April 1, 1994, and subsequent FCs after expiration of every five years. Simple mathematics would tell us that by 2022, most States should have constituted at least their 5th FC. However, some States have not even constituted their third and fourth SFCs.

Recently, a PIL was filed in Andhra Pradesh High Court for the constitution of 5th SFC. The award period of 4th SFC was 2015-20. Andhra Pradesh informed the High Court it will soon reconstitute the Finance Commission. Several states simply do not adhere to the Constitution unless there is a nudge from courts. Kerala's Finance Minister is correct when he says, "Devolution of resources to States is not a charity but a Constitutional obligation". But the devolution of resources to local bodies is also not charity but a Constitutional obligation of state governments.

SFCs work under resource constraints. SFCs are non-permanent bodies. Six to seven months are spent hunting for office space. Later, this is cited as one of the reasons for seeking an extension for submitting the report. For instance, the terms of reference of the 4th SFC of Haryana required it to submit its report by April 30, 2011. But the commission sought several extensions and submitted its report only by June 30, 2014, citing a lack of infrastructural facilities.

The SFCs are not presented with accurate and updated data on the finances of the local bodies. In the absence of data, in a significant number of cases, recommendations by SFCs tend to be the ad-hoc opinion of the chairperson of the SFC, which is not grounded in data. No rigorous fiscal analysis is possible without disaggregated fiscal data for the PRIs and ULBs.

Once the SFC submits its report, States are constitutionally bound to lay the explanatory memorandum as to the action taken report before the state legislature (Article 243I (4)). There are numerous instances where states have either simply failed in placing ATR before the legislature or taken several years to do so. For instance, second SFC reports of Karnataka and Maharashtra and the third SFC of Gujarat were neither considered nor placed in the State legislature for years. While the second SFC's report was placed before the legislature in Kerala after three years, the action taken report was not even submitted.

Unlike the Union Finance Commission, where the Union Government accepts nearly all recommendations, there are instances of States rejecting even basic requests. They are well within their rights to do so. However, once the recommendations are accepted, the States

simply fail to implement them. Bihar is an example. The government simply failed to release the Devolution and Grant of FY 2015-16.

Finances at the Union level are always under the democratic gaze. However, some states contravene the Constitutional provisions repeatedly without any repercussions. States should devolve more powers and resources to local bodies. Intergovernmental competition should not just be confined to the race to the bottom but the other way around. <https://www.thehindubusinessline.com/opinion/why-local-bodies-are-financially-starved/article66252381.ece>

14. Direct tax collection up 24% to Rs 8.77 trn; nears 62% of Budget estimates ([business-standard.com](https://www.business-standard.com)) December 12, 2022

The net direct tax collection grew 24 per cent to Rs 8.77 lakh crore in the April-November of the current fiscal, the Finance Ministry said on Monday.

This represents 61.79 per cent of the full-year Budget Estimates (BE) of direct tax collection for 2022-23 (April-March).

"Direct tax collection net of refund stands at Rs 8.77 lakh crore as of November 30, which is 24.26 per cent higher than the net collection for the corresponding period last year," the ministry tweeted.

The collection accounts for 61.79 per cent of Budget Estimates for FY 2022-23.

The Budget estimated direct tax collection at Rs 14.20 lakh crore this fiscal, higher than Rs 14.10 lakh crore collected last fiscal (2021-22). Tax on corporate and individual income makes up for direct taxes.

Tax collection is an indicator of economic activity in any country.

The collection from the levy of tax on goods and services sold (GST) has flattened to around Rs 1.45-1.50 lakh crore per month.

Refunds amounting to Rs 2.15 lakh crore were issued between April 1 and November 30, which is about 67 per cent higher than the last year. https://www.business-standard.com/article/economy-policy/direct-tax-collection-up-24-to-rs-8-77-trn-nears-62-of-budget-estimates-122121200208_1.html

15. The PM Fasal Bima Yojana needs an urgent revamp ([thehindubusinessline.com](https://www.thehindubusinessline.com)) December 11, 2022

Six years after its launch and post multiple overhauls, Pradhan Mantri Fasal Bima Yojana (PMFBY), India's flagship scheme for crop insurance, has largely failed to deliver on its objectives. An expert committee steered by Ashok Dalwai recently submitted a report showing that, between 2016 and 2021, PMFBY saw a decline in participating farmers (362 lakh to 248 lakh) and States (22 to 19), with shrinking coverage (474 to 387 lakh hectares), despite a sharp rise in premiums.

PMFBY offers farmers compensation for crop losses arising from non-preventable risks such as drought, floods, pest and disease attacks. Premiums for insured clusters are discovered through a bidding process. Farmers are expected to make only nominal premium payouts (1.5 to 2 per cent); the bulk of the premium is shared equally between the Centre and States. But with farmers complaining of uncertain claims payouts, States dropping out and the Centre seeing limited results on the ground despite rising budgetary allocations, PMFBY is in urgent need of an overhaul.

The main grouse that States have with PMFBY is that while premiums are distributed evenly across participants, claims are cornered by a few. The expert committee has found some truth in this complaint. While the average claims realisation ratio (claims-to-premium) of all States participating in PMFBY was just 12 per cent, a fifth of the districts realised claims of over 100 per cent. To resolve this, the committee suggests setting differential premiums based on actual yield variations across districts and crops. It has used extensive data analysis to arrive at 'vulnerability rankings' for individual crops and districts. The government should use this data to set realistic premiums. Farmers seem to be disenchanted with insurers demanding complex documentation at the last minute while filing claims. Capturing all details on the insured crop at the time of registration, can address this. The scheme relies heavily on technology - mobile apps and the National Crop Insurance Portal - for reporting crop losses. Given sub-par connectivity and digital literacy in rural areas, intermediaries such as Farmer Producer Companies must be roped in to aid farmers. State governments need to avoid inordinate delays in premium payments which hold up claims.

The Centre may also need to re-assess the need for private participation in the scheme. While PMFBY has empanelled twelve private insurers, Agriculture Insurance Company (AIC) and four PSU insurers in the scheme, there have been recurring complaints about higher claim rejection ratios and windfall profits for private insurers. Private insurers have also tended to blow hot and cold on the viability of this business. As the PMFBY is essentially a welfare scheme to offer a safety net to farmers, there appears to be no compelling reason to strive for commercial motives in its design. Presently the Centre and States make massive budgetary allocations towards agriculture by way fertiliser subsidies, free power, interest subvention and so on, besides periodic waivers of agricultural loans. Rationalising all these schemes and utilising the savings to fund premiums for a crop insurance scheme run by a State-owned agency such as AIC, may make the PMFBY simpler and workable. <https://www.thehindubusinessline.com/opinion/editorial/the-pm-fasal-bima-yojana-needs-an-urgent-revamp/article66252279.ece>

16. 'Reforms in LNG sourcing to help curb fertiliser subsidy' ([financialexpress.com](https://www.financialexpress.com)) December 12, 2022

A sharp spike in prices of liquefied natural gas (LNG) amid the Russia-Ukraine conflict has pushed up the cost of production of urea. Higher global prices of soil nutrients are seen to inflate fertiliser subsidy to Rs 2.5 trillion in FY23, up 54% from 2021-22 level. Arun Singhal, secretary, Department of Fertilisers spoke to Sandip Das on critical issues of fertiliser supplies, reforms in LNG pricing mechanism and possibility of cash transfer to farmers, instead of routing the subsidies to the industry.

Q: The surge in global prices of fertilisers and feedstock like gas has upset the estimates of subsidy requirements. Any long-term measure being initiated to deal with the volatility of global soil nutrient prices?

Fertiliser subsidy has gone up in sync with global prices as we import a substantial volume of fertilisers (30% of domestic consumption is met via imports). However, the prices have started to soften in recent times. For instance, the global prices of DAP (diammonium phosphate) are currently ruling around \$720/tonne, down from a high of \$920/tonne prevailed a few months back. Even urea prices have softened. In terms of high global fertiliser prices, the worst is over from our perspective. We have broad-based our supplies rather than depending on a few sources. If there are some issues with importing fertiliser from Russia, we can import from African and Arab countries. Our focus is to ensure that farmers get adequate quantities of fertilisers at reasonable prices.

Q: What is your latest assessment on the quantum of fertiliser subsidy in the current fiscal?

It is difficult to estimate the subsidy as the country's urea production is dependent on (imported) liquefied natural gas (LNG), which is 80-85% of the cost of production. We really do not know the future movements in the LNG market. We have installed capacity for manufacturing 28.3 million tonne (MT) of urea against an annual requirement of around 35 MT. If (LNG) prices are at a certain level, it makes sense to produce urea in the country. If imported urea prices are higher than imported LNG prices, we will have to import the finished product. We keep a close watch on imported gas and urea prices and take a call accordingly.

Q: What measures the government is considering to deal with volatility in the LNG prices?

In terms of sourcing of the feedstock, domestic gas is the cheapest, followed by long-term LNG supplies and spot markets. Domestic LNG ranges between \$ 8-10 per million metric British thermal unit (mmBtu), while long-term LNG is sourced at the price band of \$ 18-20 per mmBtu. The spot gas prices vary very widely between \$ 2-67 mmbtu. The Empowered Pool Marketing Committee (EPMC) set up by the petroleum ministry in 2015 is managing these streams of supplies and the pooling of gas for uniform pricing to fertiliser units.

The government is considering some reforms in the EPMC process including steps such as reverse auction, aggregation of demand etc. In the last one month, we have saved Rs 3,288 crore by swapping, which allowed us to source cheaper LNG through short-term tender method. While in the EPMC process, there has not been off-take guarantee for LNG, we are now considering to include such guarantee.

Q: There are reports of shortage of fertilisers from states. What are the steps initiated to deal with it?

There is no shortage of fertiliser whatsoever and we have an integrated fertiliser management system in place. There are logistical issues that arise from time to time as we carry out the huge exercise of transporting and distributing 65 MT of fertiliser annually. It implies that around 150,000-200,000 tonne of fertilisers are being supplied on a daily basis. There are a few reports of shortages of fertilisers in a district for one or two days, but these have been addressed.

Q: How much progress has been made on the direct cash transfer to farmers instead of rousting subsidies via fertiliser manufacturers?

There are several issues associated with direct cash transfer. We will be taking up a few pilot DBT projects in four states. States need to have digital land records, crops surveys, coverage of soil health cards and provisions for formal and informal tenancy in landing holdings before

rolling out of cash transfer. Cash transfer models have also to vary across states. Existing system of recording every fertiliser purchase by farmers through 300,000 point of sale (PoS) machines has reduced instances of overcharging by retailers. <https://www.financialexpress.com/economy/reforms-in-lng-sourcing-to-help-curb-fertiliser-subsidy/2909186/>

17. Price distortions in fertilisers will not help farming in the long run. Govt can offer acreage-based cash transfers (indianexpress.com) DECEMBER 12, 2022

The government can maintain a stock of basic fertilisers, including urea and DAP, to ensure no untoward price rise even in a decontrol scenario

Two ambitious schemes of the Narendra Modi government — Soil Health Card and mandatory neem-coating of urea — were supposed to promote balanced use of fertilisers. However, far from weaning farmers from urea, annual consumption of this nitrogenous fertiliser has only risen from 30 to 35 million tonnes (mt) in the last five years. This year, not only have urea sales gone up by 3.7 per cent during April-October over the same period of 2021, it has grown even more, at 16.9 per cent, for di-ammonium phosphate (DAP). This has come even as sales of all other fertilisers — including complexes containing nitrogen (N), phosphorus (P), K (potash) and sulphur (S) in different proportions – have fallen. In other words, instead of balanced use of plant nutrients based on soil testing and specific crop requirement, Indian farmers are effectively applying just urea and DAP — both high-analysis fertilisers containing 46 per cent N and P respectively.

They have reason to do so: The government has fixed the maximum retail price (MRP) of urea at Rs 5,628 per tonne. The MRPs of other fertilisers are technically decontrolled, but companies have been “told” not to charge more than Rs 27,000/tonne for DAP. The informally-fixed MRPs are higher at Rs 29,000-31,000 and Rs 34,000 per tonne for NPKS complexes and muriate of potash (MOP) respectively, but farmers have little incentive to buy at these prices. Why should they apply complexes such as 10:26:26:0, 12:32:16:0 and 20:20:0:13 when DAP is cheaper and has 46 per cent P as well as 18 per cent N? The fact that DAP does not contain K, S or other macro and micro nutrients wouldn’t matter to a majority of farmers. For them, choice of fertilisers is primarily a function of prices. Underpricing of urea (a historical phenomenon) and DAP (recent) is a product of subsidy-induced market distortions, for which the blame lies squarely with the Modi government. The compulsions of electoral politics have clearly trumped concerns over soil nutrient imbalances.

The effects of these – the current NPK ratio is about 13:5:1, as against the ideal 4:2:1 – would ultimately show up in crop yields. Plants, like humans, will respond poorly to fertilisers if only one or two nutrients are given in excess. The Modi government should replace subsidies on individual fertiliser products with a flat per-hectare cash transfer, maybe twice a year. Every farmer can have an e-wallet account into which this money can be credited before the kharif and rabi planting seasons. The e-wallet may be used only for the purchase of fertilisers. The government can maintain a stock of basic fertilisers, including urea and DAP, to ensure no untoward price rise even in a decontrol scenario. <https://indianexpress.com/article/opinion/editorials/price-distortions-in-fertilisers-will-not-help-farming-in-the-long-run-government-can-offer-acreage-based-cash-transfers-8319123/>

18. GST evasion of Rs 23,000 crore by gaming companies in April 2019-Nov 2022 period being investigated ([moneycontrol.com](https://www.moneycontrol.com)) DECEMBER 12, 2022

GST evasion of about Rs 23,000 crore by gaming companies between April 2019 and November 2022 is being investigated by the tax officers, Minister of State for Finance Pankaj Chaudhary said on Monday.

In a written reply to a question in the Lok Sabha, the minister said the Enforcement Directorate has attached proceeds of crime of more than Rs 1,000 crore in several cases related to Cyber and Crypto assets frauds wherein online gaming etc have been used for siphoning the proceeds.

About evasion of Goods and Services Tax (GST), Chaudhary said Central Board of Indirect Taxes and Customs (CBIC) formations have initiated investigations against some gaming companies (including online gaming firms) located in India as well as abroad.

"The estimated evasion of GST by these companies works out of Rs 22,936 crore, relating to the period April 2019 to Nov. 2022," he said.

Besides, the Directorate of Enforcement is investigating several cases related to Cyber and Crypto assets frauds wherein online gaming etc. have been used for siphoning the proceeds.

In these cases, as on December 6, 2022, proceeds of crime of more than Rs 1,000 crore have been attached/seized/freeze under the provisions of the Prevention of Money Laundering Act, 2002 (PMLA). Also, 10 Prosecution Complaints (PCs), including 2 supplementary PCs, have been filed before the Special Court PMLA.

Further, assets amounting to Rs 289.28 crore have been seized under section 37A of the Foreign Exchange Management Act, 1999, the minister said.

To a query on whether the Income Tax Department has issued notices to many gaming companies for non-payment of tax, Chaudhary said the information is not available, since no specific identification code for online gaming entities is available in Income Tax Return.

"The disclosure of information about specific taxpayer is prohibited except as provided under section 138 of the Income Tax Act, 1961," he added. <https://www.moneycontrol.com/news/technology/gst-evasion-of-rs-23000-crore-by-gaming-companies-in-april-2019-nov-2022-period-being-investigated-9691801.html>