

NEWS ITEMS ON CAG/ AUDIT REPORTS (07.12.2022)

1. SAI20 – Towards a Blue Economy and Responsible AI (dailyexcelsior.com) Girish Chandra Murmu / 7 December, 2022

G20 is a strategic multilateral platform connecting the world's major developed and emerging economies. The G20 holds a strategic role in securing future global economic growth and prosperity. Together, the G20 members represent more than 80 percent of worlds' GDP, 75 percent of international trade and 67 percent of worlds' population.

The SAI 20 Engagement Group, a group of Supreme Audit Institutions of G20 member countries, works towards strengthening governance institutions to respond with improved, agile and reliable methods to the emerging problems of our times as well as to enable governments to deliver a good quality of life to citizens. The establishment of this engagement group has led to the creation of an ecosystem where the SAIs coordinate and articulate strategies through multi-stakeholder engagements to deliver as partners in governance through positive and rigorous people-centric policies while also advancing greater transparency and accountability.

With India's assumption of the G20 presidency on 1st December 2022, CAG of India i.e. SAI India shall take the chairmanship of SAI20. SAI India shall remain dedicated to the recognition of Independence, Transparency, Accountability, Collaboration, and Continuity as the vital pillars of this engagement group. Under the guiding philosophy for India's presidency of G20 i.e. Vasudhaiva Kutumbkam, which sees the world as "One Earth, One Family, and One Future", Comptroller and Auditor General (C&AG) of India is proposing the collaboration of G20 SAIs on two priority areas of Blue Economy and Responsible Artificial Intelligence.

Blue Economy is an economic system that encompasses a spectrum of policy and operational dimensions aimed at conserving marine and freshwater environments while promoting their sustainable use, producing food and energy, supporting livelihoods and act as a driver for economic advancement and welfare. Blue Economy takes forward the concept of LiFE i.e. Lifestyle for Environment introduced by India in the COP26 Glasgow summit which emphasises the need for 'mindful and deliberate utilisation' instead of mindless and wasteful consumption in order to sustain and breathe new life into the marine and freshwater environments.

As a priority area, it serves to bring the focus of SAIs in achievement of the UN 2030 agenda, particularly (but not exclusively), Goal 14 viz., Life Below Water. The objective is to collaborate on auditing policies and programs that influences the Blue Economy in a way that is impactful and progressive with an appreciation of its strong interlinkages that span communities, sectors as well as nations. Considering the fact that fishery, for the most part, is the occupation of economically vulnerable sections also compels SAIs to exercise their oversight more effectively in the interest of greater inclusiveness in society and their immediate relevance to the people.

C&AG of India shall strive to formulate consensual and widely applicable standards or guidelines that shall enable SAIs to evaluate and guide, within their respective mandates, the development and effective implementation of policies and programs which balance sustainability on the one hand with economic progress and welfare on the other. We seek to develop a body of research, best-practice compilations, tool-kits, or audit guidelines as well as

foster possible modalities for closer collaboration between SAIs as also with other stakeholder communities.

The focus on the second priority area i.e., responsible AI is in sync with the fast-snowballing role that Artificial Intelligence systems are playing in the lives of citizens while also appreciating its deeply disruptive potential. As with Blue Economy, the problems related to responsible AI are topical, multidimensional and interdependent. The concerns span issues of legality, ethicality as well as the philosophical choices of human versus non-human agency. Apart from concerns of privacy, AI poses issues of biases and discrimination on account of lack of comprehensibility of the algorithms to the common man, as the systems progressively auto-evolve.

There has been extensive recognition and strong advocacy to generate awareness on the use of Responsible Artificial Intelligence across governments, businesses and civil society organizations. During the G20 Ministerial Statement on Trade and Digital Economy in June 2019, and as per recommendations on the Ethics of Artificial Intelligence by UNESCO in November 2021, a beginning has been made towards articulating that a digital society must be built on trust among all stakeholders.

While the application of AI continues to encompass more and more areas of our lives, it poses challenges of complexity to both governments as well as SAIs in its understanding, regulation and auditability to ensure its responsible use. It is important for SAIs to develop responsive capabilities to address the core questions in use of AI systems to position themselves essentially as an agent of effective oversight and provide evidence based support in comprehensive policy formulations and implementation.

C&AG of India's endeavor shall be to generate broad consensus on the nature and extent of interventions that SAIs can exercise towards promoting the values of responsible AI while staying within their respective mandates. We shall attempt to jointly develop audit support literature as well as explore ways in which the G20 SAIs can help each other through mutual capacity building and experience sharing. The general philosophy that shall guide our direction shall be the necessity to regulate the development and use of AI systems in a way that enables the full realization of its potentially life-changing benefits while at the same time keeping in check its potential for deliberate or even accidental misuse.

Taking forward the highly pertinent priority areas, C&AG of India as the chair of SAI20, intends to undertake strong, successful and widely participative collaboration of G20 SAIs for an efficacious and unmatched G20 presidency. <https://www.dailyexcelsior.com/sai20-towards-a-blue-economy-and-responsible-ai/>

2. CAG plans to set up offices in every district, keep tabs on local bodies (timesofindia.indiatimes.com) 7 December, 2022

NEW DELHI: For the first time in its history, the comptroller and auditor general has proposed to expand its presence up to the district level to exercise audit control over three-tier panchayat raj institutions that are at present not audited by any government auditor.

A large part of government expenditure directly goes to local bodies for implementation of several central and state level schemes. Looking at the huge allocation of funds, the federal

auditor has prepared a proposal to open its offices in each district and “exercise control and supervision” over the proper maintenance of accounts and audit of the PRIs, sources said.

At present the CAG has presence in state capitals and its accountant general’s office is responsible for auditing accounts of state governments. While the government departments draw funds from the consolidated fund, the PRIs draw money from separate fund accounts kept in bank or treasury. The latter is audited by a local fund audit body or an agency appointed by the state. Many of them are not even audited regularly.

According to sources, the CAG has decided to assert its constitutional mandate to supervise all government expenditure whether drawn from the consolidated fund or the state treasury. The existing practice allows PRIs “to prepare monthly and annual accounts of receipts and payments” where vouchers are retained by them and not submitted to the Accountant General for their audits. The PRIs, which also mobilise revenue through rents, rates, taxes, fines, fees, etc, are beyond the scrutiny of any central or state audit system.

The auditor has decided to initiate regular audits of central and state level schemes implemented by the local bodies. Pilot studies would be conducted in districts soon, sources said. The sample data collection at panchayat levels will help the Centre in planning its future development schemes, fine tune loopholes found during scrutiny and bring in transparency in expenditure.

“Public awareness and risk analysis are part of the audit plan involving PRIs,” a senior official said. Execution of projects in absence of any institutional audit mechanism gives scope for leakages, he said.

At present the CAG has presence in state capitals and its accountant general’s office is responsible for auditing accounts of state governments. <https://timesofindia.indiatimes.com/india/cag-plans-to-set-up-offices-in-every-district-keep-tabs-on-local-bodies/articleshow/96040266.cms>

3. सीएजी की हर जिले में ऑफिस खोलने की योजना (vibesofindia.com) 7 December, 2022

अपने इतिहास में पहली बार नियंत्रक और महालेखा परीक्षक (comptroller and auditor general) यानी सीएजी ने त्रि-स्तरीय पंचायती राज संस्थानों के ऑडिट के लिए जिला स्तर तक अपनी मौजूदगी दर्ज कराने का प्रस्ताव दिया है, जिसका इस समय किसी भी सरकारी ऑडिटर से ऑडिट नहीं होता है।

कई केंद्रीय और राज्य स्तरीय योजनाओं को लागू करने में सरकारी खर्च का बड़ा हिस्सा सीधे स्थानीय निकायों (local bodies) को जाता है। सूत्रों ने कहा कि फंड के भारी आवंटन को देखते हुए संघीय लेखा परीक्षक (federal auditor) ने प्रत्येक जिले में अपने ऑफिस खोलने और अकाउंट के उचित रखरखाव और पीआरआई के आडिट का प्रस्ताव तैयार किया है।

इस समय सीएजी (CAG) की उपस्थिति राज्यों की राजधानियों में है और इसके महालेखाकार (accountant general) का ऑफिस ही राज्य सरकारों के खातों का ऑडिट करता है। लेकिन स्थानीय निकायों का ऑडिट सरकार द्वारा नियुक्त ऑडिटर से कराया जाता है।

सूत्रों ने कहा कि जल्द ही जिलों में पायलट अध्ययन किया जाएगा। वह पंचायत स्तर पर नमूना डेटा संग्रह (sample data collection) केंद्र को अपनी भविष्य की विकास योजनाओं की योजना बनाने, जांच के दौरान पाई गई कमियों को दूर करने और खर्च में ट्रांसपेरेंसी लाने में मदद करेगा। <https://www.vibesofindia.com/hi/cag-plans-to-open-office-in-every-district/>

4. Centre, 3 states spent more on pension than salary, wages in FY20: CAG Report (thefederal.com) 7 December, 2022

Latest data released by the Comptroller and Auditor General of India (CAG) has revealed that expenditure towards pension was a major component of the Committed Expenditure of the Centre and three states in 2019-20, and even surpassed the expenditure towards salary and wages.

Committed Expenditure mainly consists of interest payments, and expenditure on salaries, pensions and subsidies. The Centre had a Committed Expenditure of around ₹9.78 lakh crore in 2019-20, which was 37 per cent of its total revenue expenditure of ₹26.15 lakh crore.

The report titled ‘Union and State Finances at A Glance’ said that of the Centre’s total Committed Expenditure of ₹9.78 lakh crore, ₹1.39 lakh crore was spent on ‘salary and wages,’ ₹1.83 lakh crore on pensions and ₹6.55 lakh crore on ‘interest payments and servicing of debts.’

“The Committed Expenditure in respect of the Union Government consists of 67 per cent on Interest Payment and Servicing of Debt. The remaining 19 per cent and 14 per cent expenditure constituted the expenditure on Pensions and Salary and Wages respectively. It is apparent that expenditure on pensions is more than the expenditure on salaries and wages,” the report said.

It said that that the Centre’s pension bill accounted for 132 per cent of its expenses on salary and wages in the said fiscal.

Trend in Gujarat, Karnataka, Bengal

TMC-ruled West Bengal, and BJP-ruled Gujarat and Karnataka were the three states that spent more on pensions than salaries and wages in 2019-2020.

The expenses of Gujarat on pension was ₹17,663 crore, which is 159 per cent of the expenditure on salary and wages (₹11,126 crore), while the pension bill for Karnataka was ₹18,404 crore or 125 per cent of the expenditure on salary and wages (14,573 crore). The pension bill for West Bengal was ₹17,462 crore – 103 per cent of the bill on salary and wages (₹16,915 crore).

The findings come at a time when states like Jharkhand have gone back to the Old Pension Scheme, while the two Congress-ruled states of Rajasthan and Chhattisgarh have also decided to revert to the older scheme.

The Congress and the AAP have promised voters to return to the old scheme if they come to power in Himachal Pradesh and Gujarat. The central government's replacement of the Old Pension Scheme with the National Pension Scheme (NPS), which is more of a pension-cum-investment scheme, has miffed several government employees across states, who have demanded for a restoration of the old system.

Demand to return to Old Pension Scheme

Experts, however, say that a return to the older scheme will force states and the Centre to set aside a substantial part of the expenses towards pension from the Committed Expenditure, thus handicapping the government from spending on other fronts.

According to the report, the combined Committed Expenditure of all states was ₹12.38 lakh crore, which was close to half of their combined revenue expenditure of ₹27.41 lakh crore.

A report by the Reserve Bank of India also said that the combined pension expenditure of states and Union Territories have doubled, from ₹1.63 lakh crore in 2013-2014 to ₹3.45 lakh crore in 2019-2020. It has further shot to ₹3.68 lakh crore in 2020-21 and is projected to reach ₹4.06 lakh crore in 2021-2022.

While Congress-ruled Rajasthan spent ₹20,761 crore on pensions in 2019-2020 – 42.7 per cent of its expenditure on salary and wages (₹48,577 crore), Chhattisgarh's expenditure on pension was ₹6,638 crore or 30.62 per cent of the expenditure on salary and wages (₹21,672 crore).

The pension bill in Himachal Pradesh, was ₹5,490 crore or 47 per cent of the salary and wage expenditure (₹11,477 crore). <https://thefederal.com/news/centre-3-states-spent-more-on-pension-than-salary-wages-in-fy20-cag-report/>

STATES NEWS ITEMS

5. महालेखाकार की रिपोर्ट में निकला भ्रष्टाचार, छत्तीसगढ़ में 79.98 करोड़ में खरीदी 46 करोड़ की कोरोना जांच किट (jagran.com) 06 December 2022

छत्तीसगढ़ मेडिकल सर्विसेस कारपोरेशन (सीजीएमएससी) द्वारा कोरोना जांच किट की खरीदी में बड़ा भ्रष्टाचार सामने आया है। महालेखाकार की आडिट रिपोर्ट के अनुसार, निविदा प्रक्रिया के विरुद्ध 46 करोड़ की किट को 79.98 करोड़ रुपये में खरीदा गया है। 36 रुपये प्रति किट की दर से मिलने वाली नौ करोड़ की एंटीजन किट को 89 रुपये की दर से करीब 23 करोड़ में खरीदा गया। वहीं 933 रुपये की दर से मिलने वाली 46 करोड़ की डूनेट कांबो किट की 1120 रुपये प्रति किट की दर से 56 करोड़ रुपये में खरीदी की गई। हद तो यह है कि इस मामले की अब तक जांच नहीं की गई है।

क्या कहती है आडिट रिपोर्ट

आडिट रिपोर्ट के अनुसार, स्वास्थ्य विभाग ने वर्ष 2020 में पांच लाख डूनेट कांबो किट के लिए सीजीएमएससी को मांगपत्र भेजा। डूनेट कांबो किट के लिए एजेंसियों से प्रस्ताव मांगा गया। इसमें एक एजेंसी ने निविदा प्रक्रिया पूरी करते हुए 933 रुपये प्रति किट की पेशकश

की। इसे दरकिनार करते हुए वर्चुओसो मेडिको इंफ्राटेक से 1120 रुपये प्रति किट की दर से 56 करोड़ रुपये की खरीदी कर ली गई। इससे स्वास्थ्य विभाग को करीब 10 करोड़ रुपये का नुकसान हुआ।

इसी तरह पीडी इंटरप्राइजेस से 13.85 करोड़ रुपये और बिना अनुभव वाले यूनिटी हेल्थ केयर कंपनी से निविदा प्रक्रिया के खिलाफ सीधे 9.13 करोड़ रुपये के रैपिड एंटीजन किट की खरीदी कर ली गई। इस तरह 36 रुपये की किट को 89 रुपये की दर से खरीदी में विभाग को करीब 14 करोड़ रुपये का नुकसान झेलना पड़ा। इस मामले में सीजीएमएससी के तत्कालीन एमडी कार्तिकेय गोयल ने स्वयं को अधिकृत न बताते हुए कुछ भी कहने से इन्कार कर दिया है। वहीं सीजीएमएससी के एमडी अभिजीत सिंह ने भी कोई जवाब नहीं दिया।

460.48 करोड़ रुपये का नहीं कर पाए उपयोग

आडिट रिपोर्ट के अनुसार, केंद्र सरकार ने आपातकालीन स्थितियों से निपटने के लिए इमरजेंसी रिस्पांस सिस्टम प्रीपेड नेट पैकेज (इआरसीपी) के अंतर्गत जनवरी 2020 और मार्च 2022 के बीच दो चरणों में 788.69 करोड़ रुपये प्रदान किए थे। इसमें से राज्य का स्वास्थ्य विभाग दवा, उपकरण समेत अन्य खरीदी में 328.21 करोड़ रुपये का ही उपयोग कर पाया। तय समय सीमा मार्च 2022 तक 460.48 करोड़ रुपये का उपयोग विभाग नहीं कर पाया।

दवा खरीदी व निगरानी के सिस्टम फेल

आडिट रिपोर्ट में सीजीएमएससी की प्रत्येक खरीदी व उसमें हो रहे भ्रष्टाचार को लेकर महालेखाकार ने कड़ी टिप्पणी की है। उन्होंने कहा है कि राष्ट्रीय स्वास्थ्य मिशन की गाइडलाइन के अनुसार, सभी निविदाएं जेम पोर्टल के माध्यम से की जानी थीं, लेकिन रिपोर्ट में पाया गया कि इस प्रकार का कोई तंत्र खरीदी के लिए विकसित ही नहीं किया गया। सारी खरीदी जेम पोर्टल के बाहर से ही कर ली गई।

डाक्टरों ने इस पर क्या कहा

सीजीएमएससी के अध्यक्ष डा. प्रीतमराम ने कहा कि कोरोनाकाल के दौरान दवा खरीदी की प्रक्रिया शिथिल कर दी गई थी, लेकिन अधिक एजेंसियां सामने आईं तो कम कीमत व गुणवत्ता तय करनी थी। गड़बड़ियां सामने आ रही हैं। इसकी जांच कराएंगे। डा. महेश सिन्हा ने कहा कि दवा और किट खरीदी में बेहतर विकल्प होने पर भी नियम की शिथिलता बताकर गुणवत्ता ताक पर रख अधिक मूल्य देना गलत है। खरीदी प्रक्रियाओं में पारदर्शिता की कमी देखी गई थी। जांच होनी ही चाहिए। <https://www.jagran.com/chhattisgarh/raipur-accountant-general-report-corruption-found-in-chhattisgarh-corona-test-kit-23247643.html>

6. झारखंड में अवैध खनन विवाद में बड़ा खुलासा: वन माफिया ने 3.53 करोड़ पेड़ काट लिए, वन अधिकारियों ने नहीं की कार्यवाही (bhaskar.com) 07 December 2022

झारखंड में वन माफिया ने 350 वर्ग किमी में लगे 3.53 करोड़ पेड़ काट लिए। इससे सरकार को करीब 822.79 करोड़ रुपए का नुकसान हुआ है। सूचना के अधिकार कानून के तहत प्रधान महालेखाकार (कैग) ने यह जानकारी दी। कैग के मुताबिक कोर्ट के आदेश के बाद भी वन अधिकारियों ने न तो इसे रोकने के लिए कोई कार्रवाई की और न ही केस दर्ज कराया। अब यह मामला हाईकोर्ट में है। पिछली सुनवाई के दौरान कोर्ट ने कैग से इस पर पूरी रिपोर्ट मांगी थी, जो कोर्ट को सौंप दी गई है। राज्य में कुल वन भूमि 23,721 वर्ग किमी है।

तत्कालीन रेंज अफसर आनंद कुमार (अभी निलंबित) ने इस भ्रष्टाचार का खुलासा किया था और हाईकोर्ट में जनहित याचिका दाखिल की थी। उन्होंने कहा था कि वन अफसरों से साठगांठ कर माफिया जंगल से महंगी लकड़ियां काट रहे हैं और इसे बिहार, बंगाल व ओडिशा में बेचकर करोड़ों कमा रहे हैं। ट्रांसपोर्टिंग के लिए फर्जी चालान का इस्तेमाल हो रहा है। यही नहीं, करीब 50 हजार हेक्टेयर वन क्षेत्र पर अतिक्रमणकारियों का कब्जा है। इस संबंध में विभाग के अधिकारियों को बार-बार सूचना दी गई, लेकिन कोई कार्रवाई नहीं हुई।

चाईबासा और सारंडा के जंगल में सबसे ज्यादा पेड़ों की हुई कटाई

कैग ने कोर्ट को दी रिपोर्ट में कहा है कि वर्ष 2008 तक सबसे ज्यादा गड़बड़ी हुई। चाईबासा और सारंडा जिले में सबसे ज्यादा पेड़ों की कटाई हुई। इसके अलावा राज्य के अन्य क्षेत्रों में भी यही हाल था। उसने समय-समय पर रिपोर्ट दी है। इससे पहले 2018 में भी रिपोर्ट दी थी। पर कार्रवाई नहीं हुई। गौरतलब है कि राज्य गठन के बाद से अब तक पेड़ों के लगातार कटाई हो रही है। पिछले साल भी साहिबगंज में वन भूमि पर कई आरा मशीनें मिली थीं। वहां से महंगी लकड़ियां जब्त की गई थी। चतरा सहित अन्य जिलों में भी कई बार अवैध लकड़ी लदे ट्रक पकड़े गए थे।

2017 में बनी कमेटी, पर वन भूमि का नोटिफिकेशन नहीं हुआ

अधिकारियों ने बताया कि राज्य में काफी वन भूमि पर अतिक्रमण है। कैग की ऑडिट रिपोर्ट के बाद वर्ष 2017 में एक हाई लेवल कमेटी बनाई गई थी। उसने वन भूमि के फाइनल नोटिफिकेशन की प्रक्रिया शुरू की थी, पर यह अब तक पूरा नहीं हो पाया है।

वन विभाग की सफाई- कैग के आकलन का फॉर्मूला सही नहीं

विभागीय अधिकारियों ने कहा कि कैग ने पेड़ों की गणना और उसके मूल्य का जिस तरह से आकलन किया है, वह सही नहीं है। पेड़ों की दर अलग-अलग होती है। कैग ने अनुमान और

सुप्रीम कोर्ट द्वारा तय दर के आधार पर सभी पेड़ों के मूल्यों की गणना कर ली है, इसलिए यह घोटाले जैसा लग रहा है। जबकि हकीकत में ऐसा नहीं है। जरूरत पड़ी तो विभाग कोर्ट में अपना पक्ष रखेगा। जिस व्यक्ति ने कोर्ट में केस दर्ज कराया है, उस पर भी कई गंभीर आरोप हैं। अभी कोर्ट में केस चल रहा है, इसलिए इस पर टिप्पणी उचित नहीं है। <https://www.bhaskar.com/local/jharkhand/ranchi/news/forest-mafia-cut-down-353-crore-trees-in-350-sq-km-loss-of-82279-crores-to-the-state-130650683.html>

7. Consumer got no scope to check liquor quality: CAG (newindianexpress.com) 07 December 2022

BHUBANESWAR: The Comptroller and Auditor General (CAG) has pointed out serious lapses in the supply chain management of liquor products and detection of quality of products by the consumers. Expressing concern that the end consumer of liquor has no scope to verify the quality of the products before consumption, the CAG report tabled in the winter session of the Assembly on December 2 said the inordinate delay in implementation of the excise adhesive labels (EAL) accounting module in the supply chain management software has put the consumer at health risk.

The EAL accounting module was scheduled to be completed by 2014 but it has not been implemented even after eight years. Excise adhesive labels are to be affixed on all liquor products to enable 'track and trace' functionality through the legal supply chain.

"As no software application or mobile app had been developed to empower the end consumer of liquor products in Odisha to scan the EALs affixed on liquor products at retail point and derive assurance that the product is safe for human consumption and government taxes had indeed been paid," the report said.

The CAG has also drawn attention to the risks arising from lack of verification of the number of EALs, which were supposed to be in the possession of various liquor manufacturers, including those located outside Odisha.

Manufacturers located outside Odisha had not supplied liquor products commensurate with the number of EALs which they had been issued and not even renewed their licenses during subsequent financial years.

"There was a material risk that such EALs may have been diverted for use by manufacturers located within the state who could then affix them on their liquor products which were the result of excess production not reported to the Excise Commission.

Highlighting the crippling shortage of excise officers, the report said acute staff shortage has hampered regular inspection of distilleries and breweries to monitor production. Since the excise commission had not mandated the adoption of point of sale terminals and inventory management software by licensees, there is no real time visibility over stock maintained by retailers during emergencies or elections.

"This lack of internal control resulted in tampering of manually maintained sales registers to avoid payment of special Covid fee on the closing stock at the time of Covid-19 shutdowns, which had been introduced to augment government revenue during 2020-21," the report

said. <https://www.newindianexpress.com/states/odisha/2022/dec/07/consumer-got-no-scope-to-check-liquor-quality-cag-2525859.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

8. Govt on track to meet fiscal deficit target of 6.4% for current FY: Report ([business-standard.com](https://www.business-standard.com)) December 6, 2022

The central government is on track to meet its fiscal deficit target of 6.4 per cent of the GDP for 2022-23 on the back of strong growth in revenue collections, the World Bank said in its India Development Update on Tuesday.

High nominal GDP growth in the first quarter supported strong growth in revenue collection, especially Goods and Services Tax (GST), despite tax cuts on fuel.

Notwithstanding an increase in spending due to expanded fertilizer subsidies and food subsidies for vulnerable households in response to the commodity price shock, the government is on track to meet its FY22/23 fiscal deficit target of 6.4 per cent of GDP and the general government deficit is projected to decline to 9.6 per cent from 10.3 per cent in FY21/22 and 13.3 per cent in FY20/21.

Public debt is also projected to decline to 84.3 per cent of GDP in FY'23, from a peak of 87.6 per cent in FY'21, it said.

The central government's revenues increased by 9.5 per cent and spending by 12.2 per cent.

As a result, it said, the fiscal deficit touched 37.3 per cent of the annual target in H1 FY22/23, above the 35 per cent of the same half last year.

"This masked strong growth in gross tax revenues, which increased by 17.6 per cent y-o-y and resulted in larger transfers to the state governments. Budget execution has also improved with capital spending increasing by 35 per cent," it said.

With regard to the current account deficit, the report said, it turned into a deficit of 1.1 per cent of GDP in 2021-22 from a surplus in the previous year, and the deficit widened further in FY'23 due to surging imports.

Thus far, it said, India's current account balance remains adequately financed by robust net capital inflows. Foreign Direct Investment (FDI) inflows the main source of financing for the current account deficit were stable at around 1.6 per cent of GDP in Q1 FY22/23, up from an average of 1.2 per cent in the previous fiscal year.

This has partially offset the initial net outflows of foreign portfolio investment, which was 1.7 per cent of GDP, it said.

"The slowdown in advanced economies (AEs) could also position India as a more attractive alternative investment destination. The government is also expected to introduce new production-linked investment incentives and fiscal measures to encourage foreign investment in various sectors of the economy," it said.

With the RBI raising policy rates, it said, the widening interest-rate differential with the US Federal Reserve could also help prevent capital outflows.

On the external front, it said, the income elasticity of India's exports is high and thus exports are susceptible to the global growth slowdown.

India is also a net importer of crude oil and elevated global commodity prices will continue to weigh on domestic inflation, constraining domestic activity, it said.

However, the recent decline in commodity prices may dampen inflationary pressures.

Observing that the economy is relatively more insulated from global spillovers than other emerging markets, the report said, India is less exposed to international trade flows and relies on its large domestic market.

"India's external position has also improved considerably over the last decade. The current account is adequately financed by stable foreign direct investment inflows and a solid cushion of foreign exchange reserves. At over USD 500 billion, India has one of the largest holdings of international reserves in the world," it said.

While the reserves have declined by about 13 per cent this year, it said, they still provide close to eight months of import cover, based on total imports over the last four quarters (from Q3 FY21/22 to Q2 FY22/23).

As a result, it said, pressure on the Indian rupee has been muted compared to other emerging market economies (EMEs).

India's financial sector has also deepened considerably over the years but is still recovering from a long period of stress and thus lags relative to other EMEs in terms of capital adequacy and non-performing loan (NPL) ratios, it said.

Corporate and household debt has declined and remains benign but public debt has increased sharply, as a share of GDP driven by the pandemic, it said.

However, it said, increased market borrowing has improved the transparency and credibility of fiscal policy.

The government has also diversified the investor base for government securities. In addition, it said, inflation targeting by the RBI has helped to anchor inflation expectations and price stability has improved. https://www.business-standard.com/article/economy-policy/govt-on-track-to-meet-fiscal-deficit-target-of-6-4-for-current-fy-report-122120600798_1.html

9. It's too risky to revert so slowly to policy as usual ([livemint.com](https://www.livemint.com)) December 6, 2022

It's obvious why fiscal and monetary policy both had to shift into rescue mode after covid bared its fangs in 2020 as a threat to the Indian economy. In contrast, the pace at which policymakers must return to post-pandemic normalcy faces an admittedly tough trade-off. Go too fast, and our economic recovery could flag, a fear fanned by last quarter's weak factory

output. Go too slow, and we risk a prolonged period of sub-par growth, a problem that can arise from a slide-back on macro management reforms. Now that fiscal dominance has staged a dramatic comeback for three covid-stricken years, with demand and supply crawling more or less back to past levels, the monetary policy of the Reserve Bank of India (RBI) has no choice but to take its primary cue from the Centre's deficit plans. Alas, we know rather too little. The finance ministry's signals suggest that it is aiming for a fiscal gap of 4.5% of GDP by 2025-26, well above the pre-covid target of 3% officially held as optimum. With no new price-softening factors in play, a big-government fisc would force RBI to keep credit tighter than otherwise, given that it was tasked in 2016 with keeping retail inflation at 4% (or 6% at most). This is a target RBI failed this year. Should it fail again, it would deprive this reform of credibility, perhaps even undo the boldest macro move made by the Narendra Modi administration so far. But then, RBI could yet prove its mettle on price stability.

A recency bias tends to attend discussions of policy rates of interest. Especially salient in recent days has been word from the US Federal Reserve that it may moderate its rate escalation a bit, having gone in for a steep incline this year in response to flaring US prices. Since tighter money operates with a long lag as it cramps credit and dampens demand, the Fed may have good reason to decelerate its tightening. To the extent that a rate differential with America impacts our capital inflows (and rupee), that would hold some relevance for RBI's monetary policy panel. But we cannot assume similar inflation dynamics in India. The lag with which rate tweaks take effect is usually longer here, the job scenario hardly matters, and we have a jumble of rigidities that can make it harder to get a handle not just on prices stiffened by supply snarls, but also on core price instability (not counting fuel and food, i.e.). If price control is the de jure and de facto challenge, then RBI must go chiefly by domestic inflation concerns.

While bankers have aired expectations of a 35-basis-points hike in RBI's repo rate after three successive 50-basis-point hikes, with a manufacturing slump cited alongside its within-range inflation forecast for early 2023-24 to justify this, a premature let-up would risk going too slow on an easy-money reversal. For one, RBI's inflation outlook has been unreliable. For another, a repo rate upped to 6.25%, say, would only be slightly positive in real terms even if we can count on RBI's projection of an inflation dip next year. Even by a flexible interpretation of the Taylor Rule, this would still spell a policy meant for easy lending. Neutrality would call for a rate that's clearly above trend inflation, its bar set sufficiently high for real returns on investment to attract funds, but without letting overly risky speculation run rife and dubious asset bubbles inflate. Crucially, we must not let loose fiscal and monetary policy snuff out the hope of a low-inflation economy. Let covid not be a pretext that makes space for cynicism over public debt piled up only to be inflated away. We need an orderly return to policy normalcy. <https://www.livemint.com/opinion/online-views/its-too-risky-to-revert-so-slowly-to-policy-as-usual-11670348415556.html>

10. Govt suffers tax loss of Rs 58,521 cr due to illicit trade in 5 key industries: FICCI ([millenniumpost.in](https://www.millenniumpost.in)) December 7, 2022

FICCI CASCADE has recently released a report examining illicit market in 5 Key Indian industries, including mobile phones, FMCG-household and personal goods, FMCG-packaged foods, tobacco products, and alcoholic beverages. According to the report, the size of illicit market in the above-mentioned industries was Rs. 2,60,094 crore for the year 2019-20, with the FMCG industry — household and personal goods, and packaged foods — together accounting for 3/4th of the total illicit value of goods in five key industries.

The report further estimates that unlawful trade in the five above-mentioned industries results in a total estimated legitimate employment loss of 15.96 lakh. The estimated tax loss to the government due to illicit goods in these industries is Rs. 58,521 crore, with two highly regulated and taxed industries, tobacco products, and alcoholic beverages, accounting for nearly 49 per cent of the overall tax loss.

Samir Kumar Mahaseth, Industry Minister, Government of Bihar on Tuesday said, "The problem of counterfeiting and smuggling is complex in nature. With no legal regulation and very little recourse, consumers are at risk from unsafe and ineffective products." It is important that consumers understand the multi-faceted complexities of this problem. Youth are the consumers of tomorrow, who can encourage and bring about the required change through their choices and behaviours, he added.

Addressing the FICCI CASCADE (Committee Against Smuggling and Counterfeiting Activities Destroying the Economy) programme on 'Preventive Strategies to Combat Counterfeiting and Smuggling' Mr Mahaseth emphasized that educating and generating awareness about the ill effects of counterfeiting and smuggling is the need of hour to combat this global scourge. He further suggested FICCI CASCADE to organize such youth awareness program in Bihar more frequently to motivate the youth of the state in achieving our objective in making India free from illicit trade. "Smuggling and Counterfeiting are more dangerous than life threatening diseases like Cancer and COVID", he added.

Dipak Kumar Singh, Additional Chief Secretary, Department of Education, Government of Bihar said, "Uninhibited growth of counterfeiting and smuggling not only impact the economy of our country but also poses severe threat to public health and safety." Smuggling and counterfeiting leads to tax evasion which further slows down the pace of development of the country. He also emphasized the need to take a bill while making any purchase, to act as proof of purchase.

P C Jha, Advisor, FICCI CASCADE and Former Chairman, Central Board of Indirect Taxes & Customs said, "Illicit trade is of grave concern, it undermines the nation's economy, damages brand integrity, and most importantly affects health and safety of the citizens which needs to be addressed on an urgent basis. During the last twenty years, the volume of counterfeiting activity globally has increased 100 times and the size of trade is 10 per cent of the legal international trade (around 2 per cent of the world's overall economic output). The problem of illicit trade is much more serious than it is commonly perceived."

Rajiva Ranjan Verma, Former Director General, RPF, NCRB, Civil Defense, Home Guard & Fire Services and BPR&D said, "Raising awareness is an important aspect of combating illicit trade in terms of smuggling and counterfeiting which needs to be pursued vigorously." The role of youth is paramount in battling the menace of smuggling and counterfeiting, he noted. https://www.millenniumpost.in/business/global-airline-industry-to-post-lower-loss-at-69-billion-in-2022-501430?infinite_scroll=1

11. Reimagining the Code ([financialexpress.com](https://www.financialexpress.com)) December 7, 2022

The low recovery rate for creditors suggests IBC needs to be far more effective; the IL&FS solution is worth a look

Kotak Mahindra Bank vice chairman and managing director Uday Kotak's observation that a public interest board mechanism be considered for certain cases under the Insolvency and Bankruptcy Code (IBC) need to be heeded. In a media interview, Kotak has pointed out that group resolutions via the corporate insolvency resolution (CIRP) have resulted in a low recovery rate for creditors, bringing them disproportionate pain.

Moreover, resolutions for bankrupt non-banking finance companies, too, have attracted bids that are far smaller than the liquidation value. There is no doubt that in a small market, in which asset restructuring companies have limited resources, prices of assets have been beaten down due to a dearth of buyers. As Kotak said, the IBC is a fine piece of legislation but needs to be far more effective—a recovery rate of below 30% suggests it is not. So while staying within the basic tenets of the law, a public interest board for cases where the debt is more than ₹25,000 crore could be looked at. There is certainly merit in re-imagining the code, and in doing so, it would be instructive to take a look at the IL&FS solution.

The key difference at IL&FS was that the government had seized control of the company and superseded the board. A new team was put in place, and this ensured that there was no room for promoters to stall the recovery process. As the new IL&FS team, comprising private sector professionals and bureaucrats, enjoyed the government's blessings, its decisions were considered to be above board and there was no interference from the courts or tribunals.

While the recovery team opted for a group resolution—with all subsidiaries and step-down subsidiaries being part of the process—the company was not to be sold as a whole. Instead, it opted to sell the assets separately; in hindsight, a good decision. In designing the bidding process, value was chosen as the key factor; establishing the fair values and liquidation values was done quickly.

Experts point out this was possible because the team didn't draw on any external expertise unlike in the CIRP where external valuers are enlisted. The team also insisted on bank guarantees for the bidders so that there would be limited incentive to withdraw if selected as a winner. Unlike in the CIRP where the resolution process is often hampered by many rules, the IL&FS team had a free hand because it was not bound by any code.

Also, it got lucky with some of the assets; for instance the renewable energy piece was bought out by a joint-venture partner which had a right of first refusal. The team was also able to use the Invit option for roads—a route not available under the CIRP. Most of the road projects were not in good shape but the Invit structure, while not offering the creditors immediate money, gave them a decent return.

Critically, the assets were preserved and restored. Such options could be built into the IBC. Negotiating with entities like the National Highways Authority of India (NHAI) was easier for the IL&FS team as the process was backed by the government. This kind of support would certainly help the insolvency process. As Kotak says, it is a shame that the values being recovered are lower than the liquidation value. We simply cannot afford such destruction of wealth. <https://www.financialexpress.com/opinion/reimagining-the-code/2902973/>

12. Assessment for FY23: Food subsidy expenses seen at \$2.76 trn ([financialexpress.com](https://www.financialexpress.com)) 7 December, 2022

The government's food subsidy expenses in the current fiscal are likely to cross ₹2.76 trillion, up 34% from the outlay made at the beginning of the year, according to an assessment by the food ministry. Sources told FE that the ministry is likely to ask for around ₹2 trillion under the food subsidy budget for FY24.

The food subsidy expenses in the last fiscal were ₹2.86 trillion (revised estimate).

“Lower wheat procurement and depletion of grain stocks because of implementation of the free ration scheme — Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) — has contributed to lower food subsidy expenses in the current year compared to the previous year,” an official said.

The ministry's assessment of subsidy expenses for the current fiscal is on the basis of presumption that the PMGKAY would not be extended beyond December 31, 2022.

The Food Corporation of India (FCI) is expected to incur expenses of ₹2.06 trillion in the current fiscal, while the rest of the expenses would be by state agencies those who follow a decentralised procurement system. Of course, the entire subsidy bill is borne by the Centre.

The finance ministry had made a record provision of ₹5.4 trillion in 2020-21, of which ₹3.4 trillion was towards settling loans availed by the FCI from the National Small Savings Fund. The government had settled the loans of the FCI and brought all food subsidy expenses into the Budget in the year, ending the practice of off-budget financing of a part of the subsidy.

According to food ministry officials, the government's total expenses under the free ration scheme launched in 2020 in the midst of the first wave of the pandemic have already touched ₹3 trillion.

The government is yet to decide on extending the free ration scheme beyond December 2022. The PMGKAY was launched in April 2020 to provide free 5 kg foodgrain per person per month to more than 8,000 million beneficiaries covered under the National Food Security Act (NFSA), to reduce the hardships of people during the Covid pandemic.

The estimated economic cost of foodgrain procurement by the FCI, which includes expenses such as Minimum Support Price payment to farmers, procurement, acquisition and distribution costs, etc for rice and wheat, are ₹3,670.04 and ₹2,588.70 per quintal, respectively, in 2022-23.

The government distributes rice and wheat to beneficiaries under NFSA at ₹3 and ₹2 per kg, respectively also referred to as central issue price.

The Commission for Agricultural Costs and Prices (CACP), in its report titled ‘Price policy for rabi crops (2023-24)’, stated “the food subsidy has increased significantly during the 2013-14 to 2020-21 due to rising difference between economic cost and central issue price of grains”.

The finance ministry has also raised objections about the unsustainable nature of food subsidy expenses. However, a recent food ministry note states that it has been decided with the approval

of the Prime Minister's Office (PMO) to continue the existing CIP under the NFSA until further orders.

Due to lower production and higher global demand, the FCI's procurement in the 2022-23 season fell by more than 56.6% to only 18.8 million tonne (mt) against 43.3 mt purchased from farmers in the previous year.

Meanwhile, stocks of wheat and rice with the FCI and state agencies have plunged to a five-year low at 37.6 mt on November 1, as against 72.1 mt a year ago. The grain stock is the lowest since 2017. <https://www.financialexpress.com/economy/assessment-for-fy23-food-subsidy-expenses-seen-at-2-76-trn/2902942/>

13. IAF boosts Su-30 aircrafts' capabilities with new over 250km strike range missile (theprint.in) 7 December, 2022

In a significant boost for the capabilities of its Su-30 combat aircraft fleet, the Indian Air Force is equipping them with a new missile which can take down ground-based targets from a distance of over 250 kilometres.

The new missile has been acquired by the Indian Air Force under emergency provisions and will further enhance the capabilities of the Su-30 fighter jets which are now the mainstay of the force for at least the next 20 years.

"The new high-speed low drag missile can hit targets at over 250 kilometres and is going to boost the capability of the aircraft," defence sources told ANI.

The capability would allow the Indian Air Force to strike down enemy military camps and terrorist infrastructure as it did during the Balakot operations in 2019 from well within its own territory.

"The new missile would be important for the Su-30 fleet of the IAF as integrating long-range missiles from European or American origin would not be easy in view of the global situation," the sources said.

The IAF is also upgrading the Su-30s in an upgrade programme expected to cost over Rs30,000 and would begin with 85 planes.

The IAF currently has around 260 of these heavy air superiority fighter jets which are now flying in sync with the most modern Rafale fighter planes of the force.

The IAF has strengthened the capabilities of the Su-30s in a big way with the addition of the BrahMos supersonic cruise missiles which can hit targets at over 500 kilometres.

The air-to-air missiles have also seen an upgrade while the made-in-India Astra – all weather beyond-visual-range air-to-air, and Rudram anti-radiation next-generation missiles have been added to the fleet. The BrahMos capability can help the Air Force to tackle any long-range tracking radar like that of the S-400 air defence systems. <https://theprint.in/india/iaf-boosts-su-30-aircrafts-capabilities-with-new-over-250km-strike-range-missile/1252738/>

14. 30 years on, construction work of Berhampur stadium yet to be completed (odishatv.in) 06 DECEMBER 2022

Odisha government has been making tall claims of giving utmost importance to sports and boasting of transforming the State as the sports capital of the country. However, the much-exaggerated enterprise of the State government seems to be only confined to organising mega international tournaments by spending a lot of money from the State exchequer.

In one such instance, sports infrastructure continues to plague the Silk City of Odisha as construction of the largest stadium of South Odisha in Berhampur is yet to be completed even after 30 years of inauguration.

Sportspersons of Berhampur have brought laurels for the State and the country time and again by performing splendidly in various national and international level tournaments. They have excelled in events like basketball, boxing and weightlifting. However, the State government has an indifferent approach towards these promising sportspersons. They are feeling neglected and frustrated as they are not able to practice and hone their skills further sans proper infrastructure thanks to the neglect and sheer apathy of the government, rued a local sportsperson.

Apart from the sportspersons, the senior citizens and fitness freaks of the city also depend upon the stadium for their morning and evening walks. However, they are getting deprived of the facility as the stadium gate is locked for years for construction and expansion activities.

Resentment is now brewing among the denizens due to the long delay in the construction work of the stadium. Questions have been raised over the intention of the government. Moreover, the sluggish work by the construction company has added further agony to their woes.

Though they have demanded the district administration for the completion of the stadium several times, their plea has fallen in deaf ears.

“Sportspersons are facing a lot of problems due to the inordinate delay in the construction work of the stadium. They are not able to practice properly as not been allowed inside the stadium for years,” said boxing coach, Shiba Patra.

Meanwhile, Berhampur Municipal Corporation (BeMC) Commissioner J Sonal assured that the project will be completed soon.

“When the ODRP project was closed, some work under it could not be completed. Now, the necessary fund has been allocated and the stadium work will be completed soon,” said Sonal. <https://odishatv.in/news/sports/30-years-on-construction-work-of-berhampur-stadium-yet-to-be-completed-191759>