

NEWS ITEMS ON CAG/ AUDIT REPORTS (11.01.2023)

1. Passengers have to wait for 5 years for safe train travel (thestatesman.com) January 10, 2023

Rail passengers in the country will have to wait for the next five years to travel safely on the train. The Central government had given Rs 1 lakh crore to the Indian Railways to strengthen the safety mechanism of railway tracks, railway crossings, rolling stock (coach-engine-wagon), and bridges, which was to be spent by 2022.

However, the Railway Board won't be able to spend the money. The board has extended its term till 2027.

The above has been mentioned in a report presented by the Comptroller and Auditor General (CAG) in the winter session of Parliament. It said that in the general budget of 2017-18, the Central government announced to give Rs 1 lakh crore to the Railways as Rashtriya Rail Sanraksha Kosh (RRSK).

In July 2017, the Ministry of Finance issued guidelines for spending RRSK funds. The CAG said that the first, second, and third priorities were fixed to strengthen railway safety. The first priority is to strengthen railway crossings and railway tracks.

The second priority is the upgradation of rolling stock, modern technology, and modernization of the engine cab, and in third priority is the training of crew members (loco pilot, assistant loco pilot, guard), use of technology for monitoring railway track, and rolling stock. The Finance Ministry's guidelines include regular monitoring of safety works and spending of money by the Planning Directorate of the Railway Board.

The Railways was supposed to spend Rs 1 lakh crore at the rate of Rs 20,000 crore per year for the next five years (from 2017-18 to 2022-23). In this, every year Rs 15,000 crore was to be raised by the Central government and the remaining Rs 5,000 crore by the Railways. The CAG said that the Railways failed to deposit Rs 15,775 crore (5,000 crore per year) in the fund during 2017-18 to 2020-21.

Due to this the work of railway safety was adversely affected. Apart from this, the entire funds allocated for the first, second, and third priority areas could not be spent.

Not only this, the Railways spent 15-20 per cent of the money (about Rs 2,300 crore) on non-priority areas (non-railway safety). The CAG suggested that money needs to be spent as per the guidelines on priority safety works. <https://www.thestatesman.com/india/passengers-have-to-wait-for-5-years-for-safe-train-travel-1503145696.html>

2. Old Pension Scheme: पुरानी बनाम नई पेंशन स्कीम पर केन्द्र और राज्य में क्यों हो रहा है टकराव? (hindi.oneindia.com) January 10, 2023

Old Pension Scheme: हिमाचल प्रदेश विधानसभा चुनाव प्रचार में कांग्रेस ने सरकार आने पर पहली ही कैबिनेट बैठक में ओल्ड पेंशन स्कीम (ओपीएस) लागू करने की घोषणा की थी। हिमाचल में कांग्रेस की जीत के पीछे ओल्ड पेंशन स्कीम (ओपीएस) को लागू करना एक बड़ा

कारण माना गया। राजस्थान के मुख्यमंत्री गहलोत भी सरकारी कर्मचारियों के एकमुश्त वोट की गारंटी मान कर राजस्थान में ओल्ड पेंशन स्कीम को लागू कर चुके हैं।

गौरतलब है कि राजस्थान में इसी साल के अंत में चुनाव होने हैं। राजस्थान सरकार के ऐलान के साथ ही देशभर में इसकी मांग कर रहे सरकारी कर्मचारियों और नेताओं के हौसले बुलंद हैं और गैर भाजपाई पार्टियां इसे सियासी मुद्दा बनाने में जुट गई हैं।

राजस्थान के मुख्यमंत्री अशोक गहलोत ने 23 फरवरी 2022 को अपने चौथे बजट में ऐलान किया था कि राज्य की कांग्रेस सरकार एनपीएस को छोड़कर अपने कर्मचारियों के लिए पुरानी पेंशन योजना लागू कर देगी। गहलोत ने ओपीएस का लाभ 2022 से नहीं बल्कि 2023 से दिए जाने का ऐलान किया था। गहलोत ने इस घोषणा के जरिए सवा सात लाख कर्मचारी और उनके परिवारों को एक झटके में साधने की चाल चल विरोधी नेताओं के माथे पर बल ला दिया।

राजनीतिक विशेषज्ञों का कहना है कि पुरानी पेंशन बहाली से गहलोत सरकार पर ज्यादा अतिरिक्त वित्तीय भार नहीं आने वाला है क्योंकि 2004 में नियुक्त हुए कर्मचारी 2030 के बाद ही सेवानिवृत्त होंगे। हालांकि राजस्थान के वित्त विभाग का मानना है कि ओपीएस से सालाना 19 हजार करोड़ रुपये का भार आएगा, जिसमें हर साल 10 फीसदी की बढ़ोतरी भी होगी।

हिमाचल में पुरानी पेंशन लागू करने के नाम पर सत्ता में वापसी और राजस्थान में इसके दम पर सरकार में वापस लौटने की प्रबल संभावना ने दूसरे राज्यों में भी इसकी मांग से केन्द्र सरकार के सामने संकट खड़ा कर दिया है। भूपिन्दर सिंह हुडा हरियाणा में, कमलनाथ मध्यप्रदेश में सत्ता में आने पर ओल्ड पेंशन स्कीम को लागू करने का वादा कर रहे हैं। कर्नाटक में भाजपा के विधायकों का भी कहना है कि राज्य में ओपीएस लागू होना चाहिए क्योंकि एनपीएस (न्यू पेंशन स्कीम) कथित लाभ देने में विफल रहा है। एक तरफ ओल्ड पेंशन स्कीम जहां सरकारी कर्मचारियों के लिए अपने भविष्य को सुरक्षित करने का मामला है, वहीं नेताओं के लिए राजनीतिक पूंजी बनाने का मौका है।

गहलोत की घोषणा ने दूसरे राज्यों में ओपीएस के लिए आंदोलनरत कर्मचारियों को उत्साह से भर दिया है। देशभर के 77 लाख सरकारी कर्मचारियों के हौसले बुलंद हो गए, इसमें अगर केन्द्र और राज्यों के कॉर्पोरेट और असंगठित क्षेत्र के कर्मचारी और एनपीएस स्वावलंबन के कार्मिकों को शामिल कर लिया जाए तो यह संख्या डेढ़ करोड़ से ज्यादा है।

न्यू पेंशन स्कीम को 2004 में भाजपा के नेतृत्व वाली एनडीए सरकार ने राष्ट्रीय पेंशन योजना के रूप में पेश किया था। 1 जनवरी 2004 से केन्द्र सरकार में सभी नए कर्मचारियों के लिए सेना को छोड़कर नयी पेंशन योजना में शामिल होना अनिवार्य हो गया था। 2004 में मनमोहन सिंह के नेतृत्व में यूपीए सरकार आई तो एनपीएस का मामला जोर शोर से उठा। तब इस बात से ज्यादातर सांसद सहमत थे कि नई स्कीम के तहत कर्मचारियों को मिलने वाली पेंशन नाकाफी होगी। कांग्रेस का मानना था कि कर्मचारियों को अच्छी पेंशन देने के लिए यह जरूरी है कि उनके पेंशन के अंशदान को शेयर बाजार में लगाया जाए।

ऐसे में नई पेंशन के सुधारों के लिए 2005 में पेंशन कोष नियामक एवं विकास प्राधिकरण विधेयक लाया गया। लेकिन यूपीए सरकार के कम्युनिस्ट सहयोगियों ने यह कह कर अड़ंगा लगा दिया कि कर्मचारियों का पैसा सिर्फ सरकारी बांड में ही लगाया जाए। बिल आठ साल तक संसद में लटका रहा। लेकिन जाते जाते मनमोहन सरकार ने इस कानून को 2013 में पारित करा लिया। इसमें कहा गया न्यू पेंशन स्कीम के तहत हर कर्मचारी के पास एक व्यक्तिगत पेंशन खाता होगा, जो नौकरी में बदलाव के लिए पोर्टेबल होगा। कर्मचारियों को छूट दी गई कि वे पेंशन के लिए जमा हो रहा अपना पैसा सरकार को ऋण प्रतिभूति में निवेश करने का विकल्प दे या शेयर बाजार में। एक तरह से सरकार ने निवेश का सारा जोखिम कर्मचारियों के मत्थे पर डाल दिया। इस नई स्कीम के तहत पहली बार सरकारी कर्मचारियों के वेतन का हर महीने दस फीसद अंशदान पेंशन के नाम पर कटने लगा। सरकार भी कर्मचारी के पेंशन खाते में अपना 14 फीसद अंशदान जमा करने लगी। इस तरह नए कर्मचारी के पेंशन फंड में 24 फीसदी हिस्सा जमा होने लगा। जबकि पुरानी पेंशन व्यवस्था में पेंशन के नाम पर कर्मचारी का कोई पैसा नहीं कटता था, और उसके सेवानिवृत्त होने पर उसे एक तय एकमुश्त पेंशन रकम यानी अंतिम वेतन की बेसिक तनखाह के 50 फीसद की गारंटी थी। जबकि नई पेंशन में तय पेंशन जैसी कोई गारंटी नहीं रही। अब तक पश्चिम बंगाल को छोड़कर सभी राज्य एनपीएस में शामिल हो चुके हैं।

सरकारी कर्मचारी पुरानी पेंशन की मांग देशभर में कर रहे हैं। हिमाचल में कांग्रेस, झारखंड में सोरेन 'एनपीएस है केवल टेंशन, लौटा दो पुरानी पेंशन' के नारे के साथ सत्ता में लौटे थे। आंध्र प्रदेश में भी मुख्यमंत्री जगन मोहन रेड्डी ने पुरानी पेंशन को लागू करने का वादा कर सत्ता प्राप्त की थी। छत्तीसगढ़ में भी कांग्रेस के मुख्यमंत्री भूपेश बघेल ने कहा है कि जल्द ही वह पुरानी पेंशन को लागू करने को लेकर फैसला लेंगे। मध्य प्रदेश में कमलनाथ ने भी सत्ता में आने पर पुरानी पेंशन लागू करने का वादा किया है।

ओल्ड पेंशन स्कीम को लेकर केन्द्र और गैर भाजपा शासित राज्य सरकारें आमने-सामने हैं। भाजपा शासित राज्य सरकारें भी एनपीएस पर कर्मचारियों का विरोध देखकर उनकी नाराजगी

मोल लेना नहीं चाहती और अंदरखाने में ओल्ड पेंशन स्कीम का समर्थन कर रही हैं, लेकिन खुलकर बोलने से बच रही हैं। सबसे ज्यादा उत्तर प्रदेश में ओल्ड पेंशन स्कीम लागू करने की मांग कर्मचारी कर रहे हैं।

अशोक गहलोत की मांग को सिरे से खारिज करते हुए वित्त मंत्री निर्मला सीतारमण ने कहा है कि राज्य सरकार ने जनवरी 2004 में अपने कर्मियों के लिए एनपीएस का विकल्प चुना था। 2010 में प्रदेश- एनपीएस ट्रस्ट के बीच समझौते पर हस्ताक्षर हुए। इसमें प्रावधान है कि राज्य सरकार पीएफआरडीए/ एनपीएस ट्रस्ट के सभी निर्देशों का अनुपालन करेगी। पीएफआरडीए अधिनियम राज्य सरकार को जमा राशि या उस पर रिटर्न के प्रबंध की मंजूरी नहीं देता। यह राशि कर्मचारी की है, इसलिए नियोक्ता को नहीं लौटा सकते।

राजस्थान के मुख्यमंत्री की मांग पर केन्द्रीय वित्त मंत्री निर्मला सीतारामन ने साफ कह दिया है कि यह मांग नाजायज है और केन्द्र सरकार इसे पूरा नहीं कर सकती। हालांकि 2018 की कैग रिपोर्ट में कहा गया कि प्लानिंग-इम्प्लीमेंट के स्तर पर सामाजिक- आर्थिक सुरक्षा देने में एनपीएस विफल है। 2021 में नेशनल ह्यूमन राइट कमीशन ने इसके रिव्यू के लिए कमेटी बनाने की मांग की।

विपक्ष अशोक गहलोत पर वित्तीय कुप्रबंधन का आरोप लगा रहा है, लेकिन अशोक गहलोत का साफ कहना है कि राजनैतिक लाभ राजकोषीय विवेक से ज्यादा अहम है। गहलोत सरकार ने पिछले साढ़े तीन साल में 91 हजार करोड़ रुपये का कर्जा लिया है। अब राज्य सरकार पर 4 लाख 77 हजार करोड़ रुपये से अधिक का कर्जा हो गया है। पूर्व मुख्यमंत्री वसुंधरा राजे का कहना है कि प्रदेश पर कर्ज का बोझ लगातार बढ़ रहा है। वित्तीय प्रबंधन लगातार गड़बड़ा रहा है। <https://hindi.oneindia.com/opinion/ops-vs-nps-conflict-between-the-central-govt-and-state-govt-on-old-and-new-pension-scheme-741521.html?story=7>

3. बजट में बुनियादी ढांचा परियोजनाओं का खर्च (hindi.business-standard.com) January 10, 2023

पिछले कुछ वर्षों के दौरान बुनियादी ढांचे पर किए जाने वाले खर्च को प्राथमिकता देने का प्रदर्शन स्थिर रहा है और इसकी पहचान आर्थिक वृद्धि को बढ़ावा देने वाले एक माध्यम के तौर पर की गई है। आंकड़े निश्चित तौर पर बुनियादी ढांचा क्षेत्र के खर्च में बड़ी वृद्धि को दर्शाते हैं। उम्मीद ऐसी है कि वर्ष 2023-24 के बजट में 33 प्रतिशत की वृद्धि के साथ इस रुझान को जारी रखा जाएगा जिससे इस क्षेत्र के लिए खर्च का दायरा 10 लाख करोड़ रुपये तक पहुंच जाएगा।

पिछले साल बजट के बाद की चर्चा के दौरान वित्त मंत्रालय के शीर्ष अधिकारियों ने एक गोपनीय रिपोर्ट का हवाला देते हुए कहा कि प्रत्यक्ष लाभ हस्तांतरण योजनाओं पर खर्च किए गए प्रत्येक 1 रुपये से 0.90 रुपये की आर्थिक वृद्धि होती है जबकि बुनियादी ढांचे पर खर्च किए गए 1.0 रुपये से सकल घरेलू उत्पाद में 3.0 रुपये जुड़ जाते हैं। वित्त मंत्रालय के अधिकारियों पर यह दृष्टिकोण हावी है और करीब 10 लाख करोड़ रुपये का खर्च पिछले साल की तुलना में 33 प्रतिशत की वृद्धि का प्रतिनिधित्व करता है जो काफी हद तक सही क्रम में है।

अब अगली प्राथमिकता का क्षेत्र शहरी बुनियादी ढांचे के लिए धन मुहैया कराना है। हाल की दो रिपोर्टें - नगरपालिका वित्त पर भारतीय रिजर्व बैंक की पहली रिपोर्ट और भारत के शहरी बुनियादी ढांचे के लिए धन पर विश्व बैंक की रिपोर्ट कई गंभीर खामियों के संकेत देती हैं। विश्व बैंक की रिपोर्ट में अनुमान लगाया गया है कि भारत को अगले 15 वर्षों में शहरी बुनियादी ढांचे में 840 अरब डॉलर (6.9 लाख करोड़ रुपये) निवेश करने की आवश्यकता होगी।

वित्त मंत्री के पिछले बजट भाषण में नगरपालिका की क्षमता निर्माण वृद्धि के उपायों पर जोर दिया गया था और इस बजट में व्यापक रूप से नगरपालिका बॉन्ड के लिए एक विशेष पैकेज मिलने की उम्मीद है। इसमें संभवतः केंद्र सरकार की भागीदारी, ऋण वृद्धि और ब्याज रियायत जैसे प्रोत्साहन शामिल हो सकते हैं जो इस महत्वपूर्ण पूंजी बाजार साधन को शुरू करने के उपायों के रूप में दिख सकते हैं।

एक गंभीर चिंता यह है कि सार्वजनिक कार्यों पर राज्यों के संयुक्त निवेश में मंदी का आलम है। नियम के अनुसार राज्य राष्ट्रीय निवेश में लगभग आधा योगदान करते हैं। हालांकि केंद्र सरकार के निवेश में तेजी है लेकिन आंकड़े चिंताजनक रूप से इस वित्त वर्ष के पहले सात महीनों में राज्यों के पूंजीगत खर्च में मंदी के संकेत देते हैं। केंद्रीय बजट में इसका संज्ञान लेने की जरूरत है।

राज्य के बुनियादी ढांचे का प्रायोजक बनने के लिए बजट में करीब 1 लाख करोड़ रुपये की समर्थन योजना की आवश्यकता थी और इस तरह के प्रावधान में अब राज्य के खर्च को प्रोत्साहित करने के लिए संशोधन किया जा सकता है। उदाहरण के तौर पर पूरी हो चुकी प्रत्येक राज्य-स्तरीय परियोजना की लागत का 10 प्रतिशत 'कैश बैक' करके, इसका इस्तेमाल नई परियोजनाओं के लिए किया जा सकता है।

अगली बड़ी चुनौती निजी क्षेत्र को फिर से भारी निवेश करने के लिए प्रेरित करना है। दूरसंचार, डेटा केंद्रों और अक्षय ऊर्जा को छोड़कर, निजी क्षेत्र की नई संयंत्र परियोजनाओं में निवेश करने की रफ्तार में कमी दिखी है। अपने पिछले बजट भाषण में वित्त मंत्री ने कहा था,

‘पीपीपी (सार्वजनिक निजी भागीदारी) सहित विभिन्न परियोजनाओं की वित्तीय व्यवहार्यता बढ़ाने के उपाय किए जाएंगे।’ पीपीपी के पुनरुद्धार के संबंध में अब तक किए गए प्रत्यक्ष उपायों में आर्थिक मामलों के विभाग की विस्तारित शाखा के रूप में इन्फ्रास्ट्रक्चर फाइनेंस सेक्रेटेरियट (आईएफएस) की स्थापना शामिल है।

इस साल पीपीपी के पुनरुद्धार में आईएफएस अधिक आक्रामक भूमिका निभाने के लिए कदम उठा सकता है, विशेष रूप से स्वास्थ्य और शिक्षा क्षेत्रों की आवश्यकताओं को पूरा करने के लिए पीपीपी ढांचा तैयार करने में। देश की वित्त मंत्री पहले ही संकेत दे चुकी हैं कि आगामी बजट में स्वास्थ्य और शिक्षा पर विशेष ध्यान दिया जाएगा। यह स्वीकार किया गया है कि इन दोनों क्षेत्रों की बड़ी जरूरतों को पूरा करने के लिए बजट खर्च अपर्याप्त होगा। ऐसे में आईएफएस को एक ऐसी योजना बनाने का प्रयास करना चाहिए जहां 1 रुपये का सरकारी व्यय 5 रुपये के निजी योगदान से संभव हो।

निरंतरता बरकरार रखने के संबंध में बजट को राष्ट्रीय कार्य-एजेंडा तैयार करने में अपनी भूमिका पहचानने की जरूरत है। इसे जलवायु परिवर्तन के नियंत्रण की वित्त-व्यवस्था के लिए एक विशेष विकास वित्त संस्थान स्थापित करने पर विचार करने की आवश्यकता है, या वित्त-व्यवस्था की रियायती योजना के समर्थन के लिए नैशनल बैंक फॉर फाइनेंसिंग इन्फ्रास्ट्रक्चर एंड डेवलपमेंट को ऐसा करने के लिए प्रोत्साहित करना होगा।

भारत के लिए प्रासंगिक कार्बन टैक्स और कार्बन क्रेडिट ट्रेडिंग तंत्र की अवधारणाओं की जांच करने के लिए एक कार्यबल अहम होगा और ऊर्जा संरक्षण संशोधन विधेयक, 2022 को संसद की मंजूरी दरअसल इस बात की तस्दीक करता है कि सरकार को इस पर काम करने की जरूरत है। इसे ग्रीन हाइड्रोजन के उत्पादन को प्रोत्साहित करने के लिए इलेक्ट्रोलाइजर के लिए उत्पादन से जुड़ी प्रोत्साहन योजना पर विचार करना चाहिए और बुनियादी ढांचे से जुड़े उप-क्षेत्रों की सामंजस्यपूर्ण सूची के तहत ग्रीन अमोनिया और ग्रीन हाइड्रोजन संयंत्रों को शामिल करना चाहिए।

रेल बजट को अलग से पेश किए जाने की परंपरा खत्म करने के बाद, रेलवे वित्त से जुड़े विवरण कम ही सुलभ रहे हैं। रेलवे के वित्त पर नियंत्रक एवं महालेखा परीक्षक (सीएजी) की एक रिपोर्ट में स्पष्ट रूप से कहा गया था कि परिचालन अनुपात (ओआर) सही वित्तीय प्रदर्शन को नहीं दर्शाता है। रिपोर्ट में कहा गया है कि अगर पेंशन भुगतान पर वास्तविक खर्च को ध्यान में रखा गया होगा तब वर्ष 2019-20 में 98 के कथित परिचालन अनुपात के मुकाबले यह वास्तविक रूप से 114 होना चाहिए था।

विभिन्न मदों के तहत बुकिंग खर्च से जुड़े पहले भी कई अन्य मुद्दे रहे हैं, जैसे कि सुरक्षा और रखरखाव जैसे मदों में। यह खुशी की बात है कि रेल मंत्री ने परिचालन अनुपात के आंकड़े को सभी तरह से पारदर्शी बनाने की प्रतिबद्धता जताई है। यह देखते हुए कि रेलवे के लिए आवंटन सड़कों की तुलना में तेज दर से बढ़ने की उम्मीद है, ऐसे में केंद्रीय बजट में अधिक गहराई से विश्लेषण किया जाना चाहिए।

बुनियादी ढांचे में सीमेंट की बड़ी अहमियत है। यह एक 'आम आदमी' से जुड़ी जिंस है और इसके साथ ही बड़े पैमाने पर बुनियादी ढांचे के निर्माण के लिए यह एक महत्वपूर्ण कच्चा माल है। आम बजट में यह घोषणा करना अच्छा होगा कि क्या सीमेंट पर 28 प्रतिशत की ऊंची दर पर कर जारी रखना वांछनीय है या नहीं क्योंकि अब वस्तु एवं सेवा कर (जीएसटी) संग्रह में तेजी आई है। आमतौर पर उत्पादित सीमेंट का 65 प्रतिशत से अधिक इस्तेमाल करते हैं और इनपुट-कर क्रेडिट की अनुपलब्धता इस सेगमेंट को सबसे अधिक नुकसान पहुंचाती है।

आर्थिक विकास के लिहाज से सार्वजनिक कार्यों की लागत कम करना और छोटे निर्माण कार्यों पर व्यापक राहत देना अल्पकालिक राजस्व कर छूट की तुलना में कहीं अधिक प्रभावशाली हो सकता है। बजट भाषण में इसे जीएसटी परिषद के पास भेजने का उल्लेख किया जा सकता है। इन सात बिंदुओं के साथ केंद्रीय बजट एक बार फिर बुनियादी ढांचा क्षेत्र को फिर से सक्रिय करने का प्रयास कर सकता है। <https://hindi.business-standard.com/opinion/spending-on-infrastructure-projects-in-the-budget>

STATES NEWS ITEMS

4. Maharashtra cabinet clears path for HUL to launch bakery operations near Aarey (timesofindia.indiatimes.com)

Hindustan Unilever Ltd (HUL) will commence bakery operations near Aarey colony where the Centre-owned Modern Bakeries (India) Ltd once operated.

Eight years after the proposal was first mooted in 2015, the state government has allowed an agreement to be signed between the two companies after HUL offered to pay a nonrefundable Rs 5 crore up front.

The government had held the transfer of 22,264sqm of collector's land by Modern Bakeries to HUL as illegal as the latter did not pay 50% of the land cost to the government as unearned income.

The state cabinet on Tuesday approved the signing of a business conducting agreement between Modern Bakeries and Everstone Capital, an arm of HUL, for expansion of bakery operations. The matter went before the cabinet as there was no policy to allow a business conducting agreement between two companies on government land by paying money.

In 2000, the collector had raised a demand for Rs 37 crore in unearned income with interest. Subsequent revenue authorities upheld the decision and in 2014 HUL challenged the collector's decision through a writ in the Bombay high court, where the matter is pending. In 2004-05 the Comptroller and Auditor General in its remarks said the land must not be transferred to HUL without recovering the unearned income with interest.

In 2015, HUL deposited the sum sought by the collector through a bank guarantee and moved a proposal before the Bombay high court to allow the expansion of the bakery and an agreement to be signed with Everstone Capital. The court had directed the government to take a decision within eight weeks. The proposal was rejected.

HUL once again approached the government to allow bakery operations without transferring the land and even offered to pay Rs 5 crore up-front, which will not be returned irrespective of the outcome of the court case.

Since the state government had no policy to accept money and allow a business conducting agreement with a sick company for expansion of bakery operation, the proposal was brought before the cabinet. The law and judiciary department opined that there were no legal impediments to the agreement as the land was already in possession of HUL and it had deposited the amount due to the government as bank guarantee with the court.

In 1966, the state had allotted 18 acres near Aarey colony to the Centre to set up Modern Bakeries (India) Ltd to commence operations at Re 1 lease rent. For the next 10 years it was leased after obtaining 8% of the market value. <https://timesofindia.indiatimes.com/city/mumbai/maharashtra-cabinet-clears-path-for-hul-to-launch-bakery-operations-near-aarey/articleshow/96895505.cms?from=mdr>

SELECTED NEWS ITEMS/ARTICLES FOR READING

5. Budget 2023: The case for lowering tax rates (moneycontrol.com) January 11, 2023

It has been reported that the government proposes to raise import duties on 35 items, in a bid to slash imports and contain the current account deficit. This is the path to economic inefficiency, lost revenue and a thriving underworld that prospers on smuggling. The forthcoming Budget is an occasion to show boldness in vision and policy and regain India's lost growth momentum. That means lower, simplified, preferably uniform rates of import duty and low, enforceable rates of tax on income in the hands of earners and sophisticated mining of data generated by the Goods and Services Tax (GST), to widen the tax base.

High import duties on goods make the businesses that use those goods as inputs relatively inefficient and non-competitive.

Taxes on gold and cigarettes illustrate the folly of high taxes. Gold smuggling was a brisk business that produced organised crime, anti-heroes on the silver screen and a corresponding hawala trade (informal cross-border money transfers at rates of exchange different from the overvalued official rate) in pre-liberal India. Liberalisation and the lowering of the import duty on gold to Rs 300 per 10 gm practically killed the incentive to smuggle gold.

But then, the import duty was gradually raised, first to two percent ad valorem, later to 10 percent in 2013, when the current account deficit had ballooned. It was reduced to 7.5 percent later, but in July of 2022, it was jacked up again. Right now, the total incidence of duty is 12 percent customs and a cess of 3 percent. On top of this, the consumer has to bear GST at the rate of 3 percent. The net result is that gold smuggling is once again a brisk business, and when gold is smuggled in, to pay for the gold, a hawala operation also comes into being. The government loses import duty on the smuggled gold and, since jewellery made out of smuggled gold would be hard put to show any legitimate source of purchase, the tendency would be to evade GST on the products made out of the smuggled gold as well.

The government would receive a big boost in revenues, both customs and GST, by slashing the import duty on gold to a level that makes smuggling totally unattractive.

A similar logic applies in the case of cigarettes also. Including import duties and excise duties and cess, the tax on cigarettes is something like 73 percent. This makes smuggling of cigarettes a lucrative business. And the government loses both import duty and excise duty on the smuggled cigarettes. Such loss is estimated to be as high as Rs 13,000 crore, although this estimate has been made by the tobacco lobby. Sensible rates of duty on cigarettes would reduce the incentive to smuggle.

Taxing Incomes

The present government claims to believe in simplifying the tax regime and easy compliance. It has, in practice, raised the number of tax slabs to 11, with a top rate of 42.74 percent.

Data from the Home Ministry's Bureau of Immigration says that in January-November 2022, 7.2 million Indians left the country to take residency abroad. Indians do not gain residency abroad on the strength of refugee status or any other debility; rather, they gain residency on the strength of competence and skill. It would not be inconceivable that some of the millions fleeing the country are persuaded by the high rates of tax in India on successful individuals. It is not just that the rates of tax are high, the visible return to the citizen in terms of state services does not appear proportionate to those subjected to high rates of tax.

It makes sense to not drive successful, skilled people away with onerous tax rates. The businesses they start in India would generate additional incomes within the country, generate jobs and yield taxes.

Few individuals are motivated to pay their taxes, as honest discharge of their civic duty. They pay because they cannot get away with paying less. But those in business can find assorted ways to conceal their income in shell companies, corporate expenses on their behalf and other tricks of accounting. If the cost of non-compliance (including the expected value of probable penalty, legal expenses, accounting expenses and the like) is significantly lower than the cost of compliance with tax demands, non-compliance will come out on top. It makes sense to bring down the effective tax rate and, thus, the cost of compliance, while raising the cost of non-compliance through predictable detection and certainty of stiff penalties.

But India needs to raise tax revenues also. The Centre and the states together collect taxes worth about 17 percent of GDP. This is about half the proportion collected by countries of the OECD. Tax collections go up by smart taxation, not by jacking up the rates of taxation. India has had an income tax rate as high as 97 percent on the highest slab, but this served more to

signal the government's anti-rich, and, implicitly, pro-poor disposition, than to raise tax revenues.

Follow The Trail

The way to raise tax revenue is to follow up on the audit trails generated by GST. Small-scale producers who evade taxes can be identified by following up on the downstream chain of bulk raw materials sold to large distributors, all of whom pay GST on their purchases and sell their product to smaller buyers collecting GST. Identify their customers, and these customers' customers, till all the bulk raw material is accounted for. Input-output norms make it easy to estimate how much of final product should be made out of the bulk raw materials.

Diligent follow-up of GST audit trails and big-data analytics of the massive amount of data people generate, including on social media, will help the authorities unearth income that has been escaping tax. Locating this is the basic task of revenue mobilisation, not raising tax rates.

In fact, the government stands to raise additional taxes by moderating its import duties on goods amenable to smuggling and by simplifying the income tax structure and lowering the tax rates, while stiffening tax administration to secure compliance. <https://www.moneycontrol.com/news/opinion/budget-2023-the-case-for-lowering-tax-rates-9846001.html>

6. Nominal GDP gains may help govt meet its FY23 fiscal deficit target ([indianexpress.com](https://www.indianexpress.com)) Updated: 11 Jan 2023

For most of this financial year, while fiscal and monetary policies were focused on taming runaway inflation, the bane of high prices could now turn into a blessing of sorts, as it could help the government balance its fiscal math ahead of the presentation of the following year's Budget.

Even as tax revenues are seen slowing down in the third quarter, and government expenditure is set to overshoot significantly with a ballooning subsidies bill, a higher nominal GDP estimate of 15.4 per cent (as against an assumption of 11.1 per cent in the Budget for 2022-23) could end up helping the government meet its fiscal deficit target of 6.4 per cent of the GDP for this fiscal.

FISCAL MATH

	Budget estimate 2022-23	Apr-Nov 2022-23
Revenue receipts	22,04,422	14,23,152
Tax Revenue	19,34,771	12,24,833
Non-tax revenue	2,69,651	1,98,319
Non-debt capital receipts	79,291	41,481
Total expenditure	39,44,909	24,42,787
Revenue expenditure	31,95,257	19,95,674
Capital expenditure	7,49,652	4,47,113
Fiscal deficit	16,61,196	9,78,154
Nominal GDP	2,58,00,000**	2,73,07,751*

Source: CGA, Ministry of Finance *First adv estimate for FY23 GDP
 **GDP projection in Budget for FY23 (All figures in Rs cr)

Experts said that the fiscal deficit is expected to be higher in absolute terms by at least Rs 1 lakh crore, but the gains from a rise in nominal GDP (which considers inflation) will help meet the Budget targets. However, the pitfall of this gain would be seen next fiscal year, wherein a potentially slower growth rate and tepid tax revenues will adversely affect the government's Budget math.

In its report, India Ratings, a Fitch-group company, said that the revenue and fiscal deficits are expected to come in at Rs 10.58 lakh crore and Rs 17.61 lakh crore in FY23, higher than the budgeted Rs 9.9 lakh crore and Rs 16.61 lakh crore, respectively, in FY23. "However, the higher-than-budgeted nominal GDP would help meet the budgeted target for revenue and fiscal deficit at 3.8per cent and 6.4per cent of GDP, respectively, in FY23," it said.

The cushion provided by an overshoot in revenue projections and stronger than budgeted nominal growth will help absorb higher spending needs, DBS said in a note. "The FY23 fiscal math has benefited from a) strong nominal GDP growth of around 16per cent vs budgeted 11per cent; b) above target tax collections due to better growth, reopening boost, formalisation, and tighter compliance; c) pick up in nominal GST collections, which have helped to offset lower RBI dividends, fuel excise cuts, higher subsidies, and divestment miss," it said. As per the latest data on government finances for April-November, the first eight months of this fiscal, the deficit reached 59 per cent of the full-year target, higher than 46 per cent in the corresponding period a year ago.

Direct tax collections rose 24 per cent YoY, while under indirect taxes, average monthly GST receipts are up 20 per cent. Non-tax revenues have grown slower with weaker-than-expected dividends from the Reserve Bank of India and slower divestment proceeds, with non-tax revenue at 74 per cent of the year-end target during April-November as against 92 per cent a year ago.

For the next fiscal, the government, however, will face a challenge with slower real and nominal GDP growth amid weakening demand conditions, a slowing global economy and normalising base effects from the pandemic. “With an expected retail inflation print at just 4.3 per cent and a mere 1 per cent growth in the wholesale price index in FY24, GDP deflator could be 2 per cent, dragging down India’s nominal GDP growth to the lowest level compared to any year between the early 1970s and FY19. Such a slow growth rate would have serious implications for the macroeconomy and financial markets,” Motilal Oswal said in a report. <https://indianexpress.com/article/business/economy/nominal-gdp-gains-may-help-govt-meet-its-fy23-fiscal-deficit-target-8374085/>

7. India will face especially complex policy challenges next fiscal year ([livemint.com](https://www.livemint.com)) Updated: 11 Jan 2023

The Indian economy has come out of the pandemic in far better shape than most other large economies as well as some of our neighbours. Growth is higher, inflation is lower and debt levels are more manageable. Most of the high-frequency data for December points to a broad-based recovery in economic activity. India has also managed to avoid the crises that have hit countries such as Sri Lanka or Pakistan.

There are three ways to assess where the Indian economy stands right now in comparison to its position the year before the pandemic struck. Each provides a different lesson. The first is reassuring, the second is a reality check and the third is a worry. Let us consider them sequentially.

The reassuring news is that India’s gross domestic product (GDP) in the financial year ending in March 2023 will be significantly higher than in the financial year that ended in March 2020, the last one before the pandemic sent economies across the world on a downward spiral. The reality check is that the Indian economy is still smaller than what it would have been in case the pandemic had not struck, and the economy had continued on its pre-pandemic growth trajectory. This means there have been permanent output losses.

The worry is that the number of Indians employed is smaller than before the pandemic, at a time when the population has grown. The labour force participation rate is still around 3 percentage points lower than before the pandemic. The final frontier of the economic recovery is higher employment.

The Indian economy will likely lose momentum in the next financial year. Export demand will weaken as other major economies slip into recession. Domestic consumer spending may lose some steam as the excess stock of precautionary plus forced savings built up during the pandemic dries up. A lot will depend on urban wage growth. Private sector investment is showing some signs of picking up, but it is early days yet. Weaker aggregate demand as well as monetary tightening should bring Indian inflation back into the comfort zone of the Reserve Bank of India.

The result: nominal GDP growth will be back in the 10-11% range. One result of the normalization of nominal GDP growth—and thus the tax base—is that India will have to face two tricky macro policy choices, one on the fiscal front and the other on the external front.

Let us consider the fiscal situation first. High nominal GDP growth over the past two years helped the government improve tax collections, and thus meet its deficit targets despite higher subsidies. It also meant that nominal growth was much higher than borrowing costs, thus taking pressure off the government to cut the deficit more aggressively in order to stabilize public debt.

Why? There are two main components of any strategy to bring down public debt in an economy. The first is the difference between the growth rate of the economy and the average cost of government borrowing. The other is a reduction in the primary deficit of the government. Generally, the higher the difference between economic growth and the cost of government borrowing, the lower the pressure to go for a sharp fiscal correction to stabilize public debt over the medium term.

However, next year will be different from the previous two. Nominal GDP growth will be lower while government borrowing costs will be higher. The fiscal correction that will be needed to stabilize public debt will thus be higher than before. It remains to be seen whether the Union government can manage a sharper fiscal correction in 2023-24, especially given the fact that it is heading into the next general elections, and that the need to defend our borders against Chinese aggression will require higher defence spending.

The second policy paradox is about supporting a revival in the private investment cycle, which is essential for sustainable growth over the next decade. Higher investment activity in the economy at a time when we have a persistently high fiscal deficit will mean that the extra domestic demand will likely spill over into a wider current account gap. A lot then hinges on the fiscal strategy of the government, whether government savings increase, or more realistically whether government dis-savings decrease. The changing structure of aggregate demand—from government spending to private sector spending—will have implications for the external balance.

These two tricky policy choices—of sustaining the fiscal correction when nominal growth is trending down and of supporting the private sector investment cycle without triggering further pressure on the current account—may become bigger issues of discussion in the next financial year.

However, much will also depend on the state of the global economy. Will monetary tightening eventually bring down inflation in many large economies? Will some sort of military truce in Ukraine bring energy prices down further? And, perhaps most importantly, what will the reopening of China mean for the rest of the world economy? <https://www.livemint.com/opinion/columns/india-will-face-especially-complexpolicy-challenges-next-fiscal-year-11673370809233.html>

8. How inflation surge could help Govt balance its fiscal math ([indianexpress.com](https://www.indianexpress.com)) Updated: January 11, 2023

Even while the high inflation rate of over 6% for most of this fiscal prompted the Reserve Bank of India and the government to take action to bring it under control, a significant gain from the rising prices would be seen in the upcoming Budget. The bane of high prices could now turn into a blessing of sorts, as it could help the government balance its fiscal math by capping the fiscal deficit as a percentage of a higher nominal GDP.

How will inflation help the government's fiscal math?

Even as tax revenues are seen slowing down in the third quarter and government expenditure is set to overshoot significantly with a ballooning subsidies bill, a higher nominal GDP estimate of 15.4% (as against an assumption of 11.1% in the Budget for 2022-23) could end up helping the government meet its fiscal deficit target of 6.4% of the GDP for this fiscal.

Fiscal deficit is expected to be higher in absolute terms by at least Rs 1 lakh crore, but the gains from a rise in nominal GDP (which takes into account inflation) will help in meeting the budget targets, experts said.

What do experts say about the government's fiscal math?

India Ratings, a Fitch Group company, in its report, said the revenue and fiscal deficits are expected to come in at Rs 10.58 lakh crore and Rs 17.61 lakh crore in FY23, higher than the budgeted Rs 9.9 lakh crore and Rs 16.61 lakh crore, respectively. "However, the higher-than-budgeted nominal GDP would help in meeting the budgeted target for revenue and fiscal deficit at 3.8% and 6.4% of GDP, respectively, in FY23," it said.

The cushion provided by an overshoot in revenue projections and stronger than budgeted nominal growth will help absorb higher spending needs, DBS said in a note. "The FY23 fiscal math has benefited from: a) strong nominal GDP growth of around 16% vs budgeted 11%; b) above target tax collections due to better growth, reopening boost, formalisation, and tighter compliance; c) pick up in nominal GST collections, which have helped to offset lower RBI dividends, fuel excise cuts, higher subsidies, and divestment miss," it said.

As per the latest data on government finances for April-November, the first eight months of this fiscal, the deficit reached 59% of the full-year target, higher than 46% in the corresponding period a year ago. Direct tax collections rose 24% YoY, while under indirect taxes, average monthly GST receipts are up 20%. Non-tax revenues have grown at a slower pace with weaker-than-expected dividend from the Reserve Bank of India and slower divestment proceeds, with non-tax revenue at 74% of the year-end target during April-November as against 92% a year ago.

What will be the effect on next financial year's Budget math?

The pitfall of this gain, however, would be seen next fiscal wherein a potentially slower growth rate and tepid tax revenues will adversely affect the government's budget math. The government will face a challenge with slower real and nominal GDP growth amid weakening demand conditions, a slowing global economy and normalising base effects from the pandemic.

"With an expected retail inflation print at just 4.3% and a mere 1% growth in the wholesale price index in FY24, GDP deflator could be ~2%, dragging down India's nominal GDP growth to the lowest level compared to any year between early 1970s and FY19 (i.e., half-a-century pre-Covid period). Such a slow growth rate would have some serious implications for the macro-economy and financial markets," Motilal Oswal said in a report. <https://indianexpress.com/article/explained/explained-economics/india-economy-inflation-government-budget-fiscal-deficit-8374777/lite/>

9. Recession 'perilously close' but India on course to 6.6% growth, says World Bank ([moneycontrol.com](https://www.moneycontrol.com)) January 11, 2023

The Indian economy is expected to grow at the rate of 6.6 percent in fiscal year 2023-24, the World Bank said on January 10, even as it projected a gloomy outlook for the global economy.

The global economy will come "perilously close" to a recession this year, led by weaker growth in all the world's top economies - the United States, Europe and China, the World Bank warned.

The outlook, however, remains comparatively resilient in the South Asia region, "due to limited spillovers to India from a projected global slowdown", the bank said, in its 'Global Economic Prospects' report.

The country's growth is "projected to slow, to 6.6 percent in FY2023-24 before falling back toward its potential rate of just above 6 percent", it said. Last month, the World Bank had projected India's FY 2022-23 growth at 6.4 percent.

"In India, which accounts for three-fourths of the (South Asia) region's output, growth expanded by 9.7 percent on an annual basis in the first half of fiscal year 2022-23, reflecting strong private consumption and fixed investment growth", the report noted.

India is expected to be the fastest-growing economy among the seven largest EMDEs (emerging market and developing economies), it further stated.

The World Bank, however, noted that consumer inflation spent most of last year was above the Reserve Bank of India's upper tolerance limit of 6 percent, prompting the policy rate to be raised by 2.25 percentage points between May and December.

"India's goods trade deficit has more than doubled since 2019, and was \$24 billion in November, with deficits for crude petroleum and petroleum products (\$7.6 billion) and other commodities (for example, ores and minerals at \$4.2 billion) accounting for the widening," it added.

Global growth slashed by half

The World Bank, which lends money to poorer countries for development projects, said it had slashed its forecast for global growth this year by nearly half, to just 1.7 percent, from its previous projection of 3 percent. If that forecast proves accurate, it would be the third-weakest annual expansion in three decades, behind only the deep recessions that resulted from the 2008 global financial crisis and the coronavirus pandemic in 2020.

Though the United States might avoid a recession this year, the World Bank predicts the US economy will eke out growth of 0.5 percent-- global weakness will likely pose another headwind for America's businesses and consumers, on top of high prices and more expensive borrowing rates. The United States also remains vulnerable to further supply chain disruptions if COVID-19 keeps surging or Russia's war in Ukraine worsens.

And Europe, long a major exporter to China, will likely suffer from a weaker Chinese economy.

The World Bank report also noted that rising interest rates in developed economies like the United States and Europe will attract investment capital from poorer countries, thereby

depriving them of crucial domestic investment. At the same time, the report said, those high interest rates will slow growth in developed countries at a time when Russia's invasion of Ukraine has kept world food prices high. <https://www.moneycontrol.com/news/business/economy/indian-economy-to-grow-at-6-6-in-fy24-says-world-bank-9843731.html>

10. A case for nuclear energy ([financialexpress.com](https://www.financialexpress.com)) January 11, 2023

Western activism tends to push agenda that don't find buyers in the home countries to the much less-developed Global South. This activism conveniently portrays something that is cutting edge, as a global pariah. Nuclear energy is a case in point. Our country has had a history of nuclear projects being stalled due to protests, which are often funded by the West. It is worth quoting from a 2012 interview in Science with then PM of India, Manmohan Singh. "The atomic energy program has got into difficulties because these NGOs (the ones in the developed world), mostly, I think, based in the US, don't appreciate the need for our country to increase energy. The local NGO-led protests have stalled the commissioning of two 1000 MW nuclear reactors".

One major concern raised by opponents of nuclear energy is the potential safety risks involved in running a nuclear power plant and handling radioactive waste. However, the data tells a completely different story. According to an analysis by Our World in Data (bit.ly/3laXEep), the death rate per unit of electricity production for nuclear is a mere 0.03. These numbers are much higher for brown coal (32.72), coal (24.62), and oil (18.43). This analysis uses deaths from accidents and air pollution to calculate the death rate per terawatt-hour of electricity. Although it is true that fossil fuel-based electricity generation often leads to higher death rates, people tend to overestimate the dangers of nuclear power. But why is it so?

Those who know behavioural economics or psychology will attribute it to the "availability heuristic." Amos Tversky and Daniel Kahneman were the first ones to study the availability heuristic, which is a mental shortcut wherein people make judgments on the basis of the immediate examples that come to a given person's mind. Humans tend to overestimate the frequency of an event because it is more readily available in one's memory. While many of us do not know about the accidents in the thermal power plants, everyone knows about Fukushima nuclear disaster and Chernobyl. This has distorted perceptions of risk or probability.

This is despite the fact that the Japanese government reported that only one person died directly as a result of the Fukushima nuclear accident, and that more deaths were caused by the evacuation process. The Chernobyl accident resulted in 31 direct deaths, but estimates of the total number of premature deaths from cancer linked to the accident range from a maximum of 4,000 according to the World Health Organization to a maximum of 62 according to another UN agency.

In the past, nuclear accidents typically involved older, outdated reactors that are no longer in operation. Modern, third-generation reactors are designed with improved safety features and are less prone to meltdowns. Despite the risks associated with nuclear energy, research (bit.ly/2TIGMP7) has demonstrated that transitioning from fossil fuels to nuclear power has prevented approximately 2 million deaths from air pollution since 1971. If nuclear energy is more widely adopted as a means of decarbonising the global economy, it has the potential to prevent tens of millions of deaths in the future.

That is not the only reason India should invest more in nuclear energy. The renewable energy sector is yet to solve round-the-clock baseload power generation, which is critical for grid stability. Even though solar has seen significant per-unit cost efficiency in the recent past, battery technology is still far from making it a predominant source of power. In an increasingly uncertain geopolitical environment with price spillovers to hydrocarbon imports, the transition to green energy has payoffs beyond climate change. This is even more true for India with its high current account deficits. Nuclear power is indispensable to this transition, being the only scalable power source with 24×7 baseload power generation.

There are currently 22 nuclear reactors in India. The government envisions nuclear energy as a key part of its electricity generation strategy and aims to increase the share of nuclear energy in the country's electricity mix to about 10% by 2031. However, India has not been able to truly leverage the landmark nuclear deal, which made India the only non-NPT signee with nuclear weapons allowed to carry out nuclear commerce with the Nuclear Suppliers Group. The 48-nation NSG waiver to India opened the doors for procuring civilian nuclear technology and fuel from other countries. Despite the substantive increase in access to technology and fuel, the share of nuclear energy in the overall energy pie has stagnated at around 3% since 2008, when the deal was signed. The nuclear power sector has the slowest rate of growth in capacity addition amongst fuels, notwithstanding ambitious targets laid at the time.

The recent major breakthrough in nuclear fusion technology announced by US department of energy has sparked new optimism in the sector. The Indian government, on its part, has approved the construction of ten more pressurised heavy water reactors (PHWRs). These new PHWRs, which will have a capacity of 700 MW each, will be set up in a fleet mode, which means they will be constructed and operated as a single unit to increase efficiency and reduce costs. The future of nuclear energy in India looks bright as long as Indians are able to resist the temptation of becoming the consumers of activism of the global north. <https://www.financialexpress.com/opinion/a-case-for-nuclear-energy/2943887/>

11. Govt may fund unrealised input cost of gas-based central power PSUs (economictimes.indiatimes.com) January 11, 2023

The proposal is likely to be discussed this week by concerned stakeholders, another official said, requesting anonymity. Much of India's gas-based power generation capacity, which stands at 24,800 MW, is idle because high gas prices have made electricity generated at gas plants generally more expensive than coal, hydro and renewable-based

The power ministry may provide financial support to state-owned gasbased generation companies to make up for unrealised input costs so that they can produce and sell electricity in the peak demand season for grid stability.

"Because gas prices are higher and that is not fully recovered by market-based sale, that gap we will be able to fund from the government or there are some funds available in PSDF," power secretary Alok Kumar told ET.

The proposal is likely to be discussed this week by concerned stakeholders, another official said, requesting anonymity.

Much of India's gas-based power generation capacity, which stands at 24,800 MW, is idle because high gas prices have made electricity generated at gas plants generally more expensive

than coal, hydro and renewable-based power, making it hard for these plants to find buyers. Now, the government plans to fund unrealised costs when they sell electricity, likely using the Power System Development Fund (PSDF).

The fund from PSDF can be used as a sort of support to gas-based power that may be used to maintain grid stability during peak demand.

"For grid balance, the grid controller puts some reserves, some quantum of power which they use in the case of grid fluctuations," said the official cited above.

To meet the upcoming peak demand, which is likely to cross 230 GW in April, the government is planning to use increased gas-based electricity apart from ensuring sufficient coal stocks.

The critical part of a day in the peak season is the non-solar hours when the maximum pressure is on coal and gas-based generations, Kumar said. Considering a rise in demand, the ministry had on Monday asked coal-based power generation companies to import 6% of their fuel requirements.

The Grid Controller of India has reported that power demand has increased sharply, and it is expected to remain at an increased level during the first half of financial year 2023-24, the power ministry said in a notification on Monday. <https://economictimes.indiatimes.com/industry/energy/power/govt-may-fund-unrealised-input-cost-of-gas-based-central-power-psus/articleshow/96892616.cms>

12. Joshimath sinking: Delayed by a decade, cost of Tapovan Vishnugad Hydroelectric Power Project increased by 138% ([moneycontrol.com](https://www.moneycontrol.com)) JANUARY 10, 2023

Despite two SC-appointed committee reports stating that such hydroelectric power projects could have significant environmental impact, the government in 2015 set up yet another committee which gave the go-ahead for at least six hydropower projects.

Joshimath in Uttarakhand is facing the worst land subsidence in its history and experts say the reasons are multiple, ranging from rampant infrastructure development to fragile ecosystem and seismic zone. But, at the centre of all the discussion and debate of the 'sinking Joshimath' story is the Tapovan Vishnugad hydroelectric power project, which is being built by state-run NTPC Limited.

Construction of this 520 MW hydroelectric power (HEP) project began in 2006 and was scheduled to be completed in March 2013. But, almost 10 years later, the project is still 'under construction'. Besides, the project has also undergone a major cost escalation from the initial approved investment of Rs 2,978.5 crore to now an anticipated Rs 7,103 crore, which is an increase of 138.4 percent. In between, the cost of the project was revised to Rs 5,867.38 crore.

The Tapovan Vishnugad HEP project has had a chequered history, which also is partially the reason for its delay. On February 7, 2021, the entire Chamoli district of Uttarakhand, which also houses Joshimath, was hit by unprecedented floods caused by an avalanche, damaging two hydropower projects and leaving more than 200 people dead or missing. One of the two HEP projects was Tapovan Vishnugad, while the other was Rishiganga HEP project. Both the projects were majorly damaged during the floods.

After the Chamoli disaster, the National Disaster Management Authority (NDMA) in a report pointed to inadequate prevention and mitigation measures for hydroelectric power projects during the construction stage. The apex disaster management authority also found that there was “no functional early warning system” in the region. Now, the project only has a manual flood warning system. On December 27 last year, the power ministry said it tied up with Defence Research and Development Organisation for implementation of an early warning system at vulnerable HEP projects.

Prior to that, the project was rocked by the Kedarnath flood in 2013 that killed at least 5,000 people and damaged about 10 hydroelectric projects, including Tapovan Vishnugad.

Coming to the present day, hundreds of houses in Joshimath are in the midst of collapse as the land in the region is sinking, which is called subsidence. Residents in the region and several experts say that the HEP project worsened or accelerated the subsidence in Joshimath as it disturbed the fragile ecosystem of the area. As the situation worsened from January 3, two days later, on January 5, the government stopped all works at NTPC’s Tapovan Vishnugad project.

However, NTPC said the tunnel of its Tapovan Vishnugad hydel project has nothing to do with the landslide happening in Joshimath. “NTPC wants to inform with full responsibility that the tunnel has nothing to do with the landslide happening in Joshimath city. In such an odd situation, the company expresses its sympathy and sensitivity to the people of Joshimath city,” the power generator said in a statement, dated January 5.

COURT CASES

In the past, there have also been petitions in various courts demanding scrapping of the hydroelectric project. In September last year, the Supreme Court refused to interfere with the Uttarakhand High Court verdict that had dismissed a petition seeking the cancellation of Tapovan-Vishnugad and Rishi Ganga Hydro Projects in the state.

On January 10, the Supreme Court declined an urgent hearing of the plea relating to the Joshimath sinking incident. A bench of Chief Justice of India DY Chandrachud and PS Narasimha said there are democratically elected institutions to look into the issue, as it posted the hearing for January 16.

“Everything which is important need not come to the apex court. There are democratically elected institutions working on it,” the top court said.

A CONSTANT PUSH FOR HYDROPOWER

But several reports have been overlooked in the past by the government too, experts say. After the Kedarnath flood in 2013, the Supreme Court had halted the construction of hydroelectric power projects in Uttarakhand, pending a review by the environment ministry on the role such projects had played in amplifying the disaster.

A 17-member expert committee, led by environmentalist Ravi Chopra, was set up by the ministry to examine the role of such hydroelectric projects in hilly areas. The Chopra committee concluded that 23 projects would have an “irreversible impact” on the ecology of the region. But private developers working on these projects said they should be allowed to continue as their projects had already been cleared for construction before the Kedarnath tragedy.

Later, the Apex Court formed another committee to examine their case. This committee, led by Vinod Tare of the Indian Institute of Technology, Kanpur, also concluded that these projects could have a significant environmental impact.

Despite these two reports, the environment ministry in 2015 set up yet another committee, led by BP Das, who was part of the original committee, but had filed a “dissenting report”. It was this Das committee which finally cleared at least six hydroelectric projects with some changes.

Hydro stations account for about 25 percent of the total installed capacity as against the ideal hydro thermal mix of 40:60, as per the power ministry’s website. The total hydro potential assessed by CEA at 60 percent load factor is 84,044 MW, it states.

Rajneesh Sareen, programme director, sustainable building and habitat programme at the Centre for Science and Environment (CSE) said early indicators have been ignored or overlooked to a great extent in Uttarakhand. “Corrective actions could have been taken if activated on time. Joshimath is totally out of balance because it cannot meet the carrying capacity, it can’t take the load. The typology of the construction that has happened in the town has been insensitive to the requirements/conditions at hand. This typology is also out of sync with hill architecture norms. Third is contour-based development, which has been missing/overlooked to much extent,” he said.

“Many committee reports highlight that there is some hydrological/ hydro geomorphological shift happening here. These are young mountains. These are areas which should not be stressed,” Sareen said. <https://www.moneycontrol.com/news/environment/joshimath-sinking-delayed-by-a-decade-cost-of-tapovan-vishnugad-hydroelectric-power-project-increased-by-138-9842011.html>

13. Why India needs to be self-reliant in building its loss and damage fund (timesofindia.indiatimes.com) January 10, 2023

In the summer of this year, a heatwave that scorched Northern India hit wheat yields drastically. Farmers in Uttar Pradesh reported a 20-30% fall in production, while farmers in Punjab and Haryana (two states that produce a combined one-fourth of India’s wheat) reported that they experienced even worse – in some cases, the wheat yield fell by more than half. One report estimated that India’s wheat yields this year were at a 20-year low because of the dry spell and scorching heat in May and June in North India – leading to poorer farmers not being able to recover even their input costs.

Wheat was not the only crop affected. India’s mango farmers were also badly hit by the heat waves this year. Meanwhile, in October, Union Agricultural Minister Narendra Singh Tomar pointed out at a press conference that unseasonal rains had damaged the Kharif crops in several states. Reports of vegetables getting spoilt because of late rains also came in from across the country.

According to the Climate Transparency Report 2022, between 2016 and 2021, cyclones, flash floods, floods, landslides, and other extreme events have caused damage to crops over 36 million hectares: a USD 3.75bn loss for Indian farmers. The report also adds that extreme heat caused a potential income loss of US\$159 billion in the service, manufacturing, agriculture, and construction sectors in 2021. Some reports suggest that the picture will turn more dismal

– affecting millions of jobs and reducing crop yields by almost a quarter. Way back in the Economic Survey of 2018, then Chief Economic Advisor Arvind Subramanian had estimated that global warming and climate change could reduce India’s potential GDP growth by 2%.

Like every major economy in the world, India is moving quickly to adopt renewables, cut emissions, increase forest cover, develop carbon sinks and find other ways to prevent the world from growing any hotter. But that is only one part of the climate equation because like all other countries, India also needs to ensure that it can manage the annual damage caused by climate change that has already taken place. And that means not only finding solutions like new rice and wheat strains that can grow in higher temperatures but also increasing the area under irrigation.

But even that is not enough. Policymakers need to ensure that they keep aside funds to deal with the damage caused by sudden cyclones, heat waves, unseasonal rains, and other effects of climate change already visible. We have to live with the new normal.

This is where the talk about creating a loss and damage fund (LDF) is gaining ground. Financing the recovery or compensation for damage due to climate change is very difficult and the amounts involved are huge. By 2030, vulnerable nations are likely to face unpreventable damages worth US\$290-580 billion annually due to climate threats. By 2050, the total cost of loss and damage could rise to US\$1-1.8 trillion.

The question is who will pay. While developing nations would want the developed nations – who have been responsible for much of the historical emissions and global climate change – to provide more funds, few of the climate financing pledges by developed nations have actually come through. Lack of finance for developing nations stymied discussions during COP27. Financing an LDF is a challenge, especially through a standard financial mechanism. <https://timesofindia.indiatimes.com/blogs/voices/why-india-needs-to-be-self-reliant-in-building-its-loss-and-damage-fund/>

14. Rs 4,276-crore indigenous weapons get a green signal from MoD (*business-standard.com*) January 10, 2023

The Defence Acquisition Council (DAC), the defence ministry’s apex equipment procurement body, chaired by Defence Minister Rajnath Singh, accorded a green signal on Tuesday for initiating the procurement of three indigenous weapons platforms for Rs 4,276 crore.

The accord of Acceptance of Necessity (AoN) by the DAC is the first step of the acquisition process and establishes that the military has an urgent need for the equipment that is being cleared. The three acquisitions that were given AoNs on Tuesday include two weapons systems for the Indian Army and one for the Indian Navy.

All three acquisitions have been categorised as Buy (Indian – Indian Designed, Developed and Manufactured), or Buy (Indian-IDD) category. This is the highest priority procurement under the Defence Acquisition Procedure of 2020 (DAC-2020).

The first AoN was accorded for acquisition of HELINA anti-tank guided missiles (ATGMs), launchers and associated support equipment. This ATGM, designed by the Defence Research & Development Organisation (DRDO) will provide a potent anti-tank capability to the Advanced Light Helicopter (ALH).

The ALH, designed by Hindustan Aeronautics (HAL), is already equipped with a cannon, rocket launchers, and electronic warfare systems. The HELINA missile, which can destroy enemy tanks at ranges out to seven kilometres, completes the weaponisation of the ALH.

“Its induction will strengthen the offensive capability of the Indian Army,” stated the ministry.

The DAC also accorded AoN for procurement of the DRDO’s very short range air defence (VSHORAD) infrared homing missile system, which is being designed and developed by the DRDO. This can shoot down enemy aircraft at ranges out to seven kilometres.

“In view of the recent developments along the Northern borders there is a need to focus on effective air defence (AD) weapon systems, which are man portable and can be deployed quickly in rugged terrain and maritime domain,” stated the defence ministry.

The third weapons system that the DAC approved for procurement was the BrahMos launcher and fire control system (FCS) for the Navy’s three Shivalik-class frigates and six Next Generation Missile Vessels (NGMVs).

The induction of BrahMos missiles will provide these ships with an enhanced capability for carrying out maritime strike operations, interdicting targets on land and destroying enemy’s warships and merchant vessels.

The NGMVs are robust, 1,500-tonne vessels, whose Indo-Russian BrahMos supersonic cruise missiles can reach targets 295-kilometres away. Making them hard to detect will be in-built stealth features, such as low radar, infrared, acoustic, and magnetic signatures. https://www.business-standard.com/article/current-affairs/ministry-of-defence-clears-indigenous-arms-worth-rs-4-276-crore-123011001157_1.html

15. Make In India Route Approved For Key Missile Programmes ([businessworld.in](https://www.businessworld.in)) 11 Jan 2023

India on January 10 kickstarted the acquisition process for three significant military procurement programmes worth Rs 4,276 Crore.

These include the man portable Very Short Range Air Defence (VSHORAD) missile system to be operated by frontline troops of the Indian Army in dense air defence environments, the helicopter-fired HELINA Anti-Tank Guided Missiles (ATGM), also for the Army, and BrahMos missile launchers for the Shivalik class stealth frigates and Next Generation Missile Vessels for the Indian Navy.

Acceptance of Necessity was accorded to these programmes at a meeting of the Defence Acquisition Committee (DAC) chaired by Defence Minister Rajnath Singh. The DAC is the highest body for initiating Defence procurements.

“All the three proposals - two of the Indian Army and one of the Indian Navy - are under the Buy (Indian-IDDMM) category,” the Ministry of Defence announced in a statement. This is a continuation of the policy emphasis on self-reliance in military hardware and for buying this equipment from Indian companies. As much of 68 per cent of the Budgetary allocation for

capital procurements for the armed forces for ongoing fiscal is earmarked for Make in India procurement categories of the Defence Acquisition Procedure.

The VSHORAD programme was originally meant to be routed through a foreign supplier. After a long-winded global competition, the Russian bidder was declared the winner. But that programme was aborted and rebooted as a Make in India procurement with technology developed by the Defence Research and Development Organisation (DRDO) being passed on to an Indian production agency. This is an indication of the Government's firm resolve to stick to the Aatmanirbhar agenda in Defence procurements.

“In view of the recent developments along the Northern borders there is a need to focus on effective Air Defence (AD) weapon systems which are man portable and can be deployed quickly in rugged terrain and maritime domain. Procurement of VSHORAD, as a robust and quickly deployable system, will strengthen the Air Defence capabilities,” the Ministry of Defence stated.

The weaponisation programme for the indigenous Advanced Light Helicopter (ALH) received a boost with the approval for the HELINA Anti-Tank Guided Missile procurement.

“The DAC accorded AoN for procurement of HELINA Anti-Tank Guided Missiles, launchers and associated support equipment which will be integrated to the Advanced Light Helicopter (ALH). This missile is an essential part of weaponisation of ALH for countering enemy threat. Its induction will strengthen the offensive capability of Indian Army,” the Ministry of Defence stated.

“Further, the DAC granted approval for procurement of Brahmos Launcher and Fire Control System (FCS) for the Shivalik class of ships & Next Generation Missile Vessels (NGMVs) for Indian Navy. With their induction, these ships would have enhanced capability of carrying out maritime strike operations, interdicting and destroying enemy's warships and merchant vessels,” the statement added.

While the Brahmos supersonic cruise missile system will be retrofitted on the three Shivalik class frigates – the first lot of Indian made stealth warships – it will be incorporated into the build programme for seven under construction Nilgiri class warships which are also known by the official nomenclature of NGMV, the follow-on of the Shivalik class under Project 17A. The Brahmos missile will give precision land attack capability to these warships. <https://www.businessworld.in/article/Make-In-India-Route-Approved-For-Key-Missile-Programmes/11-01-2023-461281/>

16. CBI books ex-Garrison Engineer, others for Rs 7.84 crore scam in Visakhapatnam Naval Dockyard ([newindianexpress.com](https://www.newindianexpress.com)) 10th January 2023

The CBI has booked a former Garrison Engineer posted at Naval Dockyard, Visakhapatnam and others for allegedly making payments to contractors without execution of tendered work causing a loss of Rs 7.84 crore to the exchequer, officials said Tuesday.

The agency has registered an FIR against Prashant Shivhare, the then Garrison Engineer, who allegedly issued large number of tenders for various works between August 2018 and March 2019, they said.

The accused official in conspiracy with his subordinates and contractors allegedly made payments to the contractors without the completion of tendered work causing a loss of Rs 7.84 crore to the exchequer, they said.

The CBI has also booked contractors and other officials working in the department in three separate cases registered by it under IPC sections related to criminal conspiracy, cheating and others besides provisions of Prevention of Corruption Act, they said. <https://www.newindianexpress.com/states/andhra-pradesh/2023/jan/10/cbi-books-ex-garrison-engineer-others-forrs-784-crore-scam-in-visakhapatnam-naval-dockyard-2536501.html>

17. Oil refiners hope for Rs 50,000 crore cash compensation from government on fuel price freeze ([cnbctv18.com](https://www.cnbctv18.com)) Jan 11, 2023

State-run Oil Marketing Companies (OMCs), HPCL, BPCL and Indian Oil Corporation are seeking compensation of as much as Rs 50,000 crore to cover up for the losses that they have incurred due to the freeze in fuel prices, industry sources told CNBC-TV18.

Sources further said the companies are of the view that they can't just keep their head above water and remain in survival mode. The companies are demanding this compensation to make up for the losses incurred in the first half of the current financial year.

As an immediate measure, companies are of the view that diesel prices can be hiked by Rs 2-3 per litre, according to sources, who also said that the OMCs are currently making some loss on diesel and marginal gains on petrol.

However, there is no clarity yet on any further compensation to the companies from the government.

Indian Oil Corporation reported a net loss of Rs 2,265 crore for the April-September period of the current financial year while BPCL reported a net loss of Rs 6,567.2 crore for the same period. HPCL's net debt for the first half increased to Rs 68,600 crore. This, despite a one-time grant given to these companies by the government to compensate for the loss.

CNBC-TV18 had reported in October that OMCs mulled government intervention as they were weighed down by fuel under recoveries. Back then, sources had estimated the combined under recoveries for LPG and fuel to be worth over Rs 1 lakh crore.

Shares of HPCL, BPCL and Indian Oil Corporation are trading with gains between 2.7-5 percent in today's trading session. The stocks have gained over the last month as crude prices have corrected. <https://www.cnbctv18.com/business/companies/oil-marketing-companies-50000-crore-compensation-hpcl-bpcl-ioc-losses-15637591.htm>

18. Extreme weather events cause \$270 bn loss worldwide in 2022: Report ([business-standard.com](https://www.business-standard.com)) January 11, 2023

Hurricanes, floods and other natural disasters inflicted \$270 billion in damage worldwide in 2022, less than the "extremely costly 2021" with \$320 billion, a German reinsure said in a report.

"2022 joins the recent run of years with high losses," the report by Munich Re said.

The costliest natural disaster in 2022 was Hurricane Ian in the US, which caused losses of around \$100 billion, Xinhua news agency cited the report as saying.

"Climate change is taking an increasing toll," Thomas Blunck, member of the Board of Management of Munich Re, said in a statement.

The natural disaster figures for 2022 were dominated by events that were more intense or occurred more frequently, he added.

The second costliest and greatest humanitarian disaster in 2022, with at least 1,700 deaths, was the severe flooding in Pakistan resulting from "record-breaking monsoon rainfall".

Rainfall there in August was five to seven times heavier than usual, and accelerated glacier melt due to high temperatures "significantly increased the flooding". the report said.

In many countries in Europe, the summer of 2022 was marked by extreme heat and drought followed by severe thunderstorms.

In France as well as in parts of Spain, heavy storms brought "hailstones the size of tennis balls" that caused losses in the billions.

Germany also saw an "exceptional year for weather" and logged one of the two warmest years on record, the National Meteorological Service (DWD) said.

Temperatures were 2.3 degrees Celsius above the value of the internationally valid reference period (1961-1990).

As a result, the river Rhine, Europe's busiest waterway, saw water levels fall to record lows, forcing ships to carry less cargo.

"It is difficult to quantify the indirect economic consequences of climatic events like these," Munich Re said. https://www.business-standard.com/article/current-affairs/extreme-weather-events-cause-270-bn-loss-worldwide-in-2022-report-123011100618_1.html