

NEWS ITEMS ON CAG/ AUDIT REPORTS (15.12.2022)

1. Delays in procurement: PAC flags issues with clothing, equipment for troops on China, Pak borders ([indianexpress.com](https://www.indianexpress.com)) December 15, 2022

AS INDIAN and Chinese forces remain locked in confrontation in the high reaches of Ladakh and Arunachal Pradesh, a Public Accounts Committee (PAC) report tabled in Parliament on Wednesday has flagged inordinate delays in procurement of high-altitude clothing and equipment for soldiers and poor research on part of Defence Ministry's research agencies leading to dependence on imports.

The PAC, under the chairmanship of Congress leader Adhir Ranjan Chowdhury, has examined the CAG report on provisioning and procurement of clothing, equipment, ration and housing, and management of inventory for the intervening period of 2015-16 to 2017-18.

“The Committee observes from the Audit Report ... instances of delays stretching up to four years in procurement of clothing items ... There were inordinate delays in receipt of contracted items from Ordnance Factories. Delayed procurement action and delayed receipt of contracted items ... led to acute shortage of essential clothing and equipment items and adversely affected timely issue of the same to the troops. Health and hygiene of troops stationed at high altitude areas was reportedly affected as a result of procedural delays, non-supply or supply of recycled or alternate items at the time of need,” the report has said.

The report noted there was no special budget for procurement of special clothing, equipment, ration and housing for high-altitude areas such as Ladakh and Siachen and the expenditure is met from the “General stores and clothing” which caters to the whole Army. It recommended a separate budget for the same.

Flagging multiple instances of poor equipment manufactured by agencies such as the Defence Research Development Organisation (DRDO), the report said, “Lack of Research and Development by defence laboratories and failure in indigenization resulted in prolonged and continued dependence on import.”

The report said that special rations were to be given to the troops for alleviating certain psychological and physiological conditions that the troops face in high altitude inhospitable conditions.

“However, audit findings revealed that substitutes in lieu of scaled items were authorized in a given percentage on cost-to-cost basis which affected the quantity of calorie intake of troops. Instances of short issue of rations to troops due to deficiencies in Internal Control also came to light consequent upon administrative check,” it said.

The report observed that housing for troops in inhospitable border areas was being provided in an “ad-hoc” manner.

“Sanction of the competent authority was never taken and even the pilot project was sanctioned in phases. Despite incurring an expenditure of Rs 274 crore, the pilot project was not successful. Annual plans were being drawn and works were being sanctioned without correct and objective assessment of the requirements. Execution of works and subsequent handing over of assets for use to the units in the most formidable climatic conditions was inordinately delayed,” it said.

The committee has, however, noted that habitats for 10,000 troops were constructed in Eastern Ladakh in 2020-21, following the June 2020 clashes between Indian and Chinese forces in Galwan, and another set of habitats for 18,000 troops is under construction in the region.

The report also raised the issue of quality control.

“Acceptance of store items was done merely on the basis of visual inspection and there was no documentary evidence of the stores being subjected to any kind of testing in quality control labs of the units,” it said.

Calling for an overhaul of the system, the report recommended, “Given the rapidly evolving and challenging geo-political circumstances for India; the Committee feel that the approach towards provisioning, procurement and issue of high altitude clothing, equipment, ration and housing facilities needs to be revamped urgently in a holistic and comprehensive manner.”

The committee flagged shortage of Army Headquarter Reserves for Extreme Cold Clothing and Equipment (ECC&C) and Special Clothing and Mountaineering Equipment (SCME – used in Siachen and Ladakh) running up to 100% in some commands.

“Disturbingly, audit revealed shortage of AHQ reserves for ECC&E items ranging from 24% to 100% at various commands. Out of 21 items of SCME Category-I items (that are for personal use and are to be retained by the soldiers) the deficiency percentage of 18 items ranged from 15% to 98%. No AHQ Reserve stock was being maintained although it was mandated that 100% reserve should be maintained even as the field stock was not at the desired level. Further, 56 SCME Category I & II items were not issued to units in super high altitude areas as per authorization,” the report said. <https://indianexpress.com/article/india/delays-in-procurement-pac-flags-issues-with-clothing-equipment-for-troops-on-china-pak-borders-8325191/>

2. PAC Flags Issues in Procurement of Clothing, Ration, Equipment for Soldiers Deployed at Icy Heights ([news18.com](https://www.news18.com)) December 15, 2022

The Public Accounts Committee (PAC) has flagged multiple issues and delays in the procurement of clothing, equipment and ration for soldiers in high-altitude regions, suggesting that the government should separate budget heads for such items as well as provisioning of accommodation. The PAC has added that there should be a clear explanation for resorting to recycling soldiers’ boots.

In its 55th report tabled in Lok Sabha, the high-level parliamentary panel has urged a comprehensive review of items required for high-altitude areas to meet the needs of jawans deployed in difficult weather conditions. The committee has further suggested that PSUs should build more underground oil tankers to fulfil fuel demands in forward areas like Ladakh.

The PAC, headed by Congress leader Adhir Ranjan Chowdhury, also examined the CAG report on provisioning and procurement of clothing, equipment, ration for 2015-16 to 2017-18.

The committee has expressed the view that it may be ideal to have separate budget heads for clothing, equipment, ration and housing for soldiers in high-altitude areas. Having separate budget heads, the committee feels, would help in troops being provided commensurate clothing, equipment, housing facility and ration.

ON CLOTHING

Given the disadvantages of emergency procurement and also the fact that Extreme Cold Climate Clothing and Equipment (ECC&E) and Special Clothing and Mountaineering Equipment (SCME) products are highly price sensitive to volumes, the committee has recommended that economies of scale be built into the procurement process which would help in lowering costs as well as the reserve requirement.

The PAC also recommend that the task of building reserves may be completed within a specific timeframe and they be kept apprised of the progress.

ON BOOTS

The PAC said that had there been no shortage, as claimed, there would be a need to have a clear explanation for having resorted to recycling the boots. This incongruence in the information furnished also raises questions on the efficacy of systems in the ministry in providing information and data that is consistent and accurate, it said. The committee desired that the matter may be reconciled and they be apprised thereof.

PROCUREMENT OF HACE ITEMS

The committee recommended that the Defence Ministry may consider overhauling the contracting process with vendors where there are more built-in contractual responses and contractual liabilities on the vendors and the contracts are not open to subjective interference or interpretation.

The PAC said it would prefer the ministry signing contracts for longer periods with appropriate performance and product guarantees as constituent provisions of the contract. It added that the Army may consider evolving a process whereby vendors who are not conversant with online processes may also be allowed to bid in the procurement process. The committee was of the view that a mechanism needs to be evolved to ensure outcome-oriented monitoring of expenditure and revenue and capital procurement, which would also aid in reduction of procurement timelines.

ON SLEEPING BAGS

The committee said there should be no compromise on the quality of products being used by army personnel at extreme high-altitude areas. Whatever type of products are more suitable for the climate of a particular area, only such products need to be procured. It hoped that the Army had a sound and objective understanding of the type of sleeping bags required at varying heights and regions. It said a comprehensive review of such requirements may be made for all high-altitude areas and the products be procured accordingly to meet the needs.

It said that the medical facilities being provided to the troops at forward locations be made more comprehensive so that soldiers do not have to risk health hazards.

FUEL STORAGE

The PAC further said that oil PSUs should construct more underground storage tanks as part of their CSR activities so troops deployed at forward locations in high-altitude areas do not face any inconvenience due to fuel shortage. It also impressed upon the administrative ministry to explore the possibility of other energy sources based on solar, wind and other hybrid-based technologies with the help of PSUs under the Ministry of New & Renewable Energy so that dependence on kerosene-based bukharies can be

minimised. <https://www.news18.com/news/india/pac-flags-issues-in-procurement-of-clothing-ration-equipment-for-soldiers-deployed-at-icy-heights-6619507.html>

3. There shouldn't be any gap in supply of clothing, equipment to troops in high-altitude regions: Par panel (*theprint.in*) December 14, 2022

There should not be any “gap” in supply of clothing, equipment, ration and provisioning of accommodation for soldiers engaged in safeguarding the country’s borders under difficult weather conditions in high-altitude regions, a high-level parliamentary panel said on Wednesday.

In its 55th report tabled in Lok Sabha, the Public Accounts Committee (PAC) pointed out inordinate delays in procurement of winter clothing for soldiers in high-altitude areas as well as implementation of the project for improving their housing conditions.

It also recommended urgent revamp of the approach towards procurement of high-altitude clothing, equipment, ration and housing facilities for the troops deployed in those regions.

Temperatures in some of the forward locations including in Ladakh drop up to minus 40 degree celsius during harsh winter months.

The PAC’s report on ‘Provisioning, procurement and issue of High Altitude Clothing, Equipment, Ration and Housing’ noted that the audit found instances of delays stretching up to four years in procurement of clothing items from time to time.

In this context, the committee headed by Congress’s Adhir Ranjan Chowdhury also referred to the setting up of an empowered committee in 2007 with full financial powers for speedy procurement of clothing items for troops in high-altitude regions.

It also said that there was a need for separate allotment of financial resources for meeting requirements of the troops deployed in areas having extreme weather conditions.

“There were inordinate delays in receipt of contracted items from ordnance factories. Delayed procurement action and delayed receipt of contracted items as per audit observations led to acute shortage of essential clothing and equipment items and adversely affected timely issue of the same to the troops,” the panel said.

“Health and hygiene of troops stationed at high-altitude areas was reportedly affected as a result of procedural delays, non-supply or supply of recycled or alternate items at the time of need,” it said.

The committee also noted the “lack” of research and development by the defence laboratories and failure in indigenisation resulted in the prolonged and continued dependence on import.

“Special rations were to be given to the troops for alleviating certain physiological conditions that the troops face in high altitude inhospitable conditions,” the report mentioned.

“However, audit findings revealed that substitutes in lieu of scaled items were authorised in a given percentage on a cost-to-cost basis which affected the quantity of calorie intake of troops,” it said.

The committee said instances of “short issues” of rations to the troops due to deficiencies in internal control also came to light.

Referring to the project for improving housing conditions for troops in high-altitude areas, the panel said the audit found that it was executed in an ad-hoc manner.

“Sanction of the competent authority was never taken and even the pilot project was sanctioned in phases. Despite incurring an expenditure of Rs 274 crore, the pilot project was not successful,” it said.

The committee was of the view that a mechanism needs to be evolved to ensure outcome oriented monitoring of expenditure and revenue and capital procurement. This would also aid in reduction of procurement timelines.

It observed that creation of habitats in high altitude areas is a “specialist task” and varies with terrain, user requirements and altitude factor and that maximum efforts should be initiated to improve habitat and living conditions of troops within available budgetary support.

Realising the importance of storage facility for the purpose of working by the troops in forward locations, the committee said it desired that oil PSUs should construct more underground storage tanks as part of their CSR (corporate social responsibility) activities so that the troops do not face any inconvenience due to fuel shortage.

They have also impressed upon the administrative ministry to explore the possibility of other energy sources based on solar, wind and other hybrid based technologies with the help of PSUs under the Ministry of New and Renewable Energy so that dependence on the kerosene can be minimised.

The committee said it felt that there should not be any gap in “provisioning, procurement and issue of high altitude clothing equipment, ration and provision of housing for our soldiers, who are engaged in safeguarding our borders under unfavourable climatic conditions”. <https://theprint.in/india/there-shouldnt-be-any-gap-in-supply-of-clothing-equipment-to-troops-in-high-altitude-regions-par-panel/1265328/>

4. House committee calls for more medical facilities for troops at forward locations (thehindu.com) December 14, 2022

In its 55th report, the committee has called for effective inventory management in the ‘provisioning, procurement and issue of high altitude clothing, equipment, ration and housing’ for troops

The Public Accounts Committee (PAC), in its 55th report on “Provisioning, procurement and issue of High Altitude Clothing, Equipment, Ration and Housing”, has said that all efforts should be made to fully implement Phase III of the Central Inventory Control Group (CICG) for effective inventory management and procurement.

The report, presented on Wednesday by Lok Sabha Member Satya Pal Singh on behalf of PAC Chairman Adhir Ranjan Chowdhury is based on the Comptroller and Auditor General’s (CAG) findings in 2019.

The committee observed that a huge quantity of essential items under Special Clothing and Mountaineering Equipment (SCME) Category-II were procured or held when they were not issued or required for long. Noting that CICG, an automated centralised database, had been created to mitigate such issues, it said all measures needed to be taken to fully implement Phase III of the project.

On completion of Phase III, computerisation of all India inventory visibility will be achieved. Phase III is at the grant of Acceptance of Necessity (AoN) stage; its roll-out is expected to commence 16 months after the AoN is accorded and is to be deployed fully in the subsequent 24 months thereafter.

The PAC recommended an overhaul of the contracting process between the Defence Ministry and vendors with built-in contractual responses and contractual liabilities on them; and an outcome-oriented monitoring of expenditure and revenue and capital procurement. This would also aid in reduction of procurement timelines. The procurement processes could be expedited through hand-holding of new Defence Public Sector Undertakings (erstwhile ordnance factories) by the Ministry.

The committee observed that there was extensive shortfall in the receipt of stores from ordnance factories from 2015-16 to 2017-18 in the case of “SCME/Extreme Cold Climate Clothing and Equipment” items. The percentage supply of most items from the factories remained at 50% or less for consecutive years. The PAC noted that, in the meanwhile, the factories had been corporatised and restructured into government companies. They were now participating in procurement through competitive bidding.

With higher delegation of powers and more freedom in decision-making, the new entities might expedite procurement processes, it said.

The committee said the Ministry should collaborate with friendly countries with similar terrain/geographical conditions and learn from their experiences for technical specifications. It should periodically review and get feedback from troops deployed in high altitude areas in terms of taste, quality and hygienic conditions of rations.

Sufficient technical expertise is available in various Indian institutions, including the Indian Institutes of Technology, which could be deployed for projects in harsh terrains. “The Committee have observed that creation of habitats in HAA is a specialist task and varies with terrain, user requirements and altitude factor and maximum efforts are being undertaken to improve habitat and living conditions of troops within available budgetary support and execution capabilities of Indian Army Engineers,” a press release said.

The committee recalled its interaction with troops in the high altitude Drass and Kargil sector, during which troops had been categorical in stating that, at times, medical facilities at forward locations were only minimal. Therefore, it recommended more comprehensive medical facilities for troops at forward locations.

Oil PSUs could construct more underground storage tanks as part of their Corporate Social Responsibility (CSR) activities. Possibility of other energy sources in forward locations based on solar, wind and other hybrid-based technologies with the help of PSUs under the Ministry of New and Renewable Energy could also be explored, the committee said.

The “Ministry may fulfil assurance that there is no shortfall of High Altitude Clothing & Equipment in Indian Army and complete entitlement of soldiers is adequately met at all forward locations of their deployment,” the release said. <https://www.thehindu.com/news/national/public-accounts-committee-wants-third-phase-of-central-inventory-control-group-project-to-be-fully-implemented/article66263094.ece>

5. PAC

Report: चीन-

पाक बॉर्डर पर तैनात जवानों को दें अच्छे कपड़े और इक्विपमेंट्स, खरीद में न हो देरी-
संसद में सौंपी गई PAC रिपोर्ट (abplive.com) 15 December 2022

PAC

Report: अरुणाचल प्रदेश के तवांग में भारत और चीन की सेना के बीच हुई झड़प को लेकर लगातार बहस जारी है. विपक्ष इस मुद्दे पर केंद्र सरकार को घेरने की हर मुमकिन कोशिश में जुटा है और सरकार से कड़े सवाल पूछे जा रहे हैं. इसी बीच संसद में पब्लिक अकाउंट्स कमेटी (PAC) ने अपनी रिपोर्ट पेश की. कांग्रेस नेता अधीर रंजन चौधरी इस कमेटी के अध्यक्ष हैं. इस रिपोर्ट में चीन और पाकिस्तान की सीमा पर तैनात जवानों को दी जाने वाली सुविधाओं में कमियों का जिक्र किया गया है. रिपोर्ट में ऊंचाई वाले क्षेत्रों में मौजूद जवानों को कपड़े, राशन और जरूरी उपकरण मुहैया कराए जाने में खामियों का जिक्र है.

जवानों तक वक्त पर नहीं पहुंच पाता है सामान

दरअसल पब्लिक अकाउंट्स कमेटी (PAC) ने सेना के कुछ मुद्दों को लिया और इन्हें लेकर तमाम जानकारी हासिल की. जिसके बाद एक रिपोर्ट तैयार कर उसे संसद में पेश किया गया. इसके लिए सीएजी रिपोर्ट को भी देखा गया. अधीर रंजन चौधरी की अध्यक्षता वाली पीएसी ने इस रिपोर्ट में कहा है कि सेना के लिए जरूरी सामान की खरीद तो होती है, लेकिन सीमा पर तैनात जवानों तक इसके पहुंचने में देरी होती है. खासतौर पर उन जवानों को इससे परेशानी होती है जो हाई एल्टीट्यूड एरिया में तैनात हैं. जहां कई बार तापमान 20 डिग्री सेल्सियस से भी नीचे रहता है.

क्या बोले अधीर रंजन चौधरी

इस रिपोर्ट को लेकर कांग्रेस नेता अधीर रंजन चौधरी ने कहा, जरूरी सुविधाओं के पहुंचने में देरी के चलते जवानों के स्वास्थ्य और हाईजीन पर काफी ज्यादा असर पड़ता है. इसके लिए जरूरी है कि तय वक्त पर जवानों तक जरूरी सामान पहुंचाया जाए. इसके लिए स्टॉक को भी पर्याप्त मात्रा में रखने की जरूरत है. भारतीय सेना को जो राशन मुहैया कराया जाता है उसकी गुणवत्ता की भी लगातार जांच की जानी चाहिए. ऊंचाई वाले इलाकों में रहने वाले जवानों के लिए खाने और तमाम चीजों की खास व्यवस्था होनी चाहिए. कांग्रेस नेता ने एक बार फिर जोर देते हुए कहा कि किसी भी हाल में सेना के जरूरी सामान की खरीद में देरी नहीं

होनी चाहिए. <https://www.abplive.com/news/india/pac-report-tabled-in-parliament-raise-issues-of-troops-in-high-altitude-better-clothes-and-equipment-procurement-adhir-ranjan-chowdhury-2282425>

STATES NEWS ITEMS

6. CAG blasts KSEB over delay in shifting to smart metres, inability to reduce staff expenses (english.mathrubhumi.com) 14 December 2022

Thiruvananthapuram: The Comptroller and Auditor General's report criticised Kerala State Electricity Board (KSEB) for the delay in installing smart metres in the state. A report submitted in the Kerala Assembly on Tuesday pointed out that the state government is yet to clarify their stand on implementing the project.

The report also mentions the need to cut expenses on employees. Further, it also recommends reducing the cost of purchasing electricity from outside.

The union government has approved an Rs 8,000 crore-worth project to install smart metres for all consumers. However, KSEB faces stiff resistance from employee organisations over the board's move to engage private contractors to install the metres.

The audit observed that the state government signed an agreement with the union government in 2017 and prepared a detailed action plan. However, it says that the state government failed to meet the targets.

The plan was to install the metres for consumers with monthly electricity consumption above 500 units by December 31, 2017, and consumers with usage between 200 and 500 units by December 31, 2019.

KSEB selected KPMG as the project management agency. <https://english.mathrubhumi.com/news/kerala/cag-blasts-kseb-over-delay-in-shifting-to-smart-metres-inability-to-reduce-staff-expenses-1.8132976>

7. LED bulbs saved energy, but consumers also ended up paying more, CAG finds (thehindu.com) December 14, 2022

Equipping homes with energy-efficient LED bulbs under the Domestic Efficiency Lighting Programme (DELP) helped save electricity and reduce CO2 emissions in Kerala, but the scheme also resulted in consumers paying more than was needed and the Kerala State Electricity Board (KSEB) “earning undue profit,” the Comptroller and Auditor General (CAG) has found.

Errors in calculating the project management consultancy (PMC) fee by the KSEB led to excess levy of ₹38.71 lakh from consumers. KSEBL also collected a demand-side management (DSM) fund contribution of ₹7.77 crore and an extra margin of ₹1.42 crore from consumers although it was not entitled to do so, the CAG noted. Under the MoU for DELP inked with Energy Efficiency Services Ltd (EESL), the implementing agency, the KSEB was supposed to levy only a distribution and handling charge of ₹10 per LED bulb.

These findings are part of an audit on the KSEB's performance before and after the implementation of the central scheme Ujwal DISCOM Assurance Yojana (UDAY). The report was tabled in the Assembly on Wednesday.

“The collection of DSM fund contribution and extra margin from consumers was, therefore, improper, and tantamount to earning undue profit from the scheme (DELP),” audit noted. The CAG further noted that the Kerala Government “did not reply on the above issues.”

That said, the scheme also achieved its aims. “Accomplishment of target resulted in saving of 20.03 lakh megaWatt hour of energy and reduction of 16.23 lakh tons of carbon dioxide emission per annum,” the audit report said.

KSEB had inked the MoU with EESL in 2015, planning the distribution of 1.50 crore LED bulbs to 71.53 lakh domestic consumers. The cost of the bulbs was to be recovered from the consumers over two years through electricity bills. The bulbs were to be supplied in full by September 30, 2016, but the MoU with EESL was extended till January 2018. The KSEB paid ₹77.40 crore for 1.41 crore LED bulbs supplied in three lots.

(The DELP scheme was later re-launched as the ‘Unnat Jyoti by Affordable LEDs for All’ (UJALA) scheme.)

However, the CAG found fault with the fixation of the selling price of ₹95 for the first lot of 73.04 lakh LED bulbs, distributed in 2016. KSEB reckoned a PMC fee of ₹1.25 whereas the MoU specified ₹0.72 (1% of the procurement price of ₹72.37 per bulb). This led to the excess levy of ₹38.71 lakh from consumers. <https://www.thehindu.com/news/national/kerala/led-bulbs-saved-energy-but-consumers-also-ended-up-paying-more-cag-finds/article66262293.ece>

8. India: solidarity with the protests against Adani Vizhinjam International seaport! (marxist.com) 14 December 2022

Vizhinjam, a coastal town located two kilometres south of Kerala's capital Thiruvananthapuram, is simmering with widespread protests against the construction of a private port by the richest person in India, Gautam Adani. The people living in this coastal town, mostly fishermen, are protesting against the Adani-led construction of Vizhinjam International seaport.

The protests, which have been continuing for the past 140 days, have been called off temporarily, following talks between the protest committee and state government in Kerala, which is controlled by the Left Democratic Front (LDF): a coalition of left-wing political parties, with the Communist Party of India (Marxist) (CPI(M)) at its head, which under the leadership of Pinarayi Vijayan has controlled the state government since 2016.

The agreement for Vizhinjam port was signed in 2015 by the Congress-led UDF (United Democratic Front) government, but the CPI(M)-led government has continued the project since taking over, and has allied itself with Modi-led central government against the protestors, including its attempts to crush the movement by force.

Adani is both the richest person in India and the second-richest person in the world, whose net worth skyrocketed from \$9 billion in 2020 to \$127 billion this year. Born in the Indian state of

Gujarat into a middle-class family, the exponential rise in Adani's fortunes in the last two decades is closely linked with the rise of Modi in Indian politics. Modi became the chief minister of Gujarat in 2001 and continued until 2014, when he became the Prime Minister of India. As the privatisation policies of the Modi government have accelerated in the past two years, so have Adani's fortunes: while the majority of Indians have endured misery and hardship from the pandemic, and the current international economic crisis.

Adani has been the biggest beneficiary from the loot and plunder of state enterprises under the name of privatisation. Starting with acquiring the Mundra port in Gujarat after its privatisation more than two decades ago, the Adani Group owns eight airports and 13 seaports. It has tentacles wrapped around the media, defence and cement sectors and has a special licence from Indian Railways to operate several cargo trains for its ports.

Adani also owns a 74 percent share in Mumbai International Airport, which is the second-busiest airport in India after Delhi. Shamefully, India's so-called Communist Parties are amongst those who have supported the bloodthirsty capitalists and in their private construction projects, which has negatively affected the livelihoods of local people and environment.

Vizhinjam port will be India's first "mega trans-shipment container terminal". The project includes a deep-sea water port and container terminal at Vizhinjam, which could handle Mega Max container ships, and after completion will be able to handle 6.2 million twenty-foot equivalent units of cargo capacity (TEUs). But this whole project is a disaster not only for the environment and ecosystem but also for the livelihoods of thousands of families, who have been living in this area for centuries.

Kerala is among few states in India which still has a big presence of Communist Parties. The Stalinist left, led by CPI(M), opposed this project when they were in opposition. Vijayan at the time said:

"What is being implemented through the Vizhinjam project is colossal corruption by exchanging land worth Rs. 60,000 million to the Adani Group under the pretext of development."

But after the Vijayan-led government came to power in 2016, they continued the project. The estimated cost of construction for the Adani seaport project is around \$900 million at the moment. The Kerala government will also invest huge amounts of money in various aspects of the project, which will be owned by the Adani group for at least 40 years.

According to the agreement, the Adani Vizhinjam Port Company will develop the port on a 'build, finance, operate and transfer' basis. 81 percent of the project cost will be financed by the Kerala government and remaining mere 19 percent will be invested by Adani, which means that only Rs. 24540 million from Rs. 12,5000 million will be invested by Adani Ports. The land of 190 acres transferred to Adani ports can be pledged as a loan.

Also, Adani doesn't need to pay a single penny to the government for the next 15 years, and if profit comes in after that, he will be obliged to share just one percent with the government. After the project is implemented it is estimated that Adani port will reap a profit of Rs. 800,000 million, while the state will shoulder the lion's share of the costs. Normally contract periods for such projects are 30 years, the one awarded to the Adani Port Company is for 40 years, which will help Adani to reap additional profits of Rs.29,2170 million.

In 2017, serious irregularities and corruption were disclosed in an official report. According to the report by the Comptroller and Auditor General (CAG), Kerala government will lose around Rs. 56,080 million in the concessional period of 40 years of operations. The report also says that the agreement was prepared to favour Adani rather than the state, and that the tendering process was also flawed.

Even V.S Achuthanandan, another leader of CPI(M), the then-Chairman of the Administrative Reforms Commission sent a letter to Vijayan opposing the project and to order a judicial enquiry. During the initial stage of the project itself, it has stated that it will be a huge loss to Kerala state, which is already debt ridden to the tune Rs.3.5 lakh crore (3,500,000,000,000).

Impact on the environment and livelihoods

The Environmental Ministry granted clearance to the project in 2011, but many experts have noted that it is a huge disaster for the environment and will change the pattern of sea currents along with accelerating coastal erosion.

A total of 450 hectares of land will be used for the construction of the project, which will include reclaiming 120 hectares of sea and dredging of the seabed as well. The port development has already seen nearly 600 metres of shore lost to erosion, which has left hundreds of locals homeless, who are now staying at relief camps. Five rows of houses have been lost in Velayutham.

The famous Shamkhumkham beach of Kerala and Veli tourist village has also been lost to coastal erosion. The construction of a breakwater (artificial sea walls) has also led to wave intensification, which has already led to the loss of 60 lives. Fishermen will be unable to go fishing due to the sea port project and this will affect the livelihoods of 50,000 families in the area.

The biodiversity and fish population of the sea is also severely affected due to the project. Activists allege that the construction of the project requires more stones and granite, which can only be acquired by large-scale mining and quarrying, and would further aggravate the ecological damage around the famous Western Ghats in Kerala. Changes in climate patterns have already occurred, which led recently to intense rainfall and landslides, which claimed many lives in Kerala. India is already at the top of the list among the countries being affected by climate change and this project, and Adani coal power plants elsewhere across the country are further adding to this disaster.

A large number of fishermen protested at the entrance gate of the Multipurpose Seaport Project Company in Mullor village for 140 days, an action that was suspended temporarily on 6 December after talks with the government. Earlier the construction work was stopped on 23 August after the protesters barged into the construction site. The protest has been led by the Vizhinjam Action Council. Fishermen from nearly 40 coastal villages of the region participated in the protest.

The protest led to violence on 27 November, when the police of a Communist-led state government attacked the protestors. The protest committee also alleged the influence of the external forces in the violence. Five protestors were arrested by the Vizhinjam police, which led to ransacking of the police station by protestors. Nearly 2,000 protestors vandalised police stations and set police vehicles on fire.

The corporate media houses like News 18, The Print, Kaumady, Deshabhimani, Janam are spreading misinformation about the protesters and backing the Adani Ports Company. The high court of Kerala also accepted contempt proceedings against the protestors for not stopping the protest. As usual, the courts played a reactionary role by intervening and ending the protest in the interests of capital.

Ruling parties all on the same page

The ruling class in India has always used communal violence and religious hatred to divide and crush the movements of the working class. The Kerala government is no exception to this. Most of the fishermen being affected by this project belong to the Christian religion, which is why the ruling class, led by Adani, is using both Hindu and Muslim fundamentalists, whom they usually pit against each other, to provoke violence against the protestors. In a show of rare unity, fundamentalists belonging to Hindu and Islamic religious organisations have joined to support Adani.

The protest movement was spontaneous at the start, without any clear leadership or support from any political parties. In the absence of political or working-class leadership, a number of Catholic priests have emerged as accidental leaders. The protest is currently led by Archdiocese of Latin Catholic church Thiruvananthapuram, and includes other activists as well, in the name of Vizhinjam Action Committee. The police have booked Archbishop Thomas J. Netto and 15 other priests, among others, for taking part in alleged violence. Meanwhile, the development of the port is supported by reactionary caste-ist outfits like NSS, SNDP and other groups.

The CPI(M) government stated in the high court of Kerala that it did not oppose deploying forces from the central government to crush the protests. The Minister of Fisheries in the Kerala government, V. Abdurahiman called the protesters ‘anti-national’. This is the same language used by Modi and other leaders of RSS and BJP against the movements of the masses. Whether they are students of the universities of Delhi, or farmers from Punjab and Haryan, anyone protesting for their rights is called anti-national by the ruling elite.

The BJP, Congress and CPI(M) are on the same page in supporting the project, whereas there are very few organisations opposing it. The Stalinist left led by CPI(M) has no alternative to the pro-capitalist policies of Congress and Modi led BJP government. More than a decade ago, the CPI(M) lost its support in West Bengal in 2010, after ruling for three decades, as the working class had experienced the horrific character of the bourgeois state, despite being led by Communists.

The watershed event there was the Nandigram incident, where police opened fire on protesting farmers who were agitating to get back their land snatched by the state. The leadership of the Left Front bowed before the Tata company at that time and was following similar policies as they are doing now in Kerala. The left government in West Bengal snatched land from peasants for corporate development, which led to fierce protest of masses and the fall of the left government. Presently the strength and support of the Left Front has been lost to right wing parties like TMC and BJP in Bengal. The CPI(M) has learned nothing from the experience of Bengal, and are following the same policies in Kerala, which is now the only state in India where the left is in power.

Crisis of Stalinism

The Stalinist parties in India follow the same pro-corporate policies of Congress and BJP in the states where they rule. Their policy of class collaboration, forming political alliances with

bourgeoisie parties like Congress, RJD in Bihar and DMK in Tamil Nadu and others, has also led to their declining influence among the working class. The Stalinist leadership of these parties in India follows the so-called two-stage theory, justifying alliances with bourgeois parties with the idea that India needs a bourgeois-democratic revolution before we can talk about socialism. In so doing, they sacrifice the working class on the altar of capitalism.

It is clear now that the capitalist system across the world and in India has entered a blind alley and is unable to play any part in the progress of humanity. It is using all the resources on the planet to enrich the ruling class and is pushing the majority of the population into poverty, hunger and disease. The damage to the climate being caused by this capitalist system is immense, and is endangering life on earth. The only way out for the working class is to overthrow this monstrous capitalist system through a socialist revolution and replace the anarchic market economy with a planned economy that can benefit the human race.

It is important that the workers and revolutionaries across India support the protests of fishermen in Kerala and link this movement with the general movement of the working class in the state and across the country. Only an independent mobilisation of the working class, and organising an indefinite general strike, can end such attacks of the ruling class on the livelihoods of workers from all sectors. A general strike will also hasten the end of Modi's rule, and will pose the question of power in India: who rules, the bourgeois or the workers?

Ever since the 1991 economic reform, leading to the opening of the economy to the world market, there has been widespread privatisation of all sectors. The current Modi government and earlier governments have been unable to solve the crises of unemployment, inflation and other burning issues faced by the working class. The only solution they present is privatisation of the public sector, including healthcare, banking, insurance, ports, railways, mines and many others. When faced with class anger and struggle Modi and the corporate media use misinformation and try to divide the masses on religious and caste lines.

The Vizhinjam project would further squeeze the working class of that region but stuff the pockets of Modi's corporate friends like Adani. It will also aggravate the miserable plight of the suffering masses, who were brutalised by the pandemic and are now facing an economic slowdown. The protest has been temporarily called off but further protests will follow, as it is unlikely that the government will fulfil its promises. The Stalinist leadership of CPI, CPI(M), CPI(ML) have become politically bankrupt but still they have a following among millions of workers, who have no alternative to the left of these parties at the moment.

It is the duty of the Marxists to take the message of genuine Marxism to the workers of these parties and also organise independently. Only huge solidarity and support for the movement in Kerala and across the country by the working class can stop the Adani Vizhinjam project.

- Fulfil the demands of Vizhinjam Action Council (VAC)!
- Form an expert committee to study the environmental impact of the project!
- Withdraw criminal cases against the masses!
- Solidarity with the fishermen!

<https://www.marxist.com/india-solidarity-with-the-protests-against-adani-vizhinjam-international-seaport.htm>

9. SC permits limestone export (theshillongtimes.com) 14 Dec 2022

Shillong: The Supreme Court of India has granted permission to exporters to export limestone to Bangladesh, setting aside a November 24 order of the High Court of Meghalaya banning the same.

The Apex court ordered that each exporter will furnish a bank guarantee of Rs 75 lakh each within a week with the Registry of the SC without prejudice to the legal rights of the parties, including the Union of India.

The court also granted permission to the Lawyerson War, the petitioner, to file special leave petitions in connection with the case.

The SC also stayed the directions issued in para 56 of the impugned HC judgment asking the state government to pay damages of Rs 2 crore which will go towards the purchase of additional equipment for cancer treatment at the specialised unit therefor installed at the Shillong Civil Hospital.

“The Accountant-General will audit and verify the purchase of equipment exclusively from the damages awarded and not from funds that may otherwise be made available by the state to the relevant unit. Such money has to be put in by the end of January, 2023,” the HC order said. <https://theshillongtimes.com/2022/12/15/sc-permits-limestone-export/>

10. बीएचयू में भ्रष्टाचार के खिलाफ आवाज उठाने वाले तीन छात्र 14 दिनों के लिए निलंबित (livehindustan.com) 14 Dec 2022

बीएचयू में भ्रष्टाचार के खिलाफ आवाज उठाने वाले तीन छात्रों को 14 दिन के लिए निलंबित कर दिया गया है। छात्रों ने BHU अस्पताल में चल रही दवा दुकान के खिलाफ कैग रिपोर्ट के आधार पर कार्रवाई की मांग की थी।

बीएचयू में भ्रष्टाचार के खिलाफ आवाज उठाने वाले तीन छात्रों को 14 दिन के लिए निलंबित करने का आदेश जारी हुआ है। इन छात्रों ने सर सुंदरलाल अस्पताल परिसर में चल रही दवा की दुकान के खिलाफ कैग रिपोर्ट के आधार पर जांच की मांग की थी। इनमें एक छात्र को दो दिन पहले आईसीएसएसआर ने डॉक्टरल फेलोशिप के लिए चुना है।

कैग की रिपोर्ट में अस्पताल परिसर में दवा की दुकान के जरिए बीएचयू को लाइसेंस फीस में चूना लगाने का खुलासा हुआ था। रिपोर्ट के आधार पर छात्रों ने बीएचयू प्रशासन से जांच की मांग की। 21 जुलाई को छात्रों ने केंद्रीय कार्यालय से निकल रहे कुलपति से मिलने और उन्हें ज्ञापन देने का प्रयास किया था। कैग रिपोर्ट के प्रकरण में बीएचयू ने एक कमेटी बनाई गई थी मगर उसकी रिपोर्ट सामने नहीं आ सकी।

अनुशासनात्मक समिति की अनुशंसा पर शोध छात्र वैभव कुमार तिवारी, मृत्युंजय तिवारी, और आशीर्वाद दुबेको निलंबित करने का आदेश मंगलवार को जारी हुआ। दो अन्य को चेतावनी जारी की गई है। मृत्युंजय तिवारी दो दिन पहले जारी आईसीएसएसआर की डॉक्टरल फेलोशिप के लिए भी चुने गए हैं। एक अन्य मामले में बीए के छात्र सुमित यादव को भी निलंबित किया गया है। छात्रों ने कहा कि बीएचयूप्रशासन भ्रष्टाचार के खिलाफ उनकी आवाज दबाने का प्रयास कर रहा है। <https://www.livehindustan.com/uttar-pradesh/story-three-students-suspended-for-14-days-for-raising-voice-against-corruption-in-bhu-7489314.html>

SELECTED NEWS ITEMS/ARTICLES FOR READING

11. The cost of India's subsidy spike ([indianexpress.com](https://www.indianexpress.com)) December 15, 2022

The Narendra Modi government received the Lok Sabha's nod on Wednesday to spend an additional Rs 2,14,580.88 crore towards subsidies on the 3Fs — food, fertiliser and fuel — in the current fiscal. Assuming no further batches of supplementary demands for grants, it will take the total expenditure in 2022-23 to Rs 5,32,446.79 crore: Food (Rs 2,87,179.34 crore), fertiliser (Rs 2,14,511.27 crore) and petroleum (Rs 30,756.18 crore). That would be the second highest outgo on major subsidies after the Rs 7,06,006.53 crore in 2020-21. The latter bill, however, largely comprised arrears, with the Modi government making a one-time provision to clear all subsidy dues to the Food Corporation of India and fertiliser companies. This time's overshooting is entirely on account of current obligations, linked to the government's decision to cushion consumers and farmers from the ravages of Covid-19 and the Russia-Ukraine war.

The last three years have, no doubt, been extraordinary in terms of external shocks —the pandemic (2020-21 and 2021-22), weather (2021-22) and war (2022-23) — with each seamlessly transitioning to the other. One can, to that extent, defend the spike in subsidy spending as response to crises that come only once in a decade or more. The government can, indeed, take credit for ensuring that the poor and vulnerable got access to free/near-free grain through the pandemic — not a small thing for a country that saw millions die during the 1943 Bengal Famine or the great drought of 1899-1900. There was also no significant shortage of urea and di-ammonium phosphate (DAP) for Indian farmers, despite the disruptions to the global fertiliser trade following the war. Even on petrol and diesel, the Modi government softened the blow by not allowing retail prices to go up since early-April this year.

All this, of course, entails costs. The Rs 5,32,446.79 crore subsidy bill on the 3Fs will consume nearly a quarter of the Centre's budgeted revenue receipts for this fiscal. Amounts apart, the problem lies in the market distortions created and incurred excessively even in normal years. The Modi government has addressed this substantially in fossil fuels, which are today, rightly, net taxed than subsidised. But this does not apply to fertiliser and food. Since November 2012, the retail price of urea has been raised just once — from Rs 5,360 to Rs 5,628 per tonne — only to cover the cost of neem-coating. The same goes for DAP, with fertiliser companies being forced to heavily under-price it as well. The issue prices of wheat and rice through the regular public distribution system, too, are frozen at Rs 2-3/kg since July 2013. Biting the bullet on food and fertiliser subsidy, by replacing them with targeted direct benefit transfers, would be too much to expect in a year of many

elections. <https://indianexpress.com/article/opinion/editorials/the-cost-of-indias-subsidy-spike-8325016/>

12. G20 meet reviews key taxation framework (financialexpress.com) Updated: December 15, 2022

G20 delegates held “substantive discussions” on international taxation during the course of a finance track meeting in Bengaluru and monitored the progress of a two-pillar tax package being developed under the OECD/G20 inclusive framework.

Under the proposed framework, multinational enterprises will be subject to a minimum 15% tax rate from 2023. This is aimed at helping governments address the challenges of taxing tech firms, among others, in a globalised world.

Addressing media after the first G20 Finance and Central Bank Deputies Meeting on Wednesday, economic affairs secretary Ajay Seth said the meeting saw broad support for India’s proposed priorities for the G20 Finance Track agenda for 2023. A broad range of issues—such as global financial stability, common approach towards regulating crypto assets, strengthening multilateral development banks, boosting financial inclusion and pandemic response framework — were deliberated on.

The meeting was co-chaired by Seth and Reserve Bank of India (RBI) deputy governor Michael Patra. The broader impact of the Central Bank Digital Currency (CBDC) and its use cases will be deliberated on in a priority in the coming days, the secretary said.

The RBI has launched pilots of CBDC in both wholesale and retail segments. The pilot in wholesale segment, known as the Digital Rupee – Wholesale (e-W), was launched on November 1, 2022, with use case being limited to the settlement of secondary market transactions in government securities.

The pilot in the retail segment, known as digital Rupee-Retail (e-R), was launched on December 1, within a closed user group comprising participating customers and merchants. Seth said delegates held deliberations on crypto assets and their impact on macro-economic situations.

“A lot of views on crypto assets were expressed. Different countries have taken different approaches... Discussions are on how to build consensus for better understanding and better regulation around this asset,” Seth added.

The G20 discussion was divided into seven sessions. These included deliberations on sustainable finance, multilateral development banks, global public goods, international taxation, and crypto assets. The cost of cross-border remittances and its tax implications also featured in discussions, according to chief economic advisor V Anantha Nageswaran. “Capacity building within the financial system for enabling SME financing is something we spoke about,” he added.

In a session on International Financial Architecture, delegates spoke about bolstering multilateral development banks. They also discussed on tasks that would be undertaken in 2023 on key issues, including global debt distress and capital flows. In a session on global health, the

G20 deputies deliberated on bolstering coordination between finance and health ministries of various nations for swift response to pandemic prevention.

In a separate session, the delegates also focused on financial sector developments and ways to boost financial inclusion through a people-centric vision. They also discussed appropriate financial regulations to ensure financial stability through a common approach amid global turmoil. These discussions will shape the First G20 Finance Ministers and Central Bank Governors Meeting, which will be held in Bengaluru from February 23 to 25, he added. <https://www.financialexpress.com/economy/g20-meet-reviews-key-taxation-framework/2913775/>

13. Modi's pet schemes: How allocation changed for Ujjawala, PM Kisan, Awas Yojana in last 5 Budgets ([financialexpress.com](https://www.financialexpress.com)) December 15, 2022

In the nine years since he became Prime Minister in 2014, Narendra Modi has launched several flagship schemes. From Kisan Samman Nidhi scheme to double farmers' income to introducing Ujjawala scheme, the government has spent lakhs of crores combined. For the Swachh Bharat mission, the country-wide campaign initiated by the Government of India in 2014 to eliminate open defecation and improve solid waste management, the central government allocated Rs 16,248 crore in Union Budget 2017 which was increased to 17843 crore in Budget 2018. Since then, the allocation has dropped to Rs 9,492 crore in last year's Budget. Under this mission, the government provided subsidy for construction of nearly 90 million toilets between 2014 and 2019.

Ujjawala Yojana

In May 2016, PM Modi launched the Pradhan Mantri Ujjawala Yojana (PMUY) in Ballia, Uttar Pradesh as a flagship scheme with an objective to make clean cooking fuel such as LPG available to the rural and deprived households which were otherwise using traditional cooking fuels such as firewood, coal, cow-dung cakes etc. The target under the scheme was to release 8 crore LPG connections to deprived households by March 2020. On 7 September 2019, the PM handed over the 8th crore LPG connection in Aurangabad, Maharashtra. In Budget 2017, Rs 2,253 crore was allocated for this scheme. The allocation dropped to Rs 800 crore in the 2022 Union Budget. Ujjawala 2.0 has been launched which targets an additional allocation of 1.6 Crore LPG Connections under the PMUY Scheme with special facilities to migrant households.

Awas Yojana

Pradhan Mantri Awas Yojana (PMAY) is another flagship scheme of the government. Launched in 2015, PMAY-Urban mission addresses housing shortage among the EWS/LIG and MIG categories including the slum dwellers by ensuring a pucca house to all eligible urban households by this year. Meanwhile, the Pradhan Mantri Awas Yojana – Gramin was introduced with the view to boost the "Housing for All" scheme, and its main goal is to provide pucca houses with some of the basic amenities to all. According to the govt data, of Rs 122.69 lakh houses have been sanctioned under PMAY-U so far. Govt has committed Rs 2.03 lakh crore and over 1.29 lakh crore central assistance has been released. In Budget 2017, Rs 29043 was allocated to PMAY (U+G), the allocation increased to Rs 48000 crore in Budget 2022.

PM Kisan

The government in its efforts to double farmers' income, introduced the PM Kisan Samman Nidhi Yojana. It is a central Sector scheme with 100% funding from the Government of India.

Under this scheme, which became operational in December 2018, income support of Rs 6,000 per year in three equal installments is provided to all land-holding farmer families. The government allocated Rs 75000 to the scheme in Union Budget 2017. The allocation fell to Rs 19000 crore in last year's Budget. So far, eligible farmer families have received benefits of more than Rs 2 lakh crore under PM-KISAN through 11 installments. With the 12th installment released in October, the total amount transferred to the beneficiaries has crossed well over Rs 2.16 lakh crore.

Mudra Yojana

To boost ease of doing business in the country, PM launched the Pradhan Mantri MUDRA Yojana for providing loans up to 10 lakh to non-corporate, non-farm small/micro enterprises. These loans, given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs, are classified as MUDRA loans under PMMY. From 2017 to 2023, Rs 17.47 lakh crore has been disbursed under this scheme. The Budgetary allocation for the scheme has gone from Rs 520 crore in 2017 to Rs 100 crore in 2022. <https://www.financialexpress.com/economy/modis-pet-schemes-how-allocation-changed-for-ujjawala-pm-kisan-awas-yojana-in-last-5-budgets/2914407/>

14. Mammoth crisis threatens India's IITs and IIMs ([livemint.com](https://www.livemint.com)) December 15, 2022

The faculty crunch at India's prestigious IITs and IIMs is a crisis threatening to derail their ambitions of becoming world-class institutions like Harvard and Oxford. While the Ivy League colleges in the US boast the top minds in academia as faculty members, the IITs and IIMs are known more for their exceptional alumni who have achieved global success.

India produces thousands of PhDs, more than it can use, but many of them fail to meet the standards of the country's top colleges like the IITs and IIMs. As a result, these institutions, along with many central and state universities, are struggling to find enough qualified teachers.

A crisis for the IITs and IIMs

About 4,500 faculty positions are vacant at the IITs and about 500 at the IIMs (total sanctioned posts over 1,500). And over 6,000 vacancies in 45 central universities (total posts of about 19,000).

It's fairly well-known now that the IITs and IIMs, and other institutions struggle to find enough qualified candidates for these posts. Clearly, it's the biggest hurdle IIMs and IITs face as they expand their franchise across the country to skill India's young and help the country meet its tryst with a demographic dividend.

But here's another staggering statistic. India produces almost 25,000 PhDs every year – the IITs themselves churn out hundreds of PhDs every year, if not more – along with over a million postgraduates. That's probably more than what India needs and should be enough to meet the faculty needs of India's best academic institutions, including the IITs and IIMs. And yet India's universities and colleges struggle to find the right candidates for faculty positions. It's the biggest vote of no confidence in India's higher education system and by the insiders themselves.

The reason IITs and IIMs command respect globally is for their extraordinary alumni, who occupy pivotal positions at some of the world's top corporations and institutions. Indeed, it

shows the extraordinary talent and prowess of Indians, many of them rising from small and obscure towns to make it to the IITs and IIMs after acing hypercompetitive entrance exams.

But while the best global brains join the faculty of American universities, including many Nobel Laureates, the IITs and IIMs struggle to find the right candidates. That is what separates the IIT and the IIMs from the best colleges in the US.

In a way, it's a sad reflection on the state of India's higher education institutes. Despite churning out thousands of PhDs annually, Indian colleges can't find teachers. In fact, on occasions, selection committees at India's best institutions prefer not to hire than bring on board people who may not demonstrate the academic rigour expected from the faculty.

India must overhaul higher education

So, the answer to India's crippling shortage of college professors lies within. First, India must raise the quality of its higher education. The top Indian institutions have still not stood out in original research, unlike their alumni who are calling the shots globally. In fact, even the IITs and IIMs are not known for high-quality and original research.

The sheer scale of the problem, with thousands of vacancies at the IIT and IIMs, and other central and state institutions, makes it difficult to make stop-gap arrangements, like bringing in professors from abroad to plug the deficit. India will need home-grown solutions for the teacher shortages at its higher education institutions.

India needs to invest more in research, lifting the academic rigour at India's universities, and in the process, make higher-education institutions more accountable. Indian PhDs often produce papers of poor quality, lifting and reproducing from international journals. All that must change for India to produce genuine scholars for its centres of higher learning.

Clearly, India needs to overhaul its higher-education setup. The country must promote cutting-edge research and academic work at India's best institutes in collaboration with global centres of excellence. The new National Education Policy hopes to do just that by promoting a culture that rewards excellence.

And for that, India needs to spend much more on research and development (R&D) than it's doing right now. Almost half of the global R&D is done in the US (27%) and China (22%). India accounts for just 2% of the global R&D spending. <https://www.livemint.com/opinion/online-views/mammoth-crisis-threatens-india-s-iits-and-iims-11671014500207.html>

15. Standards critical to meeting India's carbon neutrality goals (timesofindia.indiatimes.com) December 15, 2022

This year's United Nations Climate Change Conference (COP27) at Sharm el-Shaikh in Egypt was historic as it created a Loss and Damage fund to support developing countries in efforts to minimise and address loss and damage associated with adverse effects of climate change. It was also special as it moved its vision from negotiations and planning to implementation. India has been quite vocal in asking for funds including a ten-fold increase to the tune of USD 1 trillion in the annual climate finance from the developed countries to support climate action.

With its growing stature in the world economy, India will have to set an example in meeting its climate goals – reducing the emissions intensity of its GDP by 45 per cent by 2030, sourcing half of its energy needs from renewable sources by 2030 and turn net zero by 2070. As the country works towards its decarbonization strategy along with the ambitious target of becoming a USD 5 trillion economy by 2025, energy efficiency will play a crucial role in enabling India to achieve the targeted reduction in emissions intensity.

Globally, energy efficiency, as a concept, is one of the easiest and cost-effective ways to mitigate climate risks and reduce energy costs while improving business competitiveness. Energy efficiency essentially means using less energy to produce a given output. India can achieve its economic and environmental goals by improving energy efficiency and thus decarbonizing its energy-intensive industries.

The Indian government has given high priority to energy efficiency and has launched various programmes on this front. Programmes like the Standard & Labelling for electrical appliances, Energy Conservation Building Code (ECBC), Energy Efficiency in SME sector, and Capacity Building of DISCOMS among others by the Bureau of Energy Efficiency (BEE) have significantly contributed towards reducing the energy intensity of our economy.

Additionally, the National Mission for Enhanced Energy Efficiency (NMEEE), is also creating market-based mechanisms to improve the cost-effectiveness of energy efficiency. The focus of the NMEEE is on self-regulation and market principles, through various sub-schemes – Perform, Achieve and Trade (PAT), Market Transformation for Energy Efficiency (MTEE), Energy Efficiency Financing Platform (EEFP) and Framework for Energy Efficient Economic Development (FEEED). Programmes like Super efficient air conditioner programme (SEAP), Building Energy Efficiency Programme (BEEP) and National Motor Replacement Programme (NMRP) by Energy Efficiency Services Ltd. (EESL) are further contributing towards achieving energy efficiency.

With all these energy efficiency programmes and schemes among other factors, India's energy intensity has decreased from 0.27 Megajoules(MJ) per INR to 0.22 MJ per INR during 2011-12 to 2020-21 period, which is a significant decline of 18.5%. For 2020-21 alone, adoption of such schemes has led to total energy savings of 42 Million tonnes of oil equivalent (Mtoe) which translates into monetary savings of INR 152 crores and contributed in reducing 267.98 million tonnes of CO₂ emission.

According to Mr. Sanjeev Arora, President & Lead Business Manager, Motion Business at ABB India Limited, product manufacturing in India takes 30-60% more energy vis-à-vis countries that have achieved high energy efficiency levels. As per industry reports, industrial sector is known to be the largest electricity consumer globally with 70% being consumed by electric motor systems alone. Moreover, In India, electric motor systems use 28% of total national electricity.

Currently, India's motor industry stands at INR 9,931 Crores with the imports contributing to 19.2%. For the industrial motors in India, IE2 standard is the threshold or minimum requirement which was notified in 2017. This restricted the import of lower efficiency motors to a great extent and led to a massive shift towards adoption of high efficiency motors, particularly IE2. Further, the rollout of National Motor Replacement Program by Energy Efficiency Services Ltd. (EESL) in 2018 helped in improving the share of IE3 motors significantly through lowering the price gap between IE2 & IE3.

While efforts are underway to provide close to 40,000 high-efficient motors of IE3 standard under the National Motor Replacement Programme (NMRP), the government should consider expanding the programme to maximise benefits, both to industry and the nation as a whole. However, many countries have moved on to IE3 as Minimum Energy Performance Standard (MEPS) while some have even started moving to IE4 as well. With IE3 motors' market share crossing 30% by the end of this year as per IEEMA estimates, it is time for India to switch to IE3 & above motors through which India can potentially save 25 bn units of energy and 22 mn tons of carbon emissions in next 5 years cumulative.

With many good schemes showing results, it is easy to get swayed and go gentle with our approach. But we must remember that India's commitments and aspirations are quite ambitious if we factor in the global scenario of a deepening energy crisis due to Russia-Ukraine war and speculations of a global recession. A lot needs to be done to stay the course and eventually achieve our net-zero targets.

Adoption of the Energy Conservation Building Code 2017 (ECBC 2017) for new commercial building construction in India is estimated to lead to a 50% reduction in energy use by 2030 which would translate to energy savings of about 300 Billion Units and peak demand reduction of over 15 GW in a year. This will be equivalent to expenditure savings of INR 35,000 crore and 250 million tonnes of CO2 emission reduction.

There is a need for ECBC 2017 and the EE label for residential building programmes, to be taken up by the states, as the implementation and enforcement of these codes and labels lie with the states. State governments must also develop a mechanism for ECBC applications for new buildings and building monitoring after construction. Similarly, we have energy efficiency labels for a large number of appliances. The focus should now be on improving the standards and promoting the manufacturing and sale of higher star-rated appliances through appropriate incentive schemes.

Indian Electrical and Electronics Manufacturers' Association (IEEMA) led by its current president, Mr. Rohit Pathak, is working closely with its vast network of the members, government, policy makers and skilled workers at the grassroot level. In the current scenario, IEEMA is working towards increasing per capita electricity consumption by 8-10 times to be at par with the global standards and realigning the approach by advocating the role of energy efficiency in achieving India's net-zero targets.

It is important that all stakeholders including the centre, state, and local authorities must ensure strict implementation and monitoring of policies and schemes to encourage energy efficiency at all levels and help achieve India's decarbonisation goals. <https://timesofindia.indiatimes.com/blogs/voices/standards-critical-to-meeting-indias-carbon-neutrality-goals/>

16. Railway PPP model being reworked to lure investors ([financialexpress.com](https://www.financialexpress.com)) December 15, 2022

The government is reworking the terms of the public private partnership (PPP) model for assorted railway projects, to make it more attractive to private investors and bridge a viability gap perceived by sections of investors. The new PPP model will also include a hybrid model on the lines of the reasonably successful one in the highway sector, where the government makes upfront payment of 40% of the project cost to the developer under the build operate

transfer (BOT) mechanism. The move is in view of the yawning gap between the funds needed for modernisation and upkeep of India's railway infrastructure and the availability of resources in the government sector.

“The huge infrastructure plans of the railways will require substantial private sector participation. Budgetary support is hugely insufficient, despite the big increases in outlays in recent years. However, given the complexity of railway projects, the PPP model has often not worked well in the sector,” said a person familiar with the development.

The railway ministry is understood to have sent a proposal to the Union Cabinet for a hybrid annuity model on the lines of the viability gap funding for laying of tracks, after discussions with the finance ministry. If approved, this would be used for various projects including the Sonnagar to Dankuni stretch of the Eastern Dedicated Freight Corridor, sources said. Under the model, the railways will take the project risks in terms of traffic and delays, and will provide an upfront payment of 40% of the project cost to the developer.

With the railways making little operational surplus, capital investments in the sector is funded through budgetary support and borrowings from the market (via its arm IRFC) and multilateral institutions, cost-sharing of projects and special purpose vehicles with state governments, as well as monetisation of some assets. But given the scale of funds required, private investments are crucial.

Finance minister Nirmala Sitharaman had in the Union Budget 2019-20 pegged investment into railway infrastructure at Rs 50 trillion between 2018 and 2030, and had proposed the use of PPP to unleash faster development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services. “Given that the capital expenditure outlays of the railways are around Rs 1.5-1.6 trillion per annum, completing even all sanctioned projects would take decades,” she had said.

Total capex by the railways rose sharply from Rs 1 trillion in FY18 to Rs 2.3 trillion in FY21. The estimated capex for the current fiscal is Rs 2.5 trillion.

The railways has invited private sector participation for Gati Shakti Terminals and manufacturing of rolling stock through upgradation of production units. It has received 125 applications for development of cargo terminals under the GCT policy, and has given in principle approvals for 79 projects. The revised land lease policy is also expected to boost privatisation of the railways logistics sector.

Experts agree that attracting private capital in railways is fairly complicated but believe that there are huge opportunities for the private sector. “My personal opinion is that the best route for the railways is to monetise existing assets. The railways can develop greenfield projects through the EPC mode using private sector expertise. These can then be offered to the private sector,” said Vinayak Chatterjee, founder and managing trustee, The Infravision Foundation.

Capex spend by the railways in segments such as electrification and track development has been a huge opportunity for private players.

The National Monetisation Pipeline had identified about Rs 1.52 trillion worth of railway assets to be monetised, including passenger trains. But plans to attract private participation in

passenger trains through PPP have been shelved following opposition and concerns as railways considered to be a national utility.

At present, the railways is using the PPP route for modernisation of 16 stations including Anand Vihar and Vijayawada, which is estimated to cost about Rs 10,000 crore. Railway colony redevelopment is also being done through the PPP route. However, it is leaning more on the engineering-procurement-construction (EPC) model in recent years to ensure that projects are not delayed.

“There are private investments in railways but are very low compared to the roads sector. The higher haulage charges due to cross-subsidisation of passenger fares and lack of an independent regulator are seen to be two major bottlenecks for lower private sector participation in sector,” said Maulesh Desai, director, CARE Edge Ratings.

BNP Paribas in its India Capital Goods Report noted that the railways are expected to grow rapidly over the next decade, similar to how roads have grown over the last 20 years.

“The current focus is on 100% rail electrification, followed by an improvement in speed across various corridors. This should be followed by new dedicated freight corridors in southern India, which can be a high-ticket multi-year project,” it said. <https://www.financialexpress.com/infrastructure/railways/railway-ppp-model-being-reworked-to-lure-investors/2913649/>

17. Chaos and congestion at Delhi’s T3: As a country, we are behind the curve on airport infrastructure ([indianexpress.com](https://www.indianexpress.com)) December 15, 2022

The severe congestion at Terminal 3 of the Delhi airport has drawn a lot of attention lately. To understand the reasons behind it, we need to take a holistic view of the issues around airport infrastructure in the country.

The Indian aviation growth story has been a strong and long one. Passenger traffic had grown at over 12 per cent per year during the decade before the pandemic hit and at 16 per cent over the last five years of the decade. Rising GDP and per capita incomes, a young aspirational population and supportive government policy contributed to strong passenger growth. Given the poor air travel penetration, the story can only get better. The government has been a strong supporter of democratising air travel through various policy initiatives like the Udaan scheme, under which airports are being opened in small towns. The industry has depth in terms of airlines that compete against each other to ensure a reasonable cost of travel. Initiatives to reduce VAT have also helped to bring down the cost of travel. Given the promising future, airlines have placed orders that increase the current fleet strength, excluding the recently-reported order of 500 aircraft by Tata-run Air India. The story seems to be getting better and better.

This strong growth story needs to be supplemented with adequate and timely airport infrastructure. The airport privatisation story has given a fillip to the development of airport infrastructure. The four metros have world-class airport infrastructure. AAI airports over the past few years have become world-class too. Privatisation of other greenfield airports like Goa has led to the creation of new infrastructure. Goa’s Mopa airport has been built on time, though it can be argued that the state government could have planned it three to four years earlier.

There has been the privatisation of other greenfield airports like Bhogapuram and Jewar, but these projects will take time to see the light of day.

The brownfield private airports, which manage almost 70 per cent of the country's capacity and play a pivotal role in the growth story, need to constantly add capacity to accommodate growth in passenger traffic and new aircraft. This is more critical in metro airports because they play a critical role in network planning for transfer traffic, whether international to domestic and vice versa or domestic to domestic. We are not even considering international to international as Indian airports are a long way from becoming international hubs.

As a country, we are behind the growth curve in airport infrastructure. Concerning greenfield airports, there are some good examples, such as the Jewar airport, where state governments have taken early steps to acquire land and conclude privatisation. Jewar will probably be the first airport in India which will be operationalised before the capping of the capacity of the existing Delhi airport. A negative example is that of Navi Mumbai which was privatised in 2017 but whose execution has been floundering for various reasons. Chennai is another bad example: AAI has been expanding the existing Chennai airport but given its constraints, there is a critical need for a second airport. The development of the second airport has been delayed by the state government and will not see the light of day for another five to six years, assuming things move along. A tender for preparing the feasibility report has been recently floated.

There have been delays in most private brownfield airports expanding their capacities. Some of it has been due to Covid-19 as construction was impacted. However, traffic post-Covid has rebounded at a fast pace and this may not have been anticipated by private operators. If one assesses the mandatory performance standards under the concession documents, it will not present a pleasant report card. For private airports, a better monitoring mechanism for capacity expansions and achieving concession performance standards would be desirable by the government.

There are other areas that brownfield airports need to look at. For example, how an airline's capacity can be de-peaked. This may not be a simple issue because most airlines plan their networks around transfer traffic and in India, no airport having multiple terminals has "people movers" to facilitate efficient transfer traffic movement. This is a significant lacuna and not only affects network planning but is also an impediment to hub development. Private airports have hesitated to implement people movers due to high costs. And the fact is that any capex brings in more aeronautical revenues under the Airports Economic Regulatory Authority (AERA) tariff formula but the revenue share payments cut the revenues significantly thus making any capex spend unremunerative. It is important to realise that even if people movers are not mandated explicitly by concession documents, this will impact performance standards, opening up risks of concession compliance.

Another factor is the over-emphasis on commercial revenues, which eat away operational terminal space, leaving inadequate space for operational activities. Many times services like security from CISF and immigration need to be beefed up. While this is also the responsibility of private operators, a facilitative push by the government to ensure adequate availability is critical. The use of technology is another critical area to facilitate faster processing. The DigiYatra process is a great initiative. However, more such initiatives are needed. Faster security processing needs more sophisticated and modern equipment.

To conclude, the thrust on privatisation of airports has helped in creating significant airport capacity. New airports, especially second airports in cities, need to be planned well in advance because of land acquisition issues. AAI and private airports also need to expand capacities, improve processes, and manage traffic better. The monitoring mechanism in concession documents needs to be acted upon by the government to ensure private airports deliver promptly.

The Indian aviation story is critically dependent on the timely building of airport infrastructure. And given the complexity of this business, multiple steps are needed to ensure the Indian aviation story is not derailed. <https://indianexpress.com/article/opinion/columns/delhi-airport-t3-chaos-congestion-8325698/>

18. ₹5,000 cr revenue loss if online gaming gets turnover tax, says study (fortuneindia.com) Dec 15, 2022

As India mulls a proposal to levy a 28% tax on the turnover of online skill gaming, a leading law firm cites international best practices in Goods & Services Tax (GST) to suggest the move may be counterproductive. The gaming industry is currently paying 18% GST on its revenues i.e. platform fee intake (known as ‘gross gaming revenue’ or GGR) for providing users a platform to play.

A just-released white paper on ‘international best practices in GST for online gaming’ by law firm Lakshmikumaran & Sridharan (LKS) notes there will be significant revenue loss, expectedly to the tune of over ₹5,000 crore per year if India prefers an onerous taxation regime. It may see users shifting from legitimate online skill gaming platforms to offshore online illegitimate gambling and betting platforms, which are not contributing anything to the country in the form of taxes.

It may also lead to the infusion of unaccounted black money in the economy, which can be used for illegal activities such as terror financing, money laundering, etc., the white paper says. “Further, a deviation from international best practices will not only vitiate the well-established difference between games of skill and games of chance but also eventually lead to value erosion for more than 500+ Indian start-ups currently valued over \$20 billion, which have attracted more than \$2.5 billion in investments and FDI,” the paper points out.

According to the report, most countries with a thriving online gaming industry follow the GGR model. It also cites examples of countries where high taxation and incorrect levy on the contest entry amount (CEA) led to revenue loss for the government and encouraged the growth of the unauthorised offshore betting and gambling platforms.

The report highlights important case studies from the UK and France and recommends they must be considered by the GST Council. Earlier, the UK was levying 6.75% on CEA. However, it soon shifted to 15% GST on GGR as the earlier tax model was causing the movement of bookmakers to offshore tax havens, leading to a loss of revenue for the government. The report further noted the shift from turnover tax at the rate of 7% to GGR at 15% in the UK led to new investments and created employment opportunities.

France, one of the largest nations by GDP that has regulated online gaming, was following the model of taxing on CEA. However, in 2020, the French Senate proposed a Budget Bill to

amend the tax model from CEA to GGR with respect to the calculation of tax on gaming, as it realised the industry was being unfairly taxed on money that wasn't their revenue, it said.

The report observes India's proposed increment in tax structure from 18% on GGR to 28% on CEA will increase the tax liability for gaming companies by more than 1,455 % of the current amount, closing the curtains on legitimate operators, and giving rise to a proliferation of illegal offshore operators.

The report comes at a time when the Group of Ministers' panel on casinos, race courses and online gaming (GoM) is likely to recommend a GST levy of 28% on online gaming, irrespective of whether it is a game of skill or chance, and may leave the final decision on the calculation method to the GST Council. The GoM panel earlier recommended a levy of 28% on CEA for the online gaming industry. <https://www.fortuneindia.com/macro/5000-cr-revenue-loss-if-online-gaming-gets-turnover-tax-says-study/110750>